Ennismore Global Equity Fund

Investor Newsletter for the month of December 2018

Issued on 11 January 2019

Fund Details

Daily dealing UCITS and Irish Central Bank regulated open-ended investment company with Financial Conduct Authority recognition and registration in Ireland. 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. The Fund size was USD 370m as at 31st December. Total assets under management by Ennismore Fund Management were USD 981m. The Fund is currently open. Please contact Eleanor Scott on +44 (0) 20 7368 4219 or email subs@ennismorefunds.com if you would like more information or to make an investment in the Fund. Redemptions can be made through the Administrator in the usual way.

Top Five Long Holdings as at 31 December 2018

Company	Country	Sector	% of NAV
METRO AG	Germany	Consumer Staples	7.3
SES SA	Luxembourg	Consumer Discretionary	7.2
Bayer AG	Germany	Health Care	5.4
Ryanair Holdings PLC	Ireland	Industrials	5.0
Schibsted ASA	Norway	Consumer Discretionary	4.9
			29.8

Exposures as at 31 December 2018

Longs %	Shorts %	Gross Exposure %	Net Exposure %
95.2 (98.2)	42.7 (43.0)	137.9 (141.2)	52.5 (55.2)

Figures in brackets refer to previous month end. All exposures are calculated on a delta adjusted basis.

Exposures by Country, Market Cap & Sector as % NAV and Positions as at 31 December 2018

Country	Gross%	Net%
United States	31.2	0.1
Germany	25.6	15.7
United Kingdom	24.2	14.3
France	8.9	4.8
Luxembourg	7.2	7.2
Cayman Islands	5.2	-4.6
Netherlands	5.2	4.4
Ireland	5.0	5.0
Norway	4.9	4.9
South Africa	4.6	3.4
Italy	4.0	0.0
Other	11.9	-2.7

Market Cap	Gross%	Net%
>$10bn	35.3	10.2
$5bn-$10bn	47.7	37.2
$1bn-$5bn	39.0	11.3
<$1bn	15.9	-6.2

Positions	Dec	Nov
Long	49	48
Opened	3	4
Closed	2	1
Short	91	90
Opened	6	8
Closed	5	4

Sector	Gross%	Net%
Consumer Discretionary	36.4	25.6
Consumer Staples	11.6	9.9
Energy	0.6	-0.6
Financials	6.6	3.6
Health Care	11.2	0.3
Industrials	20.2	12.1
Information Technology	37.6	1.8
Materials	3.7	-3.7
Real Estate	1.4	-1.4
Telecommunication	8.2	5.3
Utilities	0.4	-0.4
Other	0.0	0.0

Geographic analysis relates to country of incorporation or listing. This may not represent the underlying economic exposure of the operating business.

Performance as at 31 December 2018

	Share Class				
	GBP	GBP A	EUR	CHF	EUR I
NAV per share[1]	**12.74**	**12.71**	**12.46**	**12.78**	**10.49**
Period	**% Change**				
December 18	**-2.8**	**-3.0**	**-3.8**	**-4.1**	**-3.0**
November 18	0.5	0.5	0.5	-0.2	**0.4**
October 18	0.8	0.8	1.1	1.5	**0.6**
2018	**18.6**	**18.6**	**18.0**	**13.9**	**4.9**
Annualised return[2]	**11.4**	**11.3**	**10.3**	**11.6**	**-**
Since launch[2]	**27.4**	**27.1**	**24.6**	**27.8**	**4.9**
	Discrete 12 Month Rolling Performance				
To 31 December 18	**18.6**	**18.6**	**18.0**	**13.9**	**-**
To 31 December 17	**1.3**	**1.3**	**-2.2**	**5.4**	**-**

[1]Source: Administrator, Net Asset Value. [2]Since inception of GBP, GBP A, EUR and CHF share classes on 03/10/16, EUR I share class on 03/07/18. Note: All performance figures net of fees. **Past performance is not a guide to future returns.**

