

## RHO ASSET MANAGEMENT MONTHLY REPORT

# Rho Fortius 1:2 € Program – January 2012

■ **THE TRADING ENVIRONMENT** January began with an optimistic tone, with the equity markets breaking out from triangular consolidations, as the problems of 2011 seemed behind us, and new economic data pointed toward strength. The bond markets followed suit by breaking out to new multi-month highs not seen since September, 2010. Mid-month, there was a brief sell-off in bonds, but by month end, the rally resumed, and even the Euro and Japanese Yen joined in the fun.

The relative lack of long-term trends this month was confirmed by the negative performance from our Group#1 trend-following systems. We had positive returns from Group#2, and the counter-trend Group#3 was strongest of all. Altogether, our Altius Program ended the month +1.85 percent. The Citius Program had a difficult month, ending down -2.65 percent, due primarily to reversals in bonds and stock indexes. Bonds rallied to new all-time highs and then reversed mid-month causing losses. We profited from the rally in stock index futures in the second half, but lost money when the shorts left over from December were tripped by the strong rally at the start of the year. Overall, we were unprofitable in stock indexes.

As the Fortius Program has double the exposure to the Citius Program relative to the Altius Program, we are more dependent on the short-term trading environment within Fortius, but given our 20 year+ experience, we are confident that this will resolve itself combined with further enhancements to our short term trading models to cope with the current news-driven economic situation and thus expect good opportunities for Fortius going forward.

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The Rho Fortius 1:2 Program declined an estimated **-1.75%** for the month. The compound annual average rate of return since inception (March 2009) for the Fortius 1:2 Program is **-5.92%**, compared to -2.83% of its benchmark, the Newedge Short Term Traders Index in the same period.

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The **RETURN EFFICIENCY** ( $\rho$ ) of the Fortius 1:2 Program since inception is **-0.09**.

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Margin utilization was between 6.80% and 19.57% with an average of **12.54%**.

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Total assets managed by Rho Asset Management stands at **\$72 million**.

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**NIELS KAASTRUP-LARSEN**

**Chairman & CEO**

**Monthly Report: January 2012**

**Program Description**

Fortius combines our trend-following Altius Program, and our counter-trend Citius Program, with roughly equal volatility assigned to each component. Our clients wanted to implement a Fund-of-Funds approach, with multiple philosophies. Ordinarily, clients would combine disparate managers without real insight into their system structure. Fortius allows us to combine well-matched trend-following and counter-trend programs

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with designs and portfolio weights that are well-suited to one another because we know what lies "under-the-hood". Since inception, the trading environment has been extraordinarily difficult, on both, the trend-following and short-term side, but Fortius has held its own. Investors also have the flexibility to combine the Altius and Citius programs in proportions that better suit their specific needs.

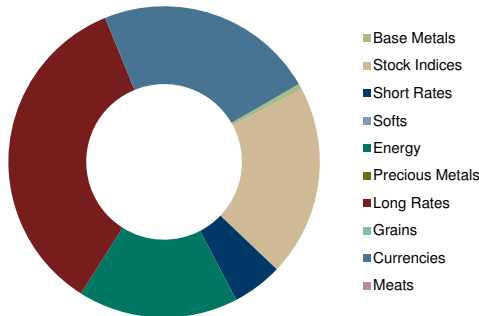
**Monthly net returns**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	-1.75%												-1.75%
2011	-5.90%	3.10%	-7.22%	13.36%	-5.29%	-4.69%	5.97%	6.06%	-1.66%	-4.83%	0.40%	-0.58%	-3.28%
2010	-1.75%	0.82%	3.39%	-5.30%	-0.91%	-0.96%	2.47%	3.82%	-5.59%	1.22%	-4.37%	8.47%	0.36%
2009			-1.24%	-0.51%	0.90%	-4.42%	5.18%	-1.42%	-1.70%	-1.34%	-1.93%	-6.11%	-12.24%

