

ENNISMORE FUND MANAGEMENT

Ennismore European Smaller Companies Fund

High Performance, Margin of Safety Investment

CONTENTS

3. Introduction
4. Our Performance – The Track Record
5. Our Performance – What, Why & How
6. Long Term, Low Risk Approach
7. Margin of Safety Philosophy
8. Smaller Companies Focus
9. Independent Idea Generation and Research
10. Research in Action – Conergy
11. Research in Action – Xing
12. Fundraising Rationale & Details
13. Summary
14. Appendices

INTRODUCTION

- The Team - Geoff Oldfield, founder of Ennismore in 1998 and one of its 5 fund managers, has over 20 years of investment experience in European small caps
- The Company - unchanged business model and investment approach, designed 12 years ago to invest in a small cap universe; two funds with the same investment strategy, hard closed since 2000
- The Fund - UCITS III (fund AuM c. EUR 100m pre-roadshow) absolute return European small cap fund with an average return of more than 15% for more than 10 years – achieved with no leverage, ever
- The Clients - a quarter of total AuM is in-house (18%) or family and friends' (7%) monies, with clients who have been invested with us for more than 10 years accounting for over 85% of the remaining AuM
- The Roadshow - raising max EUR 70m to bring total AuM to c. EUR 230m leaves substantial room to grow through performance

Experienced team, consistent approach, long-term client base

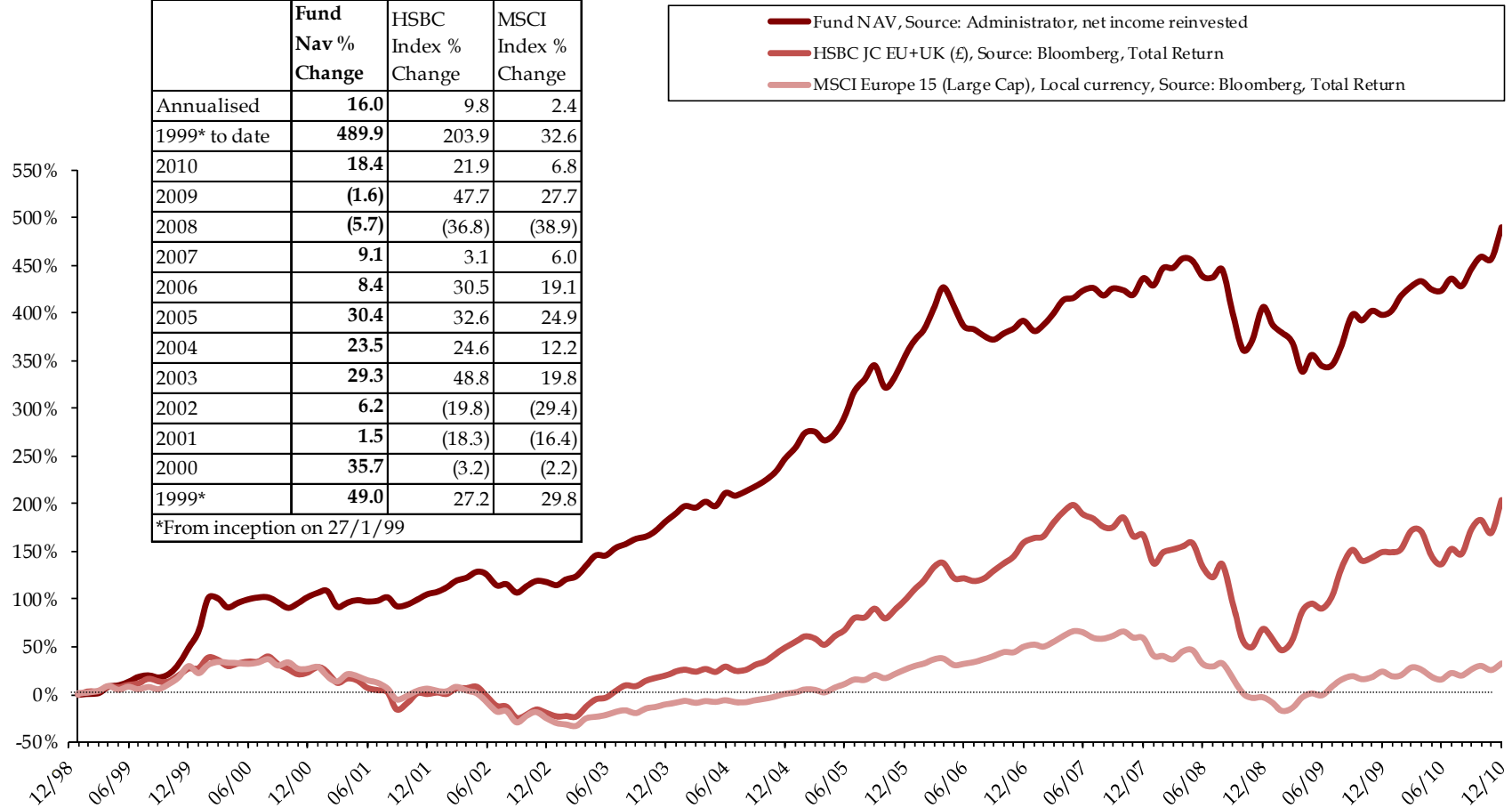
OUR PERFORMANCE - THE TRACK RECORD

Ennismore European Smaller Companies Fund

Return since inception: 27/01/1999 - 31/12/2010 (£)

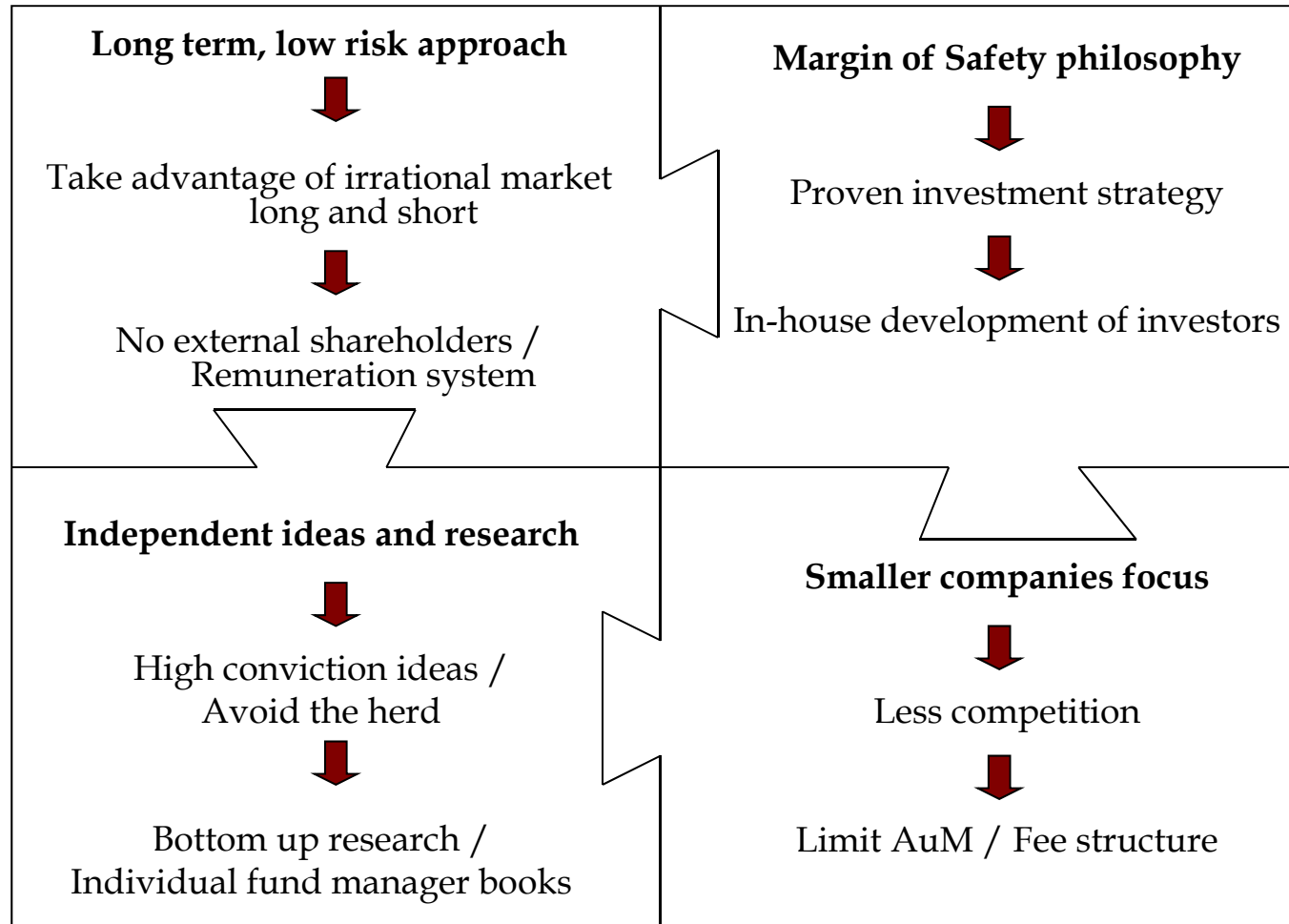
	Fund Nav % Change	HSBC Index % Change	MSCI Index % Change
Annualised	16.0	9.8	2.4
1999* to date	489.9	203.9	32.6
2010	18.4	21.9	6.8
2009	(1.6)	47.7	27.7
2008	(5.7)	(36.8)	(38.9)
2007	9.1	3.1	6.0
2006	8.4	30.5	19.1
2005	30.4	32.6	24.9
2004	23.5	24.6	12.2
2003	29.3	48.8	19.8
2002	6.2	(19.8)	(29.4)
2001	1.5	(18.3)	(16.4)
2000	35.7	(3.2)	(2.2)
1999*	49.0	27.2	29.8

