

**ENNISMORE SMALLER COMPANIES PLC**  
**(An Investment Company With Variable Capital)**

**Annual Report and Audited Financial Statements**  
**for the year ended 31 December 2016**

# ENNISMORE SMALLER COMPANIES PLC

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# ENNISMORE SMALLER COMPANIES PLC

## COMPANY DETAILS

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### **DIRECTORS**

Nicholas Durlacher (British) (Chairman)\*  
Lars Gårdö (Swedish)\*  
Matthew Minch (Irish)\*  
Geoff Oldfield (British)  
Paul McNaughton (Irish)\*  
Andrew Blair (British) (appointed 2 June 2016)

### **INVESTMENT MANAGER**

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

Telephone: +44 (0)20 7368 4200

E-Mail: [es@ennismorefunds.com](mailto:es@ennismorefunds.com)

### **DEPOSITARY/CUSTODIAN**

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **SECRETARY**

Northern Trust International Fund Administration  
Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

### **REPRESENTATIVE OF THE FUND IN SWITZERLAND**

Bastion Partners Office SA  
Route de Chêne 61A  
1208 Geneva  
Switzerland

### **REGISTERED OFFICE**

Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland  
Registered Number: 294512

### **REGISTRAR AND ADMINISTRATOR**

Northern Trust International Fund Administration  
Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

Telephone: +353 1 542 2000

### **INDEPENDENT AUDITORS**

KPMG  
90 South Mall  
Cork  
Ireland

### **LEGAL ADVISORS**

McCann FitzGerald  
Riverside One  
Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **PAYING AGENT OF THE FUND IN SWITZERLAND**

Banque Heritage SA  
Route de Chêne 61A  
1208 Geneva  
Switzerland

\* Independent Directors

# ENNISMORE SMALLER COMPANIES PLC

## SUMMARY INFORMATION

### ENNISMORE EUROPEAN SMALLER COMPANIES FUND PERFORMANCE

Year	Fund NAV <sup>2</sup> GBP %	HSBC Index <sup>3</sup> GBP %	Fund NAV <sup>2</sup> EUR%	HSBC Index <sup>3</sup> EUR%	MSCI Index <sup>4</sup> Loc Curr %
2016	14.5	19.2	(1.2)	2.9	7.2
2015	9.7	15.6	15.5	21.7	4.9
2014	6.4	(1.8)	14.0	5.2	4.7
2013	26.6	35.5	23.4	32.2	21.6
2012	8.4	20.2	11.6	23.6	15.6
2011	9.8	(20.7)	12.6	(18.6)	(9.3)
2010	18.4	21.9	22.8	25.9	6.8
2009	(1.6)	47.7	7.0	59.7	27.7
2008	(5.7)	(36.8)	(28.3)	(51.5)	(38.9)
2007	9.1	3.1	0.1	(5.5)	6.0
2006	8.4	30.5	10.6	33.2	19.1
2005	30.4	32.6	34.4	36.3	24.9
2004	23.5	24.6	22.9	24.4	12.2
2003	29.3	48.8	19.6	37.5	19.8
2002	6.2	(19.8)	(0.3)	(24.8)	(29.4)
2001	1.5	(18.3)	5.3	(15.6)	(16.4)
2000	35.6	(3.3)	34.3	(4.7)	(2.2)
1999 <sup>1</sup>	49.0	27.2	65.2	42.1	29.8
1999 <sup>1</sup> – 2016	1087.2	431.0	869.3	331.6	98.8

<sup>1</sup>Since inception on 27/1/99 <sup>2</sup> Source: Administrator, Net Asset Value, net income reinvested for GBP A shares <sup>3</sup> Euromoney (formerly HSBC) Smaller European Total Return Index, Source: Bloomberg <sup>4</sup> MSCI Europe, local currencies, total return Source: Bloomberg. All performance figures net of fees.

### FUND DETAILS

Ennismore Smaller Companies plc (the “Company”) was established on 8 October 1998, as an umbrella type investment company with segregated liability between sub-funds and with variable capital incorporated in Ireland in which different funds may be created from time to time. It is authorised in Ireland by the Central Bank of Ireland (the “Central Bank”) as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (“the UCITS Regulations”) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the “Central Bank UCITS Regulations”). The Company has two sub-funds, the Ennismore European Smaller Companies Fund and the Ennismore Global Equity Fund (each individually the “Fund” and collectively the “Funds”). The Ennismore European Smaller Companies Fund launched on 27 January 1999 with the issue of a single class of shares (GBP “A” shares) which are listed on the Official List of the Irish Stock Exchange. In January 2011 three additional share classes were issued: GBP “B” shares, EUR “A” shares and EUR “B” shares. The Ennismore Global Equity Fund launched on 3 October 2016 with the issue of four share classes: EUR shares, GBP shares, GBP A shares and CHF shares.

The fee rates and liquidity terms are the same for all share classes. The classes differ in that the performance fees are based on performance in the class currency and that the performance fee for “A” shares is calculated at share class level. For the other share classes an equalisation method is used.

# ENNISMORE SMALLER COMPANIES PLC

## SUMMARY INFORMATION (continued...)

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### FUND DETAILS (continued)

The Funds are registered with the Financial Conduct Authority (“FCA”) in the UK. The Funds have been granted Reporting Status for the GBP, EUR and CHF denominated share classes for UK Capital Gains purposes.

### INVESTMENT OBJECTIVE

The objective of the Ennismore European Smaller Companies Fund is to achieve capital growth by investing principally in small capitalisation European equity securities.

The objective of the Ennismore Global Equity Fund is to generate long term capital growth by investing principally in equity securities listed on stock exchanges in developed markets.

Both Funds aim to achieve positive absolute returns in each calendar year.

### DEALING

The dealing procedures should be read in conjunction with the following important notice section below. The Dealing Day is each Business Day. Applications for issue and repurchase of redeemable participating shares (“Shares”) must be received by the Administrator prior to 5.00pm (Dublin time) on the Business Day preceding a Dealing Day in order to be dealt with on that Dealing Day. Any applications received after 5.00pm (Dublin Time) on the Business Day immediately preceding the Dealing Day shall, unless otherwise determined by the Administrator, be processed on the next following Dealing Day.

Applications should be addressed to the Administrator:

Northern Trust International Fund Administration Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

Tel: +353 1 542 2000

Fax: +353 1 670 1181

### IMPORTANT NOTICE

The number of shares in issue is capped and we have a waiting list of clients that want to invest as and when capacity becomes available through redemptions. If you would like to be included on this please call Eleanor Scott on +44 (0) 20 7368 4219 or email [subs@ennismorefunds.com](mailto:subs@ennismorefunds.com). Redemptions can be made through the Administrator, as described above.

### CHARGES PAID BY THE FUNDS

#### Investment Management Fees

The Funds pay Ennismore Fund Management Ltd, (the “Investment Manager”) a fee of:

2% per annum of the NAV of the Funds payable monthly in arrears.

20% per annum performance fee on value added. Performance fee on Class A shares is calculated based on the excess of the Net Asset Value per “A” share at the end of the calendar year over the Net Asset Value per “A” share on the last dealing day of the latest year in which the performance fee was paid.

The performance fee on the other share classes is equal to 20% of the appreciation in the Net Asset Value per Share during that Calculation Period above the Base Net Asset Value per Share.

# ENNISMORE SMALLER COMPANIES PLC

## SUMMARY INFORMATION (continued...)

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### CHARGES PAID BY THE FUNDS (continued...)

#### Investment Management Fees (continued)

The Base Net Asset Value per “B” Share is the greater of the Net Asset Value per “B” Share at the time of issue of that “B” Share and the highest Net Asset Value per “B” Share achieved as at the end of any previous Calculation Period (if any) during which such “B” Share was in issue.

The performance fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued performance fees. Any performance fee is paid annually in January for performance achieved in the previous calendar year. Please see note 11 for details of these fees.

#### Administration Fees

Northern Trust International Fund Administration Services (Ireland) Limited (the “Administrator and Registrar”) is paid an administration charge and fees in respect of its duties as Administrator and Registrar by the Funds. The administration fee accrues and is calculated daily and paid monthly in arrears at a rate of 0.07% per annum on the first £50 million of the Net Asset Value of each Fund on the last Dealing Day of each month and 0.06% per annum on the Net Asset Value of each Fund in excess of £50 million. This is subject to a minimum fee of £5,000 per month for a Fund with up to four Classes of Shares and £5,250 per month for a Fund with five or more Share Classes. The Administrator is also entitled to Shareholder dealing fees of £15 per Shareholder transaction and a Shareholder account fee of £15 per Shareholder account. The Administrator is also entitled to an annual fee of £7,500 per Fund for German tax reporting services. The fees payable to the Administrator may be varied from time to time by agreement with the Company subject to the minimum disclosed above. Any such variation is notified to Shareholders. The fees are exclusive of value added tax (if any) payable by the Funds.

#### Depository/Custodian Fees

Until 17 March 2016 Northern Trust Fiduciary Services (Ireland) Limited acted as Custodian to the Fund (the “Custodian”). From 18 March 2016, Northern Trust Fiduciary Services (Ireland) Limited acted as Depository to the Funds (the “Depository”). The Fund paid the Custodian fees accruing and calculated daily, payable monthly in arrears, at a rate of 0.02% per annum of the Net Asset Value of the Fund (on the last dealing day of each month) subject to a monthly minimum fee of £1,000. From 18 March 2016 each Fund has paid the Depository a fee of 0.0225% per annum based on the NAV of the Fund. The depositary fee is paid monthly in arrears and is subject to a monthly minimum fee of £1,000.

Additionally, the Depository is (and the Custodian was) entitled to be reimbursed for all sub-custody fees and charges (charged at normal commercial rates). The fees payable to the Depository may be varied from time to time by agreement with the Company. Any increase in the fees payable will be notified to Shareholders. The fees are exclusive of value added tax (if any) payable by the Funds.

### CHARGES PAID TO THE FUND

#### Purchase or Redemption Charge

A redemption charge of 2% of redemptions from the Ennismore European Smaller Companies Fund is payable to that Fund. No charge is currently being made on subscriptions. This charge is intended to cover the costs of the Fund investing or divesting in the underlying markets as a consequence of investor activity. There is no purchase or redemption charge applicable to the Ennismore Global Equity Fund.

# ENNISMORE SMALLER COMPANIES PLC

## SUMMARY INFORMATION (continued...)

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### **DIRECTORS**

The Directors of the Company are as follows:

#### ***Nicholas Durlacher (British) (Chairman)***

Mr Durlacher was Chairman of the Balancing and Settlement Code Company, ELEXON and the Panel overseeing the New Electricity Trading Arrangements in Great Britain from 2000 to 2010. He was also Chairman of EMX Co Ltd, the electronic messaging platform for unitised financial products within Europe from February 2000 to January 2007. He was formerly Chairman of The Securities and Futures Authority from 1995 to 31 March 2001. Between 1992 and 1995 he was Chairman of LIFFE, the world's second largest derivative exchange, having been elected a member of the LIFFE board in 1984. Between 1986 and 1996 he was Chief Executive and then Chairman of BZW Futures Limited. Mr Durlacher is currently Chairman of Xoserve a National Grid Subsidiary Co involved in services to the gas shipping and transportation industry in Great Britain.

#### ***Lars Gårdö (Swedish)***

Mr Gårdö has been a Senior Advisor of 3i (Nordic) plc. From 1993 to 2001, Mr Gårdö was President and Chief Executive Officer of Atle AB, a venture capital company quoted on the Stockholm Stock Exchange. From 1985 to 1993, Mr Gårdö was president of Ax Trade AB, a large publicly owned trading conglomerate. Between 1979 and 1984, Mr Gårdö was Executive Vice President of Hexagon AB, where he was responsible for finance and acquisitions. Mr Gårdö's positions prior to this include that of Financial Controller of the Agricultural Finance Corporation in Nairobi.

#### ***Matthew Minch (Irish)***

Mr Minch has been a Director of Tilman Brewin Dolphin Ltd (formerly Tilman Asset Management Ltd) since 1995, and assumed the role of Chief Executive in June 2014. From 1989 to 1995, Mr Minch worked as a management consultant in the area of company restructuring and acquisition advice for a number of Irish companies, particularly in the food sector. Prior to that, he was Managing Director of Minch Norton plc, Ireland's largest malt manufacturer. Mr Minch is a fellow of the Chartered Institute of Management Accountants.

#### ***Geoff Oldfield (British)***

Mr Oldfield founded the Investment Manager in 1998. Before that he was a Director and Senior Fund Manager at Baring Asset Management where he was responsible for European smaller companies. From 1993 to 1994, he worked at Enskilda Securities in Frankfurt researching and marketing German smaller companies. Prior to this, Mr Oldfield was a European Fund Manager at Gartmore and at Midland Montagu. He is a CFA Charterholder and an Associate of the Chartered Institute of Bankers.

#### ***Paul McNaughton (Irish)***

Mr McNaughton was a Managing Director and former Global Head of Fund Administration and Custody for Deutsche Bank Group. Mr McNaughton was also Chief Executive of Deutsche Bank Group's fund administration and custody business in Ireland for ten years. Prior to this, Mr McNaughton held several senior management positions in the financial services industry in Ireland, including General Manager of IFSC operations with the Investment Bank of Ireland from 1987 to 1991. He is also currently a director of a number of Irish investment companies.

# ENNISMORE SMALLER COMPANIES PLC

## SUMMARY INFORMATION (continued...)

### DIRECTORS (continued...)

#### *Andrew Blair (British)*

Mr Blair joined Ennismore Fund Management in May 2004 as a Director and Chief Operating Officer. He 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 and fund manager. That business was acquired by Union PLC, where he became Group Finance Director. Subsequently, he worked for tapX Ltd as COO. He holds a BA in Accountancy Studies from Exeter University.

### FUND DEVELOPMENT – ENNISMORE EUROPEAN SMALLER COMPANIES FUND

Date	Fund Size (in millions)		NAV per GBP “A” Share	
	GBP	EUR	GBP	EUR
31/12/2016	365.5	428.2	116.52	136.50
31/12/2015	315.5	428.0	101.80	138.12
31/12/2014	286.1	368.6	92.79	119.57
31/12/2013	269.4	323.8	87.22	104.84
31/12/2012	209.8	258.6	68.89	84.94
31/12/2011	186.2	222.9	63.58	76.12
31/12/2010	99.3	115.9	57.90	67.57
31/12/2009	88.4	99.5	48.89	55.02
31/12/2008	146.9	151.9	49.69	51.40
31/12/2007	179.3	244.2	52.67	71.71
31/12/2006	177.5	263.6	48.28	71.66
31/12/2005	170.0	247.5	44.54	64.82
31/12/2004	128.7	181.7	34.15	48.24
31/12/2003	99.3	140.8	27.65	39.24
31/12/2002	68.7	105.3	21.49	32.98
31/12/2001	63.7	104.1	20.52	33.54
31/12/2000	60.4	95.2	20.21	31.84
31/12/1999	35.0	55.8	14.90	23.71
27/01/1999	9.9	14.2	10.00	14.35

### FUND DEVELOPMENT – ENNISMORE GLOBAL EQUITY FUND

Date	Fund Size (in millions)		NAV per GBP “A” Share	
	GBP	EUR	GBP	EUR
31/12/2016	154.6	181.2	10.58	12.39
03/10/2016	51.3	58.7	10.00	11.44

### SECURITY NUMBERS FOR ISE LISTED SHARES

#### Ennismore European Smaller Companies Fund GBP “A” Shares

Sedol – 0451523

WKN – 921181



# ENNISMORE SMALLER COMPANIES PLC

## DIRECTORS' REPORT

### *for the year ended 31 December 2016*

The Directors present herewith their report, together with the audited financial statements for the year ended 31 December 2016.

#### Results

The results of operations for the year are set out in the Statement of Comprehensive Income on page 31.

#### Principal Activities

Ennismore Smaller Companies plc was established on 8 October 1998, as an umbrella type investment company with segregated liability between sub-funds and with variable capital incorporated in Ireland in which different funds may be created from time to time. It is authorised in Ireland by the Central Bank of Ireland as an investment company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015. The Company has two sub-funds, the Ennismore European Smaller Companies Fund and the Ennismore Global Equity Fund. The Ennismore European Smaller Companies Fund launched 27 January 1999 with the issue of a single class of shares (GBP "A" shares) which are listed on the Official List of the Irish Stock Exchange. In January 2011 three additional share classes were issued: GBP "B" shares, EUR "A" shares and EUR "B" shares. The Ennismore Global Equity Fund launched 3 October 2016 with the issue of four share classes: EUR shares, GBP shares, GBP A shares and CHF shares.

The fee rates and liquidity terms are the same for all share classes. The classes differ in that the performance fees are based on performance in the class currency and that the performance fee for "A" shares is calculated at share class level. For the other share classes an equalisation method is used.

#### Review of development of the business and future developments

A detailed review of the business and future developments is included in the Investment Manager's Report on pages 16 to 27. The Company will continue to act as an investment vehicle as set out in its Prospectus.

#### Analysis of key performance indicators

The analysis of the Company's key performance indicators ("KPIs") is contained in the Investment Manager's Report on pages 16 to 27.

#### Directors' and Secretary's interests

The following Directors held shares in the Company at the year end:

##### Ennismore European Smaller Companies Fund

	No. of GBP Class A Shares 31/12/2016	No. of GBP Class A Shares 31/12/2015	No. of EUR Class A Shares 31/12/2016	No. of EUR Class A Shares 31/12/2015
Nicholas Durlacher*	6,190	6,030	-	-
Lars Gårdö**	5,730	5,647	-	-
Matthew Minch***	3,836	3,752	-	-
Geoff Oldfield****	130,299	130,299	-	-
Paul McNaughton	-	-	41,285	40,690
Andrew Blair*****	11,846	-	-	-

# ENNISMORE SMALLER COMPANIES PLC

## DIRECTORS' REPORT

### *for the year ended 31 December 2016 (continued...)*

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#### Directors' and Secretary's interests (continued)

\*of which 300 shares were held through his ISA administered by Rathbone (2015: 300)

\*\* of which 5,038 shares were held through his own company; Dikarsbo Holding AB (2015:5,038)

\*\*\*all shares registered under Fundsettle EOC Nominees (2015: all shares registered under Goodbody Nominees)

\*\*\*\*of which 19,554 shares were held through his Self Invested Pension Plan administered by Sippdeal (2015: 19,554) and 6,597 shares were held through his ISA's administered by Killik & Co (2015: 6,597) and 25,804 shares are held by close family members (2015: 25,804)

\*\*\*\*\* and as at 31 December 2016, 8,580 shares were held through this Self Invested Pension Plan administered by Sippdeal (2015: same)

None of the Directors had a service contract with the Company. For the purposes of the disclosure requirements of the Irish Stock Exchange, as at 31 December 2016 Geoff Oldfield had a beneficial interest in 130,299 (2015: 130,299) shares and a non-beneficial interest in 15,196 (2015: 15,196) shares through his connected persons. The Secretary did not hold any interest in the shares of the Company at any time during the year ended 31 December 2016 (2015: Nil).

#### Ennismore Global Equity Fund

	No. of GBP Class A Shares 31/12/2016	No. of GBP Class Shares 31/12/2016
Nicholas Durlacher	-	-
Lars Gårdö*	-	14,747
Matthew Minch	-	-
Geoff Oldfield**	1,040,000	-
Paul McNaughton	-	-
Andrew Blair	14,925	-

\* all shares were held through his own company; Dikarsbo Holding AB

\*\* of which 800,000 shares were held in his own name and 240,000 shares held through connected persons

#### Transactions Involving Directors

The Board of Directors is not aware of any contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest as defined in the Companies Act, 2014 at any time during the year ended 31 December 2016 (2015: Nil) other than those disclosed in note 10 Related party transactions.

#### Directors' Fees

Directors' fees for the year are stated in note 10 of the financial statements.

#### Connected Persons

The Central Bank UCITS Regulations require that if any transaction is carried out with a UCITS by a management company or depositary to the UCITS, the delegates or sub-delegates of the management company or depositary and any associated group of such a management company, depositary, delegate or sub-delegate ("Connected Persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders. The Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected parties entered into during the year complied with the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations.

# ENNISMORE SMALLER COMPANIES PLC

## DIRECTORS' REPORT

*for the year ended 31 December 2016 (continued...)*

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### **Dividends**

No distribution is being declared in respect of the year ended 31 December 2016 (2015: Nil).

### **Risk management objectives and policies**

The principal risks and uncertainties faced by the Company are market price risk, credit risk, currency risk and liquidity risk, which are outlined in note 15 of the financial statements.

### **Significant events during the year**

The significant events affecting the Company during the year are disclosed in note 18 to the financial statements.

### **Significant events since year end**

The significant events affecting the Company since year end are disclosed in note 19 to the financial statements.

### **Securities lending**

No securities lending took place during the year ended 31 December 2016 (2015: GBP Nil).

### **Auditors**

In accordance with Section 382(2) of the Companies Act 2014, the auditor, KPMG Chartered Accountants will continue in office.

### **Corporate Governance**

The European Communities (Directive 2006/46/EC) Regulations (S.I.450 of 2009 and S.I.83 of 2010) (the "Regulations") require the inclusion of a corporate governance statement in the Directors' Report. Although there is no specific statutory corporate governance code applicable to Irish collective investment schemes whose shares are admitted to trading on the Irish Stock Exchange, the Company is subject to corporate governance practices imposed by:

- (i) The Irish Companies Act 2014 which is available for inspection at the registered office of the Company; and may also be obtained at: <http://www.irishstatutebook.ie/home.html>.
- (ii) The Articles of Association of the Company which are available for inspection at the registered office of the Company at Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.
- (iii) The Central Bank of Ireland in their UCITS Regulations and Guidance Notes which can be obtained from the Central Bank of Ireland website at: <http://www.financialregulator.ie/industry-sectors/funds/Pages/default.aspx> and are available for inspection at the registered office of the Company; and
- (iv) The Irish Stock Exchange ("ISE") through the ISE Code of Listing Requirements and Procedures which can be obtained from the ISE's website at: <http://www.ise.ie/index.asp?locID=7&docID=-1>.

The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and therefore not required to include information relating to voting rights and other matters required by those Regulations and specified by the Companies Act 2014.

The Board of Directors is committed to maintaining the highest standards of corporate governance and is accountable to its shareholders for the governance of the Company's affairs.

# **ENNISMORE SMALLER COMPANIES PLC**

## **DIRECTORS' REPORT**

*for the year ended 31 December 2016 (continued...)*

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### **Corporate Governance (continued)**

The Board has put in place a framework for corporate governance which it believes is appropriate for a collective investment scheme and which will enable the Company to comply with the relevant provisions of the Irish Funds Industry Association Corporate Governance Code for Collective Investment Schemes and Management Companies (the “Code”) which became effective on 1 January 2012 and is available at <http://www.irishfunds.ie/fs/doc/publications/corporate-governance-code-for-collective-investment-schemes-and-management-companies.pdf>.

