SaemorCapital

Europe Alpha Fund

Monthly Report – October 2015

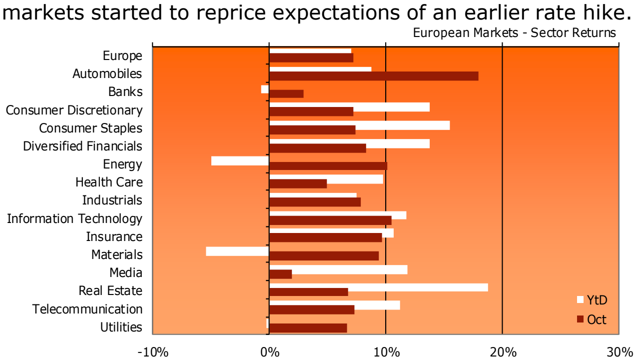
Fund Performance

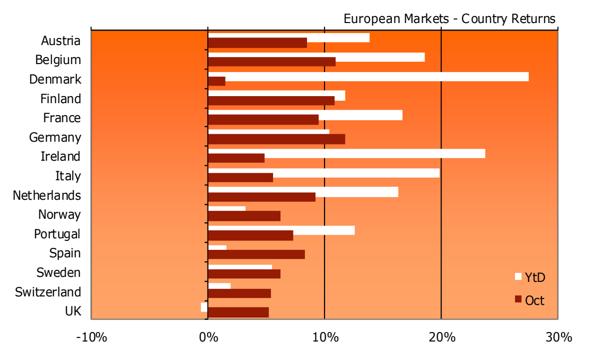
	October	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (30-Oct-2015)	Inception
Share Class B	**-3.5%**	**9.7%**	-2.2%	2.0%	14.8%	14.5%	11.8%	EUR 1525.15	26-Jun-2008
Share Class A	**-3.3%**	**8.8%**	-2.2%	1.7%	13.5%	13.3%	10.4%	EUR 1592.11	26-Jan-2009

The low quality rally in October, most notably during the first 10 days of the month, dented performance considerably. The Saemor Fund lost 3.5%. While the long book contributed positively on the back of the overall market strength, it underperformed the underlying market because of a low risk bias. Most of the losses were generated in the Consumer Discretionary, Consumer Staples and Industrials sectors. Short positions in Fresnillo, CWC and BMW were unsuccessful. The biggest positive stock contribution came from our long position in Peugeot. Style patterns observed since May reversed in October, a month which was characterized by a value and risk rally. Cyclical value metrics like P/B and P/S enjoyed a strong rebound driven by robust macro data, higher oil prices and expectations of easier global monetary policy. On the flipside, price momentum factors suffered as crowded short positions in low momentum stocks were closed and high momentum names lagged. Price momentum has recently become highly correlated with profitability, growth and quality, so 3 of our 4 factor quadrants posted a negative performance for the month. Earnings momentum came down in line with price momentum. With the benefit of hindsight we were not diversified enough in our factor allocation, which had been working well during the first 9 months of 2015. For the year the fund is still up comfortably.

Market Developments

European equities enjoyed a strong rebound in October, offsetting much of the poor performance experienced over the summer months. It was the best month since October 2011. Signs of economic stabilization and a more accommodative monetary policy stance in China, in addition to lower fears about the Fed all contributed to a positive global market sentiment. Relatively resilient economic data from the Eurozone and the prospect of more stimulus from the ECB were key drivers for European equities. It was not all good news: European earnings missed expectations for the first time in two years. Equity implied volatility slid sharply. Cyclical sectors outperformed defensive sectors. Automobiles, Energy and Information Technology generated double digit returns, while Media, Banks and Health Care lagged. The top countries included Germany, Belgium and Finland. Stocks in Denmark, Ireland, United Kingdom and Switzerland underperformed. Ten year interest rates in Germany declined after Draghi basically promised more QE in December, while they rose marginally in the UK and US. Credits benefited from the risk-on mode. Commodities rose with oil and precious metals prices strengthening. The euro weakened 1.6% versus the US dollar on the dovish language from the ECB and its divergence with the Fed's hawkish guidance. The British pound strengthened 2% as markets started to reprice expectations of an earlier rate hike.





