

**Global Emerging Markets Alpha Programme
Monthly Report**

December 2009

PERFORMANCE ANALYSIS (All Accounts)

**Global Emerging Markets Alpha Programme
(February 2008 to December 2009)**

Return Summary

Latest Month	0.18%
Year to Date	28.22%
Last 12 Months	28.22%
Annualised Return	17.78%
Sharpe Ratio	2.97
Return to Date	36.85%
% Trading Days Up	56%
% Trading Days Down	44%
Max Daily Drawdown	(1.89%)
Max Monthly Drawdown	(1.14%)
CS Character	2.51
CS Ratio	7.45
Annualised Daily Volatility	8.93%
Annualised Monthly Volatility	5.53%

Return Statistics for December 2009

Largest Daily Drawdown	(1.69%)
Days to Recovery	4
% Trading Days Up	70%
% Trading Days Down	30%
Average Up Day	0.31%
Average Down Day	(0.69%)

The Global Emerging Markets Alpha Programme returned a modest +0.18% as a difficult December closed out an exceptional year with the Programme up a healthy 28.22% (gross of fees) for 2009. Volatility rose initially in December sparked by the near default of Dubai World and the ongoing debt crisis in Greece. Conditions were made even tougher when liquidity dropped as the holidays approached and investors reduced exposures on currency books. The currency markets were directionless with many false breakouts of trading ranges. The Programme spent the majority of the month in negative trading territory, but enjoyed a positive final week to finish the month slightly ahead and close the year out confidently.

Asia was the worst performing region in December for the Programme. It was generally positioned long Asian currencies going into the start of the month as we were looking for continued outperformance, but the dampening of risk appetite from the end of November into the first half of December saw these long positions suffer. Stops were hit towards the middle of the month, as liquidity dried up and the sell off deepened, with the long Malaysian Ringgit position a standout poor performer. The latter stages of the month saw a turnaround in Asian flows as investors began to position themselves for 2010, this again saw long positions triggered in Asian currencies, specifically the Korean and Taiwanese Dollar. Performance in Latin America was similar as the Programme was generally long the region. The Programme was long the Mexican Peso position which saw a sharp selloff in the early stages and stop losses were hit. Mexican Peso along with a long Brazilian Real positions were re-entered in the latter stages of December and the Programme remains Long the Peruvian New Sol and bullish the region on a medium term outlook.

Eastern Europe, Middle East and Africa contributed positively to performance in December, though Eastern Europe remains the underperformer of the emerging world. Signals were triggered in both short and long positions as the level of risk aversion fluctuated. Solid performance came from the Russian Rouble in both long and short positions, and the Programme remained long the Egyptian pound over the month generating good returns. The Programme starts the year long the EMEA region with positions in the Russian Rouble, Polish Zloty, Israeli Shekel and Egyptian Pound the most significant.

December was a choppy month driven by lack of liquidity and year end position squaring on currency books; however the latter stages saw investors begin to put positions on for the year ahead and volatility declined. This was generally positive for emerging markets; we were triggered into similar positions and remain constructively long the emerging world. Our Global Volatility indicator stabilised in December. A positive global environment in the early stages of 2010 could see this proprietary indicator decline to the point where the programme may re-enter the Fundamental strategy. Our Risk Adjusted Trade Size (RATS) remained stable throughout December.

Cambridge Strategy Global Emerging Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	6.73%		1.18%	0.51%	0.91%	-1.14%	0.32%	1.64%	-0.29%	0.25%	2.11%	0.90%	0.18%
2009	28.22%	4.22%	1.44%	4.04%	3.82%	1.54%	1.46%	1.11%	-0.11%	-0.06%	2.74%	4.91%	0.18%

Performance figures calculated are Gross of fees. The performance data quoted relates to the equal weighted average of the managed accounts with exposure to the Emerging Markets Alpha Programme. From April 2009, this composite carve-out includes managed accounts solely invested in the Global Emerging Markets Alpha Programme (US\$ performance, excluding cash income). Risk Free rate used is US\$ LIBOR (1 month)

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.