

## 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.

## CONTACT

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## FUND DETAILS

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

## COMMENTARY

June was another month marked by volatility, particularly in European markets. Global trade friction remained the major driver of equity performance globally, with the automotive sector suffering the most. Global indices ended the month mixed: Stoxx600 (-0.82%), S&P 500 (+0.48%) and Nikkei 225 (+0.46%), all in local currencies.

In Europe, German Chancellor Angela Merkel clashed with her coalition party, CSU, over immigration policy. In the UK, two years have passed since the Brexit vote and not much progress has been made, with the UK's Theresa May warning over "disappointing progress in talks". The ECB announced the extension of its asset purchase program and said interest rates are on hold for at least one year, leading the EUR to depreciate slightly (-0.08%) ending the month at 1.1684 EUR / USD. June "flash" PMI featured better-than-expected numbers, with manufacturing PMI of 55.0 vs consensus 55.1 (prior 55.5), while services regained momentum with the PMI hitting 55.0 vs. consensus of 53.8 (prior 53.8). European markets had a mixed month: Germany (-2.37%), Italy (-0.72%), France (-1.39%), Spain (+1.66%), Austria (-3.17%), Portugal (+1.09%) and UK (-0.54%), all in local currencies.

In the US, President Trump was in a trade-warring mood. In his latest salvo, he extended tariffs on steel and aluminium imports covering Europe, Canada and Mexico. He also applied USD 200 billion of additional tariffs to Chinese products and threatened to impose tariffs on cars imported from the EU. The Fed increased the federal funds rate 0.25 percent, and signalled two more increases this year.

Oil prices continued to rise in June, despite OPEC (including Russia) agreeing to withdraw production restrictions in order to stabilize oil prices. Continued strong demand coupled with growing supply concerns were the reason. Brent was up 2.38%, ending the month at USD 79.44 / barrel; WTI was up 10.61%.

### Portfolio Development

The UI-Petrus Advisers Special Situations Fund I was down 3.63% in June.

#### Positive Movers

Our best performer was our activist position in online brokerage, comdirect. The company regained its momentum after a difficult May in which it was weighed down by negative sentiment towards Financials. Our conviction short position in an automotive-parts manufacturer added to performance; several profit warnings from auto and auto-parts manufacturers were issued due to the escalating trade war between the US and China. Our conviction short position in a debt collector contributed positively as the market started to unpick the complex accounting and found a company with poor cash generation abilities underneath. Our long conviction position in the airline industry with exposure to CEE outperformed as the company delivered further strong passenger and load factor numbers. Our conviction long position in mail services performed positively, despite no direct news. The market is becoming more comfortable with the company's ability to hit its 2018 targets (after a profit warning in '17).

#### Negative Movers

Our worst performer was our activist position in real estate (CA Immo) as Starwood Capital's voluntary partial offer failed. We are unfazed as Immofinanz is running a sale process for their 26% stake in CA Immo that we believe will crystallise a respectable price. Our second worst performer was our activist position in construction materials, Wienerberger, where we have been campaigning for operational improvements. The share price underperformed after the AGM outcome on 14 June. We believe the reaction ignores the agreement we reached with the company at the AGM, namely that Wienerberger:

- will run a professional process with external help and Petrus Advisers involvement to elect 4 board members at next year's AGM, and
- that Wienerberger has mandated the management consultancy McKinsey & Co. to perform a comprehensive review of operating improvement potential including portfolio analysis.

Our conviction long position in upstream had yet another negative month following the removal of its CEO and uncertainty around the ability to retain an LNG license. Our conviction long position in luxury goods took a breather after the earnings-driven outperformance seen in April and May. Our conviction long position in a defence and auto-parts manufacturer had a negative month in light of the negative sentiment in the auto and auto-parts industries.

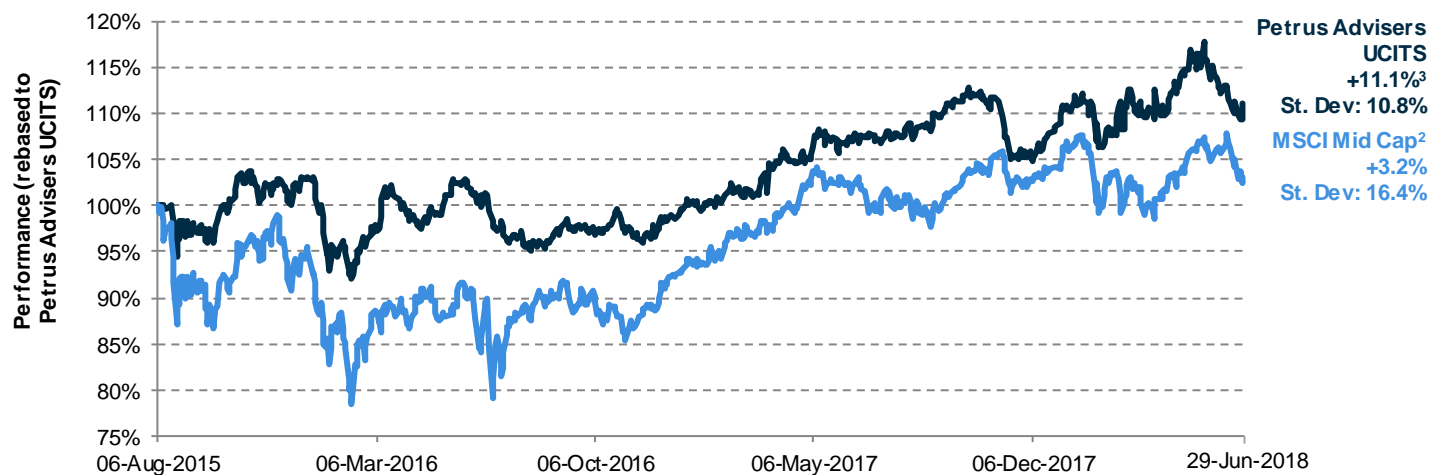
### Outlook / Strategy

European equity markets remain challenging in the face of persistent volatility. Although the main drivers of our underperformance in June were our activist positions, we attribute this to negative market sentiment and remain confident our campaigns will deliver outperformance in the next 6-12 months. Our short book continues to expand, characterised by rigorous analysis, strict discipline and a focus on short-term catalysts.

Past performance is not indicative of future performance.

Net of fees	UCITS <sup>1</sup>	MSCI Mid Cap <sup>2</sup>
1M	(3.6)%	(1.7)%
3M	0.5%	2.9%
YTD	2.2%	(0.9)%
Since inception	11.1%	3.2%
CAGR Since inception	3.7%	1.1%

1) As of 29/06/2018.



2) MSCI Europe Mid Cap Index.  
3) Performance as of 29/06/2018.  
Source: Bloomberg, Universal.

## PORTFOLIO<sup>4</sup>

Sectors	Portfolio
Financials	25.5%
Real Estate	19.5%
Consumer Discretionary	11.2%
Materials	8.9%
Energy	8.6%
Industrials	5.9%
Others	20.4%

Countries	Portfolio
Austria	37.5%
Germany	28.5%
Britain	9.8%
France	7.1%
Czech Republic	4.4%
Netherlands	4.1%
Others	8.6%

4) As of 29/06/2018.

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