Ennismore European Smaller Companies Fund

Investor Newsletter for the month of March 2004

Issued on 8 April 2004

Important Notice

The number of shares in the Fund is currently limited to 3.8m. Further 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 Inge Tilg on +44 20 7368 4216. 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 £109.6m as at 31 March.

Performance as at 31 March 2004

	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
March	**29.06**	**- 0.5**	**- 1.7**	**43.46**	**- 0.4**	**- 1.5**	**- 2.3**
February	29.21	2.7	1.5	43.63	4.7	3.9	2.3
January	28.44	2.9	3.5	41.67	6.2	6.7	1.7
December	27.65	3.8	2.3	39.25	2.7	1.0	3.3
November	26.63	2.1	2.5	38.21	0.4	0.6	1.7
October	26.08	0.9	5.3	38.06	3.2	8.0	6.1
Launch (27/01/99)	10.00			14.35			
1999	14.90	49.0	24.8	23.71	65.2	42.1	2.0
2000	20.21	35.7	- 3.3	31.84	34.3	- 4.7	- 2.2
2001	20.52	1.5	- 18.3	33.54	5.3	- 15.6	- 16.4
2002	21.49	6.2	- 19.8	32.98	- 0.3	- 24.8	- 29.4
2003	27.65	29.3	48.8	39.25	19.6	37.5	19.8
2004 to date	**29.06**	**5.1**	**3.2**	**43.46**	**10.7**	**9.2**	**1.7**
Annualised return		**23.4**	**4.3**		**24.4**	**5.1**	**- 1.7**
Since launch (27/01/99)		**196.1**	**24.0**		**208.6**	**29.1**	**- 8.7**

[1] Source: Administrator, Net Asset Value, income reinvested. [2] Source: Administrator, Net Asset Value, Net income reinvested. [3] Source: Bloomberg, HSBC Smaller European Total Return Index. [4] Source: Bloomberg, MSCI Europe, local currencies, total return. All performance figures net of fees.

Comments below on Performance are prior to expenses, exclude cash returns and refer to £ Sterling unless otherwise stated

Our long book, which accounted for an average of 93% of the NAV in March, once more outperformed the indices. The Fund's long investments produced a negative contribution of 1.1% over the month, giving an implied negative return of 1.2%, whilst the HSBC index produced a return of –1.7%. The strongest performer was Delft Instruments which contributed 0.3% after Alpinvest, a Dutch venture capitalist, made an offer for the company. The worst performing stock was Charter which produced a negative attribution of 0.5% for no fundamental reason. Accounting for an average of 6.5% of the Fund, our ARIN positions contributed 0.6% to the Fund's performance.

Tandberg Data – A Norwegian Provider of Back-up Storage Systems

Tandberg Data has a market capitalisation of EUR 80m. The company develops and sells tape drives (67% of revenues), autoloaders/libraries (17%) and software media (15%). Its geographical revenue is divided into 63% Europe, 22% Asia and 15% USA. The market for tape based back-up storage is dominated by Hewlett-Packard, Quantum, Sony and Seagate. Tandberg Data has a market share of 5-6% and good niche market positions.

Despite repeated predictions that tape storage would be an outdated method of back-up, it has proven to be the most cost efficient alternative for most businesses today, and it is likely to remain so in the near future. Tape drive and autoloader demand is closely linked to the demand for hard-disk drives, and thus there are promising signs of market growth later this year and in 2005. Tandberg Data is launching a number of new products this year, and the preliminary market reviews have been encouraging. We expect the company to grow sales organically by 10% in 2004 and 13% in 2005, whilst gross margins remain constant at 31-33%. Tandberg Data trades on price earnings ratios of 7.8 times 2004 and 6.1 times 2005, with 24% of its market cap in net cash (year end 2004).

Despite its attractive multiples, especially relative to US competitors Quantum (not profitable) and Overland Storage (price earnings of 19 times 2004), the Tandberg Data share suffers from lack of research coverage and market attention. We believe that this is likely to change as Tandberg Data continues to deliver strong earnings growth this year, and we think that the company has an appreciation potential of 50-60% over the next 12 months. There is also an increasing likelihood that the company may be acquired by one of its American competitors.

Top Ten Long Holdings as at 31 March 2004

	Company	Country	Sector	% of NAV
1	TGS Nopec	Norway	Services	5.0
2	Bijou Brigitte	Germany	Retail	3.5
3	Monsoon	UK	Retail	2.8
4	Charter	UK	Engineering	2.7
5	Tandberg Data	Norway	IT Hardware	2.6
6	Porsche	Germany	Auto	2.5
7	Axel Springer	Germany	Media	2.3
8	New Look	UK	Retail	2.2
9	Delft Instruments	Netherlands	Medical	2.2
10	Escada	Germany	Consumer	2.2
				28.0

Country, Market Cap & Sector Weightings as at 31 March 2004

Country	% of NAV
UK	27.5
Germany	21.6
Norway	13.5
Netherlands	7.3
Switzerland	7.2
France	4.7
Belgium	3.2
Denmark	2.5
Sweden	2.5
Ireland	2.5
Austria	2.1
Italy	1.7
Spain	1.4
Other	1.6
Cash	0.7

Market Cap	% of NAV
>£1bn	11.8
£350m - £1bn	17.4
£100m - £350m	43.4
<£100m	26.7
Cash	0.7

Sector	% of NAV
Retail	18.2
Services	11.1
Construction	10.3
Technology	8.2
Media	7.2
Engineering	7.0
Financial	5.4
Consumer	5.3
Oil	5.0
Medical	4.2
Manufacturing	3.6
Auto	3.3
Transport	3.2
Other	7.3
Cash	0.7

Portfolio Activity

Figures in brackets refer to previous month end

As at 31 March the Fund was 99% (98%) invested in 148 (139) stocks. Further purchases of Tandberg Data have elevated it to the Fund's fifth largest holding. 14 new positions have been built up during this month. Examples are Electricidade de Portugal, a Portuguese electricity company, Varetis, a German telecommunications software producer, and Datalex, an Irish company which provides e-business solutions to the global travel industry. We increased our positions in Dutch newspaper publisher Wegener and in D.I.S., a German provider of employment resources. We sold 6 positions outright including Barlo Group, an Irish radiator and plastics manufacturer, and Scala, a Dutch software developer. The Fund held 20 (20) ARIN positions at the end of the month.

Outlook

Data on current growth in the US and on the outlook for economic growth in Europe have generally been strong. However there remain many uncertainties about the extent and sustainability of the recovery in both regions. There remain a large number of genuinely overlooked longs 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.

For further information please contact:

Gerhard Schöningh	Ennismore Fund Management	(44) 20 7368 4221	gs@ennismorefunds.com
Geoff Oldfield	Ennismore Fund Management	(44) 20 7368 4223	go@ennismorefunds.com

For redemptions please contact:

Lisa Moran	State Street International (Ireland) Ltd	(353) 1 853 8654	lisa.moran@teamstatestreet.com
Neil MacGuiness	State Street International (Ireland) Ltd	(353) 1 853 8459	neil.macguiness@ teamstatestreet.com

For market making please contact:

Paul Harrington	UBS Warburg	(44) 20 7568 4569	Equities-paul.harrington@ubsw.com