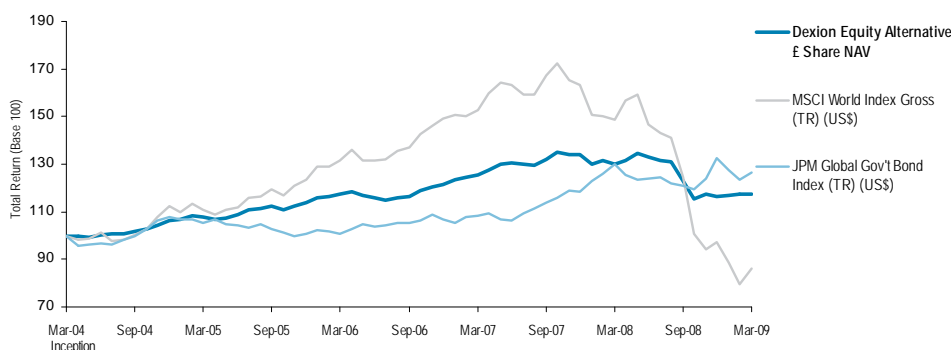


Investment Adviser Portfolio Outlook

The Investment Adviser has observed that policy makers around the globe have been taking extraordinary measures to shore up confidence and bring financial stability to the world's banking system. The longer term effect of these policy implementations remains uncertain. Nevertheless, as fundamentals drive the prices of securities more than in the recent past, the Investment Adviser remains confident that the most prudent course of action remains in being conservatively invested with managers who have the potential to profit from both long and short positions.

Historically, the period following economic and market shocks has provided opportunities for most hedge fund strategies, partly as a result of increased price dispersion within companies in different sectors as well as within individual sectors. Whilst it is difficult to accurately time the end of a downtrend in the liquidity and growth cycles, the length of the current crisis coupled with the recent improvement in dispersion may signal a return to the importance of fundamentals.

Performance Data¹



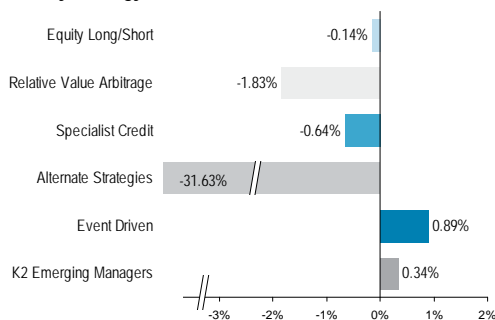
Source: Bloomberg

	Mar (%) ¹	YTD (%) ¹	3 Y (%) ¹	Inc (%) ^{1,2}	Vol (%) ^{1,2}	Sharpe Ratio ^{1,2,3}
Dexion Equity Alternative £ Share NAV	0.29%	1.03%	0.01%	3.28%	5.70%	-0.28
MSCI World Index Gross (TR) (US\$)	7.60%	-11.78%	-13.29%	-3.00%	16.00%	-0.41
JPM Global Gov't Bond Index (TR)(US\$)	2.34%	-4.75%	7.94%	4.80%	7.46%	0.17

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

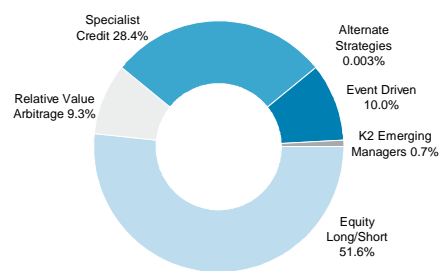
Strategy Overview

Monthly Strategy Performance (as at 31 March 2009)⁵



Source: Dexion Capital plc

Strategy Allocation (as at 1 April 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	115.46p
Return¹	+0.29%
Share Price*	85.750p
Net Assets	£96.00M
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 £96.00M

