

SEF Entropics Cat Bond Fund – Class A

Performance¹

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|--------|--------|-------|-------|--------|--------|-------|-------|--------|--------|--------|--------|--------|
| 2015 | 0.00% | -0.07% | 0.05% | 0.08% | -0.06% | -0.14% | 0.20% | 1.20% | 1.13% | -5.84% | 0.06% | 0.10% | -3.42% |
| 2016 | -0.11% | 3.22% | 0.24% | 0.31% | 0.18% | 0.41% | 0.36% | 0.91% | 0.76% | 0.07% | 0.05% | -0.04% | 6.50% |
| 2017 | 0.05% | -0.09% | 0.00% | 0.03% | -0.09% | 0.18% | 0.40% | 0.52% | -5.55% | 1.32% | -0.47% | | -3.79% |

Manager's Notes

During November, the fund's return has been negatively affected by the large wildfires in California, while other positions have recovered the drawdown following this season's extreme hurricanes. The month's return is down 0.47%.

Since the last monthly report, two new bonds have been issued on the primary market. The first bond, in two tranches, covers earthquake risks in California, and is a renewal of a maturing bond. The bond is sponsored by California Earthquake Authority and the issuance volume, with potential upsizing, was determined at the initial size of \$400 million. The premium for the tranche with lower risk was settled at the upper portion of the indicative pricing interval, while the tranche with higher risk was settled in the lower portion.

The other bond that was presented, also in two tranches, covers wind risks in France, Andorra and Monaco. It is a new cat bond sponsored by the Coéva Group. The bonds tranches have indicative pricing ranges of 8.25 – 9% and 6.75 – 7.5%, but have not yet been priced, and the issuance volume is presently €45 million in each tranche.

The secondary market has been active during the period. According to FINRA's Trade Reporting and Compliance Engine (TRACE), about 60 different positions, covering most perils available on the market, have been traded.

In November, the fund has purchased three bonds totalling five different classes on the primary market and has presently 61 different positions.

Portfolio Summary²

| | |
|------------------------------------|--------|
| Yield to Maturity | 7.61% |
| NAV | 98.96 |
| YTD | -3.79% |
| Last 3 months | -4.75% |
| Last 12 months | -3.83% |
| Since Inception 2/16/15 | -1.04% |
| Volatility | – |
| Active Share | 45.1% |
| AUM (SEK M) | 245 |
| Cash Allocation | 12.4% |
| Number of Cat Bond positions | 61 |
| Solvency Capital Requirement (SCR) | 12.03% |

Maturity Profile

| | |
|---------------------------|-------|
| 1) 0Mo - 6Mo Maturity | 19% |
| 2) 6Mo - 1.0Yr Maturity | 6.8% |
| 3) 1.0Yr - 2.0Yr Maturity | 11.9% |
| 4) 2.0Yr - 3.0Yr Maturity | 44.5% |
| 5) > 3.0Yr Maturity | 17.7% |

Annualized Risk Characteristics

| | |
|-------------------------|--------|
| Portfolio Expected Loss | 1.98% |
| VaR (90%) | 4.71% |
| VaR (95%) | 11.12% |
| VaR (99%) | 33.02% |
| TVaR (99%) | 37.55% |
| Probability of 0% PL | 56.96% |

Historical Event Loss Analysis–

| | |
|--|-------|
| Most severe impact on the portfolio ⁴ | 27.2% |
| 1906 San Francisco CA | 18.5% |
| 1926 Great Miami | 12.5% |
| 1700 Cascadia Subduction | 10.3% |
| Zone Offshore of BC | 10.3% |
| 1838 San Andreas Fault CA | 10.3% |
| 1994 Northridge-Los Angeles CA | 10.3% |

Asset Class Financial Indicators⁵

| | Annualized Volatility | Sharpe Ratio |
|---|-----------------------|--------------|
| Swiss Re Cat Bond Total Return Index | 6.74% | 1.02 |
| Barclays BA US High Yield TR index value unhedged | 8.46% | 0.95 |
| S&P 500 | 18.22% | 0.53 |

