IBIS Global Media Fund

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OCTOBER 2007	IBIS Global Media	MSCI World	MSCI Media
NAV per share	100.97	-	-
Performance on month	+0.1%	+3.0%	+0.0%
Performance since inception	+1.0%	+5.0%	-5.0%

Performance Table – 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%			+1.0%

Summary Table

Volatility		4.5%
Target volatility		8-10%
Sharpe ratio		n.a.
# longs		14
# shorts		13
Return	Month	+0.1%
	Year to date	+1.0%
	Since inception	+1.0%
Month	Best	+0.5%
	Worst	-0.0%
	Average	+0.2%
	% Positive months	75.0%
Exposure	Gross (δ adj.)	95.3%
	Net	+7.3%

Fund Description & Strategy

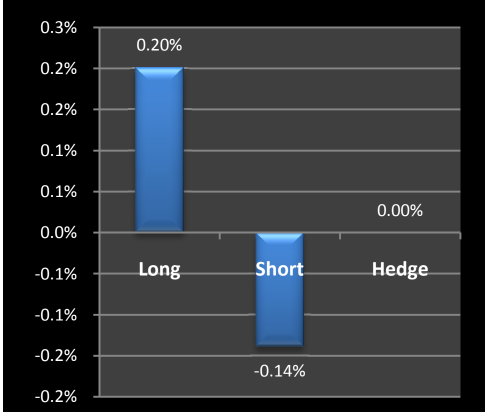
IBIS Global Media Fund is a specialist long/short equity fund focused on the global media sector. Sub-sectors covered include entertainment & content, professional & consumer publishing, marketing services, broadcasting & pay TV, radio & outdoor and internet stocks.

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.

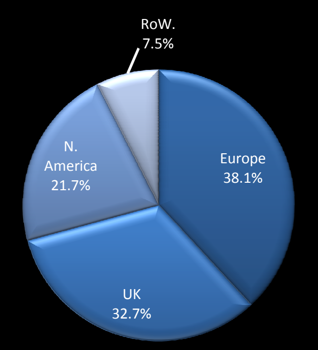
The management team consists of David Forster (Fund Manager), Peter Wilton (Fund Manager) and Edward Montague (Operations Manager and Analyst). David Forster has 6 years of industry experience and 15 years experience as an equity analyst specialising in media. He was latterly responsible for global media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

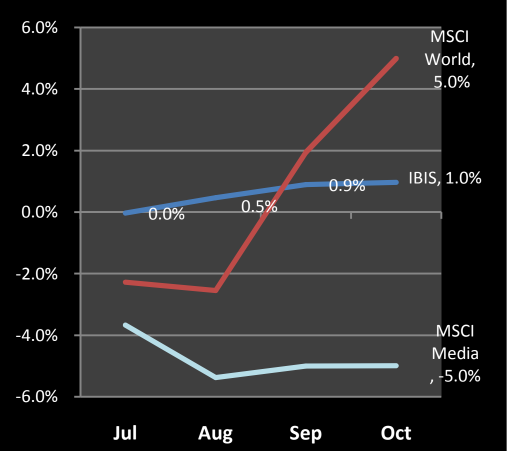


Gross Regional Exposure



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	Monthly
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Summary

- The 0.1% increase in our NAV versus a flat MSCI Global Media index may suggest a dull month. However, the sector remained extremely volatile and our NAV ranged from up over 1% to down over 0.5% during the month.
- We increased our gross from 69.0% to 95.3% during the course of the month, mostly through adding to existing positions, although we ended the month with 27 positions (14 long v 13 short), compared to 24 positions (13 long v 11 short) at end September.
- At a time of low medium/long term visibility it is noticeable that the market is reacting aggressively to short term newsflow, both positive and negative, and is trusting momentum more than valuation. This is proving a tricky environment given that instinctively we are reluctant to go with the flow and have a fundamental approach that places significant weight on valuation.
- Our hope that the sector was stabilising at the beginning of last month proved premature and early November has seen a further sharp decline, as the risks of recession have risen and dollar weakness has meant that UK/European names with US exposure have become vulnerable to further currency translation EPS downgrades.
- Ultimately this volatile environment should produce attractive valuation anomalies. However, the uncertain prospects of broader stock markets, in addition to media specifically, continue to limit our appetite for strongly directional bets.