### **Statement of Compliance**

The Board of Directors voluntarily adopted the Code on 29 November 2012. The Company was in compliance with the Corporate Governance Code during the year and no exceptions were noted.

### **Accounting Records**

The Directors are responsible for ensuring that adequate accounting records as outlined in Section 281 of the Companies Act 2014 are kept by the Company. To achieve this the Directors of the Company have employed Northern Trust International Fund Administration Services (Ireland) Limited (the “Administrator”) for the year ended 31 December 2016 in order to ensure that those requirements are complied with for purpose of keeping adequate accounting records. The accounting records are located at the office of the Administrator at Georges Court, 54-62 Townsend Street, Dublin 2, Ireland.

### **Internal control and risk management systems relating to the financial reporting process**

The Board of Directors is responsible for ensuring that appropriate internal control and risk management procedures relating to the financial reporting process are in place. Those systems are designed to manage, rather than eliminate risks, and can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Company is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and which comply with the Companies Act, 2014, the UCITS Regulations, 2011 and the ISE code of Listing Requirements and Procedures.

The Company has procedures to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and half-yearly financial statements. The annual and half-yearly financial statements of the Company are required to be approved by the Board of Directors of the Company and filed with the Central Bank. The annual financial statements are required to be filed with the Irish Stock Exchange.

The Company has appointed an independent administrator to maintain the accounting records. The Administrator is authorised and regulated by the Central Bank and is required to comply with rules issued by the Central Bank in the conduct of its business. The Board of Directors receives and considers reports from the Administrator on a regular basis. It also considers and evaluates reports by independent auditors concerning the operation of controls over its financial accounting and reporting process.

### **Shareholders' meetings and rights**

The convening and conduct of Shareholders' meetings is governed by the Articles of Association of the Company and the Companies Act. Although the Directors may convene an extraordinary general meeting of the Company at any time, the Directors are required to convene an annual general meeting of the Company within eighteen months of incorporation and fifteen months of the date of the previous annual general meeting thereafter.

**ENNISMORE SMALLER COMPANIES PLC**  
**DIRECTORS' REPORT**  
*for the year ended 31 December 2016 (continued...)*

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**Shareholders' meetings and rights (continued)**

Shareholders representing not less than one-tenth of the paid up share capital of the Company may also request the Directors to convene a Shareholders' meeting. Not less than twenty one days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders, and fourteen days' notice must be given in the case of any other general meeting, unless the auditors of the Company and all the shareholders of the Company entitled to attend and vote agree to shorter notice.

Two members present either in person or by proxy constitute a quorum at a general meeting, provided that the quorum for a general meeting convened to consider any alteration to the class rights of shares is two shareholders holding or representing by proxy at least one third of the issued shares of the relevant fund or class.

Every holder of participating shares or non-participating shares present in person or by proxy who votes on a show of hands is entitled to one vote. On a poll, every holder of participating shares present in person or by proxy is entitled to one vote in respect of each share held by him and every holder of non-participating shares is entitled to one vote in respect of all non-participating shares held by him.

The Chairman of a general meeting of the Company, or at least two members present in person or by proxy, or any holder or holders of participating shares present in person or by proxy, representing at least one tenth of the shares in issue, having the right to vote at such meeting, may demand a poll.

Shareholders may resolve to sanction an ordinary resolution or special resolution at a Shareholders' meeting. An ordinary resolution of the Company or of the Shareholders of a particular fund or class requires a simple majority of the votes cast by the Shareholders voting in person or by proxy at the meeting at which the resolution is proposed. A special resolution of the Company, or of the Shareholders of a particular fund or class, requires a majority of not less than 75% of the Shareholders present in person or by proxy and voting in general meeting in order to pass a special resolution, including a resolution to amend the Articles of Association.

**Composition and operation of the Board of Directors**

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are required by the Companies Act or by the Articles of Association of the Company to be exercised by the Company in general meeting.

Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the number of Directors may not be less than two. Currently the Board of Directors of the Company is composed of six Directors, being those listed on page 1 of these financial statements.

A Director may, and the Company Secretary of the Company on the requisition of a Director will, at any time summon a meeting of the Directors. Questions arising at any meeting of the Directors are determined by a majority of votes. In the case of an equality of votes, the Chairman has a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

**Audit Committee**

The Company has an audit committee in place. The Directors have delegated the day to day investment management and administration of the Company to the Investment Manager and to the Administrator respectively. The Directors have also appointed Northern Trust Fiduciary Services (Ireland) Limited as Depositary of the assets of the Company.

**ENNISMORE SMALLER COMPANIES PLC**  
**DIRECTORS' REPORT**  
*for the year ended 31 December 2016 (continued...)*

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**Directors' Remuneration**

In line with the requirements of the UCITS Regulations, the Company is required to adopt remuneration policies which are consistent with the principles outlined in the UCITS V Directive. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the Funds it manages. The Remuneration Policy adopted by the Company applies to "Identified Staff". The Company's Identified Staff are its Directors who received, in aggregate GBP 75,000 (2015: GBP 75,000) in fixed remuneration. No variable remuneration was paid by the Company to its Identified Staff.

**Directors' compliance statement**

The Directors acknowledge that they are responsible for securing the Company's compliance with the relevant obligations as set out in Section 225 of the Companies Act 2014.

The Directors confirm that:

- 1) A compliance policy document has been drawn up that sets out policies that in our opinion are appropriate to the Company, respecting compliance by the Company with its relevant obligations.
- 2) Appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and
- 3) During the financial year, the arrangements or structures referred to in (2) have been reviewed.

**Statement of Relevant Audit Information**

The Directors confirm that during the financial year end 31 December 2016:

- 1) So far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and
- 2) The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

**On behalf of the Board of Directors**



**Nicholas Durlacher**



**Paul McNaughton**

**Date: 27 March 2017**



## **ENNISMORE SMALLER COMPANIES PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its changes in net assets attributable to holders of redeemable participating shares for that year. In preparing the financial statements, the directors are required to:

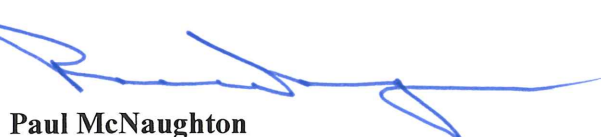
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48 (1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company. In this regard they have entrusted the assets of the Company to a trustee for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

**On behalf of the Board of Directors**



**Nicholas Durlacher**



**Paul McNaughton**

**Date: 27 March 2017**

**ENNISMORE SMALLER COMPANIES PLC**  
**CUSTODIAN REPORT**  
*to the Shareholders of Ennismore Smaller Companies plc*

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We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Custodian to Ennismore Smaller Companies plc provide this report solely in favour of the Shareholders of the Company for the period from 1 January 2016 to 17 March 2016 ("Accounting Period"). This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011), which implemented Directive 2009/65/EU into Irish Law ("the Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Custodian obligation as provided for under the Regulations, we have enquired into the conduct of the Company for this Accounting Period and we hereby report thereon to the shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.



**For and on behalf of**

**Northern Trust Fiduciary Services (Ireland) Limited**  
**Georges Court**  
**54-62 Townsend Street**  
**Dublin 2**

**Date: 27 March 2017**



**ENNISMORE SMALLER COMPANIES PLC**  
**DEPOSITARY REPORT**  
*to the Shareholders of Ennismore Smaller Companies plc*

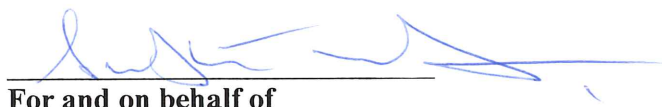
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We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Ennismore Smaller Companies plc provide this report solely in favour of the Shareholders of the Company for the period from 18 March 2016 to 31 December 2016 ("Accounting Period"). This report is provided in accordance with the UCITS Regulations – European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011), as amended which implemented Directive 2009/65/EU into Irish Law ("the Regulations"). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired into the conduct of the Company for the Accounting Period and we hereby report thereon to the shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.

  
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**For and on behalf of**

**Northern Trust Fiduciary Services (Ireland) Limited**  
**Georges Court**  
**54-62 Townsend Street**  
**Dublin 2**

**Date: 27 March 2017**

# ENNISMORE SMALLER COMPANIES PLC

## INVESTMENT MANAGER'S REPORT (Unaudited)

### *for the year ended 31 December 2016*

#### OVERVIEW

The most significant development for the Company during the year was the launch of the Ennismore Global Equity Fund, as the second sub-fund of the Company, on 3 October 2016. This fund has a wider universe of investment opportunities than that focused on by the Ennismore European Smaller Companies Fund but follows our established approach of value based stock selection, using in-house research, on a long and short basis.

The development of each of the Funds during the year is discussed below.

#### ENNISMORE EUROPEAN SMALLER COMPANIES FUND

##### Performance

The Net Asset Value (NAV) per share of the GBP Class A shares increased by 14.5% in 2016. This compares to an increase of 19.2% in the Euromoney Smaller European Total Return Index (in sterling) and of 7.2% for the MSCI Daily Total Return index (in local currencies). However, the weakness of sterling following the UK's referendum vote in favour of leaving the European Union meant that the Fund's NAV per share for the EUR Class A shares increased by only 1.8% while the Euromoney Smaller European Total Return Index rose by 2.9% (in euros). Setting aside the impact of currency movements on share class performance it is very much business as usual for the Fund with Brexit having little impact either way on most of our investments.

Performance for all share classes is shown in the following table.

##### Monthly Returns

	Share Class <sup>2</sup>					HSBC Index <sup>3</sup>		MSCI Index <sup>4</sup>
	GBP A £	GBP A €	GBP B	EUR A	EUR B	GBP	EUR	(local)
<b>NAV per Share<sup>1</sup></b>	<b>116.52</b>	<b>136.51</b>	<b>19.69</b>	<b>19.53</b>	<b>19.59</b>			
<b>Period</b>	<b>% Change</b>					<b>% Change</b>		
December 16	1.9	1.4	2.0	1.6	1.5	6.0	5.2	5.8
November 16	-2.7	3.1	-2.7	2.3	2.3	-4.1	1.3	-0.6
October 16	1.9	-2.0	1.9	-1.5	-1.5	1.2	-2.3	0.3
September 16	1.6	-0.1	1.6	0.3	0.3	3.4	1.4	0.4
August 16	2.3	1.3	2.3	1.9	1.9	1.9	1.2	1.2
July 16	1.3	0.0	1.3	0.3	0.3	6.7	5.6	4.0
June 16	2.3	-5.8	2.4	-4.9	-4.8	0.1	-7.9	-2.0
May 16	-1.2	1.0	-1.3	0.6	0.6	1.5	3.5	1.8
April 16	0.4	1.8	0.4	1.5	1.5	0.4	1.5	1.5
March 16	0.9	-0.8	0.9	-0.5	-0.5	5.0	3.8	1.9
February 16	2.8	0.6	2.8	1.2	1.2	1.6	-0.9	-1.9
January 16	2.2	-1.3	2.2	-0.7	-0.7	-5.3	-8.3	-4.9
<b>2016</b>	<b>14.5</b>	<b>-1.2</b>	<b>14.5</b>	<b>1.8</b>	<b>1.7</b>	<b>19.2</b>	<b>2.9</b>	<b>7.2</b>
<b>Annualised return<sup>5</sup></b>	<b>14.8</b>	<b>13.5</b>	<b>12.1</b>	<b>12.0</b>	<b>12.0</b>	<b>9.8</b>	<b>8.5</b>	<b>3.9</b>
<b>Since launch<sup>5</sup></b>	<b>1087.2</b>	<b>869.3</b>	<b>96.9</b>	<b>95.3</b>	<b>95.9</b>	<b>431.0</b>	<b>331.6</b>	<b>98.8</b>

<sup>1</sup>Source: Administrator, Net Asset Value. <sup>2</sup>Source: Administrator, Net Asset Value, net income reinvested. <sup>3</sup>Source: Bloomberg, Euromoney (formerly HSBC) Smaller European Total Return Index. <sup>4</sup>Source: Bloomberg, MSCI Europe Index, local currencies, total return. <sup>5</sup>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. Note: All performance figures net of fees. **Past performance is not a guide to future returns.**

Comments below on performance refer to the NAV per share of the GBP Class A shares in sterling, exclude cash returns and are prior to expenses.

The Fund generated a good return during the year if you were a sterling investor, but a somewhat disappointing one otherwise (as ever, we do not hedge foreign exchange exposure between share classes or within the portfolio).

Long positions added 20.9% to the NAV and with an average weighting of 73% during the period, the implied return came to 29%. The Fund's short exposure cost 2.2% of the NAV which, based on an average short exposure of 36%, implies that the underlying stocks increased in value by an average of 6%.

# ENNISMORE SMALLER COMPANIES PLC

## INVESTMENT MANAGER'S REPORT (Unaudited)

*for the year ended 31 December 2016 (continued...)*

### ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)

#### Monthly Returns (continued)

The largest contributions on the long side came from two strong performers in recent years, sports fashion retailer JD Sports (adding 3.4%) and commercial property owner VIB Vermoegen (1.5%). Electronic components distributor Premier Farnell contributed 1.0%, being acquired by Avnet Inc. Promotional goods merchandiser 4Imprint also contributed 1.0% on the back of strong trading results. There were few negative performers in the long book.

The short book cost 2.2% of the NAV in the year. The main detractor from performance was cosmetics direct marketing firm Oriflame Holding which cost the Fund 2.6%. Nonetheless, we continue to believe that this stock is fundamentally overvalued and remain short. UK LED lighting manufacturer Dialight also cost 0.7%, with the main positive contributor in the short book being a Swiss financial services business (adding 0.7%).

#### Top Ten Holdings as at 31 December 2016\*

	Company	Country	Sector	% of NAV	Performance Contribution (%)
1	JD Sports Fashion	United Kingdom	Consumer Discretionary	7.1	3.4
2	Vib Vermoegen	Germany	Financials	4.1	1.5
3	Oslo Bors	Norway	Financials	2.7	0.8
4	Cegedim	France	Health Care	2.6	0.0
5	Conviviality	United Kingdom	Consumer Staples	2.3	0.0
6	Renk	Germany	Consumer Discretionary	2.2	0.3
7	U and I Group	United Kingdom	Financials	2.1	(0.3)
8	Strabag	Austria	Industrials	2.0	0.9
9	Cello Group	United Kingdom	Consumer Discretionary	1.9	0.4
10	Market Tech Holdings	United Kingdom	Financials	1.9	(0.3)
	<b>Total</b>			<b>28.9</b>	

\* Excludes short exposure

#### Portfolio Activity

Our ten largest holdings account for 28.9% of the Fund's total NAV at the end of December, which is slightly lower than at the previous year end. In part this was down to taking profit from our long-held investments in JD Sports and VIB Vermoegen which remain our largest positions. We added to our holdings in marketing agency Cello Group and property developer U & I Group and our position in construction services Group Strabag increased due to performance, bringing all of them into the top ten. Conviviality, a UK drinks distributor and franchiser, and Market Tech, a real estate and e-commerce group, are both new investments for the Fund this year. The five largest holdings are discussed further below. Of the ten largest holdings at 31 December 2015, Montupet and Premier Farnell were taken over during the year with our positions being sold in full. Kongsberg Automotive, Tracsis and Sto remain significant holdings in the Fund.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)**

**TOP FIVE STOCK COMMENTS**

**JD Sports Fashion – UK apparel retailer (7.1% NAV)**

JD Sports Fashion is a sports fashion retailer, mainly in the UK. Ninety percent of sales comes from its JD branded stores. It also owns Blacks, an outdoor clothing and equipment retailer. The current store portfolio really took shape under Peter Cowgill who re-joined the company as Executive Chairman in 2004, having previously been Finance Director up to 2001. He began by aggressively restructuring loss making shops. Two acquisitions followed - Scotts in 2004 and Allsports in 2005 – which added scale but needed work to improve profitability. At the start of 2012 JD bought Blacks Outdoor out of administration and more recently it has bought Go Outdoors.

The sports fashion chain is well positioned at the premium end of the market, serving mostly younger customers, with over half of sales from footwear and the rest from apparel. Sports fashion accounts for all of the company's profit. Margins are very good because of its strong relationships with the main footwear brands who provide JD with a significant amount of product on an exclusive basis, as well as being the go to chain for the up and coming sports fashion brands. Most importantly, this premium positioning means JD does not suffer from aggressive discounting by mass market operators, notably Sports Direct, as these competitors often don't have access to the higher-end, most in demand, part of Adidas' & Nike's ranges. The sports division has had another great year with expected like-for-like growth of over 10% (for the year to January 2017) and operating profit growth of around 55% to circa GBP 230m. Over the next few years we believe that profit growth will continue as JD strengthens its position within Europe, as well as having potential to expand further in other parts of the world.

The outdoor division is showing signs of being turned around and the GBP 125m acquisition of Go Outdoors will make them the market leader in the UK with revenue of around GBP 350m. We are still unsure whether this segment can be turned into a high single digit margin business longer term however it does give synergistic revenue benefits to the main division.

Another very strong performance from the shares in 2016 means JD Sports Fashion's market valuation now sits at GBP 3.3bn with around GBP 170m of net cash. This compares to proforma revenues of c. GBP 2.5bn and forecast operating profit of GBP 230m for the year to January 2017. On a sum-of-the-parts basis, we now value the sports division at 18 times earnings, given its unique offering and increasing competitive moat plus the potential to expand into other markets, and see upside of over 20% in the next 12 months.

**VIB Vermoegen – German real estate company (4.1% NAV)**

VIB Vermoegen (VIB) is a commercial real estate company based in Bavaria. Management has a conservative buy and hold investment strategy and is very well established within its core region in southern Germany, enabling them to identify attractive properties at very reasonable prices. The portfolio continues to be well diversified with more than 100 properties and 1m square metres of lettable space. Growth in the portfolio has mostly come in the logistics area. It now represents 61% of the total rental income, with a third from retail and the remainder spread between industrial and office assets. Vacancy levels have always stayed low and are currently at just 1.3%, demonstrating the quality of their tenants. With long-term financing in place, the company generates healthy cash flows which are used to pay back debt and increase the dividend payout. As ever the portfolio is conservatively valued and this is reflected in a high rental income yield of 7.2%. 2016 was once again a record year with NAV increasing to EUR 16.38 at the end of September.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)**

**TOP FIVE STOCK COMMENTS (continued)**

**Vib Vermoegeen – German real estate company (4.1% NAV) (continued)**

Most importantly the cash flow measure, funds from operations (FFO), continues to increase and is now around 1.20 euro per share (compared to a share price of EUR 19.67). This provides good support for the dividend to be increased again and we expect a yield of 2.8% in 2017.

As the shares started to reflect the quality of the underlying properties, the return in 2016 was more moderate than in previous years but the total shareholder return including the dividend still reached a decent 18%. The NAV per share increased by 8% and we continue to think that a premium is justified given the high quality of assets and conservative accounting thereof. For 2017 we expect the NAV per share to increase again by 60 to 70 cents excluding revaluation gains and the FFO to increase further giving a yield of close to 7% which remains solid in the current environment and we believe the shares remain attractive. 2016 was also the year of management change but it was a smooth transition until the long time CEO, Ludwig Schlosser, finally left with the new management on board starting from 2013 for Holger Pilgenröther and 2014 for Martin Pfandzelter. We are convinced that the company will stick to its principles and continue to grow conservatively. This can be also seen by the very successful placement of a bonded loan raising EUR 70m of new capital with an average interest rate of 1.17%. As we believe that the company can continue to employ this money with in-house developments with an initial yield of 8.5% there continues to be good scope for value creation. VIB uses a very cautious discounted cashflow methodology valuation metric for its property assets which, we think, undervalues them. Our NAV adjusted for this adds circa EUR160m to the stated value. Assuming a price to NAV ratio of one times this NAV, growth of 5% and a dividend yield of 3%, we believe there is still upside of 20% over the next twelve months.

**Oslo Bors VPS – Norwegian equity market and central securities depository (2.7% NAV)**

Oslo Bors VPS is the combination of two Norwegian financial services businesses - the national stock exchange Oslo Bors and VPS, which is the central securities depository (CSD). Oslo Bors is the main securities market in Norway. Although its monopoly position in equity trading was eroded after European markets were liberalised by MiFID legislation in 2008, revenue and profitability have now stabilised. Market share appears to be steady with Oslo Bors consistently taking nearly two thirds of value traded, a similar level to other primary exchanges across Europe. Per trade fees are also only a small part of the sales mix, with most revenue coming from fixed fees charged to issuers, member brokers and for access to market data. The technology platform is now supplied by the London Stock Exchange which makes the investment needed by Oslo Bors itself predictably low and may even allow them to reduce their own cost base a little. Overall we expect Oslo Bors to make stable operating profit of around NOK 200m a year for the foreseeable future.

Most of VPS's revenue is very stable, with Norwegian law requiring public companies to be registered with a CSD and private individuals to hold shares in a CSD account. Although not mandated by law many private firms and funds also use the service. Altogether fees from maintaining shareholder registers and accounts, where VPS is effectively a monopoly supplier, generate more than three quarters division revenue and should grow steadily over time. With a relatively fixed cost base, we also expect VPS to make a profit of close to NOK 200m a year.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)**

**TOP FIVE STOCK COMMENTS (continued)**

**Oslo Bors VPS – Norwegian equity market and central securities depositary (2.7% NAV)  
(continued)**

Oslo Bors VPS is overlooked by many investors because it trades on the OTC market in Norway. This is due to a restriction imposed by a previous Norwegian government which blocked the company's attempt to list on Oslo Bors due to perceived conflicts of interest. The current market cap of NOK 3,900m values the company at around 13 times free cashflow. Other than c.NOK 500m of regulatory capital Oslo Bors VPS has low capital needs and so can pay out a high dividend equivalent to most if not all of its net profit, giving a high single digit yield. We forecast it will maintain its 2015 level of profitability for the foreseeable future and think it is too cheap for a business with such a strong competitive position. We believe it is worth at least 20% more than the current NOK 90 share price.

**Cegedim – French healthcare software developer (2.6% NAV)**

Cegedim is going through a transformation having sold its largest segment to IMS Health in March 2015. The Customer Relationship Management and Strategic Data division accounted for roughly half the business before the sale and generated total proceeds of EUR 410m. With net debt approaching EUR 500m, financially this was a game changer. More importantly, Cegedim disposed of a structurally challenged business dependent on marketing by the pharmaceutical industry, historically its core division, to focus on much more attractive niche businesses with better long term growth prospects and many attractive characteristics.

