

£	
NAV	129.13p
RETURN	+1.27%
SHARE PRICE*	122.00p
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	1.27	-2.12	6.92	3.85	0.48
HFRI FUND OF FUNDS INDEX (US\$)	1.06	-3.15	6.89	4.92	0.60
MSCI WORLD INDEX GROSS (TR) (US\$)	5.34	-4.09	11.60	9.41	0.82
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-3.37	5.86	5.70	6.50	0.27

* Annualised from inception date of DEA £, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR since April 2004 (5.08%) for DEA £ and average of 1M USD LIBOR since April 2004 (3.92%) for US\$ indices.

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

MONTHLY COMMENTARY

April saw many capital market indices experience a reversal of recent trends as investors' focus shifted to the relatively benign first quarter earnings reports and the possibility of improved economic and credit fundamentals in the second half of 2008. Market participants had spent much of the first quarter focusing on the fundamental impact of the global credit crisis; the new quarter brought a near-term shift in investor sentiment. Global equity markets began the month of April with strong gains in the first week, a rally which recovered one-third of the losses seen in the first three months of the year, as positive earnings growth outside of the financial sector helped to calm investors' concerns. Global government bond markets experienced profit-taking as inflation fears and rising commodity prices dominated headlines. Interestingly, the high yield and corporate loan sectors of the credit markets showed strong gains. Specifically, signs of liquidity pressures easing combined with positive valuations fuelled the CSFB Leveraged Loan Index to the best monthly gain in 16 years. Commodities continued to rise as global raw material demand remained high and news of civil unrest in some oil producing countries sparked supply fears within the energy sector. In FX, the US Dollar strengthened against both the Euro and the Yen. Prior to April, the US Dollar had declined by approximately -20% versus the Yen over the previous nine months. Indications that the Fed's interest rate reduction cycle may be nearing an end, and recent remarks by economists suggesting that the worst of the credit crisis may be over, led to US Dollar short-covering.

Long/Short Equity: +1.92%. The majority of gains were derived from the long side of managers' portfolios, particularly positions in energy, media/telecom, technology and industrial holdings. Non-US positions also contributed positively to performance. Investments which detracted from performance included positions in consumer/retail and financial stocks. **Specialist Credit: +0.69%.** Specialist credit managers benefitted from a relief rally in the credit markets subsequent to the Fed's "bailout" of Bear Stearns in mid-March. Our managers remained defensively positioned, with high levels of cash and substantial outright shorts or hedges which offset some of their gains on the long side. **Event-Driven: +0.87%.** Managers generated strong returns, deriving profits from a number of deals that closed over the course of the month. Returns generated on European deals were particularly strong following a tough market environment in the first three months of the year. **Relative Value and Multi-Strategy: -0.34%.** The strategy finished in marginally negative territory, although convertible bonds experienced a recovery following the significant sell-off observed in March. The fundamental catalysts for this rebound included the improved performance in the broader credit markets and the strong new issue calendar. Multi-strategy managers were positive owing to the significant rebound in the equity and credit markets, but gains here were partially offset by losses in volatility and hedges. Elsewhere, volatility arbitrage detracted from returns due to a significant drop in implied volatilities. **Alternate Strategies: +0.97%.** Performance was led by energy/commodities-focused managers which benefitted from the strong rally across many commodities. The US energy focused managers benefited from rising natural gas prices resulting from supply concerns; elsewhere, the European energy manager was appropriately positioned for a reduction in Norwegian power prices. The weather strategy was the only negative contributor, due to less than expected precipitation in a certain region. **Emerging Managers: +1.07%.** The long/short equity allocation saw strength in underlying positions in the energy, basic materials and industrials sectors. These gains were slightly reduced by short positions in Asia, including those in Chinese retailers and Singapore real estate stocks, along with select European cyclicals. The low-volatility portion of the portfolio performed well, driven by gains in multi-strategy and credit origination exposures.

Outlook Going forward, we continue to be alert for signs of stabilization or improved news involving the credit crisis, while remaining conservatively positioned with regard to our overall equity and bond market directional exposures. At present, many managers see strong sector dispersion opportunities and prefer to capture returns through security selection rather than market trends. That said, we acknowledge that some Wall Street strategists have recently shifted their views to a more positive economic outlook for the second half of 2008. One group of our managers feels that much of the bad news is known and largely factored into market prices, while the other group believes that a significant consumer led economic slow-down is still a risk and remains steadfast in their negative outlook. Until this debate is resolved we continue to expect above average market volatility and large variances in sector performance. Our portfolios are well positioned to capture these inter-sector performance opportunities, while total portfolio market sensitivity remains low: the Company's portfolio shows a holdings-based beta of less than 0.1 to the S&P 500 index. Historically, periods of investor uncertainty have led to periods of strong positive returns for hedged portfolios, once the macroeconomic pressures diminish.

