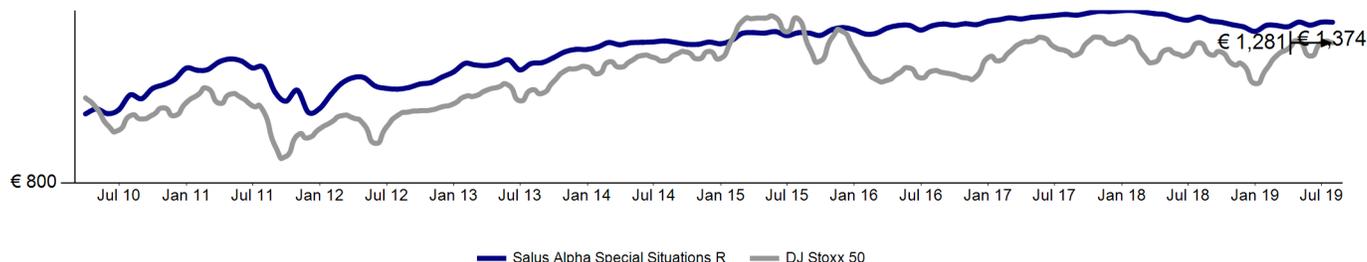
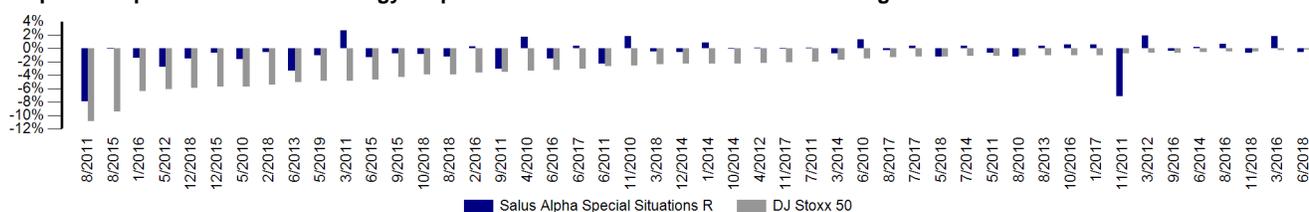


### Investment Approach

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-termed 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 90% of the negative months since March 2010\*\*\*:**



### Performance since inception of the fund

Year To Date	<b>37%</b>
Jul 2019	3.2%
Jul 2019	0.0%

### 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	13.6839	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.

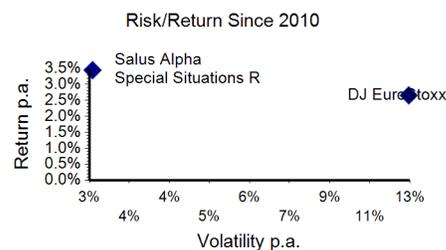
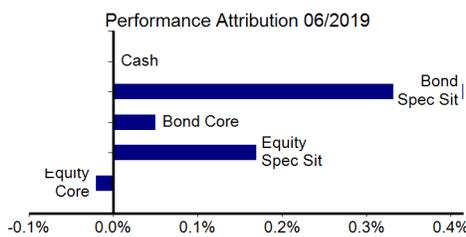
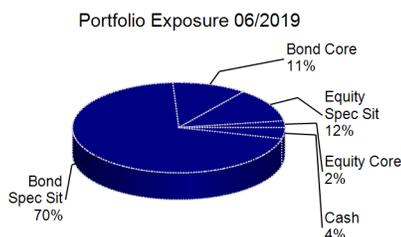
\*\*\* The Benchmark had 48 negative months since March 2010.

\*\*\*\* 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%
2019	2.1%	-0.1%	-0.5%	1.6%	-1.0%	1.0%	0.0%						3.2%

\* 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.



