The Cambridge Strategy

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Developed Markets Currency Programme Monthly Report June 2007

PERFORMANCE ANALYSIS (All Accounts)

The Developed Markets Currency Programme (April 2004 to June 2007)

Return Summary

Strategy Return Summary

Latest Month	(0.02%)
Last 12 Months	0.53%
Sharpe Ratio	1.70
Return to Date (June 2004)	61.42%
% Days Up	50%
% Days Down	50%
Average Up Day	0.115%
Average Down Day	(0.059%)

Return Statistics for June 2007

Latest Month	(0.02%)
Largest Daily Draw	(0.254%)
Days to Recovery	10
% Days Up	30%
% Days Down	43%
Average Up Day	0.07%
Average Down Day	(0.13%)

The high yielders continued to outperform in June as interest rates and inflation expectations remained the key themes of global foreign exchange markets. The New Zealand Dollar, Australian Dollar and Canadian Dollar again reached inter-year highs against a relatively weak USD as the US economy was troubled by mixed data, a less hawkish Fed and the ongoing sup-prime concerns. The Yen was once again the worst performing currency with interest rate differentials the main driver.

Interest rates were raised by the European Central Bank, Swiss National Bank and Royal Bank of New Zealand, as central banks continued to tackle inflationary pressures. This looks set to remain a common theme as the Bank of England delivered a surprise 5-4 split with the minority voting for an immediate hike, the market now fully expects a 25 bp increase in July. Buoyed by M&A flow the Canadian Dollar reached a 30-year high against the USD. Hawkish comments post the interest rate decision from the Bank of Canada point to a 25 bp hike in July.

Intervention in the New Zealand Dollar by the Royal Bank of New Zealand, for the first time since it was floated failed to slow the currency's appreciation, with the trade weighted index quickly recovering to pre-intervention levels. Interest rate normalisation continued in Switzerland with a 25 bp hike in the 3m LIBOR. Despite the normalisation of Swiss rates and the intervention by the Royal Bank of New Zealand in the New Zealand Dollar, the carry environment remained robust and interest rate differentials remain key market drivers.

Our strategy in expecting to increase risk allocation in the coming month as we anticipate a rise in market volatility, this provides a positive outlook for July as the model inherently performs better in markets with higher volatility levels.

Cambridge Strategy Developed Markets Currency Programme Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	37.83%				0.69%	4.24%	0.06%	1.36%	1.72%	7.39%	8.39%	7.61%	1.61%
2005	13.46%	1.15%	2.55%	0.81%	0.01%	2.17%	0.54%	2.46%	0.53%	1.07%	0.97%	-0.01%	0.49%
2006	3.43%	0.54%	1.61%	0.33%	0.21%	0.08%	-0.12%	0.22%	-0.25%	0.16%	0.19%	0.32%	0.10%
2007	-0.21%	-0.31%	-0.03%	0.27%	0.38%	-0.50%	-0.02%						

Eurohedge Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	1.90%				-1.30%	-0.62%	-0.29%	0.28%	-0.26%	-0.05%	0.38%	2.39%	1.04%
2005	2.73%	-0.42%	0.09%	-0.23%	0.12%	0.64%	0.44%	0.33%	-0.88%	1.12%	0.36%	1.12%	0.03%
2006	1.84%	-0.09%	0.68%	-0.08%	0.14%	-0.05%	-0.17%	-0.10%	-0.09%	0.42%	0.48%	1.28%	0.26%
2007	0.99%	0.75%	-0.59%	0.40%	0.53%	-0.10%							

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.