

Overview

	£	
NAV		95.70p
Return		-0.57%
Share price*		97.63p

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		€1.3754
Return		-0.71%
Share price*		€1.4400

The market instability seen since May continued through into July. Much of this instability stems from a lack of clear policy direction from the Fed as growth slows while inflation continues to rise. This unease has been exacerbated more recently by increased geopolitical tension in the Middle East. Consequently, we have seen higher equity volatility in general, although this diminished in Asia in July. Most indices dropped sharply early on and then recovered to end flat, for the second consecutive month. Mid and small cap equities under-performed relative to large caps. There was also choppiness in foreign exchange markets, as the US dollar initially went higher before falling, to finish unchanged against major currencies. In fixed income, the US market remains caught between inflation concerns and weaker growth prospects. The long end is pricing in a significant economic slowdown as the 10 year US treasury declined from 5.15% to below 5% over the month. In emerging markets, bonds recovered after the recent sell off. **Asia** - July was another volatile month for Asian markets, down -8% in the first half of the month, but recovering most of the losses to end marginally down for the month. There was a wide performance divergence among individual markets, geographically. Managers found this market behaviour difficult and the strategy was slightly down over the month. **Healthcare** - Healthcare was also down slightly over the July. The recovery of large cap pharmaceutical stocks and the strong performance of value names were positives, while small and mid-cap (biotechnology) stocks detracted from performance. This led to dispersion and very low correlations amongst the managers. **Emerging Markets** - As with other global equity markets, the Emerging Markets followed a V-course for July. Emerging market bonds (particularly Brazil, Mexico and Turkey) were stronger as determined central bank action and greater political stability bolstered investor confidence. Our managers performed well over the month, as a result of Brazilian real and Turkish lira carry trades versus the US dollar and increased equity exposure in the second half of the month. **Special Situations** - This sector was slightly down over the month, hurt by poor earnings announcements and some (potential) corporate deal breaks. There was also some government intervention in cross-border European deals, notably in Spain and Italy. Positive contributions came from high levels of LBO activity. **Energy** - July was characterised by extraordinary natural gas volatility and the recovery of the energy equity markets. Natural gas was up 35%, power markets experienced an increase in price and volatility driven by bullish sentiment and crude oil moved toward the \$80 mark. The strategy was disappointing in July due to Mother Rock, the natural gas volatility trader. The severe volatility and distortion of the forward curve went against their fundamental positions, and the fund was put into liquidation to protect investors. Elsewhere, both of our power trading funds were positive, as was our long-biased equity trader. **Commodities** - July was a big month for metal prices, beneficial for our metal traders. Nickel added 21% on the month while lead and zinc also rose strongly. Gold gained as the Middle East crisis further boosted its appeal as an alternative asset. **European Loans** - After the strong prepayment levels of June, there was a return to high levels of primary issuance in July, which put some pressure on the secondary market earlier on in the month. Performance was positive overall.

	\$	
NAV		\$1.6823
Return		-0.49%
Share price*		\$1.7300

Note:
* Closing mid-price at month end.
Opening NAV per £ share 98.25p,
€ Share €1.4208 and \$ Share \$1.7212.

Key facts

Manager

Dexion Capital
(Guernsey) Limited

Investment
Adviser

RMF Investment
Management

Investment
Consultant

Dexion Capital plc

Total net assets

£123.3m

Management Fee

1.50%

Performance Fee

10%

Outlook - The widening disparity between growth and inflation in the US is currently weighing on the markets and this is likely to continue in the absence of clear direction from the Fed. Growth is beginning to slow down which will impact corporate earnings, while inflation continues to rise. An additional concern is the impact of geopolitical tensions, which may push input prices higher, further contributing to inflationary pressures. As a consequence of these factors, we expect to see further turbulence. Our managers have already reduced exposure considerably in response to rising volatility to ensure that capital is protected against further corrections, and that they are well positioned to take advantage of opportunities that arise.

