TENAX CAPITAL Asset Management

TENAX ILS UCITS FUND

Newsletter: 31 May 2025

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.

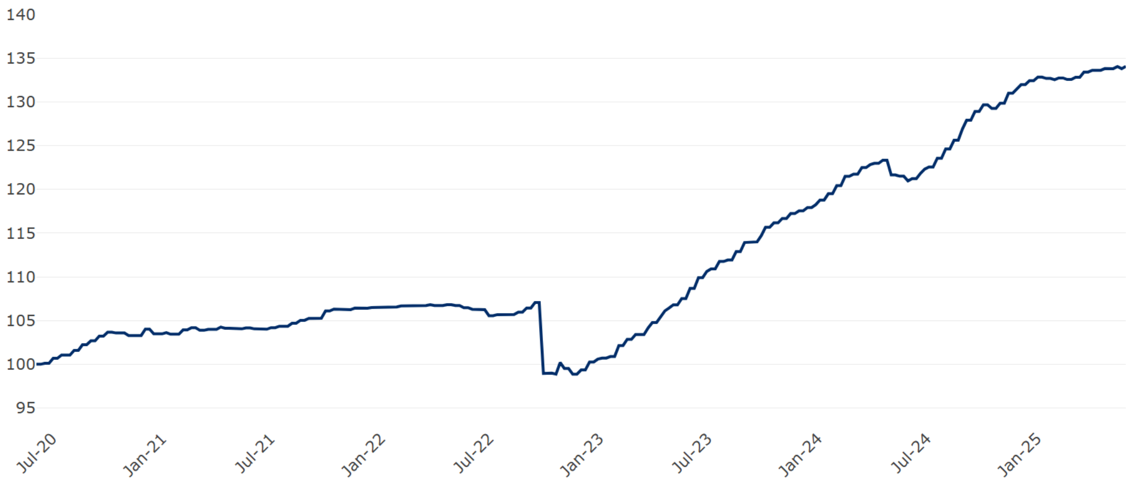
Commentary on the Fund Performance

The fund performed well on both an absolute and relative basis in May. We saw quite a few new deals coming out of the Northeast U.S., all with comparable exposure. This signals to us that these sponsors are looking to lock in what they deem to be affordable coverage on a multi-year basis. We kept our discipline in the primary market and only allocated to those deals we believe have superior risk fundamentals. There seems to be plenty of capacity in the market, so we've been cautious on certain primary deals. We anticipate a handful of deals in June, and we'll be allocating selectively there too. We expect the typical seasonal tightening to start around the end of June, when performance should begin to rise consistently — barring any major storms or events. We added to a couple of existing positions in the secondary, including a California earthquake deal from a sponsor we consider best-in-class. On the hurricane front, long-range forecasts suggest minimal activity in the first two weeks of June, primarily due to Saharan dust drifting into the Main Development Region (MDR) and Gulf of Mexico. Most forecasters have now published their seasonal outlooks, which are available in the attached video click here.

Market Update

The cat bond market continues to grow at an impressive pace, expanding over 15% year-to-date (source: Artemis). Notably, 2025 issuance has already surpassed the total seen from January to November last year. May brought 19 new deals in the primary market — the highest monthly total so far this year (March had 13). In contrast to April, which was subdued, May saw strong activity in secondary perils, especially in the final weeks of the month. While final numbers are still pending, we expect several billion dollars in losses to be added to the annual total. May typically marks the end of the secondary-peril season, with the Atlantic hurricane season officially beginning on June 1st. Sea Surface Temperatures (SSTs) in the Main Development Region are tracking close to historical averages, while the Gulf of Mexico remains above average — nearing last year's levels. This is something we will monitor closely over the coming months. The SST anomaly map shown in the video illustrates that the MDR is significantly cooler than at this time last year. It's important to note that hurricane count is not a proxy for insured loss: the impact depends largely on landfall location. A strong storm in a sparsely populated area may cause minimal loss, while a moderate storm hitting a dense region can lead to significant insured damage. In the video, we also compare El Niño status, SST anomalies, and Accumulated Cyclone Energy (ACE) for 2025 versus the 1982–2024 historical range. The National Hurricane Center currently does not anticipate any tropical cyclone activity in the next seven days.

5 Year Performance[1]



Past performance does not predict future returns. Your capital is at risk. This document is for professional clients and accredited investors only

[1] Performance refers to ISIN IE00BDVK6Q75 only since it is the most representative share class. Data taken from Bloomberg as at 31 May 2025

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

[3] Values as at 31 May 2025. All figures are stated on a net basis. Data for Trigger and Maturity from broker pricing sheet.

