

**Manager Commentary**

Once again the major activity on the Fund since the last factsheet relates to the Nautical Ventures enforcement process. The first set of auction proceeds were received by the Fund in May with proceeds from three further vessel disposals conducted by the courts due in the coming weeks. Progress on the three tankers currently held in Nigeria does continue with auctions for two of these having completed and an auction date for the third having now been set. However, the process following the auctions in Nigeria still has some way to go and we must now allow time for any creditors to lodge claims against the auction proceeds. The court will then decide which of these ranks in priority to that of the SPL funds as mortgagee, a course of action that is expected to take a number of months. Through our legal representatives we will endeavor to ensure this process is as transparent as possible and moves as quickly as the system will allow, although we do retain concerns about our ability to influence proceedings in this jurisdiction. We will continue to keep investors apprised of developments. During the period covered by this factsheet further distributions were received from Medley and from Hedge Fund 1. We have also subsequently received the first distribution from the BMS Specialist Debt Fund and been advised of funds to be paid by Noble Venture Finance by the end of H1. Please note that performance shown is for both February and March.

**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 19 May 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**

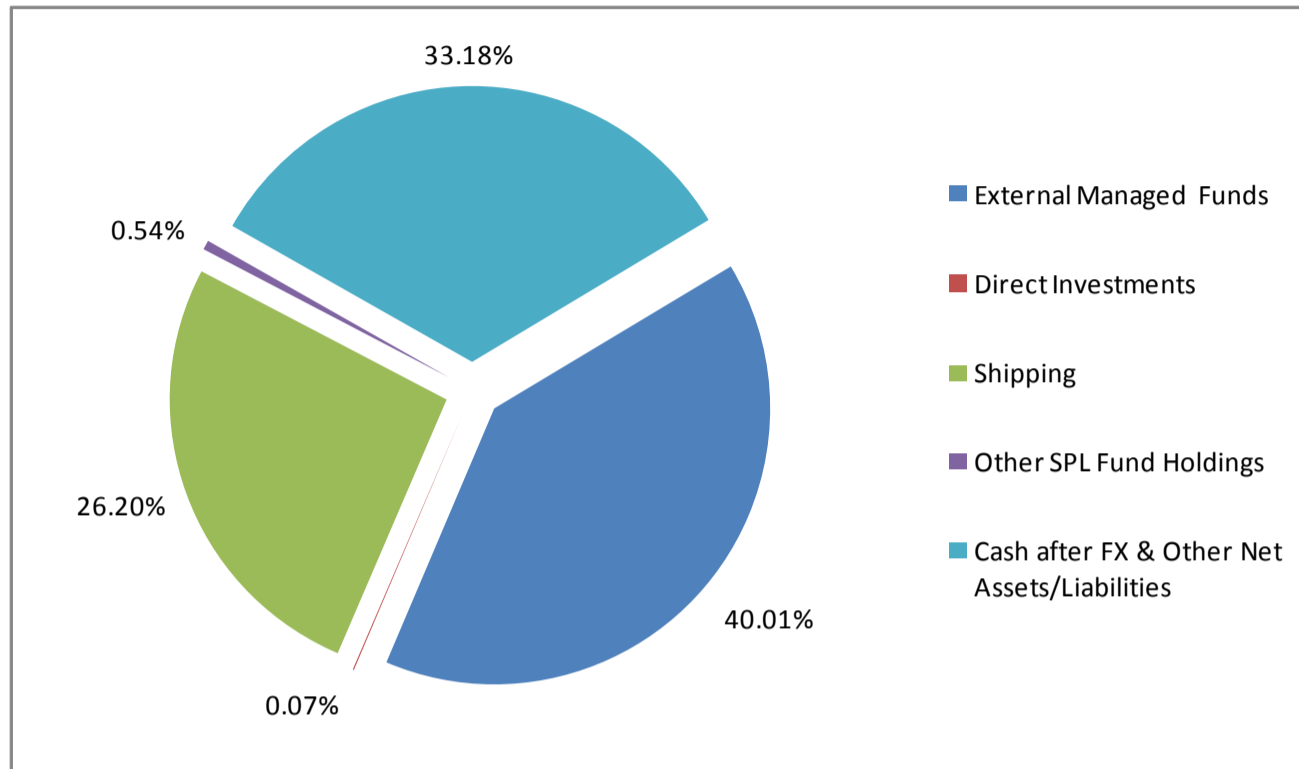
The Investment Manager will manage the Fund's portfolio with a view to realising its assets within the shortest period of time consistent with achieving a reasonable realisation price for such assets and with the intention of disposing of all such assets within 5 years. Realisations will be managed, 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 Jan 11 (in GBP) | Cash Movement | Value as at 31 Mar 11 (in GBP) | Contribution to Overall Change in Net Assets in the Period | Comments / Additional Information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------|------------------------|--------------------------------|---------------|--------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medley Opportunity Fund            | USD                    | 2,167,461                      | (95,795)      | 2,029,113                      | (0.33%)                                                    | Monthly fund revaluation based on the NAV provided by the fund's administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Nautical Ventures Loan             | USD                    | 2,215,189                      | 189,471       | 1,996,687                      | (3.17%)                                                    | Cash from the first auction was received in early May with proceeds from two further vessels due before the end of the month. Those due from a fourth vessel are expected in June. Of the three remaining tankers held in Nigeria, successful auctions were concluded for two of these a couple of days prior to writing, with an auction date set for the end of June for third tanker. However, post auction in Nigeria there is a period for claimants to submit claims against the auction proceeds that may rank in priority to the SPL funds as mortgagee. The number of claims, the speed with which they are dealt with and whether they need to be fought by the SPL funds, are all factors which will affect how quickly and what proportion of the auction proceeds are released to the SPL funds. Our most optimistic estimate is that this process will take at least three months but quite possibly considerably longer. Unfortunately, we remain very much in the hands of the Nigerian courts with somewhat limited ability to influence proceedings through our legal representatives. We will endeavor to keep investors updated with events as they unfold. |
