

£	
NAV	127.51p
RETURN	-1.26%
SHARE PRICE*	118.50p
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

	MARCH(%)	YTD (%)	ITD* (%)	VOLATILITY* (%)	SHARPE**
DEXION EQUITY ALTERNATIVE £ SHARE NAV	-1.26	-3.35	6.73	3.87	0.43
HFRI FUND OF FUNDS INDEX (US\$)	-2.33	-3.85	6.85	4.92	0.59
MSCI WORLD INDEX GROSS (TR) (US\$)	-0.91	-8.95	10.41	9.24	0.70
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	3.15	9.56	6.74	6.27	0.45

* Annualised from inception date of DEA £, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR since April 2004 (5.07%) for DEA £ and average of 1M US LIBOR since April 2004 (3.95%) for US\$ indices.

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

MONTHLY COMMENTARY

March was another difficult month as investors focused on a slowing economy and ongoing credit/liquidity challenges. Equity markets trended modestly lower, although the end result masked enormous volatility. Concerns about the deepening credit crisis and a sluggish US economy, failures to meet margin calls and forced unwinds by firms exposed to fixed income-related instruments, the erosion of the US Dollar, the near collapse of Bear Stearns and continued record high oil and gas prices all weighed on investors. The bond markets reacted as they have in previous months, government debt rallied as capital flowed to perceived safety and credit sensitive bonds suffered, especially where liquidity and/or counterparty risk was in question. Currency markets experienced substantial volatility, and the US Dollar fell markedly in the weeks leading up to the March 18th Fed Board meeting as confidence in US assets plummeted. Commodities rose slightly, but again this modest change masked a great deal of intra-month volatility. The ongoing volatility continued to offer opportunities and challenges to our underlying managers. On balance, we believe our conservative portfolio positioning, manager selection and hedged exposure allowed us to perform quite well given all the turmoil.

Long/Short Equity: -1.92%. K2's long/short equity allocation posted losses overall driven by long positions in financials, energy and consumer cyclicals. Underlying short portfolios generally held-up well. International exposure weighed on results as worries about the health of the US economy spread globally and resulted in significantly weaker non-US stock performance. **Specialist Credit: -0.23%.** Our specialist credit portfolio posted a modest loss in March. The performance demonstrated significant capital preservation capabilities in a challenging market environment. Our managers remain defensively positioned by keeping low leverage, substantial outright shorts and hedges, and higher than usual levels of cash. **Event Driven: -2.08%.** European exposures were down in March, as equity markets in this region retracted sharply and fell significantly more than equity markets in the US. Several merger deals and other corporate restructuring and arbitrage positions were trading at increasingly attractive valuations, but the longer-term outlook for the strategy remains uncertain. **Relative Value Arbitrage: -0.51%.** Convertible arbitrage experienced a significant dislocation as tighter financing led to a number of market participants de-leveraging or exiting the market, pushing valuations down. The volatility space presented attractive trading opportunities, but not a lot of directionality. **Alternate Strategies: -0.55%.** The Alternate Strategies portfolio posted a very modest loss in the month of March. Despite the small loss, the fund continued to exhibit very low correlation to broader markets as well as traditional hedge fund strategies. We believe the opportunity set for managers, especially in credit and insurance, has improved as a result of the broader market dislocation. **Emerging Managers: -1.88%.** The Emerging Managers portfolio was down this month, with a larger portion of the losses coming from the long/short equity portfolio. The performance was consistent with what can only be described as a very challenging environment for hedge fund strategies.

Outlook Since last summer the news has been focused on bank write-downs, declining real estate prices and various central bank solutions to stem damage. As a result, equity indices and higher risk bond instruments have been under pressure, while lower risk asset classes like government bonds have performed well. Hedge funds have largely avoided the bulk of the correction as underweight or short positions in financial and real estate related themes have limited losses. We are seeing signs that strategists have broadened their focus on the fundamental outlook for consumer spending and corporate earnings. Forecasters seem divided on their views. One group feels that much of the bad news is known and already factored into market prices, while others feel a significant consumer-led growth slowdown is still a risk. One thing is certain: we expect to continue to see above average market volatility and large variance in sector performance. Historically, periods of market uncertainty, such as those currently prevailing, have created an environment that is positive for portfolios with hedged positions. We believe this cycle should be similar. Given the ongoing fundamental debate as to the economic outlook, we remain defensive towards directionally-biased markets. We believe our hedged portfolios are well-positioned to capture the inter-sector performance opportunities and our market sensitivity remains near recent lows. The sub-managers in the various portfolios feel their long security positions offer good value fundamentally and strong earnings prospects, while the short positions in companies, used as hedges, continue to exhibit poor growth prospects.

