

£	
NAV	139.36p
RETURN	-8.13%
SHARE PRICE*	136.125p
Opening NAV per £ share 98.25p	

€	
NAV	1.9596
RETURN	-8.31%
SHARE PRICE*	1.8250
Opening NAV per € share €1.8325	

US\$	
NAV	2.4584
RETURN	-8.42%
SHARE PRICE*	2.2750
Opening NAV per US\$ share US\$2.2158	

A\$	
NAV	3.5375
RETURN	-8.60%
SHARE PRICE*	3.4250
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

	SEPTEMBER(%)	YTD (%)	ITD** (%)	VOLATILITY** (%)	SHARPE**^1
DEXION ABSOLUTE £ SHARE NAV	-8.13	-13.06	6.27	5.54	0.26
DEXION ABSOLUTE € SHARE NAV	-8.31	-13.82	2.08	6.92	-0.21
DEXION ABSOLUTE US\$ SHARE NAV	-8.42	-14.57	3.25	7.12	-0.17
DEXION ABSOLUTE A\$ SHARE NAV	-8.60	-12.46	1.92	8.48	-0.57
HFRI FUND OF FUNDS INDEX (US\$)	-5.76	-11.84	5.71	5.34	0.47
MSCI WORLD INDEX GROSS (TR) (US\$)	-11.85	-23.84	9.78	11.76	0.56
JPM GLOBAL GOV'T BOND INDEX (TR) (US\$)	-0.97	2.07	6.57	6.84	0.49

\* 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 (4.82%) for DAB £, average 1M EUR LIBOR since June 2005 (3.50%) for DAB €, average 1M USD LIBOR since June 2005 (4.43%) for DAB US\$, average 1M AUD LIBOR since September 2006 (6.77%) for DAB A\$ and average 1M USD LIBOR since December 2002 (3.22%) 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

Global equity and credit markets experienced staggering levels of volatility and losses during September resulting from fears of a collapse of the global financial system. Few markets were spared, as investors sought liquidity across all asset classes on a global basis. Some iconic institutions declared bankruptcy or were taken over by governmental bodies, and central banks across the globe stepped into action to prop up markets and prevent systemic failure. Coinciding with these events, several governments took action to prevent further market-driven failures of financial services firms by enacting a temporary short-selling ban on their equity. Correlations across markets and sectors spiked as macro events dominated the investing landscape.

**Long/Short Equities: -8.52%.** Global markets endured steep declines as market intervention failed to stop indiscriminate selling across geographies and sectors. In addition, short positions provided limited protection due to erratic price behaviour amid the uncertainty created by the short-selling bans. Intra-stock correlation remained at historic highs, and the lack of differentiated performance among individual equities made conditions challenging. Asia and the emerging markets experienced the steepest losses, and managers with meaningful exposure to these regions were negatively impacted. **Multi-Strategy Opportunistic: -15.40%.** Risk spreads widened considerably as credit markets ground to a halt, triggering wide-spread markdowns across the fixed income asset class. This, combined with erratic price behaviour of hedges, had a negative impact on managers' ability to effectively hedge certain credit trades. A significant source of loss this month stemmed from holdings in the basic materials sector. These share prices collapsed in September due to intense selling pressure driven by indications of a global economic slowdown. **Long/Short Credit: -3.78%.** Illiquidity and technical selling pressure dominated credit markets, with heavy portfolio liquidations contributing to the tidal wave of selling and negative sentiment that eliminated almost any opportunity for managers' fundamental approaches to overcome the challenging credit markets. September saw the high yield and leveraged loan markets experienced the largest monthly declines in their histories. Negative sentiment surrounding the automotive and financial industries resulted in a sharp sell-off in the debt of automotive financing companies, materially impacting several managers' underlying portfolios. **Portfolio Hedge: -1.13%.** While various restrictions on short-selling targeted financial stocks, the contagion effect of these restrictions produced substantial volatility across sectors. Many of our short sellers had reduced their exposure to financials in the preceding months as they identified opportunities in other sectors affected by the credit crisis. Short credit exposures produced gains, as the financial crisis pushed spreads wider across industries and geographies. **Macro: -3.43%.** This strategy posted a loss against a backdrop of significant volatility across a number of asset classes, extreme movements in the short end of the US yield curve, and a sharp sell-off in emerging markets equities, fixed income and currencies. **Activist: -11.34%.** Severe losses in equity markets overwhelmed company fundamentals as market participants sold positions irrationally. In situations where the risk/reward profile of an investment had deteriorated due to circumstances out of the manager's control, such as the heightened risk of regulatory changes affecting the credit rating industry, managers have responded by slashing exposures to mitigate the risk of permanent loss.

