

# **PENSATO CAPITAL FUNDS PLC**

**Condensed Interim Report and Unaudited Financial Statements  
for the six months ended 31 March 2012**

# PENSATO CAPITAL FUNDS PLC

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# PENSATO CAPITAL FUNDS PLC

## General Information

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<b>Directors:</b>	Paul Carroll Glen MacMullin Heinz Saner Paddy Shanahan David Watson
<b>Investment Manager, Promoter and Distributor:</b>	Pensato Capital LLP 5 <sup>th</sup> Floor, Pollen House 10-12 Cork Street London W1S 3NP England
<b>Custodian:</b>	BNY Mellon Trust Company (Ireland) Limited Guild House Guild Street IFSC Dublin 1 Ireland
<b>Administrator:</b>	BNY Mellon Fund Services (Ireland) Limited Guild House Guild Street IFSC Dublin 1 Ireland
<b>Independent Auditors:</b>	Ernst & Young Harcourt Centre Harcourt Street Dublin 2 Ireland
<b>Legal Advisers as to matters of Irish Law:</b>	Dillon Eustace 33 Sir John Rogerson's Quay Dublin 2 Ireland
<b>Legal Advisers as to matters of English Law:</b>	Simmons & Simmons CityPoint One Ropemaker Street London EC2Y 9SS United Kingdom
<b>Secretary and Registered Office:</b>	Tudor Trust Limited 33 Sir John Rogerson's Quay Dublin 2 Ireland

# PENSATO CAPITAL FUNDS PLC

## **Investment Manager's Report for the six months ended 31 March 2012**

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The investment objective of the Pensato Europa Absolute Return Fund is to generate attractive risk adjusted returns primarily driven from stock picking. The stock market continues to exhibit high short term volatility driven by macroeconomic news flow and sentiment swings. The European equity market stands today at essentially the same level it did two and a half years ago in September 2009. In that period, it has been up to 15% higher and also 15% lower. These moves have been driven by investors extrapolating short term macro-economic data to either assume a period of strong economic recovery or double-dip recession. In reality, the global economy appears to be in a relatively steady phase after the sharp decline and recovery seen in 2008-2010. The Europeans are tackling their debt problems with austerity. This means economic growth will be modest for some time. 'Tail risk' in the financial system exists and will continue to flare up periodically as the financial position of highly indebted countries cannot be fixed overnight. Actions like the recent LTRO by the European Central Bank will be required on a regular basis to offset this. The Americans have chosen to stimulate their way out of the debt crisis. This means economic activity will recover more rapidly but leaves the question of unsustainably high levels of debt in the longer term. Developing economies, led by China, are adjusting to the overstimulation of their economies in 2009 and the gradual shift from investment and export led growth to growth driven by domestic demand. These broad macro-economic trends are likely to continue for several years but investor sentiment is likely to swing between short term optimism and pessimism much to the delight of macro-economic commentators.

For the period September 2011 to March 2012 the stock market has seen a strong rally, with the Euro Stoxx 600 Index rising by over 16%. This came after a very poor period of performance over the summer of 2011, with the second quarter of 2011 witnessing a fall of over 16% in the index. There are two key factors that have helped fuel the rally: an improvement in the macroeconomic news flow, particularly from the US, and loosening global monetary policy. In the US, the Fed has now indicated that it intends to keep rates in place at least to the end of 2014 (previously mid-2013); In the UK, the MPC extended its asset purchase programme by £50bn while Japan also expanded its asset purchase fund. In emerging economies, the Indian central bank and the Chinese PBoC both cut the reserve requirement rate by 50bp. Moreover, expectations that banks would subscribe heavily to the second round of the LTRO at the end of March supported sentiment. In fact around 800 banks participated in the 3 year LTRO, borrowing €29bn from the ECB.

The portfolio construction has remained broadly consistent over the period. Our gross exposure has ranged from 193% to 227%, reflecting a wide opportunity set for the fund. Our net exposure has varied from 16% to 30% net long, reflecting our modest appetite for market risk and our focus on driving investment returns from stock selection. Stock selection returns were strongly positive with a gross investment return of 7.5%. With our modest net long exposure to a rising stock market, the fund benefitted from a gross return of 4.2% from our directional exposure. Overall gross returns in the period were therefore 11.7%, with a net return to investors of 8.5%.

## **PENSATO CAPITAL FUNDS PLC**

### **Investment Manager's Report (continued) for the six months ended 31 March 2012**

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The volatile and uncertain macroeconomic situation does not mean that there is a lack of exciting investment opportunities amongst European companies. Given the uncertainties facing many companies, management teams are being cautious and investor expectations for a company's economic prospects often cluster tightly around official corporate guidance. This is an investment paradox: in times of uncertainty, the range of outcomes for a company's profits is often very wide which should result in a high standard deviation of profit forecasts. Through careful analysis of medium and long term corporate and industry fundamentals, identifying businesses that are likely to deviate significantly from this tight consensus "huddle" is both the key challenge and opportunity to drive significant stock picking returns. Within sectors, dispersion is now wide enough such that excellent stock picking returns can be generated without taking on significant uncompensated factor risk. This allows short term volatility driven by rapid changes in sentiment not to have a high impact on short term investment performance and helps ensure attractive risk adjusted returns over the long term.

