



Saemor Europe Alpha Fund Performance

	Jul	YTD	3M	6M	1Yr	3Yr (ann)	5Yr (ann)	7Yr (ann)	10Yr (ann)	NAV (31-Jul-2020)	Inception
Share Class B	-3.1%	-19.2%	-5.4%	-19.6%	-24.6%	-7.6%	-6.2%	1.0%	3.0%	EUR 1,131.21	26-Jun-2008
Share Class A	-3.2%	-19.4%	-5.6%	-19.8%	-24.9%	-8.1%	-6.7%	0.2%	2.1%	EUR 1,151.66	26-Jan-2009
Share Class D	-3.2%	-19.4%	-5.6%	-19.8%	-25.0%	-8.3%				EUR 700.07	31-Dec-2015

The Saemor Fund lost over 3% in July, with the weakness coming in the second half of the month. Our short book performed poorly, especially within Industrials and Materials. Generally, July saw style volatility coming off somewhat from elevated levels. Correlation among factors remains high, while the macro influence seems to have further intensified. The high factor returns dispersion painted a difficult environment for our multi-factor model. Factor performances had a very defensive tilt. Value suffered another drawdown and gave way to momentum. The market rotation into safer assets was fueled by falling bond yields. Increasing inflation risk means that real rates were also pushed down. Value’s weakness was broad-based. Cash Flow and Sales yield were the worst performers, losing around 8% on a long-short basis (around 30% year to date). Risk/Sentiment themes performed poorly with returns from Beta -7%, while the Size factor was predominantly flat. Meanwhile, the increase in Price Momentum continued, as well as strength from Estimates Momentum. Quality and Growth factors also outperformed; high quality companies with strong balance sheets did well. Unfortunately, for our model the negative contribution from the Valuation factors outweighed the positive contribution from factors like Momentum.

Market Developments

In local currency terms, Europe fell 1.5% in July and deeply underperformed global equities. The stronger euro and a pickup in new Covid-19 infections weighed down on the performance. Sentiment was supported by the Q2 earnings season which beat revised-down estimates, global PMIs moving into expansionary territory, and positive news around vaccine development. This bolstered most other markets, with the S&P ending the month in positive territory for the year. The volatility index VStoxx was down significantly. Scandinavian countries benefited most. The DAX ended the month largely flat, while Spain underperformed amid a rise in infections and the UK suffered from stifled Brexit talks and currency strength. Southern Europe did not yet benefit from the tightening in peripheral spreads since the €750bn EU recovery fund was passed. Defensive sectors overall fared somewhat better than cyclicals. The best performing European sectors were Utilities, Materials and Real Estate. Energy did not benefit from rising oil prices and declined almost 10%. Banks were under pressure as bond yields fell. Telecommunication stocks were also out of favour.

Investment Outlook & Strategy

Recent datapoints indicate that many economies may be recovering more quickly than expected. As a result, global inflation expectations are bouncing back. The Q2 earnings season turned out to be better than the rock-bottom consensus expectations going into earnings season. Overall 2020 EPS growth has been revised up (but is still unsurprisingly lackluster with an economy which has contracted much more than during the global financial crisis). Value has high sensitivity to both the earnings cycle and bond yields. While bond yields are unlikely to shoot up materially, a normalization could make the crowded growth/quality trade vulnerable and kick-start a more sustainable rotation to Cyclicals and Value. Europe stands to benefit from this. European equities are more cyclical and much cheaper than the US on most valuation metrics. We may need to wait till the end of the year, after the US elections and the end of the summer seasonality, as sources of risks are abundant, from flare-ups in virus cases to rising US-China tensions.

