

Dexion
ALPHA STRATEGIES
LIMITED
2007
Report and Accounts



DEXION ALPHA STRATEGIES LIMITED

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If you have sold or otherwise transferred your entire holding of Ordinary Shares in Dexion Alpha Strategies Limited, please send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale was effected, for transmission to the purchaser or transferee.

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Financial Highlights

	<i>31 December 2007 £ Shares</i>	<i>31 December 2007 € Shares</i>	<i>31 December 2007 US\$ Shares</i>
Total Net Assets	£103,239,520	€39,529,835	US\$10,507,561
Net Asset Value per Share	£1.1233	€1.5952	US\$1.9845
Mid-Market Share Price	£1.0887	€1.5175	US\$1.9400
Discount to Net Asset Value	(3.08%)	(4.87%)	(2.24%)
	<i>31 December 2006 £ Shares</i>	<i>31 December 2006 € Shares</i>	<i>31 December 2006 US\$ Shares</i>
Total Net Assets	£88,054,111	€46,235,071	US\$17,686,051
Net Asset Value per Share	£1.0035	€1.4336	US\$1.7686
Mid-Market Share Price	£0.9738	€1.3675	US\$1.6550
Discount to Net Asset Value	(2.96%)	(4.61%)	(6.42%)

Chairman's Statement

I am pleased to present shareholders with the Report and Accounts for Dexion Alpha Strategies Limited for the year ended 31 December 2007.

Over 2007 the net asset value of the Company's £, € and US\$ Shares appreciated by 11.94%, 11.27% and 12.21% respectively. The market price of the Company's £ Shares rose by 11.81% over the period and the Company's € and US\$ Shares rose by 10.97% and 17.22% respectively.

The Board, conscious that the Company's shares were trading at a discount to net asset value, sought powers during the year to enable ordinary shares which are purchased by the Company to be held in treasury. These powers were approved at an extraordinary general meeting held in May 2007 and the Company began purchasing its own shares from 15 June 2007. As at the date of this statement, a total of 6,975,000 £ Shares, 4,400,000 € Shares and 500,000 US\$ Shares have been purchased representing, in aggregate, approximately 9.3% of issued share capital at the year end.

Over 2007, the € Shares and the US\$ Shares traded, on average, at a discount to average NAV of 6.1% and 5.7% respectively. The Company's £ Shares traded, on average, at a discount to average NAV of 4.9%. Accordingly, the Board was required under the Articles to propose continuation votes in respect of the € Shares and the US\$ Shares. Further to changes to the Company's articles approved at an extraordinary general meeting held on 22 February 2008, a class meeting of the Company's € shareholders approved the continuation of the € Share class whilst a class meeting of the US\$ shareholders voted against continuation of the US\$ Share class. Accordingly, on 1 April 2008, the Company put forward redemption proposals to holders of US\$ Shares offering to redeem their US\$ Shares.

It remains the Board's intention to continue to actively use its share buy back powers where it thinks appropriate. The Directors believe that the Company's actions in purchasing shares in the market, in conjunction with good NAV performance, assisted in narrowing the discount to NAV at which the shares of each class had been trading during the last financial year. As at the date of this statement however, following a difficult start to 2008 which has impacted NAV performance, the Company's £, € and US\$ Shares were trading at mid-price discounts to prevailing estimated NAV of 6.14%, 5.77% and 4.62% respectively.

2007 was a challenging year for hedge funds. However, the diversity and flexibility of the Company's underlying managers enabled the portfolio to record good gains over the year that compare favourably with global equity, fixed income and hedge fund benchmarks. All but one of the eight hedge fund strategies in which the Company invests were profitable with a significant contribution coming from the Company's special situations managers who benefited from short exposure to the US sub-prime mortgage market from the beginning of 2007.

Looking forward, while the Investment Adviser has adopted a more cautious stance by reducing risk levels across the portfolio, the portfolio has suffered some losses during the early part of 2008. Nevertheless the Investment Adviser is confident the portfolio can recover strongly in 2008, but warns that volatility is likely to be higher given the significant uncertainty affecting financial markets.

I look forward to welcoming Shareholders to the Annual General Meeting of the Company at 12.30 p.m. on 16 June 2008, which will be held at the Company's registered office at 1 Le Truchot, St Peter Port, Guernsey. Notice of that Meeting is set out towards the end of this document. The special business to be considered includes a proposal that the Company adopts amendments to the Articles of Association and details of that and the other special business to be considered are set out in the Directors' Report which follows.

Stephen Jones
Chairman

29 April 2008

Manager's Report

The net asset values of the Company's £ Shares, € Shares and US\$ Shares increased by 11.94%, 11.27% and 12.21% respectively, net of fees and expenses, during 2007. With the exception of European Loan Opportunities, each of the underlying strategies in which the Company was invested reported gains for the year.

The following provides the Investment Adviser's overview of the Company's investment performance in U.S. dollar terms by hedge fund strategy from 1 January 2007 to 31 December 2007 (performance is shown net of underlying managers' fees and expenses only):

Asian Opportunities

The Company's investments in this strategy produced positive returns in each quarter and returned 19.89 per cent. for 2007, slightly ahead of the regional long-only benchmark. Strong regional equity markets drove returns for much of the year but underlying managers were also able to profit from the short side. Performance in the first quarter of 2007 was hindered by exposure to Japanese markets. While the Japanese markets performed in line with global indices, the volatility of returns was challenging for underlying Japanese managers. The second quarter was the strongest for the strategy, as aggressively positioned underlying managers were well placed to profit, as most Asian markets posted strong gains. Long exposure to Korea, Hong Kong and China provided the bulk of gains as these markets soared. Profits were not just accumulated on the long side but fundamentally driven shorts also paid off. Challenging conditions in the third quarter of 2007 saw the strategy losing 3.82 per cent. in August. The final quarter started brightly as most underlying managers were well positioned to profit from upward moves. Long positions in Chinese H-Shares, Hong Kong, South Korea and Singapore were central to the performance of the best performing managers. The strategy held up comparatively well in November, as the MSCI AC Asia Pacific index lost 5.47 per cent. In December the strategy showed its defensive credentials ending the month flat, outperforming the MSCI AC Asia Pacific Index.

Healthcare Opportunities

The Company's investments in this strategy returned 13.75% during 2007, with positive performance in all quarters. Performance was aided by the overall tilt of such investments to small and mid cap biotechnology companies and company-specific events. In the first half of the year good levels of M&A activity and capital inflows provided plentiful opportunities for underlying healthcare managers to profit from. Further gains accrued from strong stock selection in small and mid cap stocks, although several of the portfolio's positions that delivered strong returns early in the year detracted from performance in later months where negative headlines surrounding drug trials affected sentiment. The second half of 2007 saw a more challenging environment for underlying managers. Profits generated from long term holdings in pharmaceutical and managed care stocks helped to minimise losses sustained from US small cap biotechnology stocks and from emerging market health care exposure, and the struggling Indian healthcare sector hurt one underlying manager. Despite weakness in the overall economic picture and the threat of slower growth combined with rising inflation, the strategy finished 2007 on a positive note as the healthcare sector was less affected than other sectors by the turmoil in global equity markets.

Special Situations

Special situations was the Company's top performing strategy in 2007, returning 28.41%. In the first half of the year underlying manager returns were bolstered by strong equity markets, bountiful corporate M&A activity and exposure to sectors and themes such as exchanges, mining, energies and utilities. A newly added manager contributed significantly to performance as a result of their short bias to the US sub-prime market. The collapse of two Bear Stearns hedge funds in June helped send sub-prime debt prices sharply lower. In the second half of 2007 the short US sub-prime exposure continued to be very profitable but underlying manager returns showed much greater disparity. One distressed manager sustained disappointing losses in July and August as the leveraged loan and high yield bond markets experienced a significant sell off. Towards the end of 2007 deal activity and rumours within the mining sector led to gains, while further bad news in the financial sector produced good results for underlying managers' short financials trades.

Energy & Emissions

Gains made in the first two quarters helped the Company's investments in this strategy to a return of 10.64% for 2007. European and U.S. power traders were largely responsible for the healthy gains in the first quarter. In Europe, a power trader profited from short positions in German electricity markets, as unseasonably warm weather drove prices lower. In the U.S., a sudden cold snap in February sparked volatility in the U.S. power market, and the underlying manager was able to extract strong gains from location and time spreads. An underlying equity based manager profited from the continued outperformance of the energy sector on the back of earnings upgrades. The performance of the Company's underlying shipping focused managers was also pleasing and the exposure provided good diversification to both equity and energy prices. Further gains were achieved from a short bias to natural gas in July, as high storage levels and a lack of demand depressed prices. However this position cost later in 2007 as natural gas prices rebounded as a consequence of pipeline explosions in Russia, terrorist attacks in Mexico and earthquakes in Japan. Elsewhere, a U.S. power and oil manager enjoyed a strong month in November, as significant volatility in U.S. power and natural gas prices provided opportunities for spread trading strategies. December was a strong month for the strategy, as the energy sector proved to be resilient to the general concerns over the global economy, driven mostly by the tightening fundamentals and geopolitical concerns.

Commodities

The Company's investments in the commodities strategy gained 4.97% in 2007. The year began quietly, as one of the portfolio's most profitable underlying managers in 2006 endured a difficult start to the year with the manager's long exposure to copper resulting in a substantial loss as index re-balancing sparked a sell-off. Although the manager was able to recoup some losses in February, a flat performance in March resulted in a negative performance for the quarter. The second quarter of 2007 saw mixed results as wheat and soy bean prices rallied while corn sold off following on from data indicating shifts in acreage from soybeans to corn. Within base metals, nickel sold off sharply, while copper ended the quarter strongly. Increased volatility in markets in the second half saw an underlying base metal trader suffer heavy losses in August eroding profits earned in July and September. A dedicated agricultural manager, added to the portfolio in September, generated strong returns as a result of a long bias to soybeans and positions in corn, hogs and cattle. In the final months of 2007, gains achieved on the back of commodity prices surging higher, largely as a consequence of the decline in the U.S. dollar, were offset by losses incurred by underlying long biased equity managers in November.

Environmental Strategies

The Company's investments in this strategy, added to the portfolio on 1 October 2007, generated an impressive return of 7.98% in the period to the end of 2007, with all underlying managers contributing positively. The core water and energy infrastructure holdings of the best performing manager were central to the strong return they generated. Further gains derived from a long bias to solar power which is seeing a decline in manufacturing costs and is slowly moving towards parity with traditional energy. Bio fuel positions generated additional profits with rising commodity prices. In November, the strategy gave back some gains as it could not escape the broad sell off in equity markets, but recovered in December as the sector was supported by a variety of legislative measures in the U.S. and China. Additionally, both the clean equities and the carbon futures markets were supported by crude oil's flirtation with US\$100 a barrel.

Emerging Markets

The Company's investments in the emerging markets strategy returned an impressive 27.81% for 2007. Emerging market traders encountered a difficult start to the year with gains from long positions in Turkish T-bills and rate positions in Thailand, Poland and Mexico being eroded by losses experienced by equity biased managers. The second quarter saw strong returns with profitable themes including a short Japanese Yen position versus a basket of Asian currencies and long local bond positions in Thailand, Indonesia and Brazil. A rise in the Brazilian Real and Mexican fixed income prices further benefited underlying managers, while exposure to Middle East equity markets worked well, as both Abu Dhabi and Dubai gained over 18 per cent. in May alone. Gains generated in both July and September more than made up for the losses incurred in August, as a dramatic reduction in risk appetite impacted the strategy. In the final quarter, underlying managers prospered from a benign trading environment, with profits accruing from a wide diversity of trades. Brazilian equity positions in basic materials, financial and food

sectors combined with a bullish view on the Brazilian Real to generate an impressive gain. The Company's underlying diversified emerging markets managers that are active in all asset classes started November with a long bias. However, as markets slid they cut risk and preserved capital.

European Loan Opportunities

2007 was dominated by the credit crunch in July and August. While the Company's investments in this strategy had delivered positive performance in the previous twelve consecutive months, a substantial loss of -13.78% was incurred in the third quarter. The sharp increase in volatility triggered by the turmoil in the US sub-prime mortgage market impacted credit markets in July. The strong de-leveraging of the financial markets which occurred in August had a further negative impact upon performance. The loan market showed some signs of improvement in the fourth quarter, but it was still a difficult environment to generate positive returns. Liquidity improved in October driven by increased cash availability at the underlying manager level which drove secondary prices up. This was reflected in the positive performance of the strategy. November and December saw much of this liquidity dry up as bank balance sheets remained constrained. The secondary market was negatively impacted and prices declined to the detriment of performance. The strategy lost 2.25% in the final quarter and ended 2007 down 10.75%.