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

K2 ADVISORS LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£144.72M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

10%
(TRIGGER 3%)

CONTACT DETAILS

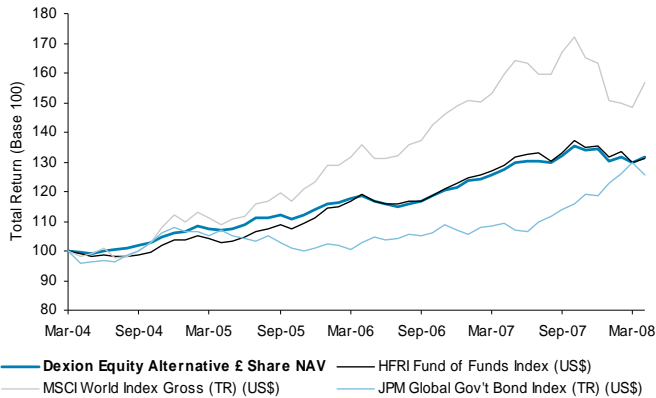
DEXION EQUITY
ALTERNATIVE LIMITED
1 LE TRUCHOT
ST PETER PORT
GUERNSEY

email clientservices@dexionequity.com
web www.dexionequity.com

SHARE CLASS

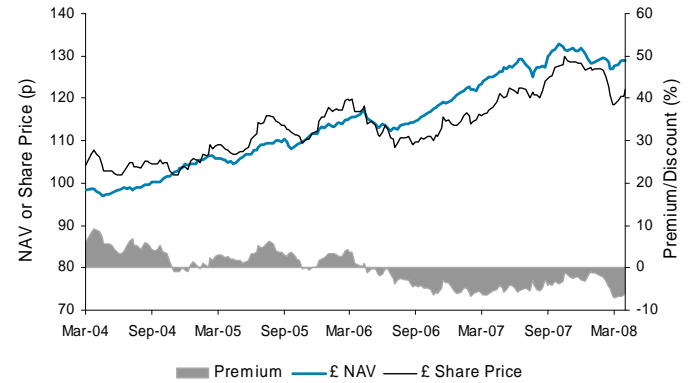
	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	1 APR 2004	DEA LN	DEA.L	GB0034312321	3431232	£144.72M

NET ASSET VALUE PERFORMANCE



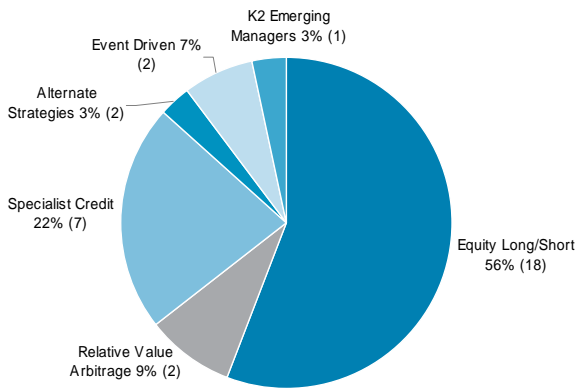
Source: Bloomberg

SHARE PRICE PERFORMANCE



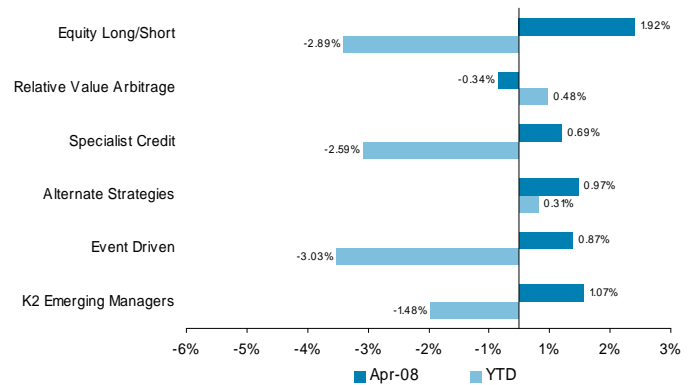
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 MAY 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	1.27									-2.12
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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