

Performance

	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%	-0.04%	0.35%	0.17%	0.26%	-0.04%				0.13%

SEF Entropics Cat Bond Fund

SEF Entropics Cat Bond Fund aims for good risk adjusted returns uncorrelated with traditional assets such as stocks and bonds. The fund invests in a globally diversified portfolio of reinsurance risks covering natural catastrophes with focus on hurricanes and earthquakes. The fund has a responsible and sustainable investment style.

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. This report is not a recommendation to invest in the fund. Prior to an investment, you should consult the fund's key investor documentation available at en.entropics.se and other relevant documentation.

Manager's Note

Coupons and increasing market prices contributed positively to the return. Returns in 2018 continue to be affected negatively by the loss development of 2017 events.

The portfolio currently has six positions expected to pay out following the 2017 events. These have, since the start of the year, affected the fund's NAV ca -3.5%. Another position was in the beginning of the year priced low on the secondary market, but claims reports now indicate a marginal loss of 1% of the bond's principal value and the market price has increased.

During the month, the interest rate difference between Sweden and USA contributed negatively with slightly more than 200 forward points for the SEK share classes.

September is historically the most active month of the Atlantic Hurricane Season. During the month, we saw three hurricanes and four tropical storms. Hurricane Florence, making landfall in North Carolina caused temporary uncertainty on the secondary market. The effect on the fund was -0.95% (consumer class, A) and -0.94% (institutional class, I). Swiss Re Cat Bond Total Return Index returned in the same period -1.02%. As it was clear that the event would not trigger any cat bonds, prices started to recover.

As expected, the emission rate of new bonds was low during the hurricane season. One bond of \$0.25 billion was presented by California Earthquake Authority. The outstanding volume amounts to record level \$36.3 billion, compared to \$31 billion at the end of 2017. During the month, the fund has participated in one new emission and assumed two positions on the secondary market. One position has matured. The fund now has 74 positions, compared to 56 one year ago. The fund's largest position is 3.3% (4.5% one year ago).

September trading has been relatively low compared to previous years, partly because uncertainty caused by hurricane Florence. According to FINRA's Trade Reporting and Compliance Engine, some 30 positions have been traded during the month.

Contribution to Expected Loss

Wind Exposure	
Europe	3.30%
Japan	1.98%
Mexico	4.57%
Florida	28.54%
US Southeast (excl. Florida)	10.27%
US Midwest	0.23%
US Northeast	13.08%
US Southwest	8.74%
US West	2.43%
Other	1.10%
Total	74.24%

Earthquake Exposure

Australia	0.40%
Canada	1.28%
Europe	0.81%
Japan	1.79%
California	17.56%
US West (excl. California)	1.56%
US Other	1.43%
Total	24.83%

Other Perils

California Wildfire	0.81%
Europe Inland Flood	0.11%
Total	0.92%

Historical Event Loss Analysis

1906 San Francisco CA	28.89%
1926 Great Miami	21.65%
1732 Montreal Region QC-Scenario...	18.12%
1700 Cascadia Subduction Zone...	15.52%
1838 San Andreas Fault CA	8.39%

Annualized Risk Characteristics

Portfolio Expected Loss	2.10%
VaR (90%)	4.33%
VaR (95%)	11.09%
VaR (99%)	38.34%
TVaR (99%)	43.29%

Portfolio Summary

Yield to Maturity	8.13%
NAV	96.61
YTD	0.13%
Last 3 months	0.38%
Last 12 months	1.08%
Since Inception	-3.39%
Volatility	
AUM (MSEK)	224
Cash Allocation	7.30%
Number of Cat Bond Positions	74
Solvency Capital Requirement	12.04%

Responsible Investment Key Indicators
Purposes (% of Cat Bond Exposure)

General Property	67.8%
Mutual Insurance	10.6%
Insurer of Last Resort	14.1%
Public Services	4.3%
Disaster Relief	3.3%
of which problematic purposes	2.2%

Problematic Entities (% of Cat Bond Exposure)

Sponsor	0.0%
SPV Domicile	0.0%
Collateral Currency	0.0%
Collateral Instrument	0.0%

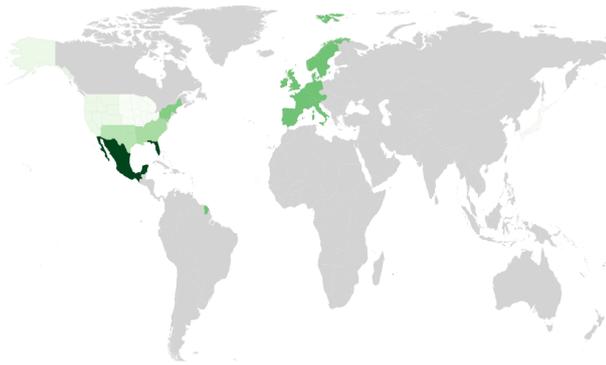
Maturity Profile

<= 6 Months	10.28%
6 Months – 1 Year	3.15%
1 – 2 Years	39.97%
2 – 3 Years	31.42%
> 3 Years	15.18%

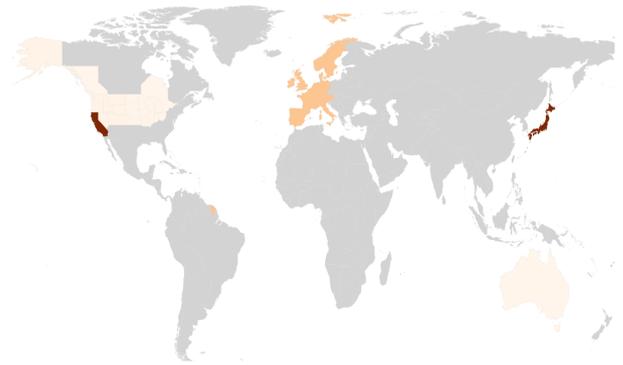
Share Class Information

Share Class	I
Currency Class	SEK
Base Currency	SEK
Inception	4/10/17
Fund Domicile	Luxembourg
Fund Structure	SICAV
Fund Regulation	UCITS
Liquidity	Fortnightly
Minimum Initial Investment	SEK 10,000,000
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

Wind Risk Distribution Map



Earthquake Risk Distribution Map



Notes

Strategy and investment focus The investment strategy aims to deliver good risk-adjusted returns by investing responsibly in a globally diversified portfolio of cat bonds covering insurance losses from natural catastrophe risk.

The strategy is based on an underwriting analysis and is balanced, aiming both at minimizing the risk of large single event losses and avoiding to remote risks with small returns.

The investment focus is on wind and earthquake risks in developed regions, such as the United States, Japan and Europe, which are complemented by other natural catastrophe risks. The Fund does not invest in non-natural catastrophe risks, such as life insurance or man-made risks (e.g. terrorism). The only exception from this policy is when there is a small contribution from these perils to the Expected Loss of a multi-peril cat bond, where the main objective is to provide natural catastrophe insurance.

Performance is reported by Swedbank AB and reflects the Fund's Net Asset Value after fees.

Contribution to expected loss is 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.

Historical event loss describes the loss as a percentage of the portfolio if these events were to occur today.

Yield to Maturity is calculated before applicable fees in the currencies of respective asset.

Solvency Capital Requirement, SCR (as a monetary amount) for this specific risk is calculated as a percentage of the Assets Under Management (AUM). In accordance with the Solvency 2 directive, a cat bond investment is considered as an insurance risk on the asset side.

A description of the **RI indicators** can be found at Entropics' web site: <http://en.entropics.se/responsible-investments/description-of-key-indicators/>

Further information: 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.

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