SaemorCapital

Europe Alpha Fund

Monthly Report – May 2016

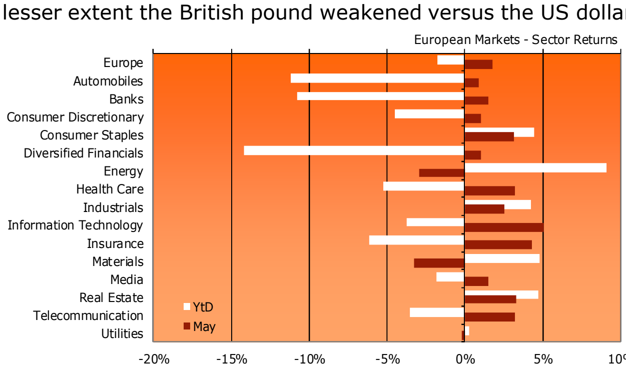
Fund Performance

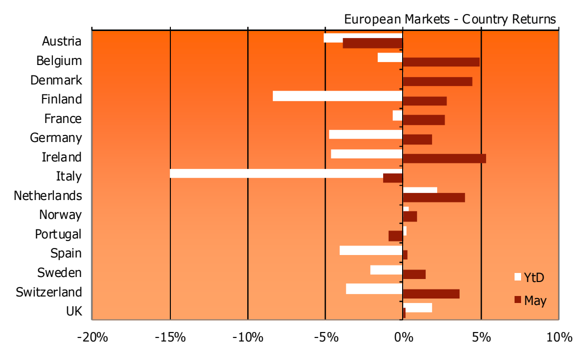
	May	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (31-May-2016)	Inception
Share Class B	**2.6%**	**-8.3%**	-1.4%	-5.3%	-7.2%	10.8%	10.2%	EUR 1435.67	26-Jun-2008
Share Class A	**2.5%**	**-8.5%**	-1.5%	-5.8%	-7.7%	9.5%	8.8%	EUR 1491.82	26-Jan-2009
Share Class D	**2.5%**	**-8.5%**	-1.5%					EUR 914.89	31-Dec-2015

The Saemor fund gained 2.6% in May, bringing the YTD figure back to -8.3%. We saw somewhat of a reversal of trends seen earlier in the year, with gains coming from the larger holdings in our long book. Quality, Earnings Momentum and Growth factors all added to the model performance, while Value was negative. Low Beta did especially well as a factor in May, despite the market being up for the month. This is typically an environment in which the Fund does well. Long positions in Recordati, Societe Generale, Brembo, Saft (take-over by Total) and Berkeley were the biggest individual contributors as markets rebounded towards the end of the month. The Fund also made money on short positions in materials and higher risk names, where the likes of Fresnillo, Inmarsat and Zalando sold off considerably. Conversely, the biggest detractor from the Fund performance came from a long position in Rio Tinto. The stock sold off in line with the sector, just like BHP Billiton, the other quality holding within the sector. Bayer was another long position that detracted from performance. It made a take-over bid for Monsanto and announced that it would need a rights issue to finance the deal. Investors worry that the offer price will escalate and the company is too big for Bayer to absorb. Other losses came from shorts in the likes of Whitbread (hotels), DCC (conglomerate), Regus (flexible offices), Infineon and AMS (both semi-conductors).

Market Developments

European equities experienced a difficult start to the month. Sentiment turned positive midway through the month. Investors repriced the Fed rate hike expectations as the US economy continued to improve. Positive news from Greece with regards to the bailout and abating concerns about Brexit gave further support. On balance, European equities rose 1.8% and volatility eased somewhat. The best performing countries were Ireland, Belgium and Denmark, while Austria, Italy and Portugal lagged. Sectors generally were up, with Information Technology, Insurance and Health Care leading the pack. The only exceptions were Materials, Energy and Utilities. The 10-year Bund yield eased by 13bp to 0.14%. European credit spreads finished the month more or less unchanged. Commodity prices were mixed. Oil prices extended their rally which started mid-February. Precious and Industrial Metals meanwhile retreated. The euro and to a lesser extent the British pound weakened versus the US dollar.





Investment Outlook & Strategy

With European and US equity markets now having rebounded and stabilized over 3 months in a row and the Fed's interest rate hike policy crystallizing, we are increasingly becoming more cautious on equity markets. Emerging equity markets have stabilized alongside materials markets, but the underlying economic picture has not. Moreover, seasonality should start favoring a more defensive stance as well. Sell in May and go away. Since our multi factor model is already pointing toward lower Beta names and defensive sectors – more so than the past few months – we do not see a need to tilt the factor weights further towards quality and away from cyclical value and risk. We are net long going into June, because of the lower Beta profile of our long positions**.** This can be a risk if markets sell off and defensive sectors like Pharma and Consumer Staples do so as well. Additionally, the investment environment is getting murkier with the risk of a "Brexit" increasing. We are long both UK domestics – which would likely underperform in such a scenario – and UK exporters – which would do well from a declining GBP. On days during which Brexit risks seem to have increased, the performance of the Fund has been muted. A seemingly more pronounced theme in the portfolio is our exposure towards a stronger dollar, with long positions in Pharma, Automobiles and Technology.

