

Extended Markets Alpha Programme Monthly Report

September 2008

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to September 2008)

Return Summary

Latest Month	(0.52%)
Year to Date	0.35%
Last 12 Months	1.35%
Annualised Return	14.69%
Sharpe Ratio	1.51
Return to Date	85.30%
% Trading Days Up	62%
% Trading Days Down	38%
Maximum Daily Drawdown	(1.32%)
Maximum Monthly Drawdown	(1.87%)
CS Character	3.18
CS Ratio	4.85
Annualised Daily Volatility	5.39%
Annualised Monthly Volatility	7.18%

Return Statistics for September 2008

Maximum Daily Drawdown	(0.74%)
Days to Recovery	1
% Trading Days Up	23%
% Trading Days Down	77%

September saw a significant deepening of the global financial crisis with spreads widening substantially, continued limited market liquidity and investors becoming increasingly risk averse. Volatility reached levels not seen since 1987 adding to the difficult market conditions in September. The Programme returned -0.52% (reaching a trough of -2.3% and a peak of 0.23% during the month). The Programme has returned 14.69% per annum since inception. During the month, our risk budget was substantially reduced as volatility continues to climb (and is low by historical standards).

During September, the Developed Markets component of the Programme once again generated a positive return. The portfolio was net long US Dollars throughout the month against the British Pound, Euro and Australian Dollar with positions being re-entered and reaching their respective take profit levels during the month. We continue to believe that the recent medium term dollar weakness has come to an end, and we expect to see US Dollar strength going forward. The gains from the Developed markets component of the Programme, however, were offset by declines in the Developing markets component of the Programme in very challenging conditions.

While the Asian component performed well (positive performance was driven by short Philippine Peso, Indian Rupee, Korean Won and Australian Dollar; and long the Japanese Yen). The small allocation to the Fundamental Strategy was closed out almost as soon as it was initiated with our Global Volatility measure reaching levels not seen before. However, these gains were swamped by the decline in the Latin American and Eastern European components of the Programme. The negative performance was driven by an apparent gathering crisis in numerous currencies within these regions. Positions in Brazilian Real, Chilean Peso and Russian Rouble were all stopped out during the month.

The Programme's modified Risk-Adjusted Return measures increased during the month (but tail risk increased significantly), resulting in a further decline in the Programme's Risk Adjusted Trade Size (RATS). The Global Volatility Indicator hit a daily high of 11.24, the highest we have ever seen, and the seven day moving average moved up towards 10, materially above the threshold for investment in the Systematic Fundamental Strategy.

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	0.35%	-0.30%	-1.28%	0.52%	1.43%	-0.47%	-0.47%	1.26%	0.21%	-0.52%			

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.