SaemorCapital

Europe Alpha Fund

Monthly Report – October 2016

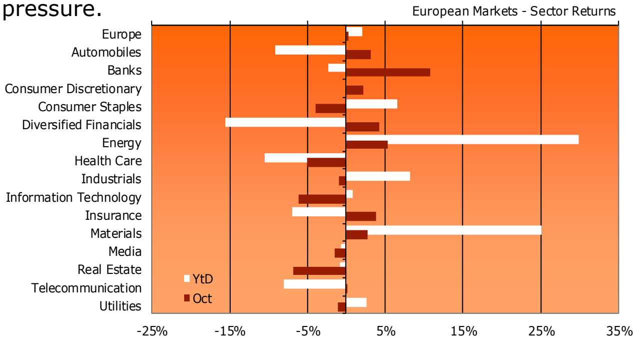
Fund Performance

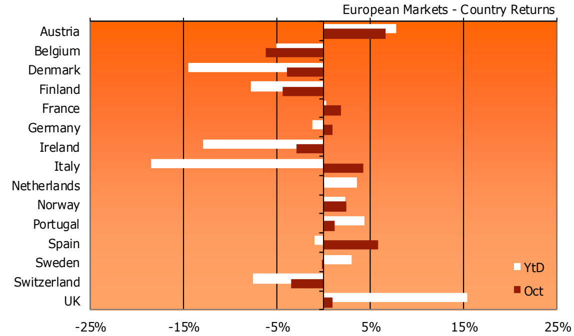
	October	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (28-Oct-2016)	Inception
Share Class B	**4.6%**	**-8.4%**	2.7%	2.5%	-5.9%	11.3%	8.2%	EUR 1434.69	26-Jun-2008
Share Class A	**4.5%**	**-8.8%**	2.6%	2.3%	-6.6%	10.0%	7.1%	EUR 1487.74	26-Jan-2009
Share Class D	**4.5%**	**-8.8%**	2.6%	2.3%				EUR 912.39	31-Dec-2015

The Saemor fund rose 4.6% in October. Both the long and the short book added to the strong performance. The gains were broad-based on a sector and stock level with positive contributions from positions in Health Care, Information Technology, Insurance and Materials. On a subsector level the only negative standout were Luxury Goods where we saw a strong rebound in a number of our short positions. Value was the top performing style in October, with Price Momentum and Quality posting small negatives. Earnings Momentum held up well as Q3 earnings came in. After more difficult earnings seasons earlier in the year, the fund had a very good hit rate with regards to earnings announcements this month. The biggest contributors were short positions in Nokia, NCC, Schibsted, SOBI, TUI and Coloplast, and long positions in BNP Paribas, SocGen, Unipol, UPM, Lenzing and Orion.

Market Developments

European equities rose marginally in October. Volatility picked up ahead of the US election. European companies delivered strong earnings numbers, with higher net beats than the historical trend. German ZEW Economic Sentiment Index surprised positively and Eurozone industrial production rebounded strongly. The IFO Business Climate reached its highest level since 2014. The ECB left rates unchanged. Mario Draghi said the ECB does not want rates to stay negative for too long. Italy (+4%) and Spain (+6%) were amongst the best performing countries. Of the bigger countries, Switzerland suffered the most. Banks (+11%) massively outperformed on the back of the rise in interest rates and solid 3Q earnings results. The Energy and Insurance sector also posted strong gains. Information Technology and Real Estate were the biggest laggards. Defensive sectors, like Health Care and Consumer Staples, were weighed down as the reflation theme gained momentum. Fear of less dovish central banks amid stronger than expected economic data and markets reassessing inflation expectations caused a sell-off in bond markets. The 10y Bund yield rose 28bps, the biggest monthly rise since May 2013. Treasury and Gilt yields also increased by 23bps and 50bps. European credit markets remained calm. The euro lost more than 2% of its value versus the US dollar, while the UK pound plummeted nearly 6% as concerns surrounding a 'hard' Brexit mounted. Commodity prices fell, as WTI and Brent were under pressure.





Investment Outlook & Strategy

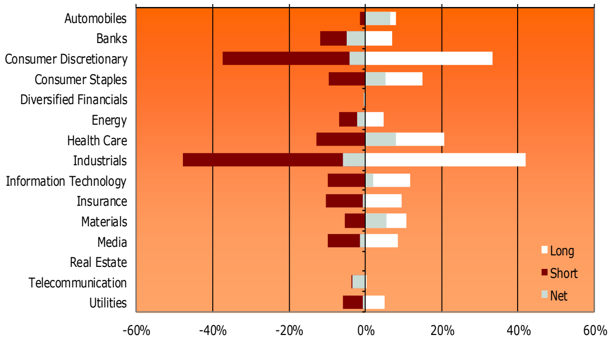
At the start of November we added weight to Value at the expensive of Quality factors, in line with a recovery scenario. Our style allocation models are suggesting more of a risk-on environment. Emerging markets have stabilized, cyclical sectors are outperforming and interest rates are set to rise as economic data in the US and Europe is improving. On top of that, the Q3 earnings season seems to be turning out to be one of the best ones in the last 10 years. European equities have been lagging global markets as record outflows have held back performance. A renewed look at Europe by global investors and inflows to actively managed funds should help our reliance on Value and Earnings Momentum. Also note that the factor environment has become more constructive. The high Price Momentum basket is not anymore just composed of high Quality stocks but also includes cyclicals. Overall, this has resulted in more balanced model outcomes.

