

Fund Strategy

The fund aims to generate **annual returns of 6-8%** over a medium to long-term investment horizon **independent of general market movements** and **uncorrelated** to any traditional asset class. Unlike in many other funds, no tactical asset allocation decisions are implemented. Rather, by following a **Long/Short-Equity approach**, the focus is on the **systematic exploitation of significantly mispriced European Small & Mid Caps**. We use a long term buy and hold investment philosophy, and avoid overtrading the portfolio. The fund is "**market neutral**", i.e. the net equity exposure is at all times below a 30% threshold. Significant systematic market risks are therefore never taken, and the focus is on harvesting Alpha.

The typical **investor's profile** is characterized by a belief in the merits of a "Value Investing" philosophy, appreciating the long-term benefits of buying European securities trading at significant discounts. The drawdown (the potential for negative returns in shorter periods) is reduced significantly by comparison with Long Only funds, without sacrificing superior Alpha generation over the long-term. The fund is an effective diversifier when combined with traditional portfolios.

About Us

Peacock Capital is an independent, principal-owned and controlled investment boutique with a long-standing background in institutional asset management, building on more than 15 years' experience of its principals in managing segregated accounts and mutual funds for pension funds, banks and corporate clients. The fund management expertise has repeatedly been rated as "superior" by Thomson Reuters. Peacock Capital's investment advisory board is made up of renowned minds from academia, asset management and industry, including Professor Dr Uwe Hack, former CFO of Grenkeleasing AG and Luke Nunneley, former CEO of WestLB Mellon Asset Management ([for more information please see www.peacock-capital.com/investment-advisory-board.html](http://www.peacock-capital.com/investment-advisory-board.html)).

The long-standing investment approach and the excellent track record of Marc Siebel in managing European Small & Mid Cap are particularly notable. They act as the basis for Peacock Capital's investment philosophy and its structured and disciplined investment process.

Performance

	Fund	HFR Long/Short Mkt Neutral	DAX	Stoxx 600	iBoxx € Sovereigns
NAV/share	101.44				
Period					
Month	0.20%	-0.45%	2.47%	0.74%	0.16%
YTD	2.39%	-4.24%	-1.40%	-3.71%	3.42%
Since Inception	2.39%	-4.24%	-1.40%	-3.71%	3.42%

Statistics

Exposure	
Long Exposure	85.8%
Short Exposure	-67.2%
Net Exposure Beta adj.	18.5%
Risk Metrics	
Annual Volatility	6.7%
Correlation vs Stoxx	0.17
Correlation vs iBoxx € Sovs	-0.06

Fund Structure

Top 5 Holdings						
Company	ISIN	Country	Industry	Market Cap	Weighting	
CORTICEIRA AMORIM	PTCOR0AE0006	PT	Basic Resources	1,073 EURbn	2.33%	
SANOMA	FI0009007694	FI	Media	1,442 EURbn	1.83%	
OSLO BORS VPS	NO0010096845	NO	Financial Services	415 EURm	1.76%	
RHI	AT0000676903	AT	Construction	939 EURm	1.71%	
AMG	NL0000888691	NL	Basic Resources	515 EURm	1.67%	
					9.30%	

Valuation Metrics		
	Long Book	Short Book
PE 2016e	11.0	26.4
Dividend Yield 2015e	3.3	0.8
EV/EBITDA 2016e	3.1	16.5

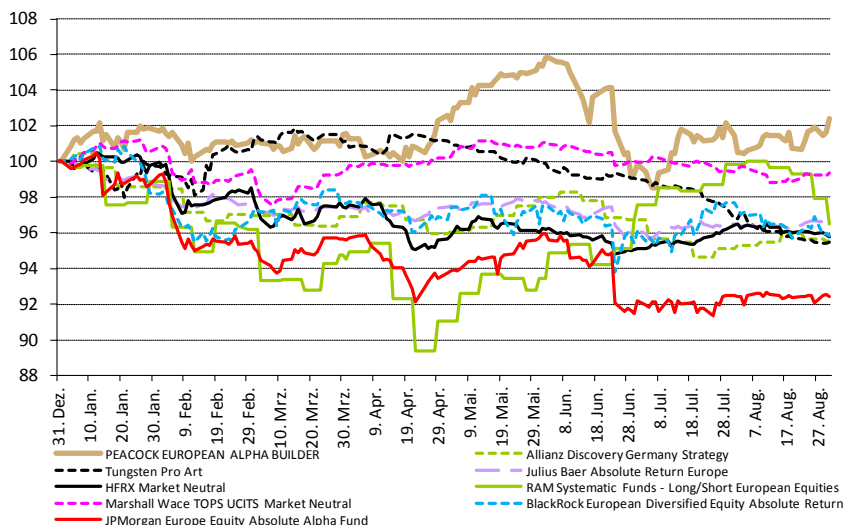
Country Exposure	Long	Short	Net
Germany	19.25%	16.97%	2.28%
France	15.43%	15.59%	-0.17%
Finland	5.95%	1.47%	4.48%
Italy	7.61%	4.55%	3.06%
Benelux	10.15%	13.23%	-3.08%
Spain	5.86%	7.05%	-1.20%
Portugal	3.51%	0.39%	3.11%
Austria	5.20%	3.05%	2.15%
Greece	5.49%	0.30%	5.20%
Switzerland	0.00%	0.00%	0.00%
UK	1.06%	1.13%	-0.07%
Ireland	2.15%	1.99%	0.16%
Norway	4.20%	0.00%	4.20%
Sweden	0.00%	0.00%	0.00%
Denmark	0.00%	1.45%	-1.45%
Others	0.00%	0.00%	0.00%
SUM	85.84%	67.18%	18.66%

