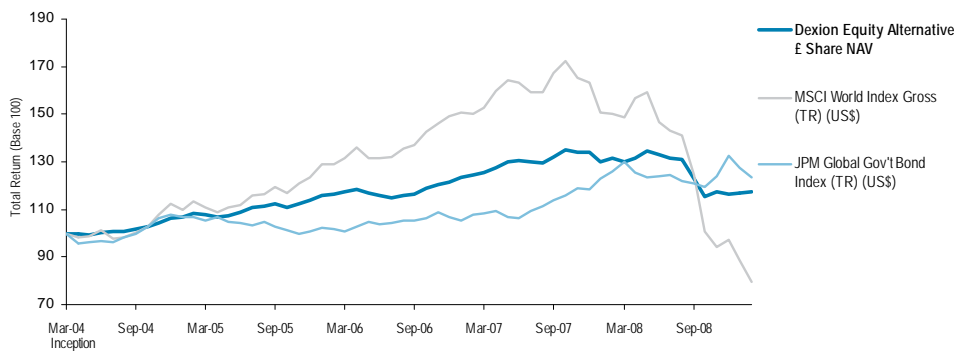


Investment Adviser Portfolio Outlook

The Investment Adviser is witnessing an increase in the spread of returns between the top and bottom performers in the various asset classes and security sectors. This dispersion appears to be caused by the wide variation in perceived growth and balance sheet fundamentals within the various industries worldwide. This creates a prime environment for hedged products regardless of the directional trends in the major markets. In 2008 there appeared to be little discrimination between good and bad companies as over 90% of all global equities saw declines. In the wake of the recent sell-off, many strong companies are trading at extremely low valuations relative to liquid assets and cash flows. These higher quality entities may not experience significant additional downside price pressures. On the other hand, there are a number of companies that have ongoing balance sheet issues, debt instruments maturing in the near future, and general operating weaknesses that hedge fund managers feel are potential short hedging opportunities. When the cycle turns, the healthy companies will be well positioned to gain market share and capture higher profit margins. Given the strong outlook for long versus short opportunities, the Portfolio's managers see no immediate reason to shift from their currently defensive directional exposures. The effects of the ongoing credit crisis and the accompanying deflationary forces may continue and will limit any lasting recovery for long biased investing. Furthermore, the easing of monetary policy by global central banks and the announced bailout programs should also help to limit the risk of another severe selling cycle as seen at the end of 2008. This will enable investors to focus more on individual corporate fundamentals and less on the broader market liquidity and solvency risks. During this massive economic restructuring phase, hedged exposures should perform well.

Performance Data¹



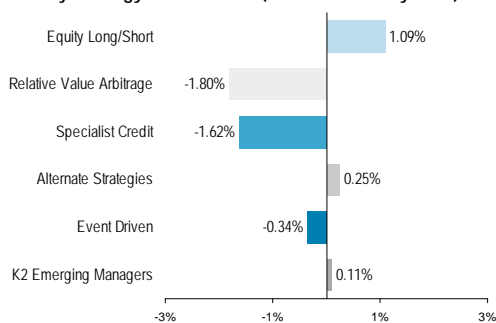
Source: Bloomberg

	Feb (%) ¹	YTD (%) ¹	3 Y (%) ¹	Inc (%) ^{1,2}	Vol (%) ^{1,2}	Sharpe Ratio ^{1,2,3}
Dexion Equity Alternative £ Share NAV	0.10%	0.74%	0.24%	3.28%	5.75%	-0.29
MSCI World Index Gross (TR) (US\$)	-10.17%	-18.01%	-14.75%	-4.48%	15.74%	-0.51
JPM Global Gov't Bond Index (TR)(US\$)	-3.11%	-6.92%	6.67%	4.39%	7.48%	0.10

