SaemorCapital

Europe Alpha Fund

Monthly Report – December 2017

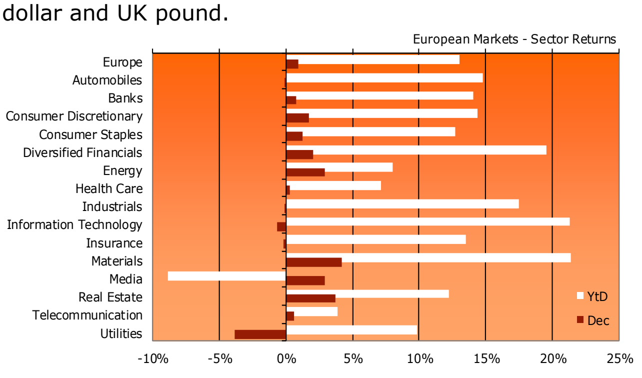
Fund Performance

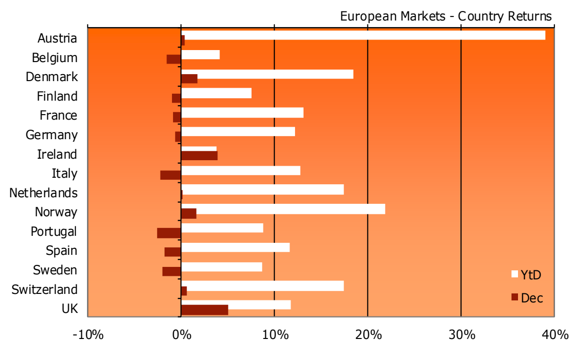
	December	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (29-Dec-2017)	Inception
Share Class B	**1.5%**	**7.9%**	4.1%	5.7%	7.9%	3.0%	8.1%	8.3%	EUR 1520.35	26-Jun-2008
Share Class A	**1.4%**	**7.4%**	3.9%	5.5%	7.4%	2.3%	7.1%	7.1%	EUR 1567.31	26-Jan-2009
Share Class D	**1.4%**	**7.4%**	3.9%	5.5%	7.4%				EUR 961.19	31-Dec-2015

The Saemor Europe Alpha Fund gained 1.5% in December, bringing the 2017 total return to 7.9%. Value was the only part of our dynamic multi-factor model that posted positive returns for the month, while Momentum, Profitability & Growth and Quality underperformed. We benefited from these trends as we tactically moved our factor weights away from Quality and Price Momentum in favor of Cyclical Value in the middle of December – to position the Fund for the expected January effect amongst others. Additionally, the portfolio tilt favoring cyclicals over defensives, which our model suggested also aided performance in December. On a stock level, the biggest contributor was the short position in Steinhoff, which finished the month down 90% as a result of the disclosure of accounting irregularities and the company's debt rating being downgraded to junk status.

Market Developments

European equities inched up 1% during December. 2017's overall gain was +13%, the largest annual return since 2013. Revision ratio's and leading macro indicators remained at above-average levels, which suggest that European earnings will continue to recover from the multi-year slump. Volatility was flat. Of the main markets, UK stocks rose 5% while French and German stocks were slightly down. Italy, Portugal and Spain saw weak returns. Materials and Energy stocks were the biggest gainers, driven by rising commodity prices. The Real Estate sector also performed well, whilst Utilities and Insurance were the laggards. Profit taking also hurt the IT sector. Bund yields rose 5bps, while yields on Gilts were up 14bps and US treasuries finished flat on the month. European credit remained broadly unchanged. Expectations of higher global economic growth led to commodities rallying, with oil and industrial metals rising sharply. The euro strengthened 1% versus the US dollar and UK pound.





Investment Outlook & Strategy

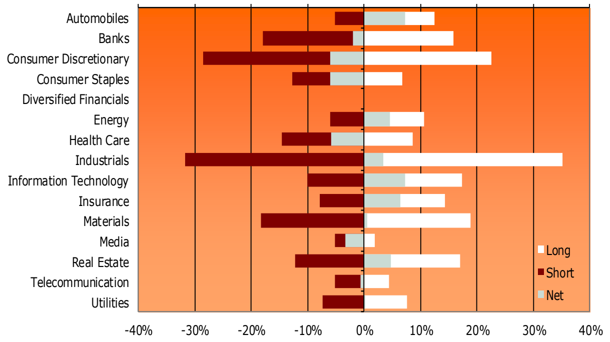
Halfway through December we changed our pro-slowdown stance and tilted our multi-factor model toward a risk-on scenario, in-line with a typical January effect. The growth cycle in developed economies has been prolonged, resulting in strong corporate results. Economic activity in the US and Europe is running above trend and the interest rate environment in Europe is set to remain accommodative for at least the first half of 2018. We envision the pro-risk, pro-growth environment to last for at least a few months. We increased weights in Cyclical Value at the expense of Profitability and Stability. Within Momentum, we are overweight Earnings Momentum and underweight Price Momentum. With Earnings Momentum improving among cyclical sectors and Value already pointing towards cyclical stocks, we have a decidedly pro-cyclical positioning heading into 2018. Over the last few months, Health Care has gone from a perennial long position to a clear underweight at year-end. Exporting sectors such as Automobiles, IT and Industrials are net long positions within the Fund, while domestic sectors such as Consumer Staples, Consumer Discretionary, Media and Telecom are underweight. At some point in 2018, we would expect interest rate hikes in the US to start having a cooling effect on markets and after a prolonged period of low volatility and rising markets, a correction may be due. We will put the pro-slowdown tilt back on if and when our style timing models indicate that growth will slow down.