Key Portfolio Information

Total Net Assets (in mln)	€433 / $482	Net Exposure Beta-Adj	0.09
Outstanding Shares (B/A)	282033 / 17683	Beta (ex post, 3Y monthly data)	0.01
Number of Long Positions	111	Volatility (ex ante, short-term risk model)	5.8%
Long Positions (% of NAV)	183.0%	Volatility (ex post, 3Y monthly data)	11.1%
Number of Short Positions	112	VaR (1 day / 95% conf)	0.9%
Short Positions (% of NAV)	-163.7%	Long Liquidity (avg)	0.36 days
Gross Exposure (% of NAV)	346.7%	Short Liquidity (avg)	0.28 days
Net Exposure (% of NAV)	19.3%	Portfolio Turnover (/GAV)	0.7

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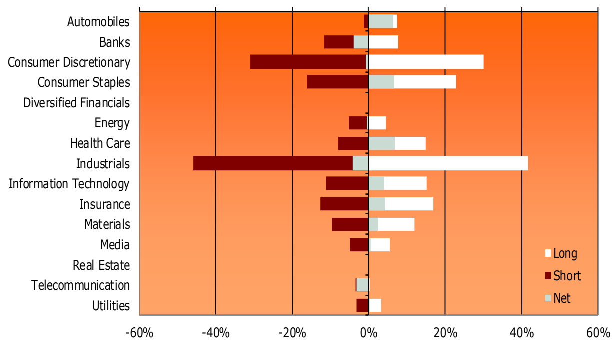
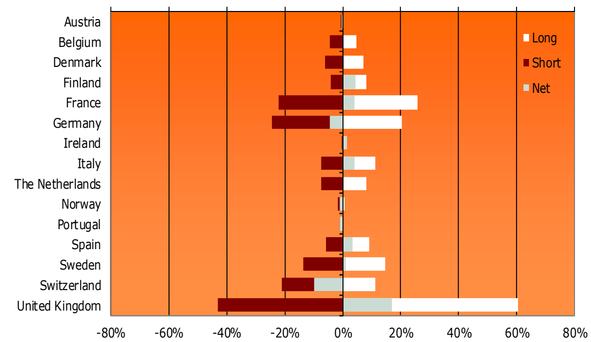
Sector Allocation (L&S as % NAV)

The Fund is net short Industrials, Banks and Telecom while it is net long Health Care, Consumer Staples, Automobiles, Insurance, Information Technology and Materials. Positions in Media, Utilities, Energy and Consumer Discretionary are balanced.



Country Allocation (L&S as % NAV)

British, Finnish, French, Italian and Spanish are overweight in the portfolio, whereas stocks in Switzerland and Germany are underrepresented. The Fund is neutral in Ireland, Sweden, Denmark, The Netherlands, Belgium, Austria, Portugal and Norway.



Top Long Positions

	Model Score	As % NAV
RECORDATI	99	3.2%
PERSIMMON	100	3.2%
SCOTTISH & SOUTHERN ENERGY	92	3.1%
WPP	98	3.1%
BAT	96	3.1%

- Recordati is an Italian-based pharmaceutical company. It has grown to diversify its portfolios geographically, as well as across different product segments: prescription and non-prescription drugs, pharmaceutical chemicals, therapeutic products and rare disease treatments. The company reported improved gross margin in Q1 2016, following healthy 2015 results. Recordati's platform can facilitate more products and its latest acquisition of Italchimici is immediately accretive. The stock ranks well on valuation, momentum, profitability and quality metrics.
- Persimmon builds and develops residential housing in the UK. The company has traded well in the first quarter of 2016 and has a strong forward order book despite Stamp Duty changes and the EU referendum debate. Its latest FY numbers highlighted the increase of capital return for the next five years. The stock is trading at a low multiple of 11x PE and 8% free cash flow yield. Persimmon enjoys healthy earnings momentum and good quality cash flow.
- SSE produces, distributes and supplies electricity and gas. Operating profit seems set for growth as the outlook for SSE's production and distribution business has improved. This should underpin cash flow covered dividend growth.
- WPP is an advertisement firm in the UK, servicing a wide range of companies around the world. As consumer spending in the US and the UK have been strong, the company has posted solid results during the past two years. The earnings outlook for 2016 and 2017 has been upgraded when the company reported full year figures earlier this year. The company is attractively valued at 14x 2016 earnings, which is below the media average.
- British American Tobacco is a global tobacco company with brands sold in more than 150 markets. It offers a combination of strong brands, good management and resilient earnings and dividend growth. Its earnings momentum has been strong, driven by better than expected FY15 results and solid FY16 EPS growth. Currency dynamic has proven beneficial for the company. BAT has a healthy balance sheet position and the shares are trading at a historic discount to the sector.

