

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

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	1 share
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)	A14Q69
Bloomberg Ticker	UIPASIE LX

COMMENTARY

Month in Review

March was marked by continued positive performance of global equity markets. Driving the change was a perceived easing of two major threats to global growth: the US did not increase tariffs on imports from China during the first three months of 2019, while a bilateral trade agreement between the US and China is highly anticipated. Meanwhile, the US Federal Reserve seems to have ditched its hawkish tone (citing subdued inflation) leading to prospects of lower interest rates for longer. Most global equity markets advanced during the month: Stoxx600 (+1.69%), S&P 500 (+1.97%) and Nikkei 225 (-0.84%), all in local currencies.

In Europe, the political uncertainty, a consistent theme in the last few years seems to have quietened down – with the exception of Brexit whose fate is still uncertain but seems unlikely to get much worse – and has now been replaced by stubbornly-low Eurozone growth data. March Eurozone data points continued to show weaker manufacturing prints (final PMI 51.6 vs. February's 51.9) vs. stable services PMI (final Services 53.3 vs. February's 52.8). It is worth noting that Germany's Services PMI continued to show a very robust development with growth in business activity and new orders on highs not seen since September 2018. European markets had a mixed month: Germany (+0.09%), Italy (+3.03%), France (+2.10%), Spain (-0.40%), Austria (-0.23%), Portugal (+0.41%) and UK (+2.22%), all in local currencies.

In the US, the Federal Reserve was extremely dovish in their comments suggesting interest rates will not be going up at all this year. It is worth mentioning that S&P 500 was up 13.6% in Q1, the strongest first quarter since 1998.

Oil remained the strongest commodity year-to-date, with Brent up 3.57% in March and 27.12% in the first quarter, ending the month at USD 68.39, while WTI was up 5.10% in the month and 32.44% in the quarter.

In March, the UI-Petrus Advisers Special Situations Fund Class I was up 0.34% and Class R was up 0.28%, respectively.

Portfolio Review – Quarter in Review

In the first quarter of 2019, the UI-Petrus Advisers Special Situations Fund Class I returned +6.47% and Class R returned +6.27%. The Fund volatility in the quarter was 7.3%.

The Petrus Advisers UCITS Fund's positive performance in the first quarter of the year was driven by significant performance in two of our activist positions combined with a strong market rebound. In net terms, longs contributed +8.88% while shorts detracted -2.62%. Analysing the individual stock contributions in more detail, we note that there were 15 securities that contributed more than +0.10% during the quarter – comprising 13 longs, 1 Put option and 1 short. In total, these positions contributed +10.70% to the Fund's performance in net terms. On the other hand, there were 14 securities that detracted more than (0.10)% - comprising 5 longs and 9 shorts for a total performance contribution of -4.53% in net terms.

At the end of the quarter our net exposure was around 61% and gross exposure was at 110%. We are actively managing our net exposure as we remain cautious about equity markets as a whole due to the growth slowdown, particularly in Europe, and political uncertainty around some events (Brexit, trade talks, etc).

Q1 2019 Contributors: Top Three

- (i) **Ophir (“Ophir”, Activist Long)** – Our long position in upstream oil & gas exploration was up 59.4% in the first quarter of 2019 due to a takeover bid. The bid was the result of a strategic review for the business that we had demanded in April 2018 and that had been announced in August 2018. We disagreed with the offer price as we believed it did not fully value the stock and hence engaged in a public campaign demanding a higher price. We are pleased to announce that at the end of March we were successful as the acquirer raised the offer price by additional 4.5%. During the quarter we added substantially to this position.
- (ii) **SBM Offshore (“SBM”, Activist Long)** – SBM shares gained 31.2% in the quarter. Following company's settlement of pending litigation in December 2018, we demanded higher return of capital to shareholders. In February, SBM announced

Past performance is not indicative of future performance.

a substantial increase in its dividend combined with a substantial share buyback programme taking return of capital to shareholders to c. 9% of market capitalisation. We continued to add to this position during the quarter ahead of the relevant announcements.

- (iii) **CA Immo ("CAI", Activist, Long)** – CAI shares rose 16.6% in the quarter and continued to be our top performer. The outperformance had to do with revaluation gains in 2018. We believe the value in the substantial development pipeline and German landbank are not reflected in the current share price and see double digit return upside even after the recent run-up.

