

ENNISMORE SMALLER COMPANIES PLC

**ENNISMORE EUROPEAN
SMALLER COMPANIES FUND**

**Annual Report and Audited Financial Statements
for the year ended 31 December 2015**

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
CONTENTS

	Page
Company Details	1
Summary Information	2
Directors' Report	7
Statement of Directors' Responsibilities	12
Independent Auditor's Report	13
Custodian's Report	16
Investment Manager's Report (Unaudited)	
Performance	17
Top Ten Holdings	18
Exposure by Country, Market Cap & Sector	27
Outlook	28
Investment Process	29
Statement of Comprehensive Income	31
Statement of Financial Position	32
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares	33
Statement of Cash Flows	34
Notes to the Financial Statements	35
Portfolio of Investments (Audited)	65
Portfolio Changes (Unaudited)	79
Unaudited Notes to the Financial Statements	80

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
COMPANY DETAILS

DIRECTORS

Nicholas Durlacher (British) (Chairman)*
Lars Gårdö (Swedish)*
Matthew Minch (Irish)*
Geoff Oldfield (British)
Paul McNaughton (Irish)*

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

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**

Baston 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

ENNISMORE EUROPEAN SMALLER COMPANIES FUND

SUMMARY INFORMATION

FUND PERFORMANCE

Year	Fund NAV ² GBP %	HSBC Index ³ GBP %	Fund NAV ² EUR%	HSBC Index ³ EUR%	MSCI Index ⁴ Loc Curr %
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 ¹	49.0	27.2	65.2	42.1	29.8
1999 ¹ – 2015	937.2	345.4	880.8	319.5	85.4
¹ Since inception on 27/1/99 ² Source: Administrator, Net Asset Value, net income reinvested for GBP A shares ³ Euromoney (formerly HSBC) Smaller European Total Return Index, Source: Bloomberg ⁴ 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 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 one sub-fund, the Ennismore European Smaller Companies Fund (the “Fund”), which 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 fee rates and liquidity terms are the same for all share classes. The classes differ in that performance fees are based on performance in the class currency and that the performance fee for “B” shares is calculated using an equalisation method rather than at share class level. “B” shares are for institutional investors.

The Fund is registered with the Financial Conduct Authority (“FCA”) in the UK.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
SUMMARY INFORMATION (continued...)

FUND DETAILS (continued)

The Fund has been granted Reporting Status for the GBP and EUR denominated share classes for UK Capital Gains purposes.

INVESTMENT OBJECTIVE

The objective of the Fund is to achieve capital growth by investing principally in small capitalisation European equity securities. The Fund aims 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. Redemptions can be made through the Administrator, as described above.

CHARGES PAID BY THE FUND

Investment Management Fees

The Fund pays the Investment Manager a fee of:

2% per annum of the NAV of the Fund 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.

Performance fee on Class B shares is equal to 20% of the appreciation in the Net Asset Value per "B" Share during that Calculation Period above the Base Net Asset Value per "B" Share. 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
SUMMARY INFORMATION (continued...)

CHARGES PAID BY THE FUND (continued...)

Investment Management Fees (continued)

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 is paid an administration charge and fees in respect of its duties as Administrator and Registrar by the Fund. 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 types 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 Fund.

Custody Fees

Northern Trust Fiduciary Services (Ireland) Limited is paid by the Fund fees accruing and calculated daily and paid 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 minimum monthly fee of €1,000 per Fund. In addition, the Custodian shall be reimbursed for all sub-custody fees and charges (charged at a normal commercial rate). The fees payable to the Custodian 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 Fund.

CHARGES PAID TO THE FUND

Anti-Dilution Levy

An anti-dilution levy charged at 2% on redemptions is payable to the Fund. No charge is currently being made on subscriptions. The anti-dilution levy is intended to pay for the costs of the Fund investing or divesting in the underlying markets as a consequence of investor activity.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
SUMMARY INFORMATION (continued...)

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
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
SUMMARY INFORMATION (continued...)

FUND DEVELOPMENT

Date	Fund Size (in millions)		NAV per GBP "A" Share	
	GBP	EUR	GBP	EUR
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

PUBLICATION OF PRICES

Financial Times – under “FT Managed Funds Service”

Bloomberg – Ticker: ENNSMCI ID Equity

Reuters – Ticker: Ennismore European Smaller Companies Fund

Micropal – “Offshore Funds – Smaller Companies – Europe”

Telekurs – No 995895

VWD Fondsservice on the Internet – <http://www.finanztreff.de/ftreff/index.htm>

SECURITY NUMBERS FOR GBP “A” SHARES

Sedol – 0451523

WKN – 921181

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
DIRECTORS' REPORT
for the year ended 31 December 2015

The Directors present herewith their report, together with the audited financial statements for the year ended 31 December 2015.

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 (the "Company") was established on 8 October 1998, as an umbrella type investment company 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 one sub-fund, the Ennismore European Smaller Companies Fund (the "Fund"), which 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 fee rates and liquidity terms are the same for all share classes. The classes differ in that performance fees are based on performance in the class currency and that the performance fee for "B" shares is calculated using an equalisation method rather than at share class level. "B" shares are for institutional investors.

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 17 to 30. 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 17 to 30.

Directors' and Secretary's interests

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

	No. of GBP Class A Shares 31/12/2015	No. of GBP Class A Shares 31/12/2014	No. of EUR Class A Shares 31/12/2015	No. of EUR Class A Shares 31/12/2014
Nicholas Durlacher*	6,030	5,693	-	-
Lars Gårdö**	5,647	5,553	-	-
Matthew Minch***	3,752	3,649	-	-
Geoff Oldfield****	130,299	129,610	-	-
Paul McNaughton	-	-	40,690	39,962

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
DIRECTORS' REPORT
for the year ended 31 December 2015 (continued...)

Directors' and Secretary's interests (continued)

*of which 300 shares were held through his ISA administered by Rathbone (2014: 150)

** of which 5,038 shares were held through his own company; Dikarsbo Holding AB (2014:5,038)

***all shares registered under Goodbody Nominees (2014: same)

****of which 19,554 shares were held through his Self Invested Pension Plan administered by SippDeal (2014: 19,554) and 6,597 shares were held through his ISA's administered by Killik & Co (2014: 6,446) and 25,804 shares are held by close family members (2014: 25,266)

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 2015 Geoff Oldfield had a beneficial interest in 130,299 (2014: 129,610) shares and a non-beneficial interest in 15,196 (2014: 15,780) 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 2015 (2014: Nil).

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 2015 (2014: 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 any transaction 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.

Dividends

No distribution is being declared in respect of the year ended 31 December 2015 (2014: 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
DIRECTORS' REPORT
for the year ended 31 December 2015 (continued...)

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 2015 (2014: 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 – framework for statement by directors of corporate fund

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.

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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
DIRECTORS' REPORT
for the year ended 31 December 2015 (continued...)

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 2015 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 and 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. 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
DIRECTORS' REPORT
for the year ended 31 December 2015 (continued...)

Shareholders' meetings and rights (continued)

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.

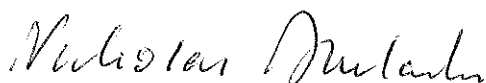
Composition and operation of the Board of Directors

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 five Directors, being those listed on page 1 of these financial statements. There is also an audit committee in place.

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.

On behalf of the Board of Directors



Nicholas Durlacher



Paul McNaughton

Date: 24 March 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

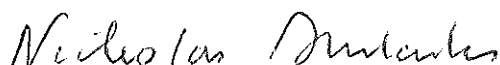
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and applicable law.

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:

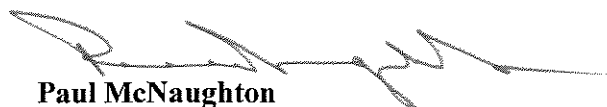
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is 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: 24 March 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INDEPENDENT AUDITOR'S REPORT
to the Members of Ennismore Smaller Companies plc

We have audited the financial statements of Ennismore Smaller Companies PLC (“the Company”) for the year ended 31 December 2015 which comprise the Statement of Financial Position, Statement of Comprehensive Income, the 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.

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 2015 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,
 - 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INDEPENDENT AUDITOR'S REPORT
to the Members of Ennismore Smaller Companies plc (continued...)

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 12, 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.

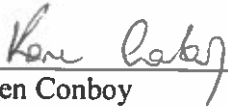
In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect, or materially inconsistent with, the knowledge acquired by us in 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INDEPENDENT AUDITOR'S REPORT
to the Members of Ennismore Smaller Companies plc (continued...)

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: 24 March 2016


ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
CUSTODIAN'S REPORT
to the Shareholders of Ennismore Smaller Companies plc
Ennismore European Smaller Companies Fund

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Custodian to Ennismore Smaller Companies plc ("the Company") provide this report solely in favour of the Shareholders of the Company for the year ended 31 December 2015 ("Annual 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 Annual 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 year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Manager 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

24 March 2016

ENNISMORE SMALLER COMPANIES PLC

ENNISMORE EUROPEAN SMALLER COMPANIES FUND

INVESTMENT MANAGER'S REPORT (Unaudited)

for the year ended 31 December 2015

PERFORMANCE¹

The Fund's Net Asset Value (NAV) per share in Pounds Sterling (GBP) increased by 9.7% in 2015. This compares to an increase of 15.6% for the HSBC Smaller European Index (GBP) and an increase of 4.9% for the MSCI Daily Total Return Index (local currencies). In Euro (EUR) the Fund's NAV per share increased by 15.5%, compared to an increase of 21.7 % for the HSBC Smaller Europe Index (EUR).

All of our performance last year came from the long book, contributing 15.7%, with a flat return from the Fund's short exposure. The stand out performer was our largest holding JD Sports Fashion, with a contribution of 5.7%. The company delivered excellent operating results, driven by a c.10% increase in like-for-like store sales. The share price doubled in 2015.

We are paid to pick stocks so it is nice to be able to again report that both the long and short books performed significantly better than the small cap index; based on an average exposure of 71.1% over the year the implied return from our longs was 22.1%. At the risk of stating the obvious, on average the stocks underlying our short positions returned nothing in the year.

We are satisfied with the Fund's performance in 2015 given our relatively low net exposure throughout the year. At the start of 2016 the Fund remains cautiously positioned and we expect both the long and short books to contribute to another good year for the Fund.

MONTHLY RETURNS

	Share Class ²					HSBC Index ³		MSCI Index ⁴ (local)
	GBP A £	GBP A €	GBP B	EUR A	EUR B	GBP	EUR	
NAV per Share ¹	101.80	138.12	17.20	19.19	19.26			
Period	% Change					% Change		
December 15	3.8	-1.2	3.8	-0.4	-0.4	2.9	-2.0	-3.8
November 15	0.7	2.7	0.7	2.3	2.3	1.5	3.1	1.9
October 15	0.5	3.5	0.4	3.0	2.9	2.9	6.6	7.3
September 15	0.5	-0.4	0.5	-0.2	-0.2	-1.9	-3.5	-4.1
August 15	0.8	-2.4	0.7	-1.9	-1.8	-2.5	-5.5	-7.1
July 15	1.9	1.9	1.9	1.9	1.9	3.0	3.7	4.4
June 15	0.8	2.2	0.8	1.9	1.9	-4.1	-2.9	-5.0
May 15	2.2	3.8	2.2	3.2	3.1	1.3	3.1	0.8
April 15	2.2	1.4	2.2	1.1	1.1	2.5	1.3	0.4
March 15	0.0	0.3	0.0	0.2	0.3	1.5	1.8	1.3
February 15	-3.1	0.3	-3.1	0.3	0.2	5.3	9.2	6.1
January 15	-0.7	2.6	-0.7	2.1	2.1	2.5	5.9	3.9
2015	9.7	15.5	9.7	14.3	14.2	15.6	21.7	4.9
Annualised return ⁵	14.8	14.4	11.6	14.2	14.3	9.2	8.8	3.7
Since launch ⁵	937.2	880.8	72.0	91.9	92.6	345.4	319.5	85.4

1Source: Administrator, Net Asset Value. 2Source: Administrator, Net Asset Value, net income reinvested. 3 Source: Bloomberg, Euromoney (formerly HSBC) Smaller European Total Return Index. 4 Source: Bloomberg, MSCI Europe Index, local currencies, total return. 5 Since inception of GBP A share class on 27/01/99 to date. From launch to date for GBP B, EUR A, and EUR B share classes. GBP B launched 19/01/11, EUR A and EUR B launched 31/01/11. Note: All performance figures net of fees.

