Ennismore European Smaller Companies Fund

Investor Newsletter for the month of September 2002

Issued on 9 October 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 £65.2m as at 30 September.

Performance as at 30 September 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
September	**20.41**	**- 4.1**	**- 14.0**	**32.47**	**- 3.3**	**- 13.3**	**- 14.3**
August	21.28	0.6	- 0.9	33.56	- 0.5	- 1.9	0.1
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
Year to date		**0.8**	**- 26.7**		**- 1.9**	**- 28.6**	**- 34.5**
Annualised return		**21.9**	**- 9.8**		**25.4**	**- 7.2**	**- 10.6**
Since launch (27/01/99)		**106.9**	**- 31.5**		**129.4**	**- 23.8**	**- 33.6**

[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 decreased by 4.1% in September. In extremely weak stockmarkets only six of our long positions produced positive attributions over the month. The most significant negative contributor was Vendex, the Dutch retailer, with a negative attribution of 0.5%. The share price fell 22% on the month after the company posted disappointing first half profits. Other poor performers during the month were Porsche and Gericom, producing negative attributions of 0.4% and 0.3% 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 1.2%.

Top Ten Holdings as at 30 September 2002*

	Company	Country	Sector	% of NAV
1	Porsche	Germany	Auto	3.2
2	Autoroutes du Sud	France	Transport	2.4
3	Camaieu	France	Retail	2.4
4	Paragon	UK	Financial	2.2
5	New Look	UK	Retail	2.2
6	Vendex	Netherlands	Retail	2.0
7	Bellway	UK	Construction	1.9
8	Puma	Germany	Consumer	1.8
9	Dinamia	Spain	Financial	1.8
10	Zapf Creation	Germany	Consumer	1.8
				21.7

* excludes ARINS

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

Country	% of NAV
UK	16.6
Germany	12.7
France	8.3
Sweden	3.0
Netherlands	2.6
Spain	2.6
Ireland	2.4
Italy	2.0
Austria	0.6
Norway	0.4
Switzerland	0.4
Cash	48.4

Market Cap	% of NAV
>£1bn	8.5
£350m - £1bn	13.5
£100m - £350m	14.1
<£100m	15.5
Cash	48.4

Sector	% of NAV
Retail	13.7
Financial	7.0
Services	5.9
Construction	5.7
Consumer	5.0
Auto	4.4
Transport	2.4
Medical	1.5
Distribution	1.4
Media	0.9
Other	3.7
Cash	48.4

Portfolio Activity

As at 30 September the Fund was 51.6% invested in 61 shares. During the month we began building up four new long positions and two new ARIN positions. We sold two existing long positions outright, Nextrom and Mears Group, and closed three ARIN positions.

Outlook

The prospects for stockmarkets overall appear unexciting. Investor sentiment is dominated by economic weakness and the risk of a war in Iraq. These fears are not misplaced. The immediate operating environment experienced by the majority of the companies that we meet remains tough. However, we expect to profit from cautiously and selectively buying into the prevailing gloom and doom as we are now finding a good number of attractively valued small and mid-cap companies who are generating cash and growing earnings. We intend to start deploying our cash balances to exploit the valuation anomalies that now exist. We believe that the outlook for the Fund remains promising.

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