SaemorCapital

Europe Alpha Fund

Monthly Report – August 2016

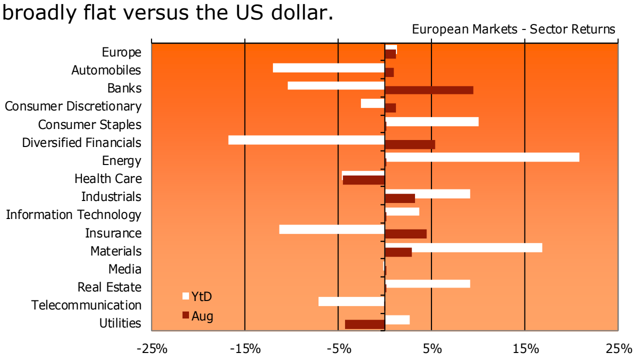
Fund Performance

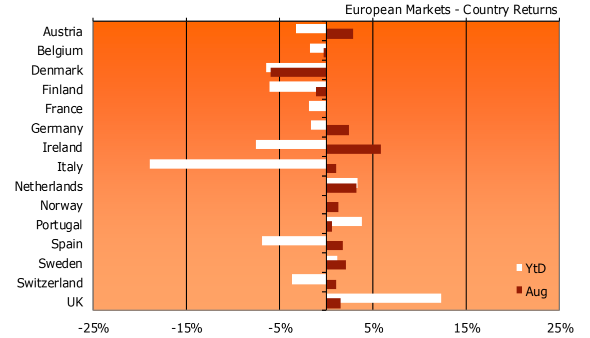
	August	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	NAV (31-Aug-2016)	Inception
Share Class B	**-3.2%**	**-13.6%**	-5.8%	-7.1%	-13.3%	12.2%	7.9%	EUR 1352.94	26-Jun-2008
Share Class A	**-3.2%**	**-13.9%**	-5.9%	-7.3%	-13.8%	10.9%	6.6%	EUR 1404.1	26-Jan-2009
Share Class D	**-3.2%**	**-13.9%**	-5.9%	-7.3%				EUR 861.09	31-Dec-2015

The Saemor Europe Alpha Fund lost 3.2% in August. European equity markets are still behaving as if we are in a recovery phase, with value and risk factors outperforming and most other factors retreating. This is a difficult period for the model, as most of our macro indicators in Europe do not warrant a recovery stance. Also, again after Q2, most earnings surprises still steer us away from higher risk deep value names. Furthermore, outflows from actively managed European equity funds – both long only and hedge funds – are putting pressure on the reasonably valued higher quality names with good momentum, which we typically own. For most of the days in August, we saw gradual intraday declines in performance for the portfolio, indicating continued selling of well owned stocks across the board. Our long book only posted a modestly positive performance in a rising market, while our short book fared poorly as higher risk names, small caps and stocks with poor earnings momentum did well. Balfour Beatty, Credit Suisse, Jyske Bank and Brenntag were among the biggest detractors for the month, but none of them stood out, as negative contributions were spread out. On the positive side, Danish Industrials Vestas Wind and DFDS posted strong performance and our short position in Fresnillo improved as precious metal prices seem to have peaked.

Market Developments

European equities inched up 1% during the month. Earnings season in Europe came to a close with most companies beating consensus estimates. The Eurozone Composite PMI increased to 53.3. The ECB said that downside risk to growth had likely subsided. Positive US economic data increased the chance of a rate hike in December 2016. On a more negative note, we saw weakness in macro indicators such as the European money supply growth, German IFO and OECD Leading Indicator. Since the middle of August, economic surprise indicators turned marginally negative. Investors moved further up the risk spectrum. Cyclicals outperformed defensives in general, with the best performing sectors being Banks, Insurance and Industrials. Healthcare and Utilities were the laggards. Of the main markets, German and UK stocks continued their positive run while French stocks were broadly flat. Bunds and Treasuries ended the month modestly down, while Gilts rates were extremely well bid and peripheral spreads tightened somewhat. European credit remained firm in August. Commodities rose, mostly driven by a strong oil price following OPEC rumours around a production freeze. Precious and industrial metal prices were under pressure. The euro and UK pound were broadly flat versus the US dollar.





