

Xenon Alpha Plus1 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 December 2005)	Xenon Alpha Plus1	UBS Composite Bond Index	S&P/ ASX 200 Accumulation Index	S&P 500 Accumulation Index in USD
One month	4.76%	0.92%	3.08%	0.03%
Three months	7.47%	1.86%	3.56%	2.09%
Six months	14.84%	2.53%	13.90%	5.77%
Year to date	12.65%	5.80%	22.83%	4.91%
CAGR since inception on 25 November 2004	15.17%	5.55%	25.36%	7.08%

Source: Deutsche Bank
CAGR: Compound average growth rate

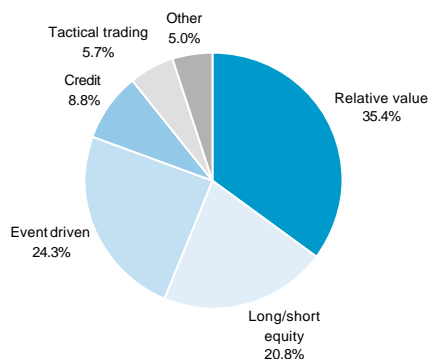
Month perf.	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YT
2004												3.44%	3.4
2005	-0.53	2.06%	-0.46%	-3.28%	-1.55%	1.95%	1.70%	1.24%	3.78%	-2.14%	4.83%	4.76%	12.65

Source: Deutsche Bank

Ivy allocation by strategy as at 31 December 2005

	% of fund
Relative value	35.4%
Long/short equity	20.8%
Event driven	24.3%
Credit	8.8%
Tactical trading	5.7%
Other	5.0%
Total	100.0%

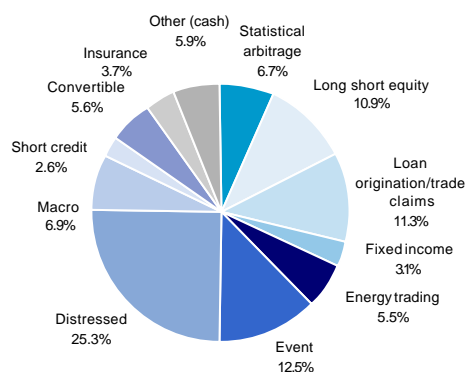
Source: Ivy Asset Management



Silver Creek allocation by strategy as at 31 December 2005

	% of fund
Statistical arbitrage	6.7%
Long/short equity	10.9%
Loan origination/trade claims	11.3%
Fixed income	3.1%
Energy trading	5.5%
Event	12.5%
Distressed	25.3%
Macro	6.9%
Short credit	2.6%
Convertible	5.6%
Insurance	3.7%
Other (cash)	5.9%
Total	100.0%

Source: Silver Creek



Portfolio performance

For the fourth quarter of 2005, the Xenon Alpha Plus1 Portfolio increased by 7.47%. Combined with its performance since inception, Xenon Alpha Plus1 recorded total growth of 16.53%. This is equivalent to a compound average growth rate of 15.17% per annum since inception.

During the quarter the Silver Creek account contributed 7.55 percentage points to performance and the Ivy account contributed negative 0.08 percentage points to performance.

As a result of Additional Leverage, the total leverage employed per Xenon Alpha Plus1 share is \$2.53. In accordance with the Investment Allocation Mechanism, approximately 10% of the Ivy account remained allocated to cash.

Macro review

The fourth quarter of 2005 generally recorded strong results for hedge fund strategies despite a lacklustre performance in October. In the US the Federal Reserve maintained its tightening bias. In Europe, the European Central Bank tightened rates and continued to maintain a more hawkish tone. In Asia the Japanese economy continued to show strong signs of recovery.

Over the quarter the UBS Composite Bond Index moved 1.86% higher, the S&P 500 Accumulation Index was 2.09% higher in US dollar terms and the S&P/ASX 200 Accumulation Index was up 3.56% in Australian dollar terms.

Silver Creek has increased funding to several existing managers and added two new managers. Investments in four funds were closed out. Ivy has added six managers and removed five. Those added across the two funds were:

- a tactical trading fund;
- global macro trading funds;

- a relative value multi manager; and
- a long short equity manager who has exposure to Japanese equities.

Managers were removed from the Silver Creek and Ivy portfolios either because returns no longer met the portfolio targets or because Silver Creek or Ivy sought to reduce exposure to certain strategies. Those removed across the two funds included:

- a levered fixed income strategy;
- managers who were underperforming their target returns; and
- a manager whose underlying business terms had changed.

Strategy review

Long/short. Managers based outside the US who are skilled stock pickers with an understanding of their local markets have proven adept at managing their portfolios and market risks and contributed to the performance of the portfolios. Price divergence in global equity markets allowed equity market neutral strategies to fare better.

Event driven. In this sector managers were generally able to deliver consistently positive returns. Often returns were driven by more seasoned positions. Merger activity continued at a strong pace. In December, 30 deals were announced, each worth more than US\$1 billion. Global merger activity totalled US\$2.45 trillion

Distressed. Another profitable quarter. Some managers profited from airline industry positions as aircraft pricing firmed and fuel costs declined. Positions in Enron were rewarded as creditors continued to receive cash positions.

Relative value. Convertible managers finished with mixed results. Selling and year end redemption fears plagued this strategy.



Important notice. This publication is provided to you for information purposes only and is not intended as an offer to enter into any transaction. The information contained in it is not necessarily complete and its accuracy cannot be guaranteed. We have prepared this publication without consideration of the investment objectives, financial situation or particular needs of any individual investor. You should consider your own investment objectives, financial situation and particular needs before taking any action with respect to a financial product referred to in this publication and obtain a prospectus relating to any such financial product (if available) and consider it before making any decision about whether to acquire the product.

In distributing this publication, we are assuming that your organisation is capable of evaluating the merits and risks of any transaction described in it, its suitability for your organisation's purposes and its legal, taxation, accounting and financial implications and that in making this evaluation you are not relying on any recommendation or statement by us. In particular, we are not acting as your adviser or assuming any duty of care in this respect.

To the extent permitted by applicable law, none of Deutsche Bank AG, its affiliates, or any officer or employee of Deutsche Bank AG or any of its affiliates, accepts any liability whatsoever for any direct or consequential loss arising from any use of this publication or its contents, including for negligence. Deutsche Bank AG, its affiliates and their respective officers, directors, partners and employees, including persons involved in the preparation or issuance of this publication, may have an interest in the securities of any entity referred to in this publication. For example, they may deal in, hold or act as market-makers for the securities (or derivatives of them) or act as advisers, brokers or bankers to the issuer of the securities, or derivatives of the securities, or be represented on the board of such persons. Deutsche Bank AG or its affiliates may act as arranger or underwriter of issues of securities the subject of this publication.

Copyright protection exists in this publication. The contents of this publication may not be reproduced, distributed or published by any person for any purpose without our written consent.

