

# Plenum Insurance Capital Fund

I-Share Class I Capitalization | EUR | LI0542471011

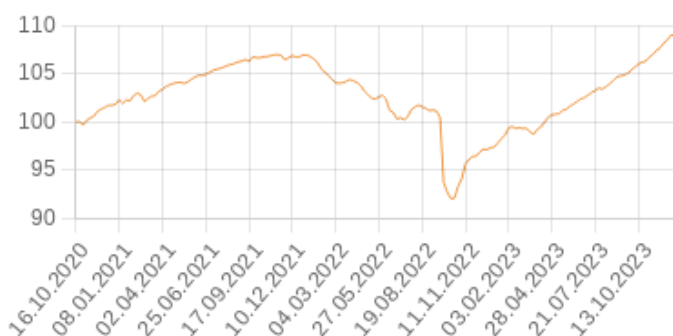
"Tail-to-Tier" leads to more efficient management of concentration risks, benefits from premium differentials and better control of seasonal risks – CAT and Insurance Bonds in the best sense.



## Investment Strategy

In order to achieve the return target of 4.5% p.a in EUR, we make use of the strong complementarity of CAT bonds and insurance bonds. We pay attention to global diversification and benefit from premium differences between the two asset classes (cyclicality).

## Performance-Chart (Fund)



## Portfolio Key Figures

Net Asset Value	USD 441.6 Mio.
Investment Degree	97.22%
Number of Positions	163
10 Largest Positions	16.22%
Average Position Size	0.60%
Portfolio Yield (USD)	11.79%
Portfolio Yield (EUR)	10.33%
Portfolio Yield (CHF)	8.08%
Portfolio Yield (GBP)	11.60%

## ESG

Natural Catastrophes, Life & Health	95.6%
Meteorological Risk	77.4%
EU sustainability-related classification	Article 8
FNG-Label	1 Star

## Statistic (Fund)

NAV	109.38
MTD	1.61%
YTD	12.38%
Last 12 Months	12.38%
Last 36 Months	7.53%
Total Return	9.38%
Total Return annualized	2.80%
Volatility (12M)	1.59%
Sharpe Ratio	(0.54)
% Positive Months	69.23%
Best Month	3.34%
Worst Month	-7.59%

## Market Comment

The fund ended the year with a total return of 14.71% in the reference share class I USD. While this excellent result was driven mainly by CAT Bonds, Insurance Bonds contributed to performance especially during November and December. We will remember 2023 for several records in the CAT Bond market. According to artemis.bm, the full year deal volume reached USD 16.4bn which lifted the market size to USD 45bn. The most significant innovation was the launch of four 144a-type Cyber CAT Bonds – we participated in all of them but also imposed an overall exposure cap at 2% of NAV for Cyber CAT Bonds due to their high intra-peril correlation. Also, we saw New Zealand's first Quake Bond, a renewal of a Chilean Quake bond and European CAT Bonds becoming more regionally diverse. Last but not least, 2023 will be remembered for its record high CAT Bond Performance which was driven by 1) price recoveries post Ian, 2) record high Insurance Spreads and 3) very high collateral yields. The last two factors will persist well into 2024 which is why we remain very positive (and relatively overweight) on CAT Bonds. For Insurance Bonds, a lot of Central Bank easing has already been priced in in the short term. Still, we expect additional price performance on the back of spread tightening throughout the year which supports the case for the combined approach to CAT Bonds and Insurance Bonds. Year on Year the fund grew from USD 329m to USD 441m – as always we continue to emphasize the importance of disciplined and non-dilutive fund growth, especially during the hurricane season.

## Performance-Table (Fund)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	1.37%	0.74%	-0.15%	1.50%	0.57%	1.19%	0.97%	0.74%	1.05%	0.86%	1.29%	1.61%	12.38%
2022	-0.71%	-1.64%	-0.21%	-0.98%	-0.59%	-1.54%	0.25%	0.17%	-7.59%	-0.44%	3.34%	0.93%	-8.98%
2021	0.44%	-0.06%	1.06%	0.85%	0.34%	0.50%	0.71%	0.53%	0.46%	0.12%	-0.41%	0.48%	5.12%
2020	-	-	-	-	-	-	-	-	-	-0.33%	1.43%	0.61%	1.72%

## In Focus

What worked? What did not work? The shift from Insurance Bonds into CAT Bonds throughout 2023 and especially during the benign hurricane season was the single most important contributor to performance. The fund experienced only two small write offs from Hurricane Otis and Hurricane Ian amounting to around 0.2% of NAV on aggregate. Insurance Bonds underperformed in the beginning of the year as insurance (!) rT1 positions sold off in sympathy with bank AT1 following the write-down of Credit Suisse AT1 paper. We used this opportunity to further increase our positions in insurance rT1s which benefitted the portfolio towards year end. E.g. we added more PHNXLN 5.625% perp on 20 March at a level below 80 and took profit at a level above 94 in November. A similar negative surprise was a court decision regarding an ongoing miss-selling litigation against the a.s.r. which also indirectly impacted other Dutch insurers like NN Group – but here again we used this opportunity and added the NNGRNV 6% Tier 2 to our portfolio which performed well during December when a settlement a.s.r. settled the litigation. Last but not least we increased the duration of the Insurance Bond sub-portfolio during November from 3.8 to 4.3 years which helped during the bond rally in December.