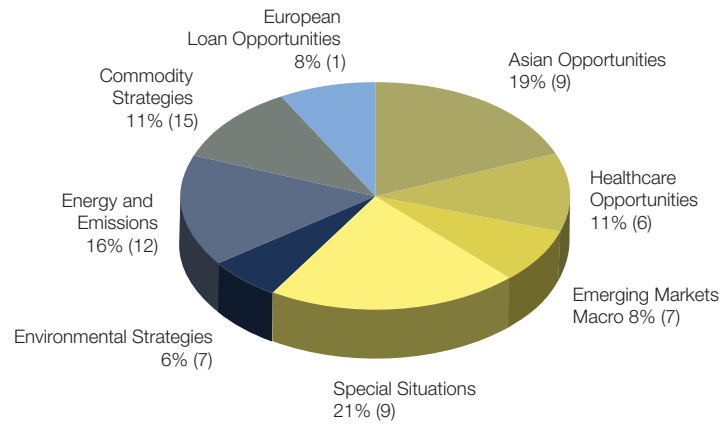
Investment Outlook

Over the latter half of 2007, the Investment Adviser became increasingly concerned about the outlook for economic and corporate earnings growth and took some measures to reduce equity risk in the portfolio. Heading into 2008, further steps have been taken to protect the portfolio by reducing directional Asian long/short managers, and adding to hedged healthcare managers. Difficulties within equity markets are, in the opinion of the Investment Adviser, likely to continue for some time yet. With markets reacting unkindly to bad corporate news and negative economic numbers, volatility together with stock and sector dispersion is expected to remain high. Recently, there has been much discussion about a potential decoupling of emerging and developed markets. Fundamental data shows that Asian markets for the time being are much stronger than their Western counterparts. With the slowdown in the U.S. gathering momentum, emerging markets, notably those that rely on exports, are likely to suffer, whilst those with strong domestic demand may be able to avoid the worst of it. Even though recession fears, at least in the U.S., are growing, commodities appear to be unaffected. Crude oil and gold have recently reached record levels. However, if the economic downturn really bites, base metals and energy are expected to undergo a correction. The fundamentals for agricultural commodities look better and they could strengthen further, even in the face of a correction elsewhere. The portfolio has suffered along with other funds of hedge funds during the early part of 2008. The tightening of liquidity has caused sharp moves in markets and rapid deleveraging for a number of managers. In particular the European Loan Opportunities portfolio reported significant mark-to-market losses during January and February and further volatility in this sector is likely in the short term. All the loans are performing and the Investment Adviser remains comfortable with the quality of the loan portfolio. Across all strategies, the Company's underlying managers have taken steps to reduce risk which the Investment Adviser believes are prudent given their cautious outlook. As described within the Chairman's Statement, the Investment Adviser is confident the portfolio can recover strongly during the remainder of 2008, albeit that the significant uncertainty affecting financial markets will likely mean that volatility remains high.

Manager's Report (continued)

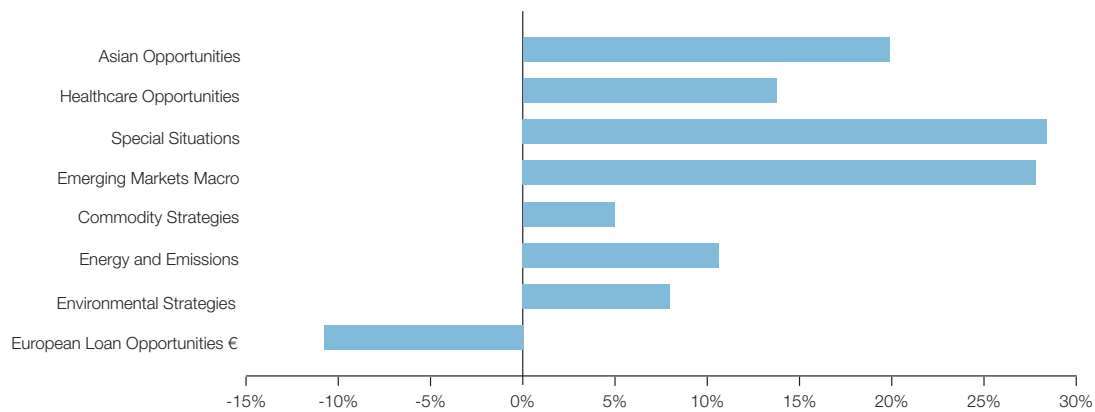
Portfolio composition at 1 January 2008

Numbers in brackets indicate number of managers.



Source: RMF

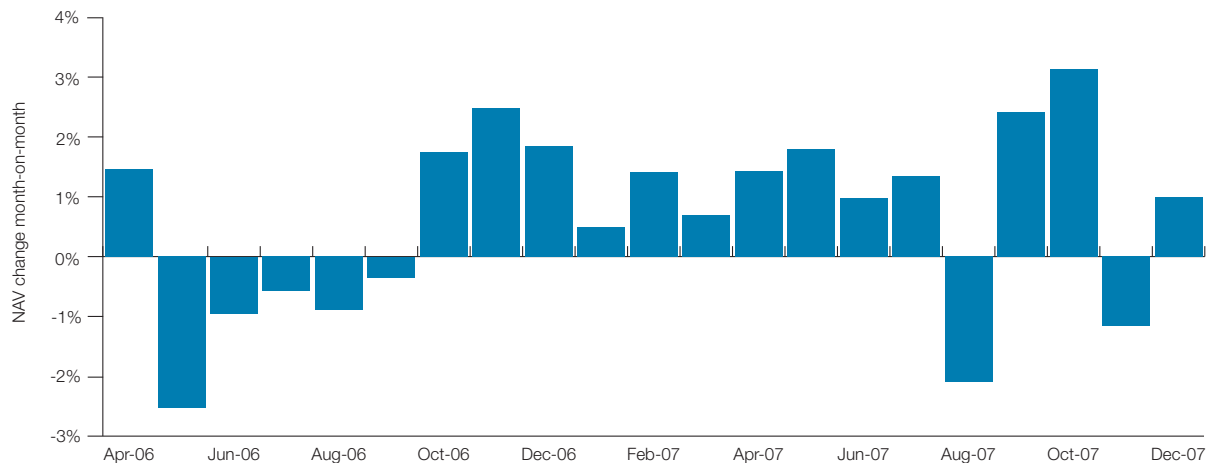
Performance by strategy for 2007



Note: Strategy returns are in US\$ (except where annotated) and net of underlying manager fees only and not inclusive of Dexion Alpha Strategies' fees and expenses.

Source: RMF

Monthly £ Share NAV Performance since inception



Source: Bloomberg (data).

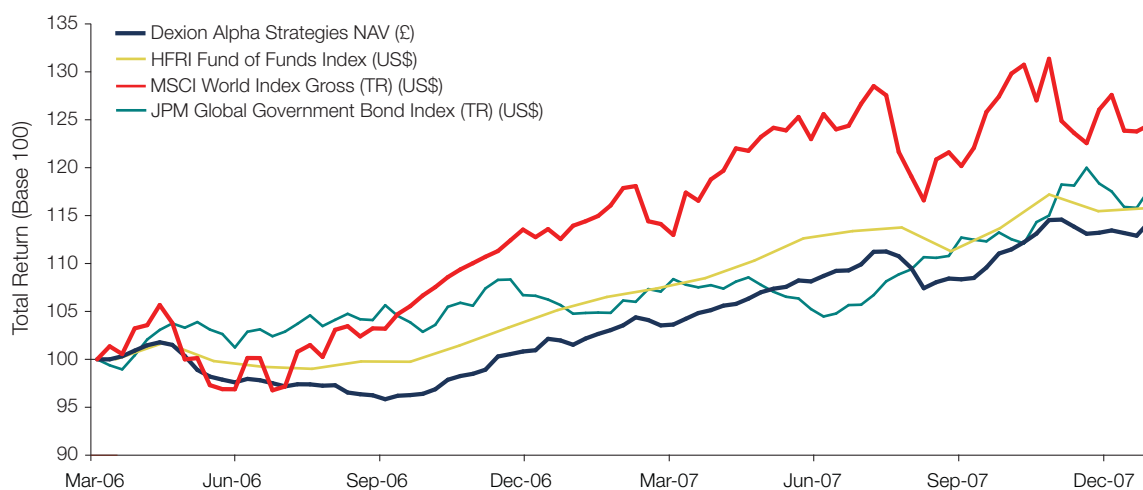
Manager's Report (continued)

Monthly NAV Performance since inception

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ytd
2006				1.47%	-2.53%	-0.95%	-0.57%	-0.89%	-0.35%	1.74%	2.48%	1.84%	2.14%
2007	0.50%	1.42%	0.70%	1.43%	1.79%	0.97%	1.35%	-2.10%	2.41%	3.14%	-1.16%	0.99%	11.94%
EUR													
2006				1.32%	-2.72%	-1.09%	-0.71%	-1.05%	-0.52%	1.62%	2.33%	1.82%	0.90%
2007	0.42%	1.29%	0.56%	1.34%	1.68%	1.19%	1.65%	-2.22%	2.18%	3.23%	-1.35%	0.88%	11.27%
USD													
2006				1.55%	-2.44%	-0.86%	-0.49%	-0.81%	-0.32%	1.79%	2.59%	1.83%	2.75%
2007	0.53%	1.42%	0.71%	1.48%	1.75%	0.97%	1.42%	-2.15%	2.39%	3.55%	-1.31%	0.96%	12.21%

Source: Bloomberg (data).

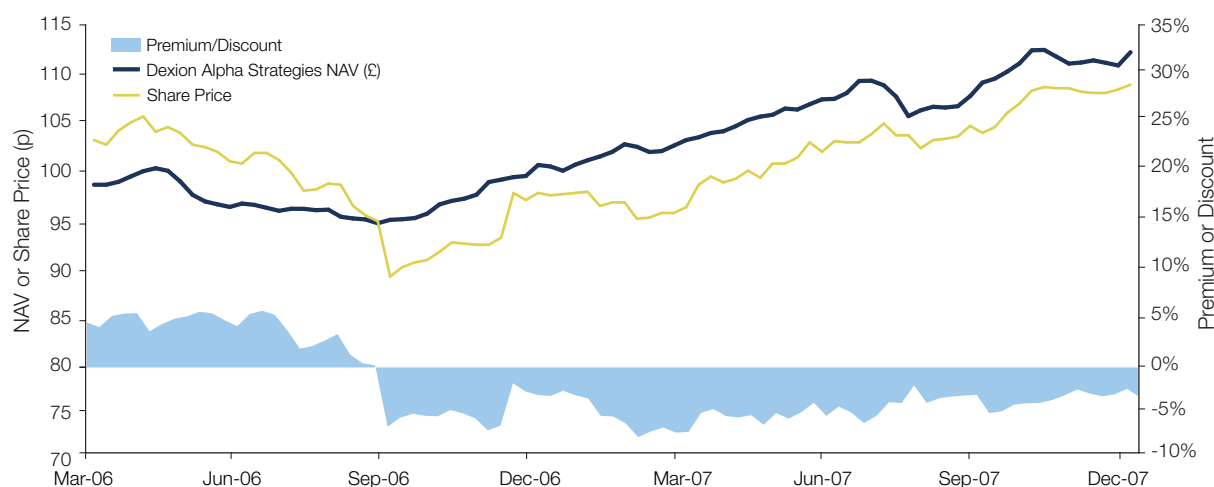
£ Share Net Asset Value Performance



Note: Based on weekly data for Dexion Alpha, MSCI World Index Gross (TR) and JPM Global Government Bond Index (TR) and monthly data for HFRI FOF Index (weekly data not available). Dexion Alpha's £ Share NAV is expressed in £ whilst the comparative indices are expressed in US\$. Dexion Alpha's £ Share NAV is hedged from US\$ to £ and these hedging arrangements had a negative effect on the £ NAV performance from inception to January 2007, and a positive effect since then.

Source: Bloomberg (data).

£ Share Premium/Discount to Net Asset Value



Note: Based on weekly data.

Source: Bloomberg (data).

