

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

EUR I-P ACC HED	910.51
EUR I DIST HED	847.48
EUR I-P DIST HED	863.88
EUR I ACC	934.69
EUR I-P ACC	1015.42

### 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											0.74

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

### EUR Class I Dist Hedged- Monthly Performance %<sup>2</sup>

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											0.68

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

### 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
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											0.74

### 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											1.87

### 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											1.73

### Fund Performance

The Fund delivered a positive return on the month, with most of the performance coming from accruals on coupons, whilst low volumes on the primary market helped to keep valuations tighter on the secondary. New issuances are slowly getting traction but, as already commented in previous notes, we believe this is just a timing question, as we expect a rather healthy pipeline for the first half of the year. We invested in the largest tranche of the new FEMA (Federal Emergency Management Agency) cat bond, exposed to flood risk in the US on an indemnity basis. The CEA (California Earthquake Authority) was also back in the market with a new deal from their cat bond program, where we invested. We are gradually increasing our net exposure as we approach a significant amount of maturities for the portfolio, which we plan to roll into new issues subject to our risk appetite. We expect the winter freeze in Texas will marginally hit the Fund, with the highest impact on aggregate trigger bonds, where some deductibles will be closer to the trigger point. We do not expect any per-occurrence bond to suffer losses from this event.

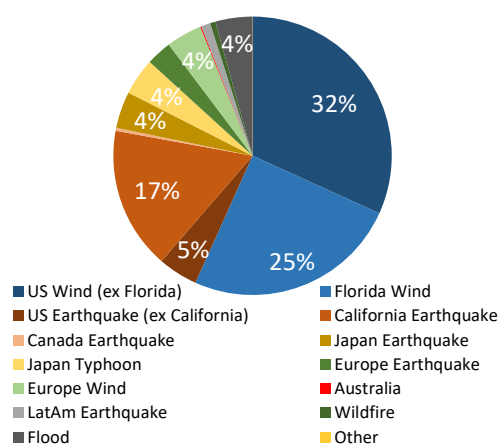
<sup>1</sup> Values as of February 19, 2021. All figures are stated on a net basis

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

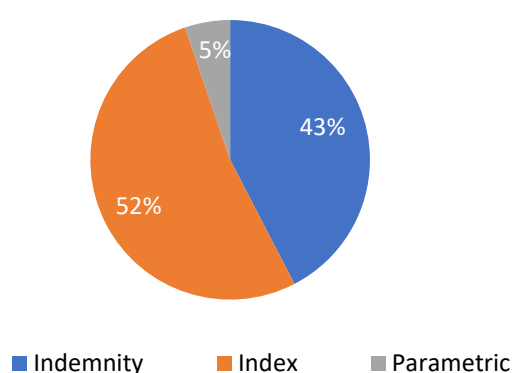
## Market Update

The market focus in February turned on the Texas freeze event and related winter storms, which are expected to generate between USD 10 and 20 billion losses for the insurance industry as a whole. The expected loss range is still quite wide as there are several items surrounded by uncertainty, like the split between personal and commercial lines, flood and wind damages and property and business interruption related losses. If the ultimate insured loss bill will end up closer to the top of the range, the event could become the costliest on history for Texas, outpacing Hurricane Harvey in 2017. A good portion of US exposed cat bonds include winter storm as a named peril, and some of these were heavily marked down on pricing sheets and offered at distressed levels in the market. Among the most hit insurers within the cat bond space we find Allstate, Nationwide Mutual and USAA. We note that winter storm is not covered on a single peril basis, but it is often added to multi-peril bonds. As such, the main impact will be on aggregate bond structures, with a further erosion of their deductible and therefore increased likelihood to reach the trigger level from future events. On the new issuance side, FEMA sponsored their fourth and largest cat bond in the last four years, with a USD 575m transaction split into two tranches. As the previous deals, the bond is exposed to flood related losses in the US following the occurrence of a named storm. The two tranches, both structured on an indemnity, per-occurrence basis, priced at 13% and 16.75% respectively for a 5.47% and 7.23% expected loss. The CEA confirmed its role of frequent issuer with another California earthquake cat bond, upsized to USD 215m and priced at 6.25% for a 3.74% expected loss. A handful of new deals have been announced for March, which will be covered in the next update.

### Expected Loss Contribution



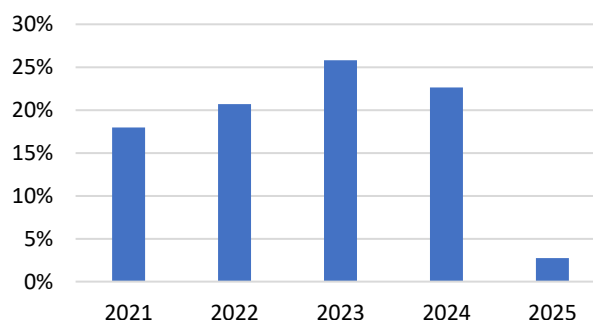
### Trigger Structure Type



### Portfolio Summary

Number of Positions	86
Yield to Maturity	6.01%
Modeled <sup>3</sup> Expected Loss	2.63%
AUM, EUR million	23.3

### Maturity Profile



### Investment Manager

Massimo Figna

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Marco della Giacoma

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<sup>3</sup> 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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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.

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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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