Attribution %		GBP	EUR	CHF
Long	Q4 18	-10.1	-11.0	-12.0
	Q3 18	8.1	7.4	6.1
	Q2 18	20.4	19.4	17.9
	Q1 18	0.6	1.8	2.3
Short	Q4 18	9.2	9.2	9.2
	Q3 18	1.3	1.3	1.3
	Q2 18	-3.9	-3.9	-3.9
	Q1 18	1.2	1.2	1.2

Attribution figures exclude cash returns and are prior to expenses

Top 5 Contributors and Detractors for December 2018

Contributors	MTD (bp)
Bio-On Spa	30
US technology company	26
Takeaway.com NV	26
Hong Kong conglomerate	24
Japanese manufacturer	22

Detractors	MTD (bp)
Under Armour Inc	-100
SES SA	-95
Asos Plc	-73
Ingenico Group	-61
Etsy Inc	-59

The Fund's NAV declined between 1.7 and 2.8% in Q4, depending on currency.

For the quarter, longs cost us 10.1% of NAV (in the sterling share class). Most positions declined in value.

The most notable negative contributions, because they were at least partly down to news flow, came from Bayer AG (-1.1%), Inmarsat PLC (-1.0%) and Ryanair Holdings PLC (-0.9%). We have written a brief note explaining our position in Bayer later in this letter, and a longer one on Ryanair. Inmarsat needs no introduction. Its third quarter results were, as usual, a mixed bag with more short term negatives than positives.

We sold almost all of our position in TPG Telecom Limited in the quarter. Our investment thesis was largely based on our assessment of its planned mobile network. A proposed merger with Vodafone Hutchison Australia ("VHA") means that this is no longer as material (because it is relatively smaller in the combined entity) and also that it may not be deployed as we expected (because VHA already has a network). We also sold our position in Auto Trader PLC as it is trading close to our estimate of fair value.

We built a position in ASOS PLC towards the end of the year. The company warned on sales in December and de-rated massively, to an enterprise value of about 0.7 times current year sales. We have followed this company since it first listed back in 2001 and think the current valuation is very attractive.

The short book added 9.2% to NAV in Q4. Most positions contributed positively.

Our short position in Sirius Minerals PLC was the most significant positive, contributing 0.7%. In September the company announced that its estimate of the cost to complete its mine had gone up by about USD 500m, meaning its total capital requirement is now c. USD

For further information please contact:	Eleanor Scott, Ennismore Fund Management	+44 (0) 20 7368 4219	subs@ennismorefunds.com
For dealing please contact:	Northern Trust International Fund Administration Services (Ireland) Ltd	+353 (0) 1 434 5103	Ennismore_TA_Queries@ntrs.com

3.5bn. We note that the company seems to be indicating that the incremental amount will have to be filled with an equity (or equity-linked) capital raise. Management is also still implying that the UK government will guarantee about USD 1.5bn of company debt. For the reasons detailed in previous letters, we think this is unlikely to happen. As all of the planned funding is contingent on this guarantee we don't think the mine will happen any time soon either.

Portfolio construction (revisited)

In our March 2017 letter we explained why we maintain a sizeable short book in the Fund (since inception short exposure has averaged 46% of NAV). The first reason is simply to make money. Over the longer term we expect the short book to contribute positively to returns, and we are not unhappy with the attribution so far. The second reason is that it acts as a natural hedge. In the letter we gave the hypothetical example of a fund invested 100% long and 50% short going into a bear market. We said that, if we were doing our job on the short side, we would expect to protect the Fund's NAV in that scenario. As it turns out, Q4 was pretty close to a real life test of this claim.

Over the quarter the MSCI World Index of developed markets fell nearly 14%. The Fund's long exposure averaged about 95%, short exposure around 42%. The implied return for the long book was down about 10%, a little better than the index (we think our long book is plenty better than average but it is not immune to a market or economic cycle). For the short book the implied return was over 20%. It did exactly what is says on the tin. Fund NAV was down only a couple of percent on average.

