

# Newsletter September 2012

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

Fund Information														
Launch date	12-Dec-08	Total Gross Exposure				96.1%	Total Long Exposure				62.9%			
AuM	€ 24.5 m	Total Net Exposure				29.7%	Total Short Exposure				33.2%			
		NAV*		WKN		ISIN		Bloomberg		Reuters				
Share Class A	€ 1,388.09	A0Q5LH		LU0400329677		TIGERAA LX EQUITY		LP68023199						
Share Class B	€ 1,442.80	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	38.81%	6.22%	1.38x											
Share Class B	44.28%	6.61%	1.54x											
Positions														
Number of Positions		Weightings (% of Gross)												
Long Positions	36	Long		Short										
Short Positions	23	Top 5	25.5%	19.2%										
Total No. Positions	59	Top 10	38.2%	25.8%										
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%				6.22%	
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%				6.61%	
Market Capitalisation														
	Pos. No	%Gross	Net Exp	Long	Short									
Large (>€5bn)	16	40.4%	-9.2%	14.8%	-24.0%									
Mid (>€1bn)	14	21.2%	6.0%	13.2%	-7.2%									
Small - Mid (€500m-€1bn)	5	4.7%	0.7%	2.6%	-1.9%									
Small (€50m-€500m)	17	23.5%	22.3%	22.5%	-0.1%									
Micro (<€50m)	7	10.2%	9.8%	9.8%	0.0%									
Total	59	100.0%	29.7%	62.9%	-33.2%									
Geographic focus: DACH region ( > 90%)														
Sector Exposure														
	Pos. No	%Gross	Net Exp	Long	Short									
IT	9	14.0%	9.0%	11.3%	-2.2%									
Media/Retail	8	6.9%	-3.3%	1.7%	-5.0%									
Industrials/Materials	22	42.1%	14.2%	27.4%	-13.1%									
Financials/Real Estate	3	4.6%	2.4%	3.4%	-1.0%									
Auto/Transport	8	19.2%	3.0%	10.7%	-7.8%									
Energy/Renewables	2	2.0%	1.9%	1.9%	0.0%									
Healthcare	6	7.6%	6.0%	6.7%	-0.7%									
DAX / MDAX	1	3.6%	-3.4%	0.0%	-3.4%									
Total	59	100.0%	29.7%	62.9%	-33.2%									
Asset Allocation														
	Pos. No	%Gross	Net Exp	Long	Short									
Equity	50	87.5%	24.8%	54.5%	-29.6%									
Fixed Income	4	6.3%	6.1%	6.1%	0.0%									
Future	5	6.2%	-1.2%	2.4%	-3.6%									
Option	5	6.2%	-1.2%	2.4%	-3.6%									
Total	59	100.0%	29.7%	62.9%	-33.2%									
Tiger Asset Management GmbH - phone +41 (0)41 500 33 46 - info@tiger-am.com														
Source: TAM/ EFA; * NAV daily calc. by EFA; ** TAM, calc. risk free rate: 2.5% ***www.hedgeindex.com, Broad Indexes Long/Short Equity														

### Tiger Value Fund – September 2012

#### ○ **Returns: +1.85% (class A)/+1.89% (class B)**

In September the Tiger Value Fund had a positive net return of +1.85% for share class A and +1.89% for share class B, making a cumulative net return of +6.22%/ +6.61% in the year-to-date and +38.81%/ +44.28% since inception (share class A/B).

#### ○ **Commentary: Large caps still outperforming small caps**

In September we further increased our adjusted net exposure from around 17% to 24% (or 30% incl. 6% fixed income linked investments). As highlighted in our previous newsletters large caps outperformed small caps and continue to outperform, i.e. investors find much more interesting opportunities in the small & midcap universe compared to large caps. Short term we see only limited upside for various DAX and MDAX companies. As value investors we will stick with our attractive valued stocks and will continue to short expensive companies with negative catalysts.

