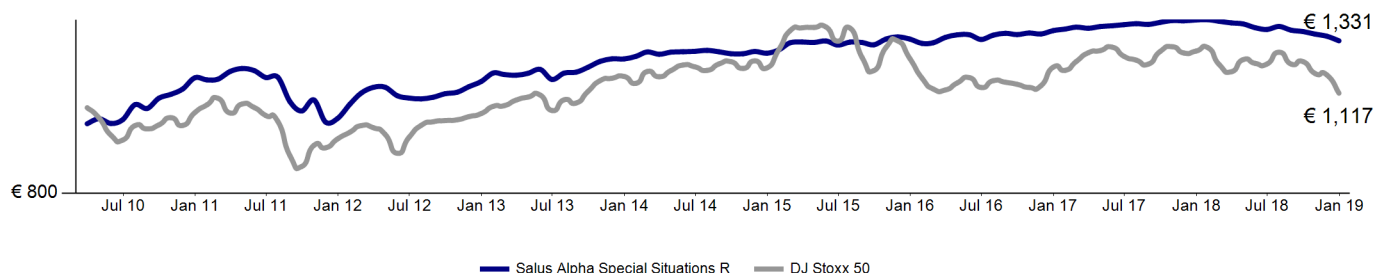
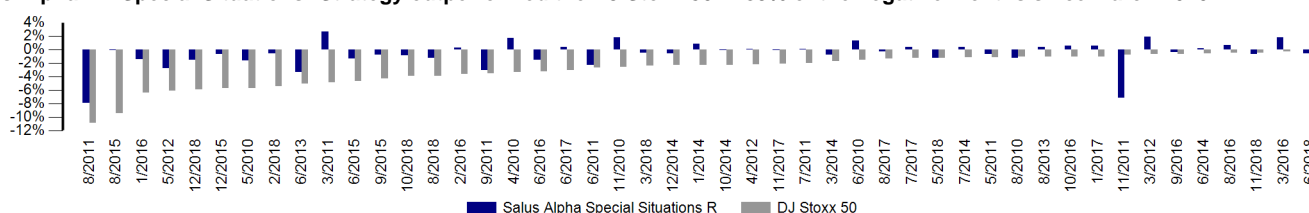


### Investment Approach

Salus Alpha Special Situations R EUR is a Multi-Asset sub-fund of Salus Alpha SICAV, investing across the full range of eligible instruments like bonds, equity and cash. It combines an opportunistic core portfolio of selected, fundamentally attractively valued top companies (10% - 30% exposure) with positions in short- and medium-term special situations (0% - 70% exposure). Employing a traditional stock-picker approach, the fund targets to achieve an absolute return independent of the development of the overall equity market. Special situations are for example acquisitions and bidding wars, changes in the capital structure, management changes, share buybacks, director's dealings, IPOs, capital increases, index changes or earning surprises.



**Salus Alpha RN Special Situations\* Strategy outperformed the DJ Stoxx 50 in 89% of the negative months since March 2010\*\*\*:**



### Performance since inception of the fund

	<b>33%</b>
Year To Date	-6.7%
Dec 2018	-1.5%

### Fund Inception\*

**22-Mar-2010**

### Target Return

**7% p.a. (net of fees)**

Recommended Holding Period

3 - 5 years

Synthetic Risk/Reward Indicator (SRRRI according to KID)

4

Currency	ISIN	NAV	Min. Initial Investment	Registered In
EUR	LU1280956597	13.2622	1,000	LU, AT, DE
USD	LU1280956670	10.0000	1,000	LU
GBP	LU1280956910	10.0000	1,000	LU
CHF	LU1280956753	10.0000	1,000	LU
SEK	LU1280957058	100.0000	10,000	LU

### Correlations Since 2010\*\*\*\*\*

	DJ Stoxx 50	HFRX ED: Special Situations Index	Bonds**, 50% DJ Stoxx 50)	Bonds**
Salus Alpha Special Situations R	0.58	0.53	0.53	-0.01
DJ Stoxx 50		0.64	0.96	-0.07
HFRX ED: Special Situations Index			0.58	-0.16
Benchmark (50% Bonds**, 50% DJ Stoxx 50)				0.21

\* Salus Alpha RN Special Situations (AT000A0GZ08) was merged into Salus Alpha Special Situations R EUR (LU1280956597) on 1-Aug-2016. Actual fund performance since inception.

