

**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%	0.56%	1.78%	2.30%	-0.03%	0.71%	3.30%
2020	1.14%	1.81%											2.97%

**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](http://en.entropics.se) and other relevant documentation.*

**Manager's Note**

The fund delivered positive returns in February. In addition to positive contributions from coupons, contributions came from subrogation (insurers assuming liability rights against the entity causing the loss) regarding the California wildfires of 2017 and 2018. This resulted in lower loss payments from affected bonds. The fund's assets are mainly denoted in US dollars and SEK share classes are affected, through hedging, by the difference between the US and the Swedish interest rates. In February, the hedging contribution was -0.12%.

During the month, the spread of the corona virus caused large volatility and decreasing prices on global equity markets. The fund was not affected by this turbulence, as its mandate mainly covers insurance against losses caused by extreme wind, flooding, wildfires and earthquakes and currently does not cover, for example, pandemic bonds. Pandemic bonds make up some 1% of the total cat bond market and the market prices of these bonds have decreased among brokers.

In the primary market, we saw continued high activity and five new issuances of liquid cat bonds covering natural catastrophe risk. The total issuance volume for these bonds amounted to USD 1 515 million, with a total of USD 2 740 million of issuances this year. Several bonds were issued in multiple tranches. The sponsors were Swiss Re, Zenkyoren, American Strategic Insurance Group, and Nationwide Mutual Insurance.

In the secondary market, activity remained high following an active January. The FRINRA Trade Reporting and Compliance Engine (TRACE) reports some 50 bonds being traded, of which several were traded at higher prices than in the previous month and many were traded repeatedly.

**Contribution to Expected Loss**

Wind Exposure	
Europe	5.67%
Japan	3.42%
Florida	25.74%
US Southeast (excl. Florida)	10.96%
US Midwest	0.32%
US Northeast	11.72%
US Southwest	10.00%
US West	0.52%
Other	0.34%
<b>Total</b>	<b>68.70%</b>

**Earthquake Exposure**

Australia	0.00%
Canada	0.88%
Europe	7.57%
Japan	1.61%
California	16.00%
US West (excl. California)	2.41%
US Other	2.44%
Other	0.02%
<b>Total</b>	<b>30.93%</b>

**Other Perils**

Europe Inland Flood	0.38%
<b>Total</b>	<b>0.38%</b>

**Annualized Risk Characteristics**

Portfolio Expected Loss	1.54%
VaR (90 %)	3.67%
VaR (95 %)	8.79%
VaR (99 %)	26.86%
TVaR (99 %)	30.39%

**Portfolio Summary**

Yield to Maturity	6.52%
NAV	99.24
YTD	2.97%
Last 3 months	3.70%
Last 12 months	5.57%
Since Inception	-0.76%
Volatility	
AUM (MSEK)	119
Cash Allocation	17.12%
Number of Cat Bond Positions	43
Solvency Capital Requirement	8.12%

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

General Property	75.4%
Mutual Insurance	10.9%
Insurer of Last Resort	11.4%
Public Services	2.3%
Disaster Relief	0.0%

**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%

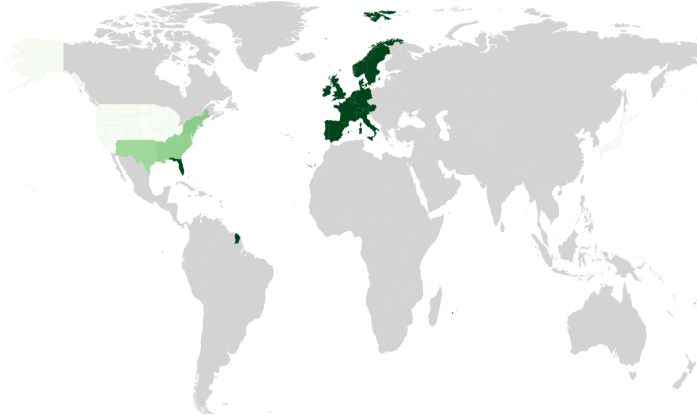
**Maturity Profile**

<= 6 Months	32.40%
6 Months – 1 Year	6.82%
1 – 2 Years	38.96%
2 – 3 Years	16.98%
> 3 Years	4.84%

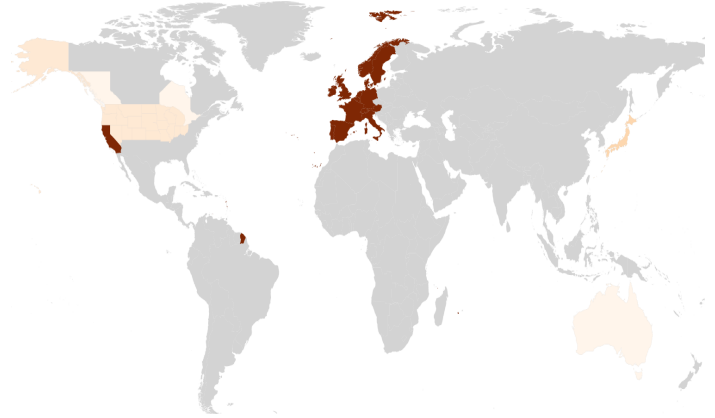
**Share Class Information**

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](http://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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