SaemorCapital

Europe Alpha Fund

Monthly Report – May 2017

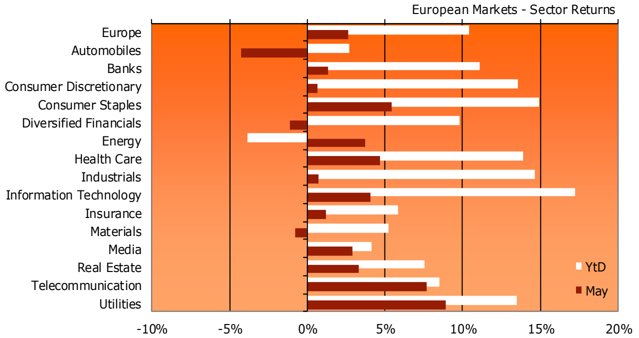
Fund Performance

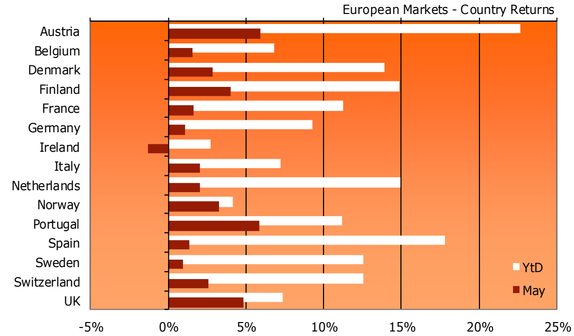
	May	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (31-May-2017)	Inception
Share Class B	**-2.7%**	**2.5%**	3.5%	1.2%	0.5%	8.8%	7.8%	7.8%	EUR 1443.27	26-Jun-2008
Share Class A	**-2.7%**	**2.3%**	3.4%	0.9%	0.0%	7.6%	6.9%	6.7%	EUR 1492.23	26-Jan-2009
Share Class D	**-2.7%**	**2.3%**	3.4%	0.9%	0.0%				EUR 915.15	31-Dec-2015

The Saemor Europe Alpha Fund lost ground in May (-2.7%) reducing the year-to-date gains to 2.5%. With both Value and Momentum down for the month, our quantitative multifactor model struggled. A weakening US dollar was one of the drivers behind the negative style performance. Cyclical Value continued its poor performance for the year, suggesting the risk-on, pro-cyclical stance that dominated most of last year is behind us. However, quality factors also did not perform well in this environment. Our positions in Health Care and Industrials did very well for the Fund, but most other sectors saw small negative contributions. Most of our individual top contributors came from the long book, notably Saras, Lufthansa, Telecom Italia, Peab, Orion and Philips Lighting. Negative contributions came mainly from the short book, where Cellnex, Vodafone and Rocket Internet stood out. Subsea 7 (long) posted strong Q1 numbers, however investors took profits throughout the month, making it our largest negative contributor.

Market Developments

European stocks gained 2.6%, lifting YTD returns to over 10% (in local currency). The volatility Index VSTOXX fell almost 15% as Macron's win by a wider-than-expected margin in the French elections furthered the risk-on sentiment. European equity funds benefited from a strong vein of consecutive inflows. In Italy, the odds of a sudden election increased with Matteo Renzi opening the door to early elections this autumn under an improved voting system. On the macro front, the Eurozone Composite PMI remained firmly in expansionary territory and the German IFO business climate rose to a record high. Absolute returns were positive for all markets except Ireland. Austrian, Portuguese and British stocks performed strongly. Defensives led the pack from a sector perspective. Utilities, Telecoms and Consumer Staples were the best performing sectors at the expense of Automobiles and Materials. Bunds, Gilts and Treasuries rose. European credit spreads ended the month slightly tighter. Most commodities ended the month down with weakness in base metal and oil prices. The euro strengthened 3% over the month, while the UK pound was down 0.5% as political uncertainty rose into month-end as polls started to point towards a potentially tighter than expected General Election.





