IBIS Global Media Fund

IBIS Capital Partners LLP
22 Soho Square
London W1D 4NS
Tel: (+44) 20 7070 7080
Fax: (+44) 20 7070 7081
Email: ibis@ibiscapital.co.uk

Oct 2009	IBIS – USD 1	IBIS – EUR 1	IBIS – GBP 1	MSCI World	MSCI Media
NAV	119.55	114.52	107.59	-	-
Month	0.0%	0.0%	0.0%	-1.8%	-3.4%
YTD	+10.7%	+10.6%	+7.6%*	+20.2%	+19.0%
Prior 12 mths	+13.7%	+13.5%	+7.6%*	+15.6%	+18.4%
Since launch	+19.6%	+14.5%	+7.6%*	-31.0%	-38.2%

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%	+1.2%	-0.2%	+1.0%	+2.8%	0.0%	-	-	**+10.7%**

Fund Statistics – Gross (Portfolio) Returns

# longs	15
# shorts	14
Volatility	10.0%
Annualised Alpha*	26.4%
Annualised Sharpe Ratio*	2.42
Beta*	0.06
Correlation (to S&P 500)*	0.28

NAV Performance- USD Sub Class 1

Month	Best	+2.9%
	Worst	-3.1%
	Average	0.6%
	% Positive months	71%
Exposure	Gross (δ adj.)	110.2%
	Net	+22.9%

Fund Description & Strategy

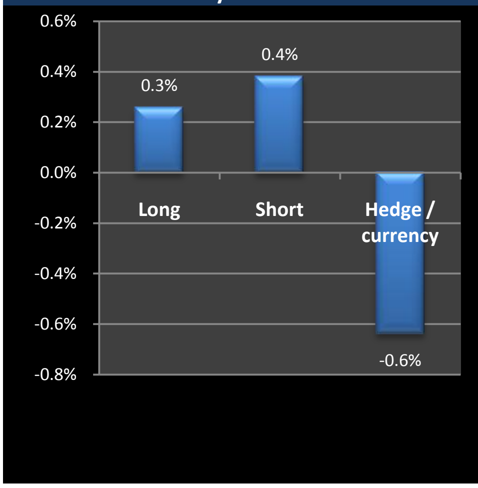
IBIS Global Media Fund is a specialist long/short equity fund focused on the global media sector. Sub-sectors covered include entertainment & content, professional & consumer publishing, marketing services, broadcasting & pay TV, radio & outdoor and internet stocks.

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.

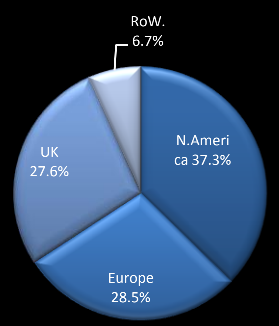
The management team consists of David Forster, Peter Wilton and Edward Montague (Operations Manager and Analyst). David Forster has 6 years of industry experience and 15 years experience as an equity analyst specialising in media. He was latterly responsible for global media research at Citigroup. Peter 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 %

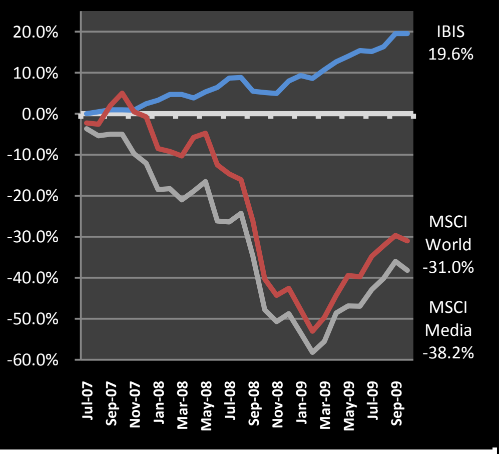


Gross Regional Exposure



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
Contacts:	David Forster +44 207 070 7087 Peter Wilton +44 207 070 7083

