

Overview

£
NAV 96.25p
Return -0.95%
Share price* 101.63p

Dexion Alpha Strategies Limited is a Guernsey registered, closed-ended investment company listed on the London Stock Exchange. The investment objective 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.

The Company's shares are denominated in Sterling, Euros and US Dollars and the Company implements a hedging policy to protect the Sterling and Euro value of its US Dollar denominated investments.

Monthly commentary

€
NAV €1.3852
Return -1.09%
Share price* €1.4555

The unease that took hold of global markets during May continued into June. There was an increase in equity market volatility, as demonstrated by the S&P 500 and the Nikkei both ending the month almost flat despite losing -5% and -10% respectively in the first fortnight. Once the Fed increased rates in line with consensus opinion to 5.25%, markets rose in unison and increasing risk appetite was apparent almost everywhere. Emerging markets and commodities both benefited from this sentiment, showing similar price movements over the month: a sharp decline in the first half of June was followed by a reversion in the second half. Gold began the month at a price above 630 USD/oz, before sliding -12% to around 560 USD/oz in the middle of the month. The return of investors towards month end helped the metal recover, although it still finished down -4% overall. As for currencies, the US dollar started the month strongly against the Euro, Yen and most of the carry currencies before losing heavily in the last few days of the month.

\$
NAV \$1.6906
Return -0.86%
Share price* \$1.7600

Asia - June was a roller coaster ride for the Asian markets in particular and some managers in this region saw the largest declines in the portfolio. Tightening liquidity conditions as well as mounting worries over inflation and a possible economic slowdown triggered a steep sell-off across the region. The MSCI Asia Pacific index reached an intra-month decline of -10% on June 14th. In the second half of June, the selling pressure started to ease and the market staged an impressive comeback, closing virtually unchanged for the month. **Healthcare** - While Healthcare indices were broadly flat over the month, the underlying sub-sectors performed differently to each other. Large cap pharmaceutical stocks performed well as investors appreciated their defensive qualities; on the other hand, the medical technology and small cap biotech stocks struggled as the FDA began an investigation into pricing practices adopted by the first type of companies, and a couple of drug disappointments adversely affected the latter group. **Special Situations** - Special situations managers finished down on the month. As might be expected, those managers with large net long exposures tended to rise and fall with the equity markets, while those running more market neutral books exhibited little correlation to the markets. Despite turbulent markets, deal activity continued at a strong pace, notably with Arcelor finally succumbing to Mittal. With a plethora of deals - nearly USD 1 trillion of deals were announced across almost all sectors - the second quarter of 2006 proved the third most active quarter in M&A history. **Commodities** - Commodity managers finished the month down on average, although performance was mixed, depending on exposures. Base metals were most heavily impacted by shifting investor sentiment, while oil went steadily higher. **Energy** - Energy markets had another volatile month, with the gyrations in the natural gas contracts of up to 25% during the month causing difficulties for some managers. Elsewhere, electricity prices in the Nordpool market continued to recover from the April lows, while emissions markets were fairly quiet in June. **Emerging Markets** - A substantial reduction in risk exposure following the previous month's turmoil protected emerging markets managers from substantial losses in the first half of the month. A strong rebound in foreign exchange and equity markets allowed managers to offset losses in the early part of the month. **European Loans** - The loans market experienced record high prepayments during the month. The pre-paid assets had been trading above par and consequently lost out as the loans were paid back at par (as there is no call protection on these loans). Secondary loan prices also traded slightly down over the month. The Company remains invested in outstanding assets with no credit issues.

Outlook - The markets are currently positioned at an inflection point. While equities remain fundamentally attractive, question marks are appearing over the quality of future earnings, the path of interest rates and the negative impact of geo-political events on investors' risk appetite. This is demonstrated by the exaggerated reactions to any set of economic figures. While the outlook for the summer is uncertain, the increase in volatility should provide opportunities across the strategies in the coming months.

