



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

As 2011 draws to a close we pen our final thoughts on what has been a volatile year for financial markets. The Fund finished the year down 0.60% on a total return basis (which includes dividends paid). The best performing asset class was the corporate bond weighting, which in the main avoided the banking sector and provided investors with an attractive yield and price appreciation from the tightening of yields.

Despite UK CPI averaging around 5% in 2011, the 10-year gilt has yielded an average of 3% (at the time of writing the yield was just above 2.1%) thereby guaranteeing investors a negative yield. However, markets are forward-looking and the Gilt market has been

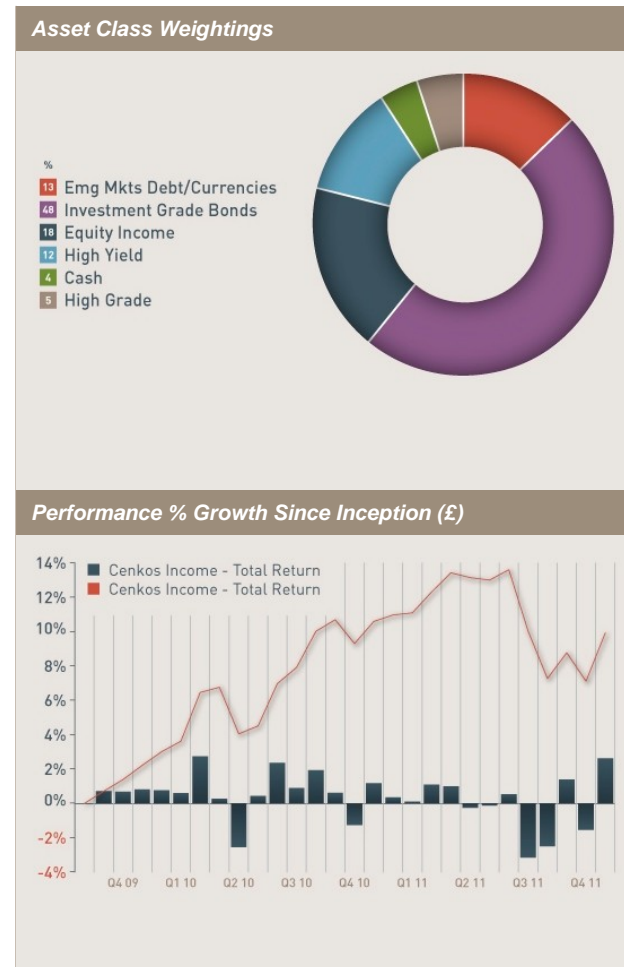
pointing the way for risk.

Bear markets, if allowed to run their course, are cleansing mechanisms. Metaphorically speaking, they are similar to forest fires clearing out the overgrown bush that clogs up the forest floor – revitalising and germinating the soil for the next wave of growth. Unfortunately, central bank policies to-date have doused the fires without manually clearing the bush. So long as such half-baked intervention persists, the threat of out-of-control re-ignition still exists.

With this in mind we have, throughout the year, moved the Fund’s assets to the financially strong and less economically sensitive. That means we have little banking exposure and even less to the Eurozone. We continue to favour the debt and equity of businesses that have global presence, diversified revenue streams, low levels of debt, strong free cash flow and an attention to dividends.

With Europe in a mess and politicians still content with sticking-plaster policy, it’s difficult to see how the continent can avoid the threat of recession which looms over 2012. This will no doubt affect the UK and keep interest-rate policy on hold, benefitting interest-bearing and dividend-paying investments.

The Income fund grew by 2.63% over the month and declared a dividend of 94p per share.



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 (Offshore) Corporate Bond	10.14%
Pimco Investment Grade Credit	9.93%
New Capital Wealthy Nations Bond	8.93%
Cazenove Strategic Debt	7.96%
Franklin Templeton Global Total Return	7.57%
RWC Enhanced Income	5.74%
Cullen Global High Dividend Value Equity	5.57%
Invesco Offshore UK Equity Income	5.14%
CIF Emerging Markets Debt	5.04%
Muzinich Americayield	4.07%
Total	70.09%

Performance Analysis

1 Month	2.63%
3 Month	2.48%
6 Month	-2.72%
1 Year	-0.60%
Inception	9.93%
Annual Compound Growth Rate	4.31%

1 Year Dividend History

Quarter 1 2011	87.00p
Quarter 2 2011	112.00p
Quarter 3 2011	94.00p
Quarter 4 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%	2.63%	-0.60%

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

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