

Performance Report

The Cambridge Strategy: Global Emerging Markets Alpha Programme

March 2010

Performance Data (%) (Gross of fees)

	Current Month	QTD	YTD	1 Year	3 Years (pa)	5 Years (pa)	Since Inception (pa)
Global Emerging Markets Alpha Programme	8.20	13.2	13.2	32.0	-	-	22.4

Performance Commentary:

The Global Emerging Markets Alpha Programme had its best month since inception in March returning a robust 8.2% (gross of fees) and thus making the year to date returns a very strong 13.2% (gross of fees). In the early stages of March, volatility within the emerging markets dropped very sharply and continued to stay low throughout March, causing various emerging market currencies to appreciate against the US Dollar, Euro and British Pound. The lack of any detailed plan for a Greece market bailout and conflicting opinions from within the Eurozone, coupled with budget and election issues from the UK meant demand for the Euro and British Pound dropped during the month. This decreased volatility within the emerging markets helped every region in the Programme to generate solid returns as markets trended strongly for Asia, Latin America and EMEA. The Programme gained 2.13% on the first day of trading.

All of the regional components within the Programme produced positive returns in March. With investors focussed on monetary policy normalisation and a positive risk environment, the carry trade reasserted itself as a dominant play. Asia remained a favoured region for investors seeking to take advantage of this policy rate normalisation. Most of the Asian currencies appreciated against the US Dollar with long positions in the Thai Baht, Malaysian Ringgit, Indian Rupee and Korean Won supporting our outperformance. The Programme remains predominantly long Asian currencies but with slightly less exposure, with the biggest positions held in the Malaysian Ringgit and the Korean Won.

The best performing emerging market currency in March was the South African Rand which appreciated 4.9% against the US Dollar. The Programme's long positions held in the Rand hit their take profits in the latter stages of the month. A long position in the Israeli Shekel also produced good returns. On the negative side, the political tensions in Turkey did not prevent the Lira from appreciating, and the short position we held ultimately hit our stop loss.

Within Eastern Europe, a long Russian Rouble position generated good returns as it continued to track oil prices higher, and the darling of the region, the Polish Zloty, once again outperformed. The decline in momentum in Zloty appreciation and the increased verbal rhetoric on the strength of the Zloty motivated us to exit the position with a very healthy profit.

The long Latin American currency positions the Programme held, particularly in the Mexican Peso, also contributed solidly to performance, with almost all currencies in the region ending higher against the US Dollar. Although, the Chilean Peso was very volatile following the earthquake in late February, it too ended the month higher. We remain long several of the Latin American currencies as we head into the month of April.

Looking ahead the Programme continues to remain generally long emerging market currencies throughout the regions and we are looking for continued outperformance of the developing world over the developed world. The proprietary Global Volatility indicator, our measure for risk aversion, declined to a level during February that enabled an allocation into the Systematic Fundamental Strategy, with this allocation continuing through March. And our Risk Adjusted Trade Size (RATS) measure increased slightly during the early stages of March.

Summary Statistics

(Period: Inception – March 2010)

Annualised Return	22.4%	Annualised Risk (Standard Deviation)	7.0%
Sharpe Ratio	3.0	Months Positive (%).....	84%
CS Character	2.7	CS Ratio.....	8.0
Positive Trading Days.....	57%	Negative Trading Days	43%
Annualised Standard Deviation (Daily Obs)	9.7%	Skewness.....	1.5
Maximum Daily Loss	-2.1%	Kurtosis	3.1

(February 2010)

Maximum Daily Loss	-0.9%	Days to Recovery	2
Positive Trading Days.....	70%	Negative Trading Days	30%
Average Positive Day Return	0.7%	Average Negative Day Return	-0.4%

Monthly Performance Data (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	2.26	2.34	8.20										13.2
2009	4.22	1.44	4.04	3.82	1.54	1.46	1.11	-0.11	-0.06	2.74	4.91	0.18	28.2
2008		1.19	0.51	0.91	-1.14	0.32	1.64	-0.29	0.25	2.11	0.90	0.18	6.7

Notes on performance: The performance data quoted relates to the equal weighted average of the managed accounts with exposure to the Emerging Markets Alpha Programme. From April 2009, this composite carve-out includes managed accounts solely invested in the Global Emerging Markets Alpha Programme (US\$ performance, excluding cash income). Risk Free rate used is US\$ LIBOR (1 month). 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 2008.

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