SaemorCapital

Europe Alpha Fund

Monthly Report – February 2015

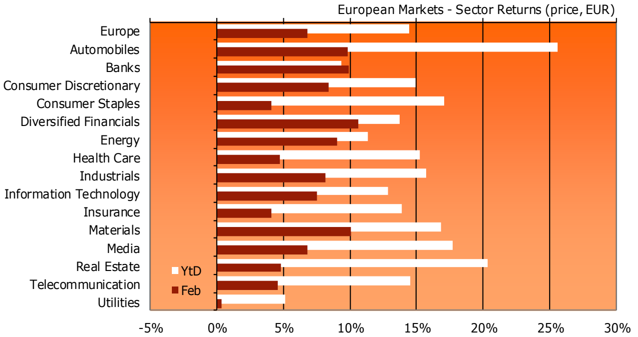
Fund Performance

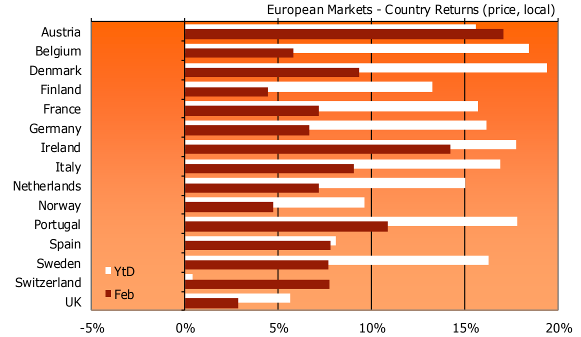
	February	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (27-Feb-2015)	Inception
Share Class B	**2.6%**	**3.8%**	7.3%	15.7%	24.1%	13.9%	11.4%	EUR 1442.57	26-Jun-2008
Share Class A	**2.4%**	**3.5%**	6.7%	14.6%	22.2%	12.8%	10.0%	EUR 1514.85	26-Jan-2009

February was a solid month for the Fund. The long book made a strong contribution to the fund return. Due to the strong market rise, the shorts contributed negatively, but they rose less than the market and the long book. Jewelry maker Pandora was the star performer and added 77 basis points. The style environment was challenging. Since late January we have seen a break in factor leadership as risk-on strategies started to perform well on the back of an improving landscape for the European economy and the rebound of oil prices. Our tactical factor allocation, which advocates exposure to Value at the expense of Momentum factors, made a strong contribution to the overall result. Value was the best performing style with Cyclical Value measures especially Price-to-Book delivering strong returns. High beta stocks and small caps significantly outperformed. Price and Earnings Momentum drew down significantly. Profitability (e.g. ROE) and most Quality factors also ended in the red as a result of the decreased risk aversion.

Market Developments

European equities rallied strongly in February (+6.8%), continuing their impressive start to the year. A convincing QE strategy by the ECB, receding Greek concerns, improving macro data and broadly better than expected earnings reports unclogged new flows which boosted markets across Europe, making it the best performing region in 2015. Over the last several months, European growth indicators have turned the corner. Investor risk appetite rebounded further. The V2X volatility index declined materially. Market leadership rotated from defensive bond-proxies to more cyclical assets. Peripheral equities performed strongly on the back of this. Core euro markets weren't left behind by much, with Germany and France both returning 7%. The UK was at the other end of the spectrum as it only rose 3%. Sector-wise, Materials, Banks, Automobiles and Energy each gained 9 to 10%, while Insurance and defensive sectors underperformed. Core euro rates traded roughly flat through February with 10year Bunds ending the month at 33bp. Gilt and Treasury yields ended February 35bp respectively 45bp higher. February was another strong month for both European IG and HY credit. Commodities rallied as Brent oil prices rebounded 18%. Precious metals were notable underperformers. The euro remained volatile but on balance only declined slightly, losing 0.8% against the dollar as yield differentials turned further negative for the euro.





Investment Outlook & Strategy

The overall climate for European equities remains conducive. Signs of a recovery are gaining momentum with lead indicators in the eurozone continuing their upward trajectory. Furthermore, credit growth has turned positive for the first time since 2008. EPS revision ratios have moved to the strongest levels since 2010 and are close to entering into positive territory. The benefits of the falling euro and oil price are a big tailwind for earnings, especially for cyclicals. European equities still look attractive on trend earnings and on a cross-asset basis. However, actual earnings valuations are somewhat extended. This is not an issue as long as the recovery gains further traction and corporates are able to rebuild margins from their currently depressed levels. Europe is increasingly better able to withstand potential circuit breakers, like Greece and Ukraine/Russia. But in the absence of any material negative shock, we see most of the risk coming from the other side of the Atlantic ocean. Consensus expectations are that the Fed will start to raise rates in the second half of 2015. This will partly neutralize the asset purchases done by the ECB and BoJ. In the meanwhile, earnings revisions and economic surprises in the US have turned for the worse.

