

Newsletter September 2017

AC TIGER FUND – TIGER VALUE FUND (FCP-SIF)

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Launch date	12 Dec 2008	Total Gross Exposure	103.2%	Total Long Exposure	71.0%								
AuM	€ 91 m	Total Net Exposure	38.8%	Total Short Exposure	32.2%								
Share Class A	NAV* € 2,224.56	WKN A0Q5LH	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY	Reuters LP68023199								
Share Class B	€ 2,432.17	AORDZZ	LU0400329750	TIGERAB LX EQUITY	LP68023200								
Share Class U	\$ 981.12		LU1647855136	TIGERU LX EQUITY									
NET PERFORMANCE METRICS													
	Return (since inception)	Return (p.a.)	Sharpe Ratio***	Volatility (p.a.)									
Share Class A	122.5%	9.6%	1.60x	6.2%									
Share Class B	143.2%	10.7%	1.72x	6.5%									
POSITIONS			FUND PERFORMANCE vs. CS HF INDEX L/S EQUITY **										
Number of Positions		Weightings (% of Gross)											
Long Positions	40	Long	Short										
Short Positions	36	Top 5	25.3%				11.4%						
Total No. Positions	76	Top 10	40.1%				19.2%						
MONTHLY NET RETURN													
Share Class A	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008	-	-	-	-	-	-	-	-	-	-	-	0.003%	0.003%
2009	0.56%	1.73%	0.46%	2.87%	3.60%	5.51%	1.21%	4.35%	1.05%	0.62%	1.26%	-1.29%	24.04%
2010	0.50%	0.06%	2.22%	-0.32%	-3.08%	2.04%	0.05%	0.58%	3.25%	1.62%	0.18%	-0.41%	6.75%
2011	3.43%	-0.21%	1.47%	2.14%	0.25%	-0.81%	-1.32%	-3.41%	0.45%	-1.72%	-2.24%	0.86%	-1.31%
2012	4.48%	1.51%	1.35%	-1.68%	-1.05%	-0.37%	-0.59%	0.69%	1.85%	0.57%	-0.53%	1.44%	7.79%
2013	3.57%	1.49%	-0.66%	0.24%	2.70%	-0.67%	0.95%	0.07%	3.00%	2.66%	1.14%	-0.54%	14.73%
2014	1.88%	2.56%	0.63%	2.61%	0.63%	-0.34%	-2.19%	-0.42%	-1.20%	-1.32%	1.83%	1.14%	5.82%
2015	2.07%	3.13%	4.23%	0.99%	1.54%	-1.60%	1.41%	-1.20%	-2.10%	3.89%	1.45%	1.60%	16.29%
2016	-3.91%	0.21%	4.43%	1.40%	-0.99%	-1.85%	0.91%	1.05%	0.41%	0.22%	0.15%	2.70%	4.58%
2017	1.96%	1.31%	3.33%	0.22%	2.12%	0.97%	-1.07%	-1.23%	-0.77%				6.95%
Share Class B	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2008	-	-	-	-	-	-	-	-	-	-	-	0.02%	0.02%
2009	0.62%	1.87%	0.52%	3.25%	3.90%	5.95%	1.34%	4.62%	1.08%	0.70%	1.38%	-1.26%	26.51%
2010	0.57%	0.10%	2.40%	-0.28%	-3.04%	2.08%	0.05%	0.62%	3.32%	1.80%	0.19%	-0.36%	7.57%
2011	3.62%	-0.18%	1.56%	2.27%	0.21%	-0.71%	-1.28%	-3.37%	0.49%	-1.68%	-2.20%	0.90%	-0.59%
2012	4.52%	1.55%	1.39%	-1.64%	-1.01%	-0.33%	-0.54%	0.73%	1.89%	0.61%	-0.49%	1.40%	8.23%
2013	3.78%	1.62%	-0.67%	0.30%	2.91%	-0.69%	1.05%	0.11%	3.23%	2.87%	1.24%	-0.53%	16.15%
2014	2.04%	2.75%	0.71%	2.81%	0.70%	-0.32%	-2.15%	-0.37%	-1.16%	-1.28%	1.87%	1.19%	6.84%
2015	2.09%	3.33%	4.55%	1.09%	1.69%	-1.68%	1.53%	-1.24%	-2.06%	4.03%	1.58%	1.74%	17.69%
2016	-3.87%	0.26%	4.49%	1.52%	-1.01%	-1.84%	0.95%	1.10%	0.46%	0.27%	0.20%	2.91%	5.30%
2017	2.13%	1.43%	3.58%	0.27%	2.30%	1.07%	-1.03%	-1.19%	-0.73%				7.97%
Share Class U	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-	-	-	-	-	-	-	-0.99%	-0.91%				-1.89%
MARKET CAPITALISATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Large (>€5bn)	30	39.0%	3.2%	21.7%	-18.5%								
Mid (>€1bn)	12	17.8%	7.3%	12.8%	-5.5%								
Small - Mid (€0.5-€1bn)	11	17.9%	5.4%	11.9%	-6.6%								
Small (€50m-€500m)	19	24.5%	22.1%	23.7%	-1.6%								
Micro (<€50m)	4	0.8%	0.8%	0.8%	0.0%								
Total	76	100.0%	38.8%	71.0%	-32.2%								
SECTOR EXPOSURE													
	Pos. No	%Gross	Net Exp	Long	Short								
Technology	16	12.6%	-6.2%	3.4%	-9.6%								
Media/Retail	13	21.5%	12.9%	17.6%	-4.7%								
Industrials/Materials	14	21.4%	12.7%	17.4%	-4.7%								
RE/Financials	10	15.8%	10.4%	13.4%	-2.9%								
Auto/Transport	7	9.0%	-1.6%	3.9%	-5.4%								
Energy/Renewables	9	14.5%	10.3%	12.6%	-2.3%								
Healthcare													
DAX / MDAX	7	5.1%	0.3%	2.8%	-2.5%								
Total	76	100.0%	38.8%	71.0%	-32.2%								
ASSET ALLOCATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Equity	60	89.1%	37.8%	64.9%	-27.0%								
Fixed Income	4	3.5%	3.1%	3.3%	-0.2%								
Future													
Option	12	7.4%	-2.1%	2.8%	-4.9%								
Total	76	100.0%	38.8%	71.0%	-32.2%								

