SaemorCapital

Europe Alpha Fund

Monthly Report – November 2016

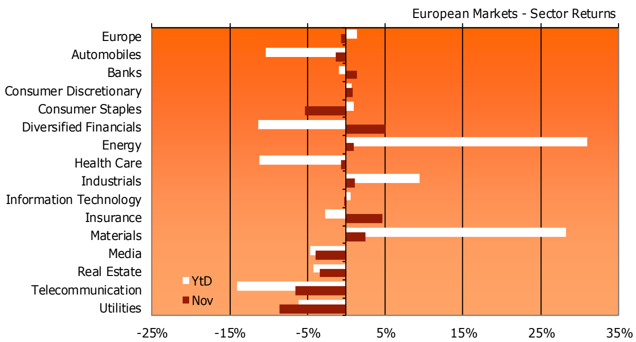
Fund Performance

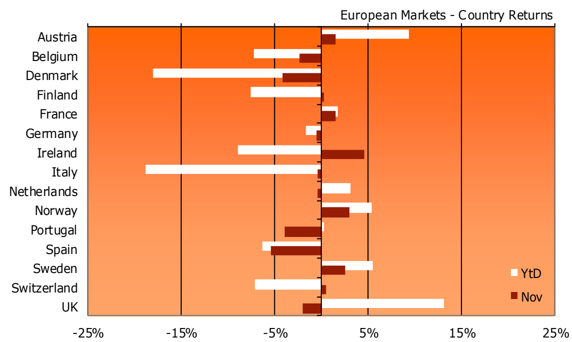
	November	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (30-Nov-2016)	Inception
Share Class B	**-0.6%**	**-8.9%**	5.4%	-0.7%	-6.0%	10.2%	7.3%	EUR 1426.13	26-Jun-2008
Share Class A	**-0.6%**	**-9.4%**	5.3%	-0.9%	-6.6%	9.0%	6.4%	EUR 1478.19	26-Jan-2009
Share Class D	**-0.6%**	**-9.3%**	5.3%	-0.9%				EUR 906.54	31-Dec-2015

The Saemor Europe Alpha fund lost 0.6% in November. The loss came from our short book, while our long book performed in line with the market. Defensive positions in Consumer Staples stocks detracted the most. After Donald Trump won the US elections, losses were posted in manufacturing-related sectors such as Materials and Industrials. Value was the top performing style in November, as the risk-on trade continued from October. Being long cyclicals and short defensives was the dominant theme in November. Momentum, Quality and Growth factors all registered negative pay-offs. Our pro-value and risk stance paid off, with good stock selection in Financials (Société Générale and AXA) and short positions in expensive and defensive names such as Mediclinic, JC Decaux and Capita. Banco Popolare was another top contributor on the short side, as Spanish and Italian banks did not participate in the risk-on trade because of political concerns. Short positions in Antofagasta and Tenaris were the biggest detractors for the month, as commodity prices rallied. Our long position in Vestas, which had done well so far this year, suffered a setback as wind energy fell out of favour with investors following the election results.

Market Developments

European equities ended the month slightly down (-0.6% in local currency terms). Donald Trump's unexpected presidential victory sparked a huge divergence across asset classes, sectors and countries. The best performing countries were Ireland, Norway and Sweden, while stocks in Spain and Portugal were the biggest laggards. Defensive sectors (Utilities, Telecommunication and Consumer Staples) were sold off in favour of cyclicals (particularly Materials). Financials continued to benefit from the further steepening of the yield curve. Fiscal stimulus and growth optimism forced investors to rotate out of bonds. The US 10-year bond yield rose 55 bps, while European yields also ticked up. Credit markets closed the month on a softer note. The Eurodollar declined 3.3%, with softness further fuelled by the Italian referendum. The pound strengthened +2.2%. Industrial metal prices rose strongly on a stronger US growth outlook and higher expectations of a boost to infrastructure spending under a Trump presidency. OPEC's agreement to cut production saw oil prices surge back above US$50/bbl. Other commodities were mixed during the month, with gold and silver both down 8%.





