Riverplus Fund

MONTHLY INVESTMENT REPORT
October 2012

SHARE PRICE (October 31): 97.98
NAV (October 31): CHF 37'173'207

Riverplus Fund is a long-short Delta, Gamma, and Vega fund incorporated in the Cayman Islands. The inception date was **October 1st, 2009**. The fund's objective is to generate a stable source of return by actively trading in listed Swiss stocks, options on Swiss and European stocks, and Index Futures. Investment advisor of Riverplus Fund is lambda Capital Group.

Monthly Net Returns

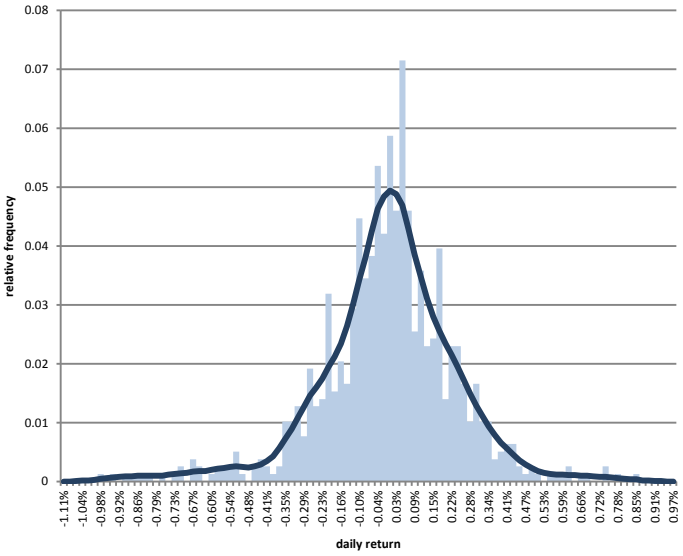
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009										0.02%	-0.31%	0.38%	0.09%
2010	0.67%	0.23%	2.02%	-0.72%	-0.98%	-0.26%	0.94%	-0.25%	0.29%	1.19%	-2.15%	2.56%	3.51%
2011	0.31%	0.69%	1.05%	0.97%	0.66%	-2.20%	-2.64%	-0.95%	-0.45%	1.09%	-0.83%	-0.40%	-2.73%
2012	0.43%	-0.65%	0.65%	-0.75%	-0.81%	-0.30%	0.13%	-0.52%	-0.12%	-0.84%			-2.77%

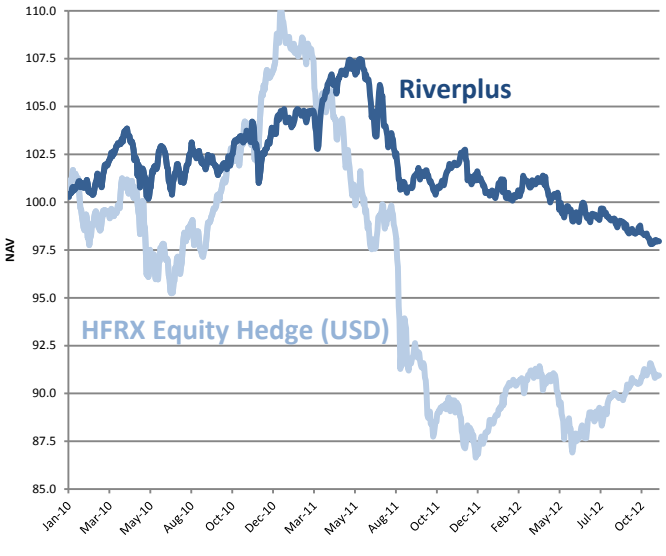
Key Ratios*

	Since Inception (Oct 1st, 2009):	October 2012:
Annualized Volatility	3.70%	1.67%
Sharpe Ratio (bias corrected)	-0.18 (-0.16)	-5.57 (-5.57)
Up vs Down Days	52%	39%
Shortfall Probability	48%	61%
Sortino Ratio	-0.25	-5.61
Omega Ratio	0.97	0.32
Upside Potential Ratio	7.45	2.63
Top Performers		CLN, STOXX50E, GDAX
Top Losers		ABBN, SLHN, UBSN