Performance data

	June (%)	YTD ¹ (%)	ITD ^{*^} (%)	Volatility ^{*^} (%)	Sharpe ^{**^}
Dexion Alpha Strategies £ Share NAV	-0.95	-2.04	-	-	-
FT All Share (TR) (£)	2.01	-2.13	-	-	-
FT Govt All Stocks (TR) (£)	-0.52	-1.64	-	-	-
Dexion Alpha Strategies € Share NAV	-1.09	-2.51	-	-	-
MSCI Eurozone (TR) (€)	0.69	-3.48	-	-	-
JPMorgan Eurozone Govt Bond Index (€)	-0.25	-1.37	-	-	-
Dexion Alpha Strategies US\$ Share NAV	-0.86	-1.78	-	-	-
MSCI World (TR) (US\$)	0.01	0.14	-	-	-
JPMorgan World Govt Bond Index (US\$)	-0.97	2.88	-	-	-
HFRI Fund of Funds Index (US\$)	-0.60	-0.76	-	-	-

¹ Cumulative performance from inception. ^{*} Annualised from inception date and based on monthly data. [^] Insufficient Data Points.

Source: Bloomberg (data), Dexion Capital (calculation)

Key facts

Manager

Dexion Capital
(Guernsey) Limited

Investment
Adviser

RMF Investment
Management

Investment
Consultant

Dexion Capital plc

Total net assets
£124.5m

Management Fee
1.50%

Performance Fee
10%

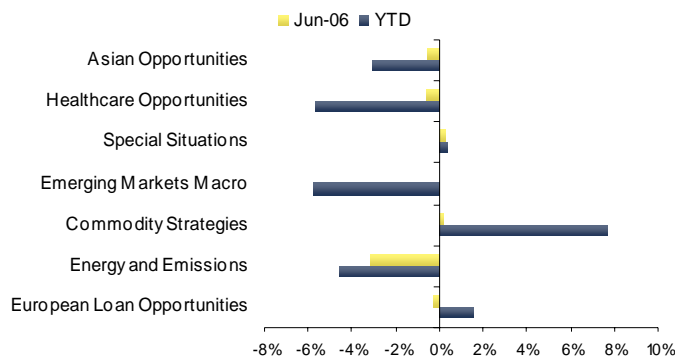
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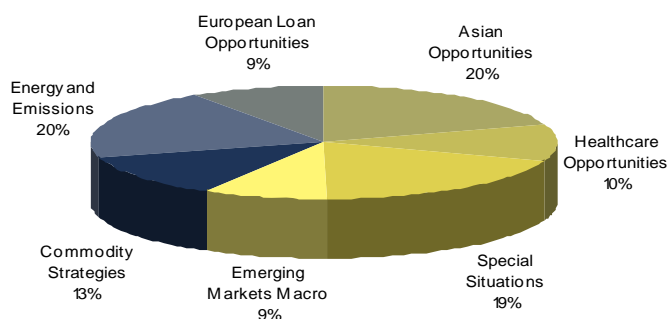
Website
www.dexionalpha.com

Performance by Strategy



Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Alpha Strategies' fees and expenses
Source : RMF

Portfolio as of 1 July 2006



	Number of funds
Asian Opportunities	7
Healthcare Opportunities	10
Special Situations	9
Emerging Markets Macro	7
Commodity Strategies	17
Energy and Emissions	10
European Loan Opportunities	1
Total	61

Note: Allocations are net of cash effect and are calculated on a look-through basis, where relevant, as of the end of the previous month.
Source : RMF

Historical NAV performance (%)

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006	-	-	-	1.47	-2.53	-0.95							-2.04
EUR													
2006	-	-	-	1.32	-2.72	-1.09							-2.51
USD													
2006	-	-	-	1.55	-2.44	-0.86							-1.78

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	24 Mar 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£84.46m
EUR	24 Mar 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€44.67m
USD	24 Mar 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	\$16.91m

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Your attention is drawn to the Risk Factors set out in the Dexion Alpha Strategies prospectus dated 10 March 2006 and the fact that no securities are currently being offered by the Company and that certain information in the above prospectus may now be out of date.

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