

Performance (SEK)

	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%	-1.84%	-1.04%	-3.30%
2019	1.20%	-0.44%	-0.69%	-1.66%	-0.62%	0.24%	-0.02%						-2.00%

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

In July the returns from Entropics Cat Bond Fund in the SEK hedged share classes were almost flat and measured in USD the returns were positive. Coupons contribution to returns was 0.67%. Claims settlements from the historically costly years of 2017/18 contributed slightly negatively and the markets' concern for further development of the loss from typhoon Jebi caused some decline in the mark-to-market price on one security in the portfolio. As the fund's assets are mostly denominated in USD, the difference between the US and the Swedish interest rates has led to a negative contribution to share classes hedged to SEK of -0.25%.

In the primary market we saw no new issuances of liquid cat bonds exposed to natural disasters, but a number of smaller private transactions and the largest transaction to date of a bond covering credit risk sponsored by NMI Holdings Inc. The size of the issue was 327 million USD. Currently, cat bonds that cover credit risks are growing and now account for almost 15% of the outstanding market volume. The outstanding size of the ILS market is currently at a new record of 40 billion USD. The fund's investment universe does not include credit risk.

In the secondary market, trading volume was slightly lower than in previous months, although the number of unique bonds traded increased slightly compared to the previous month. Around 80 securities were traded according to FINRA's Trade Reporting and Compliance Engine (TRACE). There has been a good balance between buyers and sellers. The fund liquidated two positions and reduced one during the month at attractive price levels.

We are now at the beginning of the Atlantic hurricane season where returns historically are at their highest levels of the year.

Contribution to Expected Loss

Wind Exposure	
Europe	5.38%
Japan	3.04%
Mexico	2.90%
Florida	27.69%
US Southeast (excl. Florida)	12.90%
US Midwest	0.26%
US Northeast	13.47%
US Southwest	9.34%
US West	2.25%
Other	0.62%
Total	77.84%

Earthquake Exposure

Australia	0.60%
Canada	0.98%
Europe	1.03%
Japan	2.70%
California	12.43%
US West (excl. California)	1.61%
US Other	1.50%
Other	0.03%
Total	20.88%

Other Perils

California Wildfire	1.10%
Europe Inland Flood	0.17%
Total	1.27%

Annualized Risk Characteristics

Portfolio Expected Loss	1.95%
VaR (90%)	4.17%
VaR (95%)	9.98%
VaR (99%)	37.51%
TVaR (99%)	43.68%

Historical Event Loss Analysis

1732 Montreal Region QC-Scenario...	24.24%
1906 San Francisco CA	23.43%
1926 Great Miami	20.94%
1700 Cascadia Subduction Zone...	12.73%
1812 New Madrid Seismic...	12.73%

Portfolio Summary

Yield to Maturity	8.56%
NAV	91.43
YTD	-2.00%
Last 3 months	-0.40%
Last 12 months	-5.16%
Since Inception	-8.57%
Volatility	
AUM (MSEK)	167
Cash Allocation	4.04%
Number of Cat Bond Positions	68
Solvency Capital Requirement	12.37%

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

General Property	71.3%
Mutual Insurance	11.7%
Insurer of Last Resort	14.1%
Public Services	1.5%
Disaster Relief	1.5%

of which problematic purposes

	2.9%
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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%

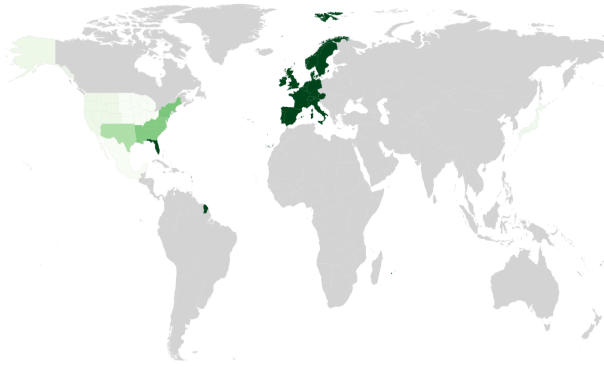
Maturity Profile

<= 6 Months	10.77%
6 Months – 1 Year	28.98%
1 – 2 Years	33.42%
2 – 3 Years	25.29%
> 3 Years	1.54%

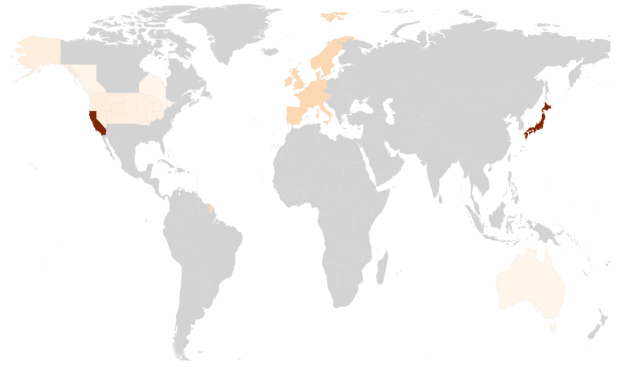
Share Class Information

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.

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