

# Newsletter January 2020

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

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Launch date	12 Dec 2008	Total Gross Exposure	127.9%	Total Long Exposure	81.1%	Long Equity Exposure	79.3%							
AuM	\$ 62m / € 57m	Total Net Exposure	34.4%	Total Short Exposure	46.8%	Net Equity Exposure	32.5%							
Share Class A	NAV* € 2,140.62	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY	Share Class U	NAV* \$ 1,001.66	ISIN LU1647855136	Bloomberg TIGERVU LX EQUITY							
Share Class B	€ 2,368.05	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	114.1%	7.1%	1.07x	7.0%										
Share Class B	136.8%	8.1%	1.18x	7.2%										
POSITIONS														
Positions (excl. Options/FI)		Weightings (% of Gross)												
Longs	32	Long	Short											
Shorts	26	Top 5	21.6%	14.7%										
Positions	58	Top 10	34.1%	22.0%										
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%												2.02%	
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%												2.06%	
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%												2.19%	
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 – January 2020

#### o **Returns: +2.02% (class A)/ +2.06% (class B)/ +2.19% (class U)**

In January, the Tiger Value Fund (“TVF”) had a positive net return of +2.02% for share class A and +2.06% for share class B, making a cumulative net return of +109.8%/+132.0% since inception (share class A/B). Our FX hedged USD share class U had a net return of +2.19% in January.

#### o **Commentary: Good start – defensive positioned**

While most equity markets were down in January the Tiger Value Fund closed up continuing its outperformance and uptrend since last summer. In January, we decreased our net equity exposure from 46.6% to 32.5% as we added several single short positions. Our net equity exposure drops to below 23% if we adjust for our special situation in Osram and our Bayer Call options. Also, the TVF gross exposure is inflated by our derivative exposure as we report delta adjusted exposures rather than stating the option premium. The adjusted gross exposure excluding derivatives is around 105%.

Our top long attributers were Tele Columbus (+140bp), Ferratum (+58bp), Singulus (+24bp) and Do&Co (+24bp). At Tele Columbus, which is our top pick for 2019, the share price advanced after the share overhang of an investment fund was cleared mid-month and the new CEO was announced. We see significant upside for our break-up scenario and expect good Q4 results which should have a positive impact on the company’s share price. While Ferratum (9x PER 20) recovered more than 25% from multiyear lows without any meaningful news flow, Singulus advanced more than 15% in January as the company received a long-awaited solar equipment order. We sold Do&Co, a top pick from our December newsletter, as the Coronavirus will have a significant negative impact on air traffic and on Do&Co’s airline catering business. Overall, we continued to focus on non-cyclical investments as we see good risk rewards in the telecommunication and technology sector as well as in healthcare/medical equipment.

In January, we built two new positions in Drägerwerk (DRW8 GY, DRW3 GY) and Zeal Networks (TIMA GY). We bought Drägerwerk after the outbreak of the Coronavirus as the German company makes safety equipment such as air filtration masks as well as hospital monitoring and anesthesia equipment machines which was in high demand at the SARS crisis in 2003 and the swine flu virus in 2009. In addition, Drägerwerk trades on just 4x EV/EBITDA 2021 which is a 60% discount to its peer group. At Zeal Networks we see the change of the business model after the merger with Lotto24 and the announcement of the VAT payment as very positive. We expect strong revenue and profit growth for the market leader in the German online lottery brokerage (approximately 50% market share) also because the low German online lottery penetration of only 13% has a lot of catch-up potential with other European countries such as Sweden with 40% online lottery penetration.

On the negative side our performance was burdened by VA-Q-TEC (-47bp) and Holidaycheck (-20bp). At Holidaycheck, also suffering from the Coronavirus, we decided not to sell as we are positive mid- to long-term and comfortably hedged with companies which are affected negatively by the Coronavirus. VA-Q-TEC’s share price consolidated without any meaningful news flow after its stellar +160% performance in 2019.

The short book added +38bp in January as we had a mixed bag of positive attributions from industrial shorts but negative from a few technology shorts. We rolled over and increased our DAX option and future hedges which added +13bp to the monthly performance. Currently the Fund holds 1200 DAX Put options which accounts for ca. 8% delta adjusted exposure as of month end.

#### o **Outlook: Could the Coronavirus trigger a global recession?**

European equity markets started the year strongly gaining 2-3% until mid-month lead by a very strong performance by the US technology sector with the NASDAQ Composite index gaining 5% YTD over the same time period. Nevertheless, in the last week of the month most indices reversed sharply due to the accelerated outbreak of the Coronavirus. For the month as a whole the DAX lost -1% and the Stoxx Europe 600 -1%.

While many commentators have been quick to dismiss the Coronavirus as mostly a short-term speedbump for the equity markets and the global economy, we disagree. Firstly, while we have too little information about the virus to make a truthful assessment about the human consequences, the Coronavirus has already surpassed the SARS epidemic in number of infected. Secondly, the strong (albeit late) response by the Chinese government has closed down large parts of the Chinese economy. Considering China's central role in many industries' supply chains, this has the potential to be very disruptive for the global economy. In addition, there will be at least a very significant damage to the Chinese domestic economy. Hence, from a risk management point of view it's prudent err on the cautious side and assume that this situation will get worse before it gets better.

As we have highlighted in our newsletter recently, the European economy is already quite weak with many European manufacturing PMI's below 50 (indicating contraction). We already saw a negative GDP print for the German economy in the second quarter of 2019 and last week it was reported that also France and Italy had contracting GDP in the fourth quarter. Given the potential economic shock from the Coronavirus it cannot be ruled out that the European economy tips over into recession in 2020. Since monetary policy is already in full accommodation mode it will be difficult for central banks to meaningfully counter any further global economic weakness in our opinion.

During January we took down the net equity exposure of the TVF significantly (below 23% excl. a few special situation positions) as we increased our index hedges and put on new single short positions. In particular, we took short positions in a number of stocks that will see a significant (at least short-term) disruption on their business from the Coronavirus, either through loss of revenues or impact on their supply chain. We expect many companies to warn about these disruptive effects in the coming weeks. Considering that most investors were expecting an economic recovery in H1 2020, we believe there will be a significant reset in expectation if instead of a recovery we see a further deterioration. With stocks trading near all-time-high this should have a negative impact on the equity market near term. We will continue to focus on our catalyst laden defensives and stay away from cyclical long investments for now.

***The Tiger Value Fund Desk, 3<sup>rd</sup> February 2020***

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## 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>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>	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.

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