

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 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, US Dollars and Australian Dollars. The Company invests in underlying assets which are predominantly US Dollar denominated and the Company implements a hedging policy in an attempt to reduce the impact of currency fluctuations on the Sterling, Euro and Australian Dollar Shares.

Monthly commentary

In the US, tame consumer price data, further declines in the housing market, lower energy prices and encouraging employment numbers all helped to assuage inflationary concerns. The Fed appeared to share in this interpretation by leaving interest rates unchanged in September. In response, US equities posted another month of positive performance, with large cap stocks leading the markets higher. Global equities also performed well, with most Asian and European bourses building on gains from the prior month. However, indications of reduced industrial activity in Japan, combined with a military coup in Thailand, contributed to increased levels of volatility in Asia. Elsewhere, credit markets also responded positively to the Fed's decision, continuing the rally that began in August. Commodity markets fared poorly, however, with double digit declines in energy and smaller losses in several base and precious metals. In currency markets, the US Dollar strengthened relative to the Euro, the Yen and Sterling.

Long/Short Equities: +1.8%. Equity markets continued their rise this month and our managers performed well in a variety of industries and regions, and most sub-strategies posted positive returns. In the US, the consumer discretionary, financial, industrial, and technology sectors were all areas of strong performance for the month, while the energy sector was hurt by sagging input prices. Long exposure to the technology sector was a major driver of performance for our generalists and sector specialists. Our geographic specialists benefited from long positions in a variety of markets, including Sweden and Denmark, as a result of private equity interest and restructuring announcements, respectively. Asian equities also performed well, benefiting from positions in Korea, India and Japan. **Long/Short Credit: +1.3%.** Speculative grade credit spreads narrowed considerably, benefiting a number of our managers. Profits were also generated from post-bankruptcy and insolvency situations, in addition to the appreciation of airline and utilities debt as a result of declining energy prices. **Fundamental Opportunistic: +0.5%.** This sector saw mixed performance during September. Managers with holdings in retailers saw share prices appreciate this month, partly due to restructurings and takeovers. Merger activity was also present in the semiconductor industry, yielding gains for the portfolio. Tempering this positive picture were losses from a number of idiosyncratic positions. **Macro: -1.8%.** Our macro managers endured a difficult month, particularly in equities and currency trading. Long equity positions in the mining, energy and basic material sectors went against two of our managers, while in currencies losses resulted from the US dollar strengthening versus the Yen, contrary to the views of one manager. **Portfolio Hedge: -3.4%.** In a challenging environment for short sellers, a number of our managers suffered sizable draw-downs from short positions in consumer discretionary stocks, which substantially outperformed the broader equity markets during the month. Short positions in technology and financial services were notable detractors from performance as well. Spread tightening in select insurance and retail credits resulted in a loss for our short credit manager. **Activist: +1.9%.** Increased corporate activity and a spate of positive developments in a number of sectors provided our activist managers with positive returns during September, mainly in the US but also in Europe. **Relative Value Opportunistic: +2.7%.** Our relative value strategy ended the month on a positive note. One manager experienced significant gains in its energy portfolio as well as from quantitative and distressed credit trading. Global convertible arbitrage also delivered positive results, with performance in the US and in Europe outweighing modest losses in Asia. Event-driven, merger arbitrage and equity restructuring strategies all performed well as a result of continuing strong corporate activity.

Outlook - Intra-stock correlations have subsided from the high levels seen during the summer, thus providing a more conducive environment for managers specialising in fundamental trading strategies, particularly with respect to long/short equities, activist and fundamental opportunistic strategies. At the same time, increasing economic uncertainty may create opportunities for our macro managers.

Performance data

	September (%)	YTD (%)	ITD* (%)	Volatility* (%)	Sharpe**^
Dexion Absolute £ Share NAV	0.35	3.75	9.02	3.20	1.45
FT All Share (TR) (£)	1.58	9.98	18.29	9.41	1.48
FT Govt All Stocks (TR) (£)	0.44	0.95	4.89	3.56	0.14
Dexion Absolute €Share NAV	0.21	2.35	5.75	4.01	0.80
MSCI Eurozone (TR) (€)	2.61	13.53	23.78	10.15	2.09
JPMorgan Eurozone Govt Bond Index (€)	0.60	0.18	0.14	2.91	-0.82
Dexion Absolute US\$ Share NAV	0.38	4.22	8.02	4.04	0.86
MSCI World (TR) (US\$)	1.22	11.23	18.08	7.64	1.77
JPMorgan World Govt Bond Index (US\$)	-0.21	4.23	0.21	5.06	-0.86
HFRI Fund of Funds Index (US\$)	0.04	4.77	8.19	3.71	1.50

* Annualised from inception date of DAB £, DAB € and DAB \$, based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since December 2002 (4.39%) for GBP investments, average 1M EUR LIBOR since July 2005 (2.53%) for EUR investments, average 1M USD LIBOR since July 2005 (4.55%) for Dexion Absolute US\$ class and average 1M USD LIBOR since December 2002 (2.62%) for USD investments. Source: Bloomberg (data), Dexion Capital (calculation)