Q1 2019 Underperformers: Top Three

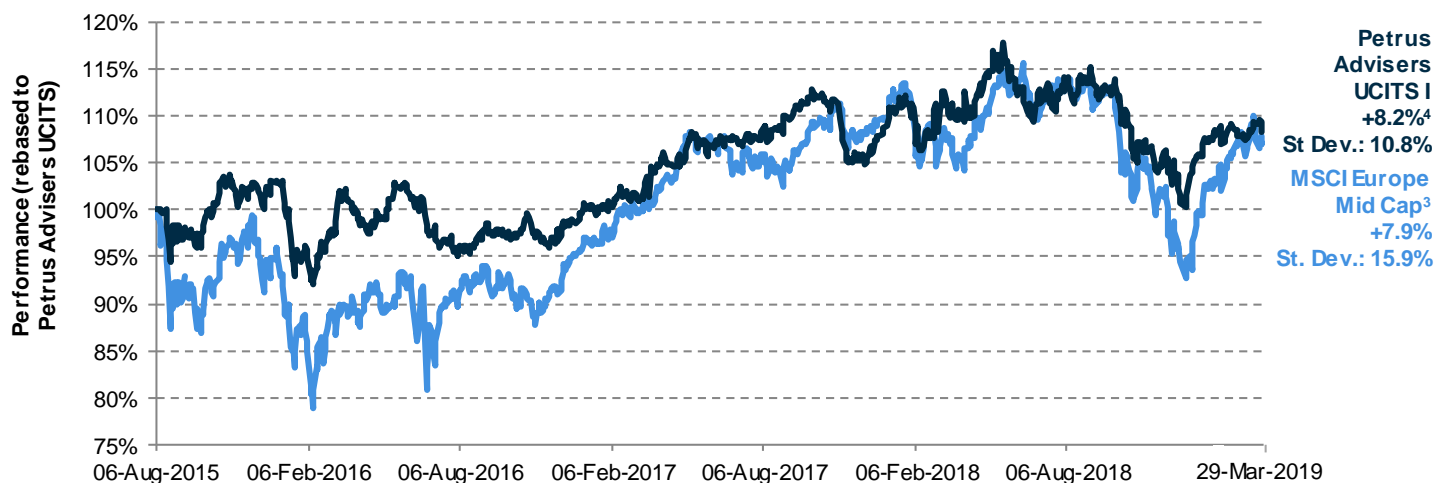
- (i) **Payments Service (Trading, Long)** – The shares fell on allegations in the press that one accounting executive of the company's division in Asia had been involved in accounting wrongdoing. The company has launched an internal investigation and has fired the employee. At the time of writing, no wrongdoing has been proved. We actively traded the position during the quarter.
- (ii) **Market Hedges (Short)** – Our market hedges worked against us as the market rebounded from the December lows. We have opportunistically taken out hedges in specific sectors and replaced them with broader market hedges. All in all, we did not increase our net exposure materially during the period as we remain focussed on delivering a low volatility / low market correlation portfolio.
- (iii) **Real Estate Specific Hedges (Short)** – our Real Estate hedges worked against us as the sector appreciated c. 14% during the quarter.

Outlook / Strategy

We remain focussed on delivering a stable risk/reward profile and will continue to hedge out certain market risks and add shorts opportunistically. We see opportunities on the short side as we believe some stocks have entered overvalued territory after the market's positive performance in Q1. We believe self-help is the key theme for our long portfolio and see significant value from strong cash flow generation and operating improvement measures across our portfolio.

Net of fees	UCITS ²	MSCI Mid Cap Europe ²
1M	0.3%	1.0%
3M	6.5%	13.3%
YTD	6.5%	13.3%
Since inception	8.2%	7.9%
CAGR Since inception	2.2%	2.1%

2) As of 29/03/2019.



3) MSCI Europe Mid Cap Net Return EUR Index - total return index, includes dividends.

4) Performance as of 29/03/2019.

Source: Bloomberg, Universal.

PORTFOLIO⁵

Sectors	Portfolio	Countries	Portfolio
Energy	27.8%	Austria	42.2%
Real Estate	18.1%	Germany	19.6%
Banks	17.4%	Great Britain	17.9%
Transportation	9.3%	Netherlands	12.0%
Materials	9.2%	Czech Republic	5.9%
Insurance	5.8%	Portugal	1.5%
Software & Services	4.8%		

5) As of 29/03/2019. Portfolio weights rebased to 100%. Excludes short derivatives.

Disclaimer

The information provided is for information purposes only and does not constitute a solicitation to buy or sell shares in the fund. Any investment with the Petrus UCITS fund should form part of a diversified portfolio and be considered a long-term investment. Prospective investors should be aware that returns over the short term may not match potential long term returns and should always seek independent financial advice before making any investment decision. **Investors should be aware that past performance is no guarantee of future performance and returns.** The value of an investment and any income from it can rise or fall with market fluctuations and an investor may lose the amount originally invested.

Prospective investors should base their investment decision upon careful review of all relevant information, including the information contained in the prospectus, prospectus supplement, Key Investor Information Document ("KIID"), annual and semi-annual reports. Sales documents for all investment funds of Universal-Investment are available free of charge in English from your adviser/broker, the responsible depository/custodian bank or from Universal Investment available at www.universal-investment.com.

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