

## FUND FACTS

**Lead Manager**  
Christopher Buxton

**Fund Size**  
£9.5m

**Price of 'A' Acc**  
173.73p

**Launch Date**  
14 June 2002

**Benchmark**  
FTSE All-Share Index

**Yield of 'A' Acc**  
3.3%

**Number of Holdings**  
30

**Morningstar Rating**  
3\*

**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 2011

### 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

It may come as a surprise to some to learn that, despite the headlines throughout the year, the FTSE All-Share Index only fell 3.5% (the FTSE 100 fared better still, down only 2.2%), and naturally you would be forgiven for believing the fall was in excess of 10%. The final quarter of 2011 experienced a rally, that caught many off-side, including ourselves. As a result, the Fund did not fully participate in it, falling short of the benchmark. Over the quarter, the benchmark FTSE All-Share gained 8.4% which compares to gains of 3.3% for the Fund.

The last quarter rally disguised the year's peak-to-trough fall of 18% during the period July to October. UK equities fared better than their European peers, however the Eurozone debt crisis continues to be the rudder steering the equity markets, with 'risk-on' and 'risk-off' days creating immense levels of volatility, with few managing to navigate successfully through.

Oil & Gas companies generated the strongest contribution within the broader UK equity market, typified by the 23% rise of Royal Dutch Shell. However, the Fund would need to have nearly a fifth of its investments in this sector to simply have the same weighting as the market. Clearly with less than 10% in this sector, the Fund has struggled in the short term. In addition to this there were some stock specific issues, most notably from Admiral, the insurance business and International Personal Finance, the consumer finance company, both of which issued profit warnings.

On a more positive note, our structural power shortage theme, through which we invest in Aggreko, has been successful, and the company looks set for a good 2012 as analyst upgrades start afresh. During the period, we added to this theme by including APR Energy in the Fund. Similar to Aggreko, APR is a global business supplying temporary power plants primarily for utility augmentation in emerging markets. We believe the structural supply demand imbalance of power will provide plentiful opportunity to these businesses.

#### Outlook

Although not overly optimistic about equity markets, as demonstrated by the defensive positioning of the Fund, it is important to stress the disparity between equity markets from economic reality. We are still meeting with companies who are proving to be not only resilient to the economic environment but also growing, not just internationally, but also in the UK. In addition, we are witnessing a pleasing trend of dividend growth, as income distributions return to fashion.

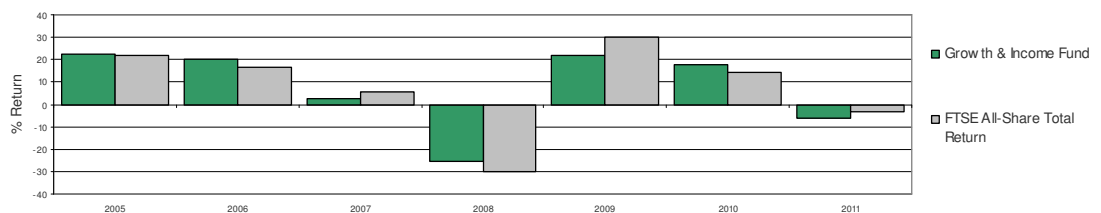
### Cumulative Performance – 14 June 2002 to 31 December 2011

'A' Acc shares	3 Months	6 Months	1 Year	3 Years	5 Years	Inception
Growth & Income Fund	3.3%	(6.7)%	(6.1)%	35.1%	3.8%	73.7%
FTSE All-Share Total Return	8.4%	(6.2)%	(3.5)%	43.8%	6.2%	75.0%

Over 1 year, the Growth & Income Fund was 2<sup>nd</sup> quartile in the UK All Companies sector, was 3<sup>rd</sup> quartile over 3 years and 2<sup>nd</sup> quartile over 5 years\*.

### Discrete Annual Performance

'A' Acc shares	2011	2010	2009	2008	2007	2006	2005
Growth & Income Fund	(6.1)%	17.9%	22.1%	(25.3)%	2.8%	20.2%	22.3%
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	British American Tobacco	7.2%	Consumer Goods
2	Provident Financial	6.2%	Financials
3	SSE	5.2%	Utilities
4	Pennon Group	4.8%	Utilities
5	Micro Focus	4.8%	Technology
6	Royal Dutch Shell	4.7%	Oil & Gas
7	Unilever	4.5%	Consumer Goods
8	BG	3.9%	Oil & Gas
9	Aggreko	3.9%	Industrials
10	Reckitt Benckiser	3.5%	Consumer Goods
		<b>48.7%</b>	

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

Sector	Fund	Benchmark
Financials	23.7%	19.0%
Consumer Goods	18.9%	13.3%
Industrials	16.2%	8.0%
Utilities	10.0%	3.8%
Oil & Gas	8.6%	19.1%
Technology	7.6%	1.5%
Consumer Services	5.5%	9.3%
Basic Materials	5.0%	11.5%
Health Care	2.8%	8.0%
Telecoms	-	6.5%
Cash	1.7%	-

### Key Themes

#### International Earnings

The UK austerity measures set in motion by the coalition are designed to reduce the deficit by the end of the Parliamentary term and it is widely anticipated that sterling may strengthen as a result. However, in the intervening period, we continue to search for companies with strong international earnings momentum, particularly in the Far East and the US, at the expense of pure UK domestic earnings, due to their greater economic growth prospects.

#### Dividend Sustainability

The suspension of BP's dividend following the Gulf of Mexico crisis has put large yielding and sustainable dividends in even higher demand. Nevertheless, we continue to search for sustainable and growing dividends from companies with strong balance sheets in order to provide a healthy yield for the Fund. Indeed 6 of the top 10 holdings currently have premium yields to the FTSE All-Share Index.

#### Resources Super-cycle

Although global growth appears to be stuttering slightly, China continues to expand. Thus the medium to long term outlook for commodities, particularly iron ore, remains favourable.

#### 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.

#### Productivity Enhancement and Capex

The evolution of technology applications continues to adjust the competitive landscape, both in terms of efficiency gains and product development. Companies across the board are required to improve, and continually update, their systems accordingly and the fund seeks to profit from this capital expenditure.

### Fund Manager

#### Christopher Buxton – Senior Investment Manager

Christopher Buxton, born 1972, graduated with a BSc (Honours) Degree in Marketing and Economics from Newcastle University in 1996. He began his career at Price Waterhouse and in 2000, he moved to Greig Middleton, which merged to form Gerrard Ltd. At Gerrard, he was a member of one of the leading private client teams responsible for managing a large and diverse client base. Christopher joined Taylor Young in 2004 and is a Senior Investment Manager, running the Taylor Young Growth & Income Fund and with research responsibilities for the resource, chemicals and defence sectors. He qualified as a Member of the Securities Institute specialising in Investment Analysis, Private Client Investment Management and Regulation and is now a Chartered Fellow of the Chartered Institute for Securities and Investment.



**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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