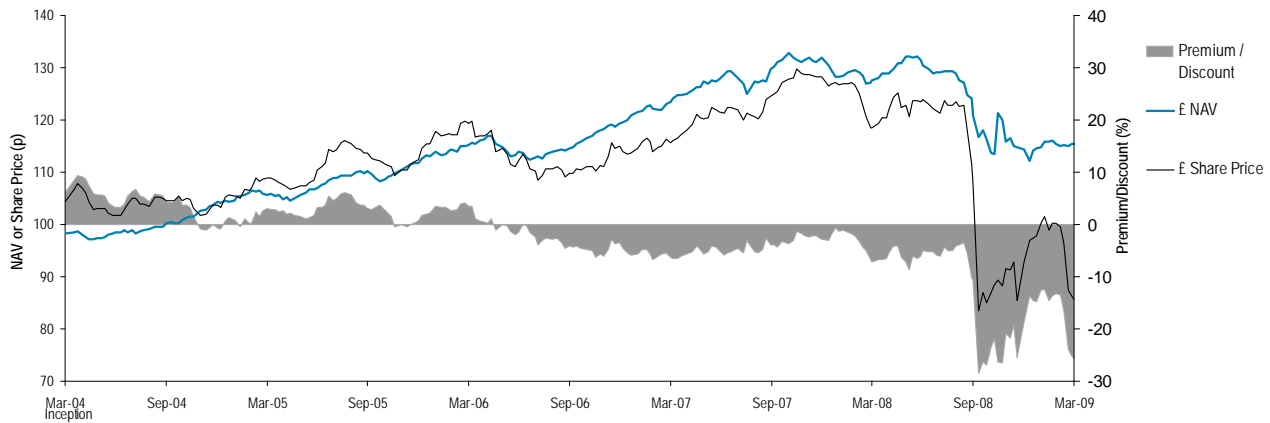
Fees
Management 1.50%
Performance 10% (Trigger 3%)

Contact Details
Dexion Equity Alternative Limited,
1 Le Truchot,
St Peter Port,
Guernsey

Email
clientservices@dexionequity.com

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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%	0.29%										1.03%
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%

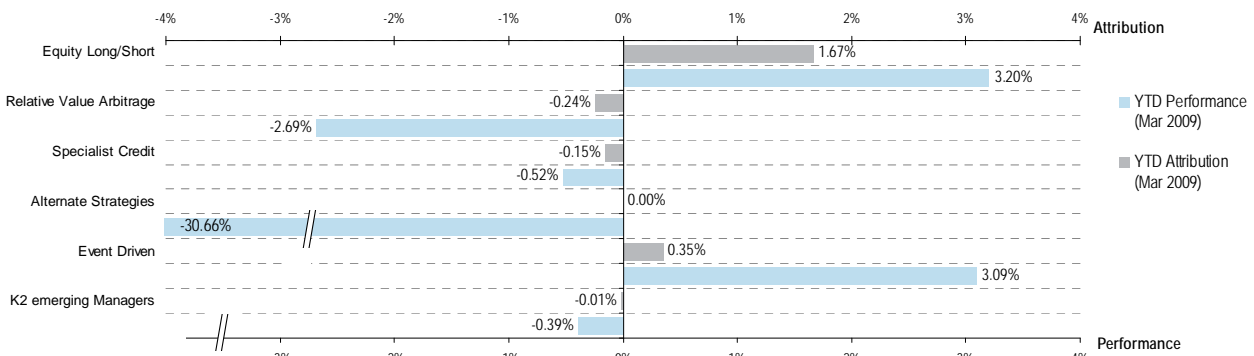
Legend:

Reflects the impact of foreign exchange¹

Reflects the impact of the reverse auction and foreign exchange¹

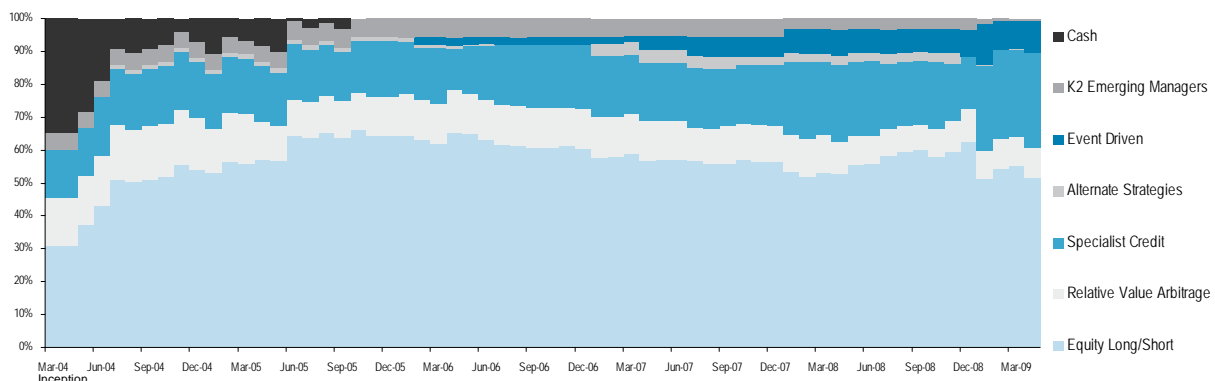
Source: Bloomberg

Strategy Performance and Attribution⁹



Source: Dexion Capital plc

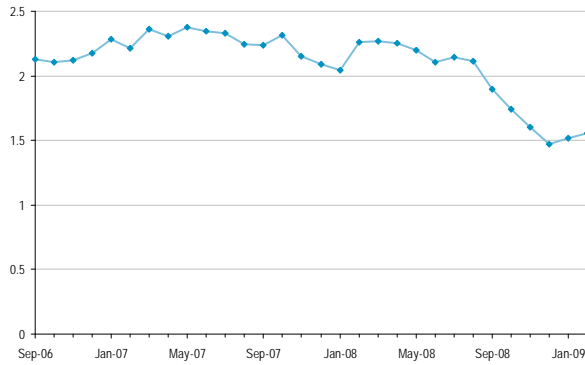
Historical Strategy Allocation⁶



Source: Dexion Capital plc

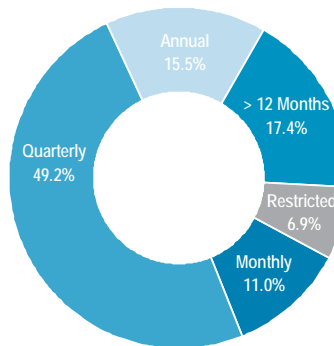
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Historical Look-Through Portfolio Leverage¹⁰



Source: K2 Advisors¹¹

Portfolio Liquidity¹²

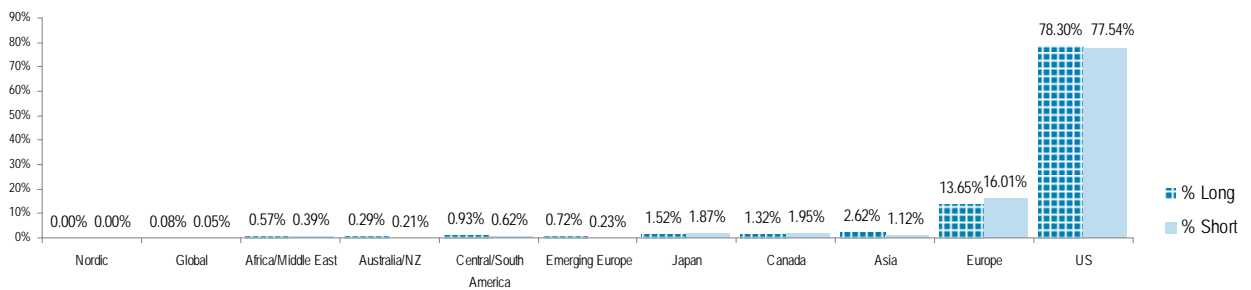


Redemption Frequency of Managers	Days Notice	% of the Portfolio
Monthly		10.97%
2 Managers	15	1.07%
1 Manager	45	4.28%
1 Manager	90	5.62%
Quarterly		49.21%
6 Managers	30	19.40%
2 Managers	45	4.63%
3 Managers	60	11.75%
2 Managers	90	10.30%
1 Manager	95	3.13%
Annual		15.47%
1 Manager	60	5.87%
2 Managers	90	9.59%
1 Manager	180	0.00%
> 12 Months		17.43%
1 Manager	45	4.61%
1 Manager	60	6.22%
1 Manager	65	6.60%
*Gated, Suspended, or in Liquidation		6.92%
4 Managers		6.92%

