

Overview

	£	
NAV		94.85p
Return		-0.89%
Share price*		96.00p

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		€1.3610
Return		-1.05%
Share price*		€1.4000

Global stock markets posted solid gains in August, in the range of 2-3%. These were mainly driven by a mid-month relief rally on the heels of economic data that increased the likelihood that markets may have seen the end of US interest rate increases for the time being. Earnings continue to meet or exceed expectations and within sectors we saw large cap and growth outperforming. In the currency markets, there were gains against the dollar across many of the Emerging markets currencies - the Turkish Lira, the Brazilian Real and the Philippine Peso were the best performers. The Energy and commodities markets saw continued volatility. The dramatic fall in natural gas (-26%) and the associated losses at some funds have been widely reported. Sugar also fell (-20%), while Nickel was up 16%.

	\$	
NAV		\$1.6686
Return		-0.81%
Share price*		\$1.7100

Asia - Following on from turbulence within Asian markets over the summer, almost all managers in the Asian section of the portfolio were positioned cautiously. This proved somewhat detrimental to the performance of the portfolio, with the managers unable to benefit from the rise in Asian equity markets. One Japanese focused manager was able to post decent returns but these returns were not enough to offset losses incurred by the other managers. **Healthcare** - A rise in equity markets during the month aided the recovery of healthcare managers in August with all but one manager delivering strong returns. As with the overall equity market in the US, growth stocks and large caps did well and outperformed the market moderately. This proved particularly beneficial to one manager who had recently increased allocations to growth stocks within the sector. Gains generated on the back of the rise in healthcare equities were amplified by several positive clinical events during the month. The likelihood that a new FDA commissioner will be confirmed shortly has positive implications for the sector, as drug approval rates have been at a near historic low since the departure of the former commissioner nearly a year ago. **Emerging Markets** - Most managers in this sector remained lightly positioned throughout the month. Despite this, August proved to be a profitable month. Profits can largely be attributed to the rise in equity markets across emerging markets with both Mexico and Turkey presenting gains in the area of 5%. The appreciation of the Brazilian and the Turkish currency against the US Dollar also contributed to the performance of this sector. **Special Situations** - Our special situations managers were fairly flat over the period. Profits were made from consolidation within the Italian banking sector and elsewhere from continued M&A activity in the commodity sector. These gains were offset by small losses from hedging and the impact of falling oil prices on one manager's position in a Korean stock. **Energy** - August was another challenging month for energy commodities resulting in the sector sustaining disappointing losses. A sharp decline in crude oil prices coupled with large volatility in natural gas markets proved damaging, particularly as regards one manager. On a positive note our power and emissions trader enjoyed an excellent month and was able to erode some of the losses incurred by other managers in the portfolio. **Commodities** - Returns for commodity managers were close to flat for the month. Key contributors to performance were a base metals trader who, despite huge intraday volatility in industrial metals posted positive returns and a precious metals trader who profited from the merger activity that occurred in the precious metals market. A short position in wheat for the first half of the month also contributed to performance. On the negative side losses were sustained by one manager whose gold positions suffered as a result of the increased volatility in the final two weeks of the month as one of the European central banks aggressively sold gold on a daily basis. **European Loans** - The month of August was characterised by a slowdown in terms of new issuances, which was driven by the summer break. The prepayment rates during the month were very low compared to the levels experienced during the first half of the year. August performance was driven by fully invested portfolio of performing loans.

Outlook - An air of calm may have returned to many markets in August although looking beneath the surface there is still need for caution. The slightest bit of negative news or weak economic sentiment has the potential to put markets under further pressure over the course of the next two months. Commodities and Energy markets remain volatile, with many markets retracing significantly from their highs and long only indices coming under pressure. Those managers in the portfolio who have the flexibility to adjust their trading style to suit the environment should provide protection in these challenging times.

Performance data

	August (%)	YTD ¹ (%)	ITD ^{*^} (%)	Volatility ^{*^} (%)	Sharpe ^{**^}
Dexion Alpha Strategies £ Share NAV	-0.89	-3.46	-	-	-
FT All Share (TR) (£)	0.71	-0.13	-	-	-
FT Govt All Stocks (TR) (£)	1.00	0.60	-	-	-
Dexion Alpha Strategies € Share NAV	-1.05	-4.21	-	-	-
MSCI Eurozone (TR) (€)	3.53	1.04	-	-	-
JPMorgan Eurozone Govt Bond Index (€)	1.22	0.95	-	-	-
Dexion Alpha Strategies US\$ Share NAV	-0.81	-3.06	-	-	-
MSCI World (TR) (US\$)	2.65	3.46	-	-	-
JPMorgan World Govt Bond Index (US\$)	1.00	4.75	-	-	-
HFRI Fund of Funds Index (US\$)	0.80	-0.22	-	-	-

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

£121.5m

Management Fee

1.50%

Performance Fee

10%

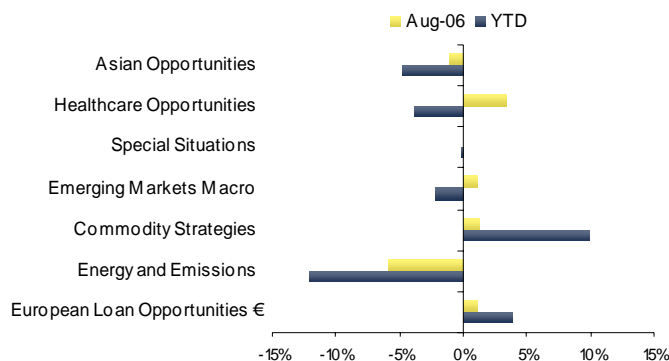
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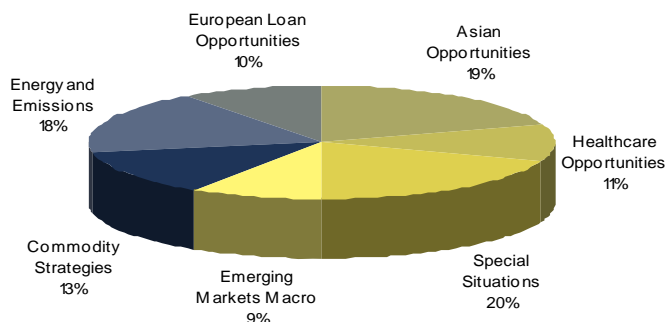
Website
www.dexionalpha.com

Performance by Strategy



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

Portfolio as of 1 September 2006



Strategy	Number of funds
Asian Opportunities	7
Healthcare Opportunities	10
Special Situations	9
Emerging Markets Macro	8
Commodity Strategies	15
Energy and Emissions	10
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	-0.89					-3.46
EUR													
2006	-	-	-	1.32	-2.72	-1.09	-0.71	-1.05					-4.21
USD													
2006	-	-	-	1.55	-2.44	-0.86	-0.49	-0.81					-3.06

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	24 Mar 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£83.23m
EUR	24 Mar 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€43.89m
USD	24 Mar 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	\$16.69m

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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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