2016 turned out to be more challenging than we initially thought as the company is going through a severe transition period. With the son, Laurent Labrune, taking over responsibilities from his father and founder, Jean-Claude, the company is focusing on cloud software solutions for all their software products. This goes along with high research and development expenditures and a disruption of the traditional license model. We think that this is the right strategy but it also reveals that the software solutions were outdated and underinvested. Customers started to churn especially for their UK offering for doctors and their flagship product for pharmacies in France. With new software products finally ready to sell it remains to be seen if the company can win back some ground lost to competitors. We continue to like the business for obvious reasons – good growth prospects for healthcare software, good visibility and high share of recurring revenues, no dependence on single customers and low churn rates - and think that the investments will pay off in the mid-term. With this new focus there is also a lot of managerial change in the company which will revive the business but also creates disruptions in the short term. The Healthcare Professionals division is most impacted by this as 2016 revenues are down 2.8% on a like for like basis to EUR 175m whereas the Health Insurance, HR and E-services division is up by 10.5% to EUR 262m profiting from its success in outsourcing solutions which unfortunately come initially with higher costs. Although total revenues were up 4.4% Cegedim's profits are burdened by the developments described above and will show a depressed underlying operating profit of EUR 30m. For 2017 we forecast a continuation of the good growth seen in the Health Insurance division and stabilization in Healthcare Professional. Revenues should increase 5% and reach EUR 460m and operating profit of around the level we have seen in 2015. This puts the company on twelve times its enterprise value to operating profits which looks cheap if the company can restore its past profitability over time. We think that the initiatives will bear fruit and that it is worth the wait. We see upside of more than 30% for the next twelve months and attractive returns over the longer term.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)**

**TOP FIVE STOCK COMMENTS (continued)**

**Conviviality – UK drinks distributor and franchiser (2.3% NAV)**

When Conviviality came to the stock market in July 2013 it was just a UK, alcohol-biased, convenience store franchiser and supplier. Since then the business has been transformed through two large acquisitions of drinks distributors, Bibendum and Matthew Clarke, totalling GBP 290m. To put these acquisitions into perspective, the enterprise value today is GBP 540m. While this new business of alcohol distribution is certainly low margin (c. 3% operating margin), there are many things to like about it. Scale allows you to deliver to customers at a lower cost (due to network effects), to buy cheaper and to support a wider product range. Customer relationships tend to be sticky and long-term, with the company even advising its customers on menu choices and pricing. This leads to predictable sales, helped by the fact the demand for alcohol is very stable. Conviviality has plenty of scale: it is the largest independent UK drinks distributor with 23,000 customers, most of which are hotels, restaurants and bars. Its market share is 11%, five times that of the next largest player. We think this transformation has largely been missed by the market, and with a forecast free cash flow yield of nine percent for the next financial year, it is cheap.

Combining the number one and number two in the distribution business made a lot of strategic sense. Each player gained scale, improving both operating efficiency and product range. The opportunity for cross selling is significant. Bibendum only sells to 10% of the total distribution division's customers. Even better, the acquisitions were done at a good price. The trailing multiple of each was around 10 times operating profit. After our expected cost savings of GBP 9m and growth this year, we think this will end up being closer to seven times. We estimate sales in the distribution business will be GBP 1.1bn and operating profit will be GBP 37m this year. The retail division is positioned at the value end of the market. It has over 700 mainly franchised stores, with the main brand being Bargain Booze. Conviviality makes the bulk of its profits from the supply of products to its franchisees rather than franchise fees, and we expect sales will be GBP 370m and operating profit will be more than GBP 13m this year. Management has in recent years helped the franchisees through 'best practice' sharing, advising on shelf layout and by rewarding franchisees with shares if certain targets are met. Whilst we expect the retail business to be broadly stable in the long-term, this is a tougher business dependent on keen pricing. Recent organic growth was down more than one percent.

We think the company has a high quality CEO in Diana Hunter. She previously developed the convenience fascia for Waitrose. New management has also been brought in to strengthen all three divisions including Mark Aylwin from the successful wholesaler Booker Plc. Although there is much integration still to do, we think they are the right team for it. Post tax return on invested capital is around 11%. However, part of the acquired intangibles came from the change of control before listing. Adjusting for that the return on capital post tax is closer to 15%, and the acquisitions we believe will show to be clearly value accretive. Cash generation is good – there are limited fixed assets and working capital is only around 2% of sales. Overall we expect the business to generate around GBP 55m of operating profit in the year to April 2018, which will enable a 5% dividend yield and the ability to pay down some of its GBP 100m of net debt. We value the company on a sum of the parts basis, valuing the distribution business at 15 times operating profit after-tax and the retail division at 8 times. Although the share price has increased by approximately 20% since the year end, we believe that there is further upside of around 10% over the next 12 months.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

**ENNISMORE EUROPEAN SMALLER COMPANIES FUND (continued)**

**Exposures by Country, Market Cap and Sector as a Percentage of NAV at 31 December 2016**

Country	Gross%	Net%	Market Cap	Gross%	Net%	Sector	Gross%	Net%
Austria	2.2	2.1	>£2bn	29.7	9.3	Consumer Discretionary	30.9	18.5
Belgium	1.4	-0.1	£700m - £2bn	24.3	-3.9	Consumer Staples	8.4	-1.9
Canada	1.6	1.0	£200m - £700m	42.3	19.9	Energy	0.8	0.6
Finland	1.9	-1.9	<£200m	17.3	16.7	Financials	17.2	10.8
France	7.4	7.3				Health Care	5.0	4.2
Germany	23.3	9.2				Industrials	16.7	4.7
Ireland	1.1	1.1				Information Technology	23.1	1.6
Italy	2.5	0.8				Materials	6.1	4.1
Netherlands	2.9	-2.0				Telecommunication	3.9	0.4
Norway	5.3	5.3				Utilities	1.5	-1.5
Spain	1.7	-1.7				Other	0.0	0.5
Switzerland	4.1	-4.1						
UK	45.4	26.0						
US	9.3	-1.4						
Other	3.5	0.4						

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

**Portfolio as at 31 December 2016**

Longs %	Shorts %	Gross Exposure %	Net Exposure %
77.8 (68.9)	35.8 (33.5)	113.6 (102.4)	42.0 (35.4)

Figures in brackets refer to 31 December 2015

The Fund's aggregate exposures are always a consequence of the investments that we make in individual companies and are not target levels that we set out to achieve. The net exposure of the portfolio increased over the year, primarily due to the performance of the long book, but remains below the Fund's historic average. Gross exposure remains modest and, as always, the Fund has no external funding requirement.



# ENNISMORE SMALLER COMPANIES PLC

## INVESTMENT MANAGER'S REPORT (Unaudited)

### *for the year ended 31 December 2016 (continued...)*

#### ENNISMORE GLOBAL EQUITY FUND

The Ennismore Global Equity Fund ("the Fund") launched on 3 October 2016. Investors contributed GBP 148.6m of equity to the Fund in the period.

#### Monthly Returns

	Share Class			
	GBP	GBP A	EUR	CHF
<b>NAV per Share<sup>1</sup></b>	<b>10.60</b>	<b>10.58</b>	<b>10.80</b>	<b>10.65</b>
<b>Period</b>	<b>% Change</b>			
<b>December 16</b>	<b>5.2</b>	<b>5.3</b>	<b>4.7</b>	<b>4.0</b>
November 16	-0.8	-0.8	4.1	3.9
October 16	1.6	1.3	-0.9	-1.4
<b>2016</b>	<b>6.0</b>	<b>5.8</b>	<b>8.0</b>	<b>6.5</b>
<b>Since launch<sup>2</sup></b>	<b>6.0</b>	<b>5.8</b>	<b>8.0</b>	<b>6.5</b>

<sup>1</sup>Source: Administrator, Net Asset Value. <sup>2</sup>Since inception on 03/10/16. Note: All performance figures net of fees. Past performance is not a guide to future returns.

#### Long / Short Book Attribution for the Period by Share Class Currency

	GBP	EUR	CHF
<b>2016</b>	<b>% Contribution</b>		
Long	5.4	8.6	7.1
Short	2.7	2.6	2.6

Contribution is to Net Asset Value per Share and is prior to fees and expenses

The Fund had a good first quarter with returns of six to eight percent, depending on share class. The two most significant contributions came from Mediaset SpA ("Mediaset") on the long side and our short in Sirius Minerals PLC ("Sirius").

It was always clear that Vincent Bolloré's Vivendi wanted to build a pan-European TV business and acquiring control of Mediaset fits this strategy. It was less obvious how that could be achieved with Silvio Berlusconi's Fininvest owning a large minority stake in the company. We still don't know the answer but Vivendi, as it often does, began forcing the issue in December by building a near 30% stake. Negative sentiment from the dispute over the sale of the premium TV business – which now seems like the side issue it really always was – evaporated, with the Mediaset share price up 80%. We sold our entire position (and closed the related short hedges in its listed subsidiaries Mediaset España Comunicación SA and EI Towers SpA) towards the end of December.

In our view Sirius's only significant asset, the planned York Potash Project mine in the north of England, is not economically viable.

We took a short position in the company's shares on the basis that it was unlikely to be able to attract sufficient capital to build mine and that, even if it could, the terms would be heavily dilutive to existing shareholders. Sirius announced it had succeeded in raising first stage funding in early November but was only able to get the equity portion away at the bottom end of a very wide price range. The shares have since fallen further. We have covered most of the position for now, with an average realised gain of 40%, but our view on the project has not changed.

Those were the two stand out investments in the Fund's first quarter but the return overall was broadly based. Taking the Mediaset position as a whole, including the short hedges, it accounted for about half of the contribution from the long book. In other words about half came from across the rest of the book. On the same basis our short book delivered somewhere between a quarter and a third of the Fund's performance (depending on share class). Again the largest contributor, Sirius, made only about half of this.

# ENNISMORE SMALLER COMPANIES PLC

## INVESTMENT MANAGER'S REPORT (Unaudited)

*for the year ended 31 December 2016 (continued...)*

### ENNISMORE GLOBAL EQUITY FUND (continued)

#### Top Five Holdings as at 31 December 2016\*

	Company	Country	Sector	% of NAV
1	Potash Corp	Canada	Materials	4.8
2	MTU Aero Engines	Germany	Industrials	4.8
3	Spectris	United Kingdom	Information Technology	4.6
4	Etsy	United States	Consumer Discretionary	4.6
5	Wm Morrison Supermarkets	United Kingdom	Consumer Staples	4.4
	<b>Total</b>			<b>23.2</b>

\* Excludes short exposure

#### Exposures by Country, Market Cap and Sector as a Percentage of NAV at 31 December 2016

Country	Gross%	Net%	Market Cap	Gross%	Net%	Sector	Gross%	Net%
United States	29.3	1.2	>\$10bn	14.2	3.4	Consumer Discretionary	23.1	14.6
United Kingdom	29.0	20.5	\$5bn-\$10bn	26.5	21.0	Consumer Staples	9.3	-0.4
Germany	16.3	9.1	\$1bn-\$5bn	53.5	15.3	Energy	2.6	1.9
Canada	7.1	4.4	<\$1bn	14.7	-5.6	Financials	5.9	1.1
Netherlands	3.8	-1.7				Healthcare	1.6	0.1
Norway	3.7	3.7				Industrials	17.9	9.9
Switzerland	3.0	-3.0				Information Technology	27.4	3.0
Belgium	2.9	1.1				Materials	9.9	2.3
Sweden	2.9	-0.1				Telco Services	9.4	3.4
Luxembourg	2.4	2.2				Utilities	1.8	-1.8
Other	8.5	-3.3				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.

#### Portfolio as at 31 December 2016

Longs %	Shorts %	Gross Exposure %	Net Exposure %
71.5	37.4	108.9	34.1

The Fund's starting portfolio was ready on paper before we launched and it was close to fully invested by the end of October. We take a long term approach so it should not come as a surprise that there was very little activity in the long book after this. The only significant development was that we closed our position in Mediaset late in the year and, as a result, our gross and net exposures were lower than we would have expected at the end of December. The short book is always likely to have higher turnover - in fact it should do if it is performing well – but each position is still taken based on our view of how a company will do in the long run and in some cases they may remain open for years.

#### OUTLOOK FOR THE FUNDS

As always, Ennismore Fund Management will stick closely to our investment philosophy and process outlined below, we consider it to be well suited to the current environment.

# ENNISMORE SMALLER COMPANIES PLC

## INVESTMENT MANAGER'S REPORT (Unaudited)

*for the year ended 31 December 2016 (continued...)*

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### INVESTMENT PHILOSOPHY AND PROCESS

We focus our research on smaller companies because we believe many are mispriced due to the lack of interest from brokers and investors. Banks' and brokers' research coverage on smaller and mid cap stocks is limited by the lower level of fees that they can earn from these companies, which tends to lead to greater pricing inefficiencies in the segment. Even so, relatively few of these stocks meet our stringent selection criteria.

The following list gives some examples of what we are looking for:

- **Great business franchises** - the smaller companies sector is their likely birthplace. To identify them at an early stage is the most financially rewarding part of our job as smaller company investors.
- **Highly entrepreneurial, flexible and equity focused management teams** - the best smaller company managers leave most of their large cap counterparts trailing.
- **Domination of market niches** - some smaller companies dominate their market to a degree that is unusual amongst large companies. Their significantly lower unit costs in areas such as product development and distribution can enable them to sustain high levels of profitability for long periods.
- **Strong exposure to a superior, yet under distributed product combined with high entry barriers** - investors can often benefit from fast growth whilst the risks are low despite the lack of diversification.

By focusing on strong business franchises and on attractive valuations we expect to generate positive returns independent of the fortunes of the asset class.

Ennismore has a stock picking approach emphasising detailed in-house fundamental analysis. Our ideal investments are high quality companies run for shareholders that are under researched, with accelerating earnings growth and the scope for a re-rating. We are opportunistic – we focus on areas where bargains are easiest to come by – as well as risk averse. Our investment process has four key features:

#### 1. Focus on inefficiencies

As smaller companies generate low commission volumes for brokers, they are often under researched and mispriced. This makes them an ideal hunting ground. We systematically monitor Initial Public Offerings, underperformers and 'fallen angels' (high quality growth stocks that have been de-rated sharply). In order to ensure a margin of safety, we insist on significant mispricings that a clearly identifiable catalyst will correct.

#### 2. Focus on high quality

We look for companies that are capable of creating high and sustainable returns. Our measure for this is an expected minimum Return on Net Operating Assets (RONOA) of 10% per annum over a business cycle. Most companies we invest in achieve returns of well over 20%.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**INVESTMENT PHILOSOPHY AND PROCESS (continued)**

***What is RONO?***

$$\text{RONOA} = \frac{\text{Operating Profit}}{\text{Net Operating Assets}}$$

This ratio indicates what return the company's operating assets (i.e. its machines, stocks, buildings etc.) generate. By focusing on operating rather than pre-tax income, we ignore income from any cash balances and interest payments on any debt. A high and sustainable RONO has important financial implications: the company generates a strong cash flow, enabling it to finance strong growth, accumulate cash or repay any debt quickly.

**3. Focus on risk minimisation**

In our fundamental research, we analyse what could go wrong under the headings operational, financial and valuation risk. A selection of the questions asked are:

**Operational risk**

- Is a high level of profitability sustainable? What stops others from imitating good products or services? Could strongly growing mass markets attract fierce competition from large companies?
- Is the 'company line' confirmed by independent sources, e.g. industry associations, customers, suppliers and competitors?
- Which costs are fixed and which costs are variable? What is the sensitivity to price and volume changes?
- At what stage in its cycle is the industry?
- Is the company growing organically or by acquisition?

**Financial risk**

- Is the level of debt comfortable in relation to future cash flows and expansion plans?
- Are there potential risks in the balance sheet? Are the accounting policies conservative? Are trade debtors and stocks moderate in relation to turnover and profits?

**Valuation risk**

- Is there a significant discount to the company's real value?
- Is this an established growth stock where a deteriorating earnings outlook would lead to a sharp de-rating?

**Liquidity risk**

Liquidity risk is an important consideration when deciding stock weightings in the portfolio. Naturally, the highest weightings are given to those positions that have the largest discount to their target price, but we take into account historic trading volumes and the level of the free float.

**ENNISMORE SMALLER COMPANIES PLC**  
**INVESTMENT MANAGER'S REPORT (Unaudited)**  
*for the year ended 31 December 2016 (continued...)*

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**INVESTMENT PHILOSOPHY AND PROCESS (continued)**

**4. Due diligence and ongoing monitoring**

Detailed due diligence and ongoing monitoring are important tools in order to safeguard strong returns. Limiting the number of stocks per Fund Manager gives us sufficient time to conduct an in depth analysis of each position and to monitor positions on an ongoing basis.

**Ennismore Fund Management Limited**

27 January 2017



KPMG  
Audit  
90 South Mall  
Cork  
T12 KXV9  
Ireland

## INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of Ennismore Smaller Companies PLC ("the Company") for the year ended 31 December 2016 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, The Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union. Our audit was conducted in accordance with International Standards on Auditing (UK and Ireland).

Opinions and conclusions arising from our audit

### **1 *Our opinion on the financial statements is unmodified***

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016 and of its changes in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

### **2 *Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below***

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report, in relation to information given in the Corporate Governance Statement on pages 9 to 10, that:

- based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention; and
- based on the work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the process for preparing the financial statements is consistent with the financial statements and has been prepared in accordance with the Companies Act 2014,

## INDEPENDENT AUDITORS' REPORT (cont'd)

- the Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and therefore not required to include information relating to voting rights and other matters required by those Regulations and specified by the Companies Act 2014 for our consideration in the Corporate Governance Statement,
- the Corporate Governance Statement contains the information required by the Companies Act 2014.

### **3 We have nothing to report in respect of matters on which we are required to report by exception**

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

### ***Basis of our report, responsibilities and restrictions on use***

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.


Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.



## **INDEPENDENT AUDITORS' REPORT (cont'd)**

### ***Basis of our report, responsibilities and restrictions on use (continued)***

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Karen Conboy  
**for and on behalf of**  
KPMG  
Chartered Accountants  
Statutory Audit Firm  
90 South Mall  
Cork

Date: 27 March 2017



**ENNISMORE SMALLER COMPANIES PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended 31 December 2016*

		Ennismore European Smaller Companies Fund	Ennismore European Smaller Companies Fund	Ennismore Global Equity Fund	Company Total	Company Total
	Note	Year ended 31/12/2016 GBP	Year ended 31/12/2015 GBP	Period ended 31/12/2016* GBP	Year ended 31/12/2016 GBP	Year ended 31/12/2015 GBP
Bond Interest Income		-	52,923	-	-	52,923
Bank Interest Income		137	136	-	137	136
Dividend income		5,671,322	6,405,486	132,326	5,803,648	6,405,486
Net gain on financial assets and liabilities at fair value through profit or loss	4	68,043,589	42,827,162	9,540,661	77,584,250	42,827,162
<b>Total revenue</b>		<b>73,715,048</b>	<b>49,285,707</b>	<b>9,672,987</b>	<b>83,388,035</b>	<b>49,285,707</b>
Investment Management fee	10,11	(6,914,602)	(5,881,469)	(628,746)	(7,543,348)	(5,881,469)
Performance fee	10,11	(8,349,375)	(7,866,615)	(2,340,913)	(10,690,288)	(7,866,615)
Administration fee	11	(231,509)	(200,985)	(21,889)	(253,398)	(200,985)
Depositary/Custodian fee	11	(158,813)	(132,769)	(19,892)	(178,705)	(132,769)
Dividends paid on contracts for differences (CFDs)	14	(2,182,801)	(1,584,179)	(55,609)	(2,238,410)	(1,584,179)
Other expenses	5	(211,728)	(180,282)	(69,773)	(281,501)	(180,282)
<b>Total operating expenses</b>		<b>(18,048,828)</b>	<b>(15,846,299)</b>	<b>(3,136,822)</b>	<b>(21,185,650)</b>	<b>(15,846,299)</b>
Interest expense	1 (d)	(5,949,160)	(3,307,757)	(534,288)	(6,483,448)	(3,307,757)
Bond Interest expense		(70,334)	-	-	(70,334)	-
<b>Total finance costs</b>		<b>(6,019,494)</b>	<b>(3,307,757)</b>	<b>(534,288)</b>	<b>(6,553,782)</b>	<b>(3,307,757)</b>
<b>Increase in net assets attributable to Holders of Redeemable Participating Shares before tax</b>		<b>49,646,726</b>	<b>30,131,651</b>	<b>6,001,877</b>	<b>55,648,603</b>	<b>30,131,651</b>
Withholding tax	1 (d), 2	(360,272)	(995,324)	(7,408)	(367,680)	(995,324)
<b>Increase in net assets attributable to Holders of Redeemable Participating Shares</b>		<b>49,286,454</b>	<b>29,136,327</b>	<b>5,994,469</b>	<b>55,280,923</b>	<b>29,136,327</b>

\*Ennismore Global Equity Fund launched 3 October 2016.

The accompanying notes and schedules form an integral part of these financial statements.

**ENNISMORE SMALLER COMPANIES PLC**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 31 December 2016*

		<b>Ennismore European Smaller Companies Fund</b>	<b>Ennismore European Smaller Companies Fund</b>	<b>Ennismore Global Equity Fund</b>	<b>Company Total</b>	<b>Company Total</b>
	<b>Note</b>	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016*</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
		<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
<b>Current Assets</b>						
Deposits with credit institutions	7	69,894,428	57,656,620	44,422,937	114,317,365	57,656,620
Cash held with counterparties	15 (b)	20,408,239	17,352,353	3,721,724	24,129,963	17,352,353
Cash equivalents		14,916,990	-	-	14,916,990	-
Debtors	6	389,666	515,172	443,805	833,471	515,172
		<u>105,609,323</u>	<u>75,524,145</u>	<u>48,588,466</u>	<u>154,197,789</u>	<u>75,524,145</u>
Financial assets at fair value through profit or loss						
Transferable Securities	1 (c)	249,432,642	221,453,410	108,499,180	357,931,822	221,453,410
Transferable Securities Pledged as Collateral	17	34,108,095	28,973,725	-	34,108,095	28,973,725
Unrealised gain on contracts for difference		4,302,556	5,478,491	3,766,960	8,069,516	5,478,491
		<u>287,843,293</u>	<u>255,905,626</u>	<u>112,266,140</u>	<u>400,109,433</u>	<u>255,905,626</u>
Total Current Assets		<u>393,452,616</u>	<u>331,429,771</u>	<u>160,854,606</u>	<u>554,307,222</u>	<u>331,429,771</u>
<b>Current Liabilities</b>						
Creditors	8	(9,756,000)	(8,876,954)	(2,974,261)	(12,730,261)	(8,876,954)
Financial liabilities at fair value through profit or loss	1 (c)					
Unrealised loss on contracts for difference		(18,187,439)	(7,087,536)	(3,244,877)	(21,432,316)	(7,087,536)
Total Current Liabilities		<u>(27,943,439)</u>	<u>(15,964,490)</u>	<u>(6,219,138)</u>	<u>(34,162,577)</u>	<u>(15,964,490)</u>
<b>Net assets attributable to holders of redeemable participating shares</b>		<u>365,509,177</u>	<u>315,465,281</u>	<u>154,635,468</u>	<u>520,144,645</u>	<u>315,465,281</u>

\*Ennismore Global Equity Fund launched 3 October 2016.

