SaemorCapital

Europe Alpha Fund

Monthly Report – April 2018

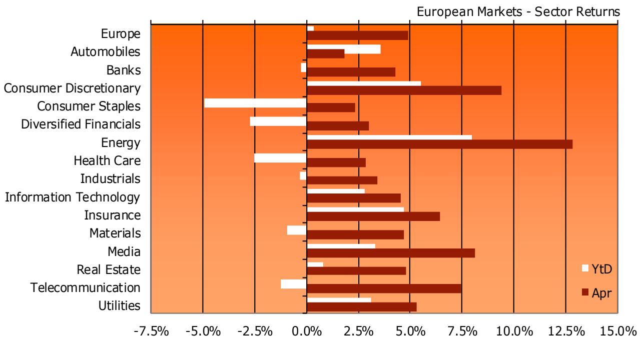
Fund Performance

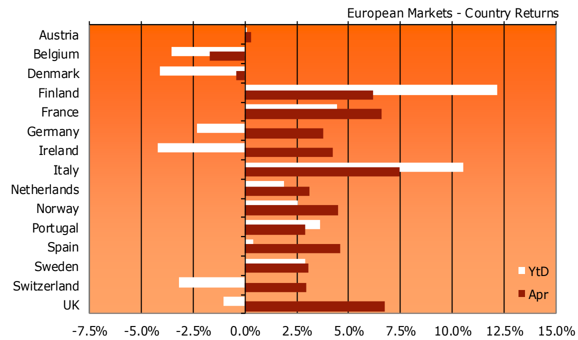
	April	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (30-Apr-2018)	Inception
Share Class B	**1.1%**	**2.6%**	2.8%	1.1%	5.2%	1.4%	7.7%	8.7%	EUR 1560.15	26-Jun-2008
Share Class A	**1.0%**	**2.4%**	2.6%	0.9%	4.7%	0.8%	6.8%	7.6%	EUR 1605.61	26-Jan-2009
Share Class D	**1.0%**	**2.4%**	2.6%	0.9%	4.7%				EUR 984.68	31-Dec-2015

The Saemor Europe Alpha Fund gained 1.1% in April, bringing the year-to-date performance to 2.6%. After a market correction in February and March, investors returned to a more pro-risk stance with Value outperforming. Momentum and Quality factors lagged. Our multi-factor approach did well during the month, despite a tactical positioning that was more geared towards a risk-off scenario. Defensive Value was the best performing cluster, which is one of the most important pillars of our model. A net long position in lower Beta names supported the Fund's performance with low beta stocks performing in line with the market. Positions in Energy, Insurance and Consumer Staples contributed the most. A strengthening US dollar helped exporter stocks. The first batch of Q1 numbers were mixed for the Fund, with a few large individual contributors such as Osram Licht and BESI. Osram (short) issued a profit warning ahead of results while BESI (long) sold off after reporting strong results owing to worries that the outlook for the chip sector would deteriorate.

Market Developments

In April European equities moved 4.9% higher and recovered some losses from February and March. The US reporting season is tracking better than expected, while the US and China went back and forth on trade tariffs. Earnings growth expectations for 2018 have contracted to around 7.5%, due to currency headwinds. Europe is currently the weakest region on revisions, with accelerating EPS downgrades. Last month, risk assets held up well and volatility dropped strongly. Italy, UK, France and Finland delivered solid returns. Belgium and Denmark were the only markets that ended in negative territory. Energy, Consumer Discretionary, Media and Telecommunication were the best performing sectors. Automobiles, Consumer Staples and Health Care recorded disappointing gains. Sovereign 10-year yields steadily climbed and credit spreads tightened. Most commodities ended April higher, with Brent Oil prices up 7% to close at $75/bbl. All European currencies were weaker on the month versus the US dollar. The euro and the UK pound lost 1.8%.





Investment Outlook & Strategy

A slowdown scenario, for which the Fund is positioned, did not materialize in April, as Value and Risk rebounded. Our regime switching model however is showing more conviction with sharply weakening money supply, rising inflation and strengthening bond yields, especially at the short end of the curve. The OECD leading indicators suggest that global growth is decelerating. In addition, PMIs have been less rosy of late, economic surprise indices have taken a hit and overall earnings momentum is not as strong as it was last year. In a slowdown scenario, equity markets typically grind higher, driven by outperformance of stable quality names with continued earnings upgrades. Conversely, we would expect investors to start taking profit in higher risk names. Further rate hikes by the FED, 10 year US yield levels above 3% and fading quantitative easing in Europe should strengthen our case. Seasonality (Sell in May) typically also favors a switch from Value to Quality. We continue to be overweight some cyclical sectors such as Automobiles, Insurance, Energy and Industrials, where earnings revisions are positive.

