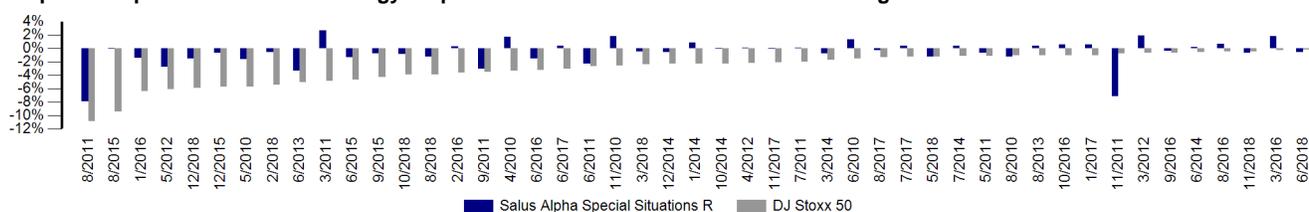


Investment Approach

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 89% of the negative months since March 2010*:**



Performance since inception of the fund

Year To Date	36%
Jan 2019	2.1%

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	13.5379	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 (AT0000A0GZ08) 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.

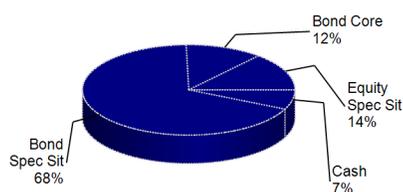
**** Correlation denotes one asset's dependence on the movements of a reference asset. Correlations of +1 imply that the assets move in tandem, correlations of -1 imply that they move exactly in opposing directions.

Fund Performance*

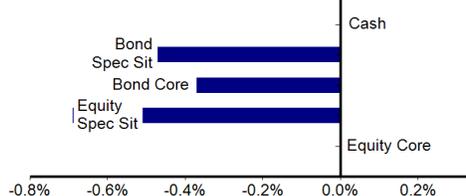
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD**
2010			0.9%	1.7%	-1.6%	1.3%	5.1%	-1.3%	3.5%	1.3%	1.8%	3.8%	17.6%
2011	-0.7%	0.2%	2.6%	1.0%	-0.7%	-2.3%	0.1%	-7.9%	-3.0%	3.8%	-7.2%	1.3%	-12.7%
2012	4.8%	3.8%	1.9%	0.0%	-2.8%	-0.8%	-0.3%	0.6%	1.2%	0.5%	1.9%	1.7%	13.1%
2013	2.9%	-0.5%	-0.2%	0.6%	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%
2019	2.1%												2.1%

* 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.

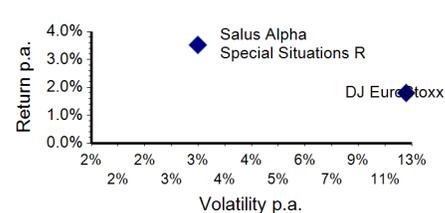
Portfolio Exposure 12/2018



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

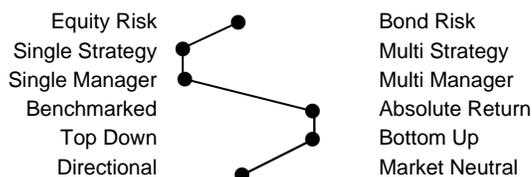
Order Routing	Caceis Bank Luxembourg
Order Cutoff	3:00 p.m.
Units / Amounts	Both
Liquidity	Daily
Manager Contact	invest@salusalphabet.com
Web	www.salusalphabet.com

Fund Performance*

	Fund	Benchmark
Fund Inception		22-Mar-10
Total Return	35.9%	17.3%
Outperformance	+18.6%	
Annual Mean Return	3.52%	1.80%
Outperformance (p.a.)	+1.7%	
Annual Volatility	3.12%	12.06%
Mod. Sharpe Ratio (0%)	1.13	0.15
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%)	0.62	0.22
Calmar Ratio	0.14	0.00

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 December 2018

Global equity markets suffered steep declines in December amid persistent worries over trade and economic growth. Investors remained nervous over rising US interest rates, trade wars, Brexit and increasing signs of global economic slowdown. Volatility returned to the US equity market with the S&P 500 Index down sharply -9.2% in December. The Federal Reserve (Fed) raised interest rates by 25 basis points, to a new band of 2.25%-2.5%. It now anticipates two more rate hikes in FY2019 compared to the three projected in September. However, the US GDP growth forecasts were revised down in 2018 and 2019, with inflation projections also adjusted downwards. On the other hand, the US President Trump warned that he was prepared for a long government shutdown if he did not receive funding for a border wall with Mexico. The shutdown standoff remained unresolved. US 10-year Treasury yields fell from 3.06% to 2.68%, reflecting increased risk aversion.

