

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: 121.81p

Feb return: +1.54%

Share price: 125.00p*

*Closing mid-price on 28 February 2005. Opening NAV per share 98.25p

Performance review

Despite sharply higher oil prices in February, the US equity markets improved as a result of favourable corporate earnings results, balanced economic reports, and an in-line increase in interest rates by the Federal Reserve. Elsewhere, European bourses and Asian equity markets posted solid results.

Dexion Absolute's **hedged equities** managers finished February with strong positive performance, as positions on the long and the short side contributed to returns. Long positions in the energy and basic materials sectors led the way due to the continued strong global appetite for commodities. Positions in homebuilders and European equities were also major contributors during the month. On the short side, managers benefited from stock selection and short exposure to the technology and financial services sectors. Several factors accounted for the Company's **opportunistic** managers' profits in February. One of the largest contributors to performance was the strategy's long exposure to companies in the energy sector, both domestically and internationally. In the consumer and retail sectors, fresh merger activity aided one manager's portfolio. **Distressed securities** managers posted strong gains in February due to the general tightening of credit spreads, which was more pronounced in high-yield debt. Rising stock prices, along with a lack of new high-yield paper, drove bond prices higher during the month. Post-restructuring equity positions in domestic steel manufacturers also boosted performance as a result of increased speculation that consolidation in the industry will continue. **Equity strategies** managers benefited from a number of positive, company-specific developments. For example, an investment in a firm that provides auto salvage services surged after the company agreed to be acquired by a private equity firm at a significant premium to its then-current stock price. The Company's **tactical trading** managers reaped profits during February, as their focus drifted away from foreign exchange to the interest-rate markets, where bearish sentiment increased and resulted in a sell off in certain long-term government bonds. Commodity trading was also a fruitful area, as one manager in particular continued to profit from a long-standing bullish trade on crude oil, which reached a four-month high in February. Although equity volatility decreased overall during February, it did experience a spike towards the end of the month, which enabled **relative value** managers to capture gains in US convertible bond arbitrage. Allocations to energy trading were profitable for the month, as the sector benefited from the sharp rise in energy prices. Statistical arbitrage was also profitable. Despite an inhospitable **short selling** environment, the Company's managers generated strong results in February, adding substantial alpha with their skilful stock selection. One manager's short positions in the shares of a laser-gun manufacturer produced further substantial gains.

	Feb %	YTD %	ITD* %	Volatility* %	Sharpe ratio**
Dexion Absolute NAV	1.54	1.84	10.43	2.59	2.42
FT All Share TR £	2.59	3.96	17.48	11.07	1.20
FT Govt All Stocks TR £	-0.28	-0.47	3.76	3.66	-0.11
HFRI Fund of Funds Index \$	1.43	1.41	9.16	2.94	2.62

* Annualised from inception date of DAB, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR (4.16%) for GBP investments, average of 1M USD LIBOR (1.44%) for USD investments. Averages calculated using daily data from inception date of DAB. Source: Bloomberg (data), Dexion (calculation)

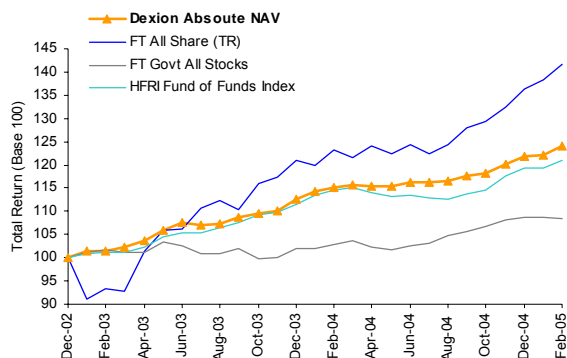
Outlook

At current levels, credit spreads are unlikely to tighten much further, removing a tailwind from the portfolios of our distressed securities managers. However, there will continue to be situation-specific opportunities for them to exploit. Meanwhile, our equity-oriented and relative value arbitrage managers are hopeful that the increase in realized volatility in February is sustainable. This favourable environment last month was partially responsible for the strong gains generated in our managers' equity portfolios, both on the long and short sides.

Key facts

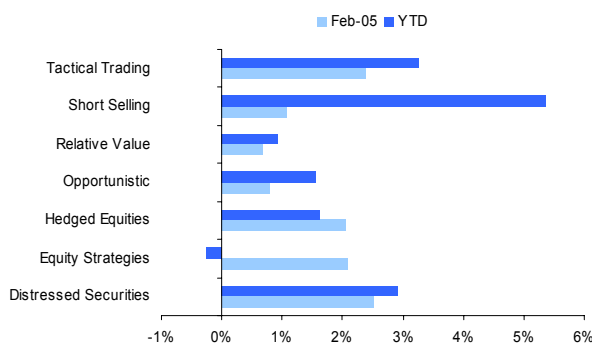
Manager	Dexion Capital (Guernsey) Ltd	Bloomberg	DAB LN
Investment Advisor	Harris Alternatives LLC	Reuters	DAB.L
Investment Consultant	Dexion Capital Plc	ISIN	GB0032287020
Inception date	19 December 2002	SEDOL	3228702
Total net assets	£255.3m		

Comparative Performance



Source: Bloomberg

Performance attribution

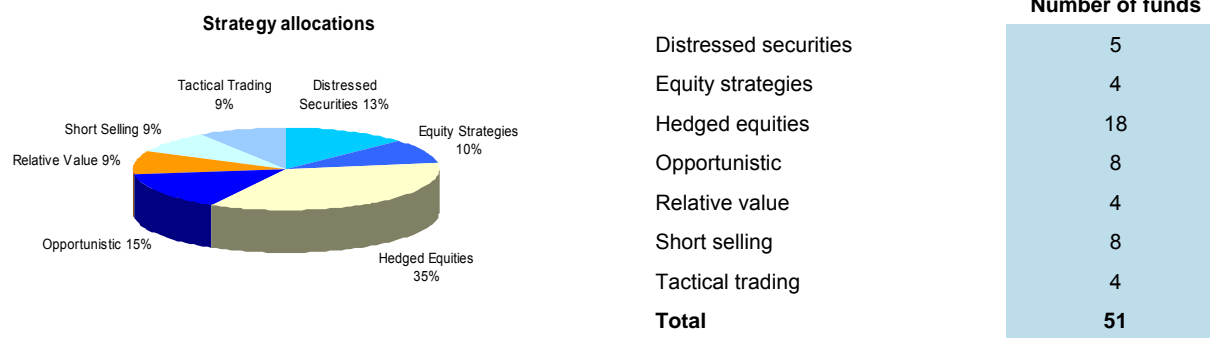


Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses

Historical NAV performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	0.29	1.54											1.84
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 March 2005



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Your attention is drawn to the Risk Factors set out in Part I of the Dexion Absolute prospectus dated 3 June 2004.

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