

INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to generate high absolute returns from long/short investing in Core Europe applying an active / entrepreneurial approach. Focus is on undervalued equities with low correlation to overall market, mainly in the mid-cap segment. We prefer companies with stable cash flow and/or restructuring potential. The Fund pursues active engagement with management teams and boards and benefits from strong focus on liquidity, risk and exposure management.

Active hedging techniques will be employed to cushion market volatility and protect the portfolio from adverse external shocks.

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FUND DETAILS

Reference portfolio	Eurostoxx Total Return ATX Total Return DAX
Fund inception date	06-Aug-15
Share classes	Institutional
Base currency	€
Hedging	none
Dealing / Valuation	Every full banking day, which is simultaneously a stock exchange day in Luxembourg, London and Frankfurt
Liquidity	T+3
High watermark	yes
Min. investment	€ 250,000
Subsequent investment	€ 10,000
Appropriation of earnings	distributing
Management company	Universal-Investment-Luxembourg S.A.
Custodian	State Street Bank Luxembourg S.C.A.
Price reporting	Daily
ISIN	LU1214677046
Securities identification number (WKN) / Ticker	A14Q69 UIPASIE LX

COMMENTARY

Macro

February was a month marked by increased volatility in global equities. Strong US employment data caused concern among investors that there may be more than 3 rate hikes this year, an outcome likely to drag on equity markets. Consequently, most global indices ended the month in the red: Stoxx600 (-4.00%), S&P 500 (-3.89%) and Nikkei 225 (-4.46%), all in local currencies.

In Europe, the Bundesbank reported that the German economy is booming, with the industrial sector the driving force. Eurozone economic data continued the modest slowdown seen last month: inflation fell to 1.2% from 1.3%, February “flash” manufacturing PMIs come in at 58.5 vs. consensus of 59.1, retreating from the 12-year high of 59.6 seen in January, while services hit 56.7 vs. consensus of 57.6 (prior 58.0). European markets had a cheerless February: Germany (-5.71%), Italy (-3.83%), France (-2.94%), Spain (-5.85%), Austria (-3.29%), Portugal (-3.45%) and UK (-4.00%), all in local currencies.

In the US, the unemployment rate held steady at a 17-year low of 4.1%. Fed Chairman Jerome Powell noted the robust economic and labour market conditions as well as inflation (it must surpass the 2% target in 2018) indicating an increase in the reference interest rate may be warranted. The EUR responded accordingly falling 1.77% to end the month at 1.2194 EUR / USD.

Oil prices were down in February with Brent off 4.74% and WTI down 4.77% pausing the strong rebound seen since September 2017.

Portfolio Development

The UI-Petrus Advisers Special Situations Fund I was up 0.09% in February

Positive Movers

The main contributor to our performance was our shorts picks. Our short conviction position in the powers cables and photonic business announced weak FY 2017 results and as expected by us gave a 2018 Ebitda guidance below consensus. Our short conviction in the catering space corrected during the month after the share re-rated in previous months for non-fundamental reasons. Our short conviction pick in financials performed negatively after its main shareholder announced it had sold 1% of its stake due to a derivatives overlay. Our short portfolio hedge in real estate also contributed positively as the market factored-in a more rapid interest rate rises.

Our index portfolio hedges of long positions in the portfolio contributed positively as the market sold off.

Negative Movers

The main contributor to our February performance was our long positions in real estate with exposure to Germany, Austria, and CEE which lagged as the market priced in more rapid rises in interest rates. We deem this reaction overstating the fundamentals of the businesses. Our position in oil field services, underperformed after the company presented FY 2017 results. However, we believe the company remains well-placed for upcoming FPSO activity and therefore maintain our position. Our long position in financials with exposure to Austria, Germany, and CEE took a breather after several months of index-beating performance. Our long upstream oil and gas pick underperformed as positive news on their FLNG development project remained elusive.

Outlook / Strategy

Despite continuing optimism towards the European economy, consensus expectations for 2018 show signs of souring. This may give bulls pause for thought and we would expect volatility may rise. With this in mind, we will remain highly disciplined in our investment decisions, and will continue investing in special situations with limited downside. We will also focus keenly on maintaining a high quality short book. Of course, you will see us drive our activist campaigns forward with at least one situation expected to become public in the coming month(s).

Past performance is not indicative of future performance.

Net of fees	UCITS ¹	EuroStoxx	DAX
1M	0.1%	(3.8)%	(5.7)%
3M	4.7%	(1.6)%	(4.5)%
YTD	1.8%	(0.7)%	(3.7)%
Since inception	10.8%	6.8%	7.3%
CAGR Since inception	4.1%	2.6%	2.8%

1) As of 28/02/2018.



2) Total return index (includes dividends).

3) Performance as of 28/02/2018.

Source: Bloomberg, Universal.

PORTFOLIO⁴

Sectors	Portfolio	Countries	Portfolio
Real Estate	25.6%	Austria	44.2%
Financials	22.9%	Germany	24.0%
Energy	13.6%	Czech Republic	9.1%
Materials	12.3%	France	5.9%
Consumer Discretionary	7.6%	Britain	5.5%
Industrials	5.2%	Netherlands	5.1%
Others	12.8%	Others	6.2%

4) As of 28/02/2018.

Past performance is not indicative of future performance. This document does not constitute an offer to sell nor a solicitation to invest.

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