

Fund Fact Sheet

29 October 2010

NAV £108.15

CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS INCOME



PERFORMANCE

Fund Aims and Objectives

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

The investment objective of Cenkos Income is to provide investors with a total return and a focus on delivering an income yield that competes with prevailing cash rates while delivering some capital growth. The Fund will invest in a global portfolio comprising of a range of fixed, floating and inflation-linked debt securities, property and equities.

Fund Manager Commentary

Markets continued their upward trend in October, albeit at a slower pace, in what has turned out to be a rather benign month. On a seasonal basis, September and October are traditionally quite volatile, but Bernanke's rhetoric in August gave investors reason to be optimistic. Markets assumed QE2 was a given. Any hint of disappointment would have resulted in this much 'built in' optimism being blown right out again and, given the stakes, it was not surprising to see stocks stalling and trading water over the latter part of the month. In the event, the \$600 billion injection was bigger than expected and seems to have been well received, but these are early days – it is only when the smoke from the initial volleys clear that the direction of the battle becomes clear.

The FOMC decision has overshadowed other key events, especially the

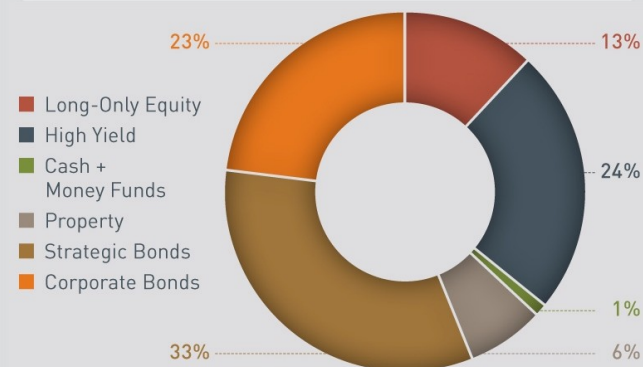
US mid-term elections where the Republicans took control of the House of Representatives. This may well 'gridlock' the US political decision-making process. We'll watch this with interest as it may result in tighter fiscal policy. Whether QE2 ended up being bigger than expected as the 'independent' Federal Reserve got in what it could, whilst it could, will remain a matter of conjecture until the minutes of the meeting are released.

With the prospect of more QE (some observers have it ending up in excess of 2 trillion dollars!), it is unsurprising to see the US dollar crashing to recent lows against a number of currencies throughout the month. Indeed, long-term rates also rose and US TIPS moved steadily higher in sympathy. Possibly over inflation concerns but more likely in direct response to the FED's intended purchasing policy which will focus on Treasuries within the 2.5-10yr duration range and not along the entire duration curve. Whether this will have the desired effect of generating growth and creating jobs only time will tell!

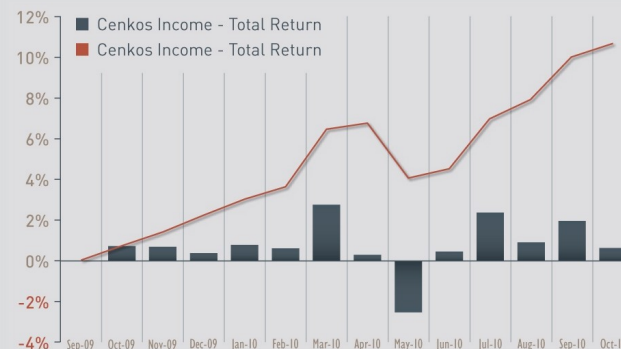
However, in the short-term the additional liquidity and the suppression short and mid-term rates will continue to incentivise investors to take on risk which will be positive for the fund. With US 10-year Treasuries yielding 2.49% (at the time of writing) and good quality corporate debt little better, the attractiveness of a stock's dividend yield (effectively 1yr money) should lead the rational investor to consider it as a valid alternative. Solid, good-yielding companies are rapidly becoming the investment of choice and, unlike fixed-income, offer some protection against inflation.

Cenkos Income rose 0.61% in October.

Asset Class Weightings



Performance % Growth Since Inception (£)



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KEY POINTS

Annual Management Fee

0.75%

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 732769

TOP 10 HOLDINGS		PERFORMANCE ANALYSIS	
Cazenove Strategic Debt	8.53%	1 Month	0.61%
Aegon Strategic Global Bond	8.46%	3 Month	3.48%
Thames River High Income	8.10%	6 Month	3.68%
Old Mutual Global Bond	8.04%	1 Year	9.92%
Franklin Templeton Global Total Return	7.90%	Inception	10.69%
M&G (Offshore) Optimal Income	7.81%	DIVIDEND HISTORY	
Veritas Global Equity Income	7.37%		
Muzinich Americayield	7.28%	Quarter 1 2010	29.00p
Invesco Sterling Bond	7.01%	Quarter 2 2010	69.00p
CIF Global High Income Opportunities	6.92%	Quarter 3 2010	101.00p
Total	77.42%		

	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YTD
2009	-	-	-	-	-	-	-	-	-	0.71%	0.68	0.82%	2.22%
2010	0.78%	0.60%	2.74%	0.27%	-2.54%	0.44%	2.36%	0.89%	1.94%	0.61%	-	-	8.29%

Please Note: Performance numbers reflect a total return inclusive of dividends
For further information, including the prospectus and application form,
Please see www.cenkos-ci.com

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