*To calculate the Sharpe Ratio and other key ratios we use the average 1 month CHF Libor rate over the respective time horizon as proxy for the risk-free rate. All numbers are based on daily NAV calculations and we annualize by assuming 253 trading days. The Shortfall Probability measures the probability of the fund return to be smaller than the risk-free rate. The Sortino, Omega, and Upside Potential ratios are investment ratios based on lower partial moments. The Sortino ratio is an adjusted Sharpe ratio for which the volatility generated by negative returns (semi-volatility) is taken into account. The Omega Ratio is a probability weighted ratio of gains to losses relative to the risk-free rate. The Upside Potential Ratio is calculated as the ratio between the expected upside and semi-volatility.[1]

Evolution of NAV and Distribution of Daily Returns[2]



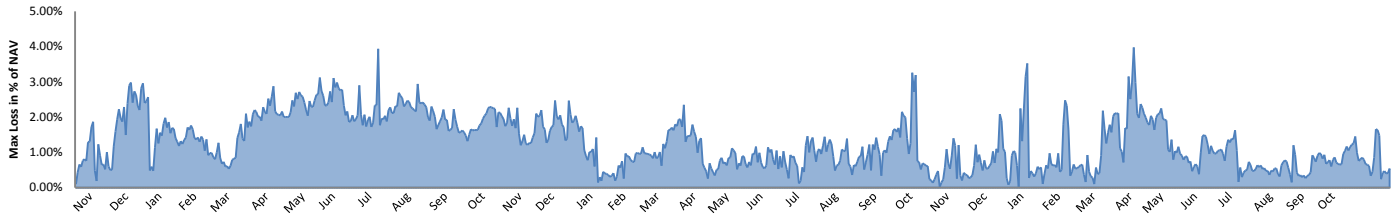


Risk Exposure

[1] For more details on the above performance measures, we refer the interested reader to the papers of Sortino, van der Meer, Plantinga (1999), "The Dutch Triangle," *Journal of Portfolio Management*, 25, 50-57; Keating and Shadwick (2002), "A Universal Performance Measure," *Journal of Performance Measurement*, 6, 59-84; Kaplan and Knowles, "Kappa: A Generalized Downside Risk-Adjusted Performance Measure," *Journal of Portfolio Management*, 8, 24-54.

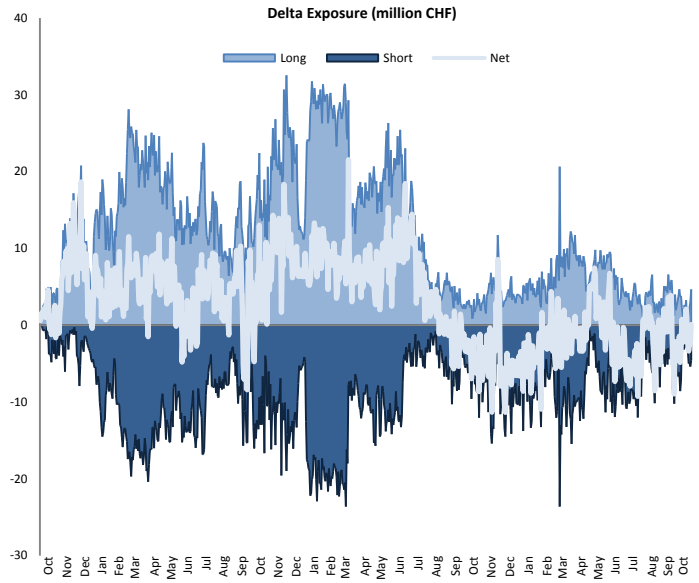
[2] For the daily return distribution, we plot the histogram together with a non-parametric density estimator based on Gaussian kernels.

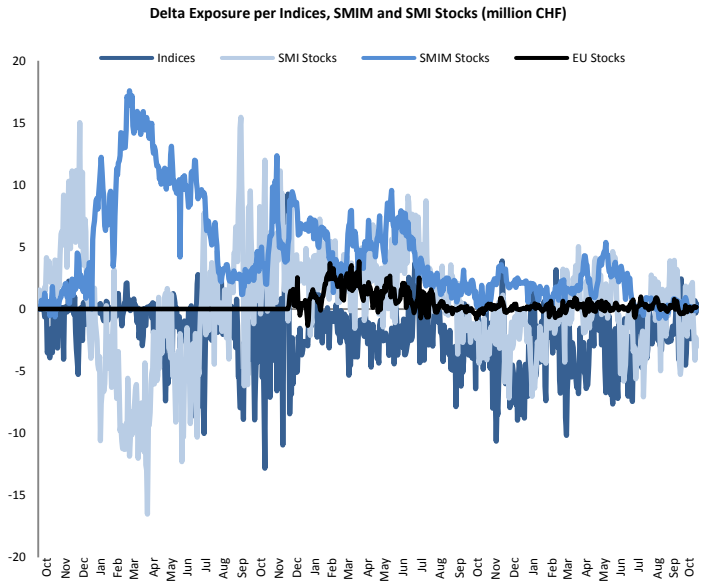
Our risk allocation for the different strategies within Riverplus is based on the maximum loss principle. In contrast to the commonly used Value-at-Risk, Maximum Loss is a coherent risk measure.[3] As an overall acceptable risk exposure on the fund level, we fix a monthly maximum loss of 5% at the 95% confidence bound.



