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## The Cayenne Trust plc April 2009

### 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

Financial markets continued their strong recovery through April, against a backdrop of a slowing in the deterioration of economic data, resulting in substantial monthly gains for all major equity indices; the FTSE 100 was up over 8%, while the S&P 500 and MSCI World index rallied 9.4% and 10.9% respectively. The FTSE 350 Equity Investment Instruments Index, the Trust's most relevant index recovered 11.7%. Against this background the Trust's NAV gained 16.2%, resulting in a financial year to date return of 13.8%.

After a difficult start to the year, it is pleasing to report a strong recovery in the Trust's NAV, both in absolute and relative terms. Although the assets of the Trust clearly benefited from the general move in equity markets, some of the decisions taken earlier in the year to both increase and diversify its exposure to distressed alternative assets as well as European equities, proved profitable in April. The re-rating of both the UK/European real estate sector where the Trust holds ING UK Real Estate Income, Terra Catalyst and Real Estate Opportunities (zdps and culs), and the private equity sector, where the Trust holds Electra and 3i Group (ords and culs), all contributed significant alpha to the portfolio. Furthermore, Apollo Fund plc enjoyed a very strong recovery increasing 33.4% in April, due to the 'option' characteristics of many of its underlying assets.

The proceeds from the liquidation of Investec High Income and Ecofin income and capital shares were received by the Trust in April and much of this cash had already been earmarked for reinvestment. As a result, there was a reasonable level of activity within the portfolio: 3i Infrastructure was added to, as were the positions in Invesco Perpetual UK Select, Gartmore Irish and Cambium Global Timber. The Trust was also able to purchase new positions in JPMorgan Fleming Overseas and Anglo & Overseas, at prices outside the discount levels at which the respective companies normally buy back their own shares. These trusts are very well managed and will help diversify the Trust's global equity exposure.

In terms of disposals, profit was taken by reducing 3i Group ordinary shares, that had virtually doubled from their March low, while Schroder Income Growth and Scottish Mortgage were also reduced as their discounts narrowed markedly. The short position in FTSE 100 Futures was increased towards the end of the month as risks of a potential drawdown following the strong rally seemed likely.

As part of the Company's ongoing discount control policy, 55,000 ordinary shares were bought into Treasury.

Top Ten Holdings	Underlying Exposure		Trust Details	Ordinary Shares	
Apollo Fund	5.7%	UK	29.8%	NAV per Share	98.81p
Treasury 4¼% 2011	5.0%	N. America	10.7%	Mid-price per Share	93.63p
Treasury 4¾% 2010	4.9%	Europe	18.0%	Premium / (Discount)	(5.25%)
Scottish Mortgage	4.8%	Asia	9.0%	Net Assets	£33.24m
Electric & General	4.8%	Japan	2.1%	Gross Assets	£42.57m
Ecofin Wtr & Power	4.6%	Other	10.3%	Market Cap	£31.49m
Caledonia	3.7%	Cash & FI	20.1%	April NAV Return	16.23%
3i Infrastructure	3.6%	FTSE 100	(20.8%)	Financial YTD NAV Return	13.76%
Gartmore Irish	3.4%			IRR since inception	(2.62%)
3i culs	3.1%			Financial Year-end	31 January
<b>Total</b>	<b>43.7%</b>			Ordinary Shares	33,636,200
				CULS	(TCTL) 9,171,000
				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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