¹ Comments on stock performance are based on valuations in accordance with the Fund's Prospectus for the determination of the dealing NAV, refer to GBP A NAV per share (unless otherwise stated), exclude cash returns and are prior to expenses.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCKS AS AT 31 DECEMBER 2015*

	Company	Country	Sector	% of NAV	Performance Contribution (%)
1	JD Sports Fashion	United Kingdom	Consumer Discretionary	7.7	5.7
2	Vib Vermoegen	Germany	Financials	4.7	0.8
3	Kongsberg Automotive	Norway	Consumer Discretionary	2.5	0.1
4	Cegedim	France	Health Care	2.5	0.1
5	Oslo Bors	Norway	Financials	2.5	0.5
6	Montupet	France	Consumer Discretionary	2.4	0.3
7	Tracsis	United Kingdom	Information Technology	2.1	0.5
8	Sto	Germany	Materials	2.0	0.0
9	Premier Farnell	United Kingdom	Information Technology	2.0	-0.3
10	Renk	Germany	Consumer Discretionary	2.0	0.4
			Total	30.4	

* Excludes short exposure

The Fund's top ten holdings accounted for approximately 30% of NAV at the end of 2015, a slightly lower level than in recent years. Five of our top ten holdings – JD Sports, Vib Vermoegen, Kongsberg Automotive, Oslo Bors VPS and Sto – remain from 31st December 2014. Home Retail and ASOS were sold in 2015, having reached our estimate of fair value. bwin.party was also sold after it agreed to be acquired by GVC Holdings. WM Morrison and 4imprint remain in the portfolio.

Of the other five positions now in the top ten, Cegedim, Montupet, Tracsis and Renk were already in the portfolio a year ago. The new addition is Premier Farnell, a UK distributor of electrical components. All ten stocks are covered in more detail below

TOP TEN STOCK COMMENTS

JD Sports Fashion – UK apparel retailer (7.7% 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.

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 private label offering and limited discounting, which in turn has created strong relationships with the main footwear brands who provide JD with a significant amount of product on an exclusive basis.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

JD Sports Fashion – UK apparel retailer (7.7% NAV) (continued...)

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 2016) and operating profit growth of around 50% to c. GBP 150m. 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 in other parts of the world.

Blacks continues to prove hard to turnaround, again not helped by the warm winter, and we expect it to lose about GBP 5m on sales of around GBP 180m. We are still sceptical that this business can be turned around even with new leadership but the structure of the acquisition, as with the fashion division, means that the cost of closing it down would be fairly limited. One of the positives of the acquisition, however, has been the access it has given JD to new brands such as The North Face, which have led to revenue synergies.

Another very strong performance from the shares in 2015 means JD Sports Fashion's market valuation now sits at GBP 2.1bn with around GBP 150m of net cash. This compares to revenue of c.GBP 1.8bn and forecast operating profit of GBP 150m for the year to January 2016 (including the losses from Blacks). We conservatively ascribe a negative value to the Blacks operations in our valuation of the company. On a sum-of-the-parts basis, we now value the sports division at 17 times earnings, given its unique offering and increasing scale plus the potential to expand into other markets, and see upside of over 15% in the next 12 months.

VIB Vermoegen - German real estate company (4.7% NAV)

VIB Vermoegen (VIB) is a commercial real estate company based in Bavaria. Management, led by Ludwig Schlosser, 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 meters of lettable space. Growth in the portfolio has mostly come in the logistics area. It now represents 60% of the total rental income, with a third from retail and the remainder spread between industrial and office assets. Vacancy levels have stayed low at just 2.3%, 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 7.3%. 2015 was once again a record year with NAV increasing to EUR 15.21 at the end of September. Most importantly the cash flow measure, funds from operations (FFO), continues to increase and is now over one euro per share (compared to a share price of EUR 17.10). This provides good support for the dividend to be increased again and we expect a yield of 3% this year.

The VIB share price continued to increase in 2015, matching last year's total shareholder return of 25% (including the dividend received), and it now trades at a premium to its last reported NAV. For 2016 we expect the NAV per share will continue to increase by around 60-70 cents, or 4-5%, excluding revaluation gains. A FFO yield of 7% for the current year is still solid in the current environment and we believe the shares remain attractive. Management has made further progress in raising awareness of VIB in capital markets, having already added a CFO to the board in May 2013.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

VIB Vermoeien - German real estate company (4.7% NAV) (continued...)

The benefit of this can be seen in the latest issue of a convertible bond with a slight premium to the 2014 NAV and at lowered interest costs. Although we expected a much earlier attempt to move to the respected Prime Standard segment of the stock market we fully support management's strategy of broadening the business, which increases overall efficiency and profitability, and we still expect the company to become a sustainable member of the SDAX segment in the foreseeable future. With very conservative property valuations, strong cash flows and good quality assets in attractive locations, supported by a lean cost structure, we believe the shares should trade at a premium to NAV. Assuming a price-to-NAV of 1.2x, NAV growth of 4% and a dividend yield of 3%, we believe there is 15% upside over the next twelve months.

Kongsberg Automotive – Norwegian auto components supplier (2.5% NAV)

Kongsberg Automotive is a niche, global supplier of components to the passenger car industry (around 60% of its c. EUR 1bn of turnover) and the commercial vehicle industry (40%). Half of sales are in Europe, a third in North America and 15% to the rest of the world. The company has 4 main divisions – Driveline (26% of sales), Interior (30%), Driver Controls (25%) and Fluid Transfer (19%). Kongsberg has been going through a transition over the last few years after the poorly timed, overpriced acquisition of Global Motion Systems (GMS) at the end of 2007. This deal more than doubled the size of the group and increased their exposure to passenger car sales and southern Europe going into the downturn. In early 2010 a new CEO, Hans Peter Havdal, was tasked with sorting out problems linked to this acquisition, such as unprofitable long-term contracts and an indebted balance sheet. He also started on a path to structurally increase the efficiency of the group.

Because end customers are more focused on the economic return on vehicles as opposed to price per-se structurally the company has higher margins in the commercial vehicle facing divisions, Driver Controls (e.g. gearshift systems, pedals, steering columns) and Fluid Transfer (e.g. brake & fuel systems) with double digit operating margins. In Interior (e.g. lumbar support & seat heating) margins are pretty solid at around nine percent as seat comfort is a key factor in consumer's choice of car. They have now decided to exit the low margin arm & head rest part of this division (c. EUR 40m sales) over time and to sell the high-teen margin Light Duty Cable's division (c. EUR 100m sales). This confirms their continued focus on optimising the firm's structure. The 'problem child', Driveline (gear shifters, gear selectors & shift cables), has been a disappointment this year. Its improvement in 2014 stalled in 2015 with margins actually falling. Driveline is one of two global producers within this segment. Although it tries to focus on high-end components much of its sales are to the competitive, mass market end of the industry. We are still hopeful that margins in Driveline will improve towards four percent as legacy non-profitable contracts roll off this year and new better priced contracts begin to have an impact. New contracts typically have two to three year time-lag before they generate sales as customers plan new models well ahead. Contracts are normally multi-year once production starts, giving good visibility. The group has strong market positions. It is typically one of the top two suppliers, with market shares of 30% to 45% into the Western OEMs and Tier One suppliers. Customer concentration is acceptable with the largest customer accounting for less than 10% of sales while the top five account for around 35%.

In 2015 we expect turnover to be slightly down in constant currency as more recent new business wins still haven't begun production yet, and therefore are not offsetting declining volume from older contracts. We expect underlying operating profits to follow a similar trend. Recent orders show future sales growth is likely to be led by emerging markets 'trading up' with operating profits growing by low single digit percent each year.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

Kongsberg Automotive – Norwegian auto components supplier (2.5% NAV) (continued...)

We expect more than EUR 40m of free cash generation per annum, over fifteen percent of the EUR 230m market capitalisation. Kongsberg's management's primary focus is to use this cash to reduce the net debt of EUR 245m (as of the third quarter). This net debt compares to an expected operating profit of around EUR 70m in 2015. In 2015, its debt was negatively impacted by the dollar strength (around half its debt is in dollars) and working capital outflows. Management wants to reduce the debt to less than one and a half times operating profit, before depreciation, before it pays any dividends. We now don't expect this until 2017. The cash generation in 2016 will be key for our investment position and we expect management to have a similar focus.

The group has a target to achieve a return on capital employed which translates to around 16% pre-tax and amortisation. This compares to the 15% expected in 2015. Given Kongsberg's past experience, management is only looking at bolt on acquisitions in the longer term to give extra competence. We see this as much lower risk. Recently some activist investors have proposed a new supervisory board to ensure that the management are being properly assisted in creating long term shareholder value. We expect changes to occur in March and this to be positive for operational performance going forward. We believe Kongsberg Automotive is undervalued, with a free cash flow yield of over 15%. The stock trades on an enterprise value to operating profit, after tax, of nine times, and a price to earnings of five times, both based on our 2016 estimates. We see this as materially undervaluing the earnings power of the business. Valuing the stock on a multiple of ten times net operating profit after tax gives around 30% upside over the next year.

Cegedim – French healthcare software developer (2.5% 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 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. The biggest of the remaining divisions, Healthcare Professionals, provides software to doctors and pharmacies, mainly in France and the UK. Together with its leasing arm, Cegelease, it generated revenue of EUR 296m and EBIT of EUR 31m in 2014. The beauty of this business is that it benefits from the urgent need to make the healthcare systems in developed nations more efficient. Doctors and pharmacists pay monthly, providing a highly fragmented customer base with low churn. In the UK, Cegedim competes with EMIS and is the number two provider to doctors and number one for pharmacies with, we estimate, sales of close to EUR 60m. Most of its revenue (70%) is still in France where it is the number two behind subsidiaries of Compugroup (a long term holding of the Fund) in doctors' software and just behind Pharmagest in the pharmacies business. There is still substantial room to grow this business as penetration is still relatively low for the more sophisticated software solutions, particularly for doctors in France. Over the medium term we expect mid-single digit revenue growth from this division and increasing margins.

The other remaining division, Health Insurance, HR and e-services, provides IT services to insurance companies, human resource and electronic payment solutions. In total it generated revenue of EUR 165m and operating profit of EUR 23m in 2014.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

Cegedim – French healthcare software developer (2.5% NAV) (continued...)

Although less attractive than the Healthcare Professionals business, it is also well positioned as the leading IT services provider for healthcare insurers, with all of the top ten as customers, and this is reflected by a good operating margin of 14%, which we view as sustainable.

After the IMS Health deal closes Cegedim will be a much leaner company with a healthy balance sheet. Management is aligned with shareholders' interests - founder Jean-Claude Labrune remains the major shareholder and, with the promotion of his son Laurent Labrune to the managing board in 2015, this is set to continue. In 2015, Cegedim generated sales of EUR 510m from its remaining businesses and an estimated operating profit of EUR 46m – slightly lower compared to the previous year given increased depreciation charges. We expect profit to be stable next year although 2016 will still be impacted by increased investment into its software and the implementation of cloud offerings. This implies Cegedim is valued at just eleven times its operating profit which we believe is too low given its very attractive markets and growth outlook. We continue to see upside of more than 30% for the shares in the twelve months' time and attractive returns over the longer term.

Oslo Bors VPS – Norwegian equity market and central securities depository (2.5% 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 of the division's 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.

