

**Overview**

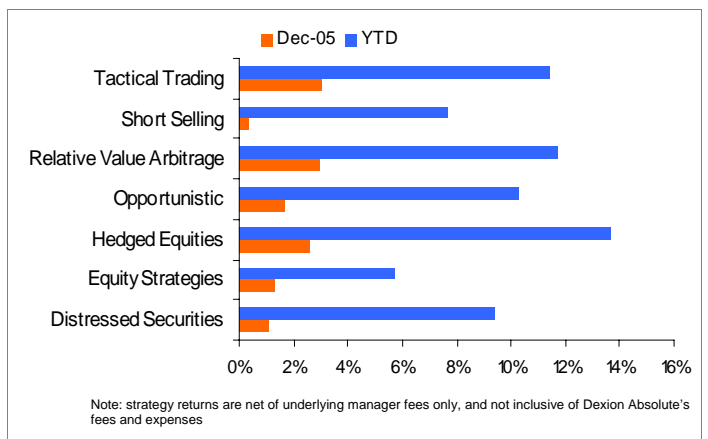
**Dexion Absolute Limited** is a Guernsey registered, closed-ended investment company listed on the London Stock Exchange. Consistent with Harris Alternatives' Aurora LP, whose investment rationale, methodology and portfolio management are shared by the Company, the Company no longer has a target return as part of its investment objective. The Company's investment objective is to generate consistent long-term capital appreciation with low volatility and little correlation with the general equity and bond markets through a portfolio having a diversified risk profile. The Company seeks to achieve this through investment in an actively managed portfolio of hedge funds diversified by investment strategy, style and manager. 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**

Foreign stocks rallied strongly during the final month of 2005, capping an exceptional year of performance for international securities. US domestic markets were notably absent from this December rally, as US indices finished flat or moderately down for the month. Elsewhere, credit markets were firm but generally quiet during the month, notwithstanding Calpine's large bankruptcy filing. In currency markets, the US dollar lost ground to the Euro and yen due to hints from the Fed of a near end to their tightening campaign and robust economic reports from abroad. Finally, commodities rallied sharply during December. Gold prices recorded a 25-year high, and crude-oil prices rose on reports of weak inventory levels and supply disruptions.

All Dexion Absolute's strategies were profitable in December with tactical trading and relative value arbitrage managers posting the strongest returns. On account of the strategy's excellent return and large allocation, **hedged equities** managers were the leading contributors to performance in December. International equities significantly outperformed the domestic markets, and geographic specialists posted the strongest returns among our managers. Our European managers generated outsized gains from a long-standing bullish theme in mining stocks, which benefited from escalating prices in metals such as copper and zinc. Exposure to European oil-services companies also contributed to their strong performance. Managers with positions in Asian equities benefited from long exposure to Japan and Korea, two of the best performing markets in December. Although US equity markets were generally flat, a sharp decline in intra-stock correlation created a favourable environment for alpha generation. During December, the Company's **tactical trading** managers captured impressive profits from a diverse group of asset classes and geographic markets, finishing 2005 with their strongest performance of the year. Global fixed-income trading was also a key driver of the performance. Gains were generated from European directional curve trading and positions held in anticipation of a continuing flattening of the US yield curve. December was a profitable month for our **distressed** securities managers as the market's expectation for an end to the Fed's tightening cycle sparked a modest rally in high-yield securities. Holdings in energy-related debt and equity were leading drivers of performance. Amid lacklustre US equity markets, value creation through the efforts of Company's **equity strategies** managers and positive company-specific developments resulted in gains for the strategy. All of the Company's **opportunistic** managers posted positive returns, capturing profits from robust corporate activity and favourable company-specific developments. Significant drivers of performance included managers' holdings in a major European power company, the shares of which advanced following disclosure of the firm's purchase of a majority stake in a competitor. One manager's investment in a Canadian steel manufacturer also added to returns as a bidding war for the company during the month boosted its share price. December was a relatively quiet month for one manager dedicated to emerging market securities. Although their well-hedged portfolio did not fully capture the upside of the emerging markets, it still produced a solid return. The Company's **short sellers** rallied in the second half of the month and ended with positive performance. Such managers' long-standing bearish views on for-profit education companies were well-rewarded in December after an industry bellwether was dealt a setback in its ongoing battle with regulators when one of its key businesses was placed on a year's probation by a state accreditation agency. **Relative value arbitrage** managers finished 2005 with one of their best monthly returns of the year. Profits were generated across most strategies, with the largest contribution to returns coming from global equities, convertible bond arbitrage and event-driven strategies. In convertible bond arbitrage, managers continued to capture profits from new issuance in the domestic market, while a feared liquidity-driven sell-off at year end never materialised. In Asia, a strong Japanese equity market continued to help Japanese converts outperform the rest of the region.

