

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

Investors cast off lingering economic doubts in October, driving most equity markets significantly higher. In the US, the Dow Jones crossed the 12,000 mark towards the end of the month despite cautionary rhetoric from the Federal Reserve. European and Asian bourses showed considerable resilience despite a quarter-point interest rate increase by the ECB and increased political uncertainty in Asia, respectively. Meanwhile, credit markets profited from moderate tightening in both investment grade and speculative grade credit spreads due to the favourable corporate earnings season and reports of further moderation of the US economy. Elsewhere, commodity markets were mixed, with crude oil prices sinking below USD60 per barrel despite the decision by OPEC to cut daily output by one million barrels, while natural gas prices doubled in many regions as peak consumption season approached in the northern hemisphere. Finally, despite intra-month gains, the US Dollar ended October down against Sterling, the Euro, and the Yen.

Long/Short Equities: +2.5%. This part of the portfolio contributed most to the Company's performance during October. Energy and mining stocks outperformed the broader markets, while consumer discretionary and technology stocks continued their winning streaks. Outsized profits came from exposure to European equities for the geographic specialists, especially in the financial sector and in steel. Transportation and healthcare were two notably profitable sectors. Large gains also came from a variety of Brazilian and Indian equities. **Long/Short Credit: +2.6%.** Credit markets ignored the hawkish statements coming from the Federal Reserve and bid up debt instruments of all types, contributing to our best performance for this strategy since November 2004. All of our managers reported a profit in October, with opportunistic holdings in equities augmenting gains from high yield and distressed debt. Thematic long positions in US technology stocks continued to drive the returns higher for one manager, notably longs in software designers. In addition, debt and equity positions in a bankrupt automotive parts supplier gained with positive news regarding the company. Some widely held debt positions traded higher during the month, including those of a bankrupt communications company and a defunct energy trading corporation. **Fundamental Opportunistic: +2.0%.** A surge in corporate activity towards the end of the month added to gains produced by a favourable earnings season, which resulted in solid performance from our fundamental opportunistic strategy. Most managers were profitable, with opportunities being found in a number of sectors and regions, including retail, mining and telecoms. **Macro: +2.1%.** Though the gain from this strategy was respectable, there was a wide dispersion of returns during the month. Increasing base metals prices and trading in energy, agriculture and emerging market currencies and equities were profitable, while losses were seen in FX and fixed income trading. One manager was hurt by bearish positions in US equities, long positions in US credit and bullish US Dollar trades versus several European currencies. **Activist: +3.5%.** The market responded favourably to corporate actions on the part of our activist managers this month, compounding gains from the general market rally. Notable stock specific gains were seen in the auto, media and entertainment, and telecoms sectors. **Portfolio Hedge: -4.2%.** Amid a challenging backdrop of sharply rising equity prices, our portfolio hedge strategy incurred a loss in October. Among the largest detractors from performance were short positions in the technology, consumer-discretionary and healthcare sectors. **Relative Value Opportunistic: +2.3%.** A number of investment strategies contributed to strong performance this month. The energy portfolio of one manager was profitable as a result of opportunistic trading in natural gas. Fundamental credit strategies also proved profitable with lower quality credit issues generating outsized gains, while distressed debt benefited from both increased takeover activity and positive developments in a number of corporate restructurings. Merger arbitrage and global equities were also profitable, due to the continuing active merger environment in both the US and in Europe and the rally in equities.

Outlook - As November draws to a close, we have witnessed another month of strong performance from most global equity markets and solid performance from most hedge fund strategies. Although uncertainty still persists with respect to global inflation, US consumer spending and energy prices, the Company's managers have maintained a constructive posture towards their individual trading strategies and portfolios, and are looking forward to closing out the year on a strong footing.

Performance data

	October (%)	YTD ¹ (%)	ITDs ^{*2} (%)	Volatility ^{*2} (%)	Sharpe ^{*2}
Dexion Absolute £ Share NAV	1.39	5.19	9.02	3.18	1.45
Dexion Absolute € Share NAV	1.30	3.68	5.75	3.94	0.80
Dexion Absolute US\$ Share NAV	1.45	5.74	8.02	3.97	0.86
Dexion Absolute A\$ Share NAV	1.46	1.46	-	-	-
HFRI Fund of Funds Index (US\$)	1.70	6.57	8.19	3.71	1.02
MSCI World Index Gross (TR) (US\$)	3.69	15.33	18.49	9.34	1.51
JPM Global Gov't Bond Index (TR) (US\$)	0.91	5.18	6.22	6.81	0.52

¹ Cumulative performance from inception for DAB A\$ Shares. ² Insufficient data points for DAB A\$ Shares. * Annualised from inception date of DAB £, DAB € and DAB US\$, based on monthly data. * Risk free rate is average 1M GBP LIBOR since December 2002 (4.40%) for GBP investments, average 1M EUR LIBOR since June 2005 (2.58%) for EUR investments, average 1M USD LIBOR since June 2005 (4.60%) for Dexion Absolute US\$ class and average 1M USD LIBOR since December 2002 (2.68%) for USD investments. ² MSCI World Index and JPM Global Gov't Bond Index annualised from inception date of DAB £ and HFRI Fund of Funds Index annualised from 1st January 2003. Source: Bloomberg (data), Dexion Capital (calculation)

£

NAV 137.72p
Return +1.39%
Share price* 142.13p

€

NAV €1.9908
Return +1.30%
Share price* €2.0500

US\$

NAV \$2.4756
Return +1.45%
Share price* \$2.5438

A\$

NAV \$3.4551
Return +1.46%
Share price* \$3.5529

Note:

* Closing mid-price at month end.
Opening NAV per £ share 98.25p,
€ Share €1.8325, US\$ Share
US\$2.2158 and A\$ Share A\$3.4055.

