

## CENKOS INCOME FUND



### 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.

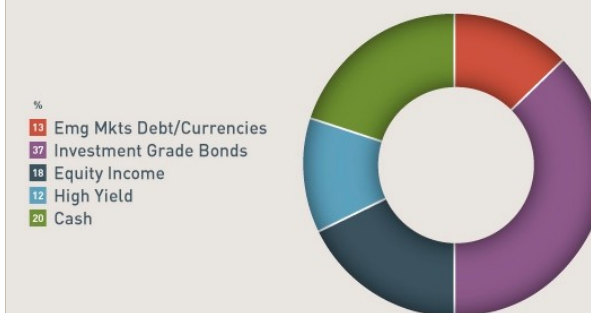
### FUND MANAGER COMMENTARY

Concerns over the future of the Euro project and the intertwined fate of the global economic recovery rumbled on throughout November, with news darkening again early in the month and putting an end to the October rally. As the European situation began increasingly to look like a long and drawn-out affair, markets fell progressively over the course of the month before a last-minute move by the world's central banks to reduce the cost of US Dollar funding coincided with a lower inflation print in China and better US economic numbers to give markets a powerful shot in the arm. The S&P 500 thus closed the month down only 0.5% after having rallied 7.6% in the last couple of days.

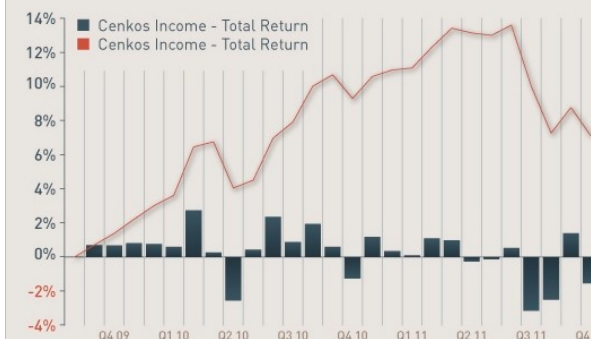
Today's markets pose a considerable challenge for investors trying to deal with the aftermath of the 2008 crisis and the resultant intervention by central banks. This has left cash deposits losing value in real terms and forced understandably reluctant investors into risk assets at a time of heightened price volatility. This environment, when combined with a bi-polar economic outlook – jumping between an inflationary recovery and deflationary debt crisis, offers no safe harbour for capital. Every asset class has its "what if" scenario, leading to wild swings in sentiment as investors either pile-in or rush for the exits depending upon the news.

In such an environment we feel the only way to invest is to seek out attractive asset classes and then diversify to mitigate the "what if" risks. We think investment-grade bonds are in a sweet-spot from an income perspective, combining good yields (due to attractive credit spreads) with the interest-rate exposure of government bonds and strong balance sheets. Accordingly, we have raised the Fund's weighting to this sector towards 50%. These purchases have been funded from cash, with the aim of achieving a fully invested portfolio with a diversified spread of assets while maintaining proportionately smaller weightings in high-yield debt, emerging-market debt and equity income. To increase our diversification further, we may look to add higher-rated bonds to the portfolio if and when a moment of market euphoria offers us an attractive enough opportunity to do so. The Income fund fell by 1.53% in November.

### 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

Cash	17.67%
M&G Corporate Bond	9.31%
New Capital Wealthy Nations Bond	8.35%
Cazenove Strategic Debt	8.11%
Franklin Templeton Global Total Return	7.73%
RWC Enhanced Income	5.85%
Cullen Global High Dividend Value Equity	5.51%
Invesco Offshore UK Equity Income	5.09%
CIF Emerging Markets Debt	5.04%
Muzinich Americayield	4.25%
<b>Total</b>	<b>76.91%</b>

## Performance Analysis

1 Month	-1.53%
3 Month	-2.64%
6 Month	-5.33%
1 Year	-2.00%
Inception	7.11%
<b>Annual Compound Growth Rate</b>	<b>3.22%</b>

## 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%	-1.53%	-	-3.15%

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

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