Commentary

Summary

MSCI Global Media's flat performance in October belied significant volatility within the sector, with Google hitting its all time high, just as many other media names were hitting year lows. Since the beginning of the current month, we have seen a rapturous reception to the IPO of China's Alibaba, a business-to-business e-commerce platform, whose shares went to a 193% day one premium to a raised Offer price, putting the company's valuation at 306x 2007 projected earnings. This is an interesting contrast to say, US and UK newspaper stocks, with Johnston Press on a 7.8x times 2007 P/E and Gannett on 9x times, highlighting the sector's diversity – ranging from the ultimate growth combination of China and online to mature businesses with cyclical and structural headwinds.

During October the market oscillated as opinion swung from a soft to hard landing scenario. This meant that we had several instances of one day's winners proving the following day's losers, making it difficult to build any momentum. However, it has become increasingly clear that the market is looking to price in a hard landing, with cyclical names coming under mounting pressure while defensive and non-cyclical growth names proving relatively robust and in some cases managing to move ahead.

We made significant progress on raising our gross during the month, from 69.0% to 95.3%, and while this is still low relative to where we see our norm, the ongoing volatility of the market leads us to remain relatively cautious about using leverage. Much of the increase in our gross resulted from us adding to established positions, although we did add 2 new long positions and 3 shorts and also closed out 2 profitable short positions, leading to a net increase in our overall positions to 27.

Attribution

For the first month since our July launch our long book made a positive contribution, with a significant majority of our longs making money. However, much of the good work was undone by a significant setback in one specific long position, which missed expectations and reduced its full year guidance, and cost us 40bps on the month. We have subsequently cut the position.

There were no particularly significant movements on our short book, although a short squeeze ahead of results' reporting on one successful and still profitable position cost us 37bps, pushing our short book to a modest loss of 14bps on the month.

We have still yet to employ any generic hedging, but have a number of customised thematic "baskets" in place, which are live on Bloomberg and whose performance we have been able to monitor during both sharply rising and falling markets.

Outlook

The early part of November has seen sharp falls across many stock markets as recessionary threats have risen and investors have also had to contend with a series of specific negative shocks. This has placed renewed pressure on many cyclicals, and we can point to many instances of media names that have seen share price declines from year highs of 40%+ that continue to trade strongly and have maintained or raised 2007 guidance as the year has progressed. While it can be argued that some companies are now pricing in a hard landing, they remain friendless for the time being as investors stay on the sidelines to see when and how deep the estimate downgrading cycle goes.

Dollar weakness is bad news for the reported earnings of UK and European based media companies with substantial US operations; of which there are a significant number, ranging from global advertising groups such as WPP Group and Publicis to global publishers such as Pearson, Reed Elsevier and Reuters. While most analysts' estimates already build in significant dollar depreciation the move to new record lows means that a further spate of currency related downgrades is in prospect. Although the currency effect is purely translational it nevertheless negatively impacts reported EPS growth and may affect dividend payments, where these are linked to reported earnings.

Overall investor sentiment towards the sector is undoubtedly continuing negative, with short interest at or near year highs with regards to many companies. It is noticeable that there is currently an above average focus on short-term newsflow which may be explained by the lack of medium to long term visibility. We have seen several instances where a 1% miss relative to analysts' quarterly expectations has been severely punished, while a 1% beat has been rapturously received. Given that many of our positions are taken with a view to a payoff over a 12 month period this means that we are having to pay above average attention to short term noise, given the potential pain of being wrong on a one month view.