

**SAEMOR EUROPE ALPHA FUND**  
**UNAUDITED CONDENSED INTERIM FINANCIAL**  
**STATEMENTS**  
**FOR THE PERIOD FROM**  
**1 JANUARY 2017**  
**TO**  
**30 JUNE 2017**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the period from 1 January 2017 to 30 June 2017**

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## SAEMOR EUROPE ALPHA FUND

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### FUND INFORMATION

REGISTERED OFFICE	WTC The Hague E-Tower 7 <sup>th</sup> Floor Prinses Margrietplantsoen 44 2595 BR The Hague The Netherlands www.saemor.com
MANAGER	Saemor Capital B.V. WTC The Hague E-Tower, 7 <sup>th</sup> Floor Prinses Margrietplantsoen 44 2595 BR The Hague The Netherlands
DEPOSITARY	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
TITLE HOLDER	Stichting Saemor Europe Alpha Fund c/o: SGG Custody B.V. Amerika Building Hoogoorddreef 15 1101 BA Amsterdam The Netherlands
ADMINISTRATOR	The Bank of New York Mellon SA/NV WTC Building, Podium Office, B-Tower Strawinskylaan 337 1077 XX Amsterdam The Netherlands
PRIME BROKERS	Morgan Stanley 25 Cabot Square Canary Wharf London, E14 4QA United Kingdom  Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom  Barclays Bank PLC 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
LEGAL ADVISOR	De Brauw Blackstone Westbroek N.V. Claude Debussylaan 80 1082 MD Amsterdam The Netherlands

**FUND INFORMATION (continued)**

INDEPENDENT AUDITOR

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3065 WB Rotterdam  
The Netherlands

FINANCIAL REPORTING  
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Arentsburghlaan 3  
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The Netherlands

## FUND PROFILE

### Saemor Europe Alpha Fund

Saemor Europe Alpha Fund (the “Fund”) is an open-ended investment fund. Issue and redemption of units of participation is possible as per instruction of the Participant as described in the Prospectus. Date of commencement of the Net Asset Value (“NAV”) calculation was 25 June 2008.

### Key Features Document (“Essentiële Beleggersinformatie”) and Prospectus

The Fund’s Key Features Document contains information related to its costs and risks. The Key Features Document and the Prospectus are available on [www.saemor.com](http://www.saemor.com).

### Investment objective

The Fund's objective is to achieve capital appreciation in the middle to long-term through investing in a diversified portfolio that is predominantly composed of long and short positions in listed equities. The investment universe encompasses Europe, the Middle East and Africa (EMEA). Investment focus will, however, to a large extent be on European countries. The Fund aims for returns that have a low correlation with the returns of relevant market indices. The Fund is not tied to a benchmark.

### Dividend

In principle the Fund does not pay dividends. The Manager is, however, authorised to decide to pay part of the capital gain available for distribution to the Participants.

### Manager

Saemor Capital B.V. (the “Manager”) is the Manager of the Fund and as such is responsible for determining and implementing the investment policy. Saemor Capital B.V. is registered at The Netherlands Authority of the Financial Markets (AFM). The Saemor Europe Alpha Fund does not employ any personnel, as all services are provided by the Manager.

The Manager was incorporated on 7 April 2008 and has its registered office in The Hague. The directors of the manager are Qmetrics B.V. (directed by S. (Sven) Bouman and P.P.J. (Patrick) van de Laar).

### Depositary

The Manager has appointed The Bank of New York Mellon in Amsterdam, trading as The Bank of New York Mellon SA/NV Amsterdam Branch, as Depositary of the Fund.

Stichting Saemor Europe Alpha Fund (“Stichting”) is the legal owner of the assets of the Fund. The Manager of the “Stichting” is SGG Custody B.V.

### Administrator

The Bank of New York Mellon SA/NV, Amsterdam Branch, is the administrator of the Fund. Certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) Designated Activity Company (DAC) in Dublin, Ireland. Furthermore, certain services in relation to transfer agency are being outsourced to The Bank of New York Mellon (Luxembourg) S.A. The administrator was incorporated under Irish law on 31 May 1994 and is registered under number 218007 with the Companies Registration Office in Ireland.

### Prime Brokers

The Prime Brokers (the “Prime Brokers”) of the Fund are Morgan Stanley, London, United Kingdom, Merrill Lynch International, London, United Kingdom and Barclays Bank PLC, London, United Kingdom.

**MANAGER'S REPORT**

**For the period from 1 January 2017 to 30 June 2017**

**Performance**

2017	Jan	Feb	Mar	Apr	May	Jun	YTD
In %							
Class A	0.3	-1.4	2.3	3.9	-2.7	-0.4	1.8
Class B	0.4	-1.4	2.3	4	-2.7	-0.4	2.1
Class D	0.3	-1.4	2.3	3.9	-2.7	-0.4	1.8

Source: BNY Mellon Fund Services

The Fund generated a performance of +1.8% for share class A and D, and +2.1% for share class B in the first half of 2017.

Hedge Funds are up for the year so far, at +3.4%. Global Macro / CTA funds were under pressure as the USD and most commodity prices fell. L/S Equity were supported by rising equity markets and posted gains of 5.2%. Equity Market Neutral funds rose 1.5%.

**Market Review of H1 2017**

European equity markets rose during the first half of 2017, with the Stoxx 600 up 5.0% over the period. Strong economic activity on both sides of the Atlantic, benign election results in the Netherlands and France and surprisingly good corporate earnings drove equity prices higher for most of the first half. After reaching multi-year highs during the middle of May, most indices took a step back toward the end of the first half. Most European countries and sectors registered positive returns, with Ireland and Energy being the only negative standouts. Oil prices and the US Dollar declined in value since the start of the year, resulting in large discrepancies in sector performance where (domestic European) financials outshone oil companies by a wide margin.

After a strong 3<sup>rd</sup> quarter reporting season, European companies continued to surprise on the upside in January. Financials stood out positively, as write-downs subsided and improved economic activity across the continent helped profitability. After a wait-and-see stance following the US elections in November 2016. M&A got off to a flying start in 2017, with Bloomberg reporting announced deals totalling \$218 bln., the fastest pace of activity since 2000. Despite all this, markets were more or less flat during the first month of the year, however picked up steam in February, with the Stoxx 600 up nearly 3% for the month, helped by continued optimism in company earnings and full year outlooks.

Whereas cyclicals did very well during 2016 and the start of the year, performance turned for the remainder of H1, as investors switched towards defensives and financials. Utilities and Financials led the way in March. As markets continued to rise towards the end of Q1, global investors were increasingly becoming more positive on Europe. Where the summer of 2016 saw record outflows from European equities, the first months of 2017 showed a reversal of investor interest. As mainstream parties were victorious in Dutch elections, fears of more anti-European sentiment subsided. Take-over bids for Akzo Nobel (by PPG) and Unilever (by Kraft) showed a renewed confidence in European economies. On the Macro front, the Euro Area composite PMI came in at its highest level since April 2011 at 56.7. In the UK, PM Theresa May officially triggered Article 50, kicking off the two year countdown, whilst Nicola Sturgeon formally called on the government to start negotiations over a second Scottish Independence referendum.

Financials drove markets higher in April yet again (+1.6% for the Stoxx 600) and peaked in the middle of May, as Materials continued their decline alongside the Energy sector. Political risk subsided further when Emmanuel Macron won the French election in a clear victory over Marie Le Pen. Q1 earnings season turned out to be the strongest quarter in a decade for Europe (with 10 out of 11 sectors seeing more beats than misses). Oil prices (Brent) dropped below the 50 dollars mark in May, despite OPEC production cuts in previous months. With cyclicals underperforming, it indicated that the manufacturing side of the world economy was exhibiting signs of a slowdown. In the UK, PM Theresa May triggered an early election scheduled for the 8th June with polls indicating that the Conservative party's majority would increase substantially, implying a smoother domestic political path through Brexit talks.

