

FUND FACTS

Lead Manager
Christopher Buxton

Fund Size
£14.4m

Price of 'A' Acc
156.98p

Launch Date
14 June 2002

Benchmark
FTSE All-Share Index

Yield of 'A' Acc
3.1%

Number of Holdings
29

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 – 31 December 2009

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 generated another satisfactory return over the quarter, 4.6%, albeit underperforming the benchmark FTSE All-Share Index marginally, with both November and December particularly pleasing. Reviewing the quarter, we can see that it was considerably more stable than previous periods in 2009 with something approaching normal market returns, with more normalised market trading volumes, as the market appeared to consolidate earlier quarters gains. Within the Fund (and the market), mining stocks once again provided the strongest contributions, with additions to the Xstrata holding proving timely and the holding of BHP Billiton continuing to perform well. Elsewhere, some of the more traditionally defensive areas, including oils, utilities and pharmaceuticals, all with larger dividend yields, contributed well. While, against this, the financial sector was relatively weak, epitomised by the poor performances from HSBC, Standard Chartered, Provident Financial and the new addition of Barclays.

Over the quarter, we sold the positions of Morgan Crucible, National Grid, Morrison Supermarkets and Game (with the last being sold ahead of the profit warning), and added new positions of Micro Focus (the software service business), Wellstream (an oil service business that specialises in flexible risers and flowlines), and Barclays Bank.

Outlook

The ambiguity of the outcome of the general election, expected in May, is likely to continue to cause uncertainty in the UK equity market (an outright win versus a hung parliament). Despite this, areas, such as Support Services, are expected to benefit from cuts in the civil purse, as the new government looks to reduce headcount via 'outsourcing' (a key theme). Potential beneficiaries within the Fund are; VT, Capita and Serco.

With our belief that sterling may likely depreciate further, particularly against the US dollar and Yen, we continue to look for investment opportunities with good exposure to emerging markets and stronger international revenue streams, at the expense of more domestic UK earnings, as in the case of Morrison.

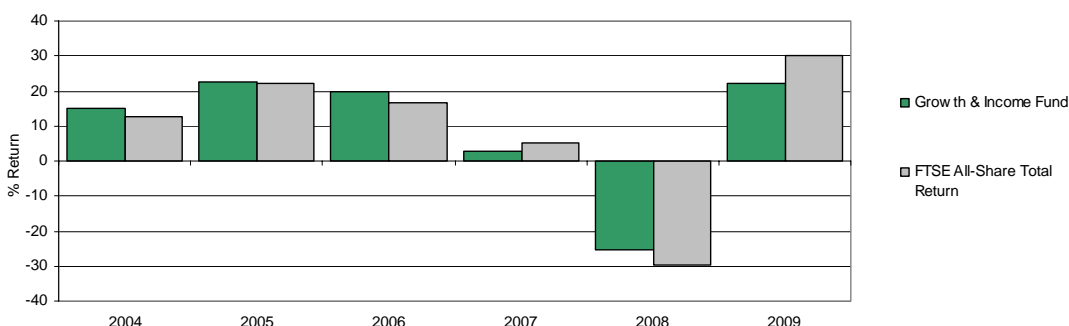
Cumulative Performance – 14 June 2002 to 31 December 2009

'A' Acc shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth & Income Fund	4.6%	24.5%	22.2%	(6.2)%	37.9%	57.0%
FTSE All-Share Total Return	5.5%	29.1%	30.1%	(4.0)%	36.8%	58.3%

Over 1 year, the Growth & Income Fund was 295th out of 343 Funds in the sector (4th quartile) and 136th out of 312 (2nd quartile) over 3 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 31/12/09

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 (31/12/2009)

	Stock	Weight	Industry Sector
1	BP	4.8%	Oil & Gas
2	Standard Chartered	4.5%	Financials
3	Pennon	4.4%	Utilities
4	HSBC Holdings	4.4%	Financials
5	Royal Dutch Shell "B"	4.3%	Oil & Gas
6	Reckitt Benckiser	4.1%	Consumer Goods
7	BG	4.0%	Oil & Gas
8	BHP Billiton	3.8%	Basic Materials
9	Tesco	3.8%	Consumer Services
10	British American Tobacco	3.8%	Consumer Goods
		41.9%	

Portfolio Composition (31/12/2009)

Sector	Fund	Benchmark
Industrials	23.3%	6.8%
Financials	22.5%	22.8%
Oil & Gas	16.3%	18.2%
Consumer Goods	11.6%	11.9%
Utilities	8.2%	3.5%
Basic Materials	7.0%	11.9%
Consumer Services	3.8%	9.7%
Health Care	3.0%	7.9%
Technology	2.5%	1.4%
Telecoms	-	5.8%
Cash	1.9%	-

Key Themes

International 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. The quality of earnings remain instrumental to the fund and will have continued importance in light of the upcoming domestic election.

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. We are not anticipating dividend cuts in any of the stocks within the fund. To the contrary we are expecting to see an improvement in the dividend yield and we are confident that the oil majors will continue to pay dividends into 2010. The majority of our holdings are in major UK firms with international reach, thus leaving them less exposed to sterling's misfortune.

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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