

£	
NAV	112.33p
RETURN	+0.99%
SHARE PRICE*	108.875p
Opening NAV per £ share 98.25p	

€	
NAV	1.5952
RETURN	+0.88%
SHARE PRICE*	1.5175
Opening NAV per € share €1.4208	

US\$	
NAV	1.9845
RETURN	+0.96%
SHARE PRICE*	1.9400
Opening NAV per US\$ share US\$1.7212	

Note: \*Closing mid-price at month end.

## OVERVIEW

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.

## PERFORMANCE DATA

	DECEMBER(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE <sup>^</sup>
DEXION ALPHA STRATEGIES £ SHARE NAV	0.99	11.94	7.95	5.34	0.48
DEXION ALPHA STRATEGIES € SHARE NAV	0.88	11.27	6.84	5.50	0.58
DEXION ALPHA STRATEGIES US\$ SHARE NAV	0.96	12.21	8.47	5.47	0.59
HFRI FUND OF FUNDS INDEX (US\$)	0.28	10.12	8.73	4.85	0.72
MSCI WORLD INDEX GROSS (TR) (US\$)	-1.26	9.57	13.32	8.55	0.94
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-0.53	10.81	9.77	5.44	0.83

\* Annualised from inception date and based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since March 2006 (5.42%) for DASL £, average 1M EUR LIBOR since March 2006 (3.65%) for DASL € and average 1M USD LIBOR since March 2006 (5.25%) for DASL US\$ and US\$ indices.

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

## MONTHLY COMMENTARY

Volatility in Asian markets continued in December with the MSCI AC Asia Pacific index finishing the month around -2.5% lower, completing a give back of around -8% in the final two months of 2007. The S&P 500 and the NASDAQ also fell, resulting in the first negative fourth quarter since 2000. Fears spread that continued weakness in the housing market and rising oil and gas prices would combine to weaken consumer demand while at the same time drive inflation higher.

**Asian Opportunities** - Profits accrued from longs in India, Asia's top-performing market for the month, property-related plays in Hong Kong and individual long positions in Malaysia. Gains on the short side included Chinese financials, Australian property and Japanese shipping companies. Significant detractors included long exposure to China-related plays in Hong Kong, cyclicals and Australian resource names. Long equity exposure in Japan across a variety of sectors was also a significant detractor from returns. **Healthcare Opportunities** - Managers generated a positive return, outpacing the broader market averages and the healthcare sector overall. On the long side, a number of factors contributed to relative and absolute performance, including the overall tilt of the portfolio towards small and mid-cap biotechnology companies and some company-specific events that also helped drive returns. **Special Situations** - Managers did well in a volatile environment and finished the month in positive territory, rounding off an impressive year for the strategy. Asian focused managers were negative for the month, but US and Europe funds generally performed well. Deal activity and rumours within the mining sector saw positive gains from well established positions in this industry. Further bad news in the financial sector regarding write-offs benefitted managers with short exposure through individual stock shorts and credit default swaps. **Energy & Emissions** - December was a strong month as the energy sector proved to be resilient with respect to the general concerns over the global economy. Colder than normal weather in the US and Europe drove physical fuel demand, pushing up the front end contracts for natural gas and heating oil. Geopolitical tensions in Nigeria and Pakistan, coupled with the rapid deterioration of the OECD stocks of crude, forced oil prices higher. **Commodity Strategies** - Managers benefited from a sharp rally in corn and soybeans prices, and additional profits came from derivative positions with a long volatility bias, as well as spread trades in Minnesota versus Chicago wheat. Other positive contributions to returns came from positions in precious metals and equities. **Environmental Strategies** - All managers posted positive returns and environmental equities were boosted by a variety of legislative measures from the US and Chinese governments. Additionally, both the clean equities and the carbon futures markets were supported by crude oil's flirtation with US\$100/bbl pricing. The renewable energy and water themes were particularly strong return drivers. **Emerging Markets** - The first days of the month saw supportive data coming out of the US and Europe, which generally supported EM asset values. However, sentiment changed in the latter half of the month as concerns over credit and inflation weighed on the market. In general, allocations to the Middle East and selected Asian markets helped to protect gains. Our active global emerging market managers were able to shift exposures quickly across asset classes, which also contributed handsomely to overall gains. **European Loans** - The portfolio suffered from unrealised mark to market losses arising from the dramatic re-pricing of risk. As highlighted in recent months, the credit quality of the portfolio remains strong, with recent earnings releases in line or better than expectations.

**Outlook** Over the latter half of 2007, we became increasingly concerned about the outlook for economic and corporate earnings growth and we took some measures to reduce equity risk in the portfolio. Heading into 2008, we have taken further steps to protect the portfolio by cutting exposure to directional Asian long/short managers and increasing exposure to hedged healthcare managers. Across all strategies, we have seen managers take steps to reduce risk and we believe the portfolio is focused on compelling medium-term investment themes which offer strong alpha opportunities.

