

Xenon Alpha Plus1 (Xenon1) are redeemable preference shares carrying a return linked to the performance of the Alpha Plus Portfolio. The shares are issued by Deutsche Xenon Limited. The Alpha Plus Portfolio is designed to generate returns linked to the performance of two funds of hedge funds: the Ivy Rosewood Diversified Fund and Silver Creek Low Vol Strategies.

## Performance review

Performance (to 31 March 2005)	Xenon Alpha Plus1	UBS Composite Bond Index	ASX 200 Accumulation Index	S&P/ASX 500 Accumulation Index hedged in USD
One month	-0.46%	0.16%	-0.88%	-1.77%
Three months	1.05%	-0.03%	2.74%	-2.15%
Six months	N/A			
Year to date	1.05%	-0.03%	2.74%	-2.15%
Since inception 25 November 2004	4.53%	0.18%	6.85%	0.53%

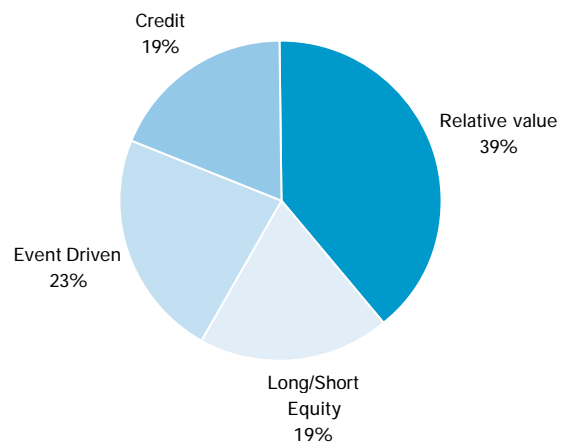
Source: Deutsche Bank

Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004												3.70%	3.70%
2005	-0.53	2.06%	-0.46%										1.05%

Source: Deutsche Bank

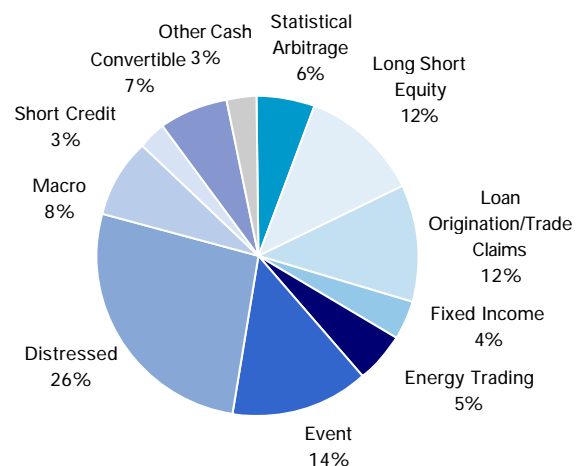
Ivy allocation by strategy as at 31 March 2005	
	% of fund
Relative Value	39%
Long/	19%
Event Driven	23%
Credit	19%
Total	100%

Source: Ivy Asset Management



Silver Creek allocation by strategy as at 31 March 2005	
	% of fund
Statistical Arbitrage	6%
Long Short Equity	12%
Loan Origination/Trade Claims	12%
Fixed Income	4%
Energy Trading	5%
Event	14%
Distressed	26%
Macro	8%
Short Credit	3%
Convertible	7%
Other Cash	3%
Total	100%

Source: Silver Creek



## Portfolio performance

For the first quarter of 2005, the Xenon1 Alpha Plus Portfolio gained 1.05%. Combined with the performance since inception, Xenon1 has a total growth of 4.53%.

The Sliver Creek account has contributed 4.97% of performance and the Ivy account has contributed -0.44% to performance since inception.

## Macro review

The first quarter proved a challenging environment with the UBS Composite Bond Index down 0.03% for the year, the S&P 500 Accumulation Index down 2.15% in USD terms and the S&P/ASX 200 Accumulation Index up 2.74%.

Both Ivy and Silver Creek are showing a trend to moving away from allocating to managers who are dedicated strategy specific arbitrage managers to more dynamic multi-strategy managers who can allocate more opportunistically as strategies develop and deteriorate.

## Strategy review

**Long/Short.** Managers which traded in more volatile industries such as technology and health/care found the market challenging while managers exposed to commodities, smaller cap stocks in Europe and selected Japanese stocks were able to post good results as were those managers who hedged the downside of equity markets in January and March while capturing the February upside.

**Event Driven.** Merger activity continued to pick up but deal spreads remained low in this area.

**Distressed.** Managers saw a cheapening of prices as lower quality names in the portfolio performed poorly. More conservative managers in the distressed strategy sector have been migrating up the capital structure to senior secured debt. While more aggressive managers have been involved in restructuring companies, both approaches have yielded positive results.

**Relative Value.** Performance of these managers was mixed - widening credit spreads, rising yields and supply concerns made convertible arbitrage trading difficult. On the positive side fundamental-focused statistical arbitrage paid dividends as managers generated returns from stock picking.

**Credit.** In the credit space focus was on relative value rather than outright credit and was rewarded with positive returns as managers were able to avoid the effect of indiscriminate sell off of all credit.

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