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 3,550m values the company at around 12 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 25% more than the current NOK 82.50 share price.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

Montupet – French auto components supplier (2.4% NAV)

Montupet is a car parts supplier that sells mainly to Europe. Cylinder heads account for more than 80% of its c. EUR 500m of sales, while other advanced-application car components account for the rest. We believe its cylinder head business is high quality due to its scale, technical excellence and focus. Moreover, cylinder heads are crucial for a car's fuel efficiency and performance, and they are becoming increasingly complex due to the demand for higher engine output and smaller size. These elements allow Montupet to generate one of the highest margins we have seen for an auto component supplier, with 12% operating profit margins, and good returns on capital. This is despite the fact its other operations are a drag on overall margins.

Nemak and Montupet dominate the market for outsourced high-quality cylinder heads (which accounts for 25% of the total market). Nemak has a market share of 55% and Montupet now has close to 20%. Montupet has been taking share from Nemak by better meeting the specifications demanded by the global car brands, as well as being first to market on some innovative alloys. Montupet's win rate on Nemak's renewals has been impressive, especially since it is renewing its own contracts. We expect Montupet to continue grow sales annually by high single-digit percentages over the next five years, helped by contracts already won coming into production.

The company has increased operating margins from around 5% in 2011 to over 12% today, during a period when sales were up over 20%. This has been achieved mainly by increasing the efficiency of existing sites and shifting production to lower cost countries (31% of sales in 2014 were produced in low cost countries). This trend will continue with production planned to quadruple in Mexico and double in Bulgaria over the next four years. France and the UK also have spare capacity, which will improve Montupet's fixed cost coverage when utilised. We expected margins to increase by more than two percent in 2015 due to these factors continuing however the company had some issues with ramp up of new programs and pre-investment therein sometimes required. More importantly, we think the higher margins are sustainable because Montupet now has a much lower cost manufacturing footprint, while still retaining its edge in terms of quality and R&D.

Customer concentration in the automobile suppliers sector is typically high and Montupet's top three customers account for over 70% of sales - thankfully none are the Volkswagen brand. However, this is spread over a number of models with different lifecycles. The benefit of this concentration is that it makes it hard for competitors to enter the market due to the required scale and technical skills.

Montupet has a comfortable level of net debt of around EUR 75m, low versus their equity of over EUR 260m. There is also a strong focus on cash generation, some of which is reinvested in innovation and modernisation to stay ahead of the competition, and to add capacity. We believe this is money well spent as the company targets a return on capital of at least 40% and the historical profit improvement is reassuring. This year we expect an overall return on invested capital of around 16% pre-tax. The senior management have managed the business for 30 years and own c. 37% of the company, so are well aligned with us.

As we thought was possible Montupet was bid for last year at a price of EUR 71.53 valuing the business on around 15 and 16 times 2015 price to earnings and enterprise value to operating profits after tax respectively. We recently accepted this bid, although it was lower than our price target a year ago, because the operational performance has not been as strong as we had hoped for when we initially invested, and the senior management was happy to accept.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued...)

Tracsis - UK specialist IT service company (2.1% NAV)

Tracsis is a niche software, hardware and consulting company selling mainly to the UK rail sector. Within its GBP 25m of turnover for the year to July 2015 the company has various revenue streams: Traffic & Data Services (58% of sales), Software (22%), Remote Control Monitoring (RCM, 12%) and Consultancy (8%). The company has been very skilfully grown by the CEO John McArthur supported by a high quality, conservative CFO, Max Cawthra. Tracsis has shown solid organic growth alongside some very astute, value accretive acquisitions since the company listed in 2007. The focus on a very specialist niche which is too small to attract large competitors is key to the strong growth and profitability of Tracsis, and this gives us confidence going forward.

The Traffic & Data Services segment collects, collates and analyses passenger/customer data predominantly within rail, traffic and pedestrian services. This is the lowest margin segment. The Software segment specialises in various own products such as for real time delay attribution and staff rostering for the rail industry. These are very niche solutions that are needed for a highly regulated and unionised industry and the segment earns a margin of around 20%. The RCM segment sells hardware that analyses points on rail tracks and is used to identify potential problems and help with preventative maintenance. Its product is industry leading so it is able to sell at premium prices, have the number one market position in the UK (40-50% market share) and earn highly attractive margin. The Consultancy segment again focusses on the rail sector such as advising rail operators bidding for rail franchises – they sometimes have multiple teams assisting bidders for a contract which shows its reputation within the industry.

Although very profitable, the RCM division can be lumpy year on year due to the fact it only has one customer in the UK, Network Rail. However, the opportunity in the UK is still significant. Moreover, there is exciting future growth potential in the USA, where each Class 1 rail company is as big as Network Rail in terms of potential demand. It currently has trials with three Class 1 firms and we are hopeful that at least one of these will convert to a bigger rollout immediately doubling the revenue opportunity for Tracsis. More recently, it ended exclusivity of its product with a US sales partner, which we view positively in terms of contract conversion. It also has smaller opportunities in other countries such as Australia.

In the last five years the company has bought five companies paying in total around six times enterprise value to operating profit after tax. These numbers are historic and before synergies. The most recent deal was for a software company Ontrac, which sells mainly into Network Rail. It again looks like another very good purchase. They had been doing due-diligence for nine months and this is typical of the management's wariness in not making a value destructive deal. Although acquisitions have been important, on our calculations the business has still achieved a very respectable organic growth of more than 15% per annum over the last three years.

The balance sheet is strong with net cash of over GBP 10m at the May year end and Tracsis has consistently shown strong cash conversion due to its splendid return on invested capital after tax of over 35%, which includes goodwill. Although the company does pay a dividend we would expect it to prioritise acquisitions for the time being. The CEO is well aligned with shareholders, owning around 4% of the company. Given the niche focus, top quality management, good organic growth shown and international and acquisitive opportunities, we value the business on 22 times operating profit after tax. This gives upside of 32% to May 2017.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued...)

Sto – German building materials manufacturer (2.0% NAV)

As we said in many, many previous reports, Sto is exactly the kind of stock we look to invest in. It is well regarded in its own industry and largely overlooked by ours (the company still makes virtually no effort to market itself to the investor community and is mostly ignored by brokers). Sto is a manufacturer of construction products, principally façade coating (render, paint) and insulation systems. These products are used in commercial and residential buildings in both new build and refurbishment. From its base in southern Germany Sto has gradually grown profitable operations across Europe and in North America and Asia, with more than 50% of sales now coming from outside Germany. In recent years sales growth has been driven by Sto's successful insulation offering which has positioned the business in the sweet spot of energy efficient renovation. The company places a big emphasis on innovation and R&D and sells its products directly to a highly fragmented customer base. The Sto brand is well recognized and highly regarded among architects, builders and homeowners

2015 turned out to be a continuation of the developments seen in the previous two years. There was still no decision on tax incentives for energy efficient refurbishment in Germany and steady negative press about insulation, leading to a further decline in demand from private homeowners. Sto seemed for some time immune from this situation, helped by its focus on professional clients, but then in autumn 2015 it reduced its guidance for revenue growth from 5% to flat and for operating profit to be down 20%, to EUR 78m (the midpoint of new guidance). Still, including the extraordinary dividend of EUR 25.45 per share the total shareholder return in 2015 was 12%. We slightly decreased our holding when the stock was trading at higher levels, although we never felt the price had reached its intrinsic value. Given the current market capitalization of EUR 738m and its net cash, we find the enterprise value of nine times depressed operating profits, and a yield of close to 4%, still attractive. Although the headwinds won't decrease short-term and record low energy prices won't help either we are still optimistic for the long-term. Given its very good positioning in an attractive growth market, and the need and political commitment to reduce energy consumption and CO2 output, we believe the shares are at least a third too cheap.

Premier Farnell – UK electronics distributor (2.0% NAV)

Premier Farnell is a distributor of electrical components, mostly selling to engineering and manufacturing companies in the UK and the US. The products it sells are typically used for research and development, which means they are ordered in low volume as and when they are needed. We spoke to several customers that all said they use Farnell because of its huge range of available stock and the strong service from their relationship managers. This service offering allows Farnell to charge higher prices, and its gross margins have averaged 40% over the last decade, which compares to the 10-15% gross margin that most high-volume distributors generate. Barriers to entry are high as stocking half a million items only works if you have scale. It's a business model that has been successful for a long time: Farnell's average pre-tax return on net operating assets is 20% over the last decade. However, a series of profit warnings this year has seen the share price halve. We believe the market has overreacted, and that Farnell is a classic case of a fallen angel.

Internal and external factors have contributed to Farnell's recent problems. Its former CEO, Laurence Bain, was overly focused on driving top-line growth at the expense of margins and returns – Farnell added stock and lowered prices – and in the end, it failed on all counts. Over the last two years, sales were flat, gross margins declined from 39% to 35%, and inventory turns fell from 2.7 to 2.3 times. We expect operating profit to fall by 20% for fiscal year 2016 (ends January 2016). The CEO left in August and the former CFO is now the interim CEO.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

Premier Farnell – UK electronics distributor (2.0% NAV) (continued...)

On the external front, some customers have been switching away from the one-day delivery service that Farnell offers to cheaper three and four-day alternatives from competitors such as Mauser and Digi-key. We believe these external factors are a small part of the story and, regardless, solvable. Firstly, Electrocomponents, which has a similar one-day offering to Farnell, has performed much better. Secondly, Farnell is restructuring its distribution model so it can offer two to four day delivery options. We believe that these changes, combined with the appointment of a permanent CEO, will lead to a recovery in operating profit. We're already seeing an improvement in stock turns and free cash flow, which increased from GBP 14m to GBP 42m in the first half of this year. We would also not be surprised if Electrocomponents acquired Farnell. It is rare for two businesses to overlap so directly and a tie-up would add significant value for shareholders.

Premier Farnell has a market cap of GBP 350m, less than ten times our estimate for this year's earnings. With net debt of GBP 235m and a pension deficit (tax adjusted) of GBP 45m, the enterprise value of GBP 630m is 8.5 times our estimate for this year's operating profit. We believe this is the trough and that operating profit will increase once the company has proper leadership. Net debt, at three times operating profit, is too high but the company expects to sell its manufacturing division Akron Brass in the first quarter of 2016 and has already announced a cut in the dividend. These actions should allow the company to reduce its debt to two times pro forma operating profit, while still paying out a dividend yield of c.6%, covered 1.7 times. We expect the shares to re-rate once profitability stabilises or, more obviously, a deal with Electrocomponents emerges. Using a multiple of thirteen times net operating profit after tax, we see upside of around a third in twelve months' time.

Renk – German equipment manufacturer (2.0% NAV)

RENK is a manufacturer of specialist gears, bearings and transmissions, selling into a range of industries including shipbuilding, defence, aviation, rail, wind and power generation. Founded in 1873, it has been majority-owned by the German industrial giant MAN SE since 1923 and, although the company has a market capitalisation of EUR 713m, the free float is only EUR 176m. We believe RENK is yet another overlooked European small-cap, highly regarded by its industry but completely neglected by ours – indeed, there is not one sell-side analyst covering this quality business. The business has, in our view, significant intellectual property, which it aims to protect. Take our visit to the company's headquarters: for the first time ever, we were obliged to have our phone cameras taped over and show personal identification cards before entering. This internal knowledge acts as an economic moat and goes a long way to explaining why the business has consistently earned double-digit operating margins and high returns on capital, which are currently around 30% post-tax. Margins are also helped by the strong market share it has in many of its niches, which exceeds 60% in some product areas. Although the business is cyclical, it proved itself to be resilient in the last recession with operating margins of at least 12% through the cycle, helped by a quarter of sales coming from its service and spare parts business.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

TOP TEN STOCK COMMENTS (continued)

Renk – German equipment manufacturer (2.0% NAV) (continued...)

