

Asian Markets Alpha Programme Monthly Report

June 2009

PERFORMANCE ANALYSIS (All Accounts)

Asian Markets Alpha Programme (February 2006 to June 2009)

Return Summary

Latest Month	0.33%
Year to Date	0.74%
Last 12 Months	8.16%
Annualised Return	15.17%
Sharpe Ratio	1.54
Return to Date	62.00%
% Trading Days Up	53%
% Trading Days Down	47%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.88
CS Ratio	4.44
Annualised Daily Volatility	11.11%
Annualised Monthly Volatility	7.36%

Return Statistics for June 2009

Largest Daily Drawdown	(0.35%)
Days to Recover	5
% Trading Days Up	41%
% Trading Days Down	59%
Average Up Day	0.24%
Average Down Day	(0.14%)

June was a quiet month for risk assets with relatively few 'surprises' in economic data releases although market volatility was still significant. There were mixed messages for the Dollar. The US Treasury allowed several of the larger US banks to repay \$68bn of TARP funds, which was interpreted as a sign of stability for financial markets. There was further optimism when the Federal Reserve Bank's Open Market Committee hinted they might start winding down their asset buying program, but they also reaffirmed rates would stay low for some time suggesting ongoing concerns with the economy. The US Dollar's reserve currency status became a hot topic, particularly amongst the BRIC nations who held their first ever joint summit. Concerns for the Dollar were soon negated by Russian and Chinese comments that there is no viable alternative and they strongly indicated that neither desires a weaker US Dollar.

The Asian currency markets were generally choppy in June and weakened as the month evolved. We opened the month short the dollar with a long bias toward the Asian currencies, but our models shifted to a short Asian bias consistent with market conditions as we moved through the month. Performance started on a down note as the dollar showed strength but our repositioning helped us recover and the Programme ended the month up a modest 0.33% (gross of fees). The Programme is now up 0.74% (gross of fees) for the year.

Other key positive drivers of return came from the Southeast Asian currencies, primarily a short position in the Philippine Peso. Our risk aversion trades, which were back in play earlier in the month, consisted primarily of short Japanese Yen crosses and New Zealand Dollar shorts. The downward trend we experienced in these positions in May was reversed during June but choppiness in the major currencies such as the US Dollar, Japanese Yen, Australian Dollar, New Zealand Dollar and the Singapore Dollar saw these close the month around opening levels; our main drawdown came from our short Yen position.

Despite the continuing volatile market environment (as can be seen in the intra-month movements in returns for the Programme), 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 June, our tail risk indicators declined slightly; consequently, the Risk Adjusted Trade Size ('RATS') for each position was relatively stable. In spite of the continued sharp swings in daily returns, drawdowns were again effectively contained in June; the largest daily drawdown was -0.35% on the 1st June.

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	0.74%	2.02%	0.94%	-1.29%	0.25%	-1.47%	0.33%						

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 (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.

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