

## Extended Markets Alpha Programme Monthly Report

July 2009

### PERFORMANCE ANALYSIS (All Accounts)

#### Extended Markets Alpha Programme (April 2004 to July 2009)

##### Return Summary

Latest Month	0.40%
Year to Date	4.50%
Last 12 Months	8.83%
Annualised Return	14.12%
Sharpe Ratio	1.48
Return to Date	102.30%
% Trading Days Up	61%
% Trading Days Down	39%
Maximum Daily Drawdown	(1.92%)
Maximum Monthly Drawdown	(2.53%)
CS Character	3.16
CS Ratio	4.69
Annualised Daily Volatility	7.02%
Annualised Monthly Volatility	7.25%

##### Return Statistics for July 2009

Maximum Daily Drawdown	(0.97%)
Days to Recovery	na
% Trading Days Up	52%
% Trading Days Down	48%

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.

While intra-month returns were quite choppy during July the Programme returned a positive 0.40% (gross of fees) for the month and has returned 4.5% (gross of fees) thus far in 2009.

The biggest negative contributors to the Programmes performance in July came from short positions in both the Canadian Dollar and the Swedish Kroner, both of these currencies enjoyed risk-seeking flows. On the other hand long positions in the British Pound and the Euro were positive contributors given the declining US Dollar. Performance was volatile in Asia over the month and the overall contribution to performance from the Programmes Asian position was de minimis. However in the Latin American region the Programme's early short position in the Mexican Peso produced good performance and hit its take profit level before the dollar began to weaken.

Looking ahead we are still positioned for risk, but as always mindful of the aggressive swings still prevalent in the market. 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 -0.97% on the 29<sup>th</sup> of July.

### Cambridge Strategy Extended Markets Alpha Programme Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	39.25%				0.71%	4.38%	0.06%	1.41%	1.78%	7.64%	8.67%	7.86%	1.66%
2005	13.94%	1.19%	2.64%	0.84%	0.01%	2.24%	0.56%	2.54%	0.55%	1.11%	1.00%	-0.01%	0.51%
2006	5.94%	0.56%	1.44%	0.53%	1.01%	-0.48%	0.00%	0.69%	-0.03%	-0.03%	0.84%	0.27%	1.00%
2007	9.86%	-0.07%	-0.14%	0.67%	1.15%	0.16%	0.47%	0.26%	0.03%	6.10%	-0.33%	1.63%	-0.30%
2008	4.84%	-0.30%	-1.28%	0.52%	1.43%	-0.47%	-0.47%	1.26%	0.21%	-0.52%	1.40%	2.49%	0.53%
2009	4.50%	6.09%	0.71%	-2.53%	0.50%	1.01%	-1.55%	0.40%					

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 (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.