Ennismore European Smaller Companies Fund

Investor Newsletter for the month of November 2004

Issued on 8 December 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 Irish Financial Services Regulatory Authority 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 £123.4m as at 30 November.

Performance as at 30 November 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
November	**32.72**	**2.8**	**5.6**	**47.06**	**3.0**	**5.8**	**2.6**
October	31.84	1.9	2.6	45.69	0.4	1.1	1.4
September	31.25	1.7	4.3	45.53	0.1	2.7	2.4
August	30.74	1.5	0.8	45.50	- 0.5	- 1.5	- 0.2
July	30.28	- 0.9	- 3.3	45.73	0.4	- 1.9	- 2.1
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
Launch (27/01/99)	10.00			14.35			
1999	14.90	49.0	27.2	23.71	65.2	42.1	29.8
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	**32.72**	**18.3**	**18.4**	**47.06**	**19.9**	**20.1**	**9.1**
Annualised return		**22.9**	**6.2**		**23.0**	**6.2**	**- 0.3**
Since launch (27/01/99)		**233.4**	**42.2**		**234.1**	**42.0**	**- 2.0**

[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 increased by 2.8% in November. In bullish markets our long book produced a contribution of 4.7% which was offset by a -0.8% contribution from our ARIN positions. The strongest performers were TGS Nopec and Monsoon with contributions of 0.8% and 0.3% respectively. TGS rose sharply following better than expected third quarter results whilst Monsoon's share price has climbed following rumours that Chairman Peter Simon is attempting to take the company private once more. There were no major negative contributions during the month.

Portfolio Activity

Figures in brackets refer to previous month end

As at 30 November the Fund was invested in 159 (166) stocks. Fifteen new positions were opened during the month including Banco Pastor, a Spanish commercial bank. We also significantly increased our existing positions in Completel and in PA Resources. A total of twenty-two positions were closed during the month, including Gresvig and Topcall, the latter of which we sold in a tender offer. Of the positions held by the Fund at the end of the month 31 (30) were ARINs.

Top Ten Long Holdings as at 30 November 2004

	Company	Country	Sector	% of NAV
1	TGS Nopec	Norway	Services	5.0
2	Charter	UK	Engineering	4.5
3	Monsoon	UK	Retail	3.4
4	Bijou Brigitte	Germany	Retail	2.4
5	Axel Springer	Germany	Media	2.2
6	Escada	Germany	Consumer	2.1
7	Quadrant	Switzerland	Manufacturing	1.7
8	Paragon	UK	Financial	1.6
9	Amazys	Switzerland	Manufacturing	1.6
10	Tandberg Data	Norway	Technology	1.5
				26.0

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

Country	% of NAV
UK	26.2
Germany	21.3
Norway	9.6
Switzerland	7.8
Netherlands	4.3
France	4.2
Spain	3.8
Denmark	1.7
Sweden	1.6
US	1.4
Ireland	1.4
Finland	1.3
Luxembourg	0.8
Other	3.2
Cash	11.4

Market Cap	% of NAV
>£1bn	12.7
£350m - £1bn	23.4
£100m - £350m	29.4
<£100m	23.1
Cash	11.4

Sector	% of NAV
Retail	13.6
Services	10.8
Technology	10.2
Manufacturing	8.0
Financial	6.5
Engineering	6.4
Construction	6.1
Media	6.1
Consumer	5.0
Energy	4.3
Property	2.4
Medical	2.2
Leisure	1.8
Other	5.2
Cash	11.4

Outlook

The economic situation remains unclear with business confidence indicators giving mixed messages. The oil price has declined from its recent highs but weakness in the US dollar has raised concerns over the ability of Eurozone exporters to compete globally. 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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