**MANAGER'S REPORT (continued)**

**For the period from 1 January 2017 to 30 June 2017**

**Market Review of H1 2017 (continued)**

However, the elections did not go as planned, as May's Conservative party lost its majority as the Labour and Scottish National parties pushed a more pro Europe agenda. UK consumer confidence fell sharply and longtime domestic UK outperformers such as Domino's Pizza and JD Sports saw significant drops in their share prices. Markets gave back 2.7% in June, with Financials continuing to outperform. The ECB shifted to a more 'hawkish' tone, seeing risks to growth as 'balanced' causing the market to refocus on tapering. US Economic Surprises (as measure by CESI) dropped to a multi-year low in June, putting further pressure on European equities with a weaker US dollar hurting exporters.

Information Technology, Banks and Industrials were the best performing sectors during the first half of the year, whereas Automobiles, Media and Telecommunication lagged the overall market. Energy was the only sector showing negative returns, where a decline in oil prices and the dollar caused companies and analysts to reduce earnings expectations. With the overall market posting record upgrades, Energy clearly stood out. Austria, Spain and Denmark were the best performing countries during H1. On the other hand, Norway, relying heavily on oil was among the worst performing countries, alongside Belgium and Ireland. Bigger markets posted less extreme overall returns, where the UK lagged Germany and France.

**Investment policy and attribution**

At the start of 2017 we recalibrated our multi-factor model to incorporate one extra year of factor data. We typically do this every January. We have reduced the weight of high octane factors like short term earnings revisions to better match the performance we can actually capture in the market. Additionally it has the benefit of a slightly lower turnover. Since the start of 2017, we have expanded our investible universe to add the Real Estate sector, following positive factor research and backtesting. The Real Estate sector is broad and has good quality data.

We started the year with a pro-risk stance, being overweight Cyclical Value and Small Caps at the expense of Price Momentum and Quality (Low Risk). Both seasonality (January effect) and our macro models suggested a continuation of trends seen in November and December. We were long exporters such as Automobiles, Health Care and IT to start the year as the earnings momentum and valuation matched up.

As markets rose and both economic and market (earnings outlooks) data points kept improving, we shifted towards a pro-growth stance, taking our overweight in Cyclical Value off the table and adding to Earnings Momentum factors. Later in the cycle, Defensive Value and Earnings Momentum tend to outperform Cyclical Value, which proved to be true in H1 as Cyclical Value and Fair Value were the only underperforming clusters in our multi-factor model. Earnings Momentum did well for most of the first six months as the market rewarded companies that posted earnings above analysts' expectations and conversely a sector with net downgrades such as energy underperformed. However, most style performances were muted, resulting in only modestly positive returns for both the underlying model and the portfolio.

In May we moved our stance from a growth to slowdown stance. With monetary policy becoming less accommodative, seasonality favoring quality ("sell in May") and economic surprises rolling over, our models indicated a more risk-off approach for the coming months. For May and June we have been overweight Quality and Earnings Momentum at the expense of Value factors. Out style positioning worked well in May but failed to deliver in June, despite the overall market being down, as market participants took profits in lower volatility names.

The shift from cyclicals to defensives impacted Price Momentum as an investment style and also the turnaround from dollar strength to euro strength was not helpful to our investment approach. It took our models a while to become less negative on Banks, while domestic UK names and exporters to the US have remained net long positions for most of H1. With changing style performance from month to month and an absence of clear trends, apart from a weakening oil price. The opportunity set for our quantitative investment approach was limited. An emergence of clearer trends in H2 could benefit our multi-factor approach.

**MANAGER'S REPORT (continued)**

**For the period from 1 January 2017 to 30 June 2017**

**Investment policy and attribution (continued)**

The top positive contributors in H1 2017, were Lufthansa (+132 bps, helped by lower fuel prices, a more benign competitive landscape and strong North Atlantic economies), BE Semi Conductors (+112 bps, after posting very strong full year and Q1 numbers) and ASR (+90 bps, after being IPO'ed in 2016, the Dutch insurer benefitted more than its peers from the improved sentiment in the sector). All of the top 10 contributors were long position with one exception: Hikma Pharmaceutical (+80 bps), which saw further downgrades to its outlook in March and May. With Vestas Wind, Credit Agricole, Peab, Christian Dior, Philips Lightning and JD Sports rounding out the top 10, there was a notable lack of clear themes.

The top detractors this past half year were all short positions, mostly names found in top performing sectors such as Banks, IT and Industrials. Commerzbank (-102 bps) is a high Beta name within the sector, while Nokia (-60 bps) and Ericsson (-44 bps) were up in line with a strong globally performing IT sector. E.On (-61 bps, Utilities) rose on more favorable government regulation. M&A has not been additive in the past 6 months. Three names among the top 10 detractors were bid up on M&A activity: Cellnex (-95 bps), ams (-50 bps) and Zodiac (-42 bps).

The portfolio volatility as measured by a short term statistical risk model stood at 6.9% per June 30th (Year end 2016: 7.3%). The ex-post volatility of the portfolio based on monthly returns was 8.4%. At the end of June gross and net leverage stood at respectively 352% and 14%. The net beta of the book was 2.5%. The ex-post beta based on 3 years of monthly returns was 0.2%.

**Outlook**

*Market*

We continue with our slowdown stance, which we took in May. Even though economic activity in Europe remains strong, we think weakness elsewhere (in the US and Emerging Markets) as well as seasonality will dampen optimism for the foreseeable future. Uncertainty about Brexit and a stagnant US economy will limit the upside of global equities, especially after the US rally we've seen since November last year. As the FED and the ECB gradually become more hawkish, we expect monetary policy to no longer be a tailwind for equity markets. After three very strong quarters for corporate earnings, the second half of 2017 promises to be more of a mixed bag with a weaker dollar hurting some sectors. Lower commodity and oil prices suggest continued weakness in manufacturing. Financials should continue to do well as long as central banks move gradually.

*Positioning*

Our factor positioning is in line with a slowdown scenario. We are overweight Earnings Momentum and Quality at the expense of Value, most importantly Cyclical Value. However, the overall profile of the portfolio is still not very risk-averse. Valuation and Earnings Momentum continue to point to higher Beta names. A slowdown scenario is not a recession and predominantly suggests that a rebound in higher risk, deep value names is behind us. We are overweight in IT, Automobiles, Industrials, Materials and Insurance and run net shorts in Telecom, Consumer Staples, Consumer Discretionary and Real Estate. On a country basis we favor France, The Netherlands and Spain while being net short in the UK, Switzerland and Germany.

The Hague, 31 August 2017

S. Bouman,  
on behalf of Qmetrics B.V.  
Director Saemor Capital B.V.

P.P.J. van de Laar,  
Director Saemor Capital B.V.



STATEMENT OF FINANCIAL POSITION  
As at 30 June 2017

	Note	30 June 2017 €	31 December 2016 €
<b>Assets</b>			
Financial assets at fair value through profit or loss	3,11	472,153,337	521,570,749
Amounts due from brokers	6	17,117,140	32,503,194
Dividends receivable		1,575,642	582,946
Margin accounts	5	248,000,015	248,962,045
Cash and cash equivalents	4	85,354,272	129,824,035
<b>Total current assets</b>		<b>824,200,406</b>	<b>933,442,969</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	3,11	380,201,906	447,219,223
Amounts due to brokers	6	21,868,944	51,470,071
Dividends payable		1,231,221	356,651
Subscriptions received in advance		112,000	74,000
Management fee payable	7	352,639	376,232
Interest payable		188,662	242,849
Accrued expenses	8	251,374	354,306
<b>Total current liabilities (excluding net assets attributable to holders of redeemable units of participation)</b>		<b>404,206,746</b>	<b>(500,093,332)</b>
<b>Net assets attributable to holders of redeemable units of participation</b>		<b>419,993,660</b>	<b>433,349,637</b>
<b>Class A</b>			
Number of units of participation (note 13)		10,496.02	13,315.54
Net asset value per unit of participation		€1,485.96	€1,459.32
<b>Class B</b>			
Number of units of participation (note 13)		280,066.84	292,854.88
Net asset value per unit of participation		€1,437.79	€1,408.51
<b>Class D</b>			
Number of units of participation (note 13)		1,887.64	1,595.94
Net asset value per unit of participation		€911.30	€894.96
<b>Total Net Asset Value</b>		<b>€419,993,660</b>	<b>€484,118,400</b>