| Noble Venture Finance II Fund      | GBP                    | 1,212,960                      | -             | 1,171,520                      | (0.32%)                                                    | Fund revaluation based on the monthly NAV provided by the fund manager.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| BMS Specialist Debt Fund Ltd       | GBP                    | 1,108,901                      | -             | 1,083,101                      | (0.20%)                                                    | Monthly fund revaluation based on the NAV provided by the fund's administrator. The first scheduled repayment has subsequently been received during April.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Bond Capital Partners I Ltd        | EUR                    | 906,847                        | -             | 983,681                        | 0.60%                                                      | Fund revaluation based on the quarterly report provided by the fund manager.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Shipping Deal 3                    | EUR                    | 741,684                        | 1,499         | 721,975                        | (0.16%)                                                    | The arbitration process continues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Growth Management Limited          | USD                    | 426,508                        | -             | 426,648                        | 0.00%                                                      | Monthly fund revaluation based on the NAV provided by the fund's administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Hedge Fund 1                       | USD                    | 371,951                        | (55,880)      | 322,580                        | 0.05%                                                      | Monthly fund revaluation based on the NAV provided by the fund's administrator. A distribution of c.15% of NAV was received in March.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| FAM Global Structural Alpha Select | USD                    | 201,923                        | -             | 164,218                        | (0.29%)                                                    | Monthly fund revaluation based on the NAV provided by the fund's administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Cru Investment Management Loan     | GBP                    | 12,058                         | -             | 6,767                          | (0.04%)                                                    | The investigations being conducted by the Liquidator continue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Financial Partners Loans           | USD                    | -                              | -             | -                              | -                                                          | We still await a revised proposal from the potential purchaser of the Dubai business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Aarkad Plc                         | USD                    | -                              | -             | -                              | -                                                          | There has been no further update from the Liquidator who continues to investigate the actions of the principal parties involved with the fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 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. It is still 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 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                    | 65,398                         | -             | 55,956                         | (0.07%)                                                    | Monthly fund revaluation based on the NAV provided by the fund's administrator.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Other                 |     |                   |          |                   |       |                                                                                                                                  |
|-----------------------|-----|-------------------|----------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------|
| Cash                  | GBP | 3,627,422         | (82,193) | 3,545,673         | 0.00% | While the overall cash balance has decreased, there has been a marginal increase in the value of cash due to currency movements. |
| Other Net Liabilities | GBP | (175,958)         | 42,897   | (103,450)         | 0.23% |                                                                                                                                  |
| <b>Total</b>          |     | <b>12,882,344</b> |          | <b>12,404,469</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:
  - where the Cash Proceeds are equal to or less than Base Cost - no Performance Fee is payable;
  - 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;
  - 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
  - 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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