The Cambridge Strategy

26 Mount Row, Mayfair, London. W1K 3SQ + 44 (0)20 7290 3450

Asian Markets Alpha Programme Monthly Report February 2008

PERFORMANCE ANALYSIS (All Accounts)

The Asian Markets Alpha Programme (February 2006 to February 2008)

Return Summary

Latest Month	(1.20%)
Year to Date	0.30%
Last 12 Months	28.69%
Annualised Return	18.40%
Sharpe Ratio	1.89*
Return to Date	42.16%
% Trading Days Up	54%
% Trading Days Down	46%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(1.84%)
CS Character	2.85
CS Ratio	5.39
Annualised Daily Volatility	10.41%
Annualised Monthly Volatility	7.04%

Return Statistics for February 2008

Largest Daily Drawdown	(0.95%)
Days to Recovery	0
% Trading Days Up	52%
% Trading Days Down	48%
Average Up Day	0.33%
Average Down Day	(0.41%)

The strategy ended the month with a loss of 1.2% in very choppy and challenging market conditions, for a return of 28.69% for the last 12 months, and 0.30% for the year to date. The strategy continues to have a zero allocation to the Fundamental Portfolio as our Global Volatility indicator remains high, and liquidity remains poor. In fact volatility conditions were particularly challenging this month, as volatility dramatically swung day to day with event driven market movements, primarily in the equity markets. Tail risk rose in the model as our CS Character rose and risk was reduced correspondingly.

February began well, with the strategy up 0.7%. Most of the rest of the month was choppy with the strategy being solidly up through the months, but giving up 1.81% in the last two days of the month, as risk aversion suddenly spiked. We still hold our long Asian positions in the Malaysian Ringgit, and Indian Rupee and added to our Indonesian Rupiah position from short term reversal signals as the market backed up into the end of the month. We took profit in our Taiwan Dollar and Chinese Renminbi positions as objectives were met.

Currently our biggest position is short Singapore Dollars, followed by long Philippine Peso, long Indian Rupee, long Malaysian Ringitt, and long Indonesian Rupiah. Our Indian Rupee position was expensive in the last two days as a local onshore dollar shortage, which was technical in nature caused local onshore participants to buy dollars and sell Rupee, and the Reliance IPO added to this flow as over subscribed investors sold Rupee and bought back dollars.

Our modified Risk-Adjusted Return measure declined during the month, and our tail risk indicators have all moved up, pressuring us to reduce risk. The net result was a decrease in our Risk-Adjusted Trade Size measure from 57 basis points to 52 at the end of the month. We expect March to continue to be choppy. Volatility has continued to be choppy, and we have over the last several weeks had many mixed signals related to potential re-entry to our fundamental strategy. None of them has been strong enough for this re-entry to occur.

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%	2.80%
2007	28.35%	0.41%	-0.37%	1.41%	2.58%	1.41%	1.35%	0.35%	3.79%	8.25%	3.11%	3.64%	-0.40%
2008	0.30%	1.52%	-1.20%										

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 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.