RENK sells its products globally and has a balanced geographic split with Germany, its largest market, accounting for 35% of sales, followed by Asia (c. 25%), the rest of Europe (c. 25%) and the Americas (c. 15%). The business is divided into four segments: Special Gear Units (c. 35% of sales) sells stationary gears for various industrial applications and high performance gears for fast crafts and naval applications; Standard Gear Units (c. 25% of sales) sells gears used by commercial vessels, LNG tankers, ferries and turbines; Slide Bearings (c. 20% of sales) is the market leader for certain niche slide bearing segments for electric motors, pumps, blowers, water turbines, conveyors and marine applications; Vehicle Transmissions (c. 20% of sales) provides automatic transmissions into medium-weight and heavy-tracked vehicles (e.g. defence). We estimate that RENK generated slightly above EUR 480m in revenues in 2015, with operating profit significantly above EUR60m. Historically all segments have achieved double-digit operating margins, with Slide Bearings generating c. 20% margins, highlighting its technological qualities and strong market position.

We were impressed when we met the management in Augsburg and believe RENK ticks many of the boxes we like in an investment, with strong market shares and an economic moat. This is matched by a long-term cautious growth strategy, and management is incentivised the right way (i.e. return on capital targets). RENK has a solid balance sheet with a cash position of currently more than EUR 200m (last reported), it owns 3% of its shares and intangibles account for less than 1% of its assets. This strong balance sheet allows it to make any value-creative bolt-on acquisitions, if they become available.

We think RENK is just too good a business to be ignored by the market indefinitely, especially with an enterprise value of less than seven times its operating profit. We are very happy to participate in the long-term development of the company and be rewarded, in the short-term, with a modest dividend yield of over 2%, with more than three times cover. For 2016, we expect RENK to deliver stable revenues supported by an order backlog of over EUR 800m and solid operating profit margins, although margin will likely decline due to a change in product mix. After returning around 25% for shareholders in 2015 we believe the current stock price still does not reflect the intrinsic value of the company and continue to see upside of more than 20% in the next twelve months.

COUNTRY, MARKET CAP AND SECTOR EXPOSURES AS AT 31 DECEMBER 2015

Country	Gross%	Net%	Market Cap	Gross%	Net%	Sector	Gross%	Net%
Australia	0.6	0.4	>£2bn	19.7	2.7	Consumer Discretionary	29.6	20.5
Austria	1.7	1.7	£700m - £2bn	21.4	-7.5	Consumer Staples	5.8	-2.2
Bermuda	0.7	0.7	£200m - £700m	39.4	22.2	Energy	0.0	0.0
Canada	0.6	0.6	<£200m	21.9	18.0	Financials	18.3	9.5
France	8.6	8.6				Health Care	4.9	4.0
Germany	24.3	5.9				Industrials	10.1	2.2
Ireland	0.9	0.7				Information Technology	26.0	-0.9
Italy	1.7	1.1				Materials	4.5	3.9
Netherlands	3.6	-2.1				Telecommunication	2.1	-0.5
Norway	6.6	6.6				Utilities	1.1	-1.1
Sweden	1.2	-0.9				Other	0.0	0.0
Switzerland	5.6	-3.5						
UK	40.6	17.1						
US	5.1	-1.8						
Other	0.6	0.3						

Positions	Dec	Nov
Long	84	86
Short	52	53
Longs Opened	2	4
Longs Closed	4	2
Shorts Opened	4	7
Shorts Closed	5	8

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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

OUTLOOK

As always, we will stick closely to our investment philosophy and process, as outlined below, which we consider to be well suited to the current environment.

1. Attractions of the Asset Class

Many European smaller companies are mispriced due to the lack of interest from brokers and investors. Banks' and brokers' research coverage on small 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 in our long investments (for shorts it is essentially the opposite):

- **Great business franchises** - the small cap sector is their likely birthplace. To identify them at an early stage is the most financially rewarding part of our job as small cap investors.
- **Highly entrepreneurial, flexible and equity focused management teams** - the best small cap managers leave most of their large cap counterparts trailing
- **Domination of market niches** - some small 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 underdistributed 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.

2. Ennismore's Philosophy and Investment Process

Our investment process focuses on market inefficiencies, high quality companies and risk minimisation. The process is outlined in detail on pages 29 and 30.

3. Portfolio as at 31 December 2015

Longs %	Shorts %	Gross Exposure %	Net Exposure %
68.9 (75.6)	33.5 (32.5)	102.4 (108.1)	35.4 (43.1)

Our net exposure at the end of the year was low at just 35%, reflecting our relatively cautious view on asset valuations in general. Gross exposure remains modest and, as always, the Fund has no external funding requirement.

Long positions

Stocks with a current year's price-earnings ratio of under 10 times: 14% of NAV (2014: 8%)

On single digit price-earnings ratios, these are typically overlooked or out of fashion stocks with good defensive properties and scope for a re-rating on strong operating results. In this category we also include investment and property companies that are trading at a significant discount to net asset value as the price-earnings ratio for these companies is not meaningful.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

OUTLOOK (continued...)

Stocks with a current year's price-earnings ratio of 10-15 times: 26% (46%)

These stocks typically combine a strong business franchise, high profitability and cash generation with earnings growth of 15% plus.

Stocks with a current year's price-earnings ratio of 15-25 times: 25% (12%)

These stocks typically combine an exceptionally strong competitive position with significantly higher growth.

Stocks with a current year's price-earnings ratio of 25 times plus: 4% (10%)

These include stocks with depressed earnings (including loss-making ones) where the valuation is at a significant discount to the asset base.

Short Positions -33% (-33%)

These are stocks that we believe to be fundamentally over-valued.

Net Cash and money market instruments 32% (24%)

The Fund's cash position gives us flexibility to pursue opportunities quickly.

INVESTMENT PROCESS

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 within twelve months.

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%.

What is RONOA?

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

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 RONOA has important financial implications: the company generates a strong cash flow, enabling it to finance strong growth, accumulate cash or repay any debt quickly.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
INVESTMENT MANAGER'S REPORT (Unaudited)
for the year ended 31 December 2015 (continued...)

INVESTMENT PROCESS (continued...)

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.

3. 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

Geoff Oldfield

1 February 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Note	Year ended 31/12/2015 GBP	Year ended 31/12/2014 GBP
Bond Interest Income		52,923	43,755
Bank Interest Income		136	508
Dividend income		6,405,486	5,359,625
Net gain on financial assets and liabilities at fair value through profit or loss	4	42,827,162	26,006,336
Total revenue		49,285,707	31,410,224
Investment Management fee	10,11	(5,881,469)	(5,642,845)
Performance fee	10,11	(7,866,615)	(5,467,980)
Administration fee	11	(200,985)	(191,244)
Custody fee	11	(132,769)	(129,966)
Dividends paid on contracts for differences (CFDs)	14	(1,584,179)	(955,189)
Other expenses	5	(180,282)	(185,407)
Total operating expenses		(15,846,299)	(12,572,631)
Interest expense	1 (d)	(3,307,757)	(2,487,996)
Total finance costs		(3,307,757)	(2,487,996)
Increase in net assets attributable to Holders of Redeemable Participating Shares before tax		30,131,651	16,349,597
Withholding tax	1 (d), 2	(995,324)	(786,956)
Increase in net assets attributable to Holders of Redeemable Participating Shares		29,136,327	15,562,641

There are no recognised gains or losses other than those shown in the Statement of Comprehensive Income for the year or the comparative period.

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

On behalf of the Board of Directors



Nicholas Durlacher



Paul McNaughton

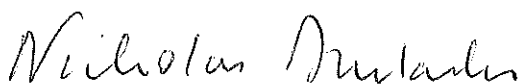
Date: 24 March 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	31/12/2015 GBP	31/12/2014 GBP	01/01/2014 GBP
Current Assets				
Deposits with credit institutions	7	57,656,620	53,750,002	49,790,164
Cash held with counterparties	15 (b)	17,352,353	7,298,859	15,416,354
Debtors	6	515,172	684,903	1,783,379
		<u>75,524,145</u>	<u>61,733,764</u>	<u>66,989,897</u>
Financial assets at fair value through profit or loss				
Transferable Securities	1 (c)	221,453,410	203,739,305	185,328,962
Transferable Securities Pledged as Collateral	17	28,973,725	22,944,843	32,901,982
Unrealised gain on contracts for difference		5,478,491	9,427,559	9,937,136
		<u>255,905,626</u>	<u>236,111,707</u>	<u>228,168,080</u>
Total Current Assets		<u>331,429,771</u>	<u>297,845,471</u>	<u>295,157,977</u>
Current Liabilities				
Creditors	8	(8,876,954)	(7,165,633)	(18,877,175)
Financial liabilities at fair value through profit or loss				
Unrealised loss on contracts for difference	1 (c)	(7,087,536)	(6,720,327)	(8,504,671)
Total Current Liabilities		<u>(15,964,490)</u>	<u>(13,885,960)</u>	<u>(27,381,846)</u>
Net assets attributable to holders of redeemable participating shares		<u>315,465,281</u>	<u>283,959,511</u>	<u>267,776,131</u>

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

On behalf of the Board of Directors



Nicholas Durlacher



Paul McNaughton

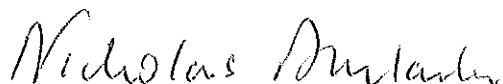
Date: 24 March 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
HOLDERS OF REDEEMABLE PARTICIPATING SHARES
for the year ended 31 December 2015

		Year ended 31/12/2015 GBP	Year ended 31/12/2014 GBP
Net assets attributable to holders of redeemable participating shares at the beginning of the year		<u>283,959,511</u>	<u>267,776,131</u>
<i>Share Transactions</i>			
Amounts received on sale of shares	3	21,029,765	17,973,165
less: Amount paid on repurchase of shares	3	<u>(18,660,322)</u>	<u>(17,352,426)</u>
		<u>2,369,443</u>	<u>620,739</u>
Net increase in net assets attributable to holders of redeemable participating shares resulting from operations		<u>29,136,327</u>	<u>15,562,641</u>
Net assets attributable to redeemable participating shareholders at the end of the year		<u><u>315,465,281</u></u>	<u><u>283,959,511</u></u>

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

On behalf of the Board of Directors



Nicholas Durlacher



Paul McNaughton

Date: 24 March 2016

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Year ended 31/12/2015 GBP	Year ended 31/12/2014 GBP
Cash flows from operating activities:		
Net increase in net assets attributable to holders of redeemable participating shareholders from operations	29,136,327	15,562,641
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	(19,426,710)	(9,727,971)
Movement in receivables	169,731	1,098,476
Movement in payables and accrued expenses	1,711,321	(11,711,542)
Net cash provided by/(used in) operating activities	<u>11,590,669</u>	<u>(4,778,396)</u>
Cash flow from financial activities:		
Proceeds from issue of redeemable participating shares	21,029,765	17,973,165
Payments on redemption of redeemable participating shares	(18,660,322)	(17,352,426)
Net cash (used in)/provided by financing activities	<u>2,369,443</u>	<u>620,739</u>
Net increase/(decrease) in cash and cash equivalents	13,960,112	(4,157,657)
Opening cash and cash equivalents	61,048,861	65,206,518
Ending cash and cash equivalents	<u><u>75,008,973</u></u>	<u><u>61,048,861</u></u>
Deposits with credit institutions	57,656,620	53,750,002
Cash held with counterparties	17,352,353	7,298,859
Ending cash and cash equivalents	<u><u>75,008,973</u></u>	<u><u>61,048,861</u></u>
Supplementary information		
Bank interest received	53,032	44,263
Dividends received	5,512,021	4,539,367

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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

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").

As these are the first financial statements prepared in accordance with IFRS, IFRS 1 – First time adoption of International Financial Reporting Standards has been applied.

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 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.

