

£	
NAV	152.65p
RETURN	-1.43%
SHARE PRICE*	153.25p
Opening NAV per £ share 98.25p	

€	
NAV	2.1796
RETURN	-1.57%
SHARE PRICE*	2.1750
Opening NAV per € share €1.8325	

US\$	
NAV	2.7459
RETURN	-1.46%
SHARE PRICE*	2.7600
Opening NAV per US\$ share US\$2.2158	

A\$	
NAV	3.8494
RETURN	-1.45%
SHARE PRICE*	3.8500
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

	AUGUST(%)	YTD (%)	ITD\$** (%)	VOLATILITY\$** (%)	SHARPE\$**^1
DEXION ABSOLUTE £ SHARE NAV	-1.43	7.83	9.90	3.18	1.67
DEXION ABSOLUTE € SHARE NAV	-1.57	6.77	8.34	3.67	1.44
DEXION ABSOLUTE US\$ SHARE NAV	-1.46	7.81	10.41	3.69	1.50
DEXION ABSOLUTE A\$ SHARE NAV	-1.45	8.21	-	-	-
HFRI FUND OF FUNDS INDEX (US\$)	-2.01	6.02	9.09	3.76	1.58
MSCI WORLD INDEX GROSS (TR) (US\$)	-0.03	7.05	18.33	8.91	1.70
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	1.78	4.28	6.29	6.72	0.47

\$ 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 (4.61%) for DAB £, average 1M EUR LIBOR since June 2005 (3.07%) for DAB €, average 1M USD LIBOR since June 2005 (4.88%) for DAB US\$ and average 1M USD LIBOR since December 2002 (3.15%) 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

In August, the liquidity crisis within the US mortgage market spilled over into the commercial paper market, which in turn destabilised global credit and equity markets. Central banks initiated a series of capital injections into the financial markets and Fed reduced its discount rate, bolstering investors' confidence by the month's end. Although the major US equity indices managed to end the month in positive territory, this belied sharp intra-month declines. Global credit markets experienced a wholesale flight to quality and high yield credit spreads dramatically widened. Commodity markets were not immune, crude oil, coal, and natural gas prices foundered, as did most base and precious metals. Finally, the US Dollar declined sharply against the Yen, but gained ground versus the Euro and Sterling.

**Long/Short Equities: -2.16%.** Managers endured a trying month amid a sharp increase in volatility and intra-stock correlations. Speculation over the far-ranging repercussions of the credit crisis on economic growth in the US placed downward pressure on the entire asset class and all managers ended down. Short positions failed to protect against losses incurred by declines in long equity positions. **Multi-Strategy Opportunistic: -2.00%.** Long-term growth concerns undercut a number of long equity positions held by our multi-strategy opportunistic managers. Industrials, basic materials producers and infrastructure companies, such as auto manufacturers, mining companies and railroad operators, traded lower as a result of these concerns. **Long/Short Credit: -0.45%.** Despite a tumultuous month for credit markets, most managers did well to limit their losses, while others profited from select opportunities. One manager profited from a variety of opportunistic investments, including a long investment in the debt of a beleaguered mortgage originator and a short position in the company's equity. **Macro: -0.19%.** A small loss was incurred amid volatile global financial markets. Several managers experienced poor performance in the equity portion of their portfolios and this, together with the strengthening of the US Dollar, declining commodity prices and short exposure to credit markets, contributed to losses. In emerging markets, equity prices fell after enjoying a strong run throughout much of the year, generating losses which were offset by gains from short positions in the US sub-prime mortgage market. **Activist: -1.13%.** The absence of company-specific news left the equity prices of several core holdings at the mercy of the prevailing market sentiment. Negative sentiment surrounding core positions, coupled with losses in a global automotive supplier and a diversified holding company, hurt performance. **Portfolio Hedge: -0.97%.** Short positions in the financial equities sector were profitable for much of August but this then changed following action by the Fed that fuelled buying at the end of the month. Meanwhile, market participants, contemplating the economic fallout of the credit crisis, placed downward pressure on equities in the consumer sector which resulted in profits for some managers.

**Outlook** Financial market stability continues to improve during September, although uncertainties persist. The recent rate cut by the Fed initially supported investors' confidence, but its negative effect on the US Dollar, coupled with climbing crude oil prices has increased inflationary concerns. Given the scope of the present macroeconomic uncertainties, a case may be made for heightened volatility in financial markets in the near-term. Within this environment, we believe our managers remain well-positioned to capture opportunities from future market dislocations.

## SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	19 DEC 2002	DAB LN	DAB.L	GB0032287020	3228702	£644.13m
€	28 JUN 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€143.44m
US\$	28 JUN 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$155.65m
A\$	26 SEP 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$78.63m

## KEY FACTS

### MANAGER

DEXION CAPITAL  
(GUERNSEY) LIMITED

### INVESTMENT ADVISER

HARRIS ALTERNATIVES LLC

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£849.96M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

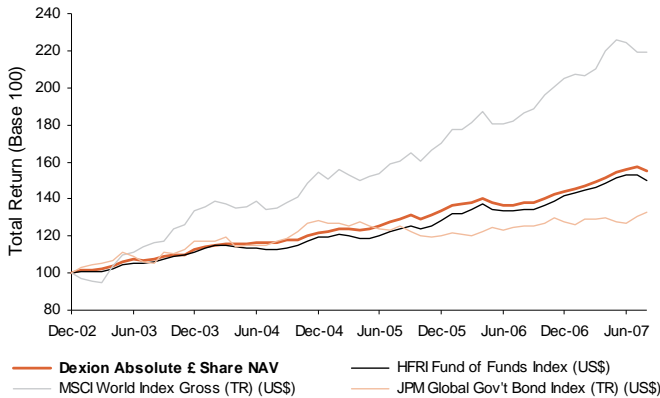
10%  
(TRIGGER 3%)

## CONTACT DETAILS

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LES BANQUES  
ST PETER PORT  
GUERNSEY GY1 3DA

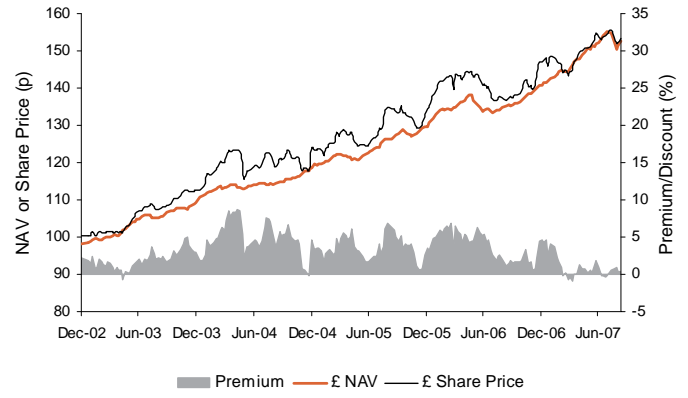
email [clientservices@dexionabsolute.com](mailto:clientservices@dexionabsolute.com)  
web [www.dexionabsolute.com](http://www.dexionabsolute.com)

NET ASSET VALUE PERFORMANCE



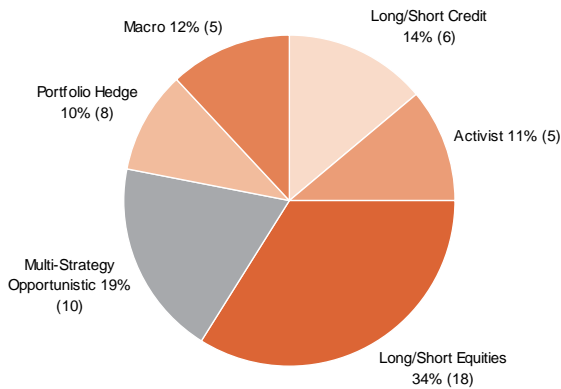
Source: Bloomberg

SHARE PRICE PERFORMANCE



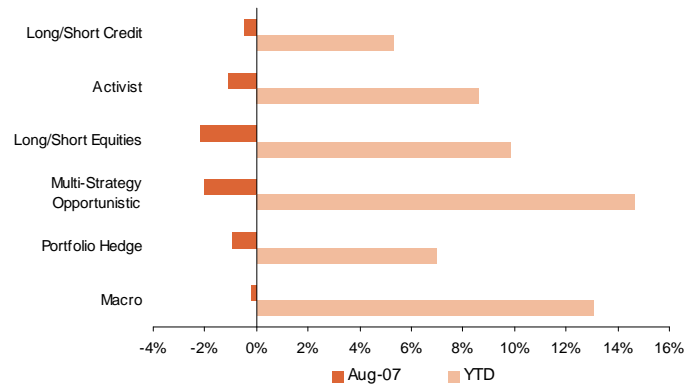
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 SEPTEMBER 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	1.05	1.02	-1.43					7.83
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	0.92	0.91	-1.57					6.77
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	1.04	1.01	-1.46					7.81
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
A\$													
2007	1.28	0.88	1.47	1.73	1.92	1.08	1.05	-1.45					8.21
2006	-	-	-	-	-	-	-	-	-	1.46	1.54	1.40	4.46

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