

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

May was a very soft month for global equities on the back of increasing US-China trade tensions. Following the breakdown of talks between the US and China in mid-May and newly proposed tariffs by the US on imports from Mexico, markets repriced the outlook for global growth. Global equity markets ended the month in the red: Stoxx600 (-5.7%), S&P500 (-6.6%) and Nikkei 225 (-7.5%), all in local currencies.

In the European elections centrist parties lost control to Greens and Liberals as Eurosceptic and far-right parties made modest gains securing roughly a quarter of all MEP seats. Yet a diffuse alliance of pro-EU parties largely held its ground as turnout rose for the first time in 40 years. Local implications were most visible in Greece where PM Tsipras suffered a loss to a growth-friendly New Democracy party and called for snap elections in July. In Italy, the League toughened its rhetoric - and with frontloading fiscal easing measures – the risk of government crisis has increased. In Austria, Chancellor Kurz lost a no-confidence vote following a corruption scandal and the ensuing step-down of the right-wing Vice-Chancellor. Data-wise, the Euro area May composite PMI disappointed with services output slipping alongside the manufacturing headline. While the French business climate improved, the German IFO dropped to its lowest level since November 2014. European markets ended the month in a negative territory: Germany (-5.0%), Italy (-9.5%), France (-6.8%), Spain (-5.9%), Austria (-9.9%), Portugal (-6.4%) and UK (-3.5%), all in local currencies.

In the US, the Trump administration added to trade war concerns by threatening tariffs on Mexico. Incoming data remained consistent with an expanding US economy.

The oil price plummeted (WTI -16.3%, Brent -11.4%) as investors priced in a slow down in global demand on the back of slowing economic growth caused by trade wars.

Portfolio Development

In May, the UI Petrus Advisers Special Situations Fund I was up 1.8%.

Positive Movers

Our conviction short position in automotive suppliers (LEONI) was the main contributor to our performance. The company published a weak set of numbers with very high Q1 cash burn, followed by several broker downgrades. Our long activist positions in real estate (CA Immo, Immofinanz) showed resilience in the market sell-off amid solid Q1/19 figures. Our short index hedges contributed positively as equity markets suffered from the trade war. Our conviction shorts in e-commerce (Zalando, Home24) also contributed positively as investors refused to give credit to future profitability improvements.

Negative Movers

Our conviction long positions in financials (Raiffeisen Bank International, comdirect, Uniqa) suffered from the threat of a prolongation of accommodative monetary policy on the back of trade wars/low growth scenarios. Our activist long position in construction materials (Wienerberger) corrected due to its cyclical nature in spite of a formidable Q1 performance and management confirming their outlook for the year. Our long activist position in oil field services (SBM Offshore) fell in line with the oil price. We have taken the opportunity to increase our position. We deem the correction unwarranted, especially considering the locked-in cashflow in the coming years and the expected contract wins in the coming months / weeks.

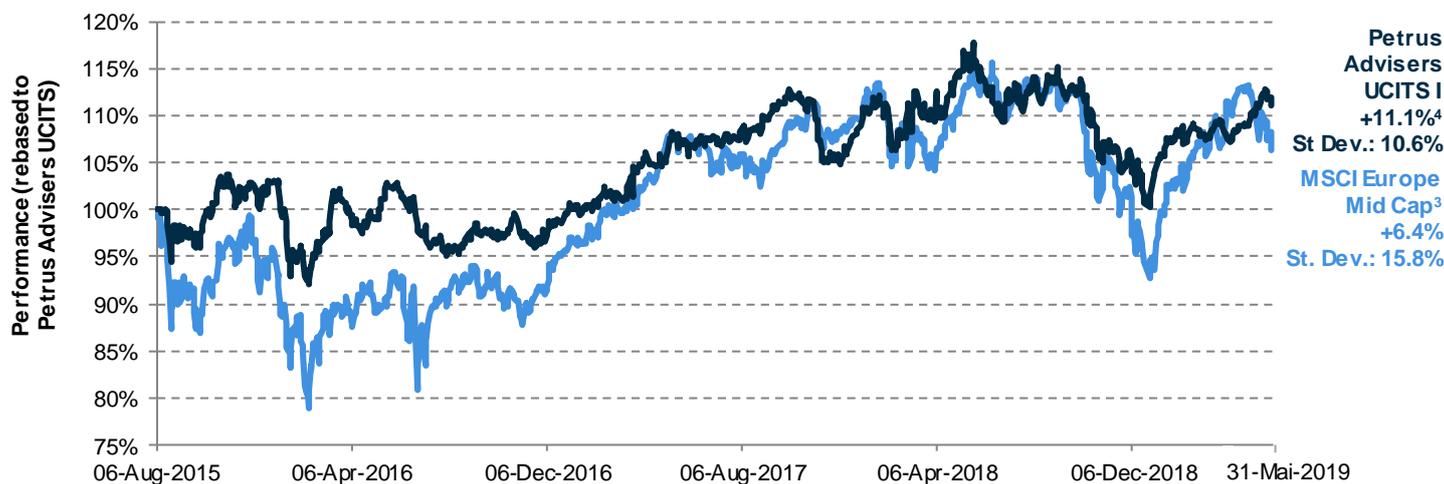
Outlook / Strategy

In light of significant uncertainties in the macro economic outlook combined with the advanced point of the global economic cycle, we expect volatility to remain elevated. We continue to focus on driving the activist agenda with our portfolio companies with self-help being the key theme. Actively managing our short book is another key theme for us this year and we keep looking for additional good shorts.

Past performance is not indicative of future performance.

Net of fees	UCITS ²	MSCI Mid Cap Europe ²
1M	1.8%	-5.6%
3M	3.0%	-0.4%
YTD	9.3%	11.8%
Since inception	11.1%	6.4%
CAGR Since inception	2.8%	1.6%

2) As of 31/05/2019.



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

4) Performance as of 31/05/2019.

Source: Bloomberg, Universal.

PORTFOLIO⁵

Sectors	Portfolio	Countries	Portfolio
Banks	26.2%	Austria	54.9%
Real Estate	18.4%	Germany	17.4%
Energy	14.2%	Netherlands	16.6%
Materials	9.7%	Great Britain	4.4%
Transportation	6.6%	Estonia	1.1%
Utilities	5.5%	Other	-4.9%
Insurance	5.3%		

5) As of 31/05/2019. 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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