Europe Alpha Fund

SaemorCapital

Monthly Report – November 2017

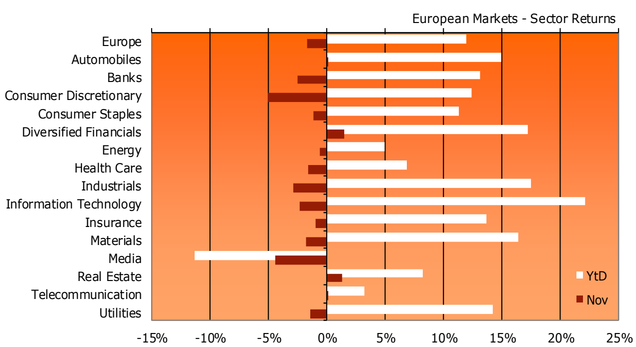
Fund Performance

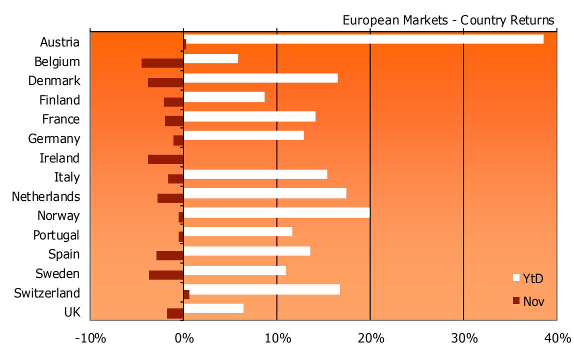
	November	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (30-Nov-2017)	Inception
Share Class B	**-2.9%**	**6.4%**	1.1%	3.8%	5.1%	3.7%	8.2%	7.7%	EUR 1498.43	26-Jun-2008
Share Class A	**-2.9%**	**5.9%**	1.0%	3.6%	4.5%	2.9%	7.2%	6.6%	EUR 1545.37	26-Jan-2009
Share Class D	**-2.9%**	**5.9%**	1.0%	3.6%	4.5%				EUR 947.74	31-Dec-2015

The Saemor Europe Alpha Fund lost 2.9% in November, reducing year-to-date gains to 6.4%. Our multi-factor model yielded a moderately negative return for the month and on top of that, a number of individual stocks posted earnings announcements that were not in line with our positioning. Earnings Momentum as a factor continued its strong run for the year, but most other styles posted negative returns. Although we were positioned for a slowdown and were overweight Earnings Momentum, many quantitative approaches struggled in November. Low Beta stocks did well in a market that was down for the month. Few individual names in the portfolio contributed materially to the performance, a short position in Altice being the main exception. The company has high debt levels and dropped 60% for the month after very disappointing earnings. The biggest detractors for the month were long positions with negative earnings announcements. Disappointing Q3 numbers, especially an 18% decline in profit caused by increased competition hurt Vestas Wind. Peugeot, Lundbeck, CTT Portugal, Playtech and Draegerwerk also surprised on the downside.

Market Developments

In November, global equity markets continued to rally. European stock markets however, were left behind and finished the month down 1.7%. European earnings growth is supported by strong macro data, but currently lags other regions due to the euro strength. The Volatility Index V2X was up (12%) to end November at 13.5% but still remains relatively low compared to history. Almost all sectors in Europe were down, with the exception of Real Estate, Automobiles and Telecommunication. Consumer Discretionary, Media and Industrials fell the most. Stocks in Belgium, Denmark and Ireland saw the biggest losses. Switzerland and Austria were the only markets that finished the month with a gain. Returns for sovereign bond markets were subdued. Credit markets also ended the month on a flat note, despite a sell-off in early November. Commodity markets were fairly mixed. Industrial metal prices declined, while oil prices strengthened on the back of an OPEC production cut extension. The euro and UK pound strengthened 2.1% respectively 1.8% versus the US dollar.





Investment Outlook & Strategy

November market dynamics were not favorable for quant, but not necessarily because of our positioning. Being overweight Earnings Momentum factors was the right call. Most other components of our multi factor model simply did not deliver. Heading into December, we stick to our slowdown stance, which we have not changed since May. We are of that opinion that Earnings Momentum and Quality at the expense of Cyclical Value should work in both an extended growth scenario as well as a slowdown. Economic activity in Europe and the US is strong and Emerging Markets are catching up as well. The absence of a strong recovery or a recession in key economies should help our positioning. Heading into 2018, we would expect the same type of companies to continue with positive earnings announcements as we have seen the last 3 quarters. In the absence of extreme political or macro events, most company outlooks will be positive. Unemployment at low levels, PMI's in record territory in Europe and commodities trading up into year-end suggest limited downside. Meanwhile, central banks have been very reluctant to raise rates in a meaningful way. Our model continues to direct us towards high quality exporters and away from expensive defensive stocks.