Our key positive contributors in September were Deutz, Francotyp-Postalia, BWIN, Volta Finance and Mühlhan adding +218bp to the Fund's performance. On the negative side, Kontron cost the Fund -53bp as most investors are still very hesitant to buy into the stock prior to the announcement of its potential restructuring program. With the two key private equity shareholders we believe that the downside in the stock should be limited.

Despite the ongoing liquidity rally we were able to limit our hedging costs via profit taking at some of our single short positions after earnings disappointments. Overall our single shorts cost the Fund -20bp and the DAX option hedges cost -27bp.

#### ○ **Discussion: Rhön-Klinikum AG – failed takeover but crowded interest**

We have been invested in Rhön-Klinikum AG (RHK: €15, MCap: €2bn), the top 3 private hospital group in Germany, many times and have usually sold the shares on spikes post takeover rumors. After the failed takeover attempt by Fresenius, and subsequent share price drop, we have again started to build a position in its shares as well as through the sale of put options. Our short put option position yields 40% annually, quite attractive risk return profile for a defensive underlying/stock trading near all time lows with multiple strategic investors.

We see the current share price weakness as an opportunity as the stock is also under selling pressure due to risk arbitrage hedge funds which are still forced by their financing banks to unwind the RHK position after the takeover definitely failed in September. At the same time new strategic investors such as Braun, Sana and Asklepios announced 5% stakes. We wouldn't be surprised to see further control filings of one of the above mentioned investors particularly from Sana which has a very solid financial position. We had the pleasure to have a detailed discussion of RHK strategic alternatives and its shareholders in a meeting with the CFO Dr. Hamann one day prior to his resignation. Also the CEO will leave at year end and we see this as an indication that RHK is still for sale and that its shareholder structure should change over the next 12 months.

Furthermore, we like the stable hospital business and see up to 4% margin improvement potential over the next two years. At the same time FCF should improve to €250-300m by 2014 implying a FCF Yield of up to 15% and the dividend yield could easily reach 7% by 2014, attractive for a company with limited downside due to crowded strategic buyers fighting to get a decent stake in the company.

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### o Outlook: Attractive opportunity set for long/short equity funds

We are still very concerned regarding the near term earnings outlook for most companies but many investors still run their portfolios with low exposures to equity markets and therefore market set backs are likely to get seen as an opportunity to buy on dips. At the same time investors may stay cautious short term and prefer Blue Chips and defensive stocks with sufficient trading volumes rather than small & midcap companies. This could drive valuations of larger defensive companies to fresh new all time highs while smaller companies may continue to trade at very low valuation multiples.

We continue to find various undervalued investment ideas with company specific catalysts and at the same time we have lots of ideas to short stocks with negative catalysts and structural issues. We believe that the current market environment is one of the best opportunities for long/short equity which we have witnessed since the start of the fund in December 2008. We have therefore adopted a higher gross exposure of around 80-100% currently vs. 50-60% over the last 12 months, but have only slightly increased our net exposure to around 25-30% (or 19-24% excluding fixed income investments) vs. 20-25% over the last 12 months. We remain focused on generating alpha (stock picking) for our investors rather than trying to chase beta (general market timing).

In November we will launch the Tiger German Opportunities Fund a public long only fund (UCITs IV) with daily liquidity. For this fund we teamed up with the buy-side research boutique Schömig & Gschrei GbR and our Swiss partner the PHZ Privat- und Handelsbank AG in Zürich. The fund will focus on undervalued German large and midcap companies with a substantial margin of safety. Please don't hesitate to get in touch with us if you require any additional information on the Tiger German Opportunities Fonds or the Tiger Value Fund (contact details see page 4).

### ***The Tiger Value Fund Desk, 15<sup>th</sup> October 2012.***



**Matthias Rutsch**



**Marc Schädler**



**Peter Irbblad**

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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 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	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
Contact	Matthias Rutsch, Phone: +41 (0)41 500 33 46 Peter Irlblad, Phone: +41 (0)41 500 33 45 Marc Schädler, Phone: +49 (0)40 226 32 35 11
<b>Sub-Advisor</b>	PHZ Privat- und Handelsbank Zürich AG
Contact	Phone: +41 (0)43 443 71 00
<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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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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15 October 2012