While the adoption of IFRS has resulted in a change in policy it has not resulted in a change to the Statement of Comprehensive Income. The application of IFRS 13 "Fair Value Measurement" has resulted in the removal of the bid valuation adjustment. Previously under Irish GAAP the fair value of financial instruments traded in active markets was based on the bid price for financial assets and the ask price for financial liabilities. This differed from the valuation policy described in the Prospectus which stated financial instruments would be valued at the last traded price. IFRS 13 defines fair value as 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 and therefore allows the use of mid-market pricing or other pricing conventions (including last traded price) that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. No adjustments have been made to the Net Asset Value presented in the opening Statement of Financial Position either as at 1 January 2014 or at 31 December 2014 (i.e. at the end of the latest period presented in the Company's most recent annual financial statements determined in accordance with the previous financial reporting framework) as the impact of this adjustment is immaterial.

The financial statements are prepared on a going concern basis.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

1. Significant accounting policies (continued)

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.

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 Ennismore Fund Management Limited (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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

1. Significant accounting policies (continued)

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

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 Custodian. 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 Fund has 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 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 Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

1. Significant accounting policies (continued)

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

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 Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

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 Fund has 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

1. Significant accounting policies (continued)

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.

g) Deposits held with credit institutions

Cash and bank balances comprise deposits with banks and 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 Fund in the management of short-term commitments, other than cash collateral provided in respect of derivatives and securities borrowing transactions.

h) Cash held with counterparties

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

i) 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.

j) 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

1. Significant accounting policies (continued)

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

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. 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 give 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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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 Fund may be subject to withholding taxes imposed by the country of origin, and such taxes may not be fully recoverable by the Fund or its Shareholders.

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

3. *Anti-Dilution Levy*

An anti-dilution levy charged at 2% on redemptions is payable to the Fund. No charge is currently being made on subscriptions. The anti-dilution levy is intended to pay for the costs of the Fund investing or divesting in the underlying markets as a consequence of investor activity.

The levy which amounted to GBP 380,823 (2014: GBP 354,131) 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 33.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

	Year ended 31/12/2015 GBP	Year ended 31/12/2014 GBP
The net gains on investments at fair value through profit or loss comprise:		
Gains realised on investments at fair value sold	30,156,808	35,399,757
Gains realised on CFDs sold	5,036,401	10,357,210
Total realised gains on investments at fair value through profit or loss	<u>35,193,209</u>	<u>45,756,967</u>
Net movement in unrealised appreciation/(depreciation) on investments at fair value for the year	13,459,999	(17,404,248)
Net movement in unrealised appreciation/(depreciation) on CFDs	(4,251,559)	1,386,963
Total unrealised gain on investments at fair value through profit or loss	<u>9,208,440</u>	<u>(16,017,285)</u>
Foreign exchange losses for the year	(1,574,487)	(3,733,346)
Net gains on investments at fair value through profit or loss	<u>42,827,162</u>	<u>26,006,336</u>

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

	Note	Year ended 31/12/2015 GBP	Year ended 31/12/2014 GBP
Other expenses			
Directors' fees	10	(75,000)	(75,000)
Directors' and officers' insurance		(6,321)	(994)
German tax fee		(7,501)	(7,501)
Transaction fee		(491)	(7,003)
Audit fee	11	(12,510)	(11,830)
Swiss representative fees		(7,019)	-
Paying agent fees		(2,081)	-
Legal fees		(12,955)	(7,500)
Other		(56,404)	(75,579)
		<u>(180,282)</u>	<u>(185,407)</u>

Transaction costs for the year of GBP 796,611 (2014: GBP 756,454) have been included in the Statement of Comprehensive Income.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

6. Debtors

	31/12/2015	31/12/2014
	GBP	GBP
Accrued income	68,560	170,419
Sale of securities awaiting settlement	439,259	507,716
Other debtors	7,353	6,768
	<u>515,172</u>	<u>684,903</u>

7. Cash and cash equivalents

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+ (2014: A+).

8. Creditors

	31/12/2015	31/12/2014
	GBP	GBP
Accrued expenses	(8,713,786)	(6,248,041)
Purchase of securities awaiting settlement	(4,276)	(788,388)
Other creditors	(158,892)	(129,204)
	<u>(8,876,954)</u>	<u>(7,165,633)</u>

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 as at 31 December 2015 comprises GBP 315,465,281 (2014: GBP 286,051,622) represented by 1,933,254 GBP Class A Shares (2014: 1,906,380), 1,093,828 GBP Class B Shares (2014: 1,373,823), 939,421 EUR Class A Shares (2014: 725,838), and 6,107,306 EUR Class B Shares (2014: 5,981,507) 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 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

9. Share capital (continued...)

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:

	GBP "A"	GBP "B"	EUR "A"	EUR "B"
	2015	2015	2015	2015
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>

	GBP "A"	GBP "B"	EUR "A"	EUR "B"
	2014	2014	2014	2014
Shares in issue at the beginning of the year	1,914,843	1,297,912	660,768	6,024,093
Subscriptions during the year	119,825	75,911	89,230	382,958
Redemptions during the year	(128,288)	-	(24,160)	(425,544)
Shares in issue at the end of the year	<u>1,906,380</u>	<u>1,373,823</u>	<u>725,838</u>	<u>5,981,507</u>

10. Related party transactions

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

The Directors earned GBP 75,000 (2014: GBP 75,000) during the year for providing their services, and at year end GBP 75,000 (2014: GBP 75,000) was due to the Directors. Mr. Oldfield does not receive a fee for his services as a Director of the Fund.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

10. Related party transactions (continued...)

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

	No. of GBP	No. of GBP	No. of EUR	No. of EUR
	Class A Shares	Class A Shares	Class A Shares	Class A Shares
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Nicholas Durlacher*	6,030	5,693	-	-
Lars Gårdö**	5,647	5,553	-	-
Matthew Minch***	3,752	3,649	-	-
Geoff Oldfield****	130,299	129,610	-	-
Paul McNaughton	-	-	40,690	39,962

*of which 300 shares were held through his ISA administered by Rathbone (2014: 150)

**of which 5,038 shares were held through his own company, Dikarsbo Holding AB (2014: 5,038)

***all shares registered under Goodbody Nominees (2014: same)

****of which 19,554 shares were held through his Self Invested Pension Plan administered by SippDeal (2014: 19,554) and 6,597 shares were held through his ISA's administered by Killik & Co (2014: 6,446) and 25,804 shares are held by close family members (2014: 25,266)

None of the Directors had a service contract with the Company. For the purposes of disclosure requirements of the Irish Stock Exchange, as at 31 December 2015 Geoff Oldfield had a beneficial interest in 130,299 (2014: 129,610) shares and a non-beneficial interest in 15,196 (2014: 15,780) shares through his connected persons.

The Investment Manager earned GBP 5,881,469 (2014: GBP 5,642,845) during the year for providing these services, and at year end GBP 532,290 (2014: GBP 483,829) was due to the Investment Manager. The Investment Manager earned a performance fee during the year of GBP 7,866,615 (2014: GBP 5,467,980).

The Investment Manager held 101,083 GBP A shares as at 31 December 2015 (2014: 73,846) and parties related to the Investment Manager held 55,463 GBP A shares and 352,628 GBP B shares as at 31 December 2015 (2014: GBP 66,036 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 Fund, the Central Bank UCITS Regulations also deems a "Custodian" and its "associated or group companies" to be related parties to the Company. As such, Northern Trust Fiduciary Services (Ireland) Limited, the Custodian, and Northern Trust Administration Services (Ireland) Limited, the Administrator, are related 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 custody and administration services to the Company as disclosed in the Financial Statements. During the year companies related to the Custodian were also selected by the Investment Manager on behalf of the Company to execute forward contracts and accept deposits.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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 Fund pays 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 Fund 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 Fund meets certain performance objectives, as set out below.

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” is the value in pounds sterling for GBP “A” Shares or in Euros for EUR “A” Shares on the last Dealing 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

11. Significant agreements (continued...)

Investment Manager (continued...)

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 “B” Shares:

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

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

The first calculation period for the performance fee shall begin following the end of the initial offer period for the “B” Shares and finish on 31 December of that calendar year (the “Initial Calculation Period”). Thereafter, the performance fee in respect of each “B” 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 “B” Share will be equal to 20% of the appreciation in the Net Asset Value per “B” Share during that Calculation Period above the Base Net Asset Value per “B” Share. 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.

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 “B” Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those “B” Shares will be payable within 14 calendar days after the date of redemption. In the event of a partial redemption, “B” Shares will be treated as redeemed on a first in, first out (“FIFO”) basis.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

11. Significant agreements (continued...)

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 types of Shares and £5,250 per month for a Fund with five or more types 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 20,243 (2014: GBP 17,414).

Custodian

Northern Trust Fiduciary Services (Ireland) Limited is paid by the Fund fees accruing and calculated daily and paid 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 minimum monthly fee of €1,000 per Fund. In addition, the Custodian shall be reimbursed for all sub-custody fees and charges (charged at a normal commercial rate). The fees payable to the Custodian 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 Fund. The Sub-Custody fees charged for the year was GBP 74,188 (2014: GBP 73,689).

Auditors' Remuneration

For the year ended 31 December 2015 and 31 December 2014, the remuneration for all work carried out for the Company by the statutory auditor or the statutory audit firm is shown below:

	31/12/2015	31/12/2014
	GBP	GBP
Audit of statutory accounts	(12,510)	(11,830)
Other assurance services	-	-
Tax advisory services	-	-
Other non-audit services	(7,501)	(7,501)
Total fees	<u>(20,011)</u>	<u>(19,331)</u>

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

12. Financial instruments

The Fund 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 37 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 2015 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 Fund 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. While the prudent use of such a derivative can be beneficial, derivatives also include risks different from, and in certain cases greater than, the risks presented by more traditional investments. The Fund may enter into financial derivative instruments with one or more counterparties for the purposes of efficient portfolio management in accordance with the requirements of the Central Bank.

Efficient portfolio management for these purposes means an investment decision involving transactions that are entered into for one or more of the following specific reasons:

- a reduction of risk;
- a reduction of cost; or
- the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund and subject to the conditions and limits as set out in the Central Bank UCITS Regulations and within any further limits laid down by the Central Bank from time to time.

The Fund may be leveraged through the use of financial derivative instruments which may give it net market exposure to equities of up to 120% of its Net Asset Value. Gross equity exposure is limited to 200% of NAV. Please refer to pages 28 and 53 for the actual gross exposure for 2015.

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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

14. *Contracts for difference (CFDs)*

Since 14 August 2006, the Fund has used Contracts for Difference (CFDs) to obtain short exposure.

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 Fund at year end was GBP 105,779,646 (2014: GBP 101,499,271) (both long and short positions). The total dividends paid on CFDs for the year ended 31 December 2015 was GBP 1,584,179 (2014: GBP 955,189).

15. *Risk management policies and procedures*

In accordance with IFRS 7 “Financial Instruments: Disclosures”, this note details the way in which the Fund manages 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 Fund’s business. The Fund’s risk management process is managed by Ennismore Fund Management Limited (“Ennismore”) in its capacity as Investment Manager. The Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, values all financial derivative instruments positions on a daily basis as part of the determination of the daily NAV of the Fund. The oversight of these functions is carried out both by the Custodian, Northern Trust Fiduciary Services (Ireland) Limited, 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.

The risks specific to the investment portfolio of the Fund 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 Fund

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.

The 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 SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

Risk Management Process for the Fund (continued)

The Fund also uses 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 Fund 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.

