

NEWS UPDATE:

C share Conversion Ratios set at 0.7952 £ ordinary shares for every one £ C share, 0.5361 € ordinary shares for every one € C share and 0.4434 \$ ordinary shares for every one \$ C share. Conversion effective from 11 August 2005.

June 2005

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: 123.56p

Jun return: +1.38%

Share price: 126.13p*

*Closing mid-price on 30 June 2005.
Opening NAV per share 98.25p

Performance review

Global equity markets produced mixed results in June. The S&P 500 Total Return Index produced a modestly positive gain, while the Dow Jones Industrial Average ended the month lower. In international markets, European bourses and Asian equities posted healthy gains. The Federal Reserve raised interest rates another 25 basis points, yet Treasuries continued their rally, resulting in further flattening of the yield curve. Finally, reflecting the relative strength of the U.S. economy, the dollar appreciated against both the euro and the yen.

Hedged Equities: +1.7%. Hedged equities managers capitalized on a favourable market environment that resulted from a noticeably sharp decline in the correlation among equities during the month. Such an environment is ripe for alpha generation, and a number of our managers were profitable in both their long and short portfolios. Additionally, our managers' contribution to performance was remarkably well-balanced, as nearly all of our managers recorded positive returns. **Opportunistic: +1.7%.** Led by event-driven and value-equity positions, our opportunistic strategy posted a solid return. Benefiting from higher prices and continued strong demand for oil, our managers' positions in energy companies were significant drivers of performance. In the emerging markets, positions in Argentinean sovereign debt and currency trading were also profitable. **Distressed Securities: +2.2%.** Managers sustained their momentum that began in the latter part of May and produced solid performance throughout June. Holdings in coal-related enterprises continued to generate outsized returns for one manager. Several post-restructuring stocks within the industry advanced on reports of rising coal demand in China and reduced environmental concerns domestically due to improved technology. **Tactical Trading Strategies: +0.4%.** Our tactical trading strategy produced mixed results. Currency trading was particularly challenging, especially in positions involving the euro. Bearish positions in Japanese bonds and short-term U.K. interest rates also detracted from performance. Crude oil trading, which has been an extremely profitable area for the strategy, also suffered a setback. **Equity Strategies: +2.1%.** Our equity strategies managers focus on small- to mid-cap companies along with their value-creation approach produced strong results in June. **Short Selling: -1.3%.** Given the significant out performance of small- and mid-cap stocks, our short sellers did well to incur only a modest loss in June. Managers have a penchant for shorting the equity of highly speculative, lower-quality enterprises, which are often smaller-cap companies. **Relative Value Arbitrage: +2.6%.** June was a strong month for our relative value arbitrage managers, as a number of factors that constrained opportunities in May relented during the month. Convertible bond arbitrage experienced a robust recovery following months of poor returns and an increase in new issuance, which had been dormant for most of the year.

	Jun %	YTD %	ITD* %	Volatility* %	Sharpe ratio*^
Dexion Absolute NAV	1.38	3.30	9.60	2.70	1.98
FT All Share TR £	3.40	8.21	16.85	10.84	1.16
FT Govt All Stocks TR £	1.42	4.57	5.31	3.63	0.29
HFRI Fund of Funds Index \$	1.43	1.10	7.78	3.18	1.92

* Annualised from inception date of DAB, based on monthly data. ^ Risk free rate is average of 1M GBP LIBOR (4.26%) for GBP investments, average of 1M USD LIBOR (1.65%) for USD investments. Averages calculated using daily data from inception date of DAB. Source: Bloomberg (data), Dexion (calculation)

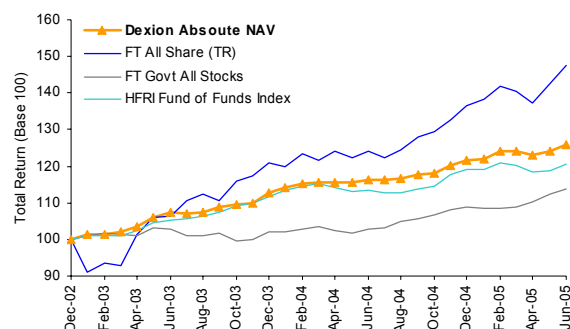
Outlook

It appears that the market stabilization witnessed in June has carried on through July. Hedged equities managers, the largest allocation in the portfolio, remain well-positioned to capture opportunities made available by the more accommodating stock-selection environment. Correlation among equities has remained low while realized volatility has experienced a slight rise. In addition, corporate activity has accelerated considerably as companies begin to spend their record-high cash levels, and these transactions may prove to be interesting catalyst-driven opportunities for our managers.

Key facts

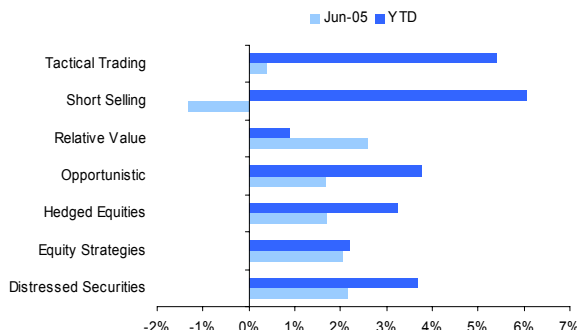
Manager	Dexion Capital (Guernsey) Ltd	Bloomberg	DAB LN
Investment Advisor	Harris Alternatives LLC	Reuters	DAB.L
Investment Consultant	Dexion Capital Plc	ISIN	GB0032287020
Inception date	19 December 2002	SEDOL	3228702
Total net assets	£368.5m (as at 1st July 2005)		

Comparative Performance



Source: Bloomberg

Performance attribution

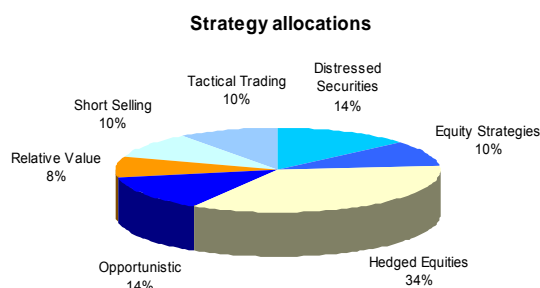


Note: strategy returns are net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses

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	1.38							3.30
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 July 2005



	Number of funds
Distressed securities	6
Equity strategies	4
Hedged equities	19
Opportunistic	6
Relative value	3
Short selling	8
Tactical trading	5
Total	51

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