

## Developed Markets Alpha Programme Monthly Report

July 2007

### PERFORMANCE ANALYSIS (All Accounts)

The Developed Markets Alpha Currency Programme  
(April 2004 to July 2007)

#### Return Summary

Latest Month	0.21%
Year to Date	0.00%
Last 12 Months	0.53%
Sharpe Ratio	1.67
Return to Date	61.76%
% Trading Days Up	50%
% Trading Days Down	48.5%
Maximum Daily Drawdown	(0.113%)
Maximum Monthly Drawdown	(0.062%)

#### Return Statistics for July 2007

Latest Month	0.21%
Largest Daily Drawdown	(0.508%)
Days to Recovery	4
% Trading Days Up	59%
% Trading Days Down	41%
Average Up Day	0.123%
Average Down Day	(0.176%)

Global risk aversion spiked higher in July as credit markets began to feel the crunch from the subprime mortgage fears that have dominated the US market through the first half of this year. As fears spread outside the US borders and into global equity markets towards the end of the month, the carry trade came under severe pressure with many positions being unwound. The net result of the market repositioning saw the Yen and Swiss Franc as July's top performing currencies and the high yielding New Zealand Dollar bearing the brunt of the unwinding, despite a hike in interest rates.

The Reserve Bank of New Zealand, Bank of England and the Bank of Canada all hiked rates by 25 basis points, as central banks continued to target inflationary concerns. A divergence of interest rate expectations can now be seen developing with the likelihood that the central banks in New Zealand and the UK will be on hold in the near term. A hawkish rhetoric from the Bank of Canada and strong data in Australia and the Eurozone indicates further hikes are coming; however the credit woes facing the US economy led the market to begin pricing in Fed rate cuts.

The continued credit problems faced in the US will undoubtedly be central through August. With two Bear Stearns hedge funds forced to close in July and many subprime lenders announcing substantial losses, the market will closely monitor the financial sector for further problems. Continued headlines indicating further losses could lead to even more volatility and turmoil within global markets.

We do not see the current market conditions as the start of a longer term downtrend as yet, but are monitoring the situation closely for any catalysts that might turn the market.

### Cambridge Strategy Developed 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	3.43%	0.54%	1.61%	0.33%	0.21%	0.08%	-0.12%	0.22%	-0.25%	0.16%	0.19%	0.32%	0.10%
2007	0.00%	-0.31%	-0.03%	0.27%	0.38%	-0.50%	-0.02%	0.21%					

### 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	1.96%	0.75%	-0.59%	0.40%	0.53%	-0.10%	0.97%						

Performance figures calculated include 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.