Ennismore European Smaller Companies Fund

Investor Newsletter for the month of November 2002

Issued on 10 December 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 £66.5m as at 30 November.

Performance as at 30 November 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
November	**21.61**	**2.5**	**6.7**	**33.80**	**1.5**	**5.6**	**4.8**
October	21.08	3.3	4.8	33.30	2.6	4.0	9.7
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
Year to date		**6.7**	**- 18.0**		**2.2**	**- 21.5**	**- 24.7**
Annualised return		**22.7**	**- 6.7**		**25.5**	**- 4.5**	**- 6.8**
Since launch (27/01/99)		**119.1**	**- 23.4**		**138.8**	**- 16.3**	**- 23.7**

[1] Source: Administrator, Net Asset Value, excludes income. [2] Source: Administrator, Net Asset Value, net income reinvested. [3] Source: Bloomberg, HSBC Europe inc. UK Small Cap Index, excludes income. [4] Source: Bloomberg, MSCI Europe 15, local currencies, 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 2.5% in November. The most significant contributor was Zapf Creation with an attribution of 0.4%. The share price rose 19% during the month after the company raised its full year earnings forecast. Other strong performers were Fayrewood and Vendex, each with attributions of 0.2%.

The overall contribution of the Fund's ARIN positions was neutral as markets rallied strongly. However, our position in JD Wetherspoon produced a positive attribution of 0.2% after the company issued a profits warning. Our position in Ocean Rig also contributed 0.2% in November. The share price fell 48% on the month after the company was forced to raise additional capital to finance significant cost over-runs.

Top Ten Holdings as at 30 November 2002*

	Company	Country	Sector	% of NAV
1	Zapf Creation	Germany	Consumer	2.6
2	Vendex	Netherlands	Retail	2.5
3	Paragon	UK	Financial	2.5
4	Camaieu	France	Retail	2.4
5	New Look	UK	Retail	2.2
6	Bijou Brigitte	Germany	Retail	2.0
7	Bellway	UK	Construction	1.8
8	Ratos	Sweden	Financial	1.8
9	Monsoon	UK	Retail	1.5
10	Geberit	Switzerland	Engineering	1.4
				20.7

** excludes ARINS*

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

Country	% of NAV
UK	16.8
Germany	8.6
France	6.6
Netherlands	3.3
Sweden	3.3
Ireland	2.4
Italy	1.8
Switzerland	1.7
Norway	1.6
Denmark	0.9
Other	0.8
Cash	52.2

Market Cap	% of NAV
>£1bn	4.5
£350m - £1bn	11.8
£100m - £350m	19.3
<£100m	12.2
Cash	52.2

Sector	% of NAV
Retail	13.5
Services	6.1
Financial	5.8
Construction	5.7
Consumer	3.3
Engineering	2.5
Auto	2.3
Medical	1.4
Distribution	1.1
Media	1.0
Other	5.1
Cash	52.2

Portfolio Activity

As at 30 November the Fund was 47.8% invested in 62 shares. During the month we began building up four new long positions and two new ARIN positions. We sold two long positions outright, Puma and D.I.S., and reduced our position in Porsche. We also closed two ARINs.

Outlook

The prospects for stockmarkets overall appear unexciting. This is especially true after the strong rally of the last two months that has lifted the valuations of many companies to unattractive levels. Following the recent interest rate reductions in the US and Europe there would appear to be limited scope for additional monetary stimulus and the focus of investors will now fall squarely onto corporate earnings. In this respect 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 attractively valued small and mid-cap companies who are generating cash and growing earnings. We intend to start deploying our cash balances to exploit valuation anomalies where they exist. We believe that the outlook for the Fund remains promising.

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