



IBIS Global Media Fund

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MAY 2008	IBIS Global Media (USD Cl.2)	IBIS Global Media (EUR Cl.2)	MSCI World	MSCI Media
NAV	105.32	100.75	-	-
Performance on month	+1.4%	+1.7%	+1.1%	+2.8%
Performance YTD	+2.9%	+0.8%	-4.0%	-5.1%
Performance since inception	+5.3%	+0.8%	-4.8%	-16.6%

Performance Table (USD Sub Class 2) – 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%	-	-	-	-	-	-	-	+2.9%

Summary Table

Volatility	5.5%
Target volatility	8-10%
Sharpe ratio	N/A
# longs	12
# shorts	14

Performance- USD Sub Class 2

Return	Month	+1.4%
	Year to date	+2.9%
	Since inception	+5.3%
Month	Best	+1.6%
	Worst	-0.8%
	Average	+0.5%
	% Positive months	73%
Exposure	Gross (δ adj.)	98.2%
	Net	-0.2%

Fund Description & Strategy

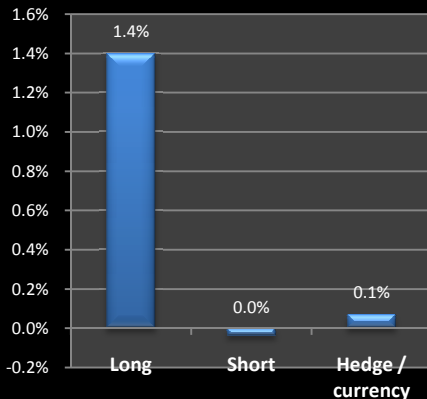
IBIS Global Media Fund is a specialist long/short equity fund focused on the global media sector. Sub-sectors covered include entertainment & content, professional & consumer publishing, marketing services, broadcasting & pay TV, radio & outdoor and internet stocks.

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.

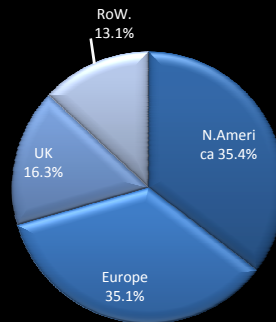
The management team consists of David Forster, Peter Wilton and Edward Montague (Operations Manager and Analyst). David Forster has 6 years of industry experience and 15 years experience as an equity analyst specialising in media. He was latterly responsible for global media research at Citigroup. Peter Wilton was previously a fund manager at Threadneedle Asset Management with long only and hedge fund experience. He has covered the media sector for 17 years.

IBIS Global Media Fund is registered in the Cayman Islands and its shares are listed on the Irish Stock Exchange (SEDOL codes B1VPFH2 & B1VPFJ4). IBIS Capital Partners LLP is authorised and regulated by the Financial Services Authority (FSA), UK.

Monthly Contribution %

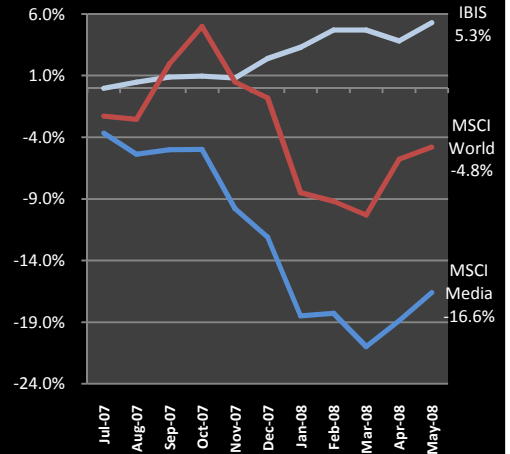


Gross Regional Exposure



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
Min. investment	\$100,000
Subscription	Monthly
Redemption	Quarterly
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Summary

- May was a satisfactory month, with our NAV per share +1.4%, which more than offset the drawdown we experienced in April.
- Although the Global Media MSCI was up for a second month in a row, our short book was flat, while our long book performed well, with profits on 10 out of 12 positions.
- Our best performing position was Hong Kong based broadcaster, TVB, with a total return of 19.3% across the month. We also recorded solid long book gains from US based agency group, Interpublic, and two European positions, namely Vivendi and SES. There were no substantial losses on our short book.
- We added no new positions in May, and closed just one position, vindicating our decision not to radically restructure the portfolio after a difficult April.
- Although the market remains highly volatile we sense that we are starting to win some battles, if not the war. Prospects of a 2H recovery recede by the day and concerns about 2009 are also rising. This should play to our portfolio positioning.
- Despite the recent modest sector rally there are still stocks hitting 12 month lows and we are starting to see some compelling individual stock valuations emerge and we have already added some new positions in the current month.

