SaemorCapital

Europe Alpha Fund

Monthly Report – January 2015

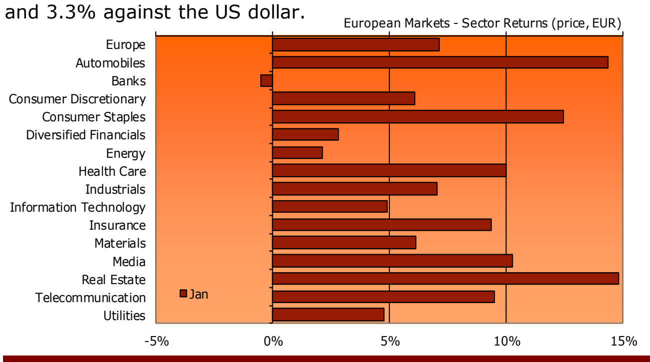
Fund Performance

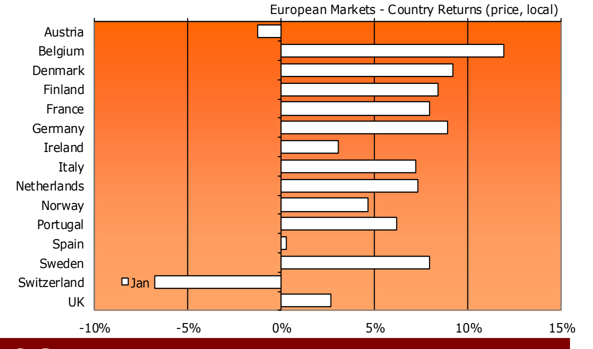
	January	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (30-Jan-2015)	Inception
Share Class B	**1.2%**	**1.2%**	5.9%	15.1%	25.3%	12.8%	11.2%	EUR 1406.52	26-Jun-2008
Share Class A	**1.1%**	**1.1%**	5.5%	14.1%	23.3%	11.7%	9.9%	EUR 1479.57	26-Jan-2009

January marked a good start to the year for the Fund. It was a high octane month with significant macro events: European QE, Greek elections, CHF appreciation, EUR depreciation and a falling oil price. The long book strongly contributed, albeit it rose less than the market. For the short book is was exactly the mirror picture. The largest contribution came from the Telecommunication, Automobiles and Industrials sectors. Losses were recorded in Consumer Discretionary, Insurance and Banks. The long positions in Yara and Delhaize added the most. January was a good month for our alpha model. Price and Earnings Momentum continued to deliver robust returns, thanks in part to their implicit exposure to falling oil and weakening euro. Growth factors also delivered. These factors declined moderately in the last week of the month partly as a result of the sharp reversal in oil. Cyclical value factors rebounded after the QE announcement and ended the month as one of the standout performers.

Market Developments

European equity markets registered a +7% gain last month as the ECB announced a Quantitative Easing (QE) program of 60 billion euro per month to help stimulate the economy by driving up inflation and reviving lending. The program topped market expectations in size, duration and scope of securities, which resulted in the largest money inflows to the region in years. Investors shrugged off the tensions in Ukraine and Greek concerns. From a country standpoint, Belgium, Denmark and Germany made the biggest headway. Switzerland suffered after the surprise move by the SNB to suspend the euro floor with the Swiss franc. Among the different sectors in Europe, Real Estate, Automobiles, Consumer Staples, Media and Health Care rose with double digits while Banks, Energy and Utilities underperformed. Given the rally in the market and despite risks starting to surface in other asset classes, the VStoxx volatility index finished the month down. The ECB-announcement and negative inflation in the eurozone resulted in new lows for European bond yields (0.31% for the Bund). 10y Treasury yields and Gilt yields ended January also lower at respectively 1.65% at 1.35%, supported by the global bid for duration. Unsurprisingly, European credit had a strong month. Oil, natural gas, agriculture and industrial metals were amongst the worst performing commodities. Conversely, Gold was the top performer +8.2%. The Swiss franc, euro and pound fell by respectively 8.0%, 6.7% and 3.3% against the US dollar.





