

# TENAX ILS UCITS FUND

## Monthly Newsletter

## August 2024

### Net Asset Value per Share<sup>1</sup>

EUR I-P ACC HED	1120.88
EUR I DIST HED	969.76
EUR I-P DIST HED	934.16
EUR I ACC	1308.54
EUR I-P ACC	1384.87

### Investment Objective

The Tenax ILS UCITS Fund aims to achieve a long-term risk adjusted absolute rate of return and capital growth from investments in insurance-linked securities, being primarily catastrophe (cat-) bonds. Investment in the fund puts your capital at risk and past performance is not a reliable indicator of future results.

Fund Information		EUR Class I-P Acc Hedged - Monthly Performance %												IE00BDVK6S99	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Investment Manager	Tenax Capital Ltd	2022	0.08	0.21	0.08	0.04	-0.30	-0.83	0.14	0.30	-6.59	-0.06	0.58	1.22	-5.24
Manager	Bridge Fund	2023	1.43	1.32	1.42	1.61	1.83	2.12	1.01	1.89	0.83	1.60	0.90	0.63	17.90
	Management Limited	2024	1.79	1.19	0.93	0.44	-1.90	1.14	1.87	1.90					7.53
Fund Information		EUR Class I Dist Hedged- Monthly Performance % <sup>2</sup>												IE00BDVK6Q75	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Structure	UCITS	2022	0.06	0.18	0.05	0.01	-0.33	-0.87	0.12	0.27	-6.62	-0.07	0.54	1.19	-5.55
Domicile	Ireland	2023	1.40	1.30	1.39	1.59	1.80	2.10	0.99	1.87	0.80	1.57	0.88	0.60	17.54
Launched	9th June 2017	2024	1.76	1.17	0.91	0.41	-1.92	1.11	1.84	1.87					7.31
Base Currency	EUR														
Liquidity	1 <sup>st</sup> ,3 <sup>rd</sup> Friday, month end														
Auditor	Deloitte	EUR Class I-P Dist Hedged - Monthly Performance % <sup>2</sup>												IE00BDVK6V29	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Legal Advisor	Dillon Eustace	2022	0.09	0.21	0.08	0.04	-0.30	-0.83	0.14	0.30	-6.59	-0.06	0.58	1.22	-5.24
Administrator	CACEIS Ireland	2023	1.43	1.32	1.42	1.61	1.83	2.12	1.01	1.89	0.83	1.60	0.90	0.63	17.90
	Limited	2024	1.79	1.19	0.93	0.44	-1.90	1.14	1.87	1.90					7.53
Depository	CACEIS Bank, Ireland Branch	EUR Class I Acc Non-Hedged - Monthly Performance %												IE00BDVK6P68	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Historical annual performance <sup>3</sup>		2022	-0.53	0.08	2.32	2.20	1.40	0.01	3.50	0.91	-4.15	0.18	-3.57	-1.79	0.27
		2023	1.81	3.24	-1.37	0.21	5.41	0.08	0.23	3.39	3.18	1.85	-1.86	-0.46	16.58
		2024	3.48	1.61	1.22	1.39	-3.12	2.40	1.17	0.01					8.31
2023: +17.90%		EUR Class I-P Acc Non-Hedged - Monthly Performance %												IE00BDVK6T07	
2022: -5.24%		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
2021: +3.23%		2022	-0.50	0.10	2.09	2.26	0.60	-0.02	2.98	0.82	-3.18	0.18	-2.93	-1.77	0.42
2020: +4.12%		2023	1.84	3.11	-1.20	0.24	4.68	0.17	0.29	2.82	2.64	1.59	-1.39	-0.28	15.29
2019: -0.54%		2024	2.89	1.38	1.06	1.22	-2.40	2.01	1.04	0.10					7.47
5 Years to Date: 27.8%															

### Fund Performance

August surpassed July as the strongest performing month of the year, with returns nearing 2%. Despite a few minor hurricanes, the market continued its typical tightening cycle during the hurricane season. Our overweight position in index-trigger bonds was the main driver of this performance, with spread tightening nearly twice that of other trigger types. With muted primary markets, we remained diligent in the secondary, executing very few trades in August. Our only notable trade was the sale of a tranche of a USAA bond, which covers secondary perils among others in the U.S. Considering no deductible erosion on most US wind bonds, our appetite to carefully add to the portfolio is increasing, especially with index-trigger bonds, which continue to look appealing. We had in fact engaged in a couple of trades aimed to add risk to the portfolio, but clearly the bid side of the market is extremely crowded, pushing valuations to levels where we don't feel comfortable yet. We expect this buying spree to soften either on increased hurricane activity or once primary markets will reopen. Despite improvements in seasonal forecasts, September is where