Key Portfolio Information

Total Net Assets (in mln)	€444 / $523	Net Exposure Beta-Adj	0.00
Outstanding Shares (B/A)	280132 / 10467	Beta (ex post, 3Y monthly data)	0.04
Number of Long Positions	102	Volatility (ex ante, short-term risk model)	6.8%
Long Positions (% of NAV)	193.3%	Volatility (ex post, 3Y monthly data)	8.7%
Number of Short Positions	122	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-182.9%	Long Liquidity (avg)	0.39 days
Gross Exposure (% of NAV)	376.2%	Short Liquidity (avg)	0.42 days
Net Exposure (% of NAV)	10.4%	Portfolio Turnover (/GAV)	0.4

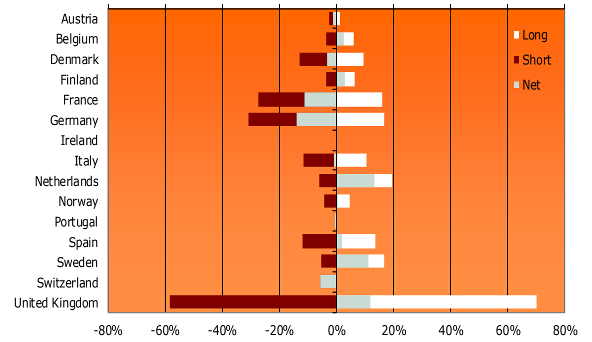
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

Dutch, British, Swedish, Finnish, Belgium and Spanish stocks are overweight in the portfolio, whereas stocks in Germany, France, Switzerland and Denmark are under-represented. The Fund has a neutral position in Norway, Portugal, Italy and Austria, and has currently no exposure in Ireland.



Top Long Positions

	Model Score	As % NAV
Faurecia	95	3.5%
FCA	99	3.3%
UCB	95	3.3%
Kindred	95	3.2%
Amadeus	94	3.2%

- Faurecia is a worldwide leader in auto seating, vehicle interiors and clean-driving technology. It is well-positioned for new emission regulations and autonomous driving. The company has a strong foothold in the rapidly growing Chinese market which will ensure growth momentum. If margins improve, Peugeot may sell its controlling stake of 46%.
- Fiat Chrysler's mix of brands give it a well-aligned portfolio of which analysts are very positive. 2018 may actually be the first year where the group's profitability achieves its full potential. The company is good value versus its peers with a P/E of 8-9. The company is considering spinning off Maserati and Alfa Romeo, to focus on mass-market vehicles, which will become clear in 2018. Efforts to realize hidden value in the portfolio makes FCA a compelling story.
- UCB is a biopharmaceutical company specializing in the treatment of central nervous system disorders and immunology. Its full-year guidance has seen successive upgrades on robust growth of the core drug portfolio. Longer-term uncertainties persist given the approval risk of Evenity, which caused the share price to plunge last May and from which it is still recovering.
- Kindred offers online gambling services, such as sports betting, poker and casino. It is a high-margin company which has seen strong upgrades by analysts. It has shown good earnings and dividend growth over the years and currently ranks as our favourite gambling stock in the universe.
- Amadeus IT is a leading software company processing transactions for the global travel and tourism industry (Global Distribution System). The company announced a share buy-back of €1 billion. It is a very profitable company that has shown consistent earnings growth over the years. Risk of disintermediation remains an issue as more airlines may follow IAG and Lufthansa in efforts to change the structure of the industry.

