

Fund Fact Sheet

31 December 2010

NAV £107.22 XD



CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS INCOME



PERFORMANCE

Fund Aims and Objectives

Cenkos Income 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 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

December was a good month for the Fund, despite its larger-than-usual cash weighting. The much-anticipated arrival of Santa, and his spreading of good tidings and basis points to all sectors, propelled the Fund to its fourth-strongest month since launch.

The outlook for 2011, if you believe the hype, is one of eternal optimism epitomised by expert analysis forecasting 15%+ returns for equities and press articles urging savers to enter the stock market. At times during the month, investor sentiment surveys and put/call ratio readings have been at or near their strongest reading since the 2009 rally began. Good news, right? Well, maybe, but most probably not! In fact, if history has anything to do with this, the strength of sentiment readings and rhetoric is more akin to that of market tops rather than a rally in mid-cycle. The easy

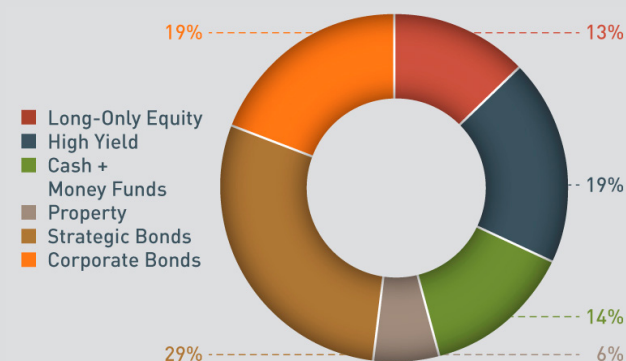
money has been made and investors who are buying blindly now are exposing themselves to greater risks rather than greater returns.

Cognisant that investors are in Income for an income, the cash position has been whittled down and re-invested into areas that look a little cheaper or whose fundamentals look a little better than they did four to six weeks ago. Exposure has been upped in higher-grade bonds and foreign currencies, notably the USD. Whilst we remain long-term bears of developed market Sovereign debt, the recent sell-off in US Treasuries that we discussed in November stalled towards the end of December. Odds favour a short-term retracement of this fall. Moreover – given the heady levels of sentiment in stock markets – we may well see a correction, so taking the contrary side of the world's current 'risk-on' bet may be of benefit to the portfolio in the short term.

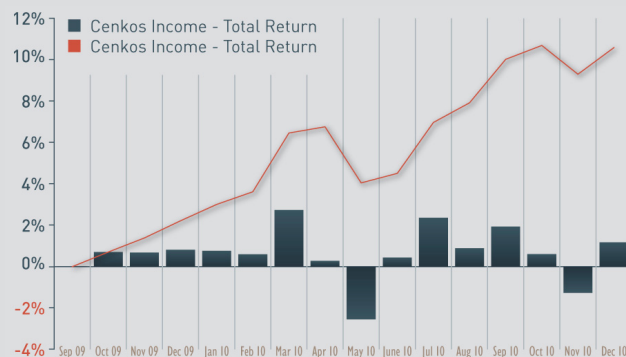
Further out, things get even harder to call, but our main thesis that higher yielding securities will continue to be the object of investors' desire is intact. Interest rates are likely to remain on hold for at least the first half of this year, if not longer, and hinted-at further tranches of quantitative easing may well end up being a reality. Whether the latter will continue to spur risk assets in quite the same way remains to be seen. After all, more QE would be a pretty straightforward admission that things haven't quite panned out as current stock market levels are hoping!

Cenkos Income went Ex Dividend on 31st December and will distribute 83p per unit to unit holders. The fund rose 1.18% in December.

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	
Cash	13.95%	1 Month	1.18%
Cazenove Strategic Debt	7.96%	3 Month	0.52%
Thames River High Income	7.53%	6 Month	5.82%
Franklin Templeton Global Total Return	7.45%	1 Year	8.19%
Veritas Global Equity Income	7.28%	Inception	10.59%
Old Mutual Global Bond	7.24%	DIVIDEND HISTORY	
M&G (Offshore) Property	6.09%	Quarter 4 2009	45.93p
Aegon Strategic Global Bond	5.99%	Quarter 1 2010	29.00p
M&G (Offshore) Optimal Income	5.49%	Quarter 2 2010	69.00p
Muzinich Americayield	4.98%	Quarter 3 2010	101.00p
Total	73.96%	Quarter 4 2010	83.00p

	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%	1.18%	8.19%

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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