**Outlook** While disappointed with recent performance, the investment team has conducted numerous onsite meetings and conference calls with our managers to review performance, discuss counterparty risk and understand portfolio positioning. Recent conversations have reinforced confidence in the managers and in their ability to capitalise on the significant opportunities presented by these dislocations.

## SHARE CLASS

	INCEPTION DATE	BLOOMBERG	REUTERS	ISIN	SEDOL	TOTAL NET ASSETS
£	19 DEC 2002	DAB LN	DAB.L	GB0032287020	3228702	£1,011.41M
€	28 JUN 2005	DABE LN	DABx.L	GB00B0FXK920	B0FXK92	€182.69M
US\$	28 JUN 2005	DABU LN	DABu.L	GB00B0FXL332	B0FXL33	US\$221.11M
A\$	26 SEP 2006	DABA LN	DABA.L	GB00B1BPPM77	B1BPPM7	A\$83.92M

## KEY FACTS

### MANAGER

DEXION CAPITAL  
(GUERNSEY) LIMITED

### INVESTMENT ADVISER

HARRIS ALTERNATIVES LLC

### INVESTMENT CONSULTANT

DEXION CAPITAL PLC

### TOTAL NET ASSETS

£1,316.57M

### MANAGEMENT FEE

1.50%

### PERFORMANCE FEE

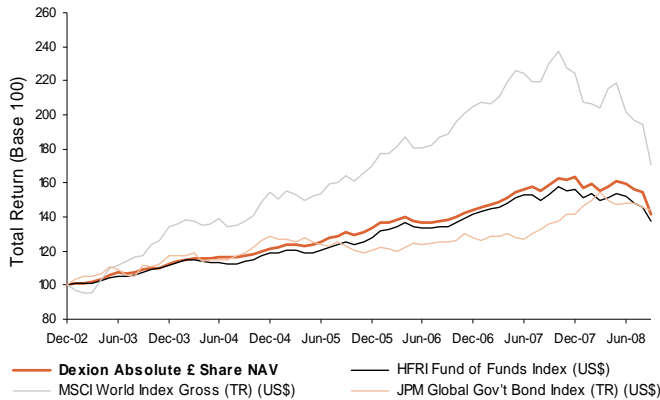
10%  
(TRIGGER 3%)

## CONTACT DETAILS

DEXION ABSOLUTE LIMITED  
1 LE TRUCHOT  
ST PETER PORT  
GUERNSEY

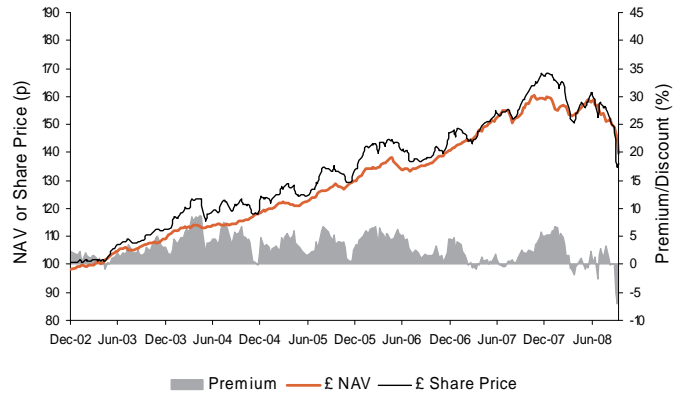
email [clientservices@dexionabsolute.com](mailto:clientservices@dexionabsolute.com)  
web [www.dexionabsolute.com](http://www.dexionabsolute.com)

