

SEF Entropics Cat Bond Fund – Class I

Performance¹

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|-------|--------|--------|-------|--------|-------|-------|-------|--------|-------|--------|-------|--------|
| 2017 | | | | 0.05% | -0.06% | 0.20% | 0.43% | 0.56% | -5.53% | 1.35% | -0.44% | 0.04% | -3.52% |
| 2018 | 0.90% | -1.28% | -0.47% | 0.30% | | | | | | | | | -0.56% |

Manager's Notes

During April, the return amounted to 0.30% for the institutional class, hedged to the Swedish Krona. The positive return can mostly be attributed to coupon earnings.

In the course of the month, we have received updated loss estimates concerning losses following hurricane Maria, increasing the probability that one affected position will not trigger. While the majority of the updated loss estimates of the month are relatively stable, some uncertainty remains regarding the final loss until all claims are settled.

Approximately \$1.8 billion of new issuances from 10 transactions came to the market in April. Eight of these bonds are relevant for the fund, covering natural catastrophe risks in USA, Canada and the Caribbean. The other two cover credit risks and are not within the fund's mandate.

The fund has assumed two positions. The first is sponsored by Aspen Insurance, covering property losses in USA, the Caribbean and Europe. The issuance volume increased to \$225 million from initially \$150 million. The bond pays a risk premium of 5.25%, with an expected annual loss of 2.4%. The other position is sponsored by Everest Re, covering wind and earthquake risks in USA and Canada. The bond pays a risk premium of 4.65%, and the expected annual loss is 2.08%.

The fund has, during the month, settled one issuance signed up for in March, and has another outstanding issuance from March, which has not yet been executed. During the month, the fund has sold one position, and three positions have matured. Presently, two more new issuances, sponsored by Transatlantic Reinsurance Co and Travelers, are being analyzed.

In the secondary market, some sixty positions have been traded within most perils, according to FINRA's Trade Reporting and Compliance Engine (TRACE). The Fund YTM amounts to 7.58%.

Portfolio Summary²

| | |
|------------------------------------|--------|
| Yield to Maturity | 7.58% |
| NAV | 95.94 |
| YTD | -0.56% |
| Last 3 months | -1.45% |
| Last 12 months | -4.11% |
| Since Inception 2/16/15 | -4.06% |
| Volatility | — |
| Active Share | 53.4% |
| AUM (SEK M) | 210 |
| Cash Allocation | 9.7% |
| Number of Cat Bond positions | 64 |
| Solvency Capital Requirement (SCR) | 12.75% |

Maturity Profile

| | |
|---------------------------|-------|
| 1) 0Mo - 6Mo Maturity | 12.3% |
| 2) 6Mo - 1.0Yr Maturity | 9.6% |
| 3) 1.0Yr - 2.0Yr Maturity | 27.4% |
| 4) 2.0Yr - 3.0Yr Maturity | 34.2% |
| 5) > 3.0Yr Maturity | 16.5% |

Annualized Risk Characteristics

| | |
|-------------------------|--------|
| Portfolio Expected Loss | 2.14% |
| VaR (90%) | 4.74% |
| VaR (95%) | 11.30% |
| VaR (99%) | 37.40% |
| TVaR (99%) | 43.75% |
| Probability of 0% PL | 58.49% |

Historical Event Loss Analysis—

| Most severe impact on the portfolio ⁴ | |
|--|-------|
| 1906 San Francisco CA | 29.2% |
| 1926 Great Miami | 18.8% |
| 1700 Cascadia Subduction | 14.2% |
| Zone Offshore of BC | |
| 1732 Montreal Region | 13.7% |
| QC-Scenario I | |
| 1812 New Madrid Seismic | 10.2% |
| Zone-Scenario 4-3 Segments | |
| Rupture | |

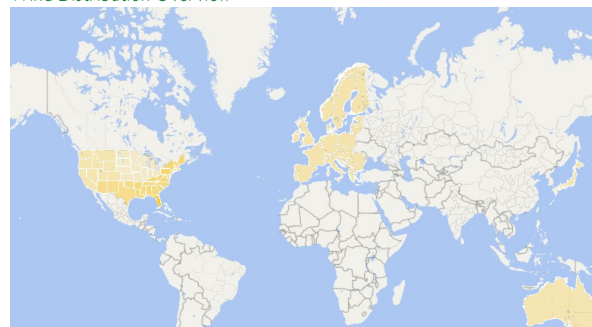
Asset Class Financial Indicators⁵

| | Annualized Volatility | Sharpe Ratio |
|---------------------------|-----------------------|--------------|
| Swiss Re Cat Bond Total | 6.74% | 1.03 |
| Return Index | | |
| Barclays BA US High Yield | 8.43% | 0.95 |
| TR index value unhedged | | |
| S&P 500 | 18.13% | 0.58 |

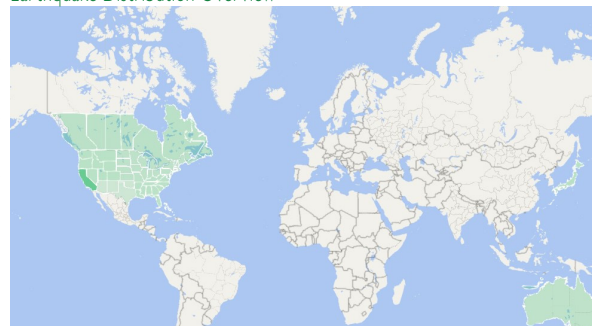
Portfolio Risk Profile³

| Wind Exposure | Earthquake Exposure |
|--------------------|---------------------|
| Australia | 1.56% |
| Canada | 0.00% |
| Europe | 2.64% |
| Japan | 1.94% |
| US Midwest | 0.24% |
| US Northeast | 15.68% |
| Florida | 25.79% |
| Other US Southeast | 10.34% |
| US Southwest | 9.38% |
| US West | 2.18% |
| Mexico | 4.64% |
| Total | 74.39% |
| Other perils | 1.49% |
| Total | 24.12% |

Wind Distribution Overview



Earthquake Distribution Overview



Responsible investment key indicators⁶

| Purpose | % of positions | Problematic Entities | % of positions |
|------------------------|----------------|-----------------------|----------------|
| Disaster relief | 2.2 | Sponsor | 0.0 |
| General property | 71.9 | SPV domicile | 0.0 |
| Insurer of last resort | 15.7 | Collateral currency | 0.0 |
| Public services | 4.5 | Collateral instrument | 0.0 |
| Mutual Insurance | 3.4 | | |
| 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 | I |
| Currency Class | SEK |
| Base Currency | SEK |
| Inception | 4/10/17 |
| Performance Target | 4-6% |
| Fund Domicile | Luxembourg |
| Fund Structure | SICAV |
| Fund Regulation | UCITS |
| Liquidity | Fortnightly |
| Minimum Initial Investment | SEK 20 000 000 |
| Minimum Subsequent Investment | SEK 5 000 000 |
| Current Entry Charge | 0% |
| Performance fee | 10% |
| Hurdle Rate | SSVX90, High Watermark |
| Management Fee | 0.70% |
| ISIN Number | LU1138351504 |

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.

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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/>