Investment Outlook & Strategy

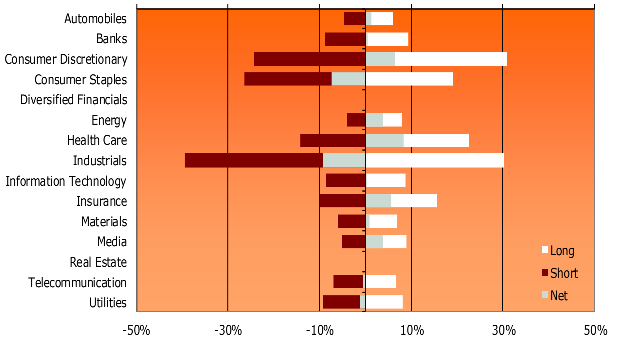
While seasonality is becoming increasingly supportive, the disappointing Q3 reporting season worries us. Also in terms of the style environment, the roadmap is less clear. At the end of October we have tactically added exposure to value at the expense of price momentum and quality factors in our stock selection model, mostly for risk mitigation reasons: (1) Value appears to be the only diversifier to macro risk. It reduces the portfolio's exposure to changes in commodity prices and volatility in emerging markets. China is the key swing factor for next year, but is likely to stabilize into year-end, (2) Value currently has a strong negative correlation with Momentum, Quality and Growth factors. The former has a strong tilt towards high beta while the latter is exposed to low beta, and (3) Price momentum and quality factors remain expensive, while value stocks are relatively cheap from a historical perspective. The premium for quality is less justified in an environment when the economic cycle in the euro area is back in the expansion zone and the ECB will likely extend QE.

Key Portfolio Information

Total Net Assets (in mln)	€521 / $575	Net Exposure Beta-Adj	0.06
Outstanding Shares (B/A)	331277 / 9805	Beta (ex post, 3Y monthly data)	-0.08
Number of Long Positions	106	Volatility (ex ante, short-term risk model)	7.4%
Long Positions (% of NAV)	180.0%	Volatility (ex post, 3Y monthly data)	10.1%
Number of Short Positions	101	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-168.1%	Long Liquidity (avg)	0.36 days
Gross Exposure (% of NAV)	348.0%	Short Liquidity (avg)	0.40 days
Net Exposure (% of NAV)	11.9%	Portfolio Turnover (/GAV)	0.7

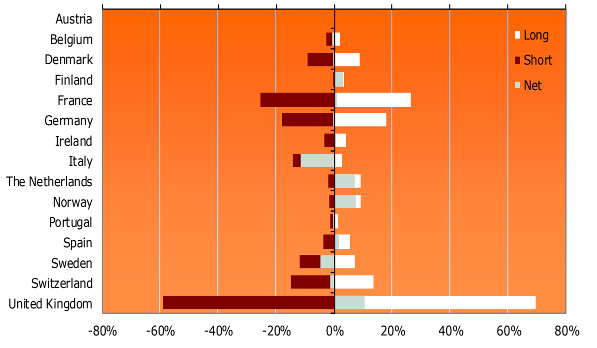
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

British, Norwegian, Dutch, Finnish and Spanish stocks are overweighted in the portfolio, whereas stocks in Italy, Sweden and Switzerland are underrepresented. The Fund is neutral in France, Ireland, Belgium, Germany, Portugal and Denmark and has no holdings in Austria.



