

Net Asset Value per Share <sup>1</sup>		Investment Objective													
EUR I-P ACC HED	884.16	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.													
EUR I DIST HED	768.81														
EUR I-P DIST HED	783.60														
EUR I ACC	1036.30														
EUR I-P ACC	1117.72														
Fund Information		Investment Objective													
Investment Manager	Tenax Capital Ltd	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.													
Manager	MJ Hudson Fund Management (IE) Ltd	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.													
Structure	UCITS	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.													
Domicile	Ireland	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.													
Launched	9th June 2017	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.													
Base Currency	EUR	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.													
Liquidity	Fortnightly	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.													
Auditor	Deloitte	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.													
Legal Advisor	Dillon Eustace	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.													
Administrator	CACEIS Ireland Limited	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.													
Depository	CACEIS Bank, Ireland Branch	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 Performance

The Fund closes 2022 on a positive note, with most of our exposure to bonds potentially affected by Hurricane Ian posting material gains following the better than expected updated claims figures. We now estimate that the annual performance contribution from bonds whose pricing is discounting a possible loss is about only -0.49%, which is both a good indicator of the portfolio actual risk level and also it further stresses how most of the 2022 return has been driven by spread widening effect. As previously mentioned, market repricing has been more violent on index trigger bonds given new issuances pricing at double the spread of previous year, and our overweight on these bonds being about twice the market. That said, the portfolio is now running at a record high yield of 16.3%, with about 15.6% of it coming from performing bonds (e.g. not exposed to Ian losses), and with no increase in the modelled risk level, which reinforces our view of a favourable positioning for the next few months. We welcomed the newly issued index trigger deals and invested almost 7% of the portfolio in these bonds with an average yield of 17.5%. We expect this level of yields to characterize the next round of new issuances, where we will be also looking to spot best in quality indemnity trigger bonds, as finally they are starting to bring back their once structural risk premium

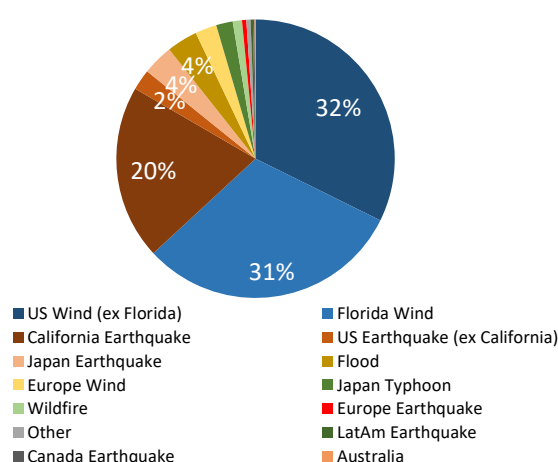
<sup>1</sup> Values as of December 30, 2022. All figures are stated on a net basis

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

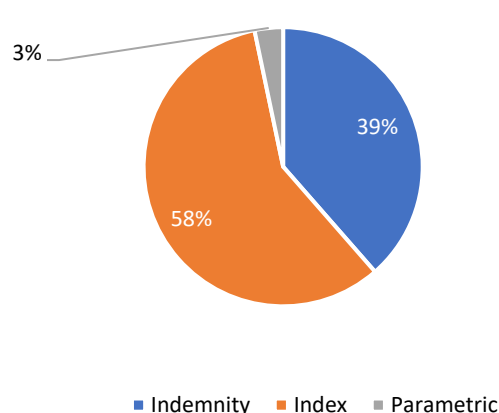
## Market Update

The latest round of January 1st renewals from some of the largest players in the market were seen in December. Key deals included issuances from specialist reinsurer Renaissance Re, Sompo, and Liberty Mutual. Notably, pricing for these deals was significantly higher compared to prior years, with spreads at least 50% higher for comparable deals. Additionally, terms and conditions for coverage also tightened, which from an underwriting perspective, is equally if not more important than pricing. This trend is indicative of a hard market, where coverage tends to be on a named peril basis, such as named storm and earthquake only, as opposed to broader “all natural perils” coverage. Deductibles also tend to increase, and investors receive similar or higher returns while attaching at a higher trigger level. One deal did in fact issue with US All Natural Peril coverage, but the terms and conditions improved with a maximum per event cap to protect against the occurrence of a large single event. Pricing also increased materially, with yield about 10% higher than previous year. The cat bond market continues to benefit from a *hard* reinsurance market, with now some new issuances expected in the 20% yield territory. The secondary market is showing signs of increased liquidity for bonds potentially impacted by Hurricane Ian, following the release of improved loss estimates by some sponsors. However, it is important to note that in general industry loss figures have a tendency to be revised upward between landfall and 2-years post-event. Additionally, given the current inflationary environment, caution is advised when interpreting these figures.

### Expected Loss Contribution



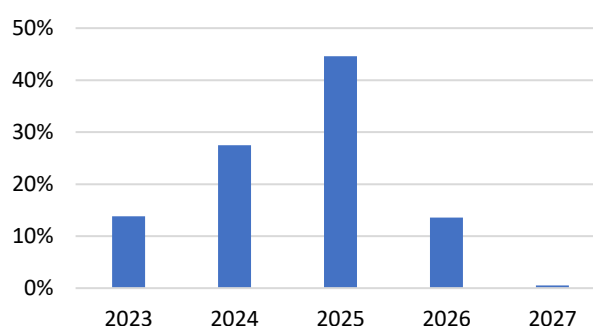
### Trigger Structure Type



### Portfolio Summary

Number of Positions	142
Yield to Maturity	16.3%
Modeled <sup>3</sup> Expected Loss	2.69%
AUM, EUR million	88.3

