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Ennismore European Smaller Companies Fund

Investor Newsletter for the month of June 2003

Issued on 8 July 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.

We are delighted to announce that the Financial Services Authority has approved an extension to the business relationship between the Fund and Ennismore Fund Management Limited (EFML) to allow EFML to issue Adjustable Rate Index Notes (ARINs) directly to the Fund. The Irish Financial Services Regulatory Authority (the successor to the Central Bank of Ireland) has approved the increased relationship between EFML and the Fund. The prospectus has been amended to reflect this new relationship which will also be fully disclosed in all future annual and interim reports. We will begin building up ARIN positions in the Fund during July.

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 30 June.

Performance as at 30 June 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
June	**24.14**	**0.0**	**1.9**	**34.69**	**3.2**	**5.1**	**2.2**
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	- 1.2	31.84	0.6	- 2.0	- 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
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	**24.14**	**12.9**	**16.7**	**34.69**	**5.7**	**9.3**	**2.7**
Annualised return		**22.6**	**- 3.4**		**22.6**	**- 3.4**	**- 7.2**
Since launch (27/01/99)		**146.0**	**- 14.0**		**146.3**	**- 14.0**	**- 28.0**

[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 remained flat in June, although Euro returns were aided by the 3.5% appreciation of Sterling during the month. In strong markets the majority of our long positions produced positive contributions. Overall, the Fund's long positions contributed 1.0% during June. Luminar and New Look were the best performers, both contributing 0.2%. The worst performers were Leroy Seafood and Geberit which each produced a negative return of 0.2%.

Portfolio Activity

As at 30 June the Fund was 55.4% invested in 81 stocks. During the month we began building up thirteen new positions and sold two positions outright.

Top Ten Holdings as at 30 June 2003

	Company	Country	Sector	% of NAV
1	Bijou Brigitte	Germany	Retail	3.2
2	Zapf Creation	Germany	Consumer	2.8
3	Paragon	UK	Financial	2.7
4	Luminar	UK	Leisure	1.9
5	Bellway	UK	Construction	1.8
6	New Look	UK	Retail	1.6
7	Sjaelsoe	Denmark	Construction	1.5
8	Geberit	Switzerland	Engineering	1.4
9	Ratos	Sweden	Financial	1.4
10	Abbey	Ireland	Construction	1.3
				19.6

Country, Market Cap & Sector Weightings as at 30 June 2003

Country	% of NAV
UK	19.9
Germany	12.4
Netherlands	3.7
Norway	3.5
Sweden	3.3
France	3.2
Ireland	3.0
Switzerland	2.5
Italy	1.6
Denmark	1.5
Finland	0.5
Belgium	0.2
Other	0.1
Cash	44.6

Market Cap	% of NAV
>£1bn	2.9
£350m - £1bn	8.8
£100m - £350m	29.1
<£100m	14.6
Cash	44.6

Sector	% of NAV
Retail	11.7
Construction	10.0
Services	6.7
Financial	4.3
Consumer	3.4
Engineering	3.2
Leisure	3.2
Auto	2.5
Oil	1.8
Transport	1.4
IT Hardware	1.3
Medical	1.2
IT Software	1.1
Food	1.1
Media	1.0
Other	1.5
Cash	44.6

Outlook

Stockmarkets remained buoyant in June, building on the gains made in the post-war rally. However, the real economic concerns of an over-geared consumer and a lack of corporate pricing power remain. The possibility of a substantial fall in inflation is now on the agenda – explicitly for the Fed in the US – but also, given Germany's continued weakness, for the ECB. While profit margins may in some cases benefit from recent cost-cutting, 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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