Dexion ABSOLUTE

July 2006

£

NAV	134.24p
Return	**-0.08%**
Share price*	136.50p

€

NAV	€1.9502
Return	**-0.04%**
Share price*	€2.0050

$

NAV	$2.4087
Return	**-0.01%**
Share price*	$2.4700

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
£531.0m

Management Fee
1.50%

Performance Fee
10%
(trigger 3%)

Contact details

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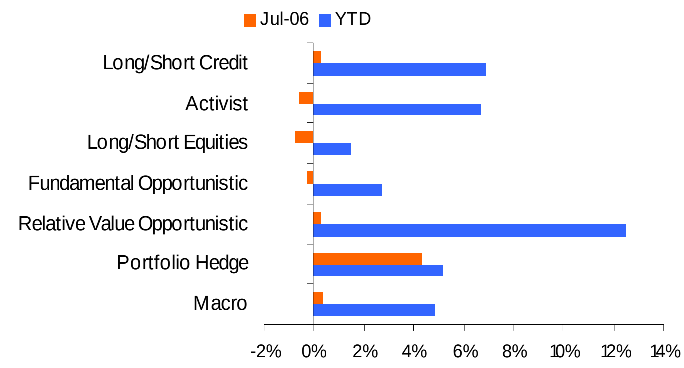
Overview

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

Investors appeared to fixate on economic data, looking for signs of inflation while at the same time trying to gauge the rate at which economic growth was slowing. The possibility of stagflation was raised, while several major corporations issued second quarter profit warnings. In addition, political instability in the Middle East and Asia resulted in increases in crude oil prices, magnifying concerns of a global recession. All this propelled US markets to deep intra-month lows, accompanied by sharp increases in volatility. US equity markets rebounded to end the month mixed, thanks to healthy earnings reports and indications that the Fed may halt its tightening cycle. European markets behaved similarly, with rallies towards month end as central banks kept interest rates steady. Asian markets did not fare quite as well, ending the month flat to moderately lower. Credit markets were supported by the rally in US treasuries, though high yield spreads widened. Commodities traded generally higher, the most notable move being in natural gas prices, which increased markedly after declining for most of 2006. Currencies ended the month largely flat, with the US dollar essentially flat against major counterparts. **Long/Short Equities**: -0.8%. Losses were posted after economic and geopolitical concerns hit most markets in July. The generalists underperformed the sector specialists while the geographic specialists made a nominal profit. Small capitalisation and technology stocks continued to be troublesome for some managers. European managers produced mixed results, while our emerging markets manager took advantage of opportunities in South-east Asia and a Latin American telecom company. **Macro**: +0.4%. Offsetting performance drivers and widespread manager positioning resulted in minor gains for our macro managers. Losses came from long global equity and long yen/US dollar positions, while gains were seen in long US debt and euro, sterling and Swiss franc positions versus the US dollar. Exposure to emerging markets helped offset losses elsewhere. **Fundamental Opportunistic**: -0.3%. Returns were mixed for our fundamental opportunistic managers in July. Increased merger activity within the natural resources and metals sectors resulted in continued gains for a number of managers. Elsewhere, energy-related names in the oil and gas industries were large detractors from returns. Finally, rising energy costs impinged on retail sales, resulting in sagging stock prices within that sector. **Portfolio Hedge**: +4.3%. Our portfolio hedge managers delivered a stellar return during July amid a favourable backdrop for short selling. Small capitalisation stocks, the focus for many of our short sellers, severely underperformed the overall market, benefiting our managers' portfolios. Additionally, good stock selection added to July's returns. A number of our short sellers maintain negative views on real estate-related stocks. **Long/Short Credit**: +0.3%. Gains in the high yield credit space helped our long/short credit managers in July. There were several stock-specific developments which gave rise to gains, and positions in US and European power generators were also sources of profits. Detractors from performance included airlines and several telecommunications equipment manufacturers. **Activist**: -0.6%. Declines in equity markets weighed down our activist managers' positions in July. For the most part, stocks held by our managers declined for no intrinsic reason. **Relative Value Opportunistic**: +0.3%. Positive, corporate-specific events helped boost performance in credit and distressed strategies. A spate of increased corporate activity in the basic materials and metals industries lifted overall performance amid an otherwise uncertain M&A environment. Global equity markets proved to be treacherous for some managers. Convertible bond arbitrage was unchanged after early volatility increases waned towards month end.
Outlook - Equity markets have calmed down in August following the gyrations of the past few months and are poised to end the month with solid gains. The decision by the Fed in early August not to raise interest rates appears to have provided support to both equity and credit markets, as well as taming inflation fears to some extent. As intra-stock correlation declines, we believe that the Company's managers will be able to profit from the recent market dislocations.



