



Share Class (Principal series)	NAV	October 2007		Last 12 Months	
		Fund (%)	Cash (%)*	Fund (%)	Cash (%)*
Class A - US\$	US\$118.84	+2.35	+0.46	+11.64	+5.47
Class B - £	£118.68	+2.59	+0.53	+11.95	+6.66
Class C - €	€114.54	+2.16	+0.39	+10.25	+3.98

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

Absolute Focus Fund had its best month so far in October, lifting its year-to-date return to more than 9% and its rolling twelve month return to almost 12%. Not for the first time this year, October's performance was built on another stunning month from Distressed Securities fund DS1 which is now up by more than 100% this year, an extraordinary achievement for a fund which is now US\$13bn in size. It may be a surprise, therefore, that we are redeeming completely from DS1 at year-end. This is because we are concerned as to how DS1's manager will turn the vast paper profits the fund has on its estimated US\$8bn of short sub-prime investments, almost all of which are in the form of derivatives, into cash. Second, as the fund has grown in size, we have found that the transparency of underlying investments has diminished. Finally and most seriously, in our last visit to New York in September we were informed that DS1's manager was no longer willing to meet with us to discuss the portfolio, so depriving us of the relationship and insight which is critical to all the investments we hold in Absolute Focus. Whilst it is not easy to part with such a successful investment, we are optimistic and confident that we can repeat the experience with a new fund!

Despite the strong performance, October was not the 'perfect' month for Absolute Focus. As can be seen from the attribution, Absolute Focus's largest allocation to Event-driven managers lost money last month. The evaporation of liquidity in corporate debt markets is certainly making it much more difficult for private equity and other buyers of businesses to raise finance for deals and is thus shrinking the opportunity set for event-driven managers. After the bonanza of the last few years we are therefore cutting back on our allocation to event-driven funds. This will also cause Absolute Focus's aggregate net market exposure to fall, something which is not unwelcome as we expect 2008 to be a challenging year for investors.

Although Absolute Focus is deliberately structured to be less conservative than the Absolute Fund in its investment policy, it has also demonstrated strong defensive characteristics. Indeed, with the FT World Share Index down by more than 8% month-to-date in November, our opportunistic investments at the beginning of September in two dedicated short-selling funds look timely! We expect the monthly returns of Absolute Focus to be quite 'bumpy' over the next few months as financial markets adapt to the strong likelihood of recession in 2008. However, we have confidence in our chosen managers to ride the storm and see no reason why an investment strategy in which overall market exposure is significantly hedged should not continue to make money for investors.

Charles Hovenden & Andrew Wheeler
23rd November 2007

STRATEGY	Contribution Oct 2007 %	Weighting Oct 2007 %
US Equity Long/Short	0.41	19.8
Japan Equity Long/Short	0.17	7.1
European Equity Long/Short	0.14	12.8
Event-driven	(0.38)	23.8
Convertible Bond Arbitrage	0.33	10.6
Fixed Income and Credit Arb	0.17	6.2
Distressed Securities	1.95	10.7
Portfolio Insurance	0.05	7.3

Best 3 Funds (Size)	Strategy	Oct	YTD
DS1 (10.7%)	Distressed Securities	+21.4	100.6
USELS1 (4.8%)	US Equity L/S	+5.3	N/A
CBA1 (5.3%)	Conv. Bond Arb.	+3.2	+8.5

Worst 3 Funds (Size)	Strategy	Oct	YTD
ED1 (5.7%)	Event-driven	(7.1)	+18.4
ED2 (5.0%)	Event-driven	(0.9)	(3.0)
ED3 (5.0%)	Event-Driven	(0.4)	+6.9

FUND DATA

Size of Fund: US\$15.8m
 No. of Holdings: 20
 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			9.58
Annual Rate of Return			8.21	Sharpe Ratio (@ 5% risk free)			0.98	Biggest Monthly Loss					(1.61)
Standard Deviation			3.28	Correlation FT World Index (Local)			0.38	Biggest Peak-to-Trough Drawdown					(2.58)

Source: Absolute Fund Management

RISK WARNING The Absolute Focus Fund Ltd. (the "Company") is not a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 (the "Act"). This document is issued by Absolute Fund Management Ltd. ("AFM"), which is regulated by the Financial Services Authority and is being communicated only to persons (each a "permitted recipient") of the kind to whom both (1) the Company is permitted to communicate financial promotions pursuant to The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the "Order") and (2) AFM is permitted to communicate financial promotions relating to the Company or otherwise promote the Company under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "CIS Order"). It may not be passed on or communicated by the recipient to any other person. Such permitted recipients include existing shareholders of the Company, authorised persons and other investment professionals under Article 19 of the Order and Article 14 of the CIS Order. It does not and is not intended to constitute an offer or solicitation to purchase shares of the Company which may only be made on the basis of the latest private offering memorandum of the Company and the risk and other disclosures made therein. Persons who do not have professional experience in participating in unregulated collective investment schemes should not rely on the information contained herein. The rules made under the Act for the protection of private customers do not apply and the Financial Services Compensation Scheme will not be available for investments in the Company. Past performance is not necessarily a guide to future performance and the value of an investment can go down as well as up. Investors may not get back the full amount originally invested. The value of overseas investments may be influenced by changes in exchange rates.