Investment Outlook & Strategy

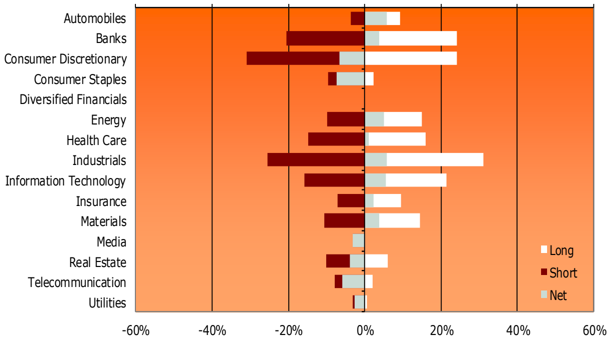
At the start of May we changed our tactical stance toward a slowdown phase. In our models, we have added some weight to Earnings Momentum and Quality at the expense of Cyclical Value factors. Seasonality ("Sell in May") and recent style trends suggest less of a pro-risk stance. Q1 earnings announcements have also pointed towards a move away from recovery and deep cyclical stocks to broader-based improvements. While European economic figures and earnings announcements remain strong, the rest of the world and specifically the US seem to be rolling over. The Citi Economic Surprise Index for the UK and US dropped into negative territory, while for the Eurozone it peaked in mid May. Eurozone money growth (M1) points to lower PMIs from here. This normally coincides with more defensive market leadership. Record inflows into European equities and reduced political risk should limit a potential downside for European markets. Earnings in the Eurozone remain depressed, which provides upside potential. We expect most of the "slowdown" scenario to drive sector and style performance and not so much the overall market. Our multi-factor approach of combining Value, Momentum and Quality typically performs well in this part of the cycle, and also gets support from near multi-year low factor correlations.

Key Portfolio Information

Total Net Assets (in mln)	€422 / $474	Net Exposure Beta-Adj	0.09
Outstanding Shares (B/A)	280067 / 10500	Beta (ex post, 3Y monthly data)	-0.02
Number of Long Positions	102	Volatility (ex ante, short-term risk model)	6.2%
Long Positions (% of NAV)	176.1%	Volatility (ex post, 3Y monthly data)	9.0%
Number of Short Positions	119	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-172.2%	Long Liquidity (avg)	0.29 days
Gross Exposure (% of NAV)	348.3%	Short Liquidity (avg)	0.35 days
Net Exposure (% of NAV)	3.8%	Portfolio Turnover (/GAV)	0.8

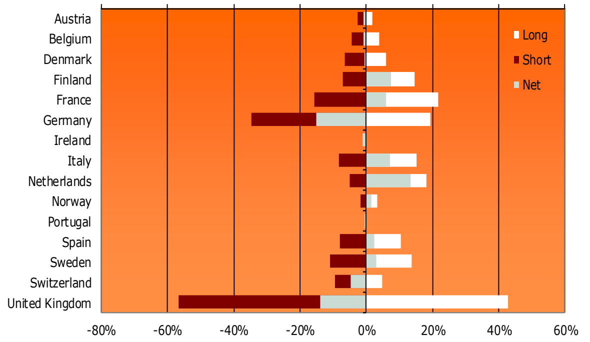
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

	Model Score	As % NAV
Lufthansa	99	3.2%
Bayer	95	3.2%
Orion	96	3.2%
Repsol	98	3.2%
ASR Nederland	94	3.2%

- 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. 2016 earnings and Q1 figures came in ahead of expectations, lifting the 2017 profit outlook. Despite a good run in the share price, the company is trading at only 7x 2017 and 2018 earnings expectations.
- Bayer is making a transition from Chemical/Healthcare conglomerate to a pure Life Science play. The health care division is characterized by decent long term growth, limited generic exposure and productive R&D. Bayer is seeking to acquire Monsanto which requires regulatory approvals across multiple jurisdictions. Bayer is bolstering its balance sheet ahead of its planned acquisition of Monsanto by disposing non-core assets. The stock is trading at a discount to the EU pharma and chemical sector.
- Orion develops and manufactures pharmaceutical and diagnostic test. The company generates strong cash flow and ranks 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. The stock ranks well on most metrics apart from valuations.
- Repsol is an integrated oil and gas company. Results for the first quarter of 2017 came in towards the top end of expectations. Repsol is not as geared to higher oil prices as some of its peers, which given recent oil price moves is not a disadvantage. Its refining arm, though, should be able to perform well in current market conditions.
- ASR is a Dutch multi-line insurer focused on the Netherlands. ASR has market leading positions in funeral and disability insurance. The management have costs firmly under control, resulting in competitive products. With a well-capitalised balance sheet and decent returns on equity the prospects for dividend growth seem good.

