

Newsletter October 2020

TIGER FUND – TIGER VALUE FUND (FCP-SIF)

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Launch date	12 Dec 2008	Total Gross Exposure	93.5%	Total Long Exposure	69.2%	Long Equity Exposure	68.2%	AuM	\$ 69m / € 59m	Total Net Exposure	44.9%	Total Short Exposure	24.3%	Net Equity Exposure	43.9%
Share Class A	NAV* € 2,310.80	ISIN LU0400329677	Bloomberg TIGERAA LX EQUITY	Share Class U	NAV* \$ 1,077.20	ISIN LU1647855136	Bloomberg TIGERVU LX EQUITY								
Share Class B	€ 2,566.64	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	131.1%	7.3%	0.98x	8.0%											
Share Class B	156.7%	8.3%	1.08x	8.1%											
POSITIONS															
Positions (excl. Options/FI)	Weightings (% of Gross)														
Longs	30	Long	Short												
Shorts	13	Top 5	16.3%												
Positions	43	Top 10	21.3%												
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%	-4.01%	-6.80%	7.77%	2.84%	7.79%	1.31%	2.69%	0.76%	-3.66%			10.13%		
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%	-3.97%	-6.76%	7.81%	2.89%	7.64%	1.36%	2.90%	0.84%	-3.62%			10.62%		
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%		
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%	-3.87%	-6.46%	7.87%	2.95%	6.27%	1.41%	2.77%	0.81%	-3.54%			9.90%		
MARKET CAP EXPOSURE						ASSET ALLOCATION									
SECTOR EXPOSURE															
DACH Region > 80% (country of origin); DACH-linked Region > 90%															
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 – October 2020

o **Returns: -3.66% (class A)/-3.62% (class B)/-3.54% (class U)**

In October, the Tiger Value Fund (“TVF”) had a negative net return of 3.66% for share class A and 3.62% for share class B, making a cumulative net return of +10.13%/+10.62% for share class A and B for the year-to-date and +131.1%/+156.7% since inception (share class A/B). Our FX hedged USD share class U had a negative net return of 3.54%, making a cumulative positive net return of +9.90% for the year-to-date.

o **Commentary: Down but outperformed markets – entry opportunity**

Although we are not satisfied, being down -3.66%, -3.62%, -3.54% (class A/ B/ U) in October, the TVF outperformed equity markets such as the DAX (-9.44%) in October. Year-to-date the TVF is up +10.13%/+10.62%/+9.90% (class A/ B/ U), hence significantly outperformed equity markets such as the DAX, ATX and STOXX Europe 600 which are down -12.77%, -35.52% and -17.67% respectively.

The main reason for our down month were a few larger detractors as well as an inflated average net equity exposure of around 44% (41% excl. call options) due to plenty of long ideas and a lack of good short ideas. Also, we tried to optimize our DAX Put hedge roll-over from Oct/Nov expiry to December which didn't work out as planned. But although we had a set-back in our performance we see significant upside in our long book, offering an attractive TVF entry opportunity for investors.

In October, we had very limited positive attributors in our long book. Most long positions were flat or down with a few significant detractors such as Bayer (-24%), Tele Columbus (-17%) and Frenet (-12%) which burdened the performance with -231bp. In addition, our digitalization winner Klöckner & Co (-12%) and COVID beneficiary ZEAL Network (-8%) burdened our performance by -86bp. Also, we had various smaller positions such as our Austrian stocks Schoeller-Bleckmann (-9%), Kapsch (-9%) and Strabag (-5%) which cost -38bp as well as our financial services investments in Ferratum (-13%) and MLP (-17%) detracting the performance by another -41bp. On top of the broad sell-off at the TVF long book, also our COVID logistic winners Royal Mail, Deutsche Post and BPOST experienced a set-back at the end of the month causing another detraction of -41bp.

Although we sold most of our Bayer position successfully after the glyphosate settlement announcement in June, we unfortunately were positioned when the company surprised us with a profit warning in early October. We believe the current sell-off in Bayer is a buying opportunity in particular as Bayer's guidance 2021 cut was based on a strategic review in June when corn and soy futures were much below October levels, i.e. the underlying assumptions for 2021 company guidance are on the conservative side. Also, we saw the US Environmental Protection Agency (EPA) approval of herbicide Dicamba and the prospects for a litigation solution of future glyphosate cases near-term as positive catalysts. Given that Bayer is trading at a 50% discount to peers (6x PER 2022) at multiyear lows, the risk/reward is very attractive.

