

Overview

£
NAV 98.54p
Return +2.48%
Share price* 91.88p

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 €1.4080
Return +2.33%
Share price* €1.3050

Performance was strong in November as buoyant investor sentiment propelled most asset classes higher. The month was notable for a decline in the US Dollar, which after trading around technical support levels in recent months breached these levels during the Thanksgiving week. The US Dollar sell-off sparked increased volatility in a number of asset classes, most notably in commodities, where energy and precious metals rallied. Despite brief declines due to the US Dollar weakness, equity markets enjoyed another good month, with Asian and Emerging Markets outperforming other regions. Strong M&A activity, one of the major themes of 2006, continued during November with consolidation amongst financial exchanges, metal companies and Italian banks at the forefront of investors' minds.

\$
NAV \$1.7368
Return +2.59%
Share price* \$1.6100

Asian Opportunities - Our managers were well positioned to profit from the rise in Asian stocks. Profits were generated across the region including China, Taiwan, Singapore and Australia, and from a mixture of long-biased and more conservative managers. Overall returns were trimmed by losses from a bullish Japanese focused manager, who struggled amid another weak month for Japanese small caps. The weakness in Japan did benefit one of our managers, whose Japanese short book has profited handsomely in 2006. **Healthcare** - In a month where the healthcare indices were negative, strong alpha was recorded by our managers, who generated impressive gains. The most meaningful event during the month, and the primary reason for the weakness in the broader indices, was the Democrats seizing control of US Congress for the first time since 1994. This will most likely intensify the debate related to healthcare pricing which the Democrats would like to see lowered. We believe that the political events of November are setting the stage for a significant alpha opportunity in healthcare. Long-only investors may face difficulties, while strategies being able to participate on both the long and short side in this sector should have a clear advantage. **Special Situations** - Event driven managers were well positioned to profit from continued high levels of M&A. One global special situations manager with a long bias profited substantially from price appreciation in both NYSE and Euronext as the merger of these two financial exchanges moved ever closer. Elsewhere our Asian and European managers delivered profits as developments within Chinese and European utility companies proved beneficial. **Emerging Markets** - The best returns arose from those managers with significant equity exposure. Most managers were overweight Asia and the strong performance of this region was a key factor in their out-performance. The decline in the US Dollar towards the end of November was also supportive, as established long positions in a basket of EM currencies profited from the greenback's decline. Commodity related investments performed well, while EM debt rose, pushing spreads tighter and providing gains for some of our managers. **Commodities & Energy** - The best returns came from those managers with long positions in grains and metals. Notable performances include a dedicated agricultural trader well positioned for the rally in grain prices, while a relative value base metal trader continued to deliver stellar returns from curve trades in copper and zinc. Most equity based managers did well as resource and energy stocks were bid up amid increased risk appetite. Amongst our dedicated energy strategies, equity managers did well, while those managers employing derivative based strategies encountered difficulties and experienced small losses. **European Loans** - Another solid performance was recorded by this strategy in what was a quiet month in the European leveraged loan market. Performance was driven by coupon clipping, and diversification within the portfolio was increased as new paper was added.

Outlook - Investor confidence has recovered in recent months, helping to push commodity, equity and emerging markets higher in Q4. This trend continued into December and the majority of strategists are forecasting further gains for 2007 arising from strong global growth, despite a moderate US slowdown. While our managers are well positioned for continued market strength, they are also mindful of geopolitical and economic risks that lie ahead and are ready to adjust their portfolios should market conditions change, which, as seen in May, can occur quickly and dramatically.

Performance data

	November (%)	YTD ¹ (%)	ITD* (%)	Volatility* (%)	Sharpe** [^]
Dexion Alpha Strategies £ Share NAV	2.48	0.30	0.44	5.82	-0.75
FT All Share (TR) (£)	-0.29	4.22	6.39	8.19	0.19
FT Govt All Stocks (TR) (£)	0.10	1.98	2.98	3.44	-0.53
Dexion Alpha Strategies € Share NAV	2.33	-0.90	-1.35	5.88	-0.74
MSCI Eurozone (TR) (€)	0.27	7.03	10.72	8.54	0.90
JPMorgan Eurozone Govt Bond Index (€)	0.54	2.39	3.61	2.85	0.21
Dexion Alpha Strategies US\$ Share NAV	2.59	0.91	1.36	5.84	-0.66
MSCI World (TR) (US\$)	2.50	11.30	17.42	8.03	1.52
JPMorgan World Govt Bond Index (US\$)	2.66	8.29	12.69	4.12	1.81
HFRI Fund of Funds Index (US\$)	1.85	3.27	4.95	4.65	-0.06