Top Long Positions

	Model Score	As % NAV
BOSKALIS	99	3.4%
BERKELEY	98	3.3%
NN GROUP	98	3.3%
PEUGEOT	92	3.3%
RELX	96	3.3%

- Boskalis maintains ports, waterways, coastlines and riverbanks. Additionally the company is active in off-shore energy projects. The first half year has been very profitable on better than expected execution of existing projects. With some exposure to oil and emerging markets, activity is expected to slow down but at 14x 2016 earnings, the shares are a much better alternative than other industrials and oil companies.
- Berkeley is engaged in residential-led property development focusing on urban regeneration and mixed-use developments in the United Kingdom. Its 2015 results surprised to the upside, in addition to an upgrade to its 2016-2018 earnings guidance. Berkeley is a quality name within the sector. Its outperformance has been driven by its conservative approach, a good timing of its land acquisition early in the cycle, and first class execution. Berkeley has the highest Free Cash Flow Yield among other UK house builders.
- NN Group was listed last year. It runs insurance and asset management businesses in the Netherlands and Central Europe. Q3 results indicated that NN's restructuring continues to bear fruit and the balance sheet is in decent shape. This bodes well for future dividend growth.
- Peugeot manufactures passenger cars and light commercial vehicles. It posted solid margin expansion in the first half of the year, mainly driven by cost saving. In China, the joint venture with Dongfeng also showed strong operating profit. The execution of the turnaround has been managed well, despite a challenging market environment. The stock enjoys the strongest price momentum and one of the most attractive valuations among its European peers.
- Relx (formerly known as Reed Elsevier) is a media / publishing company with customers in the scientific, medical and legal field. Business spending in North America and Europe has been strong and the company has seen strong upgrades to earnings over the last two years. First half figures surprised on the upside once again and at 16x P/E ratio the shares are reasonably valued.

Top Short Positions

	Model Score	As % NAV
KERRY	6	-3.4%
BARRY CALLEBAUT	8	-3.3%
ENEL GREEN POWER	5	-3.3%
WHITBREAD	3	-3.3%
BMW	8	-3.3%

- Kerry Group is a global specialty ingredients and flavours producer and supplier. The company's organic growth is under pressure due to challenging market conditions, although currency tailwind may provide some relief. Its underinvestment in R&D is likely to result in further loss of market share. The cash conversion is low and the shares are trading above 22x P/E ratio.
- Barry Callebout manufactures and markets cocoa, chocolate and confectionary products. It is facing below target organic volume growth due to lackluster market share expansion of its key customers, weaker consumers in emerging markets and limited support from larger outsourcing deals near term. This slower growth, on top of higher financing costs and a rising tax rate, brought down earning estimates. The stock trades on 25x P/E ratio, well above the sector.
- Enel Green Power generates power from renewable energy sources. It operates in Europe, North and Latin America. The company is enjoying good growth, but returns on capital are modest if not low. In addition to modest profitability, the valuation of the shares seems ahead of itself and to price in significantly stronger earnings growth than what can reasonably be expected.
- Whitbread operates hotels, restaurants and coffee shops. Despite its strong first half results, earnings estimates have been trimmed to reflect the slowdown of revenue per average room, as indicated by industry data, and the impact of future staff cost inflation following the increase in the national living wage in the UK. Whitbread's main brand, Premier Inn, is reaching a maturity level and investment will be required, which will deplete its free cash flow further.
- BMW is a global car manufacturer. It has the largest exposure to China compared to other German OEMs and hence suffers more from the recent renminbi devaluation. Not only does this put pressure on margins in China, but also on Europe as it leads to a lower utilization rate and a more challenging pricing environment. The shares are still trading at a premium valuation, although its earning estimates have been following a downward trajectory since early summer.

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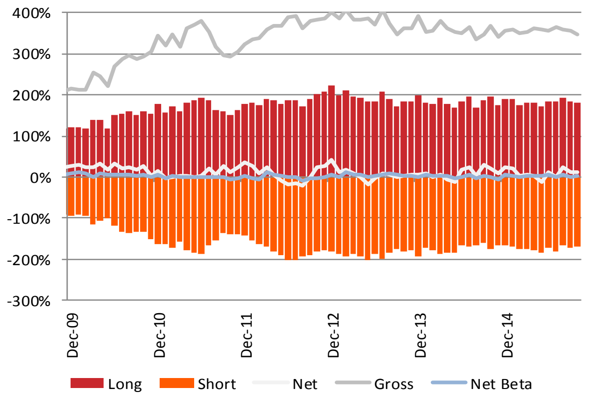
Exchange Liquidity Breakdown

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 current market circumstances over 95% of the portfolio can be liquidated within 3 days if we trade one-quarter of the ADV per day.