Top Short Positions

	Model Score	As % NAV
Accor	0	3.2%
Carrefour	7	3.2%
Melrose	1	3.2%
Christian Hansen	6	3.1%
Merlin	3	3.1%

- Accor operates 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 almost 50 and scores unfavorably on profitability and quality metrics.
- Carrefour operates different kinds of grocery stores. The company is struggling to reverse a decade-long sales slump at its home market of France, while it tries to expand in fast-growing markets in Asia and Latin America. Margins are weak compared with peers and analysts do not see any improvement soon. Currently, it is the weakest food retailer in our stock universe.
- Melrose is a UK industrial company. The company has a high turnover in its underlying business lines as it buys, improves and sells a lot of smaller companies in its field. The company was a stellar performer last year as oil and emerging markets rebounded alongside a weakening GBP. Since May this year however, earnings have stalled and at 23x 2017 EPS and we feel the shares are expensive.
- Christian Hansen produces ingredients for food and pharmaceutical companies. The company is trading at a large premium to the food sector with a P/E multiple of 42 for 2018. While its end-markets such as dairy, baby food, health supplements and natural food coloring are growth areas, the premium for growth is quite sizeable. Since Q3 2017 earnings expectations have started to come down.
- Merlin operates theme parks and family entertainment resorts. 2017 has been a difficult year for Merlin, as UK tourism suffered from terror attacks and poor weather in the peak summer months. Security concerns in Europe remain a substantial challenge for the business. Despite share price weakness, the valuation still does not seem to adequately reflect the lower earnings visibility.

SaemorCapital

Europe Alpha Fund

Monthly Report – December 2017

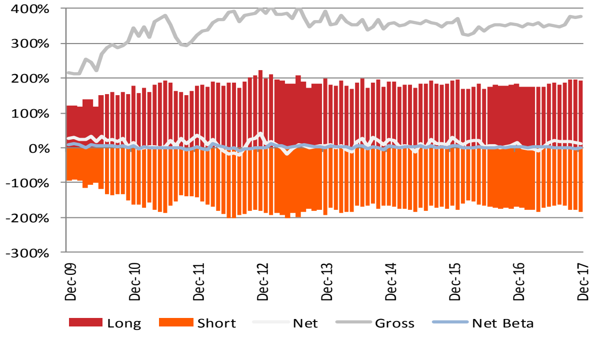
Exchange Liquidity Breakdown

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%	93.9%	93.7%
Within 1 Week	97.7%	98.4%	98.1%
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	**0.1**	0.1	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.1**
Banks	**0.7**	0.6	0.1	0.0	**-0.4**	-0.4	0.1	0.0	**0.4**
Consumer Discretionary	**0.7**	0.6	0.1	0.0	**1.6**	1.9	-0.3	0.0	**2.3**
Consumer Staples	**0.2**	0.1	0.1	0.0	**-0.3**	-0.1	-0.2	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	**-0.1**	-0.1	0.0	0.0	**-0.5**	-0.1	-0.4	-0.1	**-0.6**
Health Care	**0.3**	0.1	0.1	0.0	**-0.5**	0.0	-0.2	-0.2	**-0.2**
Industrials	**0.3**	0.3	0.0	0.0	**-0.8**	0.1	-0.8	0.0	**-0.5**
Information Technology	**0.4**	0.0	0.4	0.0	**-0.4**	0.2	-0.4	-0.1	**0.0**
Insurance	**0.0**	0.0	0.0	0.0	**-0.1**	0.0	-0.1	0.0	**-0.1**
Materials	**1.5**	0.8	0.5	0.1	**-0.6**	-0.2	-0.4	-0.1	**0.8**
Media	**0.1**	0.1	0.0	0.0	**-0.2**	-0.2	0.0	0.0	**-0.1**
Real Estate	**0.7**	0.6	0.1	0.0	**-0.9**	0.0	-0.8	0.0	**-0.1**
Telecommunication	**0.0**	0.1	-0.1	0.0	**0.0**	0.1	-0.1	0.0	**0.0**
Utilities	**-0.2**	-0.2	0.0	0.0	**0.1**	0.0	0.0	0.0	**-0.1**
Cash / Other									-0.2
Total	**4.7**	3.0	1.5	0.1	**-3.0**	1.1	-3.6	-0.5	**1.5**

Top Contributors

Steinhoff	1.9%	Short
Hennes & Mauritz	0.4%	Short
Rio Tinto	0.3%	Long
Rightmove	0.3%	Long
British Land	0.3%	Long

Top Detractors

Capital & Counties	-0.5%	Short
Gemalto	-0.4%	Short
Tullow	-0.3%	Short
Altice	-0.3%	Short
ASOS	-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%	-1.4%	2.3%	4.0%	-2.7%	-0.4%	-0.3%	3.3%	-1.4%	5.6%	-2.9%	1.5%	7.9%
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%	1.4%	7.4%
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%	1.4%	7.4%
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 – December 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.

Contact Information

Saemor Capital
WTC, E-Tower 7th floor
Prinses Margrietplantsoen 44
2595 BR The Hague
The Netherlands
Tel +31 (70) 756 8070
www.saemor.com

Mary Kahng – Investor Relations Manager
marykahng@saemor.com
Mob +31 (6) 1384 8931

Oliver Gaunt – Investor Relations Manager
olivergaunt@saemor.com
Mob +31 (6) 2883 2534

Disclaimer