Ennismore European Smaller Companies Fund

Investor Newsletter for the month of March 2001

Issued on 6 April 2001

Important Notice

The number of shares in the Fund is currently limited to 3.157m and new investments will only be accepted if shares become available through any redemptions. Ennismore Fund Management is keeping a waiting list for investors wishing to subscribe for shares in the event of any redemptions. To be included in this list, please call Franziska Günther on +44 20 7313 9524. Redemptions can be made through the administrator in the usual way.

Fund Details

Daily dealing UCITS and Central Bank of Ireland regulated open ended investment company with FSA approval, registered in Ireland and listed on the Irish Stock Exchange. The Fund has an AA S&P Fund Research Fund Rating. The Fund size was £60.4m as at 31 March.

Performance as at 31 March 2001

	GBP			EUR			
	Fund NAV*	Fund NAV % Change	HSBC Index# % Change	Fund NAV*	Fund NAV % Change	HSBC Index# % Change	MSCI Index+ % Change
March	**19.21**	**- 7.8**	**- 9.6**	**31.11**	**- 4.7**	**- 7.3**	**- 4.8**
February	20.84	0.7	- 4.6	32.63	0.4	- 4.8	- 7.7
January	20.69	2.4	4.8	32.51	2.1	3.5	1.4
December	20.21	3.2	0.7	31.84	- 0.6	- 1.6	- 0.2
November	19.58	2.6	- 3.7	32.02	- 2.6	- 8.5	- 5.0
October	19.09	- 3.0	- 4.3	32.87	0.4	-2.1	2.5
September	19.68	- 2.5	- 5.6	32.74	- 0.2	- 3.3	- 4.8
August	20.19	0.1	2.4	32.80	0.0	4.5	2.4
July	20.18	1.0	1.0	32.80	4.0	2.2	1.0
June	19.98	1.8	0.8	31.54	0.1	- 1.2	- 0.8
May	19.62	2.5	3.3	31.50	- 4.6	- 3.1	- 0.7
April	19.15	- 4.6	- 5.4	33.02	- 1.4	- 2.6	- 0.8
Year to date		**- 4.9**	**- 9.6**		**- 2.3**	**- 8.6**	**- 10.8**
Since Launch (27/01/99)		**92.1**	**6.1**		**116.8**	**19.2**	**10.0**

* Source: Administrator, Net Asset Value, net income reinvested. # HSBC Europe inc. UK Small Cap Index, Source: Bloomberg, excludes income. + MSCI Europe 15, Loc curr., Source: Bloomberg, excludes income. All performance figures net of fees.

Comments on Performance refer to £ Sterling unless otherwise stated.

The net asset value per share decreased by 7.8% during March. The weakening of the Euro against Sterling by 3% over the month depressed the £ Sterling return by 1.6%, whilst inflating the Euro return by 1.7%. In a month characterised by earnings disappointments especially in the 'New Economy' sectors and concern over a global economic slow-down, the less liquid smaller company sector suffered particularly badly. The decline in March at a level below that of the index was exclusively due to our high average cash position of 22% and a 10% weighting in ARINs. Strong falls of highly rated growth stocks with excessive valuations and deteriorating fundamentals, led by Baltimore, Hennes & Mauritz and Biodata, contributed towards a positive 1.5% return form our ARINs. Of our remaining investments, significant positive returns were recorded by Neuer Markt stocks Gericom and Suess Microtec and H Young in the UK following a takeover bid. Eleven positions recorded negative attributions between 0.4 and 0.9%. The reasons were profit warnings in the case of Sartorius, Mentmore Abbey, Free Record Shop and Roularta, while a downgrade of earnings expectations caused further sharp falls in the employment services companies Robert Walters and PSD. No fundamental reason was behind the falls in Bellway, CML Microsystems, Whitehead Mann, Macro 4 and Barlo.

Our proposed featured stock has been deferred to next month's newsletter as we have not yet completed the purchase.

Top Ten Holdings as at 31 March 2001*

	Company	Country	Sector	% of NAV
1	Barlo	Ireland	Construction Supplies	3.8
2	Paragon	UK	Financial	3.1
3	Beru	Germany	Auto	2.9
4	Bellway	UK	Housebuilder	2.6
5	Gericom	Germany	Distribution	2.6
6	Suess Microtec	Germany	Semiconductors	2.5
7	PSD	UK	Services	2.5
8	Reliance Security	UK	Services	2.4
9	CML Microsystems	UK	Semiconductors	2.3
10	Macro 4	UK	Software	2.2
				26.9

* excludes ARINS

Country, Market Cap & Sector Weightings as at 31 March 2001

Country	% of NAV
UK	33.3
Germany	15.1
Sweden	8.0
Spain	4.2
Ireland	3.8
France	3.7
Netherlands	2.5
Belgium	1.4
Norway	0.9
Switzerland	0.7
Finland	0.5
Cash	25.9

Market Cap	% of NAV
>£1bn	9.3
£350m - £1bn	11.0
£100m - £350m	32.2
<£100m	21.6
Cash	25.9

Sector	% of NAV
Retail	14.0
Services	10.8
Financial	8.4
Construction	6.4
Semiconductors	4.8
Auto	4.8
Distribution	4.4
Media	4.3
Software	4.1
Medical	3.4
Other	8.7
Cash	25.9

Portfolio Activity

As at 31 March the Fund was 74% invested in 56 shares. There were no significant purchases in March. We sold our big ARIN in Infogrammes at a profit. Our position in Sartorius was sold at a 30% loss after we repeatedly gave management the benefit of the doubt, which proved mistaken. We sold outright IPC Archtec which struck us as inferior compared to our big position Gericom in the same sector. Several other sales are ongoing but not yet completed. We are making efforts to reduce the number of holdings focussing on the sale of several small, relatively illiquid positions which have become marginal in order to free up time for significant fresh ideas.

Outlook

We expect markets to remain difficult and volatile. We do not bank on a sustained recovery in technology and related sectors, where we still find many prohibitively high valuations for companies of doubtful quality. We continue to concentrate our efforts on finding clear high growth situations that are undiscovered and cheap, and believe this to be most in line with the Fund's objective of achieving good returns at a low level of risk. We have a good pipeline of ideas and remain confident for the future.

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