

## FUND FACTS

**Lead Manager**  
Christopher Buxton

**Fund Size**  
£10.0m

**Price of 'A' Acc**  
153.61p

**Launch Date**  
14 June 2002

**Benchmark**  
FTSE All-Share Index

**Yield of 'A' Acc**  
3.3%

**Number of Holdings**  
28

**Morningstar Rating**  
4\*

**IMA Sector**  
UK All Companies

**SEDOL Number**  
3168522 (A acc shares)  
3168530 (A inc shares)

**Structure**  
Open Ended Investment  
Company

**Pricing Frequency**  
Daily at 12:00 (noon)

**Listings**  
Financial Times (A Shares  
only), 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 Growth & Income Fund – 30 June 2010

### Investment Objective

To provide capital growth and income by investing in a diversified portfolio of mainly UK equities using a thematic, research-led investment process. The Fund aims to generate an income yield after charges about that of the FTSE All-Share index.

### Fund Commentary

#### Review

The Fund again outperformed its benchmark, the FTSE All-Share Index, albeit in a falling and fairly treacherous market. The benchmark fell 11.8% in total return terms, suffering one of its poorest quarters since the mid 1980s, whilst the Fund fell 8.6%. Over the first half of the year the benchmark fell 6.1% with the Fund faring slightly better, falling 2.1%. A great deal happened during the quarter, perhaps most prominently the hung parliament resulting from the UK general election and the subsequent emergency Budget from the coalition government. Whilst there were few surprises in the scope of the austerity measures put in place by the Budget, the market's reaction has been greatly exaggerated by external influences, such as the cut backs by the G7 and continued concerns surrounding debt default in continental Europe (€442 billion was due for repayment to the European Investment Bank on 1st July as part of the 1 year credit facility). To overlay these macro concerns, the collapse in BP's share price, following the disaster in the Gulf of Mexico, has not only dragged the market down but has had a disproportionate effect on market derived income. BP was one of the biggest dividend providers within the FTSE, distributing \$7.7 billion dollars in the last 12 months alone. Other disappointments came from the mining sector, as the Australian government sought to impose a 'super profits tax' on all domestically produced resources, which at face value appear punitive and greedy. Following Prime Minister Rudd stepping down, this tax issue has been resolved (post the period end) at a more favourable rate and only levied on iron ore and coal. Micro Focus, the software business, suffered a severe blow at the end of the period when its FD suddenly resigned (he was turned down for the vacant CEO position) – in fact this provided a good buying opportunity (in the new period). In contrast, Weir continued its positive momentum, delivering high-quality results and receiving numerous analyst upgrades, whilst Admiral, Pennon, IG and IMI all posted good gains. Activity within the fund was limited, with no new holdings and only additions to Provident Financial, the consumer finance business, to help bolster the fund yield post BP's dividend cut, and a further increase in Domino's Pizza, which continues to deliver slices of good news (unlike the English football team!). We moved on from VT following the bid by Babcock International, with no other holdings sold outright.

#### Outlook

The new government have made it plainly clear that one of its key objectives for the parliamentary term is to reduce the budget deficit and the measures outlined in the emergency Budget, if met, should result in its dramatic reduction by 2015/16. However, as mentioned in previous editions, there is likely to be some consumer hardship, with rising unemployment, in order to achieve these necessary reductions, and, whilst much of this is likely to come from the public sector, consumer confidence in general may be affected, which could further depress some equity market valuations.

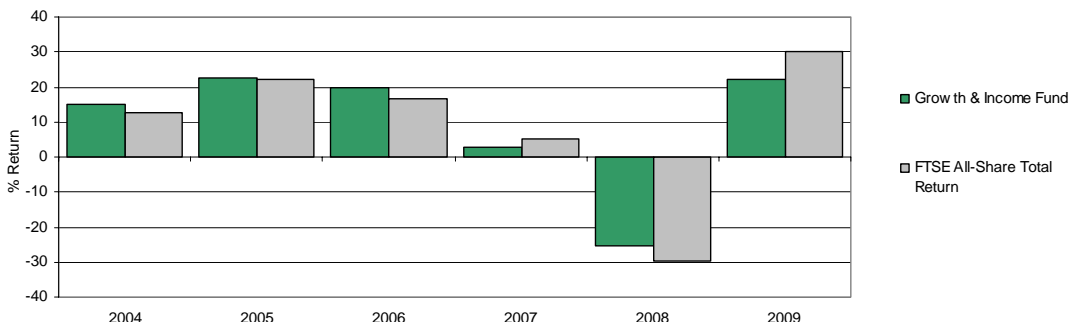
### Cumulative Performance – 14 June 2002 to 30 June 2010

