

Newsletter December 2019

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

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Launch date	12 Dec 2008	Total Gross Exposure				98.8%	Total Long Exposure				73.6%	Long Equity Exposure			71.7%
AuM	\$ 62m / € 55m	Total Net Exposure				48.4%	Total Short Exposure				25.2%	Net Equity Exposure			46.6%
Share Class A	NAV* € 2,098.30	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY		Share Class U	NAV* \$ 980.18	ISIN LU1647855136	Bloomberg TIGERVU LX EQUITY							
Share Class B	€ 2,320.23	LU0400329750	TIGERAB LX EQUITY												
NET PERFORMANCE METRICS							FUND PERFORMANCE vs. CS HF INDEX L/S EQUITY **								
	Return (since inception)	Return (p.a.)	Sharpe Ratio***	Volatility (p.a.)											
Share Class A	109.8%	7.0%	1.04x	7.1%											
Share Class B	132.0%	8.0%	1.16x	7.2%											
POSITIONS															
Positions (excl. Options/FI)			Weightings (% of Gross)												
Longs	28	Long		Short											
Shorts	20	Top 5		Top 10											
Positions	48	45.3%		18.7%											
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%	0.45%	0.39%	0.41%	-	8.30%	
2018	0.02%	-0.11%	-2.45%	0.09%	-0.17%	-3.99%	2.20%	-2.14%	-1.58%	-3.14%	-2.73%	-7.43%	-	-19.73%	
2019	4.37%	0.23%	-0.91%	1.44%	-4.53%	1.09%	2.81%	1.72%	0.49%	1.98%	3.69%	2.92%	-	16.05%	
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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%	0.50%	0.43%	0.45%	-	9.47%	
2018	0.07%	-0.07%	-2.41%	0.13%	-0.13%	-3.95%	2.25%	-2.10%	-1.54%	-3.09%	-2.69%	-7.40%	-	-19.33%	
2019	4.41%	0.26%	-0.87%	1.48%	-4.49%	1.13%	2.86%	1.76%	0.53%	2.03%	3.73%	2.96%	-	16.64%	
2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Class U	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year		
2017	-	-	-	-	-	-	-	-0.99%	-0.91%	0.62%	0.67%	0.60%	-0.02%		
2018	0.24%	-0.04%	-2.21%	0.24%	0.20%	-3.78%	2.41%	-1.91%	-1.23%	-2.86%	-2.44%	-7.22%	-17.39%		
2019	4.34%	0.43%	-0.65%	1.69%	-4.27%	1.31%	3.06%	2.07%	0.73%	2.27%	3.38%	3.18%	18.68%		
2020	-	-	-	-	-	-	-	-	-	-	-	-	-		
MARKET CAP EXPOSURE							ASSET ALLOCATION								
SECTOR EXPOSURE															
DACH Region > 80% (country of origin); DACH-linked Region > 90% (country listing)															
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 – December 2019

○ **Returns: +2.92% (class A)/+2.96% (class B)/+3.18% (class U)**

In December, the Tiger Value Fund (“TVF”) had a positive net return of +2.92% for share class A and +2.96% for share class B, making a cumulative net return of +16.05%/+16.64% for share class A and B for 2019 and +109.8%/+132.0% since inception (share class A/B). Our FX hedged USD share class U had a net return of +3.18% in December, making a cumulative net return of 18.68% for 2019.

○ **Commentary: Review of 2019 – significantly outperformed HF peers**

In 2019 the Tiger Value Fund had a mixed first half of the year and a strong second half. Although the first half of 2019 was burdened by muted performance of value positions and losses in our short book, we stabilized the performance at the end of Q1 and had a strong second half to close up with +18.68%/+16.64%/+16.05% for share class U, B and A. We achieved our performance with a fairly low average net equity and gross exposure of 34.2% and 83.8%, which is in-line with our 11 year-average, i.e. taking significantly lower exposure risks compared to most of our Hedge Fund peers.

Tiger Value Fund vs. Hedge Fund Peers

Although there is only limited December performance data on Hedge Funds available so far it looks like that we have significantly outperformed most of our peers: the EurekaHedge UCITS Europe Long/Short Hedge Fund Index¹ was up +1.47% in December and +5.17% in the year 2019 and at the most recent November update the CS Hedge Fund Long/Short Equity Index² was up +4.98% in the year-to-date. This compares with the Tiger Value Fund which was up +16.05%/+16.64%/+18.68% (share class A/B/U) in the year 2019.

Over the last 11 years the TVF has built a strong risk-adjusted track record with an outperformance of its peers which was achieved with a low average gross and net adjusted exposure of only 85.2% and 35.5% respectively. The TVF share class B has produced a compound average net return of 7.95% p.a. and has outperformed its peers such as the CS Hedge Fund Long/Short Equity Index² by more than 50% (on average > 2.5%-points per year) since its inception in December 2008.

Performance Attributions

In the year 2019 our top 10 attributors were PNE Wind (+588bp), VA-Q-TEC (+284bp), Tele Columbus (+277bp), AMS AG (+272bp), EnergieKontor (+225bp), BAYER (+204bp), Dialog Semiconductor (+178bp), Strabag (+95bp) and Agfa-Gevaert (+104bp). At our top three detractors Singulus (-117bp), Windeln (-62bp) and K+S (-56bp) we only kept Singulus as we see continued good order momentum which should result into a strong share price recovery in 2020. On our short book we had overall negative attributions from single shorts of 628bp and 39bp from our DAX index hedges.

Organization

We have improved the organizational structure through the founding of Tiger Asset Management AG in Switzerland which is the new umbrella for the Tiger Value Fund Team and the investment advisor to the Tiger Value Fund (FCP-SIF). Furthermore, we have established an investment advisory board and will expand the team with a junior analyst in 2020.

