



RENN Universal Growth Investment Trust Plc

Newsletter 31 January 2011

We have been updating you between the annual and interim reports using newsletters. These are not intended to provide detailed financial information as in formal reports, but are intended to provide an overview of your Company's activities during the previous quarter.

Net Asset Value

Your Company's net asset value at 31 December 2010 was 332.23 pence, compared with 296.58 pence on 30 September 2010, a gain of 12.02%. This compares with gains of 11.73% and 17.27% for the S&P500 and the Russell 2000 respectively. The net asset value was 341.27 pence on 14 January 2011, a gain of 15.07% since 30 September 2010.

Core Holdings

During the quarter we redeemed one of our unquoted holdings, China Greenscape, realising an amount of \$5.6 million against a cost basis of \$4.0 million. As a result, the Company's exposure to unquoted investments as at 31 December 2010 represented 21.5% of net assets, down from 31.7% as at 30 September 2010. Below are brief descriptions and the outlook for the top seven holdings of the Company which represent 58.4% of net assets.

AnchorFree, Inc. (Private) is the world's leading ad-supported virtual private network ("VPN"). Its Hotspot Shield enables users to access all online content anonymously and securely from any location in the world. The technology also enables the use of services such as Skype, Facebook, YouTube and Google which are often blocked by telecom companies around the world. Individuals and companies from over 100 countries are using this VPN service with 8.5 million unique users per month, 30 million user sessions per month and 2 billion page views per month. For the twelve months ended 31 December 2010, revenues were up 122% and earnings before tax were up 355% against the same period last year. We expect the company to continue its rapid growth.

Cover-All Technologies (OTCBB: COVR) licenses and maintains software for the insurance industry. Its product platforms are robust, can be modified to fit customers' particular needs, and can be used for back office compliance, billing, underwriting and insurance issuance. In April, Cover-All closed on an accretive acquisition nearly doubling its customer base and adding a new line of intelligence services. The acquisition came with a complementary product offering and new customers with virtually no overlap. For the nine months ended 30 September 2010, revenues were up 57% and operating income was up 201% against the same period last year. The stock appreciated by 18% for the quarter ended 31 December 2010. Research coverage was recently initiated by Singular Research which is forecasting earnings per share growth of 63% in fiscal year 2011.

Hollysys Automation Technologies, Ltd (NASDAQ: HOLI) provides automation and control technology and applications in the People's Republic of China. The company offers Distributed Control Systems, which are networks of controllers, sensors, actuators and other devices that can be programmed. It sells its products and services to various industries, including power generation, computer controlled manufacturing, chemical production, petrochemicals, pharmaceuticals and railway transportation. For the three months ended 30 September 2010 revenues were up 59% and net income was up 57% against the same period last year. The outlook is favourable, demonstrated by a record-breaking 36% increase in backlog of \$255 million against \$187 million for the same period last year. The company's common stock closed at \$15.16 on 31 December 2010, 35% up on the 30 September 2010 closing price of \$11.19.

Zhongpin, Inc. (NASDAQ: HOGS) engages in the processing and distribution of meat and food products primarily in the People's Republic of China. It offers pork and pork products, such as chilled pork, frozen pork, pig by-products and a variety of meats and prepared meats and fruits and vegetables. The company supplies its products to fast food companies, processing factories, school cafeterias, factory canteens, and army posts and national departments, as well as to retail outlets, including supermarkets. For the three months ended 30 September 2010 revenues were up 28% and net income was up 13% over the same period last year. The company's common stock closed at \$20.40 on 31 December 2010, 25% higher than the 30 September 2010 closing price of \$16.29. The outlook remains favourable for this very well managed food processor.

Skystar Bio Pharmaceutical Company (NASDAQ: SKBI) engages in the research, development, production, marketing, and sale of veterinary healthcare and medical care products in the People's Republic of China. Its products include veterinary medicine for poultry and livestock, vaccines and feed additives. For the six months ended 30 September 2010 revenues were up 30% and operating income was up 52%. The company's common stock closed at \$9.73 at 31 December 2010, 53% higher than the 30 September 2010 closing price of \$6.37. We remain optimistic about growth as the company continues to add capacity to meet strong customer demand.

Fushi Copperweld, Inc. (NASDAQ: FSIN) manufactures bimetallic wire products, principally copper-clad aluminum (CCA) and copper-clad steel (CCS). Its CCA and CCS conductors are used as substitutes for solid copper conductors in applications where specific electrical or physical attributes are necessary. It primarily serves applications in the telecommunication, electrical utility, and transportation markets. For the six months ended 30 September 2010 revenues were up 41% and net income was up 179% against the same period last year. We continue to believe Fushi will perform well into the future due to its large market share, its strong multinational management team, and the growing demand for its products. We estimate Fushi has approximately 50% world-wide market share in CCA and CCS. The utility and automotive vertical markets should provide abundant prospects for future growth. Recently the company announced receipt of a "going private" proposal at \$11.50 per share. We believe this is just the initial bid which should be increased prior to a transaction taking place. The stock price has been flat over the quarter closing at \$8.88 at 31 December 2010.

Dynamic Green Energy (Private) is one of the largest and most experienced photovoltaic module assemblers in China. The company's operations include ingot and wafer manufacturing as well as photovoltaic cell production. Among its customers are some of the world's most technologically advanced solar companies including SunPower Corporation (NASDAQ: SPWRA). For the eleven months ended 30 November 2010, revenues increased 158% and earnings before interest, taxes, depreciation and amortisation increased 22%. Your Company owns convertible debt and we feel confident that the value of the company exceeds the value of the outstanding debt. Finally, an experienced former McKinsey & Company executive was brought on as Chief Executive Officer nine months ago and is helping Dr. Deng, the founder, to execute the company's global growth plans.

Conclusion

We look forward to the prospects of an even better year in 2011. As usual, there are a number of anticipated corporate actions that should create value for shareholders. We also believe our discount to net asset value creates an opportunity for investors.

Top seven holdings as at 31 December 2010

Portfolio Company	Sector	Value \$'000	% of net assets %
AnchorFree	Internet software & services	16,262,000	16.8
Cover-All Technologies	Application software	12,333,000	12.7
Hollysys Automation Technologies	Electronic equipment	6,822,000	7.0
Zhongpin	Package foods and meat	6,627,000	6.8
Skystar Bio-Pharmaceutical	Pharmaceuticals	5,705,000	6.8
Fushi Copperweld	Industrial manufacturing	4,906,000	5.1
Dynamic Green Energy	Semiconductors	4,000,000	4.1

Russell Cleveland

RENN Capital Group, Inc.

This report contains forward-looking statements. Such statements reflect the current views of the Manager with respect to future events and are subject to certain risks, uncertainties and assumptions. Although the Manager believes that the expectations reflected in such forward-looking statements are reasonable, should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual future results or events may vary materially from those described herein.

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