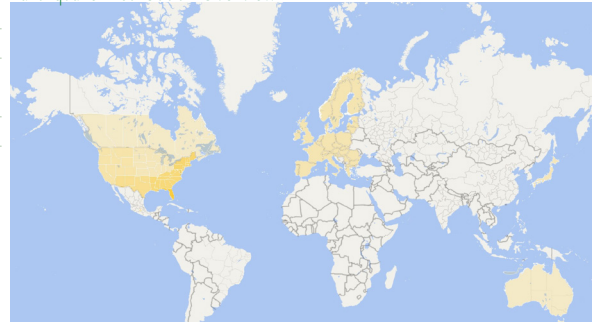
Portfolio Risk Profile³

| Wind Exposure | Earthquake Exposure | | |
|--------------------|---------------------|---------------|---------------|
| Australia | 1,40% | Australia | 0,37% |
| Canada | 0,00% | Canada | 0,68% |
| Europe | 3,08% | Europe | 0,76% |
| Japan | 1,56% | Japan | 1,00% |
| US Midwest | 0,31% | US Midwest | 0,42% |
| US Northeast | 14,21% | US Northeast | 0,32% |
| Florida | 24,53% | US Southeast | 0,68% |
| Other US Southeast | 12,34% | US Southwest | 0,01% |
| US Southwest | 8,11% | California | 20,10% |
| US West | 2,84% | Other US West | 1,68% |
| Mexico | 4,16% | Total | 26,01% |
| Caribbean | 0,01% | | |
| Total | 72,54% | | |
| Other perils | 1.44 % | | |

Wind Distribution Overview



Earthquake Distribution Overview



Responsible investment key indicators⁶

| Purpose | % of positions | Problematic Entities | % of positions |
|------------------------|----------------|-----------------------|----------------|
| Disaster relief | 2.0 | Sponsor | 0.0 |
| General property | 65.9 | SPV domicile | 0.0 |
| Insurer of last resort | 20.4 | Collateral currency | 0.0 |
| Public services | 3.9 | Collateral instrument | 0.0 |
| Mutual Insurance | 3.0 | | |
| Problematic purposes | 0.0 | | |

SEF Entropics Cat Bond Fund

SEF Entropics Cat Bond Fund is an actively managed fund that invests in global reinsurance risks covering natural catastrophes (Cat Bonds). The Fund aims for a good risk adjusted return with very low correlation to other asset classes and good diversification among the underlying insurance risks.

The web site en.entropics.se provides additional information on the SEF Entropics Cat Bond Fund, including the Key Investor Information Document (KIID) and the Fund's prospectus.

Historical return is not a guarantee for future returns. The money you invest in the Fund can increase as well as decrease and you cannot be certain to have the full investment returned.

| | |
|-------------------------------|------------------------|
| Share Class | A |
| Currency Class | SEK |
| Base Currency | SEK |
| Inception | 2/16/15 |
| Performance Target | 4-6% |
| Fund Domicile | Luxembourg |
| Fund Structure | SICAV |
| Fund Regulation | UCITS |
| Liquidity | Fortnightly |
| Minimum Initial Investment | SEK 90 000 |
| Minimum Subsequent Investment | SEK 1 000 |
| Current Entry Charge | 0% |
| Performance fee | 10% |
| Hurdle Rate | SSVX90, High Watermark |
| Management Fee | 1.00% |
| ISIN Number | LU1138350522 |

Entropics Asset Management

Entropics Asset Management AB is the first Scandinavian asset manager specialised in Cat Bond investments.

The team has broad experience from asset management, underwriting, meteorology, underwriting, cat claims settlements and financial mathematics.

Entropics is licensed by and under the supervision of *Finansinspektionen*, the Swedish Financial Supervisory Authority.