Investment Outlook & Strategy

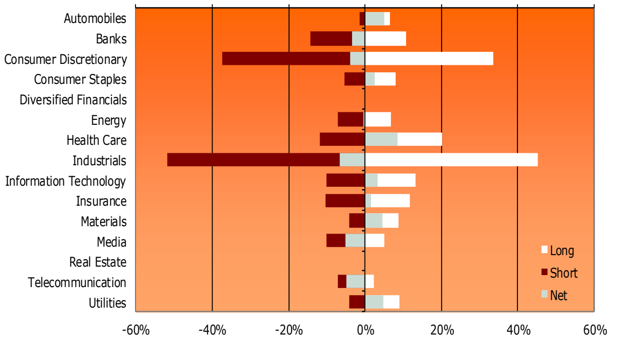
In our factor models, we added weight to Value at the expense of Quality factors at the start of the month. This worked well in November. We expect Value stocks to continue to do well into 2017. Meanwhile, it is becoming highly likely that the FED will increase interest rates in December, in line with strong economic data and cyclical companies starting to pick up steam. A prolonged series of rate hikes in the US could impact Europe's economic recovery. This would point towards a slowdown scenario during the course of 2017. For the short to medium term however the outlook is still good. The Q3 earnings season in Europe turned out to be very positive. With respect to earnings revisions, Europe is currently the strongest region globally. Monetary expansion in Europe is set to continue. The weaker euro should help exporters, where the Fund has net long positions in Healthcare, Automobiles, IT and Materials. Outflows from European equity funds have bottomed and a renewed interest in Europe should help active stock selection and particularly Value and Momentum stocks.

Key Portfolio Information

Total Net Assets (in mln)	€439 / $465	Net Exposure Beta-Adj	0.07
Outstanding Shares (B/A)	292855 / 1501	Beta (ex post, 3Y monthly data)	0.01
Number of Long Positions	99	Volatility (ex ante, short-term risk model)	7.4%
Long Positions (% of NAV)	181.1%	Volatility (ex post, 3Y monthly data)	9.0%
Number of Short Positions	113	VaR (1 day / 95% conf)	0.8%
Short Positions (% of NAV)	-175.3%	Long Liquidity (avg)	0.39 days
Gross Exposure (% of NAV)	356.4%	Short Liquidity (avg)	0.44 days
Net Exposure (% of NAV)	5.8%	Portfolio Turnover (/GAV)	0.6

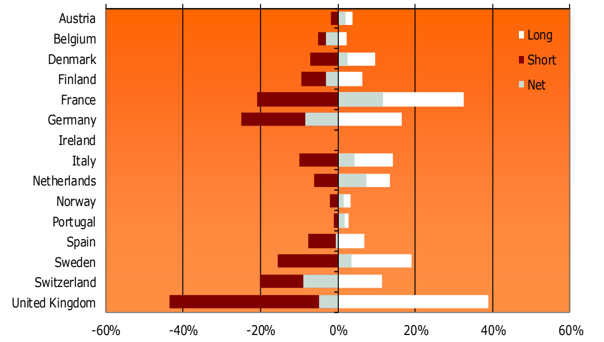
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

French, Ditch, Italian, Swedish, Danish, Austrian, and Portuguese stocks are overweight in the portfolio, whereas stocks in Switzerland, Germany, United Kingdom, Belgium, and Finland are underrepresented. The Fund is neutral in Ireland, Norway and Spain.



Top Long Positions

	Model Score	As % NAV
Orion	96	3.1%
Christian Dior	93	3.1%
UPM	96	3.1%
WPP	93	3.1%
Amadeus IT	92	3.1%

- 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.
- Christian Dior is a holding company of LVMH, a multinational luxury goods conglomerate. Although Christian Dior has its own line of fashion and beauty products, it only accounts for less than 10% of the group. LVMH has seen strong upgrades, owing to the resilience of its brands and the defensive nature of its diversified portfolio. LVMH also announced its first share buyback. The program is small in magnitude, but signals a message that is received well by the market. Christian Dior is trading at 16% discount to its NAV.
- UPM a forest industry company. 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.
- WPP is a communications firm, offering advertising, public relations and other media services to companies worldwide. It has posted solid earnings growth over the past years, each time surprising positively. Analysts are very positive on future earnings. The stock has shown a relatively stable performance. Although it has become slightly expensive vs its peers, it ranks on top of the media sector.
- Amadeus IT is a software company processing transactions for the global travel and tourism industry (Global Distribution System). Recent earnings were a little light, but the slowdown in its GDS business (competition from airlines e.g. Lufthansa) was compensated by its IT business, which is expected to grow double digits for the coming years. Analysts are positive on future earnings and although the company is relatively expensive at 20x earnings, it is still one of the top-ranked stocks in the sector.