Portfolio Summary

Number of Positions	129
Yield to Maturity	11.9%
Average coupon	12.5%
Average Mid Spread	7.5%
Collateral Return	4.7%
Modeled Expected Loss[2]	NA%
Aggregate trigger weight	59.8%
Occurrence trigger weight	NA%
AUM, EUR million	145.4
Average Life	1.9 years
Cash %	3.5%
Average Bid Price	100.4

Tenax EL Contribution

Florida Wind	45%
US Wind (ex Florida)	35%
California Earthquake	14%
US Earthquake (ex California)	4%
Flood	1%
Europe Wind	1%

Fund Information

Investment Manager	Tenax Capital Ltd
Manager	Bridge Fund Management Ltd
Structure	UCITS
Domicile	Ireland
Launched	9th June 2017
Base Currency	EUR
Liquidity	1st, 3rd Friday, month end
Auditor	Deloitte
Legal Advisor	Dillon Eustace
Administrator	CACEIS Ireland Ltd
Depositary	CACEIS Bank, Ireland Branch
Risk Reward Profile (1-7)	3
3yr Sharpe Ratio	0.93
Annualised volatility (1 year)	2.3%
Top 10 positions weight	26.4%

Historical Annual Performance[1]

3 months:	1.49%
6 months:	1.95%
1 year:	11.22%
Year to Date:	1.36%
3 years:	24.42%
5 years:	30.36%
Since incepton:	17.20%
2020:	+3.81%
2021:	+2.92%
2022:	-5.54%
2023:	+17.54%
2024:	+12.25%
Best/Worst Month:	2.12%/-6.62%

Net Asset Value per Share[3]

EUR I-P ACC HED	1171.69
EUR I DIST HED	1028.19
EUR I-P DIST HED	915.76
EUR I ACC	1364.56
EUR I-P ACC	1418.67

Top 10 Positions

Titania Re 2024-1 A	3.6%
Titania Re 2024-1 B	3.6%
Mona Lisa Re 2025-1 A	2.8%
Easton Re 2024-1 A	2.7%
Galileo Re 2023-1 A	2.6%
Ocelot Re 2023-1 A	2.5%
Kilimanjaro Re 2022-1 A	2.3%
Bridge Street Re 2025-1 A	2.3%
Mona Lisa Re 2025-1 B	2.2%
Mystic Re 2024-1 A	1.9%

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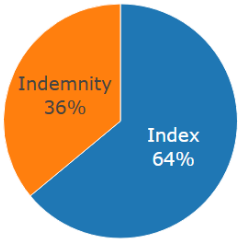
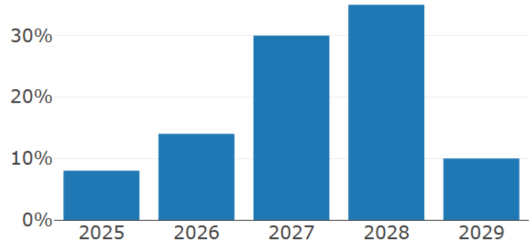
Trigger Structure Type



Maturity Profile



Investment Management Team

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Monthly Performance by Share Class

EUR Class I-P Acc Hedged - Monthly Performance % **IE00BDVK6S99**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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
2024	1.79	1.19	0.93	0.44	-1.90	1.14	1.87	1.90	0.58	0.43	1.12	0.84	10.76
2025	-0.13	0.05	0.86	0.10	0.61								1.48

EUR Class I Dist Hedged - Monthly Performance % **IE00BDVK6Q75**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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
2024	1.76	1.17	0.91	0.41	-1.92	1.11	1.84	1.87	1.87	0.43	1.30	0.93	12.25
2025	-0.16	0.02	0.83	0.07	0.59								1.36

EUR Class I-P Dist Hedged - Monthly Performance % **IE00BDVK6V29**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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
2024	1.79	1.19	0.93	0.44	-1.90	1.14	1.87	1.90	0.57	0.43	1.12	0.84	10.76
2025	-0.13	0.05	0.86	0.10	0.61								1.48

EUR Class I Acc Non-Hedged - Monthly Performance % **IE00BDVK6P68**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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	1.32	2.87	3.89	2.81	20.58
2025	-0.42	0.13	-2.69	-4.36	0.94								-6.33

EUR Class I-P Acc Non-Hedged - Monthly Performance % **IE00BDVK6T07**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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
2024	2.89	1.38	1.06	1.22	-2.40	2.01	1.04	0.10	1.02	2.39	3.19	2.33	17.38
2025	-0.40	0.15	-2.66	-4.33	0.97								-6.21

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Glossary

Aggregate Trigger: A payout structure where the bond pays out if total losses from multiple events over a period exceed a predefined threshold.
Occurrence Trigger: A payout structure where the bond pays out if a single event exceeds a specified threshold.
Parametric Trigger: A structure where bond payouts are based on measurable parameters (e.g., wind speed, earthquake magnitude) rather than actual financial losses.
Indemnity Trigger: Payouts are based on the actual losses incurred by the issuer.
Index Trigger: Payouts are based on industry-wide insured losses.
Sharpe Ratio: Risk-adjusted return: excess return divided by standard deviation.
Spread: risk premium compensating to take on insurance risk
Expected Loss: Modeled statistical estimate of bond loss probability.
Collateral Return: Investment return from backing collateral.
Peril: Specific risks like hurricane, flood, earthquake.

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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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