

## 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	<b>97.18</b>				
Period					
April 2015	-0.35%	1.51%	-4.28%	0.10%	-1.15%
<b>YTD</b>	<b>4.62%</b>	<b>3.79%</b>	<b>16.81%</b>	<b>16.66%</b>	<b>16.78%</b>
Since Inception	-2.82%	4.15%	18.55%	21.42%	6.35%

## Statistics

Exposure	
Long Exposure	84.7%
Short Exposure	-71.2%
Net Exposure Beta adj.	3.8%

Risk Metrics	
Annual Volatility	7.1%
Correlation vs Stoxx	0.17
Correlation vs iBoxx € Sovs	-0.03

## Fund Structure

Top 5 Holdings						
Company	ISIN	Country	Industry	Market Cap	Weighting	
Canal Plus SA	FR0000125460	FR	Media	783 Mio. EUR	3.87%	
OSLO BORS	NO0010096845	NO	Financial Services	473 Mio. EUR	3.28%	
NORBERT DENTRESSANG	FR0000052870	FR	Logistics	2112 Mio. EUR	2.08%	
KOENIG & BAUER	DE0007193500	DE	Capital Goods	338 Mio. EUR	2.05%	
PARIS ORLEANS	FR0000031684	FR	Financial Services	1591 Mio. EUR	1.86%	
						<b>13.14%</b>

Valuation Metrics		
	Long Book	Short Book
PE 2016e	12.5	25.5
Dividend Yield 2015e	3.2%	0.6%
EV/EBITDA 2015e	5.7	18.2

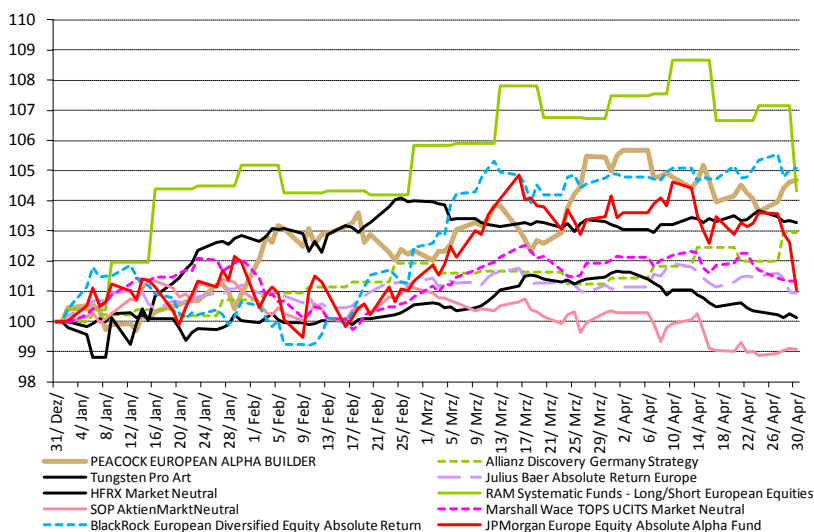
Country Exposure	Long	Short	Net
Germany	6.92%	18.54%	-11.62%
France	22.35%	18.62%	3.73%
Finland	7.33%	1.12%	6.21%
Italy	9.00%	7.81%	1.19%
Benelux	14.85%	9.13%	5.71%
Spain	4.39%	5.85%	-1.46%
Portugal	2.72%	0.00%	2.72%
Austria	3.95%	3.14%	0.80%
Greece	4.75%	0.00%	4.75%
Switzerland	0.00%	0.00%	0.00%
UK	1.27%	4.88%	-3.61%
Ireland	1.44%	0.28%	1.17%
Norway	5.75%	1.85%	3.90%
Sweden	0.00%	0.00%	0.00%
Denmark	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
<b>SUMME</b>	<b>84.70%</b>	<b>71.22%</b>	<b>13.48%</b>

Sector Exposure	Long	Short	Net
Industrial Goods & Services	25.50%	11.98%	13.52%
Technology Hardware & Equipme	3.07%	3.85%	-0.78%
Commercial Services	2.81%	0.00%	2.81%
Travel & Leisure	0.00%	1.09%	-1.09%
Food & Beverages	1.41%	3.11%	-1.70%
Chemicals & Materials	16.26%	3.72%	12.54%
Automobiles & Components	6.96%	3.60%	3.36%
Insurance	4.25%	1.41%	2.85%
Media	5.45%	7.83%	-2.37%
Retail	4.15%	5.93%	-1.78%
Utilities	0.00%	1.39%	-1.39%
Financial Services	5.08%	1.61%	3.47%
Oil&Gas	4.50%	5.21%	-0.71%
Healthcare	2.33%	10.24%	-7.91%
Real Estate	0.00%	2.81%	-2.81%
Personal & Household Goods	0.00%	3.93%	-3.93%
Banks	1.52%	2.14%	-0.62%
Construction	1.41%	1.39%	0.03%
Telecommunications	0.00%	0.00%	0.00%
<b>SUM</b>	<b>84.70%</b>	<b>71.22%</b>	<b>13.48%</b>