**Pensato Capital LLP**

**April 2012**

**PENSATO CAPITAL FUNDS PLC**

**Condensed Statement of Comprehensive Income  
for the six months ended 31 March 2012**

	<b>Six months ended</b>	<b>Year ended</b>	<b>Six months ended</b>
	<b>31 March 2012</b>	<b>30 September 2011</b>	<b>31 March 2011</b>
	€	€	€
<b>Income</b>			
Dividend income	466,334	1,229,091	239,896
Interest income	19,600	40,598	6,667
Net gain on financial assets and liabilities at fair value through profit or loss	7,598,562	1,924	1,262,136
<b>Total net income</b>	<b>8,084,496</b>	<b>1,271,613</b>	<b>1,508,699</b>
<b>Less expenses</b>			
Interest expense	299,803	333,168	126,281
Dividend expense	580,705	1,338,327	192,370
Investment managers fees	547,259	915,649	361,741
Administration fees	53,253	104,825	56,211
Legal fees	61,176	125,256	25,649
Performance fees	918,458	8,939	177,447
Trustee fees	10,153	19,834	9,807
Custodian fees	26,927	54,411	10,903
Audit fees	19,945	39,672	19,617
Directors' fees	28,441	39,672	25,503
Other professional fees	35,526	59,960	29,766
Transfer agency fees	2,493	4,959	2,452
Other expenses	1,701	9,186	16,034
<b>Total operating expenses</b>	<b>2,585,840</b>	<b>3,053,858</b>	<b>1,053,781</b>
<b>Increase/(decrease) in net assets from operations</b>	<b>5,498,656</b>	<b>(1,782,245)</b>	<b>454,918</b>

**PENSATO CAPITAL FUNDS PLC**

**Condensed Statement of Financial Position  
as at 31 March 2012**

	Note	31 March 2012 €	30 September 2011 €	31 March 2011 €
<b>Assets</b>				
Financial assets at fair value through profit or loss	7	55,286,251	49,662,822	56,486,315
Cash and cash equivalents		13,018,808	9,512,350	6,161,157
Receivable for securities sold		853,275	698,883	600,362
Amounts due from brokers		1,474,714	856,241	4,723,485
Dividends receivable		156,962	49,663	19,173
Other assets		98,567	131,344	179,067
<b>Total assets</b>		<b><u>70,888,577</u></b>	<b><u>60,911,303</u></b>	<b><u>68,169,559</u></b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	7	449,456	1,004,866	666,541
Payable for securities purchased		677,401	1,504,326	2,670,581
Amounts due to brokers		-	8,976	2,179
Dividends payable on short CFD's		122,184	62,122	79,099
Performance fees accrued	5	918,458	8,939	177,447
Administration fees payable		13,314	5,627	16,643
Investment managers fees payable	5	96,641	84,443	94,162
Interest payable		2,341	-	-
Accrued expenses		116,613	146,073	83,169
<b>Total liabilities</b>		<b><u>2,396,408</u></b>	<b><u>2,825,372</u></b>	<b><u>3,789,821</u></b>
<b>Net assets</b>		<b><u>68,492,169</u></b>	<b><u>58,085,931</u></b>	<b><u>64,379,738</u></b>
<b>Shares in issue:</b>				
Class B (Euro) Shares (Reporting)		87,366.25	64,204.89	7,175.40
Class B (Euro) Shares (Non-Reporting)		465,202.72	440,354.43	522,885.39
Class B (GBP) Shares (Reporting)		57,954.11	53,239.11	51,674.00
Class B (USD) Shares (Non-Reporting)		8,940.55	15,255.29	40,255.29
(Euro) Management Shares (Reporting)		16,400.00	16,400.00	16,400.00
(Euro) Management Shares (Non-Participating)		2.00	2.00	2.00
<b>Net Asset Value per share</b>				
Class B (Euro) Shares (Reporting)		€106.05	€7.89	€101.71
Class B (Euro) Shares (Non-Reporting)		€106.11	€7.76	€101.66
Class B (GBP) Shares (Reporting)		£106.17	£97.69	£101.74
Class B (USD) Shares (Non-Reporting)		\$106.00	\$97.36	\$101.76
(Euro) Management Shares (Reporting)		€107.86	€7.99	€101.71
(Euro) Management Shares (Non-Participating)		€1.00	€1.00	€1.00

## PENSATO CAPITAL FUNDS PLC

### Condensed Statement of Changes in Net Assets for the six months ended 31 March 2012

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	Six months ended 31 March 2012 €	Year ended 30 September 2011 €	Six months ended 31 March 2011 €
Net assets at beginning of period/year	58,085,931	300,000	300,000
Increase/(decrease) in net assets from operations	5,498,656	(1,782,245)	454,918
Subscriptions during the period/year	8,622,852	80,298,881	64,592,818
Redemptions during the period/year	<u>(3,715,270)</u>	<u>(20,730,705)</u>	<u>(967,998)</u>
Net assets at end of period/year	<u><b>68,492,169</b></u>	<u><b>58,085,931</b></u>	<u><b>64,379,738</b></u>



