

### Manager Commentary

The most notable activity in the period covered by this factsheet were the developments with regard to Shipping Deal 1. The final drawdowns to cover vessel conversion costs were made by the borrower, meaning an end to the negative impact on performance of these cash calls. The costs of the drawdowns in this period were in fact, more than offset by the increase in the valuation of the underlying fleet leading to an increase in NAV. There was a small hedge fund distribution received by the Fund along with proceeds from the sales of some of the Financial Partners entities. The first deferred consideration payment from the sale of Lonscale came in and two investments in other SPL funds were also sold. We continue to look for exits from the private assets held by the Fund while we also maintain a regular dialogue with the managers of the Hedge Fund holdings in order to try and coax out liquidity where possible. However, the medium to longer term nature of some of these assets makes this a slower process than we would like. Please note that due to the move to bi-monthly factsheets the performance shown below is for both April and May.

### 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 23 July when these factsheets were finalised, only a very small number of shares had been bought back. 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](http://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 31 Mar 10 (in GBP)	Cash Movement	Value as at 28 May 10 (in GBP)	Contribution to Overall Change in Net Assets in the Period	Comments / Additional Information
Medley Opportunity Fund	USD	5,599,247	-	5,908,047	0.71%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Ark Royal Fund Ltd	USD	4,852,751	-	4,985,135	0.30%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
BMS Specialist Debt Fund Ltd	GBP	4,522,770	-	4,530,723	0.02%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Shipping Deal 1	USD	3,143,339	186,477	3,498,319	0.39%	The final drawdowns to fund conversion works were made by the borrower during the period. The cost of these was more than offset by an increase in the underlying value of the fleet based on the latest valuation received from Clarksons.
Pentagon Bernini Fund Ltd	USD	2,659,240	-	2,073,024	(1.35%)	This fund is currently suspended only providing irregular asset revaluations. The manager has advised that certain assets are due to be written down when the next NAV is published. A reserve has been taken against the last administrator valuation in anticipation of these write downs.
Noble Venture Finance II Fund	GBP	1,716,067	-	1,644,162	(0.17%)	Fund revaluation based on the monthly statement provided by the fund manager. As previously reported, in recent months the fund manager has taken a number of actions which we believe to be in the best interests of investors. These include the reduction of both leverage and the associated fees, along with a review of costs. Progress continues to be made and we are still in ongoing discussions with the manager.
Scipion African Opportunities Fund SPC	USD	1,321,704	-	1,420,494	0.23%	Monthly fund revaluation based on the NAV provided by the fund's administrator. \$500k redemption proceeds due to be received in July. Repayment plan agreed for the remaining redemption proceeds with repayment due within 3 months.
Hedge Fund 1	USD	1,346,704	(139,260)	1,261,245	0.12%	Monthly fund revaluation based on the NAV provided by the fund's administrator. A small cash amount was received in May and a larger distribution was subsequently received in June.
Aarkad Plc	USD	445,765	-	468,365	0.05%	Further loan documentation now received by the liquidator from the administrators to Mathon Ltd. The first formal meeting of the Investor Committee is scheduled for the end of August. The liquidator will be providing an updated report to investors prior to this but he does not anticipate having a complete picture of everything much before the end of the year.
Shipping Deal 2	EUR	416,651	-	397,304	(0.04%)	There has been no real movement on this asset since the February factsheet. The arbitration process continues and we hope to have more to report soon.
Financial Partners Loans	USD	161,118	(169,284)	37,072	0.10%	In April we accepted offers from the management of two of the new devolved regional businesses for the shares held by the SPL funds. \$685k has since been received spread across various SPL funds. We do believe we will extract some further value from the remaining unsold entities over time.
Arche Fund Ltd	USD	-	-	-	-	
Bush Road Mezzanine Finance	GBP	-	-	-	-	
Cautley Ave Mezzanine Finance	GBP	-	-	-	-	
Lonscale Deferred Consideration	GBP	-	(26,278)	-	0.06%	Deferred Consideration due over the next 18 months. Value will only be recognised as and when the scheduled payments are received.

