

Dexion

ALPHA
strategies



Dexion
ALPHA STRATEGIES
LIMITED

2007
Interim Report



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Summary Information

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 and Investment Policy

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

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.

Shareholder Information

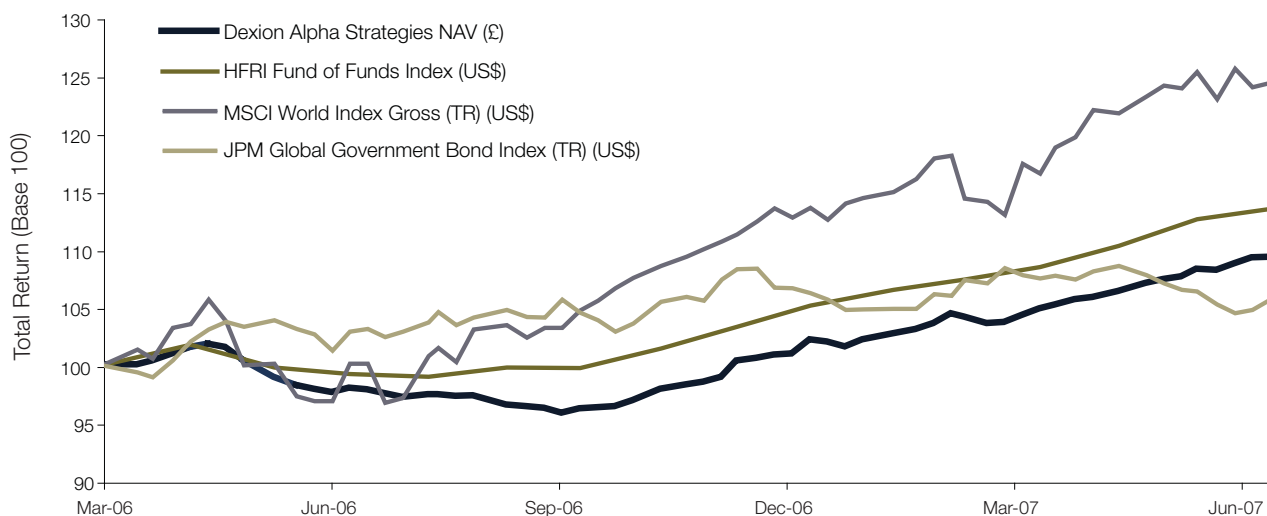
The Company announces its net asset value on a monthly basis together with commentary on investment performance. Estimated net asset values are normally provided weekly. Share price, net asset value and performance information can also be accessed by shareholders on the Company's website www.dexionalpha.com. 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.

Financial Highlights

	<i>30 June 2007 £ Shares</i>	<i>30 June 2007 € Shares</i>	<i>30 June 2007 US\$ Shares</i>
Total Net Assets	£96,754,710	€46,379,869	US\$13,730,269
Net Asset Value per Share	£1.0737	€1.5290	US\$1.8932
Mid-Market Share Price	£1.0288	€1.4513	US\$1.7950
Discount to Net Asset Value	(4.19)%	(5.09)%	(5.19)%
	<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)%

Summary Information (continued)