<sup>1</sup> Values as of August 30, 2024. All figures are stated on a net basis

<sup>2</sup> The performance includes cash dividend distributions

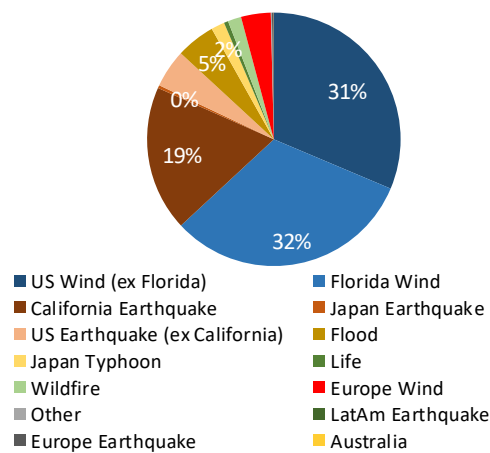
<sup>3</sup> Performance refers to ISIN IE00BDVK6S99 only since it is the most representative share class

historically most hurricanes have occurred, and we therefore remain mindful of the rest of the season without lowering the bar of our diligence, only pursuing trades that can marginally improve the portfolio profile.

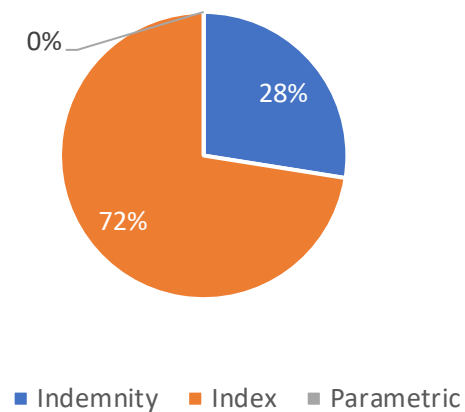
### Market Update

Hurricanes Debby and Ernesto were the only two storms to form in the Atlantic in August. Debby, a Category 1 hurricane, made landfall in the northwest of Florida, following a path nearly identical to Hurricane Idalia in 2023. Industry losses are expected to be non-material to cat bond investors, with initial estimates from third-party agencies around USD 1-2 billion. Ernesto, on the other hand, was a 'fish storm' that veered out into open waters without impacting land. Although August can be quiet, there has only been one other time (1968) in the satellite era (1966-) where the Atlantic has not produced any named storms between August 13th – September 3<sup>rd</sup>. In the Pacific, there was more activity with tropical storms Emilia, Fabio, and Hector, as well as hurricanes Gilma and Hone. None of these storms posed a threat to land, with only Hurricane Hone bypassing Hawaii and bringing moderate rainfall. Typhoon Shanshan made landfall on Japan's southern Amami Islands late in the month as a category 1 storm. The initial track caused some concern in the secondary market, but it eventually took a more westerly track away from densely populated areas. It is worth remembering that we are now entering the historically most active part of the season, and that the annual market performance will be driven by what happens during the next eight-ten weeks.

### Expected Loss Contribution



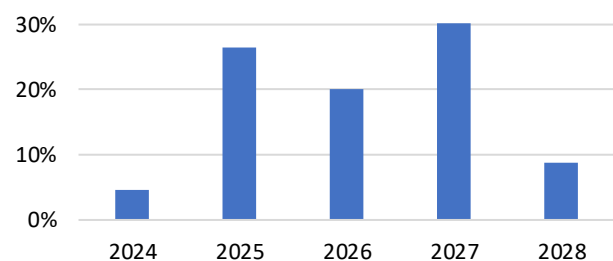
### Trigger Structure Type



### Portfolio Summary

Number of Positions	116
Yield to Maturity	13.2%
Average Mid Spread	8.3%
Collateral Return	5.0%
Modeled <sup>4</sup> Expected Loss	2.39%
AUM, EUR million	108.6
Average Life	1.6 years

### Maturity Profile



### Investment Manager

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<sup>3</sup> Colorado State University note, issued 03/09/2024

<sup>4</sup> Modeled expected loss as calculated at issuance from the relevant risk modeling firm (RMS, AIR, CoreLogic)

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