The accompanying notes are an integral part of these condensed financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period from 1 January to 30 June 2017**

	Note	1 January 2017 to 30 June 2017 €	1 January 2016 to 30 June 2016 €
<b>Investment income</b>			
Interest income	9	122,550	40,720
Gross dividend income	10	17,121,495	18,320,384
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss		13,002,793	(35,205,140)
Net foreign exchange loss on cash and cash equivalents		(1,046,313)	(233,279)
Other income		-	144,790
<b>Total net income/(loss)</b>		<b>29,200,525</b>	<b>(16,932,525)</b>
<b>Expenses</b>			
Dividend expense on securities sold short	10	(12,539,852)	(25,019,665)
Management fee	7	(2,163,365)	(2,223,412)
Performance fee	7	-	(891)
Interest expense & borrowing fee	9	(3,186,819)	(3,248,462)
Audit fee		(24,675)	(15,250)
Administration fee		(188,444)	(200,919)
Depositary fee	7	(76,585)	(79,560)
Legal fee		(6,800)	(10,000)
Costs of supervision	7	(33,136)	(44,500)
Other expenses		(29,106)	(18,961)
Trustee's fee	7	(6,371)	(5,575)
<b>Total operating expenses</b>		<b>(18,255,153)</b>	<b>(30,867,195)</b>
<b>Income/(loss) before taxation</b>		<b>10,945,372</b>	<b>(47,799,720)</b>
Withholding taxes		(2,473,305)	(2,883,455)
<b>Income/(loss) after taxation</b>		<b>8,472,067</b>	<b>(50,683,175)</b>
Other comprehensive income		-	-
<b>Increase/(decrease) attributable to holders of redeemable units of participation</b>		<b>8,472,067</b>	<b>(50,683,175)</b>

*The accompanying notes are an integral part of these condensed financial statements.*

**STATEMENT OF CASH FLOWS**  
**For the period from 1 January to 30 June 2017**

	<b>1 January 2017 to 30 June 2017</b>	<b>1 January 2016 to 30 June 2016</b>
	€	€
<b>Cash flows from operating activities</b>		
Increase/(decrease) attributable to holders of redeemable units of participation	<b>8,472,067</b>	<b>(50,683,175)</b>
Adjustment for net foreign exchange loss - cash and cash equivalent	1,046,313	233,279
Adjustment for interest income	(122,550)	(40,720)
Adjustment for dividend income	(17,121,495)	(18,320,384)
Adjustment for interest expenses	3,186,819	3,248,462
Adjustment for dividend expenses	12,539,852	25,019,665
Adjustments to reconcile increase/(decrease) attributable to holders of redeemable units of participation to net cash (used in)/provided by operating activities:		
Decrease in financial assets at fair value through profit or loss	49,417,412	57,968,488
(Decrease)/increase in financial liabilities at fair value through profit or loss	(67,017,317)	43,532,036
Decrease in margin cash	962,030	145,740,421
(Decrease)/increase in management fee payable	(23,593)	647,122
Increase in subscriptions received in advance	38,000	-
(Decrease) in performance fee payable	-	(9,505,189)
(Decrease) in amounts due to brokers	(29,601,127)	(3,177,493)
Decrease/(increase) in amounts due from brokers	15,386,054	(15,282,812)
(Decrease) in accrued expenses	(102,932)	(57,943)
<b>Cash (used in)/provided by operating activities</b>	<b>(22,940,467)</b>	<b>179,100,422</b>
Interest received	122,550	40,720
Dividend received	16,128,799	18,674,118
Interest paid	(3,241,006)	(3,370,856)
Dividend paid	(11,665,282)	(24,548,446)
<b>Net cash (used in)/provided by operating activities</b>	<b>(21,595,406)</b>	<b>169,895,958</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of redeemable units of participation	304,500	38,684,149
Payments from redemptions of redeemable units of participation	(22,089,110)	(50,178,793)
Cash flow related to equalisation credit previous period	(43,434)	221,335
<b>Net cash flow used in financing activities</b>	<b>(21,828,044)</b>	<b>(11,273,309)</b>
Net (decrease)/increase in cash and cash equivalents	(43,423,450)	158,622,649
Adjustment for net foreign exchange loss - cash and cash equivalents	(1,046,313)	(233,279)
Cash and cash equivalents at the beginning of the period	129,824,035	34,043,282
<b>Cash and cash equivalents at the end of the period</b>	<b>85,354,272</b>	<b>192,432,652</b>

*The accompanying notes are an integral part of these condensed financial statements.*

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS OF PARTICIPATION

For the period from 1 January to 30 June 2017

	Note	Number of shares	1 January 2017 to 30 June 2017 €
<b>Balance at the beginning of the period</b>		307,767	433,349,637
Increase attributable to holders of redeemable units of participation resulting from operations for the period		-	8,472,067
Issue of redeemable units of participation during the period	13	320	304,500
Payments from redeemable units of participation during the period	13	(15,605)	(22,089,110)
Movement related to current year equalisation deficit payable		(31)	(43,434)
<b>Net assets attributable to holders of redeemable units of participation at the end of the period</b>		<b>292,451</b>	<b>419,993,660</b>

	Note	Number of shares	1 January 2016 to 30 June 2016 €
<b>Balance at the beginning of the period</b>		308,666	484,118,400
Decrease attributable to holders of redeemable units of participation resulting from operations for the period		-	(50,683,175)
Issue of redeemable units of participation during the period	13	27,262	38,684,149
Movement related to equalisation credit previous period	13	136	221,335
Payments from redeemable units of participation during the period	13	(34,465)	(50,178,793)
<b>Net assets attributable to holders of redeemable units of participation at the end of the period</b>		<b>301,599</b>	<b>422,161,916</b>

*The accompanying notes are an integral part of these condensed financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period from 1 January 2017 to 30 June 2017**

1. FUND INFORMATION

*General*

Saemor Europe Alpha Fund (the “Fund”) is an open-ended investment fund incorporated on 19 June 2008. The first trade date for Class B units of participation was on 26 June 2008. Initial subscriptions for Class A units of participation were received on dealing date 27 January 2009. Initial subscriptions of Class D units of participation were received on dealing day 4 January 2016. The Fund is not listed on any stock exchange. The units of participation are registered per investor.

The Fund will, under certain conditions, be able to issue and purchase units of participation. Issue and redemption of units of participation is possible on a dealing date, which is the first business day of each month. The Manager holds the right to suspend redemptions in the case of extreme market circumstances, when effectuating the lock up on Class B units of participation or in case of a significant size of the redeemed amount. The right to suspend redemptions is explained in more detail in the Prospectus of the Fund.

The Fund is a Fund for Joint Account, which means that there is a contractual obligation among the Manager, the Title Holder and the Participant. The Manager has an Alternative Investment Fund Managers Directive (AIFMD) license and is regulated by the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank. Per 1 March 2017 the AIFMD license has been extended with the following investment services provided to professional investors only: (i) individual portfolio management, (ii) investment advice and (iii) receiving and transmitting investment orders.

The Bank of New York Mellon SA/NV, Amsterdam branch, provides administration and transfer agency services to the Fund. Certain administration services are being outsourced to BNY Mellon Fund Services (Ireland) DAC in Dublin, Ireland. BNY Mellon Fund Services (Ireland) DAC is a licensed bank, authorised and regulated by the Central Bank of Ireland. Furthermore, certain services in relation to transfer agency are being outsourced to The Bank of New York Mellon (Luxembourg) S.A.

