SaemorCapital

Europe Alpha Fund

Monthly Report – June 2017

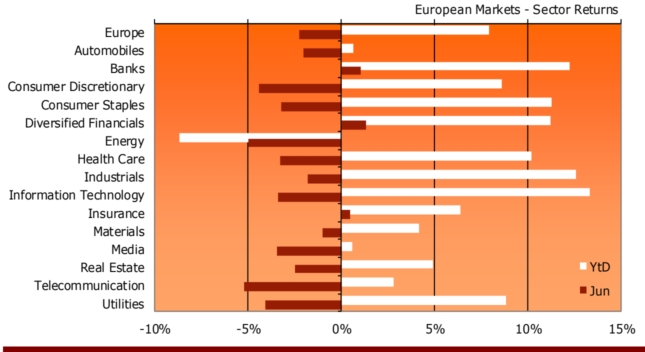
Fund Performance

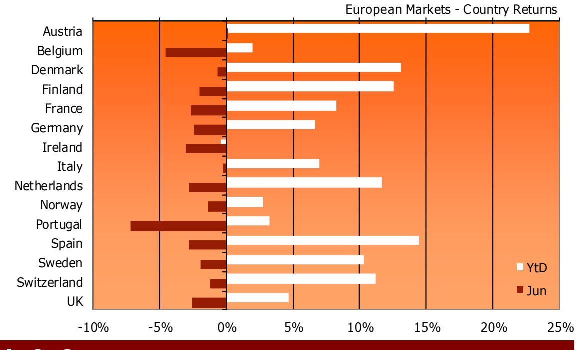
	June	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (30-Jun-2017)	Inception
Share Class B	**-0.4%**	**2.1%**	0.8%	2.1%	2.7%	6.4%	7.5%	7.8%	EUR 1437.79	26-Jun-2008
Share Class A	**-0.4%**	**1.8%**	0.7%	1.8%	2.2%	5.4%	6.5%	6.6%	EUR 1485.96	26-Jan-2009
Share Class D	**-0.4%**	**1.8%**	0.7%	1.8%	2.2%				EUR 911.3	31-Dec-2015

The Saemor Europe Alpha Fund posted a modest decline of 0.4% in June, bringing the year-to-date return to a positive 2.1%. Most factors in our multi factor model did reasonably well in June, but the outperformance of lower quality Banks and a drop in Energy and Materials stocks held the Fund back during the latter part of the month. With the market taking a step back since reaching highs in May, our defensive stance was on the mark, but style performances were less clear cut than the direction of the overall market. High beta and value stocks outperformed which coincided with an increase in 10 year rates. Next to this a decline in energy prices, UK stocks and GBP weakness were dominant themes for the Fund this month. On a name-by-name basis, the top contributors for the month of June were Lufthansa (up on declining fuel prices) and a short position in Hikma Pharmaceuticals. The top detractors were E.On on the short side (up on favorable news) and a long positions in JD Sports Fashion and auto parts maker Shaeffler (downgrade of its full year outlook).

Market Developments

After four months of successive gains, European equities fell -2.3% in June. In the UK, the election resulted in a hung parliament. In the last week of the month, hawkish comments from the ECB (and also from the BOE and BOC) caused the market to focus on tapering. This led to an increase in volatility. Europe's new bank resolution mechanism was tested. Spain's Banco Popular was rescued by Santander, and the "good" assets of two Italian banks were transferred to Intesa Sanpaolo. Banks and Insurers were the only sectors delivering positive returns, helped by the pick-up in bond yields. Every other sector ended the month in negative territory led by Telecommunication, Energy and Consumer Discretionary. Austria was the only country which did not end up in the red. Portugal, Belgium and Ireland were the worst performing markets over the month. Increasing fears of central bank tightening sent yields on the 10y bonds higher. European credit performance remained firm with spreads coming in marginally. Commodities were mixed. Prices of precious metals fell, while most industrial metals rose. Oil prices fell almost 5% as the OPEC production cut plan proved to be ineffective. The euro continued to strengthen in June (+1.7%). The pound rose slightly in June (+1.0%).





