

# Newsletter May 2020

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

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Launch date	12 Dec 2008	Total Gross Exposure	97.3%	Total Long Exposure	65.0%	Long Equity Exposure	64.4%	AuM	\$ 60m / € 54m	Total Net Exposure	32.7%	Total Short Exposure	32.3%	Net Equity Exposure	32.1%
Share Class A	NAV* € 2,122.60	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY	Share Class U	NAV* \$ 1,000.17	ISIN LU1647855136	Bloomberg TIGERVU LX EQUITY								
Share Class B	€ 2,351.93	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	112.3%	6.8%	0.92x	7.7%											
Share Class B	135.2%	7.8%	1.02x	7.9%											
POSITIONS															
Positions (excl. Options/FI)		Weightings (% of Gross)													
Longs	25	Long	40.0%	Short	15.5%										
Shorts	20	Top 5	40.0%	Top 10	53.9%										
Positions	45	Top 10	53.9%	Top 20	22.7%										
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	2.02%	-4.01%	-6.80%	7.77%	2.84%										
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	2.06%	-3.97%	-6.76%	7.81%	2.89%										
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	2.19%	-3.87%	-6.46%	7.87%	2.95%										
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 2020

#### ○ **Returns: +2.84% (class A)/+2.89% (class B)/+2.95% (class U)**

In May, the Tiger Value Fund (“TVF”) had a positive net return of +2.84% for share class A and +2.89% for share class B, making a cumulative net return of +1.16%/+1.37% for share class A and B for the year-to-date and +112.3%/+135.2% since inception (share class A/B). Our FX hedged USD share class U had a net return of +2.95% in May, making a cumulative net return of 2.04% for the year-to-date.

#### ○ **Commentary: Good risk-adjusted performance - up year-to-date**

We are delighted to announce that after a solid performance in May we are slightly up in the year-to-date and significantly outperformed equity markets (Stoxx Europe 600 -15.75%, DAX -12.55%) and other Hedge Fund peers. The EurekaHedge UCITS Europe Long/Short Equities Hedge Fund Index<sup>1</sup> is down -3.96% (down -0.06% in May) and at the most recent April update the CS Hedge Fund Long/Short Equity Index<sup>2</sup> was down -8.04% in the year-to-date. Our outperformance is even more remarkable as we achieved our positive result over the last five months with an average net equity exposure of 37.7%. While we lowered our net equity exposure in April and started May with a net equity exposure of 17.1%, the exposure was increased to 32.1% until end of May by mainly booking profits on index hedges and covering selected single short positions.

Our top attributors were Bayer (+33bp), Va-q-tec (+49bp), AMS (+56bp), EnergieKontor (+39bp), Tele Columbus (+84bp), Home24 (+53bp), ProSieben (+19bp) and Zeal Network (+99bp). While we continued to book profits on various long positions, we bought more shares of the second largest German cable operator Tele Columbus in early May. After solid Q1 results the company performed +15% but we see the key catalyst for the stock, the partial sale of its cable network (NetCo), still to come. The latest cable network deal multiples of 20-25x EBITDA imply 400% to 600% upside vs. its current share price of 2.7 Euro if Tele Columbus would sell 100% of its NetCo business. Even if the network is sold partially and at lower multiples the upside is significant.

At Bayer we expect a material positive share price reaction once the potential Glyphosate settlement is accomplished. Although the first three trials which Bayer lost will be most likely not part of the settlement, we would expect overall substantial lower compensations of USD 8-10bn vs. the Eur 40bn implied by Bayer’s current market capitalization. The company is trading at 8.5x PER 2020 with no negative impact from COVID-19. Actually Bayer’s consumer products such as Aspirin and its blockbuster pharma product Xarelto profited from Corona. We see no reason why Bayer should trade on a 50% PER discount to its peers and thus we continue to stay invested.

On the negative side our short book burdened the performance by 214bp. While we had significant gains on our short book of more than +250bp during May we unfortunately only booked +102bp profits on our Index hedges as we see continued negative news flow and structural issues at our shorts. The relatively high hedging costs were caused by the overall good market performance of e.g. +6.7% and +3.4% for the DAX and Stoxx Europe 600 respectively and our high average short exposure of 33.50% in May. In our single short book, we are still mainly exposed to the hospitality, advertising and financial sector. Overall, the TVF has very limited automotive and capital goods exposure.