The accompanying notes and schedules form an integral part of these financial statements.

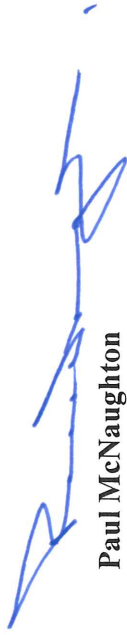
**ENNISMORE SMALLER COMPANIES PLC**  
**STATEMENT OF FINANCIAL POSITION**  
*for the year ended 31 December 2016 (continued)*

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On behalf of the Board of Directors



Nicholas Durlacher



Paul McNaughton

Date: 27 March 2017

**ENNISMORE SMALLER COMPANIES PLC**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO**  
**HOLDERS OF REDEEMABLE PARTICIPATING SHARES**  
*for the year ended 31 December 2016*

		<b>Ennismore European Smaller Companies Fund 31/12/2016 GBP</b>	<b>Ennismore European Smaller Companies Fund 31/12/2015 GBP</b>	<b>Ennismore Global Equity Fund 31/12/2016* GBP</b>	<b>Company Total 31/12/2016 GBP</b>	<b>Company Total 31/12/2015 GBP</b>
Net assets attributable to holders of redeemable participating shares at the beginning of the year/period		315,465,281	283,959,511	-	315,465,281	283,959,511
<i>Share Transactions</i>						
Amounts received on sale of shares	3,9	31,767,756	21,029,765	149,031,738	180,799,494	21,029,765
less: Amount paid on repurchase of shares	3,9	(31,010,314)	(18,660,322)	(390,739)	(31,401,053)	(18,660,322)
		757,442	2,369,443	148,640,999	149,398,441	2,369,443
Net increase in net assets attributable to holders of redeemable participating shares resulting from operations		49,286,454	29,136,327	5,994,469	55,280,923	29,136,327
Net assets attributable to redeemable participating shareholders at the end of the year/period		365,509,177	315,465,281	154,635,468	520,144,645	315,465,281

\*Ennismore Global Equity Fund launched 3 October 2016.

The accompanying notes and schedules form an integral part of these financial statements.

**ENNISMORE SMALLER COMPANIES PLC**  
**STATEMENT OF CASH FLOWS**  
*for the year ended 31 December 2016*

	Ennismore European Smaller Companies Fund Year ended 31/12/2016 GBP	Ennismore European Smaller Companies Fund Year ended 31/12/2015 GBP	Ennismore Global Equity Fund Period ended 31/12/2016* GBP	Company Total Year ended 31/12/2016 GBP	Company Total Year ended 31/12/2015 GBP
<b>Cash flows from operating activities:</b>					
<b>Net increase in net assets attributable to holders of redeemable participating shareholders from operations</b>	49,286,454	29,136,327	5,994,469	55,280,923	29,136,327
Adjustments to reconcile profit for the financial period to cash from operating activities:					
Movement in net financial assets recorded at fair value through profit or loss	(20,837,764)	(19,426,710)	(109,021,263)	(129,859,027)	(19,426,710)
Movement in receivables	125,506	169,731	(443,805)	(318,299)	169,731
Movement in payables and accrued expenses	879,046	1,711,321	2,974,261	3,853,307	1,711,321
<b>Net cash provided by/(used in) operating activities</b>	<u>29,453,242</u>	<u>11,590,669</u>	<u>(100,496,338)</u>	<u>(71,043,096)</u>	<u>11,590,669</u>
<b>Cash flow from financial activities:</b>					
Proceeds from issue of redeemable participating shares	31,767,756	21,029,765	149,031,738	180,799,494	21,029,765
Payments on redemption of redeemable participating shares	(31,010,314)	(18,660,322)	(390,739)	(31,401,053)	(18,660,322)
<b>Net cash provided by financing activities</b>	<u>757,442</u>	<u>2,369,443</u>	<u>148,640,999</u>	<u>149,398,441</u>	<u>2,369,443</u>
Net increase in cash and cash equivalents	30,210,684	13,960,112	48,144,661	78,355,345	13,960,112
Opening cash and cash equivalents	75,008,973	61,048,861	-	75,008,973	61,048,861
<b>Ending cash and cash equivalents</b>	<u>105,219,657</u>	<u>75,008,973</u>	<u>48,144,661</u>	<u>153,364,318</u>	<u>75,008,973</u>
Deposits with credit institutions	69,894,428	57,656,620	44,422,937	114,317,365	57,656,620
Cash held with counterparties	20,408,239	17,352,353	3,721,724	24,129,963	17,352,353
Cash equivalents	14,916,990	-	-	14,916,990	-
<b>Ending cash and cash equivalents</b>	<u>105,219,657</u>	<u>75,008,973</u>	<u>48,144,661</u>	<u>153,364,318</u>	<u>75,008,973</u>
<b>Supplementary information</b>					
Bank interest received	164	109	-	164	109
Dividends received	5,358,358	5,512,021	118,781	5,477,139	5,512,021

\*Ennismore Global Equity Fund launched 3 October 2016.

The accompanying notes and schedules form an integral part of these financial statements.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016*

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**1. Significant accounting policies**

**a) Statement of compliance and basis of preparation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Company adopted this basis of accounting with effect from 1 January 2014. Previously the Company prepared its financial statements in accordance with the Financial Reporting Standards of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland ("Irish GAAP").

The financial statements have been prepared in accordance with those accounting standards and Irish statute comprising the Companies Act 2014, the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (the "Central Bank UCITS Regulations").

The format of the Statement of Financial Position and the Statement of Comprehensive Income has been amended from those set out in the Companies Act 2014 to reflect the nature of the Company's operations.

The Company has consistently applied the accounting policies used in the preparation of the financial statements and throughout all periods presented as if these policies had always been in effect.

The financial statements are prepared on a going concern basis.

**b) Use of estimates**

The preparation of Financial Statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

All references to Net Assets throughout this document refer to Net Assets Attributable to Holders of Redeemable Participating Shares, unless otherwise noted.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates made in these financial statements relate to the valuation of the Level 3 positions. Refer to note 15(c) and note 16 for details of these positions.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**1. Significant accounting policies (continued)**

**c) Financial Instruments at fair value through profit or loss**

**i) Classification:**

All investments are classified as financial assets and liabilities at fair value through profit or loss.

Financial assets and financial liabilities designated at fair value through profit or loss at inception (“FVTPL”) are those that are managed and their performance evaluated on a fair value basis in accordance with the Company’s documented investment strategy.

A financial instrument is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term.
- On initial recognition, it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking or;
- It is a derivative other than a designated and effective hedging instrument.

The Company classifies all financial assets and liabilities as designated at FVTPL which is consistent with the Company’s investment strategy.

The Company’s policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

**ii) Recognition/derecognition**

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred all risks and rewards of ownership.

**iii) Measurement**

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets or financial liabilities at fair value through profit or loss” category are presented in the Statement of Comprehensive Income in the period in which they arise.

Contracts for differences (CFDs) which do not reset are valued at fair value with reference to the close of business market price of the underlying stock. All other CFDs are valued as the difference between the close of business market price at year end and the reset price. Margin is paid at each fair value point to/from the broker thereby determining the new reset price.

The Administrator may adjust the value of any such assets if, in relation to currency, marketability and such other considerations as it deems relevant, it considers that such adjustment is required to reflect the fair value thereof with the approval of the Depositary.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**1. Significant accounting policies (continued)**

**c) Financial instruments at fair value through profit or loss (continued)**

iii) Measurement (continued)

Realised gains and losses on disposal of investments held for trading and unrealised gains and losses on valuation of investments held for trading at year end are calculated on a first in first out ("FIFO") basis and are included in the Statement of Comprehensive Income.

iv) Fair value measurement

"Fair Value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Funds have access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial instruments traded in active markets (such as publically traded derivatives and trading securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the last traded price; the appropriate quoted market price for financial liabilities is the last traded price.

Financial instruments for which quotations are not readily available will be valued at fair value as determined by the Investment Manager, based on consultation with the Administrator, and the prices of these financial assets are reviewed and approved by the Directors. In determining fair value, the Investment Manager and the Administrator consider among other matters, the basis of cost, prices of recent transactions of the same securities in similar volume under appropriate market conditions, and the impact of any premium or discount which might for any reason be applied to value.

The Funds recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

v) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, minus any reduction for impairment.

vi) Impairment

A financial asset not classified at FVTPL is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or group of financial assets is "impaired" if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and the loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Funds would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.



**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**1. Significant accounting policies (continued)**

**c) Financial instruments at fair value through profit or loss (continued)**

vi) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and are reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Funds have a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and for foreign exchange gains and losses.

**d) Income**

Interest income and expense are recognised in the Statement of Comprehensive Income for all debt instruments and are reflected in movement in fair value through profit or loss. Bond interest income and expense are recognised in the Statement of Comprehensive Income using the effective interest rate method.

Dividends are credited to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as "ex-dividend". Dividend income is shown gross of any withholding taxes, which is disclosed separately in the Statement of Comprehensive Income, and net of any tax credits.

Bank interest income and expense is recognised on an accruals basis.

**e) Functional and Presentation Currency**

Items included in the Company's Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is GBP Sterling ("GBP £"), reflecting that the majority of the Company's redeemable participating share capital is denominated in GBP £. The Company has also adopted GBP £ as its presentation currency.

**f) Redeemable Participating Shares**

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable shares can be purchased by the Company at any time for cash equal to a proportionate share of the Fund's Net Asset Value.

The redeemable shares are carried at the redemption amount that is payable at the Statement of Financial Position date if the shareholders exercised their right to have the Company repurchase their shares. In accordance with the Prospectus, the Company is contractually obliged to redeem shares at dealing prices.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**1. Significant accounting policies (continued)**

**g) Deposits held with credit institutions**

Cash and bank balances comprise deposits with banks.

**h) Cash equivalents**

Cash Equivalents comprise highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Funds in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

**i) Cash held with counterparties**

Cash held with counterparties is collateral deposited against contracts for difference held with counterparties.

**j) Transaction Costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

**k) Operating Expenses**

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. Operating expenses are recognised on an accruals basis.

**l) New/revised standards and interpretations not yet effective**

*IFRS 9 Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting.

Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

*Key Requirements of IFRS 9*

All recognised financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to hold the financial asset to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of the subsequent accounting periods.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**1. Significant accounting policies (continued)**

**1) New/revised standards and interpretations not yet effective (continued)**

*Key Requirements of IFRS 9 (continued)*

Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The Standard currently has a mandatory effective date for annual periods beginning on or after 1 January 2018, with earlier application permitted. This effective date is subject to confirmation and enactment.

The Directors anticipate that the adoption of this standard or other interpretations currently in issue but not yet effective will not have a material impact on the financial statements of the Company in the period of application. The Company has not adopted any new standards or interpretations that are not mandatory

**2. Taxation**

The Company is an investment undertaking as defined in Section 739B of the Taxes Consolidation Act 1997, as amended. The Company will not be liable to tax in respect of its income and gains other than the occurrence of a chargeable event. Generally, a chargeable event arises on any distribution, redemption, repurchase, cancellation or transfer of shares on the ending of a “relevant period”. A “relevant period” being an eight year period beginning with the acquisition of shares by the shareholders, and each subsequent period of eight years being immediately after the preceding relevant period. A gain on a chargeable event does not arise in respect of:

- (i) a Shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declaration is held by the Company; or
- (ii) certain exempted Irish resident investors who have provided the Company with the necessary signed statutory declarations; or
- (iii) any transaction in relation to Shares held in a recognised clearing system as designated by the order of the Irish Revenue Commissioners; or
- (iv) certain transfers between spouses and former spouses; or
- (v) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another Company; or
- (vi) an exchange of Shares representing one Sub-Fund for another Sub-Fund of the Company.

In the absence of an appropriate declaration, the Company will be liable to Irish Tax on the occurrence of a chargeable event. There were no chargeable events during the year under review.

Capital Gains, dividends and interest received by the Funds may be subject to withholding taxes imposed by the country of origin, and such taxes may not be fully recoverable by the Funds or its Shareholders.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**2. Taxation (continued)**

Additionally, the Funds may receive relevant distributions from companies resident in Ireland without the deduction of Dividend Withholding Tax (DWT).

**3. Purchase or Redemption Charge**

A redemption charge of 2% of redemptions from Ennismore European Smaller Companies Fund is payable to that Fund. No charge is currently being made on subscriptions. This charge is intended to cover the costs of the Fund investing or divesting in the underlying markets as a consequence of investor activity.

The charge which amounted to GBP 632,864 (2015: GBP 380,823) is netted against the amounts paid on repurchase of Shares in the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders on page 34.

**4. Net gains/ (losses) on investments at fair value through profit or loss**

**Ennismore European Smaller Companies Fund**

	<b>Year ended 31/12/2016 GBP</b>	<b>Year ended 31/12/2015 GBP</b>
The net gains on investments at fair value through profit or loss comprise:		
Gains realised on investments at fair value sold	37,071,187	30,156,808
Gains realised on CFDs sold	7,740,833	5,036,401
Total realised gains on investments at fair value through profit or loss	<u>44,812,020</u>	<u>35,193,209</u>
Net movement in unrealised appreciation/(depreciation) on investments at fair value for the year	24,313,396	13,459,999
Net movement in unrealised appreciation/(depreciation) on CFDs	(11,915,213)	(4,251,559)
Total unrealised gain on investments at fair value through profit or loss	<u>12,398,183</u>	<u>9,208,440</u>
Foreign exchange gains/(losses) for the year	10,833,386	(1,574,487)
Net gains on investments at fair value through profit or loss	<u>68,043,589</u>	<u>42,827,162</u>

**Ennismore Global Equity Fund**

	<b>Period ended 31/12/2016 GBP</b>
The net gains on investments at fair value through profit or loss comprise:	
Gains realised on investments at fair value sold	5,358,816
Gains realised on CFDs sold	2,520,971
Total realised gains on investments at fair value through profit or loss	<u>7,879,787</u>
Net movement in unrealised appreciation/(depreciation) on investments at fair value for the period	1,571,933
Net movement in unrealised appreciation/(depreciation) on CFDs	556,435
Total unrealised gain on investments at fair value through profit or loss	<u>2,128,368</u>
Foreign exchange losses for the period	(467,494)
Net gains on investments at fair value through profit or loss	<u>9,540,661</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**4. Net gains/ (losses) on investments at fair value through profit or loss (continued)**

The realised gain/loss from investments at fair value represents the difference between the transaction price, or the carrying amount of a financial instrument at the beginning of the year and its sale price/settlement price. The unrealised gain/loss represents the difference between the transaction price or carrying amount of a financial instrument at the beginning of the year and its carrying amount at the end of the year.

**5. Other Expenses**

<b>Ennismore European Smaller Companies Fund</b>	<b>Note</b>	<b>Year ended 31/12/2016 GBP</b>	<b>Year ended 31/12/2015 GBP</b>
<b>Other expenses</b>			
Directors' fees	10	(65,625)	(75,000)
Directors' and officers' insurance		(5,329)	(6,321)
German tax fee	11	(3,953)	(7,501)
Transaction fee		(882)	(491)
Audit fee	11	(16,658)	(12,510)
Swiss representative fees		(7,247)	(7,019)
Paying agent fees		(1,091)	(2,081)
Legal fees		(39,056)	(12,955)
Other		(71,887)	(56,404)
		<u>(211,728)</u>	<u>(180,282)</u>

<b>Ennismore Global Equity Fund</b>	<b>Note</b>	<b>Period ended 31/12/2016 GBP</b>
<b>Other expenses</b>		
Directors' fees	10	(9,375)
Directors' and officers' insurance		(6,642)
German tax fee	11	(1,317)
Audit fee	11	(4,217)
Swiss representative fees		(3,999)
Paying agent fees		(2,745)
Legal fees		(8,434)
Other		(33,044)
		<u>(69,773)</u>

Transaction costs for the year of GBP 1,462,035 (2015: GBP 796,611) have been included in the Statement of Comprehensive Income.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**6. Debtors**

<b>Ennismore European Smaller Companies Fund</b>	<b>31/12/2016 GBP</b>	<b>31/12/2015 GBP</b>
Accrued income	21,252	68,560
Sale of securities awaiting settlement	359,513	439,259
Other debtors	8,901	7,353
	<u>389,666</u>	<u>515,172</u>
<b>Ennismore Global Equity Fund</b>		<b>31/12/2016 GBP</b>
Accrued income		6,137
Amounts receivable on creation of redeemable participating shares		435,571
Other debtors		2,097
		<u>443,805</u>

**7. Deposits with credit institutions**

All cash balances are held with The Northern Trust Company, London Branch (TNTC), which is a 100% indirect wholly owned subsidiary of Northern Trust Corporation which has an S&P credit rating of A+ (2015: A+).

**8. Creditors**

<b>Ennismore European Smaller Companies Fund</b>	<b>31/12/2016 GBP</b>	<b>31/12/2015 GBP</b>
Accrued expenses	(9,234,534)	(8,713,786)
Subscriptions received in advance	(298,762)	-
Purchase of securities awaiting settlement	-	(4,276)
Other creditors	(222,704)	(158,892)
	<u>(9,756,000)</u>	<u>(8,876,954)</u>
<b>Ennismore Global Equity Fund</b>		<b>31/12/2016 GBP</b>
Accrued expenses		(2,815,869)
Purchase of securities awaiting settlement		-
Other creditors		(158,392)
		<u>(2,974,261)</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**9. Share capital**

The Company has authorised share capital divided into 300,000,000 Shares of no par value and 30,000 Management Shares of EUR 1.2697 each. The issued share capital of Ennismore European Smaller Companies Fund as at 31 December 2016 comprises GBP 365,509,177 (2015: GBP 315,465,281) represented by 1,909,244 GBP Class A Shares (2015: 1,933,254), 991,941 GBP Class B Shares (2015: 1,093,828), 1,149,507 EUR Class A Shares (2015: 939,421), and 6,245,414 EUR Class B Shares (2015: 6,107,306) and EUR 8.8879 represented by 7 Management shares of EUR 1.2697 each, which have been issued to the Investment Manager and its nominees and on which EUR 2.2222 has been paid up. The issued share capital of Ennismore Global Equity Fund comprises GBP 154,635,468 represented by 1,365,831 GBP Shares, 3,866,735 GBP Class A Shares, 9,521,654 EUR Shares and 1,368,695 CHF Shares. The Company has met the minimum capital requirement whereby the Company must, at all times, maintain a minimum capital requirement equivalent to EUR 300,000.

***Management shares***

Management shares do not entitle the holders to any dividend and on a winding up entitle the holder to receive the amount paid up thereon but not otherwise to participate in the assets of the Company. The Management shares do not form part of the net assets attributable to redeemable participating shareholders. They are thus disclosed by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's business as an investment fund.

***Redeemable Participating Shares***

Each Shareholder shall have one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by show of hands.

Each Share gives the holder one vote in relation to any matter relating to the Company which is submitted to Shareholders for a vote by poll. All Shares have equal voting rights.

The movement in the number of participating shares is as follows:

**Ennismore European Smaller Companies Fund**

	<b>GBP "A"</b>	<b>GBP "B"</b>	<b>EUR "A"</b>	<b>EUR "B"</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>
Shares in issue at the beginning of the year	1,933,254	1,093,828	939,421	6,107,306
Subscriptions during the year	84,017	273,614	243,320	837,950
Redemptions during the year	(108,027)	(375,501)	(33,234)	(699,842)
Shares in issue at the end of the year	<u>1,909,244</u>	<u>991,941</u>	<u>1,149,507</u>	<u>6,245,414</u>
	<b>GBP "A"</b>	<b>GBP "B"</b>	<b>EUR "A"</b>	<b>EUR "B"</b>
	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
Shares in issue at the beginning of the year	1,906,380	1,373,823	725,838	5,981,507
Subscriptions during the year	105,460	18,485	218,162	608,436
Redemptions during the year	(78,586)	(298,480)	(4,579)	(482,637)
Shares in issue at the end of the year	<u>1,933,254</u>	<u>1,093,828</u>	<u>939,421</u>	<u>6,107,306</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**9. Share capital (continued...)**

**Ennismore Global Equity Fund**

	<b>GBP 2016</b>	<b>GBP "A" 2016</b>	<b>EUR 2016</b>	<b>CHF 2016</b>
Shares in issue at the beginning of the period	-	-	-	-
Subscriptions during the period	1,367,291	3,869,233	9,563,547	1,369,798
Redemptions during the period	(1,460)	(2,498)	(41,893)	(1,103)
Shares in issue at the end of the period	<u>1,365,831</u>	<u>3,866,735</u>	<u>9,521,654</u>	<u>1,368,695</u>

**10. Related party transactions**

Mr Geoff Oldfield is a Director and Shareholder of the Funds. He is also a Director of Ennismore Fund Management Limited which is the Investment Manager of the Funds. Mr. Andrew Blair is a Director and Shareholder of the Funds. He is also a Director of Ennismore Fund Management Limited which is the Investment Manager of the Funds.

The Directors earned GBP 75,000 (2015: GBP 75,000) during the year for providing their services, and at year end GBP 75,000 (2015: GBP 75,000) was due to the Directors. Mr. Oldfield and Mr. Blair do not receive a fee for their services as Directors of the Funds.

The following Directors held Shares in the Company at year end:

**Ennismore European Smaller Companies Fund**

	<b>No. of GBP Class A Shares 31/12/2016</b>	<b>No. of GBP Class A Shares 31/12/2015</b>	<b>No. of EUR Class A Shares 31/12/2016</b>	<b>No. of EUR Class A Shares 31/12/2015</b>
Nicholas Durlacher*	6,190	6,030	-	-
Lars Gårdö**	5,730	5,647	-	-
Matthew Minch***	3,836	3,752	-	-
Geoff Oldfield****	130,299	130,299	-	-
Paul McNaughton	-	-	41,285	40,690
Andrew Blair*****	11,846	-	-	-

\*of which 300 shares were held through his ISA administered by Rathbone (2015: 300)

\*\* of which 5,038 shares were held through his own company; Dikarsbo Holding AB (2015:5,038)

\*\*\*all shares registered under Fundsettle EOC Nominees (2015: all shares registered under Goodbody Nominees)

\*\*\*\*of which 19,554 shares were held through his Self Invested Pension Plan administered by Sippdeal (2015: 19,554) and 6,597 shares were held through his ISA's administered by Killik & Co (2015: 6,597) and 25,804 shares are held by close family members (2015: 25,804)

\*\*\*\*\* and as at 31 December 2016, 8,580 shares were held through this Self Invested Pension Plan administered by Sippdeal (2015: 8,580)

None of the Directors had a service contract with the Company. For the purposes of the disclosure requirements of the Irish Stock Exchange, as at 31 December 2016 Geoff Oldfield had a beneficial interest in 130,299 (2015: 130,299) shares and a non-beneficial interest in 15,196 (2015: 15,196) shares through his connected persons. The Secretary did not hold any interest in the shares of the Company at any time during the year ended 31 December 2016 (2015: Nil).



