

Performance Report

The Cambridge Strategy: Asian Markets Alpha Programme

January 2010

Performance Data (%) (Gross of fees)

	Current Month	QTD	YTD	1 Year	3 Years (pa)	5 Years (pa)	Since Inception (pa)
Asian Markets Alpha Programme	0.97	0.97	0.97	2.10	14.35	-	13.76

Performance Commentary:

The Asian Markets Alpha Programme had a positive gain in January and was up 0.97%, an encouraging start to the New Year. The global markets began the year optimistically after a difficult 2009, but as the month unfolded the US Dollar became the preferred foreign exchange choice. The main theme for January was European sovereign risk fears, mainly due to the precarious fiscal positions of Greece, Portugal and Spain and the corresponding hard line adopted by the European Central Bank. China initiated tighter monetary policies by increasing bank reserve requirements in an effort to control the growth of credit and reduce inflationary pressures, which added further to negative market sentiment. China has become the global protagonist of growth, therefore any reduction of liquidity causes concern for continuing global expansion in 2010. Towards the end of January the US Dollar picked up against most Asian currencies as global market concerns saw risk aversion raise again and markets move into safe haven currencies.

The economic data coming out of Asia was mixed as export numbers improved in Taiwan and both China and India achieved stronger industrial production than expected. The Philippines produced their 3rd consecutive quarter of growth, recording year on year growth of 0.9% for 2009, but still well down from previous years of 3.8% for 2008 and 7.2% for 2008. Korea's growth numbers disappointed as did Singapore's, but Indonesia's inflation numbers still remain benign. On the other hand, China's 4Q09 GDP growth accelerated to 10.7% year on year, slightly below market expectations.

The Programme saw good returns into the middle of January but gave some of this positive performance back as the market turned with the change in sentiment from China. The majority of the Programme's Asian currency pairs had positive returns and most positions were cut or reduced in a timely manner. The Programme also had positions in the major G-10 currencies, namely the Euro and the Australian Dollar that acted as a hedge when sentiment started to turn. By mid January, the Asian Currencies had gained between one and four percent with the Taiwanese Dollar having the least gain and the Korean Won the strongest. However, by the end of the month the Korean Won had closed nearly flat along with the Taiwanese dollar. Small gains were seen in the Indian Rupee, the Indonesian Rupiah and the Malaysian Ringgit with a negative close for the Singapore Dollar and the Philippine Peso.

Our Risk Adjusted Trade Size (RATS) remained stable during January.

Summary Statistics

(Period: Inception – January 2010)

Annualised Return	13.8%	Annualised Risk (Standard Deviation)	7.0%
3 Year Annualised Return	14.4%	3 Year Annualised Risk (Standard Deviation)	7.4%
Sharpe Ratio	1.5	Months Positive (%).....	79%
CS Character	2.9	CS Ratio.....	4.4
Positive Trading Days.....	52%	Negative Trading Days	48%
Annualised Standard Deviation (Daily Obs)	10.8%	Skewness	1.7
Maximum Daily Loss	-2.0%	Kurtosis	6.5

(January 2010)

Maximum Daily Loss	-1.0%	Days to Recovery	na
Positive Trading Days.....	50%	Negative Trading Days	50%
Average Positive Day Return	0.5%	Average Negative Day Return	-0.4%

Monthly Performance Data (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.97												1.0
2009	2.02	0.94	-1.29	0.25	-1.47	0.33	0.33	-0.44	1.18	0.68	1.91	-1.25	3.2
2008	1.58	-1.18	0.82	0.83	-2.57	1.08	1.27	0.30	2.55	2.44	0.41	0.21	7.9
2007	0.40	-0.53	1.63	3.04	1.61	1.55	0.33	4.48	9.81	3.61	4.14	-0.33	33.6
2006		1.24	1.01	3.13	-2.33	0.42	2.05	0.37	-0.61	2.51	0.06	3.30	11.6

Notes on performance: The performance data quoted relates to the equal weighted average of the managed accounts invested via the Asian 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 2006. During January, there was significant cashflows in the various managed accounts for this Programme that has resulted in a higher degree of performance dispersion between accounts that has been historically evident.

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