SaemorCapital

Europe Alpha Fund

Monthly Report – January 2017

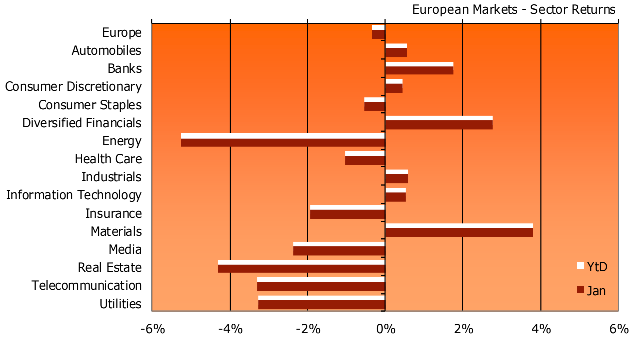
Fund Performance

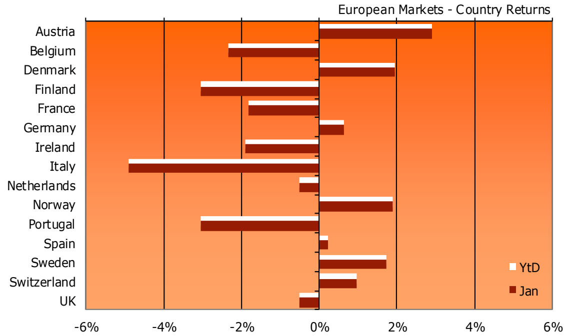
	January	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (31-Jan-2017)	Inception
Share Class B	**0.4%**	**0.4%**	-1.5%	1.2%	-5.8%	8.0%	7.6%	7.9%	EUR 1413.52	26-Jun-2008
Share Class A	**0.3%**	**0.3%**	-1.6%	0.9%	-6.3%	6.8%	6.6%	6.8%	EUR 1463.88	26-Jan-2009
Share Class D	**0.3%**	**0.3%**	-1.6%	0.9%	-6.3%				EUR 897.76	31-Dec-2015

The Saemor Europe Alpha Fund started the year on a positive note, ending the month up +0.4%. Individual company announcements helped the Fund, as underlying trends and our multifactor model were not conducive to positive performance. Our overweight in Value (both defensive and cyclical) at the expense of Quality and Price Momentum did not work in January as Price Momentum was the best performing style for the month. Value underperformed somewhat, and so did most quality metrics. The cyclical value rally we saw at the end of last year came to a halt halfway through the month. Despite this, high beta stocks and small caps outperformed in January, benefitting the portfolio. Top detractors were Zodiac (short, take-over bid from Safran), Standard Chartered (short) and UPM Kymmene (long, disappointing earnings). Top performers were Yoox (short), ASR (long), Lenzing (long), Daily Mail (short) and Nokia (short), all because of 2017 outlook changes.

Market Developments

European equities ended slightly negative (-0.3%) after a very strong end to the 2016 and early gains into the New Year. On the macro front, the trend of improving leading indicators continued. M&A activity was very strong. The earnings season also got off to a strong start. The British PM, Theresa May, outlined her position ahead of negotiations with the EU over Brexit, which triggered a risk-off move in European markets in the latter half of January. European equities also felt the impact of policy uncertainty, rising sharply in the US after President Donald Trump's inauguration. The countries that outperformed were Austria, Norway and Denmark. Italy, Finland and Portugal were the worst performers. From a sector perspective, Energy was the worst performer. Rate-sensitive sectors suffered with Real Estate, Telecommunications and Utilities falling in value. The leading sectors included Materials and Banks. German 10y bund yields rose 25bps, with QE tapering concerns starting to weigh on bonds. In addition, the Gilt curve bear flattened, while Treasuries were broadly stable. Brent crude ended January down circa 2%, while other key commodity prices rose. The best performing commodity was Industrial metals, followed by gold. All European currencies appreciated against the US dollar on comments from Trump calling the dollar "too strong" and US economic policy uncertainty re-emerging.





