SaemorCapital

Europe Alpha Fund

Monthly Report – June 2020

Saemor Europe Alpha Fund Performance

	Jun	YTD	3M	6M	1Yr	3Yr (ann)	5Yr (ann)	7Yr (ann)	10Yr (ann)	NAV (30-Jun-2020)	Inception
Share Class B	**0.4%**	**-16.6%**	0.4%	-16.6%	-23.7%	-6.7%	-5.6%	1.0%	3.2%	EUR 1,167.73	26-Jun-2008
Share Class A	**0.4%**	**-16.8%**	0.3%	-16.8%	-24.0%	-7.2%	-6.1%	0.2%	2.3%	EUR 1,189.36	26-Jan-2009
Share Class D	**0.4%**	**-16.8%**	0.3%	-16.8%	-24.0%	-7.4%				EUR 722.99	31-Dec-2015

The Fund gained 0.4% in June. Our model was supported by Value and Price Momentum factors. Market volatility remained high (Vstoxx ended June at 31.7%), especially factor volatility stood out as it reached GFC levels. Risk rotations have been frequent this year. Last month, we saw a strong rotation into Value shares from the beginning of the month to 8th June, however Value trailed in the later weeks and thus again failed to sustain a meaningful recovery. On balance Value outperformed, although not meaningfully. Within the Value family, Free Cash Flow Yield was held back while Dividend Yield led the way. Momentum strategies experienced big negative return swings in early June. These losses were recovered during the remainder of the month. Quality and Profitability & Growth factors detracted in June. Returns to (low vs high) Beta were poor at -4.6%, while Size delivered a marginally positive return. The model navigated the rotation well in June and posted positive performance, albeit not remarkable.

Market Developments

June saw another strong performance, with European markets gaining more than 3%. Equities started off strongly but subsequently gave up around half of the gains as new COVID-19 cases in the US resurged. While still below February highs (-15%), stocks have strongly rallied from March lows. June was the first month since September 2019, where Europe outperformed the US. Markets were buoyed by slowing rates of corona case growth and re-opening of economies. High-frequency activity indicators improved alongside better-than-expected economic data and continued policy support from governments and central banks across the world. At the same time, investors seemed unfazed by geopolitical tensions (China/HK, US/China, Brexit, intra-EU politics) and the possibility of a second wave of infections. Supported by surging PMIs, cyclicals performed best. By sector, Insurance, Information Technology, Banks, Utilities, Materials and Industrials meaningfully outperformed the market while Health Care, Energy and Consumer Staples lagged. Italy, Netherlands, Germany and France returned more than +5%, while Norway and Portugal fell. UK and Switzerland also could not match the trend of the other major markets.

Investment Outlook & Strategy

Many sources of risk remain: from the looming threat of second wave of COVID-19 infections to the US Presidential election. Driven by liquidity, equity markets have marched ahead, while bond and volatility markets continue to send a more cautious message. Earnings-based multiples are elevated, as earnings have been massively downgraded. Q2 and full 2020 consensus forecasts were cut, respectively by 60% and 30%. Expectations are low as a result, which should put a lid on the number of negative surprises during the upcoming reporting season. Companies are expected to provide guidance whether they foresee a strong pick up in profits reducing the current heightened uncertainty. In the meantime, economists and analysts recently revised their estimates up sharply. While still negative, earnings revisions appear to have turned the corner. For revisions to become positive, economic surprises and PMIs need to be more consistently in expansion territory. Our cycle indicator is in deep Contraction territory, but moving fast towards the Recovery state. If bond yields catch up with the strongly rebounding European PMIs, Value strategies will benefit. This scenario is not a given. As long as the ECB remains a significant actor, rates will remain low, affecting factor performance. Alongside with factor volatility at its heights, we are of the opinion that strong diversification amongst factors is required more than ever. Towards the end of June, we have recalibrated our factor models, and added several new and uncorrelated factors. Unsurprisingly, the weight of Value factors has been slightly reduced due to its macro reliance and diminishing efficacy.

