

Manager Commentary

The most notable activity for the Fund in the period was that five of the underlying investments all returned cash to the Fund through one mechanism or another. Four of the hedge fund investments made cash distributions as these continue to unwind their own underlying positions repaying investors whenever they generate a reasonable amount of cash to make such distributions worthwhile. Cash was received from the agreed sale of one of the Financial Partners regional businesses and we are continuing to look for ways to exit the remaining legacy Financial Partners assets which are currently valued at zero but for which we hope to generate some form of return. The single factor most impacting performance during the period was the increase in the USD/GBP rate from 1.45 in May to almost 1.57 in July. This shift in the exchange rate notably reduced performance as the unhedged USD denominated assets declined in value. The 31 March 2010 audited results have now been published and are available on both the Channel Islands Stock Exchange and SPL Funds websites. Please note that the performance shown is for both June and July.

Share Buybacks

A significant landmark in the process of providing liquidity to investors was reached on 31 March with the lifting of the suspension of trading. As at 30 September when these factsheets were finalised, the fund had spent £1.06m in buying back shares. Any investor wishing to sell in the market should request their stockbroker to contact the Channel Islands Stock Exchange market maker. Details can be found at www.cisx.com.

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.

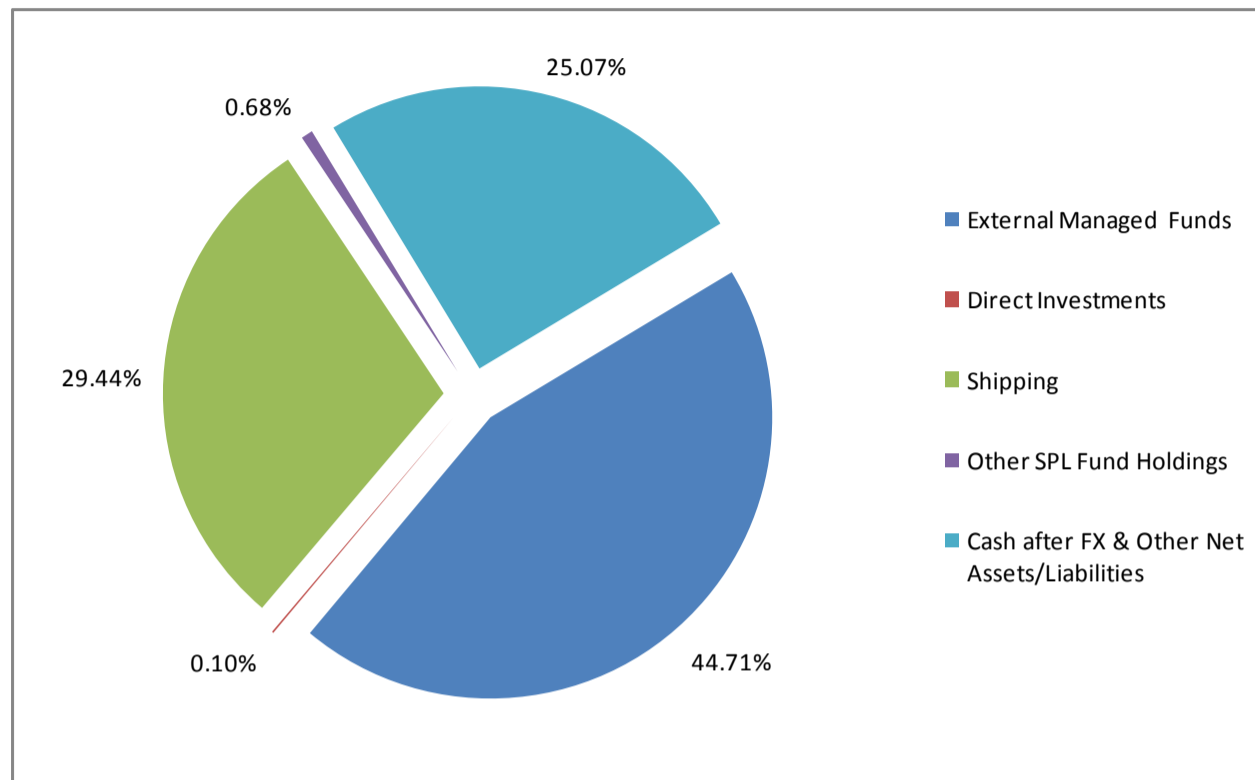
Holdings

Investment	Currency of Investment	Value as at 28 May 10 (in GBP)	Cash Movement	Value as at 31 Jul 10 (in GBP)	Contribution to Overall Bi-Monthly NAV Movement	Comments / Additional Information
Shipping Deal 1	USD	4,187,345	56,002	3,932,130	(1.89%)	Small ongoing monitoring costs were incurred during the period some of which were offset by the first scheduled repayment of accrued interest by the borrower. The decline in value has been caused by currency movements.
Medley Opportunity Fund	USD	2,616,741	-	2,429,326	(1.14%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. A small distribution has since been received in September.
Noble Venture Finance II Fund	GBP	1,335,360	(1,375)	1,297,120	(0.22%)	Fund revaluation based on the monthly statement provided by the fund manager. We have provisionally agreed the details for the process for unwinding the fund although we are still awaiting a formal shareholder vote.
BMS Specialist Debt Fund Ltd	GBP	1,196,301	-	1,230,201	0.21%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Bond Capital Partners I Ltd	EUR	762,370	-	824,403	0.38%	Fund revaluation based on the quarterly report provided by the fund manager.
Shipping Deal 3	EUR	736,534	-	721,056	(0.09%)	There has been no real movement on this asset since the May factsheet. The arbitration process continues and we hope to have more to report soon.