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

Performance data

	July (%)	YTD (%)	ITD* (%)	Volatility* (%)	Sharpe*^
Dexion Absolute £ Share NAV	**-0.08**	**2.54**	**9.10**	**3.27**	**1.45**
FT All Share (TR) (£)	1.32	7.51	18.46	9.62	1.46
FT Govt All Stocks (TR) (£)	1.27	-0.49	4.70	3.63	0.09
Dexion Absolute € Share NAV	**-0.04**	**1.57**	**5.91**	**4.33**	**0.80**
MSCI Eurozone (TR) (€)	1.11	6.87	20.96	10.78	1.72
JPMorgan Eurozone Govt Bond Index (€)	1.12	-1.62	-1.50	2.80	-1.40
Dexion Absolute US$ Share NAV	**-0.01**	**2.88**	**8.01**	**4.35**	**0.82**
MSCI World (TR) (US$)	0.65	7.05	16.93	8.15	1.53
JPMorgan World Govt Bond Index (US$)	0.80	3.41	-0.48	5.37	-0.91
HFRI Fund of Funds Index (US$)	-0.23	3.94	8.35	3.78	1.55

* Annualised from inception date of DAB £, DAB € and DAB $, based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since December 2002 (4.37%) for GBP investments, average 1M EUR LIBOR since July 2005 (2.43%) for EUR investments, average 1M USD LIBOR since July 2005 (4.42%) for Dexion Absolute US$ class and average 1M USD LIBOR since December 2002 (2.49%) for USD indices.
Source: Bloomberg (data), Dexion Capital (calculation)

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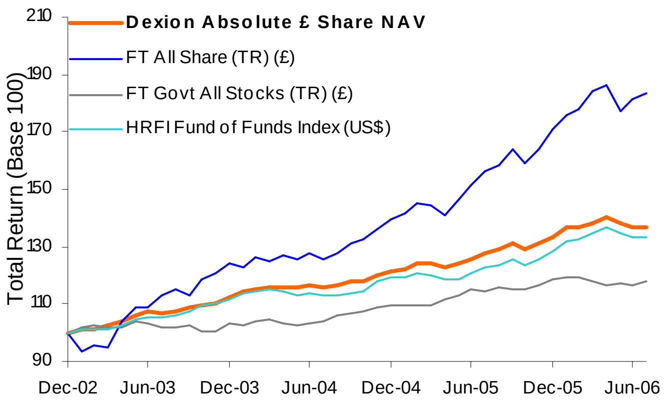
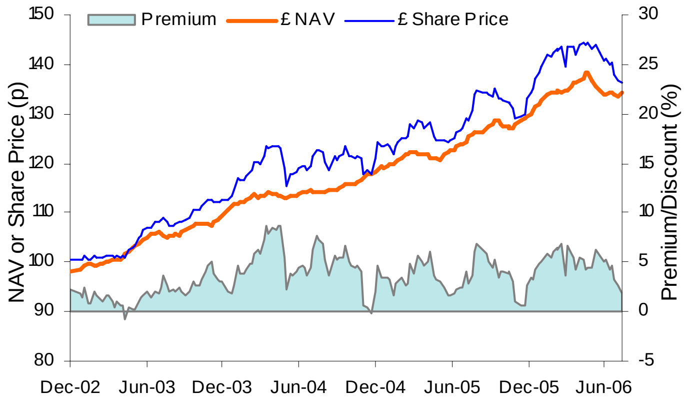
Net Asset Value performance



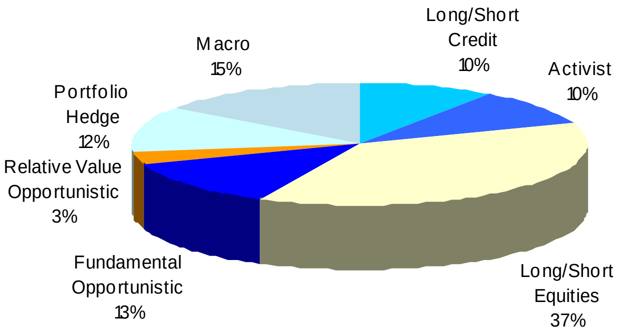
Source: Bloomberg

Share price performance



Source: Bloomberg

Portfolio as of 1 August 2006

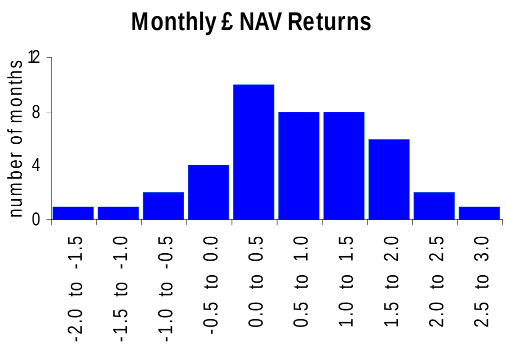


	Number of funds
Long/Short Credit	6
Activist	5
Long/Short Equities	19
Fundamental Opportunistic	6
Relative Value Opportunistic	2
Portfolio Hedge	9
Macro	7
Total	**54**

Note: Allocations are net of cash effect and include, for portfolio hedge only, the delta-adjusted exposure derived from option hedges, if any.

Historical NAV performance (%)

GBP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006	2.54	0.28	0.71	1.42	-1.52	-0.78	-0.08						**2.54**
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	**9.46**
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													
2006	2.26	0.15	0.52	1.31	-1.68	-0.91	-0.04						**1.57**
2005	-	-	-	-	-	-	1.28	0.67	1.64	-1.58	1.16	1.54	**4.78**
USD													
2006	2.58	0.25	0.71	1.54	-1.45	-0.71	-0.01						**2.88**
2005	-	-	-	-	-	-	1.37	0.82	1.74	-1.41	1.32	1.72	**5.66**



Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
GBP	19 Dec 2002	DAB LN	DAB.L	GB0032287020	3228702	£408.75m
EUR	28 Jun 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€105.39m
USD	28 Jun 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	$93.89m