SaemorCapital

Europe Alpha Fund

Monthly Report – March 2017

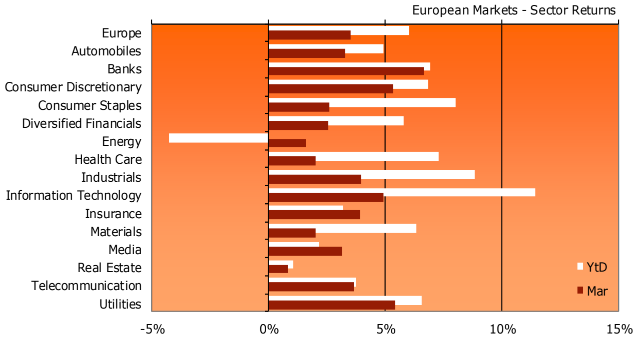
Fund Performance

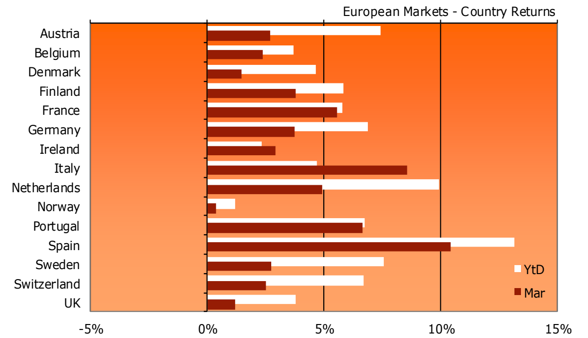
	March	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (31-Mar-2017)	Inception
Share Class B	**2.3%**	**1.3%**	1.3%	4.0%	-0.8%	7.0%	8.1%	7.6%	EUR 1426.51	26-Jun-2008
Share Class A	**2.3%**	**1.2%**	1.2%	3.7%	-1.3%	5.9%	7.1%	6.5%	EUR 1476.15	26-Jan-2009
Share Class D	**2.3%**	**1.2%**	1.2%	3.7%	-1.3%				EUR 905.28	31-Dec-2015

The Saemor Europe Alpha Fund gained 2.3% in March, bringing performance for the quarter back up to 1.3%. The slight pro-risk stance we have had in the Fund since the end of last year paid off as higher beta stocks outperformed. The long book as well the short book contributed on a relative basis. Our multi-factor model was slightly positive, with a low dispersion in return among the underlying styles. Only high-risk styles posted distinctive performance over the month. Full-year earnings results and 2017 corporate outlooks were the most important drivers of performance, with the Fund posting more positive than negative surprises. All positive contributors were long positions, typically higher beta names such as Société Générale, ING and Crédit Agricole. Other top contributors were spread across Consumer, Energy, IT and Telecom sectors. The most negative contributors were mostly financials and consumer stocks, notably short positions in Commerzbank, Next, Just Eat, Leoni and Admiral Group. Daily volatility for the fund was very modest with the top and bottom performers in each sector cancelling each other out.

Market Developments

European stocks (+3.5%) clocked their best March performance since 2010. Europe strongly outperformed other regions. Market sentiment was buoyed by easing concern over a win for France's anti-euro candidate in the upcoming election, the victorious win of the mainstream parties in the Dutch elections, solid economic data (e.g. Euro Area composite PMI came in at its highest level since April 2011) and encouraging earnings trends from European companies. All countries and sectors ended in the green. Spain had the strongest performance, followed by Italy and Portugal, closely tailed by France and The Netherlands. Norway and the UK lagged. The top three sectors were Banks, Utilities, Consumer Discretionary, while the bottom three included Real Estate, Energy and Health Care. Commodities suffered losses in March, with Brent crude falling 6%. Bond yields in the Eurozone were up, while 10Y Gilt and Treasury rates declined. European credit spreads ended somewhat higher in March. The US dollar weakened versus the euro and the pound driven largely by the Fed's dovish rate hike, while both the ECB and BOE sent hawkish signals reflecting a better recent flow of data.





Investment Outlook & Strategy

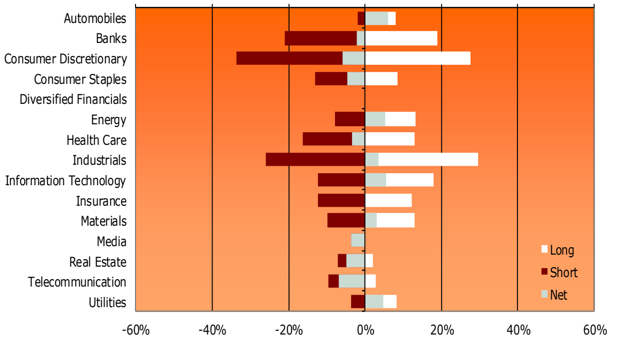
With the earnings revisions ratio for Europe at its highest level in five years and markets grinding higher around the world, we continue our pro-growth stance, being overweight Value and Momentum at the expense of Quality. Most indicators show that we have entered the more mature growth/reflation phase of the cycle. General expectations are that Q1 results and full year adjustments will be even better than analyst revisions in the previous months. We expect Europe to be in a sweet spot for global investors for awhile, with interest rates rising in the US, a strong dollar and stable commodity prices. We remain overweight in cyclicals such as Automobiles, Industrials, IT and Materials. We are underweight Defensive sectors with limited earnings momentum (Consumer Staples and Telecom). We expect the cycle in Europe to peak in the coming months, with a steepening yield curve and m-o-m changes in leading indicators rolling over. When this happens we will switch to a slowdown scenario and increase our exposure to quality at the expense of value. For the time being we expect very positive quarterly earnings to dominate the direction of stocks and the market as a whole.

