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NEWS RELEASE

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THE ABSOLUTE FUND

Launch of Three New Share Classes created especially for IFAs and other Intermediaries

Highlights

- **New Class H (US Dollar), Class I (Sterling) and Class J (Euro) shares with attractive fee structures.**
- **Overall commissions of up to 3.5%** available to IFAs in year 1 comprising:
- **Annual 'trail' of 0.5%** plus front-end commission of up to 3%
- Absolute Fund's investment strategy has provided **positive returns each year since 1999**
- **Profitable in 2001 and 2002** and Class B (£) shares already up by 5.2% so far in 2003 (to August)

The directors of Absolute Fund Management Ltd. ("AFM") announce the launch of three new share classes in the Absolute Fund ("the Fund"); Class H (US Dollar), Class I (Sterling) and Class J (Euro) which offer total commission for intermediaries of up to 3.5% in year 1 and 'trail' commission of 0.5% thereafter.

The new shares carry a front-end charge of up to 3% with additional 'trail' commission of 0.5% per annum for IFAs and other intermediaries. The manager's performance fee has been reduced to 10% of gains between 6% and 24% for the new shares compared to a performance fee of 15% for the Fund's existing shares (Classes A, B and C).

The new shares will be launched via an initial offer period scheduled to close on 31 October 2003. Prospective investors may apply in the initial offer to purchase the new shares at prices of US\$100, £100 and €100 respectively, plus a discretionary front-end charge of up to 3% per share.

Commenting on the launch, Christopher Aldous, Chief Executive of AFM said:

“The new share classes have been launched in response to feedback from intermediaries. The fee structure on the existing share classes did not allow for sufficient incentives to be paid to distributors and this was naturally a concern for us when the marketplace is so competitive. We believe that the commission arrangements on the new share classes are now at least as generous as those available on other funds.

“Although equity markets have performed well so far this year, they are still well down on the levels of 2000 and many commentators including ourselves are questioning the sustainability of the recent rally.

“In our view, funds of hedge funds should not be viewed solely as an alternative to equity investment but should be seen as an integral component of any balanced investment portfolio. They are also an equally valid and compelling alternative for bonds and cash. The Absolute Fund, with its emphasis on capital preservation, its consistent record of growth and very low risk characteristics is therefore an excellent vehicle for risk-averse investors”.

The Absolute Fund

The Absolute Fund Limited (“the Fund”) is an open-ended single fund of hedge funds managed by FSA-regulated Absolute Fund Management Ltd. The primary investment objective of the Fund is to seek consistent returns on an absolute basis, irrespective of trends in equity and bond markets, and to preserve capital at all times.

The Absolute Fund’s investment strategy has a track record since January 1999 which has produced positive returns in each year. Despite last year’s extremely hostile market conditions, the price of the sterling share class of the Fund increased by 2.6% net of fees. Results for the first 8 months of 2003 already show a 5.2% increase in the net asset value of the sterling share class.

Although the minimum investment level is US\$ 100,000, or the appropriate Sterling or Euro equivalent, intermediaries can aggregate individual investments through a nominee account (or if appropriate through a third party aggregator) in order to enable individual investors to invest smaller amounts than the minimum specified.

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Notes to Editors: Absolute Fund Management Ltd. is a privately-owned investment management company located in London. It is the investment manager of a single fund of hedge funds, the Absolute Fund, which was incorporated on 18 September 2001 with limited liability in the Cayman Islands. The Absolute Fund's investment strategy has a four-year track record which has produced positive returns in each year since 1999. The Fund's investment objective is to achieve steady, absolute returns on a monthly basis coupled with capital preservation at all times.

The Absolute Fund Ltd. (the "Company") is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "Act"). This document is issued by Absolute Fund Management Ltd. ("AFM"), which is regulated by the Financial Services Authority and is being communicated only to persons (each a "permitted recipient") of the kind to whom both (1) the Company is permitted to communicate financial promotions pursuant to The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the "Order") and (2) AFM is permitted to communicate financial promotions relating to the Company or otherwise promote the Company under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "CIS Order"). It may not be passed on or communicated by the recipient to any other person. Such permitted recipients include existing shareholders of the Company, authorised persons and other investment professionals under Article 19 of the Order and Article 14 of the CIS Order. It does not and is not intended to constitute an offer or solicitation to purchase shares of the Company which may only be made on the basis of the latest private offering memorandum of the Company and the risk and other disclosures made therein. Persons who do not have professional experience in participating in unregulated collective investment schemes should not rely on the information contained herein. The rules made under the Act for the protection of private customers do not apply and the Financial Services Compensation Scheme will not be available for investments in the Absolute Fund. Past performance is not necessarily a guide to future performance and the value of an investment can go down as well as up. Investors may not get back the full amount originally invested. The value of overseas investments may be influenced by changes in exchange rates.