Source: TAM EFA; * NAV daily calc. by EFA; **www.hedgeindex.com, Broad Indexes - CS Hedge Fund Index Long/Short Equity; *** TAM inhouse calculation

Tiger Value Fund – September 2017

○ **Returns: -0.77% (class A)/-0.73% (class B)/ -0.91% (class U)**

In September, the Tiger Value Fund (“TVF”) had a net return of -0.77% for share class A and -0.91% for share class B, making a cumulative positive net return of +6.95% and +7.97% for the year to date and +122.5%/+143.2% since inception (share class A/B). Our new FX hedged USD share class U had a net return of -0.91%, making a cumulative negative net return of -1.89% for August and September.

○ **Commentary: TVF suffered from short book**

In September, we increased our net adjusted exposure from 32.7% to 35.7% (excl. 3.1% fixed income linked positions). Our short book caused significant losses in particular at some technology shorts were our catalysts didn’t materialize as expected. We had to cut several shorts but also added new shorts we expect negative catalysts in October and November. We also increased some long positions and continued to book profits on some of our longs. In addition we rolled over our single DAX Put index hedges at record low volatility levels.

Our top attributers were Metro (+55bp), Ferratum (+42bp), Schaeffler (+42bp) and Andritz (+17bp). Metro finally recovered from recent lows after the stock re-entered the MDAX as of end of September and private equity takeover rumors leaked to the market. We believe a takeover by a financial sponsor clearly makes sense as Metro trades on a 15% FCF yield (based on company targets) and only 5.5x EBITDA 2017 which is a 50% discount to peers. Ferratum finally continued its uptrend after the company was on a conference in Munich restating that its growth will continue. Schaeffler AG, a German auto supplier, which we bought recently after the company had a profit warning and faced additional selling pressure as a few analyst downgraded the stock also because they believe the company is one of the losers of the e-mobility trend. We have a different view and increased our position in Schaeffler AG after we met the management team and key shareholder Georg Schaeffler at the IAA fair in Frankfurt.

Our detractors were Energiekontor (-27bp) and PNE Wind (-16bp). Energiekontor and PNE both suffered from increased negative sentiment for German windpower after the 2nd German wind auction tender revealed even lower bidding prices with an average of 4.28 €-cent /kWh compared with 5.71 at the initial auction in May. In contrast to the wind turbine manufacturers, demand for wind projects remains strong and both Energiekontor and PNE can offset the lower energy prices with reduced costs for equipment and land leases. While the project pipeline for Germany in 2018 will show limited growth, beyond 2018 we expect significant growth especially in the the UK. Both stocks remain substantially undervalued which makes them an attractive target for strategic and financial investors.

The overall result of our single short book (incl. single put options) of -150bp was very disappointing as we had discovered some catalyst shorts which didn’t work out. Even if we were right on a profit warning or muted results the net impact on share prices was rather limited in the current bull market environment. We also continued to hedge via DAX Put Options which increased our overall hedging costs by 10bp to 160bp in September.

Now, as we are entering the earnings season we have found additional long and short ideas which should give us positive attributions short-term. We are also working on a few structural themes which we will highlight in the coming months.

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o Outlook: Where did the volatility go?

In contrast to our expectations, September did not prove to be as volatile as seasonally usual. In fact, the 10-day average implied volatility for the DAX (VDAX) was its lowest ever recorded and ended the month at 11.95%. Since the financial crisis the 10-day average VDAX has rarely been below 14% and has mostly been in a range between 15-30%.

As we have argued before, we do not see this as a sustainable level considering that global monetary stimulus is gradually being withdrawn both in the US and Europe. In the US, the FED decided at their September meeting to start unwinding its balance sheet by \$10bn per month from October. In Europe, the ECB is widely expected, either at its October or December meeting, to present its plan to wind down its purchase program in 2018. In combination with a more uncertain economic outlook (after 8 years of uninterrupted global economic expansion) and record high asset prices, we see a great risk of increased volatility ahead especially in 2018.

