

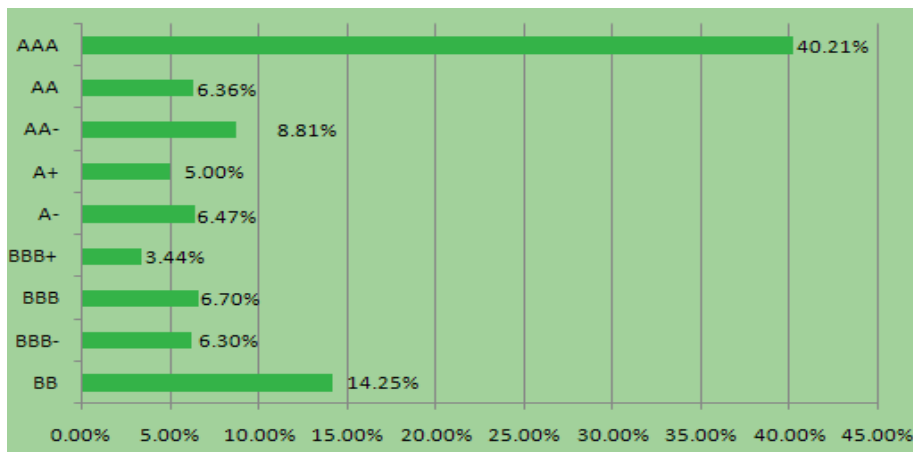
Fund Objectives

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%.

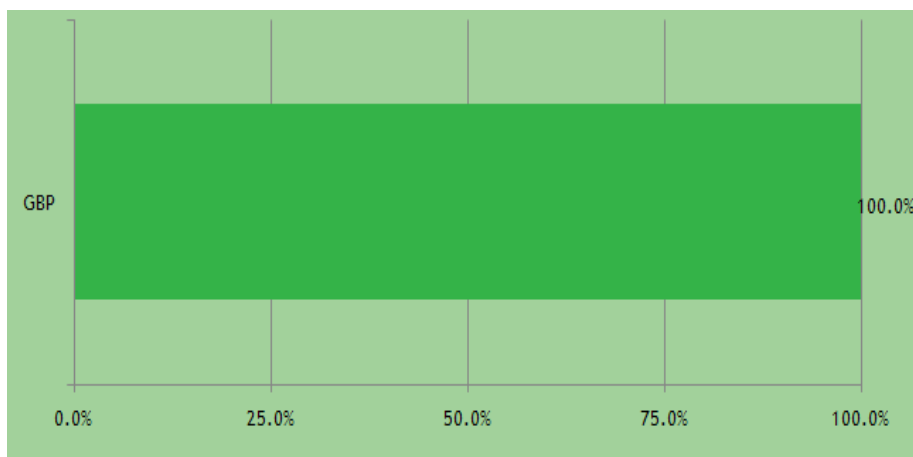
Exposure

Sector	Exposure	Net Exposure	Duration
UK Government Bonds	29.1%	29.1%	1.76
UK Government Index Linked	7.0%	7.0%	0.35
GBP Corporate Bonds	61.4%	61.4%	2.44
Cash	2.5%	0.0%	0.00
TOTAL	100.0%	97.5%	4.55

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: Spearpoint Limited

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



Commentary

November was a tough month for equities and risk assets as the crisis in Europe appeared to escalate out of control. Global equities sold off aggressively, the US Dollar rallied strongly (even against Asian and other emerging market currencies), commodities fell heavily and corporate credit spreads rose (prices fell). There were very few hiding places as even government bonds declined with the exception of US Treasuries and UK Gilts. Gilts were strong across the yield curve as the UK benefited from a perceived "safe haven" status, amidst the turmoil in Euro zone debt markets. Index-Linked issues also performed strongly. Although the Fund was reasonably conservatively positioned, it fell 0.8%, due mainly to "mark-to-market" losses on the corporate issues.

