

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

Lucy Alexander alexander@petrusadvisers.com Tel: +44 (0) 20 7933 8833 Mob.: +44 (0) 7710 762 964	Michelle Tully tully@petrusadvisers.com +44 (0) 20 7933 8834 +44 (0) 7979 593 669
--	---

www.petrusadvisers.com

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

Macro

November was another volatile month with divergent outcomes for Europe and US equity markets. European markets extended losses from October dragged by the economic slowdown, while US markets recovered supported by solid macro indicators, a slightly more dovish tone from the Fed and a perceived trade war truce between the US and China. The month was mixed for equity markets: Stoxx600 (-1.14%), S&P 500 (+1.79%) and Nikkei 225 (+1.96%), all in local currencies.

In Europe, Italy and Brexit drove the news flow. On the Brexit front, the 27 EU leaders gave their blessing to the document that will pave the way for an “orderly withdrawal of the UK”. Discussions are now centred on the approval (or otherwise) of the document by the UK Parliament. The Eurozone indicators continue to point to a slowdown in economic growth with the final manufacturing PMI for November at 52.7 (flash 52.4 vs. prior month 53.1) and the services PMI at 53.4 (flash estimate 53.1 vs. prior month 53.7). The slowdown was centred in Germany, with the weakest expansion in nearly four years. European markets had a mixed month: Germany (-1.66%), Italy (+0.73%), France (-1.76%), Spain (+2.07%), Austria (-2.73%), Portugal (-2.32%) and UK (-2.07%), all in local currencies.

In the US, the Fed’s speech was more cautions for the first time in a while, suggesting a slowdown in the trajectory of interest rate expansion for 2019. Still, the macroeconomic backdrop continues to be solid, with the housing market the only laggard: it showed the first signs of slowing down with the November US NAHB Housing Market Index printing 60 vs. consensus 67 (and 68 in October). The USD / EUR exchange was almost flat in November (+0.04% to USD 1.1317).

Oil prices had the single biggest month collapse since October 2008, with Brent falling 22.21% to USD 58.71 / barrel while WTI was down 22.02%. This was driven by a combination of strong US shale production, higher than expected exemptions to Iranian sanctions and worries about a global economic slow-down.

Portfolio Development

The UI - Petrus Advisers Special Situations Fund UCITS was down 0.99% in November. Year-to-date performance is down 2.41% which translates in 5.18% outperformance vs. the European Mid-Cap MSCI Index (including dividends).

Positive Movers

Our activist position in online brokerage, comdirect, was up 6.88% in the month as markets appear to appreciate the long exposure to volatility with comdirect management saying October was the best month in firm history. Our activist position in Austrian/German commercial Real Estate, Immofinanz, re-rated following the release of solid Q3 2018 earnings results, which were in line with our expectations but surprised the market. Our conviction position in a financial institution with exposure to Austria / CEE was up 8.05% in the month mostly due to the consensus beat in the Q3 2018 earnings released mid-month. Our conviction long position in telecoms with exposure to Italy and LatAm outperformed the European telecom sector during the month, which was mostly driven by the appointment of a new CEO who wants to drive the separation of the company’s fixed network assets by merging it with a competitor. Our conviction/activist long position in a financial institution with exposure to the Czech Republic recouped some of the underperformance of October after it reported Q3 results above expectations.

Negative Movers

Our oil & gas related activist long conviction positions had a negative month. Our Upstream Oil position erased the gains from October and performed in-line with the Brent price and Oil sector. Our long conviction position in the retail luxury sector has underperformed in line with market, due to investors’ lingering worries about a slowdown in Chinese consumption. Our conviction long satellite provider had another month of selling pressure; we continue to believe this was driven by “risk-arbitrage” investors closing their positions after the tender offer period for the business expired. Our real estate short hedge worked against us.

Outlook / Strategy

Europe and US markets have started to price in an economic slow-down or even a recession in the coming years. Valuations have substantially contracted during 2018 – in Europe, the 1-year forward Price Earnings multiple is now at 12.8x vs. 15x one year ago and US at 15.3x vs. 18.8x. We have reviewed the business cases of the positions in our portfolio. Current performance, i.e. Q3 earnings did not bring any negative surprises. We equally are positive when it comes to the outlook of the underlying companies as most have resilient business models, strong cash generation and hence potential for re-rating. Importantly, we see solid traction across most of our activist positions. As we however expect more volatility in the coming months and with uncertainty about the outcome of macro factors such as the US/China trade war being elevated, we have decreased our next exposure and will continue to monitor it closely.

Past performance is not indicative of future performance.

Net of fees	UCITS ¹	MSCI Mid Cap ²
1M	(1.0)%	(2.7)%
3M	(6.5)%	(10.5)%
YTD	(2.4)%	(7.6)%
Since inception	6.1%	1.3%
CAGR Since inception	1.8%	0.4%

1) As of 30/11/2018.



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

3) Performance as of 30/11/2018.

Source: Bloomberg, Universal.

PORTFOLIO⁴

Sectors	Portfolio
Financials	21.2%
Real Estate	18.7%
Industrials	12.7%
Consumer Discretionary	10.3%
Energy	10.0%
Materials	9.2%
Others	17.9%

Countries	Portfolio
Austria	37.8%
Germany	19.7%
Netherlands	8.0%
France	7.0%
Britain	5.2%
Czech Republic	4.6%
Others	17.7%

4) As of 30/11/2018.

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 depositary/custodian bank or from Universal Investment available at www.universal-investment.com.

Petrus Advisers Ltd, Company Number 8288908 is a company incorporated as private limited by shares, having its registered office situated in England and Wales with the registered office address of 8th Floor, 6 New Street Square, London EC4A 3AQ. Petrus Advisers Ltd is authorised and regulated by the Financial Conduct Authority (FRN: 702813).

If you would like to UNSUBSCRIBE, please click [HERE](#)