

## FUND FACTS

**Lead Manager**  
Peter Thomson

**Fund Size**  
£3.3m

**Price of 'A' Acc**  
61.54p

**Launch Date**  
3 April 2007

**Benchmark**  
FTSE All-Share Index +2%

**Yield of 'A' Acc**  
0.0%

**Number of Holdings**  
34

**Morning Star Rating**  
1\*

**IMA Sector**  
UK All Companies

**SEDOL Number**  
B1TVT92 ('A' Acc shares)

**Structure**  
Open Ended Investment Company

**Pricing Frequency**  
Daily at 12:00 (noon)

**Listings**  
Financial Times, 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**  
20% of returns above Performance Benchmark over Fund Accounting Period

**Minimum Investment**  
£7,000 minimum

**Share Classes**  
Accumulation 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 Opportunistic Fund – 31 December 2011

### Investment Objective

To provide capital growth by investing in a portfolio of mainly UK equities using a thematic, research-led investment process. The portfolio may include a high weighting to smaller and medium sized companies. There will be no emphasis on providing income or on particular individual sectors.

### Fund Commentary

#### Review

After the very weak third quarter, there has been some recovery in markets in general, but this is only really in the largest companies, with there remaining a significant liquidity discount with smaller companies, as well as rather large bid-offer spreads. Thus, the Fund grew by 3.1%, but rather less than the FTSE All-Share Index rise of 8.4%.

One of the themes we have been targeting is in the resources sector, in which we have held a basket of mainly exploration companies. The list has changed a bit over time and now looks to be returning performance as hoped for: the two strongest contributors to recent returns have been from Lansdowne Oil & Gas and Cove Energy, which explore for oil and gas in the Irish Sea and Africa, as well as there being bids for two others. These returns have also been supported by the bellwether BG, which is one of the larger holdings. Not all small companies were weak and there has been some good recovery from Sorbic and ITE. The large international engineer, Cookson, has also had a good period. More disappointing have been the returns from the small companies, China Foods and Eco City Vehicles, but these are small holdings, while Craneware, which designs software to help in the hospital environment, found its shares derated on little news.

There have not been many changes to the portfolio this period, though we have replaced the resources companies that were bid for. Clearstream Technology also received a bid, we took profits from Aveva, on valuation grounds, and we sold out of Prudential, while beginning some fresh positions.

#### Outlook

We think that there is starting to be some excellent value in smaller companies, some of which have been marked down while disregarding their fundamental strengths. We are therefore beginning to build holdings in such companies as TT, a global electronics group and Renold, the international engineering group. We are wary of paying too much for such cyclical businesses, but feel that they have been neglected for too long. These changes mean that we are significantly overweight in the industrials, while underweight in financials, where companies may look cheap, but risks abound.

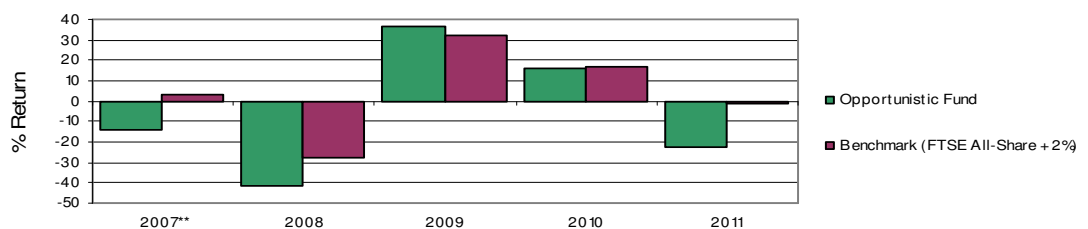
### Cumulative Performance – 3 April 2007 to 31 December 2011

'A' Acc Shares	3 Months	6 Months	1 Year	3 Years	Inception
Opportunistic Fund	3.1%	(9.8)%	(22.6)%	22.7%	(38.5)%
FTSE All-Share Total Return	8.4%	(6.2)%	(3.5)%	43.8%	2.1%
Opportunistic Fund Benchmark	10.4%	(4.2)%	(1.5)%	49.8%	11.6%

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

### Discrete Annual Performance

'A' Acc Shares	2011	2010	2009	2008	2007**
Opportunistic Fund	(22.6)%	16.2%	36.7%	(41.6)%	(14.3)%
FTSE All-Share Index	(3.5)%	14.5%	30.1%	(29.9)%	1.3%
Opportunistic Fund Benchmark	(1.5)%	16.5%	32.1%	(27.9)%	3.3%



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	Vodafone	7.0%	Telecommunications
2	BG	6.6%	Oil & Gas
3	Horizonte Minerals	4.0%	Basic Materials
4	Nautical Petroleum	3.5%	Oil & Gas
5	AstraZeneca	3.0%	Health Care
6	Xstrata	2.9%	Basic Materials
7	Advanced Medical Solutions	2.8%	Health Care
8	Supergroup	2.7%	Consumer Goods
9	Filtrona	2.7%	Industrials
10	Sorbic	2.7%	Consumer Goods
		<b>37.9%</b>	

## Portfolio Composition (31/12/2011)

Sector	Fund	Benchmark
Oil & Gas	19.4%	19.1%
Industrials	16.8%	8.0%
Health Care	10.4%	8.0%
Consumer Services	10.3%	9.3%
Telecommunications	9.1%	4.5%
Consumer Goods	7.9%	13.3%
Basic Materials	7.0%	11.5%
Financials	4.9%	19.0%
Technology	1.8%	1.5%
Utilities	-	3.8%
Cash	12.4%	-

## 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.

### Small & Mid-cap Opportunities

There appears to be a low level of trading in many smaller companies at present and we feel that particularly good opportunities are emerging in a number of companies in this area. With this in mind, we continue to build on individual small and mid cap holdings in the fund, although exposure is monitored carefully for liquidity reasons.

## 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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