

£	
NAV	108.45p
RETURN	+1.58%
SHARE PRICE*	101.50p
Opening NAV per £ share 98.25p	

€	
NAV	1.5358
RETURN	+1.39%
SHARE PRICE*	1.4350
Opening NAV per € share €1.4208	

US\$	
NAV	1.8934
RETURN	+1.30%
SHARE PRICE*	1.7450
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

	MAY(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE**
DEXION ALPHA STRATEGIES £ SHARE NAV	1.58	-3.45	4.66	6.40	-0.12
DEXION ALPHA STRATEGIES € SHARE NAV	1.39	-3.72	3.66	6.41	-0.02
DEXION ALPHA STRATEGIES US\$ SHARE NAV	1.30	-4.59	4.50	6.57	-0.05
HFRI FUND OF FUNDS INDEX (US\$)	1.92	-1.44	6.35	5.58	0.27
MSCI WORLD INDEX GROSS (TR) (US\$)	1.65	-2.50	9.34	10.28	0.44
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-1.50	4.27	9.93	6.53	0.78

\* Annualised from inception date and based on monthly data. \*\* Risk free rate is average 1M GBP LIBOR since March 2006 (5.45%) for DASL £, average 1M EUR LIBOR since March 2006 (3.77%) for DASL € and average 1M USD LIBOR since March 2006 (4.83%) for DASL US\$ and US\$ indices.

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

## MONTHLY COMMENTARY

Two associated themes dominated financial markets during May, namely renewed inflation concerns and the continued rise in oil prices. In equity markets, there was a large disparity in the performances in different regions; Europe and the US were strong, while Asia under-performed, except in Japan, where rising inflation expectations boosted stock market sentiment, especially in the banking sector. In commodity markets, oil reached a record high on renewed supply concerns, peaking at over US\$135 per barrel. Natural gas continued to trade at a discount to oil, though this gap narrowed in May, delivering strong performance as a result.

**Asian Opportunities** – The strategy was flat this month in what was a challenging month for both equity and non-equity strategies. Inflation started to become a concern for policy makers across the region as oil and commodity prices continued to rise. Long equity positions in Hong Kong and China hurt many managers, while positive performance came from our net short China fund, which performed strongly. Overall, managers remained defensively positioned and directional exposure was low. **Healthcare Opportunities** – Stock picking continued to be an important source of alpha, with small-cap stocks once again out-performing large-cap companies. One US manager profited from an increase in M&A speculation, an example being Savient Pharmaceuticals which rose by +22% on rumours that the company had entered into acquisition discussions. **Special Situations** - The strategy recorded impressive returns this month. Gains came from the US-based manager which benefited from severe weakness in financial companies as the sector fell approximately -6%. Deal activity was particularly strong in the US, with the LBO deal for Clear Channel providing fruitful returns. Despite a negative month for credit and widening spreads, distressed managers posted modest returns. **Energy & Emissions** – May was a positive month overall for managers; they derived returns from positions in natural gas, a major shift in the crude oil curve, appreciating prices in products and energy equities. The market saw gasoline and heating oil rally, widening the crack spread. In the power market, one manager was able to generate a steady stream of returns from exposure to coal, German power and CO2 positions. **Commodity Strategies** - The bulk of the gains were derived from long/short exposures in natural resources. Non-ferrous metals suffered from the impact of the strong US Dollar and fund liquidation, providing opportunities for managers positioned short as prices dropped. The wide dispersion of positions within the agricultural sector also proved rewarding. Wet weather conditions and floods in the US Corn Belt should have provided upside for our grains-focused manager, but congressional hearings related to food price inflation and speculative activity in the commodity futures market inhibited trading activity. **Environmental Strategies** - The strategy was the top performer this month, with gains across all sub-sectors. Governmental policy discussion in the US, Germany and Spain introduced opacity into the renewables market, particularly for wind and solar energy. Fundamentals point towards further supply problems in energy which should keep prices high, serving as a tailwind for alternative energy solutions. While a rally in carbon credits proved advantageous in some instances, the widening spreads in EUA futures did little to help performance as hedging limited overall gains. **Emerging Markets** - May witnessed stronger performance from Latin American markets relative to Asia, where governments were forced to cut energy subsidies, leading to higher energy prices. The growing inflationary pressure benefited some managers, as emerging market currencies tended to trade higher. Exceptional performance came from an FX-oriented manager which benefited from their long Mexican Peso and Brazilian Real positions against the Euro. **European Loans** - Loans finished the month flat as prices traded in a relatively narrow range just under the €90 level. The credit default swap market witnessed widening spreads as investors took advantage of cheap methods to finance their positions. Higher quality senior secured loan paper has performed well on the back of new CLO issuances.

**Outlook** We have taken some profits in the commodity allocation following recent strong performance. The focus continues to be on managers who construct their portfolios with significant downside protection, as we expect economic and earnings fundamentals to deteriorate further in the months ahead. The turbulence of recent months has led to significant value across most strategies, and we believe that our managers are well-placed to take advantage of the compelling opportunities for alpha generation that will present themselves going forward.

## SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	24 MAR 2006	DASL LN	DASL.L	GB00B0ZQ8Q41	B0ZQ8Q4	£94.45M
€	24 MAR 2006	DASE LN	DASLx.L	GB00B0ZQ9943	B0ZQ994	€30.11M
US\$	24 MAR 2006	DASU LN	DASLu.L	GB00B0ZQBH64	B0ZQBH6	US\$20.54M

## KEY FACTS

### MANAGER

DEXION CAPITAL (GUERNSEY) LIMITED

### INVESTMENT ADVISER

RMF INVESTMENT MANAGEMENT

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£128.51M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

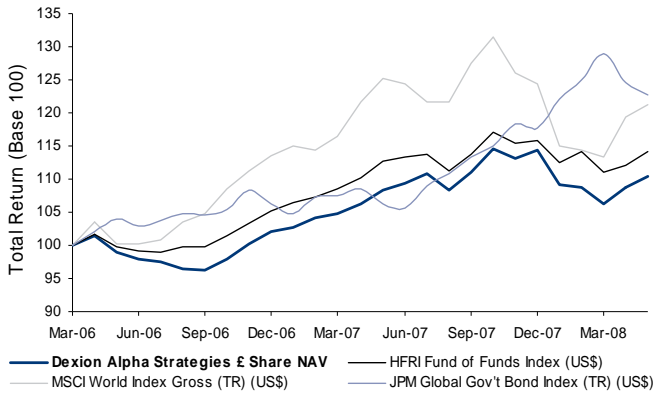
10%

## CONTACT DETAILS

DEXION ALPHA STRATEGIES LIMITED  
1 LE TRUCHOT  
ST PETER PORT  
GUERNSEY

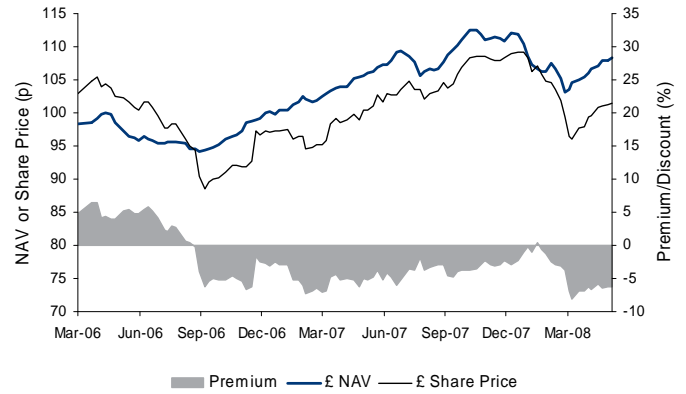
email [clientservices@dexionalpha.com](mailto:clientservices@dexionalpha.com)  
web [www.dexionalpha.com](http://www.dexionalpha.com)

NET ASSET VALUE PERFORMANCE



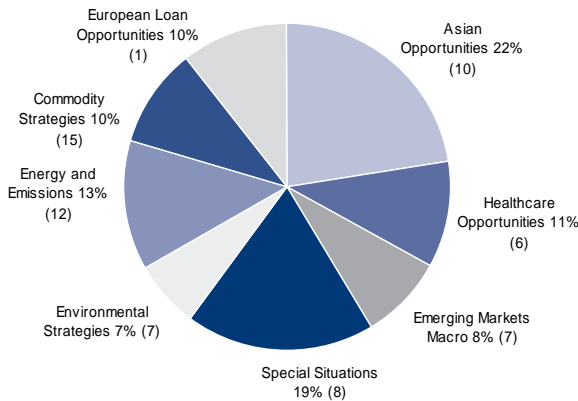
Source: Bloomberg

SHARE PRICE PERFORMANCE



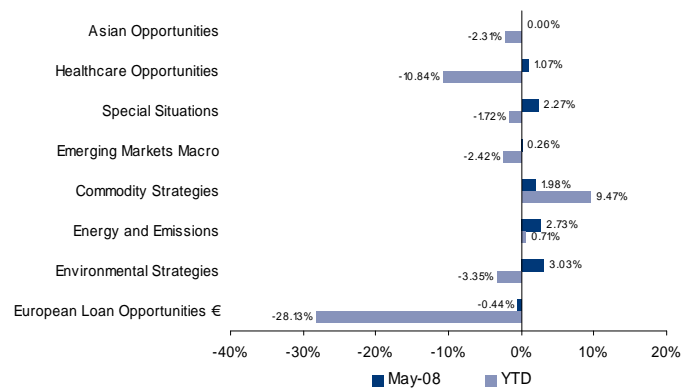
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 JUNE 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
2008	-4.54	-0.27	-2.29	2.17	1.58								-3.45
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
2008	-4.51	-0.26	-2.22	1.97	1.39								-3.72
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
2008	-4.66	-0.45	-2.61	1.89	1.30								-4.59
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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