

Newsletter December 2016

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

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Launch date	12-Dec-08	Total Gross Exposure	93.4%	Total Long Exposure	71.7%								
AuM	€ 56 m	Total Net Exposure	50.0%	Total Short Exposure	21.7%								
NAV*		WKN	ISIN	Bloomberg	Reuters								
Share Class A	€ 2,079.98	A0Q5LH	LU0400329677	TIGERAA LX EQUITY	LP68023199								
Share Class B	€ 2,252.60	A0RDZZ	LU0400329750	TIGERAB LX EQUITY	LP68023200								
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	108.0%	9.6%	1.57x	6.3%									
Share Class B	125.3%	10.7%	1.68x	6.5%									
POSITIONS													
Number of Positions			Weightings (% of Gross)										
Long Positions	37	Long		Short									
Short Positions	20	Top 5		Top 10									
Total No. Positions	57	27.7%		12.4%									
	47.8%		18.2%										
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%
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%
MARKET CAPITALISATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Large (>€5bn)	9	11.1%	-10.4%	0.0%	-10.4%								
Mid (>€1bn)	12	25.0%	8.2%	15.7%	-7.6%								
Small - Mid (€0.5-€1bn)	10	17.0%	11.7%	13.8%	-2.1%								
Small (€50m-€500m)	20	42.9%	36.8%	38.4%	-1.6%								
Micro (<€50m)	6	4.0%	3.8%	3.8%	0.0%								
Total	57	100.0%	50.0%	71.7%	-21.7%								
DACH region > 90%													
SECTOR EXPOSURE													
	Pos. No	%Gross	Net Exp	Long	Short								
Technology	10	15.2%	9.3%	11.7%	-2.5%								
Media/Retail	12	18.4%	11.0%	14.1%	-3.1%								
Industrials/Materials	15	23.1%	11.8%	16.7%	-4.9%								
Real Estate/Financials	6	10.1%	8.4%	8.9%	-0.5%								
Auto/Transport	6	10.7%	2.1%	6.0%	-3.9%								
Energy/Renewables	7	18.2%	11.6%	14.3%	-2.7%								
Healthcare													
DAX / MDAX	1	4.4%	-4.1%	0.0%	-4.1%								
Total	57	100.0%	50.0%	71.7%	-21.7%								
ASSET ALLOCATION													
	Pos. No	%Gross	Net Exp	Long	Short								
Equity	51	89.3%	49.4%	66.4%	-17.1%								
Fixed Income	3	5.7%	5.3%	5.3%	0.0%								
Future													
Option	3	5.0%	-4.7%	0.0%	-4.7%								
Total	57	100.0%	50.0%	71.7%	-21.7%								

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 – December 2016

○ **Returns: +2.70% (class A)/+2.91% (class B)**

In December, the Tiger Value Fund (“TVF”) had a positive net return of +2.70% for share class A and +2.91% for share class B, making a cumulative positive net return of +4.58% and +5.30% for 2016 and +108.0%/+125.3% since inception (share class A/B).

○ **Commentary: Review of 2016 – outperformed Hedge Fund peers**

In 2016 the Tiger Value Fund had the worst start since inception as we entered the year with a high net adjusted exposure of around 55% (excl. 3% fixed income linked investments) in a negative market environment. After a strong recovery in February and March via our catalyst laden long and short positions the TVF was back into positive performance terrain within two months. Since the end of January, we kept our net adjusted exposure between 20% and 45% until year end which resulted in a fairly low volatility for the rest of 2016. The Fund’s 360-day volatility stands at 6.96%/7.07% (share class A/B) vs. a 2-3x higher volatility for the STOXX Europe 600 and DAX with a 360-day volatility of 19.22% and 19.91%. Consequently, the sharp ratio of the Tiger Value Fund is currently at 1.57x/1.68x (A/B).

TVF vs. Hedge Fund Peers

Although there is only limited December performance data on Hedge Funds available so far it looks like that we managed to further outperform most of our peers: the EurekaHedge UCITS Europe Long/Short Hedge Fund Index¹ was only up 1.00% in December and down -2.05% in the year 2016 and at the most recent November update the CS Hedge Fund Long/Short Equity Index² was down -5.31% in the year-to-date. This compares with the TVF which was up +4.58/+5.30% (share class A/B) in the year 2016.

Over the last eight years the TVF has built a strong risk-adjusted track record with a consistent outperformance of its peers which was achieved with a low average gross and net adjusted exposure of only 84% and 35% respectively. The TVF share class B has produced a compound average net return of 10.7% p.a. and has outperformed its peers such as the CS Hedge Fund Long/Short Equity Index² on average by more than 4.5%-points per year since its inception in December 2008.

Performance Attributions

In December, our most significant attributors were GFK (100bp), Francotyp-Postalia (71bp), freenet (+50bp), ElringKlinger (+61bp), Ferratum (+45bp), Tom Tailor (+44bp) and Strabag (+31bp). GFK a leading global research company for audience measurement and consumer behavior was up 51% in December after KKR launched a takeover bid at Eur 43.5. Although the takeover price is still significant below our long-term price target we booked our profits as the poor current risk reward ratio and materialized catalyst resulted in a much lower 10-point company scoring. On the negative side the most significant detractors were Leonteq (-24bp) and Senvion (-23bp). At Leonteq we sold most of our position ahead of the profit warning but started a few days after the profit warning to scale back into the stock at lower levels. Senvion a wind turbine manufacturer had another set-back as the sector is out of favor after the Trump election as President of the USA.