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

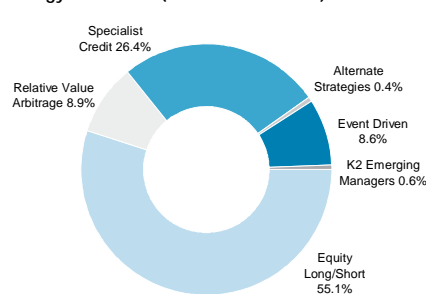
Strategy Overview

Monthly Strategy Performance (as at 28 February 2009)⁵



Source: Dexion Capital plc

Strategy Allocation (as at 1 March 2009)⁶



Source: Dexion Capital plc

Share Class Information

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL
£	1 Apr 2004	DEA LN	DEA.L	GB0034312321	3431232

£	
NAV	115.13p
Return¹	+0.10%
Share Price*	100.125p
Net Assets	£99.30M
Opening NAV per £ share 98.25p	
*Closing mid-price at month end	

Key Facts

FTSE All-Share Company

Manager

Dexion Capital (Guernsey) Limited

Investment Adviser

K2 Advisors LLC

Investment Consultant

Dexion Capital plc

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. The Company invests in underlying assets which are predominantly US Dollar denominated and the Company generally implements a hedging policy in an attempt to reduce the impact of currency fluctuation on the Sterling Shares. (Currency hedging was suspended between 4 November 2008 and 17 November 2008.)

Total Net Assets £99.30M

Fees

Management 1.50%
Performance 10% (Trigger 3%)

Contact Details

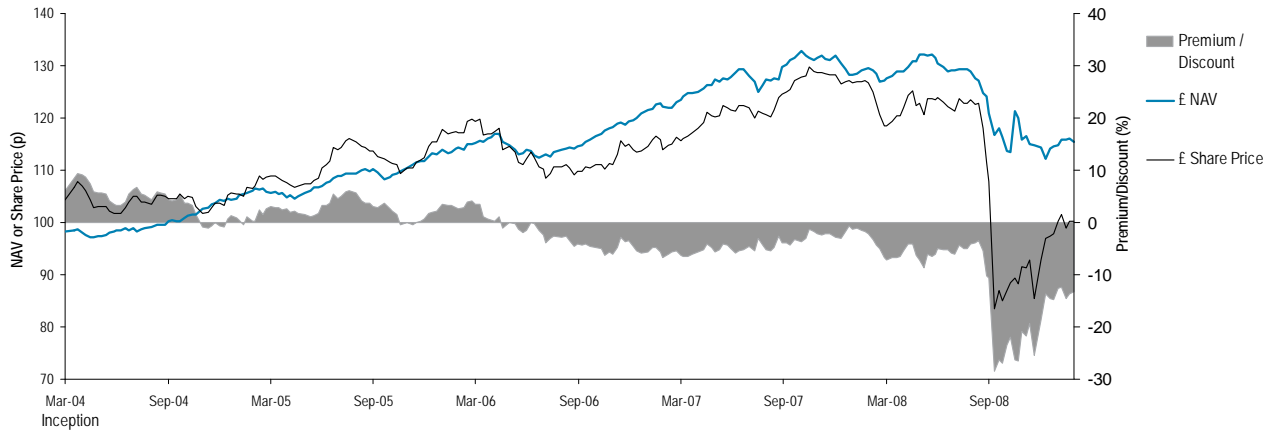
Dexion Equity Alternative Limited,
1 Le Truchot,
St Peter Port,
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Email

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Share Price Performance (£)^{1,7}



Source: Bloomberg

Historical NAV Performance (%)⁸

Monthly £ NAV Performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2009	0.65%	0.10%											0.74%
2008	-3.05%	0.96%	-1.26%	1.27%	2.34%	-0.97%	-1.39%	-0.09%	-6.38%	-5.98%	1.79%	-1.08%	-13.38%
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%