Liquidity	Long	Short	Portfolio
Within 3 Days	95.4%	96.0%	95.7%
Within 1 Week	99.3%	99.1%	99.2%
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	**0.8**	0.7	0.1	0.0	**-0.8**	-0.5	-0.2	0.0	**0.0**
Banks	**0.6**	0.6	0.0	0.0	**0.1**	-0.2	0.3	0.0	**0.7**
Consumer Discretionary	**0.0**	0.2	-0.2	0.0	**-2.3**	-1.2	-1.0	0.0	**-2.3**
Consumer Staples	**0.8**	0.4	0.3	0.0	**-2.2**	-2.0	-0.2	0.0	**-1.4**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.1**	0.0	0.1	0.0	**-0.8**	-0.1	-0.8	0.0	**-0.7**
Health Care	**1.3**	1.4	-0.1	0.0	**-0.9**	-0.5	-0.3	-0.1	**0.4**
Industrials	**1.4**	0.3	1.1	0.0	**-2.2**	-1.2	-0.9	0.0	**-0.8**
Information Technology	**-0.1**	0.0	-0.1	0.0	**-0.5**	-0.4	0.0	0.0	**-0.5**
Insurance	**1.3**	1.2	0.1	0.0	**-0.6**	-0.6	0.0	0.0	**0.7**
Materials	**0.8**	0.7	0.1	0.0	**-1.0**	-0.7	-0.3	0.0	**-0.2**
Media	**0.7**	0.5	0.2	0.0	**0.4**	0.2	0.1	0.0	**1.0**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**0.5**	0.5	0.0	0.0	**-0.8**	-0.3	-0.5	0.0	**-0.3**
Utilities	**0.8**	0.8	0.0	0.0	**-0.9**	-0.7	-0.2	0.0	**0.0**
Cash / Other									0.0
Total	**9.0**	7.3	1.6	0.0	**-12.5**	-8.2	-4.2	-0.2	**-3.5**

Top Contributors

Peugeot	0.6%	Long
Orange	0.5%	Long
RWE	0.5%	Long
Boskalis	0.4%	Long
Yara	0.4%	Long

Top Detractors

Fresnillo	-0.7%	Short
CWC	-0.5%	Short
BMW	-0.5%	Short
Tullow	-0.4%	Short
Enel Green Power	-0.4%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	1.2%	2.6%	3.6%	0.1%	3.4%	0.6%	0.2%	0.1%	1.3%	-3.5%			9.7%
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**
2015	1.1%	2.4%	3.3%	0.1%	3.2%	0.5%	0.1%	0.0%	1.2%	-3.3%			8.8%
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%

Source: Citi Financial Services and BNY. Inception: June 26th, 2008 (B) and Jan 26th, 2009 (A). Returns are based on official month-end NAVs (Net Asset Value figures). 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.

* Results in 2008 and 2009 are not fully representative of our current quantitative investment strategy. During 2009 we have reshaped our investment team to a more quantitative profile and have given risk management and portfolio optimization a prominent role in our day-to-day process.

SaemorCapital

Europe Alpha Fund

Monthly Report – October 2015

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
Minimum Investment EUR (A/C/B)	10k/50m/100m
Lock-up (A/C/B)	none/none/1 year
Frequency Subs & Reds	Monthly
Notice Period Subs & Reds	5 /15 days
Early Redemption Fee	max 1.0%
Management Fee (A/C/B)	1.5%/1.25%/1.0%
Performance Fee (A/C/B)	20%/17.5%/15%
High Watermark	Yes
Ongoing Charges Figure 2014 (A/B) *	1.62%/1.12%

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
Compliance	CLCS
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, regulators and auditors. Transaction costs of investments, interest expenses and performance fee are excluded from the calculation.
** As of March 13th, 2015

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