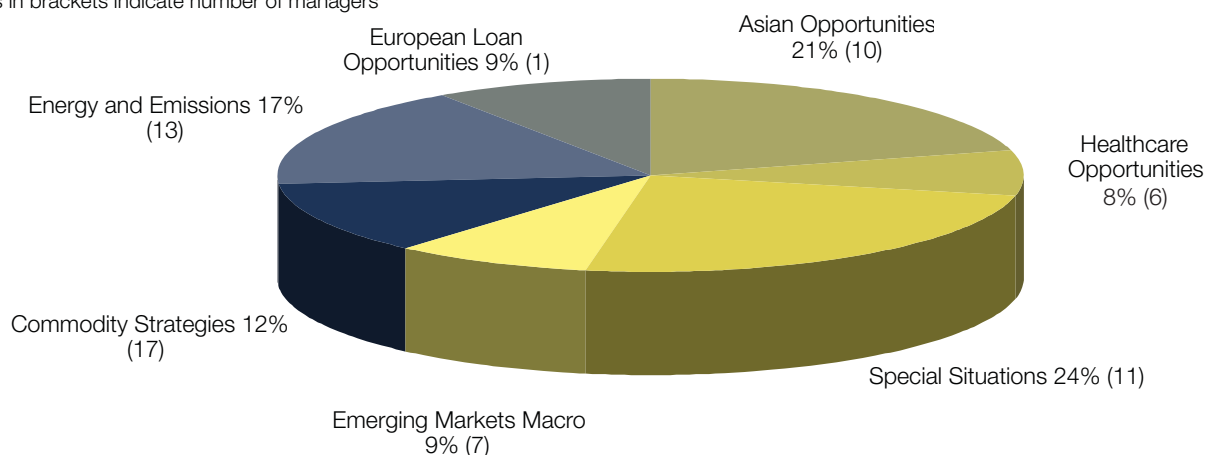
£ Share Net Asset Value Performance



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 £ NAV performance from inception to January 2007, and a positive effect since then.
Source: Bloomberg (data)

Portfolio composition at 1 July 2007

Numbers in brackets indicate number of managers



Source: RMF

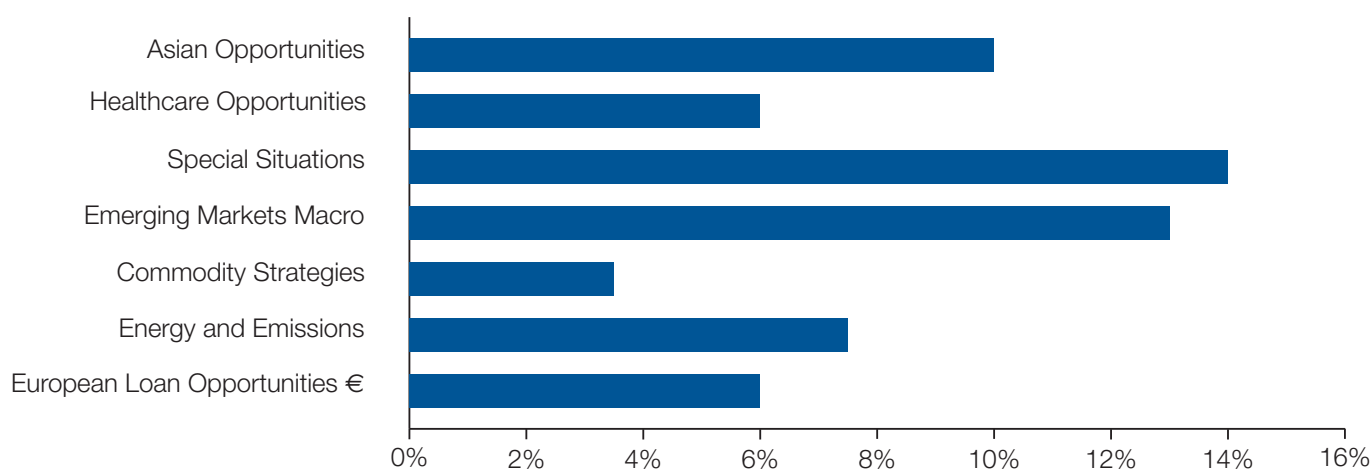
Monthly NAV Performance Since Inception

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%							7.00%
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%							6.65%
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%							7.05%

Source: Bloomberg (data)

Summary Information (continued)

Performance by Strategy (six months to 30 June 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

Analysis of Significant Investments

The ten largest holdings of the Company as at 30 June 2007 are set out below:

Name of investment	Strategy	Book cost £	Market Value £	% of Company's net assets
RMF Special Opportunities Limited	Commodity Strategies	24,009,613	24,758,826	18.36
RMF European Loan Opportunities	European Loan Opportunities	11,161,186	12,346,041	9.16
Paulson Advantage Plus Limited	Special Situations	3,062,919	4,344,159	3.22
Everest Capital China Opportunity Limited	Asian Opportunities	3,679,007	4,272,141	3.17
Tantallon (Non US Feeder) Fund	Asian Opportunities	3,809,516	4,028,198	2.99
ARN Asian Enterprise Fund	Asian Opportunities	3,679,007	3,674,664	2.73
Highland CDO Opportunity Fund Limited	Special Situations	2,379,064	3,302,683	2.45
Standard Pacific Japan Fund Unit Trust	Asian Opportunities	3,846,153	3,106,326	2.30
Tiger Asia Overseas Fund	Asian Opportunities	2,710,132	3,083,048	2.29
Atticus Global Limited	Special Situations	2,635,758	3,072,538	2.28
		60,972,355	65,988,624	48.95

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, and, in compliance with current UK Listing Authority requirements, the Company intends to disclose only its ten largest investments.