Investment Outlook & Strategy

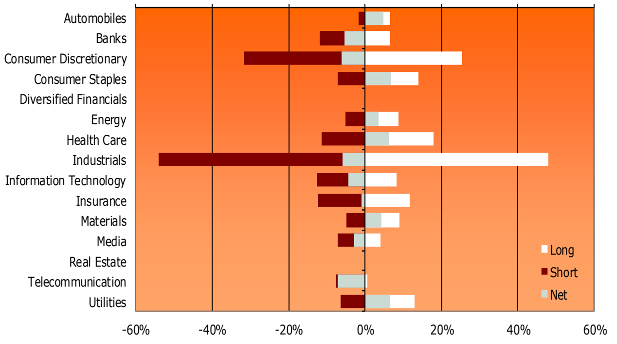
At the start of February we recalibrated our factor models and also re-tuned the tactical factor weights. Our style rotation models indicate that the European economy has moved from the recovery phase towards the growth phase. This has resulted in a more balanced outlook as opposed to the pro-risk stance we've had in the past three months. With January and the post-election rally behind us, we don't see much more room for further upside in risky assets. Economic activity and data points have been strong across the world and especially in Europe, where monetary easing is still on the table, in contrast to the US. We continue to be long European exporters such as Automobiles, Health Care and Energy. On the short side we prefer more expensive stocks in sectors such as Consumer Discretionary, Industrials and Telecoms. Banks remain underweight, despite a stronger European economy, as earnings continue to be hit by charges and fines. Our portfolio should do well if North American and Northern European economies continue to grow.

Key Portfolio Information

Total Net Assets (in mln)	€434 / $469	Net Exposure Beta-Adj	0.05
Outstanding Shares (B/A)	292824 / 12617	Beta (ex post, 3Y monthly data)	0.00
Number of Long Positions	106	Volatility (ex ante, short-term risk model)	6.8%
Long Positions (% of NAV)	173.4%	Volatility (ex post, 3Y monthly data)	9.0%
Number of Short Positions	109	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-173.5%	Long Liquidity (avg)	0.45 days
Gross Exposure (% of NAV)	347.0%	Short Liquidity (avg)	0.42 days
Net Exposure (% of NAV)	-0.1%	Portfolio Turnover (/GAV)	0.6

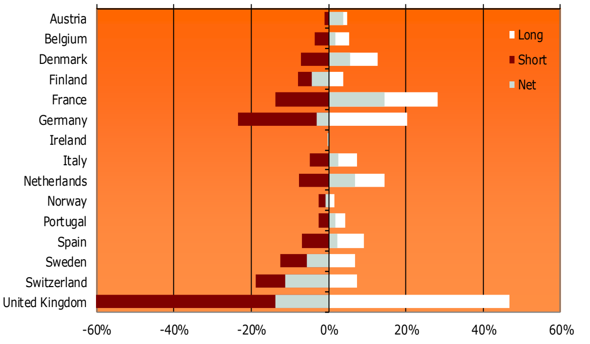
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

French, Dutch, Danish, Austrian, Italian, Spanish, Portuguese and Belgium stocks are overweight in the portfolio, whereas stocks in the United Kingdom, Switzerland, Sweden, Finland and Germany are underrepresented. The Fund has a neutral position in Norway and Ireland.



Top Long Positions

	Model Score	As % NAV
Vestas Wind	99	3.1%
DFDS	90	3.1%
QinetiQ	99	3.1%
Philips Lighting	99	3.1%
Randstad	100	3.1%

- Vestas produces wind turbines. After a collapse in the share price in 2011-12 the company has seen a renaissance over the last 4 years. Despite market worries about an anti renewables Trump cabinet, Vestas has continued to exceed expectations in profitability (over 2016) and order intake in 2017 and beyond. At 15x 2017 earnings, the company is attractively valued given its revenue and earnings growth trajectory.
- DFDS is the leading integrated shipping and logistics company in Northern Europe, offering both freight and passenger services. The company has done very well over the last few years, having benefitted from a restructuring, a fall in the oil price and a stabilization of Northern European economies. The company has been raising its dividend and EBITDA expectations for 2017 came in ahead of expectations.
- QinetiQ is a science and research company offering its services predominantly to the US and UK government. After a lackluster 2016 share price performance, the company increased its outlook for 2017 and 2018, with both aerospace and defense doing well. Given the uncertainty about Brexit and a possible new role of the US in global affairs, we expect the sector not to underperform.
- Philips Lighting manufactures lamps and lighting systems. Margins for LED, home lighting systems and light bulbs are attractive but growth and innovation is limited. The company has recently announced it will be buying back more shares than expected and is raising dividends. Philips still owns 55% of the shares. The overhang should not concern investors too much, because at 10 times earnings the shares are very inexpensive relative to the sector.
- Randstad is a Dutch staffing company with a focus on the Benelux, Western Europe and North America. With unemployment edging down in developed markets, Randstad has seen its operations improve drastically over the last half year. Most staffers rank well in our model, with Randstad being most attractive, based on its modest valuation of 13x 2017 earnings.