Key Portfolio Information

Total Net Assets (in mln)	€455 / $550	Net Exposure Beta-Adj	-0.02
Outstanding Shares (B/A/D)	279809 / 10410 / 2142	Beta (ex post, 3Y monthly data)	-0.01
Number of Long Positions	105	Volatility (ex ante, short-term risk model)	7.0%
Long Positions (% of NAV)	188.7%	Volatility (ex post, 3Y monthly data)	8.6%
Number of Short Positions	130	VaR (1 day / 95% conf)	0.5%
Short Positions (% of NAV)	-176.2%	Long Liquidity (avg)	0.38 days
Gross Exposure (% of NAV)	364.9%	Short Liquidity (avg)	0.28 days
Net Exposure (% of NAV)	12.5%	Portfolio Turnover (/GAV)	0.5

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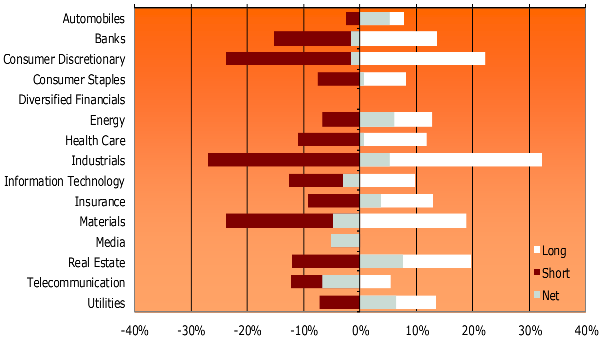
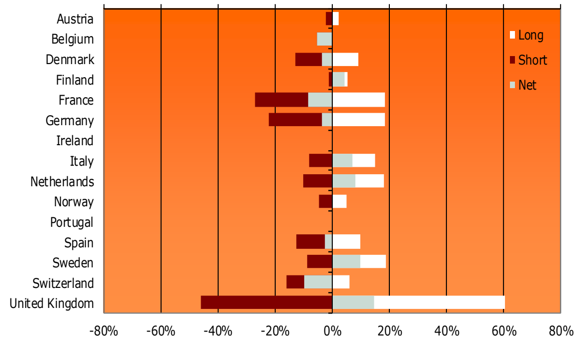
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

	Model Score	As % NAV
AXA	97	3.2%
Ahold Delhaize	91	3.2%
NN Group	95	3.2%
Galenica	97	3.2%
ABN Amro	92	3.2%

- AXA is a multi-line insurance company with leading positions in life & general insurance, reinsurance and asset management. The percentage of wealth accumulation products where the customer bears the investment risk tends to be higher at AXA than at many of its competitors. This softens, to a degree, the impact of low bond yields on AXA's profitability. Recently, AXA acquired reinsurer XL. This deal surprised investors who mostly expected acquisitions in life and asset management. Nevertheless, the shares offer a substantial dividend that is well-covered by earnings.
- Ahold Delhaize is a retailing group that operates in the US and Europe and the top-ranked food retailer in our universe. Synergy savings after the merger are well underway, improving margins and earnings growth. Its valuation is undemanding, even after the recent strong increase of the share price. However, increasing revenue is difficult. Store expansion is slow and online expansion is challenging as more aggressive pure players are entering the market.
- NN Group is a leading Dutch insurance company with some international operations and an asset manager. Recently NN bought Dutch insurer Delta Lloyd and the integration of the insurer should result in improved efficiency. NN's forecast returns imply sufficient future capital generation to support an attractive dividend and potentially a resumption of share buy-backs.
- Galenica operates the largest network of pharmacies in Switzerland and provides wholesale services in the Swiss heath care market. Last year, the company spun off from the former Galenica, which also developed pharma products (now called Vifor Pharma). Galenica released strong 2017 numbers in March with a stable outlook for 2018. Although its share price has had a good run since then, the company is still reasonably valued.
- ABN AMRO is a Dutch bank. 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 a modest impact on ABN AMRO's regulatory capital requirement. Hence the dividend can grow at an attractive rate, supported by returns on equity that are among the top of its peer group.

Top Short Positions

	Model Score	As % NAV
Umicore	2	3.3%
Merlin	6	3.2%
Telefonica	5	3.2%
LafargeHolcim	15	3.1%
Rolls-Royce	15	3.0%

