

## Global Emerging Markets Alpha Programme Monthly Report

September 2009

### PERFORMANCE ANALYSIS (All Accounts)

#### Global Emerging Markets Alpha Programme (February 2008 to September 2009)

##### Return Summary

Latest Month	(0.06%)
Year to Date	18.75%
Last 12 Months	22.55%
Annualised Return	15.28%
Sharpe Ratio	2.74
Return to Date	26.74%
% Trading Days Up	55%
% Trading Days Down	45%
Max Daily Drawdown	(1.89%)
Max Monthly Drawdown	(1.14%)
CS Character	2.58
CS Ratio	7.07
Annualised Daily Volatility	8.36%
Annualised Monthly Volatility	5.01%

##### Return Statistics for September 2009

Largest Daily Drawdown	(0.57%)
Days to Recovery	2
% Trading Days Up	50%
% Trading Days Down	50%
Average Up Day	0.22%
Average Down Day	(0.23%)

The Global Emerging Markets Programme ended September with a small loss of -0.06% which leaves the programme up a positive 18.75% for the year (gross of fees). Solid performances from the Asian and Latin American components of the programme were offset by negative results for our positions in the Eastern European region. With the Asian currencies breaking their broad three month ranges and trending strongly, more evidence emerged that the region's economies were moving towards stronger cyclical growth. Latin American currencies saw similar trending appreciation in the early stages of the month, but failed to break out of their ranges. The Eastern European region struggled in comparison as the markets remain uncertain about the sustainability of recent signs of recovery.

The programme's solid performance within Asia came from long positions in the Korean Won, Chinese Yuan and Taiwanese Dollar. Whilst Central Banks were active in preventing too rapid an appreciation in their domestic currencies, the general trend was to allow for constructive, managed appreciation. The Cambridge Strategy performed well in this environment hitting take profits on long Korean Won and Taiwanese Dollar positions. A short Singapore Dollar position was initiated intermonth which performed strongly in the final week of September. In the Latin American region our long Brazilian Real continued to see strong performance with a long Peruvian Sol position initiated in the last quarter of the month, contributing to a small negative performance into the close of the month. Our long Mexican Peso position performed well at the start of the month however didn't achieve our take profit target as this position moved against us and was stopped out towards the end of the month.

The Eastern European currencies were extremely volatile and directionless. Our long Romanian Lue position initiated in August rapidly went against us and was stopped out. The dividend dispute between Eureko and Polish Insurer PZU, saw substantial outflows from the much loved Polish Zloty and the resulting decline in value saw us stopped out. Stops were also hit in our long Czech Koruna position. With the region having been battered through the Global Credit crunch, investors displayed reluctance to put money to work choosing other regional counterparts.

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 Global Emerging Markets Alpha Monthly Returns

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2008	6.73%		1.18%	0.51%	0.91%	-1.14%	0.32%	1.64%	-0.29%	0.25%	2.11%	0.90%	0.18%
2009	18.75%	4.22%	1.44%	4.04%	3.82%	1.54%	1.46%	1.11%	-0.11%	-0.06%			

Performance figures calculated are Gross of fees. The performance data quoted relates to the equal weighted average of the managed accounts with exposure to the Emerging Markets Alpha Programme. From April 2009, this composite carve-out includes managed accounts solely invested in the Global Emerging Markets Alpha Programme (US\$ performance, excluding cash income). 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.