

## 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	101.34				
Period					
Month	0.72%	-1.86%	0.74%	1.75%	-0.19%
YTD	2.29%	-4.56%	-6.55%	-5.53%	1.67%
Since Inception	1.34%	3.17%	3.90%	7.66%	5.84%

## Statistics

Exposure	
Long Exposure	80.5%
Short Exposure	-61.5%
Net Exposure Beta adj.	16.9%

Risk Metrics	
Annual Volatility	6.4%
Correlation vs Stoxx	0.14
Correlation vs iBoxx € Sovs	0.05

## Fund Structure

Top 5 Holdings						
Company	ISIN	Country	Industry	Market Cap	Weighting	
OSLO BORS VPS	NO0010096845	NO	Financial Services	EURm 336	1.93%	
CORTICEIRA AMORIM	PTCOR0AE0006	PT	Basic Resources	EURm 812	1.92%	
BNK OF PIRAEUS	GRS014003016	GR	Banks	EURm 2271	1.50%	
TOTAL PRODUCE	IE00B1HDWM43	IE	Food & Beverages	EURm 491	1.48%	
AUSTEVOLL SEAFOOD	NO0010073489	NO	Food & Beverages	EURm 1463	1.39%	
					<b>8.23%</b>	

Valuation Metrics		
	Long Book	Short Book
PE 2016e	10.3	25.9
Dividend Yield 2015e	3.6%	0.7%
EV/EBITDA 2016e	4.7	12.5

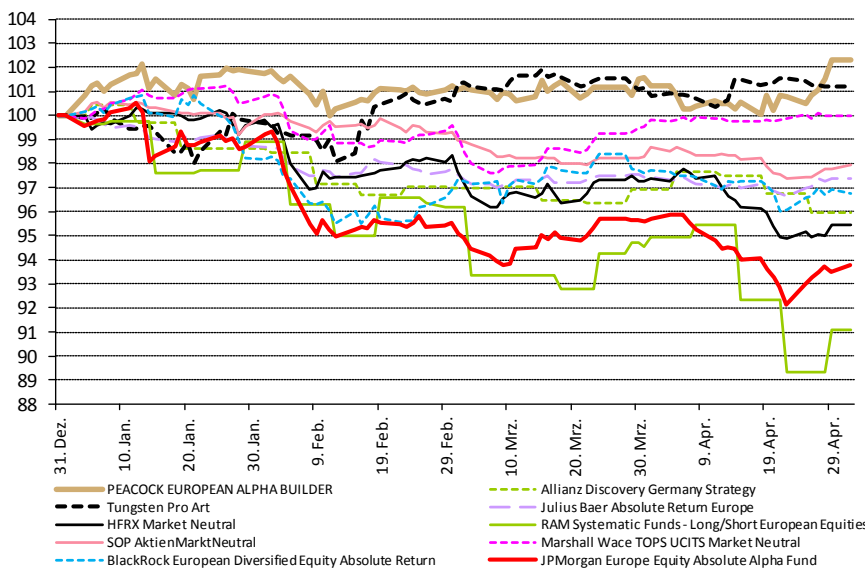
Country Exposure	Long	Short	Net
Germany	13.61%	18.93%	-5.32%
France	12.12%	14.18%	-2.06%
Finland	9.13%	0.53%	8.60%
Italy	7.41%	4.55%	2.86%
Benelux	11.62%	8.44%	3.18%
Spain	5.93%	4.99%	0.95%
Portugal	4.24%	0.10%	4.13%
Austria	2.40%	2.96%	-0.56%
Greece	6.13%	0.08%	6.05%
Switzerland	0.00%	0.00%	0.00%
UK	1.17%	1.79%	-0.62%
Ireland	2.27%	0.14%	2.12%
Norway	4.44%	0.00%	4.44%
Sweden	0.00%	0.00%	0.00%
Denmark	0.00%	0.99%	-0.99%
Others	0.00%	3.85%	-3.85%
<b>SUM</b>	<b>80.46%</b>	<b>61.53%</b>	<b>18.93%</b>

