

# Fund Fact Sheet

August 2011

NAV £115.74 as at 31st August 2011



## CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS DIVERSITY



## PERFORMANCE

### 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

Following last month's quote by Winston Churchill here's another one "Once in a while you will stumble upon the truth but most of us manage to pick ourselves up and hurry along as if nothing had happened."

Equity markets collapsed in the first couple of weeks of August almost as if investors had awoken for the first time in a while and recognised the West's finances for what the mess that they are: and panicked. This shouldn't have come as a huge surprise to anyone, the debt mountain has been hiding in plain sight and centre-stage since at least 2008! The difference now is that electorates and investors have lost faith in their politicians' and central bankers' abilities to combat the problem.

In truth we are also guilty of misjudging the impact of weak politics. We thought that the ECB and the US Government had done enough over the

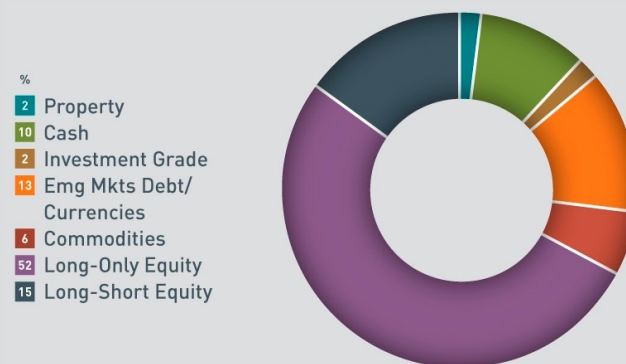
last few weeks to kick the "day of reckoning" further down the street. We also believed that western sovereign debt was expensive (even more so now) and blue chip global equities were attractive (we still do), and were positioned accordingly. As an example, the PE of the FTSE 100 is currently trading on approximately 10x whereas the 10 year Gilt has a PE of about 40x (PE calculated by inverting gilt yield). The gap is now at an extreme which means, for us anyway, that one of the asset classes is priced incorrectly. In simple terms if we go into recession Gilts look reasonably priced but in any other scenario they look overbought and equities look relatively cheap.

Our core scenario has been one of sluggish, but positive GDP growth for the rest of 2011 and into 2012. In the first six months of 2011 global growth had been negatively impacted by inflation and by the March 11 Japanese earthquake all but closing the country's manufacturing and industry. As Japan came back on line and inflation abated we expected GDP to strengthen thereby supporting earnings and equity markets.

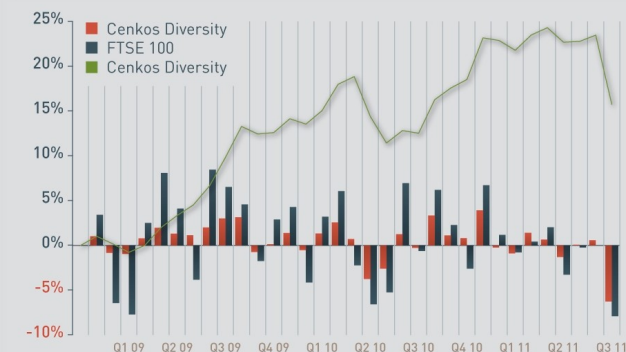
The portfolio's underlying investment themes remain intact but we cannot ignore what the market is telling us. For now we have adopted a more cautious stance whilst we await data that will indicate whether or not the world is slipping into recession or muddling through.

The Diversity Fund fell by 6.26% in August.

### 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, Level 5, The Market Buildings, Fountain Street,  
St Peter Port, Guernsey  
T: 01481 732769

TOP 10 HOLDINGS		PERFORMANCE ANALYSIS	
Cash	9.99%	1 Month	-6.26%
Senhouse European Focus	5.86%	3 Month	-5.66%
Investec Enhanced Natural Resources	5.73%	6 Month	-4.96%
Findlay Park Latin America	5.53%	1 Year	2.86%
CZ Equilibria UK	5.51%	Inception	15.74%
First State Asia Pacific Leaders	5.43%	Annual Compound Growth Rate	5.50%
Thames River Longstone	5.09%		
JO Hambro Japan	5.04%		
Lindsell Train Global Equity	4.97%		
OEI Mac	4.90%		
Total	58.05%		

	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%
2011	-0.24%	-0.89%	1.40%	0.66%	-1.30%	0.08%	0.57%	-6.26%	-	-	-	-	-6.03%

For further information, including the prospectus and application form, Please see [www.cenkos-ci.com](http://www.cenkos-ci.com)

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