

Manager Commentary

Both June and July were fairly benign months in terms of Fund activity. The one highlight was the receipt of cash from the Caritas redemption. We await further cash distributions from the hedge fund investments as these continue to unwind their own underlying positions repaying investors whenever they generate a reasonable amount of cash to make such distributions worthwhile. With regard to the holdings in other SPL funds, in time these will offer further liquidity opportunities to investors and we will look to exit these positions. 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 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 £2.1m in buying back shares. Any investor wishing to sell in the market should request their stockbroker to contact 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.

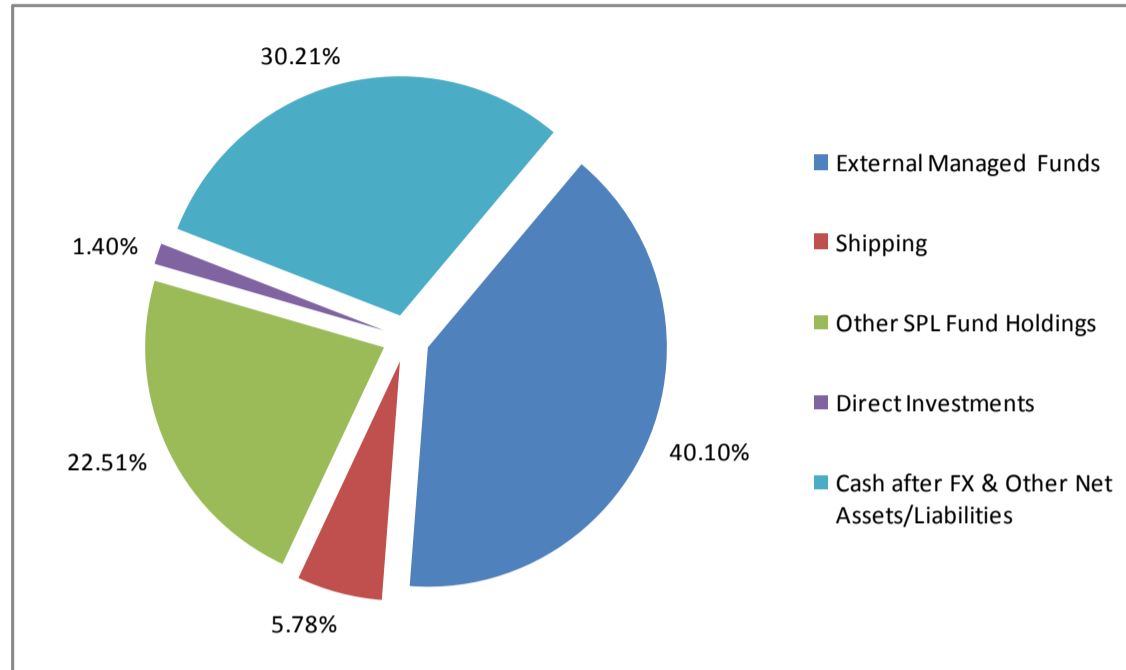
Holdings

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 Change in Net Assets in the Period	Comments / Additional Information
Acheron Portfolio Corporation	USD	1,827,729	-	1,694,694	(1.08%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Latin America Bioenergy Fund	USD	1,775,888	-	1,654,197	(0.99%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. The fund is now in run-off and repaying its leverage facility before returning capital to investors which is expected during 2011-12.
Climate Change Capital	EUR	1,316,500	27,896	1,380,017	0.29%	Fund revaluation based on the quarterly partnership report provided by the fund manager.
Shipping Deal 2	EUR	397,304	-	388,954	(0.07%)	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.
Shipping Deal 1	USD	353,092	4,668	331,568	(0.21%)	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.
Natsource Aeolus Funds	USD	294,364	-	271,477	(0.19%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. Two small distributions have subsequently been received in September.
Execution Noble - Equity	GBP	174,880	-	175,017	0.00%	Further merger pending with Banco Espirio Santo de Investment but this is still awaiting multi-jurisdictional regulatory approval.
Caritas Royalties Fund II (Bermuda) Ltd	USD	2,408,382	(2,298,855)	-	(0.89%)	Position redeemed, full redemption proceeds received in July.
cru Investment Management - Equity	GBP	-	-	-	-	
Holdings in Other SPL Funds						
Arch Private Finance IC Ltd	GBP	1,084,355	-	1,349,726	2.15%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The valuation methodology has changed during the period from previously being based on the CISX mid-market share price to now using NAV. This has led to an uplift in the valuation.
SPL Fine Wine (NR2) IC Ltd	GBP	791,914	-	902,528	0.90%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The valuation methodology has changed during the period from previously being based on the CISX mid-market share price to now using NAV. This has led to an uplift in the valuation.
SPL Private Finance (PF1) IC Ltd	GBP	253,664	-	318,543	0.53%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The valuation methodology has changed during the period from previously being based on the CISX mid-market share price to now using NAV. This has led to an uplift in the valuation.
SPL Finance Opportunities (PF3) IC Ltd	GBP	126,011	-	156,866	0.25%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The valuation methodology has changed during the period from previously being based on the CISX mid-market share price to now using NAV. This has led to an uplift in the valuation.
SPL Structured Finance (PF4) IC Ltd	GBP	65,647	-	79,230	0.11%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The valuation methodology has changed during the period from previously being based on the CISX mid-market share price to now using NAV. This has led to an uplift in the valuation.
Other						
Cash	GBP	1,540,339	2,180,171	3,817,481	0.79%	While the overall cash balance has increased, there has also been an increase in the value of cash due to currency movements.
Other Net Liabilities	GBP	(61,257)	86,121	(50,887)	(0.61%)	
Total		12,348,812		12,469,411		

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	0.8334	0.8097	0.7870	0.7861	0.7849	0.7843	0.8070	0.8029	0.7874	0.8038	0.8299	0.8117
% Change	2.2%	(2.8%)	(2.8%)	(0.1%)	(0.1%)	(0.1%)	2.9%	(0.5%)	(1.9%)	2.1%	3.2%	(2.2%)

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 is 1.5%.
- The Performance Fee for the Fund is 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 subject to various adjustments. This will be published once it has been agreed by the board.
- The ISIN for the Fund is GG00B1XLND02.
- The Sedol for the Fund is B1XLND0.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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