Introduction

I am pleased to present shareholders with this interim report for the 6 month period to 30 June 2007.

During this period the net asset value of the Company's £ Shares, US\$ Shares and € Shares has risen by 7.00%, 7.05% and 6.65% respectively. The annualised return from inception in March 2006 to June 2007 for the £ Shares, US\$ Shares and € Shares has been 7.36%, 7.92% and 6.05% respectively. The difference in returns between the three share classes over the reporting period is a consequence of the Company's hedging policy and interest rate differentials between the three currencies.

The Board is conscious that the Company's shares are trading at a discount to net asset value. In this regard, on 18 May 2007, a special resolution to amend the Company's articles to allow, *inter alia*, for any shares repurchased by the Company to be held in treasury was tabled and approved. On 13 July 2007, the Company announced that it had entered into an arrangement to allow it to repurchase its shares in a close period. As at the date of this statement, the Company has repurchased 2,175,000 £ shares and 2,000,000 € Shares all of which are held in treasury. The Board are committed to using the Company's share repurchase powers as necessary to help alleviate the current share price discount.

Investment Review

All of the Company's hedge fund strategies made positive contributions to performance during the first half of 2007.

The Company's Special Situations strategy generated the strongest performance during the period. Buoyant equity markets combined with record levels of corporate activity to drive performance in this area. The portfolio also made excellent gains from one manager's significant short exposure to the US sub-prime mortgage market. This was most significant in February and June when the market showed signs of cracks.

The Emerging Markets Macro strategy was just behind Special Situations in terms of performance, but was particularly strong in the second quarter. Long equity exposure combined with short Japanese Yen positions and long local bond positions in Thailand, Indonesia and Brazil to deliver the bulk of the gains.

With equity markets prospering across Asia, the Company's Asian Opportunities strategy enjoyed a strong six months. Key return drivers included long exposure to Korea, Hong Kong and China combined with fundamentally driven shorts in Japan. Although some of the Asian Strategies managers increased their long exposure in June, significant short positions remain in place via individual stocks and index hedging.

Although the Healthcare strategy made a good gain over the period, month to month performance was more mixed. The background of strong equity markets was a positive, particularly in January and April, when very good gains were achieved, but a more difficult environment has followed, with increased uncertainty surrounding US Food and Drug Administration decision-making causing some losses on the long side, although shorts performed reasonably well.

Positive performance was recorded by Commodity Strategies despite managers incurring a challenging trading environment in the first half of 2007. Solid returns were achieved in all months, with the exception of January when exposure to the long end of the copper curve caused one manager to give back some of the significant returns made in the prior year. Good gains were also posted by a Canadian equity biased manager and a multi-strategy manager whose base metals positions in April and May resulted in strong returns.

Energy managers also prospered. Earnings upgrades proved profitable to the strategy's equity based managers where exposure to shipping, oil drillers and utilities provided solid gains. Further gains accrued from a US power and emissions trader who benefited from positive developments within an emission reductions project in China.

European Loan Opportunities generated steady performance for the most of the period as credit conditions remained strong and secondary market prices continued to push higher until the last two weeks of June. Concerns over the fallout from the US sub prime mortgage market have weighed on credit markets since the middle of June. This has led to more modest returns in recent weeks and will likely cause further weakness in the months ahead.

Investment Outlook

The Company has benefited from short exposure to the US sub-prime mortgage market since the beginning of 2007. Despite the gains already made in this area, the Investment Advisor feels that this trade has further upside as the fundamentals continue to deteriorate and it also serves as a hedge to long credit exposure in other parts of the portfolio. Overall, we have seen buoyant markets over the last year or so, partly driven by relatively easy credit. That environment has changed and as credit conditions tighten, there will no doubt be some challenging months ahead. The Investment Adviser is confident that the diversity of strategies and the flexibility of the managers they employ will enable the Company to navigate through any difficult times ahead and also to look forward to the opportunities that will emerge from it.