Investment Outlook & Strategy

The slowing global economy, diverging central bank policies, debt crisis in Greece, rising geopolitical risks and mounting deflation pressures could lead to some profit taking in the near term. For the medium term the outlook for European equities remains constructive: 1. Equities remain the asset class offering the best relative valuations. The yield gap between European equities and bunds or AA credit is at its crisis peak. The dividend yield is over 3.5%. Europe continues to trade at a discount to the historical average on a cyclically adjusted P/E; 2. Evidence of a turn in eurozone's business cycle is building. The economic surprise index has risen strongly. Leading indicators such as M1, PMI and IFO accelerated further in January. Eurozone credit growth turned positive for the first time since the Global Financial Crisis; 3. Europe is on the verge of an earnings upgrade cycle. The relative pace of earnings revisions for Europe is at its highest levels in years in comparison to the US. The euro weakness, lower interest costs and the lower oil price are slowly feeding through to the bottom line; 4. Corporate balance sheets are in a good shape. Free cash flow yields are typically above their respective corporate bond yields, supporting buybacks and dividend pay-outs and 5. Europe has seen the strongest net inflows in 2015, but positions are still light when put in a historical perspective.

We continue to like Cyclical Value as a diversifier in our alpha model to balance the prevailing quality and earnings momentum tilts that have long been dominant in the portfolio. Cyclical Value does not carry a positive tilt to declining oil prices and weakening euro, unlike momentum factors. This has led to an increase of the exposure to cyclicals in our portfolio since the end of last year. In an economic recovery, cyclicals and financials typically outperform defensives. Earnings revisions for cyclical sectors recently started to outpace defensive peers strongly, which we view as a welcome development.

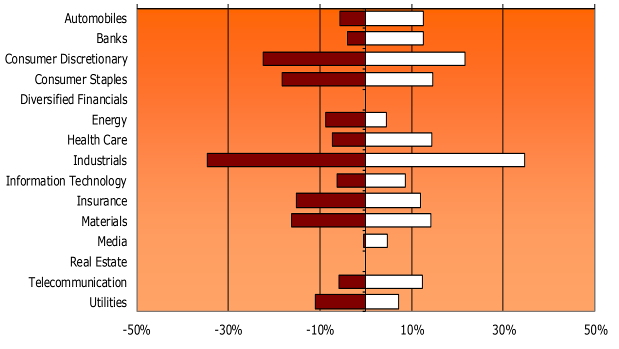
Key Portfolio Information

Total Net Assets (in mln)	€557 / $629
Outstanding Shares (B/A)	391975 / 3683
Number of Long Positions	122
Long Positions (% of NAV)	190.0%
Number of Short Positions	104
Short Positions (% of NAV)	-170.3%
Gross Exposure (% of NAV)	360.3%
Net Exposure (% of NAV)	19.8%

Net Exposure Beta-Adj	0.14
Beta (ex post, 3Y monthly data)	-0.04
Volatility (ex ante, short-term risk model)	7.6%
Volatility (ex post, 3Y monthly data)	9.9%
VaR (1 day / 95% conf)	0.6%
Long Liquidity (avg)	0.42 days
Short Liquidity (avg)	0.30 days
Portfolio Turnover (/GAV)	0.6

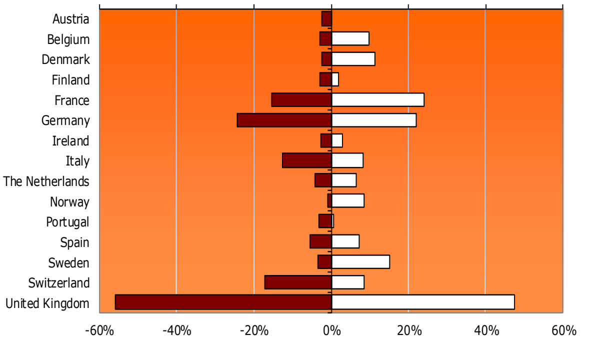
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

Swedish, Danish, French Norwegian, Belgium, Dutch and Spanish stocks are over-weighted in the portfolio, whereas stocks in Switzerland, United Kingdom, Italy, Portugal, Austria and Germany are underrepresented. The Fund is neutral in Ireland and Finland.



