IBIS Global Media Fund

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May 2009	IBIS – USD 1	IBIS – EUR 1	IBIS – GBP 1	MSCI World	MSCI Media
NAV	114.02	109.51	102.79	-	-
Month	+1.2%	+1.1%	+1.1%	+8.6%	+3.4%
YTD	+5.6%	+5.7%	+2.8%	+5.4%	+2.2%
Prior 12 mths	+8.3%	+8.7%	-	-36.4%	-36.3%
Since launch	+14.0%	+9.5%	+2.8%	-39.5%	-46.9%

IBIS USD Class 1 launched July 2007; IBIS EUR Class 1 launched April 2008; IBIS GBP Class 1 launched April 2009

Performance Table (USD Sub Class 1) – Fund Inception July 2007

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	-	-	-	-	-	-	-0.0%	+0.5%	+0.4%	+0.1%	-0.1%	+1.6%	**+2.4%**
2008	+0.9%	+1.3%	+0.0%	-0.8%	+1.4%	+1.1%	+2.1%	+0.1%	-3.1%	-0.3%	-0.2%	+2.9%	**+5.5%**
2009	+1.2%	-0.7%	+2.0%	+1.8%	+1.2%	-	-	-	-	-	-	-	**+5.6%**

Fund Statistics – Gross (Portfolio) Returns

# longs	12
# shorts	10
Volatility	+12.9%
Annualised Alpha*	+15.7%
Annualised Sharpe Ratio*	1.06
Beta*	0.03
Correlation (to S&P 500)*	0.18

NAV Performance- USD Sub Class 1

Month	Best	+2.9%
	Worst	-3.1%
	Average	+0.6%
	% Positive months	70%
Exposure	Gross (δ adj.)	95.6%
	Net	+4.4%

Fund Description & Strategy

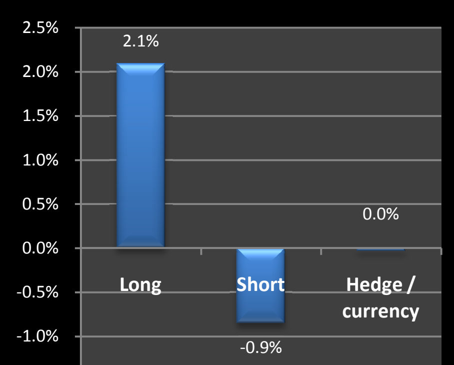
IBIS Global Media Fund is a specialist long/short equity fund focused on the global media sector. Sub-sectors covered include entertainment & content, professional & consumer publishing, marketing services, broadcasting & pay TV, radio & outdoor and internet stocks.

The fund's objective is to provide investors with attractive absolute returns and moderate volatility. The managers employ a blend of intensive top down and bottom up research in order to generate investment ideas at the sector, sub-sector and stock specific level.

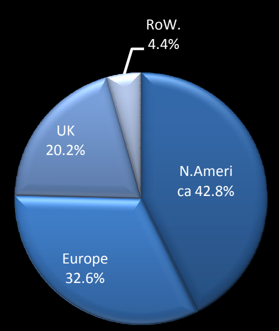
The management team consists of David Forster, Peter Wilton and Edward Montague (Operations Manager and Analyst). David Forster has 6 years of industry experience and 15 years experience as an equity analyst specialising in media. He was latterly responsible for global media research at Citigroup. Peter Wilton was previously a fund manager at Threadneedle Asset Management with long only and hedge fund experience. He has covered the media sector for 18 years.

IBIS Global Media Fund is registered in the Cayman Islands and its shares are listed on the Irish Stock Exchange (USD Class SEDOL code B1VPFH2; EUR Class SEDOL codes B1VPC7 & B1VPFD8). IBIS Capital Partners LLP is authorised and regulated by the Financial Services Authority (FSA), UK.

Monthly Contribution %

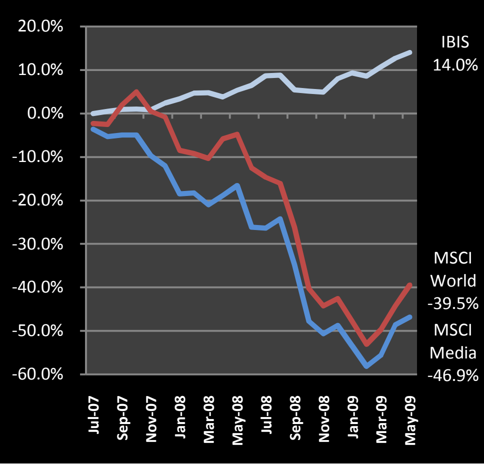


Gross Regional Exposure



Note: Most major media companies have significant global operations

Performance since inception vs Indices



Fund Details

Manager	IBIS Capital Partners LLP
Administrator	PFPC (Ireland) Ltd.
Prime Broker	Goldman Sachs Intl.
Domiciled	Cayman Is.
Inception date	02 July 2007
Performance fee	20% (with H.W.M.)
Management fee	1.75%
Share classes	USD, Euro, GBP
Min. investment	$100,000
Subscription	Monthly
Redemption	Quarterly
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Summary

- Our NAV per share (EUR and GBP classes) was up 1.1% in May, and we have now produced positive returns in 5 of the last 6 months. YTD we are up 5.7%, ahead of the MSCI World Index, which is +5.4%, and MSCI Media, which is +2.2%.
- May saw the market continue to demonstrate its new found appetite for risk and cyclical names. Although we have been somewhat surprised by the extent of the bounce-back our decision to move our portfolio more pro-cyclical has been vindicated.
- We moved our net exposure from -4.3% at month beginning to +4.4% at month end. We also increased our gross exposure, from 78.2% at month beginning to 95.6% at month end.
- Many market commentators have moved on from questioning whether there is an impending economic recovery to discussing the shape and vigour of the recovery. We do not question that things are less bad, as a mathematical deceleration in rates of deterioration was inevitable. However, we are wary of extrapolating some of these "less bad" trends into positive growth; at least any time soon.
- In recent days we have had multiple direct contacts with a wide variety of media companies where the consistent message has been that there are no signs of an improvement in trading. In the absence of positive earnings revisions we question how much further the recent rally has to run.

