SaemorCapital

Europe Alpha Fund

Monthly Report – September 2017

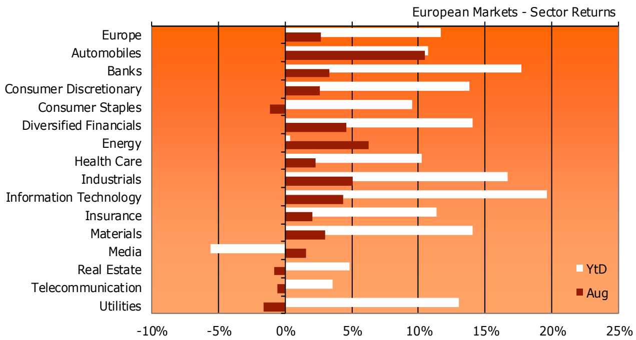
Fund Performance

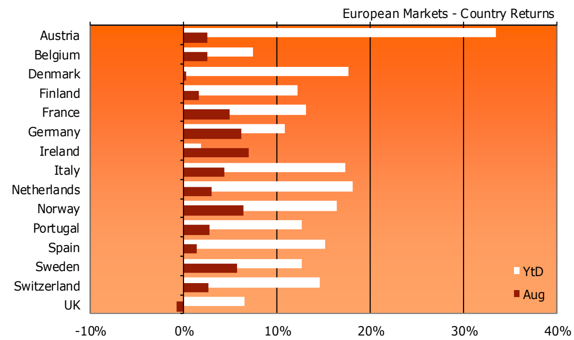
	September	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (29-Aug-2017)	Inception
Share Class B	**-1.4%**	**3.7%**	1.6%	2.4%	6.5%	4.1%	7.4%	8.0%	EUR 1461.12	26-Jun-2008
Share Class A	**-1.4%**	**3.3%**	1.5%	2.2%	6.0%	3.3%	6.4%	6.8%	EUR 1508.18	26-Jan-2009
Share Class D	**-1.4%**	**3.3%**	1.5%	2.2%	6.0%				EUR 924.93	31-Dec-2015

The Saemor Europe Alpha Fund lost 1.4% in September. Our preference for Quality and Earnings Momentum did not pay off, as European Markets favored high-risk and pro-growth companies. Small caps outperformed and high Beta was the best performing style during the month. Growth factors were the only cluster in our multi-factor model that posted positive returns. Value, Momentum and Quality all ended the month in negative territory. The gains we made in our long book and net long position, could not compensate for the losses from lower quality names in our short book. Long positions in Faurecia, Peugeot, Lufthansa and ASML were among the top contributors for the month, following the pro-risk theme of the market. Most of the largest detractors were short positions in higher beta names such as K+S, Yara, Morphosys, Tullow Oil and Commerzbank. Our long position in the UK drug maker, Indivior, was the largest detractor this month, as shares dropped 40% in one day after the company lost a patent case in the US.

Market Developments

European equities finished the month +2.7% higher, driven by strength in the Eurozone economy. Investor sentiment remained buoyant, despite seemingly bad news from the two key geo-political events of the month – the German elections and the ratcheting-up of tensions between the US and North Korea. Volatility remained very low. Within Europe, countries and sectors with higher weighting in cyclical stocks outperformed: Germany, France and Italy were among the top performers. Norway also fared well on the back of rebounding oil prices. British stocks fell almost -1%, following some more hints of an imminent rate hike from the BoE, in addition to the familiar concerns about Brexit. Spain also underperformed, reflecting elevated tension leading up to the referendum in Catalonia. Top performing sectors for the month were Automobiles, Energy and Industrials. Utilities, Real Estate, Consumer Staples and Telecommunications performed poorly. Bund, Gilts and Treasury yields rose amidst growing expectations of tightening in monetary policy everywhere. European credit spreads came down. Commodity indices rose as oil prices increased over +10% on strong demand and low supply. The euro weakened 0.6% versus the dollar, while the British pound appreciated 3.9%.





