

Overview

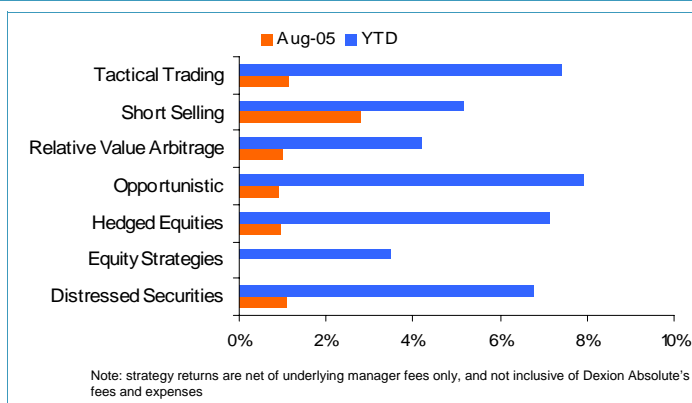
Dexion Absolute Limited is a Guernsey registered, closed-ended investment company listed on the London Stock Exchange. The Company's investment objective is to provide shareholders with consistent capital appreciation, with a target US dollar annualised return of 12 per cent. to 15 per cent. in any three 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, Euros and US Dollars and the Company implements a hedging policy to protect the Sterling and Euro value of its US Dollar denominated investments.

Monthly commentary

Global equity markets generally produced negative returns during August, largely due to rising oil prices and Hurricane Katrina. Exceptions were the FTSE, which benefited from an interest-rate cut by the Bank of England, and the Nikkei, which was buoyed by strong second quarter GDP growth in Japan. The same macroeconomic concerns that dampened equities also resulted in a slight widening of credit spreads. Meanwhile, a flight-to-quality led to a rally in U.S. Treasuries and European government bonds. Equity volatility, as measured by the VIX Index, recorded a modest improvement. Finally, the dollar reflected the weakened U.S. economy and lost ground to both the euro and the yen.

Hedged Equities: +0.9%. Throughout the month, our managers delivered strong alpha by greatly outperforming their expected return based on their average net long exposure. Long equity positions in physical-asset-based companies, such as energy and mining, were areas of strength for our European specialists. Asia also made profits this month, specifically long positions in Japanese equities. Short equity positions in the consumer and financial-services sectors were top performers for our generalists as the effects of rising energy prices and a flattening U.S. yield curve weighed heavily on these sectors. **Opportunistic: +0.9%.** Event-driven equities were the major drivers of returns as a number of catalysts benefited our managers' strategic positions. The broad-based rally in natural gas, oil, and oil products led to gains across the energy sector, particularly in the refining sector. Consolidation in the mining sector also led to profits for one manager. In emerging markets, equity holdings in Eastern Europe and Latin America were the largest contributors. **Distressed Securities: +1.1%.** Despite high-yield spreads drifting wider amid a summer slowdown in the credit markets, our distressed securities managers recorded a positive month. Post-reorganisation equities in the coal industry once again produced solid gains for one of our managers. While Hurricane Katrina destroyed numerous pipelines and rigs that hindered oil production, coal mining went largely undisturbed by the natural disaster, leading to surging demand for the alternative fuel. **Tactical Trading: +1.2%.** Performance was driven primarily by one manager who posted substantial gains from long positions in U.S. government securities and energy-related equities. Other managers experienced small profits from both long positions and spread trades in the commodities markets, as well as from a long Japanese equities/short U.S. equities position. **Short Selling: +2.8%.** All of our managers were profitable: the equity market sell-off created a favourable backdrop for short selling although it was good stock selection that resulted in significant alpha generation. **Relative Value Arbitrage: +1.0%.** Relative value arbitrage produced modest returns during August. The largest factor affecting performance was Hurricane Katrina and the resultant large moves in the energy markets. Our managers' positions in these markets varied significantly and thus the impact was mixed. Distressed trading was a significant source of profits during August, driven largely by positions in the energy and auto-supply sectors. **Equity Strategies: +0.0%.** Our equity strategies managers were flat for the month due to offsetting stock-specific events.

Outlook - A number of events, both in the natural and financial worlds, have added considerable risk and volatility back into the markets. The U.S. economy and corporate earnings face a number of challenges from Hurricanes Katrina and Rita, record-high energy prices, and another interest-rate hike by the Federal Reserve. Across the broad spectrum of hedge fund strategies, we believe that the Company's portfolio is well-positioned to capture opportunities that may arise from potential market dislocations.



£
NAV 126.51p
Return +0.86%
Share price* 134.38p

€
NAV €1.8685
Return +0.67%
Share price* €1.9750

\$
NAV \$2.2646
Return +0.82%
Share price* \$2.3850

Note:
* Closing mid-price at month end.
Opening NAV per £ share 98.25p,
€ Share €1.8325 and \$ Share \$2.2158.