The net assets in the Fund as at 31 December 2015 and 31 December 2014 are denominated in currencies as shown below:

		Effect on			Effect on		
		profit and			profit and		
		Total	% of Fund	net assets	Total	% of Fund	net assets
		GBP	GBP	GBP	GBP	GBP	GBP
Currency		2015	2015	2015	2014	2014	2014
AUD	Australian Dollar	1,568,413	0.50	78,421	240,265	0.08	12,013
CAD	Canadian Dollar	122,251	0.04	6,113	52,938	0.02	2,647
DKK	Danish Krone	-	-	-	1,539,492	0.54	76,975
EUR	Euro	152,465,572	48.33	7,623,279	128,024,071	45.09	6,401,204
HKD	Hong Kong Dollar	2,671,135	0.84	133,557	3,055,461	1.08	152,773
NOK	Norwegian Krone	20,697,555	6.56	1,034,878	16,503,439	5.81	825,172
PLN	Polish Zloty	130,446	0.04	6,522	187,100	0.07	9,355
GBP	Pounds Sterling	129,995,568	41.21	-	132,200,363	46.56	-
SEK	Swedish Krona	625,462	0.20	31,273	1,324,255	0.47	66,213
CHF	Swiss Franc	2,845,520	0.90	142,276	778,854	0.27	38,943
TRY	Turkish Lira	-	-	-	126,039	0.04	6,302
USD	US Dollar	4,343,359	1.38	217,168	(72,766)	(0.03)	(3,638)
		<u>315,465,281</u>	<u>100.00</u>	<u>9,273,487</u>	<u>283,959,511</u>	<u>100.00</u>	<u>7,587,959</u>

At 31 December 2015, had the exchange rate between GBP and the currencies set out in the table above 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 above. The analysis is performed on the same basis for 31 December 2014.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

15. Risk management policies and procedures (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 Fund. 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 Fund's 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 Fund's 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 Fund is 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 below:

Exposure to market risk on the portfolio as at 31 December 2015 and 31 December 2014 was as follows:

	31/12/2015	31/12/2014
	GBP	GBP
Transferable securities - equities	217,063,894	205,342,463
Contracts for difference - long (notional amount)	136,785	8,728,596
Contracts for difference - short (notional amounts)	(105,642,862)	(92,770,676)
Net market exposure	<u>111,557,817</u>	<u>121,300,383</u>

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

(a) Market risk (continued...)

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

The Fund's portfolio is based on fundamental research, and the Fund does not attempt to track a particular benchmark. Market risk is managed via adherence to the Fund's investment and borrowing restrictions, together with on-going monitoring of the individual investments held by the Fund. 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 8,909,000 (2014: GBP 9,688,000).

Conversely, a 10% decline would have decreased net assets attributable to holders of redeemable participating preference shares by approximately GBP 8,909,000 (2014: GBP 9,688,000).

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.

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 2015 and 31 December 2014 is analysed in the table below:

	Exposure*			
	Gross	Net	Gross	Net
Sector	2015	2015	2014	2014
	%	%	%	%
Consumer Discretionary	29.51	20.57	39.64	29.74
Consumer Staples	5.76	(2.24)	5.59	1.47
Financials	18.31	9.52	14.54	5.98
Health Care	4.92	3.99	6.22	1.86
Industrials	11.13	1.41	13.66	2.76
Information Technology	24.96	(0.15)	20.76	(3.66)
Materials	4.49	3.86	4.83	4.83
Telecommunication Services	2.14	(0.49)	2.09	0.45
Utilities	1.11	(1.11)	0.72	(0.72)
Sovereign	10.58	10.58	7.52	7.52

* the exposure calculations are carried out by dividing the market value of equities, Treasury Bills 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
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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 portfolio, being the value of the equities and bonds held together with the equity exposure underlying contracts for difference, as at 31 December 2015 was 112.91% (2014: 115.57%).

Please refer to the Portfolio of Investments (Audited) on pages 65 to 78 for the geographical exposure of the portfolio as at 31 December 2015 and 31 December 2014.

(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 the loan note disclosed in the Portfolio of Investments and Treasury Bills with less than three months' maturity the Fund has 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.

	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Rating	GBP	GBP		
AAA	25,986,450	-	78%	-
AA	7,376,791	21,341,685	22%	100%
Total	33,363,241	21,341,685	100%	100%

As a consequence of its use of OTC FDIs, the Fund has 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 Fund maintains 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
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

(b) Credit risk (continued...)

The table below sets out the Fund's maximum credit exposure before taking into account the impact of any netting agreements which enable the Fund 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.

	31/12/2015	31/12/2014
	GBP	GBP
Short Term Treasury Bills	33,363,241	21,341,685
Deposits held with credit institutions	57,656,620	53,750,002
Cash held with counterparties	17,352,353	7,298,859
Derivatives	5,478,491	9,427,559
Other assets	515,172	684,903
	<u>114,365,877</u>	<u>92,503,008</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 Balance Sheet. Accordingly, in accordance with usual banking practice, TNTC's liability to the Fund in respect of such cash deposits shall be that of debtor and the Fund will rank as a general creditor of TNTC. The financial assets are held with the Custodian, Northern Trust Fiduciary Services (Ireland) Limited. These assets are held distinct and separately from the proprietary assets of the Custodian. Securities are clearly recorded to ensure they are held on behalf of the Fund. Bankruptcy or insolvency of the Custodian and or one of its agents or affiliates may cause the Fund's rights with respect to the securities held by the Custodian 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 2015 Northern Trust Corporation had a long term rating from Standard & Poor's of A+ (2014: A+).

Risk is managed by monitoring the credit quality and financial positions of the Custodian the Fund uses.

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 2015 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 on the following page:

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

(b) Credit risk (continued...)

	S&P Credit Rating	31/12/2015	31/12/2014	31/12/2015 GBP	31/12/2014 GBP
CommerzBank AG	BBB+	0.58%	0.93%	1,823,801	2,648,130
Goldman Sachs	A	2.19%	0.72%	6,914,726	2,034,119
SEB	A+	2.22%	1.87%	7,004,781	5,323,842

Financial assets and liabilities enforceable to master netting or similar agreements
31 December 2015

			Gross amounts not offset in the Statement of Financial Position			
	Gross amounts of recognised assets /(liabilities)	Gross amounts offset in Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Financial Instruments	Cash Collateral deposited / (received)	Net Amount
Derivatives assets						
Counterparty						
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)			
	6,007,485	(528,994)	5,478,491	(5,863,943)	-	143,542
Derivatives liabilities						
Counterparty						
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			
	(7,616,530)	528,994	(7,087,536)	5,863,943	1,752,587	-
Derivatives net assets / (liabilities)						
	(1,609,045)	-	(1,609,045)	-	1,752,587	143,542

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (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 2014

					Gross amounts not offset in the Statement of Financial Position	
	Gross amounts of recognised assets /(liabilities)	Gross amounts offset in Statement of Financial Position	Net amounts presented in the Statement of Financial Position	Financial Instruments	Cash Collateral deposited / (received)	Net Amount
Derivatives assets						
Counterparty						
Goldman Sachs	6,762,994	-	6,762,994	(5,863,595)	-	899,399
Commerzbank	2,118,271	-	2,118,271	(8,486)	-	2,109,785
SEB	721,172	-	721,172	(721,172)	-	-
Financial statement offset		(174,878)	(174,878)			
	<u>9,602,437</u>	<u>(174,878)</u>	<u>9,427,559</u>	<u>(6,593,253)</u>	<u>-</u>	<u>3,009,184</u>
Derivatives liabilities						
Counterparty						
Goldman Sachs	(5,863,595)	-	(5,863,595)	5,863,595	-	-
Commerzbank	(8,486)	-	(8,486)	8,486	-	-
SEB	(1,023,124)	-	(1,023,124)	721,172	(301,952)	-
Financial statement offset		174,878	174,878			
	<u>(6,895,205)</u>	<u>174,878</u>	<u>(6,720,327)</u>	<u>6,593,253</u>	<u>(301,952)</u>	<u>-</u>
Derivatives net assets / (liabilities)						
	<u>2,707,232</u>	<u>-</u>	<u>2,707,232</u>	<u>-</u>	<u>(301,952)</u>	<u>3,009,184</u>

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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

(c) Liquidity risk

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

To meet the redemption liability the Fund may be required to unwind positions in derivatives or sell securities. The Fund invests 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.

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 Fund invests 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 Fund. The amount realisable should the Fund 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 2015 one of the Level 3 instruments was the 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 2015. 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 2015 the Fund held CFDs giving short exposure to shares in Globo PLC. Globo PLC had been placed into Administration by the UK Courts and had delisted from AIM prior to the year end. Following a recommendation from the Investment Manager the underlying shares were being valued at nil by the Fund reflecting: (i) the valuations of the CFD counterparties; and (ii) the statement from the Administrator of Globo Plc that no dividends from the administration were expected to be payable to shareholders.

As at 31 December 2015 the 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 2015 and 31 December 2014, 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.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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

(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 Company may be leveraged through the use of financial derivative instruments which may give it net market exposure to equities of up to 120% of its Net Asset Value. Gross equity exposure is limited to 200% of NAV. Please refer to pages 28 and 53 for the actual gross exposure for 2015.

(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 fund intends to utilise is assessed as being low. CFD's 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).

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

16. Fair Value Hierarchy (continued...)

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

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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

16. Fair Value Hierarchy (continued...)

The table below analyses within the fair value hierarchy the Company financial assets and liabilities measured at fair value at 31 December 2014.

31 December 2014	Level 1	Level 2	Level 3	Total Fair Value
	GBP'000	GBP'000	GBP'000	GBP'000
Financial Assets				
Financial Assets at Fair Value				
Through Profit or Loss:				
Equities	205,342	-	-	205,342
Debt Securities	-	21,342	-	21,342
	<u>205,342</u>	<u>21,342</u>	<u>-</u>	<u>226,684</u>
Derivative Financial Instruments:				
Contracts for Difference	-	9,428	-	9,428
	<u>205,342</u>	<u>30,770</u>	<u>-</u>	<u>236,112</u>
Financial Liabilities				
Financial Liabilities at Fair Value				
Through Profit or Loss:				
Derivative Financial Instruments:				
Contracts for Difference	-	(6,720)	-	(6,720)
	<u>205,342</u>	<u>24,050</u>	<u>-</u>	<u>229,392</u>

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2015 one of the Level 3 instruments was the 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 2015. 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 2015 the Fund held CFDs giving short exposure to shares in Globo PLC. Globo PLC had been placed into Administration by the UK Courts and had delisted from AIM prior to the year end. Following a recommendation from the Investment Manager the underlying shares were being valued at nil by the Fund reflecting: (i) the valuations of the CFD counterparties; and (ii) the statement from the Administrator of Globo Plc that no dividends from the administration were expected to be payable to shareholders.

As at 31 December 2015 the 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.

During 2015 there were no transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and financial liabilities (2014: 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 2015 or 2014. 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
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

17. Collateral positions

The following investments, held by the Custodian, are pledged as collateral for Contracts for Difference as at 31 December 2015:

		Year ended 31/12/2015 Fair value GBP	Broker
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>	

The following investments, held by the Custodian, are pledged as collateral for Contracts for Difference as at 31 December 2014:

		31/12/2014 Fair value GBP	Broker
Bijou Brigitte	35,000	1,375,736	Goldman Sachs International
VIB Vermoegen	500,000	5,478,886	Goldman Sachs International
Kongsberg Automotive	6,500,000	3,174,785	Goldman Sachs International
Oslo Bors Vps	1,000,000	6,415,436	Goldman Sachs International
JD Sports Fashion	1,300,000	6,500,000	Goldman Sachs International
		<u>22,944,843</u>	

18. Significant events during the year

The Company adopted International Financial Reporting Standards as adopted by the European Union ("IFRS") with effect from 1 January 2015. 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 adoption of IFRS has resulted in no changes to the reported financial position or financial performance compared to that presented previously. See Note 1 'Significant Accounting Policies' for further details.

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 2015.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015 (continued...)

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 2015.

