

## FUND FACTS

**Lead Manager**  
Peter Thomson

**Fund Size**  
£6.8m

**Price of 'A' Acc**  
86.43p

**Launch Date**  
3 April 2007

**Benchmark**  
67% FTSE All-Share  
33% FTSE World (ex-UK) £

**Yield of 'A' Acc**  
1.1%

**Number of Holdings**  
43

**IMA Sector**  
Global Growth

**SEDOL Number**  
B1V2HP5 (A acc shares)  
B1V2KZ6 (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, B, C and D  
shares

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

## CF Taylor Young International Equity (£bias) Fund – 31 December 2009

### Investment Objective

To provide capital growth and income by investing in a diversified portfolio of UK and overseas equities using a thematic, research-led investment process. No less than 60% and no more than 80% of the portfolio may be invested in the UK.

### Fund Commentary

#### Review

The Fund has returned 20.5% during the full calendar year 2009, whilst a more modest 3.7% over the last quarter. The recent resilience of sterling has held back the returns from a number of the international stocks within the portfolio and this has held back the total returns in recent weeks. We would expect sterling to be relatively weak on a global trade weighted basis in the coming months and therefore propose to maintain a higher exposure to the overseas component of the Fund for the time being. We have seen good performance over the quarter from BHP Billiton, Total, BP, Schlumberger, SSL, IMI, G4S, Apple, McDonalds, Pennon, Tiffany, National Grid, Qinetiq, Nestle and Unilever, which have all produced double digit returns this quarter. In addition, we have been rather more active in introducing new holdings, including BASF, the German-based global chemicals business, alongside Anheuser Busch and Sysco in the United States. We have elected to move away from stocks including Exxon Mobil, Kroger, and ENI in recent weeks.

#### Outlook

We are beginning to position the portfolio more defensively and 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. Thus, 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.

As global growth returns and the demand for 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.

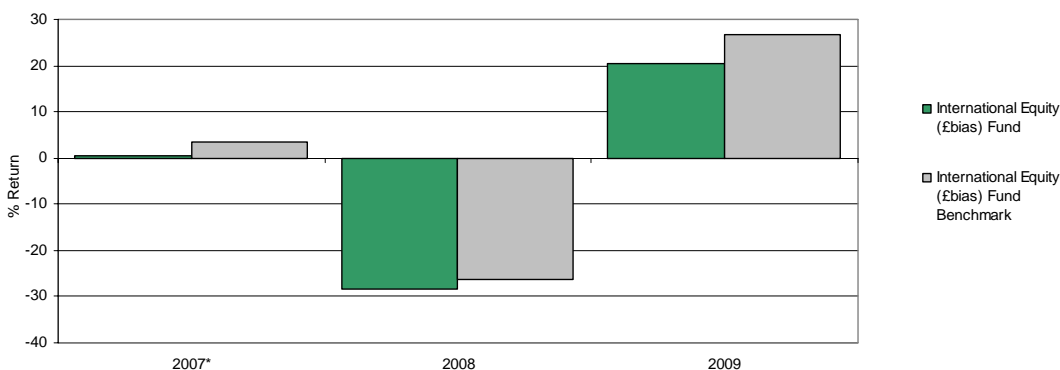
Whilst questions remain over the extent to which dividends can prop up total returns and whether payouts from UK companies can be sustained in the current economic environment, we believe that exposure to large blue chips with stronger balance sheets and excellent global franchises, is generally preferable. In turn, we recognise the need to be highly selective and particularly focussed at this point in the recovery. With this in mind, we favour areas of the market such as support services and outsourcing, along with specialist international engineers and security businesses.

### Cumulative Performance – 3 April 2007 to 31 December 2009

'A' Acc shares	3 Months	6 Months	1 Year	Inception
International Equity (£bias) Fund	3.7%	23.9%	20.5%	(13.6)%
International Equity (£bias) Fund Benchmark	4.8%	27.9%	26.7%	(3.1)%

### Discrete Annual Performance

'A' Acc shares	2009	2008	2007*
International Equity (£bias) Fund	20.5%	(28.5)%	0.4%
International Equity (£bias) Fund Benchmark	26.7%	(26.2)%	3.6%



Source: TYIM/Bloomberg. \* 3/4/07 – 31/12/07

**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	BHP Billiton	3.6%	Basic Materials
2	BG	3.5%	Oil & Gas
3	Tesco	3.3%	Consumer Services
4	Royal Dutch Shell "B"	3.2%	Oil & Gas
5	Autonomy	3.1%	Technology
6	Prudential	3.1%	Financials
7	IMI	3.0%	Industrials
8	BP	2.8%	Oil & Gas
9	Unilever	2.8%	Consumer Goods
10	SSL International	2.8%	Consumer Goods
		<b>31.2%</b>	

## Portfolio Composition (31/12/2009)

Sector	Fund	Split*
United Kingdom	58.1%	66.7%
North America	23.6%	16.8%
Europe (ex UK)	7.2%	6.7%
Far East & Emerging Markets	3.9%	6.6%
Japan	-	4.5%
Cash	7.2%	-

\* Split using FTSE All-Share and MSCI Global (ex UK) Index

## 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 fund is currently operating at the minimum level of UK holdings permitted, illustrating our view of the UK economy. A quarter of the fund is held in direct American investment, with some exposure to the Far East, where the primary focus is on Hong Kong property. We have modest exposure to Europe, with holdings concentrated on global leaders.

### Sterling's Decline

The continuing decline of sterling, on a trade weighted basis, weighs heavily on the fund strategy. We remain focused on industry leaders in global markets and favour the dollar over sterling and the euro.

### Resources Super-cycle

As global growth returns and the demand for 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 the resources super-cycle, a core theme.

### Tactical Approach

We expect to see a rise in capital expenditure from the balance sheet of technology companies and have increased our exposure accordingly. As this trend continues we anticipate increasing our exposure to this sector into 2010.

## 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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