

Fund Fact Sheet

30 September 2010

NAV £116.27

CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS DIVERSITY



PERFORMANCE

Fund Aims and Objectives

Cenkos Diversity is a sub-fund of the Cenkos Channel Islands Investment Fund; an open-ended, multi-class, Unit Trust authorised as a Class B Scheme by the Guernsey Financial Service Commission.

The Diversity Fund's main objective is to generate capital growth with a lower volatility than equity markets. It is actively managed and not constrained by a benchmark; this allows the manager to allocate freely between asset classes. It is a multi strategy, multi asset class fund.

Fund Manager Commentary

September was all about the Dollar. We have spoken about this before, particularly at the end of 2009 when the correlation between strong equity and commodity markets and a weak Dollar became acute. As soon as Bernanke and his fellow Fed' Governors mentioned that they were prepared to offer further monetary support in the form of the convenient and amusingly monickered QEII, the Dollar began to weaken and markets began to rally in expectation of further liquidity with which to grease the economic wheels.

The Dollar is now looking oversold in the short term. Should it rally from here, it is also likely, given the high correlation, to trigger a sell-off in equities and commodities. At this juncture, it appears that market direction will remain dependent on the rhetoric from the Federal Reserve; if there is

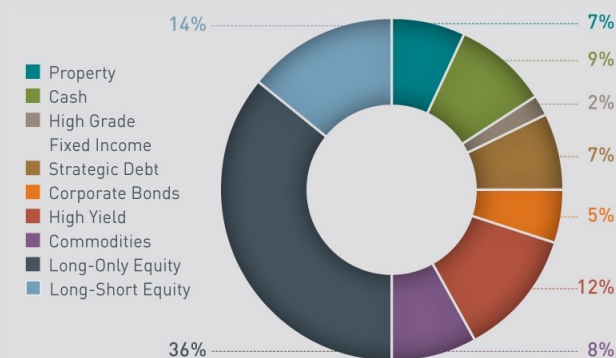
further QE, then the Dollar is likely to remain weak and markets appropriately firm. Either way, volatility is likely to increase as investors look for direction. Our strategy has remained the same throughout the period and, unless there is a dramatic change in the backdrop (which is also a distinct possibility), we are going to stick to our knitting.

For two reasons, we continue to believe that the long-term direction of Western currencies is downwards against the more robust Asian and Emerging Market currencies. First, the West is desperate for inflation and seemingly content to continue printing money until it occurs. Second, the more you print, the weaker a currency will become. It goes without saying that timing the withdrawal of liquidity in order to limit the sought effect is rarely, if ever, successfully accomplished.

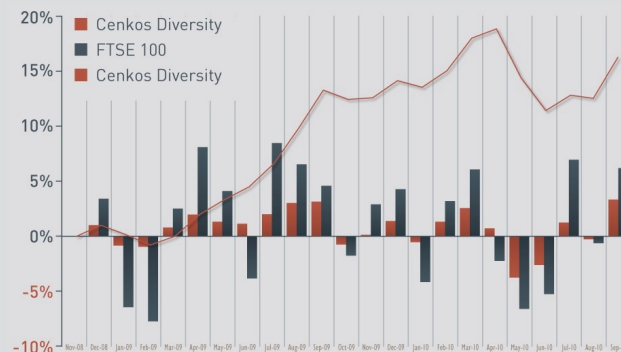
This is not to say that inflation is imminent. In fact, there are currently more deflationary indicators than inflationary ones – just look at bond yields! In light of all this, the portfolio continues to maintain a healthy weighting to Asian and Emerging Market bonds, equities and commodities. The short-term consequence of this could be heightened volatility, but in the longer term we remain convinced that these sectors offer good value.

The Diversity Fund rose by 3.33% in September.

Asset Class Weightings



Performance % Growth Since Inception (£)



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KEY POINTS

Annual Management Fee

1.5%

The Managers

Cenkos Channel Islands Investment Management Limited.

Administrators

Bordeaux Services (Guernsey) Limited.

Trustees

Kleinwort Benson (Guernsey) Limited.

Auditors

Saffery Champness Guernsey Audit & Tax Partnership.

Further information

A copy of the Trust Instrument and Scheme Particulars can be obtained by contacting:

Bordeaux Services (Guernsey) Limited
Bordeaux Court, Les Echelons,
St Peter Port, Guernsey
T: 01481 715167

Cenkos Channel Islands Investment Management Limited
PO Box 222, 16 New Street,
St Peter Port, Guernsey
T: 01481 732799

TOP 10 HOLDINGS		PERFORMANCE ANALYSIS	
Findlay Park Latin America	6.28%	1 Month	3.33%
First State Asia Pacific Leaders	5.58%	3 Month	4.34%
M&G (Offshore) Global Basics	5.04%	6 Month	-1.46%
Veritas Global Equity Income	4.89%	1 Year	2.64%
Investec Enhanced Natural Resources	4.84%	Inception	16.27%
OEI Mac	4.73%		
CZ Equilibria UK	4.72%		
Prime Rate (IOM) Sterling Liquidity	4.63%		
Cash	4.63%		
Thames River High Income	4.49%		
Total	49.83%		

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YTD
2008	-	-	-	-	-	-	-	-	-	-	-	1.02%	1.02%
2009	-0.83%	-0.95%	0.80%	1.98%	1.31%	1.14%	2.01%	3.01%	3.15%	-0.74%	0.13%	1.38%	12.99%
2010	-0.53%	1.32%	2.56%	0.72%	-3.74%	-2.59%	1.25%	-0.27%	3.33%				1.86%

For further information, including the prospectus and application form, Please see www.cenkos-ci.com

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