Ennismore European Smaller Companies Fund

Investor Newsletter for the month of June 2002

Issued on 5 July 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 £71.5m as at 30 June.

Performance as at 30 June 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
June	**22.34**	**- 1.0**	**- 7.6**	**34.48**	**- 2.4**	**- 9.0**	**- 8.3**
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
Year to date		**10.4**	**- 2.6**		**4.2**	**- 8.0**	**- 13.6**
Annualised return		**27.0**	**- 2.7**		**29.8**	**- 0.6**	**- 3.8**
Since launch (27/01/99)		**126.5**	**- 9.0**		**143.6**	**- 1.9**	**- 12.4**

[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 fell by 1.0% in June. In weak markets only eight of our long positions produced positive attributions over the month. The best performer was Puma which increased 13.5%, giving an attribution of 0.5%. The stock was boosted in June by strong results from the market leader Nike and a high level of brand exposure during the football world cup. Puma's margins will also benefit from the weakening dollar in forthcoming quarters. The most significant negative contributor during the month was Health Clinic, the UK provider of eye care and dentistry, with an attribution of – 0.8%. The share price fell 60% on the month after the company delayed issuing its results. Other poor performers were Vendex and Paragon, producing negative attributions of between 0.3% and 0.4%. Both of these stock experienced de-ratings despite unchanged earnings expectations.

The Fund's ARIN positions made a significant positive contribution of 1.5%. The best performers were Thiel Logistik and Epcos, with attributions of 0.5% and 0.3% respectively.

Top Ten Holdings as at 30 June 2002*

	Company	Country	Sector	% of NAV
1	Autoroutes du Sud	France	Transport	4.3
2	Puma	Germany	Consumer	3.6
3	Porsche	Germany	Auto	3.5
4	Vendex	Netherlands	Retail	2.9
5	Paragon	UK	Financial	2.6
6	Reliance Security	UK	Services	2.5
7	Monsoon	UK	Retail	2.3
8	Zapf Creation	Germany	Consumer	2.2
9	Dinamia	Spain	Financial	2.0
10	Ratos	Sweden	Financial	1.9
				27.8

* excludes ARINS

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

Country	% of NAV
UK	20.7
Germany	17.6
France	10.5
Netherlands	3.4
Sweden	3.3
Spain	2.9
Ireland	2.0
Austria	1.1
Switzerland	0.1
Cash	38.4

Market Cap	% of NAV
>£1bn	10.1
£350m - £1bn	20.1
£100m - £350m	18.3
<£100m	13.1
Cash	38.4

Sector	% of NAV
Retail	13.9
Financial	7.4
Consumer	7.2
Services	7.0
Construction	6.4
Auto	6.3
Transport	4.3
Medical	1.8
Distribution	1.6
IT Hardware	1.5
Other	4.2
Cash	38.4

Portfolio Activity

As at 30 June the Fund was 61.6% invested in 57 shares. During the month we purchased one new long position, the French road builder Eiffage. We sold two existing ARIN positions and opened two new ones.

Outlook

Already fragile investor confidence was dealt further blows in June by the Worldcom scandal and deteriorating economic indicators. The general weakness of stock markets is starting to throw up opportunities to acquire stakes in companies trading at modest valuations and with a genuine prospect of delivering double-digit medium term earnings growth. However, the immediate operating environment experienced by the majority of the companies that we meet remains tough. We are more than ever focusing our analysis on companies whose valuation already discounts an uncertain earnings outlook. We believe that the outlook for the Fund remains promising.

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