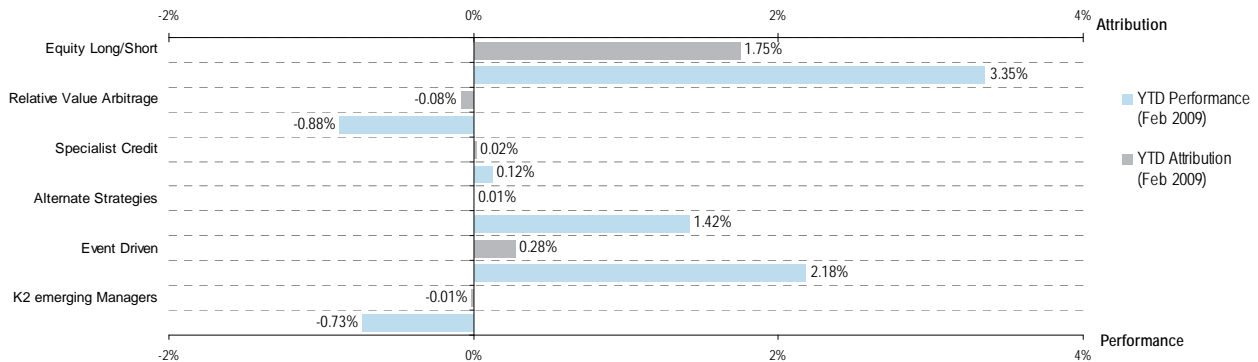
Legend:

Reflects the impact of foreign exchange¹

Reflects the impact of the reverse auction and foreign exchange¹

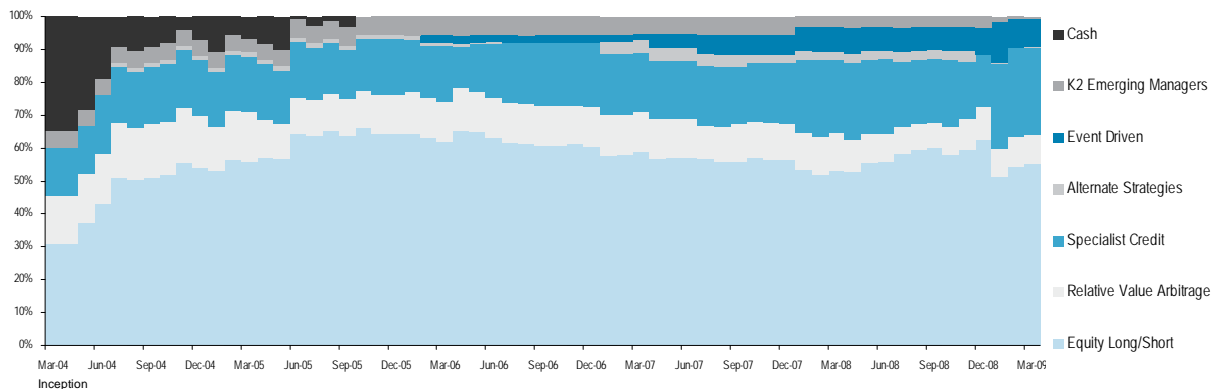
Source: Bloomberg

Strategy Performance and Attribution⁹



Source: Dexion Capital plc

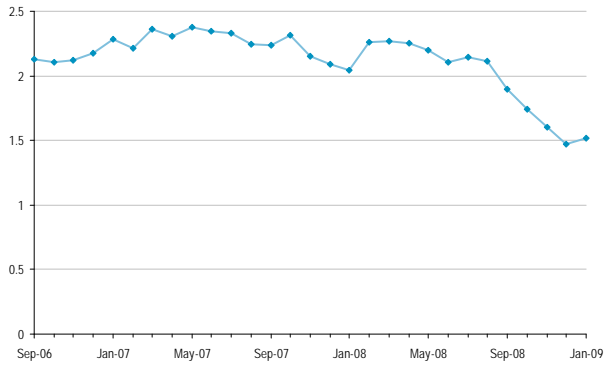
Historical Strategy Allocation⁶



Source: Dexion Capital plc

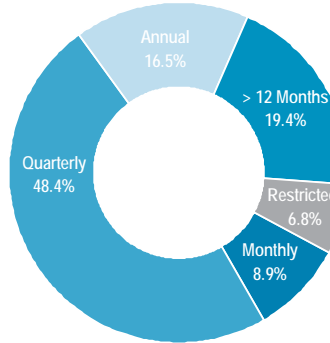
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Historical Look-Through Portfolio Leverage¹⁰



Source: K2 Advisors¹¹

Portfolio Liquidity¹²

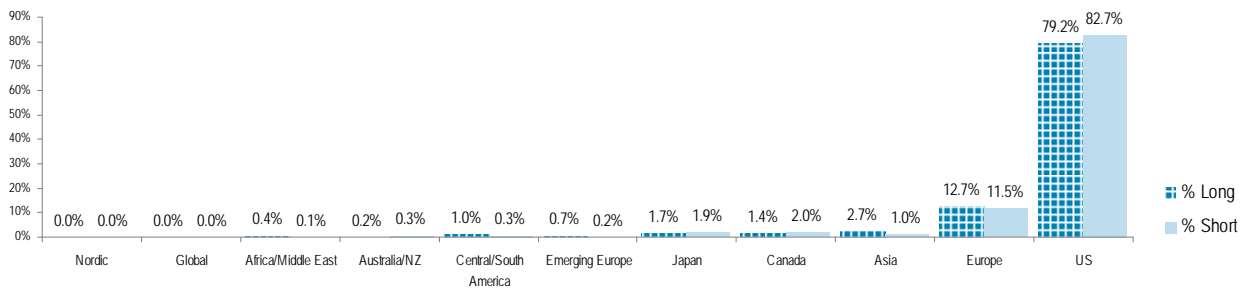


Redemption Frequency of Managers	Days Notice	% of the Portfolio
Monthly		8.91%
2 Managers	15	0.83%
1 Manager	45	3.76%
1 Manager	90	4.32%
Quarterly		48.39%
6 Managers	30	15.75%
2 Managers	45	3.35%
3 Managers	60	17.97%
2 Managers	90	8.70%
1 Manager	95	2.63%
Annual		16.50%
1 Manager	60	4.49%
2 Managers	90	11.64%
1 Manager	180	0.38%
> 12 Months		19.40%
1 Manager	45	3.29%
1 Manager	60	10.93%
1 Manager	65	5.18%
*Gated, Suspended, or in Liquidation		6.80%
4 Managers		6.80%