Investment Outlook & Strategy

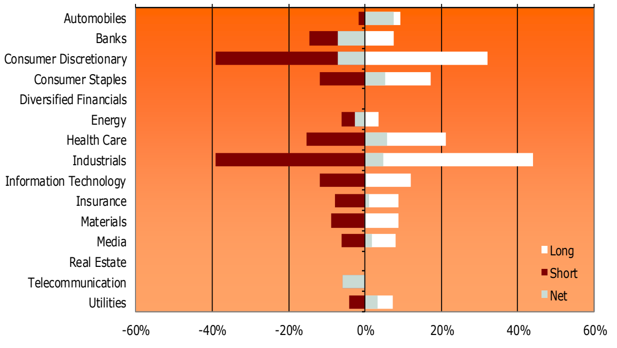
We maintain our cautious stance on European equity markets, underweighting Momentum factors in our multi factor model. In August, we slightly fine-tuned our tactical factor weights, now favouring free cash flow yield instead of Stability factors. Leading macro indicators currently point towards a defensive stance. As rate increases are becoming more likely in the US and Draghi is signalling a limit to European bond purchases, the risk in the coming months is on the downside. Sentiment is looking stretched on quantitative metrics, while political risk is expected to resurface with the upcoming referendum in Italy and elections in France, Germany and the United States. The recent outperformance of cyclicals has become overextended. The rebound in commodity prices that started in February also seems to have run its course. We are currently running the Fund with limited (sub) sector bets, a low net position and as such a low ex-ante risk profile. Once economic trends become more prevalent and outflows from actively managed European equity funds subside, we may become more directional in our factor allocations and sector positioning. The biggest risk to the fund is currently our short position in lower quality Financials. Increasing bond yields on the back of recent economic momentum in Europe and the US have driven investors back into peripheral European Banks and Insurers.

Key Portfolio Information

Total Net Assets (in mln)	€421 / $469	Net Exposure Beta-Adj	0.02
Outstanding Shares (B/A)	292855 / 16730	Beta (ex post, 3Y monthly data)	0.07
Number of Long Positions	116	Volatility (ex ante, short-term risk model)	4.7%
Long Positions (% of NAV)	179.9%	Volatility (ex post, 3Y monthly data)	9.4%
Number of Short Positions	118	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-172.6%	Long Liquidity (avg)	0.4 days
Gross Exposure (% of NAV)	352.6%	Short Liquidity (avg)	0.33 days
Net Exposure (% of NAV)	7.3%	Portfolio Turnover (/GAV)	0.6

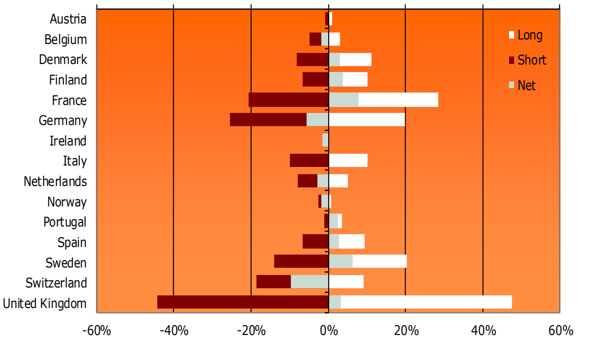
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

French, Swedish, Finnish, British, Danish, Spanish and Portuguese stocks are overweight in the portfolio, whereas stocks in Switzerland, Germany, The Netherlands, Norway, Belgium and Ireland are underrepresented. The Fund is neutral in the Italy and Austria.



Top Long Positions

	Model Score	As % NAV
ACS	100	3.2%
WPP	99	3.2%
JD Sports	99	3.2%
Carnival	97	3.2%
UPM	98	3.2%

- ACS is a Spanish industrial company that offers engineering and construction services to civil and industrial infrastructure. Earnings for the company have held up very well despite lower energy prices and a shrinking Spanish government budget. The company posted a positive outlook for the rest of the year in Q2 and at 11x 2016 earnings, the shares are not expensive.
- 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.
- JD Sports is a leading trainer and sports fashion retailer in the UK. It has shown steady earnings growth over the years and analysts are positive on its future earnings. The company has lowered its financial gearing and now has relatively little debt left. Its share price has fully recovered after Brexit and is strongly up for the year. It still trades at reasonable multiples compared to its peers.
- Carnival is the world's largest cruise ship operator. With over 50% of its revenue coming from North America, it benefits from the resilience in the region. This is reflected in its Q2 results, where its net yield was better than expected, driven by stronger pricing on bookings for its North American brands. While Asia and Australia were behind on pricing due to capacity increase, cumulative advance bookings remained ahead at higher prices. Carnival generates healthy free cash flow and scores above average on profitability and quality metrics.
- UPM is a paper and packaging 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, helped by improving paper prices. At 13x 2017 earnings, the company is attractively valued, especially when compared to other materials companies under pressure from a global manufacturing slowdown.