Source: K2 Advisors¹¹

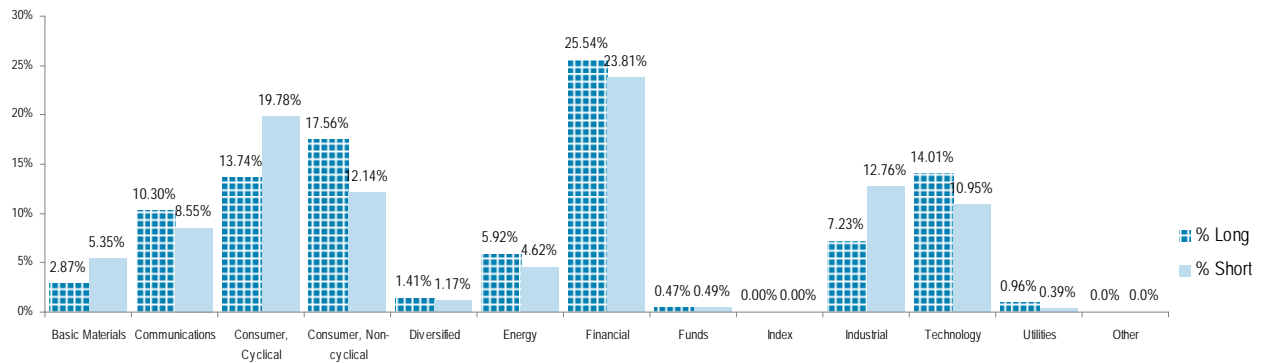
Exposure Analysis

Portfolio - Geographical Regions¹³



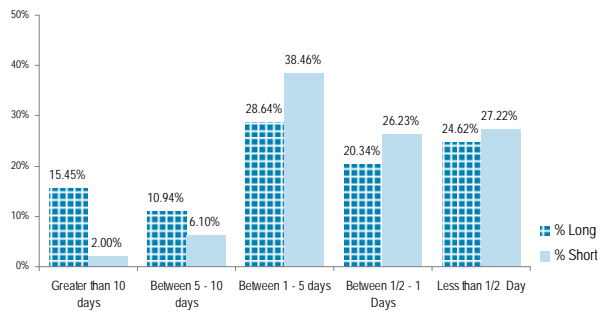
Source: K2 Advisors¹¹

Equities - Industry Sector¹⁴



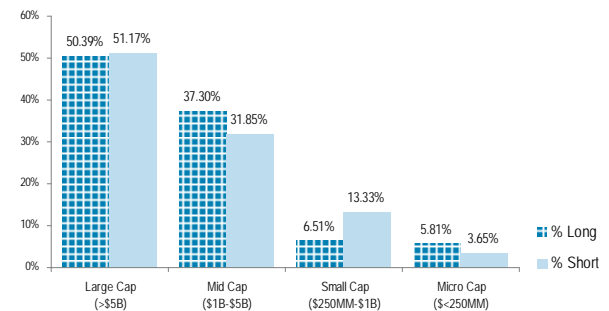
Source: K2 Advisors¹¹

Equities - Liquidity¹⁵



Source: K2 Advisors¹¹

Equities - Market Capitalisation¹⁶



Source: K2 Advisors¹¹

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Strategy

Market Overview

Global market sentiment improved slightly as additional credit stabilisation programs, signs of improved earnings for the global banking industry and clarification of the mark-to-market accounting guidelines helped calm investor fears.

The US equity markets reversed dramatically, finishing with the strongest monthly gain since October 2002 despite a weak start to the month. All of the primary sectors within the S&P 500 Index moved higher, with the materials and consumer discretionary sectors leading the way, and although the utility and consumer staples sectors moved slightly higher, they underperformed the broader S&P 500 Index. International markets showed similar volatility, also closing higher for the month.

Corporate and sovereign bond benchmarks closed higher as the BarCap Aggregate Bond Index gained +1.39% and the Bloomberg G7 Government Bond Index improved by +0.91%. Global commodity indices finally moved higher after eight straight months of declines. Having experienced a peak-to-trough decline of over 66% since June 2008, investor demand for commodity investments rebounded, pushing the Goldman Sachs Commodity Index higher by +4.50% during March. The US Trade Weighted Dollar Index declined slightly after strong gains in both January and February of this year. This measure of US currency performance versus a basket of non-dollar currencies ended the month lower by -2.93%.