**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**10. Related party transactions (continued...)**

**Ennismore Global Equity Fund**

	No. of GBP Class A Shares 31/12/2016	No. of GBP Class Shares 31/12/2016
Nicholas Durlacher	-	-
Lars Gårdö*	-	14,747
Matthew Minch	-	-
Geoff Oldfield**	1,040,000	-
Paul McNaughton	-	-
Andrew Blair	14,925	-

\* all shares were held through his own company; Dikarsbo Holding AB

\*\* of which 800,000 shares were held in his own name and 240,000 shares held through connected persons

The Investment Manager earned GBP 7,543,348 (2015: GBP 5,881,469) during the year for providing these services, and at year end GBP 818,593 (2015: GBP 532,290) was due to the Investment Manager. The Investment Manager earned a performance fee during the year of GBP 10,690,288 (2015: GBP 7,866,615).

The Investment Manager held 68,083 GBP A shares in Ennismore European Smaller Companies Fund and 613,640 GBP shares in Ennismore Global Equity Fund as at 31 December 2016 (2015: 101,083 GBP A Shares in Ennismore European Smaller Companies Fund). Parties related to the Investment Manager held 43,617 GBP A shares in Ennismore European Smaller Companies Fund and 352,628 GBP B shares as at 31 December 2016 (2015: GBP 55,463 A shares and 352,628 GBP B shares).

Although not deemed to be related parties under IFRS as they do not exercise "significant influence" over the activities of the Funds, the Central Bank UCITS Regulations also deems a "Depositary" and its "associated or group companies" to be connected parties to the Company. As such, Northern Trust Fiduciary Services (Ireland) Limited, the Depositary, and Northern Trust Administration Services (Ireland) Limited, the Administrator, are connected parties to the Company under the Central Banks UCITS Regulations. During the year, Northern Trust Fiduciary Services (Ireland) Limited and Northern Trust Administration Services (Ireland) Limited earned fees for provision of depositary and administration services to the Company as disclosed in the Financial Statements. During the year companies related to the Depositary were also selected by the Investment Manager on behalf of the Company to execute forward contracts and accept deposits.

**11. Significant agreements**

**Investment Manager**

Ennismore Fund Management Limited has been appointed to act as Investment Manager pursuant to the Investment Management Agreement dated 12 January 1999. The Funds pay the Investment Manager a basic investment management fee at an annual rate of 2% of the Net Asset Value of the Company (plus VAT, if any), which accrues daily and is payable monthly in arrears.

The management fee is calculated on the basis of the Net Asset Value of the Funds on the last Dealing Day of the relevant month. The Investment Manager is also entitled to a performance related management fee payable in arrears in respect of each calendar year, if the Funds meet certain performance objectives, as set out below.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**11. Significant agreements (continued...)**

**Performance fee in respect of the “A” shares:**

The key principle underlying the performance fee is that a performance fee should only be charged on the generation of an absolute return and that any negative performance should be fully recouped before a performance fee is payable.

On the basis of this principle, the Directors have specified the following definition:

The “Benchmark” or “High Water Mark” is the value in pounds sterling for GBP “A” Shares or in Euros for EUR “A” Shares on the last Dealing or Valuation Day of each calendar year which the Net Asset Value per “A” Share on the same day must exceed in order for a performance fee to be paid. The method of calculating the Benchmark is set out below.

The Benchmark will be an amount equal to the Net Asset Value per “A” Share on the last Dealing Day of the latest year in which a performance fee was paid, or if no performance fee has previously been paid in respect of that type of share, the Benchmark will be the initial offer price for that type of Share.

If the Net Asset Value per “A” Share (before deducting the amount of any accrued liability for a performance fee) at the end of a calendar year exceeds the Benchmark, a performance fee is payable.

If the Net Asset Value per “A” Share at the end of a calendar year is lower than the Benchmark, no performance fee is payable.

When a performance fee is payable, it is calculated in the following way:

the Net Asset Value per “A” Share *less* the Benchmark  
*multiplied by*  
20%  
*multiplied by*  
the average of the number of “A” Shares in issue on each Dealing Day during the relevant calendar year.

The performance fee will accrue and be taken into account in the calculation of the Net Asset Value per “A” Share on each Dealing Day. If a Shareholder redeems “A” Shares prior to the end of a calendar year any accrued performance fee in respect of such “A” Shares will remain in the Fund to the benefit of remaining Shareholders if a performance fee is not payable in respect of that year.

The price of the GBP “A” Shares is also quoted in Euro. The performance fee charged in respect of these shares is based on the appreciation of the share price in GBP.

**Performance Fee in respect of the other share classes:**

The Investment Manager is also entitled to receive a performance fee from the Funds in respect of the other share classes calculated on a Share-by-Share basis so that each Share is charged a performance fee which equates precisely with that Share’s performance. This method of calculation ensures that (i) any performance fee paid to the Investment Manager is charged only to those Shares which have appreciated in value, (ii) all holders of Shares have the same amount of capital per Share at risk in the Funds, and (iii) all Shares have the same Net Asset Value per Share.

The initial offer price of the Shares will be the starting price for the calculation of the relevant performance fee to which the provisions below will apply.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**11. Significant agreements (continued...)**

**Performance Fee in respect of the other share classes (continued):**

The first calculation period for the performance fee shall begin following the end of the initial offer period for the Shares and finish on 31 December of that calendar year (the “Initial Calculation Period”). Thereafter, the performance fee in respect of each Share will be calculated in respect of each calendar year (each a “Subsequent Calculation Period”) (the Initial Calculation Period and each Subsequent Calculation Period are each a “Calculation Period”). The performance fee will be deemed to accrue on a daily basis as at each Valuation Day.

For each Calculation Period, the performance fee in respect of each Share will be equal to 20% of the appreciation in the Net Asset Value per Share during that Calculation Period above the Base Net Asset Value per Share. The Base Net Asset Value per Share is the greater of the Net Asset Value per Share at the time of issue of that Share and the highest Net Asset Value per Share achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue. The performance fee in respect of each Calculation Period will be calculated by reference to the Net Asset Value before deduction for any accrued performance fees.

The performance fee will normally be payable to the Investment Manager in arrears within 14 calendar days of the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares will be payable within 14 calendar days after the date of redemption. In the event of a partial redemption, Shares will be treated as redeemed on a first in, first out (“FIFO”) basis.

**Administrator**

Northern Trust International Fund Administration Services (Ireland) Limited is paid an administration charge and fees in respect of its duties as Administrator and Registrar by the Fund. The administration charge accrues and is calculated daily and is paid monthly in arrears at a rate of 0.07% per annum on the first £50 million of the Net Asset Value of each Fund on the last Dealing Day of each month and 0.06% per annum on the Net Asset Value of each Fund in excess of £50 million. This is subject to a minimum fee of £5,000 per month for a Fund with up to four Classes of Shares and £5,250 per month for a Fund with five or more Classes of Shares. The Administrator is also entitled to Shareholder dealing fees of £15 per Shareholder transaction and a Shareholder account fee of £15 per Shareholder account. The Administrator is also entitled to an annual fee of £7,500 per Fund for German tax reporting services. The fees payable to the Administrator may be varied from time to time by agreement with the Company subject to the minimum disclosed above. Any such variation will be notified to Shareholders. The fees are exclusive of value added tax (if any) payable by the Fund. The Transfer Agent fees charged for the year was GBP 22,477 (2015: GBP 20,243).

**Depository/Custodian**

Until 17 March 2016 Northern Trust Fiduciary Services (Ireland) Limited acted as Custodian to the Fund (the “Custodian”). From 18 March 2016, Northern Trust Fiduciary Services (Ireland) Limited acted as Depository to the Funds (the “Depository”). The Fund paid the Custodian fees accruing and calculated daily, payable monthly in arrears, at a rate of 0.02% per annum of the Net Asset Value of the Fund (on the last dealing day of each month) subject to a monthly minimum fee of €1,000. From 18 March 2016 each Fund has paid the Depository a fee of 0.0225% per annum based on the NAV of the Fund. The depositary fee is paid monthly in arrears and is subject to a monthly minimum fee of £1,000.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**11. Significant agreements (continued...)**

**Depository/Custodian (continued)**

Additionally, the Depository is (and the Custodian was) entitled to be reimbursed for all sub-custody fees and charges (charged at normal commercial rates). The fees payable to the Depository may be varied from time to time by agreement with the Company. Any increase in the fees payable will be notified to Shareholders. The fees are exclusive of value added tax (if any) payable by the Funds. The Sub-Custody fees charged for the year was GBP 96,314 (2015: GBP 74,188).

**Auditor's Remuneration**

For the year ended 31 December 2016 and 31 December 2015, the remuneration for all work carried out for the Company by the statutory auditor or the statutory audit firm is shown below:

**Ennismore European Smaller Companies Fund**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>GBP</b>	<b>GBP</b>
Audit of statutory accounts	(16,658)	(12,510)
Other non-audit services	(3,953)	(7,501)
<b>Total fees</b>	<u>(20,611)</u>	<u>(20,011)</u>

**Ennismore Global Equity Fund**

	<b>31/12/2016</b>
	<b>GBP</b>
Audit of statutory accounts	(4,217)
Other non-audit services	(1,317)
<b>Total fees</b>	<u>(5,534)</u>

There were no other assurance services, tax advisory services or other non-audit services provided by the auditor of the Company.

**12. Financial instruments**

The Funds may hold a number of financial instruments which comprise:

1. Equity shares held in accordance with the Fund's investment objective and policies.
2. Cash, liquid resources and short term debtors and creditors that arise directly from its operations.
3. Contracts for differences (CFDs) - see page 51 for accounting policies in relation to valuation of CFDs.
4. Debt instruments with a minimum credit rating of A from Moodys.

All financial assets and liabilities held at 31 December 2016 have been fair valued based on quoted market prices, with the exception of the instruments disclosed as Level 3 in the fair value hierarchy table in note 16.

**13. Use of Derivatives**

At the discretion of the Directors, the Funds may use financial derivative instruments including, in particular, contracts for difference (CFDs) for investment purposes, to obtain short exposure to equity securities that the Investment Manager believes are overvalued or to reduce transaction costs.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**13. *Use of Derivatives (continued)***

While the prudent use of such a derivative can be beneficial, derivatives also include risks different from, and in certain case greater than, the risks presented by more traditional investments. The Funds may be leveraged through the use of financial derivative instruments which may give net market exposure to equities of up to 120% of Net Asset Value for the Ennismore European Smaller Companies Fund and up to 130% for the Ennismore Global Equity Fund.

Gross equity exposure is limited to 200% of NAV. Please refer to pages 22, 24 and 56 for the actual gross exposure for 2016.

The Investment Manager employs a risk management process which enables it to monitor and measure the risks attached to financial derivative instruments, and details of this process have been provided to the Central Bank. The Investment Manager will not utilise financial derivative instruments which have not been included in the risk management process until such time as a revised risk management process has been submitted and approved by the Central Bank.

**14. *Contracts for difference (CFDs)***

The Funds use Contracts for Difference (CFDs). These are used primarily to obtain short exposure but long positions are also taken through the use of CFDs.

CFDs are agreements between the Company and third parties which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities. Upon entering into a CFD, the Company is normally required to deposit with a broker an initial cash margin equal to a certain percentage of the contract amount.

Variation margin payments are made or received by the Company depending upon the fluctuation in the value of the underlying securities. While the contract or notional amounts reflect the involvement of the Company in these financial instruments, risks arise from possible adverse movements in foreign exchange rates and the prices of the underlying securities.

The total notional amount of CFDs held by the Funds at year end was GBP 191,213,773 (2015: GBP 105,779,646) (both long and short positions). The total dividends paid on CFDs for the year ended 31 December 2016 was GBP 2,238,410 (2015: GBP 1,584,179).

**15. *Risk management policies and procedures***

In accordance with IFRS 7 “Financial Instruments: Disclosures”, this note details the way in which the Funds manage risks associated with the use of Financial Instruments.

**Risk Management Process**

As an investment company, the management of financial instruments is fundamental to management of the Funds’ business. The Funds’ risk management process is managed by Ennismore Fund Management Limited (“Ennismore”) in its capacity as Investment Manager.

The Administrator, values all financial derivative instruments positions on a daily basis as part of the determination of the daily NAV of the Funds.

The oversight of these functions is carried out both by the Depositary and by the Board of Directors. Ennismore is organised with distinct segregation of responsibility between portfolio managers and investment administration personnel.

Global Exposure on the investment portfolio is calculated using the Commitment Method as 100% of the market value of the equity securities underlying each financial derivative instrument.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Risk management policies and procedures (continued)**

The risks specific to the investment portfolio of the Funds are managed primarily by the relevant portfolio managers reporting to the Chief Executive of Ennismore.

Risk and operational matters are overseen by the Chief Operating Officer.

As defined in IFRS 7, risk can be separated into the following components: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

**Risk Management Process for the Funds**

Each type of risk is discussed in turn and qualitative and quantitative analyses are provided where relevant to provide an understanding of the risk management methods used by the Investment Manager and the Board of Directors.

Ennismore European Smaller Companies Fund is managed with an absolute return objective and invests primarily in European equities issued by small capitalisation companies, although an element of the portfolio may be invested in large capitalisation equities and/or globally.

Ennismore Global Equity Fund will seek to achieve its capital growth objective primarily through exposure to equity securities, of companies that are listed or traded on Recognised Markets in developed markets on a global basis.

The Funds also use Over the Counter Financial Derivative Instruments ("OTC FDI") to obtain long and short exposure to such equity securities.

The Investment Manager manages a diversified portfolio on behalf of the Funds which should serve to mitigate the impact on the Net Asset Value of the crystallisation of any risk affecting a particular market or company.

**(a) Market risk**

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and market price risk.

**(i) Currency risk**

Currency risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

**Risk Management Process for the Funds (continued)**

(a) Market risk (continued)

(i) Currency risk (continued)

The net assets in the Funds as at 31 December 2016 and 31 December 2015 are denominated in currencies as shown below:

At 31 December 2016, had the exchange rate between GBP and the currencies set out in the table on the below increased or decreased by 5%, which management considers reasonably possible fluctuations, with all other variables remaining constant, the income and net assets attributable to holders of redeemable participating preference shares would have increased or decreased by the amounts shown below. The analysis is performed on the same basis for 31 December 2015.

**Ennismore European Smaller Companies Fund**

		Effect of currency exposure on profit and net assets			Effect of currency exposure on profit and net assets		
		Total GBP	% of Fund GBP	GBP	Total GBP	% of Fund GBP	GBP
Currency		2016	2016	2016	2015	2015	2015
AUD	Australian Dollar	680,284	0.19	34,014	1,568,413	0.50	78,421
CAD	Canadian Dollar	600,125	0.16	30,006	122,251	0.04	6,113
EUR	Euro	188,597,591	51.60	9,429,880	152,465,572	48.33	7,623,279
HKD	Hong Kong Dollar	6,130,737	1.68	306,537	2,671,135	0.84	133,557
NOK	Norwegian Krone	19,743,503	5.40	987,175	20,697,555	6.56	1,034,878
PLN	Polish Zloty	-	-	-	130,446	0.04	6,522
GBP	Pounds Sterling	135,176,700	36.98	-	129,995,568	41.21	-
SEK	Swedish Krona	(1,840,341)	(0.50)	(92,017)	625,462	0.20	31,273
CHF	Swiss Franc	(275,538)	(0.08)	(13,777)	2,845,520	0.90	142,276
USD	US Dollar	16,696,116	4.57	834,806	4,343,359	1.38	217,168
		<u>365,509,177</u>	<u>100.00</u>	<u>11,516,624</u>	<u>315,465,281</u>	<u>100.00</u>	<u>9,273,487</u>

**Ennismore Global Equity Fund**

		Effect of currency exposure on profit and net assets		
		Total GBP	% of Fund GBP	GBP
Currency		2016	2016	2016
AUD	Australian Dollar	2,101,025	1.36	105,051
CAD	Canadian Dollar	1,475,753	0.95	73,788
EUR	Euro	66,955,238	43.30	3,347,762
HKD	Hong Kong Dollar	4,103,141	2.65	205,157
NOK	Norwegian Krone	6,150,108	3.98	307,505
GBP	Pounds Sterling	39,871,436	25.78	-
SEK	Swedish Krona	2,623,569	1.70	131,178
CHF	Swiss Franc	198,301	0.13	9,915
USD	US Dollar	31,156,897	20.15	1,557,845
		<u>154,635,468</u>	<u>100.00</u>	<u>5,738,201</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**15. Risk management policies and procedures (continued...)**

**Risk Management Process for the Funds (continued)**

(a) Market risk (continued)

(i) Currency risk (continued)

Currency risk is monitored by the Investment Manager but is a consequence of equity investment decisions made for the Funds. The Investment Manager does not seek to actively hedge currency exposures arising from its equity portfolio.

(ii) Interest rate risk

This is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates.

The majority of the Funds' financial assets are equity shares and other instruments which neither pay interest nor have a maturity date. Due to the nature of its investments, the key components of market risk are market price risk and currency risk.

The Funds' exposure to interest rate risk is limited to the impact on rates of interest earned on its uninvested cash balances and a number of treasury bills positions that have maturities of less than 90 days and the indirect impact of interest rate changes on equity prices and foreign exchange rates.

A sensitivity analysis reflects how net assets attributable to holders of redeemable shares would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date. As noted above, due to the nature of the investments, the Company's exposure to interest bearing financial assets and liabilities is not considered significant. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates.

(iii) Market price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and currency risk), whether those changes are caused by factors specific to an individual financial instrument or its issuer, or by other factors affecting similar financial instruments traded in the market.

The portfolio's exposure to market price risk is equivalent to the fair value of the investments held, together with the value of the securities underlying the OTC FDIs. This exposure to market risk is summarised in the table on the following page:



**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**15. Risk management policies and procedures (continued...)**

(a) Market risk (continued)

(iii) Market price risk (continued)

Exposure to market risk on the portfolio as at 31 December 2016 and 31 December 2015 was as follows:

**Ennismore European Smaller Companies Fund**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>GBP</b>	<b>GBP</b>
Transferable securities - equities	283,540,737	217,063,894
Contracts for difference - long (notional amount)	665,213	136,785
Contracts for difference - short (notional amounts)	<u>(130,810,408)</u>	<u>(105,642,862)</u>
Net market exposure	<u><u>153,395,542</u></u>	<u><u>111,557,817</u></u>

**Ennismore Global Equity Fund**

	<b>31/12/2016</b>
	<b>GBP</b>
Transferable securities - equities	108,499,180
Contracts for difference - long (notional amount)	1,995,991
Contracts for difference - short (notional amounts)	<u>(57,742,161)</u>
Net market exposure	<u><u>52,753,010</u></u>

The Funds' portfolios are based on fundamental research, and the Funds do not attempt to track a particular benchmark. Market risk is managed via adherence to the Funds' investment and borrowing restrictions, together with on-going monitoring of the individual investments held by the Funds. As such, the market price risk sensitivity analysis provided below and on the following page is for illustrative purposes only as part of the requirements of IFRS 7; neither the Investment Manager nor the Board of Directors use this analysis to manage risk.

If the HSBC European Smaller Total Return Index had increased by 10% and the portfolio had moved in line with that index, all other factors remaining equal, this would have increased the net assets attributable to the holders of redeemable participating preference shares by approximately GBP 16,463,947 (2015: GBP 8,909,000).

Conversely, a 10% decline would have decreased net assets attributable to holders of redeemable participating preference shares by approximately GBP 16,463,947 (2015: GBP 8,909,000).

The Directors consider that each of these movements in the index is reasonably possible. However, particularly given that the investment approach is not based upon benchmarking against any index, the actual trading result in the event of such a movement in the index is likely to be different from this and the difference may be material.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(a) Market risk (continued...)

(iii) Market price risk (continued...)

The sector exposure of the portfolio (calculated based on the fair value as a percentage of the NAV at year end) as at 31 December 2016 and 31 December 2015 is analysed in the table below:

**Ennismore European Smaller Companies Fund**

	<b>Exposure*</b>			
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
<b>Sector</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Consumer Discretionary	30.71	18.65	29.51	20.57
Consumer Staples	8.83	(1.50)	5.76	(2.24)
Energy	0.76	0.55	-	-
Financials	17.22	10.82	18.31	9.52
Health Care	5.03	4.19	4.92	3.99
Industrials	18.51	4.17	11.13	1.41
Information Technology	21.68	2.72	24.96	(0.15)
Materials	6.14	4.06	4.49	3.86
Telecommunication Services	3.21	(0.25)	2.14	(0.49)
Utilities	1.45	(1.45)	1.11	(1.11)
Sovereign	-	-	10.58	10.58

**Ennismore Global Equity Fund**

	<b>Exposure*</b>	
	<b>Gross</b>	<b>Net</b>
<b>Sector</b>	<b>2016</b>	<b>2016</b>
	<b>%</b>	<b>%</b>
Consumer Discretionary	25.42	16.38
Consumer Staples	9.29	(0.44)
Energy	2.62	1.89
Financials	5.88	1.07
Health Care	1.61	0.14
Industrials	16.39	11.33
Information Technology	28.54	1.83
Materials	9.89	2.26
Telecommunication Services	7.37	1.43
Utilities	1.79	(1.79)

\* the exposure calculations are carried out by dividing the market value of equities, Treasury Bills (excluding those classified as cash equivalents) and bonds and the market value of the equity positions underlying contracts for difference by the Net Asset Value of the Fund; the gross exposure reflects the aggregate value of long and short exposure; the net exposure reflects the value of long exposure less short exposure.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**15. Risk management policies and procedures (continued...)**

(a) Market risk (continued...)

(iii) Market price risk (continued...)

The Investment Manager reviews the credit concentration of debt and equity securities based on industries and geographical location.

The gross market exposure of the Ennismore European Smaller Companies Fund portfolio, being the value of the equities and bonds held together with the equity exposure underlying contracts for difference, as at 31 December 2016 was 113.54% (2015: 112.91%). The gross market exposure of the Ennismore Global Equity Fund portfolio, being the value of the equities held together with the equity exposure underlying contracts for difference, as at 31 December 2016 was 108.76%

Please refer to the Portfolio of Investments (Audited) on pages 69 to 92 for the geographical exposure of the portfolio as at 31 December 2016 and 31 December 2015.

(b) Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. This includes counterparty risk and issuer risk. In relation to the Fund, it can arise from receivables from another party, placing deposits with other entities and entering into derivatives contracts.

With the exception of Treasury Bills with less than three months' maturity the Funds have not invested in debt instruments and cash deposits have not been placed with maturities in excess of one month.

At 31 December the Company was invested in treasury bills with the following credit quality.

