

Newsletter December 2012

TIGER FUND – TIGER VALUE FUND (FCP-SIF)

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FUND INFORMATION														
Launch date	12-Dec-08	Total Gross Exposure	84.6%	Total Long Exposure	71.0%									
AuM	€ 24.9 m	Total Net Exposure	57.4%	Total Short Exposure	13.6%									
	NAV*	WKN	ISIN	Bloomberg	Reuters									
Share Class A	€ 1,408.61	A0Q5LH	LU0400329677	TIGERAA LX EQUITY	LP68023199									
Share Class B	€ 1,464.73	A0RDZZ	LU0400329750	TIGERAB LX EQUITY	LP68023200									
NET PERFORMANCE				FUND PERFORMANCE vs. DJ CS HF INDEX L/S EQUITY ***										
	Since inception	YTD	Sharpe Ratio**											
Share Class A	40.86%	7.79%	1.50x											
Share Class B	46.47%	8.23%	1.67x											
POSITIONS														
Number of Positions		Weightings (% of Gross)												
Long Positions	38	Long	Short											
Short Positions	11	Top 5	12.2%											
Total No. Positions	49	Top 10	43.0%											
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														
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														
MARKET CAPITALISATION														
	Pos. No	%Gross	Net Exp	Long	Short									
Large (>€5bn)	8	25.9%	3.5%	12.7%	-9.2%									
Mid (>€1bn)	11	20.0%	10.3%	13.6%	-3.3%									
Small - Mid (€500m-€1bn)	5	5.9%	3.7%	4.3%	-0.6%									
Small (€50m-€500m)	19	36.8%	30.1%	30.6%	-0.5%									
Micro (<€50m)	6	11.5%	9.7%	9.7%	0.0%									
Total	49	100.0%	57.4%	71.0%	-13.6%									
Geographic focus: DACH region (> 90%)														
SECTOR EXPOSURE														
	Pos. No	%Gross	Net Exp	Long	Short									
Technology	14	29.8%	20.7%	23.0%	-2.2%									
Media/Retail	7	9.6%	7.2%	7.7%	-0.5%									
Industrials/Materials	11	28.2%	14.5%	19.2%	-4.6%									
Financials/Real Estate	2	3.4%	2.9%	2.9%	0.0%									
Auto/Transport	9	16.9%	4.1%	9.2%	-5.1%									
Energy/Renewables	2	2.3%	1.9%	1.9%	0.0%									
Healthcare	3	8.5%	7.2%	7.2%	0.0%									
DAX / MDAX	1	1.4%	-1.1%	0.0%	-1.1%									
Total	49	100.0%	57.4%	71.0%	-13.6%									
ASSET ALLOCATION														
	Pos. No	%Gross	Net Exp	Long	Short									
Equity	44	92.1%	53.0%	65.5%	-12.5%									
Fixed Income	4	6.5%	5.5%	5.5%	0.0%									
Future	1	1.4%	-1.1%	0.0%	-1.1%									
Option	1	1.4%	-1.1%	0.0%	-1.1%									
Total	49	100.0%	57.4%	71.0%	-13.6%									
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Source: TAM / EFA; * NAV daily calc. by EFA; ** TAM, calc. risk free rate: 2.5% *** www.hedgeindex.com, Broad Indexes Long/Short Equity, performance since inception														

Tiger Value Fund – December 2012

○ Returns: +1.44% (class A)/+1.40% (class B)

In December the Tiger Value Fund had a positive net return of +1.44% for share class A and +1.40% for share class B (lower due to performance fees), making a cumulative net return of +7.79%/ +8.23% for 2012 and +40.86%/ +46.47% since inception (share class A/B). The Fund is now back to its March highs at its high water mark.

○ Commentary: Performance Review - Risks vs. Returns

In 2012 the Tiger Value Fund achieved its net performance of +7.79%/8.23% with a relatively low average net exposure of around 28% (around 22% fixed income adjusted). Our benchmarks such as the DJ CS HF Index Long/Short Equity (European Broad Indexes) returned 6.1% until end of November and the DJ CS Core Hedge Fund L/S Equity Index was only up 2.07% in 2012. Since inception the Tiger Value Fund consistently outperformed its peers on average by 2-3%-points per year (class A/B). Considering our low average gross exposure of 73%, the lower volatility of the Fund vs. its peers and the fact that many of our small cap positions haven't performed since March 2012, we find our risk adjusted performance quite noteworthy. The Tiger Value Fund has had a low monthly volatility of around 6.5% compared with 8.2% (comparison since inception) for the average L/S hedge fund out of the DJ CS HF L/S Equity Index (Broad Indexes).

Since Jan 2011 the Tiger Value Fund is moderately up +6.4% and +7.6% (class A and B) but didn't suffer any severe declines in 2011 while many equity indices merely recovered their 2011 losses in 2012 and experienced high volatility: SDAX is up +1.5%, SMI up +4.2% and TecDax still down -2.7% since Jan 2011. DAX and MDAX were up 10.1% and 17.6% (since Jan 2011) but both indices had a realized volatility above 19% which is significantly higher than the 13.3% for the SDAX and the 5.5% for the Tiger Value Fund (200 day average as of Dec 2012).

