

Gartmore Fledgling Trust plc

Report for the six months to 31 December 2009



www.gartmorefledglingtrust.co.uk

The Company

Directors

Jimmy West (Chairman of the Board)
John Hancox (Senior Independent Director)
James Kerr-Muir (Chairman of the Audit Committee)
Rod Birkett
Peter Dicks

Investment Objective

Gartmore Fledgling Trust plc (the Company) seeks long-term growth in capital and dividends from investment predominantly in the constituents of the FTSE Fledgling (ex. Investment Companies) Index (the Fledgling Index).

Investment Policy

The Company is managed using a hybrid investment style. At least 65% of the portfolio passively replicates the FTSE Fledgling (ex. Investment Companies) Index. An active overlay is then applied to up to 35% of portfolio value, including a maximum of 20% invested in AIM listed companies that meet the Fledgling Index market capitalisation criteria and were formerly traded on the Official List. The active overlay takes the form of overweighting holdings in those Fledgling and AIM companies that are strongly favoured by Gartmore's investment process, and/or where directors have recently purchased their own shares. Conversely, constituents of the Fledgling Index which are considered unlikely to remain solvent on a one-year view are excluded from the portfolio.

This dual approach is seen as the most practicable way of obtaining exposure to the anticipated long-term outperformance of the Fledgling Index. It offers a widely diversified portfolio, similar in structure to that of the Fledgling Index. The active overlay is intended to help the Company to perform approximately in line with its benchmark over longer periods, by adding value to try to offset the sometimes significant periodic rebalancing costs.

Benchmark Index

The Company's benchmark is the FTSE Fledgling (ex. Investment Companies) Index. The Fledgling Index was established by the FTSE Actuaries UK Indices Committee as part of their range of indices measuring the performance of UK equities.

As at 31 December 2009, the Fledgling Index comprised 111 companies listed on the London Stock Exchange. Together, these companies represented the smallest 0.2% of the UK equity market by market capitalisation. Historically, the Fledgling Index has been fully rebalanced annually during December, and partially during the final month of each other quarter. Following a change to the primary rebalancing date, the next full annual review will be carried out in June 2010. On the date of the index's last full rebalancing in December 2008, it had a threshold maximum market capitalisation of approximately £35 million.

Capital Structure and Voting Rights

The Company is an investment trust company with an issued share capital at 31 December 2009 comprising 18,826,080 Ordinary shares of 25p each. Ordinary shareholders are entitled on a poll at a general meeting to one vote in respect of each share held.

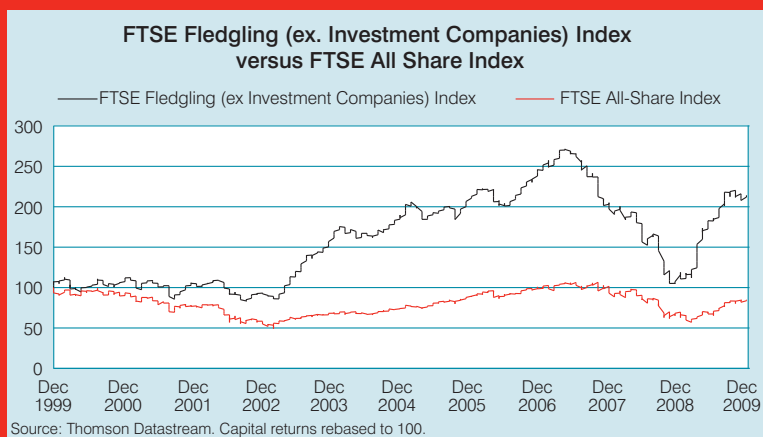
Continuation Vote

An Ordinary Resolution will be proposed at each Annual General Meeting of the Company that the Company shall continue to operate as an investment trust company. If such resolution is not passed and alternative proposals for the unitisation or the reconstruction of the Company are not approved, the Company will be wound-up.

Overview of the six months to 31 December 2009

- Net Asset Value per Ordinary share increased by 21.7%* over the six-month period to 31 December 2009, compared with a rise of 15.7% in the FTSE Fledgling (ex. Investment Companies) Index.
- Net Asset Value per Ordinary share rose by 8.4%* per annum over the ten-year period to 31 December 2009, compared with a fall of 1.6% per annum in the FTSE All-Share Index. The Company's portfolio therefore outperformed the FTSE All-Share by 10.2% per annum.
- The Company's performance ranked 1st in The Association of Investment Companies UK Smaller Companies universe over both the one-year and ten-year periods to 31 December 2009.
- A maintained interim dividend of 3.5 pence per Ordinary share.

* On a mid-market capital basis



I am pleased to present the half-yearly financial report of Gartmore Fledgling Trust plc for the six months to 31 December 2009.

The strength in global equities over the first half of 2009 continued into the second half of the year, as further evidence emerged of an improving economic outlook. Risk aversion has reversed relatively quickly as the global recovery has gained momentum, and the liquidity injection from central banks has lent significant support to capital markets.

Performance

Over the six-month period, the net asset value per Ordinary share increased by 21.7% on a mid-market capital basis, compared with a rise of 15.7% in the FTSE Fledgling Index. The Company's outperformance of its benchmark is attributable to the active investment overlay portion of the portfolio and reflects the performance of selected stocks, particularly in the industrials, technology and chemicals sectors, favoured by the Manager's investment process.

Despite underperforming the broader equity market over the past six months, the Fledgling Index has staged a remarkable recovery since December 2008, rising by 99.9% over the year, compared with a rise of 25.0% in the FTSE All-Share Index. The FTSE Fledgling Index remains ahead of the FTSE All-Share Index over the ten years to 31 December 2009, having recorded a gain of 114.3% in capital terms, representing a compound annual increase of 7.9%, compared with a capital decline of 15.0% and an annualised decrease of 1.6% from the FTSE All-Share Index. The Company was formed to capture the long-term outperformance of the Fledgling asset class and in this it remains successful.

The Company has performed exceptionally well against competitor UK Smaller Company investment trusts. Over the one-year and ten-year periods to 31 December 2009, the Company's net asset value performance was ranked first in The Association of Investment Companies universe of UK Smaller Companies. The Company has also outperformed its own benchmark index over the five-year and ten-year periods to 31 December 2009, by 0.7% per annum and 0.5% per annum respectively.

In stark contrast to the corresponding period a year ago, the past six months have brought strong returns, albeit at a slower pace than those of the first half of 2009. The UK equity market continued to advance over the third quarter, buoyed by a stream of recovery news, particularly from the US. The subsequent pause during the final three months of the year came as no surprise given the exceptional returns prior to that point, with investors taking profits from strong performers and positioning their portfolios for 2010.

