

AZ ESKATOS – MULTISTRATEGY ILS FUND

September 2019



INVESTOR OPPORTUNITIES

- Attractive return potential with almost no correlation to other financial investments.
- Appealing investment in an environment with low interest rates/credit spreads.
- Increasing market volume trend of insured goods, driven by economic and demographic factors, fosters growth of the ILS market.
- Offers direct access to the reinsurance market.

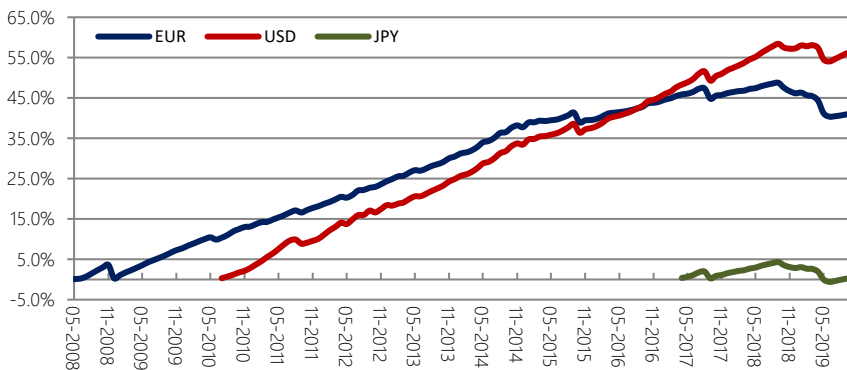
Photo: Satellite image of Hurricane Dorian just after landfall on Great Abaco Island, Bahamas, on September 1st.

INVESTMENT OBJECTIVE

AZ Eskatos - Multistrategy ILS Fund is a Luxembourg domiciled fund focused on insurance-linked securities (ILS). The main objective of the Fund is to achieve capital appreciation within defined risk parameters and to consistently provide superior risk-adjusted return over time. The Fund seeks to consider all type of insurance perils and structures, with a preference for low frequency catastrophic events. The portfolio is composed of ILS instruments traded in the primary and secondary P&C (including specialty lines) and life ILS markets, both with direct and indirect, unleveraged and leveraged, instruments. The Fund follows a "buy and hold" investment strategy and seeks to diversify by geographical area, type of peril and trigger.

HISTORICAL PERFORMANCE

Track Record Inception to Date²



Please remind: past performance is not an indicator or a guarantee of future performance.

MONTHLY PERFORMANCE AND KEY EVENTS

September performance has been equal to +0.19% (EUR shares), +0.45% (USD shares) and +0.28% (JPY shares).

The hurricane activity in the atlantic basin has been relatively low during September. This had a positive impact on cat bond prices that compensated the negative effect of the provision set aside to cover the possible impact of typhoon Faxai (see description below).

On September 1st, Hurricane Dorian made a first landfall on Great Abaco Island, northern Bahamas, as a cat 5 storm, with winds up to 295 km/h and a minimum central pressure of 911 mb, and a second one, few hours later, on Grand Bahama Island, near the same intensity. After the landfalls, its forward speed decreased, and it became nearly stationary, stalling just north of the territory with unrelenting winds for about a day. On September 3rd, after weakening to cat 2 storm, it began moving northwestward parallel to the east coast of Florida and on September 6th, it made landfall on Cape Hatteras, North Carolina, as cat 1 storm. It finally dissipated on September 10th, after striking Nova Scotia and Newfoundland, Canada, with hurricane force winds. The Bahamas was the hardest hit country, mainly due to the prolonged and intense storm conditions the area experienced, with heavy rainfall, high winds and storm surge. Initial assessments by local authorities and the Red Cross reported as many as 13,000 homes severely damaged or totally destroyed. Additional damages occurred throughout Dorian's path, although much less severe than in the Bahamas. According to RMS, the industry loss is estimated at between USD 3.5 and 6.5 billion in the Caribbean, between USD 500 million and 1.5 billion in the United States and around USD 500 million in Canada. According to AIR Worldwide, the industry loss in the Caribbean islands alone is in a range from USD 1.5 billion to 3 billion.