**Outlook** - early indications in January point to the continued momentum of the favourable market conditions at the end of 2005. In a busy month, January has already seen a spate of corporate deals and events, narrowing credit spreads, and rising global equity markets despite higher oil prices. Additionally, the return of greater market volatility in January, which was conspicuously absent during much of 2005, adds another constructive aspect to the investing climate that should benefit many of our managers. We believe the Company's portfolio is well-positioned to capture opportunities across the broad spectrum of hedge fund strategies.



NAV **£** 130.92p  
Return **+1.72%**  
Share price\* 135.00p

NAV **€** 1.9201  
Return **+1.54%**  
Share price\* €1.9975

NAV **\$** 2.3412  
Return **+1.72%**  
Share price\* \$2.3525

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**  
£523.2m

**Management Fee**  
1.50%

**Performance Fee**  
10%  
(trigger 3%)

**Contact details**

Dexion Absolute Limited  
Arnold House  
St Julian's Avenue  
St Peter Port  
Guernsey  
GY1 3NF

**Email**  
info@dexionabsolute.com

**Website**  
www.dexionabsolute.com

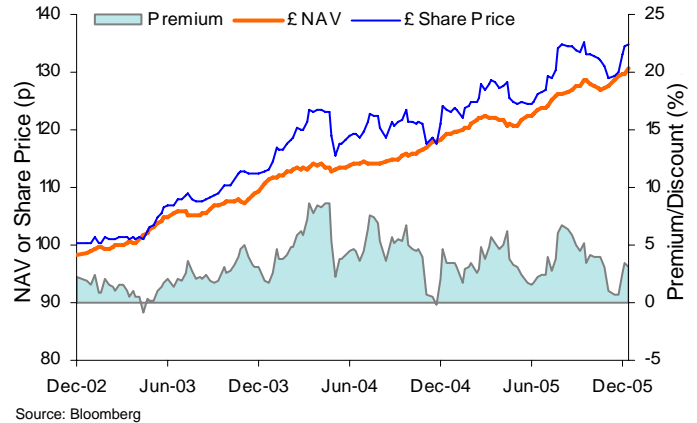
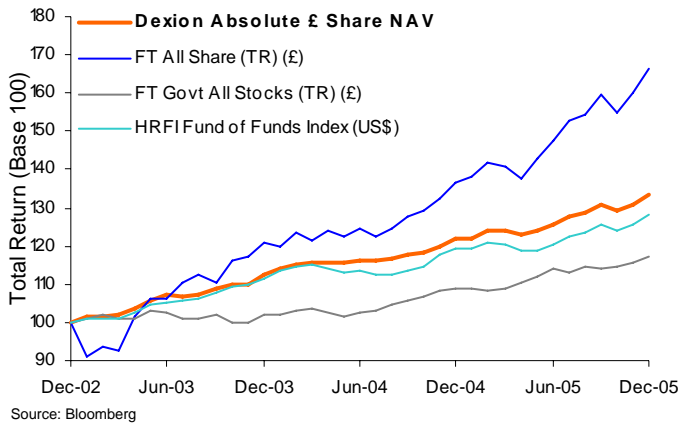
**Performance data**

	December (%)	YTD <sup>1</sup> (%)	ITD* (%)	Volatility* (%)	Sharpe** <sup>^</sup>
<b>Dexion Absolute £ Share NAV</b>	<b>1.72</b>	<b>9.46</b>	<b>10.04</b>	<b>2.94</b>	<b>1.95</b>
FT All Share (TR) (£)	3.94	22.04	18.51	10.48	1.35
FT Govt All Stocks (TR) (£)	1.40	7.93	5.51	3.51	0.34
<b>Dexion Absolute € Share NAV</b>	<b>1.54</b>	<b>4.78</b>	<b>9.79</b>	<b>4.19</b>	<b>1.82</b>
MSCI Eurozone (TR) (€)	3.90	13.24	28.23	11.64	2.24
JPMorgan Eurozone Govt Bond Index (€)	0.85	0.13	0.26	2.85	-0.68
<b>Dexion Absolute US\$ Share NAV</b>	<b>1.72</b>	<b>5.66</b>	<b>11.64</b>	<b>4.13</b>	<b>1.88</b>
MSCI World (TR) (US\$)	2.24	10.47	22.03	7.74	2.35
JPMorgan World Govt Bond Index (US\$)	1.04	-3.09	-6.08	5.44	-1.83
HFRI Fund of Funds Index (US\$)	1.78	7.35	8.59	3.36	1.95

<sup>1</sup> Cumulative performance from inception for £ and \$ Shares. \* Annualised from inception date of DAB £, DAB € and DAB \$, based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since December 2002 (4.32%) for GBP investments, average 1M EUR LIBOR since July 2005 (2.18%) for EUR investments, average 1M USD LIBOR since July 2005 (3.87%) for Dexion Absolute US\$ class and average 1M USD LIBOR since December 2002 (2.02%) for USD indices. Source: Bloomberg (data), Dexion Capital (calculation)

