

# Tiger Asset Management GmbH

## Tiger Value Fund - Newsletter October 2010

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

#### RISK REPORT

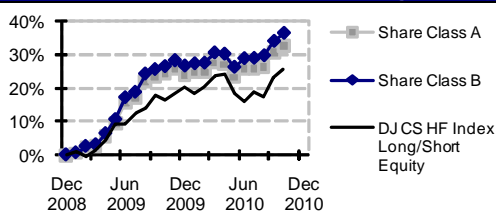
##### Fund Information

Launch date	12-Dec-08	Total Gross Exposure	97.4%	Total Long Exposure	70.0%
AuM	€ 10,224,607	Total Net Exposure	42.5%	Total Short Exposure	27.4%
	<b>NAV*</b>	<b>Sharpe Ratio</b>	<b>WKN</b>	<b>ISIN</b>	<b>Bloomberg</b>
Share Class A	€ 1,327.13	1.66x	A0Q5LH	LU0400329677	TIGERAA LX EQUITY
Share Class B	€ 1,363.50	1.80x	A0RDZZ	LU0400329750	TIGERAB LX EQUITY
					<b>Reuters</b>
					LP68023199
					LP68023200

##### Net Performance

	Since inception	YTD
Share Class A	32.71%	6.99%
Share Class B	36.35%	7.75%

##### Fund Performance vs. DJ CS HF Index Long/Short Equity since inception



##### Positions

Number of Positions		Weightings (% of Gross)	
		Long	Short
Long Positions	28		
Short Positions	11		
Total No. Positions	39		
		<b>Top 5</b>	<b>Top 10</b>
		28.7%	22.0%
		47.0%	27.8%

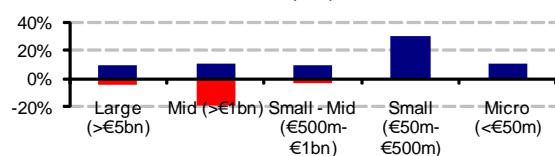
##### Monthly Net Return

Share Class	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>Share Class A</b>													
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%	-	-	6.99%
<b>Share Class B</b>													
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%	-	-	7.75%

##### Market Capitalisation

	Pos. No	%Gross	Net Exp	Long	Short
Large (>€5bn)	8	14.6%	5.3%	9.8%	-4.5%
Mid (>€1bn)	9	30.2%	-8.5%	10.4%	-18.9%
Small - Mid (€500m-€1bn)	4	12.8%	6.1%	9.3%	-3.2%
Small (€50m-€500m)	15	31.5%	29.0%	29.8%	-0.8%
Micro (<€50m)	3	10.9%	10.7%	10.7%	0.0%
<b>Total</b>	<b>39</b>	<b>100.0%</b>	<b>42.5%</b>	<b>70.0%</b>	<b>-27.4%</b>

##### Market Cap Exposure

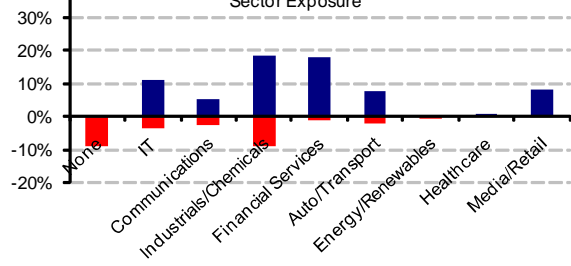


Geographic focus: DACH region

##### Sector Exposure

	Pos. No	%Gross	Net Exp	Long	Short
None	1	9.3%	-9.1%	0.0%	-9.1%
IT	6	15.1%	7.6%	11.1%	-3.6%
Communications	2	8.1%	2.8%	5.3%	-2.5%
Industrials/Chemicals	10	28.0%	9.3%	18.3%	-9.0%
Financial Services	7	19.5%	17.2%	18.1%	-0.9%
Auto/Transport	8	10.1%	5.9%	7.9%	-2.0%
Energy/Renewables	1	0.4%	-0.4%	0.0%	-0.4%
Healthcare	1	1.0%	1.0%	1.0%	0.0%
Media/Retail	3	8.5%	8.3%	8.3%	0.0%
<b>Total</b>	<b>39</b>	<b>100.0%</b>	<b>42.5%</b>	<b>70.0%</b>	<b>-27.4%</b>

