



**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 Services Commission.

**FUND MANAGER COMMENTARY**

Whilst developed world equity markets were generally range bound throughout September there was plenty of action elsewhere. Over the last couple of months assets have been sold across the board from blue chip equities to corporate bonds, emerging market debt and currency.

The only place to hide has been in the better quality debt of Western Governments despite some of them being downgraded. This is not a trade that we want to enter into, Western Governments remain at the heart of the crisis and virtually everyone’s biggest concern is that they are carrying far too much debt. From our perspective, continuing to lend them money for a guaranteed negative real return

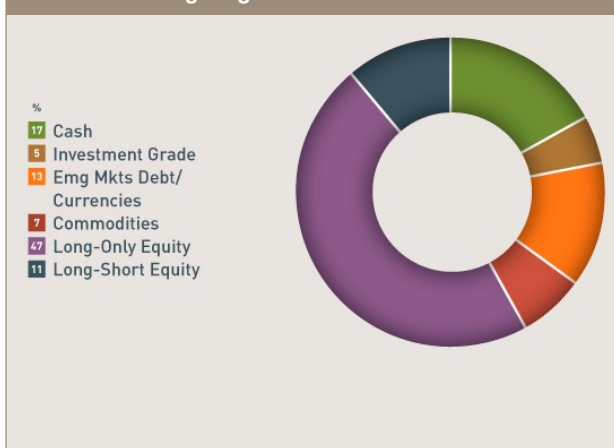
does not seem a sensible investment strategy, but, for now, the market begs to differ.

Emerging markets, particularly emerging market debt and currencies were this month’s victims of an increasingly nervous investor. Their fundamentals remain sound but investors are taking cash off the table regardless. We remain long term bulls of these assets and believe that this sell off will provide us with an opportunity, in due course, to increase our holdings

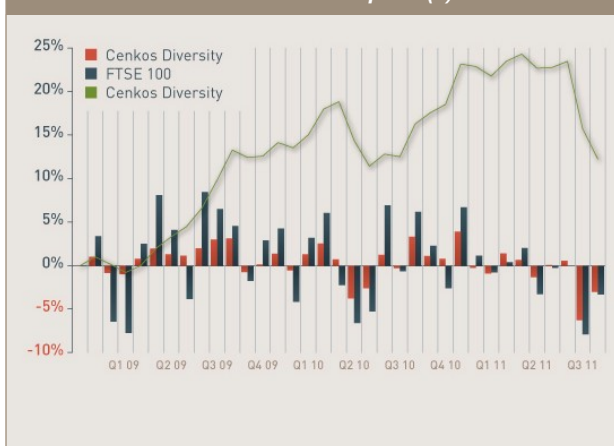
What is crucial for us is that our key investment themes remain valid despite the market turmoil. The 4.4 billion people living in emerging markets are still working hard and their economies continue to converge on the West. Their requirements remain the same: they need commodities; metals, oil and agriculture, and they continue to aspire to buy global brand-names – from Johnson and Johnson’s Huggies to Colgate’s “minty freshness”. The West may or may not go into recession in 2012 – and we will take that into account in our asset allocation – but this acquisitive and aspirational trend will continue regardless.

The fund continues to run an elevated cash position of approximately 15%. This is likely to be reduced in the coming weeks as the ongoing panic creates more and more value. The Diversity Fund fell by 3.01% in September.

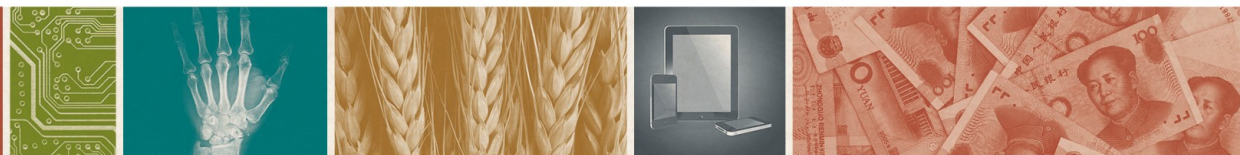
Asset Class Weightings



Performance % Growth Since Inception (£)



# CENKOS DIVERSITY FUND



## Key Points

### Annual Management Fee

1.5%

### 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

<b>Cash</b>	<b>17.34%</b>
<b>Senhouse European Focus</b>	<b>6.05%</b>
<b>CZ Equilibria UK</b>	<b>5.79%</b>
<b>Investec Enhanced Natural Resources</b>	<b>5.56%</b>
<b>First State Asia Pacific Leaders</b>	<b>5.40%</b>
<b>Thames River Longstone</b>	<b>5.39%</b>
<b>Lindsell Train Global Equity</b>	<b>5.31%</b>
<b>Findlay Park Latin American</b>	<b>5.29%</b>
<b>JO Hambro Japan</b>	<b>5.23%</b>
<b>Fundsmith Equity</b>	<b>5.19%</b>
<b>Total</b>	<b>66.55%</b>

## Performance Analysis

<b>1 Month</b>	<b>-3.01%</b>
<b>3 Month</b>	<b>-8.57%</b>
<b>6 Month</b>	<b>-9.10%</b>
<b>1 Year</b>	<b>-3.45%</b>
<b>Inception</b>	<b>12.25%</b>
<b>Annual Compound Growth Rate</b>	<b>4.18%</b>

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
<b>2008</b>	-	-	-	-	-	-	-	-	-	-	-	1.02%	1.02%
<b>2009</b>	-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%
<b>2010</b>	-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%
<b>2011</b>	-0.24%	-0.89%	1.40%	0.66%	-1.30%	0.08%	0.57%	-6.26%	-3.01%	-	-	-	-8.86%

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

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