Ennismore European Smaller Companies Fund

Investor Newsletter for the month of July 2002

Issued on 9 August 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 £67.2m as at 31 July.

Performance as at 31 July 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
July	**21.16**	**- 5.3**	**- 11.7**	**33.72**	**- 2.2**	**- 8.8**	**- 11.7**
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
Year to date		**4.5**	**- 14.0**		**1.9**	**- 16.1**	**- 23.7**
Annualised return		**24.4**	**- 6.0**		**28.2**	**- 3.1**	**- 7.1**
Since launch (27/01/99)		**114.5**	**- 19.6**		**138.2**	**- 10.5**	**- 22.6**

[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 5.3% in July. Sterling returns were impacted by a 3% decline in the value of the Euro. In extremely weak stockmarkets only six of our long positions produced positive attributions over the month. The most significant negative contributor during the month was Puma with an attribution of - 1.1%. The share price fell 26% on the month despite the company delivering very strong second quarter results. Other poor performers were Vendex and JJB Sports, producing negative attributions of 0.7% and 0.4% respectively.

Very few share prices were spared from a substantial de-rating during the month. The Fund's solid relative performance was a function of the high cash weighting and the ARIN positions which made a significant positive contribution of 1.1%.

Top Ten Holdings as at 31 July 2002*

	Company	Country	Sector	% of NAV
1	Autoroutes du Sud	France	Transport	4.1
2	Porsche	Germany	Auto	3.5
3	Puma	Germany	Consumer	2.7
4	Monsoon	UK	Retail	2.4
5	Paragon	UK	Financial	2.3
6	Vendex	Netherlands	Retail	2.3
7	Zapf Creation	Germany	Consumer	2.3
8	Camaieu	France	Retail	2.1
9	Dinamia	Spain	Financial	1.8
10	New Look	UK	Retail	1.8
				25.3

* excludes ARINS

Country, Market Cap & Sector Weightings as at 31 July 2002

Country	% of NAV
UK	17.4
Germany	15.1
France	10.2
Netherlands	3.1
Sweden	3.0
Spain	2.8
Ireland	2.2
Austria	1.2
Italy	0.4
Switzerland	0.4
Cash	44.2

Market Cap	% of NAV
>£1bn	9.4
£350m - £1bn	13.6
£100m - £350m	19.2
<£100m	13.6
Cash	44.2

Sector	% of NAV
Retail	14.3
Financial	7.1
Construction	6.3
Consumer	5.7
Auto	5.1
Services	4.3
Transport	4.1
Medical	2.1
Distribution	1.7
Semiconductors	1.1
Other	4.0
Cash	44.2

Portfolio Activity

As at 31 July the Fund was 55.8% invested in 58 shares. During the month we sold our long held position in Reliance Security and accepted the tender offer for our Gardena Holdings shares. We opened three new ARIN positions, all of which have already contributed positively to performance.

Outlook

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. With our high cash balances we are well positioned to exploit any valuation anomalies that appear. 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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