## KEY FACTS

### MANAGER

DEXION CAPITAL (GUERNSEY) LIMITED

### INVESTMENT ADVISER

RMF INVESTMENT MANAGEMENT

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£137.62M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

10%

## CONTACT DETAILS

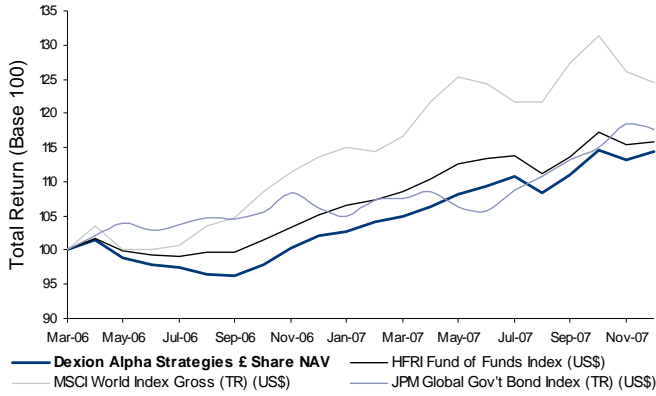
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GUERNSEY

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web [www.dexionalpha.com](http://www.dexionalpha.com)

## SHARE CLASS

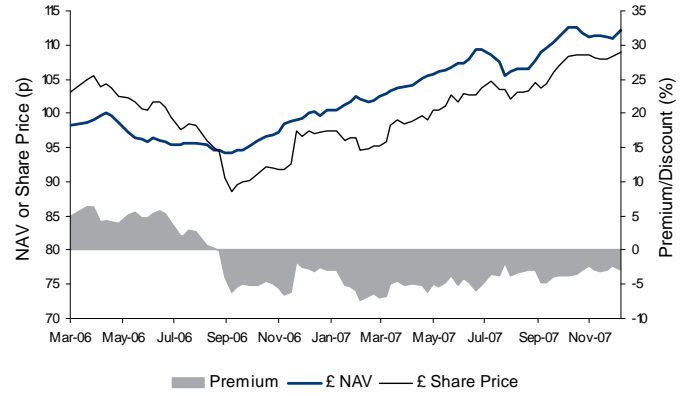
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	24 MAR 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£103.24m
€	24 MAR 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€39.53m
US\$	24 MAR 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	US\$10.51m

NET ASSET VALUE PERFORMANCE



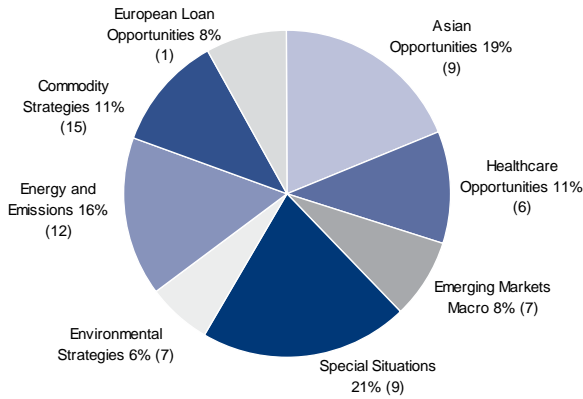
Source: Bloomberg

SHARE PRICE PERFORMANCE



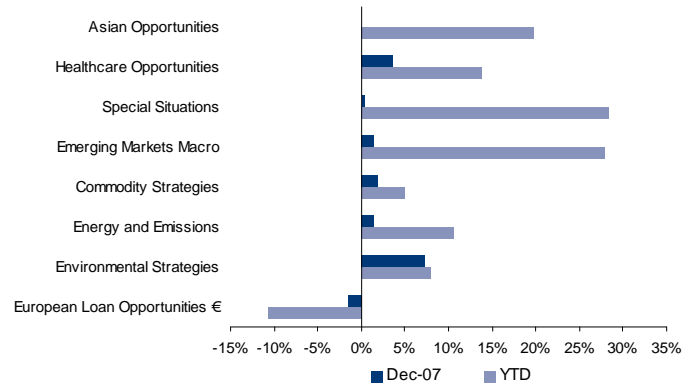
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 JANUARY 2008



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. Numbers in brackets indicate number of managers.  
Source: RMF Investment Management

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 Investment Management

HISTORICAL NAV PERFORMANCE (%)

£	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	0.50	1.42	0.70	1.43	1.79	0.97	1.35	-2.10	2.41	3.14	-1.16	0.99	11.94
2006	-	-	-	1.47	-2.53	-0.95	-0.57	-0.89	-0.35	1.74	2.48	1.84	2.14

€	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	0.42	1.29	0.56	1.34	1.68	1.19	1.65	-2.22	2.18	3.23	-1.35	0.88	11.27
2006	-	-	-	1.32	-2.72	-1.09	-0.71	-1.05	-0.52	1.62	2.33	1.82	0.90

US\$	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	0.53	1.42	0.71	1.48	1.75	0.97	1.42	-2.15	2.39	3.55	-1.31	0.96	12.21
2006	-	-	-	1.55	-2.44	-0.86	-0.49	-0.81	-0.32	1.79	2.59	1.83	2.75

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