

**April 2008**

## ***Extended Markets Alpha Programme Monthly Report***

The Programme ended the month with a profit of 1.43% in continuing difficult market conditions. The Programme started the month getting down 1.2% in the first two days of trade, and by the mid April was up over 0.5% for over a 1.7% swing. This volatility continued throughout the month into the close. The Programme is now up 0.35% for the year to date. The Programme continues to have a zero allocation to the Systematic Fundamental Strategy as our Global Volatility indicator remains high, and liquidity remains poor. Our CS Character and CS Ratio remained stable during the month, and risk stayed relatively unchanged during April.

Performance in April was highly episodic. The first part of the month saw a rally in Asian currencies after the Monetary Authority of Singapore (MAS) sanctioned an effective revaluation of the Singapore Dollar on worries about continuing inflation pressure. Volatility paradoxically increased markedly however in the wake of the G7's announcement that they were concerned about sharp swings in currencies, a move that the market initially took to mean that the Euro had appreciated too far against the US Dollar. This sent the Singapore Dollar and other Asian currencies lower against the US Dollar as the Euro has a significant weighting in the basket, of currencies against which the MAS set its peg.

Currently, the Programme's biggest positions are long Malaysian Ringgit, short Sterling, short Euro, long Taiwan Dollars and short Japanese Yen. The Programme was stopped out of its Philippine Peso and Norwegian Kroner positions and took profit on our Long Australian/ Canadian Dollar position. The Programme went short Indonesian Rupiah, Sterling and Euro and Long Australian/ New Zealand Dollar during the month.

### **PERFORMANCE ANALYSIS (All Accounts)**

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

##### **Return Summary**

<b>Latest Month</b>	<b>1.43%</b>
<b>Year to Date</b>	<b>0.35%</b>
<b>Last 12 Months</b>	<b>8.38%</b>
<b>Annualised Return</b>	<b>16.31%</b>
<b>Sharpe Ratio</b>	<b>1.68*</b>
<b>Return to Date</b>	<b>85.30%</b>
<b>% Trading Days Up</b>	<b>54%</b>
<b>% Trading Days Down</b>	<b>46%</b>
<b>Maximum Daily Drawdown</b>	<b>(1.32%)</b>
<b>Maximum Monthly Drawdown</b>	<b>(1.87%)</b>
<b>Annualised Daily Volatility</b>	<b>5.61%</b>
<b>Annualised Monthly Volatility</b>	<b>7.38%</b>

##### **Return Statistics for April 2008**

<b>Maximum Daily Drawdown</b>	<b>(1.03%)</b>
<b>Days to Recovery</b>	<b>9</b>
<b>% Trading Days Up</b>	<b>64%</b>
<b>% Trading Days Down</b>	<b>36%</b>
<b>Average Up Day</b>	<b>0.37%</b>
<b>Average Down Day</b>	<b>(0.49%)</b>

The Programme's modified Risk-Adjusted Return measure and tail-risk indicators remained stable during the month. The Global Volatility Indicator, (our measure of risk aversion) declined during the month dropping as low as 7.07 on the 27<sup>th</sup> of April. A further decline in volatility will open up the door to potential Systematic Fundamental trades being placed, which would be the first time since the end of November.

### **Cambridge Strategy Extended Markets Alpha Programme Monthly Returns**

<b>Year</b>	<b>YTD</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b>2004</b>	<b>39.25%</b>				0.71%	4.38%	0.06%	1.41%	1.78%	7.64%	8.67%	7.86%	1.66%
<b>2005</b>	<b>13.94%</b>	1.19%	2.64%	0.84%	0.01%	2.24%	0.56%	2.54%	0.55%	1.11%	1.00%	-0.01%	0.51%
<b>2006</b>	<b>5.94%</b>	0.56%	1.44%	0.53%	1.01%	-0.48%	0.00%	0.69%	-0.03%	-0.03%	0.84%	0.27%	1.00%
<b>2007</b>	<b>9.86%</b>	-0.07%	-0.14%	0.67%	1.15%	0.16%	0.47%	0.26%	0.03%	6.10%	-0.33%	1.63%	-0.30%
<b>2008</b>	<b>0.35%</b>	-0.30%	-1.28%	0.52%	1.43%								

*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.*