Sector Exposure	Long	Short	Net
Industrial Goods & Services	11.75%	6.26%	5.49%
Technology Hardware & Equipme	7.24%	7.10%	0.15%
Chemicals	1.24%	4.55%	-3.31%
Travel & Leisure	10.44%	0.13%	10.31%
Food & Beverages	1.39%	2.63%	-1.23%
Materials	5.55%	0.04%	5.51%
Automobiles & Components	6.53%	3.33%	3.21%
Insurance	2.40%	1.54%	0.86%
Media	3.13%	0.65%	2.48%
Retail	3.88%	1.95%	1.93%
Utilities	0.00%	0.93%	-0.93%
Financial Services	3.03%	0.29%	2.75%
Oil&Gas	6.05%	7.35%	-1.30%
Healthcare	0.00%	13.46%	-13.46%
Real Estate	1.35%	1.97%	-0.62%
Personal & Household Goods	0.00%	2.73%	-2.73%
Banks	7.06%	4.29%	2.77%
Construction	9.40%	0.46%	8.94%
Telecommunications	0.00%	1.87%	-1.87%
<b>SUM</b>	<b>80.46%</b>	<b>61.53%</b>	<b>18.93%</b>

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 gained 0.72% in April. The peer group of market neutral LS funds (equity quota below 30%) on the contrary was down by 1.86%. Therefore the fund could further increase its outperformance since the start of the year compared to the peer group. Equity markets started somewhat weaker into the month but recovered later on. Towards the end of the month the central bank of Japan triggered a stronger decline in the market as it kept its monetary policy unchanged while adjusting its economic forecast and inflation outlook. Overall most European equity markets closed the month with

a positive performance. Small Caps underperformed relative to Large Caps.

The Long book gained 2.31%. On the other hand the shorts lost 1.59%, so that the fund's NAV in total advanced by 0.72%. Among the best contributors are shares of German shipping company Hapag-Lloyd and French market researcher Ipsos. Both shares gained about 25%. Strangely enough, a sharp stock price correction occurred beforehand in both cases. We have been following Ipsos for some time now taking advantage of an investment conference in Lyon. Ipsos dominates the market along with German GfK. Arising competition from new market entrants and sluggish growth in Asia caused a sell-off in shares of Ipsos. Trading at a PE of 8 while generating solid cash flows were attractive. Basically the market was pricing the stock "ex growth". Therefore Q1 results surprised the market, the company was able to show top line growth of 3.7%. The stock moved up by 15% right away. As with Ipsos the Peacock Opportunity Filter was highlighting Hapag-Lloyd as a cheap pick. The German shipping company is ranked no 6 in the world and suffers from the lack of economies of scale compared to market leaders like COSCO. During the IPO in October 2015 we were sceptical about the prospects, the business model and the attached price tag of 20 EUR. However the company had been adjusting its business model by merging with

Chilenian CSAV therefore reducing exposure to Asia. End of March the stock screened #22 in our universe of European Small & Mid Caps. Trading at Price Book of .35 and a PE of 7.5 the strong rebound in earnings in 2016/7 driven by restructuring and industry normalization did not make sense. In the meantime the stock was trading at 16 EUR. In April, the company then announced to be in discussions for another merger with United Arab Shipping Company (UASC). The stock moved up sharply. Hapag Lloyd would surpass Evergreen and subsequently rank #5. A positive side effect: UASC would probably stop their aggressive bidding policy helping freight rates to stabilize.

Our short in Rocket Internet added another 21 bps to the fund in April. For several months now we have been highlighting the absurd price tags of the holdings which just moved up continuously. Now, finally, the valuation of the main holding company, Global Fashion Group, was materially corrected downwards, from 3 to 1 EURbn. Kinnevik, co-shareholder has been valuing the stake in GFG at lower values anyhow. Obviously, GFG was in need of fresh money. However, most shareholders were not willing to inject money at all or at formerly elevated price assumptions. 300 EURm were cashed in, 100 EURm came from Rocket Internet itself. Note: GFG again generated losses in 2015, this time 275 EURm. Rocket Internet calls this achievement "proven winners". Shares of Rocket Internet dropped up to 20%.

**Changes in the Fund:**

No drops or adds in April.

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	

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