

Manager Commentary

The most significant activity on the Fund in the period and since, has been the ongoing enforcement process resulting from the default of the Nautical Ventures loan. Two of the vessels have now been successfully auctioned with the proceeds due to the Fund in early May and two further vessels are scheduled for auction in April. The remaining three vessels are being processed by the Nigerian court system and we are hopeful of having auction dates some time in June. In the interim, we continue to work on alternative options that may expediate some form of settlement prior to auction. Unfortunately, falling shipping rates, the poor quality of the vessels and their deteriorating state of mechanical repair plus the costs of the enforcement have weighed heavily on performance and have been the largest detractor during the period. The other main cause of the decline in NAV was the c.3% rise in the value of GBP versus USD, a movement which detrimentally impacted the value of all USD assets. On a more positive note, the buyers of Lonscale continued to make repayments. Please note that performance shown is for both December and January.

Share Buybacks

A significant landmark in the process of providing liquidity to investors was reached on 31 March 2010 with the lifting of the suspension of trading. As at 14 March 2011 when these factsheets were finalised, the fund had spent £548k in buying back shares since the suspension was lifted. 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.

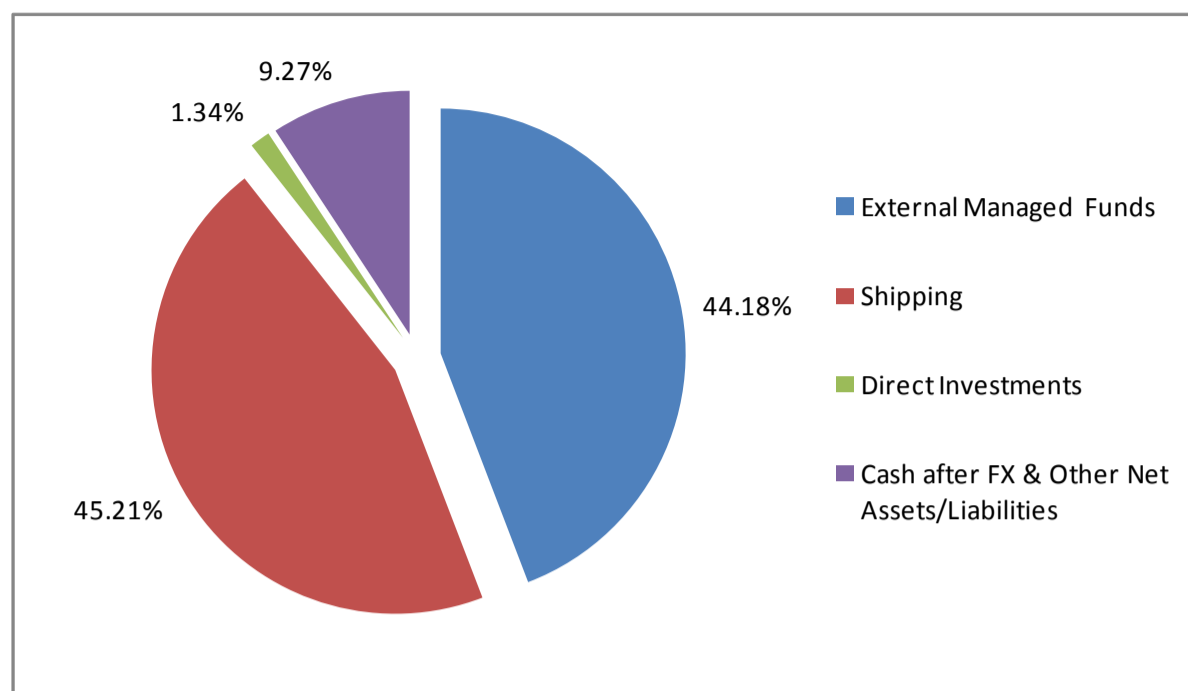
Fund Objective

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. This objective is as per the EGM resolution dated 28 January 2010.

Holdings

Investment	Currency of Investment	Value as at 30 Nov 10 (in GBP)	Cash Movement	Value as at 31 Jan 11 (in GBP)	Contribution to Overall Change in Net Assets in the Period	Comments / Additional Information
Nautical Ventures Loan	USD	4,230,281	403,722	3,627,247	(10.04%)	Since the November factsheet, two bulkers have been successfully auctioned with the proceeds due to the Fund by early May. Two further bulkers have auction dates set for April, while our advisors anticipate the three tankers will be auctioned some time in June. However, the situation with the tankers is dependant on the Nigerian court system and we await further developments. In the interim, the legal and other costs associated with the enforcement have continued to accrue, further impairing shareholder value in the period covered by this factsheet.
Noble Venture Finance II Fund	GBP	1,186,400	(2,749)	1,212,960	0.29%	Fund revaluation based on the monthly NAV provided by the fund manager.
Ark Royal Fund Ltd	USD	1,192,701	-	1,155,023	(0.38%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Bond Capital Partners I Ltd	EUR	1,108,168	-	1,133,558	0.25%	Fund revaluation based on the quarterly report provided by the fund manager.
Hedge Fund 1	USD	477,829	-	455,733	(0.22%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Santa Maria Loan	EUR	473,046	24,070	421,837	(0.75%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Lonscale Deferred Consideration	GBP	71,425	(77,733)	89,179	0.95%	Deferred consideration payments received during December and January with further payments subsequently received in February. The purchaser has recently requested a rescheduling or the remaining payments because the business can not support the cash flow burden. A lower monthly repayment schedule has now been agreed with an extended maturity date of February 2013 (previously February 2012). While this is not ideal, we are conscious of ensuring the ongoing viability of the business to allow the full deferred consideration to be paid.
Cru Investment Management Loan	GBP	40,221	-	31,114	(0.09%)	The Liquidator is continuing to follow a number of lines of enquiry in order to recoup as much value as possible. We will advise of any further developments if and when they happen.
The Cloud Loan Note	EUR	47,490	-	-	(0.47%)	Loan now fully repaid and position exited.
Other						
Cash	GBP	1,505,561	(446,784)	1,067,945	0.09%	While the overall cash balance has decreased, there has been an increase in the value of cash due to currency movements.
Other Net Liabilities	GBP	(307,661)	99,475	(238,055)	(0.30%)	
Total		10,025,461		8,956,541		

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 Revised Performance Fee for the Fund is now calculated as follows:
 - (a) where the Cash Proceeds are equal to or less than Base Cost - no Performance Fee is payable;
 - (b) where the Cash Proceeds received by the Company are greater than Base Cost but less than the Base Cost plus 3% - the Performance Fee shall be 1.5% of cash received on the realisation of the relevant investment;
 - (c) where the Cash Proceeds received are equal to or greater than Base Cost plus 3% but less than Base Cost plus 7% - the Performance Fee shall be 2% of cash received on the realisation of the relevant investment; and
 - (d) where the Cash Proceeds received are equal to or greater than Base Cost plus 7% - the Performance Fee shall be 3% of cash received on the realisation of the relevant investment.
- The "Base Cost" of an investment in calculating the Revised Performance Fee is the audited carrying value of that investment as included in the Company's financial statements as at 31 March 2010, plus the carrying value of any debtors related to that investment included in the Company's 31 March 2010 financial statements, plus any amounts that have been added to the cost of that investment (per the Company's accounts) since 31 March 2010.
- The ISIN for the Fund is GG00B1VNNJ48.
- The Sedol for the Fund is B1VNNJ4.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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