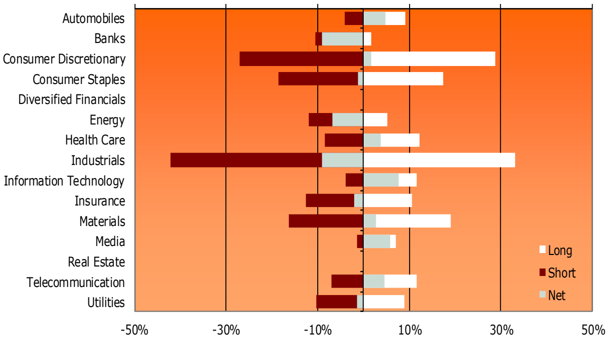
We stick to our tactical factor positioning of being overweight Value. Value is typically favored in the recovery phase of the cycle. It is also a strong hedge to macroeconomic risks, primarily reversals in the oil price, dollar and interest rates. Moreover, declining deflation forces are leaving valuations of quality stocks extended as they trade on near-record multiples.

Key Portfolio Information

Total Net Assets (in mln)	€513 / $574	Net Exposure Beta-Adj	-0.01
Outstanding Shares (B/A)	350027 / 5183	Beta (ex post, 3Y monthly data)	0.00
Number of Long Positions	120	Volatility (ex ante, short-term risk model)	6.6%
Long Positions (% of NAV)	176.2%	Volatility (ex post, 3Y monthly data)	9.9%
Number of Short Positions	101	VaR (1 day / 95% conf)	0.5%
Short Positions (% of NAV)	-174.7%	Long Liquidity (avg)	0.41 days
Gross Exposure (% of NAV)	350.9%	Short Liquidity (avg)	0.29 days
Net Exposure (% of NAV)	1.5%	Portfolio Turnover (/GAV)	0.6

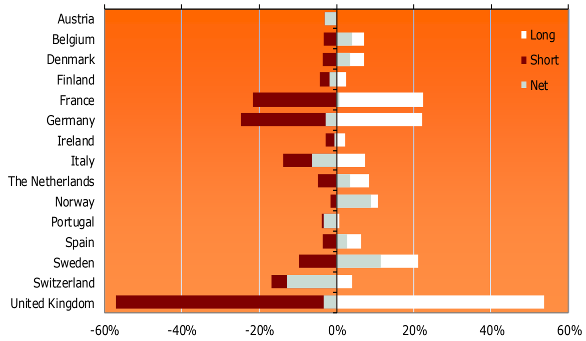
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

	Model Score	As % NAV
ENEL	97	3.3%
CARNIVAL	89	3.3%
WPP	89	3.3%
BERKELEY	94	3.3%
BELLWAY	88	3.2%

- Enel generates and distributes electricity, predominantly in Italy and Spain. Concerns over leverage are abating as the management seems able 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.
- Carnival owns and operates cruise ships. It benefits from strong economic outlook and improving consumer spending in the US, seeing most of its revenues comes from North America. Earnings upgrade has been strong, led by its operational net yield turning from a negative territory to a positive range in Q4-2014. This earnings momentum has been further supported by increasing visibility of management strategy, cost and revenue synergy and improved stewardship of the company assets.
- WPP is an advertisement firm in the UK, servicing a wide range of companies around the world. As consumer spending in the US and the UK have been strong, the company has posted solid 2014 results and the outlook for 2015 was positive as well both on the revenue and the margin side. Analysts have been upgrading 2015 earnings numbers for 6 consecutive months now.
- Berkeley is engaged in residential-led property development focusing on urban regeneration and mixed-use developments in the UK. It is a high quality company with a proven track record throughout the cycle. Although London's market conditions are tempered and there is an overhang of the new tax regime, the impact is limited because its growing land bank provides considerable reassurance for cash return to investors. The shares are attractively valued with a dividend yield close to 7%.
- Bellway is a UK house builder. Its shares are trading at a discount compared to similar companies, despite a solid track record and lower risk profile. Bellway virtually has no leverage and has a limited use of land creditors and other trade creditors. Bellway offers an attractive return with a post-tax ROE growing from 11% to 15% in 2014. Earnings revision has been strong, driven by better top line growth.