Delta Exposure

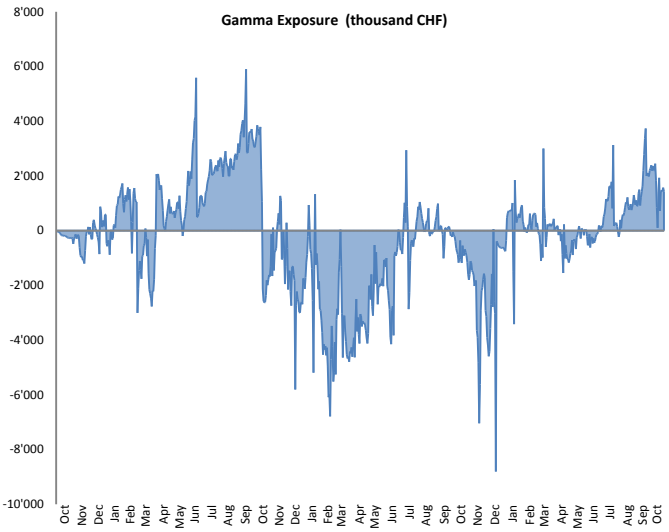
The figures below show our Delta exposures. On the right, we plot our long and short Delta positions as well as the resulting net Delta position, expressed in millions of CHF. The left figure illustrates the Delta exposures for our index positions and for the positions in SMI and SMIM stocks.

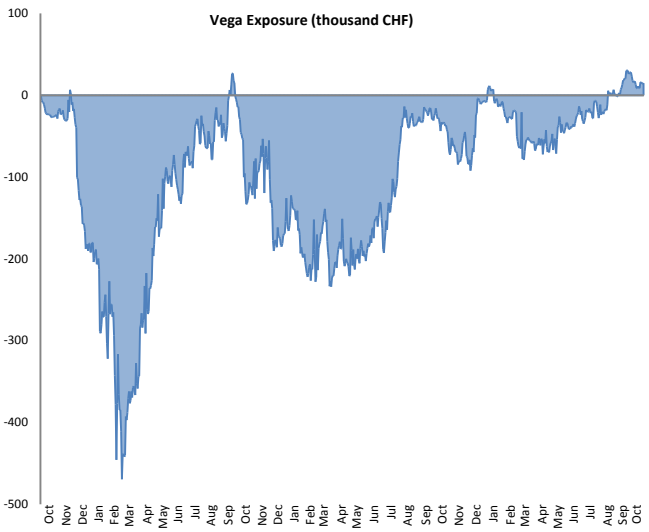




Gamma and Vega Exposure

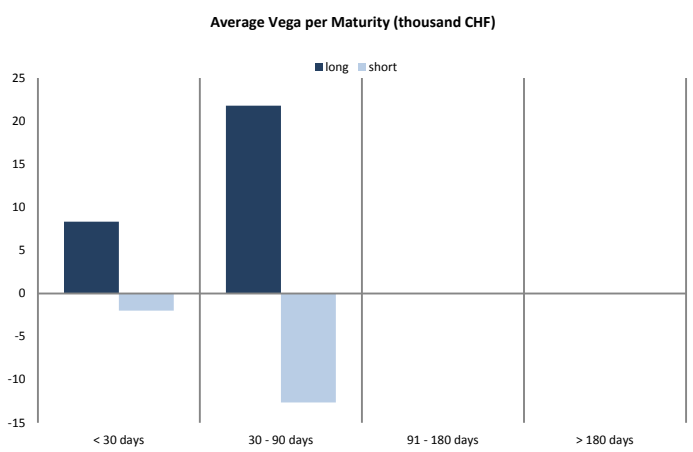
A large part of the risk capital is allocated to active option-based strategies. Therefore, Gamma and Vega exposures play a prominent role in our risk management and need to be monitored carefully. The figures below plot the daily net Gamma and Vega exposures since inception.

