

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**).

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	100.11				
Period					
Month	-0.80%	-1.55%	-3.09%	-2.21%	0.44%
YTD	1.05%	-1.93%	-11.61%	-8.44%	1.72%
Since Inception	1.05%	-1.93%	-11.61%	-8.44%	1.72%

Statistics

Exposure	
Long Exposure	74.3%
Short Exposure	-51.3%
Net Exposure Beta adj.	9.7%

Risk Metrics	
Annual Volatility	6.5%
Correlation vs Stoxx	0.12
Correlation vs iBoxx € Sovs	-0.53

Fund Structure

Top 5 Holdings						
Company	ISIN	Country	Industry	Market Cap	Weighting	
CORTICEIRA AMORIM	PTCOR0AE0006	PT	Basic Resources	EURm 802	2.13%	
OSLO BORS VPS	NO0010096845	NO	Financial Services	EURm 382	1.96%	
BOOHOO	JE00BG6L7297	GB	Retail	EURm 595	1.91%	
TOTAL PRODUCE	IE00B1HDWM43	IE	Food & Beverages	EURm 454	1.54%	
AIR FRANCE	FR0000031122	F	Travel & Leisure	EURm 2534	1.45%	
					8.98%	

Valuation Metrics		
	Long Book	Short Book
PE 2016e	10.4	29.3
Dividend Yield 2015e	3.5%	0.9%
EV/EBITDA 2016e	5.1	13.3

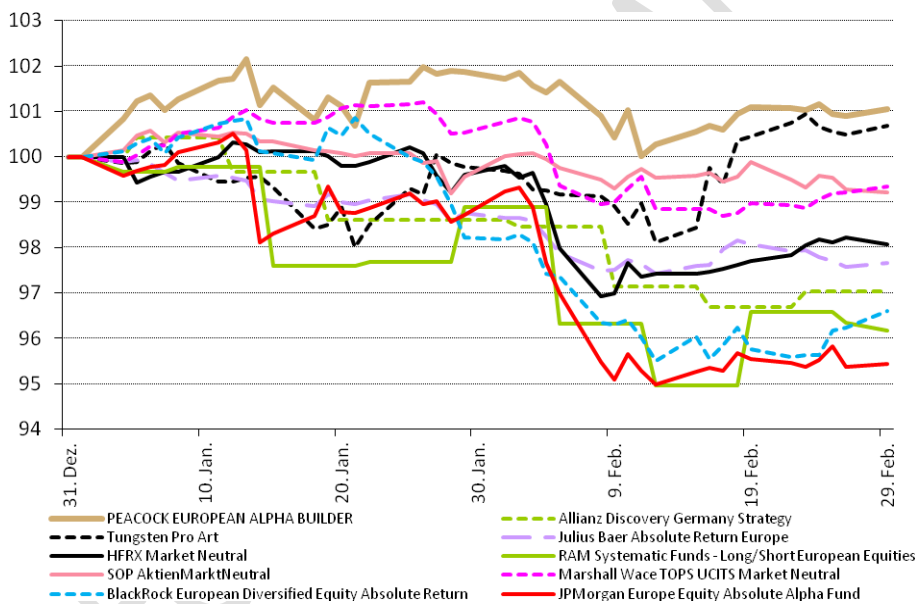
Country Exposure	Long	Short	Net
Germany	13.53%	14.52%	-0.99%
France	9.58%	11.79%	-2.21%
Finland	6.71%	1.98%	4.73%
Italy	6.10%	2.79%	3.31%
Benelux	10.54%	7.66%	2.88%
Spain	2.27%	4.56%	-2.30%
Portugal	5.29%	0.00%	5.29%
Austria	5.27%	1.38%	3.89%
Greece	5.20%	0.00%	5.20%
Switzerland	0.00%	0.00%	0.00%
UK	1.94%	2.69%	-0.75%
Ireland	2.45%	0.00%	2.45%
Norway	4.31%	0.00%	4.31%
Sweden	0.00%	0.00%	0.00%
Denmark	0.00%	1.19%	-1.19%
Others	1.13%	2.78%	-1.65%
SUM	74.31%	51.34%	22.97%

