SaemorCapital

Europe Alpha Fund

Monthly Report – March 2016

Fund Performance

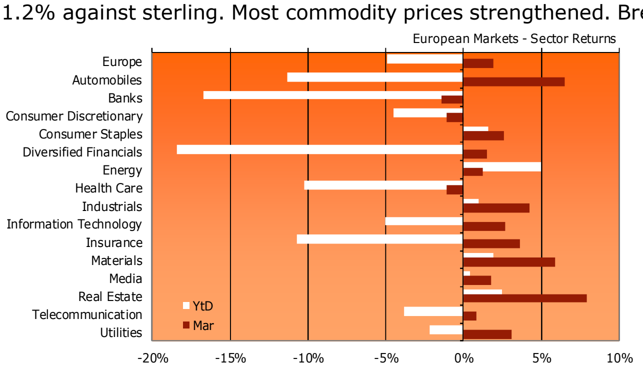
	March	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (31-Mar-2016)	Inception
Share Class B	**-1.3%**	**-8.2%**	-8.2%	-9.0%	-3.8%	10.6%	10.6%	EUR 1437.49	26-Jun-2008
Share Class A	**-1.3%**	**-8.3%**	-8.3%	-9.2%	-4.5%	9.4%	9.2%	EUR 1494.96	26-Jan-2009
Share Class D	**-1.3%**	**-8.3%**	-8.3%					EUR 916.82	31-Dec-2015

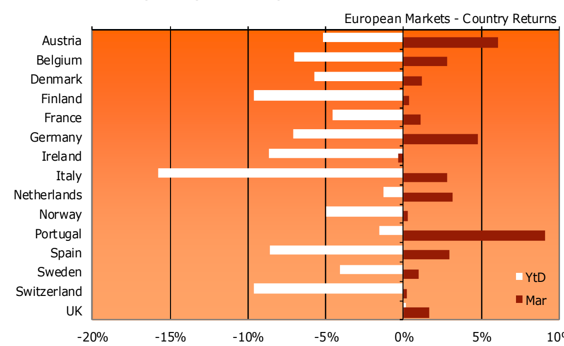
The Fund struggled over March (-1.3%). Performance was hampered by a strong negative contribution from the short book. The long book marginally outperformed the market. Consumer Discretionary stocks detracted the most. The long position in bookmaker William Hill did not work out, as the company surprised the market with a profit warning.

Factor trends were very similar to February, with most of the moves occurring over the first week of the month. Value extended its gains as investors continued to take on more risk. The strong Value performance did not compensate for the losses in other factors. Price Momentum experienced a sharp drawdown. This was mostly due to the short leg rallying. The tilt of high Momentum stocks towards defensive and expensive names did not help either. Similarly, Earnings Momentum and Quality underperformed last month. Factors such as ROE, ROA and Low-Volatility showed disappointing results. Factor trends have abruptly changed a number of times this year. After a severe rotation in January on the back of heightened recession risks, investors became decidedly risk-on from mid February onwards. There have been many extreme daily moves in factor returns. The correlation between factor performance and the macro environment is currently very strong. The recent oil price volatility, uncertainty around global growth and central bank policy decisions have led to significant increases in volatility and correlations. The volatility of most factors is now at a multi-year high. The speed of the rotation and rising correlations have been difficult features for us to navigate.

Market Developments

After a terrible start to the year, European stocks bounced in the second half of February which continued through much of March. Markets peaked on March 14th and ended the month with a gain of +1.9%. While US and Chinese manufacturing PMIs rebounded, Euro-Area economic sentiment deteriorated further. The ECB surprised the market by announcing a comprehensive package of easing measures encompassing a deposit rate cut, additional asset purchases (to include corporate bonds) and new attractive funding facilities for banks. Almost all countries had positive returns, with Portugal, Austria and Germany being the best performers. Ireland, Switzerland and Norway lagged behind. At the sector level, Real Estate, Automobiles and Materials posted strong returns. Whereas Banks, Healthcare and Consumer Discretionary propped up the bottom of the league. Volatility fell significantly, the VStoxx index ended the month at 23.4%. The 10-year German Bund yield dropped to around 15bps. Corporate bonds performed strongly. The US dollar fell 4.7% versus the euro in March, on expectations of a delay in the Fed tightening cycle. The euro appreciated by 1.2% against sterling. Most commodity prices strengthened. Brent oil saw a big surge, rising 10%.





Investment Outlook & Strategy

Stocks with the weakest earnings revisions have performed well, leading to a growing disconnect with the underlying fundamentals. But alternatively, this could reflect an inflection point with the stock price moving ahead of a future improvement in the company's fundamentals based on the business cycle entering a recovery phase. This explanation of switching gears seems unlikely. The fundamental backdrop in Europe remains challenging. Economic growth in the euro-area has been slowing down since the beginning of 2016. Tailwinds from FX will not be evident going forward. Since the February lows, recession fears have faded. Differentiation between regional cycles is emerging, with Industrial Confidence in the US and China improving, pointing to a potential trough in the global economy. As a result, investors are rotating out of Europe.