Fund Manager's Comment

Contributors of the month:

YTD Performance of Peacock European Alpha Builder Fund vs. the European Long/Short Peer Group (12/31/14 = Index 100)



The fund's NAV decreased slightly by 0.35% in April. The Long/Short peer group of market neutral funds (net equity quota below 30%) gained 1.5% on average. Year-to-date the fund's NAV increased by 4.6% leaving the fund ranked #2 in the peer group as can be seen in the left hand chart.

We may highlight the stability of the Peacock European Alpha Builder Fund during the final days of April when the stock market plunged by more than 5% in just 2 days. We see this as a confirmation of our optimized hedging structure running - among others - at a net equity exposure of below 10%. Among the peers two funds saw a sharper drop of more than 2% each:

JPMorgan Equity Absolute Alpha as well as RAM Systematic Long/Short European Equities.

Over the month European equities trended sideways. However, German DAX index lost more than 4% driven by negative US data (GDP growth) and the subsequent appreciation of the Euro currency. Greek stocks performed the best in April, moving up 6%. The sharp drop of the Greek stock market last month has been reversed for the time being. Norwegian and Austrian stocks ended up in positive territory adding 3%. Finnish equities, however, dropped the most in a European context, 5.5% down, even more than German equities. Shares of Nokia dropped by about 15% after Q1 results missed consensus forecasts.

The long book increased in value by 0.7% in April. The short positions lost 1.05%, resulting in a change in the fund's NAV of -0.35%. The biggest gains on a single stock level came from French logistics company, Norbert Dentressangle. We got positive impressions of management and its solid expansion strategy in the past meetings with management. The Peacock Opportunity Filter recommended the stock as a buy due to its attractive valuation ratios in March. Finally the company received a bid from US competitor XPO Logistics, helped by the weak Euro. The bid priced the stock at a premium of 36%

compared to last closing price. At fund level the gain was 0.56%. König & Bauer, forced to significant restructuring after many years of industry weakness, is getting more and more independent of its declining print media clients. Now, it generates significant revenues from the security/ money bill and packaging printing segments. Cost savings of 100 EURm by 2017 and high net losses carried forward will result in a solid cash flow generation in the coming years. Again, the stock was ranked among the 50 best stocks in Europe in March by our screening. Shares moved up by 21%, adding 0.34% to the fund's overall performance in April. The core holdings Canal Plus and Oslo Bors added another 50bps. The largest losses were generated by our holding in Vienna Insurance Group (-20 bps).

Our short position in French biotech company GENFIT added another 30 bps to the fund's performance. We outlined the fundamentals behind that move in our last report. In addition, the short position in German blood plasma company Biotest contributed 37bps to the overall performance. For many months now brokers have been "pushy", moving their target prices continuously up based on the growth potential of antibody Tregalizumab (BT-061), a treatment against rheumatoid arthritis. Finally, the product did not reach the data endpoints in phase IIb. The partnership with AbbVie is likely to be terminated. The biggest negative contributor was the short position in French biotech company Innate Pharma. A collaboration with AstraZeneca and MedImmune was announced end of April. The antibody NKG2A, currently in Phase II, is used to treat cancer indications. The associated high upfront payment of 250 USDm and additional milestone payments shifts the company to a new operating level. We closed our short already at a level of 13 EUR, still, it cost the fund 0.6%.

**Changes in the fund:**

In April no significant changes have been made. After surprisingly good preliminary results of online fashion retailer Zalando in respect to gross margins we decided to close our short position. We would like to get a better understanding of the sustainability of an EBIT margin of above 4%. Final numbers will be presented on May 12 which hopefully will give a clearer picture of the margin development.

Marc Siebel  
Fund Manager of Peacock European Alpha Builder Funds

**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	

**We are planning to set up a "Shareholder Class" for core long-term investors appreciating the concept "Value Investing". Feel free to contact us in order to discuss the set-up including an attractive fee structure.**

UNIVERSAL INVESTMENT VERWENDUNG

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