

**Asian Markets Alpha Programme
Monthly Report**

May 2008

PERFORMANCE ANALYSIS (All Accounts)	
The Asian Markets Alpha Programme (February 2006 to May 2008)	
<u>Return Summary</u>	
Latest Month	(2.57%)
Year to Date	(0.58%)
Last 12 Months	24.99%
Annualised Return	18.36%
Sharpe Ratio	1.61
Return to Date	48.18%
% Trading Days Up	56%
% Trading Days Down	44%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.85
CS Ratio	4.60
Annualised Daily Volatility	10.64%
Annualised Monthly Volatility	8.37%
<u>Return Statistics for May 2008</u>	
Largest Daily Drawdown	(1.87%)
Days to Recovery	not recovered
% Trading Days Up	36%
% Trading Days Down	64%
Average Up Day	0.34%
Average Down Day	(0.57%)

May was a difficult month for the Programme, generating a negative return of -2.57% for the month (reaching a trough of -2.65% on the 13th of May). The Programme is now up 24.99% for the last 12 months, and down 0.58% 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. The CS Character rose slightly during the month and the CS Ratio declined slightly, resulting in a decline in our risk adjusted trade size within the Systematic Technical Strategy, as volatility continued to whipsaw.

The negative performance in May was due primarily to two historically profitable positions retracing through the month. The long Thai Baht position retraced and was stopped out (a new short baht position was established on a new trend signal). The move was primarily driven by rumours of a coup in Thailand (subsequently disproved), but the rumours were enough to sour sentiment on the currency, and it has continued to decline. The second significant retracement was seen in the Malaysian Ringgit, where it was undermined by political worries. This has been a highly profitable position for the Programme, and we remain in the trade (as no signals have been generated to indicate that the Programme should go short Ringgit).

For those of you who are familiar with our risk management strategy, our Hard VaR was running at 2.9% through May, so the month proved in many ways to be the perfect storm. Considering the magnitude of some of the currency moves experienced, our risk management system remained robust and significantly limited the downside during the month.

Currently, the Programme is short Singapore Dollars and long Chinese Renminbi. As discussed, the Programme was stopped out of its long Thai Baht position during the month and went short New Zealand Dollars. Needless to say, given the broad weakness in Asia, our short Singapore Dollar and Indonesian Rupiah positions performed well during the month.

The Programme's modified Risk-Adjusted Return measure declined during the month and tail risk indicators rose slightly. The Global Volatility Indicator, (our measure of risk aversion) was volatile during the month, once again preventing any trades being placed in the Fundamental portfolio.

Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	11.57%		1.24%	1.01%	3.13%	-2.33%	0.42%	2.05%	0.37%	-0.61%	2.51%	0.06%	3.30%
2007	33.58%	0.40%	-0.53%	1.63%	3.04%	1.61%	1.55%	0.33%	4.48%	9.81%	3.61%	4.14%	-0.33%
2008	-0.58%	1.58%	-1.18%	0.82%	0.83%	-2.57%							

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 (Investment 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.

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