Investment Outlook & Strategy

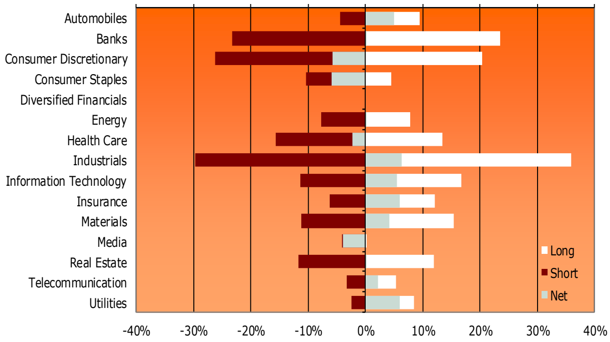
Since we started to position the Fund for a slowdown in May this year, markets have lacked a consistent theme, alternating between pro-growth and pro-slowdown. Consensus earnings expectations have come down over the last few months, reflecting the headwind from the euro strength on exporters. Economic activity in Europe remains strong, with interest rates not moving much higher. Our forward looking macro-models continue to point towards a mild slowdown scenario. We think quality names with positive earnings momentum should still do well, even in a continued pro-growth scenario. We have an overweight in pro-cyclical sectors such as Financials, Industrials and Auto's. With a net long position but a limited overall fund Beta we tend to hold the higher quality, low volatility stocks in those pro-cyclical sectors. The Beta of the long book is materially lower than the short book. Lower quality, cyclical names have come a long way and are getting expensive in our opinion. As Q3 numbers start coming through, we expect to benefit from a clearer distinction between winners and losers when Earnings Momentum can become a key performance driver of our Fund. The Fund should also benefit if the dollar does not weaken any further. Geo-political risk has subsided, though any further tensions may result in a move back to a more "risk-off" market.

Key Portfolio Information

Total Net Assets (in mln)	€427 / $511	Net Exposure Beta-Adj	0.01
Outstanding Shares (B/A)	280067 / 10496	Beta (ex post, 3Y monthly data)	-0.01
Number of Long Positions	103	Volatility (ex ante, short-term risk model)	6.9%
Long Positions (% of NAV)	185.6%	Volatility (ex post, 3Y monthly data)	8.3%
Number of Short Positions	107	VaR (1 day / 95% conf)	0.8%
Short Positions (% of NAV)	-167.5%	Long Liquidity (avg)	0.48 days
Gross Exposure (% of NAV)	353.1%	Short Liquidity (avg)	0.51 days
Net Exposure (% of NAV)	18.0%	Portfolio Turnover (/GAV)	0.5

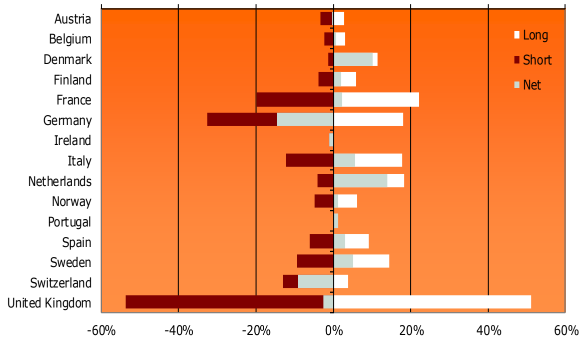
Sector Allocation (L&S as % NAV)

The Fund is net short Consumer Staples, Consumer Discretionary, Media and Health Care, while it is net long Industrials, Utilities, Insurance, Information Technology, Automobiles, Materials and Telecommunication. Positions in Real Estate, Banks and Energy are balanced. The Fund has no exposure in Diversified Financials.



Country Allocation (L&S as % NAV)

Dutch, Danish, Italian, Swedish, Spanish, French and Finnish stocks are overweight in the portfolio, whereas stocks in Germany, Switzerland and United Kingdom are under-represented. The Fund has a neutral position in Norway, Portugal, Belgium, Austria and Ireland.



Top Long Positions

	Model Score	As % NAV
ABN Amro	98	3.2%
Saras	98	3.2%
Legal & General	100	3.2%
Subsea 7	95	3.2%
LEG Immobilien	98	3.1%

