

Fund Fact Sheet

31 December 2010

NAV £123.17



CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS DIVERSITY



Fund Aims and Objectives

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.

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.

Fund Manager Commentary

As with much of 2010, December reflected yet another swing in investors' emotions: this time swinging from a state of depression and angst over the credit worthiness of Europe's PIIGS to something verging on jubilation on the back of stronger economic data from core Europe (Germany) and the United States. It has been tough living with such a schizophrenic market, but the net result has been positive for most markets; the FTSE All Stocks Gilt Index has returned approximately 7.05% and the FTSE 100 has risen by 9% (13% including dividends).

The biggest problem for asset managers has been navigating this type of environment. In hindsight, of course, you would have been paid well for allocating aggressively to equities in January 2010, and holding that position for the rest of the year. However, there have been a number of events and trends that threatened to derail markets in a very serious

manner and blindly adopting such a strategy could easily have resulted in a lot of pain.

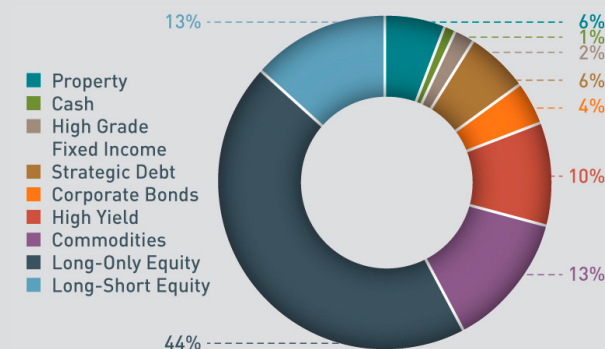
In all likelihood, 2011 will be similar. In general terms, we are bullish about the longer-term prospects for equities – particularly large-cap global franchises – and negative about the longer-term prospects for high-grade Government Bonds (Gilts, Bunds and US Treasuries). That said, we also expect short-term bond snap-backs and rallies as the world comes to terms with its fears for the future; for the time being, US Treasuries remain the safe haven of choice for nervous investors.

For many years, we have preferred emerging world equities to developed world equities, but now both regions face headwinds. On balance, developed market equities are looking more attractive and could potentially provide greater upside over the next couple of years. This is not to imply that emerging market valuations look particularly expensive, it's just that they aren't as cheap: economic growth is solid and cash is pouring into emerging market assets. The problem here is also a considerably higher risk of policy error as monetary and fiscal policy is tightened and capital controls are introduced. In contrast, Western equities look relatively cheap because policy error is already priced in. In short, emerging market central banks want asset prices to stop rising, whereas developed market central banks are stoking a fire under theirs. Where would you put your money?

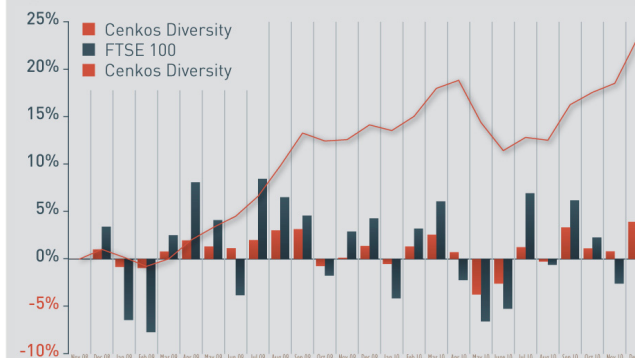
In sum, whilst we are positioned positively for 2011, it is very important to maintain a flexible and pragmatic investment strategy and to remain focused on the fundamentals. The Diversity Fund rose by 3.92% in December.

PERFORMANCE

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:

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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	
M&G (Offshore) Global Basics	6.78%	1 Month	3.92%
Findlay Park Latin America	6.36%	3 Month	5.93%
Veritas Global Equity Income	5.82%	6 Month	10.54%
First State Asia Pacific Leaders	5.55%	1 Year	7.91%
Investec Enhanced Natural Resources	4.93%	Inception	23.17%
Findlay Park American	4.78%	Annual Compound Growth Rate	10.52%
OEI Mac	4.63%		
Investec GSF Global Energy	4.48%		
CZ Equilibria UK	4.29%		
Gold Bullion ETF	4.23%		
Total	51.85%		

	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%	1.12%	0.81%	3.92%	7.91%

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

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