

Manager Commentary

The Nautical Ventures enforcement has continued to move forward with proceeds from a second vessel received in June while those due from vessels three and four now expected to arrive in July and August respectively. The court process with regard to two of the Nigeria based tankers continues to advance with auctions having been successfully completed. The courts are now waiting for potential claimants to lodge their claims against the auction proceeds before finally releasing the remaining funds, although the number and complexity of any claims will heavily influence how long this procedure takes. The third Nigerian based tanker is somewhat behind in the court process with a further hearing date set for September before an auction can hopefully be conducted. Moving away from Nautical Ventures, the BMS Specialist Debt Fund made its first scheduled distribution in April while Noble Venture Finance also subsequently made a large distribution which was received in June. The accumulated cash received from the various underlying investments allowed the Fund to carry out a tender offer for £2.5m in the period bringing the total amount returned to investors by the Fund to £3.6m. Please note that performance shown is for both April and May.

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 July 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.

Fund Objective

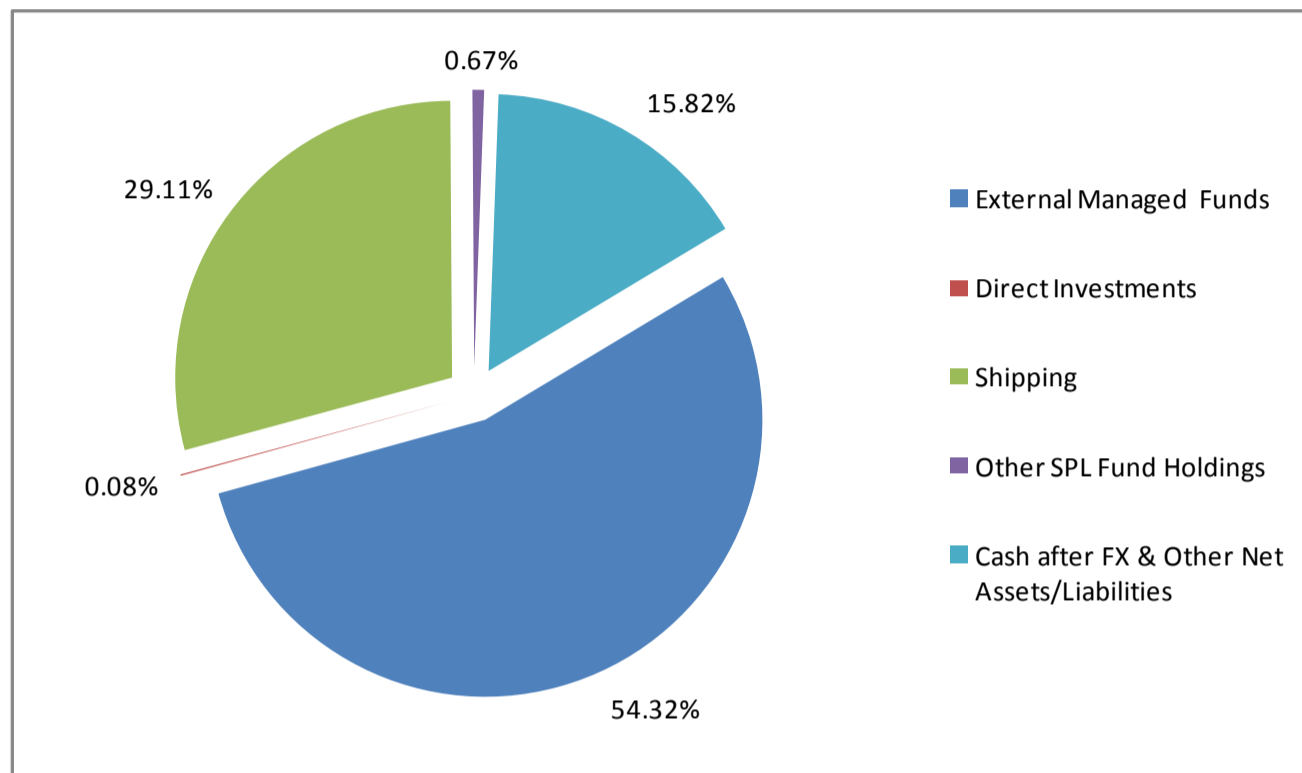
The Investment Manager will manage the Fund's portfolio with a view to realising its assets within the shortest period of time consistent with achieving a reasonable realisation price for such assets and with the intention of disposing of all such assets within 5 years. Realisations will be managed, 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 Mar 11 (in GBP)	Cash Movement	Value as at 31 May 11 (in GBP)	Contribution to Overall Change in Net Assets in the Period	Comments / Additional Information
Medley Opportunity Fund	USD	2,029,113	-	1,963,769	(0.53%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Nautical Ventures Loan	USD	1,996,687	(273,737)	1,523,640	(1.61%)	Cash from the first auction was received in May with proceeds from a further vessel having subsequently been received in early June. Delays with the respective court processes has meant the proceeds for vessels three and four are now expected at the end of July and the end of August respectively. With two of the three remaining tankers held in Nigeria having been successfully auctioned, we are now waiting for potential claimants to lodge their claims against the proceeds. In a best case scenario where no claimants come forward, it is possible the proceeds could be released to us some time in August. However, in the event multiple and/or contentious claims are lodged against the proceeds, it is unclear how long it will take to fight such claims through the legal channels. After two hearings in recent weeks in relation to the final tanker, a further hearing date has been set for September with a judgement due within two weeks of this date. The vessel can then be auctioned followed by the previously highlighted process for potential claims against these proceeds. Unfortunately, the enforcement process continues to accrue costs and these have been the cause of the decline in value of this asset during the period.
Noble Venture Finance II Fund	GBP	1,171,520	(1,596)	1,274,104	0.84%	Fund revaluation based on the monthly NAV provided by the fund manager. A distribution of around 32% of NAV was subsequently received in June.
BMS Specialist Debt Fund Ltd	GBP	1,083,101	(42,485)	1,046,093	0.04%	Monthly fund revaluation based on the NAV provided by the fund's administrator. The first scheduled repayment was received in April.
Bond Capital Partners I Ltd	EUR	983,681	-	974,727	(0.07%)	Change in value due to currency movements.
Shipping Deal 3	EUR	721,975	11,026	715,403	(0.14%)	The arbitration process continues.
Growth Management Limited	USD	426,648	-	412,908	(0.11%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Hedge Fund 1	USD	322,580	-	313,205	(0.08%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
FAM Global Structural Alpha Select	USD	164,218	-	156,913	(0.06%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.
Cru Investment Management Loan	GBP	6,767	-	5,836	(0.01%)	The investigations being conducted by the Liquidator continue.
Financial Partners Loans	USD	-	(791)	-	0.01%	We still await a revised proposal from the potential purchaser of the Dubai business.
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. 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.
Holdings in Other SPL Funds						
SPL Treasury IC (AT1) Ltd	GBP	55,956	-	51,855	(0.03%)	Monthly fund revaluation based on the NAV provided by the fund's administrator.

Other						
Cash	GBP	3,545,673	(2,257,465)	1,291,145	0.02%	While the overall cash balance has decreased, there has been a marginal increase in the value of cash due to currency movements.
Buybacks	GBP	-	2,499,406	-	(20.15%)	Cash distributed to investors reduced the overall NAV of the Fund but contributed to an increase in the NAV per share due to the small discount at which these shares were purchased.
Other Net Liabilities	GBP	(103,450)	65,642	(74,157)	(0.29%)	
Total		12,404,469		9,655,441		

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 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).

Disclaimer

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