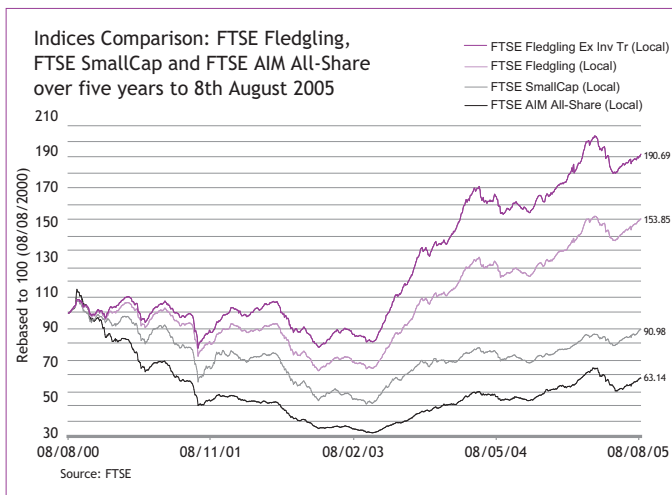




FTSE Fledgling Index Fact Sheet

Fledgling – supplying impressive medium-term profits

Companies in the FTSE Fledgling Index have provided the investing community with superlative returns over the last five years. The FTSE Fledgling Index has shown around 91% overall growth over this period. The chart below demonstrates that £1,000 invested in 2000 in the FTSE Fledgling Index would be worth nearly double that amount today. In comparison, an investment in some other potential growth stocks may have led to a loss over the same period – even the FTSE 100 Index would have returned a loss of some 17%.¹



Fledgling – a diverse and dynamic business community

This excellent performance from the FTSE Fledgling Index is in large part due to the diversity and profile of the businesses that operate within that community.

For instance, companies on the FTSE Fledgling Index make up some £10 billion by value of listed securities on the London Stock Exchange's Main Market and they constitute 22% by number of listed UK stocks. The Fledgling community features diverse representation of industries and sectors – over thirty sectors are covered, from Aerospace & Defence to Mining, Oil & Gas to Real Estate and Utilities. Companies included in the FTSE Fledgling Index have smaller market capitalisation and are "poised" for stardom.

Fledgling companies are increasingly likely to be involved in growth areas of the economy because they are smaller, and by nature more dynamic in their approach to seeking profits. For example, Fledgling companies have taken advantage of the retail consumer boom and opportunities provided by the search for fossil fuels. Indeed, company shares in the Consumer Services sectors have seen a staggering 1500% positive change in their sector share price, whilst those in the Coal sector have shown positive sector share price changes of over 640% over five years to August 2005.²

Fledgling – a stable, well governed community

Companies comprising the FTSE Fledgling Index must first be admitted to the Main Market of the London Stock Exchange – one of the world's largest and deepest pools of capital. The admission process requires these companies to demonstrate and adhere to world class standards of corporate governance. Fledgling companies have therefore earned a "badge of quality" both in the way they conduct their business and in how they interact with their shareholders. Potential and existing investors can take great comfort when compared to other similar investment communities, where such standards are both less comprehensive and less scrutinised.

Fledgling – traded and recognised

The fund management industry already understands the potential for their investors from participating in a diverse community of well-governed, dynamic companies. And investment funds already hold and trade Fledgling constituents as a means to generate returns for investors. There are five funds with combined assets of over £1.6 billion which explicitly involve the FTSE Fledgling Index (two of which have won industry awards for their approach).

Fund	Fund size £m
Framlington Equity Income Fund	819
Framlington UK Select Opportunities Fund	544
Framlington UK Smaller Companies Fund	162
Gartmore Fledgling Trust PLC	81
Montanaro UK Smaller Companies Trust plc	70

Source: Trustnet. Data as at 11th August 2005

These are only the top five funds specifically dealing in FTSE Fledgling Index securities listed in order of value of assets. There are a myriad of other investment, pension and life funds (some 78 in number) which by their remit will invest in Fledgling stock where appropriate.

¹Theoretical monetary returns are for illustrative purposes only, reflecting movements in the index alone and so do not account for items such as tax and charges. FTSE 100 Index figures are sourced London Stock Exchange to 1st August 2005. Other indices data are sourced FTSE to 8th August 2005.
²Source: FTSE data to 8th August 2005

Fledgling – scrutinised as part of the FTSE Fledgling Index

In addition to the admission process, Fledgling companies undergo further initial and ongoing scrutiny by becoming part of the FTSE Fledgling Index. This index is part of the FTSE UK Index Series and FTSE applies strict eligibility criteria (the FTSE UK Series Ground Rules) to constituent companies on the indices.

The FTSE Fledgling Index for example, consists of all UK companies that qualify under Rule 4 of the FTSE UK Series Ground Rules as eligible for inclusion in an index but are too small to be included in the FTSE All-Share Index.

FTSE conducts quarterly reviews of the Index in March, June and September, with a full review of the Index taking place in December each year. At review, those companies whose full market capitalisation (i.e. before the application of individual constituent investability weightings) is greater than 0.2% of the full market capitalisation of the FTSE SmallCap Index are added to that Index, providing they meet the liquidity criteria for the FTSE All-Share Index.

Liquidity data for this period is taken as at the previous annual review. In the event that a FTSE Fledgling Index constituent rises in size after the annual review but does not meet the liquidity criteria, it will remain in the Index until the next annual review, when it will be reassessed for eligibility.

Fledgling – a traded, scrutinised and well-governed community of diverse and dynamic, growth-orientated companies that has provided investors with excellent investment returns over the last five years.

Further information on the FTSE Ground Rules can be accessed from the following link: http://www.ftse.com/indices_marketdata/ground_rules/uk-series-ground-rules.pdf

Information contained in this fact sheet does not constitute professional, financial or investment advice and must not be used as a basis for making investment decisions. This fact sheet is in no way intended, directly or indirectly, as an attempt to market or sell any type of financial instrument, and is not intended to operate as an endorsement of any particular third party. Advice from a suitably qualified professional should always be sought in relation to any particular matter or circumstances.