- Umicore is a Belgian specialty materials company, with a broad portfolio including automotive catalysts, building materials, cobalt and zinc. Investors are optimistic about growth prospects in catalysts, recycling and rechargeable batteries. The company's share price has tripled since March 2016, despite only modest upgrades to 2018 and 2019 earnings expectations. Its valuation (31x 2018 earnings) is rich.
- Merlin Entertainments operates theme parks and family entertainment resorts, e.g. Madame Tussauds and Legoland. Although 1Q2018 results were in line, which provided some relief. 2017 terror attacks and bad weather continue to weigh on the visitor numbers. In the coming years the company will focus more on accommodation, increasing capex spending and leverage, which will negatively impact near-term returns. It remains the weakest leisure stock in our universe.
- Telefonica offers telecommunication services in Europe and Latin America. Its 1Q18 performance showed no surprises, but there is only modest upside and analysts have been lowering their earnings expectations. Although home country Spain – a long-term weakness – is improving due to proper cost management, Latin America has become a challenging environment and is no longer a driver of group expansion.
- Lafarge Holcim produces building materials such as cement and concrete. After the merger, synergies and earnings growth have failed to impress investors. The company share price is the same as it was 10 years ago. Earnings expectations for 2018 and 2019 have started to deteriorate since the middle of 2017. With increasing interest rates, the outlook for construction may turn negative.
- Rolls-Royce builds turbines and engines for military and civil aircrafts as well as marine and industrial installations. The shares are trading at 35x 2018 earnings despite 3 years of downgrades and lackluster growth. The outlook for civil aircrafts could come under pressure as a result of higher oil prices and interest rates, while other business areas will not be able to offset these business conditions.

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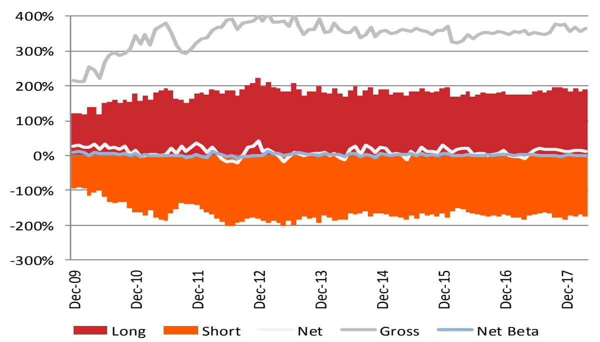
Exchange Liquidity Breakdown

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 95% of the portfolio can be liquidated within 3 days.

Liquidity	Long	Short	Portfolio
Within 3 Days	93.4%	97.3%	95.3%
Within 1 Week	97.9%	99.7%	98.8%
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	**0.5**	0.5	0.0	0.0	**-0.1**	0.0	-0.1	0.0	**0.5**
Banks	**0.5**	0.1	0.3	0.0	**-0.3**	-0.4	0.1	0.0	**0.1**
Consumer Discretionary	**1.2**	1.1	0.1	0.0	**-1.0**	-0.6	-0.4	0.0	**0.3**
Consumer Staples	**0.9**	0.6	0.3	0.0	**-0.2**	0.0	-0.2	0.0	**0.7**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**1.4**	1.1	0.3	0.0	**-0.6**	0.0	-0.3	-0.3	**0.8**
Health Care	**0.2**	0.0	0.1	0.0	**-0.3**	-0.4	0.0	0.1	**-0.1**
Industrials	**0.3**	0.3	0.0	0.0	**-0.4**	0.1	-0.4	-0.2	**-0.1**
Information Technology	**-0.6**	0.0	-0.6	0.0	**-1.1**	-0.7	-0.4	0.0	**-1.7**
Insurance	**1.2**	0.9	0.2	0.0	**-0.3**	-0.2	-0.1	0.0	**0.8**
Materials	**0.7**	0.7	0.1	0.0	**-0.8**	-0.6	-0.1	0.0	**0.0**
Media	**0.0**	0.0	0.0	0.0	**-0.3**	-0.2	-0.1	0.0	**-0.3**
Real Estate	**1.0**	0.3	0.6	0.0	**-0.4**	-0.1	-0.2	0.0	**0.6**
Telecommunication	**0.2**	0.1	0.1	0.0	**-0.9**	-0.8	0.0	0.0	**-0.6**
Utilities	**0.8**	0.6	0.2	0.0	**-0.3**	-0.1	-0.2	0.0	**0.5**
Cash / Other									-0.5
Total	**8.5**	6.6	1.9	0.0	**-6.9**	-3.9	-2.5	-0.5	**1.1**

Top Contributors

Osram	0.5%	Short
Fiat Chrysler	0.4%	Long
Statoil	0.3%	Long
Next	0.3%	Long
NN Group	0.3%	Long

Top Detractors

BESI	-0.7%	Long
Ericsson	-0.6%	Short
Philips Lighting	-0.5%	Long
H&M	-0.5%	Short
Telia	-0.4%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.2%	-1.3%	3.0%	1.1%									2.6%
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%

Source: Citi Financial Services and BNY Mellon. Returns are based on official month-end NAVs and are net of all fees for a Day one investor in the fund. The returns given is for the main share series (B). Investor's holdings may be in a different share class and have a different returns. See your BNY Mellon statement for full details. Results in 2008 and 2009 are not representative of our current quantitative investment strategy.

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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 2017 (A&D/B)*	1.65/1.15%

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, stock loan fees, interest and performance fee are excluded from the calculation.

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