

## Manager Commentary

Since the date of this factsheet, EGM votes on a number of aspects of the fund have taken place. The fund objective has changed, which is shown below, and share buy-backs have been approved. The EGM vote to change the fund name was defeated, so the fund continues to be called Arch Private Finance IC Ltd. Further information relating to the lifting of the suspension of trading and the buy-back process will be announced on the CISX in due course. Since January month-end, all FX hedging has ceased at the fund and share class specific levels. Although this will add volatility to the fund, we will also be releasing look through FX exposures to allow investors to hedge away this volatility if they wish to do so. Ceasing FX hedging will release cash, previously held to cover adverse FX hedging movements, to be returned to shareholders. The restructure of Shipping Deal 1 has been completed and signed. It is too early to comment if the restructure has been successful and the overall position remains finely balanced. We monitor progress intensively and report to the board weekly, we will keep investors up to date with progress as the year unfolds. We will continue to produce factsheets on a monthly basis up to and including March, then bimonthly thereafter, the intention being to give more regular information in the early months. The fund holds a larger cash position than that required to support current commitments and planned share buy-backs. By the end of March we should be in a position to begin exploring the possibility of a "tender offer" as a way of returning a larger sum to shareholders, closer to NAV, than is possible via a share buy-back.

## Fund Objective

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

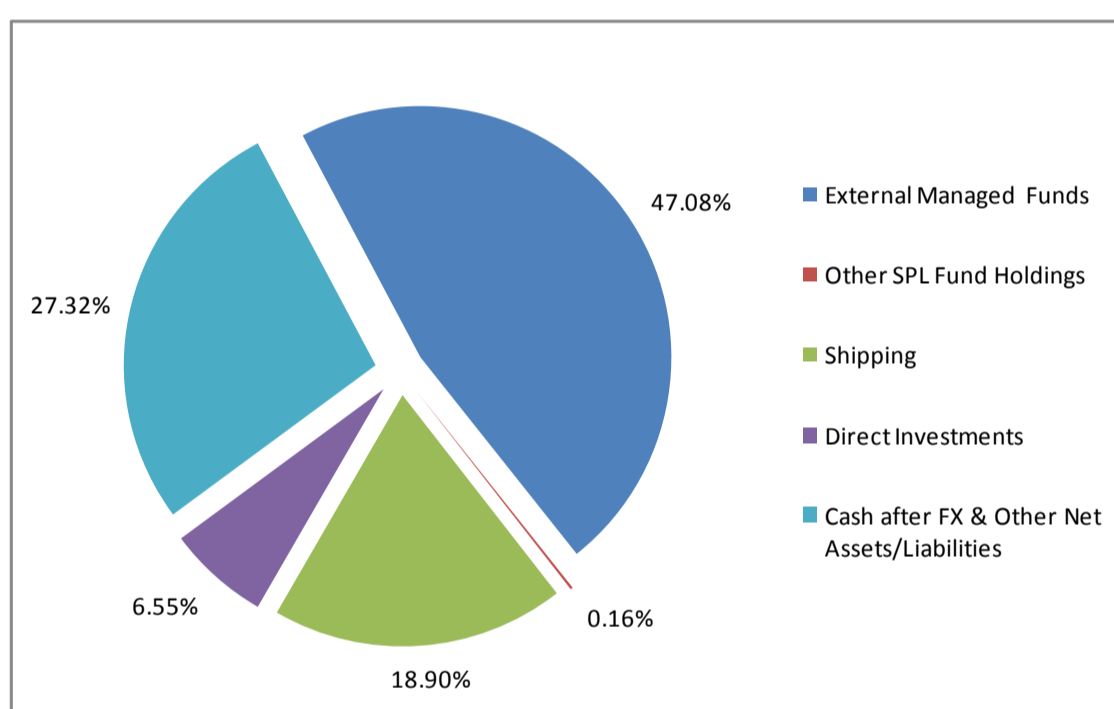
Investment	Currency of Investment	Value as at 30 Nov 09 (in GBP)	Cash Movement	Value as at 31 Dec 09 (in GBP)	Contribution to Overall Monthly NAV Movement	Comments / Additional Information
Shipping Deal 1	USD	11,047,819	942,550	11,254,518	(0.97%)	Since the last factsheet, the legal documentation for the restructure has been completed and signed. Additional cash has been drawn down by the borrower under the terms of the restructured deal. While the loan remains marked to the value of the underlying collateral, the additional cash will reduce the overall valuation of the holding until either, the collateral is revalued, or the loan is judged to be performing.
BMS Specialist Debt Fund Ltd	GBP	8,478,464	-	8,521,054	0.06%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Medley Opportunity Fund	USD	6,316,007	-	6,291,025	(0.03%)	
Ark Royal Fund Ltd	USD	4,139,559	-	4,201,137	0.08%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Noble Venture Finance II Fund	GBP	3,822,455	-	3,822,455	-	We continue to discuss the future of this fund with the underlying manager and hope to use our 68% holding, held across the SPL fund range, to force change.
Noble Group Holdings Limited Loan	GBP	2,545,959	-	2,569,315	0.03%	Loan continuing to accrue and perform. Early repayment agreed and proceeds due in cash by the end of February.
Hedge Fund 1	USD	2,099,118	-	2,192,280	0.12%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Securis I Fund	USD	1,923,955	-	1,972,335	0.06%	Monthly fund revaluation based on the NAV provided by the fund's administrator. Holding redeemed and redemption proceeds since received during February which will increase cash.
Santa Maria Linked Funding Note	EUR	1,709,103	-	1,660,975	(0.06%)	A further writedown taken in respect of legal fees accrued during the enforcement process. Subsequent to the date of this factsheet, a date has been given by the Greek courts of the 7th April for the auction of the vessel.
Caritas Royalties Fund (Bermuda) Ltd	USD	1,544,087	-	1,611,074	0.09%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Aarkad Plc	USD	1,551,728	-	1,577,638	0.03%	
Growth Management Limited	USD	1,481,269	(48,140)	1,410,130	(0.03%)	Small distribution made by the fund, received during December.
Bond Capital Partners I Ltd	EUR	1,547,831	-	1,378,288	(0.22%)	Quarterly revaluation of the fund based on the investor quarterly report.
Pentagon Bernini Fund Ltd	USD	1,542,927	-	1,137,400	(0.53%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Tranquil Insurance Company Loan	GBP	1,000,356	-	1,022,082	0.03%	Loan performing in line with expectations.
Noble Group Holdings Ltd - Equity	GBP	175,000	18,750	656,250	0.61%	Warrants exercised at a small cost during December in order to receive shares. The holding is now marked in line with the latest valuation for Noble. During January Noble merged with Execution Holdings Ltd and shares have since been received in the new merged entity.
Hedge Fund 2	USD	611,623	-	609,398	(0.00%)	
Shipping Deal 3	EUR	821,355	-	598,671	(0.29%)	A further writedown to the value of collateral as the enforcement process begins.
The Cloud Loan Note	EUR	645,472	(50,485)	581,534	(0.02%)	Loan performing in line with expectations. Principal and interest repayment received during the month.
Shipping Deal 2	EUR	435,014	-	422,764	(0.02%)	
Arche Fund Ltd	USD	-	-	-	-	
BMS Finance Ltd - Warrant	GBP	-	-	-	-	
Financial Partners Loans	USD	-	-	-	-	
Lonscale Mezzanine Funding Note	GBP	-	-	-	-	Transaction to sell Lonscale is still being finalised. Any value received will only be recognised as and when it reaches the investing funds.

