

£	
NAV	129.14p
RETURN	+0.96%
SHARE PRICE*	126.75p
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

	FEBRUARY(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE**
DEXION EQUITY ALTERNATIVE £ SHARE NAV	0.96	-2.11	7.23	3.80	0.57
HFRI FUND OF FUNDS INDEX (US\$)	1.56	-1.41	7.68	4.75	0.78
MSCI WORLD INDEX GROSS (TR) (US\$)	-0.53	-8.11	10.90	9.29	0.75
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	2.40	6.21	6.04	6.20	0.33

* Annualised from inception date of DEA £, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR since April 2004 (5.06%) for DEA £ and average of 1M USD LIBOR since April 2004 (3.97%) for US\$ indices.

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

MONTHLY COMMENTARY

Volatility continued to plague the world's securities markets in February. The S&P 500, NASDAQ Composite and Russell 2000 fell -3.5%, -5.0%, and -3.8%, respectively. Overseas markets in local currency terms also declined, although by much smaller amounts. In the US large-cap market, growth stocks under-performed their value peers, but in the small-cap market the reverse was true. Overall, small-caps generally under-performed large-cap stocks in the US, but out-performed in other regions; growth out-performed in most of the world's markets. Commodities surged again in February, with the S&P GSCI rising by +11.3%, while the US Dollar depreciated against most major currencies. Government bond yields in the major economies moved lower in response to the turmoil. The Lehman Aggregate Bond Index showed a small increase, giving the eighth month in a row of positive performance. The majority of the hedge fund style indices appreciated during February and the alpha opportunity versus the S&P 500 was strong as sector dispersion was high.

February's volatility presented opportunities and challenges to our underlying managers. On balance, our conservative portfolio positioning, manager selection and hedged exposure allowed us to perform quite well given the turmoil. **Long/Short Equity: +1.86%**. Managers performed well in the face of February's continued market sell-off. High quality stock selection complemented conservative positioning of underlying portfolios, as several fund managers made money on the both long and short sides. **Specialist Credit: -0.24%**. The fund's credit portfolio closed only marginally negative, as our managers are generally less levered than their peers and remain well hedged. Although the market stabilized in the latter part of February, it remained at all-time lows according to a number of benchmarks. Our managers are very optimistic about the long and short opportunities that are being generated by the continued market dislocation. **Event-Driven: -0.02%**. Amid a difficult environment our event portfolio managed to end flat in February. Positive performance was attributable to European exposures, and some managers also generated significant gains on their short positions and market hedges. Generally, our managers remain defensively positioned by keeping low leverage and significant hedges in place. Despite positive news on several M&A deals, the overall market conditions remain uncertain. **Relative Value Arbitrage: +1.05%**. Our managers were up in February, benefiting from continued market volatility and the trading opportunities it presented. Convertible arbitrage managers were negative this month as the convertible bond market traded down due to credit concerns and weak new issuance. Multi-strategy managers were positive on the strength of their shorts and market hedges, as well as exposures to volatility and relative value strategies. **Alternate Strategies: +0.27%**. This sub-portfolio finished the month slightly up and managers gained through positions in the insurance, energy/commodities and emissions sectors. These gains were offset by the weather and direct lending sectors, both of which posted negative returns for the month. **Emerging Managers: +0.61%**. The Emerging Managers portfolio was positive this month, with both long/short equity and low-volatility strategies posting modest gains. We are pleased with this performance, which was achieved against a backdrop of negative equity and credit markets.

Outlook Despite the market volatility, we believe that the opportunities for our managers to capture above average returns in both long and short positions should remain in place for some time. Our manager selection process has avoided highly leveraged strategies and we remain conservatively positioned with regards to equity and fixed income beta. We also remain cautious of companies in the financial sector. We have confidence in the operational soundness of our managers as we monitor their financial leverage and counterparty risk. We recently completed a review of all of our managers' prime brokerage relationships, and their individual leverage levels and access to credit lines. We are pleased to report that our findings were as expected, that our managers appear well-positioned. Those managers with strong credit histories and quality risk controls should continue to have access to margin credit at reasonable rates of interest. Weaker hedge funds with a shorter track record or high levels of leverage are experiencing increased costs and scrutiny.