Key Portfolio Information

Total Net Assets (in mln)	€342 / $384	Net Exposure Beta-Adj	0.02
Outstanding Shares (B/A)	291245 / 857 / 1669	Beta (ex post, 3Y daily data)	0.03
Number of Long Positions	149	Volatility (ex ante, short-term risk model)	5.9%
Long Positions (% of NAV)	144.8%	Volatility (ex post, 3Y daily data)	10.0%
Number of Short Positions	155	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-140.0%	Long Liquidity (avg)	0.16 days
Gross Exposure (% of NAV)	284.7%	Short Liquidity (avg)	0.12 days
Net Exposure (% of NAV)	4.8%	Portfolio Turnover (/GAV)	1.0

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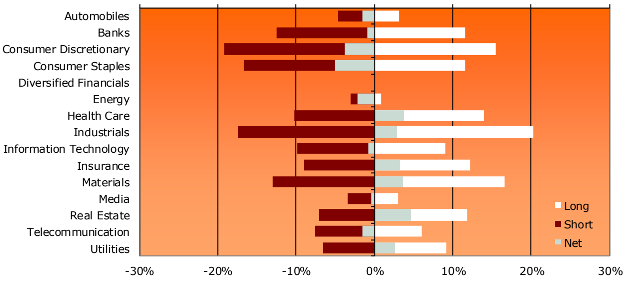
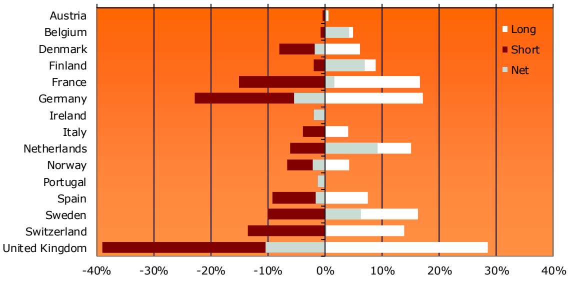
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

	Model Score	As % NAV
Signify	98	2.0%
Ahold Delhaize	99	1.9%
Uniper	95	1.9%
Elisa	94	1.9%
ASR Nederland	97	1.9%

- Signify - formerly Philips Lighting - is a spin-off from Philips, focusing on the development and manufacturing of lamps and lighting systems. Margins for LED, home lighting systems and light bulbs are attractive but growth and innovation is limited. Forward earnings expectations have been strongly revised upwards during the past 1 to 6 months. The shares offer an attractive dividend of 5%.
- Ahold is a retailing group that operates in the U.S. and Europe. After strong Q1 online sales growth, focus on online expansion will continue. It will also bring its U.S. supply chain in-house, following the completed integration of Delhaize. Its valuation is relatively undemanding and analysts have recently become very positive on future earnings.
- Uniper is an energy company that owns plants across Europe, including Russia. Uniper also has a commodities trading business and operates gas and power storage facilities. Finnish energy company Fortum owns a majority stake in Uniper and at some stage may buy out remaining minorities, though likely not before October 2021. The impact of the coronavirus on energy markets has weighed on the Uniper stock. The share price has recovered. The valuation nevertheless seems undemanding and supported by fundamentals.
- Elisa is a Finnish provider of telecom solutions. The company has a stable market share of about 35% in its home country, sharing the market with Telia and DNA. It is a high-margin, very profitable and good quality company. Analysts have become more positive about future earnings after Q1 release in April. It is not cheap though at 27x FY1 earnings.
- ASR is an insurance company that offers general insurance, life insurance and funeral insurance policies as well as savings and investment products in The Netherlands. The strategy consists of consolidating within the Dutch market, while paying out an enticing dividend occasionally topped up by additional capital returns to shareholders. Management has delivered on its targets in recent years.

Top Short Positions

	Model Score	As % NAV
Telia	13	1.9%
Kerry	9	1.9%
BillerudKorsnas	10	1.9%
Straumann	24	1.9%
Bakkafrost	16	1.8%

- Telia offers telecommunication services, both mobile and fixed line, throughout Europe. It is trying to focus its operations exclusively on the Nordics and Baltics. Cost reduction has become the main theme, as margins are under pressure and revenue growth is slowing down. Recent media acquisition Bonnier Broadcasting is hit by a slump in advertising sales due to Covid-19.
- Kerry Group is a global specialty ingredients and flavours producer and supplier, focusing on plant-based foods such as meat alternatives. Organic growth in food service is under pressure and the company is still suffering from the loss of the ready-meals contract with Tesco. The shares are quite expensive at 31x FY1 PE.
- BillerudKorsnas is a paper packaging company, serving both consumers and professionals. Although the long-term prospects for the company are promising and they are revaluating the forest land they own, we feel investors currently pay too much for the stock. Q1 earnings were a negative surprise which led to cuts to this year's expectations. At 40x FY1 earnings, it trades at a hefty premium versus its peers.
- Straumann produces dental implants and sells them worldwide. Turnover and earnings have grown strongly in recent years and investors expect that growth to continue. Investors have rewarded this growth profile with high valuation multiples. At about 40 times next year's consensus earnings forecast, that valuation seems too high, in our view.
- Bakkafrost operates salmon farms in the Faroer Islands and Scotland. The company's salmon products are sold across Europe, China and the United States. During the coronavirus outbreak there was briefly talk that the virus could have travelled to China via salmon, but this thesis has been rejected. At 19 times 2021 earnings we view the shares as overvalued given the growth outlook, the increasing debt and the biological risks to salmon farming.

