

£	
NAV	160.30p
RETURN	+0.62%
SHARE PRICE*	168.25p
Opening NAV per £ share 98.25p	

€	
NAV	2.2738
RETURN	+0.45%
SHARE PRICE*	2.3950
Opening NAV per € share €1.8325	

US\$	
NAV	2.8778
RETURN	+0.53%
SHARE PRICE*	3.0050
Opening NAV per US\$ share US\$2.2158	

A\$	
NAV	4.0410
RETURN	+0.63%
SHARE PRICE*	4.2300
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

	DECEMBER(%)	YTD (%)	ITD** (%)	VOLATILITY** (%)	SHARPE**^1
DEXION ABSOLUTE £ SHARE NAV	0.62	13.23	10.29	3.29	1.69
DEXION ABSOLUTE € SHARE NAV	0.45	11.38	9.01	3.80	1.52
DEXION ABSOLUTE US\$ SHARE NAV	0.53	12.99	11.02	3.83	1.60
DEXION ABSOLUTE A\$ SHARE NAV	0.63	13.59	14.67	3.42	2.41
HFRI FUND OF FUNDS INDEX (US\$)	0.28	10.12	9.28	4.00	1.50
MSCI WORLD INDEX GROSS (TR) (US\$)	-1.26	9.57	17.56	9.19	1.55
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-0.53	10.81	7.15	6.65	0.58

* Annualised from inception date of DAB £, DAB €, DAB US\$ and DAB A\$, based on monthly data. ^ Risk free rate is average 1M GBP LIBOR since December 2002 (4.72%) for DAB £, average 1M EUR LIBOR since June 2005 (3.24%) for DAB €, average 1M USD LIBOR since June 2005 (4.90%) for DAB US\$, average 1M AUD LIBOR since September 2006 (6.42%) for DAB A\$ and average 1M USD LIBOR since December 2002 (3.27%) 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

Markets across the globe struggled to find equilibrium amid conflicting economic influences and investor sentiment during December. The major US indices ended the month modestly lower; however, equities fared worse in other regions as those markets grappled with the repercussions of a possible US recession. Most European bourses were flat to lower, although the DAX staged strong performance despite a weak business outlook. With the exception of Chinese and Indian equities, Asian markets also performed poorly. Finally, a number of commodities rallied strongly and in currency markets the US Dollar rallied over 3% against Sterling.

Long/Short Equities: +1.61%. Our managers generated gains this month across all sub-strategies amid a generally adverse environment, accompanied by sustained intra-month volatility. Sector specialists produced mixed results, while geographic specialists performed well, led by the European specialists who profited from both long and short equity holdings. **Multi-Strategy Opportunistic: -0.85%.** The general malaise in the marketplace contributed to losses for a variety of positions, due to widespread risk reduction. Several holdings stood out as profit centres amid the month's overall decline, including a holding in a global steel producer which benefited one manager when news of increasing demand for its goods produced higher valuations. Short exposure to housing, mortgage services and retail companies also added to returns. **Activist: -0.97%.** The difficult credit environment continued to hamper those companies engaged in corporate actions in which our managers are actively involved. The negative sentiment surrounding banking stocks, particularly small-capitalization names, resulted in outsized losses in one manager's financials positions. **Long/Short Credit: -0.49%.** Managers faced a challenging credit environment as market participants remained on high alert for deteriorating cash flow fundamentals and reduced liquidity. Positive contributions were derived from several positions, including a long position in the equity of a global electrical engineering firm that is undergoing a restructuring, and in the debt of a US power generator that had amended its reorganization plans. **Macro: +3.38%.** All managers delivered positive performance, profiting from tactical positioning in various asset classes to post the highest return among the strategies within the fund. Outsized gains were driven by bearish positioning in levered, economically-sensitive sectors such as financial services and consumer discretionary. Commodities and currencies trading, together with positions in emerging markets, also added. **Portfolio Hedge: +1.16%.** Core short positions in the financials sector drove results for several managers, as banks with exposure to mortgage debt, and originators and insurers of bonds backed by pools of US mortgages, reeled from news of massive write-offs by major financial institutions.

Outlook Responding to signs that the US economy is rapidly deteriorating, the Fed took the unusual step in January of reducing interest rates by 75bp during an emergency session. It remains to be seen whether this action will stave off a recession, but volatility levels are likely to remain elevated over the near-term. Our macro and portfolio hedge strategies should benefit from this environment due to their present positioning. Although our other fundamentally-focused managers may be hampered by transitory increases in asset correlations, we remain confident in their ability to uncover profitable opportunities arising from current market dislocations.

SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	19 DEC 2002	DAB LN	DAB.L	GB0032287020	3228702	£1,047.02m
€	28 JUN 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€218.52m
US\$	28 JUN 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$218.99m
A\$	26 SEP 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$97.21m

KEY FACTS

MANAGER

DEXION CAPITAL
(GUERNSEY) LIMITED

INVESTMENT ADVISER

HARRIS ALTERNATIVES LLC

INVESTMENT CONSULTANT

DEXION CAPITAL PLC

TOTAL NET ASSETS

£1,360.41M

MANAGEMENT FEE

1.50%

PERFORMANCE FEE

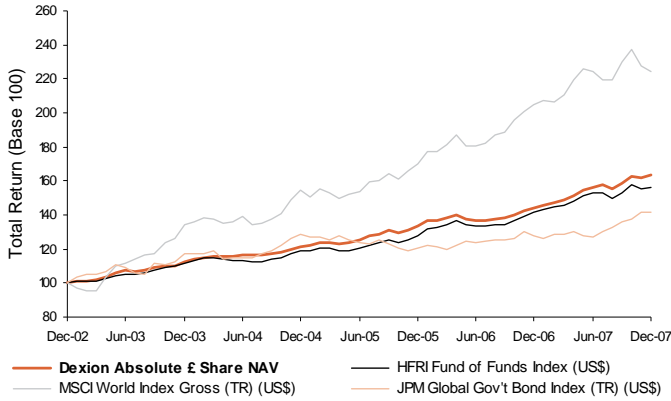
10%
(TRIGGER 3%)

CONTACT DETAILS

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GUERNSEY GY1 3DA

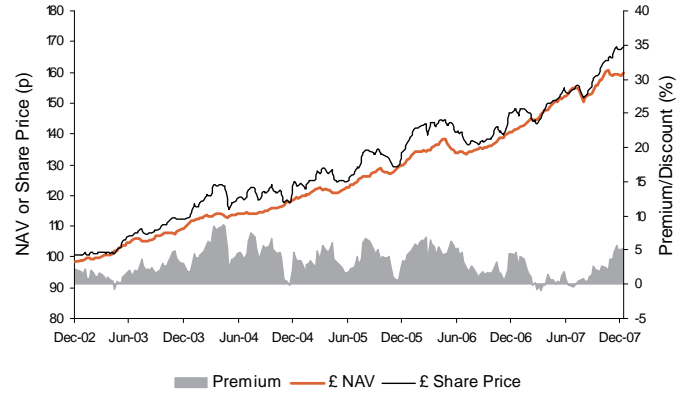
email clientservices@dexionabsolute.com
web www.dexionabsolute.com

NET ASSET VALUE PERFORMANCE



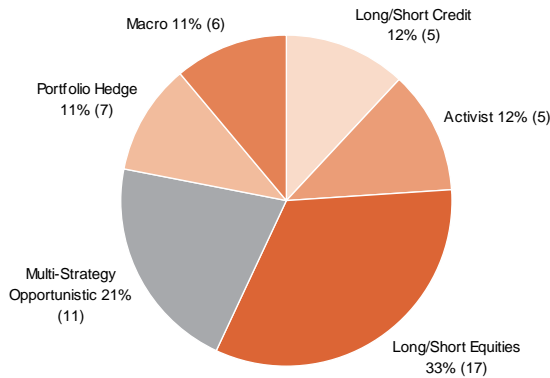
Source: Bloomberg

SHARE PRICE PERFORMANCE



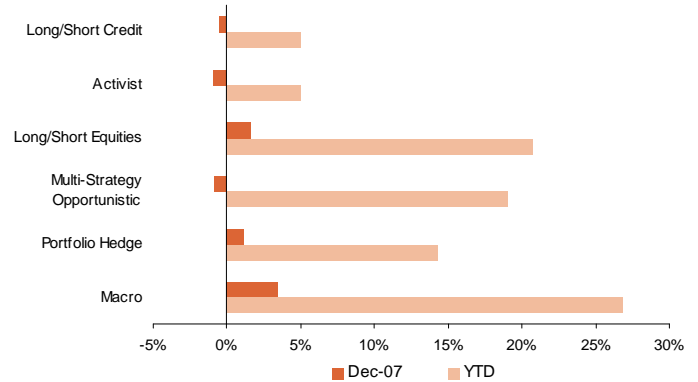
Source: Bloomberg

PORTFOLIO ALLOCATION AS OF 1 JANUARY 2008



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	2.08	2.73	-0.48	0.62	13.23
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	1.88	2.60	-0.65	0.45	11.38
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	2.06	2.73	-0.57	0.53	12.99
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	1.96	2.67	-0.34	0.63	13.59
2006	-	-	-	-	-	-	-	-	-	1.46	1.54	1.40	4.46

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