



Cayenne Asset Management Limited
23 Buckingham Gate
London SW1E 6LB

T: 020 7233 8899
F: 020 7233 8989
E: info@cayenneasset.com
W: www.thecayennetrust.com

The Cayenne Trust plc November 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

Equity markets moved ahead once again during November with the FTSE 100 gaining 2.9%; the S&P 500 5.75% and the DJ Euro Stoxx 50 Index rose 2.0%. The FTSE 350 Equity Investment Instruments Index underperformed leading markets, appreciating just 1.7%, discounts widened as continued institutional selling was met with investor apathy. The performance of the Trust suffered in this environment as the NAV declined by 0.5%. This results in an NAV increase of 34.1% for the Trust's financial year to date. The NAV of Apollo Fund plc (Apollo), the Trust's largest single position, increased 2.0%.

There were some notably poor performing investments during the month; Witan continues to languish on a discount of 13.5%, Caledonia, RIT Capital and British Empire fell in a rising market while Ecofin and Cambium Global Timberland also declined under light selling pressure. The position in Caledonia was reduced early in the month as valuations became a little stretched, especially in relation to other generalist trusts. The sale of JP Morgan European Growth was completed and a useful profit was booked. The switch from New India and JP Morgan Asia subscription shares into other, more attractive, Asian subscription shares was also completed during the month.

The Trust continued to purchase SVM Global at prices representing a discount to asset value of close to 20%. This has historically been an excellent fund with a well respected management team. Short term underperformance has led to a de-rating which should allow for enhanced returns when performance picks up. Following a further purchase, the portfolio's largest position (excluding Apollo) is now Law Debenture as James Henderson's medium term performance continues to shine. Despite this enviable recovery in fortunes, the trust now trades at a discount of 2.5%. This valuation means that the Trustee business, a core part of the trust's strategy, is being attributed a negative value. Having performed poorly during October, F&C Private Equity was purchased as the Zero Dividend Preference share issue should strengthen the balance sheet and address future funding commitment worries.

A significant hedge has been maintained and equates to approximately 40% of the long portfolio. This FTSE 100 short position counteracts much of the current mainstream equity exposure of the Trust. As part of the Board's commitment to limit the discount at which the Trust's shares trade, 40,000 shares were bought into Treasury during November. Active marketing of the Trust continues in order to promote the re-issue of Treasury shares to new investors and to create a more liquid market.

The following statement was released on 3 December 2009. The Board of the Company, at its recent meeting, reviewed the amount of revenue the Company has received during the current financial year, and projected receipts for the remainder of the year. Based on this and in the absence of any unforeseen circumstances, the Board expects to be able to recommend to Shareholders the payment of a final dividend for the year to 31 January 2010 of not less than 2.00p per Ordinary Share. Holders of the Company's Subscription Shares who elect to subscribe for Ordinary Shares at the 31 December 2009 and/or 31 March 2010 would be eligible to receive the final dividend in line with all other Ordinary Shareholders. Subscription Share holders electing to subscribe in June 2010 however, would not be eligible for the final dividend for the year to 31 January 2010.

Top Ten Holdings		Underlying Exposure		Trust Details		Ordinary Shares	
Apollo Fund	6.7%	UK	29.2%	NAV per Share (Diluted)		115.48p	
Law Debenture	6.1%	Europe	12.8%	Mid-price per Share		111.50p	
Ecofin Water Pwr culs	5.2%	N America	10.6%	Premium / (Discount)		(3.44%)	
3i Group culs	4.9%	Asia	10.7%	Mid-price per sub share		14.5p	
3i Infrastructure	4.6%	Japan	1.8%	Mid-price per £100 nom culs		£98	
Treasury 4.25% 2011	4.2%	Other	12.5%	November NAV Return		(0.48)%	
JPM Overseas	3.9%	Cash & FI	22.4%	Financial YTD NAV Return		34.14%	
Electric & General	3.6%	FTSE 100	(39.1%)	IRR since inception		2.07%	
Terra Catalyst	3.3%			Net Assets		£40.47m	
Ecofin Water Pwr Ord	3.1%			Gross Assets		£49.77m	
				Market Cap		£38.47m	
				Financial Year-end		31 January	
				Ordinary Shares	(TCT)	34,498,200	
				CULS	(TCTL)	9,171,000	
				Subscription Shares	(TCTS)	6,726,690	
				Management Fee:		1%	
				Performance Fee:		10% above hurdle rate	
				Hurdle Rate:		5% per annum	
				High Water Mark:		139.12p	
<p>Data source: Phoenix Administration Services Ltd. / Cayenne Asset Management Ltd.</p>							
<p>This document is distributed by Cayenne Asset Management Ltd to Professional Clients and Eligible Counterparties only. It is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to buy or sell investments. If you are in any doubt as to the appropriate course of action, you are recommended to consult an independent financial advisor. The value of an investment in the Company, and the income derived from it, may go down as well as up and an investor may not get back the amount of money invested. The Company seeks to preserve capital and minimise volatility by the use of derivative instruments however, there is no guarantee that that this strategy will be effective and therefore the value of the Company's investments may fall. The price of the Shares will be determined by supply and demand in the market as well as NAV per Share. The market price of the Shares is therefore likely to fluctuate and may represent either a premium or discount to NAV per Share. The use of borrowings (including CULS) should enhance returns to shareholders if the value of underlying assets rises but it will have the opposite effect if assets decline. Past performance of the Company is not a guide to its future performance.</p>							

NAV Performance to 30 November 2009

3 Months	6 Months	1 Year	3 Years
3.1%	11.6%	32.2%	2.9%