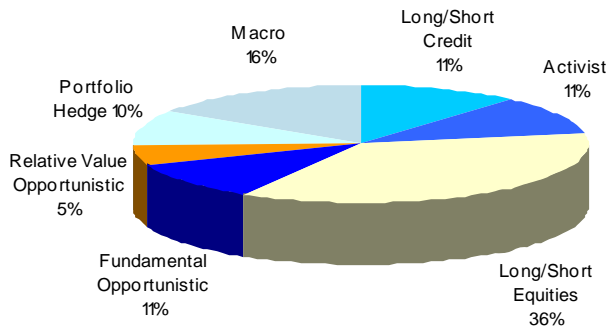
**Net Asset Value performance**

**Share price performance**



**Portfolio as of 1 January 2006**

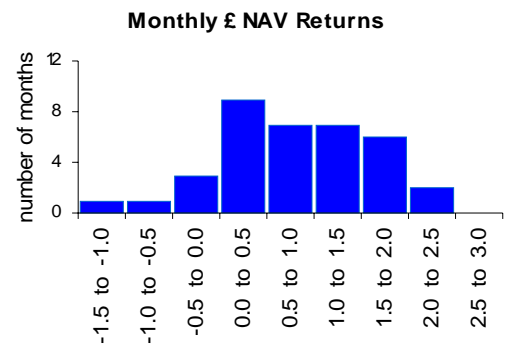
Effective 1st January 2006 Harris Alternatives have changed strategy names and definitions. See the Company's website for details.



	Number of funds
Long/Short Credit	6
Activist	5
Long/Short Equities	18
Fundamental Opportunistic	5
Relative Value Opportunistic	3
Portfolio Hedge	9
Macro	7
<b>Total</b>	<b>53</b>

**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	1.75	-1.41	1.40	1.72	<b>9.46</b>
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	<b>8.13</b>
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	<b>12.59</b>
EUR													
2005	-	-	-	-	-	-	1.28	0.67	1.64	-1.58	1.16	1.54	<b>4.78</b>
USD													
2005	-	-	-	-	-	-	1.37	0.82	1.74	-1.41	1.32	1.72	<b>5.66</b>



Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	19 Dec 2002	DAB LN	DAB.L	GB0032287020	3228702	£401.32m
EUR	28 Jun 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€100.87m
USD	28 Jun 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	\$90.36m

This report is issued by Dexion Absolute Limited and has been approved for the purposes of Section 21 Financial Services and Markets Act 2000 ("FSMA") by Dexion Capital plc, which is authorised and regulated by the Financial Services Authority in the United Kingdom. This document contains information only and relates solely to Dexion Absolute Limited ("the Company") whose securities are dealt in on The London Stock Exchange. It does not constitute an invitation to underwrite, subscribe or otherwise acquire or dispose of any securities in the Company and should not be construed as advice or a recommendation to any person to engage in any of the foregoing activities. It does not constitute an invitation to effect any transaction with the Company or any other person. Whilst certain of the information in this document may refer to the price of the Company's securities or the yield on them, past performance cannot be relied on as a guide to future performance. The information in this report is based on information which is otherwise publicly available and, whilst the Company and Dexion Capital plc use all reasonable efforts to ensure the information in this report is accurate, and up to date, no representations or warranties are given as to the reliability, accuracy or completeness of the information in this report. Neither the Company nor Dexion Capital plc accept any liability for any loss or damage which may arise directly or indirectly from any use of or reliance on such information save in circumstances where such exclusion or restriction of liability would be expressly prohibited by the rules of the Financial Services Authority or any other applicable laws or regulations in England and Wales. In particular, recipients should note that, since many or all of Dexion Absolute's investments are unquoted, net asset value figures in relation to Dexion Absolute are based wholly or partly on estimates of the values of Dexion Absolute's investments provided by the investment managers or administrators of those underlying investments, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the relevant net asset valuation for Dexion Absolute, or which have otherwise been estimated by Dexion Absolute's Investment Advisor. Other information in this report may be historic and/or may no longer be of relevance. The information contained in this report which relates to the net asset value performance of Dexion Absolute may not be indicative of how Dexion Absolute's investments may perform in the future. Moreover the values of such investments may fluctuate considerably and the historic net asset values shown for Dexion Absolute take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned in this report may go down as well as up and investors may not get back the amount invested. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. The information in this report is provided solely for information and does not constitute investment advice or personal investment recommendations. Investments mentioned in this report may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from a suitably qualified advisor. Your attention is drawn to the Risk Factors set out in the Dexion Absolute prospectus dated 26 October 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. This report may not be mailed or distributed or redistributed or otherwise sent into, and does not constitute any offer to sell or the solicitation of any offer to buy securities, in any territory. In particular, the information in this report is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America to or for the benefit of United States persons being resident in the United States of America or partnerships or corporations organised under the laws of the United States of America or any state, territory or possession thereof. The shares in Dexion Absolute have not been, and will not be registered under the United States Securities Act 1933.