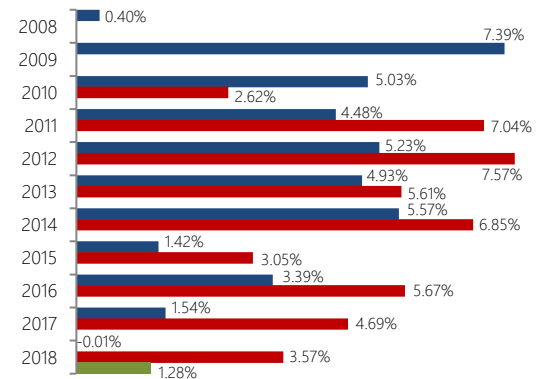
On September 9th, typhoon Faxai made landfall in Yokosuka, a southern suburb of Tokyo, Japan, as a strong category 2 storm, with winds up to 170 km/h. A few hours later, after crossing Tokyo Bay, the typhoon struck Tokyo City with the same intensity. The following day, after traversing the eastern edge of the mainland, it re-emerged into the Pacific Ocean, as a weak category 2 storm. From that point, it continued moving northeast and weakening, presenting no further danger to land. Faxai, one of the strongest landfalling typhoons to hit the Kanto region in recent times, brought high winds across southeastern Honshu, along with storm surge and heavy precipitation to coastal regions. The Japan Meteorological Agency recorded a storm surge of more than 1 meter in Mera, Chiba prefecture, and over 43 centimeters of rain in 24 hours in the city of Izu, Shizuoka prefecture. The typhoon caused widespread damages to property, auto and crops, and severe disruption to major transport networks. AIR Worldwide estimates the industry insured losses around USD 5 billion. According to the General Insurance Association of Japan, the domestic insurance industry losses are expected to reach a similar level to the ones caused by Trami in 2018, which resulted in roughly USD 2.8 billion of insured losses.

Between September 11th and 15th, prolonged and torrential rainfall, due to a stalling low-pressure system, triggered severe flooding in southeastern Spain. Valencia, Murcia and Andalusia were among the worst affected regions, with some areas receiving up to 37 centimeters of rain over the few days of the event. The heaviest rainfall recorded since a flash flood in 1879, according to the Spanish Meteorological Agency, produced widespread damages to property, auto and cultivated fields, forcing the evacuation of over 4,000 people. According to AON, the economic losses could exceed USD 1.83 billion, while the insured ones are estimated at USD 318 million. These figures are expected to rise further as the full scale of the damage is assessed.

On September 17th, heavy rainfall resulted in major flooding in areas around the city of Thessaloniki, northern Greece. According to local media, dozens of homes and businesses were flooded.

On September 26th, a strong 6.5 Mw earthquake struck Seram Island, Maluku province, Indonesia, 42 km northeast of the city of Ambon and at a depth of 18 km. According to the local disaster mitigation agency, the quake damaged or destroyed more than 6,700 structures, including several schools.

Past Calendar Year Performances^{1,2}



FUND FEATURES

Management Company:	AZ Fund Management SA
Portfolio Manager:	Andrea Siviero
ILS Analyst:	Katarsis Capital Advisors SA
Risk Consultant:	AON Global Risk Consulting
Asset Class:	Insurance Linked Securities
Fund Structure:	Mutual Fund
Launch Date:	April 2008
Domicile:	Luxembourg
Auditor:	PWC Luxembourg
Fund Administrator:	Edmond de Rothschild AM
NAV Publication:	Monthly
Reporting Sources:	Il Sole 24 Ore, Bloomberg
Custodian:	Edmond de Rothschild Europe
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Tel:	+352 266 381 4141
Fax:	+352 266 381 4142
Email:	info@eskatoscapiatl.u
Website:	www.eskatoscapiatl.u

