

Newsletter

General Market Review February 2006

Economic Review

The University of Michigan Consumer Sentiment Index fell to 86.7 in February (versus 91.2 in January) as did February retail sales. Given that the prior month was one of the warmest January's of the century, it produced one of the strongest months of retail activity on record. With the weather reverting to more seasonal norms in February, and unit auto sales down from the January selling rate, analysts predicted a significant reversal in numbers. Housing starts will likely reverse in February as well, after January's figure reached the highest level since 1973 due to record warmth (1,950,000 Feb. forecast, versus 2,276,000). In addition, new home sales fell to an 11-month low and the supply of new homes reached the highest level since November 1996. Analysts believe that homebuilder sentiment appears to have reached its limit.

Source: CS Research & Analytics

Absolute U.S. Ltd.

Absolute U.S. is an investment company, which invests in a variety of absolute return-oriented management styles. These investment strategies are focussing on globally diversified and industrialized financial markets. The investment company was established to respond to investors who desire an attractive, well-diversified portfolio of alternative investments in US Dollar values, which can be actively allocated across different investment styles and strategies throughout the universe of alternative investments.

Investment Performance as of February 28, 2006

		Monthly Return	Year to Date Return	Inception*) To Date (Nov 2000)	Average Annual Return	Annual Standard Deviation	Sharpe Ratio
Absolute U.S. NAV (USD)	286.34	1.04%	4.39%	28.24%	4.77%	5.63%	Neg.
Share price (USD)	258.50	4.83%	8.02%	9.69%	1.64%	7.76%	Neg.
S&P 500 Index (USD)	1280.66	0.05%	2.59%	-10.58%	-2.07%	14.78%	Neg.

Past performance is no guarantee of future results. Performance figures are estimated net of management and performance fees and are subject to change.

*) Absolute US has paid out Sfr. 9 (= US\$ 7.36 or ca. 2.70 %) on June 30, 2004 due to a par value repayment. This Special Dividend is not included in the above numbers.

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Investment Review

Cadogan/Cadogan Conferre Fund

Your funds were up 0.4% in the Absolutissimo Cadogan Fund 4.1% in the Cadogan Conferre Fund during the month of February. Year to date Absolutissimo has gained 5.6% and Conferre is up 9.9%. Penta's continued strong performance allowed us to avoid a negative month when many other managers were down (impacted by weak markets in Japan, especially). Penta managed to generate a 9.4% return following January's 48.3% return, contributing 71 basis points to the month's performance. The fund continued to benefit from the net short position in Japanese speculative stocks (TSE Mothers index down 15.7%) and the call option on the Chinese market (Shanghai Composite up 3.3%). Chinese markets rose on news of stronger than expected retail sales, industrial production and loan growth. Penta's Hong Kong property plays were also modestly positive, due in part to their exposures to Macau. Further gains were made in a small cap bank in Hong Kong and a Malaysian convertible bond.

Cadogan Conferre Fund continued its string of strong positive months with an increase of 4.1%. February was also our most active month in terms of additional investments with US\$ 10 million invested during the month. We finished building positions in the two Hong Kong property developers and added positions in a specialty finance company and a fiber optic network provider. Performance was positive across the board with the exception of a minor loss in the new specialty finance position.

Source: Cadogan Management, LLC

Usissimo Ltd.

Usissimo generated an overall positive return of 0, 14% for the month of February. The emerging markets strategy posted the best performance of the portfolio, as managers who specialize in fixed income contributed especially strong gains. Managed futures and global macro both also contributed to the portfolio's positive performance. Long/short equity managers generated positive returns as well, largely due to their exposures in Europe. Event driven was the only strategy to post negative performance for the month.

Overall, twenty-three of the portfolio's twenty seven managers posted positive returns for the month. The dispersion of returns ranged from -4.4% net from a U.S. diversified long/short equity managers to +5% net from a Europe diversified long/short equity manager.

Source: Credit Suisse Funds & Alternative Solutions Group

CDO I Fund

While superficially February appeared a relatively calm month for credit (NA IG index 5% tighter; crossover flat. European IG index flat; crossover 5% tighter), the market experienced a multiplication in incidents of event risk which are lost in the overall numbers. The news that the highly leveraged Ferrovial might launch a bid for BAA plc – a regulated airport company with a £12.5bn EV and multibillion-pound capex requirements – undermined the belief that credits could be 'LBO-proof'. Names as diverse as Smiths Group plc, FirstGroup plc, Heinz, Unilever, Securitas, Portugal Telecom and AB Volvo all became subject to – and widened on the back of – releveraging stories. We do not see this trend abating in the near future.

In CDO V, we added exposure to Hellenic Telecom, whose 38.7% Greek government ownership provides some insulation against the vicissitudes of the sector. We also expect the Greek government to prove supportive of the company's pension-funding issues. We added exposure to Rentokil, which had widened on unfounded LBO speculation and reduced our position in Telefonica, which is refinancing its O2-related borrowing and, despite management protestations to the contrary, in our view remains willing to sacrifice creditors if another appropriate deal comes along. In the CLO we

added positions in Koninklijke Numico NV, a Dutch manufacturer of baby food and clinical nutrition products and increased the short dated exposure to Inmobiliaria Colonial SA, a Spanish property developer.

Source: Cheyne Capital Management Ltd

Cheyne Discovery Fund I Inc.

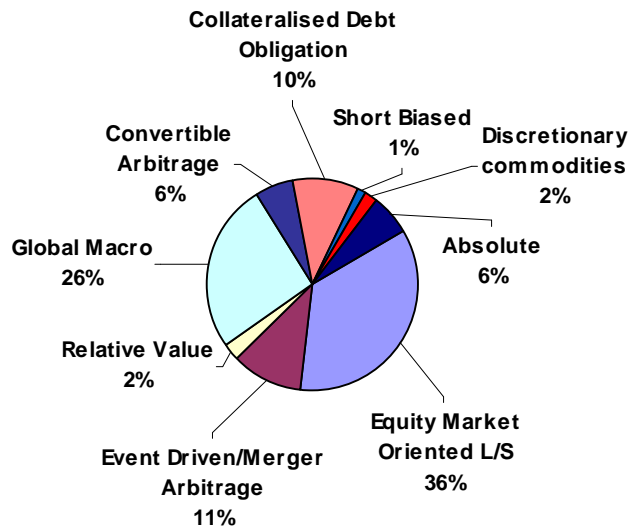
As of 28 February 2006, the Fund's NAV was 110.63, representing a 2.18% net performance for the month of February and +10.63% net performance since inception and 5.19% performance year to date. The fund has currently net assets of approx. US\$ 133 million.

The Fund has its largest investments in specialty finance, long/short weather and consumer receivables platform. These represent 36%, 31%, and 18% of the Fund's equity, respectively. As of 28 February, the Fund had approx. US\$ 3.6 million in cash equivalents.

In February long/short weather and specialty finance continued being the best performing strategies with +5.43% and 1.26% performance, respectively.

Source: Cheyne Capital Management Ltd

Strategy Allocation as of February 28, 2006



Bloomberg	ABSU SW <equity>
Swiss security number	1'138'774

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