



DynexCorp

Dynamic Currency Debt Management

2nd Quarter 2011 Report

5 July 2011

Cycle reverses: Time for the sidelines. Back in EUR. EUR Debt Management 2011-to-date: +7.53%

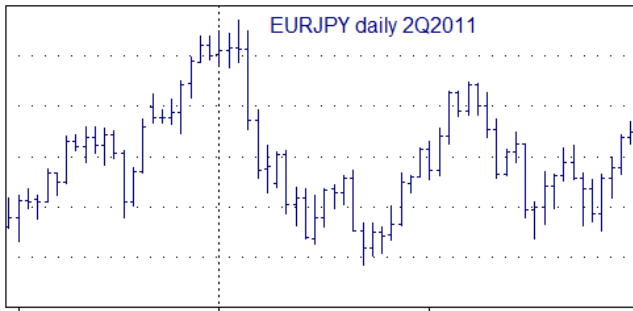
At the end of 1Q2011 we re-entered USD (50%), GBP (25%) and JPY (25%) in order to service euro loans. The results for the first quarter of 2011 have been spectacular:

borrowings in	result from currency moves	result from % diff / quarter	combined result (pro rata contribution)
USD	+2.23%	+0.19%	+1.21%
GBP	+2.32%	+0.12%	+0.61%
JPY	-1.03%	+0.24%	-0.20%
total from EUR debt management in 2Q2011			+1.62%

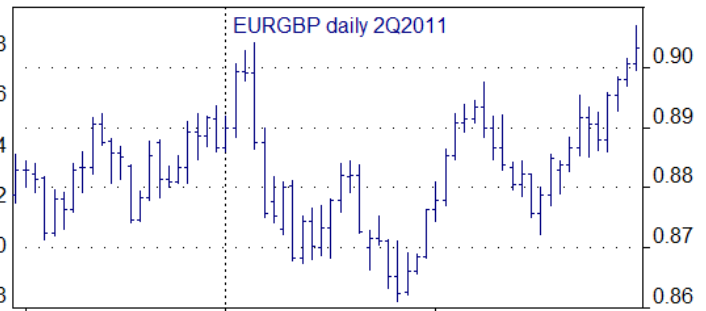
During the second quarter of 2011, we achieved profits once again, albeit on a more modest scale. It seems that the trends that benefited us during 2011, have become tired and might enter a consolidation or even a reversal phase.

Thus we moving our portfolio to neutral, that is to say back into the loan contractual currency, the euro.

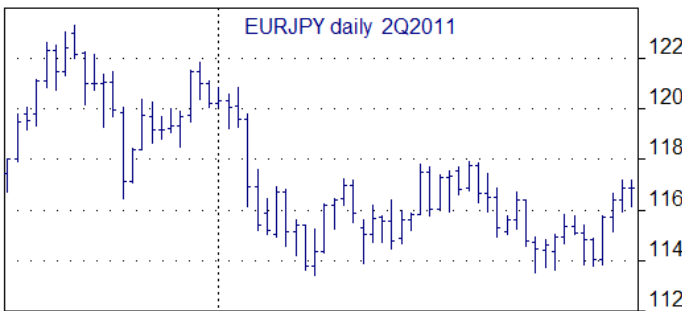
as of 31 Jun 2011 - USD: 50%



as of 30 Jun 2011 - GBP: 25%



as of 30 Jun 2011 - JPY: 25%



	as % of NAV				No. Funds	
	Value	Last Week	4y Percentile	1y Percentile	Long	Short
AUD	1.9%	3.4%	28.6%	10.3%	23	22
CAD	0.8%	4.6%	55.0%	15.5%	26	19
CHF	-2.0%	-2.9%	57.1%	29.8%	21	25
EUR	-8.3%	-13.2%	20.0%	38.2%	16	33
GBP	-0.3%	2.4%	50.5%	60.1%	24	22
JPY	3.7%	5.3%	72.4%	71.7%	25	22
NOK	-0.2%	1.0%	10.8%	7.9%	15	18
NZD	2.1%	-1.0%	68.1%	99.2%	20	18
SEK	1.0%	2.3%	55.4%	11.9%	18	15
USD	-16.6%	-19.1%	39.5%	56.9%	17	32

Source: DB Global Markets Research. Note: NAV values represent the average across individual FX manager

Current EUR-based loan portfolio

0% USD → current rate: 1.4474
 0% GBP → current rate: 0.9035
 0% JPY → current rate: 116.81

Previous quarter-end rates

EURUSD EURGBP EURJPY
 1.4158 0.8830 118.03

Borrowing can become an advantageous business if loan balances can be reduced through a) interest rate reduction and/or b) dynamic switching to weaker currencies. Interest rates for different currencies vary greatly. Switching loan balances into low interest rate currencies can reduce the interest burden. Switching loan balances into currencies that fall against the original loan currency can also reduce the loan burden. DynexCorp uses a combination of both to achieve benefits for the borrower.

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