20. *Contingent Liabilities and Commitments*

There were no contingent liabilities or commitments as at 31 December 2015 (2014: 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 24 March 2016.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Equities: 68.80% (2014: 72.31%)		
	Australia: 0.46% (2014: 0.08%)		
	Consumer Discretionary: 0.00% (2014: 0.08%)		
	Industrials: 0.28% (2014: 0.00%)		
479,889	ALS	893,052	0.28
	Information Technology: 0.18% (2014: 0.00%)		
97,598	carsales.com	562,702	0.18
	Total Australia	1,455,754	0.46
	Austria: 1.74% (2014: 0.51%)		
	Materials: 0.00% (2014: 0.51%)		
	Industrials: 1.35% (2014: 0.00%)		
245,550	Strabag	4,266,516	1.35
	Information Technology: 0.39% (2014: 0.00%)		
44,312	Kapsch TrafficCom	1,221,284	0.39
	Total Austria	5,487,800	1.74
	Belgium: 0.12% (2014: 1.29%)		
	Consumer Discretionary: 0.00% (2014: 0.89%)		
	Information Technology: 0.12% (2014: 0.40%)		
29,534	RealDolmen	389,634	0.12
	Total Belgium	389,634	0.12
	Bermuda: 0.83% (2014: 1.27%)		
	Telecommunication Services: 0.83% (2014: 1.27%)		
852,935	APT Satellite	467,425	0.15
2,513,808	Asia Satellite Telecommunications	2,141,247	0.68
	Total Bermuda	2,608,672	0.83

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Canada: 0.61% (2014: 0.00%)		
	Materials: 0.61% (2014: 0.00%)		
165,504	Potash Corp of Saskatchewan	1,922,402	0.61
	Total Canada	1,922,402	0.61
	Cayman Islands: 0.16% (2014: 0.30%)		
	Industrials: 0.16% (2014: 0.30%)		
1,453,366	ClearStar	501,411	0.16
	Total Cayman Islands	501,411	0.16
	Denmark: 0.00% (2014: 0.50%)		
	France: 8.57% (2014: 7.96%)		
	Consumer Discretionary: 3.93% (2014: 3.78%)		
87,094	IPSOS	1,362,120	0.43
84,442	Maisons France Confort	2,489,432	0.79
141,269	Montupet	7,434,074	2.36
152,159	Spir Communication	1,097,898	0.35
	Health Care: 2.50% (2014: 1.81%)		
335,178	Cegedim	7,905,098	2.50
	Industrials: 0.37% (2014: 0.58%)		
12,404	Precia	1,175,759	0.37
	Information Technology: 1.26% (2014: 1.56%)		
75,860	IGE+XAO Group	3,969,657	1.26
	Materials: 0.51% (2014: 0.23%)		
292,451	Oeneo	1,616,576	0.51
	Total France	27,050,614	8.57
	Germany: 15.09% (2014: 14.49%)		
	Consumer Discretionary: 2.93% (2014: 2.42%)		
40,105	Hornbach Baumarkt	837,832	0.26
15,029	Puma	2,200,394	0.70
80,304	Renk*	6,214,530	1.97

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
Germany: 15.09% (2014: 14.49%) (continued)			
	Financials: 4.73% (2014: 4.57%)		
1,183,968	VIB Vermoegen*	14,917,322	4.73
	Health Care: 1.95% (2014: 2.23%)		
634,254	AAP Implantate	621,723	0.20
221,942	CompuGroup Medical	5,528,890	1.75
	Industrials: 1.20% (2014: 0.55%)		
64,940	Fraport Frankfurt Airport Services Worldwide	2,821,007	0.89
13,483	Westag & Getalit	193,827	0.06
53,665	Westag & Getalit - Preferred Shares	798,761	0.25
	Information Technology: 1.47% (2014: 0.99%)		
1,475,837	msg life	1,979,664	0.63
1,009,445	Tomorrow Focus	2,641,148	0.84
	Materials: 2.81% (2014: 3.73%)		
76,326	STO	6,457,972	2.05
80,512	Uzin Utz	2,388,407	0.76
	Total Germany	47,601,477	15.09
Greece: 0.15% (2014: 0.16%)			
	Industrials: 0.15% (2014: 0.16%)		
26,245	Thessaloniki Port Authority	466,171	0.15
	Total Greece	466,171	0.15
Guernsey: 0.91% (2014: 0.00%)			
	Financials: 0.91% (2014: 0.00%)		
1,351,533	Market Tech Holdings	2,858,492	0.91
	Total Guernsey	2,858,492	0.91
Ireland: 0.82% (2014: 0.45%)			
	Consumer Staples: 0.82% (2014: 0.00%)		
462,282	Origin Enterprises	2,572,384	0.82

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
Ireland: 0.82% (2014: 0.45%) (continued)			
	Financials: 0.00% (2014: 0.45%)		
1,347,866	Worldspreads Group	-	-
	Total Ireland	2,572,384	0.82
Italy: 1.39% (2014: 1.97%)			
	Consumer Discretionary: 0.59% (2014: 0.87%)		
206,972	B&C Speakers	1,177,635	0.37
927,037	Caltagirone Editore	683,249	0.22
	Financials: 0.68% (2014: 0.41%)		
41,336	Cerved Information Solutions	234,585	0.07
328,828	Gruppo MutuiOnline	1,937,622	0.61
	Information Technology: 0.00% (2014: 0.52%)		
	Materials: 0.12% (2014: 0.17%)		
88,077	Cementir	383,322	0.12
	Total Italy	4,416,413	1.39
Jersey: 1.42% (2014: 0.17%)			
	Consumer Discretionary: 0.00% (2014: 0.00%)		
2,027,654	Trader Media East	-	-
	Financials: 1.18% (2014: 0.00%)		
1,022,976	Sanne	3,728,748	1.18
	Industrials: 0.24% (2014: 0.17%)		
226,784	Regus	755,644	0.24
	Total Jersey	4,484,392	1.42
Netherlands: 0.76% (2014: 0.58%)			
	Information Technology: 0.63% (2014: 0.39%)		
12,006	Cimpress	660,945	0.21
25,730,523	Jubii Europe	1,327,481	0.42

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
Netherlands: 0.76% (2014: 0.58%) (continued)			
	Materials: 0.13% (2014: 0.19%)		
11,433	Holland Colours	404,425	0.13
	Total Netherlands	2,392,851	0.76
Norway: 6.56% (2014: 5.84%)			
	Consumer Discretionary: 2.54% (2014: 2.06%)		
16,791,515	Kongsberg Automotive	8,018,634	2.54
	Financials: 3.91% (2014: 3.78%)		
1,159,242	Oslo Bors Vps*	7,775,076	2.47
1,512,297	SpareBank 1 SR-Bank	4,555,669	1.44
	Industrials: 0.11% (2014: 0.00%)		
42,086	Multiconsult	348,405	0.11
	Total Norway	20,697,784	6.56
Spain: 0.00% (2014: 0.84%)			
Sweden: 0.14% (2014: 0.25%)			
	Consumer Discretionary: 0.14% (2014: 0.17%)		
144,093	Odd Molly International	447,614	0.14
	Industrials: 0.00% (2014: 0.08%)		
	Total Sweden	447,614	0.14
Switzerland: 1.09% (2014: 0.11%)			
	Consumer Staples: 0.39% (2014: 0.00%)		
10,828	HOCHDORF Holdings	1,238,116	0.39
	Information Technology: 0.70% (2014: 0.11%)		
10,143	Inficon Holdings	2,201,676	0.70
	Total Switzerland	3,439,792	1.09

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Turkey: 0.00% (2014: 0.04%)		
	United Kingdom: 26.34% (2014: 33.95%)		
	Consumer Discretionary: 14.90% (2014: 20.81%)		
461,463	4imprint Group	5,860,580	1.86
596,600	BrainJuicer	2,126,879	0.67
5,964,523	Cello Group	5,248,780	1.66
820,491	Creston	1,025,614	0.32
285,625	DFS Furniture	949,418	0.30
2,326,309	Game Account Network	837,471	0.27
64,915	Games Workshop	379,753	0.12
2,321,011	JD Sports Fashion*	24,161,725	7.66
1,805,654	Mothercare	3,972,439	1.26
410,216	Vitec Group	2,471,551	0.78
	Consumer Staples: 0.55% (2014: 3.53%)		
1,169,418	Wm Morrison Supermarkets	1,733,077	0.55
	Financials: 2.42% (2014: 1.05%)		
20,220	Admiral	335,450	0.11
71,484	Gresham House Strategic	589,743	0.19
3,736,214	Inland Homes	3,241,166	1.03
811,037	The Local Shopping REIT	221,008	0.07
1,973,230	Non-Standard Finance	1,672,312	0.53
3,527,896	Non-Standard Finance - Rights	-	-
691,331	U & I	1,555,495	0.49
	Industrials: 1.17% (2014: 3.98%)		
13,869	Bodycote	78,845	0.02
1,440,516	Driver	1,006,200	0.32
1,530,072	Flowtech Fluidpower	1,669,691	0.53
924,408	Norman Broadbent	101,685	0.03
14,149,481	Superglass Holdings	848,969	0.27

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
United Kingdom: 26.34% (2014: 33.95%) (continued)			
Information Technology: 7.30% (2014: 4.58%)			
2,314,164	Outsourcery	381,837	0.12
6,382,133	Premier Farnell	6,254,490	1.98
811,678	Quartix	2,049,487	0.65
1,199,781	Servelec	3,998,270	1.27
609,360	Softcat	2,072,586	0.66
1,233,029	Tracsis	6,535,054	2.07
20,283,925	Universe	1,724,134	0.55
Total United Kingdom		83,103,709	26.34
United States: 1.64% (2014: 1.55%)			
Financials: 0.05% (2014: 0.00%)			
1,016	Credit Acceptance	147,530	0.05
Industrials: 1.22% (2014: 1.55%)			
3,223,908	Somero Enterprises	3,852,248	1.22
Information Technology: 0.37% (2014: 0.00%)			
74,316	Twitter	1,166,750	0.37
Total United States		5,166,528	1.64
Total Equities		217,063,894	68.80
Treasury Bills: 10.58% (2014: 7.52%)			
France: 2.34% (2014: 7.52%)			
Sovereign: 2.34% (2014: 7.52%)			
10,000,000	France Treasury Bill BTF 0% 09.03.2016	7,376,791	2.34
Total France		7,376,791	2.34

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	United Kingdom: 8.24% (2014: 0.00%)		
	Sovereign: 8.24% (2014: 0.00%)		
3,500,000	United Kingdom Treasury Bill 0% 11.01.2016	3,499,720	1.11
3,000,000	United Kingdom Treasury Bill 0% 18.01.2016	2,999,490	0.95
5,000,000	United Kingdom Treasury Bill 0% 01.02.2016	4,998,250	1.59
5,000,000	United Kingdom Treasury Bill 0% 15.02.2016	4,997,350	1.58
6,500,000	United Kingdom Treasury Bill 0% 07.03.2016	6,494,670	2.06
3,000,000	United Kingdom Treasury Bill 0% 21.03.2016	2,996,970	0.95
	Total United Kingdom	25,986,450	8.24
	Total Treasury Bills	33,363,241	10.58
	Financial Derivative Instruments: (0.51)% (2014: 0.95%)		
	Contracts for Difference: (0.51)% (2014: 0.95%)		
	Australia: 0.03% (2014: 0.00%)		
	Information Technology: 0.03% (2014: 0.00%)		
(178,784)	AU001	99,448	0.03
	Total Australia	99,448	0.03
	Canada: 0.00% (2014: 0.02%)		
	Denmark: 0.00% (2014: 0.04%)		
	Finland: (0.07)% (2014: 0.09%)		
	Financials: (0.07)% (2014: 0.00%)		
(26,688)	FI011	(215,605)	(0.07)
	Industrials: 0.00% (2014: 0.09%)		
	Total Finland	(215,605)	(0.07)
	France: 0.00% (2014: 0.01%)		

