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Press Release

New FTSE-calculated UK Employee Ownership Index ends 2013 on all time high

A new version of the long standing and much cited UK Employee Ownership Index, which is now being calculated by index specialist FTSE International, a subsidiary of the London Stock Exchange Group, significantly outperformed the FTSE All Share in 2013 and ended the year at an all time high.

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).

In the quarter ending 31 December 2013, the UK Employee Ownership Index was up 12.5% while the FTSE All-Share was up 5.5%. In the year as a whole, the UK Employee Ownership Index was up 53.3% and the FTSE All-Share was up 20.9%. The index has out-performed the FTSE All Share in each of the last six quarters, the longest continuous run of out-performance since the index started in 2003.

This means that £100 invested in the 3% index on 1 January 2003 would now be worth £708 compared to £274 if invested in the FTSE All-Share.

So consistent are the returns from the UK Employee Ownership Index that work has now started to create an investment fund to track the index.

Nigel Mason of Capital Strategies, which developed the original index in 1995 and now works with FTSE to maintain the new indices, said: "Screening for employee share ownership creates a portfolio of businesses built on intellectual capital and earning high returns on tangible assets. It also helpfully filters out some of the dogs. We are left with a list of high quality businesses which, in their different ways, are engaging their employee shareholders to deliver consistently superior returns for themselves and their investors."

Malcolm Hurlston CBE, Chairman of the Employee Share Ownership Centre, which is organizing an event to publicise the index on 9 January 2014, commented: "We hope this index 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."

Notes to Editors

1. The UK Employee Ownership Index, which has been published since 1995, tracks the share prices of 69 companies listed on the main market of the London Stock Exchange and on AIM which have more than 3% of their issued share capital held by employees (excluding main board directors). There is also a version of the index with a 10% employee ownership threshold.
2. Companies for inclusion in the index are identified using public disclosures. No unpublished information is used. This means the index does not necessarily include all companies who are eligible for inclusion.
3. The index is calculated using standard FTSE methodologies:
 - The index tracks total shareholder returns, including the effect of dividends.
 - The index is equal weighted to ensure that the performance of big companies does not swamp the performance of small companies as they do in most other published indices.
 - The index is re-weighted every quarter to maintain parity.
 - Changes to the constituents of the index are made quarterly only on official FTSE review dates.
 - The benchmark index is the total return version of the FTSE All-Share excluding investment trusts (FTSE index code ASXX).
4. Further information about the UK Employee Ownership Index can be found at www.employeeownershipindex.co.uk
5. 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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