Stephen Jones

Chairman

7 September 2007

Statement of Total Return (unaudited)

For the six month period ended 30 June 2007

	Note	1 January 2007 to 30 June 2007 £	7 March 2006 to 31 December 2006 £
Gains on investments	2	10,645,825	2,027,262
Income	3	216,479	666,386
Management fee		(1,041,024)	(1,438,406)
Performance fee		(888,989)	(262,325)
Expenses	4	(355,661)	(436,624)
		(2,069,195)	(1,470,969)
Total return for the period		8,576,630	556,293
Net increase in shareholders' funds from operating activities		8,576,630	556,293
Return per £ Share	7	£0.0702	£0.0210
Return per € Share	7	€0.0954	€0.0129
Return per US\$ Share	7	US\$0.1246	US\$0.0474

The Company has no other gains or losses other than the return for the period.

All items derive from continuing activities.

Reconciliation of Movements in Shareholders' Funds (unaudited)

For the six month period ended 30 June 2007

	1 January 2007 to 30 June 2007 £	7 March 2006 to 31 December 2006 £
Opening shareholders' funds	128,244,473	–
Net proceeds from issue of shares	–	127,688,180
Repurchase of own shares	(1,976,689)	–
Total return for the period	8,576,630	556,293
Closing shareholders' funds	134,844,414	128,244,473

The prior period figures relate to the period from 7 March 2006 to 31 December 2006 and are not therefore directly comparable with the six months to 30 June 2007.

The notes on pages 9 to 16 form part of the financial statements.

Balance Sheet (unaudited)

As at 30 June 2007

	Note	30 June 2007 £	31 December 2006 £
Investments	8	137,625,533	120,576,599
Current assets			
Cash at bank		1,420,000	9,185,193
Amounts due from sales awaiting settlement		274,696	188,237
Forward currency deals awaiting settlement		632,432	4,136
Debtors		74,009	141,157
		2,401,137	9,518,723
Liabilities due within one year			
Forward currency deals awaiting settlement		(60,588)	(335,197)
Bank overdraft		(2,883,764)	(1,022,717)
Creditors	9	(2,237,904)	(492,935)
		(5,182,256)	(1,850,849)
Net current (liabilities)/assets		(2,781,119)	7,667,874
Net assets		134,844,414	128,244,473
Represented by:			
Capital and reserves			
Called up share capital	11	–	–
Special reserve	12(a)	125,711,491	127,688,180
Other reserves	12(b)	9,132,923	556,293
		134,844,414	128,244,473
Total shareholders' funds		134,844,414	128,244,473
Net assets per £ Share	10	£1.0737	£1.0035
Net assets per € Share	10	€1.5290	€1.4336
Net assets per US\$ Share	10	US\$1.8932	US\$1.7686

The financial statements on pages 6 to 16 were approved by the Board of Directors on 7 September 2007.

The prior period figures relate to the period from 7 March 2006 to 31 December 2006 and are not therefore directly comparable with the six months to 30 June 2007.

The notes on pages 9 to 16 form an integral part of the financial statements.

Cashflow Statement (unaudited)

For the six month period ended 30 June 2007

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
Operating activities		
Net operating loss	(2,069,195)	(1,470,969)
Increase in creditors	737,009	492,935
Decrease/(increase) in debtors	67,148	(141,157)
Net cash outflow from operating activities	(1,265,038)	(1,119,191)
Investing activities		
Cost of investments purchased and pending investments*	(12,088,935)	(146,716,421)
Sale of investments and pending investments*	4,108,946	17,437,744
Realised gains from forward foreign currency contracts	1,664,605	11,490,383
Net cash outflow from investing activities	(6,315,384)	(117,788,294)
Financing activities		
Issue of shares	–	129,962,524
Purchase of own shares	(1,976,689)	–
Costs related to issue of shares	–	(2,274,344)
Net cash (outflow)/inflow from financing activities	(1,976,689)	127,688,180
(Decrease)/increase in cash	(9,557,111)	8,780,695

* Pending investments are purchases (and sales) which settled post period end for which cash has not been paid (or received) prior to the period end.