Key Portfolio Information

Total Net Assets (in mln)	€438 / $527	Net Exposure Beta-Adj	-0.09
Outstanding Shares (B/A)	280132 / 10471	Beta (ex post, 3Y monthly data)	0.03
Number of Long Positions	113	Volatility (ex ante, short-term risk model)	7.1%
Long Positions (% of NAV)	195.5%	Volatility (ex post, 3Y monthly data)	8.9%
Number of Short Positions	121	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-179.3%	Long Liquidity (avg)	0.36 days
Gross Exposure (% of NAV)	374.9%	Short Liquidity (avg)	0.44 days
Net Exposure (% of NAV)	16.2%	Portfolio Turnover (/GAV)	0.7

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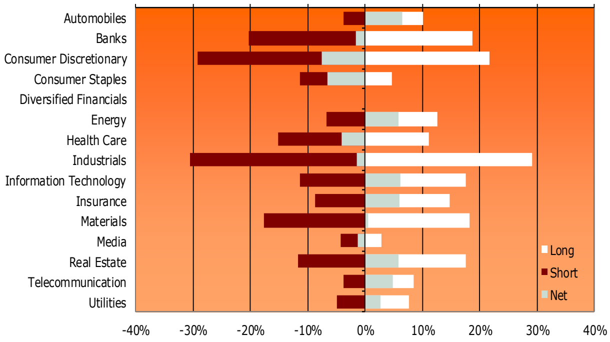
Europe Alpha Fund

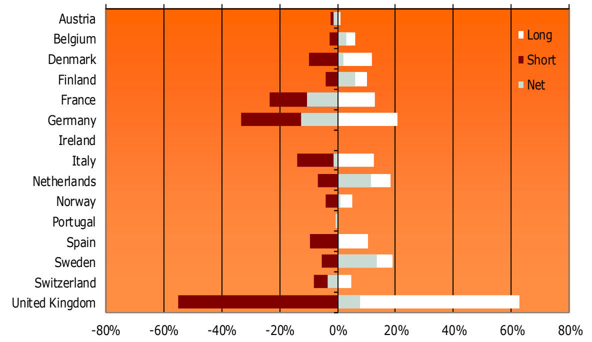
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

Swedish, Dutch, British, Finnish, Belgium and Danish stocks are overweight in the portfolio, whereas stocks in Germany, France and Switzerland are under-represented. The Fund has a neutral position in Norway, Spain, Ireland, Portugal, Austria and Italy.



Top Long Positions

	Model Score	As % NAV
SSE	99	3.1%
ABN Amro	98	3.1%
Tate & Lyle	98	3.1%
Rockwool	98	3.1%
Royal Mail	95	3.1%

- SSE generates, distributes and supplies electricity, while it also distributes gas. This revenue diversity supports an attractive dividend. SSE has announced that it will spin-off its UK retail electricity business and merge it with that of Innogy. This deal should complete towards the end of 2018 and decrease the exposure to regulatory risk for UK retail electricity supply. The retail electricity spin-off should help the shares to close the valuation gap relative to many of its peers.
- 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. New capital rules that have just been announced will only have modest impact on ABN AMRO's regulatory capital requirement. Hence the dividend can grow at an attractive rate supported by returns on equity in excess of the cost of equity.
- Tate & Lyle is a food ingredients manufacturer. Its product range includes low-calorie sweeteners, industrial and food starches, ethanol and citric acid. Tate aims to grow revenues of products that replace sugar, salt and fat, while adding fiber. Food innovations take time though. Hence management is also looking for acquisition targets. The valuations of the shares seems attractive, both on a stand-alone basis as well as relative to the peer group.
- Rockwool produces stone wool and other insulation materials for noise and vibration control. Earnings expectations for 2017 and 2018 have been steadily upgraded throughout the year, accelerating after H1 and Q3 numbers. The shares are not cheap, but we expect full year earnings and the outlook for 2018 to come in above expectations once more.
- Royal Mail offers postal and delivery services in the UK and parts of continental Europe. Since listing its shares in 2013, earnings have been holding up very well, despite operating in a market that is under pressure. H1 volumes and profitability surprised on the upside in November as the company's parcel business is doing well. At 11x 2018 earnings, the shares are relatively cheap.

Top Short Positions

	Model Score	As % NAV
Accor	1	3.2%
Barclays	2	3.1%
Ferragamo	3	3.1%
Maersk	7	3.1%
K+S	1	3.1%