As outlined in previous months' newsletters, we had expected another attempt for the DAX to break to new all-time highs. However, we had expected the final run to new highs to start from lower levels in the DAX and we were therefore defensively positioned in the fund. It now seems that the run to new all-time-highs has started and it is very likely that we will see DAX close to 13,000 in the next month.

While tactically we have missed the latest rally in European equities, more importantly our strategic outlook for 2018 and beyond is unaltered. Even if the DAX breaks to a new high in the coming month, we don't expect it to be sustained but rather the final act in a larger topping process. Strategically we have been expecting equity markets to peak out in 2017 and enter a period of more volatile sideways trading. We believe this scenario is still intact.

We increased our net equity exposure marginally in September to around 36%. Given the low level of implied volatility we have continued to roll over our put option hedges and we will likely use the opportunity to increase our put option exposure further as we believe volatility is far too cheap currently. We are naturally not satisfied with our performance lately but we will not waiver from our core investment principles of a strict adherence to a risk/reward of minimum 1:2 for our investments. Sometimes this results in missing investment opportunities especially towards the end of a bull market but over a full market cycle this strategy pays off especially in a lower realized volatility. We remain convinced that our investment strategy will start to pay off again in the near future.

The Tiger Value Fund Desk, 2nd October 2017



Matthias Rutsch



Marc Schädler



Peter Irlblad

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Objectives

The objective is to identify undervalued companies with external catalysts and/or initiate pro-active measures to create shareholder value. The fund aims for a 5 year return of 10-15% p.a. with strong focus on capital preservation.

Investment Strategy

The Investment Advisor is a specialized fundamental European long/short equity investment manager. The investment philosophy is based on seeking out undervalued value creating companies where we see upcoming catalysts and/or value creation measures that could improve the intrinsic value of the company and drive shareholder returns. At the same time we seek to profit from identifying overvalued value destroying companies where the intrinsic value is continuously being eroded. For each position we perform a detailed analysis including a 360 degree research process and 10 point scoring system (further details are available in our DDQ of investor presentation). The managers foresee a direct dialog with the company as well as with other shareholders to support management to initiate value creating measures. Their partner network i.e. other shareholders, consultants, sector experts, media etc. will help to impact positive change.

The fund intends to engage in 30 long investments with a target net long exposure of around 20-50%. The geographic focus is likely to be Germany, Switzerland and Austria.

Fund Information		Fee Structure and Risk Management	
Currency	EUR	Admin/Custodian Fee	Up to 0.49%
Legal Entity	FCP-SIF	Advisory (Mgmt) Fee	
Fund Domicile	Luxembourg	Share Class A / U	2.0%
Fund Structure	Open-ended multi-class	Share Class B	1.5%
Style mandate	Long/Short and Active Value	Performance Fee	
Investment Minimum		Share Class A / U	20%
Share Class A / U	€ 125,000 /US-\$ 125,000	Share Class B	15%
Share Class B	€ 5,000,000	Hurdle Rate	None
Sub. Frequency	Monthly	High Water Mark	Yes
Red. Frequency	Monthly	Eligible Investors	See Issue Document
Redemption Notice		Leverage	Maximum 200% of NAV
Share Class A / U	monthly*	Fund Benchmark	CS HF Index L/S Equity
Share Class B	6 months		

*) The redemption notice has to be sent to the Administrator five business days prior to month end (cut-off 5pm). Therefore the redemption term is monthly with a notice period of 5 days. Please see the offering document for further information.

Investors: Sales documents may not be forwarded to investors other than those who meet the 'experienced investor' requirements under the Law of 2007.

Fund Advisor Details and Service Providers

Management Company	Alceda Fund Management SA
Investment Advisor	Tiger Asset Management GmbH
Swiss Representative	ACOLIN Fund Services AG
Prime Broker/Custodian	SEB AB / SEB SA
Administrator	European Fund Administration SA
Auditor	PriceWaterhouseCoopers

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Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "thinks," and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, among other things, those matters discussed as "Risk Factors," in the Issue Document of the Fund, as well as (1) general economic and business conditions; (2) new governmental regulations and changes in, or the failure to comply with existing governmental regulation, (3) legislative proposals that impact our industry or the way we do business, (4) competition, and (5) our ability to attract and retain qualified personnel.

Although we believe that these statements are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Given these uncertainties, prospective investors are cautioned not to place undue reliance on these forward-looking statements. We assume no obligation to update or revise any forward-looking statements contained on this document or provide reasons why actual results may differ. The investment objectives and methods summarized herein represent the current intentions of the Investment Advisor. Depending on conditions and trends in the securities markets and the economy in general, we may pursue any objectives, employ any investment techniques or purchase any type of security that we consider appropriate and in the best interest of the funds, whether or not described herein. The discussion herein includes and is based upon numerous assumptions and opinions of the Investment Advisor concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the investment strategy of the Fund will achieve profitable results for the Fund.

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