The Fund's objective is to achieve capital appreciation in the middle to long-term through investing in a diversified portfolio that is predominantly composed of long and short positions in listed equities. The investment universe encompasses Europe, the Middle East and Africa (EMEA). Investment focus will, however, to a large extent be on European countries. The Fund aims for returns that have a low correlation with the returns of relevant market indices. The Fund is not tied to a benchmark.

*Classes of participations*

The assets of the Fund are divided into several classes of participations, with a specific fee structure, and if applicable lock-up period, for each class of participations. The underlying investments and risk profile of the various classes of participations are identical. Each class of participation may be further segmented in subclasses of participations, each such subclass of participations to be denominated in a different currency.

2. PRINCIPAL ACCOUNTING POLICIES

(a) *Statement of compliance*

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the Dutch Financial Supervision Act and Title 9 book 2 Dutch Civil Code.

(b) *Accounting policies*

These financial statements are prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Boards (“IASB”). The significant accounting policies and estimation techniques adopted by the Fund for the six months ended 30 June 2017 are consistent with those adopted by the Fund for the annual financial statements for the year ended 31 December 2016.

(c) *Basis of preparation*

The financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit or loss which have been measured at fair value. All accounting policies adopted by the Fund are consistent with the audited financial statements for the year ended 31 December 2016.

The financial statements are presented in Euro.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) *Basis of preparation (continued)*

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Manager believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

The Fund's functional and presentation currency is the Euro. As most holders of Units of Participation, the Manager and the Title Holder are based and operate in Euro markets, the Fund's performance is evaluated and its liquidity is managed in Euros.

There are no standards and amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2017 that have a material impact on the Fund.

*New standards, amendments and interpretations effective after 1 January 2017 and have not yet been early adopted by the Fund.*

The below mentioned standards, amendments to standards and interpretations in issue are not yet effective, and have not been applied in preparing these financial statements. Management is currently assessing the possible impact of these new standards and interpretations.

*IFRS 9 Financial Instruments (effective date 1 January 2018)*

IFRS 9 replaces the multiple classification and measurement models in IAS 39: Financial instruments: Recognition and Measurement, with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

The Fund will assess the impact on the financial statements prior to the effective date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) *Basis of preparation (continued)**IFRS 15 Revenue from contracts with customers (effective 1 January 2018)*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The Fund will assess the impact on the financial statements prior to the effective date.

## 3. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2017 and 31 December 2016, financial assets and liabilities at fair value through profit or loss were as follows:

	<b>30 June 2017</b>	<b>31 December 2016</b>
	€	€
<b>Financial assets at fair value through profit or loss:</b>		
Equity securities	437,338,080	483,141,984
Contracts-for-difference	34,815,257	38,428,765
Financial assets at fair value through profit or loss	<u>472,153,337</u>	<u>521,570,749</u>
<b>Financial liabilities at fair value through profit or loss:</b>		
Equity securities	(367,741,893)	(429,988,406)
Contracts-for-difference	(12,460,013)	(17,230,817)
Financial liabilities at fair value through profit or loss	<u>(380,201,906)</u>	<u>(447,219,223)</u>
<b>Total financial assets and liabilities at fair value through profit and loss</b>	<b><u>91,951,431</u></b>	<b><u>74,351,526</u></b>

In Note 11 risks associated with those financial instruments held will be described.

As at 30 June 2017 and 31 December 2016, listed equity securities at fair value through profit or loss are recorded at fair value based on quoted market prices in active markets.

## 4. CASH AND CASH EQUIVALENTS

Cash represents short-term funds available to the Fund.

	<b>30 June 2017</b>	<b>31 December 2016</b>
	€	€
Cash at brokers	75,460,129	115,024,201
Cash at synthetic brokers	9,894,143	14,799,834
<b>Total</b>	<b><u>85,354,272</u></b>	<b><u>129,824,035</u></b>

Cash at brokers relates to cash balances with the Fund's Prime Brokers excluding margin requirements.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

5. MARGIN ACCOUNTS

Margin accounts represent cash deposits with brokers, transferred as collateral against open futures or other securities.

The Prime Brokers calculate the maximum amount to be loaned on the basis of all long and short securities held at the Prime Brokers; this is called the total margin requirement. The Fund does not provide individual securities as collateral for each individual short security transaction. The total short position is taken into account in the calculation of margin requirement. The total amount of margin requirements with the Fund's Prime Brokers was €187,919,971 (31 December 2016: €183,321,705) with Morgan Stanley, €46,631,202 (31 December 2016: €50,856,334) with Merrill Lynch International and €3,448,842 with Barclays PLC (31 December 2016: €4,784,006).

	<b>30 June 2017</b>	<b>31 December 2016</b>
	€	€
Margin accounts	248,000,015	248,962,045
<b>Total</b>	<b>248,000,015</b>	<b>248,962,045</b>

6. AMOUNTS DUE FROM/(TO) BROKERS

Amounts receivable from and payable to brokers include cash balances with the Fund's Prime Brokers and amounts receivable or payable for securities transactions that have not settled at the period end. Certain amounts of this cash results from the proceeds of trading securities sold short and may therefore be subject to withdrawal restrictions until such time as the securities are purchased by the Fund. The Fund has also purchased securities on margin and the related margin balances are secured on certain of the Fund's investments in securities.

As at 30 June 2017 and 31 December 2016 the following were held as amounts due to or from brokers:

	<b>30 June 2017</b>	<b>31 December 2016</b>
	€	€
Balances due from brokers	17,117,140	32,503,194
Balances due to brokers	(21,868,944)	(51,470,071)
<b>Net amounts due to brokers</b>	<b>(4,751,804)</b>	<b>(18,966,877)</b>

7. FEES AND EXPENSES

*Management fee*

The management fee is charged to the Fund and is credited to the Manager. The management fee is levied once a month.

The management fee is set as an annual percentage of 1.5% of the gross asset value (GAV) for Class A and D units of participation, 1.0% of the GAV for Class B units of participation (before deduction of the accrued performance fee). The management fee is accrued on a monthly basis. The fee is payable in arrears following completion and finalisation each month. Management fees of €2,163,365 (30 June 2016: €2,223,412) were incurred for the period ended 30 June 2017 of which €352,639 was payable at 30 June 2017 (31 December 2016: €376,232).



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

7. FEES AND EXPENSES (continued)

*Performance fee*

The performance fee is charged on a unit by unit basis and is credited to the Manager. The performance fee is calculated and accrued for in each net asset calculation as at each month-end.

The performance fee is equal to 20% of the annual increase in the net asset value of the capital of Class A units of participation. The performance fee is 15% of the annual increase in the net asset value of the capital of Class B units of participation. The performance fee will be calculated on the basis of an annual year from calendar year-end to calendar year-end. In a year of introduction of a new Class in a specific currency, the performance fee will be based on the period from introduction date to calendar year-end. A high watermark applies. Performance fees of €Nil (30 June 2016: €891) were incurred for the period ended 30 June 2017 of which €Nil was payable at 30 June 2017 (31 December 2016: €Nil).

As of 4 January 2016 the Fund opened Class D units of participation. The performance fee is equal to 20% of the monthly increase in the net asset value of the capital of Class D units of participation. The performance fee for Class D units of participation will be calculated on the basis of a monthly period from calendar month-end to calendar month-end. A high watermark applied, “equalisation” method is not applicable.

*Performance fee – equalisation*

The performance fee is calculated according to the “Equalisation” method, which means that each Participant pays a fee that truly corresponds to the increase in value of units of participation that he/she holds. Participations are subscribed to against the gross asset value per unit of participation. If the subscription price exceeds the high water mark (the “HWM”) on a dealing day, an equalisation credit is granted to the Participant. Following the date of grant, the value of the equalisation credit fluctuates with the increase and decrease of the net asset value (NAV). The equalisation credit will at no time turn into a negative value, and it will not increase beyond the value at the time of issue. By issuing participations against the value of the Participant’s equalisation credit at the ultimate valuation day of the financial year of the Fund, the credit will be finally settled. The equalisation credit as of 30 June 2017 amounted to €Nil (30 June 2016: €Nil).