**Ennismore European Smaller Companies Fund**

	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>Rating</b>	<b>GBP</b>	<b>GBP</b>
AAA	-	25,986,450
AA	14,916,990	7,376,791
<b>Total</b>	<u>14,916,990</u>	<u>33,363,241</u>

As a consequence of its use of OTC FDIs, the Funds have an exposure to counterparty risk because the counterparty may become insolvent or otherwise incapable of meeting its obligations under an FDI contract. This includes the legal risk arising from a contract not being enforceable.

The Funds maintain the following Counterparty Exposure and Overall Issuer Exposure limits:

Counterparty Exposure limit is 5% of NAV (increased to 10% for credit institutions authorised in an EEA member state or Switzerland); and Issuer Exposure limit is 20% of NAV.

The methods and calculation examples used by the Investment Manager to ensure compliance with these limits are detailed in the Risk Management Process Statement that is reviewed by the Board of Directors and is filed with the Central Bank at least annually.

Where OTC FDIs have the same counterparty, the Investment Manager looks to set up contractual netting agreements with the counterparty. These enable the Fund to offset mark-to-market values of one OTC FDI with others contracted with the same counterparty.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(b) Credit risk (continued...)

The table below sets out the Funds' maximum credit exposure before taking into account the impact of any netting agreements which enable the Funds to offset assets and liabilities due to/from the same counterparty. The analysis is calculated on the basis of selected items on the Statement of Financial Position.

**Ennismore European Smaller Companies Fund**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>GBP</b>	<b>GBP</b>
Short Term Treasury Bills	-	33,363,241
Deposits held with credit institutions	69,894,428	57,656,620
Cash held with counterparties	20,408,239	17,352,353
Cash equivalents	14,916,990	-
Derivatives	4,302,556	5,478,491
Other assets	389,666	515,172
	<u>109,911,879</u>	<u>114,365,877</u>

**Ennismore Global Equity Fund**

	<b>31/12/2016</b>
	<b>GBP</b>
Deposits held with credit institutions	44,422,937
Cash held with counterparties	3,721,724
Derivatives	3,766,960
Other assets	443,805
	<u>52,355,426</u>

Substantially all of the cash assets are held with The Northern Trust Company, London Branch ("TNTC"). Cash deposited with TNTC is deposited as banker and is held on its Statement of Financial Position. Accordingly, in accordance with usual banking practice, the Bank's liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of TNTC. The financial instruments held in custody are held with the Depositary, Northern Trust Fiduciary Services (Ireland) Limited. These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company. Bankruptcy or insolvency of the Depositary and or one of its agents or affiliates may cause the Company's rights with respect to the securities held by the Depositary to be delayed.

Both Northern Trust Fiduciary Services (Ireland) Limited and The Northern Trust Company, London Branch are wholly owned subsidiaries of Northern Trust Corporation.

As at 31 December 2016 Northern Trust Corporation had a long term rating from Standard & Poor's of A+ (31 December 2015: A+).

Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**15. Risk management policies and procedures (continued...)**

(b) Credit risk (continued...)

Northern Trust acts as its own sub-custodian in the U.S., the U.K., Ireland and Canada. In all other markets Northern Trust appoints a local sub-custodian. Northern Trust continually reviews its sub-custodian network to ensure clients have access to the most efficient, creditworthy and cost-effective provider in each market.

Cash held with counterparties is collateral deposited against CFD positions held with those counterparties. CFD counterparties as at 31 December 2016 were Goldman Sachs International, Commerzbank and SEB. The exposure to each of these counterparties at year end as a percentage of net asset value is disclosed below:

**Ennismore European Smaller Companies Fund**

	<b>S&amp;P Credit Rating</b>	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016 GBP</b>	<b>31/12/2015 GBP</b>
CommerzBank AG	BBB+	0.52%	0.58%	1,884,337	1,823,801
Goldman Sachs	A	0.49%	2.19%	1,806,799	6,914,726
SEB	A+	0.77%	2.22%	2,832,221	7,004,781

**Ennismore Global Equity Fund**

	<b>S&amp;P Credit Rating</b>	<b>31/12/2016</b>	<b>31/12/2016 GBP</b>
SEB	A+	2.74%	4,243,877

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(b) Credit risk (continued...)

**Financial assets and liabilities enforceable to master netting or similar agreements**  
**31 December 2016**

**Ennismore European Smaller Companies Fund**

**Gross amounts not offset  
in the Statement of  
Financial Position**

	<b>Gross amounts of recognised assets /(liabilities)</b>	<b>Gross amounts offset in Statement of Financial Position</b>	<b>Net amounts presented in the Statement of Financial Position</b>	<b>Financial Instruments</b>	<b>Cash Collateral deposited / (received)</b>	<b>Net Amount</b>
<b>Derivatives assets</b>						
<b>Counterparty</b>						
Goldman Sachs	3,726,086	-	3,726,086	(3,726,086)	-	-
Commerzbank	81,422	-	81,422	(81,422)	-	-
SEB	558,816	-	558,816	(558,816)	-	-
Financial statement offset	-	(63,768)	(63,768)	-	-	-
	<u>4,366,324</u>	<u>(63,768)</u>	<u>4,302,556</u>	<u>(4,366,324)</u>	<u>-</u>	<u>-</u>
<b>Derivatives liabilities</b>						
<b>Counterparty</b>						
Goldman Sachs	(11,787,928)	-	(11,787,928)	3,726,086	8,061,842	-
Commerzbank	(285,979)	-	(285,979)	81,422	204,557	-
SEB	(6,177,300)	-	(6,177,300)	558,816	5,618,484	-
Financial statement offset	-	63,768	63,768	-	-	-
	<u>(18,251,207)</u>	<u>63,768</u>	<u>(18,187,439)</u>	<u>4,366,324</u>	<u>13,884,883</u>	<u>-</u>
<b>Derivatives net assets / (liabilities)</b>						
	<u>(13,884,883)</u>	<u>-</u>	<u>(13,884,883)</u>	<u>-</u>	<u>13,884,883</u>	<u>-</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(b) Credit risk (continued...)

**Financial assets and liabilities enforceable to master netting or similar agreements**

**31 December 2015**

**Ennismore European Smaller Companies Fund**

			<b>Gross amounts not offset in the Statement of Financial Position</b>			
	<b>Gross amounts of recognised assets /(liabilities)</b>	<b>Gross amounts offset in Statement of Financial Position</b>	<b>Net amounts presented in the Statement of Financial Position</b>	<b>Financial Instruments</b>	<b>Cash Collateral deposited / (received)</b>	<b>Net Amount</b>
<b>Derivatives assets</b>						
<b>Counterparty</b>						
Goldman Sachs	4,636,756	-	4,636,756	(4,636,756)	-	-
Commerzbank	578,163	-	578,163	(434,621)	-	143,542
SEB	792,566	-	792,566	(792,566)	-	-
Financial statement offset	-	(528,994)	(528,994)	-	-	-
	<u>6,007,485</u>	<u>(528,994)</u>	<u>5,478,491</u>	<u>(5,863,943)</u>	<u>-</u>	<u>143,542</u>
<b>Derivatives liabilities</b>						
<b>Counterparty</b>						
Goldman Sachs	(5,727,937)	-	(5,727,937)	4,636,756	1,091,181	-
Commerzbank	(434,621)	-	(434,621)	434,621	-	-
SEB	(1,453,972)	-	(1,453,972)	792,566	661,406	-
Financial statement offset	-	528,994	528,994	-	-	-
	<u>(7,616,530)</u>	<u>528,994</u>	<u>(7,087,536)</u>	<u>5,863,943</u>	<u>1,752,587</u>	<u>-</u>
<b>Derivatives net assets / (liabilities)</b>						
	<u>(1,609,045)</u>	<u>-</u>	<u>(1,609,045)</u>	<u>-</u>	<u>1,752,587</u>	<u>143,542</u>

In the Statement of Financial Position CFD positions related to the same underlying security are netted across counterparties.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(b) Credit risk (continued...)

**Financial assets and liabilities enforceable to master netting or similar agreements**

**31 December 2016**

**Ennismore Global Equity Fund**

**Gross amounts not offset  
in the Statement of  
Financial Position**

	<b>Gross amounts of recognised assets /(liabilities)</b>	<b>Gross amounts offset in Statement of Financial Position</b>	<b>Net amounts presented in the Statement of Financial Position</b>	<b>Financial Instruments</b>	<b>Cash Collateral deposited / (received)</b>	<b>Net Amount</b>
<b>Derivatives assets</b>						
<b>Counterparty</b>						
SEB	3,766,960	-	3,766,960	(3,244,877)	-	522,083
	3,766,960	-	3,766,960	(3,244,877)	-	522,083
<b>Derivatives liabilities</b>						
<b>Counterparty</b>						
SEB	(3,244,877)	-	(3,244,877)	3,244,877	-	-
	(3,244,877)	-	(3,244,877)	3,244,877	-	-
<b>Derivatives net assets / (liabilities)</b>	522,083	-	522,083	-	-	522,083

(c) Liquidity risk

This is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds' assets comprise mainly readily realisable securities. The main financial liability of the Funds are the redemption of redeemable participating shares. The Funds are exposed to daily cash redemptions of redeemable participating shares. As an open-ended investment company with variable capital, the Funds are required to sell shares back to shareholders at a price equivalent to the net asset value per share, less any applicable purchase or redemption charge.

To meet the redemption liability the Funds may be required to unwind positions in derivatives or sell securities. The Funds invest in small capitalisation equity securities and in less liquid markets, which may result in these positions being more difficult to unwind quickly. This could lead to investments being liquidated at less than fair value.



**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**15. Risk management policies and procedures (continued...)**

(c) Liquidity risk

The Investment Manager reviews the liquidity of the portfolio on a daily basis. Also the Directors are able, by the provisions in the Prospectus, to limit the number of redemptions on any given day to 10% of the total number of redeemable participating shares then in issue in order to facilitate the orderly disposition of securities in the interests of remaining shareholders.

The Funds invest in companies with smaller market capitalisations. The volumes trading for such investees on a daily basis can be small relative to the volumes of shares held by the Funds. The amount realisable should the Funds seek to dispose of its holdings on an individual day or short period could differ from the daily exchange price and such differences could be significant.

As at 31 December 2016 one of the Level 3 instruments was Ennismore European Smaller Companies Fund's equity holding in Trader Media East. As observable prices were not available for this security the Company used valuation techniques to derive fair value. The main inputs into the valuation model for this investment included net asset value, earnings multiples, discounted cash flows and the price of capital raising transactions. Given the level of uncertainty surrounding the financial position of Trader Media East, the investment was written off by the Fund in January 2013 and no value is attributed to it at 31 December 2016. As the valuation is based on unobservable inputs the actual amount that may be realised on this investment may differ significantly from the reported valuation.

As at 31 December 2016 Ennismore European Smaller Companies Fund held shares in Outsourcery PLC. That company went into administration in June 2016 with the immediate sale of its business and assets. No value was expected to be returned to shareholders and the position was written down to nil.

As at 31 December 2016 Ennismore European Smaller Companies Fund held shares in Worldspreads Group. The shares were suspended and the Company placed into Administration in March 2012. Given the uncertainty regarding the residual equity value (if any) at the time, the shares were immediately valued at nil by the Fund. No value is expected to be recovered.

As at 31 December 2016 and 31 December 2015, financial liabilities including amounts payable on redeemable participating shares are due within 1 month. The CFDs held as derivative financial liabilities are due after one year. Please refer to the market risk note for the gross contractual amounts.

(d) Concentration Risk

The Investment Manager reviews the credit concentration of debt and equity instruments based on the industries and geographical locations. Please refer to the Portfolio of Investments for information on same.

(e) Leverage Risk

The Funds may be leveraged through the use of financial derivative instruments which may give net market exposure to equities of up to 120% of Net Asset Value for the Ennismore European Smaller Companies Fund and up to 130% for the Ennismore Global Equity Fund. Gross equity exposure is limited to 200% of NAV. Please refer to pages 22, 24 and 56 for the actual gross exposure for 2016.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**15. Risk management policies and procedures (continued...)**

(f) Legal, Tax and Regulatory Risk

Legal, tax and regulatory changes could occur during the duration of the company which may adversely affect the company. Legal risk associated with the FDI that the Funds intend to utilise is assessed as being low. CFDs will only be contracted with regulated counterparties and a master agreement will be entered into with each counterparty prior to dealing setting out the terms applying to each CFD.

**16. Fair Value Hierarchy**

IFRS 13 Fair Value Measurement requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – valued using inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 – valued using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses within the fair value hierarchy the Company financial assets and liabilities measured at fair value at 31 December 2016 and 31 December 2015.

**Ennismore European Smaller Companies Fund**

<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>	<b>GBP'000</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value				
Through Profit or Loss:				
Equities	283,541	-	-	283,541
Debt Securities	-	-	-	-
	<u>283,541</u>	<u>-</u>	<u>-</u>	<u>283,541</u>
Derivative Financial Instruments:				
Contracts for Difference	-	4,302	-	4,302
	<u>283,541</u>	<u>4,302</u>	<u>-</u>	<u>287,843</u>
<b>Financial Liabilities</b>				
Financial Liabilities at Fair Value				
Derivative Financial Instruments:				
Contracts for Difference	-	(18,187)	-	(18,187)
	<u>283,541</u>	<u>(13,885)</u>	<u>-</u>	<u>269,656</u>

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**16. Fair Value Hierarchy (continued...)**

**Ennismore European Smaller Companies Fund**

<b>31 December 2015</b>	<b>Level 1 GBP'000</b>	<b>Level 2 GBP'000</b>	<b>Level 3 GBP'000</b>	<b>Total Fair Value GBP'000</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value				
Through Profit or Loss:				
Equities	217,064	-	-	217,064
Debt Securities	-	33,363	-	33,363
	217,064	33,363	-	250,427
Derivative Financial Instruments:				
Contracts for Difference	-	5,478	-	5,478
	217,064	38,841	-	255,905
<b>Financial Liabilities</b>				
Financial Liabilities at Fair Value				
Through Profit or Loss:				
Derivative Financial Instruments:				
Contracts for Difference	-	(7,088)	-	(7,088)
	217,064	31,753	-	248,817

**Ennismore Global Equity Fund**

<b>31 December 2016</b>	<b>Level 1 GBP'000</b>	<b>Level 2 GBP'000</b>	<b>Level 3 GBP'000</b>	<b>Total Fair Value GBP'000</b>
<b>Financial Assets</b>				
Financial Assets at Fair Value				
Through Profit or Loss:				
Equities	108,499	-	-	108,499
	108,499	-	-	108,499
Derivative Financial Instruments:				
Contracts for Difference	-	3,767	-	3,767
	108,499	3,767	-	112,266
<b>Financial Liabilities</b>				
Financial Liabilities at Fair Value				
Through Profit or Loss:				
Derivative Financial Instruments:				
Contracts for Difference	-	(3,245)	-	(3,245)
	108,499	522	-	109,021

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**16. Fair Value Hierarchy (continued...)**

Investments, whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Level 2 investments also include CFDs which are valued based on the market price of the underlying equity security.

During 2016 there were no transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities (2015: Nil). Financial assets would be transferred from Level 1 to Level 2 if they ceased to be traded during the year and fair values consequently obtained using valuation techniques from observable market inputs.

Financial assets would be transferred from Level 2 to Level 1 if certain securities were listed on a stock exchange during the year for the first time and were considered to be traded in an active market. Fair values for these instruments at the reporting date would be based on quoted market prices or binding dealer price quotations.

Neither of the above two scenarios applied to the Fund during 2016 or 2015. Transfers between levels are deemed to occur at the beginning of the year.

For assets and liabilities carried at amortised cost, their carrying values are a reasonable approximation of fair value. All assets and liabilities not held at fair value are classified as level 2 investments.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

**17. Collateral positions**

The following investments, held by the Depositary, in respect of the Ennismore European Smaller Companies Fund are pledged as collateral for Contracts for Difference as at 31 December 2016:

		<b>Year ended 31/12/2016 Fair value GBP</b>	<b>Broker</b>
	<b>Nominal</b>		
Renk AG NPV	18,000	1,554,148	Goldman Sachs International
Kongsberg Automotive	4,000,000	2,132,360	Goldman Sachs International
JD Sports Fashion	3,343,350	10,628,510	Goldman Sachs International
Cimpress	8,617	638,857	Goldman Sachs International
Essentra	350,000	1,613,500	Goldman Sachs International
Etsy	345,613	3,294,882	Goldman Sachs International
IWG	150,000	369,000	Goldman Sachs International
L'Occitane International	800,000	1,225,864	Goldman Sachs International
WM Morrison Supermarkets	1,396,900	3,222,648	Goldman Sachs International
Potash Corp of Saskatchewan	250,000	3,660,017	Goldman Sachs International
Tripadvisor	64,000	2,401,716	Goldman Sachs International
Tucows	25,530	728,307	Goldman Sachs International
Twitter	200,000	2,638,286	Goldman Sachs International
		<u>34,108,095</u>	

The following investments, that were held by the Custodian, in respect of the Ennismore European Smaller Companies Fund were pledged as collateral for Contracts for Difference as at 31 December 2015:

		<b>Year ended 31/12/2015 Fair value GBP</b>	<b>Broker</b>
	<b>Nominal</b>		
Renk AG NPV	18,000	1,392,976	Goldman Sachs International
VIB Vermoegen	500,000	6,299,715	Goldman Sachs International
Oslo Bors Vps	1,000,000	6,707,034	Goldman Sachs International
JD Sports Fashion	1,400,000	14,574,000	Goldman Sachs International
		<u>28,973,725</u>	

**18. Significant events during the year**

Ennismore Global Equity Fund (a sub-fund of Ennismore Smaller Companies Plc) launched on 3 October 2016.

A revised prospectus was issued for the Company on 8 September 2016. A supplement for Ennismore Global Equity Fund was also issued on 8 September 2016.

**ENNISMORE SMALLER COMPANIES PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**18. *Significant events during the year (continued)***

There have been no other events during the year, which, in the opinion of the Directors, may have had an impact on the financial statements for the year ended 31 December 2016.

On 30 March 2015 the Central Bank of Ireland published two sets of regulations: Client Asset Regulations (“CAR”) and Investor Money Regulations (“IMR”) which strengthens the safeguards around client assets and investor money. On 18 March 2016 a new bank account was set up in the Company’s name in line with Central Bank requirements. Any subscription monies not yet applied to the Company or that have been redeemed but not yet paid out from the Funds will form the balance of this account. As at 31 December 2016 an adjustment was required to reflect this balance in the financial statements, the cash and cash equivalents amounts was adjusted by GBP 298,762 in Ennismore European Smaller Companies Fund and reflected a subscription received in advance included in the creditors amount on the Statement of Financial Position.

**19. *Post balance sheet events***

There have been no events subsequent to the year end, which, in the opinion of the Directors, may have had an impact on the financial statements for the year ended 31 December 2016.

**20. *Contingent Liabilities and Commitments***

There were no contingent liabilities or commitments as at 31 December 2016 (2015: Nil), other than those disclosed in note 15.

**21. *Approval of the financial statements***

The financial statements were approved by the Board of Directors on 27 March 2017.

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Equities: 77.58% (2015: 68.80%)</b>		
	<b>Australia: 0.19% (2015: 0.46%)</b>		
	<b>Industrials: 0.00% (2015: 0.28%)</b>		
	<b>Information Technology: 0.19% (2015: 0.18%)</b>		
106,610	carsales.com	709,083	0.19
	<b>Total Australia</b>	<b>709,083</b>	<b>0.19</b>
	<b>Austria: 2.16% (2015: 1.74%)</b>		
	<b>Industrials: 1.98% (2015: 1.35%)</b>		
251,410	Strabag	7,221,405	1.98
	<b>Information Technology: 0.18% (2015: 0.39%)</b>		
20,848	Kapsch TrafficCom	663,874	0.18
	<b>Total Austria</b>	<b>7,885,279</b>	<b>2.16</b>
	<b>Belgium: 0.65% (2015: 0.12%)</b>		
	<b>Consumer Discretionary: 0.65% (2015: 0.00%)</b>		
53,197	Telenet	2,393,958	0.65
	<b>Information Technology: 0.00% (2015: 0.12%)</b>		
	<b>Total Belgium</b>	<b>2,393,958</b>	<b>0.65</b>
	<b>Bermuda: 0.74% (2015: 0.83%)</b>		
	<b>Telecommunication Services: 0.74% (2015: 0.83%)</b>		
2,666,996	Asia Satellite Telecommunications	2,689,217	0.74
	<b>Total Bermuda</b>	<b>2,689,217</b>	<b>0.74</b>
	<b>Canada: 1.33% (2015: 0.61%)</b>		
	<b>Information Technology: 0.17% (2015: 0.00%)</b>		
1,643	Constellation Software Inc	604,940	0.17

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*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Canada: 1.33% (2015: 0.61%) (continued)</b>			
	<b>Materials: 1.16% (2015: 0.61%)</b>		
288,624	Potash Corp of Saskatchewan*	4,225,475	1.16
	<b>Total Canada</b>	<b>4,830,415</b>	<b>1.33</b>
<b>Cayman Islands: 0.15% (2015: 0.16%)</b>			
	<b>Industrials: 0.15% (2015: 0.16%)</b>		
1,453,366	ClearStar	530,479	0.15
	<b>Total Cayman Islands</b>	<b>530,479</b>	<b>0.15</b>
<b>France: 7.36% (2015: 8.57%)</b>			
	<b>Consumer Discretionary: 1.37% (2015: 3.93%)</b>		
337,980	Chargeurs	4,604,452	1.26
152,159	Spir Communication	385,752	0.11
	<b>Health Care: 4.11% (2015: 2.50%)</b>		
427,153	Cegedim	9,552,979	2.61
90,233	Guerbet	5,483,255	1.50
	<b>Industrials: 0.00% (2015: 0.37%)</b>		
	<b>Information Technology: 1.54% (2015: 1.26%)</b>		
75,860	IGE+XAO Group	5,633,602	1.54
	<b>Materials: 0.34% (2015: 0.51%)</b>		
184,643	Oeneo	1,248,280	0.34
	<b>Total France</b>	<b>26,908,320</b>	<b>7.36</b>
<b>Germany: 16.25% (2015: 15.09%)</b>			
	<b>Consumer Discretionary: 3.89% (2015: 2.93%)</b>		
69,306	GFK	2,566,637	0.70
32,583	Hornbach	1,743,864	0.48
77,115	Hornbach Baumarkt	1,821,386	0.50
93,637	Renk*	8,084,766	2.21
	<b>Financials: 4.12% (2015: 4.73%)</b>		
895,859	VIB Vermoegeen	15,041,740	4.12