When the short book works out like this it brings another significant benefit, although this will only show up in future returns from the Fund's long positions. That's because the returns on shorts that helped us preserve capital in Q4 are effectively freed up cash that we can invest in the long book at, on average, lower prices. That said, we remain entirely convinced that we have no real edge forecasting business cycles and so we remain committed to running a sizeable, profitable short book.

Bayer AG

Our position in Bayer is largely based on our assessment of its liability relating to the weed killer glyphosate, commonly known under the brand "Roundup". There are two elements to this. One is the science. A number of case control studies show a statistically significant correlation between patients with Non-Hodgkin lymphoma ("NHL") and a history of high exposure to glyphosate. As a result the World Health Organisation classified it as "probably carcinogenic to humans" in 2015. However larger cohort surveys, such as the Agricultural Health Study, find no significant correlation. The view of the Environmental Protection Agency in the United States is that it is unlikely to cause cancer and the European Union approved its use for another five years in late 2017. It is important to recognise that the issue at this stage is not whether glyphosate should be used at all, it is whether it should carry risk warnings and restrictions so that it is used more safely.

The view of experts we have spoken to is that the evidence is inconclusive. The science tells us that, for now, there is insufficient evidence to attribute cases of NHL to glyphosate, meaning Bayer's liability should be zero (to be clear, though, if it can be shown that glyphosate is responsible for any cases of NHL we believe it should pay compensation accordingly). The other element to our assessment of any glyphosate liability is litigation. In August Bayer lost a case in California, where the court found glyphosate was responsible for the plaintiff's NHL. Over the next month the company's share price fell by nearly a quarter, wiping about USD 25bn off its value. We believe this is significantly more than Bayer's likely total liability and built up a position in the stock.

The lawsuit in California, and others that will now follow, mean that – as an investor looking for a margin of safety – we need to assume Bayer does face a significant liability tied to glyphosate. However, we estimate that this liability is likely to be less than a quarter of the market value decline it caused (and any cost will be tax deductible, so the net impact is proportionately lower). For context it is helpful to look at other, similar liabilities in the past. Only the Tobacco Master Settlement Agreement, at USD 206bn, was significantly over USD 10bn (for obvious reasons we think). Settlements comparable to what we expect for glyphosate are closer to USD 5bn. For example, in 2007 Merck & Co., Inc paid USD 4.85bn to settle 27,000 suits from plaintiffs claiming they or family members had suffered heart attacks or strokes as a result of taking its drug Vioxx. In that case there was conclusive scientific evidence and a clear attempt by some employees of the company to conceal it, which justifies punitive damages. The case against Bayer is, we believe, much weaker.

In the medium term Bayer may overturn the legal claims against glyphosate based on scientific evidence but we invested assuming it will instead settle them with a payout similar to previous, comparable cases. In the short term, though, the share price is likely to react disproportionately to developments in specific court cases. For example, in October the shares sold off again when a California judge did not set aside the original jury verdict. We increased our position.

The world's worst business

The archetype of a terrible business might be one with high fixed costs, low marginal costs, a commoditised product with perishable inventory and high price elasticity, low barriers to entry / lots of competition, high barriers to exit and long lead times for new capacity. For this business, periods of excess capacity are inevitable even if demand is only modestly cyclical because capital investment is committed to long before demand is visible. Competition will then drive pricing down close to marginal cost, which may

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make it impossible to recover fixed costs. Bankruptcy often comes next. We think this is an accurate description of the airline industry that explains why so many operators fail. Given that, the obvious next thing to say is not: we have taken a long position in European airline Ryanair Holdings PLC.