Source: K2 Advisors¹¹

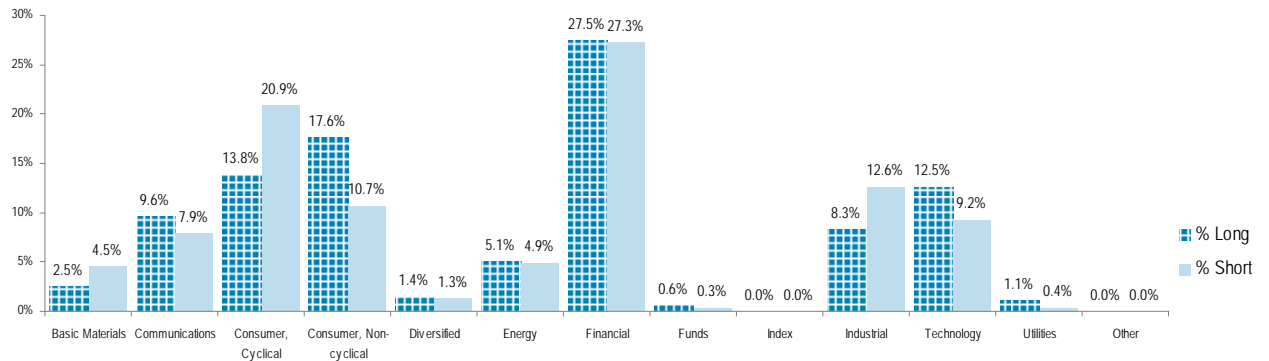
Exposure Analysis

Portfolio - Geographical Regions¹³



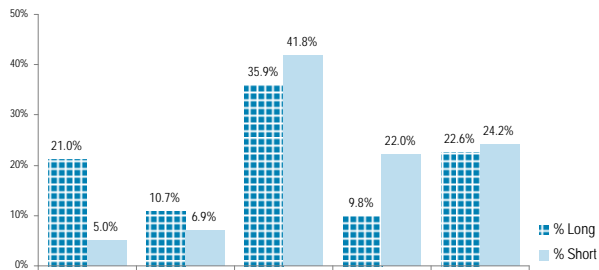
Source: K2 Advisors¹¹

Equities - Industry Sector¹⁴



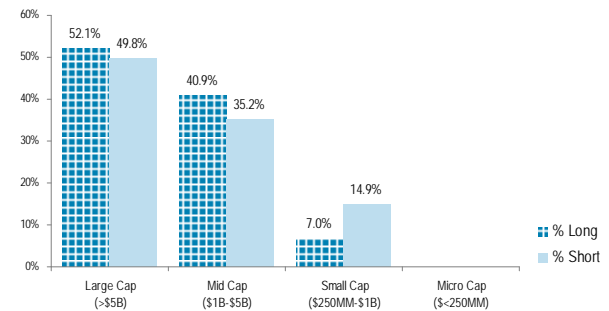
Source: K2 Advisors¹¹

Equities - Liquidity¹⁵



Source: K2 Advisors¹¹

Equities - Market Capitalisation¹⁶



Source: K2 Advisors¹¹

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Strategy

Market Overview

Global equity markets began the first week of February with strong gains. However, this rally quickly faded in the subsequent three weeks. By the end of the month the S&P 500 Index had closed down -10.99%. All of the primary sectors of the S&P 500 Index were lower for a second month in a row, the financial and industrial sectors were hardest hit as recent earnings announcements continued to show year-over-year declines and were reported at levels below analyst expectations.

In contrast bond markets were relatively quiet in February and global government debt prices moved slightly higher by +0.27% in local terms as measured by the Bloomberg G7 Government Bond Index. The benchmark commodity indices continued their eight month decline from the June 2008 highs. Foreign exchange rates weakened further against the US Dollar leading to a rise of +2.34% in the US Trade Weighted Dollar Index as investors saw the US Dollar as a safe-haven.