In the year 2016 our top 10 attributors were GFK (+213bp), Strabag (+186bp), MLP (+114bp), Francotyp-Postalia (+108bp), Tom Tailor (+91bp), König & Bauer (+89bp), Zeal Networks (+88bp),

¹ Source: http://www.eurekahedge.com/Indices/IndexView/Special/590/EurekaHedge_UCITS_Europe_Long_Short_Equities_Hedge_Fund_Index

² Source: EUR Broad Index on www.hedgeindex.com

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Freenet (+64bp), Cancom (+52bp) and EON (+45bp). Our top 5 detractors were BMW (140bp), Ferratum (127bp), FACC (88bp), Windeln (68bp) and Heliocentris (52bp). While we have sold BMW, Windeln and Heliocentris, we increased our positions in Ferratum and FACC after we initially had reduced these positions earlier in the year.

In December, our single short book and index hedges detracted our performance by -104bp and -11bp respectively. In 2016 we had positive attributions from single shorts of +220bp but our index hedges detracted the Fund by -83bp. We will continue to hedge via out of the money DAX Puts and single stock Put Options which gives us additional downside protection in case of a larger market correction.

Fund Assets

In 2016 the assets of the Tiger Value Fund increased by EUR 18.2m from EUR 38.3m to EUR 56.5m (+48%) thereof EUR 15.6m net asset inflow and EUR 2.6m performance related achieving our goal to cross EUR 50m in AuM. For 2017 we have planned various marketing activities and will aim to grow the fund assets significantly by year end.

Positioning – top picks for 2017

The basis for picking stocks has not changed – we are looking for companies that have strong catalysts and attractive risk reward ratios with a high score on our 10-point scoring system. We have started to re-position the Fund for 2017 and will continue to do so in January by adding to our long and short positions. Our top investment ideas include freenet (mobile reseller with stable cash flows with bright prospects in TV related businesses), Ferratum (Fintech with strong profitable growth), ElingKlinger (automotive supplier with self-help measures), Strabag (German infrastructure play with significant discount to peers), Bauer (infrastructure and oil & gas recovery) and MLP (financial services with positive earnings swing in 2017 and strong growth prospects). The top picks which we haven't discussed yet will be highlighted in our next newsletters.

o Outlook: The end of the Mexican standoff between central banks

Aggressive monetary policy by the Federal Reserve (as well as fiscal policy in China) kick started global growth in 2009 through flooding the world with liquidity and debasing the USD. Once the initial growth spurt faded and growth became scarce in 2012, a global currency war began. Initially by Abenomics in Japan in 2012, followed by Draghinomics and QE in Europe at the end of 2014 and then China with its yuan devaluation in August 2015. Now we have gone full circle with Trumponomics which is really a counter reaction to the debasement of most currencies against the USD since 2012.

The global currency war has figuratively acted as a Mexican standoff between the central banks of the world. None of the major central banks have been able to act independently to domestic growth or inflation conditions without an altering the fragile balance of its currency to its major trading partners. This was most clearly demonstrated by the FED's inability to raise rates as originally planned in 2015/2016 as the USD strengthened and threatened US economic growth and inflation. This standoff has resulted in interest rates reaching levels far below what is warranted fueling asset bubbles globally.

Nevertheless, we believe that this standoff will soon have to end and monetary policies will start to diverge. If the economy continues to strengthen, monetary policy will have to be tightened especially in the US but perhaps also in Europe soon. With near full employment in the US and Germany, inflation is starting to run a bit too hot for comfort with 2.9% wage inflation in the US and German inflation hitting 1.7% in December (which has not gone unnoticed by the German media).

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With the pressure on currencies from diverging monetary policies, the global currency war is likely to morph into a global trade war. Trump has already promised to label China a currency manipulator and to slap tariffs on Chinese imports as well as renegotiate various trade agreements.

While the global economy might continue to limp along in 2017, some of the key pillars supporting the global equity markets will no longer be there if interest rates rise, wage inflation returns and global trade conditions becomes more restrictive. With global equity valuation close to record levels (S&P500 2017 PE 21.5x and Stoxx Europe 600 19.3x), risk reward for US/European equities generally looks quite unattractive and 2017 is unlikely to generate much net returns for the broad equity indices.

As usual, the portfolio of the TVF reflects these risks and most of our investment ideas have individual catalysts and self-help drivers that will allow them to perform well even in a more challenging investment climate. In addition, the average valuation of our positions (PE, EV/EBIT) are far below the levels of the broad indices giving us a big cushion in the event of a significant de-rating of market multiples. We have started the year with our typical above average net equity exposure (around 45%) to benefit from the customary January reallocation trade for many fund managers. Our long/short equity strategy with active scaling in/out of positions and a catalyst focus is ideal for the current market environment. We are very excited about the opportunities that will arise in 2017 and expect a good year for the Tiger Value Fund in 2017.

The Tiger Value Fund Desk, 8th January 2017



Matthias Rutsch



Marc Schädler



Peter Irbld

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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 30 long investments 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	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	High Water Mark	Yes
Red. Frequency	Monthly	Eligible Investors	See Issue Document
Redemption Notice		Leverage	Maximum 200% of NAV
Share Class A	monthly*	Fund Benchmark	CS HF Index L/S Equity
Share Class B	6 months		

*) 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.

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.

The state of the origin of the Fund is Luxembourg. This document may only be distributed in or from Switzerland to qualified investors within the meaning of Art. 10 Para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zurich, whilst the Paying Agent is M.M. Warburg Bank (Switzerland) Ltd., Parkring 12, 8027 Zurich. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the Swiss representative. The basic documents of the Fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge at the registered office of the Swiss Representative. The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance.

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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