Ennismore European Smaller Companies Fund

Investor Newsletter for the month of April 2005

Issued on 10 May 2005

Important Notice

The number of shares in the Fund is currently limited to 3.85m. 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 £137.6m as at 29 April.

Performance as at 29 April 2005

	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
April	**35.97**	**- 2.4**	**- 4.1**	**53.33**	**- 0.8**	**- 2.5**	**- 2.6**
March	36.86	0.4	- 1.4	53.75	0.7	- 1.0	- 0.4
February	36.73	4.2	3.7	53.35	4.8	4.3	2.9
January	35.25	3.2	3.8	50.91	5.3	5.9	1.5
December	34.15	4.4	5.2	48.33	2.7	3.6	2.8
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
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	34.15	23.5	24.6	48.33	23.2	24.4	12.2
2005 to date	**35.97**	**5.3**	**1.7**	**53.33**	**10.3**	**6.6**	**1.4**
Annualised return		**23.1**	**7.0**		**23.7**	**7.5**	**0.4**
Since launch (27/01/99)		**266.5**	**52.3**		**278.7**	**56.8**	**2.2**

[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 fell by 2.4% in April. In a downbeat month for equity markets, our long book produced a negative contribution of 3.9% versus a 0.8% positive contribution from our ARIN positions. Amongst the better performing positions were Monsoon and Exploration Resources, each with a contribution of 0.2%. Halfway through the month Monsoon announced it had agreed to buy a further 47 stores and also confirmed that trading was in line with expectations. Towards the end of the month, the company also announced that it had bought and cancelled 1.25m shares. The largest drags on performance were TGS Nopec and Tandberg Data, costing the fund -0.5% and -0.4% respectively, for no fundamental reason.

Portfolio Activity

Figures in brackets refer to previous month end

As at 29 April the Fund was invested in 192 (185) stocks. Twenty-two new positions were opened during the month including Poweo, a French electricity distributor, and Petkim, a Turkish petrochemicals manufacturer. The position in Petkim was built through an IPO. We also significantly increased our existing positions in BPB and Villeroy & Boch. A total of fifteen positions were closed during the month, including Neteller and TPI. Of the positions held by the Fund at the end of the month 45 (45) were ARINs.

Top Five Long Holdings as at 29 April 2005

	Company	Country	Sector	% of NAV
1	TGS Nopec	Norway	Services	4.7
2	Charter	UK	Engineering	4.0
3	Monsoon	UK	Retail	2.9
4	Bijou Brigitte	Germany	Retail	2.3
5	Axel Springer	Germany	Media	2.0
				15.9

Country, Market Cap & Sector Weightings as at 29 April 2005

Country	% of NAV
UK	24.7
Germany	21.8
Norway	15.0
Switzerland	8.2
France	3.5
Turkey	3.5
Netherlands	3.3
Sweden	2.6
Italy	2.5
Spain	2.1
US	2.0
Finland	1.1
Ireland	1.0
Portugal	0.9
Belgium	0.7
Other	2.1
Cash	5.0

Market Cap	% of NAV
>£1bn	13.4
£350m - £1bn	33.4
£100m - £350m	25.3
<£100m	22.9
Cash	5.0

Sector	% of NAV
Retail	13.3
Services	12.8
Technology	8.5
Energy	7.8
Construction	7.6
Manufacturing	6.4
Financial	5.6
Media	5.6
Engineering	5.2
Consumer	5.1
Property	2.7
Transport	2.6
Leisure	2.5
Machinery	1.9
Auto	1.8
Other	5.6
Cash	5.0

Outlook

The prospect of continuing economic growth within Europe remains uncertain with a series of weak economic data coming out, including declining manufacturing output and falling consumer expenditure in the UK. 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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