Top Long Positions

	Model Score	As % NAV
TELEFONICA	98	3.1%
DELHAIZE	100	3.1%
BELGACOM	86	3.0%
ENEL	97	3.0%
ORANGE	97	3.0%

- Telefonica offers telecommunication services in Europe and Latin America. Despite some weakness in its home country Spain, the company has benefitted from a more benign competitive environment in Europe and M&A opportunities in emerging markets. With a strong balance sheet and a broad asset portfolio, Telefonica is in a good position to play the role of consolidator in some of the more fragmented countries.
- Delhaize operates supermarkets worldwide, mostly in the US and Belgium. While its business in Belgium is stabilizing, Delhaize enjoys a strong boost from the US. It benefits from improving US consumer outlook, sustained inflation in the US, a stronger USD and better execution on the ground. At 1.4x Price to Book and 6.3% Free Cash Flow Yield, the valuation looks attractive.
- Belgacom offers telecommunication services mainly to customers in Belgium. The sector and the company have been unloved by investors for years but since the summer of 2014, earnings upgrades have been starting to come through and the competitive landscape in Europe has become more benign. Belgacom offers a 7% dividend yield.
- Enel generates and distributes electricity, predominantly in Italy and Spain. Concerns over leverage are abating as the management seems to successfully dispose of non-core franchises, while costs are also being reduced. Cash flow is sufficiently strong to keep the dividend growing, even with today's power prices.
- Orange, formerly known as France Telecom, has benefitted from stable market shares across Europe and further consolidation in France where Altice is said to be bidding for Bouygues' telecommunication assets. Since mid 2014 earnings expectations have been bottoming out and are even trending upward as of late. At 16x earnings the shares are relatively cheap compared to the rest of the European investment universe, which is still seeing earnings downgrades across the board.

Top Short Positions

	Model Score	As % NAV
LANXESS	6	-3.0%
GEA	9	-2.9%
DUFRY	1	-2.9%
UCB	5	-2.9%
STANDARD LIFE	10	-2.9%

- Lanxess manufactures specialty chemicals such as rubbers and plastics. Investors have been putting a lot of faith in the restructuring efforts of the company, but earnings have been downgraded consistently for two years now, leaving the shares trading at 21x 2015 earnings.
- Gea in a German mechanical equipment company, servicing food and health care sectors. Despite the stable nature of its client base, Gea has been hit by a disappointing order flow and profitability, prompting analysts to slash earnings estimates for 2014 and 2015. At 23x 2015 numbers, the stock is still trading at a premium to the market and the sector.
- Dufry is a Swiss based travel retail company operating duty-free shops at airports, cruise liners, seaports and other touristic locations. The company renewed its concessions in Brazil against higher rental fees, adding pressure on future profitability margins. With a strong geographical focus in South America, Dufry is exposed to the bleak macro outlook for the region. Dufry is a highly levered company and its earnings momentum is anemic.
- UCB is a biopharmaceutical company specializing in treatment of central nervous system disorders, inflammatory diseases and oncology. Among large cap pharmaceutical companies, UCB has the least favorable quality profile and generates lower profit. Its shares are trading at a demanding valuation premium, given weak cash conversion and a drag from a change in payer mix for UCB's key products. On a mid and longer term, the risk is on the downside.
- Standard Life shares seem to be trading at high valuation multiples compared to its profitability. Also, its growth outlook has weakened somewhat following the departure of one of its key portfolio managers last year, which bodes negative for net fund flows. Although dividends seem supported by cash flow from continuing operations, dividend growth will moderate now that most non-core have been sold.

