

**Asian Markets Alpha Programme
Monthly Report**

October 2007

PERFORMANCE ANALYSIS (All Accounts)

**The Asian Markets Alpha Programme
(February 2006 to October 2007)**

Return Summary

Latest Month	3.11%
Year to Date	24.33%
Last 12 Months	27.97%
Annualised Annual Return	20.14%
Sharpe Ratio	2.29*
Return to Date	37.30%
% Trading Days Up	55%
% Trading Days Down	45%
Maximum Daily Drawdown	(1.95%)
Largest Monthly Drawdown	(1.84%)
CS Character	2.96
CS Score	2.84
Annualised Daily Volatility	10.77%
Annualised Monthly Volatility	7.09%

*Risk Free rate used is 2.5% consistent with Barclays Index

Return Statistics for October 2007

Latest Month	3.11%
Largest Daily Drawdown	(1.18%)
Days to Recovery	2
% Trading Days Up	52%
% Trading Days Down	48%
Average Up Day	0.72%
Average Down Day	(0.50%)

October was another good month, with the strategy returning 3.11% on the month and it is now up 24.33% on the year. For October, the technical strategy returned 2.45%, primarily from continuing to be short Usd/Myr and Usd/Sgd, and the systematic fundamental strategy returned 0.67% as our long basket slightly outperformed our short basket and volatility remained relatively stable. Our largest position, short Usd/Myr continued to perform well, moving from above 3.4 at the beginning of the month to below 3.33 at the close. We remain defensive on the fundamental portfolio with global volatility sitting at levels that lead us to a 40% allocation to the strategy as opposed to an 80% percent allocation earlier in the year, as our global volatility indicator rose from approximately 4.7% to 5.4% during the month. On the technical strategy we took some profit in Usd/Myr but re-sold it as it broke down again, and added to our short Usd/Sgd position as it broke below 1.47 and again through 1.46. In addition we sold Usd/Hkd as it broke under 7.755.

The largest daily drawdown through the month was -1.18% with 52% of the trading days being up and 48% being down. The high point through the month saw the strategy up 4.53% on the 26th of October. The lowest was down 1.94% on the 8th October. Our largest short Dollar (long Asia) positions are the Usd/Myr closely followed by Usd/Idr and Usd/Sgd.

We remain short Usd/Krw (South Korean Won), and Usd/Inr (Indian Rupee). Directionally the portfolio will benefit from Ringgit strength, Singapore Dollar strength and the realignment of the HKD peg.

During the month, many Asian Central Banks aggressively intervened against their own currencies through buying Dollars and the Euro. South Korea intervened repeatedly above 900, the Monetary Authority of Singapore bought several times as the Singapore Dollar strengthened towards the top end of their pegged band (the NEER). The Hong Kong Monetary Authority (HKMA) obviously was a continuous buyer at 7.75. Rumours throughout the month centred on the HKD peg, culminating on the last day of the month in a denial from the HKMA that they had approached the Peoples Bank of China to allow the HKD to re-peg. Attempts currently seem to be focused on injecting liquidity into the money markets. We expect Asian currencies to continue to outperform, as global imbalances are alive and well. Watch this space.

Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	10.43%		1.12%	0.93%	2.68%	-1.84%	0.45%	1.69%	0.39%	-0.43%	2.15%	0.12%	2.8%
2007	24.33%	0.41%	-0.37%	1.41%	2.58%	1.41%	1.35%	0.35%	3.79%	8.25%	3.11%		

Performance figures calculated include only margin interest received and are net of fees.

The returns are representative of an average of the managed accounts traded.

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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