Manager's Report (continued)

Analysis of significant investments

The ten largest holdings of the Company as at 31 December 2007 are set out below:

<i>Name of Investment</i>	<i>Strategy</i>	<i>Book cost (£)</i>	<i>Market value (£)</i>	<i>% of Company's net assets</i>	<i>% of issued share capital⁽¹⁾</i>
RMF Special Opportunities Limited	Commodity Strategies	24,009,613	25,613,361	18.61	2.21
RMF European Loan Opportunities (EUR)	European Loan Opportunities	11,161,186	11,361,625	8.26	26.36
Paulson Advantage Plus Limited	Special Situations	3,561,287	8,329,131	6.05	0.25
RMF Environmental Trading Strategies Limited	Environmental Strategies	4,905,568	5,441,829	3.95	20.39
Penta Asia MAC 91 Limited	Asian Opportunities	3,684,637	4,370,650	3.18	1.70
Tantallon (Non US Feeder) Fund	Asian Opportunities	3,809,516	4,311,831	3.13	0.56
Tiger Asia Overseas Fund	Asian Opportunities	2,710,132	4,152,032	3.02	0.12
Atticus Global Limited	Special Situations	3,134,126	4,063,222	2.95	0.15
Tryphon Capital	Healthcare Opportunities	3,206,674	3,918,020	2.85	6.76
Everest Capital China Opportunity Limited Mac 71	Asian Opportunities	2,954,428	3,542,505	2.57	1.56
		63,137,167	75,104,206	54.57	

(1) Percentages of issued share capital are based on estimates of fund capital provided by underlying manager as of 31 December 2007.

(2) The equivalent analysis for the Company as at 31 December 2006 showed that the ten largest holdings of the Company represented 47.27% of net assets.

Whilst at present it is generally considered best practice to disclose the full portfolio of an investment company, the composition of the Company's investment portfolio is the subject of confidentiality provisions with the Investment Adviser. The Board believes that such disclosure could be disadvantageous to the Company and its shareholders, for instance by increasing competition for the limited investment capacity in underlying hedge funds and hedge fund strategies. Accordingly, in common with several other funds of hedge funds, the Company intends to disclose only its ten largest investments.

Dexion Capital (Guernsey) Limited

29 April 2008

Board Members

The Directors of the Company are listed below:

Stephen Jones

Stephen Jones (Chairman), retired as the Island Director of Barclays Bank Plc in Guernsey in September 2002. He has worked in the finance sector in Guernsey for over 25 years and was previously Managing Director of Woolwich Guernsey Limited and Senior Executive Director of Rea Brothers (Guernsey) Limited. He is a past Chairman of the Guernsey International Business Association and of the Association of Guernsey Banks and was the first Chairman of Guernsey Finance, the agency jointly owned by industry and government to promote the finance sector. He has considerable experience as a non-executive director in a variety of businesses and is currently Chairman of G4S Security Services (Guernsey) Limited and Heath Lambert Insurance Management (Guernsey) Limited and on the Board of HSBC Custody Services (Guernsey) Limited. He is a Council member of the Institute of Directors in Guernsey. Mr Jones is a resident of Guernsey.

Robin Bowie

Robin M.J. Bowie, was educated at Vanderbilt University, Tennessee. He began his City career as a bond trader at Citibank in 1984, after which he worked at Goldman Sachs as a credit trader. In 1989, at BZW he developed their ECU and European Government Bond trading operations and in 1995 moved to HSBC where he was in charge of European Government Bond trading. In 1998 he became Treasurer of KBC Bank in London with responsibility for the management of interest rate, foreign exchange and credit risk. He left KBC in 2000 to found Dexion Capital. He is a director of Dexion Capital Holdings Limited, a Guernsey company which is the holding company of the Manager and the Investment Consultant. He is also a director of Dexion Absolute Limited, Dexion Equity Alternative Limited and Dexion Trading Limited, which are funds of hedge funds, the shares of which are listed on the London Stock Exchange. He is also a director of Julius Baer Diversified Fixed Income Hedge Fund and the Julius Baer Global Rates Hedge Fund. Mr Bowie is a UK resident.

Rupert Dorey

Rupert Dorey has over 22 years of experience in debt capital markets, specialising in credit related products, including derivative instruments. Mr Dorey's expertise is principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He was at Credit Suisse First Boston for 17 years from 1988 until May 2005. From 2000 until he left CSFB, he was head of sterling credit sales. Previously, he held a number of positions at CSFB, including establishing CSFB's high yield debt distribution business in Europe, fixed income credit product co-ordinator for European offices and head of UK Credit and Rates Sales. Since leaving CSFB, Mr Dorey acts as a non-executive director to a number of hedge funds, fund of hedge funds and private equity funds. Mr Dorey is a resident of Guernsey.

Christopher Hill

Christopher Hill is an Associate of the Chartered Institute of Bankers and was Managing Director of Guernsey International Fund Managers Limited, part of The Barings Financial Services Group, from 1996 until the Group was sold to Northern Trust in 2005. He has over 30 years' experience in the field of offshore banking and fund administration. He is a non-executive director of Thames River Multi-Hedge PCC Limited, which is a London listed fund of hedge funds and Chairman of UK Commercial Property Trust Limited and Investec Capital Accumulator Trust Limited, also listed in London. Mr Hill is also a past Chairman of the Guernsey Investment Funds Association. Mr Hill is a resident of Guernsey.

The Directors present their report and audited financial statements for the year ended 31 December 2007.

Principal Activity

Dexion Alpha Strategies Limited (the "Company") is a Guernsey registered closed-ended investment company listed on the London Stock Exchange. Trading in the Company's shares (of each class) commenced on 23 March 2006.

Investment Objective

The investment objective of the Company is to maximise medium-term returns in a manner commensurate with acceptable risk management.

Investment Policy

The Company seeks to achieve its investment objective through investment in an actively managed portfolio of underlying funds diversified across a range of alternative investment strategies which target emerging and/or under-exploited sources of alpha. The Investment Adviser allocates the Company's assets either directly or indirectly to underlying funds (which may include funds managed or advised by the Investment Adviser) investing across the following strategies:

- Asian Opportunities
- Emerging Markets Macro
- European Loan Opportunities
- Special Situations
- Healthcare Opportunities
- Commodity Strategies
- Energy and Emissions

Each of the investment strategies listed above are described under the heading "Glossary of Hedge Fund Strategies" set out on pages 42 to 43.

Although the Investment Adviser allocates the Company's assets among portfolio managers employing one or more of the strategies described above, the Investment Adviser does not follow a rigid investment policy and, subject to maintaining an appropriate spread of funds and investment strategies, the Company's assets may be deployed in whatever funds and investment strategies the Investment Adviser deems appropriate. The Company is not restricted from participating in any market, strategy or investment, and the Investment Adviser may alter or modify some or all of the Company's underlying investment strategies in light of available investment opportunities and prevailing economic and market conditions if the Investment Adviser determines that such alterations or modifications are consistent with or best serve the Company's investment objective, subject to what the Investment Adviser considers an acceptable level of risk. Any additional investment strategies will, however, focus on those areas of alternative investments where the Investment Adviser believes that alpha is not yet fully exploited. Conversely where the Investment Adviser believes that a particular investment strategy has matured or been fully exploited, it may determine to cease investing in a Company's assets in that strategy. Accordingly, the investment strategies that the Company will pursue should be seen as dynamic rather than static, although the Company's investment policy will remain to invest the Company's assets in an actively managed portfolio of underlying funds.

The exact number of funds and strategies used may vary over time but the Directors intend that the Company will be invested directly or indirectly in a minimum of 20 underlying funds implementing at least 4 different strategies at all times. The Company will invest and manage its assets in a way which is consistent with its object of spreading investment risk.

Generally the Investment Adviser will seek (i) not to invest more than 7.5 per cent. of the Company's total assets in any one underlying fund which may be accessed either directly or indirectly (other than in relation to the European Loan Opportunities strategy which currently comprises a single investment into an existing fund of the Irish RMF Umbrella Unit Trust), (ii) not to invest more than 20 per cent. of the Company's total assets in any one underlying fund or funds managed by a single portfolio manager and (iii) not to invest more than 25 per cent. of the Company's total assets in any single strategy, although it may deviate from any such guidelines from time to time, subject always to the maximum exposures, introduced in accordance with the Listing Rules of the UK Listing Authority, set out in the investment restrictions below.

The portfolio managers selected by the Investment Adviser have complete discretion to purchase and sell securities for their respective funds consistent with the relevant investment advisory agreements, partnership agreements or other governing documents. Such agreements and governing documents generally allow the portfolio managers to change the kinds of investments they make and their techniques for making investments if they believe that such changes are appropriate in view of the then current or expected, market, business or economic conditions.

The Investment Adviser may allocate part of the Company's assets to funds associated with itself acting as portfolio manager or portfolio managers affiliated with the Investment Adviser provided that such allocations are permitted by applicable law. The Company would pay the Investment Adviser or such affiliated portfolio managers management and performance fees on terms no less favourable than the terms generally offered to unaffiliated investors.

The underlying funds in which the Company invests are or may be permitted to borrow and invest in long and short positions in equities, fixed income securities, options, warrants, futures, commodities, currency forwards, over-the-counter derivative instruments (such as swaps), securities that lack active public markets, repurchase and reverse repurchase agreements, preferred stocks, convertible bonds and other financial instruments as well as cash and cash equivalents.

It is the intention of the Company to be substantially fully invested at all times, although the Investment Adviser may use its discretion to hold cash or equivalent investments from time-to-time.

The Company has a facility agreement with Northern Trust (Guernsey) Limited for up to the lower of £30 million and 20 per cent. of its net assets for short-term or temporary liquidity purposes as may be necessary to facilitate investment and withdrawals from underlying funds, to meet ongoing expenses or to fund shares repurchases, and to implement the Company's currency hedging strategy.

It is not proposed that the Company will have any long-term or fixed structural gearing. If, in the future it was proposed to introduce such gearing, any such gearing would be subject to the prior approval of Shareholders. The Company may be indirectly exposed to gearing to the extent that underlying funds are themselves geared.

As substantially all of the Company's assets will be denominated in US dollars, the Company will consistently engage in currency hedging.

Investment Restrictions

The Company has adopted the following investment restrictions which include certain restrictions set out in the Listing Rules:

- Neither the Company nor any subsidiary will conduct a trading activity which is significant in the context of the group as a whole.
- Not more than 20 per cent. of the total assets of the Company will be invested in any one underlying fund at the time the investment is made.
- The Company will not make further investment(s) in any single investment strategy where, immediately following such further investment(s), that investment strategy represents 40 per cent. or more of the total assets of the Company.

Directors' Report (continued)

- The Company will not make further investment(s) in any funds managed by a single portfolio manager where, immediately following such further investment(s), those funds represent 30 per cent. or more of the total assets of the Company.
- The Company will not borrow more than 40 per cent. of its net assets for short term or temporary liquidity purposes, including as may be necessary to facilitate investment and withdrawals from underlying funds or to meet ongoing expenses or to fund share repurchases, and to implement the Company's currency hedging strategy.
- Dividends will not be paid unless they are covered by income received from underlying investments.
- The distribution as dividend of surpluses arising from the realisation of investments will be prohibited.
- Any material change in the investment policy of the Company will only be made with the approval of Shareholders by ordinary resolution.
- The Company will not invest in other UK listed investment companies (including UK listed investment trusts).
- The Company will avoid cross-financing between businesses forming part of its investment portfolio.
- The Company will avoid the operation of common treasury functions as between the Company and investee companies.

In the event of any breach of these investment restrictions, the Board will as soon as practicable make an announcement on a regulatory information service provider and subsequently write to shareholders if appropriate.

Shareholder Information

The Company announces its net asset value on a monthly basis together with commentary on investment performance. Estimated net asset values are normally provided weekly. Share price, net asset value and performance information can also be accessed by shareholders on the Company's website www.dexionalpha.com. However information on that website does not form part of, nor is it incorporated by reference into this document and that information is not available to certain overseas shareholders or its shareholders.

Results

The results for the year are set out in the Income Statement. The Directors do not propose a dividend for the year.

Significant Events

As described in Note 6, during the year the Company purchased some of its own shares.

Management Arrangements

The Company has an agreement with Dexion Capital (Guernsey) Limited for the provision of investment management services. Management fees as disclosed in note 9 are based on an annual amount of 1.5 per cent of the total assets of the Company plus a performance fee as outlined in note 9. The Management Engagement Committee has established a process for the review of the performance of the Manager in managing the portfolio. The Committee has also reviewed the appropriateness of the terms of the investment management agreement, in particular, the length of the notice period and the fees payable to the Manager.

Following their review, it is in the opinion of the Directors that the continuing appointment of the Manager on the terms agreed is in the interest of shareholders as a whole.