- ABN AMRO is a diversified bank with most of its lending to customers based in the Netherlands. Earnings and dividends are supported by a growing economy, increased efficiency and lower loan losses. A potential increase in risk weights for mortgages may weigh somewhat on future dividend growth, but profitability and the current valuation outweigh this risk, in our view.
- Saras predominantly refines crude oil and sells petroleum products. In addition it sells electricity generated by wind farms. Owing to its plants, Saras can use a wider range of crude oil quality than most of its peers whilst operating at a higher margin. It has access to Iranian crude, which should stand the company in good stead now that Iranian sanctions have been lifted.
- Legal & General is UK-focused life insurance and asset management company. L&G's non-UK operations are modest but growing steadily, especially in asset management, where the company is a leading provider of index funds. Although lower UK growth as a possible result from Brexit would affect L&G, the valuation seems to adequately compensate for this risk. Based on consensus, the expected dividend yield is above sector-average.
- Subsea 7 is a leading provider of seabed-to-surface hardware and engineering services for the off-shore energy industry. It produces Subsea Umbilicals, Risers and Flowlines (SURFs) that enable extraction of oil from great depths. Subsea also owns vessels for laying pipes and remotely operated vehicles that support energy companies in deep waters. Over the last few quarters, Subsea has beaten earnings forecasts and cashflow is at healthy levels. Given the valuation, the modest recovery in the oil price seems not yet fully priced in.
- LEG Immobilien is a German residential property company with regional focus on the federal state of North Rhine-Westphalia. Management aims to grow the property portfolio but keep leverage at modest levels. Recent second quarter results were well-received with both rental growth and revaluations boosting profits and net asset value.

Top Short Positions

	Model Score	As % NAV
Melrose	1	3.2%
Credit Suisse	2	3.2%
Zalando	4	3.2%
Accor	0	3.2%
K+S	1	3.2%

- Melrose is a UK industrial company, active the Oil & Gas and Electricity subspace. The company has a high turnover in its business lines as it buys, improves and sells a lot of smaller companies in its field. The company was a stellar performer last year as oil and emerging markets rebounded alongside a weakening GBP. Since May this year, earnings have stalled and at 23x 2017 EPS the shares look expensive.
- Credit Suisse has issued equity to strengthen the balance sheet and decided against selling a stake in its Suisse domestic bank. The share price has reacted positively to management's actions, but the valuation looks ahead of itself now. The price/earnings ratio is higher than that of its peers, while the dividend yield is lower.
- Zalando is an online fashion retailer with sales in 15 European countries. The company has been growing quickly but is now under pressure from Amazon. To improve delivery and service Zalando is investing in distribution hubs and significantly growing its inventory. As a result, operating cash flow will barely be positive or perhaps even negative in the near future. With a steep valuation, the shares seem to be quite risky.
- Accor operates more than 3,500 hotels (Ibis, Mercure, Sofitel). The company has been transitioning towards an asset light business model by disposing their property holdings. The sale proceeds are used mainly to delever the balance sheet, to buy back stocks and to invest in in-fill acquisitions. This multiyear process is weighing down on the EPS and pushing the free CF yield down. The stock is very expensive with a 2017 P/E of 45 and scores unfavorably on valuation, profitability, growth and quality metrics.
- K+S sells fertilizers and salts for agricultural and industrial purposes. The company has been hurt by competition from emerging markets and has npt benefitted from the general cyclical upswing we've seen in Europe this last year. Earnings for 2017 and 2018 have been downgraded consistently for a year and a half now. K+S is unlikely to return to a positive cash flow this year and at 24x earnings, the shares are not cheap.

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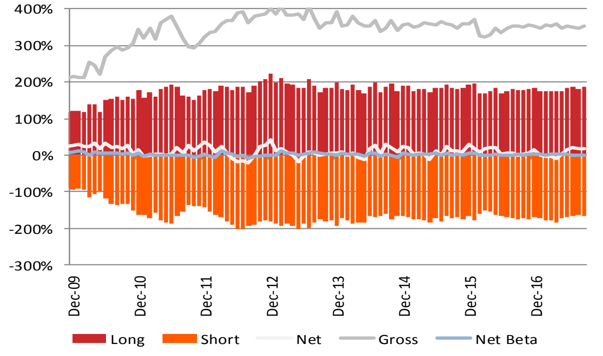
Exchange Liquidity Breakdown

The holdings in the Fund are highly liquid. The table below shows the percentage of securities in the portfolio which can be unwound within a particular period of time. The calculation is based on the assumption that maximum 25% of average daily volume (ADV, based on most recent 3 months) in a security can be traded per day. A higher participation rate is possible but will result in market impact costs. Under these assumptions and current market circumstances over 90% of the portfolio can be liquidated within 3 days.

