



Share Class	NAV	February 2008		Last 12 Months	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A - US\$	US\$118.47	+0.61	+0.35	+7.44	+5.34
Class B - £	£118.60	+0.76	+0.47	+8.04	+6.03
Class C - €	€114.03	+0.69	+0.36	+6.32	+4.37

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

In another volatile month which saw further falls in corporate bond and share prices, Absolute Focus Fund delivered a satisfactory gain which comfortably exceeded cash deposits. Since its peak in October, the local currency FT World Share Index has fallen by more than 14%. Over the same period and despite being predominantly invested in equity-based hedge funds, Absolute Focus had returned between 1.7% and 2.5% depending on currency share class. Although we would have liked to have made more for investors over the last five months, we think this is a creditable performance in adverse circumstances.

At underlying fund level, 15 out of 21 funds made money for Absolute Focus in February and there were only really two disappointments. Activist fund ED2 performed very strongly in 2006 and the first half of 2007 but its lack of defensive characteristics has been laid bare since last July. Although we have huge respect for ED2's managers, we have pragmatically concluded that it is simply the wrong fund for the current market conditions and that the money can be invested more profitably elsewhere. The managers of USELS3 were too slow to reduce the fund's net long exposure as investor sentiment turned. Although exposure has now been reduced to a level we consider more appropriate in current market conditions, we will need to see a substantial improvement in performance over the next few months in order to convince us to retain this investment. On a more positive note, EELS2 and USELS2 are new additions to the portfolio and demonstrate the effectiveness of the changes we made at the beginning of the year in anticipation of more difficult market conditions in 2008. Short-selling equity fund PI1 was a timely addition to the portfolio back in September.

As we described in last month's report, changes currently in train will result in Absolute Focus Fund being invested predominantly in equity long/short funds from 1st April, thus offering investors a clear alternative to traditional 'long-only' investment in equity markets and to the Absolute Fund. It is important to emphasise that this is not intended to increase the risk profile of Absolute Focus and our (low) tolerance of monthly loss will remain. After the credit binge of the last four years there is still a lot of leverage which needs to be flushed out of the financial system and, for this reason, we believe that the most profitable investment opportunities for the foreseeable future will continue to lie on the short side. Although we have not yet taken a final decision, it is possible that we will add another dedicated short-seller to the Focus portfolio. All the other funds we are currently considering for inclusion have low net market exposure and managers who have proven themselves to be as adept at short-selling as they are at making money on long investments.

Charles Hovenden & Andrew Wheeler  
25<sup>th</sup> March 2008

STRATEGY	Contribution Feb 2008 %	Weighting Feb 2008 %
US Equity Long/Short	+0.29	26.9
Japan Equity Long/Short	(0.02)	7.1
European Equity Long/Short	+0.36	20.1
Event-driven	(0.20)	19.0
Convertible Bond Arbitrage	(0.08)	10.5
Distressed Securities	(0.01)	4.9
Portfolio Insurance	+0.35	10.4

Best 3 Funds (Size)	Strategy	Feb	YTD
EELS2 (5.2%)	European Equity L/S	+6.8	+6.4
USELS2 (2.6%)	US Equity L/S	+6.0	+3.3
PI1 (5.3%)	Portfolio Insurance	+4.5	+7.3

Worst 3 Funds (Size)	Strategy	Feb	YTD
ED2 (4.8%)	Event Driven	(5.8)	(9.3)
USELS3 (5.0%)	US Equity L/S	(3.8)	(5.4)
CBA2 (5.1%)	Convertible Bond Arb	(2.1)	(2.3)

### FUND DATA

No. of Holdings: 21  
Share Classes: \$, € & £  
Basic Fee: None  
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

### Investment Manager

Absolute Fund Management  
Marquis House  
67-68, Jermyn Street  
London SW1Y 6NY  
Contact: Andrew Wheeler  
+44 20 7925 8070

### 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

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)	0.70	9.39
2008	(0.65)	0.76											0.11
Annual Rate of Return			7.05	Sharpe Ratio (@ 5% risk free)			0.62	Biggest Monthly Loss					(1.61)
Standard Deviation			3.30	Correlation FT World Index (Local)			0.49	Biggest Peak-to-Trough Drawdown					(2.58)

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Source: Absolute Fund Management