

Manager Commentary

Since the date of this factsheet, the suspension of the shares of the Fund on the CISX has been lifted allowing shareholders access to a degree of liquidity. At the asset level, the final cash advances made available to the borrower in Shipping Deal 1 are to be drawn in June allowing the completion of the conversion works, and significantly meaning an end to the initial negative NAV impact of these drawdowns. As mentioned in February's factsheet, the fleet in Shipping Deal 1 received its semi-annual independent broker valuation as at 31 March which saw a modest rise in the overall valuation. The Intra-ICC shares due as part of the Lonscale sale were received during March and appear as new holdings below. These have subsequently been sold in to the buyback process generating cash for the Fund. In addition, the first deferred cash payment also due from the sale of Lonscale was received by the Fund in June. Finally, the Fund enjoyed a large cash distribution during March from one of its hedge fund holdings (c. \$330k). Now all of the initial deal restructuring work has been completed we are moving in to a more conventional run-off phase, where the assets should continue to liquidate and return capital to the Fund with less intervention from ourselves. As a result, we anticipate there will be less to report during this time, we will therefore begin producing factsheets on a bi-monthly basis going forward as previously advised. With the financial year end for the SPL funds being March, a large amount of extra work has been required for these valuations. Although as yet unaudited, this has led to the delay in the publication of the March NAV and subsequent factsheet.

Share Trading

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 June when these factsheets were finalised, the fund had spent £1.119m in buying back shares. Any investor wishing to sell in the market should request their stockbroker to contact the CISX 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.

