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The Cayenne Trust plc April 2007

Fund Description

The Cayenne Trust plc aims to achieve consistent positive absolute returns by investing principally in the securities of UK investment trusts and other closed-end funds. The Trust will seek to ensure preservation of capital by the use of derivatives or similar hedging instruments. Up to 15 percent of the Trust's assets, at the time of investment, may be invested in Apollo Fund plc, an offshore fund which is managed by Cayenne Asset Management Ltd.

Investment Manager's Report

The Bank of England marked the end of Gordon Brown's decade as Chancellor by having to explain why inflation had risen above 3% for the first time. This represents the highest level for more than 12 years and makes the prospect of an imminent interest rate rise appear a near certainty. This sent Sterling through the US\$2 mark for the first time since 1992. Despite obvious concerns for consumers, homeowners, manufacturers and exporters, the FTSE 100 index was well supported by continued M&A activity and finished the month up by 2.2%. Global markets also performed well, with the S&P 500 increasing 4.3%, the DJ Euro Stoxx 50 up 5.0% and the MSCI World ending the month 4.2% higher. The Trust's most relevant index, the FTSE 350 Equity Investment Instruments Index performed satisfactorily increasing by 2.6%. However, discounts remain stubbornly wide and many trusts found their overseas gains eroded by US Dollar weakness. Against this background the Trust's NAV increased by 2.06% during April, making a financial year to date return of 3.97%. The strong share price performance of 3.83% caused the discount to narrow to 1.82% at month end.

The Trust remains focussed on a hedged portfolio of high quality assets with a proven track record at attractive valuations. Interesting opportunities continue to present themselves and the portfolio companies have also benefited from corporate activity. It was announced that a subsidiary of Ocean Wilson's Holdings, a significant position in both Hansa and Utilico Emerging, was to be floated on the Brazilian Stock Exchange. The company is a maritime services specialist that owns and operates ports in Brazil. The announcement and subsequent share price increase of Ocean Wilson's Holdings resulted in a strong performance in the respective funds' NAV's and both holdings were reduced at attractive levels. As markets rallied through their six year highs, the opportunity was taken to trim some global equity exposure by reducing the holding of Monks, Advance UK and Perpetual Income & Growth. Several existing positions were increased at favourable levels; including Majedie, New Star Investment Trust and Ecofin Water & Power Opportunities capital shares.

In terms of the hedge, small adjustments were made to the positions during the month to maintain the relevant delta adjusted exposure. In anticipation of a potential market setback, net cash levels were increased. The NAV of Apollo Fund, the Trust's largest position, increased by 1.53% during April.

Top Ten Holdings		Underlying Exposure		Trust Details	Ordinary Shares
Apollo Fund	13.8%	UK	40.9%	NAV per Share	124.26p
Electric & General	6.7%	N. America	10.2%	Mid-price per Share	122.00p
Scottish Mortgage	6.4%	Europe	15.0%	Premium / (Discount)	(1.82)%
Fidelity Spec. Values	4.8%	Asia	6.8%	Net Assets	£52.78m
Monks	4.8%	Japan	2.9%	Gross Assets	£63.01m
Perpetual Inc & Grth	4.7%	Other	10.3%	Market Cap	£51.82m
Real Est Opps ZDP	3.9%	Cash & FI	11.3%	April NAV Return	2.06%
Ecofin Water & Pwr	3.9%	Derivatives	2.6%	Financial YTD NAV Return	3.97%
Majedie	3.0%			IRR since inception	10.38%
Utilico	2.6%			Financial Year-end	31 January
				Ordinary Shares	(TCT) 42,475,143
				CULS	(TCTL) 10,000,000
				Management Fee:	1%
				Performance Fee:	10% above hurdle rate
				Hurdle Rate:	5% per annum
				High Water Mark:	Yes

Data source: Phoenix Administration Services Ltd. / Cayenne Asset Management Ltd.

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