

FUND FACTS

Lead Manager
Peter Thomson

Fund Size
£11.8m

Price of 'A' Acc
134.76p

Launch Date
19 July 2001

Benchmark
FTSE All-Share Index

Yield of 'A' Acc
1.1%

Number of Holdings
32

Morningstar Rating
2*

IMA Sector
UK All Companies

SEDOL Number
3043228 ('A' acc shares)

Structure
Open Ended Investment Company

Pricing Frequency
Daily at 12:00 (noon)

Listings
Financial Times (A shares only), IMA, Capital 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% (A shares)

Annual Management Fee
1.5% (A shares)

Minimum Investment
£7,000 (A shares)

Share Classes
Accumulation classes of A, B and C shares

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

CF Taylor Young Growth Fund – 30 June 2010

Investment Objective

To provide capital growth by investing in a diversified portfolio of mainly UK equities using a thematic, research-led investment process.

Fund Commentary

Review

The Fund has performed well over the last twelve months, having exceeded what has been a strong recovery in the benchmark FTSE All-Share Index, following on from the low point in UK equities that was struck in March 2009. The Fund has returned 27.1% over the last twelve month period, whilst the FTSE All-Share Index has returned 21.1%. The latest three months has nonetheless been a difficult period for markets. During the second quarter of the year, the Fund fell by a disappointing 7.3%, although this compares favourably to the benchmark FTSE All-Share Index, which was down by 11.8%. A number of companies within the Fund have generated notably good returns over the last three months and these include WSP, Domino Pizza and Weir. Positions in Genus, James Fisher, Cello and CSR have been sold, whilst VT received a bid from Babcock International. As the bidding process reached its conclusion, we elected to sell the holding. New positions have been taken in businesses where we see particular value and opportunity emerging and these include IMI, Avanti Communications, Micro Focus, BAe Systems, and additional banking exposure, through the shares of both HSBC and Lloyds. We have also built the position in Hightex in recent weeks.

Outlook

Many of the recent economic data releases have, at best, been weaker than markets had been hoping for. We have long taken the view that the economic healing process would be both patchy and bumpy, but that global economic statistics point to a sustainable worldwide recovery within which asset prices can continue to respond positively as confidence stabilises. Valuations do not, in our view, seem stretched at present. In part due to the extent of overseas earnings exposure, the UK equity market looks appealing even if the economy does not. Earnings growth and momentum look set to provide good support. Quality companies that are expected to show consistently better than average growth, in what may continue to prove to be an otherwise challenging environment, are favoured. In short, the current environment should lead to strong companies getting stronger. We believe that exposure to international blue chips with powerful global franchises and stronger balance sheets is, in the main, preferable to most other areas. Thematically, we continue to favour areas of the market, such as support services, specialist international engineers and security businesses, where valuations seem, for the most part, very attractive following some recent weakness.

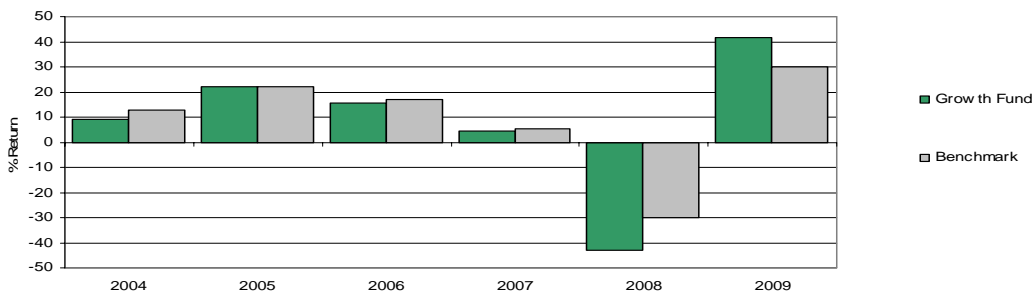
Cumulative Performance – 19 July 2001 to 30 June 2010

'A' Acc Shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth Fund	(7.3)%	(1.0)%	27.1%	(23.6)%	10.5%	34.8%
FTSE All-Share Total Return	(11.8)%	(6.1)%	21.1%	(16.2)%	18.7%	31.4%

Over 1 year, the Growth Fund was in the 1st quartile in the UK All Companies sector, 4th quartile over 3 years and 3th quartile over 5 years*.

Discrete Annual Performance

'A' Acc Shares	2009	2008	2007	2006	2005	2004
Growth Fund	41.8%	(42.8)%	4.4%	15.7%	22.2%	8.9%
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 (30/06/10)

	Stock	Weight	Industry Sector
1	SSL International	6.5%	Consumer Goods
2	BG	5.7%	Oil & Gas
3	Charter International	5.4%	Industrials
4	BHP Billiton	5.3%	Basic Materials
5	Hightex	5.2%	Industrials
6	Alliance Pharma	5.0%	Health Care
7	RPS	4.8%	Industrials
8	IMI	4.6%	Industrials
9	Weir	4.4%	Industrials
10	Standard Chartered	4.2%	Financials
		51.1%	

Portfolio Composition (30/06/10)

Sector	Fund	Benchmark
Industrials	44.7%	7.7%
Oil & Gas	11.7%	15.4%
Financials	10.7%	23.4%
Consumer Services	8.7%	10.2%
Basic Materials	7.2%	11.5%
Consumer Goods	6.5%	12.0%
Health Care	5.0%	8.2%
Technology	2.9%	1.7%
Telecoms	2.2%	6.1%
Cash	0.5%	-
Utilities	-	3.9%

Key Themes

Small & Mid-cap Opportunities

We continue to believe that a large number of reasonably priced mid-tier companies have been overlooked and have thus increased our holdings in this area of the market. We have also introduced a number of small cap holdings into the Fund, although exposure remains, and will continue to remain, low in order to retain liquidity within the Fund.

Dividend Sustainability

While 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. Notwithstanding the BP situation, we are not anticipating dividend cuts in any of the stocks within the Fund. On the contrary, we are expecting to see an improvement in the dividend yield. The majority of our holdings are in major UK firms with international reach, thus leaving them less exposed to sterling's misfortune.

International Earnings

With continued uncertainty in the UK economy as to the effect of the emergency Budget, we are continuing to reduce our exposure to companies that are reliant on domestic earnings. So we are focusing on those with greater international exposure, where quality of earnings remains instrumental to the Fund.

Resources Super-cycle

As global growth returns and the demand on resources from countries, such as China, proves to be robust, so we have maintained exposure to the metals, mining and oil & gas sectors and we continue to hold faith in our core resources super-cycle theme.

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.



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This document is issued by **Taylor Young Investment Management Limited**
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