Growth Management Limited	USD	510,152	(17,661)	453,616	(0.24%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. A small distribution was received in July.
Hedge Fund 1	USD	599,242	(140,362)	403,597	(0.34%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. A cash distribution was received in June.
FAM Global Structural Alpha Select	USD	278,456	(13,349)	244,366	(0.13%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. A small distribution was received in June.
Aarkad Plc	USD	202,219	-	186,317	(0.10%)	Sufficient loan documentation and records now received by the liquidator allowing a meaningful appraisal of the underlying assets to now take place. Legal advisers are now reviewing the possibility of a claim against the former FX hedge providers to the fund. The liquidator will report further in due course but does not expect to be in a position to report his findings until the end of the year.
cru Investment Management Loan	GBP	33,852	-	15,668	(0.11%)	Decline in value due to lower estimated return advised by the liquidator. We are still currently working with him to recoup as much value on this loan as possible.
Financial Partners Loans	USD	18,328	(17,085)	-	(0.01%)	Cash proceeds received in June for the sale of the one of the regional businesses. Any further value derived from the remaining assets will only be recognised upon receipt of cash.
LM Isis Opportunities Fund Ltd	USD	1,985	-	-	(0.01%)	Remaining value written-off in lieu of fund wind-up costs.
Arche Fund Ltd	USD	-	-	-	-	This fund has a leverage facility well in excess of the value of the remaining assets held by the fund. The leverage provider is in the process of enforcing against these assets and it is highly unlikely any value will be returned to investors.
Stewardship International Fund Ltd	USD	-	-	-	-	The wind-up of this fund is now expected to be completed during Q4 2010 with no further return to investors.
Holdings in Other SPL Funds						
SPL Treasury IC (AT1) Ltd	GBP	115,560	-	106,744	(0.05%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Other						
Cash	GBP	3,969,118	83,139	4,025,243	(0.16%)	While the overall cash balance has increased, there has been a decrease in the value of cash due to currency movements.
Other Net Liabilities	GBP	(64,437)	50,691	(61,769)	(0.29%)	
Total		16,499,126		15,808,018		

Performance Over Last 12 Months

	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10
NAV per Share	0.6895	0.5879	0.5694	0.5653	0.5421	0.5414	0.5468	0.5387	0.5382	0.5570	0.5478	0.5337
% Change	(1.0%)	(14.7%)	(3.1%)	(0.7%)	(4.1%)	(0.1%)	1.0%	(1.5%)	(0.1%)	3.5%	(1.7%)	(2.6%)

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 is 1.25%.
- The Performance Fee for the Fund is 10% 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 subject to various adjustments. This will be published once it has been agreed by the board.
- The ISIN for the Fund is GG00B1LGBF54.
- The Sedol for the Fund is B1LGBF5.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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