Sector Exposure	Long	Short	Net
Industrial Goods & Services	15.91%	6.05%	9.86%
Technology Hardware & Equipme	1.17%	6.53%	-5.36%
Commercial Services	2.79%	0.00%	2.79%
Travel & Leisure	3.67%	0.00%	3.67%
Food & Beverages	2.92%	0.97%	1.95%
Chemicals & Materials	13.25%	1.72%	11.53%
Automobiles & Components	5.66%	2.48%	3.18%
Insurance	2.96%	1.37%	1.59%
Media	1.91%	1.62%	0.29%
Retail	3.06%	2.38%	0.68%
Utilities	0.00%	0.94%	-0.94%
Financial Services	5.01%	0.00%	5.01%
Oil&Gas	6.36%	7.45%	-1.09%
Healthcare	1.89%	11.42%	-9.53%
Real Estate	1.42%	0.20%	1.22%
Personal & Household Goods	0.00%	2.51%	-2.51%
Banks	4.11%	3.31%	0.80%
Construction	2.22%	0.45%	1.77%
Telecommunications	0.00%	1.93%	-1.93%
SUM	74.31%	51.34%	22.97%

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 lost 0.80% in February. The peer group of market neutral LS funds (equity quota below 30%) was down by 1.55%. The positive development for the fund in comparison to the peer group continued. Equity markets started into the month with further weakness, before a volatile recovery started. However, overall the markets lost ground during the month. Small caps held up better than large caps. The weakest countries have been Italy down 5.54%, Spain losing 4.02% and Finland down 4.99%.

The Long book lost 1.31%. On the other hand the shorts gained 0.51%, so that the fund's NAV in total dropped by 0.80%. Despite the overall negative development of the equity markets some positions within the Long Book performed solid resulting in an absolute positive performance. Shares of the French airline company Air France advanced by 13.57%, a contribution of 17 bps for the fund. As a result of lower expenses the company was able to generate profits again. With fuel prices still at low levels and ongoing restructuring benefits management guided for a positive operating development for the current year.

Shares of Grammer AG advanced by more than 13%, too. Despite the fact that many customers belong to the automobile industry the company finished the year 2015 with an operational improvement. Even the development of the Brazilian business showed resilience despite the tough economic situation. The announcement of a new shareholder (The German HALOG GmbH), now owning 10% of Grammer AG, drove the share price with regards to a takeover. Grammer had been

identified as significantly undervalued by our **Peacock Opportunity Filter** already in September 2015. We bought a position for the fund already then. A positive contribution of 16 bps for the fund in February.

The short book benefitted from falling shares in the biotech company Ablynx. The shares lost 16.43%, a contribution of 22 bps. On the one hand the negative sentiment of the sector continued. On the other hand the company seems to be very intransparent regarding the development of pipeline projects. By placing a convertible bond the company could raise around 100 EURm and had a net cash position of 236 EURm at the end of the year. However, as expenses for clinical trials are pretty high the company still burns cash of around 70 EURm annually. Thus the company's future position depends strongly on the success of clinical trials and the possibility of receiving milestone payments.

Negative contributors to the fund performance were Saras and FlowTraders within the Long Book, as well as the short in IonBeamApplications. The stock of Saras suffered from profit taking as it has been among the top performers in January (see our monthly report as of January for more details). A negative contribution of 32 bps. FlowTraders is a Dutch company which was first listed in July 2015. As market maker the company provides liquidity for ETP (electronic traded products, e.g. ETF) and is involved in the settlement of trades. The company has a strong presence in Europe (66% of sales), but also operates in the important markets of the US and Asia. Important drivers for revenues and profits are traded volumes and the margin per transaction. The company showed strong results for the third quarter 2015 in the light of increasing volatility, which had a positive impact on trading volumes and margins (via higher spreads). The stock suffered when the reported numbers for the fourth quarter disappointed, as the muted outlook for 2016 did. This unexpected volatility in quarterly results and the subsequent decline in the share price led to a negative contribution of 22 bps for the fund. Shares of Ion Beam Applications advanced strongly. The company develops and markets medical devices for proton therapies, mainly for the treatment of cancer. As the business was stronger than expected during the fourth quarter 2015, the company increased the financial targets for 2016. The following rise of the stock price resulted in a negative contribution of 27 bps.

Changes in the Fund:

No drops or adds in February.

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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