

Net Asset Value¹

EUR I-P ACC HED	911.08
EUR I DIST HED	847.37
EUR I-P DIST HED	864.42
EUR I ACC	940.31
EUR I-P ACC	1020.14

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

Investment Manager	Tenax Capital Ltd
Manager	Bridge Fund Management Limited

EUR Class I-P Acc Hedged - Monthly Performance %

IE00BDVK6S99

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.68	0.58	-0.49	-0.77	-0.27	-0.54	1.30	-0.13	0.70	-0.39	-1.00	-0.16	-0.54
2020	0.37	0.78	-0.54	-0.50	-0.08	0.56	0.96	1.20	0.99	0.37	-0.25	0.21	4.12
2021	0.00	0.74	-0.15	0.14	0.07								0.80

Structure	UCITS
Domicile	Ireland
Launched	9th June 2017
Base Currency	EUR
Liquidity	Fortnightly

EUR Class I Dist Hedged- Monthly Performance %²

IE00BDVK6Q75

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.64	0.56	-0.52	-0.80	-0.29	-0.57	1.27	-0.15	0.67	-0.42	-1.02	-0.19	-0.82
2020	0.35	0.75	-0.57	-0.52	-0.10	0.53	0.94	1.17	0.99	0.35	-0.28	0.18	3.77
2021	-0.03	0.71	-0.17	0.12	0.04								0.66

Auditor	Deloitte
Legal Advisor	Dillon Eustace
Administrator	CACEIS Ireland Limited
Depository	CACEIS Bank, Ireland Branch

EUR Class I-P Dist Hedged - Monthly Performance %²

IE00BDVK6V29

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	0.66	0.58	-0.49	-0.77	-0.27	-0.54	1.30	-0.13	0.70	-0.39	-1.00	-0.16	-0.54
2020	0.37	0.78	-0.54	-0.50	-0.08	0.56	0.96	1.20	0.99	0.37	-0.25	0.21	4.08
2021	0.00	0.74	-0.15	0.14	0.07								0.80

EUR Class I Acc Non-Hedged - Monthly Performance %

IE00BDVK6P68

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.36	1.65	-0.76	0.22	0.69	-1.49	2.35	1.07	1.70	-1.15	-0.05	-0.14	5.49
2020	0.53	3.15	0.86	-2.02	0.60	-2.31	-0.79	-1.25	0.53	1.47	-1.14	-2.53	-3.02
2021	1.25	0.62	1.68	-0.50	-1.02								2.49

EUR Class I-P Acc Non-Hedged - Monthly Performance %

IE00BDVK6T07

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2019	1.08	1.45	-0.62	0.16	0.54	-1.29	1.94	0.83	1.34	-0.94	-0.05	-0.13	4.33
2020	0.41	2.49	0.69	-1.63	0.47	-1.95	-0.84	-1.32	0.48	1.42	-1.20	-2.59	-3.65
2021	1.17	0.55	1.63	-0.10	-1.04								2.20

Fund Performance

The Fund in May experienced low volatility and delivered a slightly positive return. The portfolio turnover has been remarkably high, as several bond maturities were more than compensated by a very active primary market. We added a total of 12 new bonds, for an aggregate amount of about 20% of the portfolio, and we expect June to be just a little quieter. Most of the new bonds are issued from domestic US insurers looking to finalise their reinsurance protection for the hurricane season and are therefore exposed to Gulf states including Florida. We maintained a conservative approach to such perils, avoiding the smaller, less liquid, and higher risky tranches, as overall the majority of deals were structured as indemnity triggers, which is currently not our preferred way to gain exposure to Florida wind. Worth mentioning is our participation in the first cat bond sponsored by St. Johns Insurance, with a focus on Florida and South Carolina wind, and the first cat bond virtually exposed to all major world perils, ranging from US wind to Italy earthquake, Australia wind, Japan wind and others. The level of new issuances has brought a more balanced situation in the secondary market, where activity has peaked-up as well and finally various sellers have emerged, contributing to a healthy volume of trading. From June onward, we expect prices to slowly increase as the hurricane season goes by, and trading activity to become primarily event-driven.

