

FUND FACTS

Lead Manager
Peter Thomson

Fund Size
£14.1m

Price of 'A' Acc
163.38p

Launch Date
17 June 2002

Benchmark
FTSE All-share 80%
FT UK Gilts 15%
Cash 5%

Yield of 'A' Acc
3.4%

Number of Holdings
31

Morningstar Rating
4*

IMA Sector
UK Equity Income

SEDOL Number
3172478 ('A' Acc shares)
3168518 ('A' Inc shares)

Structure
Open Ended Investment
Company

Pricing Frequency
Daily at 12:00 (noon)

Listings
Financial Times ('A' shares),
IMA, Capita Financial

Performance
Mid price, sterling basis,
inclusive of net reinvested
Income, shown after
deduction of charges

Dividend Payment Date
End February, end August

Accounting Period
1 July to 30 June

Initial Charge
5%

Annual Management Fee
1.5%

Minimum Investment
£7,000 minimum

Share Classes
Accumulation & Income
classes of A shares

**Authorised Corporate
Director**
Capita Financial Managers
Ibex House, 42-47 Minories
London, EC3N 1DX
0870 607 2555

CF Taylor Young Equity Income Fund – 31 December 2009

Investment Objective

To generate an income yield before charges, which is in excess of 110% of the yield of the FTSE All-Share Index, together with some capital growth by investing in a diversified portfolio of mainly FTSE 100 Companies using a thematic, research-led investment process.

Fund Commentary

Review

The fund has performed well throughout 2009 and has returned 35.7% during the calendar year. The latest quarter has been no exception, with the return being 5.5%. A number of companies within the fund have generated notably good returns over the last three months. These include BHP Billiton, IMI, Pearson, Pennon, National Grid, Johnson Matthey and Rexam. In addition, we have recently introduced holdings of De La Rue and Britvic, which are also enjoying good initial performances. De La Rue is a commercial security printer and papermaker, involved in the production of approximately 150 national currencies and a range of security documents, such as passports, authentication labels and fiscal stamps, whilst Britvic is a soft drinks manufacturing and distribution company, mainly in the United Kingdom and the Republic of Ireland but increasingly operating in international markets.

Outlook

We have held exposure to various businesses that have enjoyed a substantial re-rating over the last nine months but which do not yield as much as the Fund's target yield, whilst also maintaining a barbell structure within the portfolio to ensure that the market yield premium from the Fund is indeed preserved. We are gradually unwinding this strategy and positioning the portfolio more defensively.

Companies that derive much of their sales outside of the UK and which are not exposed to government expenditure or the domestic consumer are considered more desirable given the uncertainty in the UK economy in the run up to the election. We are, therefore, concentrating on those with greater international exposure. We expect to maintain good exposure to the metals, mining and oil & gas sectors for the time being with demand for resources remaining high. Dividend distribution in the UK market has become somewhat concentrated with a few stocks dominating the overall position. Whilst we are not looking to chase income at this point in the cycle, we believe payouts from UK companies should generally be sustained in the current economic environment and we believe that exposure to large blue chips with stronger balance sheets is, in the main, preferable to most other areas. We favour areas of the market such as support services and outsourcing, along with specialist international engineers and security businesses.

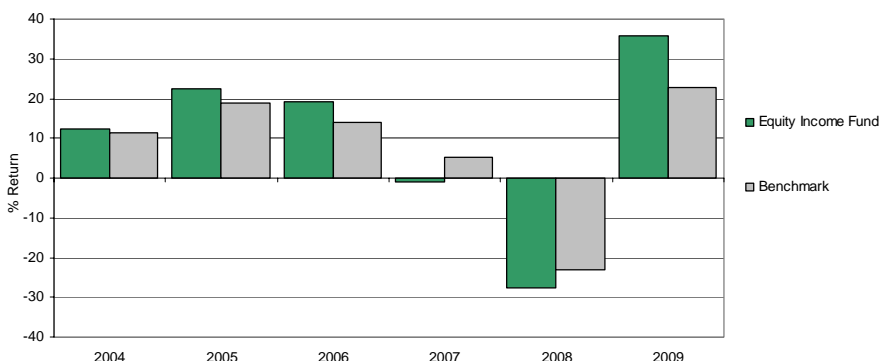
Cumulative Performance - 17 June 2002 to 31 December 2009

'A' Acc Shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Equity Income Fund	5.5%	29.8%	35.7%	(2.9)%	41.4%	63.4%
Equity Income Benchmark	4.1%	22.5%	22.9%	(0.7)%	34.8%	52.8%

Over 1 year, the Equity Income Fund was 7th out of 77 Funds in the sector (1st quartile) and 11th out of 73 (1st quartile) over 3 years*.