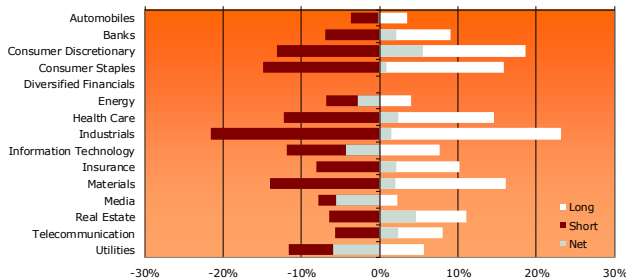
Key Portfolio Information

Total Net Assets (in mln)	€332 / \$392	Net Exposure Beta-Adj	0.02
Outstanding Shares (B/A)	291245 / 793 / 1669	Beta (ex post, 3Y daily data)	0.02
Number of Long Positions	141	Volatility (ex ante, short-term risk model)	6.0%
Long Positions (% of NAV)	149.8%	Volatility (ex post, 3Y daily data)	10.0%
Number of Short Positions	156	VaR (1 day / 95% conf)	0.7%
Short Positions (% of NAV)	-144.8%	Long Liquidity (avg)	0.22 days
Gross Exposure (% of NAV)	294.7%	Short Liquidity (avg)	0.17 days
Net Exposure (% of NAV)	5.0%	Portfolio Turnover (/GAV)	1.0



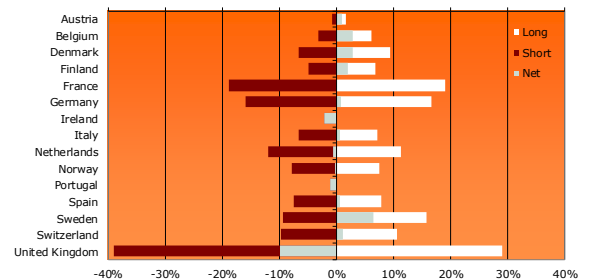
Sector Allocation (L&S as % NAV)

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



Country Allocation (L&S as % NAV)

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



Top Long Positions

Company	Model Score	As % NAV
Flutter Entertainment	97	2.0%
Carlsberg	94	1.9%
Hornbach	98	1.9%
Rio Tinto	96	1.9%
Ahold Delhaize	97	1.9%

Top Short Positions

Company	Model Score	As % NAV
Kerry	3	2.0%
Remy Cointreau	0	2.0%
CANCOM	2	1.9%
Suez	3	1.9%
Spirax-Sarco	12	1.9%

- Flutter Entertainment is a bookmaking company created by the merger of Paddy Power and Betfair. In October 2019, it acquired The Stars Group, creating the world’s largest online betting company, with a market-leading position in the U.S. Although the integration is not without risks, they are well-positioned to further profit from the move from retail to online. After its share price dropped sharply during the Covid downturn, it has more than recovered in recent months.
- Carlsberg is an international brewing company, generating 60% of its revenues in Western Europe. The company’s focus on delivering volume growth through higher margin premium brands, craft and alcohol free beer has boosted its market share. It is a very profitable company and analysts have upgraded the consensus on future earnings. Overall it is by far our favourite brewer in Europe.
- Hornbach sells building materials and garden supplies in Germany, Austria, Czech Republic, Netherlands and Luxembourg. Hornbach has achieved good growth in recent years and the company seems set to weather the Covid-19 outbreak relatively well, although new complete lockdowns and tighter budgets owing to increased unemployment can eventually dim prospects. Despite their recent recovery, the valuation of the shares is undemanding.
- Rio Tinto is one of the world’s largest mining companies and is a low cost producer of iron ore, aluminum and copper. An economic slowdown and tariff wars will weigh on earnings, but the balance sheet is only modestly geared. Based on the current share price and forecast dividend for 2020, the implied dividend yield is above 5%, while the dividend is well-covered by both earnings and cashflow. The shares therefore still seem to offer value.
- Ahold Delhaize is a retailing group that operates in the U.S. and Europe. After strong 1Q online sales growth, focus on online expansion will continue, in particular in light of the pandemic. The share buyback program of EUR 1bn is well underway and supports the share price. Its valuation is relatively undemanding and analysts are still very positive on future earnings.
- Kerry Group is a global specialty ingredients and flavours producer & supplier, focusing on plant-based 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. Although recent H1 earnings showed that the food services arm is recovering after being hit by the pandemic, the shares are expensive at 31x FY1 PE.
- Rémy Cointreau produces and sells premium wines, cognac, liqueurs and other spirits. The company has a luxury strategy, which may be the right one for the long term, but due to the coronavirus pandemic, travel retail and consumer confidence have decreased. The strategy will only work as long as people are willing to pay premium prices. The stock trades at a very demanding forward P/E of 60, much higher than its peers.
- Cancom provides IT services in Germany and Austria. Management explained in recent results that business growth had been severely impacted by the coronavirus but that the company remained on track to meet its medium-term targets. Given developments in the second quarter of this year management’s optimism seems misplaced and hence the PE of 34x for 2020E and 27x 2021E seems stretched.
- Suez provides water, waste collection and recycling services. Its main markets are in Europe, especially France. Suez’s waste business is affected by the economic downturn owing to C-19. Waste volumes are lower and contract renewals face pricing pressure. The water division is less impacted. With the consensus dividend only partially covered by 2020 earnings, the recovery of the share price seems to have got ahead of itself. Suez’s aim is to de-lever the balance sheet, has become harder to achieve in the current environment.
- Spirax-Sarco Engineering provides consultation services and products for the control and management of steam and industrial fluids. With commanding market positions, Spirax-Sarco has notched up considerable growth recently. And at the half-year stage, management announced results that suffered less impact from the coronavirus than forecast by analysts. However, even for a well-positioned company a valuation at more than 40 times next year’s earnings seems too high.