Our core position Zeal Network (MCAP: Eur 800m), the #1 German online lottery service provider, increased its guidance in October a second time for 2020 but the shares consolidated from year highs. We expect a third guidance raise for this year and a significant beat of 2021 analyst estimates. As a result of the 20% price increase at the German lottery in September the current growth run-rate of the overall German lottery market is around +8-10% and +30% in online lottery. Zeal acquires around one million new customers in 2020 (+33% vs last year), is paying less than 30 Euro per new customer with a lifetime of around 7 years and a pay-back of 18-24 months which are great economics. In addition, Zeal will

significantly profit from the German liberalization of online gambling and lottery services (“Glücksspielstaatsvertrag”) next year. The re-launch of Zeal’s instant win games will accelerate its topline growth and improve margins substantially in the future. Due to its high economies of scale we expect significant profit growth over the coming years. Depending on how aggressively Zeal invests in customer acquisitions the company could easily post an EBITDA of Eur 30m in 2021 and Eur 60m in 2022.

At Tele Columbus the share price is burdened due to corporate governance issues with an indecisive supervisory board which is steered by Ralph Dommermuth (30% stake). This is a big issue, as the management and supervisory board stopped the (partial) sale of the cable network which was supposed to finance the company’s future growth. The upcoming news flow including the Q3 results should trigger a share price rebound from its current year lows.

On our short book we had positive attributions of +188bp. Our DAX hedges added +98bp and our single short book added another +90bp as we had positive attributions from a financial service short and a few hospitality and transportation shorts. During October we rolled over our Oct/Nov DAX Put Option hedges and also started to book profits. We are still holding 400 Dec DAX Puts with exercise prices between 9k and 11.8k which we partially financed via the short sale of DAX Call Options.

o **Outlook: Lockdown redux**

After 4 months of sideways range trading, European equity markets finally broke down in October fueled by renewed fears of rising COVID-19 infections and renewed lockdowns in Europe. For the month of October, the DAX declined -9.4% and the Stoxx Europe 600 fell by -5.1%. The decline in the DAX was further exacerbated by a -31% collapse in SAP AG which reported a disappointing earnings outlook in October.

As we have repeatedly stated in this newsletter, equity markets have been far too sanguine about COVID-19 and the fragile economic recovery. With the renewed lockdowns across Europe, the economic recovery has been pushed further into the future and the economic outlook for 2021 has become more uncertain at this point.

While Q3 earnings reports have been broadly better than expected with 73% of Stoxx 600 companies beating estimates (vs. 50% normally), the share price reactions have been fairly muted or even negative as the Q4 outlook has been relatively disappointing. Q3 earnings are on track to decline approximately -30% y/y with revenues -11%. Consensus Q4 expectations is for an improvement to -23% y/y in earnings and -7% y/y in revenues which seems very optimistic. We see further downside in Q4 and 2021 estimates as the economic recovery will stall after the renewed lockdowns in Europe.

Nevertheless, after the recent weak performance we are starting to see value merging and an improved risk/reward in European equity markets more broadly. European equity markets are now starting to discount a more realistic outlook which is encouraging from a risk/reward perspective. In the near term there might be some more downside and volatility in European equities depending on the outcome of the US Presidential elections but on a medium-term basis we are becoming more optimistic.

During the first wave of the pandemic in March 2020, European equities bottomed on March 16, right around the time of the first lockdowns in Europe (Italy locked down on March 9, Spain on March 14, France on March 17, Germany on March 22 and the UK on March 23). Therefore, it seems reasonable that European equities might bottom in the next days and weeks as lockdowns are yet again imposed across Europe. In addition, a COVID-19 vaccine should realistically be ready for distribution in the next month which could improve the confidence in the economic outlook for 2021.

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We ended October with a relatively high net equity exposure of 44% (41% excl. call options) as we have gradually taken profits on some of our single and index shorts. While we are turning a bit more optimistic towards European equities broadly, we are likely to continue to focus on stocks with limited overall economic sensitivity and with structural earnings drivers and idiosyncratic catalysts such as Zeal Network, Tele Columbus, Freenet, Bayer, Royal Mail, BPOST and Energiekontor.

The Tiger Value Fund Desk, 3rd November 2020

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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 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 a company - ultimately driving 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, Austria and Switzerland.

Fund Information		Fee Structure and Risk Management	
Currency	EUR	ManCo/Admin/Custodian Fee	Up to 0.39%
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 Min		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 CET). 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

Management Company	Lemanik Asset Management SA
Investment Advisor	Tiger Asset Management AG
Prime Broker/Custodian	SEB AB / SEB SA
Administrator	European Fund Administration SA
Swiss Representative	ACOLIN Fund Services AG
Auditor	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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