Ennismore European Smaller Companies Fund

Investor Newsletter for the month of August 2005

Issued 8 September 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 £162.3m as at 31 August.

Performance as at 31 August 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
August	**42.29**	**3.2**	**0.4**	**61.85**	**4.1**	**1.2**	**- 0.2**
July	40.98	6.6	7.4	59.40	4.4	5.3	4.1
June	38.43	4.7	3.9	56.90	5.0	4.1	3.5
May	36.71	2.1	6.0	54.21	1.6	5.6	5.0
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
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	48.24	22.9	24.4	12.2
2005 to date	**42.29**	**23.8**	**20.9**	**61.85**	**28.2**	**24.9**	**14.5**
Annualised return		**24.8**	**9.4**		**25.2**	**9.7**	**2.2**
Since launch (27/01/99)		**330.9**	**80.9**		**339.1**	**83.6**	**15.4**

[1] Source: Administrator, Net Asset Value. [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 3.2% in August. In a mixed month for European equity markets, our long book produced a contribution of 4.7% versus a 0.4% gain in the smaller companies index. Our ARIN positions weighed on performance, costing the Fund 0.7%. Amongst the better performing positions were TGS Nopec, Tandberg Data and Norse Energy (formerly Northern Oil), contributing 1.8%, 0.5% and 0.4% respectively. TGS Nopec reported that second quarter net income had jumped by 78% due to increased demand for its geophysical data. A subsequent upgrade from a well-known brokerage house resulted in the company's share price rising by 37% this month. Tandberg Data announced that it had signed a multi-year supply agreement with a leading participant in the tape automation market, estimating the value of the agreement to be USD 60m to 100m in revenue over the next 3 years. Tandberg's share price was up 41% in August. There were no major negative contributions during the month.

Portfolio Activity

Figures in brackets refer to previous month end

As at 31 August the Fund was invested in 170 (169) stocks. We opened a new position during the month in Prosafe Offshore, a Norwegian provider of drilling & accommodation services to the international oil and gas industry and closed our position in Consafe Offshore. We also increased our existing position in Washtec, a German manufacturer of technology for cleaning vehicles through participation in a rights issue. Of the positions held by the Fund at the end of the month 34 (33) were ARINs.

Top Five Long Holdings as at 31 August 2005

	Company	Country	Sector	% of NAV
1	TGS Nopec	Norway	Services	6.6
2	Charter	UK	Engineering	5.0
3	Monsoon	UK	Retail	3.3
4	Bijou Brigitte	Germany	Retail	2.3
5	Todco	US	Energy	2.3
				19.5

Country, Market Cap & Sector Weightings as at 31 August 2005

Country	% of NAV
UK	24.7
Germany	21.1
Norway	17.6
Switzerland	6.2
France	3.3
US	3.1
Turkey	2.7
Sweden	2.4
Netherlands	2.3
Greece	1.6
Poland	1.5
Spain	1.3
Italy	1.0
Finland	0.9
Other	2.7
Cash	7.6

Market Cap	% of NAV
>£1bn	15.2
£350m - £1bn	34.0
£100m - £350m	23.9
<£100m	19.3
Cash	7.6

Sector	% of NAV
Energy	12.8
Services	12.0
Technology	10.6
Retail	10.2
Financial	6.8
Engineering	6.6
Consumer	5.8
Media	4.7
Construction	4.3
Manufacturing	3.5
Transport	2.1
Machinery	2.1
Leisure	2.0
Auto	1.9
Other	7.0
Cash	7.6

Outlook

Despite the continuing higher level of oil prices and uncertainty about economic growth in the Eurozone, 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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