Ennismore European Smaller Companies Fund

Investor Newsletter for the month of June 2026

Issued on 8th July 2026

Fund Details

Daily dealing UCITS and Irish Central Bank regulated open-ended investment company with Financial Conduct Authority recognition and registered in Ireland, Germany, Italy, Spain, Sweden and Austria. The Fund size was GBP 186m as at 30th June 2026. Total assets under management by Ennismore Fund Management were GBP 352m. The Fund continues to limit capacity by capping the maximum number of units in issue. There is currently capacity available due to the natural rate of investor turnover. If you would like to invest, please contact Adam Sullivan on +44 (0) 20 7368 4224 or email clients@ennismorefunds.com. 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.

Performance as at 30th June 2026

	Share Class[1]				
	GBP A £	**GBP A €**	**GBP B**	**EUR A**	**EUR B**
NAV per Share[1]	161.14	187.07	27.23	26.84	26.98
Period	% Change				
June 26	-1.7	-1.2	-1.7	-1.2	-1.2
2026 to date	-6.2	-4.9	-6.2	-4.8	-4.9
Annualised return[3]	10.7	9.9	6.7	6.6	6.7
Since launch[3]	1541.9	1228.4	172.3	168.4	169.8
Note: All performance figures net of fees. **Past performance is not a guide to future returns.**					

[1]Source: Administrator, Net Asset Value, net income reinvested. [2]Source: Administrator, Net Asset Value. [3]Since inception of GBP A share class on 27/01/99 to date, GBP B share class on 19/01/11 to date, EUR A and EUR B share classes on 31/01/11 to date.
Comments below on performance attribution refer to GBP NAV per share unless otherwise stated, exclude cash returns and are prior to expenses.

The Fund returned -1.7% in June, with the long and short books costing 1.3% and 0.3% respectively. There were no significant individual contributors in the month. The largest detractor was Trigano SA, costing the Fund 37bps as it reported sales modestly below expectations. We remain convinced in the investment case, though individual quarters continue to be difficult to predict given the level of uncertainty in its markets.

As we look back on the first half of the year, we are clearly disappointed by Fund-level returns. Following a solid 2025 (+10.7%), we were excited and confident heading into the new year by both the value we saw in the portfolio and the quality of the team we have in place.

The Fund is down 6.2% year-to-date with both the long book (-3.5%) and short book (-2.0%) detracting from performance. Despite this, the majority of individual positions have, in fact, been modest winners.

The damage can be attributed to a handful of larger names, particularly on the long side in both Germany (-1.4%) and France (-2.0%) where fears around European demand weakness (including the impacts of AI) negatively impacted some of our small cap industrials and IT services/staffing businesses. On the short side, we have both benefited from perceived AI losers and suffered from perceived AI winners. Of the top five short detractors, three of these have now been closed, as the risk of continuing to hold through what appear to us as speculative, momentum-driven rallies outweighed the potential for a reversal.

The impacts of the war in Iran and, more importantly, the continued emergence of AI cannot be ignored. Whilst the former we see as a short-term shock, the latter clearly has longer-term implications for nearly all businesses. We have used this period to reassess conviction levels, with the threat and opportunities of new technology foremost in mind. Where the investment case has weakened, we have acted. However, we remain convinced that the frenzy around AI has left a swathe of companies ignored, misunderstood and, now, even more compelling investment opportunities than they were before. Looking forward, we remain confident in our investment approach and excited by our ability to take advantage of the widening inefficiencies that we see in the smaller company universe.

Top Five Contributors and Detractors for June 2026

Contributors	bps
Secure Trust Bank PLC	27
Norwegian energy machinery supplier	27
Thermador Groupe SA	23
Swiss apparel company	17
Moltiply Group SpA	14

Detractors	bps
Trigano SA	-37
EVS SA	-31
STO SE & Co KGaA	-27
German IT service company	-21
Canadian convenience store operator	-17

Top Five Long Holdings as at 30th June 2026

Company	Country	Sector	% of NAV
Andritz AG	Austria	Industrials	4.0
Secure Trust Bank Plc	United Kingdom	Financials	3.2
Deutsche Wohnen SE	Germany	Real Estate	3.2
SAF-HOLLAND SE	Germany	Consumer Discretionary	3.2
Trigano SA	France	Consumer Discretionary	2.5
			16.0

Exposures as at 30th June 2026

Longs%	Shorts%	Gross Exposure%	Net Exposure%
94.9 (90.6)	37.8 (37.0)	132.7 (127.6)	57.1 (53.6)

Figures in brackets refer to previous month end. All exposures are calculated on a delta adjusted basis. All calculations are subject to the impact of rounding.