There are three ways we think an airline can defy gravity (as a business, hopefully they can all manage the physics). One is to differentiate its service and charge more for it. We struggle to think of a real-life example that has sustained this kind of edge for long or in a significant enough way to make a real difference to its bottom line. A second way is to control slots on routes that are not so open to competition. By operating as an oligopoly, the largest North American and European flag carriers may have achieved this on some of the main transatlantic routes. Ryanair certainly has, by focussing its growth on secondary airports in Europe for many years. This is less true today, but the scale of the network it built as a result is key to the third way an airline can defy gravity - lower unit cost. This allows Ryanair to generate a decent return on capital and to consistently take market share, especially in a downturn. We think this is as true for the next ten years as it was for the last twenty. If we are right, Ryanair shares are very cheap.

Ryanair Holdings PLC

Low cost carriers ("LCCs") date back over forty years in North America and more than thirty in Europe. Not surprisingly, for a product where price is the main purchase criterion, they have transformed the industry, expanding access to air travel, broadening route networks, and - for the most successful players - generating consistent profitability and decent returns in an industry better known for bankruptcies. Ryanair was the pioneer of low cost air travel in Europe, although it did not get off to a good start. The business launched in 1986 with loss-making flights on small turboprop aircraft between Waterford and Gatwick. In its first five years it guzzled over GBP 20m of Tony Ryan's wealth and effectively had to be rescued by the Irish government. In 1991, the same year Michael O'Leary became deputy CEO (he was CEO from 1993), Ryanair reported its first profit after a series of restructurings. The low-cost model was firmly established and Ryanair has been consistently profitable ever since. In 1992 it carried two and a half million passengers. Last year it was 130 million, a compound growth rate of 16%. The pace has slowed a little but was more than 10% over the last ten years. Its low cost model is now so profitable Ryanair has been able to fund this internally, own almost all of its planes and throw off enough cash to pay EUR 2bn in dividends and reduce the share count by a quarter since 2007.

It is clear Ryanair has been successful in the past. Before we look to the future, it helps to quantify the competitive advantages that have powered its performance. We think the clearest way to see these is to look at revenue and costs on a per owned plane basis. The table below shows our estimates of these for Ryanair and two other European LCCs, easyJet PLC and Norwegian Air Shuttle ASA:

Per owned plane estimates 12 months ending March 2018, EUR m	Ryanair	easyJet	Norwegian
Capital cost	28	26	46
Fares	12.8	18.2	19.8
Ancillaries	5.0	4.5	3.9
Revenue	17.8	22.8	23.6
Fuel	4.7	4.5	6.0
Revenue net of fuel cost	13.1	18.3	17.6
Route charges	1.7	1.6	1.6
Airport and handling	2.3	6.3	3.8
Staff	1.8	2.9	4.3
Maintenance	0.4	1.2	2.3
Sales and marketing, other	1.0	2.1	4.1
Operating costs (excluding fuel)	7.2	14.1	16.1
Earnings before interest, tax, depreciation and amortisation	5.8	4.2	1.5
Fleet ownership costs	1.7	1.3	3.6
Profit before tax	4.1	2.9	(2.1)

The first thing that stands out is that not all LCCs are the same. Ryanair takes in less revenue per plane than other operators but delivers much higher profit margins on those sales. Taking a longer view, Ryanair's pre-tax return on capital employed averaged more than 20% over the last decade. easyJet's was a little lower, but still decent. Norwegian barely made any return at all (and that's before we even look at failed competitors like Air Berlin PLC). The table above clearly shows that the key driver of Ryanair's success is cost efficiency.