Liquidity	Long	Short	Portfolio
Within 3 Days	90.5%	90.3%	90.4%
Within 1 Week	96.9%	97.3%	97.1%
Within 2 Weeks	100.0%	100.0%	100.0%
Within 1 Month	100.0%	100.0%	100.0%

Market Exposure

The Fund applies leverage but is typically run with low (beta-adjusted) net exposure and will be predominantly market-neutral over time.



Monthly Performance Contribution by Sector and Market Capitalization (%)

	Long	> 5bn	1-5bn	< 1bn	Short	> 5bn	1-5bn	< 1bn	Total
Automobiles	**1.2**	1.2	0.0	0.0	**0.0**	0.0	0.0	0.0	**1.2**
Banks	**1.3**	1.1	0.2	0.0	**-1.0**	-0.7	-0.3	0.0	**0.3**
Consumer Discretionary	**0.1**	0.0	0.0	0.1	**-0.9**	-0.1	-0.8	0.0	**-0.8**
Consumer Staples	**0.0**	0.0	0.0	0.0	**-0.1**	-0.1	0.0	0.0	**-0.2**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.8**	0.1	0.7	0.0	**-1.0**	-0.3	-0.5	-0.1	**-0.2**
Health Care	**-0.3**	0.3	-0.6	0.0	**-0.1**	0.2	-0.2	-0.1	**-0.4**
Industrials	**0.7**	0.2	0.5	0.0	**-1.0**	-0.4	-0.4	-0.1	**-0.3**
Information Technology	**0.6**	0.4	0.1	0.0	**-0.6**	-0.1	-0.1	-0.5	**0.0**
Insurance	**0.3**	0.2	0.1	0.0	**0.1**	0.2	-0.1	0.0	**0.4**
Materials	**0.0**	0.2	-0.2	0.0	**-1.2**	-0.5	-0.7	0.0	**-1.2**
Media	**0.0**	0.0	0.0	0.0	**0.2**	0.2	0.0	0.0	**0.2**
Real Estate	**0.3**	0.0	0.2	0.0	**0.0**	0.0	0.0	0.0	**0.3**
Telecommunication	**0.0**	0.0	0.0	0.0	**-0.1**	-0.1	0.0	0.0	**-0.2**
Utilities	**-0.2**	-0.2	0.0	0.0	**-0.1**	-0.1	0.0	0.0	**-0.4**
Cash / Other									-0.2
Total	**4.7**	3.5	1.1	0.1	**-5.8**	-1.9	-3.0	-0.8	**-1.4**

Top Contributors

Faurecia	0.6%	Long
Subsea 7	0.5%	Long
Peugeot	0.4%	Long
Lufthansa	0.3%	Long
Gemalto	0.3%	Short