Discount and Share Buybacks

Disappointingly, the market rating of the Company's shares, particularly over the final three months of the reporting period, failed to reflect the Company's superior net asset value performance relative to the UK Smaller Companies sector, both over the short and longer term. Consequently, over the six-month period the discount at which the Ordinary shares trade relative to their bid-priced net asset value widened marginally, from 16.1% at 30 June 2009 to 16.6% at 31 December 2009. This compares with the sector average discount which rose from 14.0% to 16.3% over the same period.

Chairman's Statement

During the six months under review, the Company repurchased 90,000 Ordinary shares at a weighted average discount of around 13%. The relatively low level of buy-back activity reflects the marketing efforts of the Manager and the Company's broker which helped to attract new buyers of the Company's shares that would otherwise have been repurchased and cancelled. Your Board continues to monitor the Company's discount with that of its peer group and will use the Company's share buy-back powers, subject to market conditions, when it considers this to be appropriate.

Revenue and Dividend

The revenue return for the six months to 31 December 2009 was 2.88 pence per Ordinary share, compared with 3.34 pence for the corresponding period last year. The comparative figure excludes the repayment of VAT on past management fees and related interest, which contributed 4.17 pence per Ordinary share. In broad terms, the decrease of 0.46 pence per share in the underlying revenue return is attributable to the higher management fee arising from the increased value of the Company's net assets.

Your Board has declared an unchanged interim dividend of 3.5 pence per Ordinary share. The shares will be marked ex-dividend on 3 March 2010 and the dividend will be paid on 31 March 2010 to shareholders on the register on 5 March 2010.

Dealing Subsidiary

The Company has formed an investment dealing subsidiary, GFT Dealing Limited, to allow the Manager to take advantage of short-term opportunities. The subsidiary did not trade during the period under review.

Accounting Reference Date

As highlighted in the Company's last Annual Report, following the announcement by FTSE Group that it has moved the primary rebalancing date of its indices from December to June, the Company has changed its accounting reference date from 30 June to 31 August. This will ensure that the portfolio of investments at the Company's year-end reflects the effects of changes to the Fledgling Index and is free from distortion by transactions related to the annual rebalancing. The Company's next annual financial report will therefore cover the 14-month period to 31 August 2010.

Outlook

Despite their strong performance in 2009 we believe that there is more upside to come for Fledgling companies. One of the striking features of the injection of liquidity into the financial system over the past twelve months has been the marked lack of asset allocation to smaller company stocks.

Notwithstanding the strong performance of Fledgling companies and the impact of rebalancing on the characteristics of the companies within the index, we believe that the valuations of Fledgling companies remain compelling. On both price-to-sales and price-to-book value measures, constituents of the Fledgling Index continue to be valued significantly more cheaply than those of the FTSE All-Share Index.

We expect that pressure on larger companies to deliver earnings growth will drive a significant rise in corporate activity in 2010. In recent months, the Company has participated on a selective basis in attractively-priced placings and open offers by

Chairman's Statement

Fledgling companies seeking to raise new equity capital. These companies now have strengthened balance sheets to capitalise on growth opportunities and this should lead to further share price outperformance.

In conclusion, notwithstanding the challenging background and poor outlook for the domestic economy, the fundamental attractions of Fledgling companies that have driven the historic returns of the Fledgling Index remain undiminished. Your Board is therefore confident that investment in the Fledgling sector and the Company's unique investment approach should continue, over the longer term, to deliver the excellent returns achieved in the past.

Jimmy West

Chairman

25 February 2010

Investment Policy

The Company is managed using a hybrid investment style. For the most part, a policy of broad indexation of the Fledgling Index is adopted. An active overlay is then applied to up to a maximum of 35% of the portfolio. However, the Directors intend that no more than 30% of the Company's assets would normally be allocated to the active overlay. This overlay takes the form of overweighting and/or underweighting holdings in

- Fledgling Index companies; and/or
- AIM-traded companies which were formerly admitted to trading on the Official List and which meet the Fledgling Index market capitalisation criteria (as at the time of investment)

that are strongly favoured and/or less favoured by Gartmore's investment process, and/or where directors have recently purchased or sold their own shares. The Company will not invest more than 20% of the Company's assets (as at the time of investment) in AIM-traded stocks which were formerly admitted to trading on the Official List. However, it is the Directors' intention that no more than 15% of the Company's assets (as at the time of investment) would normally be invested in such stocks. Companies which meet the investment criteria above but which are considered unlikely to remain solvent on a one-year view are excluded from the portfolio.

Performance

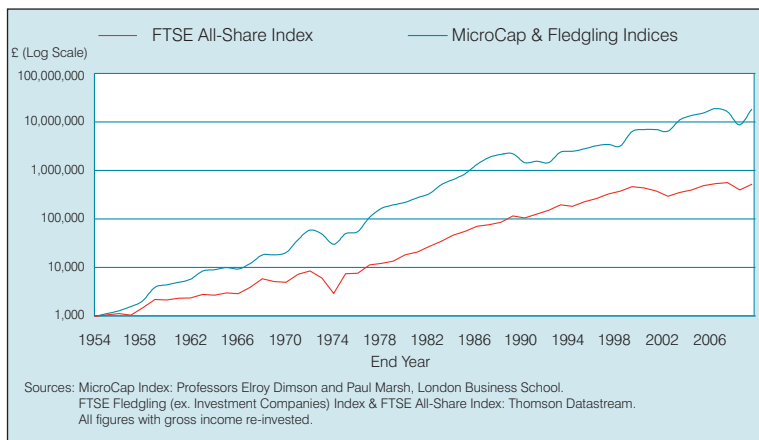
The following table shows the investment performance of the Company's portfolio relative to its benchmark over various periods, based upon mid-market priced portfolio valuations to enable the most like-with-like comparison. Over the six months to 31 December 2009, the portfolio outperformed the Fledgling Index by 5.2% on a mid-market capital basis.

Period	Gartmore Fledgling Trust: Net Assets per share Capital Return %	Benchmark Capital Return %	Relative Performance* %
Year to 30 June 2005	+16.1	+14.7	+1.2
Year to 30 June 2006	+6.1	+5.4	+0.7
Year to 30 June 2007	+29.2	+31.9	-2.0
Year to 30 June 2008	-35.4	-35.8	+0.6
Year to 30 June 2009	+8.5	+8.4	+0.1
Six months to 31 December 2009	+21.7	+15.7	+5.2
Year to 31 December 2009	+106.2	+99.9	+3.1
Five years to 31 December 2009 #	+3.7 p.a.	+2.9 p.a.	+0.7 p.a.
Ten years to 31 December 2009 #	+8.4 p.a.	+7.9 p.a.	+0.5 p.a.

Source: Gartmore, Thomson Datastream.

* Relative performances are calculated as compound relatives and are based on more decimal places than shown.
Annualised.