Investment Outlook & Strategy

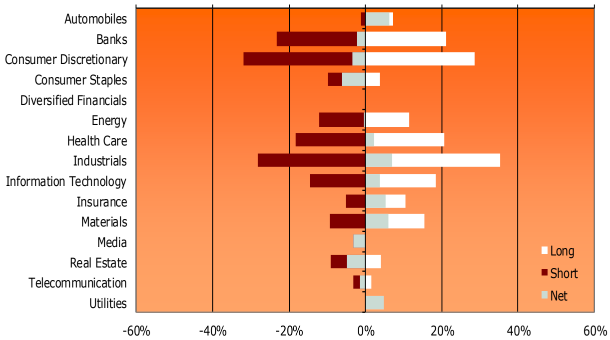
We have adopted a more cautious stance since early May, as expressed by tactically adding weight to Earnings Momentum and Quality factors. The market has since taken a step back, but style performances have not (yet) caught up with a declining market. Our underweight in Cyclical Value hasn't paid off yet as higher risk Financials have been holding up well. Seasonal patterns and our macro models suggest a continued risk-off period within European equity markets. On the consumer and manufacturing side we have seen signs of a slowdown. As global economic surprise indicators further deteriorated (multi-year low for the US) and monetary policy becomes less accommodative, we expect higher quality stocks to outperform riskier counterparts. In June we saw fewer positive revisions versus the prior month. After three strong quarters of earnings upgrades, companies are showing less optimism heading into the second half of the year partly caused by the strengthening of the euro. European stocks continue to look modestly expensive in absolute terms but very cheap against bonds. Inflows into European Equity funds could support the market in the coming months, but earnings delivery remains crucial for markets to make further gains from here.

Key Portfolio Information

Total Net Assets (in mln)	€420 / $472	Net Exposure Beta-Adj	0.12
Outstanding Shares (B/A)	280067 / 10496	Beta (ex post, 3Y monthly data)	0.00
Number of Long Positions	107	Volatility (ex ante, short-term risk model)	7.3%
Long Positions (% of NAV)	183.1%	Volatility (ex post, 3Y monthly data)	8.4%
Number of Short Positions	108	VaR (1 day / 95% conf)	0.8%
Short Positions (% of NAV)	-168.7%	Long Liquidity (avg)	0.31 days
Gross Exposure (% of NAV)	351.8%	Short Liquidity (avg)	0.38 days
Net Exposure (% of NAV)	14.3%	Portfolio Turnover (/GAV)	0.6

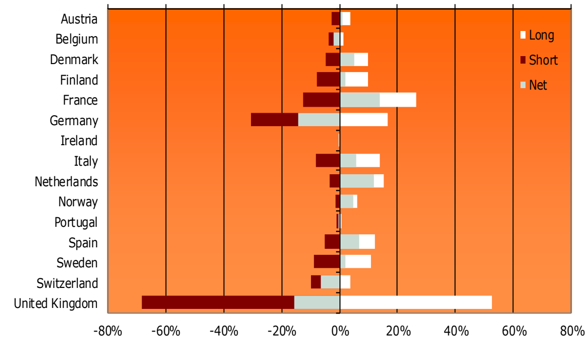
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

	Model Score	As % NAV
Lufthansa	100	3.2%
Vestas Wind	97	3.1%
ABN Amro	99	3.1%
Legal & General	97	3.1%
ASR Nederland	99	3.1%

- 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. Full year results and 2017 earnings expectations surprised on the upside and at only 7.5x 2017 & 2018 earnings, the shares have plenty of upside left.
- 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 17x 2018 earnings, the company is attractively valued given its revenue and earnings growth trajectory.
- ABN AMRO is a diversified bank with most of its lending to customers based in the Netherlands. Earnings and dividends are supported by a growing economy, increased efficiency and lower loan losses. A potential increase in risk weights for mortgages may weigh somewhat on future dividend growth, but profitability and the current valuation outweigh this risk.
- Legal & General has a strong brand in UK life insurance as well as asset management industry, where its index approach has led to substantial net inflows recently. There are concerns about the credit portfolio that backs the bulk-purchase annuities business but these seem overstated. The stock is attractively valued on 11x FY17 estimates, with a forward dividend yield of 6%, higher than some of L&G's peers.
- 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
Hennes & Mauritz	7	3.2%
Standard Chartered	6	3.2%
BT	11	3.2%
Credit Suisse	4	3.1%
Informa	1	3.1%

