IBIS Global Media Fund

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Sept 2009	IBIS – USD 1	IBIS – EUR 1	IBIS – GBP 1	MSCI World	MSCI Media
NAV	119.55	114.55	107.59	-	-
Month	+2.8%	+2.7%	+2.9%	+3.8%	+7.1%
YTD	+10.7%	+10.6%	+7.6%*	+22.5%	+23.2%
Prior 12 mths	+13.4%	+12.5%	+7.6%*	-4.7%	-1.9%
Since launch	+19.6%	+14.6%	+7.6%*	-29.7%	-36.0%

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%	-	-	-	**+10.7%**

Fund Statistics – Gross (Portfolio) Returns

# longs	14
# shorts	13
Volatility	11.7%
Annualised Alpha*	22.7%
Annualised Sharpe Ratio*	1.9
Beta*	0.14
Correlation (to S&P 500)*	0.45

NAV Performance- USD Sub Class 1

Month	Best	+2.9%
	Worst	-3.1%
	Average	0.7%
	% Positive months	70%
Exposure	Gross (δ adj.)	104.1
	Net	18.6

Fund Description & Strategy

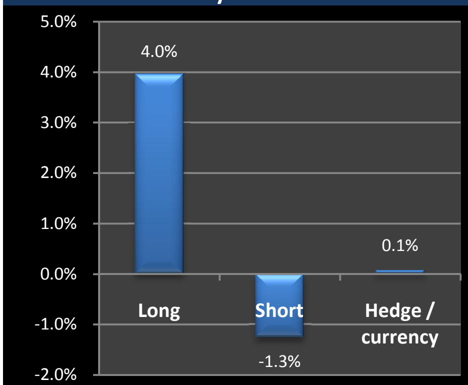
IBIS Global Media Fund is a specialist long/short equity fund focused on the global media sector. Sub-sectors covered include entertainment & content, professional & consumer publishing, marketing services, broadcasting & pay TV, radio & outdoor and internet stocks.

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.

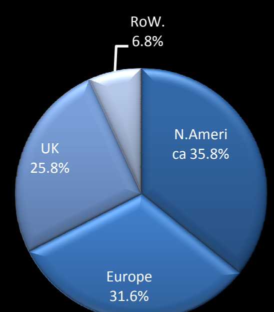
The management team consists of David Forster, Peter Wilton and Edward Montague (Operations Manager and Analyst). David Forster has 6 years of industry experience and 15 years experience as an equity analyst specialising in media. He was latterly responsible for global media research at Citigroup. Peter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

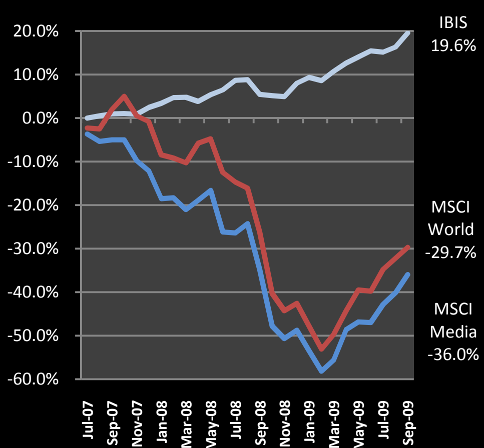


Gross Regional Exposure



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 was up 2.9% in September, with our Fund establishing a new high water mark and recording one of its best monthly performances.
- Our strong monthly return was achieved with a still relatively conservative gross and net profile. Our month end gross of 104.1% compared to a gross of 102.6% at end August, while our month end net exposure was +18.6% (+17.7%).
- In September we made money on every single long position. However, in a month when MSCI Media was +7.1% it was the performance of our short book that was especially pleasing, with no positions causing significant pain, and one sizeable realised profit on a short position in McGraw-Hill.
- Although we have been net long throughout the recent market rally we have retained a degree of scepticism, which has been reflected in our portfolio composition. The most recent economic data does indeed suggest that equities, especially the more cyclically leveraged names, may have got ahead of themselves in anticipating recovery. However, it can also be argued that evidence of a weak recovery will extend the period before the commencement of central bank tightening and therefore equity markets will continue to be sustained by artificially high levels of liquidity.
- We are currently seeing considerable divergence between the individual sub-sectors of media and in specific names which should continue to provide us with opportunities as a specialist long/short investor.

Commentary

Summary

Global media stocks continued to rally strongly through September, although there was evidence of fatigue towards the month end, especially amongst the more cyclical names that had led the charge in prior months. The overall effect was that performance was more evenly spread across the range of media stocks, with even some of the more defensive names recording strong gains. This suited our balanced portfolio, although we also had a good month in terms of individual stock selection. Our month's NAV per share increase of 2.9% was our best so far this year – we have now been up by 1% or more in 7 of 9 months this year, and down in 2 months, by less than 1% in both instances.