Global equities and Euro zone periphery bonds rallied hard towards the end of the month on the back of two major new developments. Firstly China unexpectedly cut the Reserve Requirement for banks by 0.5% as a sign of monetary easing. The markets immediately rallied on the news. Then, the US Federal Reserve (Fed) and five other major central banks cut the cost of providing emergency Dollar funding for European banks and made additional liquidity available as part of a globally co-ordinated central bank response to Europe's debt and banking crisis.

Both of these actions are very welcome, especially after such a difficult few months. In China's case, it's probably a reflection of their concern over Europe and the likely negative impact on China and the region as well as their own economic weakness. The move by central banks was almost certainly a response to signs of a serious liquidity squeeze that has driven the cost of funding for European banks to the highest level since the aftermath of Lehman Brothers' collapse in 2008. There had been rumours for several days that a major European bank was having funding difficulties.

At last, we are seeing some of the global policy reaction that markets were crying out for. Will Europe do its bit? This is the big question that will dictate the outlook for financial markets over the next few months. The European Central Bank (ECB) meets on 8th December and, at the very least, we expect them to cut interest rates further. European policy makers then meet on the 9th December and it is no exaggeration to say that this meeting could decide the future of the Euro itself. Either, they convince the markets that they have a credible plan to deal with the debt and banking crisis, whilst addressing the lack of competitiveness and growth issues in the weaker countries; or, we are likely to witness the start of the break-up of the Euro zone in its current form and a series of sovereign debt defaults.

In our view, comments from policy makers in the past few days suggest that they finally understand how serious and precarious their position is and they seem more willing to compromise and find a way forward. Whilst they are unlikely to be in a position to announce a definitive solution, they need to produce a road map which shows how they intend to move towards closer fiscal union, which would then make it easier for the ECB to step up and use an expanded balance sheet (i.e. more Quantitative Easing or QE) to underwrite and support both the weaker sovereign credits and banks. This would address the liquidity issues and buy some time, whilst individual countries and the ECB attempt to tackle the longer-term solvency and growth concerns. Germany will need to relax its staunch resistance to both the ECB monetizing the debt and the issue of a common liability bond, but it may be willing to do this given greater fiscal control and the removal of the "Moral Hazard" issue, i.e. not being willing to simply bail out the profligate countries without something in return. Also, Germany itself is very likely in recession and would suffer directly from any further escalation of the crisis.

In the meantime, the aforementioned moves last week by China and the Fed were necessary because of the serious problems that exist in both the banking and the sovereign debt markets and because of the impending recession/depression in Europe. Thus, it's not the total solution and would likely not be enough to overcome a disorderly break-up of the Euro. However, it is good news (especially for China, Asia and commodities) and probably an indication that a global QE and liquidity response lies ahead. It should hopefully keep the rally going for a while longer, but the 9th December European summit is the key event.

As far as the UK is concerned, the most recent Office of Budget Responsibility's (OBR) economic and fiscal forecasts offered little in the way of good cheer for Gilt investors. The weakness of near term growth and the austerity programme has resulted in a sharp deterioration in the fiscal position. Gilt issuance will therefore likely remain heavy in 2012. However, this may well be shrugged off by the market as a further extension to the QE programme seems inevitable. The global macro background will also stay supportive for Gilts.

These are a crucial few weeks for the global economy and financial markets. It is certainly too early to turn more optimistic and substantially increase risk for the reasons discussed above. However, if the good news continues and Europe is able to play its part, then there is a lot of cash on the sidelines waiting to buy equities, corporate bonds and other risk assets, which have already discounted much of the bad news and which are offering attractive opportunities on a medium term view.

We continue to believe that our current strategy of investing in a balanced portfolio of quality corporate issues at attractive levels and UK Gilts (focussed on the 10 year maturity area and Index-Linked) is appropriate for now. However, we are ready to react and change strategy quickly if necessary. If Europe fails to take the necessary action this week, there is a real risk that the Euro will begin to fall apart, in which case all central banks would need to step in aggressively and supply substantial liquidity through QE and other measures. In addition, a further negative market reaction might force the Germans to change their views should the summit fail to deliver. In the meantime, we need to remain flexible and patient through this very tricky period, especially until we have more clarity on Europe.

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