*From inception on 27/1/99



More than 15% a year, on average, for over 10 years

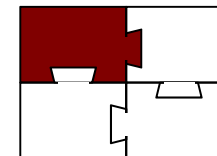
OUR PERFORMANCE - WHAT, WHY & HOW



The same approach for over 10 years

LONG TERM, LOW RISK APPROACH

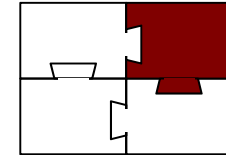
- We take a genuinely long term approach, both in investing and to our own business
- The investment management company has no external shareholders so we don't have to focus on short term profitability or maximising AuM
- Fund managers' remuneration has always been transparent, meritocratic and rewarded long-term performance; bonuses are subject to 3-year clawback
- Our short positions are profit centres and we only short stocks directly, as opposed to index hedging. We have a long successful track record shorting which means we can make money regardless of market returns
- We have never used leverage and the Fund has low volatility as a result



Internal ownership allows complete focus on performance

MARGIN OF SAFETY PHILOSOPHY

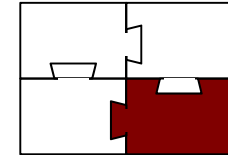
- Our fund managers invest independently but share a common philosophy – margin of safety investing; put simply, this means buying a company for significantly below its intrinsic value
- Cash is king – the generation and predictability of free cashflow is central to our analysis of intrinsic value, which is simply the net present value of estimated future cashflows. Over the long run cashflow cannot be manipulated by accounting
- We only invest in industries and business models we really understand, where we can genuinely forecast future financial performance with some degree of certainty. When forecasting we believe that it's better to be roughly right than precisely wrong
- Detailed analysis of a company's competitive position (Porter's five forces) is key to determining how confident we can be in our forecasts
- Ennismore investors are brought up in-house on the margin of safety approach; we will not hire in senior fund managers



The only proven investment strategy we understand

SMALLER COMPANIES FOCUS

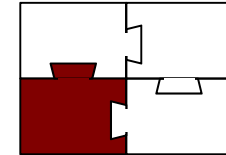
- We focus on smaller companies because they are a structurally inefficient niche in equity markets with enormous choice – our universe includes around 5,000 companies
- On the sell side, commission levels are too low to fund high quality sell-side research; fees from M&A relationships are much more significant, creating a conflict of interest with independent research
- On the buy side, many funds are too large to invest in smaller companies while the traditional investment management fee structure is insufficient to enable smaller funds to pay for detailed, stock specific research across such a large universe
- Smaller companies are therefore often under researched by both the buy and sell sides which can lead to mispricing; this is our opportunity to generate premium returns from independent idea generation and in-house research
- The fund size has been capped since 2000 to ensure we are always able to invest in the smaller end of the universe. The average fund manager book was only about EUR 32m pre-roadshow



Smaller companies offer huge mispricings and enormous choice

INDEPENDENT IDEA GENERATION & RESEARCH

- Our core competencies are independent idea generation and research
- Good sources of ideas include screens, meetings with management, other companies in the industry, trade shows and media; not broker recommendations
- Much of our time is spent researching company and industry fundamentals with a focus on the quality of a business, which is reflected in its sustainable return on capital; we always meet with management and endeavour to validate the investment story with customers, suppliers and competitors
- The accumulation of research combined with a long term approach allows us to wait for market valuations to become attractive – share prices change much more quickly than the value of most businesses. This approach allows us to take advantage of irrational markets, which tend to focus on the short run and alternate between extremes of greed and fear
- Ennismore has specialised in smaller companies for over 10 years; on average our fund managers also have over 10 years experience individually in this asset class, with 8 of those spent at Ennismore



We find investment opportunities by working independently

RESEARCH IN ACTION - SHORT: CONERGY

Date initiated: March 2007 Price initiated: €20.7 Price at Dec 31: €0.50 Weighting: -1.7% Mkt Cap: EUR 200m Net Debt: EUR 269m

Source of Idea: We first looked at the company after meeting them at a trade show in 2005

Conergy is a German manufacturer and supplier of solar modules

Weak competitive position reflected in its inability to generate operating profits:

- High competition from other German and, more problematically, from lower cost (c. 20%), expansive Asian companies
- Customers are typically large utilities with strong bargaining power
- Barrier to entry is only capital as product is commoditised and production machines are available “off the shelf”. Exit is likely to be delayed as long as cash is being generated

Operational risk:

- Low gross margins and a fixed cost base means capacity utilisation heavily influences bottom line profitability
- Demand is volatile, depending on dynamics in government subsidies. Pricing has trended steadily downwards over time
- Overall environment for the industry is likely to deteriorate further over the coming years for inefficient producers (such as Conergy)
- Due to its old facility relative to many competitors and inability to invest, Conergy is finding it harder to compete
- Frequent management changes bode poorly with most recently the CEO designate’s contract not being renewed

Financial risk

- EUR 269m net debt, with leverage of over 240%. A significant proportion of this is to be converted to equity via a swap
- Company’s accounts are not transparent and dissemination of information is poor with no public conference calls

Valuation risk:

- Expected to make an underlying operating loss this year versus EV of almost EUR 500m, no prospect of earnings improving going forward
- With a debt for equity swap and likely further equity issuance there is a high probability of significant dilution for shareholders

Liquidity risk:

- Liquidity is good, c.4 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets

Fully focused on all risk aspects to find margin of safety stocks

RESEARCH IN ACTION – LONG: XING

Date initiated: March 2010 Price initiated: €28.5 Price at Dec 31: €36.35 Weighting: 5.8% Mkt Cap: EUR 190m Net Cash: EUR 56m

Source of Idea: We have followed the company since its IPO in 2006

Xing is a professional networking website focused on the German speaking DACH region of Europe

Strong competitive position reflected in high ROCE of more than 100% over the past 12 months:

- High entry barrier – network effect of existing users
- Little competition – Xing has 10-15 times as many page views as LinkedIn in Germany
- No key suppliers
- Customer base is highly fragmented – over 700,000 paying subscribers despite free competitor, almost 10m members overall
- Substitutes – traditional networking tools such as trade publications and events are more complementary, Facebook has similar functionality but users tend to separate professional and private lives

Operational risk:

- Cost base is largely fixed, demand highly predictable due to subscription model
- Growth in core DACH markets all organic

Financial risk

- EUR 56m net cash, management proposing ongoing share buybacks once reserves are available (late 2010)
- Working capital negative, deferred income trend positive (i.e. increasing percentage of quarterly sales)
- Capitalisation of R&D could be used for short term earnings manipulation, monitored closely by Ennismore for any warning signs
- Acquisitions overseas by previous management (founder) unsuccessful, unlikely to be repeated by current management

Valuation risk:

- Current rating of c.12.5x 2010 EV/EBIT (EUR 11m) is undemanding compared to profit growth; EBIT +44% in H1 10
- Earnings include losses of over EUR 2.5m from international (Spain, Turkey) operations that are likely to be discontinued
- Peer LinkedIn is privately owned but recent secondary market transactions value the business at an enterprise value of over USD 2bn – this equates to about 9.5x forecast 2010 revenue and about EUR 24 per member; on the same multiples Xing would be valued at between EUR 231m and EUR 500m compared to its current EV of EUR 140m

