

Performance Report

The Cambridge Strategy: Global Emerging Markets Alpha Programme

May 2010

Performance Data (%) (Gross of fees)

| | Current Month | QTD | YTD | 1 Year | 3 Years (pa) | 5 Years (pa) | Since Inception (pa) |
|---|---------------|------|-------|--------|--------------|--------------|----------------------|
| Global Emerging Markets Alpha Programme | -1.44 | 7.48 | 12.49 | 24.39 | - | - | 20.31 |

Performance Commentary:

The Global Emerging Markets Alpha Programme generated a negative return of -1.44% (gross of fees) in May (its worst monthly return since inception). However, May was an extremely volatile and challenging month for the Programme. It has returned 12.49% (gross of fees) for the year to date.

Risk aversion was the dominant theme in currency markets during May, primarily driven by the Eurozone debt issue. The aid package provided to Greece by the European Union and International Monetary Fund did little to change market sentiment and matters were further exacerbated when one of Spain's largest regional lenders was bailed out by the Spanish Central Bank. Furthermore, the interbank funding market once again showed signs of stress with lending rates rising sharply during the month. In May the US Federal Reserve Bank continued its approach of keeping interest rates low, and this approach was also maintained by the central bank in the UK, Japan and Euro area.

The key global currency movements during May were the strengthening of the US Dollar versus the various currencies, driven by the rise in risk aversion, and the weakening of the Euro, driven by the Eurozone debt issues. The Programme entered May generally long risk seeking currencies; however, the size of the positions was modest, reflecting a decline in our Risk Adjusted trade Size (RATS) prior to May. This decline in the RATS was an effective safeguard in limiting significant losses during the month.

Long exposures to the Mexican Peso, Korean Won and Chilean Peso were the three worst performing positions. However, losses were also generated more broadly, particularly in the Latin American component of the Programme (where contagion and volatility were extreme). In many instances we were stopped out of trading positions. Whilst the causal factors for declines in each currency varied, in most instances the common factor was risk aversion. The Systematic Fundamental Strategy was also a negative contributor for the month, which is in line with expectations as this strategy tends to underperform in volatile environments.

While gains were made from short positions in the Euro versus various emerging market currency crosses, reflecting the Programme's move to a more risk averse positioning during the month, they were insufficient to offset the losses. Looking ahead, various risks have been removed from the Programme, as a number of stop losses and take profits have already been triggered.

The Programme continues to be broadly positioned for a risk averse environment. The risk exposures of individual positions remains modest reflecting the heightened volatility currency markets are currently experiencing (which continues to feed through to our RATS). While May saw a significant rise in our Global Volatility indicator in the early stages of the month, it stabilised towards the end of the month and we continue to maintain a modest exposure to the Systematic Fundamental Strategy.

Summary Statistics

(Period: Inception – May 2010)

| | | | |
|---|-------|--|------|
| Annualised Return | 20.3 | Annualised Risk (Standard Deviation) | 7.0% |
| Sharpe Ratio | 2.7 | Months Positive (%)..... | 81% |
| CS Character | 2.8 | CS Ratio..... | 7.5 |
| Positive Trading Days..... | 56% | Negative Trading Days | 44% |
| Annualised Standard Deviation (Daily Obs) | 9.5% | Skewness..... | 1.4 |
| Maximum Daily Loss | -2.1% | Kurtosis | 3.0 |

(May 2010)

| | | | |
|-----------------------------------|-------|-----------------------------------|-------|
| Maximum Daily Loss | -1.8% | Days to Recovery | n/a |
| Positive Trading Days..... | 48% | Negative Trading Days | 52% |
| Average Positive Day Return | 0.4% | Average Negative Day Return | -0.5% |

Monthly Performance Data (%)

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|------|------|------|------|-------|------|------|-------|-------|------|------|------|------|
| 2010 | 2.26 | 2.34 | 8.20 | 0.79 | -1.44 | | | | | | | | 12.5 |
| 2009 | 4.22 | 1.44 | 4.04 | 3.82 | 1.54 | 1.46 | 1.11 | -0.11 | -0.06 | 2.74 | 4.91 | 0.18 | 28.2 |
| 2008 | | 1.19 | 0.51 | 0.91 | -1.14 | 0.32 | 1.64 | -0.29 | 0.25 | 2.11 | 0.90 | 0.18 | 6.7 |

Notes on performance: The performance data quoted relates to the equal weighted average of the managed accounts with exposure to the Emerging Markets Alpha Programme (US\$ performance, excluding cash income). Risk Free rate used is US\$ LIBOR (1 month). The risk free rate and minimum acceptable rate of return is US\$ LIBOR (1 month). Returns and statistics are calculated on the basis of monthly returns. Inception: February 2008.

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