

# Newsletter October 2011

## TIGER FUND - Tiger Value Fund (FCP-SIF)

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Fund Information													
Launch date	12. Dez 08	Total Gross Exposure	58.5%	Total Long Exposure	38.0%								
AuM	€ 20,815,470	Total Net Exposure	17.5%	Total Short Exposure	20.5%								
Share Class A	NAV* € 1,325.39	WKN	ISIN	Bloomberg	Reuters								
Share Class B	€ 1,371.38	A0Q5LH	LU0400329677	TIGERAA LX EQUITY	LP68023199								
		A0RDZZ	LU0400329750	TIGERAB LX EQUITY	LP68023200								
Net Performance				Fund Performance vs. DJ CS HF Index L/S Equity since inception									
	Since inception	YTD	Sharpe Ratio**										
Share Class A	32.54%	0.09%	0.79x										
Share Class B	37.14%	0.74%	0.93x										
Positions													
Number of Positions		Weightings (% of Gross)											
Long Positions	21	Long	Short										
Short Positions	12	Top 5	33.7%	24.8%									
Total No. Positions	33	Top 10	50.1%	33.4%									
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%	-	-	0.09%
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%	-	-	0.74%
Market Capitalisation													
	Pos. No	%Gross	Net Exp	Long	Short								
Large (>€5bn)	6	20.2%	-7.9%	2.0%	-9.8%								
Mid (>€1bn)	11	35.1%	0.3%	10.4%	-10.1%								
Small - Mid (€500m-€1bn)	2	2.8%	0.5%	1.1%	-0.5%								
Small (€50m-€500m)	9	23.8%	13.9%	13.9%	0.0%								
Micro (<€50m)	5	18.1%	10.6%	10.6%	0.0%								
Total	33	100.0%	17.5%	38.0%	-20.5%								
Geographic focus: DACH region (> 90%)													
Sector Exposure													
	Pos. No	%Gross	Net Exp	Long	Short								
IT	9	20.2%	9.4%	10.6%	-1.2%								
Media/Retail	6	11.7%	1.8%	4.3%	-2.5%								
Industrials/Materials	8	31.2%	7.8%	13.0%	-5.2%								
Financials	2	5.8%	3.4%	3.4%	0.0%								
Auto/Transport	2	6.4%	0.2%	2.0%	-1.8%								
Energy/Renewables	1	0.7%	-0.4%	0.0%	-0.4%								
Healthcare	3	9.8%	3.7%	4.7%	-1.0%								
Future	2	14.2%	-8.3%	0.0%	-8.3%								
Total	33	100.0%	17.5%	38.0%	-20.5%								
Asset Allocation													
	Pos. No	%Gross	Net Exp	Long	Short								
Equity	28	79.3%	22.8%	34.6%	-11.8%								
Fixed Income	2	5.8%	3.4%	3.4%	0.0%								
Future	2	14.2%	-8.3%	0.0%	-8.3%								
Option	1	0.7%	-0.4%	0.0%	-0.4%								
Total	33	100.0%	17.5%	38.0%	-20.5%								
Tiger Asset Management GmbH - Neuer Wall 35 - D-20354 Hamburg - Germany phone +49 40 226 32 35 12 - fax +49 40 226 32 35 17 - matthias.rutsch@tiger-am.com													
Source: Tiger Asset Management/ EFA; * NAV daily calc. by EFA; **hedgefund.net													

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### Tiger Value Fund – October 2011

#### ○ **Returns: -1.72% (class A)/-1.68% (class B)**

In October the Tiger Value Fund had a negative net return of 1.72% for share class A and 1.68% for share class B, making a cumulative positive net return of +0.09% / +0.74% in the year-to-date and +32.54% / +37.14% since inception (share class A/B).

#### ○ **Commentary: Unfavorable exposure in challenging markets**

We entered the month of October with 22% net adjusted exposure and decided to protect the assets lowering the net adjusted exposure to around 14% after the market had dropped around 5%. As a result we missed the market rally and unfortunately couldn't manage to recoup our losses from the beginning of the month also because many of our small caps didn't participate in the rebound. We continued to reduce our small cap book with lower trading volumes to below 15% of the assets and focused on investments with sufficient trading volumes.

