



# Thames River WARRIOR Fund

(Thames River Alternative Strategies Limited)  
OPPORTUNISTIC MULTI-MANAGER

**S&P RATED  
AA**

## Manager Commentary – by Ken Kinsey-Quick / Alex Kuiper

"2010 will be a year of alpha rather than beta." January was a volatile month and 2010 has begun as we expected. (See our 2009 review/2010 outlook note). The markets began the month with the same strength with which they ended December 2009. This strength was short lived as the second half saw a marked sell-off, with markets succumbing to various fears, both real and imagined. There were a number of notable events including China starting to tighten monetary policy, and Greek credit fears, with concerns surrounding the ability of Greece to lower their budget deficit. When Russia defaulted on its debt in 1998, they had a total debt of €51 billion. Greece now has €254 billion with more debt to be added later this year. This negative backdrop is coupled with the fact that it seems that a lot of the good news about economic recovery has been priced into the markets already, and we expect equity returns to be somewhat more muted and volatile this year.

Warrior's USD NAV for the month of January was -1.1%. The MSCI World ended the month -4.1% down with the Barclays Aggregate Bond Index +1.5%. While the returns were skewed to the negative side, the range of returns was generally fairly tight with no significant outliers bar Merchant Commodity who delivered a +9% return, and CCP Aristarchus a return of -6.2%. We are of the opinion that 2010 will be a volatile year, allowing stock pickers to thrive. We remain cautiously positioned, using our macro hedging actively to protect the book as we deem appropriate. "Perhaps more than anything else, failure to recognize the precariousness and fickleness of confidence - especially in cases in which large short-term debts need to be rolled over continuously - is the key factor that gives rise to the this-time-is-different syndrome. Highly indebted governments, banks, or corporations can seem to be merrily rolling along for an extended period, when bang!-confidence collapses, lenders disappear, and a crisis hits." This Time is Different (Carmen M. Reinhart and Kenneth Rogoff).

### Fund Performance to 29 Jan 2010

	Est. NAV Per Share	1 Year	3 Year	5 Year
<b>Class A (Closed)</b>	\$2,346.37	+15.09%	+22.18%	+57.02%
<b>Class B (Closed)</b>	€1,717.41	+14.95%	+20.19%	+48.80%
<b>Class C (Closed)</b>	£1,887.80	+14.74%	+22.97%	+58.28%
<b>Class F</b>	\$981.53	+15.08%	-	-
<b>Class G</b>	€979.75	+15.02%	-	-
<b>Class H</b>	£980.77	+14.93%	-	-
<b>Class I</b>	NOK9,761.65	+15.72%	-	-

Source: Northern Trust IFAS (Ireland) Ltd. Above rolling returns are cumulative. N.B. Historical performances for distribution share classes may vary from previous issues of the Thames River newsletters. This follows an improvement in the performance calculation methodology (from monthly to daily cumulative), in order to be in line with Global Investment Performance Standards.

### Top 5 Holdings

	Strategy	Month	YTD
Cheyne TRC II*	Credit	-3.6	-3.6
CQS Directional Opps*	Multi-Strategy	-	-
Ferox*	Convertible Arb	-1.8	-1.8
Nevsky	Equity L/S	-3.5	-3.5
Zebedee Focus*	Equity L/S	-1.4	-1.4

\*Estimate. Note: YTD figures relate to current underlying managers which may not have been held in the portfolio for the whole of this period.

### Return History %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>10</b>	-1.06	-	-	-	-	-	-	-	-	-	-	-	<b>-1.06</b>
<b>09</b>	+0.90	+0.83	-0.83	+1.06	+3.05	+1.15	+2.83	+1.16	+2.77	-0.03	+0.68	+2.63	<b>+17.36</b>
<b>08</b>	-0.74	+1.95	-2.88	-1.26	+1.75	+2.06	-2.67	-0.79	-4.59	-5.67	-1.19	-2.25	<b>-15.41</b>
<b>07</b>	+2.39	+2.84	+1.18	+2.25	+2.29	+2.26	+4.01	-0.80	+1.54	+6.65	-0.90	+0.93	<b>+27.35</b>
<b>06</b>	+4.81	+1.34	+1.57	+2.10	-1.26	-1.32	-0.34	+0.89	-0.31	+1.35	+2.78	+3.23	<b>+15.67</b>
<b>05</b>	-0.24	+1.14	-0.48	-0.78	+0.28	+1.35	+2.14	+0.58	+1.71	-2.33	+2.42	+2.28	<b>+8.25</b>
<b>04</b>	+1.36	+1.02	+0.44	-0.41	-0.93	-0.06	-0.06	+0.02	+1.17	+0.76	+2.69	+1.95	<b>+8.16</b>
<b>03</b>	+0.42	+0.58	+0.22	+1.16	+1.75	+0.82	-0.45	+0.63	+2.16	+1.14	+1.20	+2.46	<b>+12.73</b>

The above performance history relates to the Fund's base currency share class only. The full share class history is available in the back of the monthly Newsletter. NAV per share monthly return calculated net of fees. Source: Northern Trust IFAS (Ireland) Ltd, except for those in italics -TRC estimate.

### Class A \$ Statistics (Since January 2003)

Annualised Return	<b>+9.6%</b>
Volatility (Standard Deviation)	<b>6.5%</b>
Worst Drawdown	<b>-16.4%</b>
Sharpe Ratio (2.36%)	<b>1.09</b>
Sortino Ratio (MAR = 0%)	<b>2.54</b>

Source: Bloomberg, Pertrac, (NB: Sharpe Ratio risk free rate - Citi 3 Month T-Bill).

### NAV per share Vs Index 31.07.1998 To 29.01.2010

(rebased to \$100)

— Thames River Warrior Fund — MSCI TR Gross World USD Index



Source: Northern Trust IFAS (Ireland) Ltd, Bloomberg, TRC

### Asset Allocation by Strategy %

Equity L/S (9)	25.9
Multi-Strategy (5)	19.4
Credit (2)	11.1
Other (4)	10.5
Macro (2)	6.8
Convertible Arb (1)	5.0
Distressed (1)	4.8
Event Driven (1)	4.5
Currency (1)	2.8
Macro Hedge	0.1
Cash*	9.3
<b>Total</b>	<b>100.0</b>

Note: (x) denotes number of managers. Allocations are shown post new month dealing.  
\* Cash, receivables and other assets

### Fund Objective

The fund aims to achieve absolute returns by investing opportunistically in a portfolio of both directional and non-directional investment managers.

Return target over a cycle: 10+ p.a.

Volatility tolerance: 5-10% standard deviation

Loss target: no losing 12 months

Drawdown target: less than 10%

\*Please note that investors should be aware of amended liquidity terms

### Fund Size (Mn)

\$351.3

### Share Classes

\$ (base)/ €£/NOK (hedged)

### Launch Price

\$ 1,000 on 31/07/1998

£ 1,000 on 31/05/2003

€ 1,000 on 30/06/2003

NOK 10,000 on 01/03/2008

New Share Classes 04/01/2008

€/\$/£ 10,000, NOK 100,000

Monthly

### Minimum

### Dealing

### Redemption

### Domicile

### Unit Type

### Charges

Initial Charge

Management Fee

Performance Fee

Redemption Fee

Up to 5%

1.5% p.a.

10% HWM

1% (3 months)

### Manager

### Investment

### Adviser

### Custodian

### Administrator

### Contact:

Tel:

Fax:

Email:

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