

# Newsletter May 2019

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

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Launch date	12 Dec 2008	Total Gross Exposure	79.8%	Total Long Exposure	61.7%	Long Equity Exposure	60.2%						
AuM	\$ 96m / € 86m	Total Net Exposure	43.5%	Total Short Exposure	18.2%	Net Equity Exposure	42.0%						
Share Class A	NAV* € 1,814.90	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY	Share Class U	NAV* \$ 837.03	ISIN LU1647855136	Bloomberg TIGERVU LX EQUITY						
Share Class B	€ 2,000.92	LU0400329750	TIGERAB LX EQUITY	Share Class C	€ 799.55	LU1744650885	TIGEREC 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	81.5%	5.9%	0.79x	7.9%									
Share Class B	100.1%	6.9%	0.89x	8.1%									
POSITIONS													
Positions (excl. Options/FI)		Weightings (% of Gross)											
Longs	34	Long	31.2%	Short	10.1%								
Shorts	20	Top 5	48.0%	Top 10	15.7%								
Positions	54												
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%								0.38%
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%								0.59%
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%								1.35%
Share Class C	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-1.07%	-0.09%	-2.43%	0.11%	-0.15%	-3.97%	2.22%	-2.12%	-1.56%	-3.12%	-2.71%	-7.42%	-20.43%
2019	4.39%	0.25%	-0.89%	1.46%	-4.51%								0.49%
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 – May 2019

#### ○ **Returns: -4.53% (class A)/-4.49% (class B)/-4.27% (class U)**

In May, the Tiger Value Fund (“TVF”) had a net return of -4.53% for share class A and -4.49% for share class B, making a cumulative net return of +0.38%/+0.59% for share class A and B for the year-to-date and +81.5%/+100.1% since inception (share class A/B). Our FX hedged USD share class U had a net return of -4.27% in May, making a cumulative net return of +1.35% for the year to date.

#### ○ **Commentary: Growth in favor but will it last?**

In May, we kept the average net equity exposure in a range of around 30-45% closing at 42% at month end. While we have expanded our non-cyclical investments, we trimmed our cyclical net exposure to around 3% by end of May.

We had a tough month as we had significant drawdowns at many of our long positions even at companies which had positive news flow and even those which are less correlated to the overall economy. Currently, investors are equity predominantly chasing strong performing and expensive growth stocks and very few seem to be willing to invest in value stocks. The Growth/Value ratio (as defined by MSCI Europe Growth and MSCI Europe Value index) hit a fresh all-time-high in May with an astonishing 440bp outperformance by Growth for the month. Growth has now outperformed Value by 1000bp YTD (+14.1% vs. +3.9%). This ongoing trend further weighed on the performance of the Tiger Value Fund in May.

In our long book we only had EnergieKontor (+39bp) as a meaningful positive attributor. On the negative side we have a long list of underperforming companies. At some positions we started to buy too early and positive catalysts had nearly no impact on stock performance. Even Strabag declined despite a strong Q1 and a new mid-term profit margin target which is more than 20% above consensus.

In May, our detractors which burdened our performance include K+S (-58bp), TUI (-48bp), Ferratum (-48bp), Bayer (-39bp), Continental (-29bp), Fresenius Medical (-20bp), Sixt (-26bp), Andritz (-23bp), Hochtief (-20bp), Singulus (-17bp), König & Bauer (-14bp), Holidaycheck (-17bp), MLP (-16bp), PNE (-10bp) and Drillisch (-11bp).

K+S AG surprised positively on the Q1 reporting but the stock sold off in May on the back of potential potash capacity additions in 2022 which would burden the potash price. We believe that the company will increase its guidance in summer and has a lot of tailwind which should finally result into a good stock performance. TUI was a strong attributor last month but suffered in May due to the 737 Max grounding discussion and critical financial situation of its competitor Thomas Cook which actually should help TUI to enhance booking numbers. TUI is now trading at a 9% dividend yield and has the potential to gain further market share which makes it an attractive investment for us.

We are quite excited about the potential of our renewable energy investments in PNE Wind and EnergieKontor. Both companies develop and operate wind parks, i.e. don't depend on any economic cycles. PNE and EnergieKontor will enter a growth phase with various positive catalysts over the coming quarters. PNE Wind which focuses on power development trades on 2-3x PER 2020 and below its expected net cash position 2020. EnergieKontor which generates roughly 50% of revenues from power generation trades on a double digit FCF yield and should double its operating profit via its project pipeline over the next two years. Given the strong structural growth prospects and low valuation both companies are potential targets for financial and strategic investors.

In our short book we had several single shorts with positive attributions. Overall our single shorts added +103bp to our monthly performance while the net result of our index hedges was -3bp as in particular our Put options lost significant time value.

### o **Outlook: Rally asphyxiated**

As we eluded to in last month's newsletter, after a stellar performance YTD in 2019, we believed that the equity market rally was running into thin air. In May, equity markets clearly suffered from asphyxia with most equity indices down broadly -5% for the month.

The catalyst for the equity market decline was the breakdown in trade talks between US and China at the beginning of the month exacerbated by the Huawei ban. To make matters worse, President Trump also opened up another trade conflict with Mexico at the end of the month introducing 5% (increasing to 25%) import tariffs on Mexican goods by June 10. We remain deeply concerned about the erratic and worsening rhetoric from President Trump and its prolonged impact on the global economy. With the German 10 year bond yield now trading at fresh all-time lows (-0.2%) and the US yields curve inverted (US 10 year treasury yield - Federal Funds Rate is now -0.3%) the fixed income market is already pricing in a recession but a positive change in trade talks could immediately reverse the interest rate trend again.

We exited May with a slightly higher net equity exposure (42%) than in previous months as risk/reward improved for many of our longs after the recent sell off. As usual, individual long and short ideas will continue to be the main driver for our net exposure in the coming months and we maintain focused on value stocks that offer excellent risk/reward, many of which has underperformed the overall market so far in 2019. Inevitably, many of our value stocks will significantly outperform once the flight from value stocks reverses and our catalysts materialize over coming months and quarters.

### ***The Tiger Value Fund Desk, 3<sup>rd</sup> June 2019***



**Matthias Rutsch**



**Marc Schädler**



**Peter Irbld**

# Newsletter May 2019

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

### 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 20-40 long investments (excl. residual positions, options and fixed income) 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	2.00%
Fund Structure	Open-ended multi-class	Share Class B	1.50%
		Share Class C**	1.75%
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/C	15%
Share Class B/C	€ 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		
Share Class C	1 month		

\*) 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.

\*\*) max. 1.75%

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

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

**Sales documents may not be forwarded to investors other than those who meet the 'experienced investor' requirements under the Law of 2007 as amended from time to time.**

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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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