Sector Exposure	Long	Short	Net
Industrial Goods & Services	7.74%	3.96%	3.78%
Technology Hardware & Equipme	3.73%	8.89%	-5.16%
Chemicals	1.27%	3.20%	-1.93%
Travel & Leisure	4.27%	0.51%	3.76%
Food & Beverages	1.31%	3.13%	-1.82%
Materials	7.95%	0.16%	7.79%
Automobiles & Components	7.94%	0.86%	7.08%
Insurance	3.45%	1.44%	2.01%
Media	5.27%	3.28%	1.99%
Retail	6.77%	0.81%	5.96%
Utilities	0.00%	0.85%	-0.85%
Financial Services	5.60%	2.81%	2.79%
Oil&Gas	4.98%	2.78%	2.20%
Healthcare	2.49%	17.78%	-15.29%
Real Estate	1.41%	7.23%	-5.81%
Personal & Household Goods	1.25%	3.12%	-1.87%
Banks	7.37%	2.36%	5.01%
Construction	13.03%	0.49%	12.54%
Telecommunications	0.00%	3.53%	-3.53%
SUM	85.84%	67.18%	18.66%

Fund Manager's Comment

Contributors of the month:

YTD Performance of Peacock European Alpha Builder Fund vs. European Bond and Equity Indices (12/31/15 = Index 100)



The Peacock European Alpha Builder UI Fund moved up by 0.2% in the month. The peer group of market neutral LS funds (equity quota below 30%) was down by 0.45%. The fund thus was able to widen its gap to the peer group ranking #1 according to Morningstar YTD.

Equity markets were characterized by several up and down movements. While German DAX ended up almost 3% the STOXX index was up only .74%. Top performers were Irish and Swedish stocks up about 6% each. The only index in the negative territory was German SDAX.

The Long book was up 2.2%. The short book lost 2% so the fund's NAV was up 0.2%. Positive contributors were shares of Dutch metal- and mineral-supplier AMG (+47bps), shares of German auto supplier Grammer (+27bps) and shares of Austrian furnace specialist RHI AG (+27bps). While AMG reported better than expected Q2 results in particular regarding Cash Flow generation even at times of depressed metal prices, a rerating of the other stocks took place. Shares in these 3 stocks moved up by more than 20% each. Good news again comes from our core holding, Corticeira Amorim, which moved up another 10% adding 17bps to the fund's NAV.

Quite disappointing on the other hand were 2 short positions. Shares of bakery specialist Lotus Bakeries jumped after reporting excellent half year results driven by strong growth in biscuit products (-40bps). However the stock remains expensive (17x EV/EBITDA). Shares in German Drillisch AG surprised on the positive side as well. We remain sceptic the operational growth rates are not sustainable (-30bps).

Changes in the Fund:

No changes in the fund this month.

Marc Siebel

Fund Manager of Peacock European Alpha Builder Fonds

Fund Facts

	Share Class R (Retail)	Share Class I (Institutional)
Fund Initiator, Advisor	Peacock Capital GmbH, Düsseldorf, BN & Partners Capital AG, Erfstadt	
Managing Company, Custodian	Universal-Investment-Luxembourg S.A., State Street Luxembourg S.A.	
Fund Category	Long/Short, European Small & Mid Caps, UCITS IV, FCP	
Fund Currency, Income, Value Date	Euro, distributing, daily NAV calculation, t+3	
ISIN	LU0967289215	LU0967288084
Benchmark	3M EURIBOR+200 bps	
Management Fee	1.875 % p. a. Actual	1.25 % p. a. actual
Upfront Fee	Up to 5 %	-
Minimum Investment	-	250,000 EUR
Performance Fee	15 % of outperformance net of fees of 3M EURIBOR+200 bps, High-Water-Mark	

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