\*\* iBoxx Sovereign Bond Index.

\*\*\* The Benchmark had 47 negative months since March 2010.

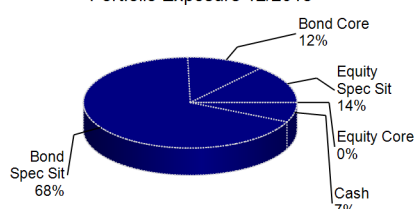
\*\*\*\* Correlation denotes one asset's dependence on the movements of a reference asset. Correlations of +1 imply that the assets move in tandem, correlations of -1 imply that they move exactly in opposing directions.

### Fund Performance\*

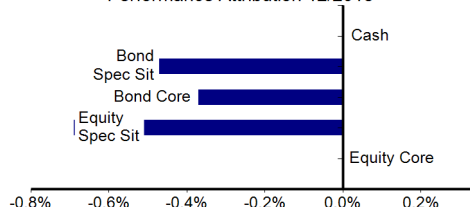
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD**
2010			0.9%	1.7%	-1.6%	1.3%	5.1%	-1.3%	3.5%	1.3%	1.8%	3.8%	17.6%
2011	-0.7%	0.2%	2.6%	1.0%	-0.7%	-2.3%	0.1%	-7.9%	-3.0%	3.8%	-7.2%	1.3%	-12.7%
2012	4.8%	3.8%	1.9%	0.0%	-2.8%	-0.8%	-0.3%	0.6%	1.2%	0.5%	1.9%	1.7%	13.1%
2013	2.9%	-0.5%	-0.2%	0.6%	1.3%	-3.3%	2.2%	0.3%	1.6%	2.0%	0.9%	0.0%	7.9%
2014	0.9%	1.5%	-0.8%	0.7%	0.1%	0.1%	0.3%	-0.5%	-0.6%	0.0%	0.8%	-0.6%	1.5%
2015	1.2%	2.4%	0.3%	-0.1%	0.5%	-1.4%	1.0%	-0.1%	-0.8%	1.9%	0.7%	-0.7%	4.9%
2016	-1.4%	0.2%	1.8%	0.8%	0.0%	-1.6%	1.5%	0.6%	-0.4%	0.5%	-0.3%	1.1%	2.9%
2017	0.5%	0.6%	-0.4%	0.6%	0.3%	0.3%	0.3%	-0.3%	0.7%	0.6%	-0.1%	0.3%	3.6%
2018	0.1%	-0.5%	-0.5%	-0.3%	-1.3%	-0.6%	1.0%	-1.2%	-0.4%	-0.9%	-0.7%	-1.5%	-6.7%

\* Salus Alpha RN Special Situations (AT0000A0GZ08) was merged into Salus Alpha Special Situations R EUR (LU1280956597) on 1-Aug-2016. Actual fund performance since inception.

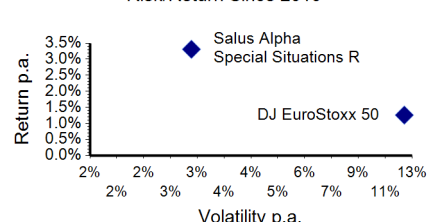
Portfolio Exposure 12/2018



Performance Attribution 12/2018



Risk/Return Since 2010



### Product Details

Manager	Salus Alpha Capital Ltd
Mutual Fund Company	Salus Alpha SICAV
Custodian	CACEIS Bank Luxembourg
Legal Structure	UCITS
Fund Domicile	Luxembourg
Sales Fee	3.00%
Redemption Fee	None
Management Fee	1.90%
Performance Fee	20%

