

The Cambridge Strategy

Emerging Markets Alpha Programme

Firm Background:

The Cambridge Strategy is a specialist asset management company based in London with offices in Hong Kong and Australia. Leveraging on our experienced teams, the firm offers currency alpha, active currency overlay and emerging markets equities programmes. The Cambridge Strategy is owned by its three senior principals: Edward Baker (former CIO of Emerging Markets at AllianceBernstein); Peter Henricks (former CEO of AllianceBernstein) and Russell Thompson (former Head of Trading for Asia at AIG Trading). Collectively, they have over 70 years experience in the investment management industry and bring a diverse and distinctive set of skills to the Cambridge Strategy. In 2009 and 2010, the firm won the award for Best FX Manager from Hedge Fund Review and in 2010 it has been shortlisted for Currency Manager of the Year by Professional Pensions Magazine and European Pensions Magazine.

Key Professionals:

	Title	Previous Experience	Experience (yrs)
<i>Edward Baker</i>	Executive Chairman	CIO(EM), AllianceBernstein / BARRA Inc	30
<i>Peter Henricks</i>	CEO	CEO, Alliance Capital, Asia	27
<i>Russell Thompson</i>	CIO	Head of Trading, AIG Trading Inc, Asia	21
<i>Derek Doupe</i>	Director of Marketing	Director, Alternative Investments, Frank Russell	17
<i>Robert Colehan</i>	Senior PM	Portfolio Manager, UBS O'Connor	25
<i>Alexandra Edstein</i>	Senior PM	Senior Proprietary Trader, HSBC	25
<i>Andrew Bresler</i>	PM	AIS Europe Limited	5
<i>Jesse Marre</i>	Assistant PM	Oxford University	2
<i>Michael Kwong</i>	Assistant PM	Citigroup Global Markets	3
<i>Chris Udy</i>	Director of Research	Mount Row Capital	11
<i>Tony Henry</i>	Head of Operations	European COO, Balyasny Asset Management	29

Background to the Programme:

The Emerging Markets Alpha Programme commenced trading in February 2008 as a component of a managed account for an institutional client to provide a blended exposure to the non G-10 strategies offered by The Cambridge Strategy. Performance since inception refers to an 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.

Investment Approach:

The Emerging Markets Alpha Programme aims to profit from short and medium term moves in the developing markets' currency pairs. To achieve this, the firm employs a systematic approach, designed to perform across diverse market environments. The process combines two types of trading strategies: a Systematic Technical Strategy and a Systematic Fundamental Strategy.

The Systematic Technical Strategy uses a series of proprietary trading algorithms operating over eight timeframes ranging from four-hourly timeframes to weekly. The algorithms combine trend continuation and trend reversal signals. The Systematic Fundamental Strategy reflects a predetermined set of positions designed to reflect 'market' views on the relative attractiveness of Emerging Markets' currencies versus the US dollar. Assets are allocated to the Systematic Fundamental Strategy based on a proprietary measure of volatility in the global currency markets (in highly volatile markets the allocation is reduced and when volatility is low the allocation is increased).

The Cambridge Strategy believes that long term success is achieved through successful mitigation of downside returns (with risk controlled at the portfolio, strategy and individual trade levels). A daily VAR limit is enforced at both the aggregate portfolio and sub-strategy level and a further layer of risk mitigation is incorporated within each separate strategy. For the Systematic Technical Strategy each trade is given a risk allocation based on our assessment of the appropriate Risk Adjusted Trade Size (RATS). The RATS is set weekly using a proprietary methodology and profit and loss levels are set for each position prior to trade execution to further limit downside risk. Within the Systematic Fundamental Strategy, the aggregate net US dollar exposure is maintained at zero.

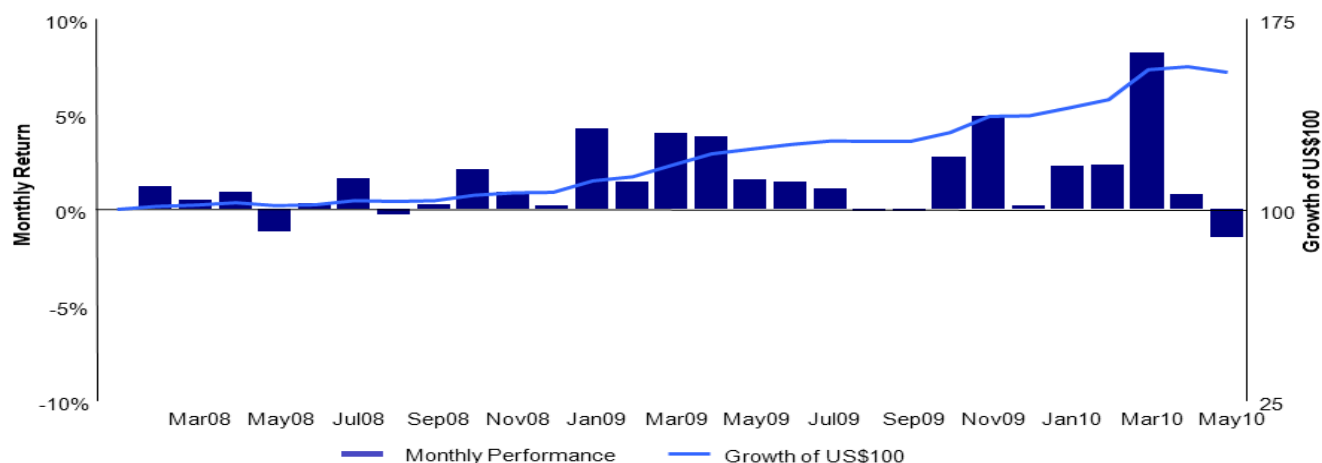
Programme Description:

Description:	Absolute Return – Currency – Emerging Markets
Target Returns:	18% per annum
Target Daily Volatility:	14% per annum (based on daily observations)
Investment Style:	Active Currency Management – Systematic (Technical and Fundamental)

Structural Details:

Vehicle:	Managed Account
Liquidity:	Client specified
Minimum Investment:	US\$ 10,000,000 (or equivalent)
Investment Manager:	The Cambridge Strategy (Asset Management) Limited
Management Fees:	2.0% per annum
Performance Fees:	20% performance fee with high-water mark

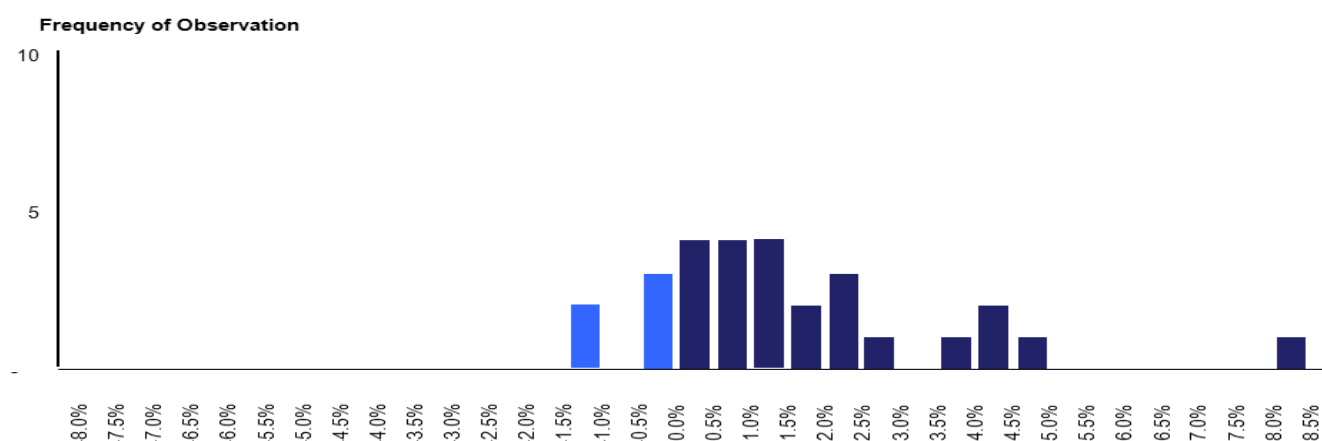
Monthly Performance & Growth of US\$100 (Period: February 2008 – May 2010)



Summary Statistics (Period: February 2008—May 2010)

Annualised Return (since inception).....	20.3%	Annualised Risk (Standard Deviation).....	7.0%
1 Year Rolling Return.....	24.4%	Sharpe Ratio.....	2.7
6 Months Rolling Return.....	12.7%	CS Character **.....	2.8
3 Month Rolling Return.....	7.5%	CS Ratio **.....	7.5
Year to Date.....	12.5%	Skewness.....	1.4
Months Positive (%).....	81%	Kurtosis.....	3.0
Best Rolling 1 Year.....	32.0%	Worst Drawdown.....	-1.1%
Correlation to HFRI Weighted Composite Index.....	0.2	Recovery from Drawdown.....	2 months

Distribution of Returns (Period: February 2008 – May 2010)



Monthly Performance Data (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	2.26	2.34	8.20	0.79	-1.44								12.5
2009	4.22	1.44	4.04	3.82	1.54	1.46	1.11	-0.11	-0.06	2.74	4.91	0.18	28.2
2008		1.19	0.51	0.91	-1.14	0.32	1.64	-0.29	0.25	2.11	0.90	0.18	6.7

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Notes on performance: The performance data quoted relates to the equal weighted average of the managed accounts invested via to the Emerging Markets Alpha Programme. (US\$ performance, Gross of all fees, excluding cash income). Source: The Cambridge Strategy (Asset Management) Limited. The risk free rate and minimum acceptable rate of return is US\$ LIBOR (1 month). Returns and statistics are calculated on the basis of monthly returns. Inception: February 2008.

** For further information on the CS Character and Ratio; please refer to "The Standard Dispersion and Its Application to Risk Analysis for Portfolio Management," Ana Cascon, Ph.D., and William F. Shadwick, Ph.D. <http://www.imca.org/main/do/Journal-Vol8No2>.

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