Over the very long term, the Fledgling segment of the market has significantly outperformed the FTSE All-Share Index. The 55-year period from 1 January 1955 to 1 January 2010 saw the market's smallest capitalised stocks, as represented by the MicroCap and Fledgling indices, deliver an annualised rate of return of 19.4%, whilst the FTSE All-Share Index produced an annualised return of 12.0%. Retail price inflation was 5.7% per annum over the same period, implying a real return of more than 13% per annum for the Fledgling sector.



NAV Performance relative to the AIC UK Smaller Companies Sector

As shown below, the Company's net asset value performance was ranked first in The Association of Investment Companies UK Smaller Companies universe over the one-year and ten-year periods to 31 December 2009.

Periods to 31 December 2009	Gartmore Fledgling Trust NAV Total Return %	AIC UK Smaller Companies Sector Size Weighted Average Return %	Ranking in Sector
One year	+115.3	+54.2	1/13
Three years	-3.9	-20.0	3/13
Five years	+27.3	+24.2	8/13
Ten years	+153.4	+20.9	1/13

Source: Fundamental Data Limited on behalf of the AIC.
 All returns shown on unannualised bid-to-bid NAV total return (including income) basis.

Rebalancing

The nature of the Fledgling Index is that its constituents are smaller than those of the FTSE All-Share Index, with no gap between, or overlap in, the two indices' constituents. The FTSE Actuaries Equity Indices Committee undertakes a full annual review and sets a 'threshold' market capitalisation to divide the two indices. This was set at approximately £35 million in December 2008, compared with £78 million in December 2007. Following a change to the primary rebalancing date, the next full annual review will be carried out in June 2010. A partial rebalancing of the Fledgling Index is undertaken during the final month of each other quarter.

The quarterly rebalance in December 2009 resulted in turnover of approximately 11% by value of the composition of the Fledgling Index. A similar level of turnover is also required within the Company's portfolio, given the objective to broadly replicate the Fledgling Index, albeit with a somewhat greater degree of active flexibility. Such a large proportion of turnover leads inevitably to the dealing costs that the active overlay policy is designed to mitigate.

Portfolio Construction

(a) Summary Risk Statistics

The number of individual investments held in the portfolio has fallen marginally over the past six months, from 120 at 30 June 2009 to 105 at 31 December 2009. Over

the same period the number of companies in the Fledgling Index has fallen from 122 to 111. The portfolio remains widely diversified over the Fledgling area of the market, with an overlap between the investment portfolio and the index of 96 companies.

The following table summarises the risk characteristics of the portfolio. The key summary statistics are the tracking error of 2.8% against the Fledgling Index and the information ratio of 2.0%. The tracking error estimates the typical range in performance around the index that might be expected in two out of three years. This number has not changed over the past six months and we consider it remains at a reasonable level, particularly given the greater active component of the portfolio and the relative illiquidity of the Fledgling market. The information ratio is a measure of the return achieved relative to the risk taken. Over the six-month period to 31 December 2009, the information ratio was 2.0, compared with an annualised average of -0.2 for the three-year period to 30 June 2009. The higher ratio reflects the portfolio's significant outperformance of the benchmark over the six-month period, which was achieved without increasing the level of risk. Further explanation of these terms can be found in the Glossary on the inside back cover of this report.

	Gartmore Fledgling Trust	FTSE Fledgling (ex. Investment Companies) Index	Portfolio & Index Overlap
Number of Companies	105 (120)	111 (122)	96 (110)
Tracking Error	2.8% (2.8%)		
Information Ratio	2.0 (-0.1)		
Beta	1.00 (1.00)	1.00 (1.00)	

Source: Barra

Comparative statistics as at 30 June 2009 are shown in brackets.

(b) Sector Weightings

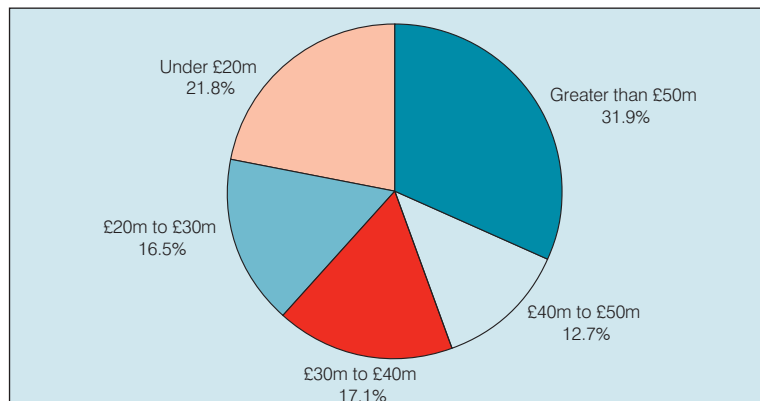
The portfolio's sector positions are broadly similar to those of the benchmark as befits a predominantly index tracking approach. The table on page 15 shows the portfolio's weightings against the benchmark index as at 31 December 2009.

Characteristics of the FTSE Fledgling (ex. Investment Companies) Index

The FTSE Fledgling Index differs from larger company indices such as the FTSE All-Share Index and the FTSE 100 Index. In particular, the Fledgling Index has a significantly different industry distribution and different style biases.

(a) Distribution by Market Capitalisation

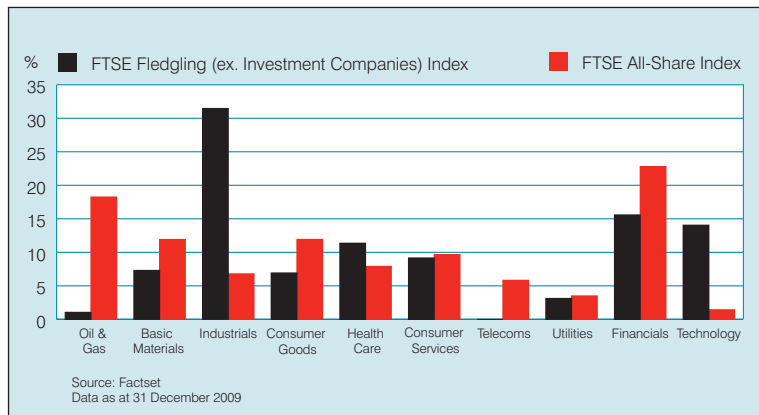
The Fledgling Index represents the smallest listed companies on the London Stock Exchange that are not included in the FTSE All-Share (ex. Investment Companies) Index. The following chart shows the distribution of the constituents of the Fledgling Index by market capitalisation as at 31 December 2009.



(b) Sector Distribution

The Fledgling Index possesses significantly different sector weightings, compared to the FTSE All-Share Index. In particular, industrials (notably support services) and technology are strongly represented. Conversely, the Fledgling Index has no exposure to oil & gas or telecommunications and is underweight oil & gas and financials (notably banks).