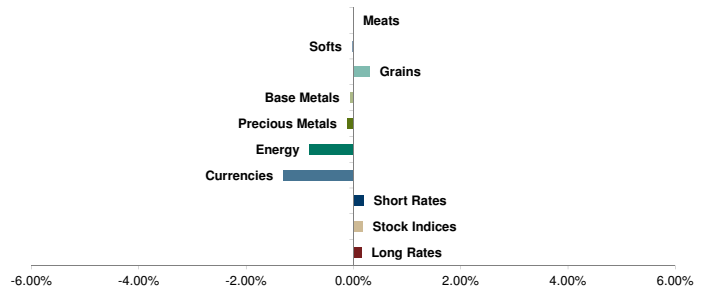
**Performance statistics net of fees**

Total Return Since Inception	-16.30%	Correlation to S&P 500 (All Months)	0.03
Compound annual return	-5.92%	Correlation to HFR FoF (All Months)	0.16
Average monthly return	-0.41%	Correlation to BTop50 (All Months)	0.58
Largest monthly return	13.36%	Correlation to Newedge STTI (All Months)	0.37
Largest monthly loss	-7.22%	<b>Return Efficiency <math>\rho</math></b>	<b>(0.09)</b>

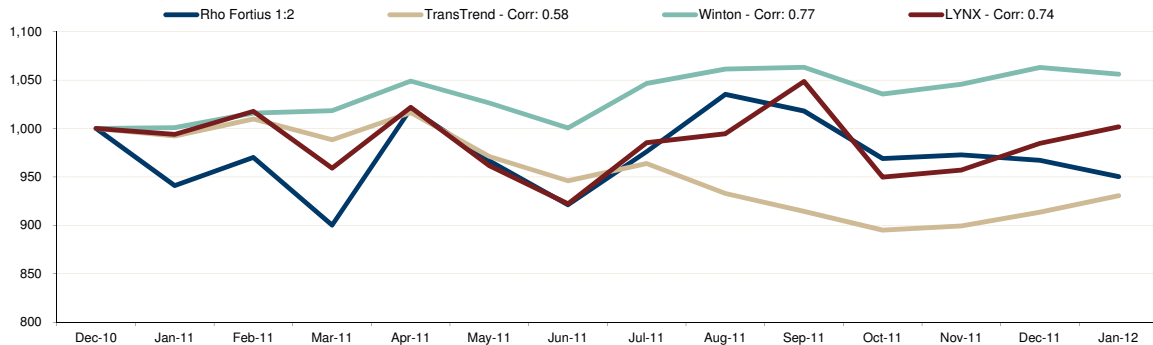
**Month-end exposure based on VaR of Total Exposure**



**Performance by sector (Gross)**



**Rho Fortius 1:2 Program compared to Leading Multi-Strategy CTA's since beginning of 2011**



**Rho Fortius 1:2 SPC Ltd (BVI)**

Currency Denomination	Euro & USD
Markets	44 exchange listed futures
Target Return	25 - 30% p.a.
Target Volatility	16% p.a.
<b>Target Return Efficiency <math>\rho</math></b>	<b>&gt; 0.45</b>
Subscriptions (notice)	Monthly (7 business days)
Redemptions (notice)	Monthly (7 business days)
Lockup	None
Minimum Investment	Euro 100,000 or USD 100,000
Fees	Mgmt: 3% Perf: 20%

Domicile	British Virgin Island
ISIN (€)	VGG 7550W1014
Bloomberg (€)	RHOFSP VI
Valoren (€)	CH 4694286
NAV/Risk Reporting	Daily
Administrator	Circle Partners
Auditor	Kinetic Partners
Brokers	Newedge
Banks	ABN AMRO Bank
Risk Reporting Agent	NAV Consulting

**Managed Accounts**

Minimum Investment	USD10,000,000
Fees	Mgmt: 3% Perf: 20%

<b>Fortius 1:2 Program Assets</b>	<b>USD13,000,000</b>
<b>Firm Assets</b>	<b>USD72,000,000</b>

Past performance is not necessarily indicative of future results. There is significant risk of loss in trading derivative products.

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