While our largest attributers Celesio and Stada added positively with +79bp to the Fund's performance, Francotyp-Postalia and BWIN.PARTY cost the fund 65bp in October. BWIN.PARTY shares suffered as investors were disappointed after the US gambling fair that the liberalization in the US may take longer than expected. In addition in Germany 15 states proposed a less liberal online gambling law compared to Schleswig-Holstein's (SH) law. But since SH already has a liberal online gambling law in place and the 15 German states probably will not be in the position to pass a EU conform gambling law this year this actually would be good news for our holdings in BWIN.PARTY and bet-at-home. Online gambling operators could operate under the new favorable SH gambling law in Germany.

Our Future hedges cost the fund -73bp and our single shorts resulted in a loss of -85bp.

#### ○ **Discussion: Rheinmetall AG – Too much fear about delays in Defence**

Rheinmetall (RHM GY, Eur 33), a leading supplier for defence and automotive technology with above Eur 4bn in revenues, is trading 50% below its year high at a two year low. Most analysts recently turned negative after the profit warning and in light of the deteriorating order momentum in its defence division and uncertain outlook for Automotive in 2012.

In contrast to the market we would expect RHM to book substantial orders from Middle East/Asia short to mid-term, strengthening its already strong order backlog which currently stands 70% above the order backlog in 2007. Further the defence division offers 5-10 years of visibility with continued global growth in defence budgets of > 5% annually.

Our SOTP valuation implies that the defence division is currently for free if the company would spin-off its automotive division which was actually the plan prior to the start of the financial crisis in summer. Given its stable cash flows from the defence division, strong market positioning and potential catalysts the company's valuation looks undemanding. On our numbers the stock is trading at 6x PER 2012, 4x EV/EBITDA 2012 and 0.9x Price-to-Book substantially below its long term trading multiples.

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### o Outlook: Markets – what's next?

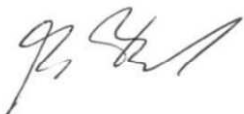
When looking at the October market rallies around the world, it seemed that markets didn't really care about fundamentals and the still unsolved sovereign debt crisis. Markets were challenging, and therefore luck and fortune played a greater part to collect performance than any fundamental reasoning. Good for the ones who were there on the right time and acting in the right way.

Currently the German market is not expensive, trading below 10x PER 2012 which compares to a 20y average PER of above 13x and the trough of below 8x in Oct 2008. So what is the reason for being negative? The sovereign debt crisis: European politicians have still not found a solution to their debt problems. The 50% haircut for Greece and the announced bank recap is not sufficient to solve the problems. Now Italy is in the focus and the European problem is spreading at an alarming rate. Italian yields are now above 7%. Spanish yields are almost 6.5% after having been 5.5% only two weeks ago.

The only saviour in the short term is, if the ECB would start to do a large quantitative easing such as in the US. However, Germany and the ECB are strongly opposing this so far; while we think that this might happen eventually, things may have to get much worse first. We are prepared for volatile European equity markets and will likely to keep the Fund at low exposure levels.

If you require further information or have any questions regarding the fund, how to invest in the fund or anything else please feel free to contact us via phone at +49(0)402263235-12 or e-mail at [matthias.rutsch@tiger-am.com](mailto:matthias.rutsch@tiger-am.com). Our next subscription deadline for the Tiger Value Fund is 23 November 2011, 5pm.

***The Tiger Value Fund Desk, 17<sup>th</sup> November 2011.***



**Matthias Rutsch**



**Marc Schädler**

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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 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 Value Activist	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	Highwater 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

<b>Investment Advisor</b>	Tiger Asset Management GmbH; Neuer Wall 35; D-20354 Hamburg
<b>Contact</b>	Matthias Rutsch, +49 40 226 32 35 12, <a href="mailto:matthias.rutsch@tiger-am.com">matthias.rutsch@tiger-am.com</a>
<b>Sub-Advisor</b>	PHZ Privat- und Handelsbank Zürich AG
<b>Management Company</b>	Alceda Fund Management SA
<b>Prime Broker</b>	SEB AB
<b>Administrator</b>	European Fund Administration SA
<b>Custodian</b>	SEB SA
<b>Auditor</b>	PriceWaterhouseCoopers

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Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. The price, value of and income from any of the securities or financial instruments held by the Fund can rise and fall as well. Investments held by the Fund may have a high level of volatility. High volatility investments may experience sudden and large falls in their value causing losses when that investment is realized. Income yields from investments may fluctuate and, in consequence, initial capital paid to make the investment may be used as part of that income yield. Some investments may not be readily realizable and it may be difficult to sell or realize those investments. Similarly it may prove difficult for you to obtain reliable information about the value, or risks, to which such an investment is exposed.

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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17 November 2011