SaemorCapital

Europe Alpha Fund

Monthly Report – May 2018

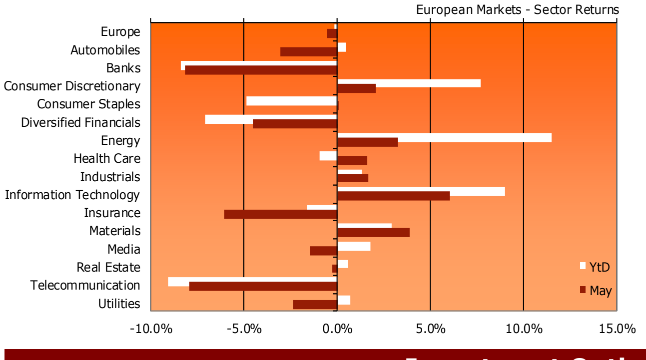
Fund Performance

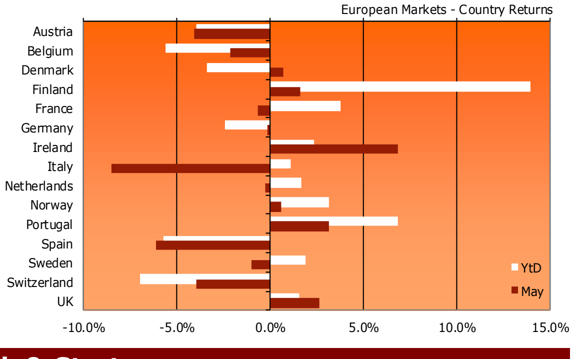
	May	YTD	3M	6M	1 Yr	3 Yr (ann)	5 Yr (ann)	7 Yr (ann)	NAV (31-May-2018)	Inception
Share Class B	**1.1%**	**3.7%**	5.3%	5.3%	9.3%	0.7%	8.4%	8.6%	EUR 1577.25	26-Jun-2008
Share Class A	**1.2%**	**3.7%**	5.3%	5.1%	8.9%	0.2%	7.4%	7.5%	EUR 1624.55	26-Jan-2009
Share Class D	**1.2%**	**3.7%**	5.3%	5.1%	8.9%				EUR 996.29	31-Dec-2015

The Saemor Europe Alpha Fund gained another 1.1% in May, bringing year-to-date gains to 3.7%. From a style perspective the month was dominated by a substantial under-performance from value factors. Our model is well diversified and the good performance from momentum and quality compensated for value. In addition our tactical positioning – overweight earnings momentum and quality – helped further. Since markets rose steadily till May 22nd and then saw a rather sharp correction towards the end of the month, factor performances and top and bottom stock contributions were mixed. The largest contributions came from our long book, in higher quality names with strong earnings momentum. These companies posted the strongest revisions to 2018 estimates after the Q1 results announcements. More generally speaking, defensives outperformed cyclicals on sales and earnings surprises. In contrast to previous earnings seasons, beating consensus estimates did not result in a positive share price reaction.

Market Developments

European equities slipped slightly over the month of May (-0.5%). Expectations of a growth slowdown outside the US, rising trade tensions and political uncertainty dominated headlines. Italian populist parties threatened to exit the euro while also drafting plans to ask the ECB for debt forgiveness. Moody's put Italy on review for a possible downgrade. Spanish PM Rajoy was toppled by a corruption scandal and ousted in a successful no confidence vote in Parliament. Return dispersion increased substantially, amongst sectors, countries, factors and stocks. This political uncertainty put pressure on Italy (-8.5%) and Spain, while the UK market fared well. Information Cyclicals continued to do well. Technology was the strongest sector. Materials and Energy also performed well, with Banks, Insurance and Telecommunication being strong laggards. Sovereign bond yields came under pressure. Credit yields widened considerably amid a surge in political risk premiums. Commodity prices trended higher, helped by strength in Brent crude oil and industrial metals. The euro and pound depreciated against the US dollar, under pressure from the diverging 10y yield differential between Germany and the US and widening peripheral spreads.