	Perf MTD% ⁵	Alloc.% ⁶	Number of Mgrs	Context for performance
Equity Long/Short	-0.14%	51.6%	17	Given the leverage and hedging profile of the underlying funds in which it invests, the Portfolio's long/short equity allocation did not participate in March's steeply directional up market. Typically, sudden and sharp reversals in the market present a challenge for the performance of the Portfolio's long/short equity managers as most of the group does not chase momentum. Recent poor performers tended to lead the rally; specifically, financials and consumer cyclicals led the rebound out of the trough. There was significant inter-sector price dispersion in March. Losses came from the short side of the Portfolio's underlying managers' books, with financials and economically sensitive consumer stocks particularly affecting performance returns negatively.
Relative Value Arbitrage	-1.83%	9.3%	2	Volatility exposure had a negative impact on the Portfolio as implied volatilities decreased significantly in line with the equity market rally at the end of the month. However, the equity rally served as an indirect source of significant gains in the convertible arbitrage portfolio since it prompted outright investor buying of risk assets and a significant increase in the issuance of convertible bonds.
Specialist Credit	-0.64%	28.4%	6	The credit markets were mixed with high yield bonds rallying, corporate loans up moderately and distressed credit markets variable. The Credit Suisse Leveraged Loan Index was up +0.96% for the month as technical selling pressure abated, there appearing to be less forced sellers in the market. While the Portfolio's underlying managers benefited from the modest rise in the corporate loan markets, these gains were offset by losses from their alpha shorts and portfolio hedges, due to the significant rally in the high yield and equity markets. Managers were particularly impacted by their short positions expressed through credit default swaps in the bank, credit card, auto supplier and industrials sectors. The Investment Adviser continues to allocate to managers who remain hedged, believing that there will be an increase in credits being downgraded as a result of deteriorating fundamentals.
Alternate Strategies	-31.63%	0.003%	1	There are no comments on this strategy as the holding has been reduced during the month to a de minimis holding of under 0.003% held in the side-pocket of one underlying fund.
Event Driven	0.89%	10.0%	2	In general, the Event Driven managers in the Portfolio benefited from a number of merger arbitrage deals closing this month and tightening spreads across the board. Offsetting this were managers' losses from their equity market hedges, given the significant rally observed during the month. Merger arbitrage spreads remain attractive, and the Investment Adviser continues to anticipate the need for companies to undergo various forms of corporate restructuring, including recapitalisations and share buybacks.
K2 Emerging Managers Fund	0.34%	0.7%	1	There is only one remaining long/short equity investment in the K2 Emerging Managers Fund. This current investment is 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	10.5%
Top 3 investments	26.0%
Top 5 investments	34.5%
Top 10 investments	53.9%
Total number of underlying investment holdings	29

Source: Dexion Capital plc

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Summary of Recent RNS Announcements*

Continuation Resolution (27 April 2009)

The Company is today posting a Circular to Shareholders in connection with the Continuation Resolution of the Company's GBP Shares. Notice convening the Meeting of GBP Shareholders to be held at 9.30 a.m. on 26 May 2009 is set out in the Circular. At the Meeting an ordinary class resolution will be proposed that the GBP Shares continue in issue.

Details of the Board's current expectations as to the nature of a Redemption Offer or a Redemption Proposal (as the case may be) which may be made are set out in the Circular. In summary, these are:

- If the Continuation Resolution is passed, a voluntary Redemption Offer to redeem up to 20 per cent. of the issued GBP Shares within 2 months of the Continuation Resolution being passed;
- A settlement timetable for any Redemption Offer which reflects the receipt by the Company of cash from realisations of underlying investments in the Portfolio pursuant to the current Portfolio realisation programme. Accordingly settlement is anticipated to be made in full in August 2009 by reference to a NAV Calculation Date of 30 June 2009;
- If the Continuation Resolution is not passed, a mandatory Redemption Proposal to redeem all GBP Shares to be put forward within two months of the Meeting (unless a Winding-Up Proposal is first put forward);
- Where acceptances of any Redemption Proposal have an aggregate value (at the relevant NAV Calculation Date) of less than the Threshold Amount (which is currently expected to be approximately US\$30 million), settlement is anticipated to be made in full in August 2009 by reference to a NAV Calculation Date of 30 June 2009; and
- Where acceptances of any Redemption Proposal exceed the Threshold Amount, a settlement timetable for any Redemption Proposal shall reflect the receipt by the Company of cash from realisations of the underlying investments in a Redemption Portfolio. Accordingly settlement will be in tranches and by reference to more than one NAV Calculation Date (as determined by the Board), with the first such payment expected to be made in November 2009 by reference to a NAV Calculation Date of 30 September 2009.

However, it is emphasised that these are current expectations and any actual Redemption Offer or Redemption Proposal put forward following the Meeting may differ materially from those set out in the Circular. two business days.

*Please refer to the original announcement for further detail.

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 held in January 2009 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 (4.89%) for DEAL £ and average 1M USD LIBOR since April 2004 (3.55%) 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 March 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 28 February 2009.
- 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 April 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 28 February 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 28 February 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 28 February 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 28 February 2009.
- 17 Manager allocations are shown net of cash and are calculated on a look-through basis as at 31 March 2009.
- 18 Total number of underlying investment holdings as at 1 April 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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