

## Extended Markets Alpha Programme Monthly Report

August 2008

### PERFORMANCE ANALYSIS (All Accounts)

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

##### Return Summary

Latest Month	0.21%
Year to Date	0.87%
Last 12 Months	8.09%
Annualised Return	15.12%
Sharpe Ratio	1.57
Return to Date	86.27%
% Trading Days Up	63%
% Trading Days Down	37%
Maximum Daily Drawdown	(1.32%)
Maximum Monthly Drawdown	(1.87%)
CS Character	3.18
CS Ratio	4.99
Annualised Daily Volatility	5.16%
Annualised Monthly Volatility	7.20%

##### Return Statistics for August 2008

Maximum Daily Drawdown	(0.50%)
Days to Recovery	15
% Trading Days Up	52%
% Trading Days Down	48%

Risk aversion remained high throughout August with a noticeable lack of liquidity and whipsawing volatility. The Programme returned 0.21% in these very difficult conditions (reaching a trough of -0.56% and a peak of 0.63% during the month). The Programme has returned 8.09% in the last 12 months, and 15.12% per annum since inception and the Programme's risk was continually scaled back throughout the month as markets underwent periods of extreme volatility.

The Developing Markets element component struggled in August with Latin America the only component that produced returns. The exposures to Asia, Africa and Eastern Europe all ended slightly down in August. Within the Programme, the Russian Rouble was the worst performing currency which saw large investor outflow following the breakout of war between Russia and Georgia. This event impacted sentiment across the region and resulted in underperformance by the Eastern Europe component of the Programme (the effect was that stop losses were triggered in the long Singapore Dollar, long Malaysian Ringgit and long Hungarian Forint positions). Positive returns were generated in long Brazilian Lira and short Czech Koruna positions.

The Developed Markets element of the Programme was the major contributor to the positive performance for the month, providing diversification benefits from the Developing Markets. Major contributors to the performance were the short Australian Dollar/ New Zealand Dollar and short positions in the Euro and Australian Dollar versus the US Dollar. These positions were entered into in the latter stages of July and all positions reached their take profit targets.

We continue to believe that that the recent medium term dollar weakness has come to an end, and we still expect to see US Dollar strength going forward.

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

### Cambridge Strategy Extended Markets Alpha Programme Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004	39.25%				0.71%	4.38%	0.06%	1.41%	1.78%	7.64%	8.67%	7.86%	1.66%
2005	13.94%	1.19%	2.64%	0.84%	0.01%	2.24%	0.56%	2.54%	0.55%	1.11%	1.00%	-0.01%	0.51%
2006	5.94%	0.56%	1.44%	0.53%	1.01%	-0.48%	0.00%	0.69%	-0.03%	-0.03%	0.84%	0.27%	1.00%
2007	9.86%	-0.07%	-0.14%	0.67%	1.15%	0.16%	0.47%	0.26%	0.03%	6.10%	-0.33%	1.63%	-0.30%
2008	0.87%	-0.30%	-1.28%	0.52%	1.43%	-0.47%	-0.47%	1.26%	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 (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.