

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	101.24				
Period					
Month	2.91%	1.19%	6.79%	3.73%	0.21%
YTD	2.19%	-3.81%	-3.77%	-4.41%	3.25%
Since Inception	2.19%	-3.81%	-3.77%	-4.41%	3.25%

Statistics

Exposure	
Long Exposure	82.5%
Short Exposure	-63.7%
Net Exposure Beta adj.	21.3%

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 AMO	PTCOR0AE0006	PT	Materials	EURm 972	2.11%	
OSLO BORS VPS	NO0010096845	NO	Financial Services	EURm 399	1.70%	
SANOMA-CORP	FI0009007694	FI	Media	EURm 1205	1.56%	
AUSTEVOLL SEA	NO0010073489	NO	Food & Beverages	EURm 1586	1.39%	
LEONI AG N	DE0005408884	DE	Automobiles	EURm 1067	1.35%	
					8.11%	

Valuation Metrics		
	Long Book	Short Book
PE 2016e	10.6	25.1
Dividend Yield 2015e	3.60%	0.85%
EV/EBITDA 2016e	5.5	16.0

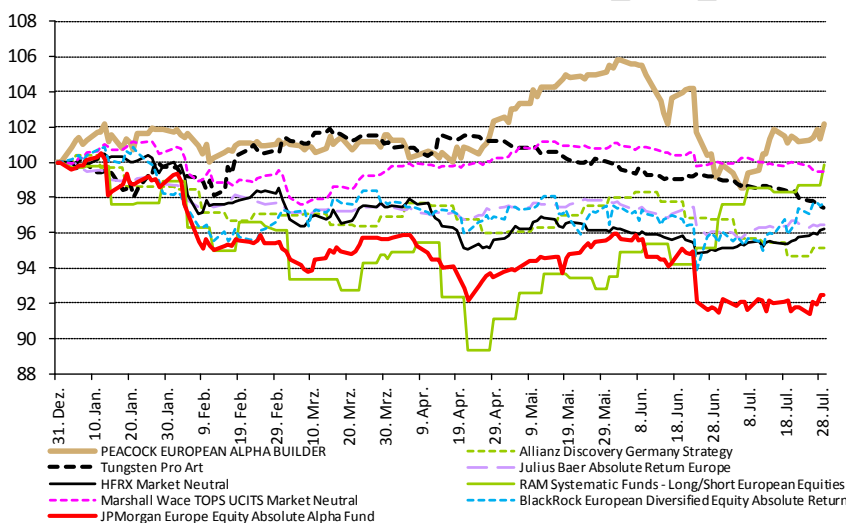
Country Exposure	Long	Short	Net
Germany	18.60%	16.48%	2.12%
France	15.03%	14.81%	0.22%
Finland	5.56%	1.42%	4.14%
Italy	7.97%	4.31%	3.66%
Benelux	9.01%	12.43%	-3.42%
Spain	5.65%	6.72%	-1.07%
Portugal	3.19%	0.38%	2.81%
Austria	4.64%	2.95%	1.69%
Greece	5.45%	0.28%	5.17%
Switzerland	0.00%	0.00%	0.00%
UK	1.15%	1.00%	0.16%
Ireland	1.99%	1.77%	0.22%
Norway	4.25%	0.00%	4.25%
Sweden	0.00%	0.00%	0.00%
Denmark	0.00%	1.18%	-1.18%
Others	0.00%	0.00%	0.00%
SUM	82.51%	63.74%	18.77%

