

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: 119.96p

Jan return: +0.29%

Share price: 122.00p*

*Closing mid-price on 31 January 2005. Opening NAV per share 98.25p

Performance review

In January, global equity markets produced mixed results, with a number of markets correcting following the strong fourth-quarter advance in 2004. The U.S. equity markets were dampened by a number of macroeconomic concerns, including higher inflation, political uncertainty leading up to the Iraqi elections, and rising oil prices. Elsewhere, European bourses fared much better than their U.S. counterparts, with many exhibiting moderate gains. Amid a mixed global equity environment, our **hedged equities** managers finished

the month with slightly negative performance. Our European specialists were the largest positive contributors in January as a result of a modest rally in European markets that was sparked by appreciation in the dollar and increasing consumer confidence in Germany. Outside of the European markets, gains were generally produced from short positions, mostly in the technology sector. Our **opportunistic** managers capitalized on challenging market opportunities to generate profits. Several managers took advantage of the downturn in the U.S. equities by successfully shorting individual companies and market indices during the month. Argentina proved a profitable theme for one emerging markets manager. Despite a slow down in the U.S. credit markets during January, our **distressed** managers remained resilient and posted yet another positive month. Weakening high-yield market technicals at the beginning of the year reversed by the end of the month, buoyed by consolidation in the wireless sector along with several positive, credit-specific events. Our **equity strategies** managers effectively contained their drawdown in a challenging period for their heavily-long-biased strategy. Mark-to-market losses in our managers' portfolios were tempered by stock-specific gains in a coal and home-construction company and a provider of linen management systems to the U.S. healthcare market. January was a mixed month for our **tactical trading** managers. One manager extracted outsized profits from a long-standing, bullish crude oil position, which helped mitigate losses in other areas. Short dollar positions suffered when the currency strengthened in January. Fixed-income trading provided mixed results. Despite the unfavourable environment, our **relative value** managers posted positive returns for January. For a couple of managers, allocations to fundamental long/short equities were the largest contributors to gains, particularly in the financial services and technology sectors. Statistical arbitrage was also profitable. The difficult equity market conditions created a near-perfect environment for **short selling** managers, enabling them to add alpha with their strong stock selection. Short positions in the shares of a laser-gun manufacturer produced substantial gains, as the company's stock price dropped 43% in January. This decline resulted from the company's announcement that it is the subject of an informal SEC inquiry into its safety statements and its recent sales to a distributor.

	Jan %	YTD %	ITD %	Volatility*%	Sharpe ratio**^
Dexion Absolute NAV	0.29	0.29	22.10	2.59	2.25
FT All Share TR £	1.33	1.33	38.19	11.26	1.12
FT Govt All Stocks TR £	-0.19	-0.19	8.63	3.71	-0.05
HFRI Fund of Funds Index \$	0.01	0.01	19.23	2.95	2.49

* Annualised from inception date of DAB, based on monthly data. ^ Risk free rate is average of 3M GBP LIBOR (4.22%) for GBP investments, average of 3M USD LIBOR (1.47%) for USD investments. Averages calculated using daily data from inception date of DAB. Source: Bloomberg (data), Dexion (calculation)

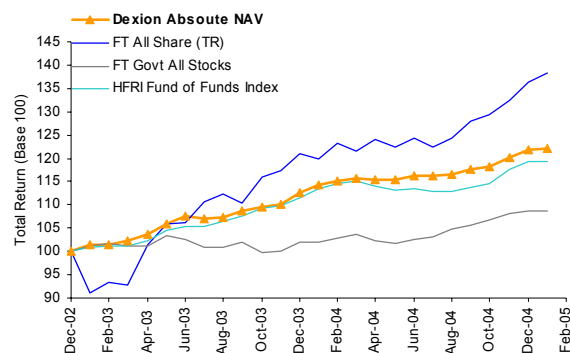
Outlook

After a challenging first month to start 2005, our managers are seeing noticeable evidence that the favourable market environment from the end of last year is re-emerging. We believe that the Dexion portfolio is well-positioned to capture opportunities across the broad spectrum of hedge fund strategies.

Key facts

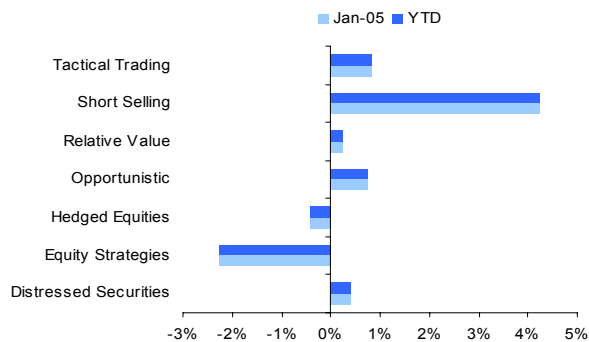
Manager	Dexion Capital (Guernsey) Ltd	Bloomberg	DAB LN
Investment Advisor	Harris Alternatives LLC	Reuters	DAB.L
Investment Consultant	Dexion Capital Plc	ISIN	GB0032287020
Inception date	19 December 2002	SEDOL	3228702
Total net assets	£251.5m		

Comparative Performance



Source: Bloomberg

Performance attribution

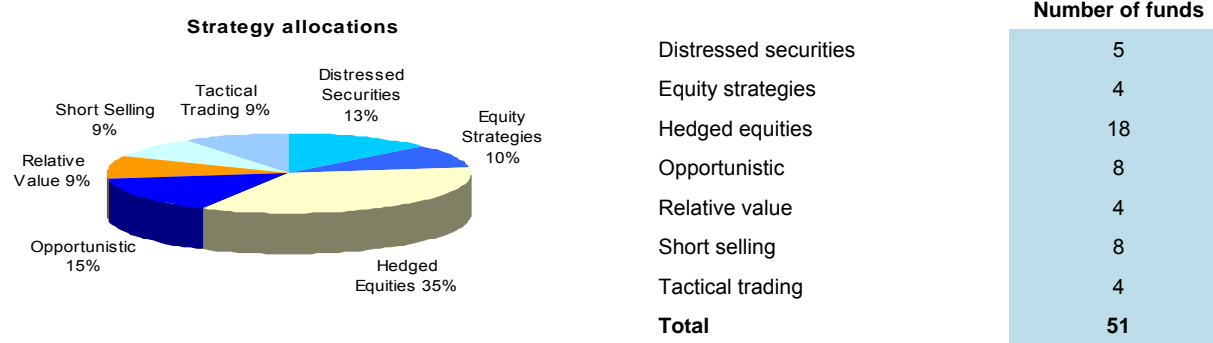


Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses

Historical NAV performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	0.29												0.29
2004	1.39	0.96	0.38	-0.18	0.03	0.61	-0.06	0.39	0.86	0.41	1.70	1.38	8.13
2003	1.44	0.02	0.78	1.37	2.11	1.56	-0.48	0.27	1.48	0.72	0.31	2.39	12.59

Portfolio as of 1 February 2005



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