



Share Class (Principal series)	NAV	March 2007		Since Inception [†]	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A - US\$	US\$111.47	+1.08	+0.45	+11.47	+7.98
Class B - £	£110.95	+1.08	+0.46	+10.95	+7.72
Class C - €	€108.23	+0.93	+0.32	+8.23	+4.65

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

†1st September 2005

March was another good month for Absolute Focus Fund, continuing the recent trend which has provided investors in the US\$ and £ share classes with gains of almost 4.5% over the last four months. The two biggest sub-strategy allocations to European Equity Long/Short (20%) and Event-driven funds (24%) provided most of March's performance with contributions of +0.69% and +0.27% respectively. Within the former, ELS3, a fund in which net market exposure is very actively managed and which holds a concentrated portfolio of investments, had a stunning month with a gain of almost 8%. Another European fund, ELS2, provided the second biggest individual contribution to performance. The Event-driven sub-strategy continues to be a consistent generator of profits for Absolute Focus and all four constituents once again made money in March. Elsewhere, returns from other sub-strategies were more subdued, almost to the point of being slightly disappointing. In particular, defensive and volatility-based funds struggled as the brief bout of risk aversion which spanned the February/March month-end was quickly banished from investors' memories. Nevertheless, it seems churlish to grumble too much when the overall result for investors last month was still a gain in excess of 1%.

Over the last few months, we have made a number of changes to Absolute Focus Fund with the objective of raising returns with only a small increase in risk tariff. In particular, and with the benefit of hindsight, it had become apparent that the investment strategies adopted for Absolute Focus Fund and the Absolute Fund had unintentionally become too similar. Put another way, we simply weren't taking sufficient risk within Absolute Focus Fund to generate the returns we were targeting. Going forward, we expect the return and risk profiles of Absolute Focus Fund and the Absolute Fund to diverge, thus providing investors with two distinct investment alternatives.

Second, we have resolved to be much more ruthless with incumbent funds within Absolute Focus which are not earning their keep. In the Absolute Fund's portfolio of more than forty investments, we can afford to carry one or two which are going through dull patches of performance. In Absolute Focus Fund, which has only half the number of underlying investments, we cannot. For example, we are in the process of jettisoning GM1 Global Macro Fund having concluded that the return of 2.3% over the sixteen months in which Absolute Focus has had an investment is inadequate for the risk we are taking. Although we are retaining all three in the Absolute Fund, we are also redeeming or have redeemed from USLS6, USLS5 and SBE3 in Absolute Focus because we judge that current market conditions are not conducive to double-digit returns. Of course, we may quickly re-establish investments in any of these funds if circumstances change.

STRATEGY	Contribution Mar 2007 %	Weighting Mar 2007 %
US Equity Long/Short	0.09	11.4
Japan Equity Long/Short	0.00	11.0
European Equity Long/Short	0.69	20.1
Event-driven	0.27	24.1
Convertible Bond Arbitrage	0.09	12.7
Fixed Income and Credit Arb	0.02	5.7
Distressed Debt (hedged)	0.07	9.1
Global Macro	(0.07)	4.6
Short-bias Equity & Credit	0.05	8.2

Best 3 Funds	%	Strategy	Mar	YTD
ELS3	6.1	European Equity L/S	+7.9	+6.3
ELS2	5.9	European Equity L/S	+3.3	+8.3
ED7	5.5	Event-Driven	+1.9	(2.1)

Worst 3 Funds	%	Strategy	Mar	YTD
JLS5	6.0	Japanese Equity L/S	(2.0)	(0.8)
GM1	4.6	Global Macro	(1.5)	(5.8)
DHY3	2.8	Distressed Securities	(0.6)	(2.5)

FUND DATA

Size of Fund: US\$17.6m
 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

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Class B £ Track Record	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2004									A back-tested performance record				
2005	is available on request								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										2.45
Annual Rate of Return			6.77	Sharpe Ratio (@ 5% risk free)				0.54	Biggest Monthly Loss				(1.61)
Standard Deviation			3.29	Correlation FT World Index (Local)				0.36	Biggest Peak-to-Trough Drawdown				(2.58)

Source: Absolute Fund Management

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