

Newsletter May 2017

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

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Launch date	12 Dec 2008		Total Gross Exposure	90.2%		Total Long Exposure	61.8%						
AuM	€ 87 m		Total Net Exposure	33.3%		Total Short Exposure	28.5%						
	NAV*		WKN	ISIN		Bloomberg	Reuters						
Share Class A	€ 2,272.37		A0Q5LH	LU0400329677		TIGERAA LX EQUITY	LP68023199						
Share Class B	€ 2,478.99		A0RDZZ	LU0400329750		TIGERAB LX EQUITY	LP68023200						
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	127.2%	10.2%	1.69x	6.3%									
Share Class B	147.9%	11.4%	1.81x	6.5%									
POSITIONS													
Number of Positions		Weightings (% of Gross)											
Long Positions	42	Long		25.3%									
Short Positions	29	Short		13.5%									
Total No. Positions	71	Top 5		40.5%									
		Top 10		19.8%									
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%								9.25%
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%								10.05%
MARKET CAPITALISATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Large (>€5bn)	24	35.3%	-11.9%	9.9%	-21.9%								
Mid (>€1bn)	15	19.5%	8.6%	13.1%	-4.5%								
Small - Mid (€0.5-€1bn)	8	13.3%	7.7%	9.9%	-2.1%								
Small (€50m-€500m)	19	29.4%	26.5%	26.5%	0.0%								
Micro (<€50m)	5	2.6%	2.3%	2.3%	0.0%								
Total	71	100.0%	33.3%	61.8%	-28.5%								
DACH region > 90%													
SECTOR EXPOSURE													
	Pos. No	%Gross	Net Exp	Long	Short								
Technology	14	11.7%	-0.3%	5.1%	-5.4%								
Media/Retail	11	16.8%	8.3%	11.8%	-3.4%								
Industrials/Materials	23	38.2%	14.0%	24.2%	-10.2%								
Real Estate/Financials	6	8.5%	4.1%	5.9%	-1.8%								
Auto/Transport	5	6.4%	-1.7%	2.0%	-3.7%								
Energy/Renewables	10	13.6%	11.0%	11.7%	-0.6%								
Healthcare													
DAX / MDAX	2	4.8%	-2.1%	1.1%	-3.2%								
Total	71	100.0%	33.3%	61.8%	-28.5%								
ASSET ALLOCATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Equity	63	89.0%	34.0%	57.1%	-23.2%								
Fixed Income	3	3.9%	3.5%	3.5%	0.0%								
Future													
Option	5	7.1%	-4.2%	1.1%	-5.3%								
Total	71	100.0%	33.3%	61.8%	-28.5%								

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 2017

○ **Returns: +2.12% (class A)/+2.30% (class B)**

In May, the Tiger Value Fund (“TVF”) had a positive net return of +2.12% for share class A and +2.30% for share class B, making a cumulative positive net return of +9.25% and +10.05% for the year to date and +127.2%/+147.9% since inception (share class A/B).

○ **Commentary: Lower net exposure via profit taking and single shorts**

In May, we reduced our net adjusted exposure from 35.4% to 29.8% (excl. 3.5% fixed income linked positions) as we continued to book profits on long positions and by adding new short positions. In addition, we rolled over our single DAX Index Put hedges and Puts on catalyst shorts.

Our most significant attributors were freenet (+58bp), PNE Wind (+36bp), Ferratum (+33bp) and Bauer (+89bp). Bauer (Eur 400m MarketCap) continued to perform strongly with +30% in May as the company profits from its strong order momentum in construction infrastructure projects and its statement of significant margin upside in the coming years. Due to its high operating and financial leverage Bauer still trades on a double digit FCF-to-Equity Yield indicating further upside for the company’s share price. Ferratum (Eur 480m MarketCap), a Fintech company, were we have been engaged since its IPO in 2015, is also one of the undiscovered companies which is now getting back on the radar screen. The company is growing by more than 50% profiting from its attractive loan products for private clients. Despite its significant investments into marketing the company is trading on an EV/EBIT 2017 of < 15x and < 9x for 2018. Freenet (Eur 4bn MarketCap) also performed well after its strong Q1 results and promising outlook for its TV and Media business implying significant upside for freenet’s share price. In addition, the company is offering an attractive tax-exempt dividend yield of 5% and is trading on an undemanding 13x PER 2018E.

On the negative side, our single short book (incl. single put options) and DAX put index hedges detracted our performance by -64bp as the markets continued to drift higher. Overall the Tiger Value Fund had a very low correlation with equity markets as our net adjusted exposure was in a range of approximately 25% to 35%.

○ **Outlook: Permanent high plateau redux**

In 1929, just 9 days before the biggest stock market crash in history, the US economist Irving Fisher famously stated that “stock prices have reached what looks like a permanently high plateau”. After the continuous low volatility drift higher in stock prices this year it seems that many investors and market strategists seem to believe we have again reached a permanent high plateau in stock prices. The VIX (implied option volatility on the S&P500 index) index had its lowest monthly close ever in May. The previous two lowest monthly close were in January 2007 and in January 1994, two dates which marked the beginning of a much more volatile period. In Europe, this lack of volatility can be exemplified by the realized 90-day volatility in the Stoxx Europe 600 index which has now been below 10% since 20 January or for 91 consecutive days in a row. The previous post-GFC record was for 33 days in December 2013. Stock prices do not seem to react to any negative news flow lately whether it is North Korean missile launches, Trump tweets, European politics or lackluster US economic data.

As we have mentioned in previous months’ newsletter, the European economy is doing very well at the moment. Unfortunately, this is mainly due to the lagging effect of past stimulus such as the ECB PSPP in our opinion. The incremental benefits from this stimulus should start to fade in the coming months

Newsletter May 2017

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as the ECB has started tapering its public sector purchase program while the Euro exchange rate has already bottomed. Nonetheless, at the moment Europe is having its best economic period since the GFC, enjoy it while it lasts!

After a 10% performance of the DAX and Stoxx Europe 600 until the end of May we find fewer attractive long ideas and believe it's now time to get more defensive. During May we reduced our net equity exposure to 30% from approximately 35% at the start of the month through both increasing our short exposure and reducing our longs as the risk/reward ratio had become less attractive. As usual with a gross exposure of 90% we have ample opportunity to pursue additional ideas both on the long and short side in coming months. It's hard at this point to know what will trigger a more volatile period given that the market has shaken off most of the known uncertainties (French election, etc.) but as usual it's the unknown unknowns you have to worry about.

The Tiger Value Fund Desk, 2nd June 2017



Matthias Rutsch



Marc Schädler



Peter Irbld

Newsletter May 2017

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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 30 long investments 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	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	monthly*	Fund Benchmark	CS HF Index L/S Equity
Share Class B	6 months		

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