Directors' Report (continued)

Directors

The Directors, as stated on pages 9 and 41, all served throughout the period under review. The Directors had no beneficial interest in the Company other than shown below:

	31 December 2007	31 December 2006
	£ shares	£ shares
Stephen Jones	25,000	25,000
Rupert Dorey	20,000	20,000
Robin Bowie	25,000	25,000

Substantial Interests

The Disclosure Rules and Transparency Rules contained in the FSA Handbook requires substantial shareholders to make relevant holding notifications to the Company (and copy such notification to the FSA). The Company must then disseminate this information to the wider market.

Statement of Directors' Responsibilities

The Directors are required to prepare the Directors' Report and the financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

Introduction

As a closed-ended investment company registered in Guernsey, the Company is eligible for exemption from the requirements of the Combined Code (the "Code") issued by the UK Listing Authority. The Board has however put in place a framework for corporate governance which it believes is suitable for an investment company and which enables the Company to voluntarily comply with the main requirements of the Code, which sets out principles of good governance and a code of best practice.

The Board considers that the Company has complied with the provisions contained in Section 1 of the Code throughout this accounting period except where indicated below. The following statement describes how the relevant principles of governance are applied to the Company.

The Board

The Board currently consists of four non-executive Directors, all of whom are independent of the Investment Adviser and, with the exception of Mr Bowie, are independent of the Manager and the Investment Consultant. The Board accepts collective responsibility and does not consider it necessary to appoint a senior independent director.

Directors' Report (continued)

The Articles of Association provide that one third of the Directors retire by rotation at each annual general meeting, if their number is not three or a multiple of three, the number nearest to but not exceeding one third, shall retire from office. A Director who retires at an annual general meeting may, if willing to act, be re-appointed. The Directors are not subject to automatic re-appointment.

The Board meets at least four times a year and between these formal meetings there is regular contact with the Manager and the Secretary. The Directors are kept fully informed of investment and financial controls, and other matters that are relevant to the business of the Company and should be brought to the attention of the Directors. The Directors also have access to the Secretary and, where necessary in the furtherance of their duties, to independent professional advice at the expense of the Company.

The attendance record of Directors is set out below:

<i>Number of meetings</i>	<i>Quarterly board meetings</i>	<i>Ad hoc & committee board meetings</i>	<i>Audit Committee</i>	<i>Management Engagement Committee</i>
	4	12	3	1
Meetings attended:				
S Jones	4	12	3	1
C Hill	4	10	3	1
R Dorey	4	12	3	1
R Bowie	3	8	N/A	N/A

The Board has a breadth of experience relevant to the Company, and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new Director appointment to the Board, consideration will be given as to whether an induction process is appropriate.

The Board considers Agenda Items laid out in the Notice and Agenda of Meeting which are formally circulated to the Board in advance of the Meeting as part of the Board Papers and therefore directors may request any Agenda Items to be added that they consider appropriate for Board discussion. Additionally, each director is required to inform the Board of any potential or actual conflicts of interest prior to Board discussion.

The Board has not currently considered it necessary to have formal strategy sessions, as the Company's investment strategy, is reviewed regularly and the Investment Adviser advises on the adoption of appropriate strategies to employ under prevailing market conditions at any particular time within the overall investment restrictions of the Company. However, although the Company can invest in Alternative Risk Transfer, there have been no investments made during the year or at the year end in this strategy.

The primary focus at Board Meetings is a review of investment performance and associated matters such as gearing, asset allocation, as well as marketing/investor relations, risk management and compliance, peer group information and industry issues.

The Board evaluates its performance and considers the tenure of each Director on an annual basis, and believes that the mix of skills, experience, ages and length of service are appropriate to the requirements of the Company. The last evaluation took place in November 2007.

A full Corporate Governance review has been undertaken since the publication of the previous financial statements. The review was facilitated by the Company Secretary. There were no matters of significance raised within the findings of the review.

Director's Duties and Responsibilities

The directors have adopted a set of Reserved Powers, which establish the key purpose of the Board and detail its major duties. These duties cover the following areas of responsibility:

- Statutory obligations and public disclosure
- Strategic matters and financial reporting

Directors' Report (continued)

- Oversight of management and personnel matters
- Risk assessment and management, including reporting, monitoring, governance and control
- Other matters having a material effect on the Company

These Reserved Powers of the Board have been adopted by the directors to clearly demonstrate the seriousness with which the Board takes its fiduciary responsibilities and as an ongoing means of measuring and monitoring the effectiveness of its actions.

Committees of the Board

The Board has not deemed it necessary to appoint a nomination or remuneration committee as, being comprised wholly of non-executive Directors, the whole Board considers these matters. The Board seeks external professional advice with regard to remuneration of the Directors.

Management Engagement Committee

A Management Engagement Committee, with defined terms of reference and duties, has been established to review annually the terms of the management agreement between the Company and the Manager, the investment advisory agreement between the Company, the Manager and the Investment Adviser and the investment consultancy agreement between the Company, the Manager and the Investment Consultant. The Management Engagement Committee consists of Mr Dorey, Mr Jones and Mr Hill. The Company is not required by the Listing Rules to comply with the Code in relation to Directors' remuneration, because all Directors are non-executive.

Audit Committee

An Audit Committee has been established consisting of Mr Hill, Mr Jones and Mr Dorey. The Audit Committee is chaired by Mr Hill. The Audit Committee examines the effectiveness of the Company's internal control systems, the annual report and accounts and interim report, the auditors' remuneration and engagement, as well as the auditors' independence and any non-audit services provided by them. The Audit Committee receives information from the Company Secretary and the compliance department of the Administrator and the external auditors. The Audit Committee meets at least three times a year to review the annual accounts, interim accounts and audit timetable and other risk management and governance matters.

Internal Controls

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this Annual Report and Accounts, and is reviewed by the Board and accords with appropriate Corporate Governance codes. The Directors conduct at least annually a review of the Company's system of internal control, covering all controls, including financial, operational, compliance and risk management.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and the policies by which these risks are managed.

As there is delegation of daily operational activity, described below, there is no requirement for a direct internal audit function. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

The Board has delegated the responsibility for the management of the Company's investment portfolio, the provision of custody services and the administration, registrar and corporate secretarial functions including the independent calculation of the Company's Net Asset Value and the production of the Annual Report

and Financial Statements which are independently audited. Whilst the Board delegates responsibility, it retains accountability for the functions it delegates and is responsible for the systems of internal control. Formal contractual agreements have been put in place between the Company and providers of these services.

On an ongoing basis compliance reports are provided at each board meeting from the Administrator.

Corporate Responsibility

The Company's business is concerned with investment. It considers the ongoing concerns of investors by open and regular dialogue with and through the appointed Manager and the Company's Broker.

The Company keeps abreast of regulatory and statutory changes and takes appropriate action.

On an annual basis the Chairman assesses the performance of each Director that includes a review of Board and Committee meeting attendance.

The Company does not have any employees.

Going Concern

After making enquiries and given the nature of the Company and its investments, the Directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements, and, after due consideration, the Directors consider that the Company is able to continue in the foreseeable future.

Relations with Shareholders

The Investment Consultant and the Company's broker maintain a regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members will be available to respond to shareholders' questions at the Annual General Meeting.

The Board monitors the trading activity and shareholder profile on a regular basis. Shareholder sentiment is also ascertained by the careful monitoring of the discount/premium that the Ordinary Shares are traded in the market against the NAV per share when compared to the discount/premium experienced by the Company's peer group.

The Company reports formally to Shareholders twice a year and a proxy voting card is sent to shareholders with the Annual Report and Financial Statements. Additionally, current information is provided to shareholders on an ongoing basis through the Company website. The Registrar monitors the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the Annual General Meeting. Shareholders may contact the Directors via the Company Secretary.

Auditors

A resolution for the re-appointment of KPMG Channel Islands Limited will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting Special Business

Notice convening the Company's Annual General Meeting is set out towards the end of this document. The special business this year includes the proposed adoption of new Articles of Association for the Company and a resolution relating to the disapplication of the pre-emption rights set out in those new Articles.

As the Directors noted in the Company's circular to Shareholders of 2 February 2008, changes to the eligibility requirements for certain financial markets indices required the Company to adopt pre-emption rights into articles of association. The Board continues to believe that it is not currently appropriate for the Company to have to offer new issues of Shares first to existing Shareholders given that such issues will be made at or above NAV and given the potential additional costs involved. It is therefore proposed to disapply

such new pre-emption rights in respect of all new issues of Shares for cash in the period ending on the earlier of (i) the Company's annual general meeting in 2009 and (ii) 16 December 2009.

Since the adoption of those new Articles, the experiences of the Company and other similar funds in holding continuation votes and effecting redemptions thereafter, together with developments in the market, have led the Directors to conclude that further improvements and clarifications could be made to the Company's Articles. Accordingly it is proposed to amend the existing Articles by way of adoption of new Articles at the AGM. The following is a summary of the differences in the new Articles now being proposed:

- the pre-emption rights will be clarified so that offers will not be required to be made to certain overseas or other persons where the same would require compliance by the Company with burdensome or costly regulatory and/or filing obligations and otherwise clarifying certain provisions of that article;
- the Directors will have greater flexibility in how redemption or other proposals put forward following the failure to pass a continuation vote are effected, in particular in determining the NAV Calculation Date to be used for calculating the amounts payable to persons accepting such proposals, and it will be made clear that costs and expenses attributable to accepting shareholders include those associated with the Company disposing of investments or incurring borrowings to fund such payments, and payments may be delayed until sufficient of the Company's investments have been realised in a manner which does not prejudice remaining Shareholders;
- the notice period for conversions between currency classes of Ordinary Shares will be reduced to five business days and the mechanics of conversion will be amended slightly for conversions of Ordinary Shares in uncertificated form;
- the rights of holders of C Shares to vote on resolutions to vary or amend the Articles will be amended so that they will not be entitled to vote on any variations or amendments that have been publicly announced prior to the opening of the subscription or offer period for such C Shares;
- the right of the Chairman of a Shareholder meeting to exercise a casting vote on an equality of votes at such meeting will be removed; and
- the Articles will be generally amended to make minor clarificatory or consequential amendments of a non-material nature.

The Directors believe that all the resolutions contained in the notice of Annual General Meeting are likely to promote the success of the Company and are in the best interests of its members as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of all the resolutions.

By order of the Board

Stephen Jones
Director

Christopher Hill
Director

29 April 2008

Independent Auditor's Report to the members of Dexion Alpha Strategies Limited

We have audited the financial statements of Dexion Alpha Strategies Limited (the "Company") for the year ended 31 December 2007 which comprise the Income Statement, the Statement of Changes in Net Assets Attributable to Equity Shareholders, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards (IFRS) as set out in the Statement of Directors' Responsibilities on page 13.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within it.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implication for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS, of the state of the Company's affairs as at 31 December 2007 and of its result for the year then ended; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

KPMG Channel Islands Limited
Chartered Accountants
Guernsey

29 April 2008

Balance Sheet

as at 31 December 2007

	Note	31 December 2007 £	31 December 2006 £
Assets			
Investments designated as at fair value through profit and loss	3	149,071,300	120,576,599
Accounts receivable		180,109	329,394
Forward foreign currency contracts	13	409,413	4,136
Cash and cash equivalents		2,934,367	9,185,193
		152,595,189	130,095,322
Liabilities			
Bank overdraft		(11,430,649)	(1,022,717)
Forward foreign currency contracts	13	(360,181)	(335,197)
Accounts payable	5	(3,187,855)	(492,935)
		(14,978,685)	(1,850,849)
Net assets		137,616,504	128,244,473
Equity			
Called up share capital	6	–	–
Special reserve	7	120,112,611	127,688,180
Retained earnings	7	17,503,893	556,293
		137,616,504	128,244,473
Net assets attributable to equity shareholders		137,616,504	128,244,473
Net assets per £ Share	8	£1.1233	£1.0035
Net assets per € Share	8	€1.5952	€1.4336
Net assets per US\$ Share	8	US\$1.9845	US\$1.7686

The financial statements on pages 19 to 40 were approved by the Board of Directors on 29 April 2008.

Stephen Jones
Director

Christopher Hill
Director

The notes on pages 22 to 40 form an integral part of the financial statements.