**PENSATO CAPITAL FUNDS PLC**

**Condensed Statement of Cash Flows  
for the six months ended 31 March 2012**

	Six months ended 31 March 2012 €	Year ended 30 September 2011 €	Six months ended 31 March 2011 €
<b>Cash flows from operating activities</b>			
Increase/(decrease) in net assets from operations	5,498,656	(1,782,245)	454,918
<b>Adjustment for:</b>			
Net increase in financial assets and financial liabilities at fair value through profit or loss	(6,404,558)	(49,394,392)	(55,782,492)
Net derivative contracts	225,719	736,436	(37,282)
Increase in receivable for securities sold	(154,392)	(698,883)	(600,362)
Increase in amounts due from brokers	(618,473)	(856,241)	(4,723,485)
Increase in dividends receivable	(107,299)	(49,663)	(19,173)
Decrease / (increase) in other assets	32,777	(131,344)	(179,067)
(Decrease) / increase in payable for securities purchased	(826,925)	1,504,326	2,670,581
(Decrease) / increase in amounts due to brokers	(8,976)	8,976	2,179
Increase in performance fees accrued	909,519	8,939	177,447
Increase in dividends payable on short CFD's	60,062	62,122	79,099
Increase in administration fees payable	7,687	5,627	16,643
Increase in investment managers fees payable	12,198	84,443	94,162
Increase in interest payable	2,341	-	-
(Decrease) / increase in accrued expenses	(29,460)	146,073	83,169
<b>Net cash outflow from operating activities</b>	<b>(1,401,124)</b>	<b>(50,355,826)</b>	<b>(57,763,663)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares	8,622,852	80,298,881	64,592,818
Payments for redemption of shares	(3,715,270)	(20,730,705)	(967,998)
<b>Net cash inflow from financing activities</b>	<b>4,907,582</b>	<b>59,568,176</b>	<b>63,624,820</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,506,458</b>	<b>9,212,350</b>	<b>5,861,157</b>
Cash and cash equivalents at beginning of the period	9,512,350	300,000	300,000
<b>Cash and cash equivalents at end of the period</b>	<b>13,018,808</b>	<b>9,512,350</b>	<b>6,161,157</b>
<i>Supplementary information on cash flows from operating activities:</i>			
Interest paid	297,462	333,168	126,281

# PENSATO CAPITAL FUNDS PLC

## Analysis of Portfolio as at 31 March 2012

	Fair Value €	% of Net Assets
<b>Financial assets at fair value through profit and loss</b>		
<b>Investment in contracts for difference*</b>	<i>Underlying notional exposure</i>	
	€	
<b>Austria</b>		
Energy – short exposure	(2,486,525)	-
Materials – short exposure	(1,220,534)	-
<b>Belgium</b>		
Industrials – short exposure	(422,713)	-
Information Technology – short exposure	(1,077,015)	-
<b>Finland</b>		
Consumer Discretionary – short exposure	(1,939,616)	-
Energy – short exposure	(168,437)	-
Industrials – short exposure	(3,061,272)	-
Materials – short exposure	(1,794,689)	-
<b>France</b>		
Consumer Discretionary – short exposure	(2,588,024)	-
Energy – short exposure	(2,187,526)	-
Industrials – short exposure	(423,031)	-
Information Technology – short exposure	(1,932,083)	-
<b>Germany</b>		
Consumer Discretionary – short exposure	(1,677,902)	-
Healthcare – short exposure	(1,345,485)	-
Information Technology – short exposure	(1,973,736)	-
Industrials – short exposure	(2,283,336)	-
Materials – short exposure	(616,713)	-
<b>Netherlands</b>		
Consumer Discretionary – short exposure	(883,254)	-
Energy – short exposure	(1,883,302)	-
Industrials – short exposure	(1,320,939)	-
<b>Norway</b>		
Energy – short exposure	(1,129,568)	-
<b>Spain</b>		
Consumer Discretionary – long exposure	680,960	-
Consumer Discretionary – short exposure	(976,100)	-
Information Technology – short exposure	(1,069,410)	-
Materials – short exposure	(1,322,399)	-
<b>Sweden</b>		
Consumer Discretionary – short exposure	(7,939,623)	-
Industrials – short exposure	(3,295,287)	-

**PENSATO CAPITAL FUNDS PLC**

**Analysis of Portfolio as at 31 March 2012 (continued)**

	Fair Value €	% of Net Assets
<b>Financial assets at fair value through profit and loss (continued)</b>		
<b>Investment in contracts for difference* (continued)</b>	<i>Underlying notional exposure</i>	
	€	
<b>Switzerland</b>		
Consumer Discretionary – short exposure	(742,970)	-
Healthcare – short exposure	(3,800,340)	-
Industrials – short exposure	(282,119)	-
Materials – short exposure	(2,255,327)	-
<b>United Kingdom</b>		
Consumer Discretionary – long exposure	4,032,206	71,271
Consumer Discretionary – short exposure	(1,569,809)	22,991
Consumer Staples – long exposure	1,711,837	4,209
Consumer Staples – short exposure	(2,594,803)	28,646
Energy – short exposure	(1,577,119)	2,497
Industrials – short exposure	(646,144)	20,102
Information Technology – long exposure	1,531,175	20,776
Materials – long exposure	1,474,607	11,876
<b>Total United Kingdom</b>	<u>182,368</u>	<u>0.27</u>
<b>Total investment in contracts for difference</b>	<u>182,368</u>	<u>0.27</u>
<b>Investment in equities</b>		
<b>Austria</b>		
Materials	1,361,434	1.99
	<u>1,361,434</u>	<u>1.99</u>
<b>Belgium</b>		
Consumer Discretionary	911,772	1.33
	<u>911,772</u>	<u>1.33</u>
<b>Denmark</b>		
Consumer Staples	2,057,877	3.00
Healthcare	1,372,505	2.00
	<u>3,430,382</u>	<u>5.00</u>
<b>Finland</b>		
Consumer Discretionary	1,661,328	2.43
Industrials	1,739,136	2.54
	<u>3,400,464</u>	<u>4.97</u>
<b>France</b>		
Consumer Discretionary	2,971,209	4.34
Consumer Staples	685,800	1.00
Industrials	2,111,028	3.08
Information Technology	3,511,313	5.12
	<u>9,279,350</u>	<u>13.54</u>

