



Dexion Alpha offers return of capital or commodity mandate

By [David Campbell](#) | 12:38:44 | 11 June 2009

Shareholders in Dexion Alpha Strategies have been offered a return of capital at NAV, a 10% premium on current share price, or a new long-short commodities mandate, after they voted to wind-up the trust.

[Sterling](#) and [euro](#) shareholders voted against continuation proposals by a wide margin at the end of April, although the minority £1.36 million [dollar](#) class voted to continue.

It has also put forward a second set of plans, proposing to shift the investment mandate from distressed debt, special situations and alternative assets towards becoming a long-short commodities fund.

The new mandate will be subject to retaining around £40 million in assets. Dexion Capital chair Robin Bowie said a number of major investors had indicated their support for the fund.

Investment manager RMF has a five year track record of running around \$2 billion in hedged commodity strategies.

The maximum drawdown on the principle RMF fund in recent years was 10.53% compared to around 54% on index exposure and between 50% and 70% on long-only strategies.

Commodity prices have rebounded in recent months almost as fast as they fell last autumn, as the wheels of Chinese stimulus have begun to roll. The oil price touched a 2009-high of above \$70 a barrel earlier this week.

Just under 33% of the £67.26 million sterling class voted for continuation compared to just 3.39% of the £15 million euro share class. The new mandate would include provisions for a further continuation vote in 2010.

Earlier in April shareholders in sister fund [Dexion Absolute](#) voted to stay invested although analysts said this was likely to be due to unappealing alternative proposals.

Investors would have been transferred to an unlisted wind-up vehicle and would have faced a likely wait of several years before the most illiquid assets could be sold.

In its most recent [liquidity profile](#), trust managers estimated that around 8% of assets would take a year to realise, while another 8% was in vehicles closed to redemption.

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