

Newsletter March 2019

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

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Launch date	12 Dec 2008	Total Gross Exposure	74.6%	Total Long Exposure	53.9%	Long Equity Exposure	53.2%						
AuM	\$ 112m / € 100m	Total Net Exposure	33.3%	Total Short Exposure	20.6%	Net Equity Exposure	32.5%						
	NAV*	ISIN	Bloomberg		NAV*	ISIN	Bloomberg						
Share Class A	€ 1,874.15	LU0400329677	TIGERAA LX EQUITY	Share Class U	\$ 859.80	LU1647855136	TIGERVU LX EQUITY						
Share Class B	€ 2,064.45	LU0400329750	TIGERAB LX EQUITY	Share Class C	€ 825.29	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	87.4%	6.3%	1.06x	6.2%									
Share Class B	106.4%	7.3%	1.18x	6.5%									
POSITIONS													
Positions (excl. Options/FI)		Weightings (% of Gross)											
Longs	35	Long	Short										
Shorts	22	Top 5	26.0%	Top 10									
Positions	57	Top 10	40.1%	17.6%									
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%										3.65%
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%										3.78%
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%										4.11%
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%										3.72%
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 – March 2019

○ **Returns: -0.91% (class A)/-0.87% (class B)/-0.65% (class U)**

In March, the Tiger Value Fund (“TVF”) had a net return of -0.91% for share class A and -0.87% for share class B, making a cumulative net return of +3.65%/+3.78% for share class A and B for the year-to-date and +87.4%/+106.4% since inception (share class A/B). Our FX hedged USD share class U had a net return of -0.65% in March, making a cumulative net return of 4.11% for the year to date.

○ **Commentary: Performance set-back mainly caused by Bayer**

In March we kept our low average net equity exposure of around 22-33% closing at the high of 33% at month end by closing most of our semiconductor longs and shorts. As a result of our low net and gross exposure the Tiger Value fund had a continued low market correlation. We slightly increased our long equity exposure as we have identified new investment opportunities where we started to build positions. We will continue to re-position the fund driven by our long and short investment ideas.

Our outstanding top performer was Ferratum (+85bp) where we slightly reduced our position at year highs to potentially buy back at lower share price levels. Ferratum bounced from its year lows after the company guided for a strong profit growth outlook. The stock is still trading at an incredibly low PER 2019 of 9x and therefore we see significant upside. On the negative side we had various detractors such as Strabag (-21bp), TUI (-16bp), PNE WIND(-33bp) and Bayer (-57bp) which burdened the performance in March. At Strabag we see significant upside once the share overhang from forced sellers is cleared and at TUI and PNE the share price declines were caused by one-offs which we see as buying opportunities.

At Bayer we had positive attributions in early March after posting good results and optimism of a potential trial win but unfortunately Bayer lost the second “Glyphosate trial” in March which caused a share price correction of up to 22% after the loss of the trial. As a result, Bayer burdened our performance by 36bp from our equity exposure and by 21bp from derivatives. Although we sold our remaining Bayer equity position at the market opening after the loss of phase one of the trial at 62.8 Euro as well as our options we still had significant losses as the implied volatility of our derivatives imploded and therefore in particular erased the value of our Bayer call options. All odds were in favor of Bayer to win the trial and the jury deliberated for more than a week but instead of announcing a mistrial or a win for Bayer (both scenarios would have been positive for Bayer) the jury came to the wrong conclusion for Bayer shareholders. Currently Bayer’s share price reflects more than Eur 40bn in damages (vs our Eur 10bn worst case scenario) and the Market Cap currently stands at around Eur 54bn which is less than what was paid for the Monsanto acquisition. Bayer is trading at a 7x PER 2020, 5% dividend yield and 15% FCF yield which makes the company a target in particular for activist hedge funds. We bought a Bayer trading position after the final verdict last week at multiyear lows at around 56 Euro as we identified the following positive catalysts. We expect positive outlook at the Q1 results and AGM as of end of April. Until then we should also see positive news on the asset sales in consumer and animal health. In addition, we potentially will see positive news flow from the opening brief of the Johnson glyphosate court appeal trial on 22 April, as this time no jury will be involved, and the odds are in favor of Bayer to win the appeal in couple of months. We will most likely trade our Bayer position and write call options on share price relief rallies. Once Bayer wins the first glyphosate trials and a settlement with plaintiffs will be more feasible Bayer could become a very profitable long-term investment.

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While our single short book slightly burdened the performance with 24bp we didn't suffer any loss from our DAX Put option hedges as we bought 700 June crash protection DAX Put option contracts when implied volatilities were at year lows. We have scheduled a significant number of company management meetings in the upcoming weeks and are keen to hear management teams' near term outlook (in the face of the overwhelming negative economic sentiment) to identify and verify more catalyst laden long and short ideas.

o Outlook: Parallel universe

At the moment it seems global equity markets are in a parallel universe to the real economy. Despite still unresolved US/China trade talks, Brexit chaos and persistent deteriorating economic fundamentals, equity markets have continued to hover near year highs. We see this situation as unsustainable and we believe equity markets may eventually catch down to fundamentals and as such risk/reward for European equities is broadly unattractive at present.

In particular, economic conditions for Germany, which is very dependent on cyclical industries as the automotive, chemical and the broader capital goods industry, continued to deteriorate sharply in March with the Markit/BME Germany Manufacturing PMI index falling to a new cycle low of 44.1 in March. New orders posted the steepest drop since April 2009. This weakness was also confirmed by numerous profit warnings across the board in March including Osram and BMW and Infineon. Expected Q1 2019 earnings growth for Stoxx Europe 600 now stands at -1.4% vs. +11% at the beginning of October.

In addition, the outlook for a positive outcome in the Brexit saga has dimmed significantly in recent weeks and a no-deal Brexit looks increasingly likely. While equity investors seem quite sanguine about a no-deal Brexit, many companies that we have spoken to are quite alarmed. Furthermore, US/China trade talks seem to be going backwards as both sides seem to harden their stance. The Mueller report clearing Trump of any collusion will only further harden his stance against China as his 2020 re-election chances have clearly improved post the Mueller report.

As a consequence, we have continued to run the Tiger Value Fund at a lower net equity exposure level of around 25-35%. Individual long and short ideas will continue to be the main driver for our net exposure in the coming months with the aim to participate in equity market upswings but to be protected on the downside.

The Tiger Value Fund Desk, 1st April 2019



Matthias Rutsch



Marc Schädler



Peter Irbld

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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 20-40 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

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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