- H&M sells fashion apparels. It operates worldwide, but mainly in Europe and the US, where it is facing pricing pressure due to increased proliferation of value apparel retailers. In the past six years, the company paid out more dividend than it generated in free cash flow. Its target of 10-15% sales growth in FY17 seems challenging, which may lead to a continuation of earnings disappointments.
- Standard Chartered is an international retail and commercial bank focused on Asia, Africa and Middle East. Management recently has improved efficiency, exited businesses with small market share and rebuilt the balance sheet. The restructuring has started to bear fruit, but the valuation is now steep, especially compared to the bank's still modest return on equity and the valuation of its peers.
- BT Group provides telecommunication services. The UK accounts for 75% of its sales. Its pension deficit increased to almost GBP 14bn in June, above expectations, which will have implications for the cash flow. The company has also cut its dividend growth outlook. At the end of this year the new chairman will start and he may provide some fresh zeal, but near-term investor confidence will remain low.
- Credit Suisse operates in a competitive industry, which remains in structural decline. Its business model is dependent on leverage. The company has issued equity to strengthen the balance sheet and decided against selling a stake in its Suisse operations. The share price has reacted positively to management's actions, however now the valuation looks ahead of itself. The price/earnings ratio is higher than peers while the dividend yield is lower.
- 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 29.

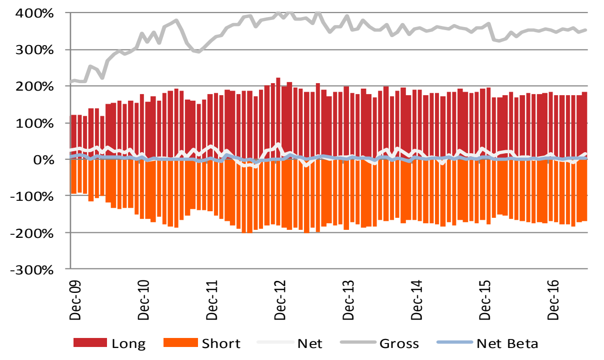
Exchange Liquidity Breakdown

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	97.4%	95.9%	96.7%
Within 1 Week	99.6%	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	-0.1	**-0.1**	0.0	-0.1	-0.1	**-0.6**
Banks	**-0.2**	0.0	-0.3	0.0	**-0.6**	-0.6	0.0	0.0	**-0.8**
Consumer Discretionary	**-1.6**	-1.1	-0.5	0.0	**1.4**	0.8	0.7	0.0	**-0.2**
Consumer Staples	**-0.1**	0.0	-0.1	0.0	**0.2**	0.2	0.0	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	**-0.7**	-0.3	-0.4	0.0	**0.6**	0.1	0.5	0.0	**-0.1**
Health Care	**-0.5**	-0.2	-0.4	0.0	**1.0**	0.4	0.6	0.0	**0.5**
Industrials	**0.4**	0.6	-0.2	0.0	**0.3**	0.0	0.3	0.0	**0.7**
Information Technology	**0.0**	0.1	-0.1	0.0	**0.5**	0.3	0.3	0.0	**0.5**
Insurance	**0.3**	0.1	0.2	0.0	**0.0**	0.0	0.0	0.0	**0.3**
Materials	**-0.3**	-0.2	0.0	0.0	**0.1**	0.0	0.1	0.1	**-0.2**
Media	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Real Estate	**0.2**	0.0	0.2	0.0	**-0.2**	0.0	-0.2	0.0	**0.0**
Telecommunication	**0.0**	0.0	0.0	0.0	**0.1**	0.2	0.0	0.0	**0.1**
Utilities	**-0.1**	-0.1	0.0	0.0	**-0.4**	-0.4	0.0	0.0	**-0.5**
Cash / Other									-0.2
Total	**-3.1**	-1.5	-1.5	-0.1	**2.9**	0.9	1.9	0.1	**-0.4**

Top Contributors

Lufthansa	0.4%	Long
Hikma	0.4%	Short
Greene King	0.3%	Short
Tullow	0.3%	Short
Merlin Entertainment	0.3%	Short

Top Detractors

E.ON	-0.4%	Short
JD Sports Fashion Plc	-0.3%	Long
Schaeffler	-0.3%	Long
Commerzbank	-0.3%	Short
QinetiQ	-0.3%	Long

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%	-0.4%							2.1%
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%	-0.4%							1.8%
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%								1.8%
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.

Europe Alpha Fund

Monthly Report – June 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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