

Performance (SEK)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015		-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%	0.01%	-3.78%
2018	0.88%	-1.32%	-0.50%	0.29%	-0.07%	0.33%	0.14%	0.22%	-0.06%	-0.61%	-1.88%	-1.06%	-3.62%
2019	1.17%	-0.48%	-0.72%	-1.69%									-1.72%

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

Claims settlement losses continued to pressure the market during the month. This has led to the average multiple, i.e. the quota between the coupon and expected loss, increasing notably from 2.01 last year to 3.20. During the month, coupons have contributed positively with 0.56%, mark-to-market prices with -1.83%, of which 1.43 percent units refer to bonds exposed to losses from the historically costly years 2017 – 20 18. The remaining 0.40 percentage units refer to increasing market demands for returns going forward. Currency hedging of SEK classes contributed during the month with -0.21% *The YTM excludes bond expected to pay out for a loss event but still paying coupons.*

In the primary market, the Floodsmart Re 2019 bond, the second issuance by the National Flood Insurance Program/U.S. Federal Emergency Management Agency, was priced. The bond covers US flooding risks, caused by named storms, in two classes. The total issuance volume amounted to \$ 300 million, and both classes were priced in the upper end of the indicative pricing guidance.

Secondary market activity continued to be high prior to the North Atlantic hurricane season. Almost 80 bonds were traded, several of which were traded multiple times. It is still a buyer's market with risk premiums at the highest since 2012/13.

Contribution to Expected Loss

Wind Exposure	
Europe	4.11%
Japan	2.35%
Mexico	4.92%
Florida	27.39%
US Southeast (excl. Florida)	11.47%
US Midwest	0.26%
US Northeast	12.38%
US Southwest	9.83%
US West	2.29%
Other	1.06%
Total	76.07%

Earthquake Exposure

Australia	0.57%
Canada	1.05%
Europe	0.82%
Japan	2.44%
California	14.98%
US West (excl. California)	1.61%
US Other	1.66%
Other	0.02%
Total	23.15%

Other Perils

California Wildfire	0.58%
US Other Wildfire	0.11%
Europe Inland Flood	0.10%
Total	0.78%

Historical Event Loss Analysis

1906 San Francisco CA	23.63%
1732 Montreal Region QC-Scenario...	19.95%
1926 Great Miami	19.41%
1700 Cascadia Subduction Zone...	11.56%
1812 New Madrid Seismic...	10.12%

Annualized Risk Characteristics

Portfolio Expected Loss	2.11%
VaR (90%)	4.41%
VaR (95%)	9.89%
VaR (99%)	35.63%
TVaR (99%)	40.74%

Portfolio Summary

Yield to Maturity	8.88%
NAV	93.75
YTD	-1.72%
Last 3 months	-2.86%
Last 12 months	-4.64%
Since Inception	-6.25%
Volatility	3.89%
AUM (MSEK)	215
Cash Allocation	1.71%
Number of Cat Bond Positions	77
Solvency Capital Requirement	12.00%

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

General Property	66.1%
Mutual Insurance	12.9%
Insurer of Last Resort	16.5%
Public Services	1.1%
Disaster Relief	3.4%

of which problematic purposes

	2.3%
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Problematic Entities (% of Cat Bond Exposure)

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

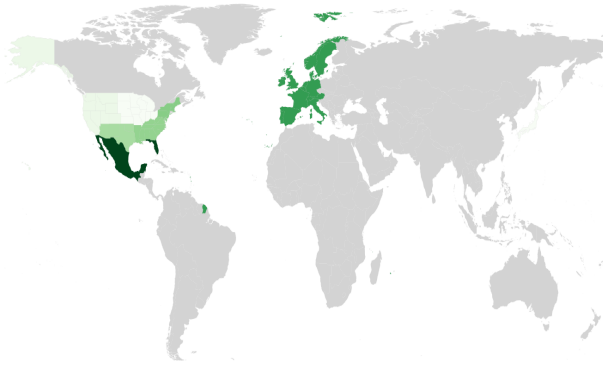
Maturity Profile

<= 6 Months	5.29%
6 Months – 1 Year	25.44%
1 – 2 Years	36.01%
2 – 3 Years	25.37%
> 3 Years	7.90%

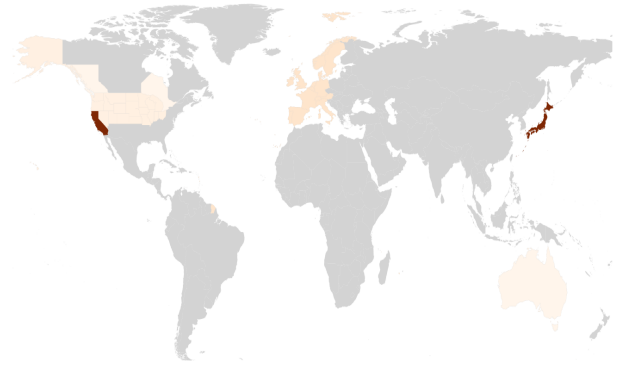
Share Class Information

Share Class	A
Currency Class	SEK
Base Currency	SEK
Inception	2/16/15
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

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.

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