On the other side, Eurozone equities also fell sharply in December with the EuroStoxx50, the DAX30, the ATX20 and the Swiss SMI20 Index were down by -5.4%, -6.2%, -10.7% and -6.7% respectively. Worries over softer macroeconomic data, slower Chinese growth and geopolitical events (trade-tariffs, Brexit and weaker oil prices) continued to weigh on risk assets. However, December saw the end of the long-running dispute over Italy's 2019 budget. Italy and EU are reached a budget deal after Italy's populist government reduced FY2019's deficit target to 2.04% of GDP (compared to the 2.4% initially envisaged). However, Eurozone's economic data continued to point to slowing momentum. The Eurozone composite PMI Index fell to 51.3 in December from 52.7 in November. Protests in France (the Gilets Jaunes) and ongoing weak demand for new cars were weighed heavily on Eurozone economic indicators. However, the European Central Bank (ECB) confirmed the end of its bond-buying programme in December and reiterated that interest rates will not be going up until at least the summer of 2019.

Meanwhile, Brexit remained an important political focus. The FTSE 100 Index fell -3.6% during the month. UK Prime Minister Theresa May was forced to delay Parliament's vote on the 'Withdrawal agreement' on concerns that it would not be passed. Subsequently, the Prime Minister survived a no confidence vote, launched by the Conservative Party. While the Sterling (GBP) fell against the US dollar and EURO amid fears of no-deal Brexit scenario.

Salus Alpha Special Situations Fund returned -1.5% in December, and thus, performed better than major European equity indices, which slipped as quoted above. The month offered no real hiding place other than cash in terms of underlying fund performance. However, the fund was pretty stable over this volatile period as we had been already prepared for such a correction phase with a low risk profile. Nevertheless, we increased our risk towards the end of the month by taking advantage of share price weakness. The Fund's market hedges with efficient risk management strategies proved successful during the month. The Fund's short position of S&P 500 Index Future helped to hold our performance.

Special Situations:

The Strategies' market-hedges (the short position of S&P 500 Index) performed positively in December given the weaker equity markets. However, corporate bonds made negative total returns and have underperformed during the month. As a result of higher 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. -0.18%) from the Fund's monthly performance. The Strategies' hybrid bond category (24% exposure to the total Fund's volume) have also delivered negative returns (approx. -0.55%) during the month.

On the other hand, by taking advantage of weaker equity markets, we bought new positions in Mayr-Melnhof Karton AG (Austrian packaging company), AT&S Austria Technologie & Systemtechnik AG (Austrian circuit board manufacturer), Polytec Holding AG (Austrian car supplier), Raiffeisen Bank International AG (an Austrian lender), Voestalpine AG (an Austrian specialty steelmaker) and the DAX listed Leoni AG (German automotive cable supplier), Fresenius (German health care company) and Deutsche Pfandbriefbank (German lender) towards the end of the month. Meanwhile, in mid-December, we also sold our positions in Austrian real estate company, Immofinanz AG (at good price levels) as measures of risk reduction in the overall portfolio. We also made small profits in our shorter-term positions in Schoeller-Bleckmann Oilfield Equipment AG (SBOE). However, we maintained our positive view on the growth prospects of the company. After the recent market-driven selloff, the stock trades well below its long-term average forward valuation, while its business model now shows clearly better growth and return potential.

Furthermore, we increased our existing exposure to DO&CO AG. The share price of Austrian catering company plunged by -12% and thus, detracted (-0.14%) to the Fund's monthly performance. We believe DO&CO's investment case remains very robust on the back of clearly more positive fundamentals, given higher estimates (strong potential deal pipeline) and attractive valuation multiples.

Outlook:

Global equity markets remain at risk of further short term corrections. The threats around Brexit, trade wars, US politics, higher interest rates (rising bond yields) and slowing global economy 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 US continues to expand robustly, while data from the Eurozone and China have softened. UK growth remains sluggish and any improvement in business confidence remains contingent on Brexit outcomes. 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. 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.