**PENSATO CAPITAL FUNDS PLC**

**Analysis of Portfolio as at 31 March 2012 (continued)**

	Fair Value €	% of Net Assets
<b>Financial assets at fair value through profit and loss (continued)</b>		
<b>Investment in equities (continued)</b>		
<b>Germany</b>		
Consumer Staples	2,048,165	2.99
Industrials	1,260,090	1.84
Information Technology	2,738,952	4.00
	<u>6,047,207</u>	<u>8.83</u>
<b>Greece</b>		
Energy	1,615,988	2.36
	<u>1,615,988</u>	<u>2.36</u>
<b>Israel</b>		
Information Technology	666,155	0.97
Materials	1,034,074	1.51
	<u>1,700,229</u>	<u>2.48</u>
<b>Netherlands</b>		
Consumer Staples	1,895,881	2.77
Energy	3,291,668	4.81
Information Technology	2,409,589	3.52
Materials	804,124	1.17
	<u>8,401,262</u>	<u>12.27</u>
<b>Norway</b>		
Consumer Staples	1,707,692	2.49
Energy	3,898,570	5.69
	<u>5,606,262</u>	<u>8.18</u>
<b>Sweden</b>		
Industrials	1,717,737	2.51
	<u>1,717,737</u>	<u>2.51</u>
<b>Switzerland</b>		
Consumer Discretionary	1,720,326	2.52
	<u>1,720,326</u>	<u>2.52</u>
<b>Turkey</b>		
Consumer Staples	875,631	1.28
	<u>875,631</u>	<u>1.28</u>
<b>Total investment in equities</b>	<u>46,068,044</u>	<u>67.26</u>

**PENSATO CAPITAL FUNDS PLC**

**Analysis of Portfolio as at 31 March 2012 (continued)**

				Fair Value €	% of Net Assets
<b>Financial assets at fair value through profit and loss (continued)</b>					
<b>Investment in government bonds</b>					
<b>Germany</b>					
Financials					
				4,999,580	7.30
				<u>4,999,580</u>	<u>7.30</u>
<b>Total investment in government bonds</b>				<u>4,999,580</u>	<u>7.30</u>
<b>Investment in preferred stocks</b>					
<b>Germany</b>					
Consumer Discretionary					
				1,294,424	1.89
Consumer Staples					
				2,700,466	3.94
				<u>3,994,890</u>	<u>5.83</u>
<b>Total investment in preferred stocks</b>				<u>3,994,890</u>	<u>5.83</u>
<b>Forward currency contracts*</b>					
Amount Receivable	Amount Payable	Maturity Date	Contracts	Unrealised gain €	% of Net Assets
<i>Class Specific</i>					
GBP6,062,000	€7,240,370	30 April 2012	1	30,260	0.05
GBP72,000	€85,996	30 April 2012	1	359	0.00
US\$934,000	€700,079	30 April 2012	1	1,178	0.00
US\$11,000	€8,245	30 April 2012	1	14	0.00
<i>Non Class Specific</i>					
GBP3,000,000	US\$4,781,000	30 April 2012	1	8,433	0.01
GBP400,000	US\$637,480	30 April 2012	1	1,125	0.00
<b>Total unrealised gain on forward currency contracts</b>				<u>41,369</u>	<u>0.06</u>
<b>Total financial assets at fair value through profit or loss - trading</b>				<u>55,286,251</u>	<u>80.72</u>

**PENSATO CAPITAL FUNDS PLC**

**Analysis of Portfolio as at 31 March 2012 (continued)**

				Fair Value €	% of Net Assets
<b>Financial liabilities at fair value through profit and loss</b>					
<b>Investment in contracts for difference*</b>					
				<i>Underlying notional exposure</i>	
<b>United Kingdom</b>				€	
Consumer Discretionary – long exposure			4,955,596	(100,732)	(0.15)
Consumer Discretionary – short exposure			(200,543)	(2,685)	(0.00)
Consumer Staples – long exposure			2,197,074	(34,520)	(0.05)
Energy – long exposure			2,964,051	(76,526)	(0.11)
Energy – short exposure			(1,018,884)	(31,035)	(0.05)
Financials – long exposure			1,322,760	(2,939)	(0.00)
Industrials – long exposure			3,188,654	(88,412)	(0.13)
Information Technology – long exposure			1,371,576	(48,155)	(0.07)
Materials – long exposure			1,219,683	(11,004)	(0.02)
<b>Total United Kingdom</b>			<u>(396,008)</u>	<u>(0.58)</u>	
<b>Total investment in contracts for difference</b>				<u>(396,008)</u>	<u>(0.58)</u>
<b>Forward currency contracts*</b>					
<i>Non Class Specific</i>				<b>Unrealised loss</b>	<b>% of Net Assets</b>
<b>Amount Receivable</b>	<b>Amount Payable</b>	<b>Maturity Date</b>	<b>Contracts</b>	<b>€</b>	
€10,699,885	SEK95,000,000	30 April 2012	1	(36,094)	(0.05)
€1,314,130	NOK10,000,000	30 April 2012	1	(576)	(0.00)
€7,794,362	CHF9,400,000	30 April 2012	1	(16,778)	(0.03)
<b>Total unrealised loss on forward currency contracts</b>				<u>(53,448)</u>	<u>(0.08)</u>
<b>Total financial liabilities at fair value through profit or loss - trading</b>				<u>(449,456)</u>	<u>(0.66)</u>
<b>Total financial assets at fair value through profit and loss</b>				55,286,251	80.72
<b>Total financial liabilities at fair value through profit and loss</b>				(449,456)	(0.65)
<b>Cash and cash equivalents</b>				13,018,808	19.01
<b>Other net assets</b>				636,566	0.92
<b>Net assets attributable to holders of redeemable participating shares</b>				<u>68,492,169</u>	<u>100.00</u>