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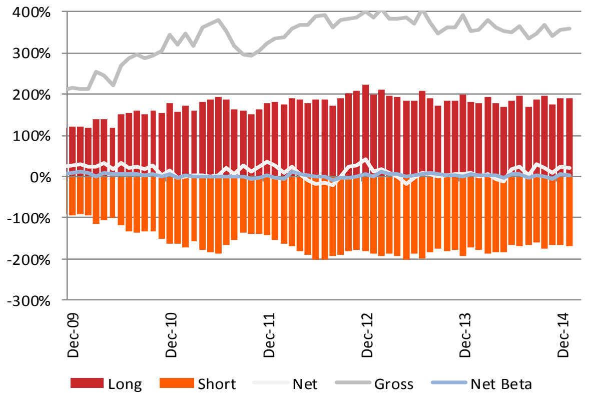
Exchange Liquidity Breakdown

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 market current circumstances 96% 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	93.0%	98.0%	96.0%
Within 1 Week	98.0%	99.0%	99.0%
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	**1.0**	0.6	0.4	-0.1	**-0.3**	-0.1	-0.2	0.0	**0.7**
Banks	**-0.7**	-0.8	0.0	0.0	**0.0**	0.0	-0.1	0.0	**-0.8**
Consumer Discretionary	**-0.4**	-0.1	-0.3	0.0	**-0.7**	0.1	-0.8	0.0	**-1.1**
Consumer Staples	**1.4**	1.4	0.0	0.0	**-1.3**	-1.0	-0.3	0.0	**0.1**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**-0.3**	0.0	-0.3	0.0	**0.2**	-0.3	0.4	0.1	**-0.1**
Health Care	**0.9**	0.5	0.4	0.0	**-0.8**	-0.3	-0.4	-0.1	**0.1**
Industrials	**2.2**	0.5	1.7	0.0	**-1.5**	-1.4	0.0	0.0	**0.7**
Information Technology	**0.1**	0.0	0.1	0.0	**-0.2**	-0.5	0.2	0.1	**-0.1**
Insurance	**0.1**	0.4	-0.2	0.0	**-0.9**	-0.4	-0.5	0.0	**-0.8**
Materials	**1.3**	1.0	0.4	0.0	**-0.8**	-0.4	-0.3	0.0	**0.5**
Media	**0.5**	0.3	0.2	0.0	**-0.1**	-0.1	0.0	0.0	**0.5**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**1.1**	1.0	0.0	0.0	**-0.2**	-0.1	0.0	0.0	**0.9**
Utilities	**0.2**	0.2	0.0	0.0	**0.0**	-0.4	0.4	0.0	**0.2**
Cash / Other									0.3
Total	7.4	5.0	2.4	0.0	-6.5	-4.8	-1.6	0.0	1.2

Top Contributors

Yara	0.6%	Long
Delhaize	0.6%	Long
Swatch	0.5%	Short
Drax	0.4%	Short
Faurecia	0.4%	Long

Top Detractors

STMicroelectronics	-0.5%	Short
Mediolanum	-0.4%	Short
Subsea 7	-0.4%	Long
Boskalis	-0.4%	Long
Beiersdorf	-0.4%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	1.2%												1.2%
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
2015	1.1%												1.1%
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%

Source: Citi Financial Services. 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. The fees and Total Expense Ratio are mentioned on page 4 of this newsletter and the EBI document.

* Results in 2008 and 2009 are not fully representative of our current quantitative investment strategy. During 2009 we have reshaped our investment team to a more quantitative profile and have given risk management and portfolio optimization a prominent role in our day-to-day process.

SaemorCapital

Europe Alpha Fund

Monthly Report – January 2015

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
Minimum Investment EUR (A/C/B)	10k/50m/100m
Frequency Subs & Reds	Monthly
Notice Period Subs & Reds	5 /15 days
Early Redemption Fee	max 1.0%
Management Fee (A/C/B)	1.5%/1.25%/1.0%
Performance Fee (A/C/B)	20%/17.5%/15%
High Watermark	Yes
Ongoing Charges Figure 2013 (A/B) *	1.59%/1.09%

Management

Manager	Saemor Capital
Administrator	Citibank Europe
Depositary	Citibank International
Prime Brokers	Morgan Stanley, BoA ML, UBS
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, 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
Tel +31 (70) 756 8009
Mob +31 (6) 5209 4812

Mary Kahng – Investor Relations Manager
marykahng@saemor.com
Tel +31 (70) 756 8007
Mob +31 (6) 1384 8931