

## FUND FACTS

**Lead Manager**  
Peter Thomson

**Fund Size**  
£16.8m

**Price of 'A' Acc**  
136.17p

**Launch Date**  
19 July 2001

**Benchmark**  
FTSE All-Share Index

**Yield of 'A' Acc**  
1.4%

**Number of Holdings**  
29

**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 – 31 December 2009

## 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 throughout 2009 and has returned 41.8% during the full calendar year. The latest quarter has been rather unsatisfactory with the divergence in performance between the largest capitalised companies in the UK and mid-sized and smaller companies quite pronounced. The FTSE 100 Index was up 6.2%, the FTSE Mid 250 Index (ex Inv Co) up 1.9% and the FTSE Small Cap Index (ex Inv Co) down by 7.7%. This movement supports the argument that equities may be entering a period of relative outperformance from larger companies (both domestic and overseas). This would be beneficial for a number of our current investment themes and we have been altering the underlying exposure accordingly. Thus, in the rally from March, large companies underperformed against their smaller brethren, but in the past quarter have taken on leadership again.

### Outlook

Having seen particularly good performances over recent months from holdings, such as BHP Billiton, SSL, Weir, Charter, Cookson and Prudential, whilst the newly introduced Smith & Nephew has also delivered a good initial return, we are adopting a more shielded stance. White Young Green has struggled to escape from its heavy debt burden and we recently chose to dispose of this poor holding. Kier and Mattioli Woods are other holdings that we have elected to sell, as we wish to focus more on companies that derive much of their sales outside of the UK and which are not exposed to government expenditure or the domestic consumer. With so much uncertainty in the UK economy in the run up to the election, we are looking to reduce exposure to companies reliant on domestic earnings, concentrating rather more on those with greater international exposure.

Despite a difficult short term period for the mid and smaller sized companies in the UK market, we firmly believe that a number of reasonably priced mid-tier companies have been rather overlooked and we are comfortable in maintaining what we feel to be some good quality investments in this area but, in turn, recognising the need to be highly selective and particularly focussed at this point in the recovery. We favour areas of the market such as support services and outsourcing, along with specialist international engineers and security businesses.

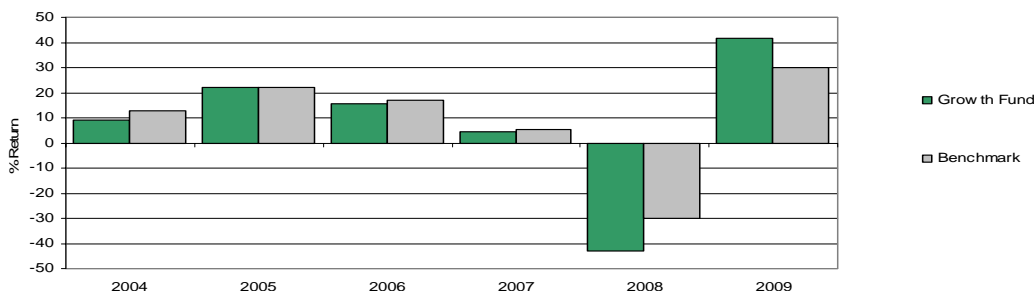
## Cumulative Performance – 19 July 2001 to 31 December 2009

'A' Acc Shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth Fund	(0.9)%	28.5%	41.8%	(15.3)%	19.7%	36.2%
FTSE All-Share Total Return	5.5%	29.1%	30.1%	(4.0)%	36.8%	40.0%

Over 1 year, the Growth Fund was 45<sup>th</sup> out of 343 Funds in the sector (1<sup>st</sup> quartile) and 250<sup>th</sup> out of 312 (4<sup>th</sup> quartile) over 3 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 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 (31/12/09)

	Stock	Weight	Industry Sector
1	BHP Billiton	6.2%	Basic Materials
2	Charter International	6.2%	Industrials
3	BG	5.7%	Oil & Gas
4	SSL International	5.4%	Consumer Goods
5	Inchcape	5.1%	Consumer Services
6	Forth Ports	4.7%	Industrials
7	ITE	4.6%	Consumer Services
8	Genus	4.4%	Health Care
9	RPS	4.4%	Industrials
10	Royal Dutch Shell B	4.3%	Oil & Gas
		<b>51.0%</b>	

## Portfolio Composition (31/12/09)

Sector	Fund	Benchmark
Industrials	47.3%	6.8%
Oil & Gas	11.8%	18.2%
Consumer Services	11.0%	9.7%
Basic Materials	8.8%	11.9%
Financials	5.7%	22.8%
Consumer Goods	5.4%	11.9%
Health Care	4.4%	7.9%
Technology	3.4%	1.4%
Telecoms	-	5.8%
Utilities	-	3.5%
Cash	1.9%	-

## 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. 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 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.

### 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.

### 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.



**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.

This document is issued by **Taylor Young Investment Management Limited**  
Tower Bridge Court, 224-226 Tower Bridge Road London SE1 2UJ Tel: 020 7378 4500  
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