Industry Group Weightings of the FTSE Fledgling (ex. Investment Companies) Index and the FTSE All-Share Index



(c) Valuation

The constituent companies of the Fledgling Index continue to be valued significantly more cheaply than those of the FTSE All-Share Index using the price-to-sales and price-to-book value measures. For example, Fledgling companies, on average, are currently being priced below their book value and are valued at a 44% discount to FTSE All-Share Index companies using the price-to-book value measure. In terms of the price/earnings ratio, the Fledgling Index increased over the past six-months to a level which is now higher than the FTSE All-Share Index, indicating better prospects for profits growth in the Fledgling sector. A combination of factors led to a significant fall in the dividend yield of the Fledgling Index over the six-month period. Although the drop was caused primarily by higher-yielding stocks leaving the index at the quarterly rebalancing, it has also been impacted by the significant rise in the index, and in some cases cuts or cancellations in dividends.

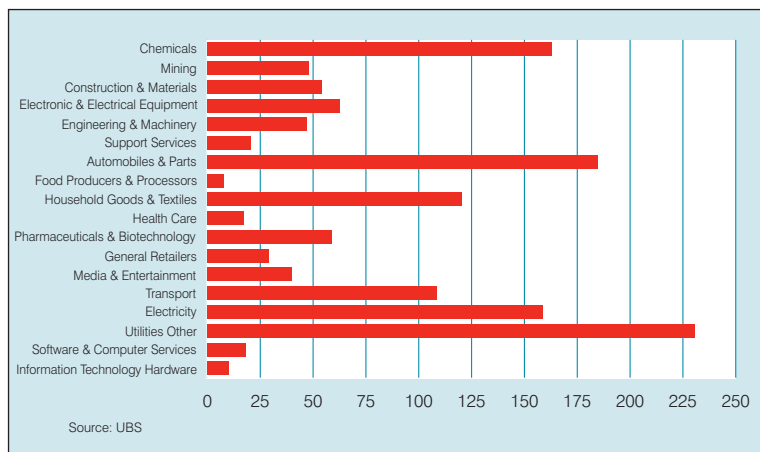
Over the six-month period, the average level of dividend cover of Fledgling companies increased by a greater degree than that of companies in the FTSE All-Share Index. The improvement in dividend cover clearly demonstrates that Fledgling companies not only have the ability to pay their dividends but also have the capacity to generate significant dividend growth in the future.

Valuation Measures at 31 December 2009	FTSE Fledgling (ex. Investment Companies) Index	FTSE All-Share Index	Relative
Price/Sales Ratio	0.26x (0.3x)	1.03x (1.1x)	0.25 (0.30)
Price/Book Value Ratio	0.9x (0.5x)	1.7x (1.5x)	0.56 (0.33)
Price/Earnings Ratio	13.8x (10.7x)	11.7x (11.1x)	1.18 (0.96)
Historic Dividend Yield	3.5% (9.5%)	3.2% (4.6%)	1.09 (2.07)
Dividend Cover	2.7x (2.2x)	2.3x (2.0x)	

Notes:
 Price/Sales Ratio is calculated as Enterprise Value (market capitalisation plus net debt) to Sales. (Source: UBS)
 Price/Book Value Ratio excludes negative earners. (Source: UBS)
 Price/Earnings Ratio shown is 2009 forecast and excludes negative earners. (Source: UBS)
 Dividend Yield is shown net. (Source: Thomson Datastream)
 Dividend Cover is only in respect of companies actually paying a dividend. (Source: UBS)
 Comparative valuation measures as at 30 June 2009 are shown in brackets.

In aggregate, Fledgling companies are valued at just 25% of their FTSE All-Share counterparts using the price-to-sales measure. This relative cheapness is true across most industry sectors, as the following chart illustrates.

Sector Price-to-Sales Ratios of the FTSE Fledgling (ex. Investment Companies) Index relative to the FTSE All-Share Index



The chart shows the price-to-sales ratio of all non-Financial Fledgling sectors relative to their respective FTSE All-Share Index sectors. Figures below 100 indicate sectors of the Fledgling Index which are relatively cheap when compared against the respective FTSE All-Share Index sectors.

(d) Growth, Financing and Profitability

Growth:

Currently, consensus forecasts for dividend growth of larger UK companies exceed those for Fledgling companies. However, earnings growth among Fledgling companies is anticipated to substantially exceed that of larger companies.

Financing:

The average debt-to-equity ratio for both the Fledgling Index and the FTSE All-Share Index increased over the six months to 31 December 2009. However, Fledgling companies continue to carry lower levels of debt than their larger counterparts, a fact that has been true at all times since the autumn of 2001.

A number of Fledgling companies have strengthened their balance sheets in recent months by raising new equity capital, which they have used either to reduce expensive bank debt or to finance product development and future expansion, leaving them in a stronger position to capitalise on growth opportunities.

Characteristics at 31 December 2009	Debt/Equity Ratio %
FTSE Fledgling (ex. Investment Companies)	53 (34)
FTSE All-Share	57 (56)

Source: UBS

Comparatives as at 30 June 2009 are shown in brackets.

Manager's Review

Profitability:

As a result of rebalancing, the proportion of Fledgling company sales originating from overseas markets increased from 21% to 34% over the six months to 31 December 2009 and is well above the 15% recorded at 30 June 2008. We view the rise in Fledgling company overseas sales as a positive development and expect Fledgling companies to continue to benefit from sterling weakness, as increased sales to overseas markets, particularly high growth emerging markets, will offset depressed domestic demand.

Average returns on equity remain significantly lower at the Fledgling end of the market. This indicates substantial scope for profits recovery by Fledgling companies.

Characteristics at 31 December 2009	Overseas Sales as a Percentage of Total *	Average Return on Equity %/#
FTSE Fledgling (ex. Investment Companies)	34 (21)	6.9 (5.9)
FTSE All-Share	54 (52)	14.2 (13.4)

Source: * Factset, Worldscope. # UBS.
Comparatives as at 30 June 2009 are shown in brackets

(e) Takeover Activity

Takeover activity was relatively muted in 2009, with potential acquirers placing greater emphasis on building up their cash reserves. This led to a lower level of takeover activity than in previous years, with 9.2% of the Fledgling Index having been acquired. Nevertheless, some corporates and venture capitalists have continued to take advantage of specific opportunities, attracted by the low relative valuations and potential for strong earnings growth in the Fledgling area of the market. We believe that the pace of takeover activity will increase during 2010, as large companies seek to grow their revenues in a weak economic environment.

Period to 31 December	Takeovers as Proportion of Fledgling Index %	Number of Takeovers
2003	10.8	30
2004	10.3	24
2005	8.7	15
2006	11.9	17
2007	15.5	13
2008	14.7	12
2009 1st Half	4.2	3
2009 2nd Half	5.0	3
2009 Year	9.2	6

Gartmore Investment Limited
Manager

25 February 2010

Interim Management Report

The Chairman's Statement on pages 2 to 4 and the Manager's Review on pages 5 to 10 give details of the important events which occurred during the first six months of the Company's financial year and their impact on the financial statements.