Income Statement

for the year ended 31 December 2007

	Note	1 January 2007 to 31 December 2007 £	7 March 2006 to 31 December 2006 £
Interest income		300,977	408,733
Net gains in fair value on financial assets at fair value through profit or loss	3(b)	21,013,450	2,645,481
Net foreign exchange gain/(loss)		119,886	(618,219)
Other investment income		80,671	257,653
Net investment income		21,514,984	2,693,648
Fees to related parties	9, 10	(4,174,643)	(1,931,984)
Legal and professional fees		(129,944)	(99,242)
Credit facility fees		(37,950)	(28,389)
Fees to auditors		(32,946)	(14,398)
Other operating expenses		(82,794)	(30,234)
Operating expenses before finance costs		(4,458,277)	(2,104,247)
Net income from operations before finance costs		17,056,707	589,401
Interest expense on financial liabilities that are not at fair value through profit or loss		(109,107)	(33,108)
Change in net assets attributable to equity shareholders		16,947,600	556,293
Basic and diluted earnings per £ Share	12	£0.1198	£0.0210
Basic and diluted earnings per € Share	12	€0.1616	€0.0129
Basic and diluted earnings per US\$ Share	12	US\$0.2159	US\$0.0474

All items derive from continuing activities.

Statement of Changes in Net Assets Attributable to Equity Shareholders

for the year ended 31 December 2007

	1 January 2007 to 31 December 2007 £	7 March 2006 to 31 December 2006 £
Opening balance	128,244,473	–
Net proceeds from issue of shares	–	127,688,180
Purchase of own shares	(7,575,569)	–
Change in net assets attributable to equity shareholders	16,947,600	556,293
Closing balance	137,616,504	128,244,473

The notes on pages 22 to 40 form an integral part of the financial statements.

Cashflow Statement

for the year ended 31 December 2007

	1 January 2007 to 31 December 2007 £	7 March 2006 to 31 December 2006 £
Operating activities		
Change in net assets attributable to equity shareholders	16,947,600	556,293
Adjustments for:		
Net gains in fair value on financial assets and liabilities at fair value through profit or loss	(21,013,450)	(2,645,481)
Changes in operating assets and liabilities		
Accounts receivable	107,304	(141,157)
Accounts payable	1,434,426	492,935
Net cash outflow from operating activities	(2,524,120)	(1,737,410)
Investing activities		
Purchase of investments	(34,533,149)	(146,716,421)
Proceeds from sale of investments	25,776,963	17,437,744
Realised gains from forward foreign currency contracts	2,197,117	11,490,383
Net cash outflow from investing activities	(6,559,069)	(117,788,294)
Financing activities		
Proceeds from issue of shares	–	129,962,524
Purchase of own shares	(7,575,569)	–
Costs related to issue of shares	–	(2,274,344)
Net cash (outflow)/inflow from financing activities	(7,575,569)	127,688,180
Net (decrease)/increase in cash and cash equivalents	(16,658,758)	8,162,476
Cash and cash equivalents at beginning of the year/period	8,162,476	–
Cash and cash equivalents at end of the year/period	(8,496,282)	8,162,476
Analysis of cash and cash equivalents at end of the year/period		
Cash at bank	2,934,367	9,185,193
Bank overdraft	(11,430,649)	(1,022,717)
	(8,496,282)	8,162,476
Cash flows from operating activities include:		
Interest received	322,520	364,388
Interest paid	(96,282)	(33,108)

The notes on pages 22 to 40 form an integral part of the financial statements.

for the year ended 31 December 2007

1. The Company

Dexion Alpha Strategies Limited (the "Company") was incorporated on 7 March 2006 in Guernsey, Channel Islands. The Company's shares (of each class) were listed on the London Stock Exchange on 24 March 2006.

2. Significant accounting policies

a) *Statement of compliance*

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The particular accounting policies adopted are described below.

For all periods up to and including the six months period ended 30 June 2007, the Company prepared its financial statements in accordance with UK GAAP. During the year, the Company elected to adopt IFRS for the first time in accordance with IFRS 1 (First-time Adoption of International Financial Reporting Standards) and as a result, these financial statements for the year ended 31 December 2007, are the first the Company has prepared in accordance with IFRS. All applicable IFRSs have been implemented.

The transition from UK GAAP to IFRS had no material effect on the reported financial position, financial performance and cash flows of the Company.

IAS 8 requires disclosure of any impending change in accounting policy when an entity has yet to implement a new Standard or Interpretation that has been issued but not yet come into effect. In addition, it requires disclosure of known or reasonably estimable information relevant to assessing the possible impact that the application of the new Standard will have on the entity's financial statements in the year of initial application.

The following new standards have been issued but are not effective for 2007 and have not been early adopted:

In November 2006, the IASB issued IFRS 8 "Operating Segments" which becomes effective for annual accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. IFRS 8 does not affect the Company which only has one segment of business.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

b) *Basis of preparation*

The financial statements are presented in Sterling (£). They are prepared on a fair value basis for financial assets at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2. Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Company is organised and operates as one segment (both in terms of business and geography). Consequently, no segment reporting is provided in the Company's financial statements.

c) *Investments*

Classification

The Company designates all of its investments upon initial recognition as "financial assets at fair value through profit or loss". These include financial assets that are not held for trading purposes and which may be sold and represent a group of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel. These are principally investments in unlisted open-ended investment funds.

- Financial instruments held for trading includes forward currency contracts.
- Financial assets that are classified as loans and receivables include balances due from brokers and accounts receivable.
- Financial liabilities that are not at fair value through profit or loss include balances due to brokers and accounts payable.

The table in Note 3 details the categories of financial assets and liabilities held by the Company at the reporting date.

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase and sale of financial instruments is recognised by using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Measurement

Financial instruments are measured initially at fair value being the transaction price. Transaction costs on financial assets and liabilities through profit or loss are expensed immediately.

Subsequent to initial recognition, investments designated as fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Income Statement.

Fair value measurement principles

Investments in underlying open ended funds which are not quoted on a recognised stock exchange or other trading facility will be valued at the net asset values provided by such entities or their administrators. These values may be unaudited or may themselves be estimates. In addition, these entities or their administrators may not provide values at all or in a timely manner and, to the extent that values are not available, those investments will be valued by the Investment Adviser using valuation techniques appropriate to those investments. As open ended funds are redeemable at their net asset values, the Manager believes that the net asset values represent the best estimate of trading price in an arms length transaction and therefore represent fair value. In instances where other valuation techniques are used, the Manager has no reason to believe that the valuations used are unreasonable.

2. Significant accounting policies (continued)

Open forward foreign currency contracts at the balance sheet date are valued at forward currency rates at that point. The unrealised appreciation or depreciation on open forward foreign currency contracts is calculated by reference to the difference between the contracted rate and the rate to close out the contract.

Realised and unrealised gains on investments

Realised gains and losses arising on disposal of investments are calculated by reference to the proceeds received on disposal and the average cost attributable to those investments, and are recognised in the income statement. Unrealised gains and losses on investments are recognised in the income statement.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

d) *Foreign currency translation*

Functional and presentation currency

Transactions are recorded in the Company's accounting records in Sterling (the "functional currency").

The Company has adopted Sterling as its presentation currency. As the Company's functional and presentation currencies are both in Sterling, translation issues only arise when converting foreign currency transactions and balances.

Transactions and balances

Foreign currency assets and liabilities are translated into Sterling at the exchange rate ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling using the exchange rates ruling at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

e) *Income*

Interest income is accounted for as it accrues using the original effective interest rate of the instruments. Equity investment income is accrued on an ex-dividend basis. Where withholding tax is charged, the income is shown gross of any withholding tax paid.

f) *Cash and cash equivalents*

Cash comprises cash in hand and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value. Cash, deposits with banks and bank overdrafts are stated at their principal amount.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

g) Expenses

Expenses are accounted for on an accruals basis.

h) Distribution policy

The Directors do not expect income (net of expenses) to be significant and do not currently expect to declare any dividends. In the event that future net income is significant, the Directors may consider the distribution of net income in the form of dividends.

i) Issue expenses

The expenses associated with the issue of Shares in 2006 amounted to £2,274,344 in aggregate. These expenses were written off against share premium.

3. Financial Instruments

a) Details of the categories of financial instruments

	31 December 2007		31 December 2006	
	Fair value £	% of net assets	Fair value £	% of net assets
Assets				
Financial assets at fair value through				
Designated at fair value through profit or loss upon initial recognition: Investments				
	149,071,300	108.32%	120,576,599	94.02%
Held for trading: Forward foreign currency contracts				
	409,413	0.30%	4,136	–
Total financial assets at fair value through profit or loss	149,480,713	108.62%	120,580,735	94.02%
Loans and receivables:				
Cash and cash equivalents	2,934,367	2.13%	9,185,193	7.16%
Accounts receivable	180,109	0.13%	329,394	0.26%
Total loans and receivables	3,114,476	2.26%	9,514,587	7.42%
Total Assets	152,595,189	110.88%	130,095,322	101.44%
Liabilities				
Financial liabilities at fair value through profit or loss, held for trading:				
Forward foreign currency contracts	360,181	0.26%	335,197	0.26%
Other financial liabilities (at amortised cost):				
Bank overdraft	11,430,649	8.31%	1,022,717	0.80%
Accounts payable	3,187,855	2.32%	492,935	0.38%
Total other liabilities	14,618,504	10.62%	1,515,652	1.18%
Total Liabilities	14,978,685	10.88%	1,850,849	1.44%

Notes to the Financial Statements (continued)

3. Financial Instruments (continued)

Details of Investments	2007 £	2006 £
Cost at beginning of the period	126,479,241	–
Additions	28,356,731	142,120,598
Pending Investments*	7,436,912	4,595,823
Disposals	(25,734,982)	(17,625,981)
Realised losses on investments	(1,263,794)	(2,611,199)
Cost at end of the period	135,274,108	126,479,241
Unrealised gains/(losses) on investments	13,797,192	(5,902,642)
Fair Value at end of the period	149,071,300	120,576,599

*Pending investments are purchases which settled post period end for which cash has been paid prior to the period-end.

b) *Net gains and losses from financial assets and liabilities held at fair value through profit or loss:*

	2007 £	2006 £
Net realised gains/(losses) on financial assets and liabilities held at fair value through profit or loss:		
Designated at fair value through profit or loss upon initial recognition: Investments	(1,263,794)	(2,611,199)
Held for trading: Forward foreign currency	2,197,116	11,490,383
	933,322	8,879,184
Net change in unrealised appreciation/(depreciation) on financial assets and liabilities held at fair value through profit or loss:		
Designated at fair value through profit or loss upon initial recognition: Investments	19,699,834	(5,902,642)
Held for trading: Forward foreign currency	380,294	(331,061)
	20,080,128	(6,233,703)
Total net gains and losses from financial assets and liabilities held at fair value through profit or loss	21,013,450	2,645,481

Foreign exchange differences arising on the Company's investment portfolio are included in realised and unrealised gains and losses on investments.

4. Financial Risk Management

The Company, in pursuing its investment objective set out on page 10, enters into investment transactions in financial instruments, principally the investment portfolio, the holding of which gives exposure to risks, which include market risk, liquidity risk, and default/credit risk. Asset allocation is determined by the Company's Investment Adviser who manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Company's Investment Adviser. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Company are discussed below.

1) *Capital risk management*

The Company manages its capital to ensure that it is able to continue as a going concern. The capital structure of the Company consists of equity attributable to shareholders, including issued share capital, reserves and retained earnings as disclosed in Notes 6 and 7. In order to comply with The Companies (Guernsey) Law, 1994, the Company will maintain or adjust capital structure, dividends paid to shareholders, if any, or reduce its outstanding debt.

Gearing

It is not proposed that the Company should have any long-term or fixed structural gearing. If, in the future it was proposed to introduce such gearing, the introduction of any such gearing would be subject to the prior approval of Shareholders. The Company may be indirectly exposed to gearing to the extent that underlying funds are themselves geared. The Company has a loan facility with Northern Trust (Guernsey) Limited of the lower of £30 million or 20% of its net asset value for short-term or temporary liquidity purposes. As at 31 December 2007, this facility was drawdown by £11.4 million.

2) *Market risk*

Market risk embodies the potential for both loss and gains and includes price risk, interest rate risk and currency risk.

The Company's strategy on the management of investment risk is driven by the Company's investment objective. The Company's investment objective is described as set out on page 10 of these financial statements. The Company's market risk is managed on a daily basis by the Investment Adviser in accordance with policies and procedures in place. The Company seeks to achieve its investment objective through investment in an actively managed portfolio of underlying funds diversified across a range of alternative investment strategies which target emerging and/or under-exploited sources of alpha. The Investment Adviser allocates the Company's assets either directly or indirectly to underlying funds (which may include funds managed or advised by the Investment Adviser) investing across the following strategies:

- Asian Opportunities
- Emerging Markets Macro
- European Loan Opportunities
- Special Situations
- Healthcare Opportunities
- Commodity Strategies
- Energy & Emissions

Although the Investment Adviser allocates the Company's assets among portfolio managers employing one or more of the strategies described above, the Investment Adviser is not required to follow a rigid investment policy and, subject to maintaining an appropriate spread of funds and investment strategies, the Company's assets may be deployed in whatever funds and investment strategies the Investment Adviser deems appropriate.

