

Manager Commentary

The Forestry Partnership, which makes up the significant holding within this Fund, made a number of new forest purchases during the period covered by this factsheet. Previously there had been a lack of opportunity within the UK for the partnership to make suitable acquisitions but a number of attractive opportunities came along together and either closed during the quarter or subsequently. From a valuation perspective, the nature of the underlying assets within this Fund mean there was little activity of significance in Q2. The new purchases however, will be revalued in due course. A small holding in one of the other SPL funds was sold in to the buyback program while the larger other SPL fund holding increased in value. This will also be sold in to the buyback program when a suitable opportunity arises, but due to the size will take longer to exit in an orderly manner. Factsheets for this Fund will now be produced quarterly in line with the NAV calculation of the Fund.

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.

Share Buybacks

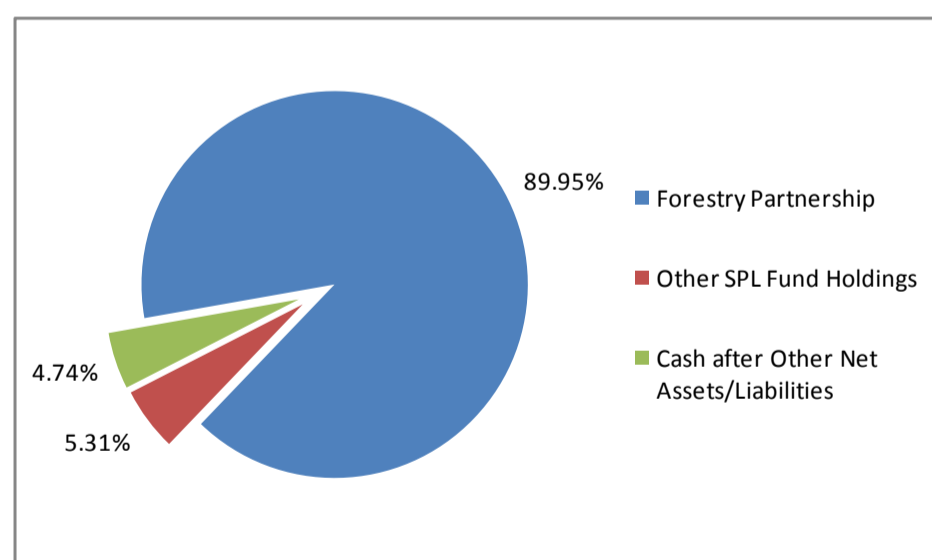
A significant landmark in the process of providing liquidity to investors was reached on 31 March with the lifting of the suspension of trading of the shares on the Channel Islands Stock Exchange. As at 31 August when these factsheets were finalised, the fund had spent £101k in buying back shares. Any investor wishing to sell in to the market should request their stockbroker to contact the CISX market maker. Details can be found at www.cisx.com.

Holdings

Investments	Currency of Investment	Value as at 31 Mar 10 (in GBP)	Cash Movement	Value as at 30 Jun 10 (in GBP)	Contribution to Overall Quarterly NAV Movement	Comments / Additional Information
The Forestry Partnership 2008 LLP	GBP	6,092,420	-	6,059,945	(0.47%)	Revaluation based on updated accounts received from the partnership.
Holdings in Other SPL Funds						
Arch Private Finance IC Ltd	GBP	322,432	-	357,477	0.51%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
SPL Finance Opportunities (PF3) IC Ltd	GBP	964	(1,128)	-	0.00%	Holding sold in to the buyback program.
Other						
Cash	GBP	752,809	(395,151)	357,658	(0.00%)	
Buybacks	GBP	-	101,071	-	(1.47%)	Cash distributed to investors reduced the overall NAV of the Fund but contributed to an increase in the NAV per share due to the discount at which these shares were purchased.
Other Net Liabilities	GBP	(298,225)	295,209	(38,311)	(0.51%)	
Total		6,870,400		6,736,769	(1.95%)	

Performance Over Last 12 Months

	Sep-09	Dec-09	Mar-10	Jun-10
NAV per Share	0.9798	0.9500	1.1263	1.1228
% Change	(2.3%)	(3.0%)	18.6%	(0.3%)

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 7%.
- 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 GG00B284ZR95.
- The Sedol for the Fund is B284ZR9.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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