

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

July was positive for global equity markets. Earnings season kicked off without much fanfare and things remained relatively quiet on the geopolitical front. Global indices ended the month in the green: Stoxx600 (+3.07%), S&P 500 (+3.60%) and Nikkei 225 (+1.12%), all in local currencies.

In Europe, the month was relatively quiet in terms of newsflow as trade war fears receded. The EURUSD was almost flat (+0.06%) ending the month at 1.1691 EUR / USD. Q2 GDP growth came in at 0.3% slowing down from 0.4% in Q1 2018. July "flash" PMI featured better than expected manufacturing PMI of 55.1 vs consensus 54.7 (prior 54.9), while services PMI fell to a two-month low of 54.3 vs. consensus of 54.8 (prior 54.9). European markets had a positive month: Germany (+4.06%), Italy (+2.73%), France (+3.53%), Spain (+2.58%), Austria (+5.08%), Portugal (+1.65%) and UK (+1.46%), all in local currencies.

Oil prices were down as Russia and OPEC announced production increases. Fears Saudi Arabia might increase output more than anticipated also weighed on oil prices. The result: Brent fell 6.53% to end the month at USD 74.25 / barrel; WTI followed suit, falling 7.27%.

Portfolio Development

The UI-Petrus Advisers Special Situations Fund I was up 1.74% in July.

Positive Movers

Our best performers were our activist positions in real estate (Immofinanz and CA Immo). Starwood announced the acquisition of Immofinanz' 26% stake in CA Immo for EUR 29.50/share which led to a positive reaction in both stocks. We believe this transaction not only crystalizes value for Immofinanz but more importantly clarifies the investment case for both companies as the merger scenario is finally off the table. Additionally, Immofinanz commenced a share buyback programme. Our long conviction position in financials with exposure to Austria and CEE contributed positively as the European regulator cleared the sale of its Polish operations and positive sentiment in European Financials propelled the stock higher (EuroStoxx Banks Index +5.69%). Our conviction long position in luxury goods performed well after the announcing Q2 2018 results. These showed the company was able to continue delivering strong organic growth on top of robust prior-year numbers. Our activist position in online brokerage, comdirect, was also one of our top performers and continued the strong performance from previous months (excluding May where it was weighed down by negative sentiment towards the industry).

Negative Movers

Our worst performer was our short conviction in airline catering as the company confirmed it was in talks about taking up operations at the new airport in Istanbul. Our conviction long position in upstream oil and gas continued the negative trend seen in previous months as the market is still digesting the uncertainty around the ability to retain the license for an important LNG project and following departure of the CEO. Our activist position in construction materials, Wienerberger, was also weighed down by negative sentiment and industry rotation. We continue to believe this reaction ignores the significant cost improvement potential that is being analysed by McKinsey following the agreement we struck with the company at the June AGM.

Our index short hedges were detractors of our performance this month as the market regained positive momentum.

Outlook / Strategy

European equity markets took a breather in July. We continue to believe geopolitical events, namely the trade war, will cause recent volatility to persist. Our main contributors in July were 2 activist positions where progress could be achieved with the market realising it/management following our demands. We continue to increase our short book turnover and are focusing on fundamentally-driven positions with a short-term catalyst.

Past performance is not indicative of future performance.

Net of fees	UCITS ¹	MSCI Mid Cap ²
1M	1.7%	2.7%
3M	(0.9)%	3.2%
YTD	3.9%	3.6%
Since inception	13.0%	13.6%
CAGR Since inception	4.2%	4.4%

1) As of 31/07/2018.



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

3) Performance as of 31/07/2018.

Source: Bloomberg, Universal.

PORTFOLIO⁴

Sectors	Portfolio	Countries	Portfolio
Financials	23.8%	Austria	40.1%
Real Estate	22.7%	Germany	18.8%
Consumer Discretionary	10.9%	Britain	7.7%
Materials	8.5%	France	7.1%
Energy	8.4%	Netherlands	6.0%
Industrials	7.1%	Czech Republic	3.9%
Others	18.6%	Others	16.4%

4) As of 31/07/2018.

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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