¹ Cumulative performance from inception. * Annualised from inception date and based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since inception (4.80%) for GBP investments, average 1M EUR LIBOR since inception (3.02%) for EUR investments and average 1M USD LIBOR since inception (5.23%) 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

£125.9m

Management Fee

1.50%

Performance Fee

10%

Contact details

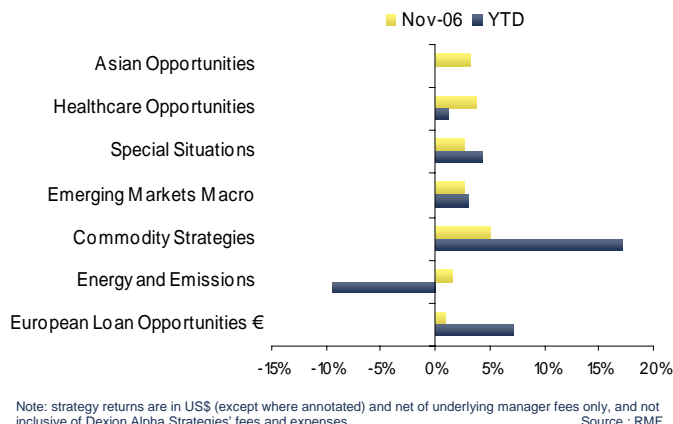
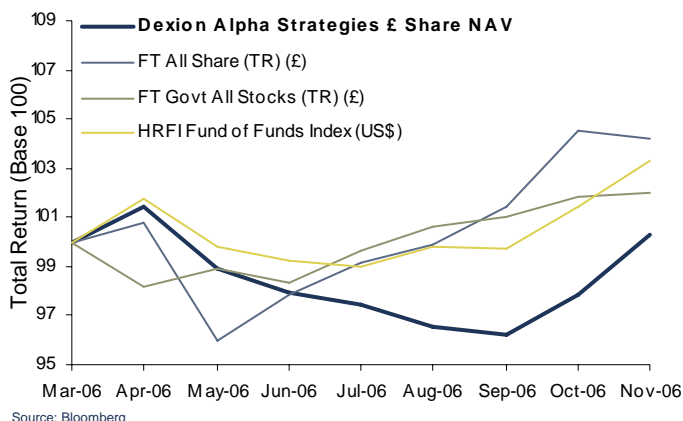
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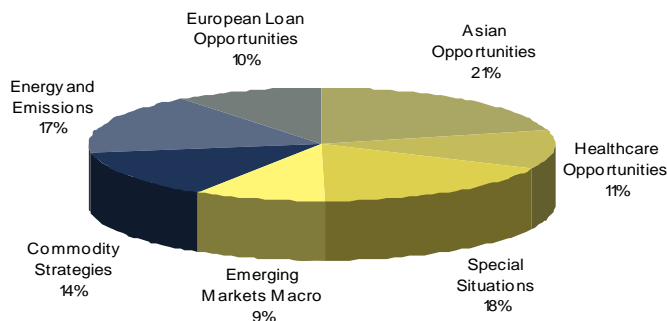
Website
www.dexionalpha.com

Net asset value performance

Performance by strategy



Portfolio as of 1 December 2006



Strategy	Number of funds
Asian Opportunities	9
Healthcare Opportunities	10
Special Situations	8
Emerging Markets Macro	8
Commodity Strategies	16
Energy and Emissions	12
European Loan Opportunities	1
Total	64

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	2.48		0.30
€													
2006	-	-	-	1.32	-2.72	-1.09	-0.71	-1.05	-0.52	1.62	2.33		-0.90
\$													
2006	-	-	-	1.55	-2.44	-0.86	-0.49	-0.81	-0.32	1.79	2.59		0.91

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
£	24 Mar 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£86.47m
€	24 Mar 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€45.41m
\$	24 Mar 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	\$17.37m

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