



THAMES RIVER CAPITAL

Statement from Thames River Capital on the Funds managed by Bernard L. Madoff Investment Securities in relation to Thames River Alternative Strategies Limited.

Background

Following the alleged \$50bn fraud by Bernie Madoff, we would like to inform you that Thames River Capital has no exposure to any fund invested in accounts managed by Bernard L. Madoff Investment Securities, LLC.

In order to avoid exposure to repetitions of such frauds, as well as to reduce exposure to operational risk in general, we have developed over the years the operational due diligence process that is operated by Stan Chaudhry and Emma Gibbs of the Multi-Manager Alternative team. This is a mature and well defined process which gives Stan and Emma effective veto over planned new investments that do not pass their review. We value the protection that this process gives us, and do not override their decisions. Measures designed specifically to mitigate the risk of fraud include background checks on managers and other key people, and directly contacting and verifying service providers. This is in addition to a review of the controls and culture within the firm.

There are three factors which have emerged from the Madoff case that would have caused the funds to fail in our review process

- The auditor was not a well recognized firm
- A related party executed the trades
- There was a general lack of transparency around the investment process

Whilst we have not specifically reviewed the Madoff funds in detail, the above three factors would have caused sufficient concern for us not to proceed.

Regulation and segregation of duties

We would also point out that the model for our hedge funds varies from that frequently followed in the US. We understand that Madoff was not subject to US SEC registration in respect of the management of hedge funds. Our Firms which manage or advise both traditional mutual funds and alternative funds are authorised and regulated by the Financial Services Authority and subject to its Rules in the management of those funds. Additionally, all our offshore funds are administered by a third party, Northern Trust, which is appointed by the fund boards not by us. We do not hold any monies or assets of the funds which are again held by the funds' own appointed prime brokers/custodians. These arrangements provide a high level of segregation of duties amongst the funds and their appointed service providers and which we believe provide very strong protection for investors against the type of alleged fraud and false accounting in this case.

Dated: 18 December 2008