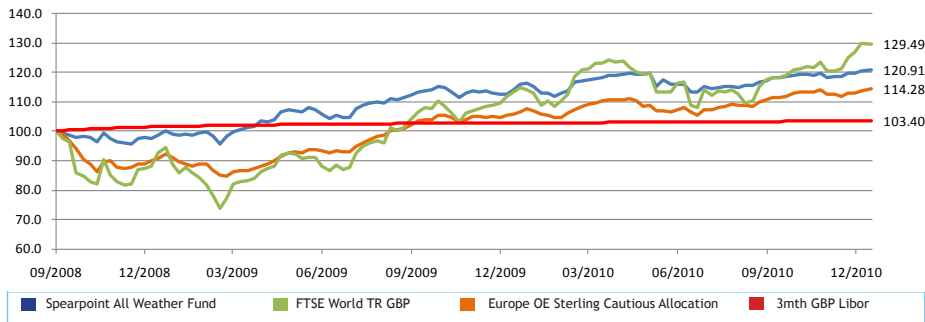


## Fund Objectives

The Fund aims to deliver consistent and attractive returns to investors, considerably in excess of the returns from cash after all fees and expenses. Over rolling three year periods, the Fund also aims to generate returns that are competitive with the returns from other major asset classes such as equities and bonds.

## Performance of the Fund since inception to 31 December 2010\*^



Source: Morningstar/Spearpoint

## Performance of the Fund since inception to 31 December 2010\*^

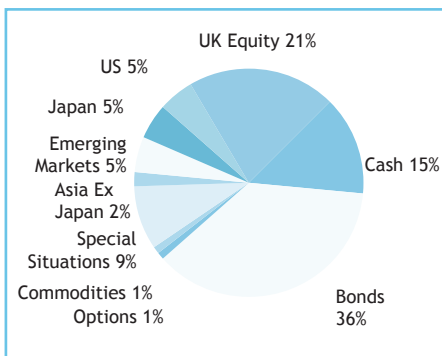
|  | Return | Annualised Return | Annualised Volatility | Sharpe Ratio* | Maximum Drawdown** |
|--|--------|-------------------|-----------------------|---------------|--------------------|
| Spearpoint All Weather GBP             | 20.91% | 8.65%             | 7.98%                 | 0.65          | -5.57%             |
| Europe OE Sterling Cautious Allocation | 14.28% | 6.01%             | 8.12%                 | 0.31          | -15.32%            |
| FTSE World TR GBP                      | 29.49% | 11.95%            | 20.57%                | 0.41          | -26.32%            |

\*Risk free rate 3.50% yield on 10yr UK Gilt \*\*Based on weekly data

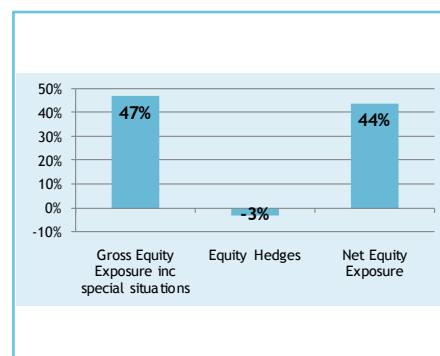
## Historical Monthly Returns\*^

| %    | Jan   | Feb   | Mar  | Apr  | May   | Jun   | Jul  | Aug  | Sep   | Oct   | Nov   | Dec  | Year  |
|------|-------|-------|------|------|-------|-------|------|------|-------|-------|-------|------|-------|
| 2010 | -0.82 | 0.72  | 4.05 | 1.17 | -2.08 | -3.49 | 1.46 | 0.60 | 2.21  | 1.23  | -0.69 | 1.81 | 6.11  |
| 2009 | 0.20  | -0.68 | 3.24 | 2.33 | 2.73  | -1.13 | 3.15 | 2.16 | 2.34  | -0.13 | -0.05 | 0.41 | 15.40 |
| 2008 |       |       |      |      |       |       |      |      | -1.20 | -2.57 | -0.31 | 2.90 | -1.26 |

## Asset Allocation



## Net Equity Exposure



## Fund Facts

**Class:** Institutional

**Fund Size:** £60.7m

**Base Currency:** GBP

**Launch Date:** 19<sup>th</sup> September 2008

**Dublin Inception Date:** 24<sup>th</sup> November 2010

**Launch Price:** GBP1.00

**Minimum Investment:** GBP10,000

**Return Objective:** LIBOR cash + 4% to 6% over rolling 3 year cycles

**Management Fee:** 1% + Performance Fee

**Dealing Frequency:** Daily (t+3 settlement)

**Lead Manager:** Kevin Boscher

**Sedol:** B57TGD9

**ISIN:** IE00B57TGD98

**Bloomberg Ticker Code:** SPASNRI ID

**Domicile:** Dublin

**Fund Type:** UCITS III

**Fund Structure:** SPL Investment Funds PLC is an open-ended umbrella investment company with segregated liability between sub-funds, registration number 454277