Exposures by Country, Market Cap & Sector as % NAV and Positions as at 30th June 2026

Country	Gross%	Net%
United Kingdom	27.5	23.4
Germany	24.4	16.6
France	12.6	11.7
Sweden	10.2	-0.8
United States	9.8	-5.9
Switzerland	7.0	-5.4
Italy	5.5	2.1
Austria	4.6	3.4
Belgium	4.6	4.6
Spain	4.1	0.7
Luxembourg	2.7	0.0
Netherlands	2.6	1.5
Japan	2.0	1.9
Norway	1.8	0.7
Canada	1.4	0.2
Finland	1.3	-0.2
Australia	1.2	-1.2
Ireland	1.1	-0.6
Bermuda	1.1	0.9
South Korea	0.9	0.9
Cayman Islands	0.8	-0.1
Israel	0.8	0.8
Other	4.7	2.1

Market Cap	Gross%	Net%
>£5bn	29.7	6.1
£1bn-£5bn	40.5	6.6
£250m-£1bn	49.6	32.6
<£250m	13.0	11.8

Positions	June	May
Long	141	137
Short	120	117
Longs Opened	5	8
Longs Closed	1	5
Shorts Opened	9	6
Shorts Closed	6	12

Sector	Gross%	Net%
Communication Services	9.9	7.0
Consumer Discretionary	26.4	5.6
Consumer Staples	13.2	-3.5
Energy	0.4	0.3
Financials	18.6	17.3
Health Care	5.5	1.4
Industrials	32.2	16.3
Information Technology	12.2	2.3
Materials	8.9	5.3
Real Estate	5.1	4.9
Utilities	0.2	0.2

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

Kinepolis Group NV – Belgian cinema operator (0.8% of NAV)

Kinepolis Group NV ("Kinepolis") is a chain of cinemas operating 122 locations around the world that collectively receive more than 30 million visitors per year. The business has around 60% of sales in Europe, particularly Belgium, France, Spain, and the Netherlands, as well as a growing North American presence with around 40% of sales in the US and Canada. We believe that the market's misguided perception of this as a declining industry, as well as underestimating the realisable value of the real estate, offers us the chance to buy high-quality cinema assets operated by the best in the industry at a significant discount to intrinsic value. Better yet, the market appears to have failed to appreciate the outstanding year for cinema that 2026 is turning out to be, and we think performance this year is likely to come in significantly ahead of market expectations.

Operating a cinema is attractive business – if you have the right location. For example, in a large retail park, there is little incentive for a landlord to have two cinemas, as one is enough to drive footfall and is rarely capacity constrained. Even if you could find a competing location, opening a cinema near an existing one would likely result in mutually assured destruction: splitting local traffic down the middle and turning one profitable location into two unprofitable ones. For this reason, cinemas tend to monopolise their catchment area, contributing to their significant ability to increase prices without inviting competition. This is supported by customers' willingness to pay up when they are excited about a specific film, and the relatively low cost compared to other forms of entertainment: Kinepolis visitors on average spend around EUR 15 per visit, made up of EUR 9.5 spent on tickets and EUR 5.9 on food and drinks. Cinema-goers are also somewhat captive customers, meaning in-theatre pricing power is especially strong, resulting in gross margins typically exceeding 80% on concession sales. The proof is in the pudding (or the popcorn): over the last decade, Kinepolis' average ticket price has increased more than 3% per year, and in-theatre spending per visitor has grown by an impressive 7.5% per year. We expect Kinepolis to continue to grow spend per visitor in the 3–5% range.

We think Kinepolis is the best operator in the industry. Its ruthless efficiency-focused culture aims to cut 5% of the cost base each year, in part by exploiting its wealth of data from decades of cinema operations to optimise its screening times and staffing levels. Additionally, Kinepolis empowers local management with ownership of their P&Ls, encouraging and rewarding its staff to identify cost-saving and revenue-generation opportunities that can then be rolled out across other locations. Finally, procurement advantages are shared across its network. The result is superior profitability relative to peers – Kinepolis maintained double-digit operating margins after lease expenses in 2025, a weak year for cinema, compared to competitors' operating margins, which are typically in the mid-single-digit range or worse. This affords Kinepolis attractive acquisition opportunities of underperforming theatres where it can typically double earnings within two years of ownership. This is an excellent use of capital as acquisition multiples are generally below ten times earnings before these improvements materialise, and Kinepolis often receives the underlying real estate, which can be worth a large portion of, or even more than, the transaction price.

