

Manager Commentary

Both June and July were fairly benign months in terms of Fund activity. 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 now been published and are available on both the Channel Islands Stock Exchange and SPL Funds websites. Please note that included within this are the details of a Tender Offer being made by the Fund providing an opportunity for investors to sell their shares along with plans for the delisting of the Fund from the Channel Islands Stock Exchange. Performance shown below 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 £1.5m 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.

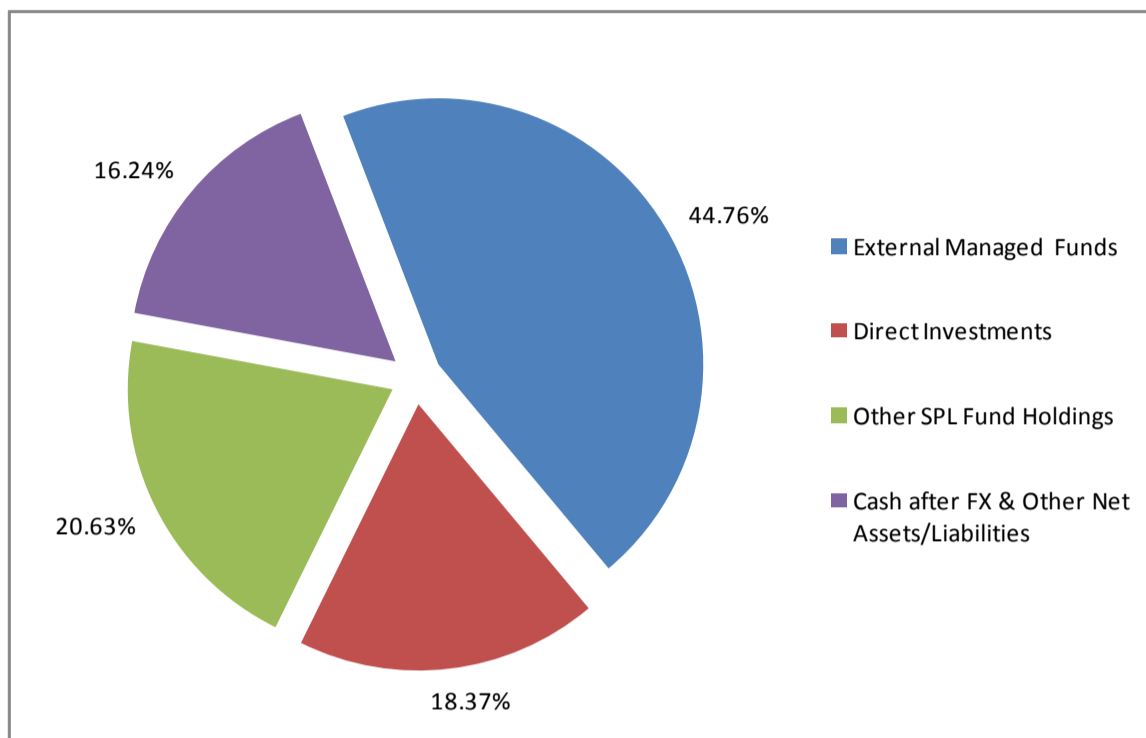
Holdings

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 Change in Net Assets in the Period	Comments / Additional Information
Acheron Portfolio Corporation	USD	2,558,820	-	2,372,572	(1.94%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Latin America Bioenergy Fund	USD	1,775,888	-	1,654,197	(1.27%)	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.
The Forestry Partnership 2008 LLP	GBP	1,602,262	-	1,594,722	(0.08%)	Revaluation based on updated accounts received from the partnership.
Execution Noble - Equity	GBP	137,456	-	137,564	0.00%	Further merger pending with Banco Espirio Santo de Investment but this is still awaiting multi-jurisdictional regulatory approval.
AGSSF Holdings Ltd	USD	127,791	-	122,913	(0.05%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Argo Special Situations	USD	113,518	-	109,355	(0.04%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. Redemption previously submitted but the fund remains gated making quarterly repayments through until September 2011. A small cash distribution has since been received in August.
cru Investment Management Loan	GBP	33,334	-	15,668	(0.18%)	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.
cru Investment Management - Equity	GBP	-	-	-	-	
Holdings in Other SPL Funds						
Arch Private Finance IC Ltd	GBP	1,290,605	-	1,606,451	3.29%	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	239,109	-	272,596	0.35%	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	66,664	-	83,715	0.18%	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	1,811,781	(228,881)	1,582,159	(0.01%)	While the overall cash balance has decreased, there has also been a decrease in the value of cash due to currency movements.
Buybacks	GBP	-	69,708	-	(0.73%)	Cash distributed to investors reduced the overall Net Assets of the Fund but contributed to an increase in the NAV per share due to the discount at which shares were purchased.
Other Net Liabilities	GBP	(168,672)	159,173	(36,466)	(0.28%)	
Total		9,588,556		9,515,446		

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	0.9359	0.9144	0.9025	0.9010	0.8947	0.9253	0.9417	0.9383	0.9169	0.9307	0.9547	0.9304
% Change	0.6%	(2.3%)	(1.3%)	(0.2%)	(0.7%)	3.4%	1.8%	(0.4%)	(2.3%)	1.5%	2.6%	(2.5%)

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) 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 at 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 GG00B1LG7919.
- The Sedol for the Fund is B1LG791.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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