	Perf MTD% ⁵	Alloc.% ⁶	Number of Mgrs	Context for performance
Equity Long/Short	1.09%	55.1%	17	The Company's managers retained well-hedged portfolios with significant amounts of cash on their books. The alpha/beta mix that drives results has continued to shift more to the alpha component. Once again managers' short positions in the real estate and financial services sectors were sources of alpha within portfolios.
Relative Value Arbitrage	-1.80%	8.9%	2	Despite a modest increase in overall equity market volatility and significant intra-sector dispersion the volatility arbitrage allocation generated a loss. The Investment Adviser continues to have a positive outlook, believing that continued equity market volatility will present attractive arbitrage opportunities for the Portfolio's managers. Managers in this strategy have benefited from the continued opportunities in merger and convertible bond arbitrage which helped limit losses.
Specialist Credit	-1.62%	26.4%	6	Managers within this strategy showed negative performance in February as credit markets experienced a period of weakness after a significant rally in January. The corporate loan market showed mixed trends and the "flight to quality" trend continued as larger more liquid credits outperformed the more illiquid credits and higher rated credits outperformed lower rated credits. For example, BB rated loans were up +2.87% in February versus -0.99% for single B rated loans and -7.81% for CCC-rated loans according to the S&P indices. The high yield market declined, erasing more than half of the gains seen in January. A large supply of high yield paper, totaling \$8.8bn in January and February, nine percent more than the same two month period in 2008, helped to dampen the market. Distressed credit was down, as was reflected by the HFRX Distressed Index which declined -2.06% during the month.
Alternate Strategies	0.25%	0.4%	1	The Alternate Strategies portfolio continued to exhibit its ability to preserve capital in yet another extremely difficult month for both equities and commodities. The natural catastrophe manager opportunistically traded discounted catastrophe bonds despite the fact that February is usually a fairly quiet month for the strategy.
Event Driven	-0.34%	8.6%	2	In general, Event Driven managers benefited from their market hedges, given the continued sell-off in equities. There were several M&A deals announced last month, as well as a number of restructurings and other types of corporate actions, which managers were able to profit from. However, given the outlook for continued market volatility, both the Investment Adviser and the managers remain cautious with respect to the potential risk factors affecting the strategy.
K2 Emerging Managers Fund	0.11%	0.6%	1	The K2 Emerging Managers Fund has been unwinding and now has only one remaining Equity Long/Short investment through the manager's liquidating share class.

Source of commentary: K2 Advisors
Source of data: Dexion Capital plc

Concentration of Investments^{17,18}

Investments in Portfolio	% Allocation
Largest investment	10.7%
Top 3 investments	26.1%
Top 5 investments	34.5%
Top 10 investments	53.5%
Total number of underlying investment holdings	29

Source: Dexion Capital plc

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FOOTNOTES

Dexion Equity Alternative Limited ("DEAL" or "the Company")