4. Financial Risk Management (continued)

The exact number of funds and strategies used may vary over time but the Directors intend that the Company should be invested directly or indirectly in a minimum of 20 underlying funds implementing at least 4 different strategies at all times.

Generally the Investment Adviser seeks (i) not to invest more than 7.5 per cent. of the Company's total assets in any one underlying fund which may be accessed either directly or indirectly (other than in relation to the European Loan Opportunities strategy which currently comprises a single investment into an existing fund of the Irish RMF Umbrella Unit Trust), (ii) not to invest more than 20 per cent. of the Company's total assets in any one underlying fund or funds managed by a single portfolio manager and (iii) not to invest more than 25 per cent. of the Company's total assets in any single strategy, although it may deviate from any such guidelines from time to time, subject always to the maximum exposures, introduced in accordance with the Listing Rules of the UK Listing Authority, set out in the investment restrictions on pages 11 and 12.

It is the intention of the Company to be substantially fully invested at all times, although the Investment Adviser may use its discretion to hold cash or equivalent investments from time-to-time.

a) Price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held by the underlying funds. It represents the potential loss that might be suffered through holding market positions in the face of price movements. The Company's investment portfolio is indirectly exposed to market price fluctuations which are monitored by the Investment Adviser in pursuance of its investment objectives and policies. Adherence to investment guidelines and to investment and borrowing restrictions set out in the Company's Investment Policy and stated above mitigate the risk of excessive exposure to any particular type of fund. In addition to strict adherence to investment policy restriction, the Company diversifies exposure to market risk by spreading its investments among funds using different trading strategies. At the reporting date, the assets of the portfolio were allocated in the following strategies:

Investment Strategy	2007 £	2006 £
Asian Opportunities	27,582,463	24,456,098
Commodity Strategies	25,613,361	23,216,869
Emerging Markets Macro	10,990,902	10,890,499
Energy and Emissions	14,515,235	12,507,074
Environmental Strategies	5,441,829	–
European Loan Opportunities	11,361,625	11,662,082
Healthcare Opportunities	14,480,716	12,723,327
Special Situations	31,648,257	20,524,827
Investments in advance	7,436,912	4,595,823
Portfolio total	149,071,300	120,576,599

Notes to the Financial Statements (continued)

4. Financial Risk Management (continued)

Price sensitivity analysis

The Company uses the HFRI Fund of Funds Composite Index and the FTSE All Share Total Return Index as benchmarks to regularly monitor the evolution of the beta of its portfolio and assess overall performance and risk of its portfolio. The beta of the portfolio is calculated separately versus each of the above-mentioned benchmarks, and has been reasonably constant throughout the year, but it will change with the composition of the portfolio. The Investment Adviser uses correlation, beta, standard deviation, among other statistical techniques, to test how the portfolio might reasonably be expected to react under the prolonged rise or drawdown of its benchmarks, based on historical data about risk and return. The results of this analysis are used to re-assess risk and if necessary, rebalance the composition of the portfolio, and the Manager cautions against using the findings of these statistical techniques as reliable predictors of future performance. The table below illustrates the likely impact of a rise or fall of the HRFI Fund of Funds Composite Index by 1% on the net assets value of the Company at the reporting date, under the assumption that all other factors remain constant:

	<i>Increase of 1%</i>		<i>Decrease of 1%</i>	
	<i>Carrying amount</i>	<i>P&L Impact</i>	<i>Carrying amount</i>	<i>P&L Impact</i>
Financial instruments designated at fair value through profit or loss – 2007	149,071,300	1,550,342	149,071,300	(1,550,342)
Financial instruments designated at fair value through profit or loss – 2006	120,576,599	1,531,323	120,576,599	(1,531,323)

Notes to the Financial Statements (continued)

4. Financial Risk Management (continued)

b) Interest rate risk

The majority of Company's financial assets and liabilities are non-interest bearing and as a result the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

The following table details the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities.

At 31 December 2007	<i>Less than 1 month £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
Assets			
<i>Financial assets at fair value through profit or loss</i>			
Investments	–	149,071,300	149,071,300
Forward foreign currency contracts	–	409,413	409,413
<i>Loans and receivables</i>			
Cash and cash equivalents	2,934,367	–	2,934,367
Accounts receivable	–	180,109	180,109
Total Assets	2,934,367	149,660,822	152,595,189
Liabilities			
<i>Financial liabilities at fair value through profit or loss, held for trading:</i>			
Forward foreign currency contracts	–	360,181	360,181
<i>Other financial liabilities (at amortised cost):</i>			
Bank overdraft	11,430,649	–	11,430,649
Accounts payable	–	3,187,855	3,187,855
Total Liabilities	11,430,649	3,548,036	14,978,685
Total interest sensitivity analysis gap	(8,496,282)		

Notes to the Financial Statements (continued)

4. Financial Risk Management (continued)

b) Interest rate risk (continued)

At 31 December 2006	<i>Less than 1 month</i> £	<i>Non-interest bearing</i> £	<i>Total</i> £
Assets			
<i>Financial assets at fair value through profit or loss</i>			
Investments	–	120,576,599	120,576,599
Forward foreign currency contracts	–	4,136	4,136
<i>Loans and receivables</i>			
Cash and cash equivalents	9,185,193	–	9,185,193
Accounts receivable	–	329,394	329,394
Total Assets	9,185,193	120,910,129	130,095,322
Liabilities			
<i>Financial liabilities at fair value through profit or loss, held for trading:</i>			
Forward foreign currency contracts	–	335,197	335,197
<i>Other financial liabilities (at amortised cost):</i>			
Bank overdraft	1,022,717	–	1,022,717
Accounts payable	–	492,935	492,935
Total Liabilities	1,022,717	828,132	1,850,849
Total interest sensitivity analysis gap	8,162,476		

Interest sensitivity analysis

As at 31 December 2007, an increase of 50 basis points in interest rates would have decreased the net assets attributable to shareholders and changes in net assets attributable to shareholders by £42,484. As at 31 December 2006, an increase of 50 basis points in interest rates would have increased the net asset attributable to shareholders and changes in net assets attributable to shareholders by £40,812. A decrease of 50 basis points would have had an equal and opposite effect.

c) *Currency risk*

The principal exposure to currency risk arises from investments denominated in currencies other than the base currency. The value of such investments may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. A significant portion of the Company's investments at the balance sheet date are denominated in currencies other than the base currency hence the exposure to currency risk in this manner is significant. The Company may from time to time enter into transactions in derivative instruments and take short positions with a view to hedging the portfolio's currency exposure. At the reporting date, the Company has hedged almost all foreign currency position by selling them forward.

Notes to the Financial Statements (continued)

4. Financial Risk Management (continued)

c) Currency risk (continued)

As at 31 December 2007, the net currency exposure of the Company expressed in Sterling was as follows:

	<i>USD</i> £	<i>EUR</i> £	<i>GBP</i> £	<i>Total</i> £
Investments held at fair value	130,272,763	11,361,625	–	141,634,388
Cash and cash equivalents	(8,569,628)	84,367	(11,021)	(8,496,282)
Other net assets/(liabilities)	6,247,184	(407,433)	(1,410,585)	4,429,166
Total net long position	127,950,319	11,038,559	(1,421,606)	137,567,272
Effect of forward foreign currency contracts (Note 13)	(132,381,615)	(11,491,888)	–	(143,873,503)
	(4,431,296)	(453,329)	(1,421,606)	(6,306,231)

As at 31 December 2006, the net currency exposure of the Company expressed in Sterling was as follows:

	<i>USD</i> £	<i>EUR</i> £	<i>GBP</i> £	<i>Total</i> £
Investments held at fair value	108,914,517	11,662,082	–	120,576,599
Cash and cash equivalents	7,694,689	70,504	397,283	8,162,476
Other net assets/(liabilities)	193,095	(51,871)	(304,765)	(163,541)
Total net long position	116,802,301	11,680,715	92,518	128,575,534
Effect of forward foreign currency contracts (Note 13)	(117,878,153)	(11,580,409)	–	(129,458,562)
	(1,075,852)	100,306	92,518	(883,028)

Since the Company has hedged all its foreign currency position as illustrated by the table above, any subsisting foreign exchange risk is immaterial so no sensitivity analysis has been carried out.

Liquidity risk

The Company's financial instruments include investments in other open-ended investment funds which are not traded in an organised public market and which generally may be illiquid. As a result, the Company may not be able to quickly liquidate its investments in these instruments at an amount close to its fair value in order to meet its liquidity requirements, or to respond to specific events such as a deterioration in the credit worthiness of any particular issuer. This risk is monitored by the Investment Adviser and is mitigated by holding a diversified portfolio of collective investment schemes that are subject to reasonable rules for redemptions.

Notes to the Financial Statements (continued)

4. Financial Risk Management (continued)

c) Currency risk (continued)

Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<i>Less than 1 month</i>	<i>1-3 months</i>
	£	£
At 31 December 2007		
Bank overdraft	11,430,649	–
Forward foreign currency contracts	–	360,181
Accounts payable	3,165,102	22,753
	14,595,751	382,934
At 31 December 2006		
Bank overdraft	1,022,717	–
Forward foreign currency contracts	–	335,197
Accounts payable	476,013	16,922
	1,498,730	352,119

Credit risk

Default/credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk generally is higher when a non-exchange-traded financial instrument is involved, because the counterparty is not backed by an exchange clearing house. This risk is mitigated by using reputable brokers for all investment transactions.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This relates also to financial assets carried at amortised cost as they have a short-term to maturity.

5. Accounts payable

	<i>31 December 2007</i>	<i>31 December 2006</i>
	£	£
Audit fee	15,000	9,223
Balances due to broker	1,260,494	–
Custodian charges	24,855	25,723
Directors' remuneration	19,617	12,500
Fund administration fee	13,194	14,312
Interest payable	12,825	–
Management fee	175,554	150,138
Other accrued expenses	14,626	18,714
Performance fee	1,651,690	262,325
	3,187,855	492,935

Notes to the Financial Statements (continued)

6. Called up share capital

	31 December 2007		31 December 2006	
		£		£
Authorised				
Unlimited shares of any class of no par value		–		–
Issued and fully paid				
	31 December 2007		31 December 2006	
£ Shares	Quantity	£	Quantity	£
At 1 January 2007	87,750,000	–	–	–
Shares issued	–	–	87,750,000	–
Share conversion	8,129,379	–	–	–
Shares purchased	(3,975,000)	–	–	–
Total shares in issue of no par value	91,904,379	–	87,750,000	–
Shares held in treasury	3,975,000	–	–	–
Total Shares at 31 December 2007	95,879,379	–	87,750,000	–
€ Shares	Quantity	£	Quantity	£
At 1 January 2007	32,250,000	–	–	–
Shares issued	–	–	32,250,000	–
Share conversion	(4,469,724)	–	–	–
Shares purchased	(3,000,000)	–	–	–
Total shares in issue of no par value	24,780,276	–	32,250,000	–
Shares held in treasury	2,000,000	–	–	–
Total Shares at 31 December 2007	26,780,276	–	32,250,000	–
US\$ Shares	Quantity	£	Quantity	£
At 1 January 2007	10,000,000	–	–	–
Shares issued	–	–	10,000,000	–
Share conversion	(4,305,107)	–	–	–
Shares purchased and cancelled	(400,000)	–	–	–
Total Shares at 31 December 2007	5,294,893	–	10,000,000	–

The facility to convert between share classes operated in respect of the December 2006 and June 2007 Conversion Calculation Dates. On the basis of the Conversion Notices received by the Company, shares were converted between share classes as summarised above.

During the year, the Company purchased 3,975,000 of its own £ Shares for a total value of £4,201,346; 3,000,000 of its own € Shares for a total value of €4,412,558 and 400,000 US\$ Shares for a total value of US\$743,484. Out of the Shares purchased, 3,975,000 £ Shares and 2,000,000 € Shares were held in treasury, while the other remaining Shares were cancelled. On 28 March 2008, all Shares then held in treasury were cancelled.

Also in issue are 2 founding Ordinary Shares and 1 subordinated non-voting share.

