

£	
NAV	131.58p
RETURN	-0.90%
SHARE PRICE*	128.625p
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

	NOVEMBER(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE**
DEXION EQUITY ALTERNATIVE £ SHARE NAV	-0.90	10.19	8.29	3.41	0.96
HFRI FUND OF FUNDS INDEX (US\$)	-1.50	9.82	8.53	4.51	1.01
MSCI WORLD INDEX GROSS (TR) (US\$)	-4.04	10.97	14.68	8.33	1.29
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	2.92	11.40	4.88	6.06	0.15

* Annualised from inception date of DEA £, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR since April 2004 (5.01%) for DEA £ and average of 1M USD LIBOR since April 2004 (3.97%) for US\$ indices.

Source: Bloomberg (data), Dexion Capital (calculation)

MONTHLY COMMENTARY

The markets were quite volatile during November, the fourth month of the year which saw declining global stock markets. Dispersion, an indication of the hedge fund opportunity set, reduced somewhat compared to the levels seen in October. Global treasury bonds were the clear winners this month; however, lower quality corporate debt came under pressure, with the Merrill Lynch High Yield Master Index showing a loss of -2%. The Goldman Sachs Commodity Index lost -3.7% after having risen +20% in the previous 2 months. Within currencies, the US Dollar lost -1.0% versus the Euro and was -3.6% lower versus the Yen. The market volatility in November presented opportunities and challenges for our underlying managers. On balance, our conservative portfolio positioning, manager selection and hedged exposure allowed us to outperform the relevant benchmarks for the month.

Long Short Strategy: -1.33%. Our allocation to this strategy withstood the correction in November far better than did the broader stock market. We were well hedged and generally entered the month carrying low to modest leverage, and our managers' stock selection was good. Short exposures and large cap and growth stock biases helped performance, as did the underweighting to emerging markets. Losses came from long positions in certain sectors. **Specialist Credit: -0.63%.** Modest losses occurred this month, yet there was outperformance compared to corporate credit indices. Our managers remained cautiously positioned with low leverage and exposures, in the main, to senior secured parts of the capital structure. The portfolio has no managers that focus on structured credit or mortgages, thus limiting the impact of the current credit market turmoil. **Event Driven: -1.10%.** This strategy also experienced modest losses, being negatively impacted by concerns as to whether certain leveraged merger deals would actually close. Equity special situations sold off in sympathy. Our managers see this as an opportunity to add to specific merger deals that sold off but nonetheless still have a high probability of closing. **Relative Value and Multi-Strategy: -0.45%.** Our relative value managers continued to derive some profits from the higher volatility environment. Multi-strategy managers benefited from strong performance in their volatility books; this, however, was more than offset by negative performance derived from their event driven, credit and convertibles portfolios. Interest rate hedges and long credit exposures did not help convertible managers in the prevailing market conditions. **Alternate Strategies: 0.27%.** This sub-portfolio was slightly up for the month, with positive performance from energy/commodities and insurance being offset by weakness in the direct lending and weather exposures. Energy managers were the best performers, as managers were able to generate strong returns by trading in the natural gas markets. The majority of the underlying managers were positive, reflecting their non-correlated nature to other investments. **Emerging Managers: 0.24%.** This strategy generated a positive return for the month despite the sizeable sell-off in global equity and credit markets. The best performing equity long/short investment had gains from its short financials book, while the worst performing one had long positions in bank stocks. For the second consecutive month, European equity positions stood out as a drag on performance. The positive performance of the relative value sub-portfolio was driven by limited net market exposure, as well as one manager with significant short exposures to financials and sub-prime assets.

Outlook We remain defensively positioned, yet note that there are positive market forces at work. We do not foresee a material decline in global equity markets as central banks have done much to repair lost liquidity. Investor sentiment is currently at "risk-averse" levels which have, historically, been closer to market lows than to market highs. The improvement in the alpha cycle, which began earlier this year, remains in place and may continue into 2009. Though we remain aware of the economic outlook, our portfolios are focused on alpha generation with modest amounts of market exposure. As such, we believe that the portfolio is well-positioned regardless of what 2008 might bring from an economic perspective.