Top Short Positions

	Model Score	As % NAV
SGS	4	-3.4%
DIAGEO	5	-3.3%
ADIDAS	11	-3.3%
SPORTS DIRECT	5	-3.2%
VIVENDI	12	-3.2%

- SGS is involved in testing and inspection of global trade products such as oil, chemicals and consumer products. This has been a stable growth and very profitable industry, making the company a quality/safe play within the industrials sector. The earnings outlook for 2015 was very weak, but the stock has rebounded from the initial negative reaction. Earnings expectations for 2015 and 2016 are coming down due to the stronger Swiss Franc, yet the shares are still trading at a 23x earnings multiple.
- Diageo is a global beverages company. It is trading at a premium valuation. Diageo's earnings have been deteriorating, due to underperformance of its core brands. Slow growth in North America is adding to the pressure in Latin America and Africa. Diageo's medium term organic sales growth and EBIT growth compares unfavorably to its sector peers.
- Adidas engages in sports footwear, apparel and accessories. The company is facing margin pressure that is unlikely to abate in the near term due to the turmoil in Russia, emerging market currencies headwind, inventory glut in the golf segment and increasing marketing efforts. Adidas' valuation is above its long term average despite a series of profit warnings and low earnings visibility.
- Sports Direct is a sports retailer. Its international and online business lines are showing signs of moderation. The company scaled up its international business with acquisitions, but its own brand remains less well known. Its online business is also struggling to grow given a larger base. In line with most apparel retailers, Sports Direct shares are trading in high multiples while earnings momentum is muted. Its profitability and growth profile is however less favorable than its closest peers.
- Vivendi is a media company and a large telco operator in France and abroad. The company operates in challenging areas and has low organic growth. Vivendi has recently sold its GVT assets at a discount. The stock has underperformed the market since the start of FY15.

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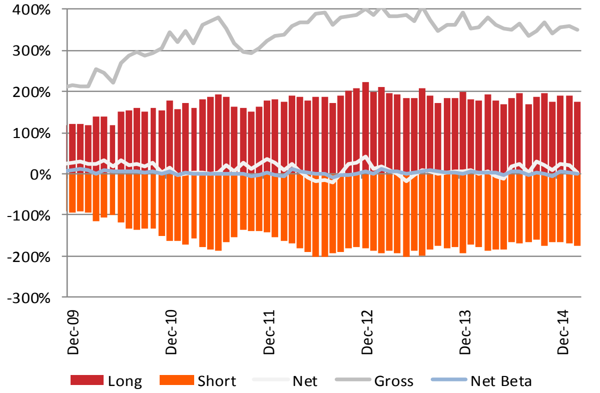
Exchange Liquidity Breakdown

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 95% 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%	95.0%
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	**1.2**	0.7	0.4	0.0	**-0.9**	-0.3	-0.6	0.0	**0.3**
Banks	**0.9**	0.8	0.1	0.0	**-0.9**	-0.6	-0.3	0.0	**-0.1**
Consumer Discretionary	**1.9**	0.7	1.1	0.0	**-0.8**	-0.7	-0.1	0.0	**1.1**
Consumer Staples	**0.9**	0.5	0.2	0.1	**-0.4**	-0.3	-0.1	0.0	**0.4**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.4**	0.0	0.4	0.0	**-0.6**	-0.5	-0.1	0.0	**-0.2**
Health Care	**0.5**	0.5	0.1	0.0	**-0.2**	0.1	-0.2	0.0	**0.4**
Industrials	**3.0**	0.4	2.6	0.0	**-3.4**	-1.8	-1.6	0.0	**-0.4**
Information Technology	**0.7**	0.0	0.5	0.2	**-0.3**	-0.3	0.0	-0.1	**0.4**
Insurance	**0.7**	0.4	0.2	0.0	**-0.4**	-0.2	-0.2	0.0	**0.2**
Materials	**1.3**	1.2	0.0	0.0	**-1.2**	-0.7	-0.4	0.0	**0.1**
Media	**0.3**	0.2	0.1	0.0	**-0.1**	-0.1	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	**0.5**	0.5	0.0	0.0	**-0.3**	-0.2	-0.1	0.0	**0.2**
Utilities	**0.3**	0.2	0.1	0.0	**0.0**	0.2	-0.2	0.0	**0.3**
Cash / Other									-0.5
Total	**12.5**	6.3	5.9	0.4	**-9.5**	-5.5	-3.9	-0.1	**2.6**

Top Contributors

Pandora	0.8%	Long
Securitas	0.5%	Long
Subsea 7	0.5%	Long
Duerr	0.4%	Long
Faurecia	0.4%	Long

Top Detractors

Nokian Renkaat	-0.6%	Short
CRH	-0.5%	Short
Regus	-0.4%	Short
adidas	-0.4%	Short
ASOS	-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%	2.6%											3.8%
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%	2.4%											3.5%
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.

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Europe Alpha Fund

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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 2014 (A/B) *	1.62%/1.12%

Management

Manager	Saemor Capital
Administrator	Citibank Europe
Depositary	Citibank International
Prime Brokers	Morgan Stanley, BoA ML, Barclays
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.

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