Top Detractors

Indivior	-0.6%	Long
K+S	-0.4%	Short
Yara	-0.4%	Short
MorphoSys	-0.3%	Short
Tullow	-0.3%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	0.4%	-1.4%	2.3%	4.0%	-2.7%	-0.4%	-0.3%	3.3%	-1.4%				3.7%
2016	-4.2%	-3.0%	-1.3%	-2.6%	2.6%	-2.5%	-0.2%	-3.2%	1.4%	4.6%	-0.6%	-1.2%	-10.1%
2015	1.2%	2.6%	3.6%	0.1%	3.4%	0.6%	0.2%	0.1%	1.3%	-3.5%	-0.6%	3.3%	12.7%
2014	2.8%	3.5%	0.2%	-3.6%	-0.1%	6.5%	2.3%	2.1%	3.8%	2.7%	1.2%	3.3%	27.3%
2013	0.0%	0.5%	2.4%	1.4%	-1.9%	3.2%	-2.9%	-9.5%	2.1%	6.5%	2.4%	2.6%	5.9%
2012	-4.6%	-0.5%	-0.8%	3.6%	-1.3%	1.2%	0.6%	0.4%	1.0%	-0.8%	-0.5%	2.1%	0.4%
2011	0.7%	-1.7%	0.7%	0.0%	1.6%	4.5%	1.0%	-0.7%	2.4%	2.2%	3.2%	2.7%	17.8%
2010	0.7%	1.8%	1.4%	-1.2%	1.0%	-0.1%	-1.6%	0.5%	1.6%	2.0%	1.9%	-1.9%	6.1%
2009	5.0%	-0.4%	-1.0%	-3.1%	-1.3%	0.8%	-2.5%	-2.1%	-0.8%	2.7%	-0.5%	0.0%	-3.5%
2008							1.0%	-6.0%	-5.3%	-5.8%	-0.8%	1.4%	-14.9%
Perf. Class A	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Year**
2017	0.3%	-1.4%	2.3%	3.9%	-2.7%	-0.4%	-0.3%	3.3%	-1.4%				3.3%
2016	-4.2%	-3.0%	-1.3%	-2.7%	2.5%	-2.5%	-0.3%	-3.2%	1.4%	4.5%	-0.6%	-1.3%	-10.5%
2015	1.1%	2.4%	3.3%	0.1%	3.2%	0.5%	0.1%	0.0%	1.2%	-3.3%	-0.6%	3.0%	11.4%
2014	2.6%	3.3%	0.1%	-3.4%	-0.1%	6.1%	2.2%	1.9%	3.5%	2.5%	1.2%	3.1%	25.1%
2013	0.0%	0.5%	2.2%	1.3%	-1.9%	3.0%	-2.8%	-9.5%	2.1%	6.4%	2.2%	2.4%	5.2%
2012	-4.6%	-0.5%	-0.9%	3.6%	-1.3%	1.2%	0.7%	0.4%	1.0%	-0.8%	-0.5%	2.1%	0.0%
2011	0.7%	-1.7%	0.7%	-0.1%	1.6%	4.0%	0.8%	-0.6%	1.9%	1.7%	2.6%	2.5%	14.9%
2010	0.7%	1.8%	1.4%	-1.2%	0.9%	-0.2%	-1.6%	0.4%	1.5%	2.0%	1.8%	-2.0%	5.6%
2009	0.5%	-0.4%	-0.9%	-3.1%	-1.7%	0.7%	-2.5%	-2.2%	-0.9%	2.7%	-0.6%	-0.1%	-8.3%
Perf. Class D	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Year**
2017	0.3%	-1.4%	2.3%	3.9%	-2.7%	-0.4%	-0.3%	3.3%	-1.4%				3.3%
2016	-4.2%	-3.0%	-1.3%	-2.7%	2.5%	-2.5%	-0.3%	-3.2%	1.4%	4.5%	-0.6%	-1.3%	-10.5%

Source: Citi Financial Services and BNY. Inception: June 26th, 2008 (B) / Jan 26th, 2009 (A) / Dec 31st, 2015 (D). Returns are based on official month-end NAVs.
Returns are net of all fees for a Day one investor in the fund. Results in 2008 and 2009 are not fully representative of our current quantitative investment strategy.

SaemorCapital

Europe Alpha Fund

Monthly Report – September 2017

Investment Objective

The Saemor Europe Alpha Fund is a market-neutral long/short equity fund. The Fund aims to generate consistent returns of more than 8% per annum in bull and bear markets while keeping volatility around 8-10%. The Fund is run with low (beta-adjusted) net exposure and will be predominantly market-neutral over time.

Fund Highlights

Our alpha strategy encompasses an innovative quant factor model that is designed to add value during all phases of the business cycle and most market environments.

Fund Facts

Universe	Europe / EMEA
Currency share class	EUR
Min Investment EUR (A/B/C/D)	25k/25m/10m/25k
Lock-up (A/B/C/D)	no/1 year/no/no
Frequency Subs & Reds	Monthly
Notice Period Subs & Reds	5 /15 days
Early Redemption Fee	max 1.0%
Man Fee (A/B/C/D)	1.5%/1.0%/1.25%/1.5%
Perf Fee (A/B/C/D)	20%/15%/17.5%/20%
Equalization (A/B/C/D)	Yes/Yes/Yes/No
High Watermark	Yes
Ongoing Charges Figure 2016 (A&D/B)*	1.66/1.16%

Management

Manager	Saemor Capital
Administrator	BNY Mellon Fund Services
Depositary	Bank of New York Mellon
Prime Brokers	Morgan Stanley, BoA ML, Barclays
Auditor	PwC
Title Holder	SGG Custody B.V.
Legal	De Brauw Blackstone Westbroek
Fund Domicile	The Netherlands
Fund Structure	FGR (fund for joint account)
Tax Structure	VBI (tax exempt)

* The Ongoing Charges Figure (OCF) is a ratio of the total ongoing costs to the average net assets of the Fund. Ongoing costs include cost of investment management and administration, plus other costs of running the fund, such as fees for custodians, depository, regulators and auditors. Transaction costs of investments, interest expenses and performance fee are excluded from the calculation.

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