Key Portfolio Information

Total Net Assets (in mln)	€446 / $488	Net Exposure Beta-Adj	0.03
Outstanding Shares (B/A)	292855 / 16560	Beta (ex post, 3Y monthly data)	0.01
Number of Long Positions	109	Volatility (ex ante, short-term risk model)	5.9%
Long Positions (% of NAV)	176.8%	Volatility (ex post, 3Y monthly data)	9.0%
Number of Short Positions	121	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-173.1%	Long Liquidity (avg)	0.42 days
Gross Exposure (% of NAV)	349.8%	Short Liquidity (avg)	0.45 days
Net Exposure (% of NAV)	3.7%	Portfolio Turnover (/GAV)	0.5

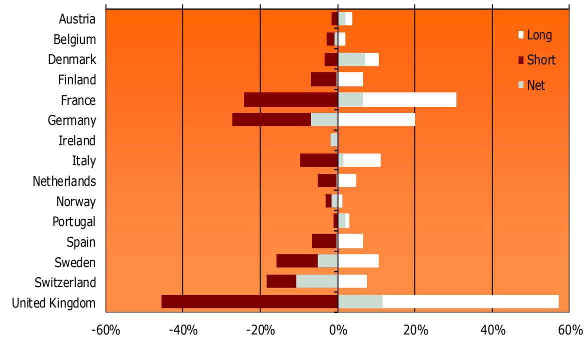
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

British, Danish, French, Portuguese, Austrian and Italian stocks are overweight in the portfolio, whereas stocks in Switzerland, Germany, Sweden, Norway and Ireland are underrepresented. The Fund is neutral in The Netherlands, Belgium, Finland and Spain.



Top Long Positions

	Model Score	As % NAV
ACS	94	3.1%
Saint-Gobain	95	3.1%
Imperial Brands	94	3.1%
UPM	96	3.1%
Orion	98	3.1%

- ACS is a Spanish industrial company that offers engineering and construction services for civil and industrial infrastructure. Earnings for the company have held up very well despite lower energy prices and a shrinking Spanish government budget. The company posted a positive outlook for the rest of the year in Q2 and at 10.6x 2017 earnings, the shares are not expensive.
- Saint Gobain manufactures glass, plastics and construction materials. The company has been doing better than could be expected after the financial crisis. Earnings expectations have been holding up this year as emerging markets have rebounded. The outlook for increased infrastructure spending after the US elections should provide upside in the shares.
- Tobacco stocks, like Imperial Brands, currently make a strong investment proposition, owing to attractive sector valuations and resilient performance amid wobbles elsewhere within European Consumer Staples. Imperial Brands offers an upside from low earnings expectation and incremental good news from cost saving. The shares are currently trading at the lowest valuation multiples since 2014 and the widest discount versus its peers.
- UPM manufactures wood related products such as paper and packaging. The industry has seen a lot of consolidation over the last 10 years and profitability for UPM has been holding up well over the last couple of years. Both Q1 and Q2 numbers came in ahead of expectations and Q3 numbers were very positive, helped by improving paper prices. Earnings multiples (13x 2017 EPS) have actually come down since the start of the year as the share price has not kept up with the improved profitability outlook.
- Orion manufactures pharmaceutical and diagnostic tests. The company generates strong cash flow and is among the most generous dividend payers within the sector. It maintains a healthy balance sheet, while it is ramping up its asset divestment program. Orion generates its earnings efficiently with high visibility. It is entering a new growth phase, with its pipeline news picking up. At 22x PER, the shares are trading fairly in line with the sector.

