

Manager Commentary

Spearpoint Limited ('Spearpoint') took over the Investment Management of the formerly Arch Financial Partners LLP managed funds on 1st December 2009 inheriting the assets as shown. Spearpoint played no part in the management of the assets prior to this date. Nor did Spearpoint play any part in the valuation of the portfolio or the calculation of the Net Asset Value. Since then, with the continuity of some former Arch staff who have joined Spearpoint, we have focused our initial efforts on certain direct deals where we felt that urgent restructuring was required. These are highlighted where appropriate. Redemption orders have now been placed for all hedge fund holdings, although a large proportion of those remaining are either gated, or in the middle of potentially lengthy unwind processes. We will be providing further information through factsheets every two months.

Fund Objectives

Current Objective: The objective of Arch Sustainable Opportunities IC Ltd ('the Fund') is to provide Shareholders with capital appreciation over the medium to long term through economic exposure to a diverse range of investments in sustainable opportunities. The Fund is designed to capture the expected growth of investments whose value and profitability are underpinned by major long-term environmental, social and economic trends.

Proposed Objective: The directors have written to all shareholders following consultation with the larger shareholders and will be proposing at the EGM to be held on the 28th January 2010 that the investment policy be restated as follows: "The Investment Manager will manage the Fund's portfolio with a view to realising its assets within the shortest period of time consistent with achieving a reasonable realisation price for such assets and with the intention of disposing of all such assets within 5 years. Realisations will be managed, as far as possible, with a view to ensuring regular and consistent distributions of proceeds to Shareholders."

Holdings

Investment	Currency of Investment	Amount Invested (in Currency of Investment)	Amount Returned (in Currency of Investment)	Current Value of Remaining Holding (in Currency of Investment)	Current Value of Remaining Holding (in GBP)	Description of Investment
Acheron Portfolio Corporation	USD	2,800,000	0	3,616,506	2,199,821	Fund specialising in the purchase of Life Settlement policies from distressed sellers. Closed-ended company trading as a share with very little liquidity making an exit difficult.
Latin America Bioenergy Fund	USD	2,000,000	0	2,414,560	1,468,710	Fund providing export financing loans to companies located in Latin America. Due to its leverage facility being called the fund is now unwinding, investor cash due back during 2011.
Aitchesse LLP	GBP	1,250,000	0	1,250,000	1,250,000	Investment in a forestry owning partnership aiming to build capital growth through active forest management and the reinvestment of capital from timber harvesting. The partnership owns forests in Scotland, Northern England & Wales and is in the process of expanding in to Eastern Europe once the sale of one of the UK assets for windfarm use (whilst maintaining logging rights) was completed. This sale has now concluded and will mean an uplift in NAV is now to follow.
RAB Energy Fund Ltd	USD	1,100,000	935,473	56,183	34,175	Fund aiming to exploit investment opportunities in the energy sector. Redemption lodged in July 2008, share class unwinding with final payment due in Q1 2010.
Noble Group Holdings Ltd - Equity	GBP	916,313	0	71,269	71,269	An Irrevocable Undertaking to Participate in Corporate Activity was signed during December. This had no effect on the NAV but did lead to an improvement in the position of Noble.
Argo Special Situations	USD	600,000	252,934	292,023	177,630	Fund focused on opportunities for dealing in Distressed Securities and/or taking advantage of Special Situations particularly in the Emerging Markets. Redemption lodged, fund gated with quarterly repayments due over the next year.
cru Investment Management Loan	GBP	263,900	0	45,592	45,379	Loan to the funds' distributor which is now in default. The loan collateral was the borrower's revenue from a Distribution Agreement but this has now ceased. Loan now marked to the value of the only remaining asset, a holding in one of the other Cells. Timing and value of any recovery uncertain.
AGSSF Holdings Ltd	USD	185,065	0	202,073	122,916	Illiquid side pocket of Argo Special Situations fund. Underlying investments require long term workout, investor repayment timeline unknown.
cru Investment Management - Equity	GBP	160,000	3,192	0	0	Equity investment in the funds' distributor. Zero recovery likely.