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

K2 ADVISORS LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£154.09M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

10%
(TRIGGER 3%)

CONTACT DETAILS

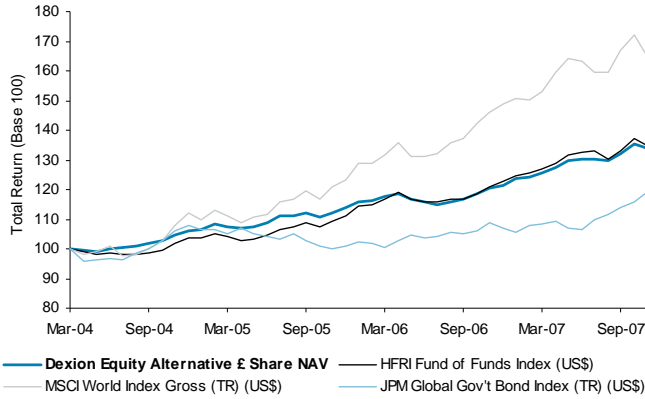
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SHARE CLASS

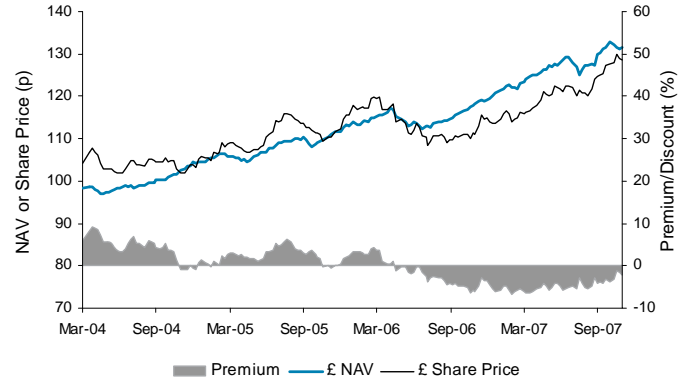
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	1 APR 2004	DEA LN	DEA.L	GB0034312321	3431232	£154.09m

NET ASSET VALUE PERFORMANCE



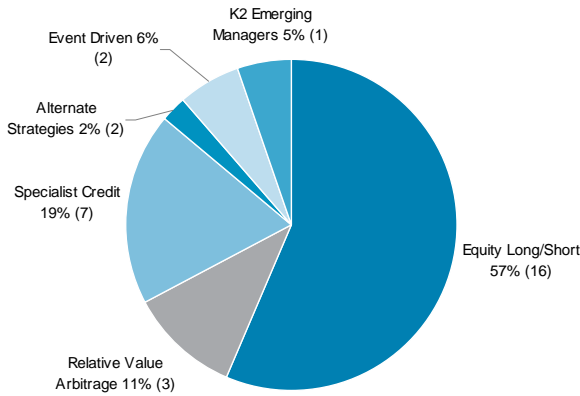
Source: Bloomberg

SHARE PRICE PERFORMANCE



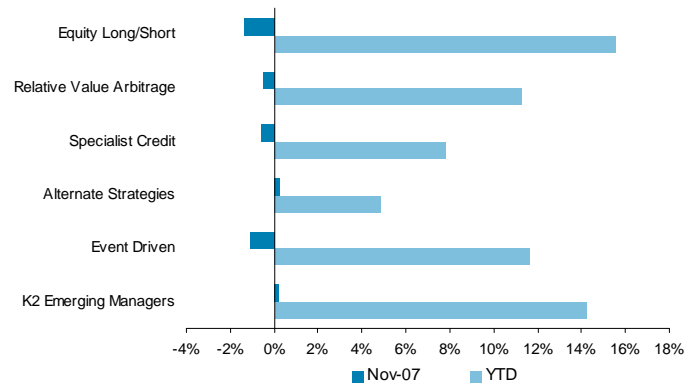
Source: Bloomberg

PORTFOLIO ALLOCATION
AS OF 1 DECEMBER 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	1.89	0.41	-0.06	-0.41	1.94	2.22	-0.90		10.19
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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