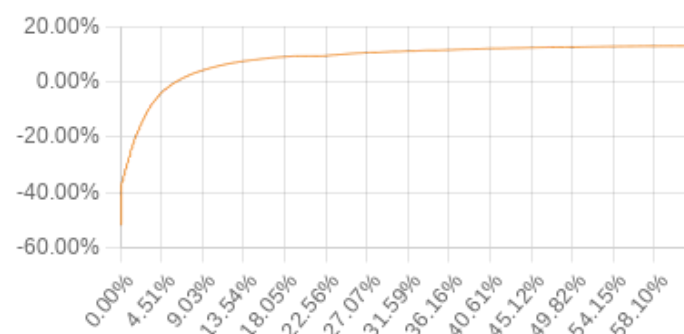
## Key Figures (CAT Bonds)

Portfolio Share	72.1%
Number of Positions	130
Average Position Size	0.55%
Number of Sponsors	70
Collateral Return	5.21%
Discount Margin (Insurance risk compensation)	7.77%
Average Expected Loss ("EL")	2.85%
Average Price	97.3
Average Time to Maturity	1.7
Modified Duration (Years)	-

## Top 5 (CAT Bonds)

Name	% NAV	DM***	Peril
RESIDENTIAL RE 2023 LTD 2023-1 14	1.77%	6.65%	US MP
TORREY PINES RE PTE. LTD 2021-1-B	1.65%	8.52%	US EQ
TOPANGA RE LTD 2021-1 A	1.54%	8.79%	US MP
WRIGLEY RE LTD 2023-1 A	1.49%	6.55%	NA MP
FLOODSMART RE LTD 2022-1 A	1.48%	12.08%	US TC

## Aggregate Loss Exceedance Probability Curve



## VaR (CAT Bonds)

	Sub Portfolio	NAV
VAR (99%)	35.60%	25.66%
VAR (99.5%)	42.87%	30.90%
TVAR (99%)	42.62%	30.72%
TVAR (99.5%)	46.11%	33.24%

## Historic Events

Great Miami, 11 September 1926	19.75%	14.24%
Great San Francisco, 18 April 1906	17.72%	12.77%
Galveston, 27 August 1900	16.32%	11.76%
Long Island Express, 10 September 1938	10.37%	7.48%
Northridge, 17 January 1994	7.61%	5.48%
Pinar del Rio, 12 October 1944	5.38%	3.88%
New Madrid, 16 December 1811	2.09%	1.51%
Katrina, 23 August 2005, Levees 2011	1.51%	1.09%
Lothar, 26 December 1999	0.35%	0.25%
Great Kanto, 01 September 1923	0.00%	0.00%

## Risk Exposure and Regions (CAT Bonds)

Peril	% EL
US SE Hurricane	47.26%
US NE Hurricane	12.20%
California Earthquake	10.97%
US Flood	8.67%
Europe Storm	3.12%
Japan Typhoon	2.50%
US Severe Thunderstorm	1.76%
Pacific NW Earthquake	1.53%
Japan Earthquake	1.46%
UK Terrorism	1.43%
US Fire	1.15%
New Zealand Earthquake	0.79%
Global Cyber	0.79%
New Madrid Earthquake	0.77%
Chile Earthquake	0.77%
Others	4.83%

## Key Figures (Insurance Bonds)

Portfolio Share	25.1%
Number of Positions	33
Average Position Size	0.8%
Number of Issuers	23
YteC*	9.7%
Average Price	89.31
Modified Duration (Years)	4.3
Coverage Ratio / MSCI ESG Rating	100% / A

## Classes (Insurance Bonds)

Restricted Tier 1	55.9%
Tier 2	34.9%
Tier 3	0.0%
Tier 1 grandfathered	1.9%
Tier 2 grandfathered	5.0%
Other	2.3%