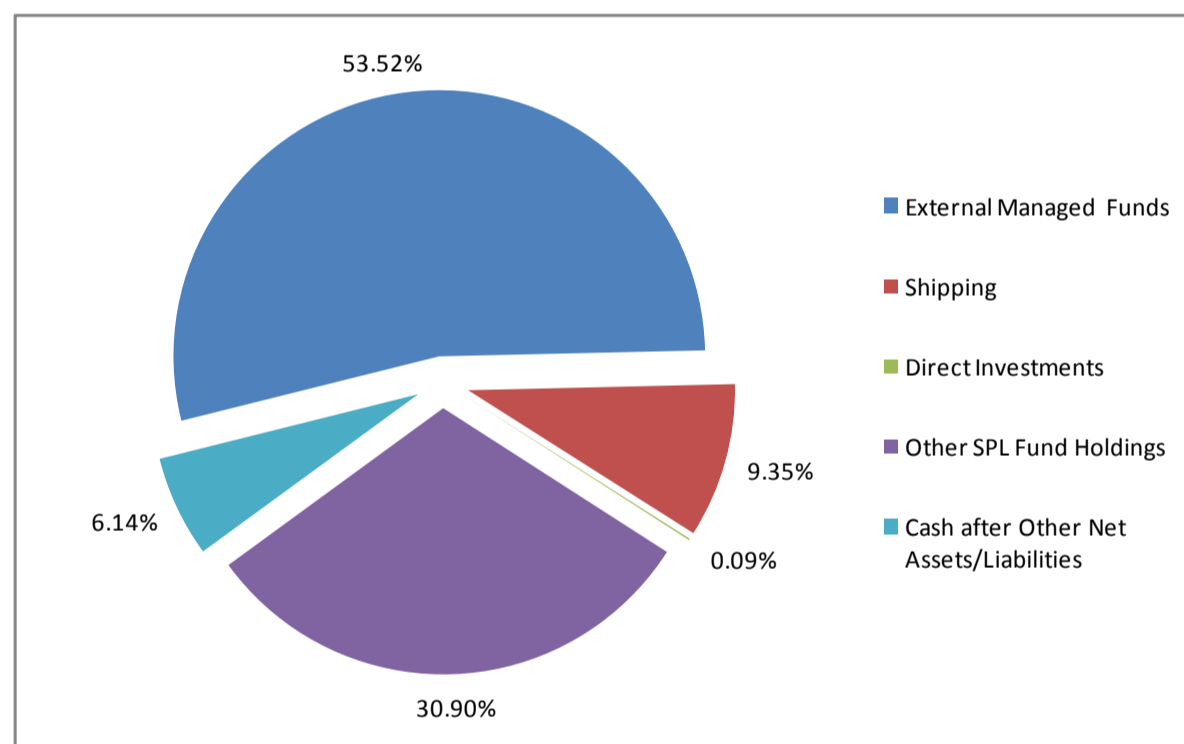
### Holdings in Other SPL Funds

Arch Private Finance IC Ltd	GBP	14,777,784	-	12,840,097	(4.45%)	Monthly fund revaluation based on the traded mid-price shown on the CISX.
SPL China Energy (NR1) IC Ltd	USD	19,797	-	20,364	0.00%	Monthly fund revaluation based on the NAV provided by the fund's administrator. Liquidation of the fund is now underway with 95%+ of cash distributed to investors during July.
SPL Structured Finance (PF4) IC Ltd	GBP	6,952	-	6,952	-	Monthly fund revaluation based on the traded mid-price shown on the CISX.
SPL Private Finance (PF1) IC Ltd	GBP	29,665	(28,165)	-	(0.00%)	Position sold in to the buyback program.
SPL Finance Opportunitites (PF3) IC Ltd	GBP	17,927	(17,916)	-	(0.00%)	Position sold in to the buyback program.
<b>Other</b>						
Cash	GBP	2,564,685	140,200	2,662,424	(0.10%)	Decrease in the value of cash due to currency movements.
Buybacks	GBP	-	79	-	(0.00%)	
Other Net Liabilities	GBP	(104,146)	54,146	(106,915)	(0.13%)	
<b>Total</b>		<b>43,498,020</b>		<b>41,646,812</b>		

### Performance Over Last 12 Months

	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10
NAV per Share	0.7329	0.6832	0.6820	0.6090	0.5807	0.5696	0.5539	0.5555	0.5674	0.5525	0.5346	0.5290
% Change	(3.4%)	(6.8%)	(0.2%)	(10.7%)	(4.6%)	(1.9%)	(2.8%)	0.3%	2.1%	(2.6%)	(3.2%)	(1.0%)

### 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 is 1.5%.
- The Performance Fee for the Fund is 10% of performance.
- 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 GG00B28RXT63.
- The Sedol for the Fund is B28RXT6.
- Information relating to the Fund is also available on the SPL Funds website ([www.splfunds.com](http://www.splfunds.com)).

### Disclaimer

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