

1 October 2013

Press Release

New FTSE-calculated UK Employee Ownership Index continues to out-perform FTSE All-Share

A new version of the long standing and much cited UK Employee Ownership Index is now being calculated by index specialist FTSE International, a subsidiary of the London Stock Exchange Group, and is continuing to show consistent out-performance compared to the FTSE All-Share index.

Like the original index, which has been continuously published since 1995, the new index tracks the share prices of companies listed on the main market of the London Stock Exchange and on AIM which have more than 10% of their issued share capital held by employees.

FTSE's involvement has brought five key changes:

1. As well as the 10% index, there is now an additional version which tracks companies with more than 3% employee ownership. The 3% version includes more companies (69 versus 19) so is less susceptible to sector bias.
2. The new indices show total returns, including the effect of reinvested dividends, whereas the original 10% index was capital only.
3. Like the original index, the new indices are equal weighted but are re-weighted every quarter according to FTSE's methodology to maintain parity. Equal weighting ensures the performance of big companies doesn't swamp the performance of small companies, as they do in most published indices.
4. Changes to the constituents of the indices are made quarterly only on official FTSE review dates.
5. The benchmark index is now the total return version of the FTSE All-Share excluding investment trusts. The old benchmark was the capital only version including investment trusts.

In the quarter ending 30 September, the new 10% index is up 23.9% and the FTSE All-Share is up 5.6%. In the year to date, the new 10% index is up 42.3% and the FTSE All-Share is up 14.6%.

Equivalent figures for the new 3% index are 18.0% and 36.2% respectively.

This means that £100 invested in the 3% index on 1 January 2003 would now be worth £635 compared to £264 if invested in the FTSE All-Share. The 3% index may be more appealing to investors than the 10% index because it includes a broader spread of companies.

CAPITAL STRATEGIES

Nigel Mason of Capital Strategies, which developed the original index in 1995 and now works with FTSE to maintain the new indices, said: “We welcome the involvement of FTSE International. They bring independence and impartiality to the process. We hope this will encourage investors to begin to look at companies with significant employee share ownership as an asset class worthy of consideration.”

FTSE’s involvement follows a commitment made last year by Xavier Rolet, CEO of London Stock Exchange Group plc, who said: “A new FTSE Employee Share Ownership Index will highlight some of the key benefits of encouraging employees to take an active interest in the future success of the companies in which they work. This new FTSE index will help raise awareness of how significant employee equity ownership can be advantageous for both companies and employees.”

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Notes to Editors

1. The UK Employee Ownership Index tracks the performance of UK-quoted companies that are substantially owned by or on behalf of employees (excluding main board directors). Two thresholds are now used: a 10% ownership threshold and a 3% ownership threshold. Companies eligible for inclusion are identified using public disclosures, so the index does not necessarily include all eligible listed companies.
2. Further information about the UK Employee Ownership Index can be found at www.employeeownershipindex.co.uk
3. FTSE is a registered trademark of London Stock Exchange Group plc. All-Share is a registered trademark of FTSE International Limited. UK Employee Ownership Index is a trademark of Capital Strategies Limited.

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New FTSE versions of UK Employee Ownership Index