- 1 **Foreign Exchange:** The approximate impact of foreign exchange (including the value of the call option) on the net asset value of the Company's ordinary shares during the period between the Company suspending its currency hedging arrangements and 31 December 2008 was +6.2%. The approximate impact of foreign exchange (including the value of the call option) on the net asset value of the Company's ordinary shares during the period from 1 January 2009 to the reinstatement of its currency hedging arrangements was -2.4%. Currency hedging was suspended on 3 November 2008 and reinstated on 14 January 2009 following the expiry of the foreign exchange call option (see RNS dated 12 January 2009, No. 5002L).
Reverse Auction: The approximate impact of the reverse auction on the net asset value of the Company's ordinary shares on the basis of the Redemption Price as announced on 30 January 2009 was +1.7%.
- 2 Annualised from inception date of DEAL £ and based on monthly data.
- 3 Risk free rate is average 1M GBP LIBOR since April 2004 (4.96%) for DEAL £ and average 1M USD LIBOR since April 2004 (3.60%) for US\$ indices.
- 4 MSCI World Index and JPM Global Government Bond Index annualised since April 2004.
- 5 Strategy returns are in US\$, net of underlying manager fees only and not inclusive of DEAL's fees and expenses.
- 6 After September 2005 strategy allocations shown are net of cash effect and are calculated on a look-through basis.
- 7 Calculated using monthly published NAVs and closing monthly share prices to February 2009. Note that current premium/discount may be higher or lower.
- 8 Historical monthly NAV performance is net of all fees.
- 9 Strategy attributions and returns have been calculated using start of month weighting and performance during the month, are in US\$, net of underlying manager fees only, and not inclusive of DEAL's fees and expenses. The strategy attributions are shown net of cash and are calculated on a look-through basis.
- 10 The look-through leverage for the Portfolio based on managers that report to, or whose exposures are provided to, K2 Advisors' third party risk analytics provider. Data as at 31 December 2008.
- 11 This data has been prepared and provided to K2 Advisors by our third-party risk analytics provider. K2 Advisors does not independently verify such information and is not responsible or liable for any error or miscalculation made by such third-party risk analytics provider, or for any loss, liability, claim, damage or expense arising out of such error or miscalculation.
- 12 As at 1 March 2009 a profile of the DEAL portfolio of underlying hedge funds summarising the redemption frequency within various time periods of the hedge funds and their notice period in days based on the hedge fund managers which report to K2 Advisors. DEAL's liquidity is subject to change and the information set forth in the chart and table above is not an indication of the Portfolio's future liquidity. The Portfolio's liquidity will change as it allocates and reallocates capital among the underlying hedge funds. In addition, underlying hedge funds often have the ability to suspend redemptions, restrict redemptions to a specified percentage of the underlying hedge fund's net assets (eg a "gate") and/or restrict investors from redeeming their interest in certain investments (eg "side pockets"), all of which would reduce the liquidity of DEAL. In particular, the likelihood that a hedge fund may suspend redemptions, invoke a gate or side pocket certain investments is likely to increase during times of market stress that cause investors to redeem from hedge funds. Certain investments in underlying hedge funds may not be liquid for several years or longer. Cash proceeds from redemptions are received after the redemption date and this period will vary between hedge funds. Typically, hedge funds distribute 90% of a redemption amount within 30-60 days, with the remainder of the full balance of the redemption amount distributed after the completion of that hedge funds' audit, which can be several months after the redemption date, typically without the payment of any interest. This analysis does not account for lock-ups, under which the ability to redeem is restricted for a period, typically one or two years. While most of the investments in the Portfolio have "burned off" their lock-ups, certain investments may still be subject to a lock-up. In certain cases, there may be an ability to redeem prior to the expiration of a lock-up period through the payment of an early redemption fee, generally ranging from 2-5%.
- 13 For the Portfolio, the percentage of long and short exposures allocated to the various geographic regions, wherever that data is available to K2 Advisors' third party risk analytics provider as at 31 January 2009.
- 14 For the equity part of the Portfolio (which generally constitutes over 60% of the Portfolio), the percentage of long and short exposures allocated to the various industry sectors as at 31 January 2009.
- 15 For the equity part of the Portfolio (which generally constitutes over 60% of the Portfolio), the percentage of long and short exposures allocated to the various levels of liquidity of underlying equity investment holdings. The average daily trading volume used as the reference for the equity liquidity calculations is measured over the prior 30 trading days. Liquidity is determined with respect to 20% of this number. Percentages are based upon the market values of those securities for which data is available to K2 Advisors' third party risk analytics provider as at 31 January 2009.
- 16 For the equity part of the Portfolio (which generally constitutes over 60% of the Portfolio), the percentage of long and short exposures allocated to the various levels of market capitalisation of underlying equity investment holdings. Percentages are based upon the market values of those securities for which data is available to K2 Advisors' third party risk analytics provider as at 31 January 2009.
- 17 Manager allocations are shown net of cash and are calculated on a look-through basis as at 28 February 2009.
- 18 Total number of underlying investment holdings as at 1 March 2009.

Dexion Equity Alternative Limited ("the Company")'s investments in underlying funds may be considered speculative and involve a high degree of risk. Underlying hedge funds may trade with a high degree of leverage and performance may be volatile. Underlying funds and hence the Company's investments may have high fees and expenses that reduce returns. An investor in the Company could lose all or a substantial amount of his or her investment. Dexion Capital (Guernsey) Limited is responsible for the management of the Company's portfolio. Dexion Capital (Guernsey) Limited has delegated certain of its duties, including making investment decisions to K2 Advisors, L.L.C. and K2/D&S Management Co., L.L.C.. The use of a single fund of funds manager applying one set of allocation procedures could mean lack of diversification and, consequently, higher risk. There are restrictions on transferring interests in the Company to US and certain other persons. The high fees and expenses of the Company and underlying managers may offset the underlying manager's trading profits. A substantial portion of the trades executed by the underlying managers may take place on lightly regulated exchanges.

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