Top Short Positions

	Model Score	As % NAV
Whitbread	2	3.2%
Luxottica	3	3.2%
Coloplast	17	3.2%
ADP	3	3.1%
AB InBev	17	3.1%

- Whitbread operates hotels, restaurants and coffee shops, primarily in the UK. It is one of the most negatively affected stocks in the event of Brexit due to its high exposure to corporate spend. Amidst growing competition from dotcom companies, profits are under pressure due to a costly expansion program. The growth of its coffee business, Costa, is stagnating.
- Luxottica designs and manufactures premium and fashion eyewear. The Italian company distributes its products around the world through its retail chains, with over 80% of sales outside of Europe. The H1 results were lackluster, and the company lowered its guidance for 2016. Analysts revised their earnings expectations accordingly. Even though the stock lost a quarter of its value YTD, it is still expensive versus its peers at 24x 2017E.
- Coloplast sells intimate health care products and services. It is a quality company priced for perfection. Its current valuation does not reflect the likely material slowdown in EPS growth, as Coloplast's historical strong EPS growth was mainly driven by one-off cost restructuring programmes. Earnings risk is increasing as the Speedi Cath patent expires in 2017 and emerging market growth does not deliver as expected.
- Aeroports de Paris (ADP) 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. ADP as well as its peer Frankfurt Airport Services are seeing declines in profitability, but the recent downgrades have been more stark in Paris. At 21x 2016 earnings, the company is expensive enough for us to expect more downside still.
- AB Inbev is the largest brewer in the world. As a third of its revenue and its profit is generated in Latin America, the company suffers from challenging macro environment in the region, especially Brazil. US, its other main market, still shows benign trends overall, although the sharp decline in craft beer continues, pushing the profitability down. The shares are trading at a significant premium, while earning upgrades have been muted.

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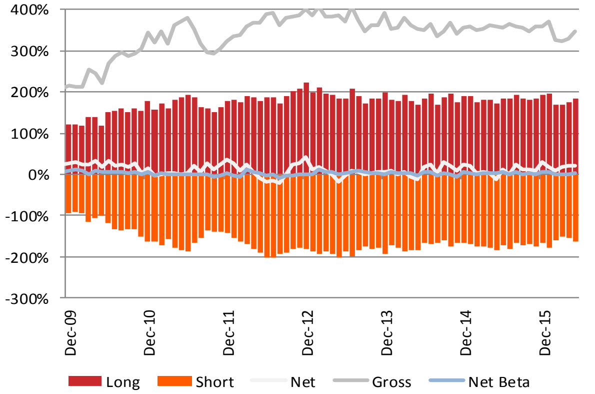
Exchange Liquidity Breakdown

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 current market 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	93.5%	95.8%	94.7%
Within 1 Week	98.0%	99.3%	98.6%
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	**0.2**	0.2	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.2**
Banks	**0.4**	0.4	0.0	0.0	**-1.2**	-0.8	0.0	0.0	**-0.8**
Consumer Discretionary	**0.2**	0.2	0.0	-0.1	**-1.2**	-0.3	0.0	0.0	**-1.0**
Consumer Staples	**0.2**	0.1	0.2	-0.1	**-0.1**	0.0	-0.1	-0.1	**0.1**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.2**	0.2	0.0	0.1	**-0.4**	-0.2	0.0	0.0	**-0.2**
Health Care	**-0.6**	-0.6	0.1	0.0	**0.5**	0.3	0.0	0.0	**-0.1**
Industrials	**0.9**	0.5	0.5	-0.1	**-1.6**	-0.3	-0.2	-0.2	**-0.7**
Information Technology	**0.1**	0.0	0.0	0.0	**-0.2**	0.0	-0.1	-0.1	**-0.1**
Insurance	**0.3**	0.2	0.0	0.0	**-0.4**	-0.1	0.0	0.0	**-0.1**
Materials	**0.1**	0.1	0.0	0.0	**-0.2**	0.0	0.0	0.0	**-0.1**
Media	**0.1**	0.0	0.0	0.0	**-0.1**	0.0	0.0	0.0	**0.0**
Real Estate	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Telecommunication	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Utilities	**0.0**	0.0	0.0	0.0	**0.1**	0.1	0.0	0.0	**0.1**
Cash / Other									-0.3
Total	**1.8**	1.2	0.8	-0.2	**-4.7**	-1.2	-0.3	-0.3	**-3.2**

Top Contributors

Vestas Wind	0.4%	Long
DFDS	0.3%	Long
Fresnillo	0.3%	Short
InterContinental Hotels	0.2%	Long
BHP Billiton	0.2%	Long

Top Detractors

Balfour Beatty	-0.5%	Short
Geberit	-0.4%	Short
Credit Suisse	-0.3%	Short
Jyske Bank	-0.3%	Short
Brenntag	-0.2%	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%					-13.6%
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%					-13.9%
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%					-13.9%

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.

Europe Alpha Fund

Monthly Report – August 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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