Ennismore European Smaller Companies Fund

Investor Newsletter for the month of November 2008

Issued on 3 December 2008

Important Notice

The number of shares in the Fund is currently capped. New investments will only be accepted if capacity is available, with priority being given to existing shareholders. If you would like to subscribe please call Emily Allen on +44 (0) 20 7368 4218 or email subs@ennismorefunds.com. 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 Financial Services Authority approval, registered in Ireland and listed on the Irish Stock Exchange. The Fund has an A S&P Fund Research Fund Rating. The Fund size was GBP 136.0m as at 30th November.

The Fund is managed as an absolute return fund with the objective of generating positive returns irrespective of market conditions rather than performing relative to any benchmark index. Index data is provided in the following table as a guide to general equity market conditions.

Performance as at 30 November 2008

Period	GBP Fund NAV[1] Per Share	GBP Fund NAV[2] Per Share % Change	GBP HSBC Index[3] % Change	EUR Fund NAV[1] Per Share	EUR Fund NAV[2] Per Share % Change	EUR HSBC Index[3] % Change	MSCI Index[4] % Change
November 08	**46.24**	**2.1**	**-4.1**	**55.92**	**-3.1**	**-8.0**	**-4.7**
October 08	45.29	-7.6	-20.1	57.71	-7.2	-20.1	-13.5
September 08	49.00	-8.5	-17.4	62.18	-6.2	-16.0	-11.8
August 08	53.53	1.5	6.1	66.32	-1.0	3.5	2.5
July 08	52.76	-0.2	-4.6	66.98	0.4	-4.1	-1.9
June 08	52.84	-2.9	-9.6	66.74	-3.6	-10.3	-9.8
May 08	54.44	-0.5	1.3	69.23	-0.5	1.5	0.6
April 08	54.71	1.8	1.3	69.60	3.2	2.5	6.2
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	-3.2	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	-24.7	-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	44.54	30.4	32.6	64.82	34.4	36.3	24.9
2006	48.28	8.4	30.5	71.66	10.6	33.2	19.1
2007	52.67	9.1	3.1	71.71	0.1	-5.5	6.0
2008 to date	**46.24**	**-12.2**	**-43.9**	**55.92**	**-22.0**	**-50.0**	**-39.3**
Annualised return[5]		**17.1**	**4.2**		**15.0**	**2.4**	**-0.4**
Since launch (27/01/99)		**371.1**	**49.8**		**297.1**	**26.0**	**-3.5**

[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 Index, local currencies, total return. [5] Since inception, to date. Note: All performance figures net of fees.

Comments below on performance are prior to expenses, exclude cash returns and refer to GBP unless otherwise stated.

The Fund's NAV increased by 2.1% in November, but fell 3.1% in euros due to the continued weakness of sterling. Our long book cost 2.7% while the Fund's short exposure contributed 4.1%.

The best performer on the long side, contributing 0.9%, was Wavefield Inseis. Following a settlement with TGS Nopec related to their aborted merger, Wavefield received a takeover approach from competitor CGG Veritas. The share price increased by 68% in the month.

Our two significant long positions in the building materials sector, both of which are focussed on the insulation segment, announced Q3 updates with Sto (+0.5%) raising guidance and Kingspan (-0.8%) reducing it. Although the short term outlook for both companies is very tough this is more than priced into their current market valuations and they continue to benefit from favourable longer term demand trends.

Geveko – a Swedish supplier of road markings

Geveko is the leading supplier of road marking services and paint in Europe. The company has now completed its transition, started in 2006, from a conglomerate to a purely industrial operation. Following acquisitions in Norway and Finland it now has a 50% market share in road markings in both markets and is the clear market leader in all Nordic countries. This will improve utilization of its fleet, as it already has maintenance contracts in neighbouring regions in

Sweden, Finland and Norway, and strengthen its bargaining power with customers. It can also supply thermoplastics internally to the new acquisitions which improves efficiency in its manufacturing plants. We view Geveko's scale as a clear and sustainable cost advantage in both the production of paint and in contracting.

As many European economies weaken, investments in infrastructure and maintenance are being seen as increasingly important to supporting growth. Increased government spending on road construction and maintenance has already been announced in both Norway and Sweden. Geveko is also market leader in Poland and a number of Eastern European countries (around 25% of sales), which could be seen as a risk. However, while maintenance is funded on a national level, new roads are funded by EU infrastructure funds and therefore should be very low risk. In addition, all sales of materials and several of their Eastern European contracts are signed in euros, limiting the foreign currency exposure.

While Geveko's revenues are highly seasonal we view them as fairly predictable in an otherwise uncertain economic environment. Cash flow is expected to be very strong in 2009 as the company is well invested and we believe the dividend to be well covered going forward. We estimate Geveko currently trades on a 2009 price to earnings ratio of 3.8 times with a dividend yield of 10% and believe there is 100% upside to the share price over the coming 12 months.

Top Five Holdings as at 30 November 2008

	Company	Country	Sector	% of NAV
1	Sto	Germany	Construction	3.6
2	Kingspan Group	Ireland	Construction	3.3
3	Trader Media East	Netherlands	Media	3.0
4	TGS Nopec	Norway	Services	2.9
5	Atlantia Spa	Italy	Transport	2.8
				15.6

Exposures as at 30 November 2008

Longs %	Shorts %	Gross Exposure %	Net Exposure %
56.7 (60.3)	44.8 (49.2)	101.4 (109.5)	11.9 (11.2)

Figures in brackets refer to previous month end.

Exposures by Country, Market Cap and Sector as % NAV as at 30 November 2008

Country	Gross%	Net%
Austria	0.9	0.1
Denmark	2.3	-0.5
Finland	1.6	-1.6
France	7.2	-5.4
Germany	12.7	6.1
Ireland	3.4	3.1
Italy	4.6	3.4
Luxembourg	1.3	1.3
Netherlands	3.5	3.0
Norway	12.9	8.9
Sweden	9.4	-2.1
Switzerland	5.2	-0.3
UK	22.9	2.2
US	7.3	-5.3
Other	6.2	-1.0

Market Cap	Gross%	Net%
>£2bn	13.2	-4.5
£700m - £2bn	11.1	-10.4
£200m - £700m	37.7	3.0
<£200m	39.4	23.8

Sector	Gross%	Net%
Construction	10.1	6.8
Consumer	17.1	-9.7
Energy	8.5	3.1
Financial	7.0	-3.3
Leisure	5.0	-2.6
Manufacturing	3.1	1.5
Media	8.6	5.2
Medical	3.2	-2.0
Property	3.4	2.8
Retail	3.3	3.3
Services	7.5	6.5
Technology	6.5	3.2
Telecoms	4.7	-2.1
Transport	7.1	0.0
Other	6.3	-0.8

Portfolio Activity

Figures in brackets refer to previous month end; * = positions > 0.5% of NAV.

As at 30th November the Fund was invested in 55 (64)* stocks.

Outlook

Fear continues to be the driving force of equity markets with heavy forced selling by highly leveraged investors continuing. We believe this provides the perfect environment for value focussed investors who are willing and able to take a two to three year view. With no leverage and a broad shareholder base the Fund is in an excellent position to exploit this. As such, we expect the Fund's net exposure to increase over the coming months, and believe that the outlook for the Fund is positive.

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