NET ASSET VALUE PERFORMANCE



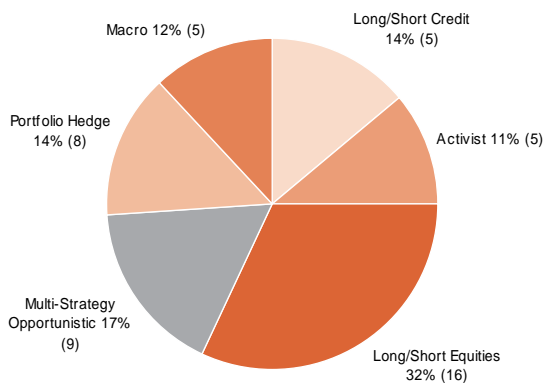
Source: Bloomberg

SHARE PRICE PERFORMANCE



Source: Bloomberg

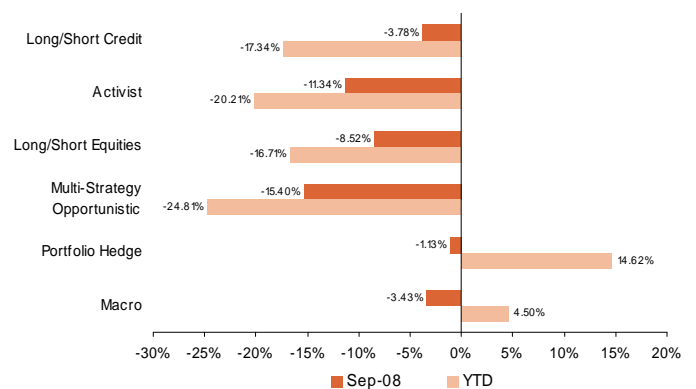
PORTFOLIO ALLOCATION AS OF 1 OCTOBER 2008



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
2008	-3.52	1.26	-2.34	1.21	2.27	-0.89	-1.99	-1.35	-8.13				-13.06
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
€													
2008	-3.62	1.18	-2.35	1.07	2.17	-0.97	-2.11	-1.41	-8.31				-13.82
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\$													
2008	-3.61	1.10	-2.52	0.98	2.05	-1.10	-2.21	-1.49	-8.42				-14.57
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
AS\$													
2008	-3.38	1.43	-2.23	1.37	2.41	-0.75	-1.82	-1.19	-8.60				-12.46
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

This report is issued and has been approved for the purposes of section 21 Financial Services and Markets Act 2000 by Dexion Capital Plc, which is authorised and regulated by the Financial Services Authority in the United Kingdom. This document contains information only and relates solely to Dexion Absolute Limited ("the Company") whose securities are traded on the London Stock Exchange. It does not constitute an invitation to underwrite, subscribe for or otherwise acquire or dispose of any securities in the Company and should not be construed as a recommendation to any person to engage in any of the foregoing activities. It does not constitute an invitation to effect any transaction with the Company or any other person. Whilst certain of the information in this document may refer to the price of the Company's securities or the yield on them, past performance cannot be relied upon as a guide to future performance. The information in this report is based on information which is otherwise publicly available and whilst the Company and Dexion Capital Plc use all reasonable efforts to ensure that the information in this report is accurate and up to date, no representations or warranties are given as to the reliability, accuracy or completeness of the information in this report. Neither the Company nor Dexion Capital Plc accept any liability for any loss or damage which may arise directly or indirectly from any use of or reliance on such information save in the circumstances where such exclusion or restriction of liability would be expressly prohibited by the rules of the Financial Services Authority or any other applicable laws or regulations in England and Wales. In particular, recipients should note that, since many or all of the Company's investments are unquoted, net asset value figures in relation to the Company are based wholly or partly on estimates of the values of the Company's investments provided by the investment managers or administrators of those underlying investments, which estimates may themselves have been subject to no verification or auditing process or may relate to a valuation at a date before the relevant net asset valuation for the Company, or which have otherwise been estimated by the Company's Investment Adviser. Other information in this report may be historic and/or may no longer be of relevance. The information contained in this report which relates to the net asset value performance of the Company may not be indicative of how the Company's investments may perform in the future. Moreover the value of such investments may fluctuate considerably and the historic net asset values shown for the Company take no account of the costs or practical difficulties of realising some or all of such investments. The value of investments mentioned in this report may go down as well as up and investors may not get back the amount invested. Information on past performance, where given, is not necessarily a guide to future performance. Changes in rates of exchange between currencies may cause the value of investments to decrease or increase. The information in this report is provided solely for information and does not constitute investment advice or personal investment recommendations. Investments mentioned in this report may not be suitable for all recipients and in each case potential investors are advised not to take any investment decision unless they have taken independent advice from a suitably qualified advisor. Your attention is drawn to the Risk Factors set out in the Company's 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. This report may not be mailed or distributed or redistributed or otherwise sent into, and does not constitute any offer to sell or the solicitation of any offer to buy securities in or from any territory where the same would require compliance with any regulatory, filing or like requirement or where the same would constitute an offence. In particular, the information in this report is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America to or for the benefit of United States persons being resident in the United States of America or partnerships or corporations organised under the laws of the United States of America or any state, territory or possession thereof. The securities in the Company have not been, and will not be, registered under the United States Securities Act 1933.