Key facts

Manager

Dexion Capital
(Guernsey) Limited

Investment
Advisor

Harris Alternatives LLC

Investment
Consultant

Dexion Capital plc

Total net assets
£771.1m

Management Fee
1.50%

Performance Fee
10%
(trigger 3%)

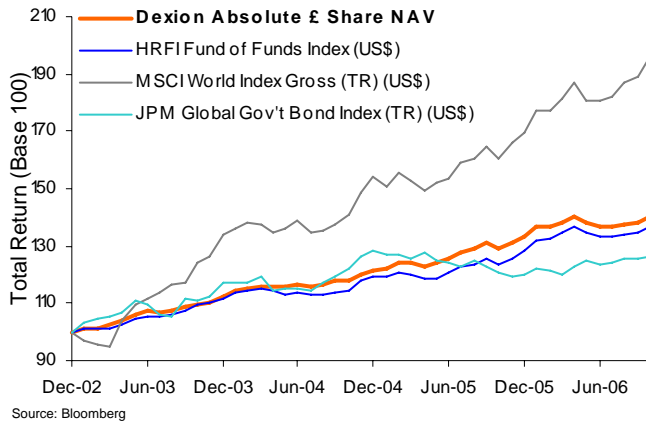
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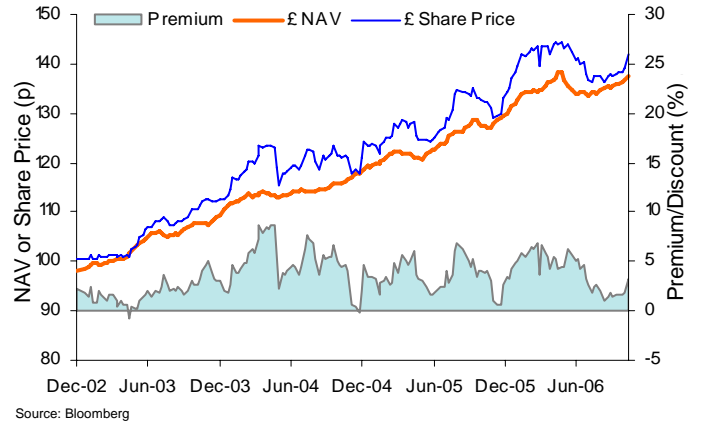
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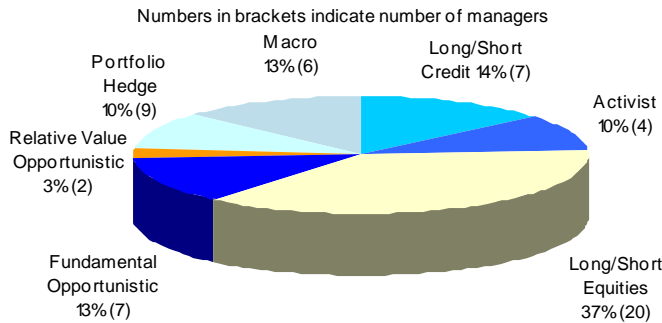
Net asset value performance



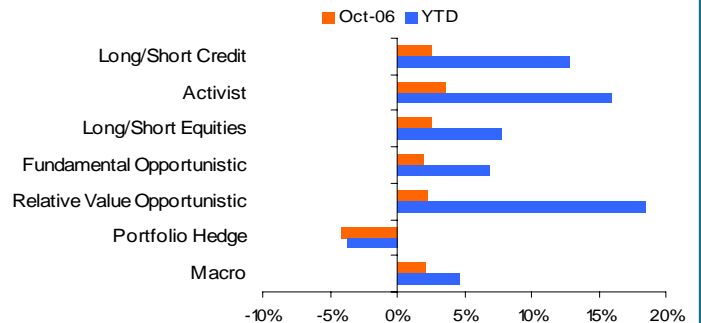
Share price performance



Portfolio as of 1 November 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 (%)

	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	1.39			5.19
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
€													
2006	2.26	0.15	0.52	1.31	-1.68	-0.91	-0.04	0.55	0.21	1.30			3.68
2005	-	-	-	-	-	-	1.28	0.67	1.64	-1.58	1.16	1.54	4.78
US\$													
2006	2.58	0.25	0.71	1.54	-1.45	-0.71	-0.01	0.92	0.38	1.45			5.74
2005	-	-	-	-	-	-	1.37	0.82	1.74	-1.41	1.32	1.72	5.66
A\$													
2006	-	-	-	-	-	-	-	-	-	1.46			1.46

Share Class	Inception date	Bloomberg	Reuters	ISIN	Sedol	Total net assets
£	19 Dec 2002	DAB LN	DAB.L	GB0032287020	3228702	£572.56m
€	28 Jun 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€139.20m
US\$	28 Jun 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$146.69m
A\$	26 Sep 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$70.45m

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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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