



Share Class (Principal series)	NAV	May 2007		Since Inception (1 <sup>st</sup> Sep 2005)	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A - US\$	US\$115.38	+1.17	+0.44	+15.34	+9.42
Class B - £	£114.86	+1.17	+0.46	+14.83	+9.21
Class C - €	€111.69	+1.09	+0.33	+11.70	+5.67

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

Having spent the last six months restructuring Absolute Focus's portfolio of investments to include a higher tariff of market risk, we are absolutely delighted to be reporting a gain of more than 1% in a month when many of the main stock market indices were down by approximately the same amount. June was also a difficult month for credit-based hedge fund strategies as a wave of risk aversion swept through credit markets. This followed the revelation that investors in two Bear Stearns-managed hedge funds which invested in CDOs (collateralised debt obligations) derived from US sub-prime residential mortgages have lost virtually all of their capital. We have been consistent and vociferous in our dislike and distrust of structured credit products such as CDOs, which have raised vast sums from investors over the last few years, because they are complex, illiquid and usually priced by computers and mathematicians instead of by the market. Notwithstanding Absolute Focus' higher risk appetite, we would therefore never have invested in funds of this type regardless of how attractive their returns appear to be. Most investors seem to have convinced themselves that credit problems are confined to the sub-prime mortgage market. However, the proliferation of structured credit products has underpinned virtually all sectors of the credit market and the potential for contagion if there is an investor backlash should not be underestimated. If evidence of such contagion does begin to present itself, we will opportunistically seek to take advantage by introducing short-bias credit exposure in Absolute Focus Fund.

STRATEGY	Contribution June 2007 %	Weighting June 2007 %
US Equity Long/Short	0.05	5.8
Japan Equity Long/Short	0.27	11.4
European Equity Long/Short	0.13	19.8
Event-driven	0.41	28.8
Convertible Bond Arbitrage	0.12	12.9
Fixed Income and Credit Arb	0.05	5.8
Distressed Securities	0.38	9.8
Short-bias Equity & Credit	0.04	5.4

Despite the choppy market conditions, all eight sub-strategies within Absolute Focus generated profits in June. Once again, Event-driven provided the biggest contribution (+0.41%) thanks to another stunning month from activist fund ED8, which is up by more than 30% so far in 2007. Another regular in the Best 3 Funds list, the US\$7bn DHY4 fund, also had another excellent month which helped to make Distressed Securities the second most profitable sub-strategy in June (+0.38%). Honourable mention must also be made of Absolute Focus' Japanese Equity Long/Short allocation (+0.27%) which continues to repay our decision to persevere after the misery we endured in 2006. All in all, 15 out of 18 underlying funds made money for us in June which is testament to the quality of managers we have distilled.

Best 3 Funds (Size)	Strategy	June	YTD
ED8 (8.3%)	Event-Driven	+5.8	+31.7
DHY4 (7.1%)	Distressed Securities	+4.2	+25.7
DHY3 (2.7%)	Distressed Securities	+3.5	(7.1)

At the time of writing, we have room for up to three additional funds in Absolute Focus's portfolio. We have identified the funds in which we would like to invest and are hopeful that recent strong performance will encourage investor inflows so that we can buy them!

Worst 3 Funds (Size)	Strategy	June	YTD
ED9 (2.9%)	Event-Driven	(1.5)	+5.8
ELS4 (2.8%)	European Equity L/S	(1.2)	+3.5
ED7 (5.7%)	Event-Driven	(0.9)	+2.6

Charles Hovenden & Andrew Wheeler  
25<sup>th</sup> July 2007

FUND DATA		Investment Manager
Size of Fund: US\$17.6 m	No. of Holdings: 18	Absolute Fund Management
Share Classes: \$, € & £	Basic Fee: None	Marquis House
Performance Fee: 15% of profits	High Water Mark: Yes, monthly	67-68, Jermyn Street
Dealing: Monthly	Notice Period: 35 days	London SW1Y 6NY
Min. Investment: US\$100,000	Fund Domicile: Cayman Islands	Contact: Andrew Wheeler
Listing: Irish Stock Exchange	Class A (\$) SEDOL: BOHTJF7	+44 20 7925 8070
Class B (£) SEDOL: BOHTJG8	Class C (€) SEDOL: BOHTJH9	<b>Administrator</b>
		Northern Trust International
		Fund Administration Services (Ireland) Ltd.
		George's Quay House
		43, 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							6.05
Annual Rate of Return	7.83			Sharpe Ratio (@ 5% risk free)			0.89	Biggest Monthly Loss			(1.61)		
Standard Deviation	3.19			Correlation FT World Index (Local)			0.35	Biggest Peak-to-Trough Drawdown			(2.58)		

Source: Absolute Fund Management

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