*\*The above identified open derivative positions have been marked to market as at 31 March 2012. Contracts for difference generally roll over on a periodic basis and settle in cash at the rollover date. Contracts with a nil fair value have rolled over and settled in cash on 31 March 2012 but are still open.*

## PENSATO CAPITAL FUNDS PLC

### Analysis of Portfolio as at 31 March 2012 (continued)

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	<b>% of Total Assets</b>
<b>Analysis of total assets</b>	
Transferable securities admitted to an official stock exchange or traded on a regulated market	77.67
Contracts for difference	0.26
Cash and cash equivalents	18.37
Other assets	3.70
	<hr/> 100.00 <hr/>

#### **Classifications:**

Other assets includes forward currency contracts

All other investments held at period end, other than contracts for difference, are transferable securities listed on an official stock exchange or traded on a regulated market

Analysis of Total Assets is required under UCITS Notice 8.2 appendix B.

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012

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### **1. Corporate Information**

Pensato Capital Funds plc (the "Company") was incorporated in Ireland on 17 February 2010 as an investment company with variable capital, structured as an umbrella fund with segregated liability between sub-funds and with limited liability under registration number 481027. The Company is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferrable Securities ("UCITS") pursuant to the UCITS Regulations. The Company commenced its trading activity on 4 October 2010.

The registered office of the Company is 33 Sir John Rogerson's Quay, Dublin 2, Ireland

The Company has appointed Pensato Capital LLP (the "Investment Manager") as Investment Manager to the Company. The Company has delegated its administration and share registration functions to BNY Mellon Fund Services (Ireland) Limited (the "Administrator"). The Company has appointed BNY Mellon Trust Company (Ireland) Limited (the "Custodian") to carry out the custodial functions of the Company including the safekeeping of assets, trustee duties and the operation and maintenance of certain of the Company's bank accounts.

At the date of these financial statements, the Company consists of the following Fund, which has been approved by the Financial Regulator: Pensato Europa Absolute Return Fund (the "Fund").

The investment objective of the Company is to seek to achieve absolute returns and capital appreciation on a risk adjusted basis.

The Company seeks to achieve its objective by investing primarily in a portfolio of direct and synthetic long and synthetic short equity positions (which will be achieved through the use of financial derivative instruments) in companies operating principally in Europe where, in the opinion of the Investment Manager, the economic fundamentals of the businesses are not reflected by the prevailing market valuation.

### **2. Significant Accounting Policies**

The significant accounting policies and estimation techniques adopted by the Company for the six months ended 31 March 2012 are consistent with those adopted by the Company for the annual financial statements for the year ended 30 September 2011.

#### **Basis of Preparation**

This condensed interim financial information for the period ended 31 March 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting' and Irish statute comprising the Companies Acts, 1963 to 2009, and all Regulations to be as construed as one with those Acts. The condensed interim report and unaudited financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2011.

The financial statements are presented in Euro, which is the functional currency of the Company.

Comparative figures are presented for the six months ended 31 March 2011, and for the year ended 30 September 2011. Some comparative figures have been restated for consistency with current period presentation. The change in presentation has no effect on the results of the prior period/year.

### **3. Share Capital**

The authorised share capital of the Company is 499,999,700,000 Shares of no par value and 300,000 redeemable non-participating shares of no par value issued at €1.00 each.



# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012

### 3. Share Capital (continued)

The following share transactions took place during the six months ended 31 March 2012, 30 September 2011 and six months ended 31 March 2011:

	Six months ended 31 March 2012	Year ended 30 September 2011	Six months ended 31 March 2011
<b>Participating Shares</b>			
<b>Class B (Euro) Shares (Reporting)</b>			
Opening balance at beginning of period/year	64,204.89	-	-
Shares issued	24,124.29	67,471.70	7,175.40
Shares redeemed	(962.93)	(3,266.81)	-
Closing balance at end of period/year	<u>87,366.25</u>	<u>64,204.89</u>	<u>7,175.40</u>
<b>Class B (Euro) Shares (Non-Reporting)</b>			
Opening balance at beginning of period/year	440,354.43	-	-
Shares issued	54,847.28	602,811.96	529,514.56
Shares redeemed	(29,998.99)	(162,457.53)	(6,629.17)
Closing balance at end of period/year	<u>465,202.72</u>	<u>440,354.43</u>	<u>522,885.39</u>
<b>Class B (GBP) Shares (Reporting)</b>			
Opening balance at beginning of period/year	53,239.11	-	-
Shares issued	5,100.00	53,239.11	51,674.00
Shares redeemed	(385.00)	-	-
Closing balance at end of period/year	<u>57,954.11</u>	<u>53,239.11</u>	<u>51,674.00</u>
<b>Class B (USD) Shares (Non-Reporting)</b>			
Opening balance at beginning of period/year	15,255.29	-	-
Shares issued	1,556.11	40,255.29	40,255.29
Shares redeemed	(7,870.85)	(25,000.00)	-
Closing balance at end of period/year	<u>8,940.55</u>	<u>15,255.29</u>	<u>40,255.29</u>
<b>(Euro) Management Shares (Reporting)</b>			
Opening balance at beginning of period/year	16,400.00	-	-
Shares issued	-	16,400.00	16,400.00
Shares redeemed	-	-	-
Closing balance at end of period/year	<u>16,400.00</u>	<u>16,400.00</u>	<u>16,400.00</u>
<b>Non-Participating Shares</b>			
<b>(Euro) Management Shares (Non-Participating)</b>			
Opening balance at beginning of period/year	2.00	300,000.00	300,000.00
Shares issued	-	-	-
Shares redeemed	-	(299,998.00)	(299,998.00)
Closing balance at end of period/year	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012

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### **4. Derivative Contracts**

The Company may engage in transactions in Financial Derivative Instruments on behalf of the Fund either for investment purposes or for the purposes of efficient portfolio management as more particularly disclosed in the Prospectus and the Supplement for the relevant Fund.

The primary derivative contracts that the Company engages in on behalf of the Fund relate to Contracts For Differences (“CFDs”). These represent agreements that obligate two parties to exchange cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise deemed notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore amounts required for the future satisfaction of the CFD may be greater or less than the amount recorded. The ultimate gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at the CFDs settlement date and is included in the settlement of comprehensive income.

The Company employs a risk management process which enables it accurately to measure, monitor and manage the risks attached to financial derivative positions and details of this process have been provided to the Central Bank. The Company does not utilise financial derivatives which have not been included in the risk management process until such time as a revised risk management process has been submitted to and cleared by the Central Bank. The Company will provide on request to Shareholders supplementary information relating to the risk management methods employed by the Company including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

The Company may use forward currency contracts to hedge economically its non-functional currency investments and liabilities to Shareholders, although formal hedge accounting is not used. Forward contracts entered into by the Fund represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the commencement and the value of the contract at settlement date/year end date and are included in the Statement of Comprehensive Income.

The realised/unrealised gains or losses arising from financial derivative transactions are included in ‘Net gain on financial assets and liabilities at fair value through profit or loss’ in the Statement of Comprehensive Income.

### **5. Investment Manager and Performance Fees**

The Company has appointed Pensato Capital LLP (the "Investment Manager") as Investment Manager to the Company. The Company has delegated its administration and share registration functions to BNY Mellon Fund Services (Ireland) Limited (the “Administrator”), its custodial functions around the safekeeping of assets, trustee duties and the operation and maintenance of bank accounts to BNY Mellon Trust Company (Ireland) Limited (the “Custodian”) and its distribution functions to Pensato Capital LLP (the “Distributor”).

#### **Investment Manager’s Fee**

The Investment Manager will receive from the Company, a monthly Investment Management Fee equal to the following:

- 1/12 of 2.25% per annum of the Net Asset Value of the A Shares (before deduction of that month’s fees, expenses, borrowings and interest together with Value Added Tax, if any, on such an Investment Management Fee and before deduction for any accrued Performance Fees); and
- 1/12 of 1.75% per annum of the Net Asset Value of the B Shares and the Management Shares (before deduction of that month’s fees, expenses, borrowings and interest together with Value Added Tax, if any, on such an Investment Management Fee and before deduction for any accrued Performance Fees).

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012 (continued)

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### 5. Investment Manager and Performance Fees (continued)

#### **Investment Manager's Fee (continued)**

Such fee is payable monthly and is accrued and calculated as at each Valuation Point.

The Directors may, with the consent of the Investment Manager, reduce the Investment Management Fee payable by any class of Shares.

Investment Management Fees of €35,061 were paid during the period and there were fees of €6,641 payable at the period end.

#### **Performance Fee**

The Investment Manager may be entitled to receive a Performance Fee payable out of a Fund's assets.

The Performance Fee will be calculated and accrued as at each Valuation Point. The Performance Fee will be calculated in respect of each financial year (a "Calculation Period"). However, the first Calculation Period in respect of any Class of Shares will be the year commencing on the Business Day immediately following the close of the Initial Offer Period for that Class and ending on 30 September in that same year. For each Calculation Period, the Performance Fee payable will be equal to 20% of any "New Net Appreciation" of each of the Class A Shares and the Class B Shares.

The New Net Appreciation shall equal the amount, if any, by which the Net Asset Value of the relevant Class as of the end of the relevant Calculation Period exceeds the High Water Mark.

The High Water Mark attributable to each Class is the greater of:

- (a) the Net Asset Value of the relevant Class as of the most recent 30 September at which a Performance Fee was paid by such relevant Class (after reduction for the Performance Fee then paid) and
- (b) if no Performance Fee has ever been paid, then the initial capital of the relevant Class immediately following the close of the Initial Offer Period.

