Ennismore European Smaller Companies Fund

Investor Newsletter for the month of May 2002

Issued on 11 June 2002

Important Notice

The number of shares in the Fund is currently limited to 3.2m. New investments will only be accepted if shares become available through 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 on this list, please call Emily Allen on +44 20 7368 4218. 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 £71.9m as at 31 May.

Performance as at 31 May 2002

	GBP			EUR			
	Fund NAV[1]	Fund NAV[2] % Change	HSBC Index[3] % Change	Fund NAV[1]	Fund NAV[2] % Change	HSBC Index[3] % Change	MSCI Index[4] % Change
May	**22.56**	**2.7**	**0.1**	**35.33**	**- 0.5**	**- 3.0**	**- 3.2**
April	21.96	1.5	- 0.3	35.52	0.6	- 1.3	- 3.9
March	21.63	3.3	5.5	35.31	2.9	5.3	4.3
February	20.95	2.2	- 1.1	34.30	2.1	- 1.5	- 0.6
January	20.78	1.3	1.3	34.07	1.6	1.7	- 2.3
December	20.52	2.8	- 0.9	33.54	4.7	1.8	2.1
November	19.96	2.7	10.5	32.02	2.2	9.0	5.0
October	19.44	0.9	7.6	31.33	1.0	7.7	4.2
September	19.27	- 4.6	- 17.7	31.01	- 3.1	- 16.9	- 10.8
August	20.20	1.8	- 2.1	32.00	- 1.1	- 4.1	- 5.7
July	19.83	0.4	- 3.2	32.34	- 1.0	- 5.0	- 2.5
June	19.76	- 0.7	- 6.0	32.68	- 1.8	- 6.8	- 3.5
Year to date		**11.5**	**5.5**		**6.8**	**1.1**	**- 5.7**
Annualised return		**28.2**	**- 0.4**		**31.6**	**2.3**	**- 1.3**
Since launch (27/01/99)		**128.7**	**- 1.4**		**149.6**	**7.8**	**- 4.4**

[1] Source: Administrator, Net Asset Value, excludes income. [2] Source: Administrator, Net Asset Value, net income reinvested. [3] HSBC Europe inc. UK Small Cap Index, Source: Bloomberg, excludes income. [4] MSCI Europe 15, Local currency., Source: Bloomberg, excludes income. All performance figures net of fees.

Comments on Performance refer to £ Sterling unless otherwise stated.

The Fund's net asset value increased by 2.7% in May. Sterling returns were aided by a 4% appreciation of the Euro during the month. The German car manufacturer Porsche was the best performer producing an attribution of 0.4% as the company released details of its new sports utility vehicle and reported higher than expected demand for the latest 911 model. Another strong performer in May was Bijou Brigitte, which also delivered an attribution of 0.4%. Our ARIN positions also performed well with a combined attribution of 0.6%, lead by Faurecia and Epcos which each delivered an attribution of 0.2%.

The only significant negative contributor during the month was Gericom, the Austrian notebook manufacturer. The share price fell 42% during the month, producing an attribution of – 0.8%. This was prompted by worse than expected first quarter figures which were also poorly communicated to investors. A recovery in sales growth in April and May, over 20% of the market capitalisation in cash, good gross margins and cost control with a valuation of just over 5 times enterprise value to taxed current year operating profit lead us to stick with the shares.

Top Ten Holdings as at 31 May 2002*

	Company	Country	Sector	% of NAV
1	Autoroutes du Sud	France	Transport	4.2
2	Porsche	Germany	Auto	3.8
3	Vendex	Netherlands	Retail	3.3
4	Puma	Germany	Consumer	3.1
5	Paragon	UK	Financial	2.9
6	Reliance Security	UK	Services	2.8
7	Monsoon	UK	Retail	2.6
8	Zapf Creation	Germany	Consumer	2.3
9	New Look	UK	Retail	2.0
10	Dinamia	Spain	Financial	1.9
				28.9

* excludes ARINS

Country, Market Cap & Sector Weightings as at 30 April 2002

Country	% of NAV
UK	23.0
Germany	18.0
France	9.4
Netherlands	3.8
Sweden	3.2
Spain	2.6
Ireland	2.3
Austria	1.2
Switzerland	0.2
Cash	36.3

Market Cap	% of NAV
>£1bn	9.7
£350m - £1bn	21.0
£100m - £350m	20.1
<£100m	12.9
Cash	36.3

Sector	% of NAV
Retail	13.7
Services	9.0
Financial	7.2
Consumer	7.1
Auto	6.4
Construction	6.0
Transport	4.3
Medical	2.6
Distribution	1.7
Media	1.5
Other	4.2
Cash	36.3

Portfolio Activity

As at 31 May the Fund was 63.7% invested in 56 shares. During the month we sold two long positions, Buffalo Grill and DPA Holdings, as well as our ARIN positions in ARM Holdings and WM Data. We accepted the cash tender offer from JJB Sports for our holding in T J Hughes. We also started to build three new positions, two longs and a new ARIN.

Outlook

The stock market agenda has shifted from the fear of whether or not economic growth will resume to the likely pace and duration of the recovery. We still believe that in many cases equity valuations are fully discounting a profits recovery but we are also starting to find value emerging in some sectors. For the first time in almost three years we are now seeing some attractively priced technology companies trading at modest valuations and with a genuine prospect of delivering double-digit medium term earnings growth. We believe that the outlook for the Fund remains promising.

For further information please contact:

Gerhard Schöningh	Ennismore Fund Management	(44) 20 7368 4221	gs@ennismorefunds.com
Geoff Oldfield	Ennismore Fund Management	(44) 20 7368 4223	go@ennismorefunds.com

For redemptions please contact:

Lisa Moran	Deutsche International Fund Services	(353) 1 607 6654	lisa.moran@db.com
Michael Ryan	Deutsche International Fund Services	(353) 1 853 8459	michael.ryan@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:

Emily Allen	Ennismore Fund Management	(44) 20 7368 4218	ea@ennismorefunds.com