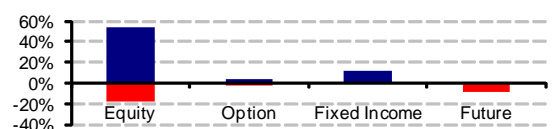
##### Sector Exposure



##### Asset Allocation

	Pos. No	%Gross	Net Exp	Long	Short
Equity	30	73.5%	36.6%	54.1%	-17.5%
Option	5	5.6%	3.6%	4.5%	-0.9%
Fixed Income	3	11.7%	11.4%	11.4%	0.0%
Future	1	9.3%	-9.1%	0.0%	-9.1%
<b>Total</b>	<b>39</b>	<b>100.0%</b>	<b>42.5%</b>	<b>70.0%</b>	<b>-27.4%</b>

##### Asset Allocation



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Source: Tiger Asset Management GmbH / HSBC Trinkaus & Burkhardt SA; \* NAV daily calc. by HSBC Trinkaus Investment Managers SA

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### Tiger Value Fund – October 2010

#### ○ **Returns: Up 1.62% (class A)/1.80% (class B)**

In October the Tiger Value Fund had a positive net return of 1.62% for share class A and 1.80% for share class B, making a cumulative positive net return of +6.99%/ +7.75% YTD and +32.71%/ +36.35% since inception (share class A/B).

#### ○ **Commentary: Solid results despite low net exposure**

During October we used the market up-turn to scale out of selected positions and entered new positions inflating the number of positions, but intend to increase portfolio concentration in the coming quarter. The net exposure was around 42% (beta adjusted around 25%) at end of October. Key adjustments for the beta adjusted exposure are our 11% fixed income investments and 5% exposure to Dt. Postbank which during the takeover offer period has a beta of zero.

Our Sharpe Ratio slightly improved to 1.80 (B Class) and 1.66 (A class) and are ranked under the top 50 hedge funds out of 1,610 long/short equity hedge funds worldwide at [www.hedgefund.net](http://www.hedgefund.net).

In October Nabaltec, Volta Finance, Tipp24, Kontron and Freenet have been among our best contributors adding +290bp to the Fund performance. On the negative side our single short positions cost us -133bp and the MDAX Future hedge cost us -60bp in October.

#### ○ **Discussion: Nabaltec – accelerated growth, lower re-financing risk**

Nabaltec (NTG, €7) one of our best performers which we highlighted previously is a specialized chemical manufacturer focusing on halogen-free flame retardant fillers for the plastic and cable/wire industry as well as ceramic raw materials for applications in technical ceramics and the refractory industry.

In October NTG took advantage of soaring bond markets and issued a 5 year €30m bond with a 6.5% coupon to finance its growth and partly re-finance its outstanding debt and therefore significantly lowered its re-financing risk.

As the global market leader, its expanded production capacity, the discontinuation of a competitor's US production site and the ecological toxic sludge disaster of its key competitor MAL in Hungary accounting for 25% of global capacity, NTG is excellently positioned to capture additional market share in its niche markets. Further the company's innovative products, a better product mix and upcoming double digit price increases should lift profit margins significantly.

As the company is not followed by research analysts we believe this growth company is overlooked by many investors. According to our numbers NTG's valuation looks extremely undemanding trading below 8x PER 2011 and 5x PER 2012.

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### **o Outlook: Is the market rally set to continue?**

In September after the fear of a double dip recession dissipated global markets began to rally. This trend continued in October as it was spurred by the anticipation of a new batch of quantitative easing and by companies reporting strong earnings beating analysts' estimates. As market PE multiples are historically still low and many bull side analysts expect continued strong growth in 2011 the upward trend may last longer than many had anticipated.

In our view especially smaller companies appear to be incorrectly valued. Since most investors are currently focused on short- and medium-term investments with high liquidity, these equities, in relative terms, are still lagging large and mid caps. Further with the all time high level cash on corporate balance sheets share buy backs, dividends and M&A should be the main theme in 2011.

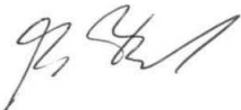
We are focused on several projects where we expect a significant positive contribution on the fund performance over the next couple of months, and further building positions in such targets. Since the market reached relatively high levels we also find good single shorts to protect our downside by hedging the Tiger Value Fund portfolio to a certain degree.

We are pleased with our new subscriptions of €0.5m plus soft commitments bringing the assets to above €11m short term. We believe that with our two year track record outperforming other long/short equity funds, prospects have become more attracted to co-invest with us in the Tiger Value Fund.

Our next subscription deadline for the Tiger Value Fund is 23 November 2010 at 5pm. Should you have any questions regarding the fund, how to invest in the fund or anything else please feel free to contact us via phone at +49(0)402263235-12 or e-mail at [matthias.rutsch@tiger-am.com](mailto:matthias.rutsch@tiger-am.com).

Finally, we would like to take this opportunity to thank you for your continuing support.

***The Tiger Value Fund Desk, 16<sup>th</sup> November 2010.***



**Matthias Rutsch**



**Marc Schädler**

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16 November 2010