

Extended Markets Alpha Programme Monthly Report

June 2009

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to June 2009)

Return Summary

Latest Month	(1.55%)
Year to Date	4.08%
Last 12 Months	9.77%
Annualised Return	14.28%
Sharpe Ratio	1.49
Return to Date	101.49%
% Trading Days Up	61%
% Trading Days Down	39%
Maximum Daily Drawdown	(1.92%)
Maximum Monthly Drawdown	(2.53%)
CS Character	3.15
CS Ratio	4.69
Annualised Daily Volatility	6.74%
Annualised Monthly Volatility	7.30%

Return Statistics for June 2009

Maximum Daily Drawdown	(0.66%)
Days to Recovery	na
% Trading Days Up	45%
% Trading Days Down	55%
Average Up Day	0.15%
Average Down Day	(0.26%)

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 Euro suffered as the European Central Bank and International Monetary Fund highlighted further potential losses at European financial institutions. The Swedish Kronor weakened on worries about exposure to some of the Baltic States and the Swiss National Bank intervened again both verbally and physically to weaken the Swiss Franc.

The currency markets were generally choppy and this affected the Programme's performance which was negative in June. Our long position in the Canadian dollar versus the Yen was the primary detractor from performance. The Canadian Dollar experienced a reversal in sentiment after showing strong performance in May. The Programme opened the month short the US Dollar but moved to a long position as sentiment toward it improved. This long exposure helped performance, but not enough. We ended the month down 1.55% (gross of fees), our second worst drawdown over the life of the Programme. The Programme is, never the less, still up 4.08% (gross of fees) year to date.

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 fluctuations in daily returns, drawdowns were again effectively contained in June; the largest daily drawdown was -0.66% on the 8th of June.

Finally, after considerable research, we are pleased to say that we have narrowed the time frames that we use in our investment process, adding 5 minute and 60 minute time periods to our existing 4 hourly, daily and weekly timeframes. This allows us to increase diversification through the time spectrum and search for increased alpha in an expanded framework. We expect this to enhance returns as we progress forward.

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	4.08%	6.09%	0.71%	-2.53%	0.50%	1.01%	-1.55%						

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.