Top Short Positions

	Model Score	As % NAV
Handelsbanken	1	3.3%
Fielmann	3	3.3%
Geberit	4	3.2%
Rentokil	1	3.2%
Hennes & Mauritz	4	3.1%

- Handelsbanken's earnings are under pressure. Low Swedish rates and Handelsbanken's UK branch network following 'Brexit' are a drag, even for highly-regarded management. Potentially changing capital requirements, especially for mortgages, may hit Handelsbanken's capital ratios hard and put a lid on dividend growth.
- Fielmann is the largest optical chain in continental Europe. Through its subsidiaries, the company sells visual aids and other optical products. In Q3 2016, its multi-year positive trend was broken by a profit warning. Store traffic flows became more volatile and the defensiveness of the business was put to a test. As earnings estimates were downgraded, the share price plummeted. Yet, Fielmann is trading at 32x PER after the correction, still a large premium to its peers.
- Geberit manufactures and supplies sanitary systems and related products for the commercial and residential construction markets. As a defensive company within a cyclical sector, the company has outperformed Emerging Market related names over the past two years. With no earnings upgrades, moderate growth and trading at 24x 2017 earnings, the shares seem very expensive.
- Rentokil offers facilities management and support services to government and commercial organizations. The company's shares have outperformed the broader market in 2015 and 2016, but earnings expectations for 2017 have recently been coming off. At 20x 2017 earnings we feel the shares are overvalued, as cleaning hallways should not be considered a high margin growth business.
- H&M sells fashion apparels. It operates mainly in the UK, US and Germany, where it is facing pricing pressure due to increased proliferation of value apparel retailers. Whereas its EPS in Q4 surprised to the upside, there are no upgrades to outer years. In the past six years, the company has been paying out more dividend than it has generated in free cash flow. H&M's 21x PER does not reflect its decelerating growth, weakening balance sheet and poor cash conversion.

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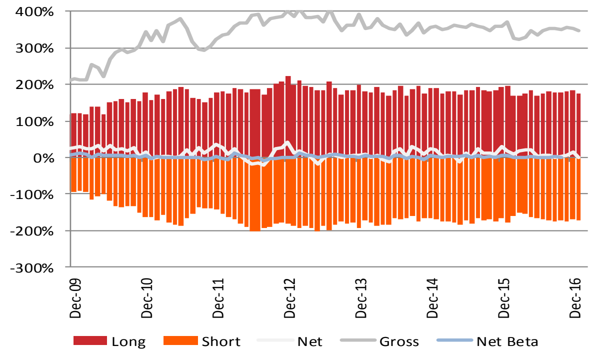
Exchange Liquidity Breakdown

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 93% of the portfolio can be liquidated within 3 days.

Liquidity	Long	Short	Portfolio
Within 3 Days	92.5%	94.2%	93.4%
Within 1 Week	97.8%	98.2%	98.0%
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	**0.6**	0.6	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.6**
Banks	**-0.1**	-0.1	0.0	0.0	**-0.9**	-0.6	-0.3	0.0	**-1.0**
Consumer Discretionary	**0.4**	0.2	0.2	0.0	**-0.1**	-0.4	0.3	0.0	**0.3**
Consumer Staples	**-0.3**	0.0	-0.4	0.0	**0.2**	0.1	0.1	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	**-0.5**	-0.2	-0.1	0.0	**0.2**	0.2	0.1	0.0	**-0.3**
Health Care	**0.1**	0.2	-0.1	0.0	**-0.2**	-0.2	0.1	-0.1	**-0.1**
Industrials	**0.9**	0.6	0.2	0.1	**-0.2**	-0.7	0.5	0.0	**0.7**
Information Technology	**0.2**	-0.1	0.2	0.0	**-0.2**	0.3	-0.5	0.0	**0.0**
Insurance	**0.3**	-0.1	0.3	0.0	**0.1**	0.2	0.0	0.0	**0.4**
Materials	**0.6**	0.1	0.4	0.0	**-0.4**	-0.4	0.0	0.0	**0.2**
Media	**0.1**	0.0	0.0	0.0	**0.0**	-0.2	0.2	0.0	**0.1**
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	**0.3**	0.2	0.1	0.0	**0.2**
Utilities	**-0.3**	-0.3	0.0	0.0	**0.0**	0.0	0.0	0.0	**-0.3**
Cash / Other									-0.3
Total	**1.8**	1.1	0.9	0.1	**-1.2**	-1.5	0.4	-0.1	**0.4**

Top Contributors

Yoox	0.3%	Short
ASR	0.3%	Long
Lenzing	0.3%	Long
Daily Mail	0.3%	Short
Nokia	0.3%	Short

Top Detractors

Zodiac	-0.4%	Short
Standard Chartered	-0.3%	Short
UPM	-0.3%	Long
Genmab	-0.3%	Short
Dufry	-0.2%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	0.4%												0.4%
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%												0.3%
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%												0.3%
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 – January 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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