

Performance Report

The Cambridge Strategy: Global Emerging 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)
Global Emerging Markets Alpha Programme	2.34	4.65	4.65	26.93	-	-	18.82

Performance Commentary:

The Global Emerging Markets Alpha Programme saw market nervousness contribute to a poor start for February; the Programme lost 2.43% within the first few days of the month. However, a return of positive sentiment in the latter stages of the month instigated a decent recovery resulting in an end of month positive return of 2.34% (gross of fees). This monthly result brings performance for the year to 4.65% (gross of fees). The global markets continued their volatility during February, with significant currency movements driven by economic data and Sovereign debt issues. 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.

All components within the programme produced positive returns in February, with Latin America being the best performer. The Brazilian Real was the top performing Emerging Market currency traded in February appreciating by 2.25%. Long positions were also held in the Chilean Peso, Mexican Peso and Peruvian Sol, all of which appreciated. Some key price levels were broken which then saw the Programme add to its positions within these currencies.

Performance within the Eastern European region was largely dominated by the continued appreciation of the Polish Zloty. A long Zloty position against other currencies in the region, namely Czech Koruna and Hungarian Forint, performed exceptionally well in February. A long Israeli Shekel position was the worst performer in the EMEA region, with weaker than expected growth and lower inflation figures seeing appreciation pressures on the currency reverse. The decline in the EURO against the US Dollar and nervous markets saw a long Egyptian Pound position give up some of its January gains.

The Asian component contributed modestly to performance in February with moderate gains in the Singapore Dollar, Japanese Yen, and Indonesian Rupee. 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. 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 leading to currency appreciation. Consequently Long positions are currently held in most of the region's currencies.

Looking ahead the Programme remains generally long Emerging Market Currencies throughout the regions, looking for continued out performance of the developing world over the developed world. Our Risk Adjusted Trade Size (RATS) remained stable throughout February.

Summary Statistics

(Period: Inception – February 2010)

Annualised Return	18.8%	Annualised Risk (Standard Deviation)	5.4%
Sharpe Ratio	3.3	Months Positive (%).....	83%
CS Character	2.5	CS Ratio.....	8.1
Positive Trading Days.....	56%	Negative Trading Days	44%
Annualised Standard Deviation (Daily Obs)	9.6%	Skewness.....	0.7
Maximum Daily Loss	-2.1%	Kurtosis	0.1

(February 2010)

Maximum Daily Loss	-1.5%	Days to Recovery	8
Positive Trading Days.....	65%	Negative Trading Days	35%
Average Positive Day Return	0.6%	Average Negative Day Return	-0.9%

Monthly Performance Data (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	2.26	2.34											4.7
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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