

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%	-0.58%			-0.45%

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

During October, no events that triggered positions in the Fund occurred. Hurricane Michael caused some price volatility on the secondary market, but the portfolio positions have recovered, and no position has been triggered by the hurricane. However, a negative contribution to the return came from positions that continue to be affected by hurricane Irma from 2017 following revised estimates of the final insurance loss. In addition, the interest rate difference between Sweden and the US continues to give negative contributions of more than 200 forward points for the Fund's SEK share classes.

In the primary market, a new bond sponsored by the energy company Semptra Energy was issued. The bond covers California wildfires. The issuance volume amounted to \$125 million and the annualized expected loss to 0.21% and the risk premium to 4%. The Fund did not take a position in this bond. The outstanding volume of cat bonds currently amounts to the record level \$37.2 billion according to Artemis, compared to \$31 billion at the end of 2017.

Secondary market activity has been relatively low, partly due to uncertainty related to hurricane Michael. According to FINRA's Trade Reporting and Compliance Engine (TRACE), some 40 positions have been traded, of which the majority were traded towards the end of the month.

In the coming months, bonds amounting to some \$2.5 billion mature, which is expected to provide opportunities in both the primary and secondary markets.

After the extreme catastrophes in 2017, Entropics has improved the key performance indicators of the portfolio by using increased diversification. The number of positions has increased by 17 to 74 compared to a year ago. The number of unique sponsors is 43, which is seven more than the previous year. The share of the largest positions has decreased; the three largest positions have been reduced by 4.3 percentage points, and the 10 largest by 9.0 percentage points.

Contribution to Expected Loss

Wind Exposure	
Europe	3.30%
Japan	1.95%
Mexico	4.58%
Florida	28.76%
US Southeast (excl. Florida)	10.17%
US Midwest	0.22%
US Northeast	12.95%
US Southwest	8.75%
US West	2.62%
Other	1.05%
Total	74.36%

Earthquake Exposure

Australia	0.40%
Canada	1.25%
Europe	0.79%
Japan	1.79%
California	17.53%
US West (excl. California)	1.56%
US Other	1.42%
Total	24.74%

Other Perils

California Wildfire	0.79%
Europe Inland Flood	0.11%
Total	0.90%

Historical Event Loss Analysis

1906 San Francisco CA	29.69%
1926 Great Miami	22.55%
1732 Montreal Region QC-Scenario...	18.71%
1700 Cascadia Subduction Zone...	15.83%
1838 San Andreas Fault CA	8.64%

Annualized Risk Characteristics

Portfolio Expected Loss	2.16%
VaR (90%)	4.49%
VaR (95%)	11.56%
VaR (99%)	39.43%
TVaR (99%)	44.33%

Portfolio Summary

Yield to Maturity	10.49%
NAV	96.05
YTD	-0.45%
Last 3 months	-0.36%
Last 12 months	-0.85%
Since Inception	-3.95%
Volatility	
AUM (MSEK)	222
Cash Allocation	5.17%
Number of Cat Bond Positions	74
Solvency Capital Requirement	12.40%

Responsible Investment Key Indicators

Purposes (% of Cat Bond Exposure)

General Property	67.7%
Mutual Insurance	10.4%
Insurer of Last Resort	14.2%
Public Services	4.4%
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%

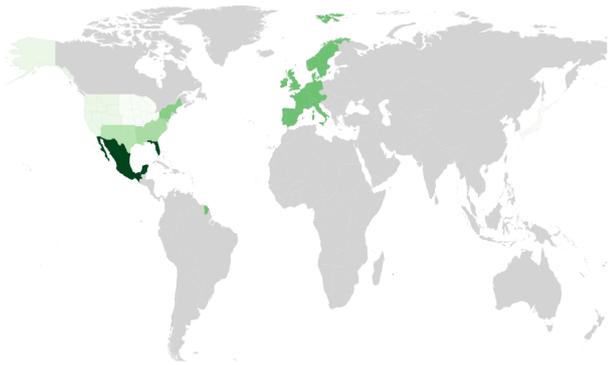
Maturity Profile

<= 6 Months	10.05%
6 Months – 1 Year	3.22%
1 – 2 Years	42.35%
2 – 3 Years	31.30%
> 3 Years	13.07%

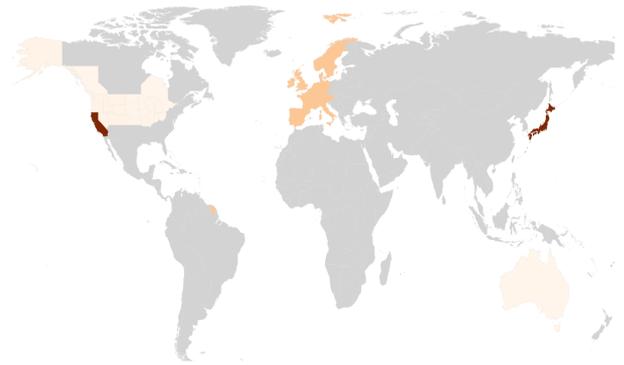
Share Class Information

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