Conversely, a Participant that acquires participations at a time that the HWM exceeds the NAV per participation, at which point in time the GAV equals the NAV as no performance fee is accrued, will build up an equalisation deficit from the moment that the NAV per participation exceeds the subscription price. Any deficit will be finally settled by way of mandatory redemption of the equalisation deficit bearing participations. The Manager is entitled to the ensuing claim. Redemption will take place per the ultimate dealing day of the financial year of the Fund, or at redemption during the year. The equalisation deficit as of 30 June 2017 amounted to €27,901 (30 June 2016: €2,009).

<i>Other costs charged to the assets of the Fund</i>	<b>1 January 2017 to 30 June 2017</b>	<b>1 January 2016 to 30 June 2016</b>
	€	€
Administration fee	188,444	200,919
Audit fee	24,675	15,250
Costs of supervision	33,136	44,500
Depositary fee	76,585	79,560
Legal fee	6,800	10,000
Trustee's fee	6,371	5,575
Other expenses	29,106	18,961
<b>Total</b>	<b>365,117</b>	<b>374,765</b>

Costs of supervision are fees charged by the supervising authorities AFM and the Dutch Central Bank.

The depositary charges a fee as an annual percentage of 0.03% of the NAV at each month-end, subject to a minimum fee of €25,000 per annum.

The Title Holder receives a trustee fee of €1,000 on an annual basis, excluding VAT and indexation as of 2015.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

7. FEES AND EXPENSES (continued)

*Subscription and redemption fees*

The Fund may upon issue and redemption of a unit of participation charge a fee up to 1.0% of the subscription or redemption amount. These costs may be charged in order to cover the costs incurred in transactions related to subscription and/or redemption and are credited to the Fund. During the period ended 30 June 2017, the Fund charged a fee of €Nil (30 June 2016: €144,790).

*Soft dollar arrangement*

The Manager may choose to allocate transactions to brokers with whom the Manager has concluded a commission sharing agreement (CSA). A CSA is concluded with a view to allowing the Manager to provide a better level of service to the Fund, with the aim of improving the results. Pursuant to a CSA, the broker receives a commission for executing a transaction that is split ('unbundled') into: 1) execution and 2) research. The sum of money received by the broker that is related to research is entered into a separate account and may be used by the Manager in order to pay for certain services rendered by either the broker or by a third party. The Manager will, however, at all times aim for best execution.

The Fund has entered into a CSA with UBS AG in order to facilitate the purchase of research from Starmine and Markit.

8. ACCRUED EXPENSES

	<b>30 June 2017</b>	<b>31 December 2016</b>
	€	€
Administration fee	102,065	234,073
Audit fee	15,760	22,860
Costs of supervision	33,136	-
Depository fee	35,302	79,357
Legal and tax advice fee	12,687	12,903
Trustee's fee	4,687	5,113
Other accrued expenses	47,737	-
<b>Total</b>	<b><u>251,374</u></b>	<b><u>354,306</u></b>

9. INTEREST INCOME/EXPENSE AND BORROWING FEE

Borrowing fees incurred during the period resulted from borrowing securities in relation to short positions.

	<b>1 January 2017</b>	<b>1 January 2016</b>
	<b>to 30 June 2017</b>	<b>to 30 June 2016</b>
	€	€
Interest income	122,550	40,720
Interest expense	(1,944,554)	(2,422,235)
Borrowing fee	(1,242,265)	(826,227)
<b>Total</b>	<b><u>(3,064,269)</u></b>	<b><u>(3,207,742)</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

10. DIVIDEND INCOME/EXPENSE

	<b>1 January 2017 to 30 June 2017</b>	<b>1 January 2016 to 30 June 2016</b>
	€	€
Gross dividend income	17,121,495	18,320,384
Dividend expense on securities sold short	(12,539,852)	(25,019,665)
<b>Total</b>	<b><u>4,581,643</u></b>	<b><u>(6,699,281)</u></b>

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

Risk management is an integral part of the investment and the operational process. Risk management can be distinguished in financial risk management, operational risk management and independent risk measurement. Financial risk management encompasses all elements of the investment process. A number of risk management systems allow us to notice any deviations from intended positioning and targets. Operational risk management encompasses the four areas of potential losses: processes, systems, people and external events. Risk measurement is an independent function, which is functionally separated from the operational department and portfolio management.

The Fund's investment objective is to preserve capital and then achieve absolute returns for Participants by investing in securities of European Companies. The Fund aims to achieve strong risk adjusted returns without large exposure to the overall stock market and without taking high volatility single factor risks.

*Financial instruments and associated risks*

The Fund will primarily invest in a diversified portfolio consisting of long and short positions in listed equities. The Fund may utilise derivative financial instruments for the purpose of risk management and for potentially improving returns.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Fund are discussed below.

The Fund is exposed to several risks. The Prospectus of the Fund describes an extensive list. The following risks are described below: equity risk, currency risk, interest rate risk, credit risk and liquidity risk. Each type of risk is arising from the financial instruments it holds and is discussed in turn below. Qualitative and quantitative analyses are provided where relevant to give the reader an understanding of the risk management methods used by the Manager.

*Fair value estimation*

IFRS 13 Fair Value Measurement states that when measuring fair value, the objective is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (i.e. to estimate an exit price).

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

*Fair value estimation (continued)*

The following tables analyse the fair value hierarchy of the Fund's financial assets and liabilities measured at fair value as at 30 June 2017 and as at 31 December 2016:

<b>Financial assets at fair value through profit or loss</b>	<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Equity securities	437,338,080	437,338,080	-	-
Derivatives	34,815,257	-	34,815,257	-
<b>Total</b>	<b>472,153,337</b>	<b>437,338,080</b>	<b>34,815,257</b>	<b>-</b>

<b>Financial liabilities at fair value through profit or loss</b>	<b>30 June 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Debt securities	-	-	-	-
Equity securities sold short	(367,741,893)	(367,741,893)	-	-
Derivatives	(12,460,013)	-	(12,460,013)	-
<b>Total</b>	<b>(380,201,906)</b>	<b>(367,741,893)</b>	<b>(12,460,013)</b>	<b>-</b>

<b>Financial assets at fair value through profit or loss</b>	<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Equity securities	483,141,984	483,141,984	-	-
Derivatives	38,428,765	-	38,428,765	-
<b>Total</b>	<b>521,570,749</b>	<b>483,141,984</b>	<b>38,428,765</b>	<b>-</b>

<b>Financial liabilities at fair value through profit or loss</b>	<b>31 December 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€	€	€	€
Equity securities sold short	(429,988,406)	(429,988,406)	-	-
Derivative	(17,230,817)	-	(17,230,817)	-
<b>Total</b>	<b>(447,219,223)</b>	<b>(429,988,406)</b>	<b>(17,230,817)</b>	<b>-</b>

For the period ended 30 June 2017 and 31 December 2016, there were no transfers between Levels.

For assets and liabilities at amortised cost, their carrying values are a reasonable approximation of fair value.

*Equity risk*

Equity risk is the risk that the Fund is exposed to the volatility of the fair value of the equity securities it holds. The fair value of individual securities may fluctuate as a result of e.g. company specific news, broad market movements, interest rate risk or foreign currency movements. The Manager continuously monitors the (potential) determinants of the value of the securities held and the total portfolio value. As such, risk management is an integral part of investment management which comprises security selection and portfolio construction. Frequently various stock, sector and country exposures are measured and managed against the norms which have been defined for those exposures. Further the overall portfolio is monitored using various (external) portfolio risk (optimising) systems to monitor and manage market or style exposures.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

*Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency (Euro).