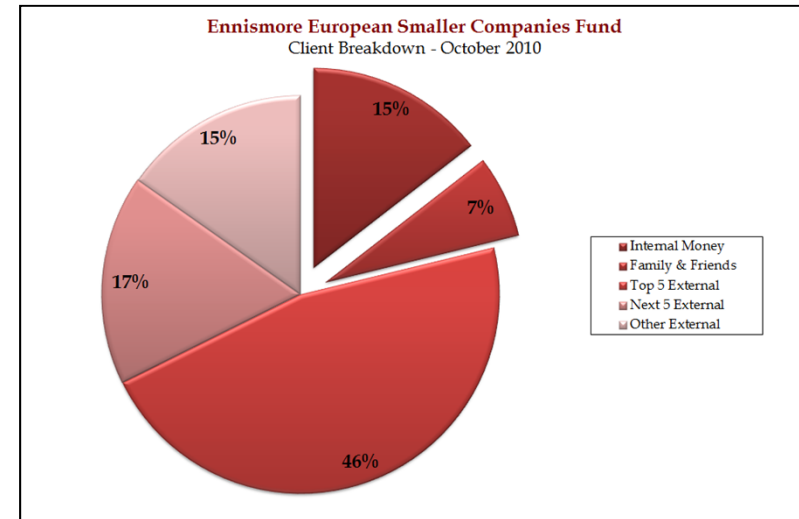
Liquidity risk:

- Liquidity is low, c.130 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets
- c.30% owned by German media group Hubert Burda Media, Ennismore in regular contact with them

Fully focused on all risk aspects to find margin of safety stocks

FUNDRAISING RATIONALE & DETAILS

- The purpose of the fundraising is to diversify further our client base – the current top 5 investors should reduce to below 30% of the Fund's AuM from 45% pre-roadshow
- 22% of the Fund's AuM (25% of total AuM) is internal money or family and friends; investors accounting for more than 80% of the Fund's external assets have been with us for more than 10 years



- We are looking for new like-minded investors who are able to invest for the long-term and targeting new subscriptions of c. EUR 2-10m
- Approximately half of new money can be invested in existing holdings and half will be in new positions - about 10-15 new investments, or 2-3 per fund manager
- Fundraising will be a maximum of EUR 70m, followed by hard closure for a minimum of 12 months

Further diversification of the client base with like-minded investors

SUMMARY

- Our business model is unchanged, making us confident future returns in our UCITS III Fund can match its c. 12 year track record of over 15% p.a. on average
- Investment team of 5 fund managers has on average more than 10 years investment experience in smaller companies, 8 of those at Ennismore
- Margin of Safety philosophy leads to attention on high return, low downside stocks – on ‘proper’ long term investing
- Smaller companies is the area to find bargains – due to structural mispricing and the enormous choice on offer
- Independent idea generation results in finding many significantly mispriced stocks and in-house, independent research gives conviction to our investment decisions
- Raising max EUR 70m before once again hard closing, gives plenty of room to grow through performance

High Performance, Margin of Safety Investment

APPENDICES

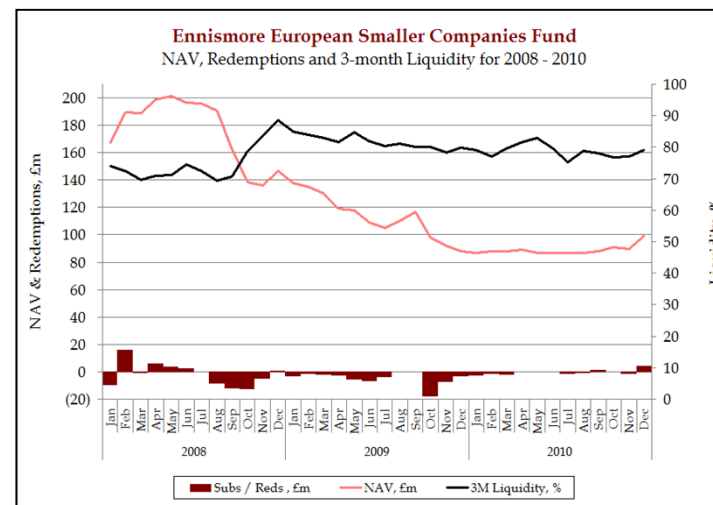
15. Term Sheet
16. Liquidity Management
17. Illiquid Holding – Trader Media East
18. Key Fund Statistics
19. Top 5, sector, market cap and country exposures
20. Annual Performance (GBP)
21. Monthly Track Record (GBP)
28. Annual Performance (EUR)
29. Portfolio Risk Management
30. Operational Risk Management
31. Company Structure
32. Biographies
36. Company History
37. Porter’s Five Forces
38. Additional Research Examples
 - 38. Sto
 - 39. Compugroup Medical
 - 40. Vitec
 - 41. Avanti Communications
42. Basis of Presentation
43. Disclosures

TERM SHEET

Fund Name	Ennismore European Smaller Companies Fund
Description	Absolute return – long/short – equity
Investment Style	European small cap – long term – margin of safety
Minimum Investment	GBP 5,000, subsequent GBP 1,000
Investment Mgmt Fees	2% annual mgmt fee; 20% performance fee on value added
Anti-dilution levy	2% on redemptions payable to the Fund
Dealing	Daily
Currency	Sterling and Euro share classes (Euro class launched 01/01/2011)
Custodian	Northern Trust
Administrator	Northern Trust
Auditor	KPMG
Legal Advisors	McCann Fitzgerald
Structure	Sole sub-fund of Ennismore Smaller Companies plc, Irish regulated open-ended investment company

LIQUIDITY MANAGEMENT

- We have always managed the Fund with significant exposure to micro-caps alongside daily dealing
- Even with significant net redemptions in 2008 and 2009 we met all cash calls and maintained three month liquidity at our target level of c. 75% assuming both Ennismore funds trade simultaneously
- High average cash balance – historically over 15% – allows for flexibility in funding both investment opportunities and redemptions
- Anti-dilution levy of 2% on redemptions paid by all investors (including internal) to the Fund covers costs of related dealing; benefits longer-term investors
- 22% of pre-roadshow Fund AuM was internal or family and friends monies, providing long-term capital



Fund liquidity as % NAV at 31st December 2010

Trading for:	Fund only	Both Funds
▪ Cash	12.2	12.2
▪ 1 week	35.2	29.2
▪ 2 weeks	47.7	39.3
▪ 1 month	64.9	55.0
▪ 3 months	86.4	79.0

Assumes Ennismore trades at one third of average daily volume in prior 6 months excluding non-notified trades, which are material in some markets

ILLIQUID HOLDING - TRADER MEDIA EAST

Inception date: August 2006 Price at inception: \$7.00 Price at Dec 31: \$2.52 Weighing: 2.6% Mkt Cap: USD 125m Net Debt: USD 55m

Source of Idea: Meeting with John MacBain, founder of Trader Classified Media, which was the parent company of TME up until its IPO in February 2006

Trader Media East publishes classified advertising magazines and websites, primarily in Russia.

Liquidity risk:

- Listed Turkish newspaper publisher Hurriyet acquired two thirds majority control of TME in early 2007 for USD 10 per share
- Trading has been limited due to the free float being tightly held by a small number of shareholders and, since April 2009, no trades have been reported
- In October 2009, following a recommendation by Ennismore, it was decided that the quoted market price of USD 4.40 no longer reflected a functioning market in the shares and instead determined to value the position at the lowest of:
 - Ennismore's worst-case DCF valuation, currently USD 4.37 per share
 - Peer group multiple, currently USD 3.38 per share
 - Reported net asset value (NAV), currently USD 2.524 per share

Classified advertising media are effectively local marketplaces for cars, property and other goods. The market leader tends to be highly dominant due to the need for liquidity which creates a powerful network effect – sellers want to advertise where most buyers are looking, buyers want to go where they can find the most choice. TME's print business is a classic example but the company faces a challenge to successfully migrate its competitive position online over the next few years:

- Entry barriers – liquidity, particularly recognition with buyers; established print franchise allows them to attract users online without heavy marketing
- Competition – in print TME is typically a local monopoly or has one significant competitor; online several startups are attempting to compete with them
- Suppliers – there are no materially significant suppliers
- Customers – the customer base is highly fragmented, reflecting limited consolidation of car dealerships and estate agencies
- Substitutes – auction sites such as eBay provide a comparable market for low ticket items but are not suitable for the main categories, cars and property, where a buyer will almost always want to meet the seller and see the goods before transacting (allowing them to cut out the middleman)

Operational risk:

- Clear leader in print, online leadership is up for grabs but progressing well e.g. over 200m page views for core Russian site irr.ru in September 2010 (+66% y-o-y) with online revenue growing at a similar rate despite overall revenues continuing to decline in H1 10

Financial risk

- Breached financial covenants in 2009 and refinanced its debt in H1 10; current financing expected to be sufficient as organic revenue growth is forecast in H2 10. Debt is long-term and is repayable in instalments through 2014. Net debt is currently at c. 2.5x EBITDA vs a target capital structure of 2x EBITDA

Valuation risk:

- Current profitability is depressed by the financial crisis (2009 EBITDA USD 21m, compares to 2004-2008 average of USD 60m), which severely restricted loans for cars and property in particular, and by print to online migration; future level of ongoing profitability is hard to predict due to both cyclical and structural drivers
- French online peer Leboncoin.fr was acquired by listed Norwegian publisher Schibsted for EUR 400m in September 2010, a multiple of 22 times 2009 revenue and c.11 times expected 2010 revenue