Principal Risks and Uncertainties

The Board reported on the principal risks and uncertainties associated with the Company's business in the Annual Report and Accounts for the year ended 30 June 2009. The main areas of financial risk are summarised on pages 22 and 23 of the Annual Report and Accounts which is available on the website maintained by the Manager, Gartmore Investment Limited, www.gartmore.co.uk.

In the opinion of the Board, there have been no changes to the fundamental nature of these risks since the previous report and these principal risks and uncertainties are equally applicable to the remainder of the financial year as they were to the six months under review.

Related Party Transactions

Details of related party transactions are contained in the Annual Report and Accounts. During the first six months of the current financial year there were no transactions with related parties which materially affected the financial position or the performance of the Company.

Directors' Responsibility Statement

The Directors are responsible for preparing the half-yearly financial report in accordance with applicable law and regulations. The Directors of the Company, whose names are shown on the inside front cover of this Report, each confirm to the best of their knowledge that:

- the condensed set of financial statements for the six months to 31 December 2009 has been prepared in accordance with the Statement on Half-Yearly Financial Reports issued by the UK Accounting Standards Board; and
- the Chairman's Statement, Manager's Review and Interim Management Report include a fair review of the information required by the UKLA Disclosure and Transparency Rules DTR 4.2.7R and 4.2.8R.

Financial Statistics

	At 31 December 2009	At 30 June 2009	Change %
Capital			
Net Assets (£'000)	85,106	71,264	19.4*
FTSE Fledgling (ex. Investment Companies) Index	4784.1	4135.4	15.7
Market Capitalisation of Ordinary shares in issue (£'000)	70,974	59,775	18.7
Ordinary Shares			
Net Asset Value	452.1p	376.7p	20.0*
Mid-market Price	377.0p	316.0p	19.3
Discount	16.6%	16.1%	

*The Company's assets were reduced during the six-month period by £314,000 utilised in the repurchase and cancellation of 90,000 Ordinary shares, representing 0.5% of the Ordinary shares in issue at 30 June 2009. In broad terms, this reduction reflects the difference between the rise of 19.4% in Net Assets and the increase of 20.0% in Net Asset Value per Ordinary share.

	Six months to 31 December 2009	Six months to 31 December 2008
Revenue and Dividend		
Net revenue after taxation (£'000)	542	1,441
Revenue return per Ordinary share [†]	2.88p	7.51p
Interim dividend per Ordinary share	3.50p	3.50p
Total Return to Equity Shareholders (£'000)		
Revenue return after taxation	542	1,441
Capital return/(loss) after taxation	14,857	(25,163)
Total return	15,399	(23,722)
Total Return per Ordinary Share[†]		
Revenue	2.88p	7.51p
Capital	78.88p	(131.21p)
Total	81.76p	(123.70p)

[†]Based on the weighted average number of shares in issue during the period.

Analysis of Net Assets and Equity Shareholders' Funds

	Valuation at 30 June 2009		Net Transactions	Appreciation/ (Depreciation)	Valuation at 31 December 2009	
	£'000	%	£'000	£'000	£'000	%
Investments						
UK Equities	69,158	97.0	1,148	14,979	85,285	100.2
Net Current Assets/(Liabilities)	2,106	3.0	(2,285)	–	(179)	(0.2)
Net Assets	71,264	100.0	(1,137)	14,979	85,106	100.0
Equity Shareholders' Funds	71,264	100.0	(314) ¹	14,156 ²	85,106	100.0

¹ Represents the cost of 90,000 Ordinary shares repurchased for cancellation.

² Comprises the total return for the six-month period, less the cost of the final dividend paid in the period.

Dividend Calendar

Ordinary Shares	Rate per share	XD Date	Record Date	Pay Date
Interim dividend	3.5p	3.3.10	5.3.10	31.3.10
Final dividend		November	November	December

Principal Investments

at 31 December 2009

Company	Sector	Valuation £'000	Percentage of Portfolio
Carlo	Chemicals	3,392	4.0
Dialight	Electronic & Electrical Equipment	2,896	3.4
Morse	Software & Computer Services	2,795	3.3
Microgen	Software & Computer Services	2,575	3.0
AEA Technology	Support Services	2,471	2.9
XP Power	Electronic & Electrical Equipment	2,450	2.9
Volex Group	Electronic & Electrical Equipment	2,448	2.9
Invista European Real Estate Trust	Real Estate	2,288	2.7
Vernalis	Pharmaceuticals & Biotechnology	2,198	2.5
Phytopharm	Pharmaceuticals & Biotechnology	2,191	2.5
Top Ten Investments		25,704	30.1
Sinclair Pharma	Pharmaceuticals & Biotechnology	2,029	2.4
Queen's Walk Investment	General Financial	1,913	2.2
Nestor Healthcare	Health Care Equipment & Services	1,829	2.1
Zotefoams	Chemicals	1,794	2.1
Creston	Media	1,778	2.1
Norcros	Construction & Materials	1,775	2.1
NXT	Leisure Goods	1,686	2.0
Renold	Industrial Engineering	1,677	2.0
Acal	Support Services	1,610	1.9
Filtronic	Technology Hardware & Equipment	1,495	1.8
Top Twenty Investments		43,290	50.8
Jersey Electricity	Electricity	1,428	1.7
Manganese Bronze	Industrial Engineering	1,333	1.6
Office2office	Support Services	1,333	1.6
Carr's Milling Industries	Food Producers	1,312	1.5
Xaar	Electronic & Electrical Equipment	1,306	1.5
Avon Rubber	General Industrials	1,296	1.5
Alexon Group	General Retailers	1,152	1.3
Porvair	Chemicals	1,081	1.3
4Imprint Group	Media	1,043	1.2
Cosalt	General Industrials	1,037	1.2
Top Thirty Investments		55,611	65.2
Other equity investments (75 stocks)		29,674	34.8
Total Equity Investments at Fair Value		85,285	100.0