Key Portfolio Information

Total Net Assets (in mln)	€424 / $451	Net Exposure Beta-Adj	0.05
Outstanding Shares (B/A)	283671 / 12223	Beta (ex post, 3Y monthly data)	-0.03
Number of Long Positions	101	Volatility (ex ante, short-term risk model)	5.4%
Long Positions (% of NAV)	175.0%	Volatility (ex post, 3Y monthly data)	8.9%
Number of Short Positions	116	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-178.3%	Long Liquidity (avg)	0.32 days
Gross Exposure (% of NAV)	353.3%	Short Liquidity (avg)	0.39 days
Net Exposure (% of NAV)	-3.3%	Portfolio Turnover (/GAV)	0.1

Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

Dutch, French, Spanish and Norwegian stocks are overweight in the portfolio, whereas stocks in United Kingdom, Germany, Sweden and Switzerland are under-represented. The Fund has a neutral position in Portugal, Italy, Ireland, Austria, Finland, Belgium and Denmark
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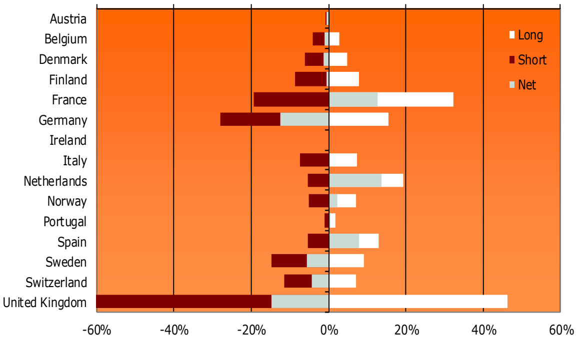


Top Long Positions

	Model Score	As % NAV
Covestro	98	3.2%
Credit Agricole	97	3.1%
Amadeus IT	97	3.1%
Lufthansa	98	3.1%
AXA	99	3.1%

- Covestro is a German plastics and polymers manufacturer, the chemicals part of the larger Bayer group that spun off in 2015. With European economic activity in an uptrend and Germany doing particularly well, Covestro is posting the strongest earnings revisions within the European chemicals sector. Both raw materials costs and a weak Euro are feeding through to the bottom line for Covestro. At 16x 2017 earnings, the company is not expensive given its improving outlook.
- Credit Agricole is the leading French retail bank, while it also has strong positions in asset management and corporate banking. Following restructuring the balance sheet is in much better shape than it used to be, but a large part of excess capital has been consumed by the recent acquisition of fund manager Amundi. The shares offer an attractive dividend yield that is well-covered by earnings.
- 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. Although the company is not cheap, it is the top-ranked large cap in the sector.
- Lufthansa is a global aircraft carrier. Competition in Europe has eased now that the low cost carrier market has saturated somewhat and the whole sector is doing well. Lower oil prices are helping to improve the earnings outlook since last October. Full year results and 2017 earnings expectations surprised on the upside and at only 6x 2017 earnings, the shares have plenty of upside left.
- AXA is a diversified insurance company with leading positions in most markets it trades in. Within life insurance, the focus is on unit-linked products. Hence, the impact of lower bond rates on profitability is smaller at AXA than at some of its peers that have sold more policies that offer minimum returns to policyholders. The valuation of the shares, including dividend yield, seems undemanding.

Top Short Positions

	Model Score	As % NAV
Vodafone	0	3.2%
Symrise	7	3.2%
Bureau Veritas	13	3.2%
Informa	1	3.1%
Air Liquide	14	3.1%

- UK-based Vodafone provides mobile telecommunication services worldwide. Its Indian business may merge with its local rival and then be deconsolidated from the main company's accounts. Analysts are not positive on future earnings for the company. Vodafone trades at 37x 2017 earnings, which seems too high.
- Symrise is a diversified chemical company. The company produces fragrances and food additives used in perfumes, food, beverages, and personal care products. The company is considered a stable growth play in an otherwise cyclical sector. Trading at 25x 2017 earnings, we find the premium for growth too high, especially given that the earnings expectations have been coming off over the last 12 months.
- 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 February this year. BVI and many of its competitors have frequented our top short positions lists for years now owning to high valuations and muted growth and earnings revisions. The stock still trades at a premium valuation close to 21x 2017 earnings.
- Informa is a business intelligence, academic publishing, knowledge and events company. Recently, the company has started to focus on growing its exhibition business by making acquisitions in the US for which it issued new shares. 2016 earnings were in line but revenue surprised negatively. It is relatively expensive with a current P/E of 27.
- Air Liquide manufactures industrial gasses such as liquid nitrogen, oxygen, argon and carbon dioxide. These gasses are used in manufacturing processes in a wide range of industries. Earnings expectations for the company have been coming off for two years now, despite an improvement in global manufacturing. Like Symrise and Bureau Veritas, paying more than 20x 2017 earnings for perceived but not actual quality and stable growth seems too rich for us.