Typically, in our monthly investor reports we focus on how and where we have made money. However, in managing the portfolio we also naturally spend a lot of time seeking to avoid losses, not just through day to day risk management but also through the constant monitoring of our portfolio, trying to identify potentially problematic positions and adjusting them if we deem appropriate. In September we had a particular success in transforming a potential loss-making position into a decent profit. Long standing investors will know that we have traded actively in the credit rating agencies, Moody's (MCO) and McGraw-Hill (MHP), since the launch of our Fund. Indeed a short in MHP at $67.2 in July 2007 was one of the first trades we instigated post launch. We ran a short position in MHP, with some trading along the way, until November 2008 when we fully closed the position at $27. During the time we held the short, credit markets moved from boom to bust while the perception of the credit agencies underwent a radical revision, from high growth, high margin secular growth stocks to investment pariahs, with many questioning whether the established business models would prove sustainable, whether credit markets would ever recover and whether the businesses would drown under a sea of litigation and regulation. Although we do not back ourselves to second guess regulators we did take the view that the market was being far too gloomy about the scope for a recovery in credit issuance and hence the speed of an earnings recovery at the credit rating agencies. In February and March 2009 we accumulated a long position in MCO at an average price of $19.85. As a strong recovery in various types of credit issuance became manifest, the credit rating agencies started to rally strongly and we took profits on our MCO position in April and again in June, at $24.9 and $28.52 respectively. However, we were still long of MCO on the day that it was announced that long standing major shareholder, Berkshire Hathaway, had substantially reduced its position through market sales. MCO's shares fell sharply on the news, although MHP, where Berkshire Hathaway holds no position (to our knowledge) was relatively unchanged on the news. As a precautionary measure, while we reassessed our investment thesis on MCO, we decided to hedge our position by taking an offsetting short position in MHP in the belief that it was unlikely that the stocks would move in diametrically opposed directions over any sustained period. Over the next few weeks MCO recovered some of its lost ground. However, we concluded that further upside was limited with Berkshire Hathaway likely to be an ongoing seller. We also perceived that the regulatory and litigation risk in relation to the agencies was rising. Consequently we closed the remainder of our MCO long position on 1 September at $27.31. However, we decided to run with our MHP short. It transpired that September was a grim month for the credit rating agencies, especially with regards to litigation news, while it was also confirmed that Berkshire Hathaway had continued to sell down its MCO stake. On 28 September MCO closed at $18.77, 31.3% down from where we closed. We closed our MHP short on 29 September at $24.26, for a 25% gain.

Attribution

Our long book contributed 400bps to our month's performance, while our short book cost us 130bps. We made profits on all our long positions in September, with notable gains on Virgin Media, SES Global, M6 (the French free-to-air TV operator) and Sky Deutschland.

As highlighted earlier, the star of our short book was McGraw-Hill, where we realised a useful gain, which was especially pleasing given the challenges of finding a falling stock in a sharply rising market. Although we made modest losses on the rest of our short book, there were no particularly badly behaved positions.

In relation to our past levels of dealing, September was a notably active month. We closed one long position and 5 short positions, and opened one new long position and 4 new shorts. The activity on our short book was partly a reflection of our focus on keeping ideas fresh at a time of strongly rising markets in which individual stocks can prove highly volatile.

Outlook

Recent economic data have highlighted the fragile nature of the recovery and made the prospects of a V shaped recovery increasingly remote. September's US auto sales and unemployment data were a salutary reminder of the true underlying state of the consumer. While we have never believed in the likelihood of a sharp bounce-back in economic activity, the share performance of some of the consumer cyclical names was starting to build in a sharp earnings recovery. Unsurprisingly, therefore, many of these names have been subject to a bout of profit taking.

The 3rd quarter results season will soon be upon us. Our sense is that recent trading has been broadly in line with management expectations and that "less bad" revenue trends will be apparent for many businesses, especially those with advertising revenue exposure. Tight cost management has been a feature of this downturn and hence we see limited scope for nasty surprises in relation to reported numbers. However, there may be scope for disappointment with regards to future guidance as there appears to be little evidence to support a return to meaningful top-line growth amongst the consumer cyclicals any time soon. While our long book does have some consumer cyclical exposure we also have a strong exposure to companies that do not require a strong economic recovery to drive their earnings. We think that a positive bias towards the secular growth areas of media and to market share gainers should pay dividends over time in a slow/no growth environment.

*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