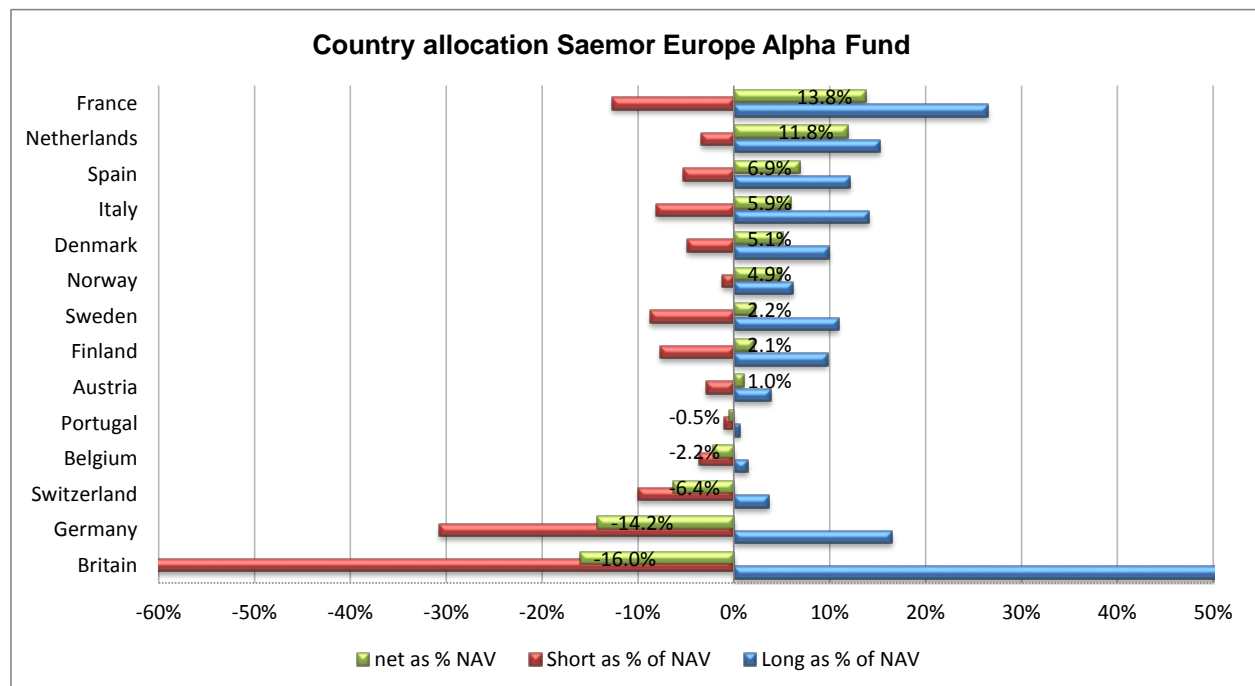
Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund’s assets or liabilities denominated in currencies other than the Euro.

IFRS 7 considers the foreign exchange exposure related to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. The Fund however monitors the exposure on all foreign currency denominated assets and liabilities.

The Fund has the possibility to hold and to manage currency exposures, but in principle will hedge significant exposures.

*Concentration risk*

The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 30 June 2017 was as follows:

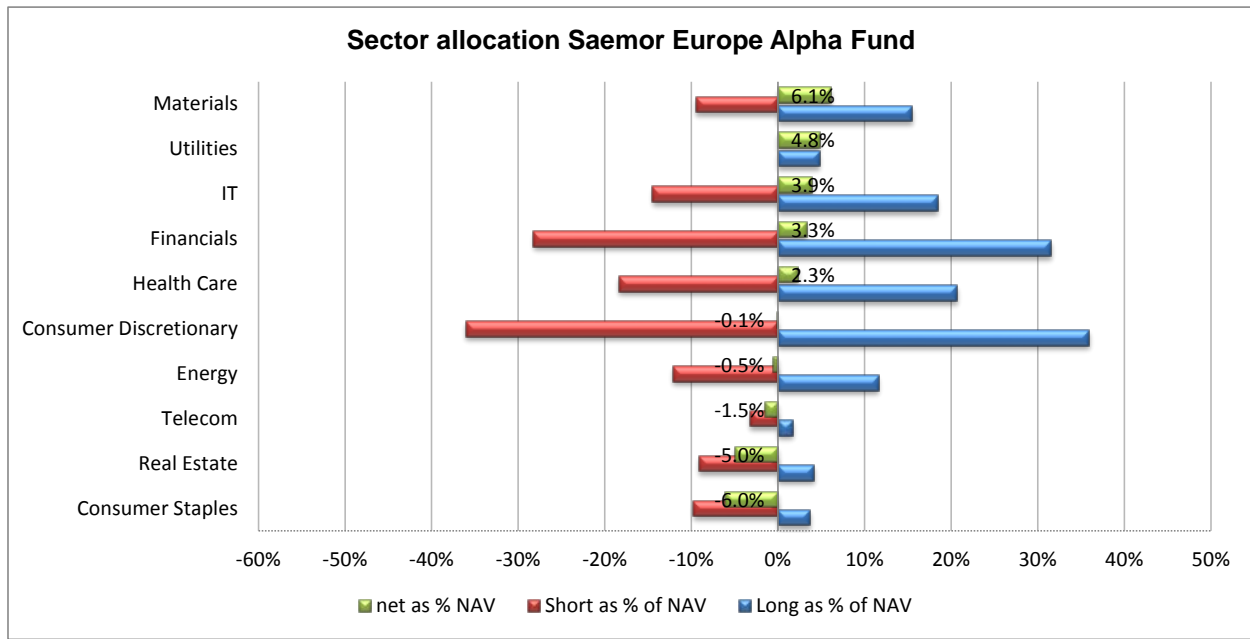


**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

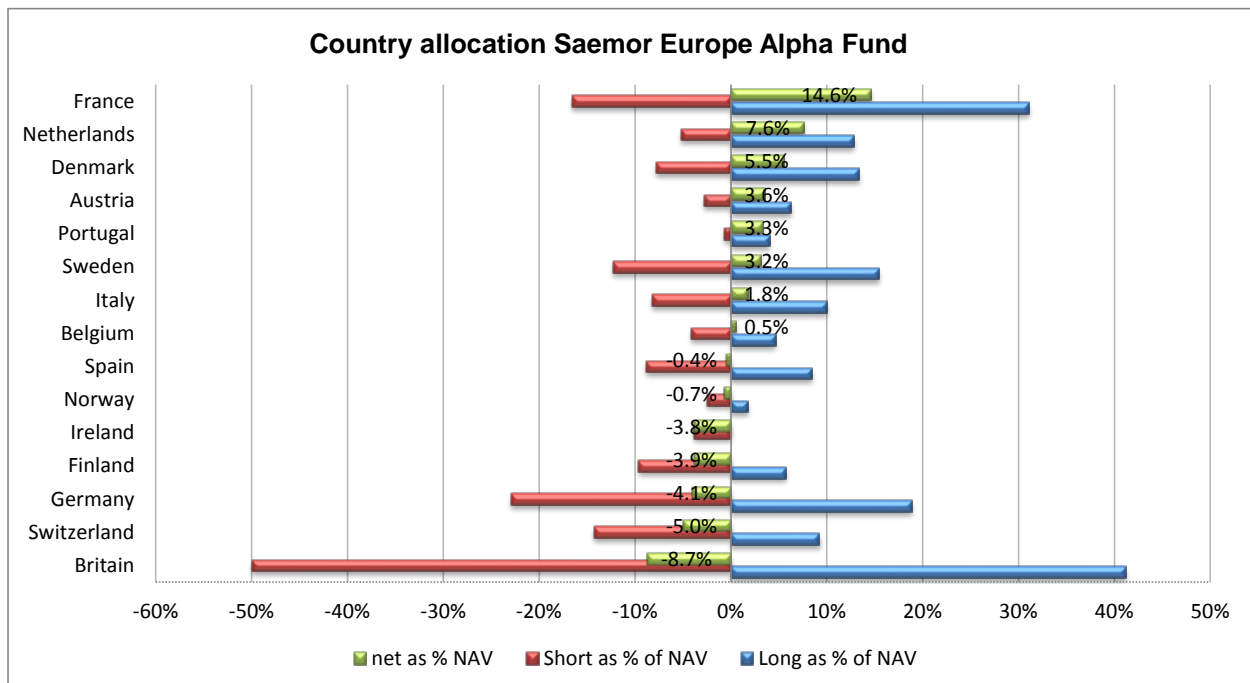
11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