'A' Acc shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth & Income Fund	(8.6)%	(2.1)%	21.8%	(12.7)%	26.6%	53.6%
FTSE All-Share Total Return	(11.8)%	(6.1)%	21.1%	(16.2)%	18.7%	48.6%

Over 1 year, the Growth & Income Fund was 2<sup>nd</sup> quartile in the UK All Companies sector, was 1<sup>st</sup> quartile over 3 years and 1<sup>st</sup> quartile over 5 years\*.

### Discrete Annual Performance

'A' Acc shares	2009	2008	2007	2006	2005	2004
Growth & Income Fund	22.2%	(25.4)%	2.9%	19.9%	22.6%	14.9%
FTSE All-Share Total Return	30.1%	(29.9)%	5.3%	16.8%	22.0%	12.8%



Source: TYIM/Bloomberg. \*Trustnet 30/06/10

**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 (30/06/2010)

	Stock	Weight	Industry Sector
1	Standard Chartered	5.4%	Financials
2	British American Tobacco	4.8%	Consumer Goods
3	Pennon	4.5%	Utilities
4	HSBC	4.5%	Financials
5	Reckitt Benckiser	4.5%	Consumer Goods
6	Scottish & Southern Energy	4.3%	Utilities
7	Provident Financial	4.1%	Financials
8	Admiral	4.0%	Financials
9	Unilever	4.0%	Consumer Goods
10	IMI	4.0%	Industrials
		<b>44.1%</b>	

## Portfolio Composition (30/06/2010)

Sector	Fund	Benchmark
Financials	24.5%	23.4%
Industrials	22.0%	7.7%
Consumer Goods	13.2%	12.0%
Oil & Gas	11.3%	15.4%
Utilities	8.8%	3.9%
Consumer Services	6.8%	10.2%
Basic Materials	5.7%	1.5%
Health Care	3.0%	8.2%
Technology	2.8%	1.7%
Telecoms	-	6.1%
Cash	1.7%	-

## Key Themes

### International Earnings

The emergency budget outlined significant austerity measures that are designed to reduce the deficit by the end of the Parliamentary term and it is widely anticipated that sterling may strengthen as a result. However in the intervening period, we continue to search for companies with strong international earnings momentum, particularly in the Far East and the US at the expense of pure UK domestic earnings, due to greater economic growth prospects.

### Dividend Sustainability

The suspension of BP's dividend following the Gulf of Mexico crisis has put large yielding and sustainable dividends in even higher demand. Nevertheless, we continue to search for sustainable and growing dividends from companies with strong balance sheets in order to provide a healthy yield for the Fund, indeed 7 of the top 10 holdings currently have premium yields to the FTSE All-Share Index.

### 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.

### Emerging Markets

We anticipate industrialised economies to grow at much lower levels than their emerging market counterparts and have positioned the fund accordingly. In particular, China has become the driving force behind the global economy and we have and will continue to increase holdings in those companies with exposure to such markets.

## Fund Manager

### Christopher Buxton – Senior Investment Manager

Christopher Buxton BSc (Hons), born 1972, is a fellow of the Chartered Institute for Securities and Investment. He began his career at PricewaterhouseCoopers and in 2000 moved to Greig Middleton which later merged to form Gerrard Ltd. Christopher joined Taylor Young in 2004 and is a Senior Investment Manager with research responsibilities for the Basic Materials, Oil & Gas and Chemical Sectors, and took over management of the fund in 2008.



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