

FUND FACTS

Lead Manager
Peter Thomson

Fund Size
£7.1m

Price of 'A' Acc
98.88p

Launch Date
3 April 2007

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

Yield of 'A' Acc
0.6%

Number of Holdings
41

Morning Star Rating
4*

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%

Performance Fee
10% of returns above
Performance Benchmark
over Fund Accounting
Period.

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 2011

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 continues to provide outperformance against its benchmark and a pleasing performance amongst its peers, as it did last quarter. There was some help from currencies this period and, having reduced the international exposure somewhat over the past few quarters, the UK element of the portfolio has increased. This has been done through the addition of a new position in Filtrona, a global provider of speciality plastics and filters, and we switched into APR Energy from the similar Aggreko, both being providers of temporary power solutions. After some disappointing performance from International Personal Finance, we have added to the position, believing that the shares have fallen too far, notwithstanding the changes going on in Hungary, which is only one of several eastern European countries in which it does business.

The strongest contributors to growth this quarter were Royal Dutch Shell, ITE, to which we added, and GEA, the German-based production processing business. The various US companies held have in general done particularly well. Of note are Bristol Myers Squibb and Fedex, which have contributed well. McDonalds has recently been hitting new highs, while, Altria, another new holding, has got off to a good start. Indeed, most companies gave a positive return, though Reckitt Benckiser, HSBC and AstraZeneca were unexciting.

Outlook

Even the dominant UK elements of the Fund are very multi-national in nature and this forms the cornerstone of our current leading investment themes and thinking. Strong balance sheets, good cash flow and high-quality international activities are fundamental to our selection process in the prevailing market conditions. We believe that the strong will continue to get stronger and that weaker businesses will find the going very tough during 2012, and as a result, we look to companies that have sufficient capital to invest in the future and sufficient reach to export widely or to develop a broad multi-national operation with growing market share.

We expect that there will be ongoing weakness in the euro and, in the face of a poor prognosis for Euroland economic growth in general, prefer to support German business over others in the region. Indeed, with one Swiss exception, all the current exposure in the region is to German companies, which appear attractively priced and strong in their respective fields.

We doubt that we will increase the limited exposure to the banking sector soon, given the challenges of deleveraging and the continuing structural issue that have beset Europe. A spotlight on expected rates of equity return, risk adjusted dividends and share buy-backs (or equity issuance) will be imperative as we operate in a period of low interest rates.

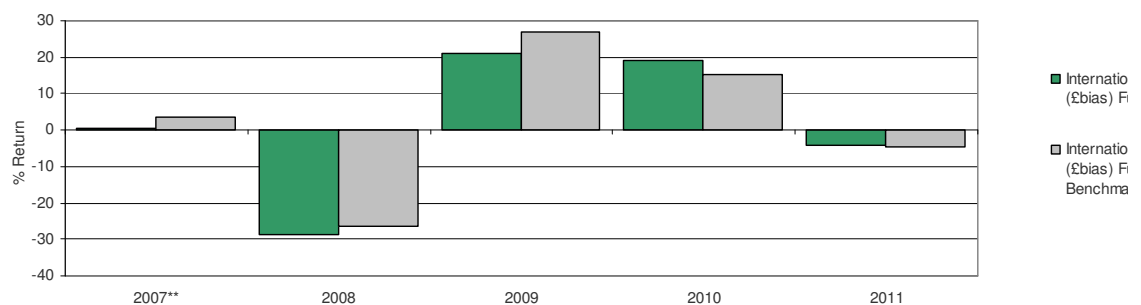
Cumulative Performance – 3 April 2007 to 31 December 2011

'A' Acc shares	3 Months	6 Months	1 Year	3 Years	Inception
International Equity (£bias) Fund	8.4%	(4.5)%	(4.1)%	38.5%	(1.1)%
International Equity (£bias) Fund Benchmark	8.0%	(7.2)%	(4.7)%	39.4%	6.6%

Over 1 year, the International Equity Fund was in the 1st quartile in the Global Growth sector and 1st quartile over 3 years*.

Discrete Annual Performance

'A' Acc shares	2011	2010	2009	2008	2007**
International Equity (£bias) Fund	(4.1)%	19.3%	21.1%	(28.8)%	0.4%
International Equity (£bias) Fund Benchmark	(4.7)%	15.4%	26.7%	(26.2)%	3.6%



Source: TYIM/Bloomberg. * Trustnet 31/12/11 ** 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 (31/12/2011)

	Stock	Weight	Industry Sector
1	BG	4.9%	Oil & Gas
2	Bristol Myers Squibb	3.9%	North America
3	Royal Dutch Shell 'B'	3.5%	Oil & Gas
4	British American Tobacco	3.5%	Consumer Goods
5	Vodafone	3.4%	Telecommunications
6	BHP Billiton	2.9%	Basic Materials
7	GlaxoSmithKline	2.9%	Health Care
8	Siemens	2.6%	Europe
9	GEA	2.6%	Europe
10	Coca-Cola	2.6%	North America
		32.8%	

Portfolio Composition (31/12/2011)

Sector	Fund	Split*
United Kingdom	55.4%	66.7%
North America	20.4%	16.8%
Europe (ex UK)	11.5%	6.0%
Far East & Emerging Markets	1.8%	7.6%
Japan	-	2.9%
Cash	10.9%	-

* Split using FTSE All-Share and MSCI AC World (ex UK) Index

Key Themes

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 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 UK domestic consumer.

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.

Mergers and Acquisitions

We feel that the current market valuations, coupled with surplus cash flows, the improving strength of balance sheets and negligible 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.

Corporate Margins - A warning

We are watching for any sign of the lack of top-line growth from corporate results as this, coupled with increasing input costs, will clearly threaten businesses with operating and profit margin issues, and we forecast some disappointment in this respect later in the year.

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.



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This document is issued by **Taylor Young Investment Management Limited**
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