

£	
NAV	151.72p
RETURN	+1.85%
SHARE PRICE*	152.00p
Opening NAV per £ share 98.25p	

€	
NAV	2.1744
RETURN	+1.72%
SHARE PRICE*	2.1650
Opening NAV per € share €1.8325	

US\$	
NAV	2.7303
RETURN	+1.81%
SHARE PRICE*	2.7300
Opening NAV per US\$ share US\$2.2158	

AU\$	
NAV	3.8238
RETURN	+1.92%
SHARE PRICE*	3.8000
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

	MAY(%)	YTD (%)	ITD\$** (%)	VOLATILITY\$** (%)	SHARPE\$**^1
DEXION ABSOLUTE £ SHARE NAV	1.85	7.17	10.34	3.08	1.88
DEXION ABSOLUTE € SHARE NAV	1.72	6.52	9.34	3.53	1.82
DEXION ABSOLUTE US\$ SHARE NAV	1.81	7.20	11.51	3.53	1.90
DEXION ABSOLUTE AU\$ SHARE NAV	1.92	7.49	-	-	-
HFRI FUND OF FUNDS INDEX (US\$)	2.14	7.16	9.89	3.63	1.89
MSCI WORLD INDEX GROSS (TR) (US\$)	2.90	10.30	20.28	8.89	1.94
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-2.03	0.10	5.67	6.75	0.39

\$ 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 (4.53%) for DAB £, average 1M EUR LIBOR since June 2005 (2.92%) for DAB €, average 1M USD LIBOR since June 2005 (4.81%) for DAB US\$ and average 1M USD LIBOR since December 2002 (3.02%) 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

Worldwide equity markets posted another month of outsized gains in May as illustrated by the positive performance of most geographic and sector indices. May also marked the seventh consecutive session in which the Federal Reserve voted to maintain interest rates at a level of 5.25%, which, along with subdued growth in both consumer and producer prices, helped to contain inflationary pressures. A robust earnings season and positive expectations for future growth lifted the markets in Europe, while many Asian markets gained strength from the continued resilience of the US economy. Elsewhere, sovereigns and high-grade credits were hurt by rising interest rates, while high yield issues benefited from a further narrowing of credit spreads. Commodity markets traded lower this month, predominantly influenced by declines in crude oil and metals. The US Dollar showed signs of renewed strength against major counterparts.

**Long/Short Equities: +3.12%.** All but one of our long/short equities managers were profitable in May. Performance continued to be broad-based in nature and most industries generated positive returns. Our geographic specialists led the way and those with exposure to Asia and Latin America were particularly profitable. Meanwhile, our generalists enjoyed gains from several lucrative positions that were catalysed by actual, or in some cases contemplated, corporate actions. The strength exhibited by nearly all industries contributed to profits for our sector specialists as well. **Multi-Strategy Opportunistic: +3.50%.** All of our managers contributed to a successful May that was fuelled by mergers, acquisitions and other event-driven activities. Event-related positions which proved profitable included a Canadian nickel producer, a European tobacco company and an aluminium producer. Fundamentally-driven investments were also sources of alpha, including positions in the shares of a North American railroad, an online provider of infrastructure security solutions, and an oil and natural gas exploration company with properties along the Gulf of Mexico. **Long/Short Credit: +1.54%.** Every one of our long/short credit managers generated positive performance in May. Positions in the debt and equity of infrastructure and power generation companies in the US and Europe yielded positive returns for one manager. Other gains were generated from exposure to companies engaged in the location and extraction of natural resources. **Macro: +1.24%.** All but one of our macro managers generated profits through trades in a variety of asset classes. Two managers profited from fixed income trades that anticipated a steepening of the yield curve. Currency trading was also profitable, benefiting from the US Dollar strength against major currencies and weakness versus EM currencies. Rallies in corn and wheat futures led to gains through one manager's long positioning. **Activist: +3.00%.** All of our activists enjoyed another month of profits amid an environment of heightened corporate activity and surging equity valuations. At the beginning of May, the largest holding in one manager's portfolio - a UK-based provider of business news and information - announced that it was the target of a strategic buyout from a competing firm at a healthy premium, leading to gains for the portfolio. **Portfolio Hedge: -2.97%.** Amid another challenging month for dedicated short selling, losses were spread across several sectors with technology and consumer discretionary among the most challenging areas. For one company the shares were marked up sharply despite tepid results over the previous quarter, leading to losses.

**Outlook** Equity and bond markets experienced sharp sell-offs in the first week of June after economic reports warned that inflationary pressures remained persistently high. Although a benign US consumer price report, released mid-month, helped trigger a rebound in global credit and equity markets, rising crude oil prices now threaten to derail the current rally. In this environment, our managers remain cautiously optimistic as they continue to monitor the investment horizon for signs of weakness in the global marketplace.

## SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	19 DEC 2002	DAB LN	DAB.L	GB0032287020	3228702	£630.80m
€	28 JUN 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€151.42m
US\$	28 JUN 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$162.44m
AUS\$	26 SEP 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$78.09m

## KEY FACTS

### MANAGER

DEXION CAPITAL  
(GUERNSEY) LIMITED

### INVESTMENT ADVISER

HARRIS ALTERNATIVES LLC

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£848.40M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

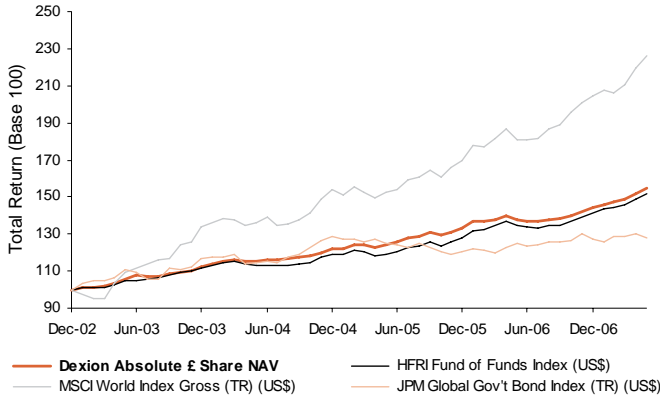
10%  
(TRIGGER 3%)

## CONTACT DETAILS

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LES BANQUES  
ST PETER PORT  
GUERNSEY GY1 3DA

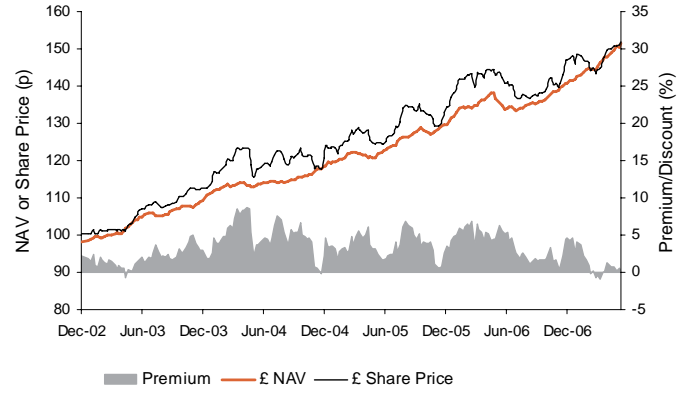
email [clientservices@dexionabsolute.com](mailto:clientservices@dexionabsolute.com)  
web [www.dexionabsolute.com](http://www.dexionabsolute.com)

NET ASSET VALUE PERFORMANCE



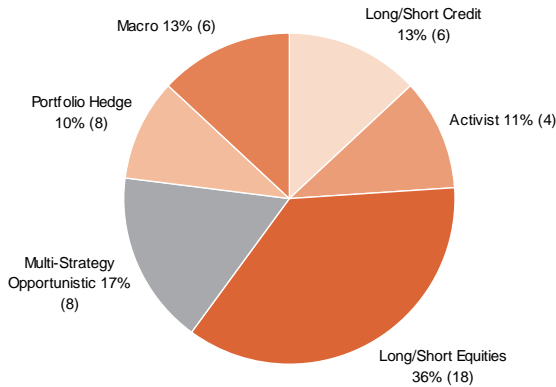
Source: Bloomberg

SHARE PRICE PERFORMANCE



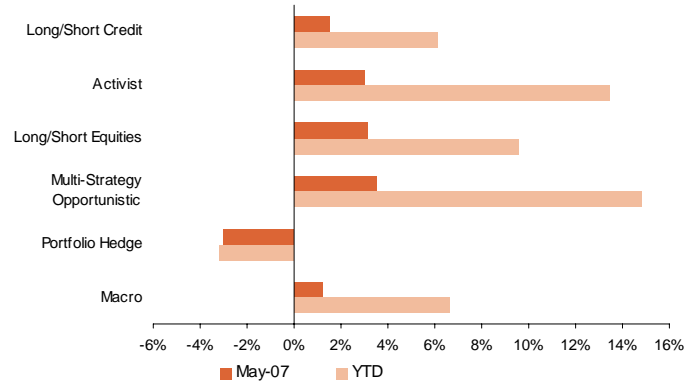
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 JUNE 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
2007	1.14	0.85	1.44	1.70	1.85								7.17
2006	2.54	0.28	0.71	1.42	-1.52	-0.78	-0.08	0.83	0.35	1.39	1.44	1.34	8.13
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
€													
2007	1.02	0.73	1.29	1.59	1.72								6.52
2006	2.26	0.15	0.52	1.31	-1.68	-0.91	-0.04	0.55	0.21	1.30	1.30	1.23	6.32
2005	-	-	-	-	-	-	1.28	0.67	1.64	-1.58	1.16	1.54	4.78
US\$													
2007	1.15	0.85	1.45	1.74	1.81								7.20
2006	2.58	0.25	0.71	1.54	-1.45	-0.71	-0.01	0.92	0.38	1.45	1.53	1.33	8.79
2005	-	-	-	-	-	-	1.37	0.82	1.74	-1.41	1.32	1.72	5.66
AUS\$													
2007	1.28	0.88	1.47	1.73	1.92								7.49
2006	-	-	-	-	-	-	-	-	-	1.46	1.54	1.40	4.46

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