

£	
NAV	144.40p
RETURN	<b>+0.85%</b>
SHARE PRICE*	144.125p
Opening NAV per £ share 98.25p	

€	
NAV	2.0773
RETURN	<b>+0.73%</b>
SHARE PRICE*	2.0725
Opening NAV per € share €1.8325	

US\$	
NAV	2.5984
RETURN	<b>+0.85%</b>
SHARE PRICE*	2.6000
Opening NAV per US\$ share US\$2.2158	

A\$	
NAV	3.6345
RETURN	<b>+0.88%</b>
SHARE PRICE*	3.6050
Opening NAV per A\$ share A\$3.4055	

Note: \*Closing mid-price at month end.

## 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.

## PERFORMANCE DATA

	FEBRUARY(%)	YTD (%)	ITD\$** (%)	VOLATILITY\$** (%)	SHARPE\$**^1
DEXION ABSOLUTE £ SHARE NAV	0.85	2.00	9.68	3.09	1.69
DEXION ABSOLUTE € SHARE NAV	0.73	1.76	7.81	3.60	1.40
DEXION ABSOLUTE US\$ SHARE NAV	0.85	2.02	10.03	3.62	1.46
DEXION ABSOLUTE A\$ SHARE NAV	0.88	2.16	-	-	-
HFRI FUND OF FUNDS INDEX (US\$)	0.80	2.08	9.25	3.65	1.74
MSCI WORLD INDEX GROSS (TR) (US\$)	-0.48	0.72	18.99	9.02	1.79
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	2.34	1.02	6.26	6.84	0.49

\$ 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 (4.47%) for DAB £, average 1M EUR LIBOR since June 2005 (2.77%) for DAB €, average 1M USD LIBOR since June 2005 (4.74%) for DAB US\$ and average 1M USD LIBOR since December 2002 (2.89%) for US\$ indices. ^ MSCI World Index and JPM Global Gov't Bond Index annualised since December 2002 and HFRI Fund of Funds Index annualised from 1st January 2003.

Source: Bloomberg (data), Dexion Capital (calculation)

## MONTHLY COMMENTARY

February witnessed a sharp increase in global equity and specific credit market volatility. In the US, a succession of negative economic reports increased concerns over the stability of the economy. This culminated in a market-wide sell-off at the end of February, with one-day declines in the DJIA and S&P500 of -3.3% and -3.5% respectively. Most regional indices retracted sharply as well. China's Shanghai Composite tumbled -8.8%, but closed positively for the month (+3.4%). The Japanese equity market was resilient, generating gains after short-term interest rates increased to 0.5%, a move widely interpreted as a sign of increased economic stability. The US bond market rallied as investors fled to the safety of Treasuries. Crude oil prices appreciated by +6.3%, as did base and precious metals. The US Dollar weakened relative to the Euro and Yen, but remained unchanged against Sterling.

**Long/Short Equities: +0.63%.** The sudden sell-off struck most regions and sectors, yet our long/short equities strategy prevailed, posting positive returns. Negative performance came from generalists, sector and cyclical specialists. Positive returns were posted by the healthcare specialist's portfolio, where profits were generated from long and short biotechnology positions. The UK-focused manager closed up with gains fuelled by merger speculation holdings. Short positions in the financial sector helped several managers. **Multi-Strategy Opportunistic: +1.72%.** Managers profited from many market sectors and strategies including consolidation within the power generation industry, acquisitions in the healthcare sector, short debt and equity exposure to sub-prime mortgage lenders following reports of negligent lending practices. Losses were incurred by crude oil positions as prices rallied. **Long/Short Credit: +0.69%.** Managers were profitable as a result of fundamental improvements in many core holdings. Positions in power generators continued to be lucrative, as were holdings in companies successfully completing or undergoing cost-cutting plans. Negative performance came from automotive and airline debt and equity. **Macro: +1.54%.** Every manager was positive. Strategic risk reduction to global equities protected profits earned by one manager, while another's outright bearish stance with respect to small-cap stocks generated alpha. Other gains were derived from select exposure to energy stocks. Our emerging markets manager benefited from exposure to a Brazilian iron ore producer coupled with a broad equity market hedge which muted the effect of emerging market declines. **Activist: +1.09%.** Solid gains in the face of declining equity markets were posted, with all but one of our activist managers ending the month up. Corporate activity remained strong and benefited several managers' portfolios. The European-focused activist bucked market trends due to the strong performance of a truck manufacturer in which it is involved. **Portfolio Hedge: +1.61%.** The majority of gains came from short positions in mortgage-related stocks and sub-prime mortgage originators which declined sharply on news of escalating mortgage defaults. Short positions in mortgage insurers and investment banks with significant sub-prime mortgage exposure also contributed positively.

**Outlook** Investors and policymakers remain focused on the level of inflation and the potential impact on the global economy. Markets have been remarkably resilient to the sub-prime mortgage market difficulties. We are confident in our managers' ability to identify profitable opportunities, particularly in the light of increased levels of volatility.

## SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	19 DEC 2002	DAB LN	DAB.L	GB0032287020	3228702	£600.39m
€	28 JUN 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€144.66m
US\$	28 JUN 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$154.60m
A\$	26 SEP 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$74.23m

## KEY FACTS

### MANAGER

DEXION CAPITAL  
(GUERNSEY) LIMITED

### INVESTMENT ADVISER

HARRIS ALTERNATIVES LLC

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£806.72M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

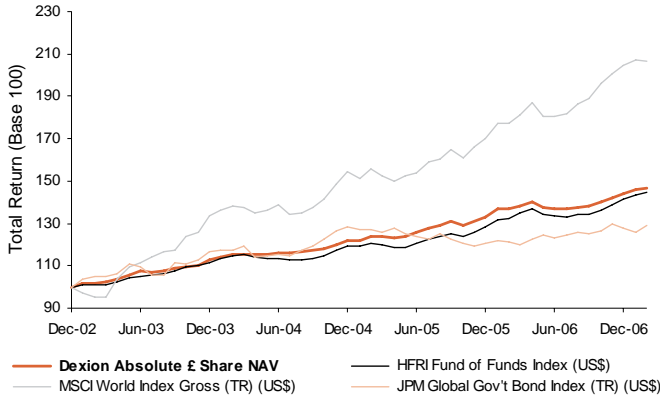
10%  
(TRIGGER 3%)

## CONTACT DETAILS

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ARNOLD HOUSE  
ST JULIAN'S AVENUE  
ST PETER PORT  
GUERNSEY GY1 3NF

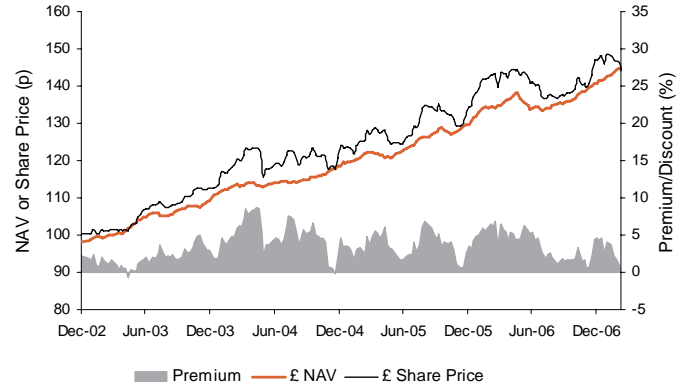
email [clientservices@dexionabsolute.com](mailto:clientservices@dexionabsolute.com)  
web [www.dexionabsolute.com](http://www.dexionabsolute.com)

**NET ASSET VALUE PERFORMANCE**



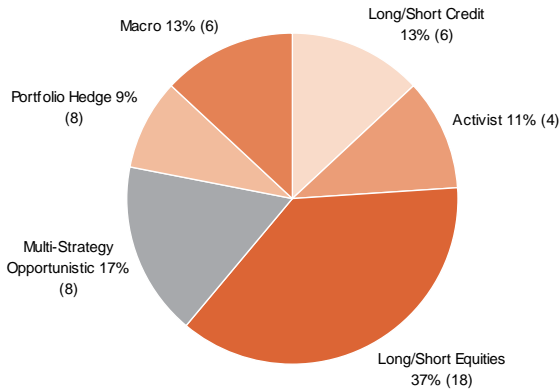
Source: Bloomberg

**SHARE PRICE PERFORMANCE**



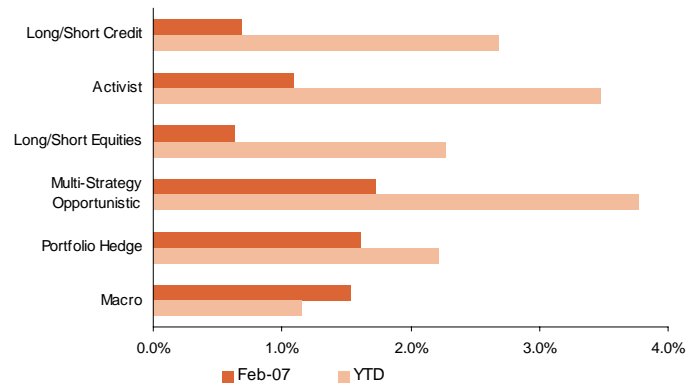
Source: Bloomberg

**PORTFOLIO ALLOCATION AS OF 1 MARCH 2007**



Note: Allocations are net of cash effect and include, for portfolio hedge only, the delta-adjusted exposure derived from option hedges, if any. Numbers in brackets indicate number of managers.  
Source: Harris Alternatives

**PERFORMANCE BY STRATEGY**



Note: Strategy returns are in US\$ and net of underlying manager fees only, and not inclusive of Dexion Absolute's fees and expenses.  
Source: Harris Alternatives

**HISTORICAL NAV PERFORMANCE (%)**

£	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2007</b>	1.14	0.85											<b>2.00</b>
<b>2006</b>	2.54	0.28	0.71	1.42	-1.52	-0.78	-0.08	0.83	0.35	1.39	1.44	1.34	<b>8.13</b>
<b>2005</b>	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>
<b>2004</b>	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>
<b>2003</b>	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>
<b>€</b>													
<b>2007</b>	1.02	0.73											<b>1.76</b>
<b>2006</b>	2.26	0.15	0.52	1.31	-1.68	-0.91	-0.04	0.55	0.21	1.30	1.30	1.23	<b>6.32</b>
<b>2005</b>	-	-	-	-	-	-	1.28	0.67	1.64	-1.58	1.16	1.54	<b>4.78</b>
<b>US\$</b>													
<b>2007</b>	1.15	0.85											<b>2.02</b>
<b>2006</b>	2.58	0.25	0.71	1.54	-1.45	-0.71	-0.01	0.92	0.38	1.45	1.53	1.33	<b>8.79</b>
<b>2005</b>	-	-	-	-	-	-	1.37	0.82	1.74	-1.41	1.32	1.72	<b>5.66</b>
<b>A\$</b>													
<b>2007</b>	1.28	0.88											<b>2.16</b>
<b>2006</b>	-	-	-	-	-	-	-	-	-	1.46	1.54	1.40	<b>4.46</b>

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