

# Newsletter May 2012

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

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#### Fund Information

Launch date	12-Dec-08	Total Gross Exposure	62.2%	Total Long Exposure	44.9%
AuM	€ 23.7 m	Total Net Exposure	27.6%	Total Short Exposure	17.3%
NAV*		WKN	ISIN	Bloomberg	Reuters
Share Class A	€ 1,366.60	A0Q5LH	LU0400329677	TIGERAA LX EQUITY	LP68023199
Share Class B	€ 1,418.15	A0RDZZ	LU0400329750	TIGERAB LX EQUITY	LP68023200

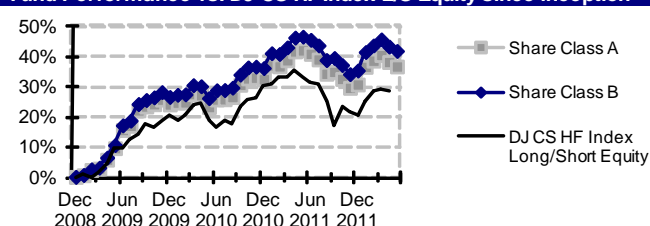
#### Net Performance

	Since inception	YTD	Sharpe Ratio**
Share Class A	36.66%	4.58%	1.25x
Share Class B	41.82%	4.79%	1.40x

#### Positions

Number of Positions	Weightings (% of Gross)	Long	Short
Long Positions	27		
Short Positions	13	Top 5	38.8%
Total No. Positions	40	Top 10	55.0%

#### Fund Performance vs. DJ CS HF Index L/S Equity since inception\*\*\*

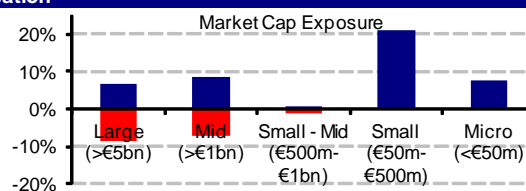


#### Monthly Net Return

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%								4.58%
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%								4.79%

#### Market Capitalisation

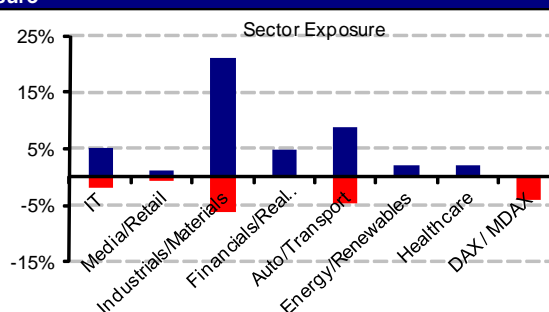
	Pos. No	%Gross	Net Exp	Long	Short
Large (>€5bn)	6	25.0%	-2.0%	6.8%	-8.8%
Mid (>€1bn)	11	25.3%	1.1%	8.4%	-7.3%
Small - Mid (€500m-€1bn)	2	3.4%	-0.3%	0.9%	-1.2%
Small (€50m-€500m)	16	33.8%	21.0%	21.0%	0.0%
Micro (<€50m)	5	12.5%	7.8%	7.8%	0.0%
Total	40	100.0%	27.6%	44.9%	-17.3%



Geographic focus: DACH region ( > 90%)

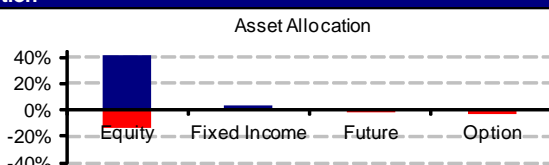
#### Sector Exposure

	Pos. No	%Gross	Net Exp	Long	Short
IT	7	11.1%	3.2%	5.1%	-1.9%
Media/Retail	3	2.9%	0.8%	1.3%	-0.5%
Industrials/Materials	15	43.9%	14.8%	21.0%	-6.3%
Financials/Real Estate	3	7.7%	4.8%	4.8%	0.0%
Auto/Transport	5	21.3%	4.1%	8.7%	-4.5%
Energy/Renewables	3	3.3%	2.1%	2.1%	0.0%
Healthcare	2	3.3%	2.0%	2.0%	0.0%
DAX / MDAX	2	6.5%	-4.1%	0.0%	-4.1%
Total	40	100.0%	27.6%	44.9%	-17.3%



#### Asset Allocation

	Pos. No	%Gross	Net Exp	Long	Short
Equity	35	86.9%	27.6%	40.8%	-13.2%
Fixed Income	3	6.6%	4.1%	4.1%	0.0%
Future	1	1.7%	-1.1%	0.0%	-1.1%
Option	1	4.8%	-3.0%	0.0%	-3.0%
Total	40	100.0%	27.6%	44.9%	-17.3%



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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 – May 2012

#### ○ **Returns: -1.05% (class A)/-1.01% (class B)**

In May the Tiger Value Fund had a negative net return of 1.05% for share class A and 1.01% for share class B, making a cumulative net return of +4.58%/ +4.79% in the year-to-date and +36.66%/ +41.82% since inception (share class A/B).