Summary

While the market has continued to oscillate between bouts of optimism and pessimism, May proved to be a relatively calm month in comparison to April. Although the media sector extended its rally to a second consecutive month it was notable that most of the cyclical names that rallied sharply in April failed to extend their gains, while more defensive names returned to favour. Broadly this favoured our positioning, with our short book giving us no pain while our long book made gains almost across the board.

It was pleasing to be able to demonstrate that our Fund is genuinely global and not purely US/Europe centric with our best performing long position being a Hong Kong based broadcaster, while on our short book we have a Singapore based company that is starting to produce a useful return.

The diversified nature of the media sector is becoming increasingly apparent, with the more cyclical names, especially those exposed to advertising in US and Western Europe markets, reporting a steady, and in some cases precipitate, deterioration in the trading outlook, while the less cyclical names, ranging from subscription based cable and satellite broadcasters, to business-to-business and professional information companies are typically continuing to trade robustly. Some of the latter names will prove to be late cycle in due course and we are feeding this into our portfolio construction.

While the media sector has, of course been through prior periods of economic slowdown/recession, which means that we can look to historical data when trying to anticipate stock performance, the added complication this time around is the structural pressures on many traditional media companies stemming from the inexorable growth of the internet, both as an advertising medium and a disruptive technology. In some instances, for example yellow pages and classified print advertising, it is extremely difficult to disaggregate cyclical influences from the structural shift online. Hence we are seeing certain valuations moving out of the bounds of historical precedent with the market taking the view that there is no cyclical bounceback for certain companies. Notwithstanding, at times like this we expect, and indeed are seeing, a few babies being thrown out with the bathwater meaning that we are starting to see some very attractive valuations emerge. For example, we have recently added a new position to our long book, which is a business we know well, that is not excessively cyclically exposed, that has produced successive years of profit growth and has operating margins of c20%, that is on a current year (y/e June) PE of 7.9x, EV/EBITDA of 4.5x, a dividend yield of 5.3% and a free cashflow yield of 8.2%. The company has no debt and we rate the chances of it being the subject of a takeover bid at 70%+ on a 2 year view. Looked at another way, we estimate that earnings estimates for this company would have to fall c30% for it to be fully valued.

Although our overall sector stance remains relatively cautious and we are still seeing good shorting opportunities, it is encouraging to see some real value long ideas emerging.

Attribution

We ended last month with a gross of 98.2% and a net of zero, although our average gross across the month was meaningfully higher, with the month end position explained by our decision to bank some profits on our long book towards the end of the month.

In May we made money on 10 out of 12 long positions and on 7 of 14 short positions. Our best performing long was TVB, which generated an overall return of 19.3% across the month. TVB is Hong Kong's leading broadcaster and one of the largest producers of Cantonese and Mandarin programming in the world. Its Chairman and major shareholder, Sir Run Shaw Shaw, recently celebrated his 100th birthday. We thought TVB's shares offered solid fundamental value, we liked its position as a Chinese content powerhouse and we speculated that Sir Run Run might look to realise his investment. In May it was announced that Shaw Brothers, through which the TVB stake is held, was in discussions with various parties, including a number of private equity players and a leading Chinese mainland property developer, which could ultimately lead to a change of ownership of the TVB stake, with interesting potential ramifications. We made useful gains on another 3 long positions: namely Interpublic, Vivendi and SES.

Our short book was generally well behaved given that the overall sector rose during the month. We made modest profits on half our positions and modest losses on the other half, which offset each other resulting in our short book making a zero contribution to our month's performance.

Outlook

As noted in last month's report we view the recent recovery in the media sector as a bear market rally rather than a turning point. We are likely to continue to maintain a conservative net exposure for the time being and while we are finding some attractive long ideas we still think there are good shorting opportunities, especially where the market has got ahead of itself with regards to anticipating recovery.

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