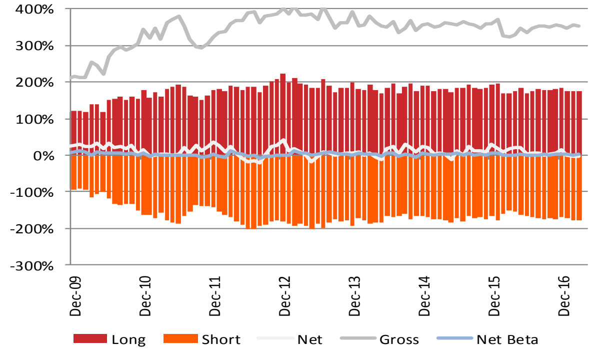
Exchange Liquidity Breakdown

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 95% of the portfolio can be liquidated within 3 days.

Liquidity	**Long**	**Short**	**Portfolio**
Within 3 Days	95.3%	95.2%	95.3%
Within 1 Week	99.2%	98.4%	98.8%
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**	0.5	0.0	0.0	**-0.4**	0.0	-0.3	-0.1	**0.1**
Banks	**1.4**	1.4	0.0	0.0	**-1.0**	-0.7	-0.3	0.0	**0.4**
Consumer Discretionary	**1.9**	1.0	0.8	0.0	**-0.5**	-0.5	0.0	0.0	**1.4**
Consumer Staples	**-0.6**	-0.2	-0.1	-0.3	**-0.1**	-0.1	0.0	0.0	**-0.6**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.6**	0.4	0.2	0.0	**0.1**	-0.1	0.1	0.0	**0.6**
Health Care	**0.7**	0.5	0.1	0.1	**0.3**	0.4	-0.1	0.0	**1.0**
Industrials	**0.5**	0.6	0.0	-0.1	**-1.0**	-0.7	-0.2	0.0	**-0.4**
Information Technology	**0.7**	0.3	0.5	0.0	**-0.6**	-0.3	-0.3	-0.1	**0.1**
Insurance	**0.4**	0.2	0.2	0.0	**-0.3**	-0.2	-0.1	0.0	**0.1**
Materials	**0.2**	0.2	0.1	0.0	**-0.4**	-0.3	-0.1	0.0	**-0.2**
Media	**0.0**	0.0	0.0	0.0	**0.2**	0.1	0.1	0.0	**0.2**
Real Estate	**-0.1**	0.0	-0.1	0.0	**-0.1**	0.0	0.0	0.0	**-0.2**
Telecommunication	**0.3**	0.3	0.0	0.0	**-0.4**	-0.1	-0.3	0.0	**-0.1**
Utilities	**0.5**	0.3	0.2	0.0	**-0.2**	-0.2	0.0	0.0	**0.3**
Cash / Other									-0.3
Total	**7.1**	5.5	1.8	-0.3	**-4.5**	-2.8	-1.5	-0.2	**2.3**

Top Contributors

Societe Generale	0.3%	Long
ING	0.3%	Long
Credit Agricole	0.3%	Long
Inchcape	0.3%	Long
Neste Oil	0.3%	Long

Top Detractors

Commerzbank	-0.4%	Short
Next	-0.3%	Short
Just Eat	-0.3%	Short
Bureau Veritas	-0.3%	Short
Grieg seafood	-0.3%	Long

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	0.4%	-1.4%	2.3%										1.3%
2016	-4.2%	-3.0%	-1.3%	-2.6%	2.6%	-2.5%	-0.2%	-3.2%	1.4%	4.6%	-0.6%	-1.2%	-10.1%
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**
2017	0.3%	-1.4%	2.3%										1.2%
2016	-4.2%	-3.0%	-1.3%	-2.7%	2.5%	-2.5%	-0.3%	-3.2%	1.4%	4.5%	-0.6%	-1.3%	-10.5%
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**
2017	0.3%	-1.4%	2.3%										1.2%
2016	-4.2%	-3.0%	-1.3%	-2.7%	2.5%	-2.5%	-0.3%	-3.2%	1.4%	4.5%	-0.6%	-1.3%	-10.5%

Source: Citi Financial Services and BNY. Inception: June 26th, 2008 (B) / Jan 26th, 2009 (A) / Dec 31st, 2015 (D). Returns are based on official month-end NAVs. 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 2017

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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