- Accor operates more than 3,500 hotels (Ibis, Mercure, Sofitel). The company has been transitioning towards an asset light business model by disposing their property holdings. The sale proceeds are used mainly to de-lever the balance sheet, to buy back stocks, and to invest in in-fill acquisitions. This multiyear process is weighing down on the EPS and pushing the free cash flow yield down. The stock is very expensive with a 2017 P/E of more than 40 and scores unfavorably on valuation, profitability, and quality metrics.
- Barclays is adequately capitalized but earnings visibility is low. The investment banking division has been restructured but a growth path is not yet clear. Meanwhile UK retail and corporate banking are in decent shape but Brexit may affect the economy and hence credit quality and loan growth negatively. As a consequence, Barclays's return on equity is likely to remain below its cost of equity, although analysts are forecasting a gradual improvement towards 2020.
- Salvatore Ferragamo offers luxury clothing and accessories, with Asia representing 45% of revenues. New management aims to improve productivity and margins, but they have admitted 2018 will be another year of hard work. Analysts have severely downgraded their estimates on disappointing Q3 profit and revenue figures and our model currently ranks the company as the weakest in its subsector.
- Maersk is both a logistics and an oil company, with container shipping as its main business. Profitability for both logistics and oil has been disappointing so far this year and the company saw sizeable downgrades after Q3 results. 2017 could turn out to be loss making, which would set it apart from most of the sector. At 21x 2018 earnings, we think there is room for more downside.
- K+S sells fertilizers and salts. The company has been hurt by competition from emerging markets and has not benefitted from the general cyclical upswing we have seen in Europe this last year. Earnings for 2017 and 2018 have been downgraded consistently for a year and a half now, including a disappointing Q3 announcement. K+S is unlikely to return to a positive cash flow this year and at 23x earnings, the shares are not cheap.

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Europe Alpha Fund

Monthly Report – November 2017

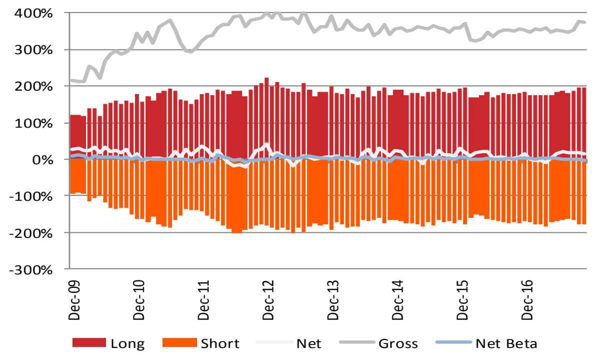
Exchange Liquidity Breakdown

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 90% of the portfolio can be liquidated within 3 days.

Liquidity	**Long**	**Short**	**Portfolio**
Within 3 Days	93.4%	92.1%	92.8%
Within 1 Week	98.0%	97.9%	97.9%
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	**-0.1**	0.1	-0.1	0.0	**-0.3**
Banks	**-0.7**	-0.5	-0.1	0.0	**-0.7**	-0.7	-0.1	0.0	**-1.4**
Consumer Discretionary	**-1.1**	-0.7	-0.3	-0.1	**0.6**	0.2	0.4	0.0	**-0.5**
Consumer Staples	**-0.3**	0.0	-0.2	0.0	**-0.2**	-0.1	-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	-0.5	0.0	**-0.2**	-0.2	0.0	0.0	**-0.7**
Health Care	**-1.0**	-0.5	-0.5	0.0	**0.9**	0.2	0.6	0.1	**-0.1**
Industrials	**-1.2**	-0.9	0.1	-0.4	**0.9**	0.0	0.9	-0.1	**-0.4**
Information Technology	**-0.4**	0.1	-0.5	0.0	**0.2**	0.0	0.3	0.0	**-0.1**
Insurance	**-0.1**	-0.1	0.0	0.0	**0.1**	0.1	0.0	0.0	**0.0**
Materials	**-0.2**	-0.1	-0.2	0.0	**0.5**	0.0	0.4	0.1	**0.2**
Media	**-0.1**	-0.1	0.0	0.0	**0.6**	0.6	0.0	0.0	**0.5**
Real Estate	**0.4**	0.3	0.1	0.0	**0.0**	0.0	0.0	0.0	**0.4**
Telecommunication	**0.2**	0.1	0.1	0.0	**0.3**	0.2	0.1	0.0	**0.5**
Utilities	**-0.3**	-0.3	0.0	0.0	**0.0**	-0.1	0.0	0.0	**-0.3**
Cash / Other									-0.4
Total	**-5.2**	-2.9	-1.9	-0.4	**2.7**	0.3	2.4	0.0	**-2.9**

Top Contributors

Altice	0.8%	Short
Galapagos	0.3%	Short
Royal Mail	0.3%	Long
Melrose	0.3%	Short
Hikma	0.3%	Short

Top Detractors

Vestas Wind	-1.0%	Long
Peugeot	-0.4%	Long
Lundbeck	-0.4%	Long
CTT	-0.4%	Long
Deutsche Bank	-0.4%	Short

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%	-0.3%	3.3%	-1.4%	5.6%	-2.9%		6.4%
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%	-1.4%	2.3%	3.9%	-2.7%	-0.4%	-0.3%	3.3%	-1.4%	5.5%	-2.9%		5.9%
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%	-0.4%	-0.3%	3.3%	-1.4%	5.5%	-2.9%		5.9%
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 – November 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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