

**Asian Markets Alpha Programme  
Monthly Report**

**December 2008**

**PERFORMANCE ANALYSIS (All Accounts)**

**Asian Markets Alpha Programme  
(February 2006 to December 2008)**

**Return Summary**

|                               |         |
|-------------------------------|---------|
| Latest Month                  | 0.21%   |
| Year to Date                  | 7.90%   |
| Last 12 Months                | 7.90%   |
| Annualised Return             | 17.69%  |
| Sharpe Ratio                  | 1.75    |
| Return to Date                | 60.81%  |
| % Trading Days Up             | 56%     |
| % Trading Days Down           | 46%     |
| Max Daily Drawdown            | (1.95%) |
| Max Monthly Drawdown          | (2.57%) |
| CS Character                  | 2.89    |
| CS Ratio                      | 5.06    |
| Annualised Daily Volatility   | 10.35%  |
| Annualised Monthly Volatility | 7.60%   |

**Return Statistics for December 2008**

|                        |         |
|------------------------|---------|
| Largest Daily Drawdown | (1.06%) |
| Days to Recovery       | n/a     |
| % Trading Days Up      | 45%     |
| % Trading Days Down    | 55%     |
| Average Up Day         | 0.66%   |
| Average Down Day       | (0.53%) |

Liquidity was at a premium during December, and risk within the Programme was reduced during the second week of the month to reflect the thin and volatile market conditions. The Programme returned +0.21% on a gross basis for the month (a seventh consecutive positive month) and returned +7.90% (gross) for 2008. This result is pleasing in the context of the difficult market conditions experienced during 2008, particularly in the second half.

The Programme started the month well, and was up nearly 2% in the first week, but then suffered a significant reversal with a 3.25% cumulative drawdown from peak to trough from the 10<sup>th</sup> December through to the 18<sup>th</sup> of December (driven primarily by the unwinding of positions and risk motivated trading by market participants). The programme then saw gains and recovered to finish the month with a positive return. It was a volatile month and take profit and stop loss levels were frequently hit, which eliminated many positions. The key positive contributors to performance over the month were long the Japanese yen, Australian dollar and Korean won.

We again successfully contained drawdowns in December, with the largest daily drawdown of -1.06% on the 12<sup>th</sup> of December. Our tail risk indicators remained high and actually increased further leading us to again reduce risk. Our uncorrelated "Hard" VaR is still close to our Monte-Carlo VaR, as we have reduced the number of positions in the last several months.

Our extensive focus on risk management has positively contributed to performance during these extreme market conditions, and we remain very confident that risk is well controlled and managed.

During 2008 our risk management system has demonstrated exceptional performance during unprecedented volatile market conditions and we remain confident in our models' ability to continue to generate positive performance in 2009. We still do not see market conditions improving dramatically in the near term, but we believe liquidity and volatility should return to more normal levels later in 2009.

**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 | 7.90%  | 1.58% | -1.18% | 0.82% | 0.83% | -2.57% | 1.08% | 1.27% | 0.30% | 2.55%  | 2.44% | 0.41% | 0.21%  |

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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