Top Short Positions

	Model Score	As % NAV
ADP	3	3.1%
Luxottica	3	3.1%
Airbus	6	3.1%
Merlin Entertainment	4	3.0%
Handelsbanken	6	3.0%

- Aeroports de Paris manages all the civil airports in the Paris area. Both airlines and airports have been under pressure YTD, with the larger companies taking most of the hit. Both Frankfurt and Paris are seeing declines in profitability, but the downgrades that started in July have been more stark in Paris. At 21x 2017 earnings, there should be more downside in the share price.
- Luxottica designs, manufactures and distributes fashion, luxury, sport and performance eyewear worldwide. It is a USD beneficiary as it generates over 50% of its revenue from the US. The discrepancy between the share price performance and its earnings has widened, fueling an elevated level of short interest. Luxottica's Q3 numbers were as expected, however, forward revisions on earnings and revenue have been going down steadily. The shares are trading at the higher end of the sector range.
- Airbus manufactures civil airplanes and military equipment. The company did well in 2014 and 2015 in-line with European carriers, but orders and profitability are stalling now and earnings expectations have been trending lower as a result. Expectations for 2017 and 2018 are coming down and a possible increase in interest rates should not help aircraft financing going forward.
- Merlin Entertainments operates theme parks and family entertainment resorts. 2016 has been a difficult year for Merlin, as UK inbound tourism shrank and the company's attractions in China suffered from the opening of Disneyland Shanghai. Current GBP weakness may provide support to UK tourism, where Merlin generates more than one-third of its revenue. However, security concerns in Europe remain a substantial challenge for the business. Merlin generates lower growth, while its shares are trading at a premium valuation compared to the sector.
- Handelsbanken's earnings are under pressure. Low Swedish rates and Handelsbanken's UK branch network following 'Brexit' are a drag, even for highly-regarded management. Potentially changing capital requirements, especially for mortgages, may hit Handelsbanken's capital ratios hard and put a lid on dividend growth.

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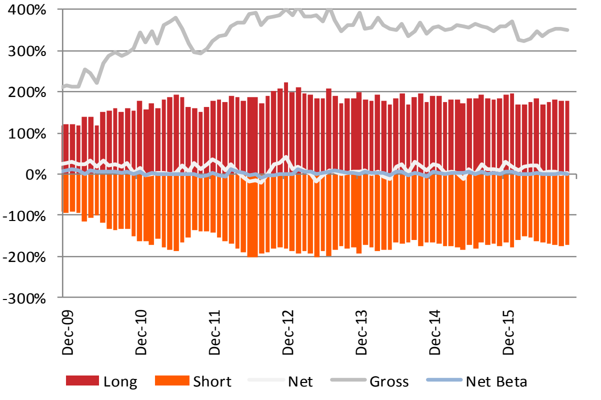
Exchange Liquidity Breakdown

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 93% of the portfolio can be liquidated within 3 days.

Liquidity	**Long**	**Short**	**Portfolio**
Within 3 Days	92.9%	93.3%	93.1%
Within 1 Week	97.8%	98.1%	98.0%
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	**-0.1**	0.1	-0.1	0.0	**0.1**	0.0	0.0	0.0	**0.1**
Banks	**1.0**	1.0	0.0	0.0	**-1.2**	-0.9	0.0	0.0	**-0.1**
Consumer Discretionary	**-0.7**	0.0	-0.7	0.0	**0.5**	0.1	0.0	0.0	**-0.2**
Consumer Staples	**-0.1**	0.0	-0.2	0.0	**0.4**	0.3	0.0	0.0	**0.3**
Diversified Financials	**0.0**	0.0	0.0	0.0	**-0.2**	0.0	0.0	0.0	**-0.2**
Energy	**0.4**	0.3	0.0	0.1	**-0.2**	-0.1	0.0	0.0	**0.2**
Health Care	**-0.3**	-0.4	0.2	0.0	**0.9**	0.4	0.1	0.1	**0.7**
Industrials	**0.0**	0.1	0.1	-0.2	**0.1**	0.5	0.0	0.0	**0.1**
Information Technology	**-0.2**	-0.1	-0.1	0.0	**1.6**	0.7	0.1	0.1	**1.3**
Insurance	**1.0**	0.4	0.6	0.0	**0.2**	0.1	0.0	0.0	**1.2**
Materials	**1.0**	0.6	0.4	0.0	**-0.1**	0.0	0.0	0.0	**0.9**
Media	**0.0**	0.1	-0.1	0.0	**0.6**	0.4	0.0	0.0	**0.6**
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	**0.0**	0.0	0.0	0.0	**0.0**
Utilities	**-0.1**	-0.1	0.0	0.0	**0.1**	0.2	0.0	0.0	**0.0**
Cash / Other									-0.4
Total	**2.1**	1.9	0.3	0.0	**2.8**	1.7	0.2	0.2	**4.6**

Top Contributors

Nokia	0.7%	Short
Ncc group	0.5%	Short
Unipol	0.4%	Long
BNP Paribas	0.4%	Long
Schibsted A	0.4%	Short

Top Detractors

Banco Popolare	-0.3%	Short
Deutsche Bank	-0.3%	Short
Recordati	-0.3%	Long
Richemont	-0.2%	Short
Credit Suisse	-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%	-2.5%	-0.2%	-3.2%	1.4%	4.6%			-8.4%
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%	-2.5%	-0.3%	-3.2%	1.4%	4.5%			-8.8%
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%	-2.5%	-0.3%	-3.2%	1.4%	4.5%			-8.8%

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 – October 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
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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