

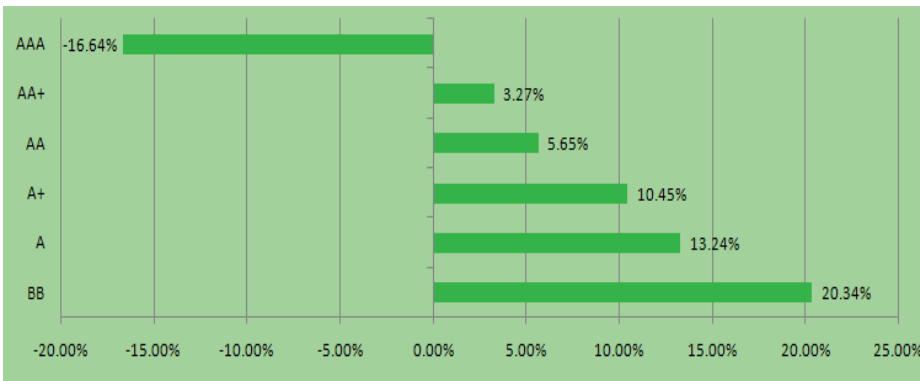
Fund Objectives

The investment objective of the Spearpoint (Sterling) Fixed Income Fund is to seek to maximise total return, consistent with the preservation of capital and prudent investment management, from investment into fixed income instruments which are predominantly Sterling denominated. The target, although not guaranteed, is 3 month Sterling LIBOR + 2%.

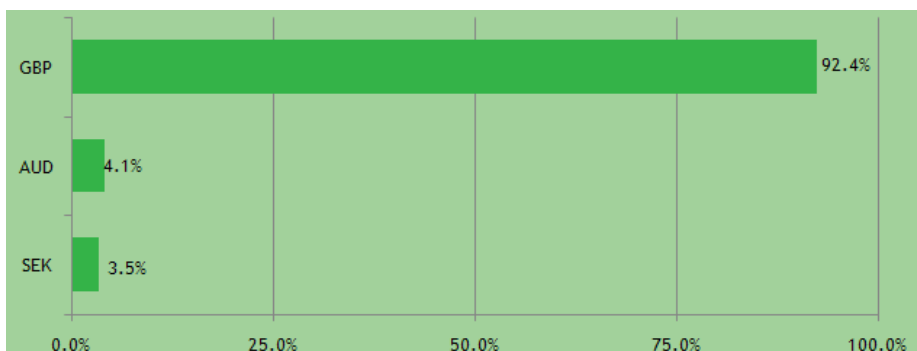
Exposure

Sector	Exposure	Net Exposure	Duration
UK Government Bonds	41.2%	-13.6%	-1.13
GBP Corporate Bonds	47.1%	47.1%	1.94
GBP Floating Rate Notes	9.3%	9.3%	0.02
US Treasury Bonds	0.0%	-6.6%	-0.40
UK Short Term Interest Rate	0.0%	-3.6%	0.00
Cash	2.4%	0.0%	0.00
TOTAL	100.0%	32.6%	0.43

Net Exposure By Rating - S&P Rating



Currency Allocation



Fund Facts

Base Currency: GBP

Launch Date: 04 Nov 2010 at GBP 1.00

Minimum Investment: GBP10,000

Target Total Return: GBP 3 month LIBOR + 2%

Management Fee: 0.65% + Performance Fee

Dealing Frequency: Daily (t+3 settlement)

Lead Manager: Mark Despres

Income: Semi-annually

Payment Dates: Jan, Jul

ISA/PEP/SIPP Eligible: Yes

Reporting Fund Status: Yes

Sedol: B40J0B5

ISIN: IE00B40J0B52

Bloomberg Ticker Code: SPAFIAU ID

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

Custodian: BNY Mellon Trust Company (Ireland) Limited

Auditors: Deloitte & Touche



Commentary

Government bond prices in the US, UK and Germany increased in value during June as markets focussed on the next stage of the financial crisis that started back in 2008. In 2008 it was all about high levels of debt in the financial system and on corporate balance sheets. At the time, to stimulate growth and engender confidence, policy markets cut interest rates to zero and introduced extraordinary monetary policy measures under the banner of Quantitative Easing (QE). Under QE central banks purchased financial assets, increasing their balance sheets and correspondingly their levels of national debt. Through QE the debt was basically transferred from the private sector balance sheet onto the public sector balance sheet. Governments are now heavily indebted. The next stage of the financial crisis is focused on the health and solvency of governments. Clearly a lot has been written about the peripheral European nationals, such as Greece; however, even the US is coming under the spotlight and has been put on negative watch for a potential downgrade from the major ratings agencies.

The US Debt ceiling has been raised, after a destabilising battle between the Democrats and Republicans, highlighting that the US has a number of major obstacles ahead. The US political situation is different now from when Mr Bernanke, the Federal Reserve (Fed) Chairman, initiated QE2 last year. The House of Representatives was ready then to allow the Fed a free hand but, following mid-term elections, there is now a majority hostile to a policy that looks too much like debasing the currency. Last November, the Treasuries market and the US dollar reacted adversely to the Fed's decision to embark on QE2. There could easily be a more determined flight from US assets if the Fed were to decide on creating more liquidity, especially as US fiscal policy is also now a cause for international concern. In particular China continues to vociferously object to the Fed's QE programme. The US-China strategic talks in May, apparently reached agreement. The price for Beijing's allowing more rapid yuan appreciation is likely to have been the US's abandonment of QE as a policy instrument.

The Fed has little left in their armoury. Do they embark on QE3, maybe, however the benefits of the first 2 rounds of QE are starting to be questioned and international reaction to further QE maybe strong. What do governments do, they need to introduce austerity to reduce the level of national debt, yet growth is slowing which too much austerity will clearly compound.

A break down in global governance is at the heart of the current crisis and until governments get their house in order it will be difficult for financial markets to move forward. The options open to governments and central banks are clearly limited and there are some difficult decisions to be made. One thing is certain, governments will be heavily indebted for many years to come and it won't be long before markets start to focus on the health of the big nations.

Based on our concern for government bonds, all exposure to this sector has been hedged using financial derivatives. Capital allocations and exposure continues to be focused on short dated quality corporate bonds trading at or below par and bonds outside of the funds base currency denominated in AUD and SEK. We are confident that the Fund will continue to provide superior returns to cash over the next few years.

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