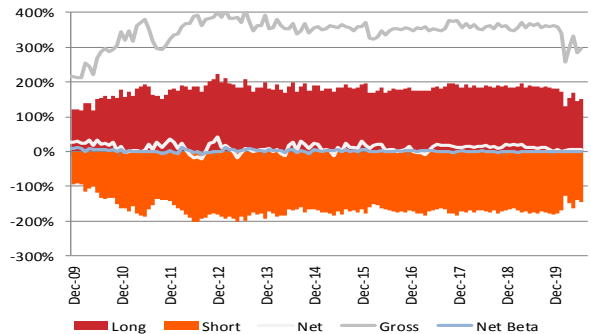
Exchange Liquidity Breakdown

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 98% of the portfolio can be liquidated within 3 days.

Liquidity	Long	Short	Portfolio
Within 3 Days	97.5%	98.4%	98.0%
Within 1 Week	99.7%	99.7%	99.7%
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	-0.2	0.0	0.0	-0.3
Banks	-0.1	0.0	-0.2	0.0	-0.2	0.4	-0.6	0.0	-0.3
Consumer Discretionary	0.8	0.1	0.3	0.3	0.3	0.2	0.1	-0.1	1.1
Consumer Staples	-0.1	0.0	-0.1	0.0	-0.3	-0.4	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	-0.7	-0.2	0.0	-0.5	0.0	0.0	0.0	0.0	-0.7
Health Care	0.4	-0.2	0.5	0.0	-0.4	-0.3	0.0	-0.1	0.0
Industrials	-0.9	-0.2	-0.5	-0.2	-1.0	-0.3	-0.7	0.0	-1.9
Information Technology	-0.2	-0.3	0.1	0.0	-0.2	-0.3	0.2	-0.1	-0.4
Insurance	-0.1	0.0	0.1	-0.1	0.4	0.4	0.0	0.0	0.3
Materials	-0.1	-0.2	0.1	0.0	-0.9	-0.7	-0.3	0.0	-1.0
Media	0.1	0.2	-0.1	0.0	0.3	0.2	0.1	0.0	0.5
Real Estate	0.3	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.3
Telecommunication	-0.2	-0.2	0.1	0.0	0.6	0.6	0.0	0.0	0.4
Utilities	0.3	0.3	0.0	0.0	-0.4	-0.4	-0.1	0.0	-0.1
Cash / Other									-0.5
Total	-0.6	-0.7	0.4	-0.3	-2.0	-0.8	-1.0	-0.2	-3.2

Top Contributors

Getinge	0.4%	Long
Barco	0.3%	Short
Tokmanni	0.3%	Long
Telefonica	0.3%	Short
BT	0.3%	Short

Top Detractors

Fresnillo	-0.6%	Short
Unione di Banche Italiane	-0.4%	Short
Vestas Wind	-0.3%	Short
Saab	-0.3%	Short
JM	-0.3%	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%	-3.1%	-4.6%	2.6%	-1.4%	-1.4%	-1.9%	-19.2%
2019	5.3%	-0.1%	0.7%	-5.9%	-2.3%	1.1%	-1.9%	-1.4%	3.2%	-1.2%	-3.9%	-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.



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
Depository	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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