KEY FUND STATISTICS

ENNISMORE EUROPEAN SMALLER COMPANIES FUND

Key statistics as at 31st December 2010

Max. redemption	4.4%	01/08/2008
Peak Fund AuM (GBP, m)	210	11/05/2006
Peak Strategy AuM (GBP, m)	398	30/04/2006
High watermark	£57.90	31/12/2010
Max. drawdown (month end NAV, peak-to-trough)	-21.3%	May 08-Apr 09
Long Turnover (annualised)	39.9%	FY 2010
Standard deviation (ann.)	13%	
Sharpe ratio (ann.)	1.3	
Gain standard deviation (ann.)	10%	
Loss standard deviation (ann.)	7%	
Avg Fund Return, neg index quarters	-1.1%	
- Avg Index Return in neg quarters	-8.1%	
Correlation	0.61	
Correlation (down markets)	0.55	
Beta	0.37	
Alpha (ann.)	12.4%	

Number of Longs	71
Number of Shorts	34
Median Mkt Cap (Long, £m)	112
Median Mkt Cap (Short, £m)	590
Beta Adj. Net Exposure	30.5%

	Performance (%)	Long performance (%)			Short performance (%)			Fund Size (GBP m)	Strategy AuM (GBP m)
		Attribution	Average weighting	Implied return	Attribution	Average weighting	Implied return		
2010	18.4	27.5	85	32.4	-2.2	-30	7.1	99	153
2009	-1.6	20.5	64	31.9	-19.0	-38	49.8	88	153
2008	-5.7	-46.4	76	-61.1	40.7	-48	-85.7	147	231
2007	9.1	2.8	83	3.3	8.7	-45	-19.4	179	365
2006	8.4	17.0	74	22.9	-5.0	-24	20.8	178	369
2005	30.4	45.4	84	53.8	-5.1	-15	34.0	170	329
2004	23.5	34.2	88	38.7	-0.9	-13	6.9	129	252
2003	29.3	36.1	59	61.0	-2.5	-8	31.3	99	194
2002	6.2	-2.2	52	-4.3	7.3	-8	-91.3	69	133
2001	1.5	-3.8	60	-6.3	5.1	-7	-72.9	64	118
2000	35.7		76			-5		60	108
1999	49.0		68			-1		35	39

TOP 5, SECTOR, MARKET CAP AND COUNTRY EXPOSURES

Top Five Long Holdings as at 31 December 2010

Company	Country	Sector	% of NAV
1 Sto	Germany	Construction	9.3
2 Xing	Germany	Technology	5.7
3 Buzzi Unicem	Italy	Construction	3.7
4 Kentz Corp	United Kingdom	Industrials	3.1
5 LSL Property Services	United Kingdom	Property	2.9
			24.7

Gross and Net Exposures as % NAV

Longs %	Shorts %	Gross Exposure %	Net Exposure %
87.0	31.1	118.1	55.9

Exposure by Country, Market Cap and Sector as % of NAV

Country	Gross%	Net%
Bermuda	1.7	-0.7
Denmark	2.1	2.1
France	3.6	-1.3
Germany	33.4	21.9
Ireland	4.1	4.1
Isle Of Man	1.0	1.0
Italy	8.4	7.0
Jersey	4.7	2.9
Netherlands	3.0	3.0
Spain	2.0	-2.0
Sweden	1.5	-0.1
Switzerland	4.4	0.2
UK	39.6	18.0
US	6.8	-2.0
Other	1.8	1.8

Market Cap	Gross%	Net%
>£2bn	8.5	-1.9
£700m - £2bn	10.5	-3.1
£200m - £700m	47.9	19.7
<£200m	51.2	41.2

Sector	Gross%	Net%
Construction	16.8	16.7
Consumer	12.2	3.1
Energy	4.0	-1.3
Financial	3.6	0.9
Food	2.0	-0.3
Industrials	14.2	6.2
Leisure	4.2	-2.6
Materials	1.7	0.1
Media	17.4	13.3
Property	6.8	6.8
Services	8.4	4.1
Technology	20.0	9.2
Telecoms	4.5	-2.6
Transport	1.9	1.9
Other	0.4	0.4

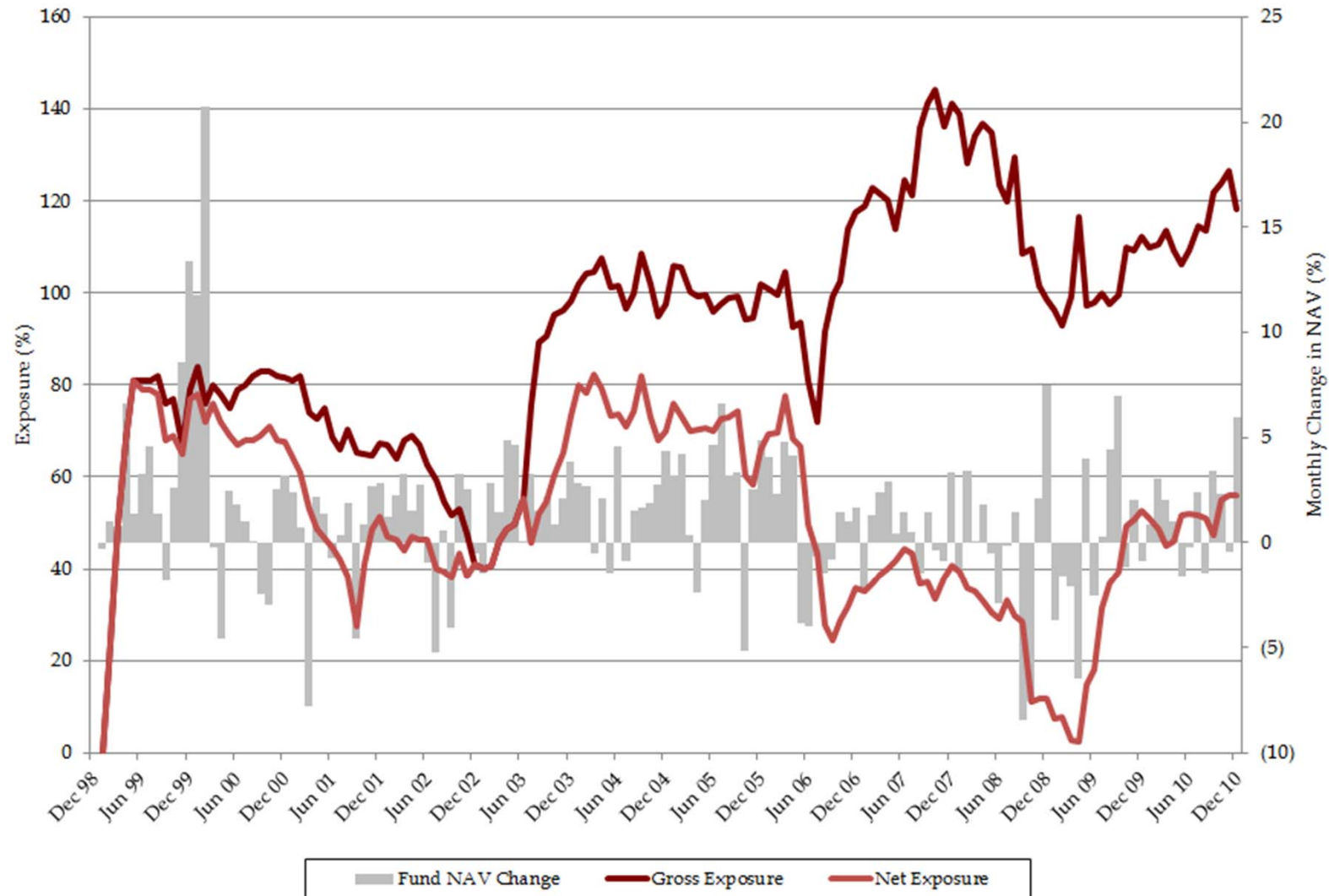
ANNUAL PERFORMANCE (GBP)

ENNISMORE EUROPEAN SMALLER COMPANIES FUND Annual performance from inception to 31 December 2010 (GBP)

