

Fund Fact Sheet

30 November 2010

NAV £106.79



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

November was a mixed bag for Cenkos Income as markets digested two major inputs: the US Federal Reserve's decision to embark upon QE2 and Ireland moving (reluctantly) to centre stage in the ongoing European Sovereign debt crisis.

Unlike the Greek crisis back in May, German bunds refused to rally as investors shunned the 'safety' of German promises. There are a number of theories that may explain this, from continuing strong German economic performance to the (more likely) increasing realisation that the Eurozone's survival will almost certainly mean a federal Europe bankrolled by Germany. Mind you, the German electorate will have a vote on all of this at some point – and that is what is guiding Frau Merkel's hand.

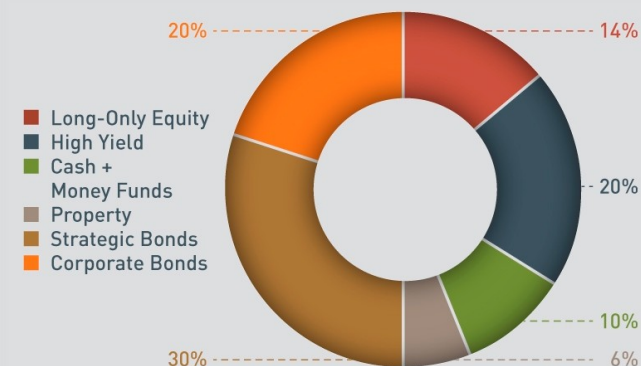
However, rising bond yields have not been just a European phenomenon. US yields at the long end of the curve have been rising ever since Bernanke's speech at the Federal Reserve's Economic Symposium in late August. Short-term rates soon followed when the scale of QE2 was announced. What is unsettling is the fact that yields within the 2.5 to 10-yr aspect of the duration curve began to rise despite the FED's desire to explicitly target this area. Is this "buy the rumour and sell the reality" in action or is the bond market starting to discount something more sinister?

Bond markets, like their equity counterparts, are discounting mechanisms. What happens here reflects participants' hopes and fears for the economy in the months and years ahead. With all maturities throughout the yield curve rising, one can only presume inflation is now the main concern.

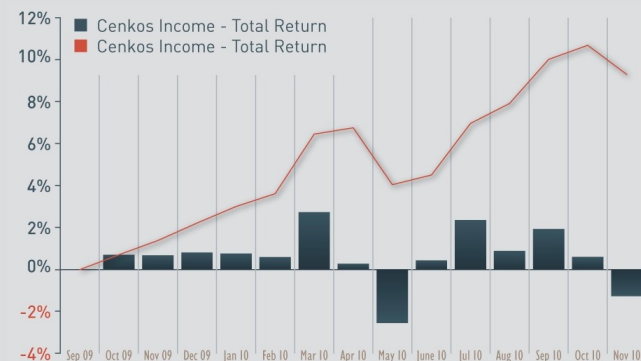
It remains hard to see rampant inflation at this juncture, but given US economic improvement – and the fact that more liquidity will be made available over the next 7-8 months – it is also unsurprising to see yields normalize. This normalization process will be unhealthy for sovereign and corporate bonds; to help minimize this impact, the Fund has lightened the load in the corporate bond sector and moved to cash for the time being. This will no doubt have a temporary effect on the income yield, but we feel it is a sacrifice worth taking to help protect against the downside risk.

Cenkos Income fell 1.26% in November.

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:

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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	
Cash	9.98%	1 Month	-1.26%
Cazenove Strategic Debt	8.41%	3 Month	1.28%
Thames River High Income	7.91%	6 Month	5.05%
Old Mutual Global Bond	7.72%	1 Year	7.80%
Franklin Templeton Global Total Return	7.66%	Inception	9.30%
Veritas Global Equity Income	7.24%	DIVIDEND HISTORY	
M&G (Offshore) Property	6.41%		
Aegon Strategic Global Bond	6.34%	Quarter 4 2009	45.93p
M&G (Offshore) Optimal Income	5.74%	Quarter 1 2010	29.00p
Muzinich Americayield	5.36%	Quarter 2 2010	69.00p
		Quarter 3 2010	101.00p
Total	72.77%		

	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%	-1.26%	-	6.93%

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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