Ennismore European Smaller Companies Fund

Investor Newsletter for the month of May 2001

Issued on 8 June 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 £62.4m as at 31 May.

Performance as at 31 May 2001

	GBP			EUR			
	Fund NAV*	Fund NAV % Change	HSBC Index# % Change	Fund NAV*	Fund NAV % Change	HSBC Index# % Change	MSCI Index+ % Change
May	**19.90**	**1.4**	**- 2.3**	**33.27**	**5.0**	**1.4**	**- 2.2**
April	19.63	2.2	4.4	31.69	1.9	4.7	6.5
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
Year to date		**- 2.1**	**- 13.4**		**2.6**	**- 9.6**	**- 10.4**
Since Launch (27/01/99)		**97.8**	**1.7**		**127.7**	**17.9**	**10.5**

* 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 increased by 1.4% during May whilst both small and large cap indices recorded losses. The Euro fell by 4% against Sterling, depressing the Fund's return in £Sterling by 2.4%, whilst adding 1.3% to the return in Euro. Most of our positions recorded gains, with 8 stocks contributing between 0.1 and 0.3%, but no outstanding performers. The only significant negative performer was one of our largest positions, Barlo, down 12% on the month and 28% off its high reached in February. The company gave a cautious trading outlook for the current year leading to a reduction in earnings expectations for the current year to single digit growth only. We retain every confidence in the stock given its cost leadership, significant market position, good management and a valuation of under seven times current year earnings. The ARIN positions which made up an average of 6% of holdings had a positive impact on performance.

Top Ten Holdings as at 31 May 2001*

	Company	Country	Sector	% of NAV
1	Paragon	UK	Financial	3.6
2	Gericom	Austria	Distribution	3.2
3	Barlo	Ireland	Construction Supplies	3.1
4	Beru	Germany	Auto	3.0
5	Bellway	UK	Housebuilder	2.9
6	Dinamia	Spain	Financial	2.2
7	PSD	UK	Services	2.2
8	CML Microsystems	UK	Semiconductors	2.1
9	Reliance	UK	Services	2.1
10	Porsche	Germany	Auto	2.0
				26.4

* excludes ARINS

There is no stock comment this month.

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

Country	% of NAV
UK	29.4
Germany	11.3
Sweden	6.1
Ireland	4.4
France	4.3
Spain	4.2
Austria	3.2
Netherlands	2.4
Belgium	1.0
Norway	0.8
Switzerland	0.7
Cash	32.2

Market Cap	% of NAV
>£1bn	2.9
£350m - £1bn	12.6
£100m - £350m	27.0
<£100m	25.3
Cash	32.2

Sector	% of NAV
Services	12.0
Retail	11.4
Financial	8.1
Construction	7.0
Auto	5.0
Distribution	4.0
Medical	3.9
Media	3.7
Software	3.4
Semiconductors	3.2
Other	6.1
Cash	32.2

Portfolio Activity

As at 30 June the Fund was 68 invested in 52 shares. The purchases of an additional ARIN position and of Irish housebuilder Abbey plc were the only major transactions.

Outlook

We expect markets to remain difficult and volatile. We do not bank on a sustained recovery in technology and related sectors, where we continue to 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. Despite sharp corrections we see few favourably valued opportunities in technology and high growth stocks, whilst many value stocks have enjoyed a re-rating or have less appeal given the less certain economic outlook. We have to dig deeper to find strong ideas, but we remain confident given the large number of stocks in our universe and the limited amount of funds under management.

For further information please contact:

Gerhard Schöningh	Ennismore Fund Management	(44) 20 7313 9521	gs@ennismorefunds.com
Geoff Oldfield	Ennismore Fund Management	(44) 20 7313 9523	go@ennismorefunds.com

For redemptions please contact:

Louise Mullan	Deutsche International Fund Services	(353) 1 607 6690	louise.p.mullan@db.com

For market making please contact:

John Howson	UBS Warburg	(44) 20 7568 0942	john.howson@ubsw.com

For inclusion on the waiting list please contact:

Franziska Günther	Ennismore Fund Management	(44) 20 7313 9524	fg@ennismorefunds.com

Ennismore Fund Management Limited
150A Kensington Church Street, London W8 4BN; Registered in England and Wales No. 3598371; Regulated by IMRO.