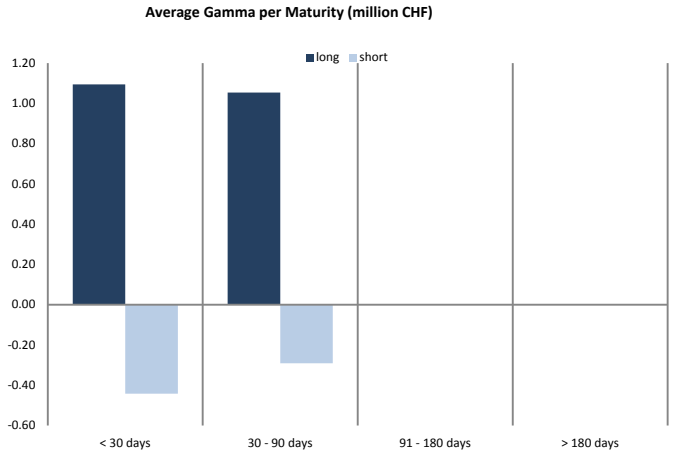


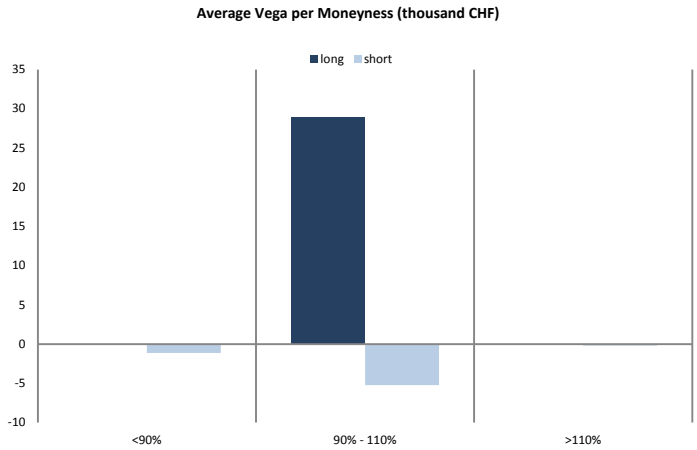


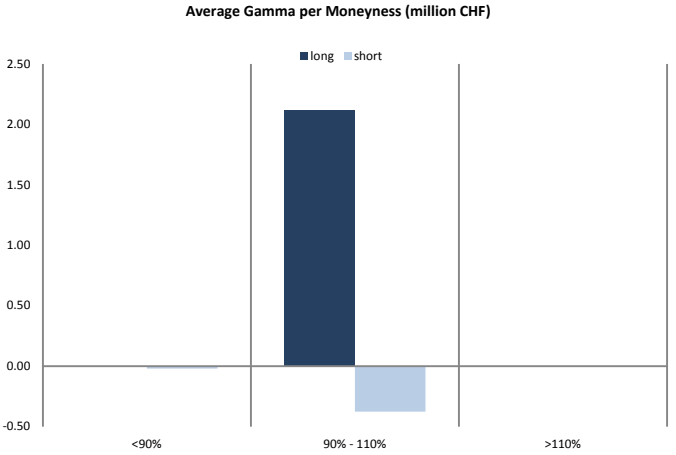
[3] See, Artzner, Delbaen, Eber, Heath (1999), "Coherent Measures of Risk," *Mathematical Finance*, 9, 203-228.

To provide more information about the nature of our Vega and Gamma exposures, we plot the maturity and moneyness buckets for the average daily Gamma and Vega positions in the figures below, split up into long and short positions.









Additional Information			
Strategy	Long-Short Delta Gamma Vega	**Assets under Management** (October, 2012)	37 million
NAV per Unit	97.98	**Redemption**	monthly/30 days notice
Management Fee	2%	**Performance Fee**	20%
Fund Structure	single fund, open-end	**Prime Broker/Custodian**	Credit Suisse
Legal Advisor to the Fund	Maples and Calder	**Administrator**	BNY Mellon Alternative Investment Services
Equalisation	yes	**High-Water-Mark**	yes (105.74 as of October 31, 2012)
Investment Advisor	lambda Capital Group	**Investment Manager**	Riverplus Management Company
Domicile	Cayman Islands	**Auditor**	KPMG
Valor	10263523	**ISIN**	KYG759421053
Day of Inception	October 1st, 2009	**Share Class**	CHF

For further details or for more information, please contact us at contact@lambdacapital.ch or visit www.lambdacapital.ch