	Fund NAV % Change	HSBC Index % Change	Fund Relative to HSBC Index	MSCI Index % Change	Fund Relative to MSCI Index	Micropal Ranking Large & Small Cap	Micropal Ranking Small Cap Only
Annualised	16.0	9.8	6.3	2.4	13.7		
1999 to date	489.9	203.9	286.0	32.6	457.4	2/441	1/71
2010	18.4	21.9	-3.4	6.8	11.6	418/2871	257/369
2009	-1.6	47.7	-49.4	27.7	-29.3	2365/2394	417/419
2008	-5.7	-36.8	31.1	-38.9	33.3	47/2078	3/323
2007	9.1	3.1	6.0	6.0	3.1	614/1177	63/240
2006	8.4	30.5	-22.1	19.1	-10.7	1630/1695	299/307
2005	30.4	32.6	-2.2	24.9	5.5	106/1244	105/278
2004	23.5	24.6	-1.1	12.2	11.3	66/1310	69/260
2003	29.3	48.8	-19.5	19.8	9.5	254/1168	206/235
2002	6.2	-19.8	26.0	-29.4	35.6	11/1258	2/211
2001	1.5	-18.3	19.8	-16.4	17.9	10/1130	1/164
2000	35.7	-3.2	38.9	-2.2	37.8	4/885	1/124
1999	49.0	27.2	21.8	29.8	19.2	52/687	40/87

TRACK RECORD AND EXPOSURE LEVELS (GBP)

Ennismore European Smaller Companies Fund
 Exposure since inception: 27/01/1999 - 31/12/2010 (£)



TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
1999 to date	57.90	489.9	203.9	32.6	72	21	93	51
2010	57.90	18.4	21.9	6.8	83	32	115	51
2009	48.89	(1.6)	47.7	27.7	64	38	102	26
2008	49.69	(5.7)	(36.8)	(38.9)	76	48	124	28
2007	52.67	9.1	3.1	6.0	83	45	128	39
2006	48.28	8.4	30.5	19.1	74	24	98	51
2005	44.54	30.4	32.6	24.9	84	15	99	70
2004	34.15	23.5	24.6	12.2	88	13	101	75
2003	27.65	29.3	48.8	19.8	59	7	67	52
2002	21.49	6.2	(19.8)	(29.4)	52	8	59	44
2001	20.52	1.5	(18.3)	(16.4)	60	11	72	49
2000	20.21	35.7	(3.2)	(2.2)	76	5	80	71
1999	14.90	49.0	27.2	29.8	68	1	70	67
December 2010	57.90	6.0	12.7	5.5	87	31	118	56
November 2010	54.64	(0.4)	(4.7)	(3.3)	91	35	126	56
October 2010	54.87	2.3	3.6	3.0	90	35	124	55
September 2010	53.63	3.4	10.4	5.3	85	37	122	47
August 2010	51.85	(1.5)	(2.0)	(2.2)	82	31	113	51
July 2010	52.63	2.4	6.7	5.9	83	31	115	52
June 2010	51.39	(0.3)	(3.6)	(2.5)	81	29	109	52
May 2010	51.52	(1.6)	(9.4)	(5.8)	79	27	106	52
April 2010	52.36	1.0	(0.4)	(1.8)	78	32	109	46
March 2010	51.84	2.0	7.9	6.9	79	34	114	45
February 2010	50.82	3.0	1.2	0.7	80	31	110	49
January 2010	49.32	0.9	(0.1)	(3.8)	80	29	110	51
December 2009	48.89	(0.9)	2.3	4.9	83	30	112	53
November 2009	49.31	2.0	1.4	1.9	80	29	109	51

TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
October 2009	48.33	(1.1)	(4.5)	(2.7)	80	30	110	49
September 2009	48.89	7.0	8.3	3.3	69	30	99	39
August 2009	45.69	4.5	14.2	6.5	67	30	98	37
July 2009	43.74	0.3	6.9	9.2	66	34	100	31
June 2009	43.63	(2.5)	(2.6)	(1.9)	58	40	98	18
May 2009	44.77	4.0	4.5	4.4	56	41	97	15
April 2009	43.06	(6.5)	19.1	12.8	59	57	117	2
March 2009	46.06	(2.1)	7.3	3.7	51	48	99	3
February 2009	47.07	(1.6)	(7.2)	(9.1)	50	42	93	8
January 2009	47.85	(3.7)	(6.5)	(6.1)	52	44	96	7
December 2008	49.69	7.5	12.7	0.7	55	44	99	12
November 2008	46.24	2.1	(4.1)	(4.7)	57	45	101	12
October 2008	45.29	(7.6)	(20.1)	(13.5)	60	49	110	11
September 2008	49.00	(8.5)	(17.4)	(11.8)	69	40	109	28
August 2008	53.53	1.5	6.1	2.5	80	50	130	30
July 2008	52.76	(0.2)	(4.6)	(1.9)	76	43	120	33
June 2008	52.84	(2.9)	(9.6)	(9.8)	76	47	124	29
May 2008	54.44	(0.5)	1.3	0.6	83	52	135	30
April 2008	54.71	1.8	1.3	6.2	85	52	137	33
March 2008	53.74	0.1	1.3	(2.5)	85	50	134	35
February 2008	53.70	3.4	4.7	(0.3)	82	46	128	36
January 2008	51.93	(1.4)	(11.0)	(11.4)	89	50	139	39
December 2007	52.67	3.4	0.4	(0.5)	91	50	141	41
November 2007	50.96	(0.9)	(6.9)	(3.8)	87	49	136	38
October 2007	51.43	(0.3)	3.8	2.9	89	55	144	33
September 2007	51.61	1.4	(0.2)	1.7	89	52	141	37
August 2007	50.89	(1.5)	(3.0)	(0.5)	86	50	136	37

TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
July 2007	51.66	0.5	(1.6)	(3.5)	82	39	121	43
June 2007	51.39	1.5	(3.3)	(0.7)	84	40	125	44
May 2007	50.64	0.5	2.5	3.2	78	36	114	42
April 2007	50.41	2.9	4.2	4.1	80	40	120	40
March 2007	48.99	2.4	5.2	3.2	80	41	122	39
February 2007	47.85	1.3	0.7	(1.4)	80	43	123	37
January 2007	47.23	(2.2)	2.0	1.6	77	42	119	35
December 2006	48.28	1.7	5.7	3.9	77	41	118	36
November 2006	47.49	1.0	3.0	(0.1)	73	41	114	32
October 2006	47.01	1.4	3.4	3.0	66	37	103	29
September 2006	46.35	(0.8)	3.6	2.3	62	38	99	24
August 2006	46.72	(1.4)	1.3	2.4	60	32	91	28
July 2006	47.40	(0.7)	(1.3)	1.3	58	14	72	43
June 2006	47.72	(4.0)	(0.1)	1.1	65	16	81	50
May 2006	49.73	(3.9)	(6.6)	(5.0)	80	13	93	67
April 2006	51.73	4.2	1.7	0.6	80	12	93	68
March 2006	49.66	4.8	6.4	3.3	91	14	105	78
February 2006	47.40	2.3	4.4	1.9	85	15	100	70
January 2006	46.34	4.0	6.1	3.2	85	16	101	69
December 2005	44.54	4.9	5.1	3.8	84	18	102	66
November 2005	42.48	2.5	5.0	3.6	76	18	94	58
October 2005	41.43	(5.2)	(5.4)	(2.8)	77	17	94	60
September 2005	43.70	3.3	5.1	4.4	87	13	99	74
August 2005	42.29	3.2	0.4	(0.2)	86	13	99	73
July 2005	40.98	6.6	7.4	4.1	85	13	97	72
June 2005	38.43	4.7	3.9	3.5	83	13	96	70
May 2005	36.71	2.1	6.0	5.0	85	15	100	71

TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
April 2005	35.97	(2.4)	(4.1)	(2.6)	85	15	99	70
March 2005	36.86	0.4	(1.4)	(0.4)	85	15	100	70
February 2005	36.73	4.2	3.7	2.9	89	16	105	73
January 2005	35.25	3.2	3.8	1.5	91	15	106	76
December 2004	34.15	4.4	5.2	2.8	84	14	97	70
November 2004	32.72	2.8	5.6	2.6	81	13	95	68
October 2004	31.84	1.9	2.6	1.4	87	15	102	73
September 2004	31.25	1.7	4.3	2.4	95	13	109	82
August 2004	30.74	1.5	0.8	(0.2)	87	13	100	74
July 2004	30.28	(0.9)	(3.4)	(2.1)	84	13	97	71
June 2004	30.56	4.6	4.5	2.0	88	14	102	74
May 2004	29.22	(1.5)	(2.4)	(1.0)	87	14	101	73
April 2004	29.66	2.1	2.3	2.0	93	14	108	79
March 2004	29.06	(0.5)	(1.7)	(2.3)	93	11	105	82
February 2004	29.21	2.7	1.5	2.3	91	13	104	78
January 2004	28.44	2.8	3.5	1.7	91	11	102	80
December 2003	27.65	3.8	2.3	3.3	86	12	98	73
November 2003	26.63	2.1	2.5	1.7	81	15	96	65
October 2003	26.08	0.9	5.3	6.1	78	18	95	60
September 2003	25.84	2.2	(0.8)	(3.5)	73	18	91	55
August 2003	25.30	1.5	5.5	1.9	71	19	89	52
July 2003	24.93	3.3	7.4	4.3	61	15	76	46
June 2003	24.14	0.0	1.9	2.4	55	0	55	55
May 2003	24.13	4.7	9.1	2.3	50	0	50	50
April 2003	23.05	4.9	13.2	11.7	49	0	49	49
March 2003	21.98	1.4	(0.9)	(2.2)	46	0	46	46
February 2003	21.67	2.8	0.8	(2.0)	41	0	41	41

TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
January 2003	21.18	(1.5)	(4.7)	(6.6)	40	0	40	40
December 2002	21.49	(0.5)	(4.3)	(8.1)	41	0	41	41
November 2002	21.61	2.5	6.7	4.9	43	5	48	39
October 2002	21.08	3.3	4.6	9.8	48	5	53	44
September 2002	20.41	(4.1)	(13.5)	(14.2)	45	7	52	38
August 2002	21.28	0.6	(1.0)	0.5	47	8	55	40
July 2002	21.16	(5.3)	(11.0)	(11.6)	50	10	59	40
June 2002	22.34	(1.0)	(8.4)	(8.1)	55	8	63	46
May 2002	22.56	2.7	1.3	(2.8)	57	10	67	46
April 2002	21.96	1.5	0.4	(3.6)	58	11	69	47
March 2002	21.63	3.2	5.7	4.5	56	12	68	44
February 2002	20.95	2.2	(1.5)	(0.4)	55	9	64	46
January 2002	20.78	1.3	1.5	(2.2)	57	10	67	47
December 2001	20.52	2.8	(0.7)	2.2	59	8	67	51
November 2001	19.96	2.7	11.0	5.1	57	8	65	49
October 2001	19.44	0.9	8.2	4.3	53	12	65	41
September 2001	19.27	(4.6)	(17.6)	(10.7)	46	19	65	27
August 2001	20.20	1.8	(2.2)	(5.5)	54	16	70	38
July 2001	19.83	0.4	(2.3)	(2.4)	54	12	66	42
June 2001	19.76	(0.7)	(6.5)	(3.4)	57	12	69	45
May 2001	19.90	1.4	(1.9)	(1.8)	61	14	75	47
April 2001	19.63	2.2	4.1	6.8	61	12	73	49
March 2001	19.21	(7.8)	(8.8)	(4.5)	64	11	74	53
February 2001	20.84	0.7	(4.4)	(7.6)	72	10	82	61
January 2001	20.69	2.4	4.7	1.4	73	8	81	64
December 2000	20.21	3.2	1.5	(0.1)	75	7	82	68
November 2000	19.58	2.6	(4.3)	(5.0)	75	7	82	68

TRACK RECORD AND EXPOSURE LEVELS (GBP)

	Fund NAV GBP	Fund NAV % Change	HSBC Index % Change	MSCI Index % Change	% Longs	% Shorts	% Gross Exposure	% Net Exposure
October 2000	19.09	(3.0)	(4.0)	2.5	77	6	83	71
September 2000	19.68	(2.5)	(5.7)	(4.8)	76	7	83	69
August 2000	20.19	0.1	4.0	2.6	75	7	82	68
July 2000	20.18	1.0	(0.1)	1.1	74	6	80	68
June 2000	19.98	1.8	1.5	(0.6)	73	6	79	67
May 2000	19.62	2.5	2.1	(0.4)	72	3	75	69
April 2000	19.15	(4.6)	(4.6)	(0.6)	75	3	78	72
March 2000	20.06	(0.3)	(1.9)	2.4	78	2	80	76
February 2000	20.11	20.7	8.7	7.1	74	2	76	72
January 2000	16.66	11.8	0.4	(5.7)	81	3	84	78
December 1999	14.90	13.4	6.1	10.2	78	1	79	77
November 1999	13.14	8.6	5.7	6.7	66	1	67	65
October 1999	12.10	2.6	(0.3)	4.6	73	4	77	69
September 1999	11.79	(1.8)	(2.4)	(2.2)	72	4	76	68
August 1999	12.01	1.4	4.5	2.2	80	2	82	78
July 1999	11.85	4.6	1.3	(2.5)	80	1	81	79
June 1999	11.33	3.3	2.4	3.1	80	1	81	79
May 1999	10.97	1.4	(0.9)	(3.6)	81	0	81	81
April 1999	10.82	6.6	5.0	4.6	68	0	68	68
March 1999	10.15	0.8	0.2	2.1	50	0	50	50
February 1999	10.07	1.0	3.2	0.4	24	0	24	24
January 1999	9.97	(0.3)	0.0	1.6	0	0	0	0

ANNUAL PERFORMANCE (EUR)

ENNISMORE EUROPEAN SMALLER COMPANIES FUND Annual performance from inception to 31 December 2010 (EUR)

	Fund Nav % Change	HSBC Index % Change	Fund Relative to HSBC Index	MSCI Index % Change	Fund Relative to MSCI Index	Micropal Ranking Large & Small Cap	Micropal Ranking Small Cap Only
Annualised	14.1	7.8	6.2	2.4	11.7		
1999 to date	379.8	146.2	233.6	32.6	347.2	2/441	1/71
2010	22.8	25.9	-3.1	6.8	16.0	418/2871	257/369
2009	7.1	59.7	-52.7	27.7	-20.6	2365/2394	417/419
2008	-28.3	-51.5	23.1	-38.9	10.6	47/2078	3/323
2007	0.1	-5.5	5.6	6.0	-6.0	614/1177	63/240
2006	10.6	33.2	-22.7	19.1	-8.5	1630/1695	299/307
2005	34.4	36.3	-1.9	24.9	9.4	106/1244	105/278
2004	22.9	24.4	-1.5	12.2	10.7	66/1310	69/260
2003	19.6	37.5	-17.9	19.8	-0.2	254/1168	206/235
2002	-0.3	-24.7	24.4	-29.4	29.0	11/1258	2/211
2001	5.3	-15.6	20.9	-16.4	21.7	10/1130	1/164
2000	34.3	-4.7	39.0	-2.2	36.5	4/885	1/124
1999	65.2	42.1	23.1	29.8	35.4	52/687	40/87

PORTFOLIO RISK MANAGEMENT

Geoff Oldfield, as CIO, retains veto on all investments

Concentration

- No individual long position > 5% NAV at purchase or > 10% at value,
- No short > 3% NAV at sale or > 4% NAV at value

Exposure

- Fund manager exposure limits:
 - Gross exposure maximum of 150%
 - Net exposure maximum of 75%, minimum of 0%
- Historic fund exposure:
 - Average gross exposure of 90%
 - Average net exposure of 52%

Liquidity

- Fund manager liquidity limits:
 - 75% of NAV to be convertible to cash within 3 months

OPERATIONAL RISK MANAGEMENT

- Experienced support team – separate from investment management decision making (e.g. centralised dealing desk), managing UCITS fund since 1999
- Compliance – Compliance Officer (“CO”) with over 13 years’ experience as a CO in UK regulated financial services firms
- Robust internal controls & procedures – no complex instruments traded
- Portfolio pricing – performed independently by external Administrator
- Service providers – all top tier firms
- Corporate governance – the Fund has a highly experienced, independent Board of Directors including Chairman Nick Durlacher, ex SFA Chairman and UK Takeover Panellist

