

Overview

Dexion Absolute Limited is a Guernsey registered, closed-ended investment company listed on the London Stock Exchange.

The Company's investment objective is to provide shareholders with consistent capital appreciation, with a target US dollar annualised return of 12 per cent. to 15 per cent. in any three to five year period, independent of equity market direction and with low volatility, by investing in an actively managed portfolio of hedge funds.

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.

NAV: 116.01p

Oct return: +0.41%

Share price: 121p*

*Closing mid-price on 29 October 2004. Opening NAV per share 98.25p

Performance review

Equity markets produced generally solid gains in October despite a challenging environment of historically-high oil prices, mixed economic data, and uncertainty surrounding the U.S. presidential election. Equity market volatility hit an eight-year trough on October 1 before the VIX Index rallied during the remainder of the month. Credit markets continued their advance with high-yield debt continuing to produce strong gains. Finally, currency markets were volatile as the U.S. dollar weakened against many of the major world currencies.

Solid gains were generated in October in equity strategies, tactical trading, and opportunistic, while short selling was the only unprofitable strategy. The Company's **hedged equity** managers were generally flat. The decision by China to raise interest rates during the month had a negative impact on the fund's managers as basic materials and commodity-related positions declined. Our technology-focused managers contributed positively to performance despite a defensive position in the technology sector, which surged during the month. Short technology positions and long healthcare positions were significant detractors from performance. The **opportunistic** strategy achieved positive returns as a number of event-driven positions contributed to performance. Consolidation in the steel industry and strong demand for cellular transmission spectrum created favourable opportunities for our managers. Long positions in Argentine debt, Mexican equities, and South African equities were the largest contributors to performance for our emerging markets specialists. The coal industry was particularly profitable for Dexion Absolute's **distressed** managers as tight supply and favourable demand in October helped support an increase in coal prices. October proved to be another challenging month in the markets for **relative value** arbitrage managers. The beginning of the month saw the continued sell-off in the convertible bond markets. Valuations did rebound slightly during the latter part of the month, and the fund's managers posted modest returns from Japan. **Tactical trading** had a solid month due to gains in foreign exchange trading. Managers with short dollar positions against the euro and the yen were the largest beneficiaries as the dollar broke out of its trading range to the downside. Positions in commodity-related currencies (such as the Australian dollar, New Zealand dollar, and the Canadian dollar) also performed well. Fixed-income trading, as well as holdings in emerging market bonds and equities, were positive contributors. **Short selling** managers were negatively impacted by their bias towards speculative small- and mid-cap stocks, which outperformed the broader equity markets. Short positions in small-cap technology enterprises resulted in losses, as the shares of many of these companies continued their rally from the previous month. Finally our **equity strategies** managers posted another strong month as a result of positive, company-specific news.

	Oct %	YTD %	Volatility*%	Sharpe ratio**^
Dexion Absolute NAV	0.41	4.87	2.47	1.30
FT All Share TR £	1.22	7.07	5.99	1.19
FT Govt All Stocks TR £	0.98	4.54	3.13	0.82
HFRI Fund of Funds Index \$	0.78	2.73	2.97	1.20

* Annualised on 12 months of monthly data ^ Risk free rate is average of last 12 months' 3M £ LIBOR for £ indexes (4.50%) and 3M \$ LIBOR for \$ index (1.42%)

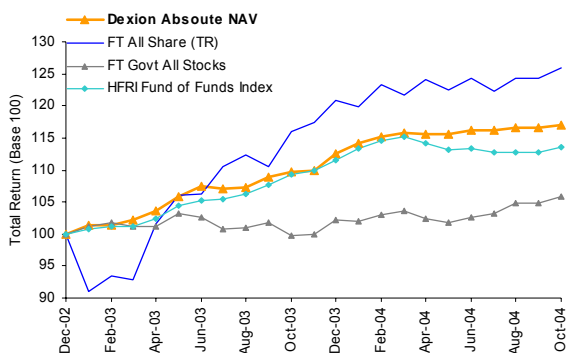
Outlook

Thus far in November, President Bush's re-election has sparked a sharp, broad-based rally in the equity markets, benefiting the portfolios of our hedged equities and equity strategies managers. In general, Dexion Absolute's managers are cautiously optimistic that the resolution of the U.S. presidential election signals a return to more normalized markets, as the geopolitical uncertainties that have overshadowed market fundamentals diminish.

Key facts

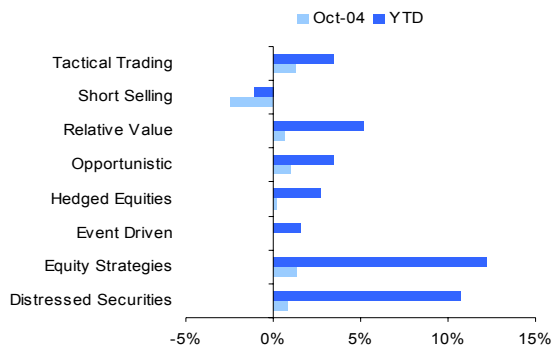
Manager	Dexion Capital (Guernsey) Ltd	Bloomberg	DAB LN
Investment Advisor	Harris Alternatives LLC	Reuters	DAB.L
Investment Consultant	Dexion Capital Plc	ISIN	GB0032287020
Inception date	19 December 2002	SEDOL	3228702
Total net assets	£243m		

Comparative Performance



Source: Bloomberg

Performance attribution

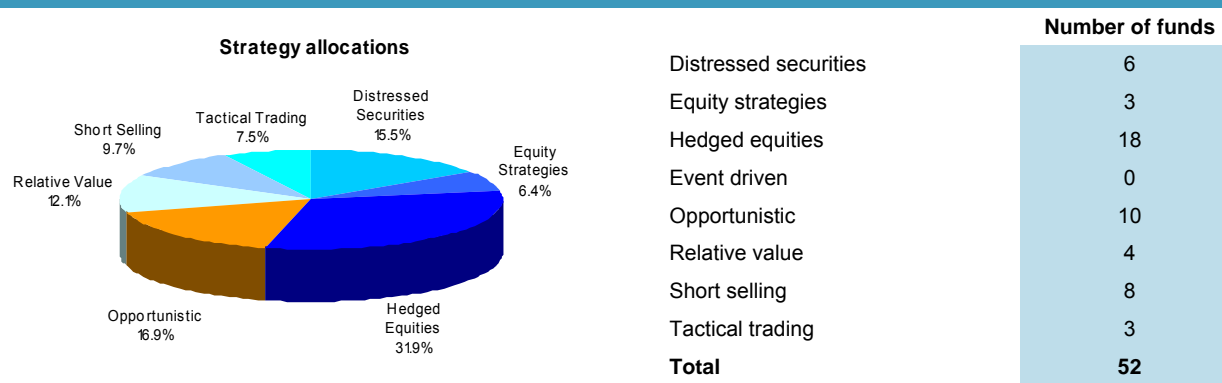


Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses

Historical NAV performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2004	1.39	0.96	0.38	-0.18	0.03	0.61	-0.06	0.39	0.85	0.41			4.87
2003	1.44	0.02	0.78	1.37	2.11	1.56	-0.48	0.26	1.48	0.72	0.31	2.39	12.6

Portfolio as of 1 November 2004



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