Top Short Positions

	Model Score	As % NAV
ASSA ABLOY	6	-3.1%
SAGA	5	-3.1%
TRAVIS PERKINS	16	-3.1%
WHITBREAD	2	-3.1%
REGUS	23	-3.1%

- 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 inspire. The company is now facing forex headwinds.
- Saga offers insurance as well as holidays, especially cruises on ships it owns. The valuation of the shares seems to reflect confidence that Saga will continue to capture such a commanding market share among the newer cohorts of customers aged 50 years and older as Saga currently does. However, earnings momentum is lackluster and hence implies that the shares should not trade at the current steep premium to the sector.
- Travis Perkins manufactures products for the construction market. The company has been unable to capitalize on UK consumer and housing strength and has seen earnings downgrades the last few years. The outlook for 2016 and 2017 has been downgraded once again. Despite a reasonable valuation at 13x 2016 earnings, we prefer direct exposure to UK housing where earnings upgrades have been plentiful.
- Whitbread operates hotels, restaurants and coffee shops, primarily in the UK. The underlying growth in its main businesses is slowing down as the competitive arena is becoming tougher. Whitbread's main brand, Premier Inn, is facing increasing pressure from traditional hoteliers and hotel alternatives. The expansion plans continue apace but it is expensive and will limit cash flow generation. Lack of earnings upgrades, weak momentum and unattractive valuation bring it to its unfavorable rank within the sector.
- Regus owns and manages 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 limited to no increase in earnings expectations for 2016 and 17. We feel the rerating in the company is overdone and a P/E over 20x is too rich for this business model.

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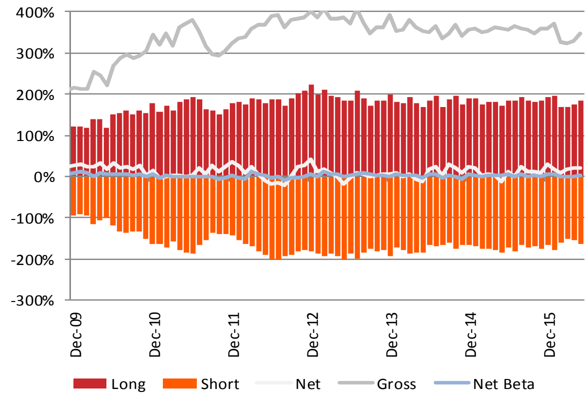
Exchange Liquidity Breakdown

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	94.8%	97.5%	96.1%
Within 1 Week	98.7%	99.6%	99.1%
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	**0.4**	0.1	0.3	0.0	**0.1**	0.1	0.0	0.0	**0.4**
Banks	**0.3**	0.3	0.0	0.0	**-0.2**	-0.1	-0.1	0.0	**0.1**
Consumer Discretionary	**1.0**	0.4	0.6	0.0	**-0.4**	-0.1	-0.3	0.0	**0.6**
Consumer Staples	**0.8**	0.4	0.4	0.0	**-0.4**	-0.3	-0.1	0.0	**0.4**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.0**	0.0	0.0	0.0	**0.0**	-0.1	0.1	0.0	**0.0**
Health Care	**0.4**	-0.3	0.8	0.0	**-0.3**	0.0	-0.2	-0.1	**0.1**
Industrials	**1.7**	0.6	0.6	0.5	**-1.5**	-0.9	-0.6	0.0	**0.2**
Information Technology	**0.7**	0.3	0.4	0.0	**-0.6**	-0.3	-0.2	-0.1	**0.1**
Insurance	**0.7**	0.7	0.0	0.0	**-0.6**	-0.2	-0.4	0.0	**0.1**
Materials	**-0.2**	-0.3	0.2	0.0	**0.6**	0.5	0.1	0.0	**0.5**
Media	**0.3**	0.2	0.1	0.0	**-0.3**	-0.2	0.0	0.0	**0.0**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**0.0**	0.0	0.0	0.0	**0.1**	0.2	-0.1	0.0	**0.1**
Utilities	**0.1**	0.1	0.0	0.0	**-0.1**	-0.1	0.0	0.0	**0.0**
Cash / Other									-0.1
Total	**6.2**	2.4	3.4	0.4	**-3.5**	-1.5	-1.9	-0.1	**2.6**

Top Contributors

Recordati	0.5%	Long
Societe Generale	0.3%	Long
Brembo	0.3%	Long
Saft	0.3%	Long
Berkeley	0.3%	Long

Top Detractors

Rio Tinto	-0.4%	Long
Bayer	-0.4%	Long
Whitbread	-0.3%	Short
DCC	-0.3%	Short
Regus	-0.2%	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%	-2.6%	2.6%								-8.3%
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%	-2.7%	2.5%								-8.5%
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**
2016	-4.2%	-3.0%	-1.3%	-2.7%	2.5%								-8.5%

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.

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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