TENAX ILS UCITS FUND

Monthly Newsletter April 2021

Net Asset Value[1]

EUR I-P ACC HED	910.44
EUR I DIST HED	847.02
EUR I-P DIST HED	863.81
EUR I ACC	949.96
EUR I-P ACC	1030.90

Fund Information

Investment Manager	Tenax Capital Ltd
Manager	Bridge Fund Management Limited
Structure	UCITS
Domicile	Ireland
Launched	9th June 2017
Base Currency	EUR
Liquidity	Fortnightly
Auditor	Deloitte
Legal Advisor	Dillon Eustace
Administrator	CACEIS Ireland Limited
Depositary	CACEIS Bank, Ireland Branch

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.

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									0.73

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									0.62

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									0.73

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									3.54

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									3.28

Fund Performance

The Fund delivered a positive performance on the back of an uneventful month and no material updates on the insurance losses linked to the Texas freeze events. We still expect to hold a 15bps exposure to the Texas events and to receive new claim reports from the relevant issuers in the coming weeks. The market remains skewed to the bid side, although we started to see some sellers toward the end of the month as primary market activity peaked up. We took full advantage of the new deals brought to market to strengthen the portfolio profile and continue to move the weights toward non-indemnity and per-occurrence triggers. We invested in all the six tranches of the Everest Re deal, with a marginal preference for the higher yielding per-occurrence bond. We also participated in the new index bonds issued by Aspen Re, here with a preference on the most senior notes, given the aggregate trigger of the whole transaction. Last, we invested in the inaugural cat bond of Vantage Risk, a recently launched re/insurance player in Bermuda. With already 4 other new transactions announced for the month of May, we are fully on track to reach our target portfolio structure ahead of the hurricane season. In a nutshell, our priorities will be on index triggers, per-occurrence covers, senior Florida wind tranches and defined limits on secondary perils, including wildfire.

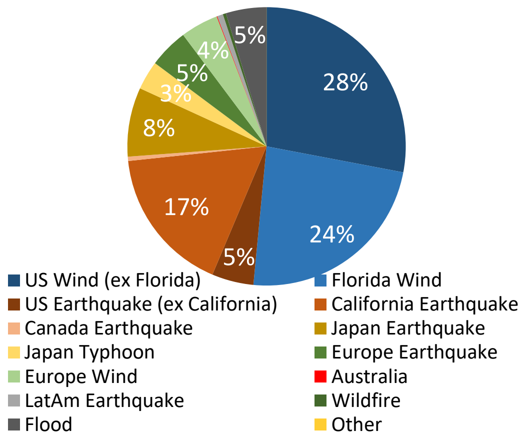
[1] Values as of April 16, 2021. All figures are stated on a net basis

[2] The performance includes cash dividend distributions

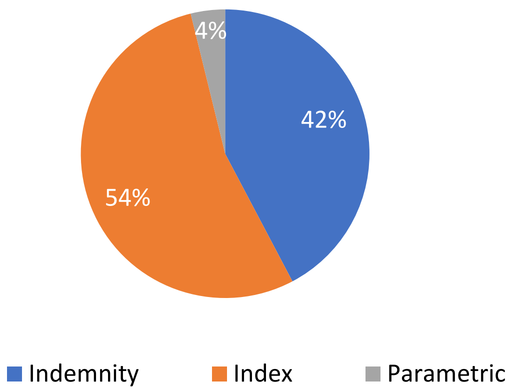
Market Update

April confirmed to be a rather active period for new issuances as US domestic insurers and global reinsurers look to secure the desired level of coverage across the traditional and alternative reinsurance market before the US hurricane season kicks off. Everest Re, one of the most popular cat bond sponsors, returned to the market after 2 years, with a USD 650m deal split into 2 series of 3 tranches each. The two series have the same structure and trigger levels, but one year difference in the scheduled maturity. The bonds have annual expected losses in the range of 1.57% to 7.21%, and pay coupons going from 4.25% to 11.25%. As per the previous Everest Re, the bonds feature an index trigger, with some tranches offering per-occurrence cover, and others aggregate. Aspen Re renewed their expiring coverage with a USD 300m new bond, split into 2 different seniority levels. The bonds are exposed to US wind and earthquake and to Europe windstorm, on an aggregate index trigger basis. The senior tranche pays a 4% coupon for a 1.67% expected loss, while the junior stands at 6.25% and 3.41% respectively. Last, the recently launched, Bermuda based insurer, Vantage Risk, already tapped from the alternative capital market for its first hurricane season. This first-time sponsor has always communicated ILS would be a core part of their strategy, and this cat bond is a first evidence. The deal is a USD 225m single tranche, exposed to US wind and earthquake on an aggregate index trigger basis. The bond priced at 6.75% for a 3.32% expected loss, reflecting strong investors demand. Overall, the market is showing a strong, renewed appetite for risk and this could also be linked to concerns that, should the 2021 hurricane season be uneventful, yields may start to soften again in Q4.

Expected Loss Contribution



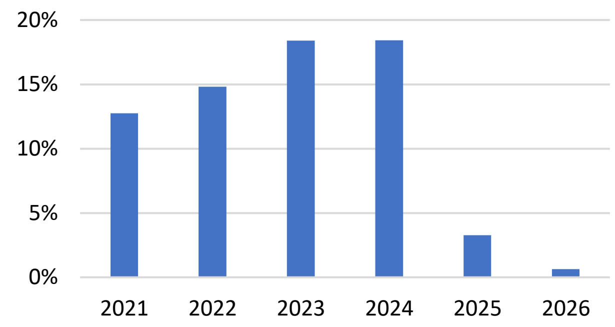
Trigger Structure Type



Portfolio Summary

Number of Positions	95
Yield to Maturity	5.06%
Modeled[3] Expected Loss	2.29%
AUM, EUR million	33.3

Maturity Profile



Investment Manager

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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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