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Ennismore European Smaller Companies Fund

Investor Newsletter for the month of May 2003

Issued on 9 June 2003

Important Notice

The number of shares in the Fund is currently limited to 3.6m. 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 £87.1m as at 31 May.

Performance as at 31 May 2003

	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	**24.13**	**4.7**	**8.1**	**33.62**	**1.8**	**5.2**	**1.8**
April	23.05	4.9	12.1	33.02	3.7	10.9	11.2
March	21.98	1.4	0.2	31.84	0.6	- 1.2	- 2.6
February	21.67	2.8	- 0.9	31.67	- 1.9	- 5.0	- 2.2
January	21.18	- 1.5	- 4.9	32.43	- 1.7	- 5.0	- 6.7
December	21.49	- 0.6	- 4.2	32.98	- 2.4	- 6.1	- 8.2
Launch (27/01/99)	10.00			14.35			
1999	14.90	49.0	24.6	23.71	65.2	39.9	27.8
2000	20.21	35.7	- 5.8	31.84	34.3	- 6.8	- 3.5
2001	20.52	1.5	- 20.4	33.54	5.3	- 18.2	- 17.8
2002	21.49	6.2	- 21.5	32.98	- 0.3	- 26.3	- 30.9
2003 to date	**24.13**	**12.9**	**14.5**	**33.62**	**2.5**	**4.0**	**0.5**
Annualised return		**23.1**	**- 3.9**		**22.2**	**- 4.5**	**- 7.8**
Since launch (27/01/99)		**145.9**	**- 15.9**		**138.7**	**- 18.2**	**- 29.5**

[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 4.7% in May. In strong markets 90% of our positions produced positive attributions. The best performers were Paragon and Bijou Brigitte, both contributing 0.6%. Vendex, Etam and Luminar also performed well, each contributing 0.3%. The worst performers were New Look and Oystertec, which both attributed - 0.1%.

Portfolio Activity

As at 31 May the Fund was 49.8% invested in 70 stocks. During the month we began building up four new positions and sold three existing positions outright.

Top Ten Holdings as at 31 May 2003

	Company	Country	Sector	% of NAV
1	Bijou Brigitte	Germany	Retail	3.1
2	Zapf Creation	Germany	Consumer	2.8
3	Paragon	UK	Financial	2.6
4	Bellway	UK	Construction	1.8
5	Luminar	UK	Leisure	1.7
6	Geberit	Switzerland	Engineering	1.6
7	Fuchs Petrolub	Germany	Oil	1.6
8	New Look	UK	Retail	1.5
9	Ratos	Sweden	Financial	1.4
10	Abbey	Ireland	Construction	1.3
				19.4

Country, Market Cap & Sector Weightings as at 31 May 2003

Country	% of NAV
UK	16.8
Germany	10.8
Norway	3.5
Netherlands	3.5
Ireland	3.1
France	3.1
Sweden	3.1
Switzerland	2.8
Italy	1.7
Denmark	0.9
Other	0.5
Cash	50.2

Market Cap	% of NAV
>£1bn	2.9
£350m - £1bn	10.8
£100m - £350m	24.9
<£100m	11.2
Cash	50.2

Sector	% of NAV
Retail	12.5
Construction	9.0
Services	5.1
Financial	4.1
Consumer	3.3
Engineering	2.7
Leisure	2.2
Auto	1.8
Oil	1.6
Transport	1.4
Food	1.4
IT Software	1.1
Media	1.0
Distribution	0.7
IT Hardware	0.7
Other	1.1
Cash	50.2

Outlook

The strong stockmarket rally since the end of the war in Iraq was consolidated in May. However, the real economic concerns of an over-geared consumer and a lack of corporate pricing power remain. Profit margins may in some cases benefit from recent cost-cutting but the immediate operating environment experienced by the majority of the companies that we meet remains tough. We expect to continue to profit from cautiously and selectively buying attractively valued companies that are generating cash and growing earnings. We believe that the outlook for the Fund remains promising.

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