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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Germany: 16.25% (2015: 15.09%) (continued)</b>			
<b>Health Care: 0.18% (2015: 1.95%)</b>			
634,254	AAP Implantate	660,507	0.18
<b>Industrials: 3.43% (2015: 1.20%)</b>			
73,134	Brenntag	3,296,153	0.90
37,808	MTU Aero Engines	3,543,563	0.97
65,238	Pfeiffer Vacuum Technology	4,946,129	1.35
9,356	Westag & Getalit	158,927	0.04
35,210	Westag & Getalit - Preferred Shares	615,381	0.17
<b>Information Technology: 2.06% (2015: 1.47%)</b>			
1,009,445	HolidayCheck	1,995,608	0.54
1,707,938	msg life	4,224,979	1.16
26,983	Scout24	779,080	0.21
24,754	SMA Solar Technology	530,680	0.15
<b>Materials: 2.57% (2015: 2.81%)</b>			
76,326	STO	6,061,726	1.66
71,898	Uzin Utz	3,314,093	0.91
	<b>Total Germany</b>	<b>59,385,219</b>	<b>16.25</b>
<b>Greece: 0.05% (2015: 0.15%)</b>			
<b>Industrials: 0.05% (2015: 0.15%)</b>			
11,659	Thessaloniki Port Authority	174,660	0.05
	<b>Total Greece</b>	<b>174,660</b>	<b>0.05</b>
<b>Guernsey: 1.92% (2015: 0.91%)</b>			
<b>Financials: 1.92% (2015: 0.91%)</b>			
5,051,816	Market Tech Holdings	7,022,024	1.92
	<b>Total Guernsey</b>	<b>7,022,024</b>	<b>1.92</b>
<b>Ireland: 1.12% (2015: 0.82%)</b>			
<b>Consumer Staples: 0.00% (2015: 0.82%)</b>			

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<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Ireland: 1.12% (2015: 0.82%) (continued)</b>			
	<b>Financials: 0.00% (2015: 0.00%)</b>		
1,347,866	Worldspreads Group	-	-
	<b>Industrials: 1.12% (2015: 0.00%)</b>		
892,317	Cpl Resources	4,082,611	1.12
	<b>Total Ireland</b>	<b>4,082,611</b>	<b>1.12</b>
<b>Italy: 1.67% (2015: 1.39%)</b>			
	<b>Consumer Discretionary: 0.65% (2015: 0.59%)</b>		
265,357	B&C Speakers	1,806,406	0.49
916,102	Caltagirone Editore	574,758	0.16
	<b>Financials: 0.78% (2015: 0.68%)</b>		
396,629	Gruppo MutuiOnline	2,860,851	0.78
	<b>Information Technology: 0.08% (2015: 0.00%)</b>		
516,449	Be Think, Solve, Execute	298,669	0.08
	<b>Materials: 0.16% (2015: 0.12%)</b>		
163,230	Cementir	585,477	0.16
	<b>Total Italy</b>	<b>6,126,161</b>	<b>1.67</b>
<b>Jersey: 0.25% (2015: 1.42%)</b>			
	<b>Consumer Discretionary: 0.00% (2015: 0.00%)</b>		
2,027,654	Trader Media East	-	-
	<b>Financials: 0.00% (2015: 1.18%)</b>		
	<b>Industrials: 0.25% (2015: 0.24%)</b>		
365,650	IWG*	899,499	0.25
	<b>Total Jersey</b>	<b>899,499</b>	<b>0.25</b>
<b>Luxembourg: 0.85% (2015: 0.00%)</b>			
	<b>Consumer Discretionary: 0.85% (2015: 0.00%)</b>		
2,020,632	L'Occitane International*	3,096,276	0.85
	<b>Total Luxembourg</b>	<b>3,096,276</b>	<b>0.85</b>

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**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
<b>Netherlands: 0.48% (2015: 0.76%)</b>			
<b>Information Technology: 0.48% (2015: 0.63%)</b>			
8,617	Cimpress*	638,857	0.17
25,730,523	Jubii Europe	1,142,105	0.31
<b>Materials: 0.00% (2015: 0.13%)</b>			
<b>Total Netherlands</b>		<b>1,780,962</b>	<b>0.48</b>
<b>Norway: 5.31% (2015: 6.56%)</b>			
<b>Consumer Discretionary: 1.97% (2015: 2.54%)</b>			
12,435,497	Kongsberg Automotive*	6,629,238	1.81
34,840	Schibsted	599,441	0.16
<b>Energy: 0.66% (2015: 0.00%)</b>			
133,159	TGS Nopec Geophysical Company	2,399,994	0.66
<b>Financials: 2.68% (2015: 3.91%)</b>			
1,159,242	Oslo Bors Vps	9,809,210	2.68
<b>Industrials: 0.00% (2015: 0.11%)</b>			
<b>Total Norway</b>		<b>19,437,883</b>	<b>5.31</b>
<b>Sweden: 0.17% (2015: 0.14%)</b>			
<b>Consumer Discretionary: 0.00% (2015: 0.14%)</b>			
<b>Financials: 0.17% (2015: 0.00%)</b>			
18,366	Avanza Bank	603,726	0.17
<b>Total Sweden</b>		<b>603,726</b>	<b>0.17</b>
<b>Switzerland: 0.00% (2015: 1.09%)</b>			
<b>United Kingdom: 33.18% (2015: 26.34%)</b>			
<b>Consumer Discretionary: 13.32% (2015: 14.90%)</b>			
288,132	4imprint Group	5,114,343	1.40
97,200	Ascential	262,343	0.07

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*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>United Kingdom: 33.18% (2015: 26.34%) (continued)</b>			
<b>Consumer Discretionary: 13.32% (2015: 14.90% ) (continued)</b>			
7,606	ASOS	377,562	0.10
801,751	BrainJuicer	4,369,544	1.20
6,852,258	Cello Group	7,023,564	1.92
1,202,843	DFS Furniture	2,730,454	0.75
1,307,232	Game Account Network	470,604	0.13
64,915	Games Workshop	463,169	0.13
1,040,482	Henry Boot	2,096,571	0.57
8,110,465	JD Sports Fashion*	25,783,168	7.05
<b>Consumer Staples: 3.67% (2015: 0.55% )</b>			
3,978,141	Conviviality	8,582,839	2.35
547,456	Hotel Chocolat Group	1,579,411	0.43
1,403,698	WM Morrison Supermarkets*	3,238,331	0.89
<b>Financials: 4.16% (2015: 2.42% )</b>			
20,220	Admiral	369,419	0.10
811,037	The Local Shopping REIT	236,215	0.06
12,577	Mountview Estates	1,391,331	0.38
1,384,744	Paragon Group of Companies	5,743,918	1.57
4,408,229	U & I Group	7,493,989	2.05
<b>Health Care: 0.32% (2015: 0.00% )</b>			
120,074	EMIS	1,158,114	0.32
<b>Industrials: 3.69% (2015: 1.17% )</b>			
620,082	Bodycote	3,993,328	1.09
1,170,173	Costain	4,139,487	1.13
1,440,516	Driver	836,234	0.23
1,252,500	Filta	1,753,500	0.48
1,665,340	Flowtech Fluidpower	2,123,309	0.58
6,094,427	Norman Broadbent	655,151	0.18
<b>Information Technology: 6.39% (2015: 7.30% )</b>			
1,288,246	Midwich Group	2,982,289	0.82
2,175,999	Outsourcing	-	-
2,539,450	RM	3,428,258	0.94
1,879,308	Servelec	5,111,718	1.40
152,122	Spectris	3,518,582	0.96
1,290,856	Tracsis	6,551,094	1.79

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*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>United Kingdom: 33.18% (2015: 26.34%) (continued)</b>			
<b>Information Technology: 6.39% (2015: 7.30%) (continued)</b>			
20,283,925	Universe	1,764,701	0.48
<b>Materials: 0.88% (2015: 0.00%)</b>			
696,559	Essentra*	3,211,137	0.88
<b>Telecommunication Services: 0.75% (2015: 0.00%)</b>			
361,931	Inmarsat	2,719,911	0.75
<b>Total United Kingdom</b>		<b>121,273,588</b>	<b>33.18</b>
<b>United States: 3.75% (2015: 1.64%)</b>			
<b>Consumer Discretionary: 1.97% (2015: 0.00%)</b>			
345,613	Etsy*	3,294,882	0.90
104,477	TripAdvisor*	3,920,689	1.07
<b>Financials: 0.00% (2015: 0.05%)</b>			
<b>Industrials: 0.69% (2015: 1.22%)</b>			
1,117,975	Somero Enterprises	2,487,494	0.69
<b>Information Technology: 1.09% (2015: 0.37%)</b>			
27,262	Tucows*	777,717	0.21
244,901	Twitter*	3,230,595	0.88
<b>Total United States</b>		<b>13,711,377</b>	<b>3.75</b>
<b>Total Equities</b>		<b>283,540,737</b>	<b>77.58</b>
<b>Financial Derivative Instruments: (3.81)% (2015: (0.51)%)</b>			
<b>Contracts for Difference: (3.81)% (2015: (0.51)%)</b>			
<b>Australia: (0.01)% (2015: 0.03%)</b>			
<b>Materials: (0.01)% (2015: 0.00%)</b>			
(305,050)	AU002	(28,602)	(0.01)

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<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Australia: (0.01)% (2015: 0.03%) (continued)</b>		
	<b>Information Technology: 0.00% (2015: 0.03%)</b>		
	<b>Total Australia</b>	<b>(28,602)</b>	<b>(0.01)</b>
	<b>Austria: 0.01% (2015: 0.00%)</b>		
	<b>Consumer Discretionary: 0.01% (2015: 0.00%)</b>		
(5,452)	AT006	32,763	0.01
	<b>Total Austria</b>	<b>32,763</b>	<b>0.01</b>
	<b>Belgium: 0.00% (2015: 0.00%)</b>		
	<b>Consumer Staples: 0.01% (2015: 0.00%)</b>		
(91,843)	BE005	31,906	0.01
	<b>Health Care: (0.01)% (2015: 0.00%)</b>		
(7,991)	BE006	(32,141)	(0.01)
	<b>Total Belgium</b>	<b>(235)</b>	<b>-</b>
	<b>Bermuda: 0.00% (2015: 0.00%)</b>		
	<b>Consumer Discretionary: 0.00% (2015: 0.00%)</b>		
(3,957,674)	BM004	2,297	-
	<b>Total Bermuda</b>	<b>2,297</b>	<b>-</b>
	<b>Canada: 0.08% (2015: 0.00%)</b>		
	<b>Consumer Staples: 0.09% (2015: 0.00%)</b>		
(93,251)	CA006 - New York	277,306	0.08
(10,987)	CA006 - Toronto	22,473	0.01
	<b>Financials: (0.01)% (2015: 0.00%)</b>		
(8,327)	CA007	(27,787)	(0.01)
	<b>Total Canada</b>	<b>271,992</b>	<b>0.08</b>

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*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Cayman Islands: 0.08% (2015: 0.00%)</b>		
	<b>Information Technology: (0.01)% (2015: 0.00%)</b>		
(5,010)	CI002	(38,523)	(0.01)
	<b>Utilities: 0.09% (2015: 0.00%)</b>		
(10,873,869)	CI003	339,572	0.09
	<b>Total Cayman Islands</b>	<b>301,049</b>	<b>0.08</b>
	<b>Finland: (0.42)% (2015: (0.07)%)</b>		
	<b>Financials: 0.00% (2015: (0.07)% )</b>		
	<b>Industrials: (0.42)% (2015: 0.00%)</b>		
(1,021,900)	FI012	(1,535,938)	(0.42)
	<b>Total Finland</b>	<b>(1,535,938)</b>	<b>(0.42)</b>
	<b>France: 0.00% (2015: 0.00%)</b>		
	<b>Consumer Staples: 0.00% (2015: 0.00%)</b>		
(4,657)	FR014	508	-
	<b>Total France</b>	<b>508</b>	<b>-</b>
	<b>Germany: (1.11)% (2015: (0.68)%)</b>		
	<b>Consumer Discretionary: (0.05)% (2015: (0.01)% )</b>		
(96,960)	DE043	(546,810)	(0.15)
(61,842)	DE051	152,354	0.04
(40,776)	DE028	227,192	0.06
	<b>Financials: (0.07)% (2015: 0.00%)</b>		
(154,336)	DE052	(242,955)	(0.07)
	<b>Health Care: (0.01)% (2015: (0.02)% )</b>		
(50,461)	DE053	(24,102)	(0.01)
	<b>Industrials: 0.00% (2015: (0.04)% )</b>		
	<b>Information Technology: (0.76)% (2015: (0.68)% )</b>		
(17,981)	DE057	11,445	-

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<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Germany: (1.11)% (2015: (0.68)%) (continued)</b>			
<b>Information Technology: (0.76)% (2015: (0.68)%) (continued)</b>			
(59,027)	DE019	(349,824)	(0.09)
(29,295)	DE046	(5,126)	-
(723,797)	DE047	(2,437,961)	(0.67)
<b>Telecommunication Services: (0.22)% (2015: 0.07%)</b>			
(1,444,173)	DE056	(724,959)	(0.20)
(29,336)	DE055	(103,295)	(0.02)
<b>Total Germany</b>		<b>(4,044,041)</b>	<b>(1.11)</b>
<b>Guernsey: (0.01)% (2015: 0.00%)</b>			
<b>Financials: (0.01)% (2015: 0.00%)</b>			
(166,445)	GB097	(49,148)	(0.01)
<b>Total Guernsey</b>		<b>(49,148)</b>	<b>(0.01)</b>
<b>Ireland: 0.00% (2015: 0.16%)</b>			
<b>Isle of Man: 0.00% (2015: (0.39)%)</b>			
<b>Consumer Discretionary: 0.00% (2015: 0.00%)</b>			
(23,687)	US036	12,110	-
<b>Information Technology: 0.00% (2015: (0.39)%)</b>			
<b>Total Isle of Man</b>		<b>12,110</b>	<b>-</b>
<b>Israel: 0.00% (2015: (0.05)%)</b>			
<b>Italy: 0.11% (2015: (0.01)%)</b>			
<b>Consumer Discretionary: 0.13% (2015: 0.00%)</b>			
(1,218,513)	IT011	476,835	0.13
<b>Financials: (0.02)% (2015: (0.01)%)</b>			
(73,467)	IT005	(70,360)	(0.02)
<b>Total Italy</b>		<b>406,475</b>	<b>0.11</b>



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<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Jersey: (0.01)% (2015: (0.12)%)</b>		
	<b>Consumer Discretionary: (0.01)% (2015: (0.12)% )</b>		
(297,678)	GB080	(38,698)	(0.01)
	<b>Total Jersey</b>	<b>(38,698)</b>	<b>(0.01)</b>
	<b>Luxembourg: 0.01% (2015: 0.00%)</b>		
	<b>Telecommunication Services: 0.01% (2015: 0.00% )</b>		
(30,568)	LU004	26,198	0.01
	<b>Total Luxembourg</b>	<b>26,198</b>	<b>0.01</b>
	<b>Netherlands: (0.41)% (2015: (0.09)%)</b>		
	<b>Consumer Discretionary: (0.01)% (2015: 0.00% )</b>		
(20,840)	NL011	20,759	0.01
(119,197)	NL006	(88,565)	(0.02)
	<b>Consumer Staples: 0.01% (2015: (0.08)% )</b>		
(49,221)	NL009	39,562	0.01
	<b>Industrials: (0.41)% (2015: (0.01)% )</b>		
(917,170)	NL008	(1,569,482)	(0.43)
(32,707)	NL010	94,183	0.02
	<b>Total Netherlands</b>	<b>(1,503,543)</b>	<b>(0.41)</b>
	<b>Poland: 0.00% (2015: 0.02%)</b>		
	<b>Spain: 0.01% (2015: 0.00%)</b>		
	<b>Consumer Staples: 0.01% (2015: 0.00% )</b>		
(1,525,000)	ES011	46,248	0.01
	<b>Total Spain</b>	<b>46,248</b>	<b>0.01</b>
	<b>Sweden: (0.02)% (2015: 0.23%)</b>		
	<b>Consumer Discretionary: (0.01)% (2015: 0.00% )</b>		
(181,499)	SE029	(44,414)	(0.01)
	<b>Financials: 0.00% (2015: 0.23% )</b>		

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*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Sweden: (0.02)% (2015: 0.23%) (continued)</b>			
	<b>Information Technology: (0.01)% (2015: 0.00% )</b>		
(22,209)	SE030	(23,114)	(0.01)
	<b>Total Sweden</b>	<b>(67,528)</b>	<b>(0.02)</b>
<b>Switzerland: (0.73)% (2015: (0.36)%)</b>			
	<b>Consumer Staples: (0.65)% (2015: (0.17)% )</b>		
(350,434)	CH015	(2,376,819)	(0.65)
	<b>Financials: 0.00% (2015: (0.02)% )</b>		
	<b>Industrials: 0.07% (2015: 0.01% )</b>		
(7,021)	CH013	261,729	0.07
	<b>Information Technology: (0.15)% (2015: (0.18)% )</b>		
(39,484)	CH007	(532,259)	(0.15)
(138,419)	CH012	(5,511)	-
	<b>Total Switzerland</b>	<b>(2,652,860)</b>	<b>(0.73)</b>
<b>United Kingdom: (1.45)% (2015: 0.84%)</b>			
	<b>Consumer Discretionary: (0.02)% (2015: (0.07)% )</b>		
(415,419)	GB033	(46,221)	(0.01)
(3,653)	GB082	(87)	-
(1,024,079)	GB095	(22,982)	(0.01)
	<b>Financials: 0.02% (2015: 0.07% )</b>		
(2,966,940)	GB073	408,737	0.11
(163,000)	GB094	(324,324)	(0.09)
	<b>Industrials: (0.46)% (2015: 0.53% )</b>		
(630,776)	GB065	(2,183,838)	(0.60)
(925,620)	GB089	316,665	0.09
(557,610)	GB093	194,940	0.05
	<b>Information Technology: (0.78)% (2015: 0.13% )</b>		
(5,255,584)	GB069	(802,232)	(0.22)

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>United Kingdom: (1.45)% (2015: 0.84%) (continued)</b>			
<b>Information Technology: (0.78)% (2015: 0.13% ) (continued)</b>			
(1,124,479)	GB077	(404,435)	(0.11)
(2,052,655)	GB091	(1,655,433)	(0.45)
<b>Materials: 0.01% (2015: 0.00% )</b>			
(2,005,012)	GB096	34,058	0.01
<b>Telecommunication Services: 0.00% (2015: 0.16% )</b>			
<b>Utilities: (0.22)% (2015: 0.02% )</b>			
(300,350)	GB078	(790,227)	(0.22)
<b>Total United Kingdom</b>		<b>(5,275,379)</b>	<b>(1.45)</b>
<b>United States: 0.06% (2015: (0.02)%)</b>			
<b>Consumer Discretionary: (0.01)% (2015: (0.15)% )</b>			
(67,023)	US025	102,575	0.03
(29,478)	US037	(157,479)	(0.04)
(24,998)	US043	(13,965)	-
<b>Consumer Staples: 0.02% (2015: 0.00% )</b>			
(6,949)	US033	89,918	0.02
<b>Energy: 0.00% (2015: 0.00% )</b>			
(2,588)	US052	(5,206)	-
<b>Financials: 0.03% (2015: 0.00% )</b>			
3,779	Credit Acceptance Corporation	126,674	0.03
<b>Health Care: 0.01% (2015: 0.03% )</b>			
(73,850)	US031	31,215	0.01
<b>Industrials: 0.01% (2015: 0.00% )</b>			
(3,429)	US053	29,165	0.01
<b>Information Technology: (0.07)% (2015: 0.00% )</b>			
(36,053)	US049	(39,201)	(0.01)
(12,255)	US050	47,173	0.01

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>United States: 0.06% (2015: (0.02)%) (continued)</b>			
<b>Information Technology: (0.07)% (2015: 0.00% ) (continued)</b>			
(30,777)	US024	(353,391)	(0.10)
(18,097)	US044	(114,684)	(0.03)
(493,405)	US045	202,846	0.06
(25,806)	US046	13,385	-
<b>Materials: 0.13% (2015: 0.04% )</b>			
(376,359)	US041	473,288	0.13
<b>Telecommunication Services: (0.06)% (2015: 0.06% )</b>			
(116,128)	US022	(152,924)	(0.04)
(102,138)	US051	156,477	0.04
(1,012,175)	US042	(224,417)	(0.06)
<b>Total United States</b>		<b>211,449</b>	<b>0.06</b>
Unrealised Gain on Contracts for Difference		<b>4,302,556</b>	<b>1.16</b>
Unrealised Loss on Contracts for Difference		<b>(18,187,439)</b>	<b>(4.97)</b>
Net Unrealised Loss on Contracts for Difference		<b>(13,884,883)</b>	<b>(3.81)</b>
<b>Total Financial Derivative Instruments</b>		<b>(13,884,883)</b>	<b>(3.81)</b>
<b>Total Value of Investments</b>		<b>269,655,854</b>	<b>73.77</b>
<b>Cash</b>	<b>(2015: 23.78%)</b>	<b>105,219,657</b>	<b>28.79</b>
<b>Other Net Liabilities</b>	<b>(2015: (2.65)%)</b>	<b>(9,366,334)</b>	<b>(2.56)</b>
<b>Net Assets Attributable to Holders of Redeemable Participating Shares at dealing prices</b>		<b>365,509,177</b>	<b>100.00</b>

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

<b>Analysis of Total Assets</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>% OF TOTAL</b>	<b>% OF TOTAL</b>
	<b>ASSETS</b>	<b>ASSETS</b>
<b>Transferable securities admitted to official stock exchange listing or traded on a regulated market</b>	<b>75.85</b>	<b>75.56</b>
<b>OTC Financial derivative instruments (Unrealised gains)</b>	<b>1.09</b>	<b>1.65</b>
<b>Cash and Cash Equivalents</b>	<b>22.96</b>	<b>26.74</b>
<b>Other current assets</b>	<b>0.10</b>	<b>0.16</b>
	<b>100.00</b>	<b>100.00</b>

\*Please refer to Note 17 for details of securities pledged as collateral

The counterparties for the contracts for differences are Goldman Sachs International, CommerzBank AG. and SEB. Please refer to the Credit Risk analysis in Note 15 for more details.

The cash held with counterparties disclosed on the Statement of Financial Position is held with Goldman Sachs International, CommerzBank AG. and SEB.

The names of the equity securities underlying the contracts for difference are not disclosed due to the commercial sensitivity of short positions. Details of the underlying securities will be provided to shareholders on request.