Reconciliation of net cash flow to movement in net funds

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
(Decrease)/increase in cash as above	(9,557,111)	8,780,695
Realised losses on currency translation	(69,129)	(618,219)
Net movement in the period	(9,626,240)	8,162,476
Cash at beginning of the period	8,162,476	–
Cash at end of the period	(1,463,764)	8,162,476
Analysis of cash at end of the period		
Cash at bank	1,420,000	9,185,193
Bank overdraft	(2,883,764)	(1,022,717)
	(1,463,764)	8,162,476

The prior period figures relate to the period from 7 March 2006 to 31 December 2006 and are not therefore directly comparable with the six months to 30 June 2007.

The notes on pages 9 to 16 form an integral part of the financial statements.

Notes to the Unaudited Interim Financial Statements

For the six month period ended 30 June 2007

1. Significant accounting policies

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

a) *Basis of accounting*

The financial statements are prepared under the historical cost convention adjusted by the revaluation of investments and in accordance with applicable UK accounting standards. The financial statements are prepared in pounds sterling (£).

The accounting policies have been applied consistently by the Company and are consistent with those used in the previous reporting period.

b) *Revenue recognition*

Bank deposit interest is accounted for on an accruals basis.

c) *Expenses*

All expenses are accounted for on an accruals basis.

d) *Valuation of investments*

Classification

Under Financial Reporting Standards No.26 "Financial Instruments: Measurement" (FRS 26), the Company has designated all of its investments as fair value through profit or loss category. This category comprises:

– Financial instruments designated at fair value through profit or loss upon initial recognition – these include financial assets that are not held for trading purposes and which may be sold. These are principally investments in unlisted open-ended investment funds.

– Financial instruments held for trading – these include forward foreign currency contracts.

Measurement

Investments are measured initially at fair value being the transaction price. Subsequent to initial recognition, all investments are measured at fair value with changes in their fair value recognised in the statement of total return.

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

1. Significant accounting policies (continued)

d) *Valuation of investments (continued)*

value. In instances where other valuation techniques are used, the Manager has no reason to believe that the valuations used are unreasonable.

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 and losses

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 statement of total return. Unrealised gains on investments are recognised in the statement of total return.

Realised and unrealised gains or losses on forward foreign currency contracts are recognised in the statement of total return.

e) *Foreign currency translation*

Functional and presentation currency

Items are recorded in the Company's accounting records in sterling (the "functional currency").

The Company has adopted sterling as its presentation currency. As such, 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 statement of total return. 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.

f) *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.

Notes to the Unaudited Interim Financial Statements (continued)

2. Gains on investments

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
Realised losses on investments	(333,618)	(2,611,199)
Movement in unrealised gains/(losses) on investment	8,481,062	(5,902,642)
Realised gains on forward currency contracts	1,664,605	11,490,383
Unrealised gains/(losses) on forward currency contracts	902,905	(331,061)
Net realised foreign exchange losses	(69,129)	(618,219)
	<u>10,645,825</u>	<u>2,027,262</u>

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

3. Income

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
Bank interest	174,228	408,733
Other income	42,251	257,653
	<u>216,479</u>	<u>666,386</u>

4. Expenses

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
Fund administration fee	71,242	106,925
Other professional fees	61,605	99,242
Interest expense	48,402	33,108
Sundry expenses	44,740	30,234
Custodian charges	44,833	65,405
Directors' remuneration & expenses	27,224	44,779
Directors' and officers' insurance	26,211	14,144
Credit facility fees	18,158	28,389
Audit fee	8,071	14,398
Non-audit fees to auditors	5,175	–
	<u>355,661</u>	<u>436,624</u>

5. 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.

Notes to the Unaudited Interim Financial Statements (continued)

6. 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.

7. 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 period from 1 January 2007 to 30 June 2007 as follows:

	<i>Total return attributable to each share class</i>	<i>Weighted average no. of shares in issue</i>	<i>Return Per Share</i>
£ Share	£6,285,041	89,547,285	£0.0702
€ Share	€3,075,625	32,254,704	€0.0954
US\$ Share	US\$988,458	7,935,616	US\$0.1246

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.

8. Investments

	<i>1 January 2007 to 30 June 2007</i>	<i>7 March 2006 to 31 December 2006</i>
	£	£
Cost at beginning of the period	126,479,241	–
Additions	8,596,633	142,120,598
Pending investments*	4,500,262	4,595,823
Disposals	(4,195,405)	(17,625,981)
Realised losses on investments	(333,618)	(2,611,199)
Cost at end of the period	135,047,113	126,479,241
Unrealised gains/(losses) on investments	2,578,420	(5,902,642)
Fair value at end of period	137,625,533	120,576,599

* Pending investments are purchases which settled post period end for which cash has not been paid prior to the period end.

