Ennismore European Smaller Companies Fund

Investor Newsletter for the month of June 2004

Issued on 8 July 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 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 £114.7m as at 30 June.

Performance as at 30 June 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
June	**30.56**	**4.6**	**4.3**	**45.55**	**3.8**	**3.5**	**2.0**
May	29.22	- 1.5	- 2.3	43.87	- 0.0	- 1.1	- 1.0
April	29.66	2.1	2.3	43.88	1.0	1.3	2.0
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
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	**30.56**	**10.5**	**7.5**	**45.55**	**16.1**	**13.2**	**4.7**
Annualised return		**23.3**	**4.8**		**24.2**	**5.5**	**- 1.1**
Since launch (27/01/99)		**211.4**	**29.1**		**223.4**	**33.8**	**- 5.9**

[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

The Fund's net asset value rose by 4.6% in June. The best performing stock, with an attribution of 1.1%, was Charter where the stock price rose by 34% during the month. The company issued a strong trading statement at its AGM as the company continues to perform well in its key markets, especially China. The Fund's long investments contributed 5.3% over a solid month for European markets. In addition to Charter, TGS Nopec performed well contributing a further 0.8% .The only significant negative attribution was in Komplett (-0.4%) following lower than expected sales during May. Our ARIN positions gave an overall attribution of -0.6%.

Portfolio Activity

Figures in brackets refer to previous month end

As at 30 June the Fund was invested in 145 (146) stocks. Ten new positions were opened during the month including CeWe Color, which operates a chain of photofinishing laboratories throughout Germany and Europe. We also increased our position, which had been opened in May, in Cardpoint, a UK operator of automatic teller machines. We closed 11 positions outright including Findel and Goshawk Insurance Holdings. The Fund held 26 (24) ARIN positions at the end of the month.

Top Ten Long Holdings as at 30 June 2004

	Company	Country	Sector	% of NAV
1	TGS Nopec	Norway	Services	4.4
2	Charter	UK	Engineering	4.2
3	Bijou Brigitte	Germany	Retail	3.5
4	Monsoon	UK	Retail	3.1
5	Porsche	Germany	Auto	2.7
6	Tandberg Data	Norway	Technology	2.5
7	Axel Springer	Germany	Media	2.3
8	Quadrant	Switzerland	Manufacturing	2.1
9	Escada	Germany	Consumer	2.0
10	Jelmoli	Switzerland	Retail	1.7
				28.5

Country, Market Cap & Sector Weightings as at 30 June 2004

Country	% of NAV
UK	27.3
Germany	22.0
Norway	12.2
Switzerland	9.5
France	4.8
Netherlands	4.6
Belgium	2.6
Sweden	2.5
Austria	2.2
Italy	1.6
Denmark	1.6
Spain	1.3
Ireland	1.0
Finland	0.9
Portugal	0.4
Other	0.1
Cash	5.4

Market Cap	% of NAV
>£1bn	10.3
£350m - £1bn	21.9
£100m - £350m	35.2
<£100m	27.2
Cash	5.4

Sector	% of NAV
Retail	17.6
Services	10.3
Engineering	8.4
Technology	7.3
Construction	7.3
Media	6.6
Financial	6.2
Manufacturing	6.0
Oil	5.2
Consumer	5.0
Auto	3.0
Transport	2.5
Medical	1.8
Property	1.7
Leisure	1.5
Other	4.2
Cash	5.4

Outlook

Evidence for the demand led recovery in the US has continued prompting the Federal Reserve to raise interest rates by 25 basis points as the risk of deflation disappears off the agenda. However, the European Central Bank kept rates on hold in the face of the more uncertain European economic outlook. Markets remain sensitive to the geopolitical factors with oil prices reacting to events in Iraq and the Russian government's action against Yukos. The level of oil prices remains a concern for the continuing recovery. However, there remain a large number of genuinely overlooked smaller companies 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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