*Concentration risk (continued)*

The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 30 June 2017 was as follows:



The country allocation (net exposure, long positions and short positions per country) as a percentage of the NAV at 31 December 2016 was as follows:

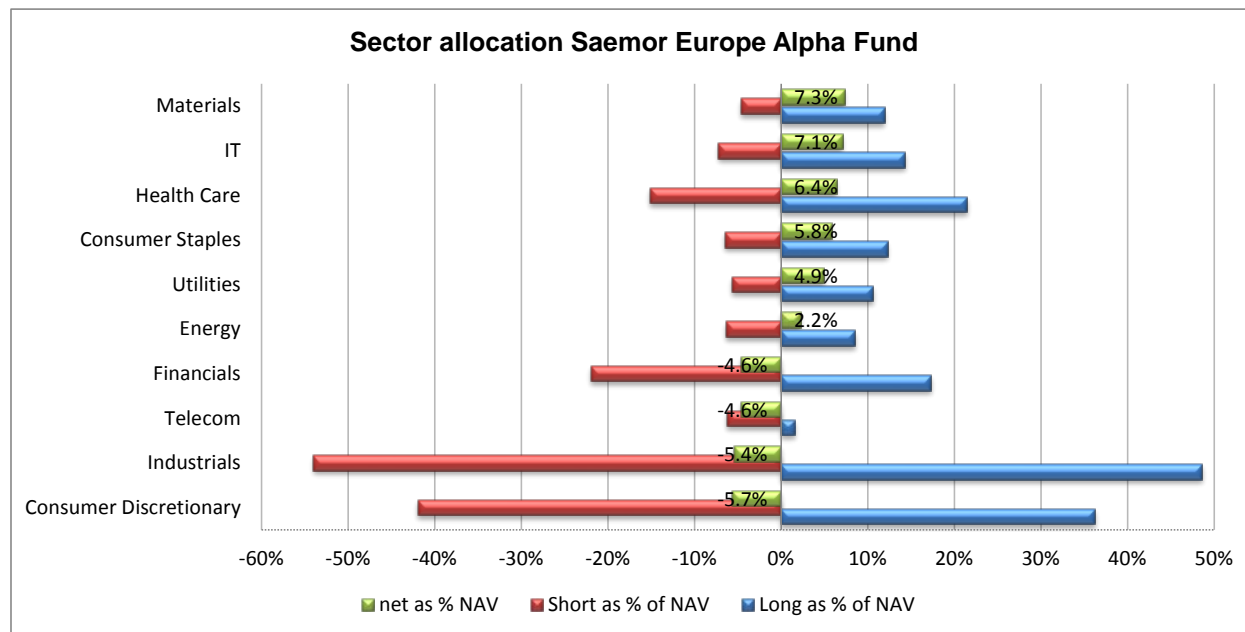


**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

*Concentration risk (continued)*

The sector allocation (net exposure, long positions and short positions per sector) as a percentage of the NAV at 31 December 2016 was as follows:



*Interest rate risk*

The majority of the Fund's financial assets are non-interest-bearing. At the Statement of Financial Position date the Fund has not invested in deposits or fixed income securities. As a result, the Fund is subject to limited direct exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Fund is subject to cash flow interest rate risk; however the effect is not considered material due to the short-term nature.

*Credit risk*

Credit risk refers to the potential loss arising if a counterparty is unable to fulfil its financial obligations when due. The Fund is exposed to credit risk in terms of cash deposited at banks or prime brokers, (rehypothecated) securities held at prime brokers and derivatives with other financial institutions as counterparties.

The Fund's derivative contracts held were equity CFD's, executed with the Fund's Prime Broker Morgan Stanley and Barclays Bank PLC.

To mitigate credit risk, three prime brokers have been legally appointed, allowing a transfer of securities and cash. Further, securities and cash are only held at, and derivatives are only executed with (investment grade) rated counterparties. Long-term ratings for Morgan Stanley at 30 June 2017 were A3 (Moody's) (31 December 2016: A3) and BBB+ (S&P) (31 December 2016: BBB+). Long-term ratings for Barclays Bank PLC at 30 June 2017 were Baa2 (Moody's) (31 December 2016: A1) and BBB (S&P) (31 December 2016: A-). Long-term ratings for Merrill Lynch International at 30 June 2017 were Baa1 (Moody's) (31 December 2016: -) and A+ (S&P) (31 December 2016: A+).

The Prime Brokers may acquire legal title to the Fund's assets up to an amount of more than 100% (max 140%) of the value of the (i) liabilities or (ii) net indebtedness, as the case may be, of the Fund towards the relevant Prime Brokers (rehypothecation). The Fund will have a right to the redelivery of equivalent assets from the Prime Brokers. In the event of an insolvency of either party, the obligation to redeliver will be given a cash value and will form part of a set off calculation against the amount the Fund owes the Prime Brokers. To the extent that the Prime Brokers have rehypothecated assets in excess of the amount that the Fund owes, the Fund ranks as a general creditor for the excess following the operation of set-off, with the risk that such excess may not be reclaimed. The Fund continuously monitors the creditworthiness of its Prime Brokers and has appointed multiple Prime Brokers.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

11. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS (continued)

*Credit risk (continued)*

The Fund has entered into master netting agreements with its Prime Brokers. Under these agreements all assets and liabilities with the Prime Broker can be offset with each other.

To enable short securities, the Fund borrows securities. At 30 June 2017 the Fund borrowed securities for an amount of €708,718,285 (31 December 2016: €738,096,853).

The maximum exposure in relation to financial instruments and other debtors is the carrying value of the financial assets.

*Liquidity risk*

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is exposed to cash redemptions of redeemable units of participation for a monthly valuation day, with 15 business day's previous notice. With regard to Class B units of participation this relates to redemption requests received after the one year lock up period.

The Fund invests the majority of its assets in investments that are listed and traded in active markets, all listed on major European stock exchanges. The liquidity of all securities will be continuously monitored by the Manager, who aims to be able to exit 50% of the assets in the Fund within one week and 95% in one month time.

The Fund may invest in derivative contracts traded over the counter, which are not traded on a regulated exchange and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at their fair value to meet its liquidity requirements. If OTC derivative contracts are used, the counterparties will be rigorously selected and monitored.

12. DERIVATIVE CONTRACTS

Typically, derivative contracts serve as components of the Fund's investment strategies and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Fund. The derivative contracts that the Fund holds or issues are equity contracts for difference.

The Fund records its derivative activities on a mark-to-market basis. The Fund uses widely recognised valuation models for determining fair values of over-the-counter CFD derivatives.

For CFD financial instruments, inputs into models are based on the price of the underlying financial instruments and are therefore market observable. CFDs represent agreements that obligate two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or otherwise determined notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. Therefore, amounts required for the future satisfaction of the CFD may be greater or less than the amount recorded. The realised gain or loss depends upon the prices at which the underlying financial instruments of the CFD is valued at the CFD settlement date and is included in the Statement of Comprehensive Income.

Unrealised gains or losses are valued in accordance with the accounting policy stated in Note 2 and the resulting movement in the unrealised gain or loss is recorded in the Statement of Comprehensive Income.



**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period from 1 January 2017 to 30 June 2017**

## 12. DERIVATIVE CONTRACTS (continued)

As of 30 June 2017 and 31 December 2016, the following derivative contracts were included in the Fund's Statement of Financial Position at fair value through profit or loss:

	Fair value assets €	Fair value liabilities €
<b>30 June 2017</b>		
Contracts for difference	34,815,257	(12,460,013)
<b>Total derivative contracts</b>	<b>34,815,257</b>	<b>(12,460,013)</b>
	Fair value assets €	Fair value liabilities €
<b>31 December 2016</b>		
Contracts for difference	38,428,765	(17,230,817)
<b>Total derivative contracts</b>	<b>38,428,765</b>	<b>(17,230,817)</b>

The table below details the total derivatives exposure at 30 June 2017 and 31 December 2016. Gross exposure is the sum of absolute market value of all long and short positions. Net exposure is the balance of market value of all long and short positions. At 30 June 2017 the Fund held long and short positions in equity CFD's.