£
NAV 135.83p
Return +0.35%
Share price* 138.13p

€
NAV €1.9652
Return +0.21%
Share price* €1.9875

US\$
NAV \$2.4401
Return +0.38%
Share price* \$2.4775

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

Key facts

Manager

Dexion Capital
(Guernsey) Limited

**Investment
Advisor**

Harris Alternatives LLC

**Investment
Consultant**

Dexion Capital plc

Total net assets
£762.9m

Management Fee
1.50%

Performance Fee
10%
(trigger 3%)

Contact details

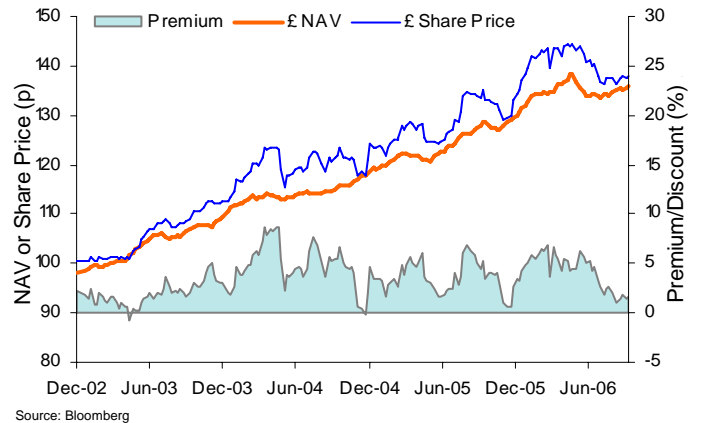
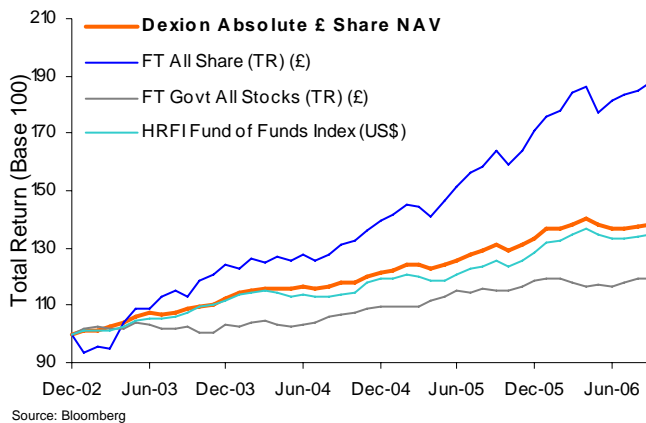
Dexion Absolute Limited
Arnold House
St Julian's Avenue
St Peter Port
Guernsey
GY1 3NF

Email
info@dexionabsolute.com

Website
www.dexionabsolute.com

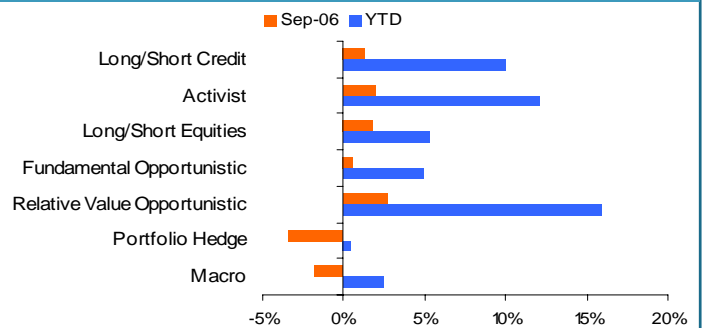
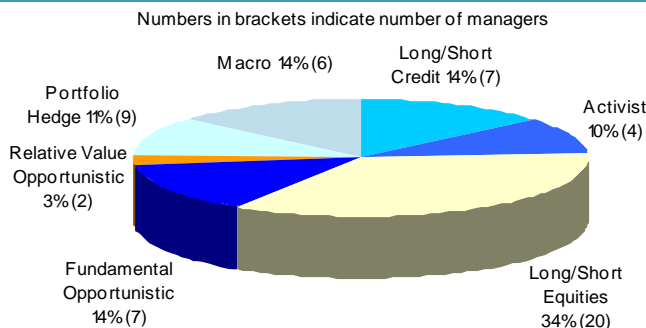
Net Asset Value performance

Share price performance



Portfolio as of 1 October 2006

Performance by Strategy

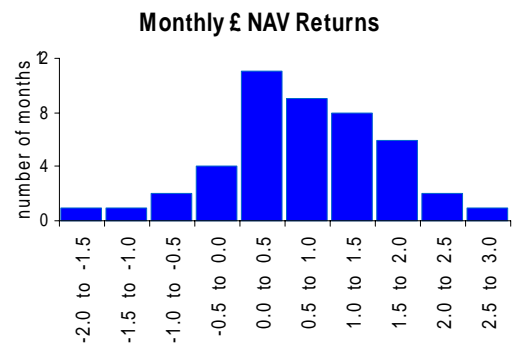


Note: Allocations are net of cash effect and include, for portfolio hedge only, the delta-adjusted exposure derived from option hedges, if any.

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

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	0.83	0.35				3.75
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	0.55	0.21				2.35
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	0.92	0.38				4.22
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	£564.71m
EUR	28 Jun 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€137.41m
USD	28 Jun 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$144.59m
AUD	26 Sep 2006	tba	tba	tba	tba	A\$69.43m

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Your attention is drawn to the Risk Factors set out in the Dexion Absolute prospectus dated 11 August 2006 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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