

Newsletter November 2018

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

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Launch date	12 Dec 2008	Total Gross Exposure			103.6%	Total Long Exposure			81.0%	Long Equity Exposure			75.5%	
AuM	\$ 127m / € 112m	Total Net Exposure			58.5%	Total Short Exposure			22.5%	Net Equity Exposure			53.0%	
	NAV*	ISIN	Bloomberg				NAV*	ISIN	Bloomberg					
Share Class A	€ 1,953.26	LU0400329677	TIGERAA LX EQUITY			Share Class V	€ 872.88	LU1740273310	TIGEREV LX EQUITY					
Share Class B	€ 2,148.08	LU0400329750	TIGERAB LX EQUITY			Share Class C	€ 859.42	LU1744650885	TIGEREC LX EQUITY					
Share Class U	\$ 890.16	LU1647855136	TIGERU 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	95.3%	7.0%	1.17x	6.2%										
Share Class B	114.8%	8.0%	1.29x	6.5%										
POSITIONS														
Positions (excl. Options/FI)		Weightings (% of Gross)												
Longs	45	Long		Short										
Shorts	12	Top 5	26.9%	9.1%										
Positions	57	Top 10	38.9%	15.0%										
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%		-13.29%	
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%		-12.89%	
Share Class U	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2017	-	-	-	-	-	-	-	-	-0.99%	-0.91%	0.62%	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%		-10.97%	
Share Class V	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	
2017	-	-	-	-	-	-	-	-	-	-	-	-	0.43%	
2018	0.04%	-0.08%	-2.43%	0.11%	-0.15%	-3.97%	2.22%	-2.12%	-1.56%	-3.12%	-2.71%		-13.09%	
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%		-14.06%	
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 – November 2018

o **Returns: -2.73% (class A)/-2.69% (class B)/-2.44% (class U)**

In November, the Tiger Value Fund (“TVF”) had a net return of -2.73% for share class A and -2.69% for share class B, making a cumulative net return of -13.29%/-12.89% for share class A and B for the year to date and +95.3%/+114.8% since inception (share class A/B). Our FX hedged USD share class U which profits from the favorable EUR-USD interest rate differential had a net return of -2.44% in November, making a cumulative net return of -10.97% for the year to date.

o **Commentary: Blood bath in Small & MidCaps continued in November**

At the beginning of November, the Tiger Value Fund was nearly up 4% as several catalyst triggered +15-30% share price increases at various long positions. Unfortunately, some investors took the positive share price reactions as selling opportunities which resulted into immediate share price corrections after the positive catalysts materialized. In addition, we had a few disappointments which burdened the Fund’s performance. Although we sold most of our shares in Bayer, Freenet, Dialog and AMS ahead of the negative news flow we were a bit too late to capture our positive performance attribution. We then scaled back into these positions at lower share price levels after the negative newsflow was digested. Our selected buying into new and existing positions resulted into a higher long exposure which was balanced by new short ideas and the reduction of a few long positions. As a result, our net equity exposure slightly decreased from 56.6% to 53.0% as of end November and would fall significantly in a market crash via the delta increase of our DAX Put hedges. Also, at various long positions which trade at multiyear lows we have positive catalysts for December and/or the beginning of next year. Once these catalysts materialize, we will book profits and reduce our net exposure. Also, we would expect better entry points at our potential short positions which will further reduce our net exposure and the volatility of the Fund.

Our best long book attributer was once again Tele Columbus (+47bp) which continued its recovery from low share price levels, also triggered by a slight beat of analyst Q3 earnings expectations. On the negative side we had many performance detractors such as AMS (-97bp), Schaeffler (-40bp), MLP (-27bp), Ferratum (-24bp), Freenet (-16bp), EnergieKontor (-12bp), Manz (-12bp) and Bauer (-11bp).

We couldn’t capture our AMS gains in early November as the share price collapsed after a US peer had a profit warning as Apple cut its iPhone X volumes by 20% for Q4. Although we sold AMS ahead of the profit warning of AMS and managed to build the position at lower share price levels the TVF had to digest another loss. The next positive short-term triggers for AMS is the potential sale of a non-core division, further design wins and potential insider buying’s which should restore investor confidence. Schaeffler, an automotive and industrial supplier, is trading on 5x PER 2018 and 2019 and a 7% dividend yield. If we cut Schaeffler’s 2019 earnings by 20% it’s still 6x PER 2019. We hedged this position with another auto supplier which should come with a profit warning soon. MLP had a strong Q3 but unfortunately sold off due to regulatory risks which are actually not a big issue and very well overcompensated by positive catalysts. Ferratum also faces continued regulatory pressures which resulted into significant selling pressure of the shares which we used to increase our position. Ferratum has 20% topline growth and the stock is trading on 6x PER 2019, a bargain for a fintech stock with limited cyclicality and positive catalysts for Q1 2019. Freenet, a telecom service provider, is in the process to sell its 24.5% stake in Sunrise which will significantly reduce its debt burden and secure a record high tax free dividend yield of more than 9% (implying a yield of more than 12% before taxes).