Entropics Asset Management AB
Organisation Number 556951-3376
Stockholm, Sweden

E-mail: info@entropics.se
Web: en.entropics.se
Phone: +46 8 597 999 27

Information on Risk Metrics

The risk measure for Cat Bonds and thus for Cat Bond portfolios is closely linked to reinsurance terminology. The following terms describe, briefly, the central portfolio risk metrics used by Entropics.

PRINCIPAL (Π_0): The Principal of a Cat Bond is the amount deposited as collateral for the bond's reinsurance commitment. A portfolio's total principal (Π_0) is the total amount exposed to damage events and, thus, generating returns.

LOSS (L) AND LOSS RATIO ($x=L/\Pi_0$): The total loss (L) is a monetary value, and to the Loss Ratio $x=L/\Pi_0$ is a relative measure of the loss size, with a range of 0–100%.

PROBABILITY OF ATTACHMENT (P_{att}): P_{att} describes the probability that a portfolio will sustain any damage at all. This probability generally increases with the number of (uncorrelated) bonds in the portfolio.

PROBABILITY OF 0% LOSS (P_0): P_0 is simply the probability of no loss at all and its relation to P_{att} is thus $P_0=1-P_{att}$.

PROBABILITY OF EXHAUSTION (P_{exh}): Indicates the probability that the portfolio sustains a damage equal to the entire principal Π_0 . P_{exh} is only notable for portfolios with few bonds. For portfolios with many (uncorrelated) bonds, it is all but infinitesimal.

EXPECTED LOSS (EL): The mean loss of a Cat Bond or a portfolio of Cat Bonds. Actual losses will often be 0% (as described by P_{att}), but losses, when occur-

ring, will often be considerably larger than EL. The loss thus in general shows considerable variation around the mean loss EL.

STANDARD DEVIATION (σ): To express the volatility of loss around the mean EL, the standard deviation of the loss, σ , is used.

VARIATION COEFFICIENT ($\mu=\sigma/EL$): The variation coefficient describes the volatility in relation to the mean loss, EL. The coefficient increases with the volatility of the portfolio.

EXCEEDANCE PROBABILITY (EP): Though the EL generally is low and the probability of no loss is high, actual losses have a wide spread. $EP(x)$ is the probability that a loss is equal to or bigger than the loss ratio x . EP is usually on a yearly basis and is presented as a function of the loss ratio x .

LOSS DISTRIBUTION ($Q(x)$): $Q(x)$ is the probability distribution of the loss and is calculated as $Q(x)=-EP'(x)$.

VALUE AT RISK (VaR): $VaR(Y)$ is the loss that with the probability Y is not exceeded on a yearly basis.

TAIL VALUE AT RISK (TVaR): $TVaR(Y)$ is the mean of all losses exceeding $VaR(Y)$.

Mathematically, this means that $TVaR(Y) = \frac{\int_{VaR(Y)}^{\infty} x \cdot Q(x) dx}{\int_{VaR(Y)}^{\infty} Q(x) dx}$

Footnotes

1. Performance is reported by Swedbank AB and reflects the Fund's Net Asset Value after fees
2. Yield to Maturity is calculated before applicable fees. In accordance with the Solvency 2 directive, a cat bond investment is considered as an insurance risk on the asset side. The Solvency Capital Requirement, SCR (as a monetary amount) for this specific risk is calculated as a percentage of the Assets Under Management (AUM).
3. Risk distribution and profile are calculated by portfolio modelling in AIR CATRADER, being the industry standard tool used by asset managers and re-insurers worldwide to model and analyse catastrophe bonds and other insurance

linked securities. "Other perils" includes perils other than wind and earthquake, e.g. wildfires and flooding. The portfolio can also include unmodelled risks, such as volcano eruptions and meteorite impacts, with extremely low and uncalculable frequency..

4. The historical event loss analysis describes the loss as a percentage of the portfolio if these events were to occur today.

5. Financial key figures are based on ten years weekly data from Bloomberg.

6. A description of the RI indicators can be found at Entropics' blog:

<http://en.entropics.se/blog/how-to-interpret-entropics-indicators-for-responsible-investments/>