Top Short Positions

	Model Score	As % NAV
ADP	3	3.2%
Airbus	4	3.2%
Nokia	2	3.1%
Kuehne & Nagel	9	3.1%
Handelsbanken	3	3.1%

- 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.
- 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.
- Nokia is a global communications company. It has transformed into a diversified network-equipment firm after the sale of its handset division to Microsoft and the recent acquisition of Alcatel. The recent weak figures of its peer Ericsson indicate that weakening carrier spending could impact Nokia as well. As a consequence, analysts have become more negative recently. The company's free cash flow yield has moved into negative territory and continues to deteriorate. Negative margin growth affects the company's attractiveness as well, as new, large network projects tend to have lower margins. Expected synergies from the Alcatel acquisition depend on how fast they will be able to integrate the business.
- Kuehne & Nagel is a Swiss freight forwarder and is considered a safe haven amongst more cyclical alternatives in the Industrials/Transport sector. Despite lackluster earnings growth and no estimate upgrades over the last two years, the company's share price has gained some 40% since the start of 2014, leaving it trading at 21x 2017 earnings expectations. We think this is too much to pay for peak margins and a modest growth rate.
- 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.

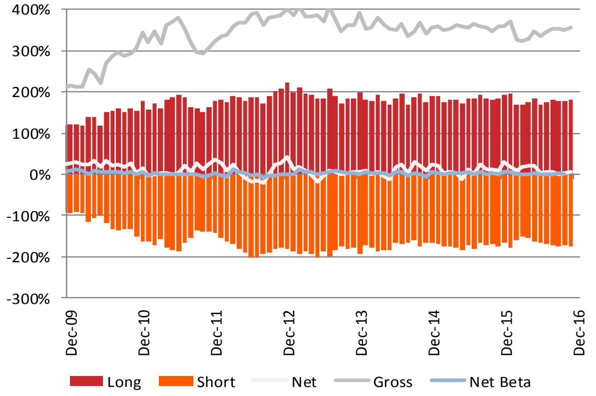
Exchange Liquidity Breakdown

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

Liquidity	Long	Short	Portfolio
Within 3 Days	93.9%	93.6%	93.8%
Within 1 Week	98.6%	98.2%	98.4%
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	**0.0**	0.0	0.0	0.0	**0.1**	0.0	0.1	0.1	**0.1**
Banks	**0.2**	0.2	0.0	0.0	**0.3**	0.0	0.0	0.0	**0.6**
Consumer Discretionary	**-0.1**	0.1	0.0	-0.3	**-0.2**	-0.1	0.0	0.0	**-0.3**
Consumer Staples	**-0.9**	-0.7	-0.1	-0.1	**0.1**	0.0	0.1	0.1	**-0.8**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.4**	0.3	0.1	0.0	**-0.8**	-0.6	0.0	0.0	**-0.4**
Health Care	**0.1**	0.0	0.1	0.0	**0.2**	0.7	-0.1	-0.1	**0.4**
Industrials	**-0.3**	0.4	-0.8	0.1	**-0.2**	-0.7	0.1	0.1	**-0.5**
Information Technology	**0.2**	0.0	0.2	0.0	**-0.1**	0.0	0.0	0.0	**0.1**
Insurance	**0.3**	0.2	0.1	0.0	**0.1**	0.1	0.0	0.0	**0.4**
Materials	**0.1**	0.2	0.0	0.0	**-0.5**	-0.5	0.0	0.0	**-0.4**
Media	**-0.5**	-0.4	0.0	0.0	**0.6**	0.3	0.0	0.0	**0.2**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**-0.1**	-0.1	0.0	0.0	**0.3**	0.1	0.0	0.0	**0.2**
Utilities	**-0.4**	-0.4	0.0	0.0	**0.3**	0.3	0.0	0.0	**-0.1**
Cash / Other									0.1
Total	**-0.9**	-0.2	-0.5	-0.3	**0.2**	-0.6	0.1	0.1	**-0.6**

Top Contributors

Mediclinic International	0.4%	Short
Banco Popolare	0.3%	Short
JCDecaux	0.3%	Short
Societe Generale	0.3%	Long
AXA	0.2%	Long

Top Detractors

Antofagasta	-0.5%	Short
Tenaris	-0.5%	Short
Vestas Wind	-0.4%	Long
Imperial Brands	-0.4%	Long
Airbus	-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%	-2.6%	2.6%	-2.5%	-0.2%	-3.2%	1.4%	4.6%	-0.6%		-8.9%
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%	-0.6%		-9.4%
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%	-0.6%		-9.3%

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 – November 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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