COMPANY STRUCTURE

Support Team

Chief Operating Officer:
Andrew Blair

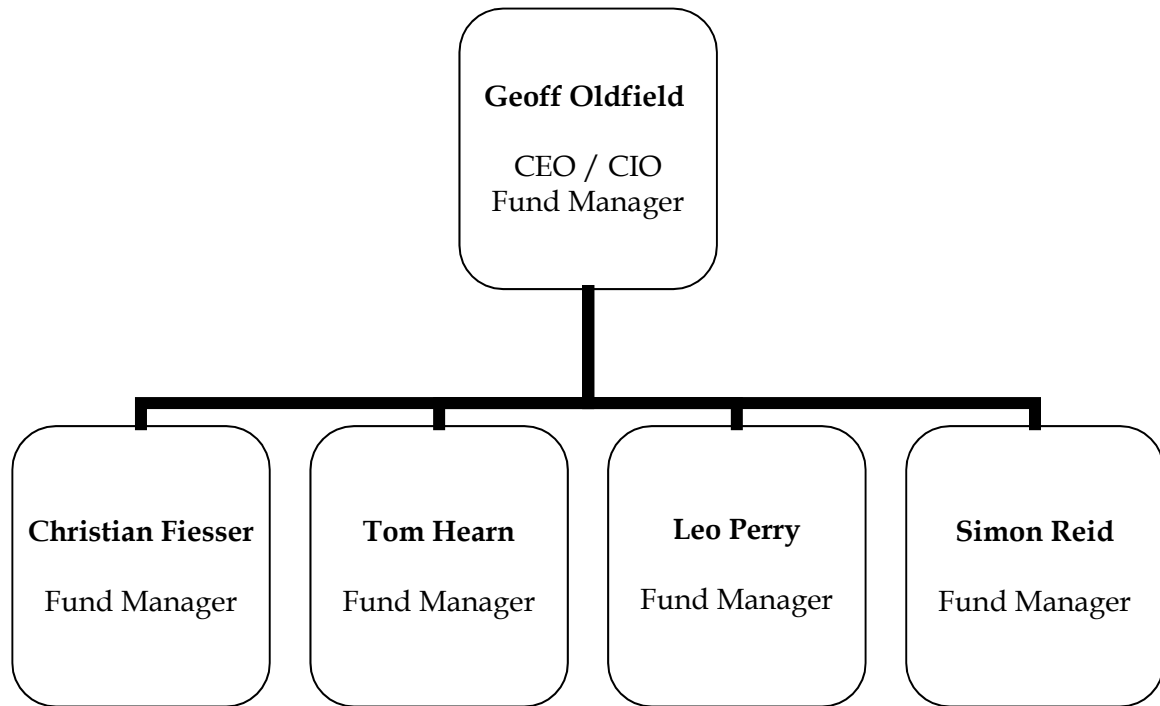
Operations Manager:
Eleanor Scott

Fund Administrator:
Danielle Etkin

IT / Dealer:
Stewart Lim

PA / Reception:
Dalia Nasser

Investment Team



FUND MANAGER BIOGRAPHIES

Geoff Oldfield

Fund Manager - London

Investment Experience - 20 years

Geoff is a founder director of Ennismore. He joined Baring Asset Management in 1995 where he was responsible for European smaller companies. Prior to this he worked at Enskilda Securities in Frankfurt researching and marketing German smaller companies and as a European investment manager at Gartmore and Midland Montagu.

Geoff graduated from Loughborough University with a degree in Banking & Finance. He is a CFA charterholder and an Associate of the Chartered Institute of Bankers.

Tom Hearn

Fund Manager - London

Investment Experience - 11 years

Tom joined Ennismore in September 2003. He had previously worked as an analyst on the European equities team at Baring Asset Management, which he joined as a graduate trainee in 1998, focusing on small caps and the banking sector.

Tom graduated from the University of Manchester with a degree in Economics and Social Studies. He is a CFA charterholder.

Leo Perry

Fund Manager - London

Investment Experience - 8 years

Leo joined Ennismore in October 2001. He holds an MA in Contemporary History and Politics and a Postgraduate Certificate in Economics from Birkbeck College, University of London.

FUND MANAGER BIOGRAPHIES (cont'd)

Christian Fiesser

Fund Manager - Frankfurt
Investment Experience - 8 years

Christian joined Ennismore in May 2007. He started his investment career in 2001 at Weisenhorn & Partner in Frankfurt where he was responsible for covering smaller companies.

Christian holds a Diploma in International Studies of Finance and Law from Frankfurt University of Applied Science.

Simon Reid

Fund Manager - London
Investment Experience - 6 years

Simon joined Ennismore in January 2003. He holds an MSc in Mathematical Physics from the University of Nottingham. He is a CFA charterholder.

SUPPORT TEAM BIOGRAPHIES

Andrew Blair

Chief Operating Officer - London

Andrew joined Ennismore Fund Management in May 2004 as Chief Operating Officer. Andrew started his career with Price Waterhouse in 1985 where he qualified as a Chartered Accountant. After 7 years he moved to Cal Futures Ltd, a derivatives broker fund manager. The business was acquired by Union PLC where he became Group Finance Director. Subsequently Andrew worked for tapX as COO. He holds a BA in Accountancy Studies from Exeter University.

Eleanor Scott

Operations Manager - London

Ellie joined Ennismore in October 2003 and worked in the support office before progressing onto the dealing desk in May 2005. She graduated from the University of Bristol in June 2003 with a BA in French & Spanish and speaks both languages fluently. Ellie is a CFA charterholder

SUPPORT TEAM BIOGRAPHIES (cont'd)

Danielle Etkin

Fund Administrator - London

Danielle joined Ennismore in June 2005 as a Fund Administrator. Prior to this she had gained 7 years experience in support office work including the management of back office operations for a Private Wealth Management company. Danielle holds a Bachelor of Commerce Degree from University of Witwatersrand, South Africa and a Post Graduate Degree in Business Management from the University of South Africa.

Stewart Lim

Dealer / IT - London

Stewart joined Ennismore in October 2007 having graduated with an MSc in Financial Economics from the University of Oxford Said Business School.

Stewart also holds a BSc in Biochemistry from the University of the Philippines College of Arts and Sciences. He has passed the CFA Level III examination.

Dalia Nasser

PA / Reception - London

Dalia joined Ennismore in October 2010.

Prior to this she spent 6 years as a PA at a property development company and 2 years as a recruitment consultant working across a number of sectors. Dalia studied Business Management at the American University of Beirut and speaks fluent Arabic.

COMPANY HISTORY

- Ennismore was founded in 1998 by Geoff Oldfield and Gerhard Schöningh who having previously managed European equity funds together at Barings
- The two funds (the Ennismore European Smaller Companies Fund and Ennismore European Smaller Companies Hedge Fund) were launched on 27th January 1999, raising EUR 14m and EUR 3m respectively. No managed segregated accounts were accepted
- In 2000 the funds were closed to new investment (the maximum number of shares in issue was capped) with EUR 96m and EUR 64m under management respectively
- In 2003 the funds reopened for EUR 12m and EUR 18m of new investment respectively and were immediately closed again
- In 2006 Geoff bought Gerhard's stake in the investment management company, becoming the sole owner
- In 2008 a five year LTIP was launched for senior personnel

COMPETITIVE ANALYSIS: PORTER'S FIVE FORCES

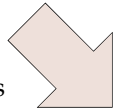
BARRIERS TO ENTRY

Economies of Scale	Absolute cost advantages
Proprietary product differences	- Proprietary learning curve
Brand identity	- Access to necessary inputs
Switching costs	- Proprietary low-cost product design
Capital requirements	Access to distribution
Government Policy	Expected retaliation

SUBSTITUTES

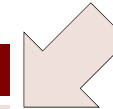
Suitability / availability of substitutes
 Relative price performance of substitutes
 Switching costs
 Buyer propensity to switch

Threat of
new entrants



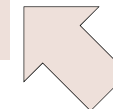
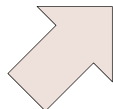
INDUSTRY COMPETITION

Industry growth	Fixed (or storage) costs/ value added
Intermittent overcapacity	Product differences
Brand identity	Switching costs
Concentration and balance	Informational complexity
Diversity of competitors	Corporate stakes / pride
Exit barriers	



Risk of
Substitutes

Bargaining
Power



Bargaining
Power

SUPPLIERS

Differentiation of inputs
 Switching costs
 Substitute inputs
 Supplier concentration vs Industry Concentration
 Importance to supplier
 Cost relative to total industry purchases
 Impact of inputs on cost or differentiation
 Threat of forward integration vs backward integration

CUSTOMERS

Level of substitute products	Price/total value of purchases
Buyer volume	Brand identity
Switching costs	Impact on quality / performance
Buyer information	Buyer profits
Ability to backward integrate	Decisions makers incentives
Product differences	
Customer Concentration vs Industry Concentration	

RESEARCH IN ACTION – LONG: STO

Date initiated: August 2004 Price initiated: €15 Price at Dec 31: €94.66 Weighting: 9.4% Mkt Cap: EUR 610m Net Cash: EUR 43m

Source of Idea: Followed company since the late 1990s, investment triggered by change in CFO and subsequent meetings

Sto is a leading manufacturer and distributor of façade insulation systems based in Germany

Strong competitive position reflected in its ability to generate superior profits even in a recessionary environment:

- High brand awareness built over many decades; hard to duplicate. Most trusted brand in insulation systems among decision makers
- Early focus on its core competence façade insulation systems – a growing market supported by strong long term drivers: higher energy costs, reduction of CO2 emissions
- Direct distribution secures access to a fragmented customer base
- Suppliers sell commodity-like products with little differentiation and low switching costs
- Substitutes – high emphasis on R&D secures position of innovation leader

Operational risk:

- Cost base is largely fixed with high value added
- Strong record of growing business organically across many markets. Acquisitions only an option if priced very reasonably
- Majority owned by the founding family – high risk awareness built-in

Financial risk

- Focus on free cash generation and strong ability to finance future growth
- We expect a net cash balance of more than EUR 100m at year end, giving independence from external financing
- Tradition of very conservative accounting and guidance

Valuation risk:

- Undemanding valuation of just 6x EV/EBIT and unlevered free cash flow yield of 10% based on 2010.
- Ability to show superior margins even in the recession year of 2009
- No brokerage coverage is keeping valuation low
- Dividend yield of 2.5% is covered more than 3x net income