### Maturity Profile



### Investment Manager

Massimo Figna

figna@tenaxcapital.com



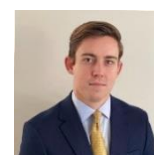
Marco della Giacoma

dellagiacoma@tenaxcapital.com



Toby Pughe

tpughe@tenaxcapital.com



<sup>3</sup> Modeled expected loss as calculated at issuance from the relevant risk modeling firm (RMS, AIR, CoreLogic)

This financial promotion is issued by Tenax Capital Limited (“Tenax”) which is authorised and regulated by the Financial Conduct Authority (“the FCA”). The Tenax ILS UCITS Fund PLC is a Non-Mainstream Pooled Investment as defined in the Financial Conduct Authority’s Handbook of rules and consequently this document is only made available to professional clients and eligible counterparties as defined by the FCA and also to persons of a kind to whom the Fund may lawfully be promoted by an authorised person by virtue of Section 238(5) of the Financial Services and Markets Act 2000, the Financial Services and Markets Act 2000 (Exemption) Order 2001 and COBS 4.12.1R. Any other person who receives this document should not rely upon it. The information contained herein (the “Information”) is for illustration and discussion purposes only. It is not, and may not be relied on, as investment advice or as an offer to sell or a solicitation of an offer to buy any security, including any investment or any interest in any fund or other security. Nor is it to be construed as a marketing communication in any jurisdiction where Tenax is not authorised to conduct investment business.

The information is not sufficient to form a basis for deciding to make any investment. It does not contain material information which may be relevant to any decision to invest, including specific information pertaining to an investment in the relevant securities and important risk disclosures. There can be no assurance and no representation, express or implied, is made that the information is accurate. The information is provided as of the date indicated, is not complete, is subject to change, and no obligation is undertaken to revise or update it. Any offer or solicitation of any investment in any security may be made only by delivery of the relevant confidential offering documents. Past performance is not indicative of future results and the value of your investment may go down as well as up. There can be no assurance and no representation is made that the strategy will make any profit and a total loss of principal may occur.

Prior to making any decision to invest in any fund, you are advised to obtain the fund’s offering documents, to perform your own independent review (in consultation with you own legal, tax, accounting and other advisors) of those materials, the fund, the fund manager as well as any performance data available to you. An investment in a fund may not be suitable for all investors. Any offer or solicitation of an investment in any securities may be made only to qualified investors in accordance with applicable law.

The Fund is organised under the laws of Ireland and authorised by the Central Bank of Ireland as UCITS for the purposes of the UCITS Regulations. Investment in the fund is only open to ‘Qualified Investors’, as defined in the Fund Prospectus. Any decision to invest must be based solely on the information contained in the Company’s Prospectus, Key Investor Information Document and the latest half-yearly report and unaudited accounts and/or annual report and audited accounts. Investors should read the fund specific risks in the Key Investor Information Document and the Company’s Prospectus, which are available from the Investment Manager.

In providing the information, no action has been taken to qualify any potential investor, in any jurisdiction, including without limitation in the United States under the Securities Act of 1933 or the US Investment Company Act of 1940. The Fund’s shares are not, and will not be registered under the US Securities Act of 1933, as amended, or qualified under any applicable state securities statutes. The Funds are not, and will not be registered as investment companies under the US Investment Company Act of 1940, as amended.

Past performance is not indicative of future results. The value of your investment may go down as well as up, and you may not receive upon redemption the full amount of your original investment. Participation in the Fund(s) should only be made by persons with experience of participating in unregulated schemes and any other person who receives this document should not rely upon it.

This is a marketing communication. Please refer to the Tenax ILS UCITS Fund prospectus supplement and to the Key Investor Information Document (KIID) before making any final investment decisions. A copy of the English version of the prospectus of the Fund and where relevant the KIID relating to the Fund may be obtained online from <http://www.tenaxcapital.com/> or alternatively obtained via email upon request by contacting the Head of Compliance & Risk at [blagden@tenaxcapital.com](mailto:blagden@tenaxcapital.com). A summary of investor rights associated with an investment in the Fund is available online in English at <http://www.tenaxcapital.com/> or it may be obtained upon request via email by contacting [blagden@tenaxcapital.com](mailto:blagden@tenaxcapital.com). A decision may be taken at any time to terminate the arrangements made for the marketing of the Fund in any EEA Member State in which it is currently marketed. In such circumstances, Shareholders in the affected EEA Member State will be notified of this decision and will be provided with the opportunity to redeem their shareholding in the Fund free of any charges or deductions for at least 30 working days from the date of such notification.

For Australian Wholesale Investors

This information is provided by 3PD Pty Limited ACN 642 919 926 (Australian Financial Services licence No. 532567) for wholesale investors only. The information set out in this monthly newsletter is general in nature, does not contain any investment recommendations or advice and does not take into account the objectives, financial situation or needs of investors. Investing involves risk. Past performance is not an indicator of future performance. Before acting on any information, you should consider the appropriateness of it having regard to your particular objectives, financial situation and needs and seek advice. Australian wholesale investors can contact 3PD Pty Ltd on +61403090027.

**[www.tenaxcapital.com](http://www.tenaxcapital.com)**

**Please visit our website where you can obtain further information about Tenax Capital and the Tenax ILS UCITS Fund, including downloads of previous newsletters.**

## **TENAX CAPITAL LTD**

**Registered Office:** Dominican House, 4 Priory Court, Pilgrim Street, London EC4V 6DE, United Kingdom

**Telephone:** +44 20 7003 8700

**Fax:** +44 20 7003 8701

**Url:** [www.tenaxcapital.com](http://www.tenaxcapital.com)

Registered in England and Wales No.5193344 Authorised and regulated by the Financial Conduct Authority