Stewardship International Fund Ltd	USD	-	-	-	-	
<b>Holdings in Other SPL Funds</b>						
SPL Treasury IC (AT1) Ltd 7% Funding Note	USD	94,746	-	117,366	0.03%	
SPL Treasury IC (AT1) Ltd	GBP	-	-	-	-	
<b>Other</b>						
Cash	GBP	23,595,689	(1,457,086)	22,184,136	0.06%	Increase in the value of cash due to currency movements.
FX Hedge Value	GBP	(273,847)	56,918	(1,733,920)	(1.99%)	FX Rates moved against the Fund before the hedges were closed out.
Other Net Assets/Liabilities	GBP	(762,972)	537,493	(302,091)	(0.10%)	
<b>Total</b>		<b>76,092,717</b>		<b>73,755,814</b>	<b>(3.07%)</b>	

#### 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	Dec-09
NAV per Share (£ Class)	1.2594	1.2607	1.2353	0.9331	0.8931	0.8966	0.8983	0.8399	0.8277	0.7366	0.7188	0.7081	0.6959
% Change		0.1%	(2.0%)	(24.5%)	(4.3%)	0.4%	0.2%	(6.5%)	(1.5%)	(11.0%)	(2.4%)	(1.5%)	(1.7%)
NAV per Share (€ Class)	1.0700	1.0724	1.0580	0.7771	0.7677	0.7660	0.7660	0.7191	0.7165	0.6427	0.6271	0.6201	0.5920
% Change		0.2%	(1.3%)	(26.6%)	(1.2%)	(0.2%)	-	(6.1%)	(0.4%)	(10.3%)	(2.4%)	(1.1%)	(4.5%)

#### 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](http://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 1%.
- The Performance Fee for the Fund is 10% of performance above the Cumulative Hurdle Rate of three month LIBOR for the currency of the share class + 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 subject to various adjustments. This will be published once it has been agreed by the board.
- The ISIN for the GBP Share Class is GG00B1LG1H76 and for the EUR Share Class is GG00B1M8X105.
- The Sedol for the GBP Share Class is B1LG1H7 and for the EUR Share Class is B1M8X10.

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