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

K2 ADVISORS LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£144.02M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

10%
(TRIGGER 3%)

CONTACT DETAILS

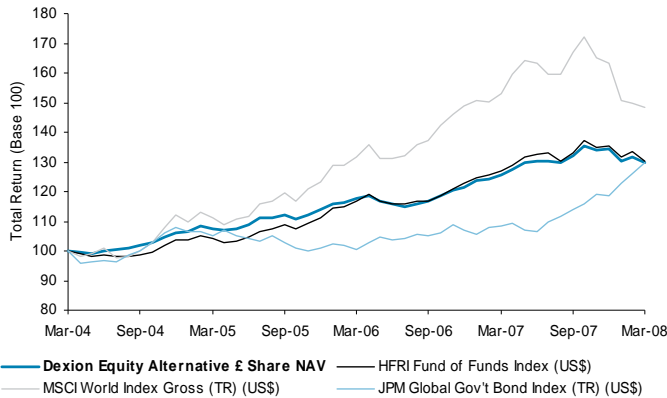
DEXION EQUITY
ALTERNATIVE LIMITED
1 LE TRUCHOT
ST PETER PORT
GUERNSEY

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SHARE CLASS

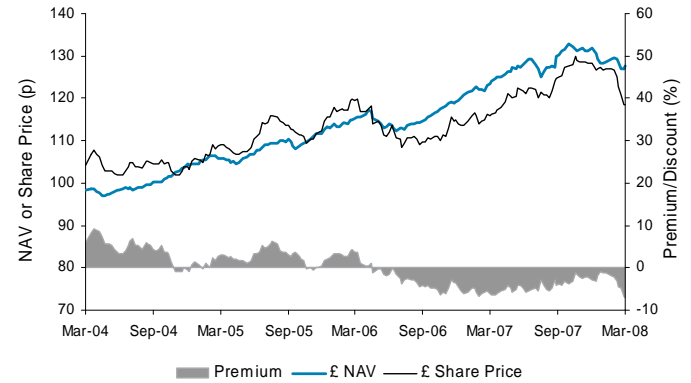
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	1 APR 2004	DEA LN	DEA.L	GB0034312321	3431232	£144.02M

NET ASSET VALUE PERFORMANCE



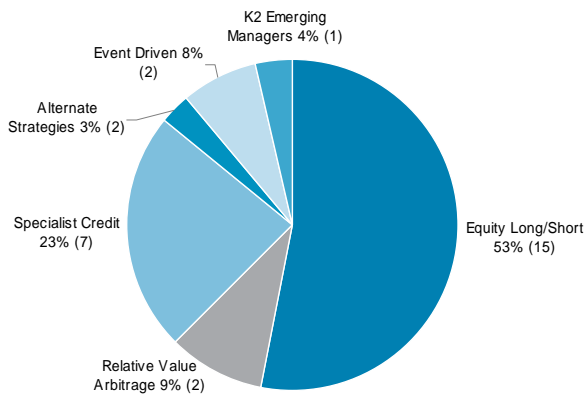
Source: Bloomberg

SHARE PRICE PERFORMANCE



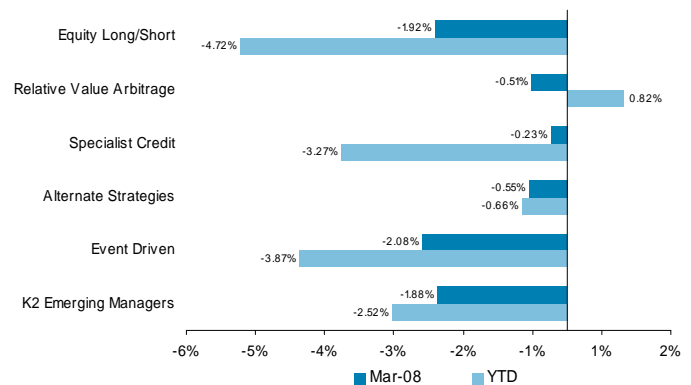
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 APRIL 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	-1.26										-3.35
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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