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Equities: 70.17%</b>		
	<b>Australia: 1.39%</b>		
	<b>Information Technology: 1.39%</b>		
324,184	carsales.com	2,156,207	1.39
	<b>Total Australia</b>	<b>2,156,207</b>	<b>1.39</b>
	<b>Austria: 0.45%</b>		
	<b>Industrials: 0.45%</b>		
24,382	Strabag	700,339	0.45
	<b>Total Austria</b>	<b>700,339</b>	<b>0.45</b>
	<b>Belgium: 2.00%</b>		
	<b>Consumer Discretionary: 2.00%</b>		
68,802	Telenet	3,096,211	2.00
	<b>Total Belgium</b>	<b>3,096,211</b>	<b>2.00</b>
	<b>Canada: 5.76%</b>		
	<b>Information Technology: 1.00%</b>		
4,183	Constellation Software Inc	1,540,149	1.00
	<b>Materials: 4.76%</b>		
502,595	Potash Corp of Saskatchewan	7,358,025	4.76
	<b>Total Canada</b>	<b>8,898,174</b>	<b>5.76</b>
	<b>France: 0.78%</b>		
	<b>Health Care: 0.78%</b>		
19,856	Guerbet	1,206,604	0.78
	<b>Total France</b>	<b>1,206,604</b>	<b>0.78</b>
	<b>Germany: 12.69%</b>		
	<b>Consumer Discretionary: 0.64%</b>		
26,916	GFK	996,791	0.64

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
<b>Germany: 12.69% (continued)</b>			
<b>Industrials: 10.15%</b>			
147,596	Brenntag	6,652,158	4.30
78,508	MTU Aero Engines	7,358,179	4.76
22,244	Pfeiffer Vacuum Technology	1,686,467	1.09
<b>Information Technology: 1.90%</b>			
85,128	Scout24	2,457,901	1.59
22,051	SMA Solar Technology	472,733	0.31
<b>Total Germany</b>		<b>19,624,229</b>	<b>12.69</b>
<b>Jersey: 1.56%</b>			
<b>Industrials: 1.56%</b>			
980,429	IWG	2,411,855	1.56
<b>Total Jersey</b>		<b>2,411,855</b>	<b>1.56</b>
<b>Luxembourg: 2.29%</b>			
<b>Consumer Discretionary: 2.29%</b>			
2,311,500	L'Occitane International	3,541,982	2.29
<b>Total Luxembourg</b>		<b>3,541,982</b>	<b>2.29</b>
<b>Netherlands: 1.06%</b>			
<b>Information Technology: 1.06%</b>			
22,102	Cimpress	1,638,623	1.06
<b>Total Netherlands</b>		<b>1,638,623</b>	<b>1.06</b>
<b>Norway: 3.70%</b>			
<b>Consumer Discretionary: 1.44%</b>			
129,228	Schibsted	2,223,439	1.44
<b>Energy: 2.26%</b>			
193,579	TGS Nopec Geophysical Company	3,488,974	2.26
<b>Total Norway</b>		<b>5,712,413</b>	<b>3.70</b>

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Sweden: 1.40%</b>		
	<b>Financials: 1.40%</b>		
65,816	Avanza Bank	2,163,498	1.40
	<b>Total Sweden</b>	<b>2,163,498</b>	<b>1.40</b>
	<b>United Kingdom: 23.14%</b>		
	<b>Consumer Discretionary: 5.80%</b>		
360,011	Ascential	971,670	0.63
27,583	ASOS	1,369,220	0.89
719,770	DFS Furniture	1,633,878	1.06
1,565,569	JD Sports Fashion	4,976,944	3.22
	<b>Consumer Staples: 4.43%</b>		
2,966,580	Wm Morrison Supermarkets	6,843,900	4.43
	<b>Financials: 0.79%</b>		
64,216	Admiral	1,173,226	0.76
10,249	Paragon Group of Companies	42,513	0.03
	<b>Health Care: 0.09%</b>		
15,092	EMIS	145,562	0.09
	<b>Industrials: 1.70%</b>		
407,337	Bodycote	2,623,250	1.70
	<b>Information Technology: 4.62%</b>		
309,319	Spectris	7,154,548	4.62
	<b>Materials: 1.32%</b>		
442,029	Essentra	2,037,754	1.32
	<b>Telecommunication Services: 4.39%</b>		
905,357	Inmarsat	6,803,758	4.39
	<b>Total United Kingdom</b>	<b>35,776,223</b>	<b>23.14</b>
	<b>United States: 13.95%</b>		
	<b>Consumer Discretionary: 8.73%</b>		
738,471	Etsy	7,040,172	4.55



**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>United States: 13.95% (continued)</b>		
	<b>Consumer Discretionary: 8.73% (continued)</b>		
172,409	TripAdvisor	6,469,960	4.18
	<b>Information Technology: 5.22%</b>		
64,279	Tucows	1,833,719	1.19
472,198	Twitter	6,228,971	4.03
	<b>Total United States</b>	<b>21,572,822</b>	<b>13.95</b>
	<b>Total Equities</b>	<b>108,499,180</b>	<b>70.17</b>
	<b>Financial Derivative Instruments: 0.33%</b>		
	<b>Contracts for Difference: 0.33%</b>		
	<b>Australia: (0.04)%</b>		
	<b>Materials: (0.04)%</b>		
(597,871)	AU002	(56,056)	(0.04)
	<b>Total Australia</b>	<b>(56,056)</b>	<b>(0.04)</b>
	<b>Belgium: (0.04)%</b>		
	<b>Consumer Staples: (0.01)%</b>		
(34,507)	BE005	(9,142)	(0.01)
	<b>Health Care: (0.03)%</b>		
(11,950)	BE006	(48,063)	(0.03)
	<b>Total Belgium</b>	<b>(57,205)</b>	<b>(0.04)</b>
	<b>Bermuda: 0.00%</b>		
	<b>Consumer Discretionary: 0.00%</b>		
(8,650,000)	BM004	4,378	-
	<b>Total Bermuda</b>	<b>4,378</b>	<b>-</b>
	<b>Canada: 0.13%</b>		
	<b>Consumer Staples: 0.13%</b>		
(174,546)	CA006	283,686	0.18

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Canada: 0.13% (continued)</b>		
	<b>Consumer Staples: 0.13% (continued)</b>		
(23,282)	CA007	(73,555)	(0.05)
	<b>Total Canada</b>	<b>210,131</b>	<b>0.13</b>
	<b>Cayman Islands: 0.40%</b>		
	<b>Information Technology: 0.04%</b>		
(4,196)	CI002	58,029	0.04
	<b>Utilities: 0.36%</b>		
(17,032,000)	CI003	552,972	0.36
	<b>Total Cayman Islands</b>	<b>611,001</b>	<b>0.40</b>
	<b>France: 0.00%</b>		
	<b>Consumer Staples: 0.00%</b>		
(9,346)	FR014	1,493	-
	<b>Total France</b>	<b>1,493</b>	<b>-</b>
	<b>Germany: 0.06%</b>		
	<b>Consumer Discretionary: (0.08)%</b>		
(39,806)	DE051	(130,987)	(0.08)
	<b>Information Technology: 0.15%</b>		
(31,426)	DE046	9,044	0.01
(83,103)	DE019	231,172	0.14
(15,368)	DE057	(3,380)	-
	<b>Telecommunication Services: (0.01)%</b>		
(4,325)	DE055	(15,229)	(0.01)
	<b>Total Germany</b>	<b>90,620</b>	<b>0.06</b>
	<b>Guernsey: (0.11)%</b>		
	<b>Financials: (0.11)%</b>		
(242,969)	GB097	(177,117)	(0.11)
	<b>Total Guernsey</b>	<b>(177,117)</b>	<b>(0.11)</b>

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Isle of Man: 0.01%</b>		
	<b>Consumer Discretionary: 0.01%</b>		
(41,318)	US036	22,106	0.01
	<b>Total Isle of Man</b>	<b>22,106</b>	<b>0.01</b>
	<b>Jersey: (0.06)%</b>		
	<b>Consumer Discretionary: (0.06)%</b>		
(475,370)	GB080	(99,689)	(0.06)
	<b>Total Jersey</b>	<b>(99,689)</b>	<b>(0.06)</b>
	<b>Luxembourg: 0.03%</b>		
	<b>Telecommunication Services: 0.03%</b>		
(45,448)	LU004	38,951	0.03
	<b>Total Luxembourg</b>	<b>38,951</b>	<b>0.03</b>
	<b>Netherlands: (0.43)%</b>		
	<b>Consumer Discretionary: (0.08)%</b>		
(167,211)	NL006	(124,240)	(0.08)
	<b>Industrials: (0.35)%</b>		
(380,791)	NL008	(533,971)	(0.35)
(11,314)	NL010	(5,424)	-
	<b>Total Netherlands</b>	<b>(663,635)</b>	<b>(0.43)</b>
	<b>Spain: 0.18%</b>		
	<b>Consumer Staples: 0.18%</b>		
(597,210)	ES011	281,928	0.18
	<b>Total Spain</b>	<b>281,928</b>	<b>0.18</b>
	<b>Sweden: 0.06%</b>		
	<b>Information Technology: 0.06%</b>		
(77,630)	SE030	99,891	0.06
	<b>Total Sweden</b>	<b>99,891</b>	<b>0.06</b>

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>Switzerland: 0.09%</b>		
	<b>Consumer Staples: 0.22%</b>		
(82,512)	CH015	338,478	0.22
	<b>Industrials: 0.01%</b>		
(1,545)	CH013	19,600	0.01
	<b>Information Technology: (0.14)%</b>		
(33,733)	CH012	(83,571)	(0.05)
(27,359)	CH007	(132,786)	(0.09)
	<b>Total Switzerland</b>	<b>141,721</b>	<b>0.09</b>
	<b>United Kingdom: (0.14)%</b>		
	<b>Financials: (0.08)%</b>		
(65,114)	GB094	(123,704)	(0.08)
	<b>Information Technology: (0.09)%</b>		
(1,265,194)	GB091	(142,343)	(0.09)
	<b>Materials: 0.03%</b>		
(3,144,226)	GB096	52,555	0.03
	<b>Total United Kingdom</b>	<b>(213,492)</b>	<b>(0.14)</b>
	<b>United States: 0.19%</b>		
	<b>Consumer Discretionary: 0.00%</b>		
(18,500)	US043	(1,487)	-
(94,174)	US025	115,406	0.07
(11,121)	US037	(102,554)	(0.07)
	<b>Consumer Staples: 0.08%</b>		
(8,450)	US033	110,833	0.08
	<b>Energy: 0.00%</b>		
(3,868)	US052	(519)	-
	<b>Financials: 0.20%</b>		
11,339	Credit Acceptance Corporation	297,585	0.20

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

<b>HOLDINGS</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>FAIR VALUE GBP</b>	<b>% OF NET ASSETS</b>
	<b>United States: 0.19% (continued)</b>		
	<b>Health Care: 0.03%</b>		
(110,007)	US031	39,781	0.03
	<b>Industrials: 0.03%</b>		
(5,116)	US053	43,513	0.03
	<b>Information Technology: (0.44)%</b>		
(24,089)	US044	(11,838)	(0.01)
(53,880)	US049	(58,587)	(0.04)
(468,548)	US045	(87,214)	(0.06)
(18,376)	US050	48,598	0.03
(46,857)	US024	(562,588)	(0.36)
	<b>Materials: 0.67%</b>		
(555,655)	US041	1,032,434	0.67
	<b>Telecommunication Services: (0.38)%</b>		
(1,595,163)	US042	(469,957)	(0.31)
(165,843)	US022	(190,876)	(0.12)
(151,262)	US051	84,527	0.05
	<b>Total United States</b>	<b>287,057</b>	<b>0.19</b>
	Unrealised Gain on Contracts for Difference	<b>3,766,960</b>	<b>2.43</b>
	Unrealised Loss on Contracts for Difference	<b>(3,244,877)</b>	<b>(2.10)</b>
	Net Unrealised Gain on Contracts for Difference	<b>522,083</b>	<b>0.33</b>
	<b>Total Financial Derivative Instruments</b>	<b>522,083</b>	<b>0.33</b>
	<b>Total Value of Investments</b>	<b>109,021,263</b>	<b>70.50</b>
	<b>Cash</b>	<b>48,144,661</b>	<b>31.13</b>
	<b>Other Net Liabilities</b>	<b>(2,530,456)</b>	<b>(1.63)</b>
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares at dealing prices</b>	<b>154,635,468</b>	<b>100.00</b>

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO OF INVESTMENTS (Audited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

Analysis of Total Assets	31/12/2016
	% OF TOTAL ASSETS
Transferable securities admitted to official stock exchange listing or traded on a regulated market	67.45
OTC Financial derivative instruments (Unrealised gains)	2.34
Cash and Cash Equivalents	29.93
Other current assets	0.28
	<u>100.00</u>

The counterparties for the contracts for differences are SEB. Please refer to the Credit Risk analysis in Note 15 for more details.

The cash held with counterparties disclosed on the Statement of Financial Position is held with SEB.

The names of the equity securities underlying the contracts for difference are not disclosed due to the commercial sensitivity of short positions. Details of the underlying securities will be provided to shareholders on request.

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO CHANGES (Unaudited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016*

<b>TOP PURCHASES</b>	<b>VALUE GBP</b>
Conviviality	8,675,356
U & I Group	7,442,691
Twitter	5,345,784
Market Tech Holdings	5,211,967
Pfeiffer Vacuum Technology	4,936,456
Guerbet	4,490,462
TripAdvisor	4,258,850
DFS Furniture	3,927,934
IPSOS	3,897,669
Costain	3,863,530
Cpl Resources	3,827,468
Etsy	3,618,755
Potash Corp of Saskatchewan	3,581,658
Essentra	3,513,313
Paragon Group of Companies	3,462,527
RM	3,245,532
Mediaset	3,237,086
Bodycote	3,125,653
Danieli & C Officine Meccaniche	3,033,867
Brenntag	3,009,187
TGS Nopec Geophysical Company	2,802,348
Spectris	2,659,514
Midwich Group	2,649,312
L'Occitane International	2,572,977
MTU Aero Engines	2,534,293
Inmarsat	2,529,507
Chargeurs	2,417,200
Servelec	2,196,556
Henry Boot	2,055,044
Telenet	1,883,037
Hombach	1,729,383
Cegedim	1,686,707
BP	1,621,624
Origin Enterprises	1,541,463
Wm Morrison Supermarkets	1,447,851
GFK	1,426,262

A Statement of Changes in the composition of the Portfolio of Investments during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. This statement presents the aggregate purchases of transferable securities (excluding treasury bills) exceeding 1.00% of the total value of purchases for the period. At a minimum the largest 20 purchases are listed above. If the Company entered into less than twenty purchases during the reporting period, then all transactions are presented.

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO CHANGES (Unaudited)**  
**ENNISMORE EUROPEAN SMALLER COMPANIES FUND**  
*as at 31 December 2016 (continued...)*

<b>TOP SALES</b>	<b>VALUE GBP</b>
Premier Farnell	9,989,974
JD Sports Fashion	8,914,332
IPSOS	7,839,847
Montupet	7,708,202
SpareBank 1 SR-Bank	6,337,898
CompuGroup Medical	6,211,111
4imprint Group	4,975,516
Mediaset	4,949,396
VIB Vermoeigen	4,194,936
Origin Enterprises	4,050,339
Sanne	3,828,911
Fraport Frankfurt Airport Services Worldwide	3,383,926
Twitter	3,204,971
Danieli & C Officine Meccaniche	3,161,279
Maisons France Confort	3,140,109
Somero Enterprises	3,106,302
Quartix	2,905,538
Mothercare	2,648,119
Potash Corp of Saskatchewan	2,445,618
Vitec Group	2,435,903
Puma	2,415,405
Kongsberg Automotive	2,269,400
Inland Homes	2,185,030
Inficon Holdings	2,060,232
Softcat	2,025,550
Etsy	1,996,213
TGS Nopec Geophysical Company	1,923,165
DFS Furniture	1,801,133
HOCHDORF Holdings	1,801,043
Kapsch TrafficCom	1,735,688
Precia	1,733,191
Renishaw	1,732,147
BP	1,570,914
Non-Standard Finance	1,437,574

A Statement of Changes in the composition of the Portfolio of Investments during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. This statement presents the aggregate sales of transferable securities (excluding treasury bills) exceeding 1.00% of the total value of sales for the period. At a minimum the largest 20 sales are listed above. If the Company entered into less than twenty sales during the reporting period, then all transactions are presented.

Copies of all portfolio changes are available, free of charge, from the registered office of the Company



**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO CHANGES (Unaudited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016*

TOP PURCHASES	VALUE GBP
Mediaset	11,271,279
Etsy	8,068,593
TripAdvisor	6,943,952
Twitter	6,935,212
Inmarsat	6,579,722
Potash Corp of Saskatchewan	6,560,196
Wm Morrison Supermarkets	6,539,034
Spectris	6,523,351
MTU Aero Engines	6,509,658
Brenntag	6,427,188
JD Sports Fashion	4,884,269
L'Occitane International	3,930,245
TGS Nopec Geophysical Company	3,898,880
Telenet	2,835,732
Regus	2,512,922
Bodycote	2,474,062
Schibsted	2,470,516
carsales.com	2,329,914
Scout24	2,280,418
Avanza Bank	2,085,532
Essentra	2,002,714
DFS Furniture	1,835,301
Cimpress	1,696,367
Pfeiffer Vacuum Technology	1,675,946
Tucows	1,604,925
Constellation Software Inc	1,511,811
ASOS	1,331,309
Admiral	1,286,641

A Statement of Changes in the composition of the Portfolio of Investments during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. This statement presents the aggregate purchases of transferable securities (excluding treasury bills) exceeding 1.00% of the total value of purchases for the period. At a minimum the largest 20 purchases are listed above. If the Company entered into less than twenty purchases during the reporting period, then all transactions are presented.

**ENNISMORE SMALLER COMPANIES PLC**  
**PORTFOLIO CHANGES (Unaudited)**  
**ENNISMORE GLOBAL EQUITY FUND**  
*as at 31 December 2016 (continued...)*

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<b>TOP SALES</b>	<b>VALUE GBP</b>
Mediaset	16,580,434
TGS Nopec Geophysical Company	977,501
Credit Acceptance	639,446
Fraport Frankfurt Airport Services Worldwide	458,884

A Statement of Changes in the composition of the Portfolio of Investments during the reporting period is provided to ensure that Shareholders can identify changes in the investments held by the Company. This statement presents the aggregate sales of transferable securities (excluding treasury bills) exceeding 1.00% of the total value of sales for the period. At a minimum the largest 20 sales are listed above. If the Company entered into less than twenty sales during the reporting period, then all transactions are presented.

Copies of all portfolio changes are available, free of charge, from the registered office of the Company

**ENNISMORE SMALLER COMPANIES PLC**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016*

**1. Exchange rates (Unaudited)**

The exchange rates used in the annual report for conversion to GBP at 31 December 2016 are:

Australian Dollar	1.7065	Hong Kong Dollar	9.5802	Swiss Franc	1.2559
Canadian Dollar	1.6571	Norwegian Krone	10.6361	Turkish Lira	4.3465
Danish Krone	8.7108	Polish Zloty	5.1580	US Dollar	1.2356
Euro	1.1715	Swedish Krona	11.2254		

The exchange rates used in the annual report for conversion to GBP at 31 December 2015 are:

Australian Dollar	2.0258	Hong Kong Dollar	11.4229	Swiss Franc	1.4754
Canadian Dollar	2.0474	Norwegian Krone	13.0460	Turkish Lira	4.3021
Danish Krone	10.1254	Polish Zloty	5.8204	US Dollar	1.4739
Euro	1.3568	Swedish Krona	12.4259		

**2. Soft Commission arrangements (Unaudited)**

A Commission Sharing Agreement has been entered into to pay for third party research. The total amount of commission credits charged to the Funds was GBP 19,185 (2015: GBP 12,743).

**3. NAV per redeemable participating shares (Unaudited)**

The Funds apply the recognition and measurement provisions of IFRS 13 "Financial Instruments: Recognition and Measurement" as discussed in Note 1. Under IFRS 13, the Funds use last traded price to determine the fair values of financial assets and liabilities quoted in an active market. There was no adjustment to net asset value for the year ended 31 December 2016. There was no difference in net asset value between the published net asset value and the net asset value per the Financial Statements as at 31 December 2016.

The value of investments in securities values per the published net asset valuation and in accordance with IFRS 13 as at 31 December 2016 was:

**Ennismore European Smaller Companies Fund**

	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
Net Asset Value per fair value prices	365,509,177	315,465,281	283,959,511
Fair value adjustment	-	-	2,092,110
Net Asset Value per dealing prices	<u>365,509,177</u>	<u>315,465,281</u>	<u>286,051,621</u>
Number of redeemable participating shares in issue:			
GBP "A"	1,909,244	1,933,254	1,906,380
GBP "B"	991,941	1,093,828	1,373,823
EUR "A"	1,149,507	939,421	725,838
EUR "B"	6,245,414	6,107,306	5,981,507
Net Asset Value per redeemable participating share based on dealing prices:	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
GBP "A"	GBP 116.52	GBP 101.80	GBP 92.79
GBP "B"	GBP 19.69	GBP 17.20	GBP 15.68
EUR "A"	EUR 19.53	EUR 19.19	EUR 16.79
EUR "B"	EUR 19.59	EUR 19.26	EUR 16.86

**ENNISMORE SMALLER COMPANIES PLC**  
**UNAUDITED NOTES TO THE FINANCIAL STATEMENTS**  
*for the year ended 31 December 2016 (continued...)*

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**3. NAV per redeemable participating shares (Unaudited) (continued...)**

**Ennismore European Smaller Companies Fund (continued)**

Net Asset Value per redeemable participating share adjusted for Fair Value adjustment:	<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2014</b>
GBP "A"	GBP 116.52	GBP 101.80	GBP 92.11
GBP "B"	GBP 19.69	GBP 17.20	GBP 15.56
EUR "A"	EUR 19.53	EUR 19.19	EUR 16.67
EUR "B"	EUR 19.59	EUR 19.26	EUR 16.73

**Ennismore Global Equity Fund**

	<b>31/12/2016</b>
	<b>GBP</b>
Net Asset Value per fair value prices	154,635,468
Number of redeemable participating shares in issue:	
GBP	1,365,831
GBP "A"	3,866,735
EUR	9,521,654
CHF	1,368,695
Net Asset Value per redeemable participating share based on dealing prices:	<b>31/12/2016</b>
GBP	GBP 10.60
GBP "A"	GBP 10.58
EUR	EUR 10.80
CHF	CHF 10.65

**4. Remuneration Disclosure (Unaudited)**

In line with the requirements of the UCITS Regulations, the Company is required to adopt remuneration policies which are consistent with the principles outlined in the UCITS V Directive. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the Funds it manages. The Remuneration Policy adopted by the Company in March 2016 applies to "Identified Staff". Portfolio management is delegated to the Investment Manager. The Investment Manager's staff are subject to a remuneration code that complies with the Alternative Investment Fund Managers Directive, details of which are available on its website [www.ennismorefunds.com](http://www.ennismorefunds.com). The Investment Manager employs two senior managers (2015: 2) and four portfolio managers (2015: 4) whose activities have a material impact on the risk profile of the Company. Management and Performance fees totalling £18,233,636 were payable to the Investment Manager for its services in the year (2015: £13,748,084).