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Germany: (0.68)% (2014: (0.73)%)		
	Consumer Discretionary: (0.01)% (2014: (0.03)%)		
(87,229)	DE043	(240,560)	(0.08)
(11,414)	DE044	220,496	0.07
(17,895)	DE051	(3,215)	(0.00)
	Financials: 0.00% (2014: 0.00%)		
(74,335)	DE052	2,552	0.00
	Health Care: (0.02)% (2014: 0.00%)		
(62,364)	DE053	(73,432)	(0.02)
	Industrials: (0.04)% (2014: (0.09)%)		
(13,002)	DE016	(53,944)	(0.02)
(29,899)	DE049	117,992	0.04
(16,239)	DE054	(198,023)	(0.06)
	Information Technology: (0.68)% (2014: (0.61)%)		
(338,652)	DE019	(1,549,767)	(0.49)
(2,433)	DE046	88	0.00
(730,904)	DE047	(590,097)	(0.19)
	Telecommunication Services: 0.07% (2014: 0.00%)		
(40,674)	DE055	131,816	0.04
(1,444,173)	DE056	99,692	0.03
	Total Germany	(2,136,402)	(0.68)
	Gibraltar: 0.00% (2014: 0.13%)		
	Ireland: 0.16% (2014: 0.00%)		
	Health Care: 0.05% (2014: 0.00%)		
(17,997)	IE002	162,252	0.05
	Information Technology: 0.11% (2014: 0.00%)		
(150,921)	US040	343,026	0.11
	Total Ireland	505,278	0.16

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Isle of Man: (0.39)% (2014: 0.00%)		
	Information Technology: (0.39)% (2014: 0.00%)		
(1,679,798)	GB086	(1,237,138)	(0.39)
	Total Isle of Man	(1,237,138)	(0.39)
	Israel: (0.05)% (2014: 0.00%)		
	Financials: (0.05)% (2014: 0.00%)		
(368,518)	IS002	(145,735)	(0.05)
	Total Israel	(145,735)	(0.05)
	Italy: (0.01)% (2014: (0.06)%)		
	Consumer Discretionary: 0.00% (2014: (0.02)%)		
	Financials: (0.01)% (2014: (0.04)%)		
(73,467)	IT005	(29,574)	(0.01)
	Total Italy	(29,574)	(0.01)
	Jersey: (0.12)% (2014: 0.00%)		
	Consumer Discretionary: (0.12)% (2014: 0.00%)		
(4,472,143)	GB080	(385,240)	(0.12)
	Total Jersey	(385,240)	(0.12)
	Netherlands: (0.09)% (2014: (0.03)%)		
	Consumer Staples: (0.08)% (2014: 0.00%)		
(325,062)	NL009	(269,016)	(0.08)
	Industrials: (0.01)% (2014: (0.03)%)		
(836,315)	NL008	(48,158)	(0.02)
(44,660)	NL010	24,442	0.01
	Total Netherlands	(292,732)	(0.09)

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	Norway: 0.00% (2014: (0.05)%)		
	Poland: 0.02% (2014: 0.02%)		
	Financials: 0.02% (2014: 0.03%)		
(36,485)	PL001	60,804	0.02
	Information technology: 0.00% (2014: (0.01)%)		
	Total Poland	60,804	0.02
	Spain: 0.00% (2014: (0.01)%)		
	Sweden: 0.23% (2014: 0.22%)		
	Consumer Discretionary: 0.00% (2014: (0.04)%)		
	Financials: 0.23% (2014: 0.31%)		
(861,661)	SE017	733,294	0.23
	Health Care: 0.00% (2014: (0.03)%)		
	Industrials: 0.00% (2014: (0.02)%)		
	Total Sweden	733,294	0.23
	Switzerland: (0.36)% (2014: 0.10%)		
	Consumer Staples: (0.17)% (2014: 0.00%)		
(664,404)	CH015	(543,943)	(0.17)
	Financials: (0.02)% (2014: (0.22)%)		
(39,980)	SE024	(67,755)	(0.02)
	Health Care: 0.00% (2014: (0.06)%)		
	Industrials: 0.01% (2014: 0.41%)		
(4,066)	CH013	42,095	0.01

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
Switzerland: (0.36)% (2014: 0.1%) (continued)			
Information Technology: (0.18)% (2014: (0.03)%)			
(32,325)	CH007	(408,849)	(0.13)
(111,210)	CH012	(152,614)	(0.05)
	Total Switzerland	(1,131,066)	(0.36)
United Kingdom: 0.84% (2014: 1.23%)			
Consumer Discretionary: (0.07)% (2014: (0.41)%)			
(550,131)	GB005	(135,113)	(0.04)
(803,364)	GB051	(188,632)	(0.06)
(32,483)	GB082	91,367	0.03
Consumer Staples: (0.00)% (2014: 0.00%)			
(117,077)	GB087	(10,072)	(0.00)
Financials: 0.07% (2014: 0.00%)			
(640,297)	GB088	215,016	0.07
Industrials: 0.53% (2014: 0.46%)			
(418,500)	GB089	(3,335)	(0.00)
(630,776)	GB065	1,569,080	0.50
(673,600)	GB072	85,547	0.03
(10,489)	GB076	4,667	0.00
Information Technology: 0.13% (2014: 1.17%)			
(8,718,527)	GB068	13,490	0.00
(5,255,584)	GB069	267,363	0.08
(503,127)	GB077	8,471	0.00
(1,255,880)	GB090	(68,132)	(0.02)
(1,056,940)	GB091	217,725	0.07
Telecommunication Services: 0.16% (2014: 0.01%)			
(579,219)	GB046	498,508	0.16
Utilities: 0.02% (2014: 0.00%)			
(326,839)	GB078	71,112	0.02
	Total United Kingdom	2,637,062	0.84

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

HOLDINGS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE GBP	% OF NET ASSETS
	United States: (0.02)% (2014: (0.02)%)		
	Consumer Discretionary: (0.15)% (2014: 0.07%)		
(23,494)	US037	(460,891)	(0.15)
	Consumer Staples: 0.00% (2014: (0.02)%)		
	Financials: 0.00% (2014: 0.00%)		
942	Credit Acceptance	2,326	0.00
	Health Care: 0.03% (2014: (0.01)%)		
(17,487)	US039	89,247	0.03
	Information Technology: (0.00)% (2014: 0.05%)		
(2,621)	US024	(8,696)	(0.00)
	Materials: 0.04% (2014: 0.00%)		
(127,066)	US041	111,798	0.04
	Telecommunication Services: 0.06% (2014: (0.11)%)		
(394,340)	US042	194,777	0.06
	Total United States	(71,439)	(0.02)
	Unrealised Gain on Contracts for Difference	5,478,491	1.74
	Unrealised Loss on Contracts for Difference	(7,087,536)	(2.25)
	Net Unrealised Loss on Contracts for Difference	(1,609,045)	(0.51)
	Total Financial Derivative Instruments	(1,609,045)	(0.51)
	Total Value of Investments	248,818,090	78.87
	Cash (2014: 21.50%)	75,008,973	23.78
	Other Net Liabilities (2014: (2.28)%)	(8,361,782)	(2.65)
	Net Assets Attributable to Holders of Redeemable Participating Shares at dealing prices	315,465,281	100.00

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF INVESTMENTS (Audited)
as at 31 December 2015 (continued...)

Analysis of Total Assets	31/12/2015	31/12/2014
	% OF TOTAL	% OF TOTAL
	ASSETS	ASSETS
Transferable securities admitted to official stock		
exchange listing or traded on a regulated market	75.56	76.10
OTC Financial derivative instruments (Unrealised gains)	1.65	3.17
Cash and Cash Equivalents	22.63	20.50
Other current assets	0.16	0.23
	100.00	100.00

*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
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
PORTFOLIO OF CHANGES (Unaudited)
as at 31 December 2015

TOP 20 PURCHASES

VALUE GBP

Premier Farnell	7,567,322
SpareBank 1 SR-Bank	5,030,022
Mothercare	3,960,996
Fair Value REIT-AG Class A Reits	3,818,514
Puma	3,749,718
Strabag	3,740,889
Market Tech Holdings	3,240,190
Inficon Holdings	3,110,982
Fraport Frankfurt Airport Services Worldwide	2,690,295
Montupet	2,611,249
Cegedim	2,590,875
Non-Standard Finance	2,558,666
Kuoni Reisen Holding	2,426,242
BrainJuicer	2,304,548
Origin Enterprises	2,174,877
Potash Corp of Saskatchewan	2,117,123
Sanne	2,058,160
Asia Satellite Telecommunications	1,919,034
Kongsberg Automotive	1,812,083
Flowtech Fluidpower	1,807,543

TOP 20 SALES

VALUE GBP

ASOS	13,237,399
Home Retail	8,997,307
JD Sports Fashion	8,687,940
WM Morrison Supermarkets	8,512,139
Card Factory	5,268,370
Volution Group	4,414,596
Howden Joinery Group	4,362,876
Fair Value REIT-AG Class A Reits	3,769,235
CompuGroup Medical	3,656,122
Reply	3,083,485
Oslo Bors Vps	3,025,796
Van de Velde	2,968,920
4imprint Group	2,923,940
SMA Solar Technology Class A	2,787,461
Flybe Group	2,617,898
Kuoni Reisen Holding	2,388,724
Bijou Brigitte	2,376,160
Cia de Distribucion Integral Logista	2,285,292
Rella Holding	2,016,839
Puma	2,016,609

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

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

1. Exchange rates (Unaudited)

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		

The exchange rates used in the annual report for conversion to GBP at 31 December 2014 are:

Australian Dollar	1.9054	Hong Kong Dollar	12.0917	Swiss Franc	1.5493
Canadian Dollar	1.8060	Norwegian Krone	11.6906	Turkish Lira	3.6451
Danish Krone	9.5952	Polish Zloty	5.5385	US Dollar	1.5592
Euro	1.2886	Swedish Krona	12.2062		

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 fund was GBP 12,743 (2014: GBP 7,882).

3. NAV per redeemable participating shares (Unaudited)

The Fund adopted IFRS for the full year beginning 1 January 2015 and as such applies the recognition and measurement provisions of IFRS 13 “Financial Instruments: Recognition and Measurement” as discussed in Note 1. Under IFRS 13, the Fund uses 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 2015. 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 2015.

As at 31 December 2014 the audited Financial Statements had been prepared using the valuation basis of FRS 26 using bid prices. The published Net Asset Value per share uses last traded price at 31 December 2014 which differed from that presented in the Financial Statements.

ENNISMORE SMALLER COMPANIES PLC
ENNISMORE EUROPEAN SMALLER COMPANIES FUND
UNAUDITED NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015(continued...)

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

The value of investments in securities values per the published net asset valuation and in accordance with IFRS 13 as at 31 December 2015 was:

	31/12/2015	31/12/2014	01/01/2014
	GBP	GBP	GBP
Net Asset Value per fair value prices	315,465,281	283,959,511	267,776,131
Fair value adjustment	-	2,092,110	1,576,089
Net Asset Value per dealing prices	<u>315,465,281</u>	<u>286,051,621</u>	<u>269,352,220</u>
Number of redeemable participating shares in issue:			
GBP "A"	1,933,254	1,906,380	1,914,844
GBP "B"	1,093,828	1,373,823	1,297,912
EUR "A"	939,421	725,838	660,768
EUR "B"	6,107,306	5,981,507	6,024,093
Net Asset Value per redeemable participating share based on dealing prices:	31/12/2015	31/12/2014	01/01/2014
GBP "A"	GBP 101.80	GBP 92.79	GBP 87.22
GBP "B"	GBP 17.20	GBP 15.68	GBP 14.73
EUR "A"	EUR 19.19	EUR 16.79	EUR 14.91
EUR "B"	EUR 19.26	EUR 16.86	EUR 14.97
Net Asset Value per redeemable participating share adjusted for Fair Value adjustment:			
GBP "A"	GBP 101.80	GBP 92.11	GBP 86.71
GBP "B"	GBP 17.20	GBP 15.56	GBP 14.65
EUR "A"	EUR 19.19	EUR 16.67	EUR 14.82
EUR "B"	EUR 19.26	EUR 16.73	EUR 14.88