



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 Services Commission.

FUND MANAGER COMMENTARY

The latest, albeit temporary, resolution over the European debt crisis allowed improving US economic data and cheap stock valuations to shine through. So bright was the light that October 2011 will go down as one of the best months to have been invested in equity markets. At the time of writing, the S&P500 was in the process of posting one of the strongest monthly gains in the last sixty years. Throughout the summer turmoil we have been adding to our favoured equity positions, taking our equity income weighting to about 20% of the portfolio.

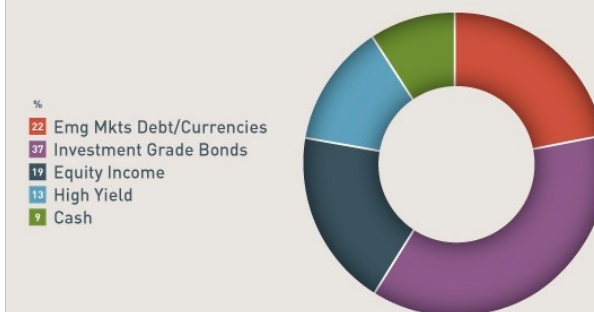
Going into the summer we had been starting to get more and more

defensive by increasing safe currency exposure through high-quality, USD-denominated credits. However, the sudden escalation of poor US economic data combined with the US debt downgrade saga caught us off guard. Hindsight – and by extension our monthly figures and attribution – will show that we had been overly exposed to emerging-market and high-yield debt. The sudden nature of the sell-off in these asset classes paralysed any rational decision-making process. Indeed, by the time the selling pressure had abated these asset classes looked oversold and quite attractive. Confident in the long-term fundamentals, we held tight. We've been in this game long enough to understand that markets do not slide precipitously for ever; that relief rallies (for whatever reason) do occur; and that in order to have the best chance of regaining the lost ground you have to be invested.

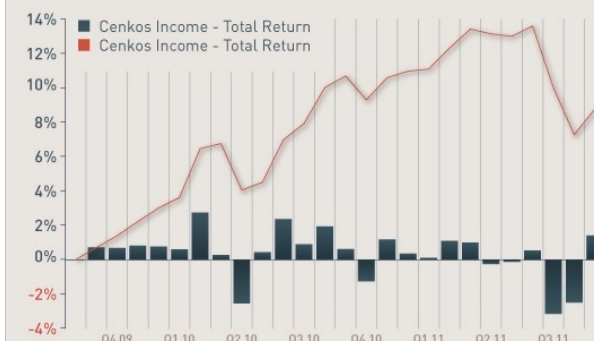
However, our investment process requires us regularly to revisit previous thoughts and opinions. In doing so, we recognised that our weighting to high-grade bonds was insufficient to stem the volatility. If, as we suspect, 2012 remains as challenging as 2011, we will need to focus more on this aspect of the portfolio.

Our longer term outlook is for sluggish growth in a debt-laden, low interest rate world. This should prove beneficial for income-producing assets, particularly corporate bonds and dividend-paying equities. The Income Fund rose 1.4% in October.

Asset Class Weightings



Performance % Growth Since Inception (£)



CENKOS INCOME FUND



Key Points

Annual Management Fee

0.75%

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

M&G Corporate Bond	9.72%
New Capital Wealthy Nations Bond	9.57%
Thames River High Income	8.69%
Cazenove Strategic Debt	8.56%
Franklin Templeton Global Total Return	8.32%
Cash	6.80%
RWC Enhanced Income	6.22%
Cullen Global High Dividend Value Equity	5.95%
Invesco Offshore UK Equity Income	5.39%
CIF Emerging Markets Debt	5.27%
Total	74.49%

Performance Analysis

1 Month	1.40%
3 Month	-4.25%
6 Month	-4.10%
1 Year	-1.73%
Inception	8.77%
Annual Compound Growth Rate	4.15%

1 Year Dividend History

Quarter 4 2010	83.00p
Quarter 1 2011	87.00p
Quarter 2 2011	112.00p
Quarter 3 2011	94.00p

	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%	-2.50%	1.40%	-	-	-1.64%

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

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