

Extended Markets Alpha Programme Monthly Report

November 2009

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to November 2009)

Return Summary

Latest Month	(1.70%)
Year to Date	(1.01%)
Last 12 Months	(0.48%)
Annualised Return	12.16%
Sharpe Ratio	1.21
Return to Date	91.65%
% Trading Days Up	60%
% Trading Days Down	40%
Maximum Daily Drawdown	(1.92%)
Maximum Monthly Drawdown	(7.35%)
CS Character	3.21
CS Ratio	3.87
Annualised Daily Volatility	6.65%
Annualised Monthly Volatility	7.44%

Return Statistics for November 2009

Maximum Daily Drawdown	(0.42%)
Days to Recovery	n/a
% Trading Days Up	33%
% Trading Days Down	67%
Average Up Day	0.25%
Average Down Day	(0.25%)

The Extended Markets Alpha Programme had another disappointing month in November and was down -1.70% on a gross of fees basis. This was the third difficult month in a row for the strategy and it is now down -1.01% for the year to date on a gross of fees basis. The bulk of the losses occurred in the G-10 currencies which were extraordinarily volatile over the month. The Euro/US Dollar flirted with the historically important 150 level during the last half of November. It broke through this level at the end of the month which saw us go long. Unfortunately Dubai World announced its intention to restructure its debt obligations shortly thereafter which saw the US Dollar rally sharply. The widening of CDS spreads for Greece is another factor weighing on the Euro at month end.

We were short the Australian Dollar versus the US Dollar coming into the month and suffered losses when the Australian Central Bank raised rates again early in the month. We were stopped out of the position and consequently missed most of the rally in the US Dollar at month end. The story with the Japanese Yen was similar, we were long US Dollar/Yen coming into the month but the yen strengthened and we were stopped out of most positions and didn't participate in the upside Dollar move to offset the losses we had accumulated.

The emerging markets offered better opportunities over the month and the Programme earned profits, on balance, in these markets. The Asian and Eastern European currencies added the most significant positive contributions. Long positions in the Taiwanese Dollar, Malaysian Ringgit, Thai Baht and the Philippine Peso added to performance. From our Eastern European component a long position in the Polish Zloty was the best performing trade in the first half of November with mixed performance recorded in the rest of Eastern Europe.

The markets finished November in an uncertain fashion as a lack of transparency from Dubai and a looming fiscal crisis in Greece have dampened risk appetite. As we approach the end of what has been a difficult year we expect this softer risk appetite will continue to be a theme. This is reflected in our Global Volatility indicator which has increased noticeably in recent weeks. Tail risk in this environment has also increased and we have once again seen marginal decreases to our Risk Adjusted Trade Size (RATS).

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	4.84%	-0.30%	-1.28%	0.52%	1.43%	-0.47%	-0.47%	1.26%	0.21%	-0.52%	1.40%	2.49%	0.53%
2009	-1.01%	6.09%	0.71%	-2.53%	0.50%	1.01%	-1.55%	0.40%	0.70%	-0.66%	-3.66%	-1.70%	

Performance figures calculated are gross of fees and exclude interest income. 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.