Summary

- Our NAV per share was flat in October. We were able to derive some satisfaction from further demonstrating our ability to preserve investors' capital in falling markets, given that the MSCI World Index was -1.8% for the month and MSCI Media -3.4%.
- We averaged about 20% net long across the month, indicating that it was our stock selection rather than a directional view that led to our flat outcome.
- We have continued to make steady progress in increasing our gross exposure, which was 110.2% at the month end, compared to 104.1% at end September.
- Recent weeks have seen most media companies reporting their Q3 results. Similar to Q2, earnings "beats" have substantially outweighed misses. However, this was widely anticipated this time around as evidenced by the sector's pullback despite a round of positive revisions to earnings expectations.
- Whereas in the Q2 results' season, positive earnings surprises were almost universally cost driven, it is notable that we are starting to see some revenue "beats", notably amongst early cycle names and in particular the free-to-air TV broadcasters.
- At the other end of the spectrum a number of the global business and information publishers with subscription based business models are still seeing late cycle effects, with negative revenue trends expected to extend into 2010 in some cases.
- We have seen nothing to change our view that any recovery is likely to be muted which, in our opinion, will place a premium on those businesses that are natural market share gainers.

Commentary

Summary

October was dominated by the Q3 results reporting season. As was the case with the Q2 results season a significant majority of companies either met or beat earnings expectations. However, it was notable that investor reaction was very different this time around. Whereas during the Q2 reporting season the market greeted any earnings "meet" or "beat" with near hysterical exuberance, it was apparent through this more recent reporting period that expectations were already at optimistic levels. Consequently, on a number of occasions, we saw strong results that comfortably exceeded consensus expectations being greeted with the equivalent of a yawn, while results that were "in line" frequently resulted in sharp share price falls. The net result was that in a month when consensus earnings expectations for most media companies were revised upwards the MSCI Media Index actually fell 3.4%, proving yet again that it is often better to travel than to arrive. However, this setback needs to be seen in the context of the sector's strong performance in the year to date, as well as the ongoing uncertainty over the strength and sustainability of the recovery.

In the context of the MSCI Media Index's 3.4% decline we were reasonably satisfied to have produced a flat result, especially given that we were approximately 20% net long throughout the month. On balance we found that the majority of latest earnings reports were supportive of our long or short investment theses at the sub-sector or individual stock level, which is more important to us than the short term noise that often accompanies earnings releases. One consequence was that we saw no need to close any of our outstanding positions in October.

We have continued to make progress in increasing our gross exposure, which is a reflection of our increasing comfort level in investing in less volatile and more fundamentally driven markets, and our ability to find attractive long and short ideas. At the end of December 2008 our gross exposure was 63.4% and our portfolio comprised 20 positions. At the end June 2009 our gross was 80% and total positions were 22, whereas at end October our gross was 110.2% and the number of positions was 29. We expect to continue to increase our gross exposure, which will principally be through the addition of new names into the portfolio as we are broadly happy with the range and average size of our current individual investment positions.

Attribution

The performance of our long book was dominated by the strong performance of Centaur, a small cap UK based B2B publisher in which we have steadily accumulated a position based on a view that its stock was fundamentally undervalued and that the company might prove a takeover target. On 20th October another listed company, Critical Information Group, announced that it had approached the Board of Centaur with a view to making an Offer, which was rejected. This resulted in a re-rating of Centaur's shares. Although, subsequently, Critical Information has announced that it will not be proceeding with an Offer, Centaur's shares have continued to trade well above the level they were prior to the bid approach. Our month's gains on Centaur were substantially offset by a disappointing performance by Sky Deutschland, the German pay TV platform. This is a position on which we still have a substantial profit but which has fallen back after a disappointing initial response to the product re-launch post the arrival of a new management team. We still believe that this is an investment with significant long term upside. The second best performer on our long book was GOOGLE, which has been a steady positive performer for some months.

We made modest profits across the majority of our short book, with the most meaningful contributions being from Vivendi and Meredith, a US consumer magazine publisher.

Outlook

With the Q3 results season now largely history, and with many companies having raised full year guidance, investor focus is increasingly moving out to 2010 and beyond. Year on year comparisons should prove benign for the next several quarters, given that the nascent recovery we are now seeing only became manifest in the 2H of this year. However, it is still difficult to ascertain just how robust the underlying recovery is, given the significant influence of the various global stimulus packages, and recognising that there is a payback time somewhere down the road. In summary there still appears to be a wall of worry for investors to climb if the market is to make significant further progress. However, we do not see this as unhealthy, as we think that a considered investment environment should prove more conducive to our investment approach in comparison to a market running on excessive optimism or pessimism, which has been the backdrop against which the fund has had to invest for much of its life.

*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