# Ennismore European Smaller Companies Fund

## Investor Newsletter for the month of February 2002

**Issued on 18 March 2002**

## Important Notice

The number of shares in the Fund is currently limited to 3.2m. This has been increased by 43,000 to reflect the recent stock dividend. 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 Kate Alaway on +44 20 7368 4217. Redemptions can be made through the administrator in the usual way.

*On 25 February a dividend of GBP0.288628 per share (total distribution GBP906,257) was declared. This amount was reinvested in new shares at the close of business on 26 February, at an NAV per share of GBP20.86. Shareholders received new shares on the pay date, 8 March. This has been done in accordance with the prospectus requirement to distribute at least 85% of net income to enable the Fund to retain its distributor status for UK tax purposes.*

*For performance purposes, historic prices prior to the NAV of 26 February 2002 have been restated to reflect the dilution of share value by the dividend reinvestment.*

*For further information please call either David McCann at Deutsche Bank on (+353) 1 607 6354 or Leo Perry at Ennismore Fund Management Limited on (+44) 20 7368 4226.*

## 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 £65.8m as at 28 February.

## Performance as at 28 February 2002

| | GBP | | | EUR | | | |
|---|---|---|---|---|---|---|---|
| | Fund NAV* | Fund NAV % Change | HSBC Index# % Change | Fund NAV* | Fund NAV % Change | HSBC Index# % Change | MSCI Index+ % Change |
| **February** | **20.95** | **2.2** | **- 1.1** | **34.30** | **2.1** | **- 1.5** | **- 0.6** |
| January | 20.50† | 1.3 | 1.3 | 33.61† | 1.6 | 1.7 | - 2.3 |
| December | 20.24† | 2.8 | - 0.9 | 33.08† | 4.7 | 1.8 | 2.1 |
| November | 19.69† | 2.7 | 10.5 | 31.58† | 2.2 | 9.0 | 5.0 |
| October | 19.17† | 0.9 | 7.6 | 30.90† | 1.0 | 7.7 | 4.2 |
| September | 19.01† | - 4.6 | - 17.7 | 30.59† | - 3.1 | - 16.9 | - 10.8 |
| August | 19.92† | 1.8 | - 2.1 | 31.56† | - 1.1 | - 4.1 | - 5.7 |
| July | 19.56† | 0.4 | - 3.2 | 31.90† | - 1.0 | - 5.0 | - 2.5 |
| June | 19.49† | - 0.7 | - 6.0 | 32.23† | - 1.8 | - 6.8 | - 3.5 |
| May | 19.63† | 1.4 | - 2.3 | 32.82† | 5.0 | 1.4 | - 2.2 |
| April | 19.36† | 2.2 | 4.4 | 31.26† | 1.9 | 4.7 | 6.5 |
| March | 18.95† | - 7.8 | - 9.6 | 30.69† | - 4.7 | - 7.3 | - 4.8 |
| **Year to date** | | **3.5** | **0.2** | | **3.7** | **0.3** | **- 2.8** |
| **Since Launch (27/01/99)** | | **112.4** | **- 6.3** | | **142.3** | **7.0** | **- 1.5** |

* Source: Administrator, Net Asset Value, net income reinvested. # HSBC Europe inc. UK Small Cap Index, Source: Bloomberg, excludes income. + MSCI Europe 15, Local currency., Source: Bloomberg, excludes income. All performance figures net of fees. † Adjusted to reflect dividend reinvestment of 26 February 2002.

Comments on Performance refer to £ Sterling unless otherwise stated.

The Fund's net asset value increased by 2.2% in February. The German apparel company Puma was the best performer during the month producing an attribution of 1.1% after announcing impressive preliminary results for 2001. We have retained our large position in Puma as the outlook for current year sales is also excellent, as evidenced by a 55% increase in the company's order backlog at the year end. Other strong performers in February with attributions of between 0.3% and 0.4% were Bellway, Porsche, Reliance Security and Monsoon. The only significant negative contributor to the Fund's performance during the month was Gericom with an attribution of - 0.6%. The announcement of a two month delay to the launch date of its Pentium4 notebook will lead to a decline in first quarter revenues and triggered a sharp fall in the share price. However we expect the company to resume its high growth path in the second quarter.

## Top Ten Holdings as at 28 February 2002*

| | Company | Country | Sector | % of NAV |
|---|---|---|---|---|
| 1 | Puma | Germany | Consumer | 6.1 |
| 2 | Porsche | Germany | Auto | 3.7 |
| 3 | Paragon | UK | Financial | 3.5 |
| 4 | Reliance Security | UK | Services | 3.4 |
| 5 | Vendex | Netherlands | Retail | 2.7 |
| 6 | Monsoon | UK | Retail | 2.4 |
| 7 | Gericom | Austria | Distribution | 2.2 |
| 8 | Bellway | UK | Construction | 2.1 |
| 9 | Zapf Creation | Germany | Consumer | 2.0 |
| 10 | Ratos | Sweden | Financial | 1.9 |
| | | | | **30.0** |

* excludes ARINS

## Country, Market Cap & Sector Weightings as at 28 February 2001

| Country | % of NAV |
|---|---|
| UK | 25.2 |
| Germany | 16.8 |
| Sweden | 3.8 |
| Netherlands | 3.8 |
| France | 2.6 |
| Spain | 2.3 |
| Austria | 2.2 |
| Ireland | 1.9 |
| Italy | 0.9 |
| Switzerland | 0.2 |
| Cash | 40.3 |

| Market Cap | % of NAV |
|---|---|
| >£1bn | 5.4 |
| £350m - £1bn | 21.8 |
| £100m - £350m | 18.3 |
| <£100m | 14.2 |
| Cash | 40.3 |

| Sector | % of NAV |
|---|---|
| Retail | 12.3 |
| Consumer | 9.4 |
| Services | 8.8 |
| Financial | 7.7 |
| Construction | 5.8 |
| Auto | 5.4 |
| Medical | 3.2 |
| Distribution | 2.7 |
| Media | 1.5 |
| Leisure | 1.0 |
| Other | 1.9 |
| Cash | 40.3 |

## Portfolio Activity

As at 28 February the Fund was 59.7% invested in 51 shares. During the month we sold three existing positions outright and purchased three new holdings.

## Outlook

The economic outlook for the current year is clearly brighter than feared six months ago but we do not bank on a sustained rally in markets. We have historically performed well in difficult market conditions where stock selection is key and we believe that the outlook for the Fund during 2002 remains promising.


For further information please contact:

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