Liquidity risk:

- Liquidity is low, c. 197 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets
- Improving due to increasing awareness amongst investors

RESEARCH IN ACTION – LONG: COMPUGROUP MEDICAL

Date initiated: May 2009 Price initiated: €4.25 Price at Dec 31: €11.06 Weighting: 1.0% Mkt Cap: EUR 590m Net Debt: EUR 113m

Source of Idea: Followed the stock from IPO in 2007. Investment triggered by meeting with new CFO when hype had died down

Compugroup Medical is a leading e-health company in Europe providing workflow software solutions to healthcare providers

Strong competitive position reflected by its consistent strong cash flow generation

- High entry barrier in core market of ambulant information systems. In most EU markets Compugroup has at least 50% market share
- The customer base is very fragmented consisting of dentists and doctors with little bargaining power and no purchasing organisations
- High switching costs reflected by very low churn rate. Compugroup tends to only lose customers when they retire or close their practice
- Due to the direct access to doctors and dentists Compugroup can use their network to market to pharma and generic companies, and to healthcare insurance companies – the bigger Compugroup's share in a market the more attractive it is for marketing
- No key suppliers or obvious substitutes but Compugroup is dependent on the healthcare structure of local markets. Major structural shifts initiated by governments could impact their business

Operational risk:

- Cost base is largely fixed and the demand is highly predictable due to the significant monthly maintenance revenues
- Capitalisation of R&D could be used for short term earnings manipulation, monitored closely by Ennismore for any warning signs
- Growth is driven both organically and through acquisitions of mostly privately held small software vendors – Compugroup have been prepared to pay up to 10x EV/EBITDA to build dominant market position
- Majority owned by the founder – driving force for future development

Financial risk

- Focus of free cash generation – strong ability to finance future growth
- Capitalisation of R&D can be used for short term earnings manipulation, monitored closely by Ennismore for any warning signs
- Net debt of 113m well covered by cash earnings of €50m

Valuation risk:

- Valuation is very reasonable at c. 9x 2011 EV/EBITA when compared to growth prospects in the e-healthcare market. Governments realise that they can save on healthcare spending when implementing software solutions
- Dividend yield of 2.4% is covered more than 3x by cash earnings

Liquidity risk:

- Liquidity is moderate, c. 28 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets

RESEARCH IN ACTION – LONG: VITEC

Date initiated: April 2009 Price initiated: £2.00 Price at Dec 31: £5.85 Weighting: 2.4% Mkt Cap: GBP 250m Net Debt: GBP 30m

Source of Idea: Meetings with other participants in the broadcast industry

Vitec is an equipment supplier for the global broadcast and photography markets

Strong competitive position driven by scale and brand strength:

- Entry barriers – high due to dominant position (40-80% share) in niche markets and internal distribution network
- Competition – limited competition due to small size of markets, particularly at the high end where Vitec is typically the de-facto solution
- Suppliers – no material external suppliers; key inputs are labour and raw materials / components
- Customers – product is typically mission-critical for customers, giving limited price pressure and a reluctance to switch to new brands
- Substitutes – no risk of substitute for core products – camera tripods, bags, etc

Operational risk:

- Cost base is relatively fixed with 40% gross margins bringing substantial operating leverage
- Prompt management action in 2009 allowed the business to report a profit despite a 30% plus decline in the broadcast markets
- New management team are refocusing the business on its core abilities, improving R&D efficiency with no cost increase. All our research backs up the idea that this is an exceptional business and we expect it to show in improved financials over time
- Historically built by acquisition but activity has been limited in recent years and management have divested some non-core operations

Financial risk

- Balance sheet has limited net debt of c. 1x EBITDA
- Cashflow generation is strong with net debt falling in 2009 and H1 10 despite weak broadcast markets and dividend payments
- Management focus on cost efficiency and disposing of under-performing assets should bring further benefits going forwards

Valuation risk:

- Currently trading on approximately 10x 2010 EV/EBIT, with profit still depressed by the weak broadcast markets
- Future earnings growth driven by entry into adjacent product markets, ongoing market recovery and renewed focus on core activities
- Entry into Military and Government markets has been a tremendous success with Vitec's products having won a majority of tenders, including a major FBI contract that is likely to drive significant future sales
- Stock is starting to come to the attention of brokers and the markets, giving potential for re-rating

Liquidity risk:

- Liquidity is moderate, c. 40 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets
- Improving due to increasing awareness amongst investors

RESEARCH IN ACTION - SHORT: AVANTI COMMUNICATIONS

Date initiated: April 2010 Price initiated: £4.75 Price at Dec 31: £6.78 Weighting: -2.7% Mkt Cap: GBP 575m Net Debt: GBP 20m

Source of Idea: Private call with key competitor

Avanti Communications is a startup telco network planning to wholesale broadband via satellite in Europe

High risk strategy as new entrant in market with large, well-financed incumbents:

- Entry barriers – high as requires access to limited supply of orbital slots
- Competition – incumbent European operator launching at the same time with much larger, more efficient capacity
- Suppliers – required US / French trade body financing for second satellite
- Customers – unproven demand, 3.6 Mbps offer already offered by competitor with limited take up
- Substitutes – fixed line and mobile broadband networks are likely to increase coverage gradually reducing the size of the target market for satellite broadband

Operational risk:

- Cost base is largely upfront capex, demand is unproven
- First satellite launched in late November 2010, almost 2 years after date planned at IPO
- Large competitor has more efficient capacity and will therefore be the price setter in Europe

Financial risk

- Satellite construction requires heavy debt burden prior to product launch
- Avanti has required additional equity funding 4 times since IPO in 2007, most recently to pay down debt with restrictive covenants

Valuation risk:

- Current market cap of GBP 575m, net debt at launch of first two satellites (2010, 2012) likely to be >GBP 150m
- Future earnings are highly uncertain, contracts signed to date imply revenue levels significantly below broker forecasts
- Significant recent insider selling
- US peer WildBlue acquired for EV of USD 500m in 2009; WildBlue's 2 satellites have only about 80% as much capacity as Avanti's 2 satellites currently under construction but they are already in orbit with c.400,000 paying customers (of which about 40% are their own retail customers)

Liquidity risk:

- Liquidity is good, c. 10 trading days to liquidate position assuming Ennismore funds trade one-third of daily volume and excluding non-notified trading, which is material in some markets

BASIS OF PRESENTATION

PERFORMANCE

Performance for 1999 is stated from inception on 27.01.1999.

All performance statistics are based on month end data and are net of fees.

All figures are for the Ennismore European Smaller Companies Fund. NAV is provided by the Administrator.

NAV is stated excluding Fund dividends paid in 2002 and 2003. For performance purposes it's assumed the dividend is reinvested.

All references to the HSBC index relate to the HSBC Smaller European Total Return index (pan EU smallcap), and are converted to GBP.

All references to the MSCI Europe index relate to the MSCI Europe 15 index and are based on total return.

All index data is sourced from Bloomberg.

Micropal rankings are from Standard & Poors, Pan European Funds to 31.12.2010.

KEY STATISTICS

Peak AUM is the total NAV of the fund as reported by the Administrator.

Standard deviation figures are annualised using month-end data points and exclude the period from 27th Jan – 31st Jan 1999.

Sharpe ratio excludes the period from 27th Jan – 31st Jan 1999.

Average return in negative index quarters refers to the average return in the Fund during those quarters where the HSBC index declined.

Correlation refers to the correlation of monthly Fund returns with monthly returns in the HSBC index.

Correlation in down markets refers to the correlation of quarterly Fund returns with quarterly returns in the HSBC index during those quarters where the HSBC index declined.

Beta is calculated as: $(\text{annualised std dev of monthly Fund returns} / \text{annualised std dev of monthly HSBC index returns}) * \text{correlation to index}$.

Alpha is calculated as: $\text{fund return} - (\text{fund beta} * \text{HSBC index return})$.

Turnover for the long book is calculated as: $\text{the lower of long purchases or long sales} / \text{average Fund NAV}$.

Stock Betas for calculating Beta adjusted exposure are taken from Bloomberg. Where Bloomberg data doesn't exist, a Beta of 1 is used.

Implied return for long and short books is calculated by taking the attribution and dividing by the average weighting of the book as a % of the fund. As such, the figure relates to the return from a long investment in the underlying stocks.

LIQUIDITY DATA

Sourced from Ennismore Fund Management and calculated using trading volume data from Bloomberg.

Stated % NAV convertible to cash includes current net cash balance and relates to liquidation of the long book.

Assumes all funds managed by Ennismore Fund Management trade simultaneously at one third of average daily volume in prior 6 months.

EXPOSURE DATA

Geographic exposure analysis related to country of incorporation or listing and may not represent the underlying economic exposure.

All references to short exposure are based on total exposure to the underlying security.

Historic fund exposure data is sourced from Ennismore Fund Management.

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