As value stock pickers and small & midcap experts we invested around 58% of the NAV in small & midcaps (incl. fixed income linked investments) and only 13% in larger companies (as of end Dec 2012). Despite our high exposure to small caps we have not faced any liquidity issues as we typically keep lower portfolio weights for positions with lower trading volumes. As a result we would require less than 10 trading days (at a third of the last three months daily average trading volume) to go 75% in cash and more than 99% would be in cash at the end of the three months redemption period of the Tiger Value Fund. We believe that many of our recently added small cap positions trade at a substantial margin of safety while many large caps trade at rich valuations. In contrast to many other funds, the Tiger Value Fund is in the position to invest in companies with market capitalisations below Eur 100m, such as in Tipp 24 which traded even below a market cap of Eur 50m when we entered the position in 2009 vs. a >Eur 300m market cap today. In addition to our stock picking track record, we have demonstrated the ability to hedge the portfolio in difficult times and to preserve the assets of our investors.

In December our key positive contributors were; bet-at-home (+60bp), Curanum (+57bp) and Kontron (+41bp). In Curanum, where we managed to significantly increase our position at 1.5 Euro per share via a capital increase in October, we booked our profits after a French competitor launched a takeover bid at 2.5 Euro per share. Kontron recovered 33% from a 10 year low in November after a management change was announced and bet-at-home rallied 37% from a 3 year low after the company received the approval for the Entry Standard listing as well as a poker/casino license from the German state Schleswig Holstein. In addition, we had various smaller positive contributors such as BMW Pfd (+20bp),

Elmos Semiconductor (+19bp), Beta Systems (+19bp), Deutz (+14bp), Wacker Chemie (+14bp), SMA Solar (+12bp), Rheinmetall (+11bp), Centrotec (+11bp), Drägerwerk Pfd (+9bp), Micronic Mydata (+8bp), Praktiker (+7bp) and VTG (+7bp). On the negative side Francotyp-Postalia and Volex burdened the monthly performance by -129bp. The hedging costs were -45bp for our single short positions and -12bp for DAX options and futures.

o Outlook: With a poor economic outlook, small cap stock picking will be the winning strategy in 2013

While the economic data coming out of Europe and the US has been quite mixed lately, equity markets continued to roar ahead in December (DAX +2.8%). There was some brief volatility in the markets surrounding the US fiscal cliff negotiations but once a deal was concluded on January 1, the market has resumed its upward trajectory.

Even though the equity markets are looking very strong at the moment, the European economies will face another very difficult year in 2013. While the PIIGS countries are forecast to see a modest improvement in GDP contraction, the core of Europe will see a worsening economic situation with France expected to have negative GDP growth in 2013 and Germany is expected to slow from around 1% growth to 0.5% in 2013. So with earnings growth expected to be at best very modest, any stock market performance in 2013 will have to be driven primarily by a further re-rating (i.e. higher PE's).

Nevertheless, since European equities enjoyed a substantial (20%) PE re-rating in 2012 on back of reduced political and monetary uncertainty in Europe (mainly ECB action), it seems unlikely to us that a further re-rating will be a driver for stock market returns this year again. Thus, we expect the only way to achieve acceptable returns in 2013 is through good old fashion stock picking (luckily our specialty!).

Near term we expect the market to continue to enjoy its traditional January rally based on hopes of improved global growth and fund flows. However, with another even more difficult debt ceiling debate coming up in the US in February/March and very high optimism and complacency (the US and European volatility indices are at multi-year lows) among market participants, we expect this rally to at least take a temporary pause during February and March.

We are starting the year at our highest net exposure since end of 2010 but we will be looking to reduce this during the month as the rally matures and our smallcap ideas start to perform. We feel very comfortable with the stocks in our portfolio which still offer substantial valuation upside and significant earnings improvement potential even in a weak economic environment as we continue to focus on catalyst driven ideas with low correlation to the overall equity market. Our key picks for 2013 include Metro, Celesio, Francotyp-Postalia, Centrotec, BWIN, Micronic Mydata, Elmos Semiconductor, Dialog Semiconductor, Kontron, VTG and Tipp24.

The Tiger Value Fund Desk, 10th January 2013



Matthias Rutsch



Marc Schädler



Peter Irbld

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 fundamental long-short equity stock-picker. The fund seeks undervalued small and midcap companies where a number of issues, which in our opinion can be improved, are sub-optimizing the company's public market value. For each position we perform a detailed research process including a 360 degree research approach and 10 point scoring system.

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 15-30 long investments with a target net long exposure of around 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	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	20%
Share Class A	€ 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	3 months	Fund Benchmark	DJ CS HF Index L/S Equity
Share Class B	6 months		

Fund Advisor Details and Service Providers

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Prime Broker SEB AB
Administrator European Fund Administration SA
Custodian SEB SA
Auditor PriceWaterhouseCoopers

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