

£

NAV	125.14p
RETURN	+1.32%
SHARE PRICE*	118.00p

Opening NAV per £ share 98.25p

Note: *Closing mid-price at month end.

OVERVIEW

Dexion Equity Alternative Limited is a Guernsey registered, closed-ended investment company listed on the London Stock Exchange. The Company's investment objective is to target US dollar annualised returns of 10 percent to 15 percent per annum over any five year period with low correlation to traditional equity benchmarks and an annualised volatility target of less than 8 percent whilst preserving capital in all market conditions. The Company's shares are denominated in Sterling and the Company implements a hedging policy to protect the Sterling value of its US Dollar denominated investments.

PERFORMANCE DATA

	APRIL(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE**
DEXION EQUITY ALTERNATIVE £ SHARE NAV	1.32	4.80	8.16	3.26	1.03
HFRI FUND OF FUNDS INDEX (US\$)	1.72	4.91	8.60	4.07	1.20
MSCI WORLD INDEX GROSS (TR) (US\$)	4.47	7.19	16.38	7.84	1.61
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	0.97	2.17	2.91	5.90	-0.14

* Annualised from inception date of DEA £, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR since April 2004 (4.81%) for DEA £ and average of 1M US LIBOR since April 2004 (3.72%) for US\$ indices.

MONTHLY COMMENTARY

Strong corporate profits led to an upward move in equity markets during April. Analysts had forecast 8% Q1 2007 YoY earnings growth, but by the end of April, those companies which had reported recorded profit gains closer to 11%. These stronger than expected corporate profits helped ease investors' economic growth concerns that had arisen earlier in the month when US GDP growth was reported at +2.5%. The global debt markets also advanced in April and credit spreads remained stable. Credit issuance remained robust, fuelling merger and LBO-related situations, and credit default rates remain near historic lows. The US Dollar proved volatile, appreciating against the Yen while declining in value versus the Euro and Sterling. The broad-based commodity indices were lower as investors took profits. Increased concerns as to a possible reduction in demand for raw materials from China were also evident as Chinese decision-makers continued to attempt to limit the availability of credit and control local economic growth.

Long/short equity generalist strategies: +2.16%. Each of the 14 managers in this strategy class generated positive returns with the strongest performer, a long/short generalist fund, driven by nine of its top ten longs each outperforming the S&P 500 by a considerable margin. Exposures were varied but included positions in companies such as a commercial printer, a mining equipment manufacturer and an aerospace parts supplier. The second strongest performer was another long/short generalist fund which gained from a combination of leverage, strong performance from industrials holdings coupled with little negative impact from its short positions. **Long/short equity sector strategies: +0.04%.** Performance was mixed for the three managers making up this portion of the portfolio with the +1.25% gain of the best performer being slightly off-set by marginal losses posted by the other two managers. One of them, a financial services focused fund, suffered by being short brokerage stocks and the other, a consumer-focused sector fund, lost money resulting from the portfolio's cautious positioning which limited the fund's upside capture. **Relative value/multi-strategy strategies: +1.20%.** Convertible arbitrage managers posted mixed results; they benefited from continuing high levels of issuance and global event driven exposures but suffered from their long volatility positions. Multi-strategy managers posted good results reflecting their lower beta strategy allocations. Positive contributions again came from merger-related exposures, quantitative strategies and private deals, while volatility strategies lagged. **Specialist credit strategies: +1.84%.** The credit portfolio performed very well during the month and compared positively to general credit markets (e.g. the Merrill Lynch High Yield Index was up +1.32%). The credit exposures benefited from issuer and sector selection combined with a focus on more senior floating rate exposures and event driven situations. **Event driven strategies: +2.71%.** Event driven managers continued to post strong performance resulting from the continued boom in mergers and acquisitions, particularly in the US and Europe. **Alternate strategies: +0.89%.** K2 Alternate Strategies performed in line with expectations with the key return drivers including energy trading and direct lending, the two largest strategy allocations. The only strategy to post a negative return was weather derivatives which had little temperature exposure due to seasonal factors. **K2 Emerging Managers Fund: +1.20%.** This was also a beneficial component of total portfolio performance, with some of the gains arising from the general upward trend in equity markets.

Outlook We continue to monitor the markets for any signs of a possible shift in the fundamental environment regarding earnings growth amongst the various corporate sectors, the investor liquidity cycle, global economic growth and the inflation trend. Analysts continue to forecast that 2007 full year earnings will be below average with a wide variance in earnings growth forecasts between sectors. This muted growth outlook with a wide dispersion of opinions creates a positive environment for funds investing both long and short. On the liquidity front we are on watch for any deterioration as continuing central bank interest rate hikes over the past few years take hold. Globally, economic growth looks to be stable, albeit at below average levels. Europe seems to offer the strongest growth outlook with GDP forecasts exceeding both the US and Asia. Foreign exchange market investors seem to concur with this view as the Euro continues to appreciate vis-à-vis the Yen. The inflation outlook is varied with the US and Europe seeing continued indications of inflationary risks while Japanese policy makers remain on guard for deflation. Accordingly, we continue to see undercurrents of company-specific, sector-specific and cross-regional fundamental theme divergences that benefit relative value and hedged investment strategies.