We should now address the obvious question: isn't the cinema industry being killed by streaming services such as Netflix and Disney+? We don't think so. The proliferation of streaming services has been extremely rapid, but the number of paid subscriptions is already plateauing in the Western world. Cinema has clearly suffered from the streaming land grab, including titles going straight to streaming platforms and theatrical windows shortening, but still plays an important role. Box office releases are accretive to the lifetime value of a film: the revenue is high-margin to studios, and the related advertising improves the performance of films when they are released onto the streaming platform, as well as reinforcing the premium perception of the catalogue. Over the past couple of years, we have started to see a retrenchment by streaming platforms, including theatrical windows that are now lengthening rather than contracting, and Netflix and Apple increasingly committing their larger films to box office releases. This supports our view that the industry is rationalising, and that cinemas are settling into a healthy coexistence with streaming platforms. 2025 cinema admissions were around 30% below pre-pandemic levels, and going forward we expect admissions to stabilise after recovering a portion of volumes in 2026.

Another area of concern is the increasing consolidation of the studios, but we believe that the local monopolies of Kinepolis' cinemas also give the company bargaining power: if they don't sell to Kinepolis, many local consumers will not be willing to travel to another cinema to see the film; instead, they will watch something else locally or not go at all. There are large markets, particularly in Europe, that studios cannot effectively access without Kinepolis.

The industry has not only suffered from a demand shift towards at-home consumption on streaming platforms, but also a devastating supply-side shock that is only now resolving. The COVID-19 pandemic hurt studios on two fronts: they earned less from completed releases, and many ongoing productions were halted or delayed. Despite this, it was clear that there was latent demand for blockbusters, as shown by excellent performances in 2023 from Barbie and Oppenheimer. Things were looking up – but then came another shock: the Writers Guild of America's 2023 strike, which lasted a gruelling five months, further delaying a full recovery of the slate. Going into 2026, the headwinds are finally behind the industry, the dynamics with streaming platforms are improving, and the film line-up looks strong. Kinepolis reported a staggering 27% visitor growth in Q1 2026, and momentum appears to have continued into Q2. In the first five months of 2026, the worldwide box office was 17% ahead of the previous year, excluding China, and we expect Kinepolis to outperform this due to several strong local content releases in its markets. Following an underwhelming H2 2025, easier comparisons should support growth figures through the rest of the year. The upcoming slate for the rest of 2026 includes The Odyssey (Christopher Nolan's first film since Oppenheimer), two large Marvel films (Spider-Man: Brand New Day, Avengers: Doomsday), and sequels in the Dune, Minions, and Hunger Games series. Based on conservative estimates informed by previous instalments of the franchises and adjusting for superhero fatigue, we believe it is likely that Kinepolis will deliver 15%+ visitor growth for the year, which compares to consensus estimates implying just 5% visitor growth. Any outperformance of volumes drops attractively through to the bottom line due to high fixed costs, and thus we anticipate earnings will outperform broker consensus by 20–40% for the full year.

Unlike most of its peers, Kinepolis owns around half of its real estate. Based on a cap rate of 8%, we estimate the standalone value of the real estate is around EUR 700–750m. With a market capitalisation of around EUR 950m and net debt of around EUR 300m, the real estate value covers nearly 60% of the enterprise value. It would be relatively straightforward to crystallise this value via sale-and-leaseback, transitioning into an asset-light model more typical of the industry. In January, Kinepolis appointed a Chief Real Estate Entrepreneur, a new role that will separate reporting for the real estate and operating company ("OpCo"), which we think could lead to the sale of the real estate in the future. The founder, also chairman of the board, owns nearly half of the business – meaning this change in direction is unlikely to have been driven by external pressure. We think it is possible that the founder is separating the divisions to prepare the business for sale.

A sum-of-the-parts valuation that values the real estate at EUR 700m and adjusts OpCo earnings downward for the incremental cost of the leaseback would mean that the market is valuing the OpCo at under nine times our estimate of 2026 free cash flow. This is too low for a relatively acyclical business with strong pricing power that can grow organically faster than GDP (we estimate volumes declining 0–2% and pricing increasing 3–5%), generate attractive return on capital, and exploit a vast and highly accretive roll-up opportunity. Valuing the OpCo on twelve times free cash flow, we expect to see 50% upside over the next eighteen months. Our valuation implies an earnings multiple of around fourteen times on the business as a whole, a substantial discount to where Kinepolis has traded in the past. Longer-term, the investment offers significant optionality from Kinepolis' acquisition opportunities, separation of the real estate from the OpCo, and potential private market interest.

