

Extended Markets Alpha Programme Monthly Report

October 2007

PERFORMANCE ANALYSIS (All Accounts)

Extended Markets Alpha Programme (April 2004 to October 2007)

Return Summary

| | |
|--------------------------|---------|
| Latest Month | -0.32% |
| Year to Date | 8.13% |
| Last 12 Months | 9.47% |
| Sharpe Ratio | 1.91 |
| Return to Date | 78.80% |
| % Trading Days Up | 55% |
| % Trading Days Down | 45% |
| Maximum Daily Drawdown | (1.13%) |
| Maximum Monthly Drawdown | (0.46%) |

Return Statistics for October 2007

| | |
|------------------------|---------|
| Latest Month | -0.32% |
| Maximum Daily Drawdown | (0.46%) |
| Days to Recovery | 13 |
| % Trading Days Up | 60% |
| % Trading Days Down | 40% |
| Average Up Day | 0.45% |
| Average Down Day | (0.11%) |

October proved an interesting month as 3rd quarter earnings reports from major financial institutions shed some light on the extent of repackaged subprime loans. Renewed appetite for risk post the Fed 50 bp cut in September rapidly declined as headlines of large right downs from top tier financial institutions and renewed credit problems spooked the markets. Volatility remained elevated and markets skittish, with the USD bearing the brunt of the US economic concerns as the Pound posted 26 year highs despite growing concern over the UK economic outlook. The Euro posted all-time highs and the Dollar Index hit all-time lows. A 25 bp cut on the last day of the month by the Fed, was not met with the same demand for risk taking as September with both equity markets and high yielding currencies being sold.

Commodity prices remained buoyant throughout October. Gold reached \$785 and Oil breached \$93 per barrel, this saw the Canadian and Australian Dollar as the main beneficiaries. CAD remained below parity to the US Dollar and the AUD reached multiyear highs. The Royal Bank of Australia looks set to raise rates when it meets on November 7th supported by strong inflationary and consumer data.

The semi-annual Financial Stability Report released by the Bank of England saw the central bank adopting a noticeably dovish stance, sighting financial market turbulence as risks to the UK financial system. Despite this the Pound set 26 year highs against the USD. We are extremely cautious with the Pound at these levels and see slowing in the UK housing markets as the potential precursor

The strategy returned a disappointing -0.32% in October as the rapid movements in demand for risk saw numerous false break-out triggers which resulted in heavy losses in the early stages of the month across the G10 currency block, this was for the most part offset by a sizable contribution for the Asian component. The strategy remains in positive territory for the year having returned 8.13% year-to-date.

Cambridge Strategy Extended Markets Alpha Programme Monthly Returns

| Year | YTD | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|--------|--------|--------|-------|-------|--------|-------|-------|--------|--------|--------|--------|-------|
| 2004 | 37.83% | | | | 0.69% | 4.24% | 0.06% | 1.36% | 1.72% | 7.39% | 8.39% | 7.61% | 1.61% |
| 2005 | 13.46% | 1.15% | 2.55% | 0.81% | 0.01% | 2.17% | 0.54% | 2.46% | 0.53% | 1.07% | 0.97% | -0.01% | 0.49% |
| 2006 | 5.73% | 0.54% | 1.39% | 0.51% | 0.98% | -0.46% | 0.00% | 0.67% | -0.03% | -0.03% | 0.81% | 0.26% | 0.97% |
| 2007 | 8.48% | -0.07% | -0.14% | 0.65% | 1.11% | 0.15% | 0.45% | 0.25% | 0.03% | 5.90% | -0.32% | | |

Eurohedge Monthly Returns

| Year | YTD | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| 2004 | 1.90% | | | | -1.30% | -0.62% | -0.29% | 0.28% | -0.26% | -0.05% | 0.38% | 2.39% | 1.04% |
| 2005 | 2.73% | -0.42% | 0.09% | -0.23% | 0.12% | 0.64% | 0.44% | 0.33% | -0.88% | 1.12% | 0.36% | 1.12% | 0.03% |
| 2006 | 1.84% | -0.09% | 0.68% | -0.08% | 0.14% | -0.05% | -0.17% | -0.10% | -0.09% | 0.42% | 0.48% | 1.28% | 0.26% |
| 2007 | 1.06% | 0.75% | -0.59% | 0.40% | 0.53% | -0.10% | 0.97% | 0.08% | -0.97% | | | | |

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 (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.