

Performance Report

The Cambridge Strategy: Asian Markets Alpha Programme

February 2010

Performance Data (%) (Gross of fees)

	Current Month	QTD	YTD	1 Year	3 Years (pa)	5 Years (pa)	Since Inception (pa)
Asian Markets Alpha Programme	0.30	1.27	1.27	1.45	14.7	-	13.55

Performance Commentary:

The Asian Markets Alpha Programme continued its positive start to the year with a small positive gain of 0.30% (gross of fees) in February, making the year to date performance 1.27% (gross of fees). The global markets continued their volatility during February, with significant currency movements driven by economic data and Sovereign debt issues. After several weeks of US Dollar strengthening, the end of the month saw the US Dollar make a correction against the Euro and the Yen. This correction was a result of disappointing US economic data releases, namely consumer confidence and housing statistics. European sovereign debt concerns were still dominating global currency market worries and were instrumental in the Euro depreciation, whilst Asian currencies marked time as initial New Year optimism abated. This volatility coupled with a further increase in reserve requirements in China and a reduction of liquidity through the Chinese New Year holiday period saw a marked increase in risk aversion. However, as fears of a Greek default were calmed through European Union announcements and a return of liquidity, sentiment improved in the latter stages.

The Chinese adjustment to their reserve ratio requirement, and the Chinese New Year at the beginning of February, were enough to reduce the momentum for the Asian markets. Considering the global market volatility the Asian currencies were relatively stable. The economic data coming out of Asia was once again generally strong and highlighted a trend that has been developing over the past six months, that is the region is leading global growth. Regionally there were solid fourth quarter GDP numbers coupled with benign inflation numbers out of Taiwan and Singapore, although India's GDP was slightly lower than expected. The Cambridge Strategy feels the strength of the macro indicators should convince the markets that the region will not only be resilient to policy normalisation in China and India but that the rest of the region will initiate policy normalisation sooner rather than later.

The Programme has been favouring long Asian positions and looking ahead will continue to be positioned as such. The Programme's return was modest for the month of February but this was reflective of the lack of momentum that occurred in the region's currencies during the month. The intra month price action saw a three percent move in the Korean Won, but was flat by the end of the month. It was a similar story in other Asian currency pairs but with less volatility. The Programme had modest gains in the Singapore Dollar, Japanese Yen, Indonesian Rupee and negative contributions came from positions in the Euro/Japanese Yen. The Yen rose significantly during the last part of the month as a series of positive data from Japan indicated the country may be coming out of recession.

Our Risk Adjusted Trade Size (RATS) remained stable during February.

Summary Statistics

(Period: Inception – February 2010)

Annualised Return	13.5%	Annualised Risk (Standard Deviation)	6.9%
3 Year Annualised Return	14.7%	3 Year Annualised Risk (Standard Deviation)	7.4%
Sharpe Ratio	1.5	Months Positive (%)	79%
CS Character	2.9	CS Ratio	4.4
Positive Trading Days	53%	Negative Trading Days	47%
Annualised Standard Deviation (Daily Obs)	10.7%	Skewness	1.7
Maximum Daily Loss	-2.0%	Kurtosis	6.6

(February 2010)

Maximum Daily Loss	-0.8%	Days to Recovery	9
Positive Trading Days	60%	Negative Trading Days	40%
Average Positive Day Return	0.2%	Average Negative Day Return	-0.3%

Monthly Performance Data (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.97	0.30											1.3
2009	2.02	0.94	-1.29	0.25	-1.47	0.33	0.33	-0.44	1.18	0.68	1.91	-1.25	3.2
2008	1.58	-1.18	0.82	0.83	-2.57	1.08	1.27	0.30	2.55	2.44	0.41	0.21	7.9
2007	0.40	-0.53	1.63	3.04	1.61	1.55	0.33	4.48	9.81	3.61	4.14	-0.33	33.6
2006		1.24	1.01	3.13	-2.33	0.42	2.05	0.37	-0.61	2.51	0.06	3.30	11.6

Notes on performance: The performance data quoted relates to the equal weighted average of the managed accounts invested via the Asian Markets Alpha Programme (US\$ performance, Gross of all fees, excluding cash income). Source: The Cambridge Strategy (Asset Management) Limited. The risk free rate and minimum acceptable rate of return is US\$ LIBOR (1 month). Returns and statistics are calculated on the basis of monthly returns. Inception: February 2006. During January, there was significant cashflows in the various managed accounts for this Programme that has resulted in a higher degree of performance dispersion between accounts that has been historically evident.

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