## Domicile (Insurance Bonds)

Benelux	21.5%
UK	36.8%
Germany	8.7%
France	11.9%
Italy	10.8%
Other	10.3%

## Top 5 (Insurance Bonds)

ASRNE4 5/8 PERP	1.88%	BB+	3.3	8.1%	Solvency II - T1
Directline 4.75 PERP	1.74%	Ba1	3.4	11.8%	Solvency II - T1
SCOR 5 1/4 PERP	1.70%	BBB+	4.2	10.3%	Solvency II - T1
ROTHLF 4 7/8 PERP	1.53%	BBB-	3.2	11.4%	Solvency II - T1
Unipol 6 3/8 PERP	1.44%	BB	5	7.1%	Solvency II - T1

## Issuer (Insurance Bonds)

Name	% NAV	SCR**	Domicile
Rothsay	1.91%	255%	United Kingdom
Unipol	1.88%	200%	Italy
ASR	1.88%	222%	Netherlands
Direct Line	1.74%	147%	United Kingdom
Scor	1.70%	213%	France

## Sub-Sectors

Reinsurance	14.0%
Life	28.6%
Non-Life	15.6%
Composite	41.9%

## Basic Data (Fund)

Performance Target	4-4.5% in EUR p.a.
Fund Domicile	Liechtenstein
Fund Structure	UCITS V
Distribution	AT/CH/DE/LI/SP
Base Currency	USD
Assets under Management	USD 442mn
Assets in Strategy	USD 442mn
Appropriation of Income	accumulating
Fund Inception Date	29.05.2020
Financial Year	Dec. 31
Bewertungsintervall	weekly
Order Cut-Off (Subscriptions)	T-3 (16:00 MEZ)
Order Cut-Off (Redemptions)	T-5 (16:00 MEZ)
NAV Publication (T + 1)	weekly
Settlement	T + 3
Daily Trading Swiss Exchange	Yes
Minimum first Investment	EUR 0.1 Mio.
Management Fee	0.70%
Performance Fee	keine
TER (30.06.2023)	0.88%
ISIN	LI0542471011
WKN	A2P48H
Valor	54247101
BB Ticker	PLPICIE LE

## Risks

The value of a share can fall below the cost price. This requires an increased willingness and ability to take risks. Each fund has specific risks. The risks can be found in the prospectus. The following risk description is not exhaustive. An investment in the fund is associated with various risks, such as:

- **Valuation Risk:** Due to a variety of market factors, there is no guarantee that the value determined by the Administrator will be the value that may be realized if the investment is sold or that would actually be realized if the investment were sold immediately.
- **Event Risk:** If an insured event occurs and the defined thresholds are exceeded, the Fund may suffer a significant loss in value.
- **Counterparty/credit risk:** The bankruptcy or insolvency of the fund's derivative counterparties may result in a payment or delivery default.
- **Risk Concentration:** If a portfolio is dominated by one market segment (e.g. U.S. hurricane risks), this leads to an increase in credit or event risk. Thus, it increases the likelihood that a single natural disaster event can have a large value-diminishing effect.
- **Political and legal risks:** Investments are subject to changes in regulations and standards applicable in a particular country. This includes restrictions on currency convertibility, imposition of taxes or transaction controls, restrictions on property rights or other legal risks.
- **Liquidity Risk:** It may not be possible to liquidate certain instruments in a reasonable time frame. The Fund's investments could have limited liquidity.
- **Interest Rate Risk:** The Fund is exposed to interest rate risk. If market interest rates rise, the market value of the interest-bearing securities held in the assets may fall significantly. This applies to an increased extent insofar as the assets also hold interest-bearing securities with longer residual terms and lower nominal interest rates.
- **Model risk:** The calculated probabilities of occurrence for certain events are based on risk models. These represent only an approximation of reality and may be subject to uncertainty and error. Consequently, event risks may be significantly under- or overestimated.

- Sustainability risks: Sustainability risks include environmental, social or governance-related events or conditions that may have a material adverse effect on

returns depending on the sector, industry and company exposure.