Equally, not all cost advantages are the same. It matters where they come from because some are sustainable, others less so. For example, Ryanair has made large, opportunistic aircraft orders during cyclical downturns (most famously after the 9/11 terror attacks). Plane manufacturers have high fixed cost structures to support. In a downturn, selling planes at lower prices is better than not

Ennismore Fund Management Limited, Kensington Cloisters, 5 Kensington Church Street, London, W8 4LD
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selling any at all, and it is widely acknowledged in the industry that Ryanair struck very attractive deals with The Boeing Company in the past. Because planes last for decades this is a long-lived cost advantage (LCCs tend to operate young fleets so a lot of the benefit comes as a high residual sale value relative to the cost price). There is, however, no reason to think it is a sustainable one. You can see this in the fact that Ryanair does not have lower ownership and maintenance costs than easyJet today. Ryanair does get a cost advantage relative to other operators from having a uniform fleet with only one model of plane, making maintenance more efficient, and from being better capitalised. But these are advantages that can be replicated too. Much harder to reproduce is the high level of utilisation Ryanair manages, with more flights per plane per day and higher load factors (i.e. more bums on seats), which means that fixed capital costs are amortised across more passengers – that is, at a lower unit cost. You can't do this without a dense network of routes and you probably can't get to a dense network of routes in Western Europe now if you are not already there. Ryanair was able to do it partly on the back of the one-off benefits of opportunistic fleet purchases, and partly by opening up secondary airports across the continent. We turn to those now because the network density Ryanair has built around them is, we think, the main reason it has a sustainable competitive edge in future.

As the table shows, the biggest component of Ryanair's cost advantage is airport and handling costs, which are less than half the levels paid by easyJet and Norwegian. This is partly because Ryanair flies more to lower cost secondary airports than the other two, but like-for-like costs at the same airports are also often substantially lower. It may seem surprising that an individual airline can be in a strong bargaining position with an infrastructure asset like an airport, but in fact only a few of the very large hubs have genuine monopoly characteristics (in Europe that's airports like Heathrow, Charles de Gaulle, Munich and Madrid). Other airports compete for airline business and are prepared to cut a deal on the charges they pay because driving traffic to their terminals, where captive passengers are rinsed through shops and restaurants, is commercially way more important to them (for example, Aeroporto Guglielmo Marconi di Bologna S.p.A. makes three quarters of its operating profit from non-aviation revenue). Being able to deliver traffic to an airport is therefore a powerful bargaining tool, and with the lowest fares and broadest marketing reach, Ryanair is better at this than anyone else in Europe. For example, when it started services from London to Pisa and Genoa in the late 1990s Ryanair traffic on these routes became bigger than the entire volume they had previously attracted from London within two years. This becomes a self-reinforcing flywheel as Ryanair invests its cost advantage in fares which competitors can't match, resulting in an unparalleled ability to stimulate demand. This makes it an attractive partner for an airport even though the fees it pays are lower on a per passenger basis. Ryanair has also repeatedly shown that switching costs are low for much of its network, by closing bases at short notice (including Eindhoven and Bremen recently during the union negotiations). We think this advantage - the scale and density of its network - is sustainable. It may even improve as Ryanair takes more market share.

The numbers suggest Ryanair also enjoys an advantage in sales and marketing costs but we are reluctant to draw any strong conclusions from this as this cost category varies from one airline to another making it hard to pick apart. It is clear that Ryanair benefits from an unusually high level of direct distribution (i.e. sales made direct through its website or app), which should lower costs (no commissions) and help drive higher ancillary revenues from baggage and boarding fees and commissions for car and hotel bookings directed to third parties. Again, though, this can potentially be replicated.

The main focus for shareholders recently has been Ryanair's staff costs, which are also lower than for its peers. This is mostly down to higher utilisation of pilots and cabin crew (and, to a lesser extent, lower salaries). For instance, it manages with about five crews per aircraft, compared to Vueling (IAG Group S.A.'s LCC subsidiary) using seven. This advantage will reduce now that Ryanair is recognising and negotiating with unions, leading to higher compensation and reduced flexibility. When the company announced this change in December 2017 its stock fell 15%. The market seems to be pricing in a more or less complete erosion of Ryanair's staff cost per plane advantage relative to easyJet, which would also remove most of its superior profitability (although it would still make a lot more money per plane than most other European airlines). We think this is wrong. Management guided for an incremental EUR100m of staff costs. To be on the safe side we double this in our numbers. Even then only about half the difference in staff costs per plane (compared to EasyJet) goes away, and less of the profit advantage, because Ryanair will still have better utilisation.

