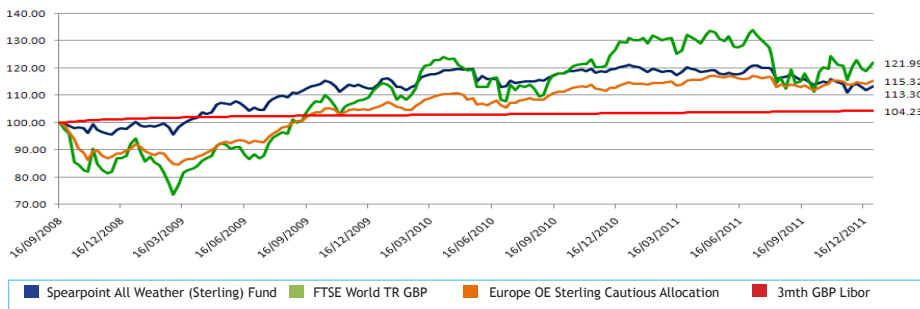


## Fund Objectives

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 30 December 2011\*^



Source: Morningstar/Spearpoint

## Performance of the Fund since inception to 30 December 2011\*^

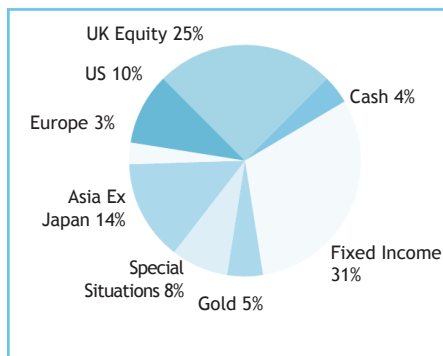
	Return	Annualised Return	Annualised Volatility	Sharpe Ratio*	Maximum Drawdown**
Spearpoint All Weather Sterling	13.3%	3.9%	7.7%	0.25	-8.3%
Europe OE Sterling Cautious Allocation	15.3%	4.4%	7.3%	0.34	-15.3%
FTSE World TR GBP	22.0%	6.2%	20.3%	0.21	-26.3%

\*Risk free rate 1.98% yield on 10yr Government Bond \*\*Based on weekly data

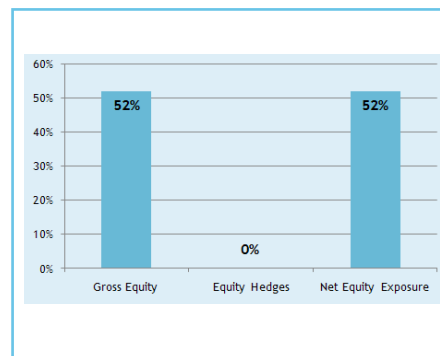
## Historical Monthly Returns\*^

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011	-1.95	0.28	1.17	-1.18	-0.36	1.65	-0.22	-1.85	-2.98	1.42	-2.09	-0.25	-6.29
2010	-0.82	0.72	4.05	1.17	-2.08	-3.49	1.46	0.60	2.21	1.23	-0.69	1.18	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

**Base Currency:** GBP

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

**Lead Manager:** Kevin Boscher

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

**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

**Administrator:** Capita Financial Administrators (Ireland) Limited

**Auditors:** Deloitte

**Reporting Fund Status:** Yes

## \*^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.

## Tactical Holdings

- M&G Optimal Income
- GlaxoSmithKline
- BG Group
- Polar Tech Fund
- Vodafone
- Atlantis China
- Gold Bullion
- UK Treasury 3 3/4% 2020
- UK Treasury 3 3/4% 2021
- Ishares MSCI Far East Ex-Japan
- Ishares S&P 500
- Barclays



**PRICE: GBP 0.9535 (as at 30 December 2011)**
**31 December 2011**

After the extreme volatility of the previous months, December proved relatively calm and benign with most equity markets ending the month either slightly lower or modestly higher. The Eurozone debt crisis continued to dominate the headlines, as was the case for most of the year. Investors will not be sorry to see the back of 2011, which has proved to be an extremely difficult and tumultuous period for both the global economy and financial markets. The Fund fell a modest 0.2% during the month.

As we head into 2012, investors and policy makers continue to face a number of serious and challenging economic and market problems. The crisis in Europe, excessive levels of public debt, large deficits, fiscal austerity, global imbalances, deleveraging and political transitions in many key countries have all increased the level of uncertainty and investor angst.

The key question for investment markets moving forward is whether the underlying conditions will improve or deteriorate at the margin. A lot of bad news has arguably been priced in to the current market levels and pessimism prevails. Confused investors are currently facing a frustrating dilemma. On the one hand, a break-up of the Euro would have catastrophic consequences for the global economy and financial assets. On the other hand, European policy makers do appear to be stumbling towards a solution, the US economy has regained momentum and China has started to ease policy. In the meantime, companies are largely in sound financial shape and are finding effective ways to grow profits, despite the difficult macro background. Overall, equities are cheap on most valuation grounds.