Personnel changes at RMF - Uwe Eberle, previously Head of Hedge Fund Research at RMF, is moving to Man Investments to become Head of Institutional Sales and will join the Man Investments Management Committee. As a result, Herbert Item, the newly appointed Head of Hedge Fund Research, will assume full responsibility for the management of the Company's investments with immediate effect. Herbert is also CIO at RMF and responsible for overall top-down strategy, bottom-up research and portfolio management. Due to the infrastructure at RMF, these changes will have no impact on the management of the Company's portfolio.

Performance data

	July (%)	YTD ¹ (%)	ITD* [^] (%)	Volatility* [^] (%)	Sharpe* [^]
Dexion Alpha Strategies £ Share NAV	-0.57	-2.60	-	-	-
FT All Share (TR) (£)	1.32	-0.84	-	-	-
FT Govt All Stocks (TR) (£)	1.27	-0.39	-	-	-
Dexion Alpha Strategies € Share NAV	-0.71	-3.20	-	-	-
MSCI Eurozone (TR) (€)	1.11	-2.40	-	-	-
JPMorgan Eurozone Govt Bond Index (€)	1.12	-0.27	-	-	-
Dexion Alpha Strategies US\$ Share NAV	-0.49	-2.26	-	-	-
MSCI World (TR) (US\$)	0.65	0.79	-	-	-
JPMorgan World Govt Bond Index (US\$)	0.80	3.71	-	-	-
HFRI Fund of Funds Index (US\$)	-0.23	-1.00	-	-	-

Contact details

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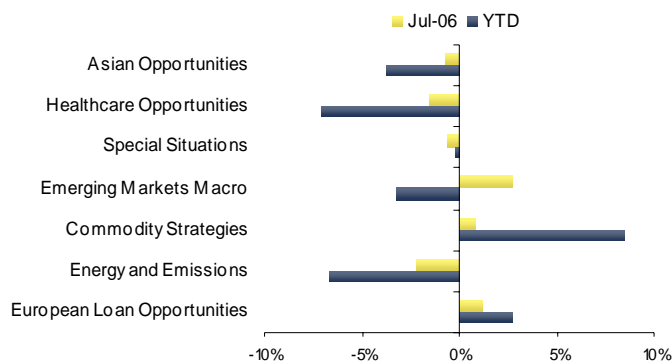
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¹ Cumulative performance from inception. ^{*} Annualised from inception date and based on monthly data. [^] Insufficient Data Points.

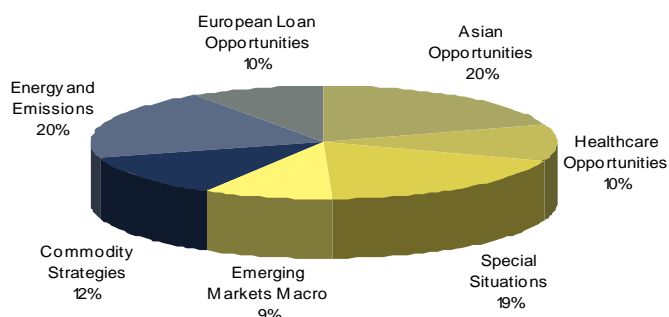
Source: Bloomberg (data), Dexion Capital (calculation)

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 August 2006



	Number of funds
Asian Opportunities	7
Healthcare Opportunities	10
Special Situations	9
Emerging Markets Macro	7
Commodity Strategies	15
Energy and Emissions	11
European Loan Opportunities	1
Total	60

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	-0.57						-2.60
EUR													
2006	-	-	-	1.32	-2.72	-1.09	-0.71						-3.20
USD													
2006	-	-	-	1.55	-2.44	-0.86	-0.49						-2.26

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	24 Mar 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£83.98m
EUR	24 Mar 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€44.36m
USD	24 Mar 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	\$16.82m

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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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