

Asian Markets Alpha Programme Monthly Report

September 2007

PERFORMANCE ANALYSIS (All Accounts)

The Asian Markets Alpha Programme
(February 2006 to September 2007)

Return Summary

Latest Month	8.25%
Year to Date	20.58%
Last 12 Months	26.77%
Sharpe Ratio	2.13*
Return to Date	33.16%
% Trading Days Up	67%
% Trading Days Down	33%
Maximum Daily Drawdown	(1.95%)
Largest Monthly Drawdown	(1.84%)
Average Up Day (inception)	
Average Down Day (inception)	

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

Return Statistics for September 2007

Latest Month	8.25%
Largest Daily Drawdown	(0.64%)
Days to Recovery	2
% Trading Days Up	65%
% Trading Days Down	35%
Average Up Day	0.81%
Average Down Day	(0.36%)

September was a very successful month for the Asian Markets Alpha Programme, with the strategy returning 8.25% on the month and 20.58% on the year. Several clients have asked how the systematic technical strategy has been performing versus the systematic fundamental. For August, the technical strategy returned 5.51%, primarily from being short Usd/Myr and Usd/Yen, and the systematic fundamental strategy returned 2.73% as the Indonesian Rupiah, the Indian Rupee and the Malaysian Ringgit all outperformed on a relative basis, as risk appetite returned to the markets. We still remain defensive in the portfolio, particularly on the fundamental side with global volatility sitting at levels that lead us to a 50% allocation to the strategy as opposed to a 65% percent allocation back in July. In August the technical strategy added to its short Usd/Ringgit position above 2.51 and we are getting to levels where we will be taking profit on that position and looking for signals showing weakness on any Usd rally. We continue to prefer both Indonesia and Malaysia from a value perspective. On the year, the fundamental strategy has returned 6.22% and the technical strategy has returned 14.36%.

The largest daily drawdown through the month was 0.64%, and the largest daily gain was 2.15%. The high point through the month saw us up 8.25% on the last day of the month, and the low was down 0.06% on the 4th of September. Our biggest short position remains the Philippines, closely followed by Taiwan.

Our largest long positions are the Malaysian Ringgit closely followed by the Indonesian Rupee. We remain long the South Korean Won, Singapore Dollar and the Indian Rupee. Directionally the portfolio will benefit from Yen strength, Rupiah strength and Peso weakness. At the end of the month the strategy sold Usd/Sgd on the break below 1.4880.

During the month South Korea left it's interest rates at six and a half year highs as growth continued to expand, suggesting a certain amount of immunity to the US market. In general, two way flows across Asia were observed as a rise in risk aversion prompted a repatriation to U.S Dollars from Asian currencies. However real money seems to be aggressively hunting value and the diversification attraction of Asian assets is prompting investor purchases of Asian stocks, bond and currencies. We expect this type of activity to continue with volatility remaining relatively high, and the strategy is well set to have an excellent final quarter.

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	20.58%	0.41%	-0.37%	1.41%	2.58%	1.41%	1.35%	0.35%	3.79%	8.25%			

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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