Investment Outlook & Strategy

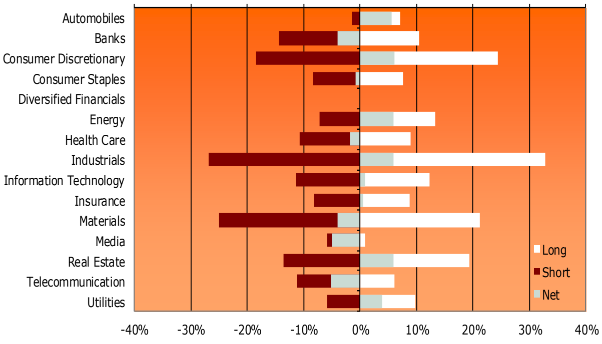
Style-wise, our tactical positioning worked well in May, with Value underperforming and Momentum and Quality doing well. However, we did not see a clear risk-off scenario unfolding as high Beta names and cyclicals, stocks generally geared towards global growth, all did well. We believe our strategy fares best when economic activity peaks worldwide and rising interest rates start taking their effect. Our style positioning models continue to point towards slowdown and economic surprises in Europe are at a relative low-point. With looming trade wars and stock market seasonality, the model points to a cautious stance, where high quality and lower risk names should start to outperform. In such a scenario, a sell-off in expensive names would also be beneficial to our multi-factor approach. However, we continue to be overweight some cyclical sectors such as Automobiles, Real Estate, Energy and Industrials, where earnings revisions are positive.

Key Portfolio Information

Total Net Assets (in mln)	€460 / $537	Net Exposure Beta-Adj	0.00
Outstanding Shares (B/A/D)	279809 / 10399 / 2223	Beta (ex post, 3Y monthly data)	-0.02
Number of Long Positions	113	Volatility (ex ante, short-term risk model)	6.8%
Long Positions (% of NAV)	183.0%	Volatility (ex post, 3Y monthly data)	8.4%
Number of Short Positions	124	VaR (1 day / 95% conf)	0.6%
Short Positions (% of NAV)	-169.0%	Long Liquidity (avg)	0.33 days
Gross Exposure (% of NAV)	352.0%	Short Liquidity (avg)	0.32 days
Net Exposure (% of NAV)	13.9%	Portfolio Turnover (/GAV)	0.4

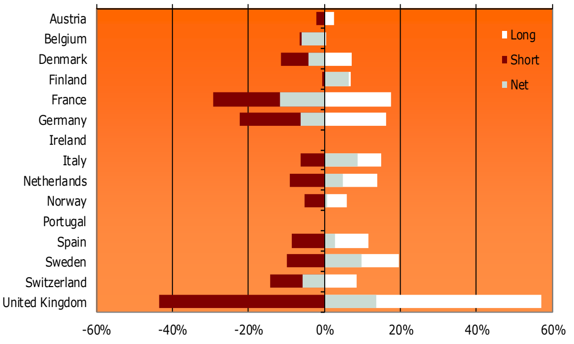
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

British, Swedish, Italian, Finnish, Dutch and Spanish stocks are overweight in the portfolio, whereas stocks in France, Germany, Belgium, Switzerland and Denmark 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
Ahold Delhaize	95	3.1%
Galenica	96	3.1%
Equinor	94	3.1%
Next	96	3.1%
Elisa	90	3.1%

