

**Manager Commentary**

The Nautical Ventures enforcement is once again the main activity we have to report. Proceeds from the sale of vessel three were received in August, while there is a delay with those from vessel four due to a legal dispute over costs with the cargo interests which is currently being dealt with by the courts in Singapore and we hope will be resolved shortly. The tankers in Nigeria continue to go through the legal process with two vessels now sold and awaiting potential claimants against the proceeds, while the final tanker is somewhat further behind in its timeline as we still wait for an auction date. Moving on, Noble Venture Finance made a distribution of around 31% of NAV in June and we are also hopeful of a larger payment at some point in Q4, although this is still to be confirmed. Assuming this goes ahead, this would be a significant proportion of the value distributed. Unfortunately there were no further significant developments in the period or since. Please note that performance shown is for both June and July.

**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 21 September 2011 when these factsheets were finalised, the fund had spent £3.6m 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](http://www.cisx.com).

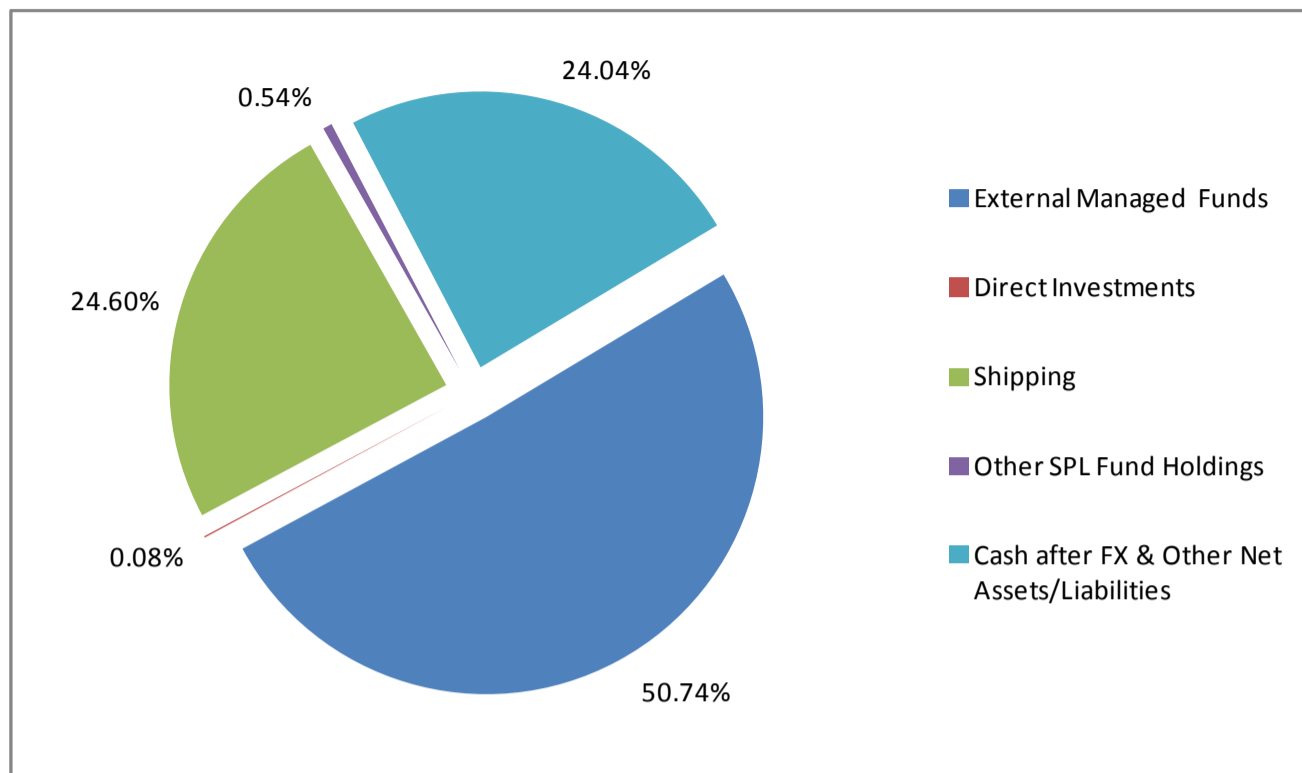
**Fund Objective**

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

**Holdings**

Investment	Currency of Investment	Value as at 31 May 11 (in GBP)	Cash Movement	Value as at 31 July 11 (in GBP)	Contribution to Overall Change in Net Assets in the Period	Comments / Additional Information
Medley Opportunity Fund	USD	1,963,769	-	1,886,617	(0.80%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Nautical Ventures Loan	USD	1,523,640	(241,811)	1,223,127	(0.61%)	Cash from the third vessel auction was subsequently received in August while a dispute over costs with the cargo interests of vessel four means we are still waiting on a finalised date for the money to be released. Regarding the two sold tankers, the Nigerian courts continue to hold the proceeds while claims are lodged against them and we continue to wait for the courts to do what they deem necessary before releasing the funds. Delays in the legal system mean the auction process for the final tanker is still not yet under way. As a result, this vessel still remains some way behind in terms of the timing for seeing any proceeds.
BMS Specialist Debt Fund Ltd	GBP	1,046,093	-	1,069,536	0.24%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Noble Venture Finance II Fund	GBP	1,274,104	(400,000)	874,104	-	Fund revaluation based on the monthly NAV provided by the fund manager. A distribution of around 31% of NAV was received in June.
Bond Capital Partners I Ltd	EUR	974,727	-	918,706	(0.58%)	Fund revaluation based on the quarterly report provided by the fund manager.
Shipping Deal 3	EUR	715,403	-	591,453	(1.28%)	The arbitration process continues.
Growth Management Limited	USD	412,908	-	414,382	0.02%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Hedge Fund 1	USD	313,205	-	314,730	0.02%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
FAM Global Structural Alpha Select	USD	156,913	-	151,058	(0.06%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Cru Investment Management Loan	GBP	5,836	-	5,836	-	The investigations being conducted by the Liquidator continue.
Financial Partners Loans	USD	-	313	-	(0.00%)	A small legal fee incurred during the period.
Aarkad Plc	USD	-	-	-	-	The latest update from the Liquidator received in July provided no new information of material significance. The Liquidator continues his investigations in to the fund and its principal parties but has reiterated his earlier statement that there is likely to be zero recovery for shareholders.
Arche Fund Ltd	USD	-	-	-	-	The Investment Manager for Arche continues to try to negotiate a settlement with the leverage provider which would allow at least some return to investors and hopes to have more to report soon.
Stewardship International Fund Ltd	USD	-	-	-	-	The unwind of the fund continues with completion not now expected until 2012, although still with minimal return to investors.
<b>Holdings in Other SPL Funds</b>						
SPL Treasury IC (AT1) Ltd	GBP	51,855	-	39,760	(0.13%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
<b>Other</b>						
Cash	GBP	1,291,145	588,353	1,880,964	0.02%	While the overall cash balance has increased, there has also been a marginal increase in the value of cash due to currency movements.
Other Net Liabilities	GBP	(74,157)	53,144	(107,688)	(0.90%)	
<b>Total</b>		<b>9,655,441</b>		<b>9,262,585</b>		

## 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 1.25%.
- 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 GG00B1LGBF54.
- The Sedol for the Fund is B1LGBF5.
- 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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