Notes to the Financial Statements (continued)

7. Reserves

	31 December 2007			Total £
	Share Premium £	Special Reserve £	Retained Earnings £	
Opening balance	–	127,688,180	556,293	128,244,473
Repurchase of own shares	–	(7,575,569)	–	(7,575,569)
Net income for the year	–	–	16,947,600	16,947,600
	–	120,112,611	17,503,893	137,616,504

	31 December 2006			Total £
	Share Premium £	Special Reserve £	Retained Earnings £	
Opening balance	–	–	–	–
Shares issued during the period	129,962,524	–	–	129,962,524
Costs related to the issue of shares*	(2,274,344)	–	–	(2,274,344)
Net income for the period	–	–	556,293	556,293
Transfer to special reserve	(127,688,180)	127,688,180	–	–
	–	127,688,180	556,293	128,244,473

* Included are non-audit fees of £15,000 paid to the Company's auditors in connection with the issue of shares.

The £127,688,180 movement in special reserves above represents the funds raised on the issue of Shares during the period.

On 8 March 2006, a special resolution was passed to enable the Company to repurchase up to 14.99% of each of the £ Shares, € Shares and US\$ Shares in issue. As at the end of the period, no Shares (of any class) had been repurchased by the Company. The entire amount standing to the credit of the share premium account was cancelled and applied to a special reserve to be used by the Company for the purpose of repurchasing its issued share capital. Royal Court Approval was obtained on 27 October 2006.

Notes to the Financial Statements (continued)

8. Net asset value

The net asset value of each £, € and US\$ Share has been determined by dividing the net assets of the Company attributed to the £, € and US\$ Shares by the number of £, € and US\$ Shares in issue at the year-end as follows:

As at 31 December 2007:

	<i>Net assets attributable to each share class</i>	<i>Shares in issue</i>	<i>Net Assets Per Share</i>
£ Share	£103,239,520	91,904,379	£1.1233
€ Share	€39,529,835	24,780,276	€1.5952
US\$ Share	US\$10,507,561	5,294,893	US\$1.9845

As at 31 December 2006:

	<i>Net assets attributable to each share class</i>	<i>Shares in issue</i>	<i>Net Assets Per Share</i>
£ Share	£88,054,111	87,750,000	£1.0035
€ Share	€46,235,071	32,250,000	€1.4336
US\$ Share	US\$17,686,051	10,000,000	US\$1.7686

9. Significant Agreements and Related Parties

a) Manager

Dexion Capital (Guernsey) Limited (the “Manager”) is remunerated at a monthly rate of 0.125 per cent. per month of the Total Assets of the Company (out of which it pays the trail commissions payable to qualifying investors, fees payable to the Investment Adviser and fees payable to the Investment Consultant) for the provision of investment management services.

Additionally, the Manager is entitled to a performance fee, provided the total assets attributable to a class of ordinary shares at the end of one financial year (having adjusted for any issues, redemptions or repurchases of ordinary shares arising on conversion of C shares or conversion from or to ordinary shares of other classes and for any contingent or accrued but unpaid liabilities) are greater than the value of the total assets attributable to that class of ordinary shares (as adjusted) at the end of any previous financial year, a performance fee equivalent to 10 per cent of the amount by which the year-end total assets attributable to that class of ordinary shares exceed the greatest value of the total assets attributable to that class of shares at the end of any previous financial year.

The investment management agreement may be terminated by either party giving to the other not less than twelve months’ notice, or otherwise in circumstances where, amongst other things, one of the parties has a receiver appointed of its assets or if an order is made or an effective resolution passed for the winding up of one of the parties or if, following a continuation vote not being passed or if a resolution for the winding-up of the Company is passed.

The management fee is calculated on the NAV Calculation Date in each calendar month and is payable monthly in arrears. The performance fee is calculated and payable annually in arrears.

The amounts outstanding at 31 December 2007 are disclosed in Note 5.

Notes to the Financial Statements (continued)

9. Significant Agreements and Related Parties (continued)

b) Administrator

The administrator, HSBC Securities Services (Guernsey) Limited, performs administrative duties for which it is remunerated at a rate of 0.1 per cent. per annum of the Net Asset Value up to £75 million, 0.075 per cent. per annum of the next £50 million, 0.05 per cent. of the next £125 million and 0.03 per cent. per annum thereafter per annum (subject to a minimum annual fee of £50,000).

The amounts outstanding at 31 December 2007 are disclosed in Note 5.

c) Investment Adviser

The Manager is responsible for the fees paid to RMF Investment Management (the "Investment Adviser").

d) Custodian

Northern Trust (Guernsey) Limited (the "Custodian"), is remunerated at an annual rate of 0.07 per cent. of the net asset value of the Company up to £75 million, 0.065 per cent. of the next £50 million, 0.06 per cent. of the next £125 million, 0.05 per cent. of the next £250 million 0.04 per cent. of the next £200 million and 0.03 per cent. thereafter (subject to a minimum annual fee of £18,000).

The amounts outstanding at 31 December 2007 are disclosed in Note 5.

e) Directors' Remuneration & Expenses

The annual Directors' fees comprise £20,000 payable to Mr Jones, the Chairman, and £15,000 each to Mr Hill and Mr Dorey. Mr Bowie waived his right to an annual fee of £15,000. However effective from 1 January 2008 the annual Directors' fees will be payable at an increased rate as follows: £26,000 payable to Mr Jones, the Chairman, £22,000 to Mr Hill, Audit Committee Chairman and £20,000 to Mr Dorey. Mr Bowie will continue to waive his right to an annual fee of £20,000.

The amounts outstanding at 31 December 2007 are disclosed in Note 5.

10. Fees to Related Parties

	2007 £	2006 £
Management fee	2,138,978	1,438,406
Performance fee	1,715,697	262,325
Administration fees	155,257	106,925
Custodian fees and charges	91,643	65,405
Directors' fees and expenses	55,511	44,779
Directors' and officers' insurance	17,557	14,144
	4,174,643	1,931,984

11. Taxation

The Company is registered for taxation purposes in Guernsey where it pays an annual exempt status fee of £600 under The Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 and is charged an annual exemption fee of £600. Dividend and interest income received by the Company may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes and the withholding tax is recognised as finance costs.

Notes to the Financial Statements (continued)

12. Return per share

The calculation of the return per £, € and US\$ Share is based on the total return for the year attributable to £, € and US\$ Share and on the weighted average number of £, € and US\$ Shares in issue during the year as follows:

For the year ended 31 December 2007:

	<i>Total return attributable to each share class</i>	<i>Weighted average no. of shares in issue</i>	<i>Return Per Share</i>
£ Share	£10,910,605	91,073,494	£0.1198
€ Share	€4,732,786	29,292,831	€0.1616
US\$ Share	US\$1,485,255	6,880,454	US\$0.2159

For the period from 7 March 2006 to 31 December 2006:

	<i>Total return attributable to each share class</i>	<i>Weighted average no. of shares in issue</i>	<i>Return Per Share</i>
£ Share	£1,839,736	87,750,000	£0.0210
€ Share	€414,489	32,250,000	€0.0129
US\$ Share	US\$473,634	10,000,000	US\$0.0474

The return per Share as disclosed is calculated on performance per currency class and is expressed in currency prior to conversion to reporting currency.

There is no difference between basic earnings per share and diluted earnings per share.

Notes to the Financial Statements (continued)

13. Hedging

In the normal course of business the Company engages in currency hedging solely to reduce the risk of currency fluctuations and the volatility of returns which may result from currency exposure. This involves hedging the assets, which are predominantly US dollar based, to sterling and euro, as appropriate through the use of rolling forward foreign exchange transactions.

In order to achieve this the Company has the following forward foreign exchange contracts in place as at 31 December 2007:

<i>Currency</i>	<i>Quantity Sold</i>	<i>Forward Counter Value</i>	<i>Market Value of Contract</i>	<i>Maturity Date</i>	<i>Unrealised Gain/(Loss)</i>
		£	£		£
Asset					
US Dollar	US\$57,170,000	29,259,002	28,849,589	31 January 2008	409,413
Liabilities					
US Dollar	US\$129,410,000	65,184,103	65,303,924	31 January 2008	(119,821)
US Dollar	US\$75,755,000	38,148,545	38,228,102	31 January 2008	(79,557)
Euro	€15,600,000	11,331,085	11,491,888	31 January 2008	(160,803)
					(360,181)

At 31 December 2006:

<i>Currency</i>	<i>Quantity Sold</i>	<i>Forward Counter Value</i>	<i>Market Value of Contract</i>	<i>Maturity Date</i>	<i>Unrealised Gain/(Loss)</i>
		£	£		£
Asset					
Euro	€17,160,000	11,584,546	11,580,410	31 January 2007	4,136
Liabilities					
US Dollar	US\$116,952,000	59,491,823	59,708,716	31 January 2007	(216,893)
US Dollar	US\$53,867,000	27,393,923	27,501,278	31 January 2007	(107,355)
US Dollar	US\$60,070,000	30,657,210	30,668,159	31 January 2007	(10,949)
					(335,197)

14. Explanation of transition to IFRS

As stated in Note 2, these are the Company's first financial statements prepared in accordance with IFRS. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented in these financial statements for the year ended 31 December 2006 and in the preparation of an opening IFRS balance sheet at 7 March 2006.

In preparing its opening balance sheet, it was noted that there were no material differences between the amounts reported in the financial statements prepared under IFRS and the amounts reported in the financial statements presented under the previous GAAP.

15. Ultimate Controlling Party

In the opinion of the Directors on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

16. Post Balance Sheet Events

On 11 February 2008, the facility to convert between Share classes operated in respect of the December 2007 Conversion Calculation Date.

For the period from 1 January 2008 to 25 April 2008, the Company purchased 3,200,000 of its own £ Shares for a total value of £3,152,301; 1,400,000 of its own € Shares for a total value of €2,025,668; and 100,000 of its own US\$ Shares for a total value of US\$180,360, of which 800,000 £ Shares and 100,000 € Shares are currently held in treasury, while other remaining Shares were cancelled.

As at 25 April 2008, following the above transactions and on the basis of the Conversion Notices received by the Company, the Company's issued share capital now consists of 87,193,538 £ Shares (excluding treasury shares), 19,956,223 € Shares, 10,906,622 US\$ Shares, two founding Ordinary Shares and one subordinated non-voting share.

On 22 February 2008, a class meeting of the Company's € shareholders approved the continuation of the € Share class whilst a class meeting of the US\$ shareholders voted against continuation of the US\$ Share class. Accordingly, on 1 April 2008, the Company put forward redemption proposals to holders of US\$ Shares offering to redeem their US\$ Shares.

Directors

SM Jones
CMW Hill
RO Dorey
RMJ Bowie

Administrator

HSBC Securities Services (Guernsey) Limited
PO Box 208
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Manager, Secretary and Registered Office

Dexion Capital (Guernsey) Limited
No.1 Le Truchot
St Peter Port
Guernsey
GY1 4AE

Investment Adviser

RMF Investment Management
Nassau Branch
One Montague Place
Penthouse, 4th Floor, East Bay Street
PO Box EE-17758
Nassau, The Bahamas

Investment Consultant

Dexion Capital plc
9 Bridewell Place
London
EC4V 6AW

Brokers

Hoare Govett Limited
250 Bishopsgate
London
EC2M 4AA

Custodian

Northern Trust (Guernsey) Limited
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3DA

Auditors

KPMG Channel Islands Limited
PO Box 20
20 New Street
St Peter Port
Guernsey
GY1 4AN

Registrar

Capita Registrars (Guernsey) Limited
2nd Floor
No.1 Le Truchot
St Peter Port
Guernsey
GY1 4AE

Advocates to the Company

Ogier
Ogier House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

UK Solicitors to the Company

Bingham McCutchen (London) LLP
41 Lothbury
London
EC2R 7HF

Website

Performance and portfolio information for shareholders can be found at:
www.dexionalpha.com

Asian Opportunities

This strategy comprises funds that trade principally long/short equity strategies in the Asia Pacific region using a wide range of strategies and markets. The investment approach is driven by a number of factors, including growth, value, market timing, country selection and industry. The managers may have some directional bias, portfolios can be long or short biased and are usually at least partially hedged through short sales, and/or the use of index options, and futures and other derivative products. Leverage is often employed.

Emerging Markets Macro

The Emerging Markets Macro strategy targets hedge funds investing in emerging markets using a multi-asset and multi-strategy approach, taking advantage of natural growth as well as the many inefficiencies of such markets and low research coverage in these regions. In order to profit from market volatility and to manage risk, the invested funds have maximum flexibility to take long and short positions across different asset classes in the emerging markets including equity and debt as well as warrants, rights, options, swaps, preferred stocks, convertible securities, currencies, and money market obligations. The underlying hedge fund managers invest depending upon market conditions, economic and political developments and the viability of the investment opportunities.