- 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.
- Galenica operates the largest network of pharmacies in Switzerland and provides wholesale services in the Swiss heathcare 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 with a stable outlook for 2018. The company is reasonably valued and provides a dividend yield of 3+%.
- Statoil generates a healthy return on capital while its balance sheet is hardly geared. In recent years Statoil has sensibly managed its capital expenditure, which has boosted cash flow. The company should benefit from a tighter gas market as demand has picked up. The valuation is broadly in line with peers. Although the dividend yield is slightly lower, it is well-covered, indicating there may be room in the near future to increase the dividend meaningfully.
- Next is a UK based clothing and apparel retailer. 2017 earnings surprised on the upside, triggering analysts to upgrade their estimates. Growth of earnings, dividend and margins remains underwhelming though. The company targets an expansion of credit accounts in stores to compensate for the slowing same-store sales. Abroad, the focus is on internet growth rather than owning retail stores.
- Elisa is a Finnish provider of telecommunication solutions. The sales of the company have grown steadily over the years, with mid-single-digit figures, as Finland is still upgrading to 4G. Q1 figures showed a continuation of this theme. It is a high-margin, very profitable and good quality company. The company has a stable market share of about 30% in its home country, sharing the market with Telia and DNA.

Top Short Positions

	Model Score	As % NAV
ThyssenKrupp	8	3.0%
Vivendi	12	3.0%
Orpea	8	3.0%
Wood Group	7	3.0%
ICADE	16	3.0%

- Thyssenkrupp manufactures steel and industrial components. The company is under pressure as activists have taken positions after lackluster results for 2017 and earnings downgrades for 2018 & 19. Most sector peers have performed much better in an imp-roved global economy. A proposed merger with Tata has come under pressure as it may not be the best way to unlock shareholder value.
- Vivendi is a media entertainment company. Apart from stakes in Telecom Italia and Mediaset, the company consists of two major subsidiaries. TV business Canal+ suffers to maintain its strong position in France, as it lost the local soccer rights. Music business UMG will probably be (partly) sold or listed. The company looks quite expensive, trading at 24x forward earnings. Analysts have become more negative over the past couple of months.
- Orpea operates nursing homes, being one of France's leading providers of long-term care to elderly. Its Clinea subsidiary specializes in physical therapy and psychiatric clinics. 2017 figures disappointed, but the share price has recovered since Q1 revenues were released. Whilst the company is growing its business and striving to be a global operator, it is quite expensive at 32x forward earnings.
- Wood Group is an energy services company that struggles to grow its earnings organically. Following the acquisition of Amec Foster Wheeler, management have lowered expectations for revenue synergies post the integration. Although the valuation is undemanding compared to the peer group, the shares represent somewhat higher risk given the dependency on acquisitions for earnings growth.
- French real estate company Icade specialises in business parks while, it aims to grow its health care property portfolio. Given its niches, Icade misses out on the strong rental growth in prime offices, although the shares seem to be pricing the stronger rental growth that is expected for property companies with focused exposure to prime offices. With the growth in health care largely in its infancy, there seem to be other stocks in the sector that offer a more attractive reward-to-risk ratio.

