

Overview

£
NAV 96.16p
Return +1.74%
Share price* 91.13p

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 €1.3759
Return +1.62%
Share price* €1.2950

The month was characterised by some powerful trends which had a positive impact on performance and all strategies delivered profits. The most prominent move came in equities, which saw continued strength across many markets, helping to lift returns for Asian long/short and emerging market managers. Commodity markets also proved to be a key performance driver following big moves in agriculturals, particularly in corn, wheat and soybeans. In addition, gold, silver and zinc prices recovered significantly. Corporate activity remained strong during the month with highlights including Tata's USD8B bid for Corus, Harrah's USD25B LBO and further consolidation in the Italian banking sector. This, coupled with strong equity markets, provided a positive environment for special situations strategies.

\$
NAV \$1.6930
Return +1.79%
Share price* \$1.6000

Asian Opportunities - Asian equity markets rallied in October as risk appetite strengthened in the region. Japanese markets were the slight laggard, maintaining a well-established trend in 2006. Most of our managers performed well, with two pan-Asian managers performing particularly strongly due to gains from long positions in Australia, China and Singapore. Two Japanese managers under-performed, as did an Australia-focused fund whose low net exposure led to low participation in the rally seen in Australian stocks. **Healthcare** - October was a strong month for our healthcare managers, a notable achievement given the mixed returns of healthcare stocks, with small caps outperforming large caps. Increased M&A activity in the sector significantly boosted returns for one of the biotech-focused funds. One concentrated, aggressive manager returned to profitability after several months of disappointing performance, due to individual stock moves. The best performance, however, came from a manager holding a core position in a pharmaceutical company which saw its share price increase by 61% arising from positive drug development news. **Special Situations** - Continued high levels of deal activity combined with buoyant equity markets provided plenty of opportunities for special situations managers, most of which were positive for the month. Long-biased funds generated the strongest returns as positions in mining and energy stocks rose on the back of favourable corporate news and positive investor sentiment. A significant long position in SportingBet undermined the performance of one manager, however. **Emerging Markets** - October was an excellent month for all emerging market managers in the portfolio as investor risk appetite grew across the sector. Equity trading was responsible for a large proportion of the advances as long positions in Asia, Latin America and Eastern Europe provided strong gains. Long positions in Brazilian, Mexican, Turkish and Indonesian rates combined with short positions in South African bonds also contributed to profits. **Commodities & Energy** - Managers with long positions in agricultural markets reaped handsome gains due to a drought in Australia, which affected grain exports, and historically low US wheat stocks. The base metals complex was mixed, driven by supply and demand issues. One relative value base metal manager generated good gains from zinc and aluminium spread trades. Energy was once again the poorest performing commodity sector, arising partly from large downward moves in the price of oil, but manager performance was nonetheless pleasing. Performance was underpinned by good returns from two of the managers, specifically from long positions in shipping companies and shorts in Nordic power and emissions. **European Loans** - A solid gain was achieved in what was a quiet month for credit markets. Returns were generated from coupon clipping and some new issues were added to the portfolio for further diversification. After some recent weakness in the secondary markets, prices recovered a little and this boosted performance.

Outlook - 2006 started with geopolitical problems and rising commodity prices dominating the headlines. After a relatively benign environment in recent months, it seems as if these factors could once again be at the forefront of investors' minds. Tension in the Middle East is on the rise once again and with oil and gold prices looking to have bottomed, the upward momentum we have seen in recent weeks may well continue into year end.

Performance data

	October (%)	YTD ¹ (%)	ITD* (%)	Volatility* (%)	Sharpe** [^]
Dexion Alpha Strategies £ Share NAV	1.74	-2.13	-3.62	5.11	-1.64
FT All Share (TR) (£)	3.03	4.52	7.87	8.75	0.36
FT Govt All Stocks (TR) (£)	0.82	1.88	3.24	3.71	-0.41
Dexion Alpha Strategies € Share NAV	1.62	-3.16	-5.36	5.18	-1.61
MSCI Eurozone (TR) (€)	2.95	6.74	11.83	9.18	0.97
JPMorgan Eurozone Govt Bond Index (€)	0.27	1.84	3.17	3.05	0.07
Dexion Alpha Strategies US\$ Share NAV	1.79	-1.64	-2.79	5.09	-1.58
MSCI World (TR) (US\$)	3.69	8.58	15.16	8.50	1.17
JPMorgan World Govt Bond Index (US\$)	0.91	5.48	9.58	3.68	1.18
HFRI Fund of Funds Index (US\$)	1.70	1.50	2.58	4.54	-0.58