The High Water Mark set out above in paragraphs (a) and (b) shall be increased when additional Subscriptions are made to the relevant Class, by an amount equal to such Subscriptions and shall be reduced proportionately whenever Redemptions are made from the relevant Class by being multiplied by the fraction, the numerator of which is the Net Asset Value of the relevant Class immediately after, and the denominator of which is the Net Asset Value of the relevant Class immediately prior to, any such redemption (the Net Asset Value of the relevant Class in each case to be calculated prior to deduction for any accrued Performance Fee).

The Performance Fee will normally be payable to the Investment Manager in arrears within 20 Business Days of the end of each Calculation Period. However, in the case of Shares redeemed during a Calculation Period, the accrued Performance Fee in respect of those Shares will be payable within 20 Business Days after the date of redemption. Crystallised Performance Fees shall remain in the relevant Class (but shall not participate in subsequent gains and losses of the relevant Class) until paid to the Investment Manager, and shall not be used or made available to satisfy redemptions or pay any fees and expenses of the relevant Class.

The Investment Manager may from time to time and at its sole discretion and out of its own resources decide to rebate to Shareholders part or all of the Investment Management Fee and/or Performance Fee. Any such rebates may be applied in paying up additional Shares to be issued to the Shareholder, or may (at the discretion of the Investment Manager) be paid in cash.

Performance Fees of €8,939 were paid during the period and there were fees of €18,458 payable at the period end.

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012 (continued)

### 6. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Although not deemed to be related parties under International Financial Reporting Standards as they do not exercise "significant influence" over the activities of the Funds, UCITS Notice 14/ Non-UCITS 2 also deems a "Trustee" and its "associated or group companies" to be related parties to the Company. As such, BNY Mellon Trust Company (Ireland) Limited, the Custodian, and BNY Mellon Fund Services (Ireland) Limited, the Administrator, are related parties to the Fund.

During the period, BNY Mellon Trust Company (Ireland) Limited and BNY Mellon Fund Services (Ireland) Limited earned fees for provision of trustee, custody and administration services to the Company as follows:

	Six months ended 31 March 2012 €	Year ended 30 September 2011 €	Six months ended 31 March 2011 €
BNY Mellon Trust Company (Ireland) Limited			
Trustee services	10,153	19,834	9,807
Custody services	26,927	54,411	10,903
BNY Mellon Fund Services (Ireland) Limited			
Administration services	53,253	104,825	56,211

The Company considers the Investment Manager, the Board of Directors, the Trustee, the Custodian and the Administrator as related parties.

David Watson and Paddy Shanahan are members of the Investment Manager, which will receive an Investment Managers Fee and may receive a Performance Fee in respect of its services to the Company, and are also members of Pensato Cayman LP, a Cayman partnership which holds an indirect interest in the Investment Manager.

#### *Investment Manager*

The Investment Manager receives a fee from the Company for managing the investment activities of the Group.

#### *Directors' remuneration*

The listing of the members of the Board of Directors is shown on page 2.

Glen MacMullin, Heinz Saner, Paddy Shanahan and Paul Carroll are entitled to an annual fee of €10,000 per annum for the Fund and reimbursements for any expenses incurred in connection with carrying on their roles as Directors.

David Watson has agreed to waive his fee.

The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Fund, or in connection with the business of the Fund. The directors' fees incurred for the period were as follows:

	Six months ended 31 March 2012 €	Year ended 30 September 2011 €	Six months ended 31 March 2011 €
Incurring during the period/year	28,441	39,672	25,503
Outstanding at end of period/year	23,033	39,672	25,503

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012 (continued)

### 7. Financial Assets and Liabilities at Fair Value Through Profit or Loss

The following tables summarise financial assets and liabilities at fair value through profit or loss as at 31 March 2012, 30 September 2011 and 31 March 2011:

	31 March 2012 Fair Value €	30 September 2011 Fair Value €	31 March 2011 Fair Value €
<b>Financial assets at fair value through profit or loss held for trading:</b>			
<u>Equities and managed funds</u>			
Equity securities	46,068,044	41,358,826	41,092,060
Contracts for difference	182,368	268,430	692,515
Preferred stocks	3,994,890	2,946,968	1,946,808
<u>Total equities and managed funds</u>	<u>50,245,302</u>	<u>44,574,224</u>	<u>43,731,383</u>
<u>Interest bearing securities</u>			
Government bonds	4,999,580	4,998,368	12,725,624
<u>Total interest bearing securities</u>	<u>4,999,580</u>	<u>4,998,368</u>	<u>12,725,624</u>
<u>Derivatives</u>			
Forward currency contracts	41,369	90,230	11,308
<u>Total derivatives</u>	<u>41,369</u>	<u>90,230</u>	<u>11,308</u>
<b>Total financial assets at fair value through profit or loss</b>	<b><u>55,286,251</u></b>	<b><u>49,662,822</u></b>	<b><u>56,486,315</u></b>
<b>Financial liabilities at fair value through profit or loss held for trading:</b>			
<u>Equities and managed funds</u>			
Contracts for difference	(396,008)	(968,483)	(591,141)
<u>Total equities and managed funds</u>	<u>(396,008)</u>	<u>(968,483)</u>	<u>(591,141)</u>
<u>Derivatives</u>			
Forward currency contracts	(53,448)	(36,383)	(75,400)
<u>Total derivatives</u>	<u>(53,448)</u>	<u>(36,383)</u>	<u>(75,400)</u>
<b>Total financial liabilities at fair value through profit or loss</b>	<b><u>(449,456)</u></b>	<b><u>(1,004,866)</u></b>	<b><u>(666,541)</u></b>

