

Extended Markets Alpha Programme Monthly Report

January 2008

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to January 2008)

Return Summary

Latest Month	0.99%
Year to Date	0.99%
Last 12 Months	10.56%
Sharpe Ratio	1.89
Return to Date	82.88%
% Trading Days Up	46%
% Trading Days Down	46%
Maximum Daily Drawdown	(1.30%)
Maximum Monthly Drawdown	(0.46%)

Return Statistics for January 2008

Latest Month	0.99%
Maximum Daily Drawdown	(1.303%)
Days to Recovery	13
% Trading Days Up	61%
% Trading Days Down	39%
Average Up Day	0.16%
Average Down Day	(0.14%)

Concerns over Global growth declining in line with the slowing US economy dominated the headlines in January, with numerous Central Banks downgrading growth forecasts for 2008. Sharp sell offs in global equity markets and concerns of a US recession saw an inter-meeting 75 basis point cut in interest rates by the Federal reserve, followed by a further 50 basis points a week later at the scheduled meeting. A Fiscal stimulus package announced in late January helped buoy the struggling equity markets, many of which closed down more than 10% for the first month of the year.

The strategy started the month short Sterling, long Yen, short the Australian Dollar and net long the US Dollar. The AUD was promptly stopped out as liquidity returned to the market after the festive season and investors initially sought to add risk. Our long standing short Sterling positions against both the US Dollar and the Yen proved profitable in the early stages of the month as the market speculated a 25 basis point cut by the Bank of England at its January 10th meet. Short Sterling/US Dollar position was added to again in early January, the fourth time for this position. Unfortunately, the surprise rate cut by the Federal Reserve saw the US Dollar sold off sharply and this position ultimately stopped out having been short from 2.0490 for a net profit of 3.38%.

Prior to the surprise cut from the Fed the Strategy was up 1.18% for the month, however the rapid reversal in sentiment towards the US Dollar saw us suffer our largest daily drawdown in the month of 0.36% followed by a further decline of 0.18% the following day. At no point was the strategy down for the month and closed the first month of the year up 0.66%.

The strategy maintains its Risk Adjusted Trades Size (RATS) on the conservative side as we attempt to negate the adverse effects of whipsawing market volatility. We start the month net short US Dollars against the Australia Dollar, Swiss Franc and the Yen.

Cambridge Strategy Extended Markets Alpha 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	5.73%	0.54%	1.39%	0.51%	0.98%	-0.46%	0.00%	0.67%	-0.03%	-0.03%	0.81%	0.26%	0.97%
2007	9.51%	-0.07%	-0.14%	0.65%	1.11%	0.15%	0.45%	0.25%	0.03%	5.90%	-0.32%	1.58%	-0.29%
2008	0.99%	0.99%											

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	1.06%	0.75%	-0.59%	0.40%	0.53%	-0.10%	0.97%	0.08%	-0.97%	0.55%	0.62%	-1.09%	

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 (Asset 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.