



**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**

Isn't it amazing to think that we have been operating within the confines of a global crisis for more than four years (beginning with Northern Rock in September 2007)? Over the years, the crisis has escalated from bankrupt banks to bankrupt nations with no obvious end in sight. This has made for a tough backdrop in 2011 as markets have been driven by (largely, Euro-quake) fear and emotion as much as, if not more than, events.

On reflection, 2011 has been a frustrating year. Our core investment themes, such as the debt and equity of global blue-chip companies, emerging markets, technology and healthcare are in good shape. The problem has been the (understandable) fear factor that triggered

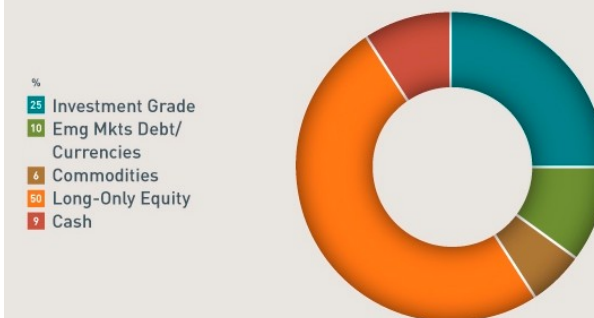
investors to cash-out regardless of the fundamentals. However, we also missed out on the other side of the fear trade as investors bought US Treasuries, Gilts and Bunds – which we, because of valuation concerns, haven't owned. Frustrating indeed!

That said, we are confident about the long-term success of our investment themes and upbeat about the current portfolio's positioning. At its core (about 50%) are the debt and equity of high-quality, global, blue-chips. Whilst many of the West's governments and households are burdened with debt, many corporates are in a very different position. They are flush with cash, have strong balance sheets and are in rude health. As we mentioned earlier, the likelihood is that investors will remain in a state of nervousness for the foreseeable future and it is this nervousness that will drive them towards blue-chip companies with great brand names and solid, repeatable, cash flows. In other words, we believe that investors will be rewarded for investing into this space.

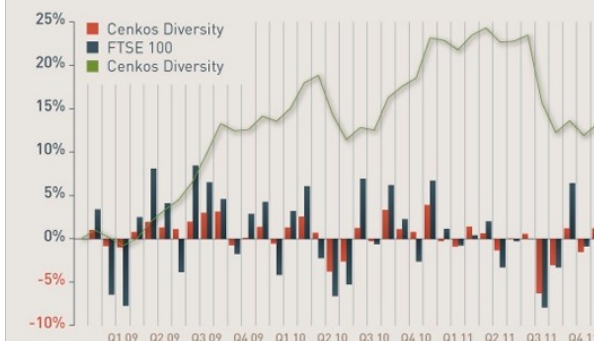
Alongside the blue-chips, we continue to invest in compelling themes that will stay sound regardless of political or economic outcomes – whose momentum will remain intact with or without the Euro, outlast future bouts of inflation or deflation and survive irrespective of any recriminations among Cameron, Sarkozy, Merkel *et al.*

The Cenkos Diversity fund rose 1.21% in December

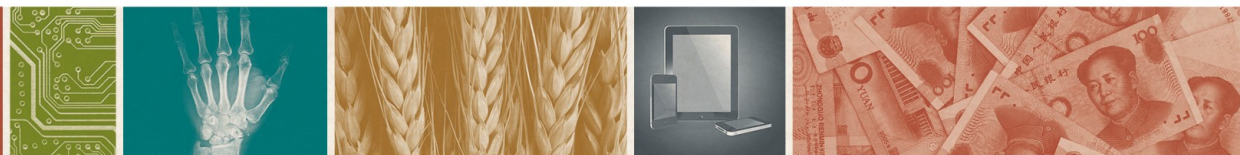
Asset Class Weightings



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>M&amp;G (Offshore) Corporate Bond</b>	<b>10.26%</b>
<b>Cash</b>	<b>9.34%</b>
<b>Lindsell Train Global Equity</b>	<b>7.90%</b>
<b>Fundsmith Equity</b>	<b>7.29%</b>
<b>Senhouse European Focus</b>	<b>5.78%</b>
<b>JO Hambro Japan</b>	<b>5.58%</b>
<b>Polar Capital Global Technology</b>	<b>5.49%</b>
<b>First State Asia Pacific Leaders</b>	<b>5.37%</b>
<b>Findlay Park Latin America</b>	<b>5.20%</b>
<b>Pimco Investment Grade Credit</b>	<b>5.00%</b>
<b>Total</b>	<b>67.21%</b>

## Performance Analysis

<b>1 Month</b>	<b>1.21%</b>
<b>3 Month</b>	<b>0.91%</b>
<b>6 Month</b>	<b>-7.74%</b>
<b>1 Year</b>	<b>-8.03%</b>
<b>Inception</b>	<b>13.28%</b>
<b>Annual Compound Growth Rate</b>	<b>4.14%</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%	1.22%	-1.50%	1.21%	-8.03%

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

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