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<sup>1</sup> Source: [http://www.eurekahedge.com/Indices/IndexView/Special/590/EurekaHedge\\_UCITS\\_Europe\\_Long\\_Short\\_Equities\\_Hedge\\_Fund\\_Index](http://www.eurekahedge.com/Indices/IndexView/Special/590/EurekaHedge_UCITS_Europe_Long_Short_Equities_Hedge_Fund_Index)

<sup>2</sup> Source: EUR Broad Index on <https://lab.credit-suisse.com/#/en/index/HEDG/HEDG/performance>

#### o **Outlook: Re-opening excitement**

While economic data continues to be abysmal, equity markets across the world are unperturbed as excitement grows about the global economy gradually reopening. For the month of May, the DAX gained +6.7% and the broader Stoxx Europe 600 increased +3.4%.

German Markit/BME Manufacturing PMI only modestly expanded in May to 36.6 vs. 34.5, signaling a continued very depressed level of industrial activity in Germany. The same PMI for Services expanded from a record low of 16.2 to 31.4, showing a bigger improvement but still in sharp contraction. More positively, the real-time restaurant indicator OpenTable Restaurant Bookings Index for Germany showed a slight growth year-on-year at the end of May clearly demonstrating that life is going back to normality in Germany even though manufacturing is still heavily depressed.

Although we agree that there are encouraging signs of recovery, especially in Germany, we believe equity markets are far too complacent of the sustainable level of activity across the economies post-COVID-19. Especially in terms of earnings power going forward. Most companies are heavily operationally geared and require a high level of utilization to make adequate profits. Even if activity levels return to 80-90% of pre-COVID-19 levels in the near- to medium-term, operating margins will be substantially reduced in our opinion. The latest consensus estimate from Refinitiv for Stoxx Europe 600 indicates an aggregate -8% revenue decline and a -28% earnings decline for 2020 which is likely to be revised even lower over coming months.

In addition to lower activity levels depression revenues, the COVID-19 pandemic has demonstrated the vulnerability of the global economic system with just-in-time delivery, complex supply chains and tight working capital management. Undeniably, corporate executive boards across the world will have to review the stability of their businesses for potential future shocks and build more buffers. In addition, Work From Home during the lock down exposed opportunities for companies to work digitally and remotely using video conferencing and collaboration through cloud services. This will enable companies to reduce headcount, shrink office space and enable a more flexible cost structure. This will have longer term implications especially on travel, office space, hotels and permanent employment.

As we mentioned in last month's newsletter, the TVF is not positioned for any specific recovery scenario whether it's V, U or L-shaped. We continue to search for, and invest, in stocks that can thrive in any scenario with idiosyncratic revenue and profit drivers and with identifiable catalysts and especially stocks that will profit from the changing business environment described above.

We ended May with a net equity exposure of 32.1% up from 17.1% at the end of April both through reduced short exposure and adding long exposure while our gross equity exposure was broadly unchanged. We still see a significant risk of a near term market set back over the summer as investors seem unjustifiably excited about economies reopening. We are likely to remain in a 20-50% net exposure range for the foreseeable future and our current 32% net exposure enables us to adapt to the volatility and trade opportunistically in this environment.

# Newsletter May 2020

## 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 7-10% p.a. with strong focus on capital preservation.

### Investment Strategy

The Investment Advisor is specialized on a fundamental European long/short equity strategy. 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 faxed 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

<b>Management Company</b>	Alceda Fund Management SA
<b>Investment Advisor</b>	Tiger Asset Management AG
<b>Prime Broker/Custodian</b>	SEB AB / SEB SA
<b>Administrator</b>	European Fund Administration SA
<b>Auditor</b>	Price Waterhouse Coopers

**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.

The state of the origin of the Fund is Luxembourg. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is M.M. Warburg Bank (Switzerland) Ltd., Parkring 12, 8027 Zurich. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative. The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss Representative. The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance.

The Tiger Fund has been passported for marketing in Austria and Germany in accordance with the terms of the AIFMD, the 2013 Law and the AIFMG (Austrian Alternative Investment Funds Manager Act (Alternative Investmentfonds Manager-Gesetz)) respectively the KAGB (Investment Code (Kapitalanlagegesetzbuch)). The Units passported may be marketed in Austria and/or in Germany in line with the terms and exclusively to professional investors within the meaning of the AIFMG and/or KAGB. Any marketing activities to other categories of investors are prohibited.

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