The Cambridge Strategy

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Extended Markets Alpha Programme Monthly Report

March 2009

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to March 2009)

Return Summary

Latest Month	(2.53%)
Year to Date	4.14%
Last 12 Months	10.36%
Annualised Return	15.05%
Sharpe Ratio	1.56
Return to Date	101.61%
% Trading Days Up	62%
% Trading Days Down	38%
Maximum Daily Drawdown	(1.92%)
Maximum Monthly Drawdown	(2.53%)
CS Character	3.11
CS Ratio	4.85
Annualised Daily Volatility	6.79%
Annualised Monthly Volatility	7.38%

Return Statistics for March 2009

Maximum Daily Drawdown	(1.38%)
Days to Recovery	5
% Trading Days Up	50%
% Trading Days Down	50%

March was the month of quantitative easing with the US Fed, Bank of England, Swiss National Bank and the Bank of Japan all turning to this alternative policy measure in an attempt to stimulate their economies. Some of these measures were expected; however, some took markets by surprise (in particular the intervention to weaken the Swiss Franc by the Swiss National Bank). Other central banks are now positioning themselves to take similar actions and it appears like a race is on to see who can weaken their currency without causing an international incident. The ECB has yet to implement quantitative easing, but recent comments suggest that it is only a matter of time.

The currency markets were unsettled by the extent of these activities and were highly volatile. In particular, the US Dollar started the month on a very weak footing, had a sharp rebound mid-month and sold off again at the end of the month. Unfortunately, the Programme was hurt by this volatility and suffered its first loss in the last six months, returning -2.53% (gross of fees). This was the worst monthly return by a significant margin since the inception of the Programme five years ago.

The gains and losses were primarily at the regional or trading bloc level, with losses in the G-10 and Asian components of the Programme overwhelming gains in the Eastern European and African components.

In the medium term, we see some tentative signs of risk appetite returning, but these are very fragile and can quickly reverse. To that end, we expect the Programme to maintain a flexible approach to positioning. Furthermore, we expect many markets to remain illiquid (relative to normal market conditions) and very volatile. In recognition of this, we continue to be vigilant in monitoring (and adjusting) our maximum exposure levels at the individual currency level.

In March, daily drawdowns were effectively contained; the largest daily drawdown was -1.38% on the 17th March. Our diligent and disciplined implementation of stop losses for every position in the Programme provides strict downside protection and the elevated levels of tail risk which are apparent have motivated a prudent, conservative posture in the Programme. We continue to believe that the success we have achieved since the Programme's inception is just as importantly driven by our risk management disciplines as by our alpha generation.

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	**4.14%**	6.09%	0.71%	-2.53%									

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.