Commentary

Summary

Although we ultimately produced a satisfactory result for May, we found it to be a tricky month in which there was widespread divergence in the performance of different media sub-sectors and individual stocks. However, a clear underlying theme was a continuation from April of the market's newfound enthusiasm for risk and cyclical names. We have been gradually building a more pro cyclical bias into our portfolio but, notwithstanding, we were surprised at just how far some of the cyclical names ran, given that the grounds for optimism regarding an economic recovery remain tenuous and there are few signs of recovery apparent in most media revenues and company commentaries.

Part of the explanation for the exaggerated moves of many cyclical stocks appears to be that many long-only funds were caught very underweight in these names, and, having missed out on the early part of the rally, scrambled to adjust their portfolios. Not only did this mean that they became net buyers of cyclicals but in some cases they were selling more defensive positions to finance their purchases. A further exacerbating factor will have been short closing, as there are still some sizeable short positions in the cyclical space.

In recent monthly investor reports we have indicated that we were seeking to increase our gross exposure given that we see current markets as more fundamentally driven and less technical than they were for much of last year. We made good progress on that front in May, with our gross at month end at 95.6%, compared to 78.2% at the end of April. The summary statistics at the front of this report show that our volatility has moved up sharply to 12.9%, compared to 8.4% at end April. We are not unduly concerned by this as the volatility calculation is effectively based on historical data and is more a reflection of how markets have been rather than how they are now. For much of last year our published volatility was low (<8%) but we commented then that our observed volatility was much higher and it was this that we took into account in our portfolio construction. By the same token we are not unduly concerned by this apparent step up in our volatility and will continue to push our gross upwards if we believe that we have the ideas to justify it. Our very low net exposure in any event provides us with a degree of risk management.

Attribution

We made decent money on our long book in May, +2.1%, which was partially offset by our short book which cost us -0.9%. The performance of our long book was actually disappointing for most of the month but was turned around by what proved to be two astutely timed new additions towards the end of the month. Having already banked a good short term profit in ITV, the UK free-to-air broadcaster, in April, we decided to re-enter the stock and made a 26.7% positive return in less than 2 weeks by month end. We also established a new position in German pay-TV operator Premiere on 20th May, on which we were up 27.8% by month end. As these price movements indicate there is still plenty of volatility around! Other useful long contributors included Virgin Media, SES Global and M6, the French free-to-air TV broadcaster.

Our short book was reasonably well behaved, and, although we still have some cyclical short exposure, we were not involved in any stocks that saw the kind of upward moves that contributed to our positive long returns. However, over the two months of April and May, in which the media sector has made consecutive sizeable advances (+15.8% in April; +3.4% in May) inevitably some of our shorts have gone against us to a meaningful degree. We have been happy to ride some of this pain to the extent that positions were covered by our longs but in some cases we have needed to trim back shorts. An example of a stock where it has proved right to keep our nerve is Pearson, the UK based publisher, whose largest division is education and largest market the US. The stock ran up sharply in the early part of April but is now down 14% in the context of a market and sector that has continued to move higher.

Outlook

Our decision to move our portfolio more pro cyclical has paid off to date, although we believe that the degree of enthusiasm for some of these names may prove excessive given that we see little basis to anticipate a V shaped recovery which some valuations now appear to be anticipating. Consequently we believe that we may see some retracement of recent gains.

We have recently attended a Global Media conference where we saw presentations and had one-on-one meetings with many of the leading companies in our universe. The consistent theme coming from US, UK and continental European media companies was that there are absolutely no signs of an imminent recovery and indeed, for most, Q2 trading will be worse than Q1. This was equally true of early and late cycle businesses, with early cycle businesses still seeing sharply negative trends and late cycle businesses that have held up well to date now seeing trading deteriorate. However, many managements were keen to stress that they expected Q2 to mark the nadir and that the 2H should at least see stabilisation. In terms of simple mathematics there is no question that things should start to look less bad in the 2H as companies start to lap very weak prior year quarters. However, there is a big difference between a slower rate of deterioration and genuine recovery. The latter will be required if the sector is to build on its recent impressive rally.

Although we are relatively cautious about the market's short term prospects we are still finding a reasonable number of investment ideas, both long and short. In particular the recent rally has expanded our universe of short possibilities given that we had deliberately been avoiding some of the more beaten down names, given their potential volatility. With 5 months of the current year gone it is pleasing to see that our returns to date are in excess of our total returns for 2008. We hope to continue to build on this in what is unquestionably a more favourable long/short investment environment when compared to last year when technical factors overwhelmed fundamentals for protracted periods.

*NB: Fund statistics calculated with reference to Gross Portfolio Returns and using daily returns; Market Proxy: S & P 500; Risk Free Rate: 5.0; Figures are unaudited. Source: IBIS Capital Partners LLP