Key Portfolio Information

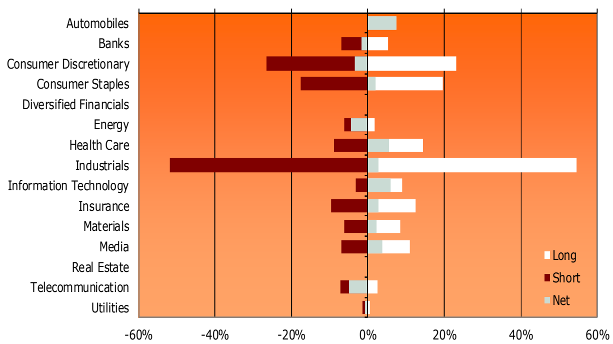
Total Net Assets (in mln)	€408 / $465	Net Exposure Beta-Adj	0.02
Outstanding Shares (B/A)	263770 / 18147	Beta (ex post, 3Y monthly data)	0.00
Number of Long Positions	106	Volatility (ex ante, short-term risk model)	6.5%
Long Positions (% of NAV)	169.9%	Volatility (ex post, 3Y monthly data)	10.9%
Number of Short Positions	100	VaR (1 day / 95% conf)	0.8%
Short Positions (% of NAV)	-152.5%	Long Liquidity (avg)	0.31 days
Gross Exposure (% of NAV)	322.4%	Short Liquidity (avg)	0.31 days
Net Exposure (% of NAV)	17.3%	Portfolio Turnover (/GAV)	1.1

Europe Alpha Fund

Monthly Report – March 2016

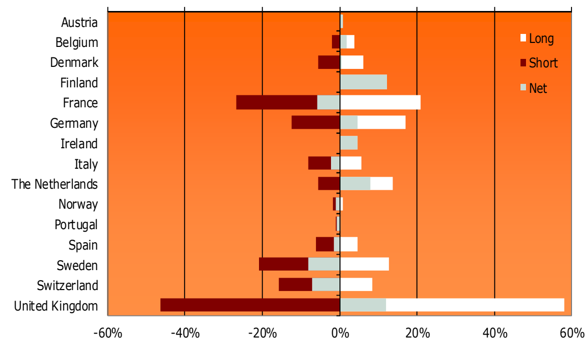
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

Finnish, British, Dutch, Irish, German and Belgian stocks are overweight in the portfolio, whereas stocks in Sweden, Switzerland, France, Italy and Spain are underrepresented. The Fund is neutral in Austria, Denmark, Portugal and Norway.



Top Long Positions

	Model Score	As % NAV
ROYAL MAIL	93	3.3%
CARNIVAL	98	3.3%
ACS	92	3.3%
NCC	96	3.3%
VESTAS	97	3.3%

- Royal Mail offers postal and delivery services in the UK and parts of continental Europe. Since its stock market listing in 2013, earnings have been holding up very well, despite operating in a market that is under pressure. Within the industrials sector, the company stands out as cheap, stable and not having many downgrades.
- Carnival owns and operates cruise ships. It benefits from currency movements, a low fuel price and improving consumer spending in the US, as most of its revenues comes from North America. The company reported solid Q1 results with higher net yields. As such, it continues its track record of beating guidance. Booking volumes are ahead of historically highs at higher price. An earnings upgrade is supported by prolonged tailwind for the industry and normalization of Carnival's cost structure. The company has been buying back shares.
- ACS is a Spanish industrial company that offers engineering and construction services to civil and industrial infrastructure. Earnings for the company have held up very well despite lower energy prices and a shrinking Spanish government budget. At 11x 2016 earnings, we expect the stock to be a good rebound candidate for the rest of the year.
- NCC is a Swedish construction firm with most of its operations in Scandinavia. Full year numbers were very strong for the company on the back of housing in Q4. The start of the year has also been promising, with orders continuing to come in above consensus expectations. At 13x 2016 earnings, the shares are attractively priced and have limited downside in case of further global industrial slowdown.
- Vestas produces wind turbines. After a collapse in the share price in 2011-12 the company has seen a renaissance over the last 4 years. Earnings have rebounded and expectations for 2016 and beyond have doubled since the start of 2015. Vestas has strengthened its position in this growth market, despite pressure on wind subsidies in Europe and China.