Notes to the Unaudited Interim Financial Statements (continued)

9. Creditors – amounts falling due within one year

	30 June 2007	31 December 2006
	£	£
Due to broker	1,007,960	–
Performance fee	971,335	262,325
Management fee	162,534	150,138
Custodian charges	37,733	25,723
Directors' remuneration	17,083	12,500
Sundry expenses	16,227	18,714
Fund administration fee	11,594	14,312
Audit fee	7,151	9,223
Interest payable	6,287	–
	2,237,904	492,935

10. 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 period-end as follows:

	<i>Net assets attributable to each share class</i>	<i>Shares in issue</i>	<i>Net Assets Per Share</i>
£ Share	£96,754,710	90,117,343	£1.0737
€ Share	€46,379,869	30,333,467	€1.5290
US\$ Share	US\$13,730,269	7,252,548	US\$1.8932

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

Notes to the Unaudited Interim Financial Statements (continued)

12. Reserves

a) Special reserve

	<i>30 June 2007</i>		
	<i>Share Premium £</i>	<i>Special Reserve £</i>	<i>Total £</i>
Opening balance	–	127,688,180	127,688,180
Shares issued during the period	–	–	–
Repurchase of own shares	–	(1,976,689)	(1,976,689)
Costs related to the issue of shares	–	–	–
Transfer to Special Reserve	–	–	–
	–	125,711,491	125,711,491

	<i>31 December 2006</i>		
	<i>Share Premium £</i>	<i>Special Reserve £</i>	<i>Total £</i>
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)
Transfer to Special Reserve	(127,688,180)	127,688,180	–
	–	127,688,180	127,688,180

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

b) Other reserves

	<i>30 June 2007</i>			
	<i>Capital Reserve – Realised £</i>	<i>Capital Reserve – Unrealised £</i>	<i>Accumulated Losses £</i>	<i>Total £</i>
Opening balance	8,260,965	(6,233,703)	(1,470,969)	556,293
Realised losses on investments	(333,618)	–	–	(333,618)
Unrealised gains on investments	–	8,481,062	–	8,481,062
Net realised foreign exchange losses	(69,129)	–	–	(69,129)
Net gain on forward currency contracts	1,664,605	902,905	–	2,567,510
Net operating expense for the period	–	–	(2,069,195)	(2,069,195)
	9,522,823	3,150,264	(3,540,164)	9,132,923

Notes to the Unaudited Interim Financial Statements (continued)

12. Reserves (continued)

b) Other reserves (continued)

	31 December 2006			Total £
	Capital Reserve – Realised £	Capital Reserve – Unrealised £	Accumulated Losses £	
Opening balance	–	–	–	–
Realised losses on investments	(2,611,199)	–	–	(2,611,199)
Unrealised losses on investments	–	(5,902,642)	–	(5,902,642)
Net realised foreign exchange losses	(618,219)	–	–	(618,219)
Net gain on forward currency contracts	11,490,383	(331,061)	–	11,159,322
Net operating expense for the year	–	–	(1,470,969)	(1,470,969)
	8,260,965	(6,233,703)	(1,470,969)	556,293

13. 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.

14. Post Balance Sheet Event

During July and August 2007, the Company purchased 2,150,000 of its own £ shares for a total value of £2,227,202 (inclusive of commissions and charges). The shares purchased are held as treasury shares. In addition, the facility to convert between share classes operated in respect of the June 2007 Conversion Calculation Date.

As at 31 August 2007, 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 93,704,379 £ shares (excluding treasury shares), 25,780,276 € shares (excluding treasury shares), and 5,694,893 US\$ shares. The Company holds 2,175,000 £ shares and 2,000,000 € shares in treasury.

Corporate Information

Directors

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CMW Hill
RO Dorey
RMJ Bowie

Administrator, Secretary and Registered Office

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Manager

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Advocates to the Company

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Website

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

Glossary of Hedge Fund Strategies

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

Glossary of Hedge Fund Strategies (continued)

	<p>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.</p>
Commodity Strategies	<p>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.</p>
Energy and Emissions	<p>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.</p>
Alternative Risk Transfer	<p>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.</p>

Dexion

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