

**Asian Markets Alpha Programme  
Monthly Report**

**January 2009**

**PERFORMANCE ANALYSIS (All Accounts)**

**Asian Markets Alpha Programme  
(February 2006 to January 2009)**

**Return Summary**

Latest Month	2.02%
Year to Date	2.02%
Last 12 Months	8.37%
Annualised Return	17.94%
Sharpe Ratio	1.82
Return to Date	64.06%
% Trading Days Up	54%
% Trading Days Down	46%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.89
CS Ratio	5.27
Annualised Daily Volatility	10.38%
Annualised Monthly Volatility	7.50%

**Return Statistics for January 2009**

Largest Daily Drawdown	(1.23%)
Days to Recovery	n/a
% Trading Days Up	59%
% Trading Days Down	41%
Average Up Day	0.52%
Average Down Day	(0.53%)

The start of the New Year saw the usual equity inflows into Asia; however, volumes were significantly less than in previous years. This year the inflows were easily absorbed by demand for risk oriented trades, and the local Asian currencies consequently did not experience the uptick and apparent optimism that was reflected in the early days of trading in 2009 for the equity markets. We were positioned on the right side of these risk trades and the Programme returned +2.02% on a gross basis for the month (an eighth consecutive positive month).

Economic data releases in January confirmed that the economic environment is indeed quite negative. In particular, the first dose of Q4 GDP data from Asia came in much worse than the already weak expectations. Singapore's real GDP fell 17% versus the advance estimate of 13% while Korea's Q4 GDP came in at -6% versus the consensus estimate of -2% (this was the second worst GDP decline since 1970, second only to the 8% drop during the Asian crisis).

Although these figures are backward looking, the data coming out of the US does not bode well for the near term in Asia. Export driven economies such as Singapore, Malaysia and Taiwan should suffer the most which will weigh on their currencies. The central bank of Taiwan has already made it extremely clear that they are intent to have their currency weaken.

Nevertheless, there could be some hope for Asia as reflected in the fact that the Chinese equity markets have rallied by approximately 10% in January. However, considering where they have come from that performance loses some of its lustre.

Downside risk continued to be well controlled, with the largest daily drawdown being -1.23% in January. Our risk management continues to serve us well, enabling us to exploit trending opportunities and also to cut positions quickly when the market turns. We believe that while 2009 will remain volatile, it will provide many opportunities to generate positive performance.

**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%
2009	2.02%	2.02%											

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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