### 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

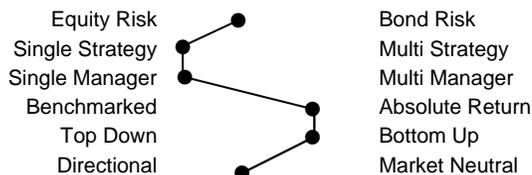
Order Routing	Caceis Bank Luxembourg
Order Cutoff	3:00 p.m.
Units / Amounts	Both
Liquidity	Daily
Manager Contact	<a href="mailto:invest@salusalphabet.com">invest@salusalphabet.com</a>
Web	<a href="http://www.salusalphabet.com">www.salusalphabet.com</a>

### Fund Performance\*

	Fund	Benchmark
Fund Inception		22-Mar-10
Total Return	37.4%	28.1%
Outperformance	<b>+9.3%</b>	
Annual Mean Return	3.45%	2.66%
Outperformance (p.a.)	<b>+0.8%</b>	
Annual Volatility	3.17%	12.45%
Mod. Sharpe Ratio (0%)	1.09	0.21
Best Month	5.13%	8.05%
Worst Month	-7.9%	-10.9%
% Positive Months	59%	58%
Maximum Drawdown	-16.4%	-20.4%
Max. Drawdown Date	Nov-11	Sep-11
Sortino Ratio (0%)	0.63	0.33
Calmar Ratio	0.06	0.22

### 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 June 2019**

Global equity markets rebounded in June after steep declines in May. The market sentiment improved by renewed hopes over potential progress in the US – China trade talks at the G20 summit and the dovish statements from the US Federal Reserve (Fed). US equities posted solid gains with the S&P 500 (+7% in June) set a new record high. The Fed did not cut rates at its June meeting, but signaled easier policy ahead. The market now expects more than 0.5% rate cuts by the end of this year in sharp contrast to the 0.5% increase in interest rates it was expecting for 2019 back in last September. However US economic data was mixed. The US economy added 224,000 non-farm payrolls in June (vs. expected: 165,000) with an unemployment rate at 3.7%. The US ISM Manufacturing PMI fell to 51.7 in June from 52.1 in May. The US Conference Board Consumer Confidence Index dropped to 121.5 in June from 131.3 in May. While the US annual price inflation fell to 1.6% in June from 1.8% in May. The global interest rates continued to decline with the 10-year US Treasury yield touching 2.0% and Japan and European 10 year yields falling deeper into negative territory.

European equities also made strong gains in June with the EuroStoxx50, the DAX30, the ATX20 and the Swiss SMI20 Index were up by +6%, +6%, +3% and +4% respectively. The European Central Bank (ECB) President Mario Draghi hinted that further monetary policy easing, such as new bond purchases, could be on the way if the Eurozone inflation outlook fails to improve. However, forward-looking economic indicators pointed to a mixed picture. The Eurozone composite PMI rose to 52.2 in June from 51.8 in May. However, Germany's manufacturing sector is struggling as industrial orders fell by over -2% in May, and were down by -8.6% versus a year ago. Germany's Ifo business climate dropped further in June to 97.4 points. Eurozone's inflation remained at 1.2% in June. While the unemployment rate dipped to 7.5% in May. During the month, UK equities also performed well with the FTSE 100 Index gained +4%, despite ongoing Brexit-related uncertainty. The Bank of England (BoE) kept interest rates on hold at 0.75% in its June meeting. Meanwhile, geopolitical tensions prompted an increased demand for gold as prices rose over 9% in June. Oil prices also rallied as OPEC-led production cuts and sanctions on Iran pushed prices higher.

Salus Alpha Special Situations Fund gained +1.0% in June 2019, as a result of strong stock selection and efficient risk management. The Strategies' Special Situations holdings in Financials (Austrian banks CoCo bonds), Hybrid bonds and selected names of Industrials and Hospitality/Airline catering have performed positively. In contrast, some equity indexes used as hedges weighed on performance. In terms of portfolio positioning, recently we got slightly more aggressive by buying Austrian laggard stocks, but overall retained a defensive investment strategy. We still have higher exposure to defensive, low beta stocks with the short position of S&P 500 Index future. However, we see reduced risks of a recession.

