

July 2008

Extended Markets Alpha Programme Monthly Report

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to July 2008)

Return Summary

Latest Month	1.26%
Year to Date	0.66%
Last 12 Months	7.89%
Annualised Return	15.38%
Sharpe Ratio	1.59
Return to Date	85.88%
% Trading Days Up	65%
% Trading Days Down	35%
Maximum Daily Drawdown	(1.32%)
Maximum Monthly Drawdown	(1.87%)
CS Character	3.17
CS Ratio	5.04
Annualised Daily Volatility	5.23%
Annualised Monthly Volatility	7.25%

Return Statistics for July 2008

Maximum Daily Drawdown	(0.44%)
Days to Recovery	3
% Trading Days Up	57%
% Trading Days Down	43%

July was again a difficult month with whipsawing volatility and thin illiquid market conditions, as risk aversion remained high. Despite these tough conditions the Programme returned 1.26% for July (reaching a trough of -0.39% and a high of 1.37% during the month). The Programme has returned 7.89% in the last 12 months, 0.66% YTD, and 15.38% per annum since inception.

The Emerging markets element of the Programme was the major contributor to the strong performance for the month, particularly in the Asian, Eastern Europe and Latam components. The key drivers of performance in this component of the Programme were profits from long positions in Chinese Renminbi, Polish Zloty (which reached our Take Profit at 3.203) and the Brazilian Real. The Take Profit levels were reached on many of our positions throughout the course of the month including the Polish Zloty, Israeli Shekel, Indonesian Rupiah, Indian Rupee, Brazilian Real and Colombian Peso. The long South African Rand position was stopped out.

In the Developed markets element of the Programme, performance was largely flat with short Australian Dollar, New Zealand Dollar and Euro positions being initiated at the latter stages of the month. Mean Reversion short US Dollar against Japanese Yen positions were stopped out.

In general, it appears that the recent medium term dollar weakness has come to an end, and we expect to see the US Dollar strengthen going forward, particularly against some of the major currencies such as the Australia and New Zealand Dollars. We have seen strong signals developing to this effect across all time frames.

The Programme's modified Risk-Adjusted Return measure remained steady during the month and tail risk indicators fell slightly (resulting in a slight increase in the Programme's Risk Adjusted Trade Size). The Global Volatility Indicator, (our measure of risk aversion) once again preventing any trades being placed in the Systematic Fundamental Strategy, However, we expect the Global Volatility Indicator to signal new Systematic Fundamental trades in August (as we have only been prevented from initiating new trades due to our 2 week "look back" window).

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	0.66%	-0.30%	-1.28%	0.52%	1.43%	-0.47%	-0.47%	1.26%					

Performance figures calculated are gross of fees. 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.