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

K2 ADVISORS LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£155.87M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

10%
(TRIGGER 3%)

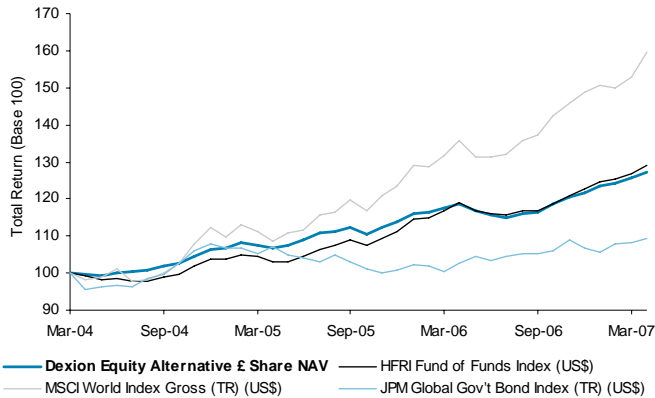
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SHARE CLASS

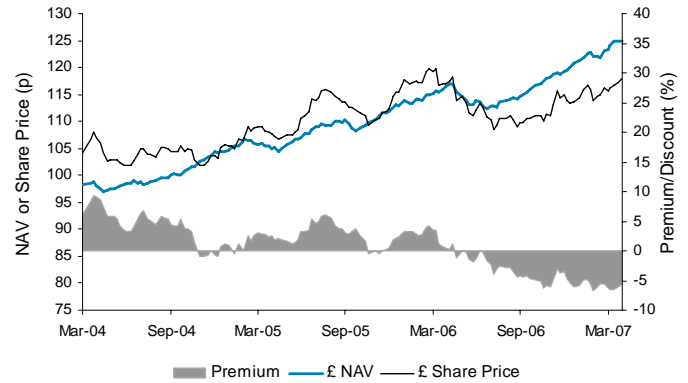
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	1 APR 2004	DEA LN	DEA.L	GB0034312321	3431232	£155.87m

NET ASSET VALUE PERFORMANCE



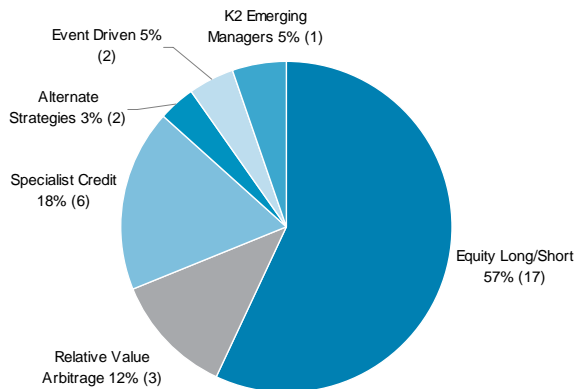
Source: Bloomberg

SHARE PRICE PERFORMANCE



Source: Bloomberg

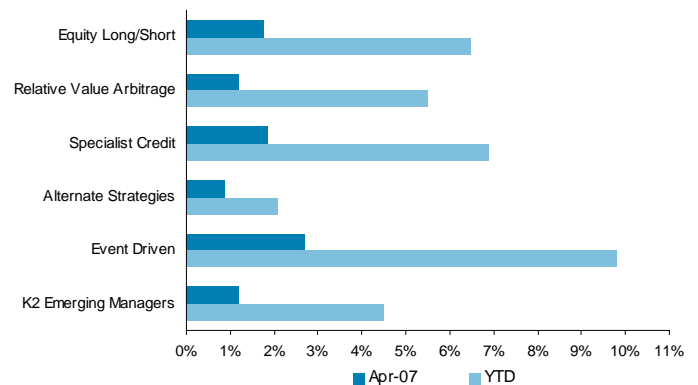
PORTFOLIO ALLOCATION AS OF 1 MAY 2007



Note: Allocations are net of cash effect. Numbers in brackets indicate number of managers. K2 Emerging Managers Fund is generally invested in 15 to 25 early stage hedge fund managers with assets under management of less than USD 400m and/or less than a 3 year track record.

Source : K2 Advisors

PERFORMANCE BY STRATEGY



Note: Strategy returns are in US\$ and net of underlying manager fees only, and not inclusive of Dexion Equity Alternative's fees and expenses.

Source : K2 Advisors

HISTORICAL NAV PERFORMANCE (%)

£	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2007	1.73	0.58	1.09	1.32									4.80
2006	1.98	0.26	0.97	0.94	-1.50	-0.81	-0.76	0.89	0.49	1.83	1.49	0.90	6.82
2005	0.32	1.47	-0.47	-0.77	0.67	1.27	1.92	0.37	0.83	-1.49	1.50	1.31	7.09
2004	-	-	-	-0.24	-0.54	1.02	0.36	0.35	0.95	0.71	1.84	1.67	6.25

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