The law of large numbers?

The first thing to point out is that the actual law of large numbers is irrelevant here. It comes from probability theory and says (more or less) that as sample size increases the average result will tend to become closer to the true value. What a lot of people mean by the law of large numbers, of course, is that the bigger you are the harder it gets to maintain your growth rate, because you have to take an ever larger share of the market to achieve this. Fifteen years ago Ryanair accounted for about 3% of the European short haul market. Today the figure is about 15%. Despite this, we are confident that it still has significant opportunities to grow. Ryanair's share varies significantly by market, and is particularly low in countries where its previous opposition to unions was an issue. In Germany it accounts for only 9% of the short haul market, in Italy closer to 30% and almost half in its Irish home market.

Management has a 2024 target of 200 million passengers, implying 7.5% compound annual growth from here. We are a little sceptical of this as market growth is likely to be in the low to mid-single digits. That 2024 target was revised up twice, by a quarter in total, between the company's 2015 and 2017 fiscal years. That may have been top of the cycle enthusiasm. Since then shorter-term growth targets have been taken down a couple of times, albeit modestly, as labour relations problems persisted. We expect the longer-term growth targets to be trimmed back in time too. There is currently a silver lining to this. Fewer passengers need a smaller fleet, meaning less capital and therefore more excess cash to return to shareholders. If the share price stays low, the business will be able to maintain high per share passenger growth rates by buying back more stock, even though absolute growth will be lower.

The fasten seatbelts sign has been switched on

The airline business is so cyclical that it can't be ignored, no matter how far away your investment horizon is. Although long term demand growth has been very consistent, at around 5% a year for the last forty years, the more immediate future is always less predictable. There's a lag of at least two years (and up to five or more when demand is strong) between ordering a plane and it coming into service. Airlines don't get that much warning that a downturn in demand is coming and, while volume has never dropped dramatically (it was down mid-single digit in Europe during the worst of the financial crisis), the frailty of airline businesses that we began this comment describing ensure that the bottom line impact is often devastating in the short run.

Today we are a long way into an airline industry expansion. Although Ryanair only operates in Europe it is global data that matters. Planes last up to 30 years and overcapacity in one market can easily be flown around the world. The global fleet (excluding small regional jets mainly used on US domestic routes) has grown by almost 4% a year since 2007, and more like 5% over the last four years. Effective supply is growing a couple of percentage points faster as planes get larger, fly for more hours each day and airlines become more efficient at filling them. The two big airframe manufacturers, Boeing and Airbus SE, have record order books and capacity expansion planned for 2019 so supply growth will not slow any time soon. A demand shock in the next couple of years would be very bad for airline profitability, which has already fallen globally from a peak of 9% operating margins in 2015 to 7% last year. In the short run Ryanair is not immune to this.

It is interesting to speculate on what might happen to the structure of the European airline industry in the next downturn. A process of consolidation during and after the last recession in the US saw the market share of the top four carriers increase from 57% in 2006 to 84% in 2016. This shift has dramatically changed the competitive dynamics of the industry there. Over 5 years from 2003 through 2007, the US airline industry generated an aggregate net loss of USD 12bn, at a weighted average margin of minus 2%. For the five years to 2017, the aggregate net profit was USD 80bn, at a weighted average margin of 8%. The European industry remains much more fragmented, although some consolidation has happened with, for instance, Air Berlin's assets being mopped up by Deutsche Lufthansa AG, easyJet and Ryanair in 2017. It's possible that ten years from now things look very different, which may be to the benefit of shareholders of most European airline groups, but it's not something we are banking on.

