

EXTEL SURVEYS

IDENTIFYING EXCELLENCE

UK SMALL CAPS SURVEY 2010 SELLSIDE BRIEFING

FINAL VERSION MARCH 2010



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EXECUTIVE SUMMARY

The 2010 Extel UK Small Caps Survey will run from March 22 to May 8. Results will be published on June 15. The Survey will run alongside the Extel Pan-European Survey, but as in previous years, be a distinct and separate study. We first instituted the UK Small Caps Survey in 2006 as a distinct study, and the level of participation, depth of data and market involvement has grown each year.

We define UK Small Caps as UK-listed stocks with a market capitalisation of less than \$900m.

This is a guide only, as we recognize some asset managers may classify stocks as UK Small Caps which have a greater market capitalisation

NEW FOR 2010:

- Participants will be asked to rate up to 10 sellside firms/research providers on a 1-5 scale (5 being the best). This aligns voting for firms with voting for individuals - and as currently votes for firms will remain separate from votes for individuals. Voters will be able to rate up to two firms at each level.
- Participants will be able to provide comments against any votes they cast. All comments will be unattributed by name and firm but will be linked to region, firm type and commissions band, and provided to subscribers on a firm-specific basis, linked to the sectors in which comments were provided.

KEY METHODOLOGY/PROCESS

- All aggregated results will be based purely on the weighted points received in each of the relevant sector/categories, with no additional weightings applied
- We intend removing the overall research service category as a separate 'sector', to remove any potential confusion between this and the aggregated result
- All buy-side votes will be consolidated to a firm level, and weighted based on the UK Small Caps AUM of the buy-side firm.

PARTICIPATION

- Primarily votes will be requested through the website – www.extelsurveys.com – where a log-on and password are required. Clients can register online to create their own password. A hard/soft copy question set will be provided, but only on specific request from clients. Email votes are accepted, either using the link on the home page of the website, or using the official Extel Surveys email template.

RESULTS

- Headline results will be available free to view at the Surveys website
- Complete rankings will be available online on a subscription basis, along with the CD application for extensive analysis and customisation of the data.

DELOITTE

- As has been the case since 2006 for the UK Small Caps Survey, Deloitte has been appointed to review and verify all procedures, data and results from the Survey.

WHAT WE ASK OF YOU

We are essentially looking for your involvement and input to the Survey process. We seek to be responsive at all times, and genuinely believe that the more input you provide, the greater the value of the Survey. Specifically, we welcome your ideas on:

- Please provide the updated list of your analysts, economists/strategists, salespersons and sales traders/traders to us, along with the sectors or categories they cover. Either send directly to us, or use the Excel file we will provide you with the current listings we have for your firm. Individuals can be associated with as many sectors/categories as is relevant. We have comprehensive listing in our database already, and seek to maintain accuracy, but clearly these would benefit from your review and input. We will be sending the current roster we have for your firm shortly.
- Sectors and categories in the Survey
- We have a confidential list of buy-side participating firms from 2009, which we are happy to share with you on request. We look to maximize participation, and welcome input and views to ensure we are approaching all the relevant firms. This list is available in Excel format.
- Additionally, we would like your votes and views on the buy-side and quoted companies. We provide separate buy-side and investor relations rankings, and your views are a critical component of these rankings

APPENDICES

METHODOLOGY & WEIGHTING TABLES

BUYSIDE PARTICIPATION

- Votes for firms are the only votes used to compile sector and aggregated rankings. When rating firms, voters can rate up to 10 sellside firms/research providers on a 1-5 scale (5 being the best). Voters will be able to rate up to two firms at each level.
- Votes for specific analysts/specialist salespersons will only be used to compile individual rankings
- All firm votes received, which are a single vote only (i.e. voting for a firm with a rating of 5 and casting no other vote) will be excluded. Additionally, as normal, the Survey reserves the right to exclude any votes if, in consultation with the Survey auditors, such votes are considered invalid
- All votes received must come direct from a buy-side participant and be originated by them. No third party votes will be accepted
- All votes will be weighted in two ways. Firstly on a 1-5 basis for ratings (i.e. a rating of 5 worth 5 points; a 4 - 4 points, a 3 - 3 points, a 2 - 2 points and a 1 - 1 point), and secondly then based on the UK Small Caps AUM weighting ascribed to buy-side firms
- No weighting will be applied for specific sectors, as we seek to utilize 'natural weighting', whereby the larger, more heavily-broked sectors attract a larger level of votes (and hence weighted points)
- The Survey will seek participation from buy-side institutions running UK Small Caps funds, irrespective of the location of the institutions
- As in previous years, we will be asking supplementary 'industry trend' questions. These will be as succinct and relevant as possible.
- All data, participation and results, along with the Survey operational process and systems, will be independently assessed and verified by Deloitte. The Thomson Extel Surveys remains the only Survey with complete independent verification
- In recognition of their participation, all buy-side firms will receive:
 - a) Full, free access to all Survey results in categories/sectors in which they voted
 - b) Free access and use of the new Extel IBR service, for comparing and collecting internal broker scoring and feedback

ASSETS UNDER MANAGEMENT

The following weight table will be applied to define the weight to ascribe to buy-side firm votes.

	BAND	WEIGHTING
US\$ 0-100 MILLION	BAND 1	WEIGHTING 1
US\$ 100-200 MILLION	BAND 2	WEIGHTING 3
US\$ 200-300 MILLION	BAND 3	WEIGHTING 5
US\$ 300-400 MILLION	BAND 4	WEIGHTING 7
US\$ 400-500 MILLION	BAND 5	WEIGHTING 9
US\$ 500-600 MILLION	BAND 6	WEIGHTING 12
US\$ 600-700 MILLION	BAND 7	WEIGHTING 15
US\$ 700-800 MILLION	BAND 8	WEIGHTING 18
US\$ 800-900 MILLION	BAND 9	WEIGHTING 21
US\$ 900 MILLION+	BAND 10	WEIGHTING 25

SELLSIDE PARTICIPATION

- A distinct questionnaire, seeking views from the sellside on fund management firms and on quoted companies will be available. We will aim to contact sellside analysts, salespersons etc. to seek their participation
- Votes will be weighted based on firms' ranking in the relevant sectors/categories in the 2009 Thomson Reuters Extel Pan-European Survey

QUOTED COMPANIES

- A distinct questionnaire, seeking views from quoted companies on the sellside and on the buy-side will be available. Rankings will be produced based on the results received, for buy-side and for sell-side firms, both in aggregate and sector-by-sector
- Votes will be weighted based on Market Capitalisation of Companies (average value in US\$ May 2009/May 2010. Source: Datastream)

SECTORS LISTING

Questions asked of buy-side:

- Rate sellside firms and individuals on 1-5 scale

Sectors:

SALES
CORPORATE ACCESS
TRADING & EXECUTION
UK: COUNTRY ANALYSIS

Sector-Specific Research:

CAPITAL GOODS
CONSTRUCTION
CONSUMER STAPLES
FINANCIALS
HEALTHCARE
INSURANCE
LEISURE & GAMING
MEDIA
METALS & MINING
OIL & GAS
REAL ESTATE
NEW ENERGY & CLEAN TECHNOLOGY
RETAIL
SUPPORT SERVICES
TECHNOLOGY
TRANSPORT & LOGISTICS

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