

May 2008

## Extended Markets Alpha Programme Monthly Report

### PERFORMANCE ANALYSIS (All Accounts)

#### Extended Markets Alpha Programme (April 2004 to May 2008)

##### Return Summary

Latest Month	(0.47%)
Year to Date	(0.12%)
Last 12 Months	7.83%
Annualised Return	15.82%
Sharpe Ratio	1.62
Return to Date	84.43%
% Trading Days Up	65%
% Trading Days Down	35%
Maximum Daily Drawdown	(1.32%)
Maximum Monthly Drawdown	(1.87%)
CS Character	3.13
CS Ratio	5.08
Annualised Daily Volatility	5.28%
Annualised Monthly Volatility	7.35%

##### Return Statistics for May 2008

Maximum Daily Drawdown	(0.73%)
Days to Recovery	n/a
% Trading Days Up	50%
% Trading Days Down	50%

The Programme ended the month with a loss of 0.47% after another month of difficult market conditions, particularly in Asia. During the month, positions were established in several Eastern European markets, which is part of our ongoing expansion of markets that the Programme operates in. After a moderate start to the month, the Programme struggled to gain momentum with the Asian component suffering two days of substantial drawdowns in the first half of the month; these losses were mitigated to some extent by positions in the Developed markets and Eastern European currencies.

The unwinding of several large trading positions in Asia by a London based hedge fund resulted in the capitulation of short Asian currency positions across the region. This event, coupled with political worries in Malaysia, resulted in the Asian component of the Programme suffering losses; however, we believe that markets will normalise in the short term.

Interestingly, the events in Asian markets did not result in contagion across the other developing markets in the Programme; with long positions in the Polish Zloty, Russian Rouble and the Slovakian Koruna performing well. While these positions were insufficient in size to offset the losses in Asian markets, their inclusion in the Programme, will over time act to enhance returns and provide additional down-side diversification.

Currently the Programme's biggest positions are long Malaysian Ringgit, Norwegian Kroner and short Euro. During the month, 'take profits' were triggered on the long Australian Dollar/New Zealand Dollar position and long Polish Zloty. 'Stop losses' were triggered on long Thai Baht and short Turkish Lira trades.

The Programme's modified Risk-Adjusted Return measure and tail-risk indicators remained stable during the month. Our Global Volatility Indicator (our measure of risk aversion) remains high and consequently the Programme continues to have a zero allocation to the Systematic Fundamental Strategy, however, the indicator declined markedly throughout May and if it remains at these levels, we would anticipate re-establishing Systematic Fundamental positions.

### 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	-0.12%	-0.30%	-1.28%	0.52%	1.43%	-0.47%							

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.