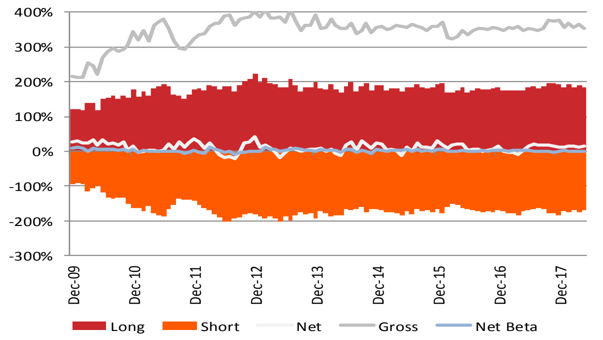
Exchange Liquidity Breakdown

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	94.0%	97.6%	95.7%
Within 1 Week	98.5%	99.8%	99.1%
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	**0.2**	0.2	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.2**
Banks	**-0.8**	-0.8	-0.1	0.0	**1.4**	1.4	-0.1	0.0	**0.5**
Consumer Discretionary	**1.2**	1.0	0.2	0.0	**-0.2**	-0.5	0.2	0.1	**1.0**
Consumer Staples	**0.4**	0.0	0.3	0.0	**-0.4**	-0.1	-0.3	0.0	**0.0**
Diversified Financials	**0.0**	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	**0.0**
Energy	**0.2**	0.3	0.0	0.0	**-1.0**	0.0	-0.9	-0.1	**-0.7**
Health Care	**0.0**	-0.1	0.1	0.0	**-0.7**	0.0	-0.5	-0.2	**-0.6**
Industrials	**0.6**	0.9	-0.4	0.0	**0.2**	0.1	0.1	0.0	**0.8**
Information Technology	**0.5**	0.0	0.5	0.0	**-0.5**	-0.4	-0.1	0.0	**0.1**
Insurance	**-0.3**	-0.3	0.0	0.0	**0.2**	0.1	0.2	0.0	**-0.1**
Materials	**0.8**	0.9	-0.2	0.0	**-0.9**	-0.5	-0.5	0.0	**-0.2**
Media	**-0.1**	0.0	0.0	0.0	**0.1**	0.1	0.0	0.0	**0.0**
Real Estate	**0.4**	0.3	0.1	0.0	**-0.2**	-0.1	-0.1	0.0	**0.2**
Telecommunication	**0.1**	0.1	0.0	0.0	**1.0**	1.0	0.0	0.0	**1.1**
Utilities	**-0.7**	-0.7	0.0	0.0	**0.0**	0.0	0.0	0.0	**-0.7**
Cash / Other									-0.6
Total	**2.6**	1.9	0.6	0.0	**-0.8**	1.1	-1.9	-0.1	**1.1**

Top Contributors

Rockwool	0.6%	Long
Deutsche Bank	0.5%	Short
Telecom Italia	0.5%	Short
Elior	0.4%	Short
Tate & Lyle	0.4%	Long

Top Detractors

John Wood	-0.5%	Short
SIAS	-0.5%	Long
Ocado	-0.4%	Short
Infineon	-0.4%	Short
Enel	-0.3%	Long

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%	1.1%								3.7%
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.

SaemorCapital

Europe Alpha Fund

Monthly Report – May 2018

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.

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

Saemor Capital B.V. has compiled this publication. Saemor Capital B.V. is a management company and in that capacity avails of a license pursuant to section 2:65 of the Act on Financial Supervision of the Netherlands (Wft) as that section reads following the incorporation of the AIFM Directive in the Wft.

Although the information contained in this publication is composed with great care and although we always strive to ensure the accuracy, completeness and correctness of the information, imperfections due to human errors may occur, as a result of which presented data and calculations may vary. Therefore, no rights may be derived from the provided data and calculations. All information is provided "as is" and is subject to change without prior notice. Saemor Capital B.V. does not warrant the adequacy, accuracy or completeness of any information and expressly disclaims any liability for errors or omissions therein. The recipients of this publication are responsible for evaluating the accuracy, completeness or usefulness of this information.

The information contained in this publication does not constitute any recommendation, investment proposal, offer to provide a service, nor a solicitation to buy or sell any security or other investment product. In particular, the information does not constitute an offer of, or an invitation to apply for or purchase, securities in any jurisdiction where such offer or invitation is unlawful or in which the person making such an offer is not qualified to do so or to whom it is unlawful to make such offer or solicitation. In particular, no offer or invitation is made to any US persons (being residents of the United States of America or partnerships or corporations organised under the laws of the United States of America or any state, territory or possession thereof). The Saemor Fund is not registered under the Securities Act 1933 of the United States nor under the Investment Company Act of 1940 of the United States. The publication of this information may be subject to restrictions imposed by law in some jurisdictions.

Saemor Capital B.V. requests any recipient of this publication to become acquainted with, and to observe, all restrictions. Saemor Capital B.V. accepts no liability for infringement of such restrictions.

The recipient shall not distribute, forward or publish this information. No rights may be derived from the provided information, data and calculations. Also by risks inherent to this investment fund, the value of the investments may fluctuate. Past performance is no guarantee of future results.