¹ Source: http://www.eurekahedge.com/Indices/IndexView/Special/590/EurekaHedge_UCITS_Europe_Long_Short_Equities_Hedge_Fund_Index

² Source: EUR Broad Index on www.hedgeindex.com

o **Outlook: Front running of economic recovery overdone**

The year-end FOMO (Fear Of Missing Out) effect continued in December with European equity markets gaining further. The Stoxx Europe 600 gained +2.1% and the DAX +0.1% resulting in an overall 2019 increase of +27% and +25% respectively.

Besides the strong support from yet further monetary stimulus discussed previously, it seems investors have been front running an expected economic recovery. While forward looking indicators such as the US and European PMI surveys have stabilized somewhat, they have not yet recovered providing little evidence of an impending upturn in the industrial and manufacturing sectors.

Earnings in Europe for the Stoxx Europe 600 (SXXP) are estimated to be roughly flat for 2019 (+0.6% according to Refinitiv) while expectations for 2020 is still for around +9% earnings growth. In line with our cautious outlook for the European economy in 2020 we believe that earnings will probably at best be flat for the year implying consensus earnings downgrades overall. Together with a record high P/E ratio (trailing 12m PE of 19x for DAX and 18x for SXXP) the overall risk/reward for the European equity markets remains poor.

We ended 2019 with a net equity exposure of 46.6% (incl. a 3.5% position in Osram with limited downside due to the AMS takeover), slightly above our average net exposure of 35.5% since inception. In December, we continued to add to our very promising and exciting pipeline of new longs and shorts which are largely uncorrelated to the economic cycle. Thus, although we are overall cautious on the European economy, we believe our current portfolio (and pipeline) can do very well even in a recessionary scenario.

Rotation back into value in 2020?

After merely two years of monetary tightening (or reduced stimulus in the case of the ECB), monetary stimulus was back at full speed in 2019. The ECB restarted its APP (Asset Purchase Program) buying €20bn of bonds per month and the FED cut its FED funds rate from 2.5% to 1.75% and injected massive amounts of liquidity through repurchase operations (REPO's). As a result, global equity markets soared with the S&P500 gaining +29%, the Stoxx Europe 600 increasing +27% and the DAX +25%. This equity rally came despite quite poor global economic growth and stagnating or falling corporate earnings. In fact, the DAX 2019 P/E multiple expanded from 12x to 16x during 2019.

As global growth slowed impacting earnings for industrials and other cyclical sectors, growth stocks were heavily in favor in 2019. With NIRP (Negative Interest Rate Policy) and ZIRP (Zero Interest Rate Policy) still in place, investors poured into any asset class with earnings growth regardless of the earnings yield it offered. Hence the Growth/Value spread soared to a new all-time high (based on the MSCI Growth vs. MSCI Value indices). Growth stocks outperformed Value stocks by an unprecedented 16%-points in 2019. P/E ratios in the 50's is now not uncommon for the most popular growth stocks, while many value stocks with P/E ratios below 10x and even as low as 5x were shunned. Nevertheless, after a nadir in August 2019, Value stocks managed to claw back from the abyss and outperformed Growth by 4%-points from the low in August.

Due to the restarting of monetary easing globally, bond yields resumed their decline with the German 10-year bond declining from 0.2% to -0.2% and the US 10-year bond yield 2.7% to 1.9%. At the end of 2019, there were \$11.3tr of negative yielding bonds globally, up from \$8.3tr at the end of 2018. Nevertheless, bond yields bottomed in August with the German 10-year bond hitting a low of -0.7% and the aggregate value of negative yielding bonds reaching \$17tr.

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The low in interest rates in August 2019 coincided with the low in Value stocks. If global bond yields continue to normalize in 2020, the rotation back into value could endure.

On the political front, Brexit was postponed and then postponed again and then again. Now it finally seems like Brexit will get done by January 31, 2020. In the US, Trump continued to battle over world economic supremacy with China resulting in a significant escalation in trade tariffs. US and China finally reached a “phase 1” trade agreement in early December avoiding a further escalation planned for December 15. Nevertheless, significant trade tariffs are still in place and “phase 2” negotiations are still to start. In short, while some steps were taken to stabilize economic and political uncertainty at the end of 2019, these risks are far from resolved. In addition, the US presidential election in November 2020, is sure to introduce new market risks in 2020.

Top Picks 2020

Our top investment ideas for 2020 include BAYER (9x PER 20; Glyphosate settlement key catalyst), Ferratum (7x PER 20; Fintech with strong profitable growth), DO&CO (8x EV/EBIT 21/22 and double digit FCF yield; more than 40% profit growth in 20/21), Tele Columbus (break-up scenario implies significant upside) and United Internet/Drillisch (13x /9x PER 20; various positive catalyst in H1). The top picks which we haven't discussed yet will be highlighted in our next newsletters. We would like to thank our investors for your continued trust and look forward to an exciting 2020!

The Tiger Value Fund Desk, 9th January 2020

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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 20-30 long investments (excl. residual positions, options and fixed income linked positions) with a target net long exposure of around 20-60%. 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	2.00%
Fund Structure	Open-ended multi-class	Share Class B	1.50%
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	5 business days*	Fund Benchmark	CS HF Index L/S Equity
Share Class B	6 months		

*) The redemption notice has to be send 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 AG
Swiss Representative	ACOLIN Fund Services AG
Prime Broker/Custodian	SEB AB / SEB SA
Administrator	European Fund Administration SA
Auditor	Price Waterhouse Coopers

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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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