Sector Classification and Weightings

at 31 December 2009

Sector	Gartmore Fledgling Trust plc %	FTSE Fledgling (ex. Investment Companies) Index %	Overweight/ Underweight %
Basic Materials	9.2	8.3	+0.9
Energy	1.3	1.1	+0.2
Chemicals	7.1	6.0	+1.1
Mining	0.8	1.2	-0.4
Industrials	33.1	31.5	+1.6
Construction & Materials	5.2	6.6	-1.4
Electronic & Electrical Equipment	8.9	5.1	+3.8
General Industrials	2.1	2.5	-0.4
Aerospace & Defense	1.5	1.2	+0.3
Industrial Engineering	6.3	6.2	+0.1
Support Services	9.1	9.8	-0.7
Consumer Goods	8.0	6.9	+1.1
Automobiles & Parts	1.0	1.8	-0.8
Food Producers	2.4	2.8	-0.4
Household Goods	0.5	0.8	-0.3
Leisure Goods	3.2	1.0	+2.2
Personal Goods	0.9	0.4	+0.5
Health Care	13.4	11.4	+2.0
Health Care Equipment & Services	3.3	4.3	-1.0
Pharmaceuticals & Biotechnology	10.1	7.1	+3.0
Consumer Services	10.7	9.2	+1.5
General Retailers	5.7	4.5	+1.2
Media	5.0	4.6	+0.4
Travel & Leisure	0.0	0.0	0.0
Telecommunications	0.0	0.0	0.0
Fixed Line Telecommunications	0.0	0.0	0.0
Utilities	2.7	3.1	-0.4
Electricity	1.7	1.7	0.0
Gas Water & Multiutilities	1.0	1.4	-0.4
Financials	8.6	15.6	-7.0
Non-Life Insurance	0.0	0.0	0.0
Real Estate	5.3	12.1	-6.8
General Financial	3.4	3.5	-0.1
Technology	14.3	14.0	+0.3
Software & Computer Services	9.5	7.4	+2.1
Technology Hardware & Equipment	4.8	6.6	-1.8
Total Investments	100.0	100.0	

Income Statement (Unaudited)

		Six months to 31 December 2009		
	Note	Revenue £'000	Capital £'000	Total £'000
Income and Capital Profits/(Losses)				
Gains/(losses) on investments held at fair value through profit or loss		–	14,979	14,979
Income from investments	2	991	–	991
Other income	2	24	–	24
Net exchange (loss)/gain		–	(3)	(3)
Return before Expenses, Finance Costs and Taxation				
		1,015	14,976	15,991
Expenses				
Management fees	3	(318)	–	(318)
VAT on management fees recovered	3	–	–	–
Other fees and expenses		(147)	(119)	(266)
Return before Finance Costs and Taxation				
		550	14,857	15,407
Finance Costs				
Interest payable		(6)	–	(6)
Return on Ordinary Activities before Taxation				
		544	14,857	15,401
Taxation				
		(2)	–	(2)
Return to Equity Shareholders after Taxation				
		542	14,857	15,399
Return per Ordinary share				
	4	2.88p	78.88p	81.76p

The total column represents the Profit and Loss Account of the Company.

The revenue and capital items derive from continuing activities.

A Statement of Total Recognised Gains and Losses has not been presented as all gains and losses are recognised in the Income Statement.

No operations were acquired or discontinued during the period.

The notes on pages 21 and 22 form part of these accounts.

Income Statement (Unaudited)

Six months to 31 December 2008			Year to 30 June 2009		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(25,076)	(25,076)	–	4,279	4,279
962	–	962	2,062	–	2,062
160	–	160	169	–	169
–	–	–	–	2	2
1,122	(25,076)	(23,954)	2,231	4,281	6,512
(214)	–	(214)	(443)	–	(443)
660	–	660	739	–	739
(123)	(87)	(210)	(280)	(292)	(572)
1,445	(25,163)	(23,718)	2,247	3,989	6,236
(2)	–	(2)	(32)	–	(32)
1,443	(25,163)	(23,720)	2,215	3,989	6,204
(2)	–	(2)	(4)	–	(4)
1,441	(25,163)	(23,722)	2,211	3,989	6,200
7.51p	(131.21p)	(123.70p)	11.54p	20.81p	32.35p

Reconciliation of Movements in Shareholders' Funds (Unaudited)

	Six months to 31 December 2009				
	Called-up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve* £'000	Total £'000
At 30 June 2009	4,729	5,569	58,840	2,126	71,264
Net capital return from ordinary activities	–	–	14,857	–	14,857
Net revenue return from ordinary activities	–	–	–	542	542
Equity dividends paid	–	–	–	(1,243)	(1,243)
Repurchase and cancellation of Ordinary shares	(22)	22	(314)	–	(314)
At 31 December 2009	4,707	5,591	73,383	1,425	85,106

	Six months to 31 December 2008				
	Called-up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve* £'000	Total £'000
At 30 June 2008	4,946	5,352	57,020	1,265	68,583
Net capital loss from ordinary activities	–	–	(25,163)	–	(25,163)
Net revenue return from ordinary activities	–	–	–	1,441	1,441
Equity dividend paid	–	–	–	(686)	(686)
Repurchase and cancellation of Ordinary shares	(199)	199	(1,978)	–	(1,978)
At 31 December 2008	4,747	5,551	29,879	2,020	42,197

	Year to 30 June 2009				
	Called-up share capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve* £'000	Total £'000
At 30 June 2008	4,946	5,352	57,020	1,265	68,583
Net capital return from ordinary activities	–	–	3,989	–	3,989
Net revenue return from ordinary activities	–	–	–	2,211	2,211
Equity dividends paid	–	–	–	(1,350)	(1,350)
Repurchase and cancellation of Ordinary shares	(217)	217	(2,169)	–	(2,169)
At 30 June 2009	4,729	5,569	58,840	2,126	71,264

* The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

The notes on pages 21 and 22 form part of these accounts.

Balance Sheet (Unaudited)

		At 31 December 2009 £'000	At 31 December 2008 £'000	At 30 June 2009 £'000
	Note			
Fixed Assets				
Investments held at fair value through profit or loss	6	85,285	42,074	69,158
Current Assets				
Debtors – amounts receivable within one year		385	436	1,963
Cash at bank		178	185	1,185
		563	621	3,148
Current Liabilities				
Creditors – amounts payable within one year		(742)	(498)	(1,042)
Net Current (Liabilities)/Assets		(179)	123	2,106
Net Assets		85,106	42,197	71,264
Capital and Reserves				
Called-up share capital	7	4,707	4,747	4,729
Capital redemption reserve		5,591	5,551	5,569
Capital reserve		73,383	29,879	58,840
Revenue reserve		1,425	2,020	2,126
Equity Shareholders' Funds		85,106	42,197	71,264
Net Asset Value per Ordinary share	8	452.1p	222.3p	376.7p

The notes on pages 21 and 22 form part of these accounts.