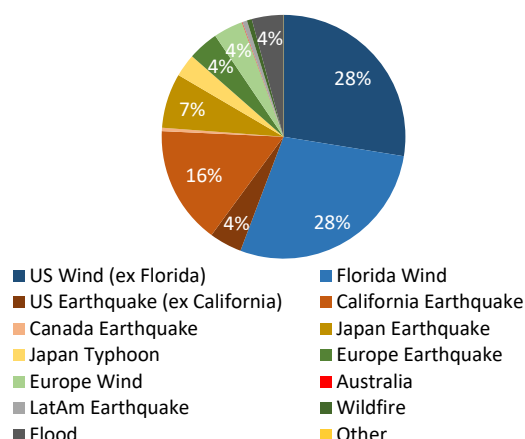
¹ Values as of May 21, 2021. All figures are stated on a net basis

² The performance includes cash dividend distributions

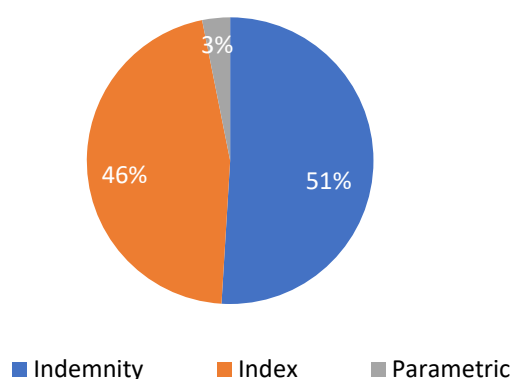
Market Update

A large amount of new deals were taken to market in May, as this is historically one of the most active months in terms of new issuance volume. A combination of recurring and first-time sponsors have been seeking to secure capacity to cover their US wind related insurance liabilities. In aggregate, about USD 3bn were issued, with almost a third coming from the renewal of the Florida Citizen (insurer of last resort in Florida) bond. Along the same line, both the Louisiana and the Texas local wind insurance associations came back to market with their traditional annual issuance. Allstate, following their first ever recovery under a cat bond, issued a bond to cover for the portion of layer that was eroded by the 2020-2021 events. Among the other sponsors we note USAA, Fidelis, St. Johns and Great American Insurance. Pricing remains attractive when compared to the last 5-6 years, although we are starting to see signs of stabilisation of risk premia as higher yields have attracted new capital from investors. June 1st will mark the official beginning of the US hurricane season, which as usual will be the key determinant of the annual ILS market performance and of future pricing dynamics. Major forecasting agencies point to a slightly above average season, with about 5 major hurricanes expected to form in the Atlantic basin. We note that it is not much about the quantity of hurricanes but more about if and where any of them makes landfall on the US coast that would have an impact on the cat bond market.

Expected Loss Contribution



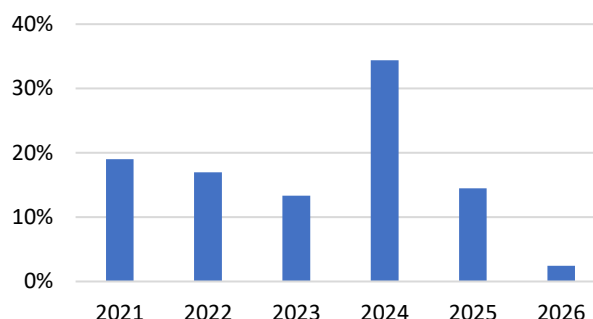
Trigger Structure Type



Portfolio Summary

Number of Positions	105
Yield to Maturity	5.79%
Modeled ³ Expected Loss	2.58%
AUM, EUR million	43.3

Maturity Profile



Investment Manager

Massimo Figna

figna@tenaxcapital.com



Marco della Giacomina

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

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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.

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

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