Key facts

Manager
Dexion Capital
(Guernsey) Limited

Investment Advisor
Harris Alternatives LLC

Investment Consultant
Dexion Capital plc

Total net assets
£377.6m

Management Fee
1.50%

Performance Fee
10%
(trigger 3%)

Contact details

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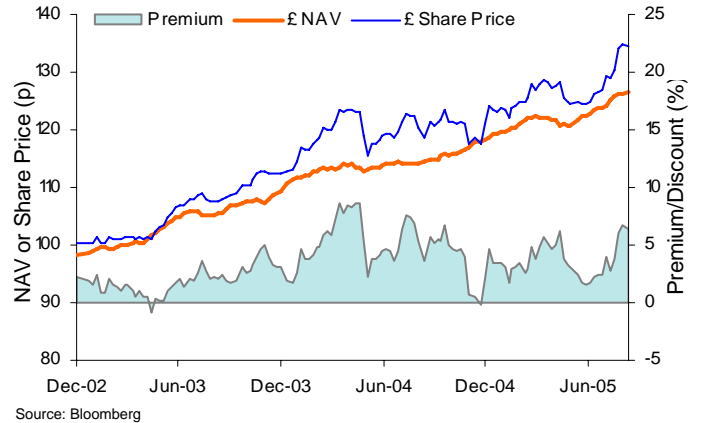
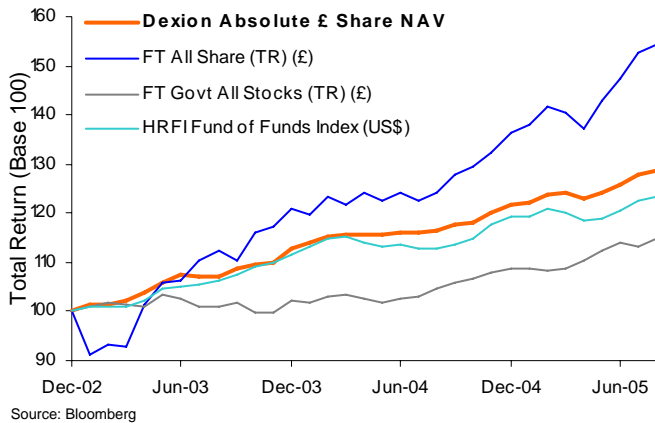
Performance data

	August (%)	YTD ¹ (%)	ITD [§] (%)	Volatility [§] (%)	Sharpe [§] * [^]
Dexion Absolute £ Share NAV	0.86	5.77	9.94	2.65	2.14
FT All Share (TR) (£)	1.17	13.18	17.68	10.56	1.27
FT Govt All Stocks (TR) (£)	1.36	5.37	5.27	3.62	0.27
Dexion Absolute € Share NAV	0.67	1.96	-	-	-
MSCI Eurozone (TR) (€)	-1.13	3.22	-	-	-
JPMorgan Eurozone Govt Bond Index (€)	1.05	0.52	-	-	-
Dexion Absolute US\$ Share NAV	0.82	2.20	-	-	-
MSCI World (TR) (US\$)	0.80	4.34	-	-	-
JPMorgan World Govt Bond Index (US\$)	1.83	0.74	-	-	-
HFRI Fund of Funds Index (US\$)	0.78	3.52	8.23	3.16	2.05

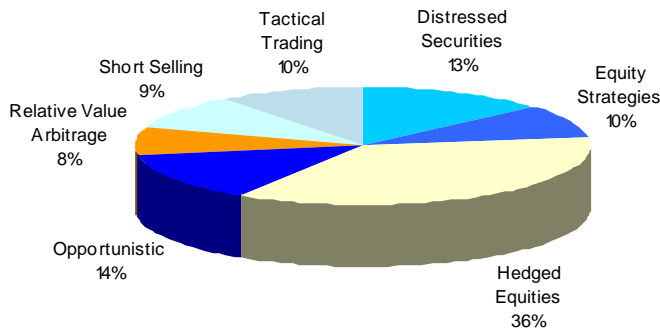
¹ Cumulative performance from inception for € and \$ Shares. [§] Insufficient data points for € and \$ Shares. * Annualised from inception date of DAB £, based on monthly data.
[^] Risk free rate is average 1M GBP LIBOR (4.28%) for GBP investments and average 1M USD LIBOR (1.77%) for USD investments.
Source: Bloomberg (data), Dexion Capital (calculation)

Net Asset Value performance

Share price performance



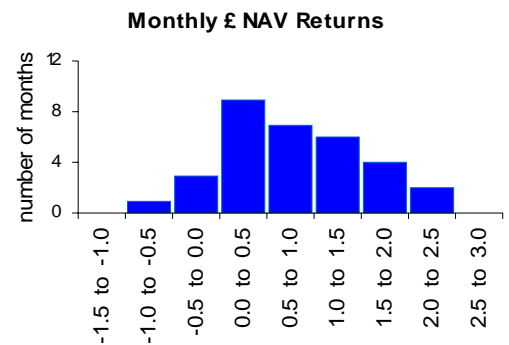
Portfolio as of 1 September 2005



	Number of funds
Distressed Securities	6
Equity Strategies	4
Hedged Equities	20
Opportunistic	6
Relative Value Arbitrage	3
Short Selling	8
Tactical Trading	5
Total	52

Historical NAV performance (%)

GBP	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	1.51	0.86					5.77
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
EUR													
2005	-	-	-	-	-	-	1.28	0.67					1.96
USD													
2005	-	-	-	-	-	-	1.37	0.82					2.20



Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	19 Dec 2002	DAB LN	DAB.L	GB0032287020	3228702	£326.71m
EUR	28 Jun 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€48.93m
USD	28 Jun 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	\$31.28m

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Your attention is drawn to the Risk Factors set out in the Dexion Absolute prospectus dated 27 May 2005 and the fact that no securities are currently being offered by the Company and that certain information in the above prospectus may now be out of date.

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