Valuation

Our thesis on Ryanair boils down to this: many investors seem over-focused on the erosion (by unionisation) of part of a relatively small component (staff salaries and flexibility) of Ryanair's cost advantage and the short-term risk of an industry downturn. Their dedication to determining whether another profit warning is coming this year seems to be blinkering them to the company's structural, scale-driven and self-reinforcing cost advantages and the growth potential that this gives it. From a below average starting margin, and a low starting multiple of those profits, we think per share earnings will grow at c.15% a year over the next five years and can see the stock delivering an annualised return above 20%.

The market valuation of Ryanair is approaching historical floors. The stock is trading at 11 times consensus expectations of earnings for the year ending March 2019, assuming margins slightly below the past average. We expect the business to grow its capacity by 5-6% p.a. over the next five years, below the 7.5% planned by management. After funding the aircraft required to deliver this growth, Ryanair should generate surplus cash flow of EUR 6-7bn to spend on share buybacks or acquisitions. Given a current market cap of EUR 12bn, this implies per share growth in capacity could be closer to 15% a year. We expect earnings per share will grow a little faster and that the shares will re-rate as this is delivered, but not back to the long term average multiple of 16 times. From a risk-reward perspective, we take comfort from our analysis of the value of the aircraft that Ryanair owns. The market for Boeing 737 jets is relatively liquid, and various industry consultants provide up to date estimates of the second-hand value of planes of different vintages. These sources suggest that a 7-year old plane, the average age of Ryanair's fleet, currently costs about USD 30m. Ryanair's c. 430 aircraft are worth almost USD 13bn on that basis, equivalent to over 85% of the group's enterprise value. Aircraft values are cyclical, of course, but this level of asset backing provides significant downside protection, even before valuing the airport slots it holds. In the past, fleet value has provided a solid floor for the share price.

We are, of course, not suggesting Ryanair liquidates its fleet. The more important point is that, if returns deteriorate much further for the operator with the highest efficiency in the industry, it is likely that most other short haul operators in Europe will not be covering their cost of capital. This in turn implies that the incentive for other airlines to increase capacity ahead of overall demand must now be low. We expect to see management teams responding by curtailing growth ambitions (several announced capacity cuts for winter 2018/9) and more forced capacity reductions as weaker businesses fail (so far a few small operators have gone under this winter and Italy's flag carrier is still in insolvency). Ryanair's business model remains the most profitable in Europe and we expect it to emerge from any downturn with a stronger competitive position and higher market share. In the end, most consumers will continue to choose lower fares.

For further information please contact:	Eleanor Scott, Ennismore Fund Management	+44 (0) 20 7368 4219	subs@ennismorefunds.com
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The examples of specific investments included herein are not representative of all of the companies purchased, sold or recommended for the Fund. The Fund's portfolio contains a much larger number of positions than the examples set forth herein and, accordingly, the examples are not intended to indicate the overall composition of the Fund's portfolio. It should not be assumed that investments in the companies identified will be profitable, that recommendations made in the future will be profitable or will equal the investment performance of those discussed herein, or are representative of investments that will be made in the future. There is also no guarantee that any of the positions are currently or will remain in the Fund. The information included in this document should not be considered a recommendation to purchase or sell any particular security or other financial instrument. All statements and expressions are the sole opinion of Ennismore and are subject to change without notice.

The list of winners and losers presented herein has been calculated by including those positions that contributed most significantly, either positively or negatively, to the performance of the Fund's portfolio during the period. This is not meant to be indicative of the performance of all positions contained in the portfolio. Past performance is not indicative of future results.

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For further information please contact:	Eleanor Scott, Ennismore Fund Management	+44 (0) 20 7368 4219	subs@ennismorefunds.com
For dealing please contact:	Northern Trust International Fund Administration Services (Ireland) Ltd	+353 (0) 1 434 5103	Ennismore_TA_Queries@ntrs.com

Ennismore Fund Management Limited, Kensington Cloisters, 5 Kensington Church Street, London, W8 4LD
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