**Core Portfolio:**

During the month, we purchased a new position in Andritz AG (an Austrian plant engineering group), at attractive price levels. Andritz has been underperforming its peers, capital goods indices and also the Austrian market this year, mainly after 1Q results that put the Schuler's underperformance into the spotlight. On the other hand, the company's all other divisions performed solidly (particularly Pulp & Paper segment's reported very strong order intake) and still enjoy solid outlooks. Despite solid Q1 operating results (orders, sales and EBITDA) Andritz stock has been oversold, and thus, has created a buying opportunity, in our view.

We also increased our existing exposure to Mayr-Melnhof (Europe's leading manufacturer of cartonboard and packaging boxes). Following generally in-line 1Q 2019 figures, we think the investment case remains unchanged. The value-accretive acquisition of TANN, which is currently the earnings driver, is not adequately reflected in the current share price, in our view.

**Special Situations:**

Within the Fund's Special Situations Strategy, our highest conviction holdings in Austrian catering company DO&CO rallied +12% in June and thus, delivered a strong performance (+0.29%) to the Fund's monthly results. DO&CO reported a very strong Q4 results with impressive operating earnings (better than consensus expectations). The company announced several contract wins in Airline and International Event Catering, which should help to better utilise some gourmet kitchens leading to higher margins going forward. We also like the excellent sales visibility amid new in-flight catering contracts from IAG Group and Turkish Airlines, which were signed for 10 years and 15 years respectively. Furthermore, the company is currently participating in 16 lounge tenders for BA in the UK and 2 lounge tenders for Iberia in Madrid. We believe there is a good chance for DO&CO to win several of the aforementioned contracts, which would represent good news-flow for the shares.

During the month, we increased our existing exposure to Rosenbauer International AG (the world's largest fire-fighting vehicle producer). After a pullback in early June, the share price of Rosenbauer rose +8% during June, and thus, contributed significantly (+0.20%) to the Fund's monthly performance. Rosenbauer delivered an impressive 1Q results (sales +8.6%, order intake +43%). Given group's record-high order intake levels, we expect Rosenbauer to remain on the growth path. At the current level, we see Rosenbauer with an improved risk/reward ratio.

We bought a new position in the deep value German potash and salt miner, K + S AG as potash prices remained relatively up (+11% YOY) in the 1H 2019. K+S' share price has declined approx. -15% during the last two months. However, we believe market worries over supply-demand in potash are overdone. K+S's Canadian Bethune mine (the cost leader in the potash market) is now fully operational and running with higher volume. Despite a more favorable forex environment and a very strong 1Q 2019 results, K+S maintained its FY2019 guidance. In our view, K+S management wants to be conservative given several hiccups in the past (i.e. low Werra river levels, problems with Bethune ramp-up).

Meanwhile, as a strong performance of overall markets, we took profits and sold our positions in Vienna Insurance Group AG (Austrian insurer) and Immofinanz AG (Austrian real estate company).

As a result of risk-on market sentiment, corporate bonds saw strong returns in June. The Strategies' exposure (13% to the total Fund's volume) to Contingent Capital (CoCo) bonds, the most junior debt issued by banks, delivered strong performance (+0.50%) in June. The Strategies' hybrid bond category (27% exposure to the total Fund's volume) has also delivered strong returns (approx. +0.20%) in June.

**Outlook:**

Global markets remain vulnerable to short term volatility and weakness on the back of uncertainty about trade, Middle East tensions and mixed economic data. We now see trade and geopolitical frictions are the principal drivers of the global economy and markets. Regional economic divergence continues, although global financial conditions broadly have slowed. However, overall global policies (monetary and fiscal policies) have become more supportive to the economic activities. A significant shift by central banks toward monetary easing should extend the long expansion and support risk assets.

Nevertheless, the global economic picture for second half of 2019 looks more challenging as we are in the closing stages of this economic cycle. The political uncertainty remains a headwind, while recent macroeconomic data releases continue to send mixed signals about the outlook for the global economy. The outlook for corporate earnings also weakened as companies warned of higher costs amid growing threats to global trade and elevated corporate debt. 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.