Top Short Positions

	Model Score	As % NAV
BUREAU VERITAS	23	-3.3%
SAAB	13	-3.3%
REGUS	22	-3.2%
WHITBREAD	5	-3.2%
ASSA ABLOY	8	-3.2%

- Bureau Veritas is active in materials and process testing and inspection. The company has seen a steady set of earnings downgrades over the past few years and specifically after reporting full year results for 2015. With slowing global growth and lower materials/oil prices, profitability for Bureau Veritas is coming down, yet the stock still trades at a premium valuation close to 20x 2016 earnings.
- SAAB is a Swedish defense company, offering high tech defense systems and fighter jets to the Swedish government and some other countries. Whereas defense budgets around the world have been under pressure, SAAB's end-markets have been relatively stable. At 18x 2016 earnings the company is trading at a large premium to its peers, however. Earnings expectations for 2016 have started to deteriorate.
- Regus owns a wide range of business centers globally which are leased out as flexible office space to (small) businesses. Shares of the company were up more than 60% in 2015, despite no real increase in earnings expectations for 2016 and 2017. The rerating in the company looks overdone. A P/E over 20x is too rich for this business model.
- Whitbread operates hotels, restaurants and coffee shops, primarily in the UK. Growth is slowing down due to increasing competition. Whitbread's main brand, Premier Inn, is facing increasing pressure from traditional hoteliers and hotel alternatives. At the same time, Costa Coffee saw its lowest quarterly sales growth in Q4 2015. The expansion plans continue apace but it proves to be expensive. Earnings downgrades, weak momentum and unattractive valuation have resulted in a low ranking in the sector.
- Assa Abloy sells locks and related security solutions. With a large exposure to the US and Europe, the company has outperformed most capital goods peers with emerging markets exposure. The shares of Assa have more than tripled over the last 3 years, vastly outperforming underlying earnings growth. The earnings outlook has started to deteriorate as both full year and Q1 numbers failed to transpire. The company is now facing forex headwinds with a strong Krona.

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Europe Alpha Fund

Monthly Report – March 2016

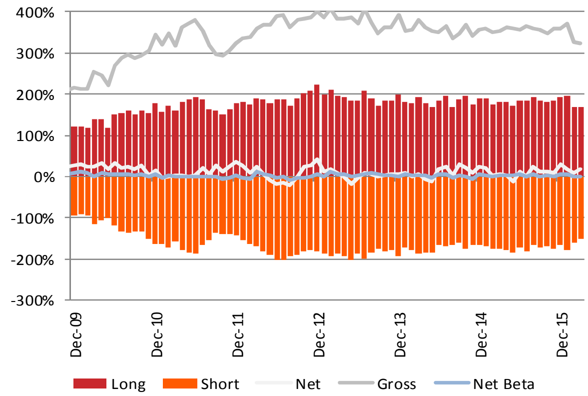
Exchange Liquidity Breakdown

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	96.5%	97.2%	96.8%
Within 1 Week	99.5%	99.7%	99.6%
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	**0.5**	0.4	0.1	0.0	**0.0**	0.0	0.0	0.0	**0.5**
Banks	**-0.1**	-0.1	0.0	0.0	**0.1**	0.1	0.0	0.0	**-0.1**
Consumer Discretionary	**-0.8**	0.0	-0.8	0.0	**-0.1**	0.0	-0.2	0.0	**-0.9**
Consumer Staples	**1.2**	0.1	1.1	0.0	**-0.3**	-0.2	-0.1	0.0	**0.9**
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	**-0.4**	-0.3	-0.1	0.0	**-0.4**
Health Care	**0.2**	0.2	-0.1	0.1	**-0.5**	0.0	-0.1	-0.4	**-0.3**
Industrials	**2.3**	1.1	1.2	0.1	**-1.5**	-0.8	-0.7	0.0	**0.8**
Information Technology	**0.1**	0.0	0.1	0.0	**-0.3**	-0.1	-0.2	-0.1	**-0.2**
Insurance	**0.0**	0.0	0.0	0.0	**-0.5**	-0.3	-0.2	0.0	**-0.5**
Materials	**0.2**	0.2	0.0	0.0	**-0.4**	-0.4	0.0	0.0	**-0.2**
Media	**0.1**	0.1	0.0	0.0	**-0.1**	0.0	-0.1	0.0	**-0.1**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**-0.1**	0.0	-0.1	0.0	**-0.2**	-0.2	0.0	0.0	**-0.3**
Utilities	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Cash / Other									-0.5
Total	**3.8**	2.0	1.6	0.2	**-4.5**	-2.3	-1.7	-0.5	**-1.3**

Top Contributors

Cobham	0.5%	Short
Axfood	0.3%	Long
ACS	0.3%	Long
Metso	0.3%	Long
Royal Unibrew	0.2%	Long

Top Detractors

William Hill	-0.5%	Long
Anglo American	-0.4%	Short
Dufry	-0.4%	Short
DBV	-0.3%	Short
Spirax-Sarco	-0.3%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-4.2%	-3.0%	-1.3%										-8.2%
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
2016	-4.2%	-3.0%	-1.3%										-8.3%
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
2016	-4.2%	-3.0%	-1.3%										-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.

SaemorCapital

Europe Alpha Fund

Monthly Report – March 2016

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 2015 (A/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
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, depository, regulators and auditors. Transaction costs of investments, interest expenses and performance fee are excluded from the calculation.

Contact Information

Saemor Capital
WTC, E-Tower 7th floor
Prinses Margrietplantsoen 44
2595 BR The Hague
The Netherlands
Tel +31 (70) 756 8070
www.saemor.com

Erwin de Kleijn – Investor Relations Manager
erwindekleijn@saemor.com
Mob +31 (6) 5209 4812
Mary Kahng – Investor Relations Manager
marykahng@saemor.com
Mob +31 (6) 1384 8931
Oliver Gaunt – Investor Relations Manager
olivergaunt@saemor.com
Mob +31 (6) 2883 2534