



Share Class (Principal series)	NAV	November 2007		Last 12 Months	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A - US\$	US\$	(0.97)	+0.43	+10.23	+5.46
Class B - £	£	(0.87)	+0.51	+10.65	+5.76
Class C - €	€	(0.96)	+0.39	+9.05	+4.09

*Cash rates used are Citigroup 3-Month 'Eurodeposit' - Source: Citigroup

After the euphoria of the Fund's best month so far in October, the markets ensured that we were quickly brought back down to earth in November. We warned in October's report that the next few monthly returns were likely to be quite 'bumpy' as markets adapt to the likelihood of recession in 2008 and as we made appropriate changes to the Absolute Focus portfolio. Even though we would like to make money for investors every month, November's decline of just under 1% is well within Absolute Focus's risk management guidelines. Moreover, the Fund's US\$ and £ rolling twelve-month returns remain in excess of 10%, which we regard as satisfactory.

The performance attribution adjacent to this commentary shows that the main reason for November's loss was the Event-driven sub-strategy, which is also the Fund's largest allocation. Event-driven managers claim that the corporate 'events' they are exploiting help to insulate their investments from broad market trends but we know that this does not hold true when stock markets fall sharply. We were therefore aware that our allocation to Event-driven funds is probably the main source of directional market risk within Absolute Focus Fund, which in turn is likely to promote volatility in monthly returns. Elsewhere, small losses in US Equity Long/Short and arbitrage allocations were effectively offset by another profit from the exceptional DS1fund (Distressed Securities) and from the short-bias Portfolio Insurance funds which were a timely addition to the portfolio at the end of the summer.

The outlook for financial markets and for global economic growth has changed considerably since credit crunch began a few months ago and we believe that further write-downs of structured credit 'investments' by the major banks will be a recurring theme of 2008. Although we are not forecasting financial Armageddon, we do think that the coming year will be very challenging for conventional investors and for the many hedge funds that are little more than long-only funds in disguise. Against this background, we are making a number of changes to the Absolute Focus portfolio, selling four funds and making five new investments at year-end. Whilst Absolute Focus will continue to be more aggressively invested than the Absolute Fund, we have decided to take some risk 'off the table' by cutting exposure to Event-driven and other long-biased funds. In their places, we have added funds whose managers who have proven themselves to be adept at making money from short-selling the securities of flawed, cash-consuming companies as they have from owning the securities of good, cash-generating ones. We are very excited by the composition and potential of the resulting portfolio on 1st January.

We would like to wish all readers a peaceful and prosperous New Year.

Charles Hovenden & Andrew Wheeler
2nd January 2008

STRATEGY	Contribution Nov 2007 %	Weighting Nov 2007 %
US Equity Long/Short	(0.21)	19.8
Japan Equity Long/Short	(0.01)	7.2
European Equity Long/Short	(0.01)	13.0
Event-driven	(0.99)	24.6
Convertible Bond Arbitrage	(0.12)	10.7
Fixed Income and Credit Arb	(0.19)	6.1
Distressed Securities	0.21	11.3
Portfolio Insurance	0.30	7.7

Best 3 Funds (Size)	Strategy	Nov	YTD
P11 (2.5%)	Portfolio Insurance	+5.2	+17.0
P12 (2.9%)	Portfolio Insurance	+4.6	+4.1
P13 (2.3%)	Portfolio Insurance	+2.4	+7.0

Worst 3 Funds (Size)	Strategy	Nov	YTD
ED1 (4.7%)	Event-driven	(7.4)	(10.1)
ED2 (5.5%)	Event-driven	(5.1)	+12.4
ED3 (4.8%)	Event-Driven	(5.1)	+11.8

FUND DATA		Investment Manager
Size of Fund: US\$16.1m	No. of Holdings: 20	Absolute Fund Management Marquis House 67-68, Jermyn Street London SW1Y 6NY Contact: Andrew Wheeler +44 20 7925 8070
Share Classes: \$, € & £	Basic Fee: None	Administrator Northern Trust International Fund Administration Services (Ireland) Ltd. George's Court 54-62 Townsend Street Dublin 2 Ireland Contact: Terry Fernandes +353 1 670 0660
Performance Fee: 15% of profits	High Water Mark: Yes, monthly	
Dealing: Monthly	Notice Period: 35 days	
Min. Investment: US\$100,000	Fund Domicile: Cayman Islands	
Listing: Irish Stock Exchange	Class A (\$) SEDOL: BOHTJF7	
Class B (£) SEDOL: BOHTJG8	Class C (€) SEDOL: BOHTJH9	

Class B £ Track Record	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2005									0.98	(0.05)	0.77	1.83	3.57
2006	2.13	(0.19)	0.94	0.99	0.25	(0.99)	(1.61)	0.88	0.32	(0.36)	0.30	1.86	4.55
2007	0.23	1.12	1.08	0.59	1.72	1.17	0.17	(0.11)	0.66	2.59	(0.87)		8.62
Annual Rate of Return			7.48	Sharpe Ratio (@ 5% risk free)			0.73	Biggest Monthly Loss					(1.61)
Standard Deviation			3.37	Correlation FT World Index (Local)			0.46	Biggest Peak-to-Trough Drawdown					(2.58)

Source: Absolute Fund Management

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