

Fund Fact Sheet

August 2011

NAV £104.73 as at 31st August 2011

CENKOS CHANNEL ISLANDS INVESTMENT FUND CENKOS INCOME



PERFORMANCE

Fund Aims and Objectives

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.

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.

Fund Manager Commentary

August was a brutal month for investors as a number of events and economic releases turned optimism on a recovery into despair over the possibility of a double-dip recession. The mood was set with a high-stakes game of poker between Republican and Democratic politicians using the US debt ceiling as an opportunity to argue their stance on US fiscal policy. The price for failure? A default by the World's largest economy and owner of the reserve currency for global trade – simply unthinkable! This game of brinkmanship has highlighted the highly partisan nature of the political discourse within the corridors of power, which may stifle decision-making and become the single greatest threat to a US recovery.

The debacle prompted ratings agency Standard & Poor's to downgrade US credit to AA+. With investor sentiment already crumbling under debt-

ceiling tensions and the weight of fast-moving, negative, economic data releases, the news triggered one of the most amazing weeks in recent stock market history. However, the downgrade didn't lead to higher interest rates. Ironically, US Treasuries rallied as investors fled to them for their 'safe haven' status.

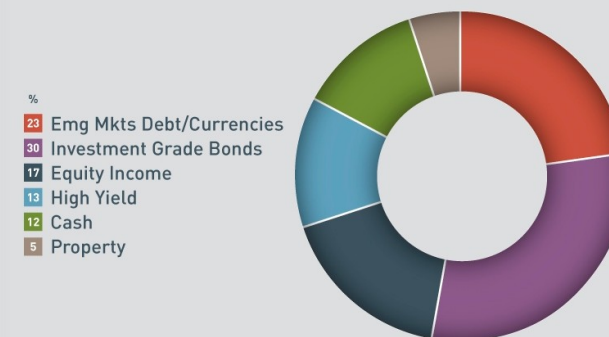
European policymakers continued to grapple with their own issues. The fire-fighting is getting more and more intense and without wanting to get bogged down in the detail (for lack of space) we feel Europe is on ever shakier ground as a result. We sit gob-smacked at Euro/Dollar trading at 1.443.

Within the Fund we have been preparing at the margin for a downturn in riskier assets. We have reduced high-yield and high-beta equity exposures, favouring the debt and equity of businesses with global foot prints and strong balance sheets. We have maintained our US dollar weighting, buying AAA and AA issues from Johnson & Johnson and Microsoft. The Fund also has cash, however, the move to quality and safety comes at a cost and we expect the yield to fall slightly as a result.

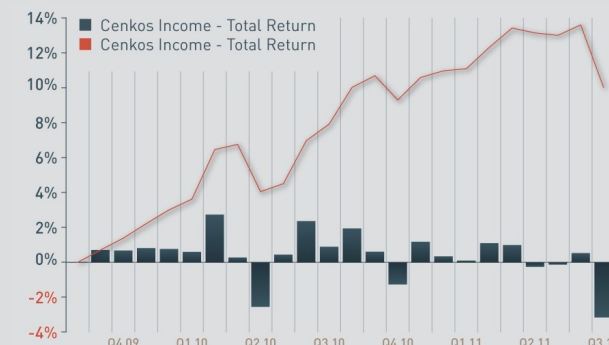
Our outlook is for interest rates to remain where they are for an appreciable while and inflation to start abating in-line with the fall in commodity prices and slower growth outlook. We will do our best to protect the value of the Fund and increase the yield as and when we feel the time is appropriate.

The Income Fund fell by 3.15% in August.

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

P0 Box 222, Level 5, The Market Buildings, Fountain Street, St Peter Port, Guernsey
T: 01481 732769

TOP 10 HOLDINGS		PERFORMANCE ANALYSIS	
New Capital Wealthy Nations Bond	10.22%	1 Month	-3.15%
Thames River High Income	9.39%	3 Month	-2.76%
Franklin Templeton Global Total Return	8.94%	6 Month	-0.96%
Cazenove Strategic Debt	8.69%	1 Year	1.94%
Cash	6.26%	Inception	10.02%
Prime Rate (IOM) Sterling Liquidity	6.10%	Annual Compound Growth Rate	5.17%
M&G (Offshore) Property	5.53%	1YEAR DIVIDEND HISTORY	
M&G Corporate Bond	4.88%	Quarter 3 2010	101.00p
Veritas Global Equity Income	4.54%	Quarter 4 2010	83.00p
RWC Enhanced Income	4.42%	Quarter 1 2011	87.00p
Total	68.97%	Quarter 2 2011	112.00p

	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%
2011	0.35%	0.10%	1.10%	0.99%	-0.25%	-0.12%	0.53%	-3.15%	-	-	-	-	-0.52%

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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