#### ○ **Commentary: Down month, but substantial profit taking**

In May we slightly increased our adjusted net exposure from around 18% to 23.5% (27.6% incl. 4.1% fixed income investments) by booking +119bp profits on single shorts and index hedges.

We also booked +113bp profits on Praktiker bonds and shares after our catalysts materialized. On the negative side our positions in Kontron, Rheinmetall and Francotyp-Postalia cost the Fund 203bp. We expect to recoup these temporary losses over the next few quarters as valuations look undemanding and potential positive catalysts are still ahead. Overall we booked +258bp of net profits in May slightly below our previous record of +290bp in January 2012.

Our single shorts contributed nicely with +178bp and the DAX/MDAX options and future hedges contributed also positively with +54bp.

#### ○ **Discussion: Kontron AG – undervalued, unloved and misunderstood**

Kontron AG (KBC GY, €4.8), a global top 3 player in embedded computer technology, disappointed investors once again by issuing poor Q1 results. As a result there is very limited investor interest for KBC with only very few analysts being positive on the KBC investment case. Many investors fear structural problems as the management team still has not proved to be capable to improve margins. The company has made the following steps to optimize its corporate structure and margins: (a) the sale of KBC's Asian non-core third-party and low margin manufacturing business and (b) initiated the optimization of its IT infrastructure incl. the standardisation of working processes (e.g. standardisation of components / inventory).

Having discussed the Kontron investment case with management, analysts and our partner network once again we feel very comfortable with our position in KBC. With KBC's expected gains in design wins, growth should pick up throughout the coming years. We expect average y-o-y growth rates above 10% in an industry with structural growth. KBC has a top standing among its diversified customer base and should manage to improve margins over the coming years and achieve double digit EBIT margins (currently at 6%) as competitors are able to reach EBIT margins as high as 14%. In H2 we expect a significant rebound in operating profits once postponed orders, where costs have already been booked and burdened previous quarters P&L, are executed.

On our numbers KBC trades on 0.8x Price-to-book, 5x EV/EBITA 2013 and 3.5x EV/EBITDA 2013 a > 60% discount to its long-term average. The company's strong market position, double digit growth rates and current undemanding valuation makes it an even more attractive target for both strategic and financial investors. For example, Triton a highly regarded private equity investor announced a stake of 13% recently becoming the second largest investor. Warburg Pincus another large private equity investor already had built stake of 18% in 2009 and 2011 at a > 50% premium compared to KBC's current share price.

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### o **Outlook: Global crisis coming to the forefront again**

As we have been warning for the last few months now, the economic crisis is deepening and is becoming global with signs of a sharp deterioration now also in China in addition to the ongoing recession in Europe. Furthermore, the brief resurgence in US economic activity is now also fading with quite poor employment growth reported in the last 2 months. Overall, we believe this crisis has a long way to go before we will have solid fundamentals that will support a sustainable economic recovery. While equity valuations (using consensus estimates) look attractive (at least in Europe), we have little confidence in these earnings estimates given the real economic risks facing the global economy and potential market disrupting events (Eurozone break-up, etc.). It is also important to note that forecast earnings are substantially above trend and at all time high levels indicating substantial earnings downside risk.

Having said that, as the crisis is now deepening further there is increasing expectations of further Central Bank actions (rate cuts, liquidity programs, quantitative easing, etc.) that are likely to support the equity markets in the immediate future. Moreover, many of our shorts became severely oversold in May and are not obviously overvalued anymore; prompting us to cover some of these short and realizing substantial profits in May. This has caused our exposure to creep up to a relatively high level of 28% currently. We intend to get our exposure back below 20% and most likely even lower once the market recovers over the next few weeks as we expect. Our focus will remain squarely on capital preservation for the foreseeable future.

***The Tiger Value Fund Desk, 7<sup>th</sup> June 2012.***



**Matthias Rutsch**



**Marc Schädler**



**Peter Irblad**

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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

**Investment Advisor** Tiger Asset Management GmbH  
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*Marc Schädler, Phone: +49 (0)40 226 32 35 11*

**Sub-Advisor** PHZ Privat- und Handelsbank Zürich AG  
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**Management Company** Alceda Fund Management SA  
**Prime Broker** SEB AB  
**Administrator** European Fund Administration SA  
**Custodian** SEB 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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07 June 2012