

Manager Commentary

Developments on the Fund were fairly muted during August and September which unfortunately saw two investments noticeably decline in value. The marking-to-market of the underlying collateral in Shipping Deal 1 in line with valuations provided by an independent shipping agent was the largest detractor to performance. Secondly, the Liquidator of Aarkad advised investors to expect no return from the fund directly and we have been forced to mark the position down in line with this, although this does not take in to account any realisations from proceedings that may be brought by the Liquidator against third parties. On a more positive note the Medley Opportunity Fund made a small distribution which has been followed subsequently by another in November. Please note that performance shown is for both August and September.

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 17 November when these factsheets were finalised, the fund had spent £1.1m 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.

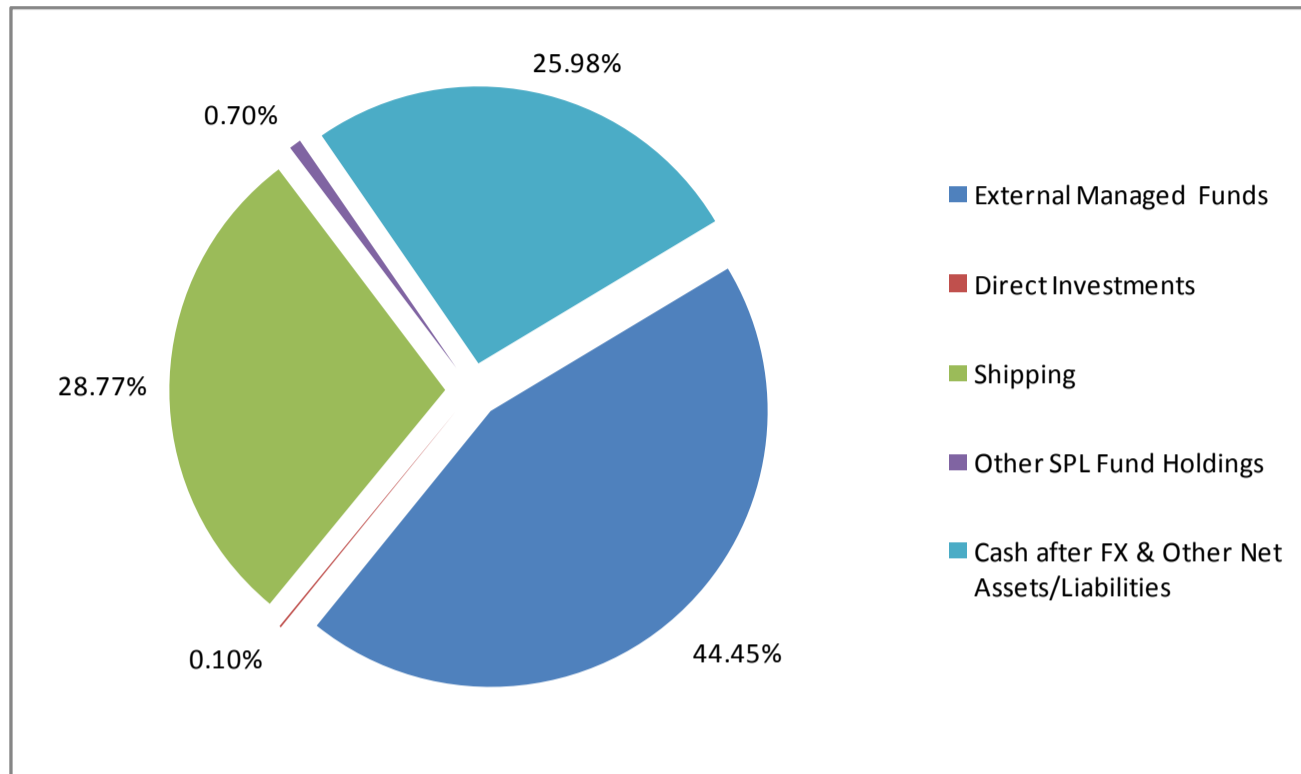
Holdings

Investment	Currency of Investment	Value as at 31 Jul 10 (in GBP)	Cash Movement	Value as at 30 Sep 10 (in GBP)	Contribution to Overall Bi-Monthly NAV Movement	Comments / Additional Information
Shipping Deal 1	USD	3,932,130	(9,049)	3,639,204	(1.80%)	Small ongoing monitoring costs were incurred during the period all of which were more than offset by the scheduled repayment of accrued interest by the borrower. The decline in value has been caused by a decrease in the valuation of the underlying collateral based on an appraisal provided by an independent shipping valuation agent.
Medley Opportunity Fund	USD	2,429,326	(48,503)	2,377,549	(0.02%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. A small distribution was received in September and a further distribution has since been received in November.
BMS Specialist Debt Fund Ltd	GBP	1,230,201	-	1,230,601	0.00%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Noble Venture Finance II Fund	GBP	1,297,120	(4,124)	1,186,400	(0.67%)	Fund revaluation based on the monthly statement provided by the underlying fund manager. We have provisionally agreed the details for the process for unwinding the fund although we are still awaiting a formal shareholder vote.
Bond Capital Partners I Ltd	EUR	824,403	-	922,076	0.62%	Fund revaluation based on the quarterly report provided by the fund manager.
Shipping Deal 3	EUR	721,056	-	752,604	0.20%	There has been no real movement on this asset since the last factsheet. The arbitration process continues and we hope to have more to report soon.
Growth Management Limited	USD	453,616	-	455,599	0.00%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Hedge Fund 1	USD	403,597	-	397,112	(0.04%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
FAM Global Structural Alpha Select	USD	244,366	-	217,130	(0.17%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
cru Investment Management Loan	GBP	15,668	-	15,587	(0.00%)	Slight decline in value due to a lower estimated return advised by the Liquidator. We are still currently working with him to recoup as much value on this loan as possible.
Aarkad Plc	USD	186,317	-	-	(1.18%)	The Liquidator reported in September that based on the anticipated realisations from the underlying portfolio there would be no recovery for investors. The value of this holding has therefore been written down in line with this. However, this estimate does not take in to account any realisations from proceedings that may be brought by the Liquidator against third parties. That said, any possible return via this route is both unknown in terms of quantum and timescale.
Financial Partners Loans	USD	-	-	-	-	
Arche Fund Ltd	USD	-	-	-	-	The Investment Manager for Arche is currently trying to negotiate a settlement with the leverage provider which would allow at least some return to investors. It is unclear if this will be successful so the NAV continues to be marked in line with expected return.
Stewardship International Fund Ltd	USD	-	-	-	-	The unwind of the fund continues but is taking longer than anticipated due to certain requirements in Bermuda where the fund is based. It is now not expected to be completed until some time in 2011 but still with minimal return to investors.
Holdings in Other SPL Funds						
SPL Treasury IC (AT1) Ltd	GBP	106,744	-	106,744	-	
Other						
Cash	GBP	4,025,243	16,932	4,042,987	0.01%	While the overall cash balance has increased, there has been an increase in the value of cash due to currency movements.
Other Net Liabilities	GBP	(61,769)	44,744	(76,461)	(0.38%)	
Total		15,808,018		15,267,132		

Performance Over Last 12 Months

	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
NAV per Share	0.5694	0.5653	0.5421	0.5414	0.5468	0.5387	0.5382	0.5570	0.5478	0.5337	0.5310	0.5154
% Change	(3.1%)	(0.7%)	(4.1%)	(0.1%)	1.0%	(1.5%)	(0.1%)	3.5%	(1.7%)	(2.6%)	(0.5%)	(2.9%)

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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