

Asian Markets Alpha Programme Monthly Report

July 2009

PERFORMANCE ANALYSIS (All Accounts)

Asian Markets Alpha Programme (February 2006 to July 2009)

Return Summary

Latest Month	0.33%
Year to Date	1.07%
Last 12 Months	7.16%
Annualised Return	14.89%
Sharpe Ratio	1.53
Return to Date	62.54%
% Trading Days Up	53%
% Trading Days Down	47%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.88
CS Ratio	4.42
Annualised Daily Volatility	11.04%
Annualised Monthly Volatility	7.29%

Return Statistics for July 2009

Largest Daily Drawdown	(0.96%)
Days to Recovery	na
% Trading Days Up	48%
% Trading Days Down	52%
Average Up Day	0.45%
Average Down Day	(0.38%)

Risk appetite increased in July in the face of evidence suggesting that a global economic recovery appears close at hand. Economic data was generally better than expected and corporate earnings tended to surprise on the upside over the month. Contributing to the optimism, several central banks made comments about pursuing exit strategies from quantitative easing, without any hint of also raising interest rates. The growing optimism precipitated a broad rally in risk assets, which saw many asset classes break out of their trading range. As money flowed into risk assets the US Dollar broadly declined. In fact, the US Dollar broke through its recent lows with many currencies which put the markets on alert that the US Dollar may stay weak for the foreseeable future.

As we have so often seen this year in the Asian markets, July was a month of two distinct market periods. The first half was marked by significant risk aversion with the US equity market falling 6.5 % and the majority of Asian bourses showing a modest retreat. The Chinese market, which has become the alternative barometer of global health, was not impacted by this negative sentiment. Once a base was found in the US markets there was a significant flow of funds into the emerging markets and they experienced a strong bounce back.

The Asian Programme started the month with risk aversion trades in place and these were quickly exited when indicated by our models. Towards the end of the month the portfolio had moved to a long on the Asian currencies and the Programme returned a positive 0.33% (gross of fees) for the month, with a 1.07% return (gross of fees) for the year. Our biggest one day drawdown was -0.96% and this was due to the violent swings in sentiment during the middle of the month.

Looking ahead we are still positioned for risk, but as always mindful of the aggressive swings still prevalent in the market. A hit and run mentality still seems appropriate, especially during the relatively illiquid northern hemisphere summer. Our disciplined implementation of stop losses and take profits for every position in the Programme continues to provide downside protection and facilitate the capture of upside potential. During July, our tail risk indicators remained relatively stable; consequently, the Risk Adjusted Trade Size ('RATS') for each position remained largely unchanged. In spite of the continued swings in daily returns, drawdowns were again effectively contained in July; the largest daily drawdown was -0.96% on the 30th of July.

Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	11.57%		1.24%	1.01%	3.13%	-2.33%	0.42%	2.05%	0.37%	-0.61%	2.51%	0.06%	3.30%
2007	33.58%	0.40%	-0.53%	1.63%	3.04%	1.61%	1.55%	0.33%	4.48%	9.81%	3.61%	4.14%	-0.33%
2008	7.90%	1.58%	-1.18%	0.82%	0.83%	-2.57%	1.08%	1.27%	0.30%	2.55%	2.44%	0.41%	0.21%
2009	1.07%	2.02%	0.94%	-1.29%	0.25%	-1.47%	0.33%	0.33%					

Performance figures calculated are Gross of fees and exclude interest income

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.