Top Short Positions

	Model Score	As % NAV
K+S	1	3.2%
Informa	1	3.1%
Accor	2	3.1%
Merlin	10	3.1%
Nokia	3	3.1%

- K&S produces fertilizers and salts. Over the last two years the global competitive situation has soured for the company, resulting a in large number of earnings downgrades. The company’s outlook has stabilized recently but at 22x 2017 earnings, the shares are still not cheap. More attractive opportunities exist elsewhere in the chemical sector.
- Informa is a business intelligence, academic publishing, and events company. Recently, it has focused 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. Its recent trading update end of May showed good progress, but the company is relatively expensive with a current P/E of 28.
- The hospitality company Accor is one of the world's leading hotel operators. Accor has been transitioning towards an asset-light business model by disposing their hotel property holdings. The multiyear process of asset disposals and integration of its new subsidiaries is weighing on EPS and free cash flow. The stock scores unfavorably on valuation, profitability, growth and quality metrics. The key risk to the short position remains improving European macro trends, given the high operational gearing.
- 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. Legoland Parks is running out of steam. Recent GBP weakness may provide support to UK tourism, where Merlin generates more than one-third of its revenue. However, the stock is already priced for perfection.
- Nokia has transformed into a diversified network-equipment firm after the sale of its handset division to Microsoft and the acquisition of Alcatel-Lucent. 1Q17 results were encouraging, but sales still declined. Profitability remains limited and analysts are not optimistic on future earnings. Shares have rebounded from multi-year lows on hopes of cost control and a revival of the Nokia minimalist smartphone business.

SaemorCapital

Europe Alpha Fund

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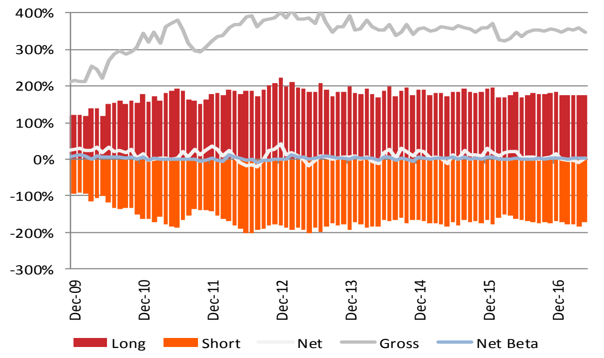
Exchange Liquidity Breakdown

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

Liquidity	Long	Short	Portfolio
Within 3 Days	97.7%	96.1%	96.9%
Within 1 Week	99.8%	99.3%	99.5%
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**	-0.4	0.0	0.0	**-0.1**	0.0	-0.1	0.0	**-0.5**
Banks	**-0.1**	0.0	-0.2	0.0	**0.0**	-0.1	0.1	0.0	**-0.2**
Consumer Discretionary	**0.9**	0.6	0.2	0.1	**-0.7**	-0.7	0.0	0.0	**0.1**
Consumer Staples	**0.2**	0.1	0.1	0.0	**-0.5**	-0.3	-0.1	-0.1	**-0.2**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.0**	0.1	-0.1	0.0	**0.0**	-0.1	0.1	0.0	**0.0**
Health Care	**0.6**	0.6	0.1	-0.1	**0.1**	0.2	-0.1	0.0	**0.7**
Industrials	**0.6**	0.2	0.4	0.0	**-0.2**	-0.3	0.0	0.0	**0.4**
Information Technology	**0.8**	0.2	0.6	0.0	**-1.6**	-0.5	-0.9	-0.2	**-0.8**
Insurance	**0.2**	0.1	0.1	0.0	**-0.3**	-0.3	0.0	0.0	**-0.1**
Materials	**-0.3**	0.0	-0.4	0.1	**-0.3**	-0.1	-0.2	0.0	**-0.6**
Media	**0.0**	0.0	0.0	0.0	**-0.1**	-0.1	0.0	0.0	**-0.1**
Real Estate	**0.0**	0.0	0.0	0.0	**-0.3**	0.0	-0.3	0.0	**-0.4**
Telecommunication	**0.4**	0.3	0.1	0.0	**-0.9**	-0.5	-0.4	0.0	**-0.5**
Utilities	**0.3**	0.3	0.0	0.0	**-0.3**	-0.3	0.0	0.0	**0.0**
Cash / Other									-0.5
Total	**3.1**	2.2	0.9	0.1	**-5.2**	-3.0	-1.9	-0.2	**-2.7**

Top Contributors

Saras	0.4%	Long
Hikma	0.4%	Short
Lufthansa	0.3%	Long
Telecom Italia	0.2%	Long
Philips Lighting NV	0.2%	Long

Top Detractors

Subsea 7	-0.4%	Long
Cellnex	-0.4%	Short
Vodafone	-0.4%	Short
Rocket Internet	-0.3%	Short
Sophos	-0.3%	Short

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%	4.0%	-2.7%								2.5%
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%	3.9%	-2.7%								2.3%
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%	3.9%	-2.7%								2.3%
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 – May 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 2016 (A&D/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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