Currently, approximately only 15% of the TVF portfolio is invested in cyclical businesses but most of these investments have also non-cyclical areas and/or company specific catalysts. Also, most of our long positions trade at multiyear lows implying significant upside for the Fund.

Our single short book attributed only +2bp as we also had to cut some losses due to a few short squeezes. Although we have a strong pipeline of potential short candidates, we will wait for better risk reward ratios (lower scoring) strictly following our 10 Point scoring strategy. Our DAX Put Option hedges cost us -25p as we continued to invest in DAX Puts to be protected in case of an acceleration of the stock market sell-off. Currently the Tiger Value Fund holds 2818 out-of-the-money December Puts.

o **Outlook: 2018 retrospect**

In last month's newsletter we described the current market environment as a value investors nirvana. If judged solely by the TVF's current performance, it could perhaps be tempting to call it a value investor's inferno. Nevertheless, out of adversity comes opportunity as Benjamin Franklin once said.

The mantra of the TVF has always been to weigh investment risk vs. reward. In the last few years we have seen a steady deterioration in the overall risk/reward ratio in equity markets as investors have been forced out on the risk curve by central bank manipulation of interest rates. Supported by very easy financial conditions, stock prices and valuations increased despite a less benign economic environment and rising risks (be it geopolitical, regulatory or trade related). During this period, we remained vigilant to these emerging risks and maintained a cautious positioning in the TVF as we believed the stock market advance was built on fragile foundations. At the beginning of 2018 we argued that primary driver behind rising assets prices would start to fade in 2018 as the ECB started to scale down QE and the FED ramped up its reverse QE and continued to raise rates. This would eventually lead to a more volatile market environment, we argued.

The outlook that we had outlined for the year is now playing out as we had anticipated. We believe that our catalyst value investment approach will be much more rewarded in this market environment. Furthermore, the risk/reward ratio has become much more attractive in our investment universe allowing us to get more potential reward for each unit of risk added. But with the increased volatility, stocks do not always move in tandem with earnings fundamentals or even catalysts as we have experienced especially in October/November. Recently many stocks have largely been driven by fund redemptions and forced selling with little price sensitivity. We have seen many of our positions drop 20-30% despite intact or even strengthened earnings outlook and very positive catalysts. Nonetheless, this is largely a timing issue which creates additional opportunities for us although its understandably frustrating for many of our investors in the short term. Naturally, we have also made mistakes in our stock selection and also misjudged some catalysts which has been severely punished in this new volatile market environment.

As we prepare our outlook for 2019, we do not anticipate any dramatic changes from the current situation. The European economic outlook for 2019 will largely depend on US/China trade negotiations as well Brexit, both which are uncertain at this time. What is certain is that financial conditions will continue to deteriorate in early 2019 as the ECB and the FED continue to scale back their stimulus. If economic momentum does not improve in early 2019, we would expect the ECB to push their expected rate hikes into 2020 and beyond and the FED to stop its rate hikes and balance sheet unwind.

With so many attractive investment opportunities currently, we have no shortage of ideas. The challenge is rather in which stocks to invest and timing. With the increasingly uncertain economic outlook we

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understandably favor stocks with less cyclical exposure and largely driven by structural or company specific drivers as with some of our top holdings (Dialog, PNE, Freenet). Nevertheless, at the same time we currently hold a few high-quality cyclical stocks at extremely depressed valuations and with solid order books which gives them visibility well into 2019 such as Strabag, Jost Werke, Palfinger, Andritz. While December might create more irrational price action due to cleaning out of loss-making positions and redemptions ahead of year end, we are increasingly optimistic about the prospective returns for the TVF going into 2019. We hope that you, as our investor, share our enthusiasm (Matthias increased his stake in the TVF as of last Friday) and remain invested to benefit from the improved prospective returns of the fund and outlook for our investment strategy.

The Tiger Value Fund Desk, 3rd December 2018



Matthias Rutsch



Marc Schädler



Peter Irlblad

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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/V**	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/V	15%
Share Class B/C/V	€ 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/V	1 month	Yearly Dividend	Share Class V

*) 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

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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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The Tiger Fund has been passported for marketing in Austria and Germany in accordance with the terms of the AIFMD, the 2013 Law and the AIFMG (Austrian Alternative Investment Funds Manager Act (Alternative Investmentfonds Manager-Gesetz)) respectively the KAGB (Investment Code (Kapitalanlagegesetzbuch)). The Units passported may be marketed in Austria and/or in Germany in line with the terms and exclusively to professional investors within the meaning of the AIFMG and/or KAGB. Any marketing activities to other categories of investors are prohibited.

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