Sector Exposure	Long	Short	Net
Industrial Goods & Services	7.71%	6.45%	1.26%
Technology Hardware & Equipme	3.63%	6.20%	-2.57%
Chemicals	1.02%	3.00%	-1.98%
Travel & Leisure	4.41%	0.49%	3.92%
Food & Beverages	1.44%	2.63%	-1.19%
Materials	7.17%	0.16%	7.01%
Automobiles & Components	7.47%	0.82%	6.65%
Insurance	3.23%	1.38%	1.85%
Media	4.78%	3.17%	1.61%
Retail	6.59%	0.78%	5.81%
Utilities	0.00%	0.81%	-0.81%
Financial Services	5.45%	2.65%	2.80%
Oil&Gas	4.68%	2.73%	1.95%
Healthcare	2.54%	16.79%	-14.25%
Real Estate	1.35%	5.65%	-4.30%
Personal & Household Goods	1.28%	4.17%	-2.89%
Banks	7.39%	2.27%	5.13%
Construction	12.36%	0.47%	11.89%
Telecommunications	0.00%	3.12%	-3.12%
SUM	82.51%	63.74%	18.77%

Fund Manager's Comment

Contributors of the month:

YTD Performance of Peacock European Alpha Builder Fund vs. Long/Short market neutral Peer Group (12/31/15 = Index 100)



The Peacock European Alpha Builder UI Fund gained 2.91% in July. The peer group of market neutral LS funds (equity quota below 30%) advanced by 1.16%. The fund thus recovered from the loss in June and was able to outperform the peer group YTD.

Equity markets recovered during the month from the surprising outcome of the British referendum. Uncertainty about the state of European Banks ahead of the stress test results weighed on the market. Especially Italian banks have been in the spotlight amid high levels of non-performing loans and low coverage ratios. The weakest market

within Europe was Greece, where the bank shares were under pressure, too. This is despite the fact that Greek banks are already recapitalised and were not part of the stress test undertaken by the banking supervision EBA. On the contrary side within the automobiles sector a differentiation on a stock level could be observed again. Based on positive quarterly results some of the companies in this sector showed a strong performance. As discussed in June's monthly report share prices do not always reflect the valuation of companies in the short-term. A recent study by the strategists of UBS shows that currently a wide valuation gap has arisen since markets have focused on quality as a safe haven play. The gap between value stocks and "quality stocks" is almost as high as it was ahead of the bursting TMT bubble at the beginning of the century. Also the value dispersion within sectors is at peak levels currently. Based on the assessment of similar periods in the past the analysts highlight the subsequent outperformance of value stocks in the following months. More details on this study including graphs can be found in the monthly report of the Peacock European Best Value fund AMI.

The Long book gained 6.02%. The short book contributed negatively by 3.11%, so that the fund's NAV in total was up by 2.91%. On a sector basis financials and construction stocks underperformed. Within the Top 5 contributors to the funds performance we find three automobile stocks. The largest single positive contribution in the Long book stems from shares in

Finnish media company Sanoma Oyj adding 43 bps to the fund's overall performance. Following a long period of negative newsflow and a change in management the company might be on the edge of a turnaround indicated by the latest quarterly results. In particular cyclical sales related to advertising improved strongly. Combined with previous cost cutting measures these led to an increase in earnings and the company raised its full year guidance. German car supplier Leoni AG surprised the market as well with better earnings during the second quarter. The following share price move resulted in a contribution to the fund's performance of 35 bps. The fund suffered most from its short positions in Belgian Barco N.V. and German Nemetschek AG. A negative contribution to the fund's performance of 23 bps each. Barco is a technology company and develops network visualization solutions for the entertainment, enterprise and healthcare markets. During the first half of the year the company was able to increase its gross margin and EBITDA result. So the shares rose despite a negative development in working capital resulting in negative cash flow and despite a positive one-off that influenced the results positively. The high valuation of the shares (PE ratio for 2016 earnings of appr. 20x) did not dampen the share price reaction either. In case of Nemetschek investors disregarded the high valuation, too (P/B of 11x and a PE ratio for 2016 of appr. 40x). The company develops software solutions for the construction/architecture industry and surprised the market by stronger license sales during the quarter. Again results were positively biased by a one off gain. Even taking into account the expected high earnings growth for the coming years (analysts expect almost a doubling in earnings until 2018 compared to 2015) the valuation is still very high. The current share price equates to a PE ratio of appr. 23x based on 2018 expected earnings.

Changes in the Fund:

No drops or adds in July.

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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