The leverage of the Fund is a ratio between the total gross exposure and the net asset value of the Fund. The maximum leverage the Fund may have is 500%. At 30 June 2017 the leverage is 351.80% (31 December 2016: 352.5%).

30 June 2017	Net Exposure	Gross Exposure	Gross as % of NAV
	€	€	€
Equity securities	69,596,195	805,080,149	191.7%
Contracts for difference	(9,496,880)	672,455,736	160.1%
<b>Total Exposure</b>	<b>60,099,315</b>	<b>1,477,535,885</b>	
<b>Total as % of NAV</b>	<b>14.3%</b>	<b>351.8%</b>	<b>351.8%</b>

31 December 2016	Net Exposure	Gross Exposure	Gross as % of NAV
	€	€	€
Equity securities	53,153,697	913,131,193	210.7%
Contracts for difference	5,225,608	614,618,744	141.8%
<b>Total Exposure</b>	<b>58,379,305</b>	<b>1,527,749,937</b>	
<b>Total as % of NAV</b>	<b>13.5%</b>	<b>352.5%</b>	<b>352.5%</b>

## 13. REDEEMABLE UNITS OF PARTICIPATION

At inception of the Fund Class A and Class B units of participation were issued, both only in Euro. The (initial) investment required of a Participant in Class A is Euro 25,000. Subsequent subscriptions and redemptions have a minimum size of Euro 1,000.

Class B has a "lock up" of one year. The minimum (initial) investment for the 'seeding investor', employees and employees of directors is Euro 1,000 and for other Participants Euro 25,000,000. Subscriptions and redemptions have a minimum size of Euro 1,000.

Class D units of participation were issued as of 4 January 2016. The (initial) investment required of a Participant in Class D is Euro 25,000. Subsequent subscriptions and redemptions have a minimum size of Euro 1,000.

Each participant is entitled to cast one vote for each unit of participation. One or more Participants who jointly hold at least 10% of the total number of Participations can request the Manager to hold a meeting and can add topics to the agenda.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the period from 1 January 2017 to 30 June 2017**

13. REDEEMABLE UNITS OF PARTICIPATION (continued)

Transactions in units of participation for Class A, Class B and Class D for the period ended 30 June 2017 and 30 June 2016 were as follows:

	<b>Number of units of participation 30 June 2017</b>	<b>Number of units of participation 30 June 2016</b>
<b>Class A (EUR)</b>		
Units of participation balance at the beginning of the period	13,315.54	11,595.18
Issue of redeemable units of participation	-	6,510.33
Redemption of redeemable units of participation	(2,819.40)	(879.93)
Movement related to equalisation deficit/credit	(0.12)	134.68
<b>Units of participation at the end of the period</b>	<b><u>10,496.02</u></b>	<b><u>17,360.26</u></b>
	<b>Number of units of participation 30 June 2017</b>	<b>Number of units of participation 30 June 2016</b>
<b>Class B (EUR)</b>		
Units of participation balance at the beginning of the period	292,854.88	297,070.52
Issue of redeemable units of participation	28.30	18,587.58
Redemption of redeemable units of participation	(12,785.62)	(33,556.22)
Movement related to equalisation credit/deficit	(30.72)	1.10
<b>Units of participation at the end of the period</b>	<b><u>280,066.84</u></b>	<b><u>282,102.98</u></b>
	<b>Number of units of participation 30 June 2017</b>	<b>Number of units of participation 30 June 2016</b>
<b>Class D (EUR)</b>		
Units of participation balance at the beginning of the period	1,595.94	-
Issue of redeemable units of participation	291.70	2,164.49
Redemption of redeemable units of participation	-	(28.94)
<b>Units of participation at the end of the period</b>	<b><u>1,887.64</u></b>	<b><u>2,135.55</u></b>

**Capital management**

As a result of the ability to issue and redeem shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of redeemable shares beyond those included in the Fund's constitution.

The Fund's objectives for managing capital are:

1. To achieve long-term capital appreciation;

The Fund aims for returns which have a low correlation with the returns of the market index. To achieve this objective the Fund uses investment instruments and applies an investment and risk management policy as described in the prospectus.

2. To maintain sufficient liquidity to meet redemption requests as they arise.

Note 11 'Risk associated with financial instruments' explains equity risk, currency risk, interest rate risk, credit risk and liquidity risk in more detail.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

14. RELATED PARTY TRANSACTIONS

Employees of directors and employees of Saemor Capital B.V. held jointly 1,204.88 (31 December 2016: 1327.71) Units of Participation Class B in the Fund. Saemor Capital B.V. held 889.06 (31 December 2016: 889.06) Units of Participation Class A and 500 (31 December 2016: 500) Units of Participation Class D in the Fund.

Three investment funds managed by Aegon Investment Management B.V. (AIM B.V.) held 278,706.20 (31 December 2016: 291,522.47) Units of Participation Class B, 99.75 (31 December 2016: 99.75) Units of Participation Class A.

AIM B.V. is a 100% subsidiary of Aegon Asset Management Holding B.V., which is a 100% subsidiary of Aegon N.V. Aegon Asset Management Holding B.V. holds 68% (31 December 2016: 68%) of the shares in Saemor Capital B.V.

15. PERSONAL INTERESTS OF DIRECTORS

In accordance with article 122 paragraph 2 Bgfo the Fund is required to list the total holdings in securities by the employees of directors in investments, which are also held by the Fund as of 30 June 2017.

As of 30 June 2017 and 31 December 2016 the personal interests of the employees of directors in the Fund and which were also held by the Fund, amounted:

	<b>Market Value</b>	<b>Market Value</b>
	<b>30 June 2017</b>	<b>31 December 2016</b>
<b>Stock</b>	<b>€</b>	<b>€</b>
UniCredit	278	2,398
Saemor Europe Alpha Fund	900,221	881,888
<b>Total</b>	<b>900,499</b>	<b>884,286</b>

16. DIVIDEND AND ALLOCATION OF RESULT

During the period from 1 January 2017 to 30 June 2017, the Fund did not pay dividends. The result is included in the net assets attributable to holders of redeemable units of participation.

17. VOTING POLICY

The fund does not pursue any active voting policy.

18. INVESTOR MONEY REGULATIONS

In response to the Central Bank of Ireland publishing the Central Bank (Supervision and Enforcement) Act 2013(Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers (the “Investor Money Regulations” or “IMR”) in March 2015 (effective from 1 July 2016), the Manager undertook, together with BNY Mellon Fund services (Ireland) Designated Activity Company, a review of the way in which subscription, distribution and redemption monies are channelled to and from the Fund. As a result of this review, subscription and redemption monies are (effective from 1 July 2016), channelled through a cash collection account in the name of the Fund. Pending issue of the units and / or payment of subscription proceeds to an account in the name of the Fund, and pending payment of redemption proceeds or distributions, the relevant investor will be an unsecured creditor of the Fund in respect of amounts paid by or due to it. At 30 June 2017, the value of such subscriptions amounted to €12,000 (31 December 2016: €74,000) and is included within cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the period from 1 January 2017 to 30 June 2017**

19. SUBSEQUENT EVENTS

There are no subsequent events impacting the Fund subsequent to 30 June 2017 up to the date of approval of these financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The Manager approved the financial statements on 31 August 2017.

**OTHER NOTES**

**For the period from 1 January 2017 to 30 June 2017**

The accompanying Statement of Financial Position as at 30 June 2017 and the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Redeemable Units of Participation for the period then ended have been compiled from the records of the Saemor Europe Alpha Fund and from other information supplied to us by the Fund. There has not been an audit performed and consequently, there is not an opinion expressed on these accounts.