

**Asian Markets Alpha Programme
Monthly Report** **January 2008**

PERFORMANCE ANALYSIS (All Accounts)

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

Return Summary

Latest Month	1.52%
Year to Date	1.52%
Last 12 Months	29.77%
Annualised Return	20.91%
Sharpe Ratio	2.35*
Return to Date	43.89%
% Trading Days Up	55%
% Trading Days Down	45%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(1.84%)
CS Character	2.80
CS Ratio	2.85
Annualised Daily Volatility	10.70%
Annualised Monthly Volatility	7.08%

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

Return Statistics for January 2008

Latest Month	1.52%
Largest Daily Drawdown	(0.75%)
Days to Recovery	2
% Trading Days Up	61%
% Trading Days Down	39%
Average Up Day	0.26%
Average Down Day	(0.24%)

The strategy ended the month with a profit of 1.52% in very challenging market conditions, for a return of 29.11% over the last 12 months. The strategy continues to have a zero allocation to the Fundamental Portfolio as our Global Volatility indicator remains high, and liquidity remains poor. This is a good example of our risk management process contributing to our alpha, as the Fundamental Strategy would have lost about 2.5% this month.

January began well, with the strategy up 0.5%, but a rise in risk aversion saw the U S Dollar rally against Asia, excluding the Yen. Despite being on the wrong side of this move the strategy picked up short term reversal signals in the Australian Dollar, the Singapore Dollar and the New Zealand Dollar and we bought Japanese Yen on Trend Continuation signals as carry trades were further unwound. These signals worked favourably and compensated for the losses on the long Asian currency positions as the dollar rallied. However most of these signals were short term and we took profit on them during the month, leaving us net long Asia again. We still hold our long Asian positions in the Malaysian Ringgit, Indian Rupee and the Taiwan Dollar on our Trend Continuation signals. We see no sign of a change in our trend signals occurring in the near term, which leads us to believe that the recent dollar strength is a bear rally in a bull market for Asia.

Currently our biggest position is short Singapore Dollars, followed by short Hong Kong Dollars, long Malaysian Ringgit, long Taiwan Dollars and long Indonesian Rupiah. We trimmed back our Korean Won long position, and have been both long and short Australian and New Zealand Dollars during the month through several short term signals. We are now long Philippine Pesos as

our modified Risk-Adjusted Return measure remained steady during the month. Our tail risk indicators are showing signs of moving up, pressuring us to reduce risk, while our Risk-Adjusted Return measures are improving, encouraging us to add risk. The net result was an increase in our Risk-Adjusted Trade Size measure from 53 basis points to 57 at the end of the month. We expect February to see a reduction in risk aversion as our seven day moving average of Global Volatility fell in the last few days of the month

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	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	1.52%	1.52%											

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. 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.

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