The Cambridge Strategy

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Asian Markets Alpha Programme Monthly Report

August 2009

PERFORMANCE ANALYSIS (All Accounts)

Asian Markets Alpha Programme (February 2006 to July 2009)

Return Summary

Latest Month	(0.44%)
Year to Date	0.63%
Last 12 Months	6.37%
Annualised Return	14.38%
Sharpe Ratio	1.48
Return to Date	61.82%
% Trading Days Up	54%
% Trading Days Down	46%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.87
CS Ratio	4.25
Annualised Daily Volatility	10.92%
Annualised Monthly Volatility	7.25%

Return Statistics for August 2009

Largest Daily Drawdown	(0.30%)
Days to Recovery	6
% Trading Days Up	33%
% Trading Days Down	67%
Average Up Day	0.17%
Average Down Day	(0.12%)

The Asian Programme started the month initially positioned short the US Dollar which turned into a long position throughout the course of the month. Our main drawdowns were long positions in Korean Won and Taiwanese Dollar which were looking for continued appreciation. Positive returns were made on the Philippine Peso, Malaysian Ringgit and the Indonesian Rupiah, which were also looking for further strength; however these positions were turned quickly enough to benefit from the negative sentiment that continued into the end of the month. The Programme returned a negative -0.44% (gross of fees) for August, with a positive 0.63% return (gross of fees) for the year. Our biggest one day drawdown was -0.30% and this was due to the swings in sentiment on the 7th of August.

This performance has been a reflection of the swings that are still prevalent within the markets. Since March the markets have been cautiously bullish on the global economic outlook and this view has been reflected in the continuous irregular price action of the foreign exchange markets. The month of August was no exception, and if anything, this nervous price action was more extreme than it has been in previous months. The major currencies saw volatile moves within bands constrained by option plays, and a similar story prevailed in the Asian markets with the constant presence from Central Banks.

During August, China's equity markets showed the first signs of nervousness which resulted in a fall of approximately twenty five percent. This was on the back of government plans to tighten the capital requirements for banks although loan growth had already started to slow. Up until June 2009 the aggregate loans were over Renminbi 7 trillion, whilst the number for July decreased to Renminbi 350 billion. This negative sentiment from China saw the Asian currencies weaken early in the month and were then range bound for the rest of the month.

We are still strongly positioned for risk, and aware that aggressive swings are still prevalent in the market. Our disciplined implementation of stop losses and take profits for every position in the Programme continues to provide downside protection and facilitate the capture of upside potential. During August, our tail risk indicators remained relatively steady; consequently, the Risk Adjusted Trade Size ('RATS') for each position remained largely unchanged. In spite of the continued swings in daily returns, drawdowns were again effectively contained in August; the largest daily drawdown was -0.30% on the 7th of August.

Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	**11.57%**		1.24%	1.01%	3.13%	-2.33%	0.42%	2.05%	0.37%	-0.61%	2.51%	0.06%	3.30%
2007	**33.58%**	0.40%	-0.53%	1.63%	3.04%	1.61%	1.55%	0.33%	4.48%	9.81%	3.61%	4.14%	-0.33%
2008	**7.90%**	1.58%	-1.18%	0.82%	0.83%	-2.57%	1.08%	1.27%	0.30%	2.55%	2.44%	0.41%	0.21%
2009	**0.63%**	2.02%	0.94%	-1.29%	0.25%	-1.47%	0.33%	0.33%	-0.44%				

Performance *figures calculated are Gross of fees and exclude interest income*

The returns are representative of an average of the managed accounts traded. Risk Free rate used is US$ LIBOR (1 month)