### Availability

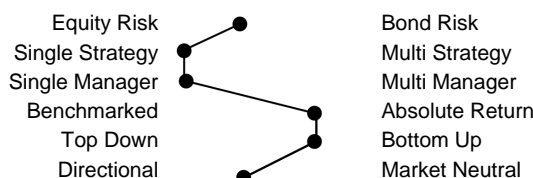
Order Routing	Caceis Bank Luxembourg
Order Cutoff	3:00 p.m.
Units / Amounts	Both
Liquidity	Daily
Manager Contact	<a href="mailto:invest@salusalphabet.com">invest@salusalphabet.com</a>
Web	<a href="http://www.salusalphabet-sicav.com">www.salusalphabet-sicav.com</a>

### Fund Performance\*

Fund Inception		22-Mar-10
	<u>Fund</u>	<u>Benchmark</u>
Total Return	33.1%	11.7%
Outperformance	<b>+21.4%</b>	
Annual Mean Return	3.31%	1.26%
Outperformance (p.a.)	<b>+2.0%</b>	
Annual Volatility	3.01%	11.90%
Mod. Sharpe Ratio (0%)	1.10	0.11
Best Month	5.13%	8.05%
Worst Month	-7.9%	-10.9%
% Positive Months	60%	56%
Maximum Drawdown	-16.4%	-20.4%
Max. Drawdown Date	Nov-11	Sep-11
Sortino Ratio (0%)	0.59	0.15
Calmar Ratio	-0.03	-0.26

### Fund Category

Fund Strategy	Mixed Asset Moderate
Target Return	7% p.a. (net of fees)
Target Volatility	4% - 6% p.a.
Target Correlation To Stocks	ca. 0.5
Target Correlation To Bonds	<0.2



\* Salus Alpha RN Special Situations (AT0000A0GZ08) was merged into Salus Alpha Special Situations R EUR (LU1280956597) on 1-Aug-2016. Actual fund performance since inception.

\*\* Year to date.

**Performance Review for November 2018**

Global equity markets remained negative and volatile throughout the month, as geopolitical events (Brexit, trade tensions, Italian budget and weaker oil prices) continued to weigh on risk appetite. However, the S&P 500 Index recovered +1.8% in November amid growing hopes of a trade truce between the US and China. US economic data remained encouraging with particularly strong employment data. US Nonfarm payrolls increased by 250,000 in October (vs. expected: 190,000), while the unemployment rate held steady at a record low level of 3.7%. The Federal Reserve (Fed) Chairman Powell struck a more dovish tone, suggesting additional interest rate hikes may be limited. As expected, the Fed left rates unchanged in its November meeting. The outcome of the US midterm elections was broadly as expected with the Democrats took control of the House of Representatives while the Republicans held the Senate. This could mean less fiscal support for the economy as Democrats are unlikely to back further tax cuts (or to extend fiscal stimulus).

In-contrast, Eurozone and UK equities declined in November as concerns around the sustainability of global growth, trade wars, Brexit and weaker oil prices weighed on investor sentiment. The dispute over Italy's 2019 budget continued. The European Commission (EU) rejected Italy's draft 2019 budget and asked Italy to submit a new draft according to EU rules on public spending or face disciplinary action. While the Eurozone's economic data continued to indicate slower growth. The Eurozone composite PMI Index fell to 52.4 in November from 53.1 in October. The German economy contracted by -0.2% (QoQ) in the third quarter of 2018, largely due to a trade slowdown and sharp decline in industrial production. This was in part due to the temporary decline in vehicle production as auto companies tackled new emissions standards. Eurozone's annual inflation decelerated to 2.0% in November (from 2.2% in October) mainly as a result of lower energy prices. Eurozone unemployment was unchanged at 8.1%.

Meanwhile, Brexit remained an important political focus. The EU approved the 'Withdrawal Agreement' with the UK. However, uncertainty remains over the ability of the Prime Minister Theresa May to pass the deal through the UK parliament. During the month, major European equity indices such as the EuroStoxx50, the DAX30, the ATX20 and the FTSE 100 Index were down by -0.8%, -1.7%, -2.7% and -2.1% respectively. The oil prices fell sharply by more than -20% in November.