¹ Cumulative performance from inception. * Annualised from inception date and based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since inception (4.76%) for GBP investments, average 1M EUR LIBOR since inception (2.96%) for EUR investments and average 1M USD LIBOR since inception (5.22%) for USD investments. 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
£122.9m

Management Fee
1.50%

Performance Fee
10%

Contact details

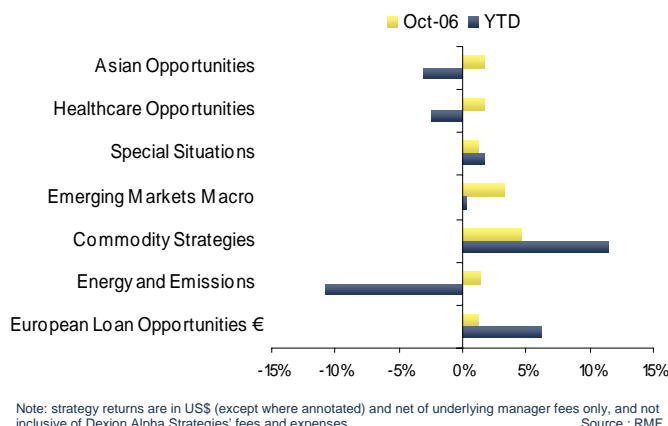
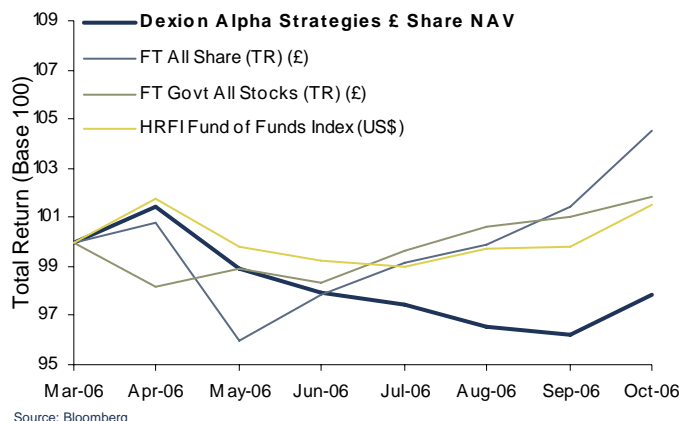
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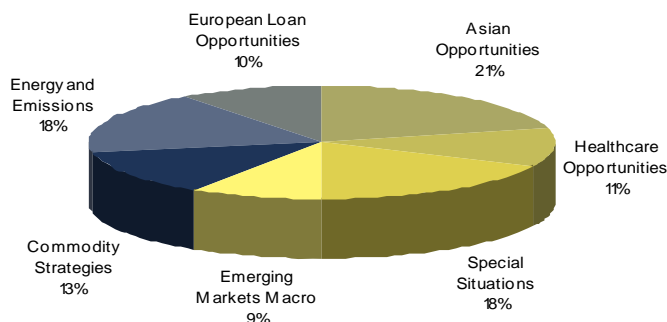
Website
www.dexionalpha.com

Net asset value performance

Performance by strategy



Portfolio as of 1 November 2006



Strategy	Number of funds
Asian Opportunities	9
Healthcare Opportunities	10
Special Situations	9
Emerging Markets Macro	8
Commodity Strategies	16
Energy and Emissions	12
European Loan Opportunities	1
Total	65

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 (%)

£	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006	-	-	-	1.47	-2.53	-0.95	-0.57	-0.89	-0.35	1.74			-2.13
€													
2006	-	-	-	1.32	-2.72	-1.09	-0.71	-1.05	-0.52	1.62			-3.16
\$													
2006	-	-	-	1.55	-2.44	-0.86	-0.49	-0.81	-0.32	1.79			-1.64

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
£	24 Mar 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£84.38m
€	24 Mar 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€44.37m
\$	24 Mar 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	\$16.93m

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