Discrete Annual Performance

'A' Acc Shares	2009	2008	2007	2006	2005	2004
Equity Income Fund	35.7	(27.6)%	(1.1)%	19.1%	22.3%	12.3%
Equity Income Benchmark	22.9	(23.2)%	5.3%	14.0%	19.0%	11.4%



RISK WARNING: The value of the investments and the income from them may go down as well as up and past performance is no guarantee of future performance. Rates of exchange may affect the value of the investment.

Top 10 Holdings (31/12/09)

	Stock	Weight	Industry Sector
1	BP	7.0%	Oil & Gas
2	Royal Dutch Shell 'B'	6.4%	Oil & Gas
3	IMI	5.1%	Industrials
4	Prudential	4.5%	Financials
5	GlaxoSmithKline	4.4%	Health Care
6	Vodafone	4.3%	Telecommunications
7	Standard Chartered	4.2%	Financials
8	National Grid	4.1%	Utilities
9	Carillion	4.0%	Industrials
10	Scottish & Southern	3.9%	Utilities
		47.9%	

Portfolio Composition (31/12/09)

Sector	Fund	Benchmark
Industrials	21.7%	5.4%
Oil & Gas	15.5%	14.6%
Financials	14.8%	18.2%
Utilities	11.2%	2.8%
Basic Materials	8.3%	9.5%
Consumer Goods	6.9%	9.5%
Health Care	6.3%	6.3%
Consumer Services	5.1%	7.7%
Gilts	4.7%	15.0%
Telecommunications	4.3%	4.7%
Technology	-	1.1%
Cash	1.2%	5.0%

Key Themes

Equities v Fixed Income

Whilst we are positioning the portfolio more defensively, we continue to believe that the risk-reward trade off is better in equities than fixed income and both are considerably better than cash. We also believe that the dollar will strengthen and have skewed the portfolio accordingly.

Dividend Sustainability

Whilst questions remain over how much dividends can prop up total returns and whether the payouts from UK companies can be sustained in the current economic environment, we believe that exposure to large UK blue chips with stronger balance sheets is preferable to most other sectors. Additionally the majority of our holdings are in major UK firms with international reach, thus leaving them less exposed to sterling's misfortune.

Quality of Earnings

With so much uncertainty in the UK economy in the run up to the election we are continuing to reduce our exposure to companies that are reliant on domestic earnings, focusing rather on those with greater international exposure.

Resources Super-cycle

As global growth returns and the increasing demand on resources from countries such as China proves to be robust, we have continued to increase our exposure to the resources sector.

Tactical Approach

Performance has been driven by the barbell approach, adopted within our core equity income strategy following the collapse of Lehman Brothers in September 2008. This strategy has enabled us to gain access to the recovery in cyclicals where we felt that the pricing was significantly disproportionate. We are now unwinding this position and trading away to a more conventional approach.

Fund Manager

Peter Thomson - CEO and CIO of Taylor Young Investment Management Limited

Peter Thomson, born 1965, graduated with a BSc (Honours) in Mathematics and Statistics from University of London in 1986. He joined Taylor Young in 2004 from Gerrard Limited where he spent eighteen years managing Private Client, Trust and Charity mandates. At Gerrard he chaired the Investment Process Committee and, latterly, was Head of the Global Strategies Division. At Taylor Young he leads the Investment Team and Research functions and in May 2006 was appointed as Chief Executive Officer and Head of the Executive Committee. He is a Member of the Stock Exchange specialising in Investment Analysis, Private Client Investment Management and Regulation and is a Fellow of the Chartered Institute for Securities and Investment.

In addition to his responsibilities at Taylor Young, Peter is an experienced Trustee acting for a number of Family and Charitable Trusts and is a Non-Executive Director of a number of businesses. Peter is married with two daughters.



RISK WARNING: The value of the investments and the income from them may go down as well as up and past performance is no guarantee of future performance. Rates of exchange may affect the value of the investment. Investment in the Fund may not be suitable for everyone. If you are in any doubt about any of the information in this Fact Sheet, please consult your financial advisor or contact Taylor Young Investment Management Limited for advice. Please bear in mind that by the time you read the Fact Sheet, the past performance may no longer be up-to-date. The most recent information including price and latest prospectus is available from Capita Financial Managers Ltd on 0870 607 2555.

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Tower Bridge Court, 224-226 Tower Bridge Road London SE1 2UI Tel: 020 7378 4500
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