Salus Alpha Special Situations Fund returned -0.7% in November, and thus, performed better than major Eurozone equity indices, which slipped as quoted above. The Strategy's positive performance in equities has been offset by the marginal loss in the cash-substitute part of the portfolio (Fixed-income). However, the fund was pretty stable over this volatile period. The Fund's market hedges with efficient risk management strategies proved successful during the month. In terms of portfolio positioning, we further intensified our low risk profile (by opportunistically selling into strength) during the first half of the month. Overall, we remained very cautious and retained a defensive investment strategy with some appropriate market hedges (short position of S&P 500 Index Future, short/long position of DAX Index Future and short position of Euro Bund Future), which helped to in part hold our performance.

**Special Situations:**

The Strategy's medium-sized Special Situation in DO&CO AG continues to deliver strong momentum. The catering company rallied +14% in November and was the top performer (+0.19%) for the month. DO&CO has continued its winning series this year, with its share price and valuation getting another fresh trigger. The company's potential deal pipeline includes BA and Iberia lounges contract (EUR 30-40mn per annum), IAG's North America catering tender (EUR 50mn per annum), ten-years new airline catering contract of Aer Lingus (EUR 35mn per annum) and catering contracts for major sports events (UEFA EURO 2020, Champions League finals). We believe DO&CO's investment case remains very robust on the back of clearly more positive fundamentals, given higher estimates and attractive valuation multiples.

After a pullback in October, the Strategies' Special Situations in S Immo, and Immofinanz (the Austrian real estate companies) delivered positive returns in November. In-contrast, the Strategy's position in Baywa AG (German agricultural trading group) dropped by -10% in November, and thus, detracted by -0.10% to the Fund's monthly performance. The company's third quarter earnings were hit by the drought situation and low water levels in Germany. Nevertheless, we met with the company's CFO who gave a very confident outlook for the full year results which makes us stick to that deep value play.

During the month, we sold our positions in Polytec Holding AG, Palfinger AG and AT&S Austria Technologie & Systemtechnik AG (at good price levels) as measures of risk reduction in the overall portfolio. In early November, we also sold our existing position in Schoeller-Bleckmann Oilfield Equipment AG (SBOE) at attractive price levels, after the company was rumored as a potential takeover target. Furthermore, we also took advantage of share price weakness in the Austrian banks, Raiffeisen Bank International AG, Erste Group Bank AG and the Austrian Industrials, AMAG Austria Metall AG and Andritz AG with satisfactory profit trades.

The Strategies' market-hedges (the short position of S&P 500 Index) performed positively in November given the weaker/volatile equity markets. However, corporate bonds made negative total returns and have underperformed during the month. As a result of growing risk aversion, the Strategies' exposure (13% to the total Fund's volume) to contingent capital (CoCo) bonds, the most junior debt issued by banks, detracted (approx. -0.23%) from the Fund's monthly performance. The Strategies' hybrid bond category (26% exposure to the total Fund's volume) have also delivered negative returns (approx. -0.32%) during the month.

**Outlook:**

Global equity markets remain at risk of further short term corrections. The threats around Brexit, trade wars, Italian budget, higher interest rate and rising bond yields, emerging market contagion, slowing global economy and weaker oil prices have point to a period of increased volatility and potential weakness ahead. The global economic picture for 2019 looks more challenging as we approach the closing stages of this economic cycle. The equity market has already factored in the slowdown, leading to disappointing returns across most regions in 2018. The outlook for corporate earnings also weakened as companies warned of higher costs amid growing threats to global trade and the risks emerging from higher rates and elevated corporate debt. A divergence in the outlook for inflation between the US and the Eurozone suggests that monetary policy will also continue to diverge. With the economic indicators turning down at the same time as political uncertainty has spiked higher, the Eurozone's outlook has changed negative compared to the first half of the 2018. Thus, we continue to be cautiously positioned and are trying to use market corrections for buying first class quality, but we don't shy away from selling again in order to lock-in profits.