Cash Flow Statement (Unaudited)

	Six months to 31 December 2009 £'000	Six months to 31 December 2008 £'000	Year to 30 June 2009 £'000
Revenue Activities			
Dividends and interest received from investments	1,027	1,305	2,320
Underwriting commission received	22	–	–
VAT reclaim interest received	–	–	149
Interest received on deposits	2	20	20
VAT on management fees recovered	–	660	739
Expenses paid	(486)	(433)	(738)
Net Cash Inflow from Revenue Activities	565	1,552	2,490
Servicing of Finance			
Bank overdraft interest paid	(6)	(2)	(32)
Investment Activities			
Acquisitions of investments	(26,067)	(12,578)	(43,741)
Disposals of investments	25,660	12,786	45,085
	(407)	208	1,344
Equity Dividends Paid			
Ordinary shares	(1,243)	(686)	(1,350)
Cash (Outflow)/Inflow before Financing	(1,091)	1,072	2,452
Financing			
Cost of Ordinary shares repurchased	(314)	(1,971)	(2,165)
Net Cash (Outflow)/Inflow	(1,405)	(899)	287
Reconciliation of Net Cash (Outflow)/Inflow to Movement in Net (Debt)/Cash			
Net cash brought forward	1,185	896	896
Net cash (outflow)/inflow	(1,405)	(899)	287
Net exchange (loss)/gain	(3)	–	2
Net (debt)/cash at period end	(223)	(3)	1,185
Comprising:			
Cash at bank	178	185	1,185
Bank overdraft	(401)	(188)	–
	(223)	(3)	1,185

Notes to the Accounts

1. Accounting Policies

The accounts have been prepared on a going concern basis in accordance with the Companies Act 2006, applicable UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and with the Statement of Recommended Practice ('SORP') for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in January 2009 by The Association of Investment Companies.

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months to 31 December 2009 and 31 December 2008 has not been audited. The comparative figures for the year to 30 June 2009 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and have been delivered to the Registrar of Companies. The auditor's report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain a statement under Section 498(2) (accounting records or returns inadequate or accounts or Directors' Remuneration Report not agreeing with records and returns) or Section 498(3) (failure to obtain necessary information and explanations) of the Companies Act 2006.

The accounting policies and presentation applied to the half-yearly figures are consistent with those applied in the statutory accounts for the year to 30 June 2009.

2. Income

	Six months to 31 December 2009 £'000	Six months to 31 December 2008 £'000	Year to 30 June 2009 £'000
Income from UK listed investments:			
Franked dividends	771	903	1,734
Unfranked dividends	220	59	328
	991	962	2,062
Other income:			
VAT reclaim interest received	–	140	149
Underwriting commission	22	–	–
Interest on deposits	2	20	20
	24	160	169

3. Management Fees

The management fee is calculated monthly in arrears at 0.8% per annum on the value of the Company's total assets, less current liabilities up to £75 million, and at 0.5% per annum thereafter.

During the year to 30 June 2009, the Company recovered £739,000 in respect of VAT paid on management fees in prior years, following a court ruling that the provision of fund management services to investment trust companies is exempt from VAT.

4. Total Return per Ordinary Share

	Six months to 31 December 2009 £'000	Six months to 31 December 2008 £'000	Year to 30 June 2009 £'000
Revenue return after taxation	542	1,441	2,211
Capital return/(loss) after taxation	14,857	(25,163)	3,989
Total return after taxation	15,399	(23,722)	6,200
Weighted average number of shares in issue	18,835,401	19,177,984	19,167,683
Revenue return per Ordinary share	2.88p	7.51p	11.54p
Capital return/(loss) per Ordinary share	78.88p	(131.21p)	20.81p
Total return per Ordinary share	81.76p	(123.70p)	32.35p

5. Dividend on the Ordinary Shares

The Board has declared an interim dividend of 3.5p (2008: 3.5p) per share on 18,796,080 (2008: 18,966,080) Ordinary shares for the accounting period to 31 August 2010. The cost of the interim dividend is £658,000 (2008: £664,000). The Ordinary shares will be marked ex-dividend on 3 March 2010 and the dividend will be paid on 31 March 2010 to shareholders on the register on 5 March 2010.

6. Investments held at Fair Value through Profit or Loss

	At 31 December 2009 £'000	At 31 December 2008 £'000	At 30 June 2009 £'000
Analysis of investments by place of listing:			
London Stock Exchange (Official List)	83,728	41,597	68,308
Alternative Investment Market	1,557	477	850
Valuation of Investments	85,285	42,074	69,158

7. Called-up Share Capital

During the six-month period to 31 December 2009, the Company repurchased and cancelled 90,000 Ordinary shares at a cost of £314,000, which reduced the number of Ordinary shares in issue from 18,916,080 shares to 18,826,080. Since 31 December 2009, the Company has repurchased a further 30,000 Ordinary shares for cancellation which has reduced the number of Ordinary shares in issue to 18,796,080.

8. Net Asset Value per Ordinary Share

The Net Asset Value per Ordinary share and Net Assets attributable to Ordinary shareholders at the period end were as follows:

	At 31 December 2009	At 31 December 2008	At 30 June 2009
Net Assets attributable to Ordinary shareholders	£85,106,000	£42,197,000	£71,264,000
Ordinary shares in issue	18,826,080	18,986,080	18,916,080
Net Asset Value per Ordinary share	452.1p	222.3p	376.7p

Price and Performance Information

The Company's Ordinary shares are listed on the London Stock Exchange and the closing mid-market price is published in the Financial Times and The Daily Telegraph under 'Investment Companies'.

Real-time share price information is available on 09058 171 690. Calls to this number are charged at 75p per minute from a BT landline. Calls from other telephone networks and mobiles may cost more.

The Company's Net Asset Value is calculated daily and can be viewed on the London Stock Exchange website: www.londonstockexchange.com. Further information can be obtained from Gartmore as follows:

Investor helpline:	0800 289 336 (calls are free from a BT landline)
Internet address:	www.gartmore.co.uk
e-mail address:	helpline@gartmore.com

ISIN/SEDOL Number

The International Securities Identifying Number (ISIN) of the Company's Ordinary shares is GB0003719225. The SEDOL (Stock Exchange Daily Official List) number is 0371922. The mnemonic code is GMF.

Internet

Information on the Company is available on the Gartmore website, www.gartmore.co.uk. The Company's discrete area on the site can be accessed via the "Fund range" menu or directly using www.gartmorefledglingtrust.co.uk or www.gartmorefledglingtrust.com. This information includes the latest annual and interim reports, factsheets and corporate governance documents such as committee terms of reference that can be downloaded, together with access to the latest regulatory news announcements and net asset values.

Share Register Enquiries

The Company's Registrars, Equiniti Limited, maintain the share register. In the event of queries regarding your holding, please contact the Registrars on 0871 384 2428. Calls to this number are charged at 8p per minute from a BT landline. Calls from other telephone networks and mobiles may cost more. Alternatively, there is now a range of shareholder information available online. You can check your holding and find practical help on transferring shares or updating your details at www.shareview.co.uk. Changes of name or address must be notified in writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Payment of Dividends

Cash dividends will be sent by cheque to the first-named shareholder on the Register at their registered address, together with a tax voucher. At shareholders' request, dividends may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System (BACS). This may be arranged by contacting the Company's Registrars on 0871 384 2428. Calls to this number are charged at 8p per minute from a BT landline. Calls from other telephone networks and mobiles may cost more.

