

## FUND FACTS

**Lead Manager**  
Peter Thomson

**Fund Size**  
£10.0m

**Price of 'A' Acc**  
145.4p

**Launch Date**  
19 July 2001

**Benchmark**  
FTSE All-Share Index

**Yield of 'A' Acc**  
0.3%

**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, 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% (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 2011

### Investment Objective

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

### Fund Commentary

#### Review

After the weakness in the third quarter, the TY Growth Fund showed some good growth this quarter, though the performance was a little behind the FTSE All-Share. However, it was good enough to maintain excellent outperformance over a three year period, which is our preferred timescale. These three year returns mean that the Fund is very competitive against its peers. As we start to see some value returning to mid-cap companies, so the biggest contributor this period was from ITE, the eastern European focussed exhibition organiser, which shares showed very strong returns, having been out of favour and therefore suffering from a liquidity discount. This was supported by significant recovery from Hydrodec and Micro Focus, with the latter announcing a large return of capital. Royal Dutch Shell and Diageo, both larger, higher-yielding companies, are held at the moment in preference to cash, and have added significantly to the growth.

The two smaller exploration companies held, Nautical Petroleum, focussed on the North Sea, and Horizonte Minerals, which is exploring for Nickel and Gold in Brazil thereby building reserves, both had a weak period, as the market worries about funding requirements over the next year. These have been well flagged by the companies and should not be a constraint, indeed we have added to positions over the past six months. The two smaller companies selling drugs, Alliance and Sinclair, found their shares drifting, while operationally they continue to do well.

We have taken profits from some of the larger cyclical companies, such as Johnson Matthey and Ultra Electronics, not because we no longer like the companies, but because we think that their rating have expanded too far and we worry about their ability to continue to grow their margins in current conditions. We also moved on from the smaller consultancy company, WSP, as we are concerned by lack of growth and external factors, given all the prevailing austerity measures. We have started holdings in APR Energy, which provides temporary power, and TT, the global electronics business, where, while cyclical in nature, we feel the company has been overlooked and the shares offer significant potential value.

#### Outlook

We think that there is some excellent value in a number of smaller companies, some of which have been sold down while disregarding their fundamental strengths. We are therefore beginning to build such holdings. We are wary of paying too much for cyclical businesses, but feel that they have been neglected for too long, while many are of high quality. These changes mean that we remain significantly overweight in the industrials, while underweight in financials, where companies may look cheap, but risks abound.

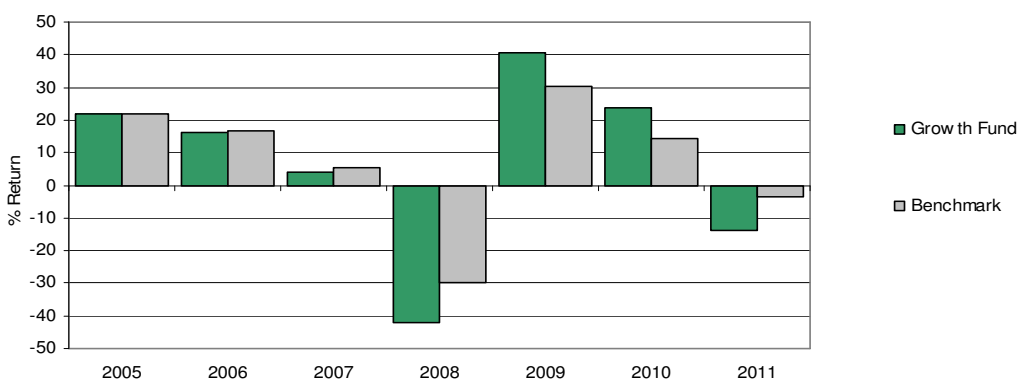
### Cumulative Performance – 19 July 2001 to 31 December 2011

'A' Acc Shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth Fund	6.1%	(8.3)%	(13.8)%	50.3%	(9.5)%	45.4%
FTSE All-Share Total Return	8.4%	(6.2)%	(3.5)%	43.8%	6.2%	54.8%

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

### Discrete Annual Performance

'A' Acc shares	2011	2010	2009	2008	2007	2006	2005
Growth Fund	(13.8)%	23.8%	40.8%	(42.2)%	4.2%	16.1%	21.9%
FTSE All-Share Total Return	(3.5)%	14.5%	30.1%	(29.9)%	5.3%	16.8%	22.0%



Source: TYIM/Bloomberg. \*Trustnet 31/12/11

**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 (31/12/2011)

	Stock	Weight	Industry Sector
1	BG	8.2%	Oil & Gas
2	Vodafone	7.1%	Telecommunications
3	Royal Dutch Shell 'B'	5.6%	Oil & Gas
4	Diageo	5.6%	Consumer Goods
5	Micro Focus	4.4%	Technology
6	Alliance Pharma	4.3%	Health Care
7	ITE	4.1%	Consumer Services
8	Cookson	3.9%	Industrials
9	Nautical Petroleum	3.8%	Oil & Gas
3	Filtrona	3.8%	Industrials
		<b>50.8%</b>	

### Portfolio Composition (31/12/2011)

Sector	Fund	Benchmark
Industrials	24.3%	8.0%
Oil & Gas	18.2%	19.1%
Telecoms	10.0%	6.5%
Consumer Services	10.0%	9.3%
Health Care	9.5%	8.0%
Basic Materials	6.5%	11.5%
Financials	6.3%	19.0%
Consumer Goods	5.6%	13.3%
Technology	4.4%	1.5%
Utilities	-	3.8%
Cash	5.2%	-

### Key Themes

#### Predictability and Transparency

In these difficult economic times, when investor horizons are shortened, we believe that it is important to focus on the quality of earnings, cashflow and dividends, as well as looking at the liquidity of the shares. The quality of earnings reflects the extent to which a company has a clearly defined policy, is open about current risks and opportunities and which report their accounts in a true and fair manner.

#### Energy and Exploration

We continue to favour the oil & gas sector and maintain a basket of exploration & production holdings along side core exposure to larger businesses, while acknowledging that global growth estimates have come back and that there may be some financing issues in the sector. We see attractive opportunities and excellent long-term potential.

#### Mergers and Acquisitions

We feel that the current market valuations, coupled with surplus cash flows, the improving strength of balance sheets and the current cost of debt financing should lead to increased merger and acquisition activity, while cash bids (and share buybacks) should help drive earnings per share growth in coming weeks and months.

#### Resources Super-cycle

As global growth continues and the increasing demand on resources from countries, such as China and Brazil, proves to be robust, we maintain core exposure to the resources sector.

#### Quality of International Earnings

As a central theme, we very much continue to favour high quality, multinational companies, which derive a significant proportion of revenues from the western recovery, coupled with exposure to the higher growth rates of emerging economies. We are looking for and supporting businesses with good cash flow and a strong competitive market position. We have reduced exposure to companies that are reliant on the domestic consumer.

### 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 qualified as a Member of the Stock Exchange specialising in Investment Analysis, Private Client Investment Management and Regulation and is a Chartered 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**  
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