Historical Monthly Percentage Return for the GBP A Shares

Year	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)	Annual
2026	1.3	-0.7	-6.6	1.3	0.4	-1.7							**-6.2**
2025	-1.7	2.5	4.6	1.9	-0.6	1.2	2.1	-0.6	0.3	1.3	-1.0	0.3	**10.7**
2024	1.9	-2.4	1.2	2.1	-0.7	0.9	0.2	0.7	-3.6	-1.5	-3.8	-1.4	**-6.5**
2023	-2.8	-0.1	-0.4	2.9	-3.0	-2.6	-1.6	3.1	3.0	1.1	1.1	1.7	**2.1**
2022	1.1	-2.6	0.2	1.4	-0.9	0.7	-3.1	1.9	-1.2	2.2	3.0	1.0	**3.7**
2021	-5.2	1.7	4.5	4.7	3.4	1.0	2.8	0.7	-0.1	-1.8	1.8	1.5	**15.8**
2020	-2.4	-2.8	-5.7	-0.8	-1.6	4.0	-3.8	-2.5	0.8	-3.1	9.6	4.5	**-4.8**
2019	1.4	-0.2	1.5	0.7	2.2	-0.7	0.6	0.6	0.6	0.2	-1.4	1.2	**6.9**
2018	-2.0	-0.8	0.0	0.7	0.9	2.0	0.3	1.1	0.3	-1.0	2.3	0.2	**4.0**
2017	1.2	-0.2	0.9	1.0	2.2	-0.6	2.7	1.5	-1.2	-1.2	0.4	2.6	**9.6**
2016	2.2	2.8	0.9	0.4	-1.2	2.3	1.3	2.3	1.6	1.9	-2.7	1.9	**14.5**
2015	-0.7	-3.1		2.2	2.2	0.8	1.9	0.8	0.5	0.5	0.7	3.8	**9.7**
2014	1.1	0.5	2.9	1.5	-1.4	-2.0	0.2	1.1	-0.2	0.8	2.0	-0.2	**6.4**
2013	6.5	2.7	1.5	-0.9	1.8	-0.9	2.8	1.2	1.6	4.2	1.2	2.3	**26.6**
2012	0.5	2.8		-1.4	-1.9	1.6	-2.0	2.5	-0.1	2.9	2.6	0.7	**8.4**
2011	2.9	0.5	5.3	0.5	-0.2	4.4	-0.7	-0.2	-0.2	2.9	-4.0	-1.4	**9.8**
2010	0.9	3.0	2.0	1.0	-1.6	-0.3	2.4	-1.5	3.4	2.3	-0.4	6.0	**18.4**
2009	-3.7	-1.6	-2.1	-6.5	4.0	-2.5	0.3	4.5	7.0	-1.1	2.0	-0.9	**-1.6**
2008	-1.4	3.4	0.1	1.8	-0.5	-2.9	-0.2	1.5	-8.5	-7.6	2.1	7.5	**-5.7**
2007	-2.2	1.3	2.4	2.9	0.5	1.5	0.5	-1.5	1.4	-0.3	-0.9	3.4	**9.1**
2006	4.0	2.3	4.8	4.2	-3.9	-4.0	-0.7	-1.4	-0.8	1.4	1.0	1.7	**8.4**
2005	3.2	4.2	0.4	-2.4	2.1	4.7	6.6	3.2	3.3	-5.2	2.5	4.9	**30.4**
2004	2.8	2.7	-0.5	2.1	-1.5	4.6	-0.9	1.5	1.7	1.9	2.8	4.4	**23.5**
2003	-1.5	2.8	1.4	4.9	4.7	0.0	3.3	1.5	2.2	0.9	2.1	3.8	**29.3**
2002	1.3	2.2	3.2	1.5	2.7	-1.0	-5.3	0.6	-4.1	3.3	2.5	-0.5	**6.2**
2001	2.4	0.7	-7.8	2.2	1.4	-0.7	0.4	1.8	-4.6	0.9	2.7	2.8	**1.5**
2000	11.8	20.7	-0.3	-4.6	2.5	1.8	1.0	0.1	-2.5	-3.0	2.6	3.2	**35.7**
1999	-0.3	1.0	0.8	6.6	1.4	3.3	4.6	1.4	-1.8	2.6	8.6	13.4	**49.0**

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