# PENSATO CAPITAL FUNDS PLC

## Condensed Notes to the Financial Statements for the six months ended 31 March 2012 (continued)

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### 8. Exchange Rates

The following exchange rates were used to translate assets and liabilities into Euro at 31 March 2012, 30 September 2011 and 31 March 2011:

	31 March 2012	30 September 2011	31 March 2011
Danish Krone	€ = DKK7.43961	€ = DKK7.44120	€ = DKK7.45609
Hungarian Forint	N/a	€ = HUF293.40004	€ = HUF265.64519
Israeli Shekel	€ = ILS4.93794	N/a	N/a
Norwegian Kroner	€ = NOK7.59608	€ = NOK7.87712	€ = NOK7.85011
Pound Sterling	€ = GBP0.83348	€ = GBP0.86127	€ = GBP0.88530
Swedish Krona	€ = SEK8.83630	€ = SEK9.21506	€ = SEK8.95225
Swiss Franc	€ = CHF1.20365	€ = CHF1.21866	€ = CHF1.29826
Turkish Lira	€ = TRY2.37429	N/a	N/a
US Dollar	€ = US\$1.33170	€ = US\$1.34170	€ = US\$1.41910

### 9. Important Events since the Period End

Between 1 April 2012 and 16 May 2012, the Company received subscriptions totalling €5,169,093.

There were no other important events affecting the Company since the period end.

### 10. Commitments and Contingent Liabilities

At 31 March 2012, 30 September 2011 and 31 March 2011, the Company did not have any significant commitments or contingent liabilities that were not included in the Condensed Statement of Financial Position.

### 11. Soft Commissions

There were no soft commissions paid during the period (year ended 30 September 2011 €Nil, period ended 31 March 2011 €Nil).

### 12. Dividends

There were no dividends paid during the period (year ended 30 September 2011 €Nil, period ended 31 March 2011 €Nil).

### 13. Approval of Financial Statements

The Directors approved the financial statements on 16 May 2012.

## PENSATO CAPITAL FUNDS PLC

### Statement of Portfolio Changes for the six months ended 31 March 2012

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The below schedule shows the aggregate purchases exceeding 1% of the total value of purchases for the period ended 31 March 2012:

Description	Nominal	Cost €
German Treasury Bill 0% 18 April 2012	3,000,000	3,001,725
German Treasury Bill 0% 25 January 2012	3,000,000	2,999,440
Carlsberg AS-B DKK	33,210	1,997,380
Subsea 7 SA	87,000	1,682,542
Voestalpine AG	66,093	1,474,370
Cermaq ASA	172,957	1,463,584
Kuoni Reisen	6,237	1,437,712
Nokian Renkaat OYJ	51,966	1,422,871
Deutsche Boerse AG	30,000	1,271,747
CFAO	39,874	1,025,932
Israel Chemicals Ltd	121,000	1,025,884
German Treasury Bill 0% 30 May 2012	1,000,000	1,000,400
German Treasury Bill 0% 15 February 2012	1,000,000	1,000,300
German Treasury Bill 0% 27 June 2012	1,000,000	1,000,200
German Treasury Bill 0% 23 November 2011	1,000,000	999,891
Motor Oil (Hellas) SA	148,838	889,313
Aperam Eur NPV	57,934	839,098
Schneider Electric SA	17,187	810,663
Fugro NV-CVA	15,162	746,408
BIM Birlesik Magazalar AS	33,100	685,675

The Statement of Portfolio Changes for the period reflects the aggregate purchases of a security exceeding one per cent of the total value of purchases and aggregate disposals greater than one per cent of the total value of sales for the period. At a minimum the largest 20 purchases and 20 sales must be given or all purchases and all sales if less than 20.

## PENSATO CAPITAL FUNDS PLC

### Statement of Portfolio Changes for the six months ended 31 March 2012 (continued)

The below schedule shows the aggregate sales exceeding 1% of the total value of sales for the period ended 31 March 2012:

Description	Nominal	Proceeds €
German Treasury Bill 0% 09 November 2011	(5,000,000)	4,998,880
German Treasury Bill 0% 25 January 2012	(3,000,000)	2,999,400
Ipsos	(75,104)	1,983,484
Neopost SA	(37,174)	1,907,015
Sandvik AB NPV	(164,180)	1,762,737
MTU Aero Engines Holdings	(32,828)	1,749,373
Beiersdorf AG	(41,232)	1,680,609
Deutsche Boerse AG	(30,000)	1,521,999
Fresenius Medical Care AG	(28,900)	1,514,084
Temenos Group AG	(111,692)	1,417,483
Amer Sports OYJ	(114,327)	1,171,084
Pfeiffer Vacuum Technology	(17,165)	1,145,246
German Treasury Bill 0% 23 November 2011	(1,000,000)	999,800
German Treasury Bill 0% 15 February 2012	(1,000,000)	999,800
Umicore	(31,500)	976,323
Fred Olsen Energy ASA	(37,700)	963,642
Sika AG-BR	(745)	962,424
Wire Card AG	(82,472)	946,884
Kaba Holding AG-Reg	(3,050)	827,389
CTC Media Inc	(94,507)	662,273

The Statement of Portfolio Changes for the period reflects the aggregate purchases of a security exceeding one per cent of the total value of purchases and aggregate disposals greater than one per cent of the total value of sales for the period. At a minimum the largest 20 purchases and 20 sales must be given or all purchases and all sales if less than 20.