

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: 121.88p

May return: +0.88%

Share price: 124.75p*

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

Performance review

Following an inauspicious beginning to May, U.S. equity markets rallied strongly in the latter part of the month. Elsewhere, European bourses and Asian equity markets posted solid gains despite generally weak economic reports in those regions. Corporate bonds followed a similar course as equities, with credit spreads initially widening in response to S&P's downgrade of GM and Ford credit to non-investment grade, but recovering later in the month. Treasuries rallied on the heels of the flight to quality, while the U.S. yield curve continued to

	May %	YTD %	ITD* %	Volatility* %	Sharpe ratio*^
Dexion Absolute NAV	0.88	1.90	9.33	2.72	1.87
FT All Share TR £	3.91	4.66	15.86	10.94	1.06
FT Govt All Stocks TR £	1.65	3.11	4.89	3.64	0.18
HFRI Fund of Funds Index \$	0.36	-0.24	7.46	3.20	1.84

* Annualised from inception date of DAB, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR (4.23%) for GBP investments, average of 1M USD LIBOR (1.60%) for USD investments. Averages calculated using daily data from inception date of DAB. Source: Bloomberg (data), Dexion (calculation)

confound treasury traders by flattening further. **Hedged Equities: +2.6%.** May's equity-market rebound benefited our managers. Long equity holdings in the technology sector as well as homebuilding, basic materials, and airline industries resulted in handsome profits. Internationally, large-cap positions in the U.K. mining sector were a significant source of gains due to stable commodity prices, ongoing low supply levels, and robust demand from China. **Opportunistic: +0.8%.** Value equities and event-driven positions advanced in May in response to favourable U.S. economic data and a sharp market rally. Our emerging markets manager, concerned about the recent sell-off in credit markets, maintained a cautious stance in his portfolio and was moderately profitable for the month. **Distressed Securities: +0.2%.** Our distressed managers rebounded from a challenging start in May and produced a modest gain for the month. The automotive sector was especially hard-hit and an automotive-parts supplier defaulted on its debt. By the end of the month, though, spreads had reversed course, helping to recoup losses for several managers. **Tactical Trading Strategies: +1.0%.** Tactical trading produced a positive return, mainly due to profitable foreign-exchange trading. Several managers are long the U.S. dollar, which strengthened against a number of currencies. The euro experienced a sizable decline following France's and Holland's rejection of the EU Constitution. **Short Selling: -5.5%.** The broad-based advance of equities in May created an intensely challenging environment for our short selling managers. **Equity Strategies: +4.2%.** Buoyed by the equity market's strong performance, our equity strategies managers generated strong performances in May. **Relative Value Arbitrage: -0.6%.** Our relative value arbitrage managers produced a loss in an exceptionally challenging month. Redemptions of a number of U.S. convertible bond portfolios forced other market participants to sell or mark down their portfolio holdings. The widely-held position in GM delivered a blow to the strategy. The highly unusual situation of a rising stock price (due to Tracinda Corp.'s tender offer for GM shares) followed closely by a credit downgrade by S&P created a double blow for many convertible bond arbitrage portfolios. Fortunately, the strategy rebounded at the end of the month, as demand increased with buyers stepping in and picking up securities at attractive prices.

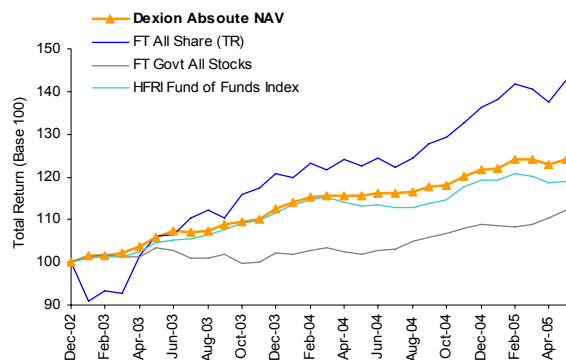
Outlook

Indications are that the recovery experienced by many markets during the latter half of May has continued on in June. For example, the convertible bond market has stabilized due to reduced liquidations of convertible portfolios and an improvement in credit sentiment. In general, our managers' portfolios are well-positioned to profit from a more attractive opportunity set created by the recent upheaval in the markets.

Key facts

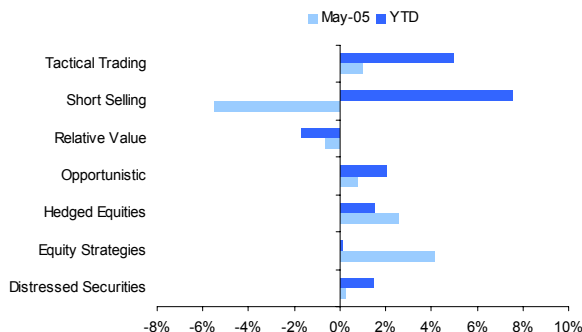
Manager	Dexion Capital (Guernsey) Ltd	Bloomberg	DAB LN
Investment Advisor	Harris Alternatives LLC	Reuters	DAB.L
Investment Consultant	Dexion Capital Plc	ISIN	GB0032287020
Inception date	19 December 2002	SEDOL	3228702
Total net assets	£255.5m		

Comparative Performance



Source: Bloomberg

Performance attribution

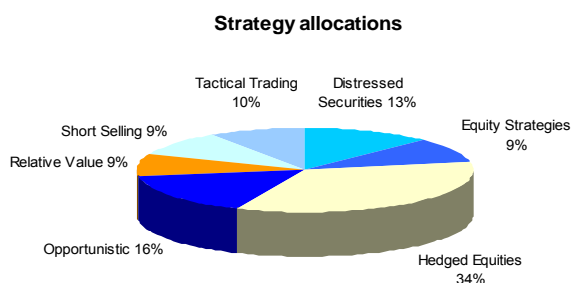


Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses

Historical NAV performance (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005	0.29	1.54	0.06	-0.87	0.88								1.90
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 June 2005



	Number of funds
Distressed securities	5
Equity strategies	4
Hedged equities	18
Opportunistic	7
Relative value	4
Short selling	8
Tactical trading	4
Total	50

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