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

K2 ADVISORS LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£150.84M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

10%
(TRIGGER 3%)

CONTACT DETAILS

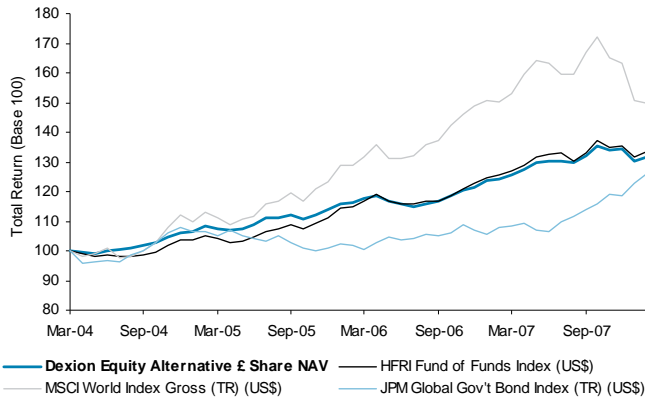
DEXION EQUITY
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ST PETER PORT
GUERNSEY

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SHARE CLASS

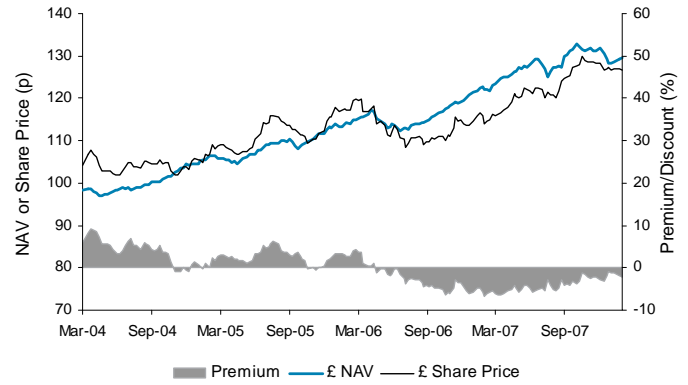
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	1 APR 2004	DEA LN	DEA.L	GB0034312321	3431232	£150.84M

NET ASSET VALUE PERFORMANCE



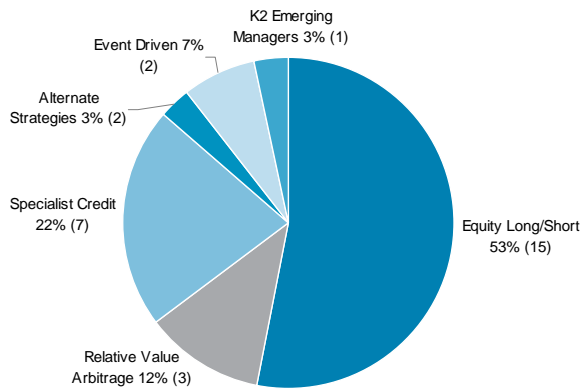
Source: Bloomberg

SHARE PRICE PERFORMANCE



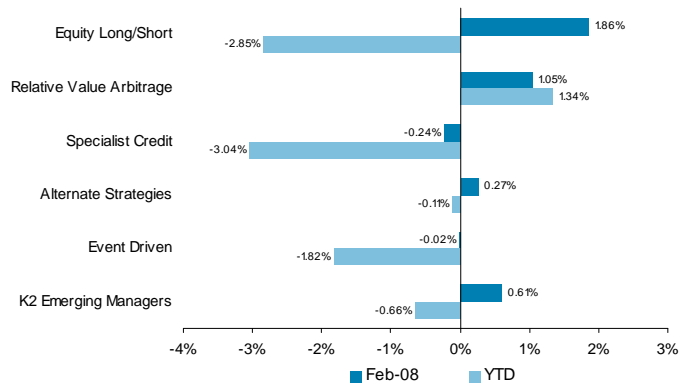
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 MARCH 2008



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
2008	-3.05	0.96											-2.11
2007	1.73	0.58	1.09	1.32	1.89	0.41	-0.06	-0.41	1.94	2.22	-0.90	0.27	10.48
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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