



Share Class (Principal series)	NAV	May 2007		Since Inception <sup>†</sup>	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A – US\$	US\$114.05	+1.71	+0.45	+14.05	+8.94
Class B - £	£113.53	+1.72	+0.47	+13.53	+8.71
Class C - €	€110.49	+1.60	+0.33	+10.49	+5.32

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

†1st September 2005

We are obviously very pleased with the performance of Absolute Focus in May and believe that the reorganisation of the portfolio which we embarked on at the beginning of the year is definitely beginning to bear fruit. The Fund has now been profitable in each of the last seven months, during which it has delivered a return of more than 7% to investors in the US\$ and £ share classes. As a concentrated portfolio, the unevenness of monthly returns is bound to continue. However, we are much happier with the overall composition of the portfolio than we were six months ago. Absolute Focus now offers a very different investment proposition to the Absolute Fund for investors who are willing to accept greater risk and volatility in search of higher returns.

May's result was built on another excellent month for our roster of Event-driven managers. Indeed, performance would have been even better if we had had enough cash available at the beginning of the month to make a full, instead of a half, investment in new fund ED9, which was up by 4%. Whilst event-driven funds accounted for three of the four most profitable funds in May, the US\$6bn DHY4 Distressed Securities fund once again took first place. It is evident from our ongoing monitoring of its composition that the risk profile of this exceptional fund has increased over the last year. However, the discipline of being hedged has not been compromised and the fund continues to have US\$4 in short investments (a substantial proportion of which are in sub-prime mortgages) for every US\$6 of long investments. DHY4 has returned 21% to investors since the beginning of the year but even this lags behind activist fund ED8, which is up by 25%. As evidence of our own portfolio management discipline, we are in the process of trimming back both investments which have grown to become disproportionately large in the portfolio.

Elsewhere, Absolute Focus's second biggest allocation to European Equity Long/Short funds was slightly disappointing in May, contributing a relatively modest +0.28% to overall performance. However, we retain our high conviction in our four complementary funds and no changes need to be made. Instead, our main challenge is to find room (i.e. cash) for two or three new funds which we still want to add to Absolute Focus's portfolio. All in all, we are very excited about the potential of Absolute Focus Fund and are optimistic that the turnaround in performance will soon begin to be rewarded in new subscriptions and growth in the size of the Fund!

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

STRATEGY	Contribution May 2007 %	Weighting May 2007 %
US Equity Long/Short	0.13	5.8
Japan Equity Long/Short	0.20	11.3
European Equity Long/Short	0.28	19.9
Event-driven	0.90	28.7
Convertible Bond Arbitrage	0.19	12.9
Fixed Income and Credit Arb	0.08	5.8
Distressed Securities	0.37	9.5
Short-bias Equity & Credit	(0.10)	5.4

Best 3 Funds (Size)	Strategy	May	YTD
DHY4 (6.9%)	Distressed Securities	+7.2	+20.8
ED8 (7.9%)	Event-Driven	+5.7	+24.6
ED7 (5.8%)	Event-Driven	+4.3	+3.5

Worst 3 Funds (Size)	Strategy	May	YTD
DHY3 (2.6%)	Distressed Securities	(3.5)	(10.2)
SBE6 (5.4%)	Short Bias	(1.8)	(4.3)
ELS5 (5.5%)	European Equity L/S	+0.2	+4.8

**FUND DATA**

Size of Fund: US\$17.4m  
 No. of Holdings: 18  
 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
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								4.82
Annual Rate of Return			7.51	Sharpe Ratio (@ 5% risk free)			0.77		Biggest Monthly Loss			(1.61)	
Standard Deviation			3.24	Correlation FT World Index (Local)			0.39		Biggest Peak-to-Trough Drawdown			(2.58)	

Source: Absolute Fund Management

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