

*Asian Markets Alpha Programme
Monthly Report – June 2007*

PERFORMANCE ANALYSIS

The Asian Markets Alpha Programme
(February 2006 to June 2007)

Return Summary

Latest Month	1.35%
Year to Date	6.79%
Last 12 Months	13.59%
Sharpe Ratio	2.19*
Return to Date (Feb 2006)	18.11%
% Days Up	67%
% Days Down	33%
Maximum Daily Drawdown	(1.95%)

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

Return Statistics for June 2007

Profit/Loss	1.35%
Largest Daily Draw	(1.20%)
Days to Recovery	3
Largest Daily Profit	1.35%
Largest monthly Draw	(1.84%)
% Days Up	60%
% Days Down	40%

The Asian Markets Alpha portfolio performed well in June, ending the month up 1.35%, and is currently up 6.79% for the year to date and 13.59% for the 12 months to date. During June the strategy recorded 60% days up and 40% days down. However June proved to be quite volatile. The strategy recovered from an intra-month drawdown of 2.29% as risk aversion worries hit world equity markets again early in the month, but recovered to an intra month high of 2.42%

We remain moderately invested with overall portfolio leverage at three times, which corresponds to our global volatility 0-10 scale indicator at 5. Our model continues to remain positive on carry trades within the emerging market currency sector and positive on Asian currencies in general. However the model is continuing to actively add volatility which had naturally declined through the beginning of 2007. Volatility for June moved up through 10%, still below our targeted annualised volatility of 15%.

In Asia our two largest long positions remain the Ringitt and the Rupiah. The model added to both positions during the month as the Rupiah weakened through 9200 and added to the Ringitt at 3.465. Overall leverage intra-Asia remains at 3:1 and directional positions against the dollar have increased to 2:1 in favour of long Asia.

Indonesia cut interest rates again in June down to 8.5% as inflation fell giving some potential room for further cuts. The risk is obviously that the carry support for the Rupiah will be undermined if rates fall much further. Indonesian interest rates are now only marginally above New Zealand.

The strategy remains short most of the low yielders with the exception of Singapore. The largest short position is now the Philippine Peso, which comprises 27.3% of the overall short basket, closely followed by the New Taiwan Dollar which continues to see pressure in the face of capital outflows. Partly to counter this the Taiwan Central Bank raised interest rates by a higher than expected 25 basis points in June, and the discount rate now stands at 3.125%

Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	10.43%		1.12%	0.93%	2.68%	-1.84%	0.45%	1.69%	0.39%	-0.43%	2.15%	0.12%	2.8%
2007	6.79%	0.41%	-0.37%	1.41%	2.58%	1.41%	1.35%						

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. Hammond Black 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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