European Loan Opportunities

Returns are primarily generated by investments in derivatives referencing a diversified portfolio of non-investment grade senior secured loans, mezzanine loans and/or high yield bonds issued by European corporates. There may also be direct investments in a diversified portfolio of such loans and/or bonds. The focus is on institutional loan tranches which offer substantial spreads over LIBOR, and investments are leveraged approximately five times.

Special Situations

Special situations funds aim to profit from corporate events that may affect the valuations of securities within a company's capital structure, including mergers and acquisitions, spin-offs, reorganisations, partial spin-offs, share buy backs, bankruptcy, receivership and share class arbitrage. These funds have a flexible, broad mandate, which enables their managers to consistently find interesting opportunities in both rising and falling markets. Limited overlap between investments made by the underlying managers gives the potential for steady performance throughout all market environments. These funds typically invest in specialised areas, resulting in very little duplication of trade ideas, and so the correlation between managers in this strategy is relatively low.

Healthcare Opportunities

Healthcare is one of the largest and fastest growing industrial sectors in leading economies around the globe. Demand for healthcare is driven by demographic trends which have helped to establish the sector among the largest capitalised and highest returning equity market segments. Complex and characterised by high volatility, the sector is typified by rapid technological advances and a changing political and regulatory landscape. Capitalising on the high prevalence of market inefficiencies necessitates a high degree of analytical sophistication and a rare balance of financial and medical knowledge. The breadth and diversity of the healthcare sector provides hedge fund managers with an investment universe which offers large return dispersions, creating plenty of trading opportunities on both the long and short side. The healthcare-focused hedge fund specialists aim to keep a balanced and diversified exposure to the many sub-industries which make up the healthcare sector, such as pharmaceuticals, biotechnology, specialty pharmaceuticals and generics, medical devices and supplies, diagnostics and life science tools, healthcare providers, payers, service companies and distributors, pharmaceuticals and generics, medical devices and supplies, diagnostics and life science tools, healthcare providers, payers, service companies and distributors.

Commodity Strategies

These managers trade mainly in precious metals, base metals, agriculture and livestock, using a variety of investment strategies and techniques that are suited to the markets they trade and as a result will typically exhibit low correlation to one another. They may be active in particular sub-asset classes and financial instruments such as equities, futures, options and swaps. The underlying portfolios do not rely on a passive 'long only' approach but offer opportunities for investment styles beyond those of traditional investment strategies.

Energy and Emissions

Energy funds typically trade instruments such as energy commodities, futures, options, swaps and energy related securities. The focus is on investments in global energy markets, including crude oil, natural gas, refined petroleum products, coal, emissions and weather. These funds can invest directly in debt and equity securities of energy related companies such as those engaged in exploration, drilling, servicing and transportation, and may allocate a limited portion of their assets to private investments or other structures that invest in a wide range of commodities, futures, securities and derivatives. Fundamental and technical information is used in order to extract value, while opportunities in this sector are driven by the imbalance of demand and supply due to, for example, inadequate natural resources, capacity limitations and constraints on distribution. The managers may employ directional, relative value and event-driven strategies.

Alternative Risk Transfer

Alternative Risk Transfer ('ART') managers invest in non-traditional securities and portfolios in the alternative risk transfer market. ART securities are used to transfer risks normally assumed by insurance and reinsurance companies, including natural catastrophe risks, property, aviation, weather and other types of insurance-related risks, and include catastrophe bonds, insurance derivatives, weather derivatives and related options, swaps and equity. The risks underlying these securities, such as major hurricanes and earthquakes, are inherently uncorrelated with the risks associated with traditional and many other non-traditional assets. In exchange for assuming underlying risks, investors are typically paid a spread in excess of a LIBOR-based coupon. The overall risk profile is managed in an effort to limit concentration of overall exposure to single event risks.

Environmental Strategies

The strategy consists of funds focusing on four sub-sectors; emissions, clean technology, renewable energy and water. These areas show strong growth potential as a global push to address pollution, climate change and water shortages is driving the rapid growth in new industries and markets. The medium-term growth potential should be sustainable as governments become increasingly aware of the need to tackle environmental issues. This is creating opportunities for skilled hedge fund managers, who can extract alpha from a variety of equity based and carbon aggregation and extraction strategies.

Notice of 2008 Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN PURSUANT TO THE ARTICLES OF ASSOCIATION OF DEXION ALPHA STRATEGIES LIMITED THAT the 2008 Annual General Meeting of Shareholders of the Company will take place at 1 Le Truchot, St Peter Port, Guernsey on 16 June 2008 at 12.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. THAT the Financial Statements of the Company for the year ended 31 December 2007 together with the Report of the Directors and Auditors thereon be received and adopted.
2. THAT the appointment of KPMG Channel Islands Limited as Auditors of the Company for the year ended 31 December 2008 together with the fixing of their remuneration by the Directors for that period be and is hereby approved and ratified.
3. THAT Mr Stephen Jones be re-elected as a Director.
4. THAT Mr Robin Bowie be re-elected as a Director.
5. THAT the pre-emption rights contained in article 6 of the Articles (or, in the event that Resolution 7 below is duly passed, the New Articles) be wholly disapplied for a period ending on the earlier of (i) the conclusion of the Company's Annual General Meeting to be held in 2009 and (ii) 16 December 2009.

SPECIAL RESOLUTION

6. THAT the Company be and is hereby authorised
 - (i) in accordance with section 5 of the Companies (Purchase of Own Shares) Ordinance 1998 to make market purchases of Ordinary Shares in the Company ("Market Purchases") provided that:
 - (a) the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the issued Ordinary Shares of each currency class as at the date of the Annual General Meeting; and
 - (b) the minimum price to be paid for Market Purchases for each Ordinary Share is 1 pence (or its equivalent in any other currency) and the maximum price to be paid for Market Purchases is the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares of that class for the 5 business days before the purchase is made and (ii) the higher of the price of the last independent trade and highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy back programmes and stabilisation of financial investments (No. 2233/2003) and otherwise in accordance with the Companies (Guernsey) Law 1994 and The Companies (Purchase of Own Shares) Ordinance 1998,

provided that such authorities shall expire at the earlier of the 16 December 2009 or the conclusion of the Company's next annual general meeting in 2009.

7. That the existing articles of association of the Company be rescinded in whole and substituted with the new articles of association (the 'New Articles') in the form produced to the meeting and initialled by the Chairman for the purpose of identification.

By order of the Board

Company Secretary
Dexion Capital (Guernsey) Limited
1 Le Truchot
St Peter Port
Guernsey

Notice of 2008 Annual General Meeting of Shareholders (continued)

Notes:

1. The following documents will be available for inspection during normal business hours at the Company's registered office from the date of this notice to the close of the AGM and at the AGM meeting room at such office from 15 minutes prior to its commencement until its conclusion:
 - (i) a copy of the register of interests of the directors of the Company; and
 - (ii) a copy of the new Articles of Association highlighting the differences between the new Articles of Association proposed to be adopted pursuant to Resolution 7 and the existing Articles of Association.A copy of those new Articles will also be available for inspection at the offices of Bingham McCutchen (London) LLP at 41 Lothbury, London EC2R 7HF until conclusion of the AGM.
2. Shareholders will only be entitled to attend and vote at this Annual General Meeting if they are registered as the holders of Ordinary Shares at 1.30 p.m. on 14 June 2008. This record time is being set for voting at the Annual General Meeting because the procedures for updating the register of members in respect of Ordinary Shares held in uncertified form require a record time to be set for the purpose of determining entitlements to attend and vote at Shareholder meetings. The Ordinary Shares are included for trading in uncertified (electronic) form in CREST.
3. An Ordinary Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him/her and a proxy need not be an Ordinary Shareholder of the Company. The completion and return of a valid form of proxy will not prevent holders of Ordinary Shares from attending and voting in person at the meeting if so desired.
4. A Form of Proxy is included for use by Shareholders. Completion and return of the Form of Proxy will not prevent an Ordinary Shareholder from subsequently attending the Annual General Meeting and voting in person if he/she so wishes.
5. To be effective a Form of Proxy, duly completed together with any Power of Attorney or authority under which it is signed, must be lodged with the Company's transfer agent, Capita Registrars (PROXIES), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time fixed for the meeting.
6. There are no service contracts between any of the Directors and the Company.
7. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on polls in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of letter if the Chairman is being appointed as described in (i) above.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited, the operator of the CREST system ("EUI") and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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Form of Proxy

I/We.....
 (PLEASE COMPLETE IN BLOCK CAPITALS)

of.....
 being (a) member(s) of Dexion Alpha Strategies Limited, and entitled to vote, hereby appoint the Chairman of the Meeting/the representative of the Company Secretary (please delete as appropriate).

or.....
 as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 12.30 pm on Monday 16 June 2008 at 1 Le Truchot, St. Peter Port, Guernsey and at any adjournment thereof.

Please indicate by placing a cross in the appropriate spaces below how you wish your votes to be cast. Unless otherwise indicated the proxy will exercise his discretion both as to how he votes and as to whether or not he abstains from voting.

Resolution Number	For	Against	Vote Withheld
Ordinary Resolutions			
1. Adoption of the Financial Statements of the Company for the year ended 31 December 2007			
2. Appointment of KPMG Channel Islands Limited as Auditors of the Company for the year ending 31 December 2008 together with the ratification of their remuneration			
3. Re-election of Mr Stephen Jones			
4. Re-election of Mr Robin Bowie			
5. Disapplication of Pre-emption Rights			
Special Resolutions			
6. Market Purchases of Own Shares			
7. Adoption of New Articles			

Signed this.....day

of2008

(Signature)

Please see Notes on Page 2 of this Proxy.

Notes:

1. If you desire someone else to act as your proxy, delete “the Chairman or the representative of the Company Secretary” above and insert the name of the proxy desired. Such proxy need not be a member of the Company.
2. In the case of a corporation this proxy must be executed under Common Seal or under the hand of an officer or attorney duly authorised.
3. In the case of joint holders the signature of the person whose name stands first in the Register is sufficient.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with EUI specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company’s agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
5. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. To be effective this Form of Proxy, duly completed together with any Power of Attorney or authority under which it is signed, must be lodged with the Company’s transfer agent Capita Registrars, (PROXIES), 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for the AGM.
7. The lodging of a completed Form of Proxy does not preclude a member from attending the AGM and voting.
8. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against a resolution.

Short Biographies

Please find to follow the short biographies of the Directors who have been proposed for re-election at the AGM:

Stephen Jones (Chairman), retired as the Island Director of Barclays Bank Plc in Guernsey in September 2002. He has worked in the finance sector in Guernsey for over 25 years and was previously Managing Director of Woolwich Guernsey Limited and Senior Executive Director of Rea Brothers (Guernsey) Limited. He is a past Chairman of the Guernsey International Business Association and of the Association of Guernsey Banks and was the first Chairman of Guernsey Finance, the agency jointly owned by industry and government to promote the finance sector. He has considerable experience as a non-executive director in a variety of businesses and is currently Chairman of G4S Security Services (Guernsey) Limited and Heath Lambert Insurance Management (Guernsey) Limited and on the Board of HSBC Custody Services (Guernsey) Limited. He is a Council member of the Institute of Directors in Guernsey. Mr Jones is a resident of Guernsey.

Robin M J Bowie, was educated at Vanderbilt University, Tennessee. He began his City career as a bond trader at Citibank in 1984, after which he worked at Goldman Sachs as a credit trader. In 1989, at BZW he developed their ECU and European Government Bond trading operations and in 1995 moved to HSBC where he was in charge of European Government Bond trading. In 1998 he became Treasurer of KBC Bank in London with responsibility for the management of interest rate, foreign exchange and credit risk. He left KBC in 2000 to found Dexion Capital. He is a director of Dexion Capital Holdings Limited, a Guernsey company which is the holding company of the Manager and the Investment Consultant. He is also a director of Dexion Absolute Limited, Dexion Equity Alternative Limited and Dexion Trading Limited, which are funds of hedge funds, the shares of which are listed on the London Stock Exchange. He is also a director of Julius Baer Diversified Fixed Income Hedge Fund and the Julius Baer Global Rates Hedge Fund. Mr Bowie is a UK resident.

Dexion

ALPHA STRATEGIES LIMITED

1 Le Truchot

St Peter Port

Guernsey

email: clientservices@dexionalpha.com