The Eurozone crisis will continue to be the key focus for investors in the early part of next year. Ultimately, the Eurozone needs a huge transfer of wealth from the stronger creditor nations to the heavily indebted ones in order to alleviate the debt burdens. Any chance of a remedy would also require a sustained period of strong economic growth and for the banking sector to be recapitalised. For any fiscal austerity plan to be effective, therefore, a balance must be found between the longer term debt and deficit reduction requirement and the shorter term need to restore economic growth. Alternatively, the needed funding could come from external sources, such as the International Monetary Fund (IMF), China or the printing presses of the European Central Bank (ECB). Given the Germans' apparent extreme reluctance to make the necessary fiscal transfers, together with the fact that an international bailout of sufficient size and scale is not practicable, then the printing of money (i.e. Quantitative Easing) by the ECB is almost certainly left as the only viable option.

In fairness, the central bank has already done much to alleviate the crisis in Europe; it has cut interest rates twice, participated in coordinated action to provide US Dollar funding, reduced banks' reserve requirements, made cheap and long-term financing available to banks and purchased more than €200 billion in sovereign bonds. Crucially though, the ECB has thus far stopped short of a policy that could end the crisis almost in its tracks; a blanket guarantee for banks and sovereigns. In the end it is our view that the ECB will have to step up to the plate and embrace the concept of massive Quantitative Easing (QE or printing money), despite the fears that Germany and others hold that this will lead to unacceptable levels of inflation. Essentially we argue that Europe has only two ways out of this economic nightmare; either it has to inflate its way out of the debt or suffer a prolonged period of deflation and depression. Ultimately, the latter will prove to be too politically and socially unacceptable.

In the meantime, the US economy continues to show resilience despite the problems in Europe. The corporate sector is, of course, playing a vital role in this performance as it continues to generate solid profits, accumulating high and rising levels of liquid assets and maintaining very robust balance sheets.

Whilst the evident softening of the Chinese economy continues, the resultant risk of a hard landing cannot be totally discounted. However, outside of the property and construction industry, the performance of other sectors of the economy is far more consistent with a soft landing. In addition, the Government has a comprehensive armoury of tools at its disposal to either stem excessive weakness or recapitalise the banks, if necessary. This is helped by the fact that inflation appears to have peaked for this cycle. The recent surprise reduction in the Reserve Requirement for banks is a clear sign that the authorities believe that the economy has slowed sufficiently and further easing is likely in the New Year. This in turn would provide a welcome boost to the global economy, regional markets and commodities.

In the short term, equities will continue to be caught in a tug of war environment. A sustainable rally is unlikely to unfold until the ECB becomes more proactive and investors are convinced that Europe can avoid a systemic event. On the positive side, monetary reflation will gain strength and more central banks will join in with those that have already cut rates. In the meantime, the corporate sector is in sound health and sentiment indicators are at rock bottom. If the current fear in markets does, in fact, prove to be overdone, particularly with regard to Europe, then equities, and risk assets generally, could stage an impressively powerful rally.

There has been nothing easy or satisfactory about 2011. Next year is unlikely to be any less of a challenge. But, importantly, there is a mounting prospect of a sustainable improvement in the broad macro environment on the back of renewed reflationary efforts. Whilst it is certainly too early to turn more optimistic and substantially increase risk at this stage, for the reasons discussed above, if the good news continues and Europe is able to play its part, there is undoubtedly a wall of cash building on the sidelines, just waiting to find a home in equities and other risk assets. That said, we are equally prepared to reduce risk aggressively should we be wrong footed and the situation deteriorate further.

During this recent period, our efforts have been focused on protecting capital as effectively as possible. Looking forward, as sentiment shifts to a more positive tone, we will aim to take full advantage of the opportunities that have arisen in markets and to capitalize on the value that is presented. As always, flexibility and patience will be more important than ever as we continue to navigate this exceptionally complex environment.

	Sedol	ISIN	Bloomberg Ticker Code	Annual Fee	Performance Fee	Minimum Initial Investment	Minimum Additional Investment	Month End NAV
Sterling Institutional Non Reporting Shares	B57TGD9	IE00B57TGD98	SPASNRI ID	1.0%	20% of out performance of 3M Sterling Libor +2%	£10,000	£5,000	£0.9535
Sterling Retail Non Reporting Shares	B5N2P02	IE00B5N2P027	SPASNRR ID	1.5%	15% of out performance of 3M Sterling Libor +3%	£10,000	£5,000	£0.9487
Sterling Institutional Reporting Shares	B3TFL14	IE00B3TFL149	SPAWSRI ID	1.0%	20% of out performance of 3M Sterling Libor +2%	£10,000	£5,000	£0.9400
Sterling Retail Reporting Shares	B3RK939	IE00B3RK9391	SPAWSRR ID	1.5%	15% of out performance of 3M Sterling Libor +3%	£10,000	£5,000	£0.9355

### Contact Details

Spearpoint Limited  
 PO Box 621  
 Yorkshire House  
 Le Truchot  
 St Peter Port  
 Guernsey GY1 4PH  
 Telephone +44 (0)1481 815555  
 Facsimile +44 (0)1481 815501

PO Box 389  
 Liberation House  
 Castle Street  
 St Helier  
 Jersey JE4 9ZW  
 Telephone +44 (0)1534 715555  
 Facsimile +44 (0)1534 715501  
 Email [sharperthinking@spearpoint.com](mailto:sharperthinking@spearpoint.com)  
 Website [www.spearpoint.com](http://www.spearpoint.com)

### Administrator

Transfer Agency Department  
 Capita Financial Administrators (Ireland) Limited  
 First Floor,  
 Montague House,  
 Adelaide Road,  
 Dublin 2  
 Telephone + 353 1 4005300  
 Facsimile + 353 1 4005350