**UK Reporting Status:** Non Reporting Class

**Regulation:** Central Bank of Ireland

**Stock Exchange Listing:** Irish

## \*^Performance Note

The performance data up to 23/11/2010 reflects the performance of the Spearpoint All Weather Fund, which was a cell of Spearpoint Investment Funds PCC Ltd (a protected cell investment company registered with limited liability in Guernsey, registration number 49131) and was managed with comparable parameters, guidelines and investment process by the same principals as this Fund. The Fund switched from a Guernsey scheme to an Irish listed sub-fund on 24/11/2010, as detailed above in the Fund Facts. From this date the liquidity of the Fund and expenses of the Fund vary from those to which the prior performance relates. Past performance should not be used as a guide to future performance.



### Review

Equities ended the year strongly, driven higher by the combination of improving economic data, signs of a pick-up in corporate activity and news of additional fiscal stimulus in the US. Government bond prices, on the other hand, fell sharply (yields rose) as investors reacted to the prospects of a stronger global economy and the implications for both inflation and interest rates. Corporate bonds held up relatively well, although yields rose modestly for many investment grade issues. The Fund was able to take advantage of these conditions and rose 1.8% during the month, resulting in a gain of 6.1% for the year.

Please note that this performance includes the periods pre and post the transfer of the Funds to Dublin on 24 November, when the price was re-set at £1.00.

### Outlook

Recent economic data clearly indicates that the global recovery is intact and fears of a double-dip recession have abated. The global economy looks set to expand at a modestly above-trend pace next year, driven by continued strong growth in the emerging world, together with a US economy which has emerged from its "soft patch" and appears ready to surprise on the upside. However, the polarised nature of the global economy remains one of the key risks with the developed economies struggling to sustain their recoveries without additional monetary stimulus. The developing world, on the other hand, is experiencing strong growth, together with rising commodity and food inflation and is leaning towards tightening policy. One of the consequences of this divergent picture is that we remain in an environment of competitive currency devaluations. The debt problems in the Euro zone, and the peripheral countries in particular, remain another key risk for the economy and financial markets.

Despite the improved tone of economic data, policy has become even more supportive, especially on the monetary side. One of the key reasons that policymakers can stay accommodative is that inflation should stay dormant in the developed world thanks to the lingering risk of deflation (as these economies continue to deleverage) and the continued existence of significant spare capacity at a global level.

The combination of a strengthening economic recovery and additional policy stimulus is a constructive environment for equities and commodities, at least in the near-term. Valuations are reasonable, corporate fundamentals are strong, profit margins are high and cash-rich companies are likely to embark on a programme of increased dividends, share buy-backs and merger & acquisition activity (M&A) as their confidence grows in the global economic outlook. Earnings growth should be a key driver of returns as we enter the next phase of the cyclical bull market.

Equities should outperform cash and government bonds over the coming year, especially as earnings yields on many markets exceed government bond yields by near record amounts, even after the recent rise in bond yields. However, as occurred in 2010, it could be another roller-coaster year and investors should be prepared for continued volatility and the possibility of sharp reversals from time to time. The problems in Europe are likely to prove the biggest threat for stocks, but rising government bond yields could also prove to be problematic. The environment for government bonds is becoming a lot tougher and fixed income markets are caught in a tug of war. The recent sell-off in bonds is probably overdone and yields are unlikely to spike higher in the near future, but recent market action is probably a taste of things to come.

In summary, we believe that we remain in a cyclical bull market underpinned by a gentle macro recovery, easy monetary conditions and strong corporate results. However, the environment is still very uncertain and fragile since the world economy remains an unstable and unbalanced place with policy makers facing a number of serious challenges and risks. We anticipate that our investment approach will continue to be active in 2011, as markets are likely to be just as volatile and difficult as they were in 2010.

### Tactical Holdings

- M&G Optimal Income
- UK Gilt 3.75% 2019
- GlaxoSmithKline
- Vodafone
- ITV
- Barratt Developments
- GAM China
- Investec Asia
- Schroder UK Alpha Plus
- JO Hambro Japan
- Ishares S&P 500

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