

**Asian Markets Alpha Programme  
Monthly Report**

**August 2007**

**PERFORMANCE ANALYSIS (All Accounts)**

**The Asian Markets Alpha Programme  
(February 2006 to August 2007)**

**Return Summary**

<b>Latest Month</b>	<b>3.79%</b>
<b>Year to Date</b>	<b>11.39%</b>
<b>Last 12 Months</b>	<b>16.61%</b>
<b>Sharpe Ratio</b>	<b>2.36*</b>
<b>Return to Date</b>	<b>23.01%</b>
<b>% Trading Days Up</b>	<b>67%</b>
<b>% Trading Days Down</b>	<b>33%</b>
<b>Maximum Daily Drawdown</b>	<b>(1.95%)</b>
<b>Largest Monthly Drawdown</b>	<b>(1.84%)</b>

\*Risk Free rate used is 2.5% consistent with Barclays Index

**Return Statistics for August 2007**

<b>Latest Month</b>	<b>3.79%</b>
<b>Largest Daily Drawdown</b>	<b>(1.17%)</b>
<b>Days to Recovery</b>	<b>2</b>
<b>% Trading Days Up</b>	<b>52%</b>
<b>% Trading Days Down</b>	<b>48%</b>
<b>Average Up Day</b>	<b>0.85%</b>
<b>Average Down Day</b>	<b>(0.58%)</b>

Another very volatile month resulted in the best monthly performance of the year, with a return of 3.79% on the month, which when taking into account the performance in the currency manager universe was a very satisfactory result, especially considering the performance of emerging markets around the world. As we mentioned in last months report, the programme went net long yen at the end of last month for the first time this year and short the Philippine peso, both of which performed very well, with Usd/Yen falling from 118.60 at the beginning of the month to a low under 112 intra-month. We took profit on half the long yen position at 114 but remain net long yen. Usd/Peso moved from under 45.50 to a high above 47. We remain defensive in the portfolio looking for further emerging currency weakness and yen strength but are opportunistically adding to our favoured currency positions. The strategy added to its short Usd/Ringgit position above 3.5, and we continue to prefer both Indonesia and Malaysia from a value perspective.

The largest daily drawdown through the month was 1.17%, and the largest daily gain was 3.32%. The high point through the month saw us up 4.85% on the 24<sup>th</sup> of August, and the low was down 0.91% on the 3<sup>rd</sup> of August.

In addition the increase in our global volatility indicators through the month prompted us to further reduce value risk. The programme is now only 1.5:1 leveraged intra-Asia. Our biggest short position remains the Philippines, closely followed by Taiwan.

Our largest long positions are the Malaysian Ringgit closely followed by the Indonesian Rupee. We remain long in the South Korean Won, Singapore Dollar and the Indian Rupee. Directionally the portfolio will continue to benefit from Yen strength and emerging market weakness. We are looking for the Ringgit/Peso to continue strengthening and have a target of 13.80.

During the month South Korea unexpectedly raised interest rates, and lost in all the global turmoil were a series of raised economic growth targets across Asia. Various CPI indicators came in higher than expected led by Indonesia and the Philippines, and various central banks intervened both covertly and overtly to support their currencies, as sub-prime worries spilled over into all the Asian stock markets with exposure to the US markets being a particular concern in both China and Taiwan

**Cambridge Strategy Asian Markets Alpha Monthly Returns**

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2006</b>	<b>10.43%</b>		1.12%	0.93%	2.68%	-1.84%	0.45%	1.69%	0.39%	-0.43%	2.15%	0.12%	2.8%
<b>2007</b>	<b>11.39%</b>	0.41%	-0.37%	1.41%	2.58%	1.41%	1.35%	0.35%	3.79%				

**Performance figures calculated include only margin interest received and are net of fees.**

*The returns are representative of an average of the managed accounts traded.*

**Risk Warning:**

*This brief statement does not disclose all of the risks and other significant aspects of trading in currencies and options. The Cambridge Strategy (Investment Management) Limited manages for and advises to professional investors only. Investors must bear in mind that this type of investment can be volatile, values can decrease as well as increase and that past performance is no guarantee of future performance.*

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