

## Extended Markets Alpha Programme Monthly Report

November 2008

### PERFORMANCE ANALYSIS (All Accounts)

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

##### Return Summary

|                               |         |
|-------------------------------|---------|
| Latest Month                  | 2.49%   |
| Year to Date                  | 4.29%   |
| Last 12 Months                | 3.98%   |
| Annualised Return             | 15.08%  |
| Sharpe Ratio                  | 1.60    |
| Return to Date                | 92.57%  |
| % Trading Days Up             | 62%     |
| % Trading Days Down           | 38%     |
| Maximum Daily Drawdown        | (1.92%) |
| Maximum Monthly Drawdown      | (1.87%) |
| CS Character                  | 3.16    |
| CS Ratio                      | 5.05    |
| Annualised Daily Volatility   | 6.46%   |
| Annualised Monthly Volatility | 7.07%   |

##### Return Statistics for November 2008

|                        |         |
|------------------------|---------|
| Maximum Daily Drawdown | (1.62%) |
| Days to Recovery       | 5       |
| % Trading Days Up      | 55%     |
| % Trading Days Down    | 45%     |

Market conditions remained difficult during November, however, the Programme returned +2.49% on a gross basis for the month and has returned +4.29% (gross) YTD.

Market turbulence remained high in November despite numerous Central Bank rate cuts and government fiscal stimulus packages. Credit markets remained frozen and economic data is showing clear signs of an impending global recession.

Risk sentiment improved from its extremes in October; however, it was still very high in November. We remain defensively positioned, and the risk allocation remained comparatively low compared with historical levels.

Both the Developed and Developing Markets components of the Programme produced solid returns in another volatile month. The Programme's performance reached its nadir of -1.25% in the first four days, before recovering strongly. The key positive contributors were short the Korean Won, Indonesia Rupiah, short Hungarian Forint and short Polish Zloty and long positions in Japanese Yen versus the Euro, Australian, US and New Zealand Dollars.

In November, we again successfully contained drawdowns, with the largest daily drawdown being -1.62% on the 13<sup>th</sup> of November. Our tail risk indicators are now high further motivating us to limit our risk positions. Our uncorrelated "Hard" VaR is close to our Monte-Carlo VaR, as we have reduced the number of positions in the last several months. The extensive focus on our risk management systems has positively contributed to performance during these extreme market conditions, and we remain very confident that risk is well controlled.

Market conditions remain poor and many longer-term positions have been closed out as short-term flows continue to dominate market moves. We do not see current conditions improving dramatically in the near term, but volatility has declined to more sensible levels in November, and we believe that the conditions are certainly in place for the Programme to generate alpha in the coming months. Furthermore, we expect the negative correlations we have observed this year with many other asset classes to continue bringing ongoing diversification benefits to our investors.

### 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 | 4.29%  | -0.30% | -1.28% | 0.52% | 1.43% | -0.47% | -0.47% | 1.26% | 0.21%  | -0.52% | 1.40%  | 2.49%  |        |

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.