

## Asian Markets Alpha Programme Monthly Report

September 2009

### PERFORMANCE ANALYSIS (All Accounts)

Asian Markets Alpha Programme  
(February 2006 to September 2009)

#### Return Summary

Latest Month	1.18%
Year to Date	1.81%
Last 12 Months	4.94%
Annualised Return	14.39%
Sharpe Ratio	1.51
Return to Date	63.73%
% Trading Days Up	52%
% Trading Days Down	48%
Max Daily Drawdown	(1.95%)
Max Monthly Drawdown	(2.57%)
CS Character	2.90
CS Ratio	4.38
Annualised Daily Volatility	10.82%
Annualised Monthly Volatility	7.17%

#### Return Statistics for September 2009

Largest Daily Drawdown	(0.49%)
Days to Recovery	1
% Trading Days Up	55%
% Trading Days Down	45%
Average Up Day	0.24%
Average Down Day	(0.17%)

The Asian Markets Alpha Programme enjoyed a good month in September and was up 1.18% on a gross of fees basis. The Programme benefitted from a strong trend of dollar weakness over the course of the month. Positions in the Australian Dollar and Japanese Yen relative to the US Dollar were amongst the most significant positive contributors to performance. Our drawdowns were mainly in risk averse trades with the Euro/Yen being one of the most notable negative contributors. The programme is now up 1.81 % gross of fees on a year to date basis.

Many of the Asian central banks have continued their intervention strategies to prevent their currencies from strengthening too much against the US Dollar. However, given the economic environment in many of the Asian countries we expect this pattern to reverse. The Reserve Bank of Australia has been the first to act in this region and raised rates by .25% in early October. We expect the Korean central bank to be one of the first to act next. Korea has experienced rapid inflows which have put significant upward pressure on the currency and the Korea central bank has had to intervene aggressively to offset this pressure. Elsewhere in the region, the Indonesian Rupiah broke out of recent summer ranges, as Bank Indonesia's governor continued to sound concern about inflation.

Global optimism continued to grow in September. Some meaningful trading ranges were broken in several of the emerging market currencies and we expect further strong currency appreciation going forward. We remain generally long emerging market currencies and are optimistic about putting in a solid 4<sup>th</sup> quarter's performance as these trends continue.

Our Global Volatility indicator continues to fall to levels not seen since before the crisis, a clear indication of markets returning to some normality. A continuation of this trend would see us re-enter our Fundamental model in the coming months. Our tail risk indicators remained relatively stable again throughout September; consequently, the Risk Adjusted Trade Size ('RATS') for each position was steady. In spite of the continued swings in daily returns, drawdowns were again effectively contained within parameters.

### Cambridge Strategy Asian Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	11.57%		1.24%	1.01%	3.13%	-2.33%	0.42%	2.05%	0.37%	-0.61%	2.51%	0.06%	3.30%
2007	33.58%	0.40%	-0.53%	1.63%	3.04%	1.61%	1.55%	0.33%	4.48%	9.81%	3.61%	4.14%	-0.33%
2008	7.90%	1.58%	-1.18%	0.82%	0.83%	-2.57%	1.08%	1.27%	0.30%	2.55%	2.44%	0.41%	0.21%
2009	1.81%	2.02%	0.94%	-1.29%	0.25%	-1.47%	0.33%	0.33%	-0.44%	1.18%			

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 (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.