



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

The recent promise from European leaders that “this time would be different” triggered a rally in risk assets throughout October. Arguably, the market was bouncing from an oversold position; nevertheless, optimism drove markets higher.

The reality is slightly different, as has been evident since investors took another look. However, as both Germany’s and France’s debt-to-GDP ratios are now reaching their ceilings, real decisions, rather than more “can-kicking”, are required. As we have previously suggested, the silver lining of an increasingly belligerent market is that politicians’ hands will be held to the fire. But, while we are now at the beginning of that process, we are still nowhere near the end. Markets

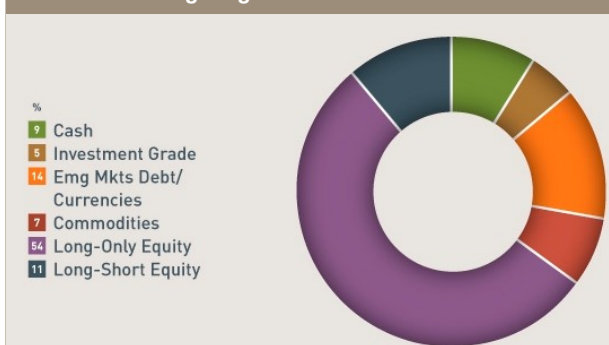
are likely to continue trading with increased volatility on the back of political shenanigans for some time to come. Greece’s newly promised on-off austerity referendum will be interesting...

Another huge ongoing concern, and in some ways a greater one, is that while the Europeans attempt to resolve their crisis the US could head back into recession. As we stated earlier this year, GDP slowed dramatically in the first half of 2011 – in part due to Japan’s earthquake, in part due to higher energy prices and in part due to poor sentiment triggered by weak political leadership. Encouragingly, Japan’s economy came back on line quicker than expected and energy prices fell. Thus our contention was that GDP could rise, albeit sluggishly, in the second half of this year. This appears to be happening in the US and, for now at least, data suggests that it will avoid returning to recession. At the same time, China’s tightening cycle seems to have peaked and a soft landing is therefore possible, although property prices are a continuing concern.

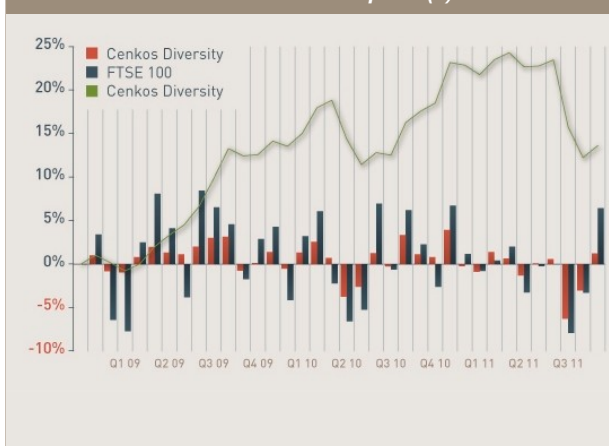
Western government debt remains extremely expensive whereas equities are relatively attractive given our environment of sluggish-but-positive GDP growth. Accordingly, the Fund continues to be weighted more heavily to equities than bonds. We remain confident in our long-term themes and believe them to be attractively priced.

The Diversity Fund rose by 1.23 % in October.

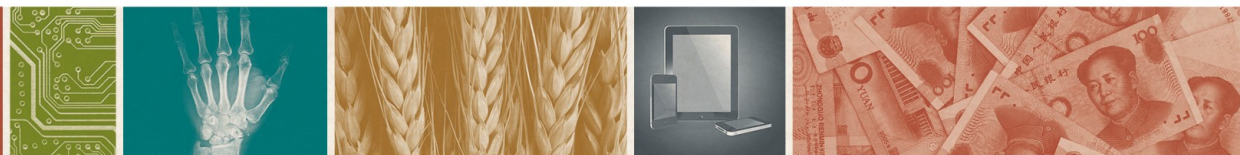
Asset Class Weightings



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

Cash	9.00%
Lindsell Train Global Equity	7.71%
Fundsmith Equity	7.04%
Senhouse European Focus	5.96%
CZ Equilibria UK	5.73%
JO Hambro Japan	5.70%
Investec Enhanced Natural Resources	5.45%
First State Asia Pacific Leaders	5.41%
Polar Capital Global Technology	5.41%
Findlay Park Latin America	5.29%
Total	62.70%

Performance Analysis

1 Month	1.22%
3 Month	-7.98%
6 Month	-8.59%
1 Year	-3.36%
Inception	13.62%
Annual Compound Growth Rate	4.50%

	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%	-3.01%	1.22%	-	-	-7.75%

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

Cenkos Channel Islands PO Box 222, The Market Buildings, Fountain Street, St Peter Port, Guernsey GY1 4JG. T: +44 (0)1481 729100 F: +44 (0)1481 729700 W: cenkos-ci.com

This material is for your information only and is not intended to be used by anyone other than you. This is not an offer or solicitation with respect to the purchase or sale of any security. This fact sheet is intended only to facilitate your discussions with Cenkos Channel Islands as to the opportunities available to our clients. The given material is subject to change and, although based upon information which we consider reliable, it is not guaranteed as to accuracy or completeness and it should not be relied upon as such. The material is not intended to be used as a general guide to investing, or as a source of any specific investment recommendations, and makes no implied or express recommendations concerning the manner in which any client's account should or would be handled, as appropriate investment strategies depend upon client's investment objectives. This material does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation. It is the responsibility of any person or persons in possession of this material to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Cenkos Channel Islands does not provide tax advice to its clients and all investors are strongly advised to consult with their tax advisors regarding any potential investment. Opinions expressed are our current opinions as of the date appearing on this material only. Any historical price(s) or value(s) are also only as of the date indicated. While we endeavour to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Certain transactions, including those involving futures, options and high yield securities and investments in emerging markets may give rise to substantial risk and may not be suitable for all investors. Foreign currency denominated investments are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment; such investments are also subject to the possible imposition of exchange control regulations or other laws or restrictions applicable to such investments. Investments referred to in this material are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. Investors should consider whether an investment is suitable for their particular circumstances and seek advice from Cenkos Channel Islands. The price and value of the investments referred to in this material and the income from them may go down as well as up and investors may realise losses on any investments. Past performance is not a guide to future performance. Future returns are not guaranteed and a loss of principal may occur.