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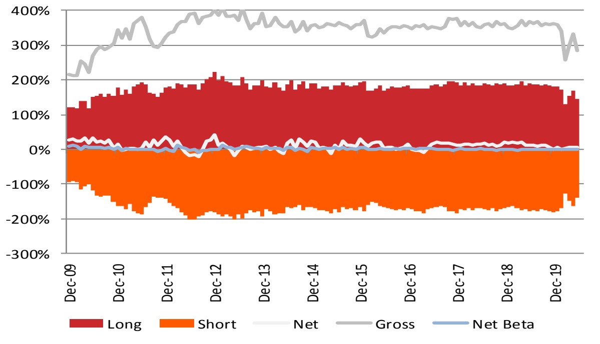
Exchange Liquidity Breakdown

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 almost 99% of the portfolio can be liquidated within 3 days.

Liquidity	**Long**	**Short**	**Portfolio**
Within 3 Days	98.5%	98.3%	98.4%
Within 1 Week	100.0%	99.6%	99.8%
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	**0.0**	0.0	0.0	0.0	**-0.2**	-0.3	0.1	0.0	**-0.2**
Banks	**0.6**	0.7	-0.1	0.0	**-1.3**	-0.6	-0.8	0.0	**-0.7**
Consumer Discretionary	**1.6**	0.2	0.9	0.4	**-0.4**	0.0	-0.3	-0.1	**1.1**
Consumer Staples	**0.5**	0.2	0.2	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	**0.0**	0.0	0.0	0.0	**-0.5**	-0.5	-0.1	0.0	**-0.5**
Health Care	**-0.3**	-0.2	0.0	-0.1	**0.5**	0.1	0.4	0.0	**0.2**
Industrials	**1.2**	0.6	0.5	0.1	**-0.9**	-0.5	-0.3	0.0	**0.3**
Information Technology	**0.5**	0.2	0.3	0.0	**-0.4**	-0.1	-0.1	-0.1	**0.2**
Insurance	**0.6**	0.5	0.2	-0.1	**-0.7**	-0.5	-0.2	0.0	**-0.1**
Materials	**0.6**	0.3	0.3	0.0	**-0.1**	-0.2	0.1	0.0	**0.5**
Media	**0.0**	0.0	-0.1	0.0	**-0.2**	-0.1	-0.1	0.0	**-0.2**
Real Estate	**-0.1**	0.0	-0.1	0.0	**-0.1**	-0.1	0.0	0.0	**-0.1**
Telecommunication	**0.0**	0.0	0.0	0.0	**-0.3**	-0.2	-0.1	0.0	**-0.3**
Utilities	**0.7**	0.4	0.1	0.2	**-0.1**	0.1	-0.2	0.0	**0.6**
Cash / Other									-0.3
Total	**5.9**	2.9	2.3	0.5	**-5.2**	-2.9	-2.0	-0.3	**0.4**

Top Contributors

ASMI	0.5%	Long
NetEnt	0.5%	Long
Signify	0.3%	Long
CANCOM	0.3%	Short
ABCAM	0.2%	Short

Top Detractors

Wirecard	-0.4%	Long
Aker BP	-0.3%	Short
Prudential	-0.3%	Short
Zur Rose	-0.3%	Short
JM	-0.2%	Short

Monthly Fund Performance

Perf. Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	0.5%	-3.7%	-14.2%	2.8%	-2.8%	0.4%							-16.6%
2019	5.3%	-0.1%	0.7%	-5.9%	-2.3%	1.1%	-1.9%	-4.6%	2.6%	-1.4%	-1.4%	-1.9%	-9.9%
2018	-0.2%	-1.3%	3.0%	1.1%	1.1%	0.0%	-3.5%	-1.4%	3.2%	-1.2%	-3.9%	5.7%	2.2%
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 a positive return in any type of market conditions over any given 5-year period, with a volatility of around 8-10%. There is no guarantee that the investment objective will be met. 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 2019 (A&D/B)*	1.67/1.17%

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	IQ EQ Netherlands N.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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