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Ennismore European Smaller Companies Fund

Investor Newsletter for the month of July 2003

Issued on 13 August 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 £89.4m as at 31 July.

Performance as at 31 July 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
July	**24.93**	**3.3**	**7.2**	**35.60**	**2.6**	**6.4**	**4.1**
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
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	**24.93**	**16.6**	**25.1**	**35.60**	**8.5**	**16.3**	**6.9**
Annualised return		**23.0**	**- 1.9**		**22.9**	**- 2.0**	**- 6.2**
Since launch (27/01/99)		**154.0**	**- 8.2**		**152.8**	**- 8.5**	**- 25.0**

[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.

Overall satisfactory earnings reports for the second quarter and growing confidence in an economic recovery led to another very strong performance by stock markets generally, and smaller companies in particular. Our long investments performed in line with the index but at only 58% of the Fund's value, their performance contribution was only 4.4%. The best performers were Paragon, Barlo Group and Sjaelso, all contributing 0.4%, whilst there were no significant negative contributors.

During the month we built up our ARIN positions to 6.6% of the Fund. The underlying more liquid stocks performed strongly in the rally despite their high valuation levels and consequently the ARIN book contributed a negative 0.5% to performance.

Portfolio Activity

As at 31 July the Fund was 67.2% invested in 104 stocks. Portfolio activity centred around three themes – cash reduction, microcap exposure and the build up of the ARIN book. The cash level in the Fund fell from 45% at the beginning of the month to 33% at 31 July. The Fund has also further increased its exposure to mini-microcaps (less than £50m market cap) to 25 stocks, representing

8.1% of the Fund's NAV. Furthermore, the Fund built up 19 new ARIN positions during the month, representing 6.6% of the Fund.

For further information please contact:

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For redemptions please contact:

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For market making please contact:

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For inclusion on the waiting list please contact:

Emily Allen	Ennismore Fund Management	(44) 20 7368 4218	ea@ennismorefunds.com

Top Ten Long Holdings as at 31 July 2003

	Company	Country	Sector	% of NAV
1	Bijou Brigitte	Germany	Retail	3.3
2	Paragon	UK	Financial	3.0
3	Zapf Creation	Germany	Consumer	2.5
4	Bellway	UK	Construction	2.0
5	Fuchs Petrolub	Germany	Oil	2.0
6	BAM	Netherlands	Construction	1.9
7	Sjaelsoe	Denmark	Construction	1.8
8	Luminar	UK	Leisure	1.8
9	New Look	UK	Retail	1.7
10	Geberit	Switzerland	Engineering	1.5
				21.5

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

Country	% of NAV
UK	23.1
Germany	13.0
Netherlands	5.9
France	5.1
Norway	4.3
Sweden	3.5
Ireland	3.5
Switzerland	2.7
Denmark	2.1
Italy	1.8
Finland	1.0
Portugal	0.6
Spain	0.4
Belgium	0.2
Cash	32.8

Market Cap	% of NAV
>£1bn	5.9
£350m - £1bn	14.8
£100m - £350m	28.6
<£100m	17.9
Cash	32.8

Sector	% of NAV
Retail	13.0
Construction	12.4
Services	8.9
Financial	4.9
Consumer	3.9
Engineering	3.8
Leisure	2.7
Auto	2.1
Transport	2.1
Media	2.1
Oil	2.1
IT Software	1.9
Medical	1.8
IT Hardware	1.6
Food	1.2
Machinery	1.0
Distribution	0.7
Semiconductors	0.7
Other	0.3
Cash	32.8

Outlook

Given our cautious stance the last few months have been somewhat frustrating for us. The strong market rally has been driven by a change in sentiment from extreme pessimism to moderate optimism about the economic outlook for 2004. For most companies it is difficult to assess both if earnings will recover and/or to what extent they will recover, and in many cases the sharply higher valuations make investing a gamble on the event of a significant economic recovery. Our large universe of companies allows us to pursue the safer course of identifying genuinely overlooked situations where valuations still offer downside support even if an economic recovery fails to materialise or is weak. We believe the outlook for the Fund remains promising.

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