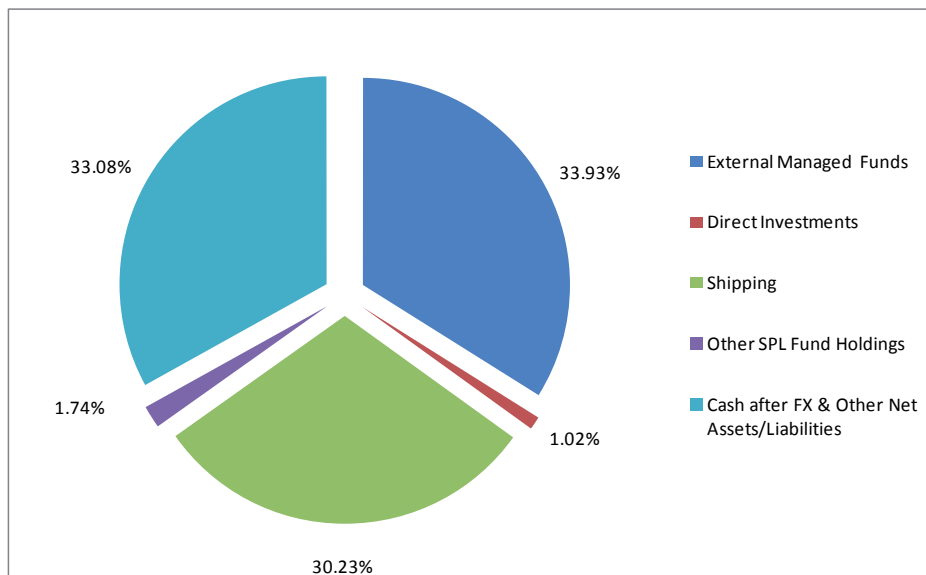
Holdings

Investment	Currency of Investment	Value as at 26 Feb 10 (in GBP)	Cash Movement	Value as at 31 March (in GBP)	Contribution to Overall Monthly NAV Movement	Comments / Additional Information
Shipping Deal 1	USD	3,511,669	98,219	3,679,189	0.50%	Further drawdowns in the month were more than offset by a 4%+ uplift in the valuation of the fleet based on the six monthly independent broker valuation carried out by Clarksons.
Acheron Portfolio Corporation	USD	2,339,154	-	2,383,721	0.32%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Growth Management Limited	USD	1,005,699	(21,882)	992,761	0.07%	Monthly fund revaluation based on the NAV provided by the fund's administrator. Small distribution received in March.
Medley Opportunity Fund	USD	711,558	-	713,550	0.01%	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Hedge Fund 1	USD	838,511	(222,676)	650,374	0.25%	Monthly fund revaluation based on the NAV provided by the fund's administrator. A cash distribution of around 25% was received during March.
Santa Maria Linked Funding Note	EUR	608,036	-	550,410	(0.42%)	Prior to the auction, 3rd parties with claims against the vessel lodged priority liens with the Greek courts. These liens are payable before the claim of the SPL funds which has further eroded recoverability. We are currently negotiating to reduce these claims were possible before taking ownership of the Santa Maria. This will bring to an end a long and painful process of taking control through the Greek courts. We hope now to realise some value from the asset
cru Investment Management Loan	GBP	36,709	-	62,396	0.19%	Increase in valuation based on the liquidators initial report. We are still currently working with the liquidator to recoup as much value on this loan as possible.
Agamas Continuum Fund Ltd	USD	4,008	-	4,020	0.00%	
LM Isis Opportunities Fund Ltd	USD	2,119	-	2,125	0.00%	
Arche Fund Ltd	USD	-	-	-	-	
Lonscale Mezz Funding Note	GBP	-	-	-	-	Debt forgiven in exchange for shares in other SPL funds previously held by the seller and received during March. These are listed as new holdings below. The scheduled cash consideration will only be recognised upon receipt.
Financial Partners Loans	USD	-	-	80,392	0.59%	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 and this uplift has been reflected in the March valuations.
Stewardship International Fund Ltd	USD	-	-	-	-	The wind-up of this fund is now expected to be completed during Q3 2010 with no further return to investors.
Holdings in Other SPL Funds						
SPL China Energy (NR1) IC Ltd	USD	25,042	-	24,961	(0.00%)	Monthly fund revaluation based on the NAV provided by the fund's administrator. Liquidation of the fund is due to begin shortly, pending shareholder approval.
SPL Private Finance (PF1) IC Ltd	GBP	4,574	-	37,403	0.24%	Shares received in part settlement of the Lonscale sale. This holding has since been sold in to the buyback program.
SPL Structured Finance (PF4) IC Ltd	GBP	-	-	8,765	0.06%	Shares received in part settlement of the Lonscale sale. This holding has since been sold in to the buyback program.
Arch Private Finance IC Ltd	GBP	-	-	51,186	0.37%	Shares received in part settlement of the Lonscale sale.
SPL Treasury (AT1) IC Ltd 7% Funding Note	USD	112,567	-	-	(0.82%)	Debt written-off in exchange for all other equity holders giving up their shares pro-rata to the debt holders in order to simplify the capital structure. While this has decreased in value, there was a comparable increase in value in the equity held shown below.
SPL Treasury IC (AT1) Ltd	USD	-	-	121,119	0.88%	Equity received in exchange for the debt write-off shown above. Valuation based on the NAV provided by the fund's administrator.
Other						
Cash	GBP	4,568,809	(38,818)	4,532,362	0.02%	
Other Net Assets/Liabilities	GBP	(36,935)	185,158	96,008	(0.38%)	
Total		13,731,520		13,990,742	1.89%	

Performance (since March 2009)

	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10
NAV per Share	0.7796	0.7386	0.7202	0.7270	0.6468	0.6262	0.4700	0.4552	0.4459	0.4319	0.4300	0.4301	0.4383
% Change	(35.0%)	(5.3%)	(2.5%)	0.9%	(11.0%)	(3.2%)	(24.9%)	(3.1%)	(2.0%)	(3.1%)	(0.4%)	0.0%	1.9%

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%.
- 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 GG00B1LG9S42.
- The Sedol for the Fund is B1LG9S4.
- Information relating to the Fund is also available on the SPL Funds website (www.splfunds.com).

Disclaimer

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