Holdings in Other Arch Funds

Arch Private Finance IC Ltd	GBP	2,919,850	0	1,663,237	1,663,237	Equity in Arch Private Finance IC Ltd marked at the latest available NAV. Exit to be sought as part of a wider unwind of the Intra-Arch fund holdings.
Arch cru Private Finance IC Ltd	GBP	500,000	294,360	88,765	88,765	Equity in Arch cru Private Finance IC Ltd marked at the latest available NAV. Exit to be sought as part of a wider unwind of the Intra-Arch fund holdings.
Arch Fine Wine IC Ltd	GBP	281,305	0	272,219	272,219	Equity in Arch Fine Wine IC Ltd marked at the latest available NAV. Exit to be sought as part of a wider unwind of the Intra-Arch fund holdings.
Arch Treasury IC Ltd	GBP	27,805	0	0	0	Equity in Arch Treasury IC Ltd, marked at zero due to the low value of underlying investments held making any recovery unlikely.

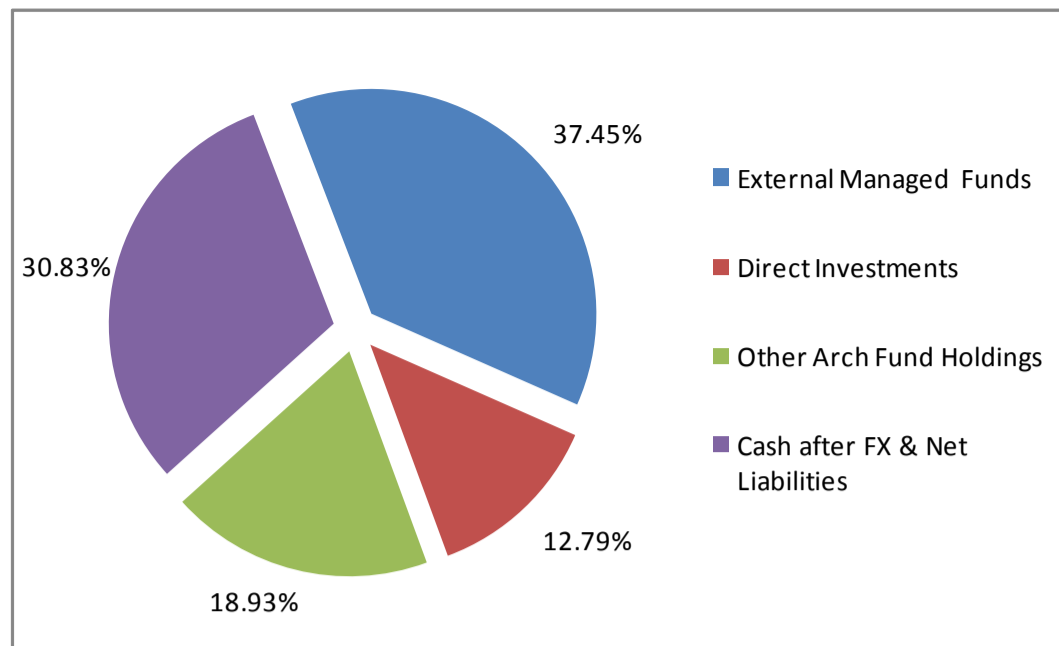
Other

Cash	GBP				3,202,655
FX Hedge MtM	GBP				148,144
Other Net Liabilities	GBP				-54,399
Total					10,690,734

Performance (since December 2008)

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
NAV per Share	1.1592	1.1551	1.0903	0.9522	0.9463	0.9435	0.9459	0.9307	0.9359	0.9144	0.9025	0.9010
% Change		(0.4%)	(5.6%)	(12.7%)	(0.6%)	(0.3%)	0.3%	(1.6%)	0.6%	(2.3%)	(1.3%)	(0.2%)

Investment Allocation



Additional Information

- The Fund is listed on the Channel Islands Stock Exchange (CISX) and official announcements relating to the Fund can be found on the exchange's website (www.cisx.com) under the 'CISX Market News' section.
- The financial year-end for the Fund is 31st March and the audited Report and Financial Statements can also be found on the CISX website.
- The Annual Management charge for the Fund remains at 1.5%.
- The Performance Fee for the Fund remains 20% of performance above the Cumulative Hurdle Rate of three month Sterling LIBOR + 4%.
- The High Water Mark for the Fund will be reset as the higher of: i) The November end-of-month NAV, ii) The arithmetic average of the end-of-month NAV's, for the 9 data points between March and November 2009 inclusive. This will be published once it has been agreed by the board.

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