The Association of Investment Companies

The Company is a member of The Association of Investment Companies, which produces monthly publications of detailed information on the majority of investment trusts. This information is also available on the Association's website, www.theaic.co.uk. The Association of Investment Companies can be contacted by telephone on 020 7282 5555, or by post to 9th floor, 24 Chiswell Street, London EC1Y 4YY.

Investing in Gartmore Investment Trusts

Gartmore SAVEit and Gartmore Investment ISAit are respectively the Savings Plan and tax-free Individual Savings Account (ISA) for the investment trusts managed by Gartmore Investment Limited. These schemes offer a simple and cost effective means of investing in Gartmore investment trust shares. You can use these schemes to invest on a regular savings basis, for lump sum investments or a combination of each.

Before investing please read the Key Features Document, which is available on request and on the Gartmore website.

Copies of the Accounts of the Company and details of Gartmore SAVEit and Gartmore Investment ISAit can be obtained from:

Gartmore Investor Services

Gartmore Investment Limited
Gartmore House
8 Fenchurch Place
London EC3M 4PB

Call free on: 0800 289 336

Telephone calls may be recorded for monitoring and training purposes.

helpline@gartmore.com

www.gartmore.co.uk

Important Information

If you have any doubts as to whether these products are suitable for you and wish to obtain personal advice, please contact an Independent Financial Adviser. The value of investment trust shares and the income from them may go down as well as up and you may not get back your original investment. The past performance of investment trusts is not a guide to future performance. Funds investing in overseas securities are exposed to and can hold currencies other than sterling. As a result, exchange rate movements may cause the value of investments to decrease or increase. Emerging markets tend to be more volatile than more established stock markets and therefore your money is at greater risk. Other risk factors such as political and economic conditions should also be considered. Smaller companies are riskier and less liquid than larger companies which means their share price may be more volatile. Investment trusts can borrow money to make additional investments on top of shareholders' funds (gearing). If these investments fall in value, gearing will magnify the impact on performance. Particular share classes may also be structurally geared by other share classes that have earlier entitlement to the investment trust's assets up to a predetermined limit. If an investment trust incorporates a large amount of gearing, its value may be subject to sudden and large falls in value and you could get back nothing at all. Where investment trust companies are involved in corporate activity, this may change the risk profile of individual shares, as well as impacting on the portfolio strategy, capital structure and duration of the overall company. Gartmore's investment trusts are permitted to use derivative instruments with the intention of improving returns or reducing the fund's volatility, although this outcome is not guaranteed. Derivatives are financial instruments which derive their value from an underlying security, such as equities or bonds. A rigorous risk management process runs alongside our use of derivatives to ensure that funds do not take undue levels of risk. The value of current tax relief depends on individual circumstances. If you have doubts about your tax position you should seek professional advice. The level of yield may be subject to fluctuation and is not guaranteed. Some or all of the annual management fee may be currently charged to the capital of the company. Whilst this increases the yield, it will restrict the potential for capital growth. Investment trust shares may trade at a discount or a premium to the value of the investment trust's assets. Net Asset Value performance is not the same as share price performance and investors' returns may not equate to Net Asset Value performance. Where an investment trust holds a limited number of investments and one or more of those investments declines or is otherwise adversely affected, it may have a more profound effect on the investment trust's value than if a larger number of investments were held. If you choose to reinvest dividends to buy more shares in the same investment trust that paid the dividend, you should be aware that this will increase your investment risk exposure to the investment performance of that company. Investment trusts which specialise by investing in a particular region or market sector are more risky than those which hold a very broad spread of investments. ISA regulations have recently been reviewed by HM Treasury. However, they are still subject to Government legislation and as such their tax benefits and investment levels may be changed in the future.

Issued by Gartmore Investment Limited, which is authorised and regulated by the Financial Services Authority.

Glossary of Terms

AIM

AIM is the London Stock Exchange's international market for smaller growing companies.

Benchmark

The Company's benchmark is the FTSE Fledgling (ex. Investment Companies) Index. Prior to 31 December 1996, the benchmark was the MicroCap Index. The FTSE Fledgling (ex. Investment Companies) Index was established by the FTSE Actuaries UK Indices Committee as part of their range of indices measuring the performance of UK equities.

Beta

A measure of portfolio sensitivity to market movements. The benchmark index has a beta of 1. A beta of 1.05, for example, means that, if the benchmark rose by 20%, then 1.05 times this return (or 21%) would be expected (based on historical data) for the portfolio. Conversely, if the market fell by 20%, the portfolio would be expected to fall by 21%. An index-tracking portfolio should have a beta very close to 1.

Discount

The amount by which the middle-market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Yield

The annual dividend expressed as a percentage of the share price.

Indexation

Investment in a portfolio of shares and securities the characteristics of which broadly match those of an index.

Information Ratio

A measure of the risk-adjusted return of the portfolio relative to the benchmark index. It is calculated by dividing the portfolio's excess return over its benchmark by the tracking error. The higher the information ratio, the higher the active return of the portfolio relative to the amount of risk taken.

Net Asset Value

Also described as Shareholders' Funds, Net Asset Value is the value of total assets less liabilities. Liabilities for this purpose include borrowings and prior charge securities as well as current liabilities.

Net Asset Value per share (NAV)

Net Asset Value divided by the number of shares in issue gives the Net Asset Value per share.

Official List

The Official List is the list of all securities that have been approved by the UK Listing Authority for trading on financial exchanges in the UK.

Premium

The amount by which the middle-market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price-to-Book Ratio

This is the ratio of the market capitalisation of a company to its net assets after deducting total debt. This is a valuation measure and indicates how far the price of a company's shares is from its 'real' asset backing. This measure is often used to help value companies in the financial sector, or where asset values are important.

Price-to-Earnings Ratio

This ratio is calculated by dividing the middle market price per share by the earnings per share. This ratio is commonly used to measure the relative cheapness of companies.

Price-to-Sales Ratio


This ratio is the proportion of total market capitalisation plus net debt (total debt less current assets) to total revenue. The use of total market capitalisation plus net debt is to allow for the fact that different companies have different debt structures. The ratio's numerator reflects a measure of total capital to 'buy-out' a company at the current share price and to clear all debts. This is compared to the total revenue which would have been 'bought' by doing this. This is a useful valuation measure for non-financial companies, particularly where earnings are negative or at very depressed levels.

Rebalancing

Transactions in investments to re-align a portfolio with the index it is designed to track or changes in the index itself to keep within its chosen criteria.

Tracking Error

A measure of how close to its benchmark the performance of a portfolio is likely to be. It is a useful summary statistic for measuring a portfolio's total risk against its benchmark index. In statistical terminology, the tracking error is the expected standard deviation of future portfolio returns against the index. By way of illustration, a tracking error of 2.5% indicates that in 2 out of every 3 years the portfolio's return would be expected to be within 2.5% of the index's return. A tracking error of 1% would indicate that the portfolio's performance is likely to be much closer to that of the index (within 1% in 2 out of 3 years).



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