

**Asian Markets Alpha Programme
Monthly Report**

August 2008

PERFORMANCE ANALYSIS (All Accounts)

**The Asian Markets Alpha Programme
(February 2006 to August 2008)**

Return Summary

Latest Month	0.30%
Year to Date	2.08%
Last 12 Months	20.55%
Annualised Return	17.64%
Sharpe Ratio	1.63
Return to Date	52.14%
% Trading Days Up	55%
% Trading Days Down	45%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.92
CS Ratio	4.76
Annualised Daily Volatility	10.22%
Annualised Monthly Volatility	7.98%

Return Statistics for August 2008

Largest Daily Drawdown	(0.60%)
Days to Recovery	8
% Trading Days Up	57%
% Trading Days Down	43%
Average Up Day	0.25%
Average Down Day	(0.30%)

The Programme returned +0.30% for August as the dollar rallied against most of the major and emerging market currencies; and volatility declined slightly. The Programme has returned 20.55% for the last 12 months, and 2.08% for the year to date.

During August, market conditions remained difficult, and risk aversion, while low enough for a small position in the Systematic Fundamental Strategy to be established (the first time since November 2007), remains very high by historical standards. We remain sceptical that conditions are fundamentally in place for a sustained rally in sentiment, as risk aversion remains high, and liquidity poor. To that end, we have conservatively reviewed the notional currency limits, and have adjusted several currency pair limits lower this month primarily due to the poor liquidity currently available.

The key positions that contributed to performance during the month were short Australian Dollar, New Zealand Dollar, Singapore Dollar and Korean Won positions all of which depreciated significantly against the US Dollar through the month. Our position in the Systematic Fundamental Strategy marked down our performance by 0.12% for the month as this strategy performed poorly. Take profit levels were reached during the month in our long Malaysian Ringgitt, Philippine Peso and Indian Rupee positions as the dollar rallied.

Overall, we believe that the recent medium term dollar weakness has come to an end, and we expect to see the US Dollar strengthening going forward. The Programme is no longer broadly long the Asian currencies against the US Dollar; however, current signals appear mixed as many Asian currencies continue to resist the upward pressure on the US Dollar, primarily due to central bank intervention. The exceptions here are the Japanese Yen and Chinese Renminbi where we retain our long exposures relative to the US Dollar.

The Programme's modified Risk-Adjusted Return measure increased slightly during the month and the tail risk indicators fell slightly (resulting in a slight increase in the Programme's Risk Adjusted Trade Size to 37 basis points). The Global Volatility Indicator, (our measure of risk aversion) was volatile during the month, but declined to a level that motivated a small allocation to the Systematic Fundamental Strategy.

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	2.08%	1.58%	-1.18%	0.82%	0.83%	-2.57%	1.08%	1.27%	0.30%				

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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