#### Legal Disclaimer

This document is intended solely for publication and distribution to the recipient and may not be passed on or disclosed to any other person. This document is for information only and is not an offer to sell or an invitation to invest. In particular, it does not constitute an offer or solicitation in any jurisdiction where it is unlawful or where the person making the offer or solicitation is not qualified to do so or the recipient may not lawfully receive any such offer or solicitation. It is the responsibility of any person in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of relevant jurisdictions. The information and any opinions contained herein have been obtained from or are based on sources, which are believed to be reliable, but the accuracy cannot be guaranteed. No responsibility can be accepted for any consequential loss from this information. Prospective investors should rely only on the information contained in the prospectus. Prospective investors should also inform themselves, and should take appropriate advice, on the legal requirements and as to the possible tax consequences, foreign exchange restrictions or exchange control requirements that they may encounter under the laws of the countries of their citizenship, residence or domicile and that may be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. The value of investments and income derived thereof can decrease as well as increase (this may be partly due to exchange rate fluctuations in investments that have an exposure to currencies other than the base currency of the fund). Performance numbers shown are records of past performance and as such do not guarantee future performance. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming units. The full prospectus, the KIID, the general contractual conditions and the annual and bi-annual report can be received free of charge from the management company, the distribution partner, the depositary bank, on the website of the Liechtenstein Investment Fund Association ([www.lafv.li](http://www.lafv.li)) and the legal representative in Switzerland (ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zürich, [www.acolin.ch](http://www.acolin.ch)) or the responsible agents in the other permitted jurisdictions. The paying agent is Frankfurter Bankgesellschaft (Schweiz) AG, Börsenstrasse 16, CH-8022 Zürich. You can obtain further information from your investment adviser or directly from ACOLIN Fund Management S.A., Airport Center Luxembourg, 5, Heienhaff, L-1736 Senningerberg. This document, and the analyses, loss probabilities and estimations contained herein ("results"), are based on data provided by Plenum Investments Ltd. and compiled using proprietary computer risk assessment technology ("RMS model") of Risk Management Solutions, Inc. ("RMS"). This technology is based on scientific data, mathematical and empirical models, and the encoded experience of earthquake engineers, geologists, seismologists, and geotechnical specialists. As with any model of physical systems, the reader of this report is hereby advised that errors are possible through no fault of RMS. Furthermore, the results contained herein are subject to numerous assumptions, uncertainties and inherent limitations of any statistical analysis. The accuracy of the results presented within this report is largely dependent on the accuracy and quality of the data used by Plenum Investments Ltd. To generate the results and any additional assumptions made by Plenum Investments Ltd. RMS has not verified the authenticity, accuracy or completeness of any information or assumptions used by Plenum Investments Ltd. in generating the results. The RMS model does not predict the probabilistic occurrence of any catastrophic events. The actual loss experience is inherently unpredictable. Investors should consult their own expert advisors whose conclusions may differ from those of RMS. No model is, or could be, an exact representation of reality. The RMS model relies on various methodologies and assumptions, including assumptions about the authenticity, accuracy and completeness of historical data, some of which are subject to uncertainty, and which might not be used in models provided by other modeling firms. Furthermore, there may be material differences in the way in which these assumptions are considered by other firms. There can be no assurance that the RMS model will prove to be an accurate estimation of the risk of a reduction of the principal or notional value of or interest on any financial instruments. Accordingly, the expected loss estimates and related probabilities produced by the RMS model are themselves subject to uncertainty. RMS periodically updates its models in view of new data and other information that becomes available. RMS expressly disclaims any obligation or duty to update or correct the RMS model or any prior versions of the RMS model. As such, the RMS model may not necessarily reflect the most current models of RMS at any time. Estimates generated by such refined or modified models may materially differ from the estimates generated by the RMS model in connection with this offering. Similarly, the use of such models in lieu of the RMS model might materially alter the information, RMS does not represent Plenum Investments Ltd., investors, counterparties or their interests in any way. RMS is not engaged in the insurance, reinsurance, or related industries, and the results contained herein are not intended to constitute professional advice as to any particular situation. RMS does not sponsor, endorse, offer, sell or promote any securities, catastrophe bonds, industry loss warrants, derivatives, insurance risk transactions or other financial instruments or offerings ("financial instruments") being offered by, nor does it make any representation or warranty, express or implied, to offerees, purchasers or holders of any financial instruments regarding the advisability of investing in or entering into the financial instruments or the legality of investment in the financial instruments. RMS is not responsible for and has not participated in the determination and development of the structure or pricing of the financial instruments. The results are intended to be provided, are provided "as is," without warranty or guaranty of any kind to the investor or any other counterparties. RMS makes no representation or warranty, express or implied to investors or counterparties, as to the accuracy or completeness of the results set forth herein. The results are provided for illustrative purposes only and are not intended to provide, nor should they be interpreted as providing, any facts regarding, or any guaranty or prediction or forecast of, the likelihood that investors in or counterparties to the financial instruments will receive payment(s) thereon. Notwithstanding the analyses, estimates and assumptions set forth herein, one or more covered events could occur in any given year, resulting in a full or partial loss of the principal or notional amount of the financial instruments. RMS specifically disclaims any and all responsibilities, obligations and liability with respect to any data and information supplied to RMS by Plenum Investments Ltd. and any decisions or advice made or given as a result of the contents of this document or your use thereof. Furthermore, RMS will have no obligation or liability in connection with the financial instruments, or liability for any adverse financial result or any direct, indirect, special, punitive or consequential damages, including lost profits, whatsoever. Investors in or counterparties to the financial instruments will have no right to enforce or take actions against RMS or any other right thereunder or in connection therewith.