	Accumulation	Dividend-paying
EUR Shares:	B – LU0354663808	D – LU0386610272
Management / Performance Fees	2% / 20%	2% / 20%
Subscription/Redemption Freq.	Monthly/Quarterly	Monthly/Quarterly
USD Shares:	A – LU0866065187	B – LU0866088122
Management / Performance Fees	1% / 15%	1% / 15%
Subscription/Redemption Freq.	Monthly/Half-yearly	Monthly/Half-yearly
AUD Shares:	A – LU1503971621	B – LU1503971894
Management / Performance Fees	1% / 15%	1% / 15%
Subscription/Redemption Freq.	Monthly/Half-yearly	Monthly/Half-yearly
CNH Shares:	A – LU1503971381	B – LU1503971464
Management / Performance Fees	1% / 15%	1% / 15%
Subscription/Redemption Freq.	Monthly/Half-yearly	Monthly/Half-yearly
JPY Shares:	A – LU1503972199	B – LU1503972272
Management / Performance Fees	1% / 15%	1% / 15%
Subscription/Redemption Freq.	Monthly/Half-yearly	Monthly/Half-yearly

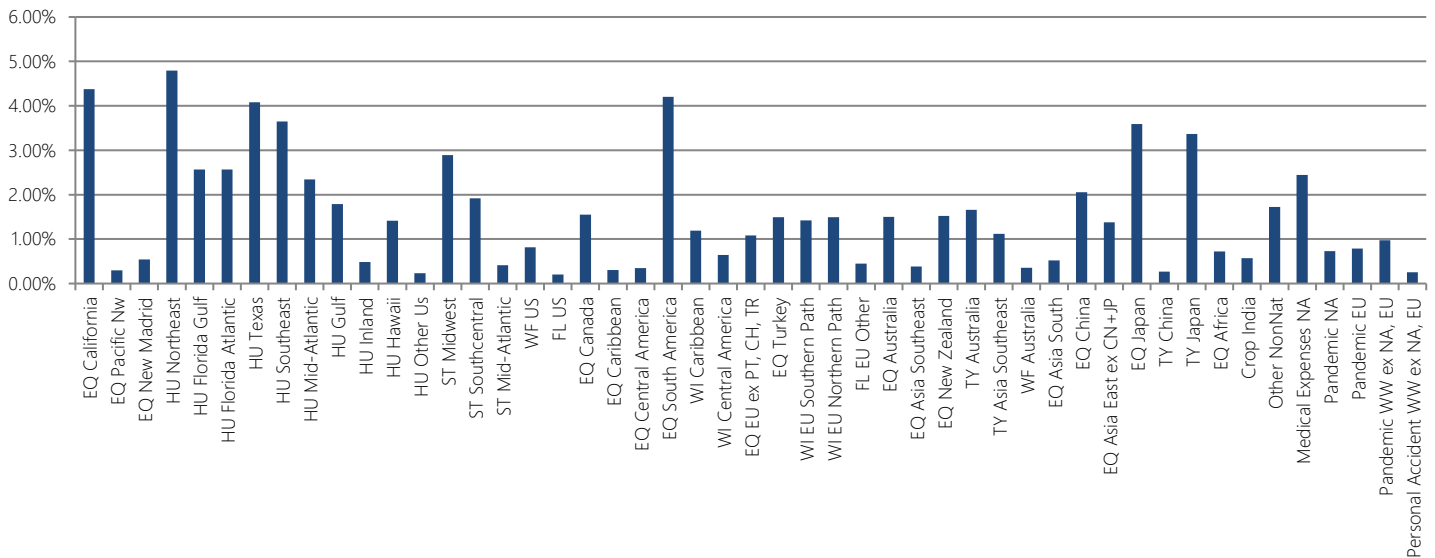
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FUND STATISTICS

Performance Summary ¹	EUR Shares	USD Shares	JPY Shares	Portfolio Risk Metrics			
1m return	0.19%	0.45%	0.28%	Annual Value at Risk 95%	-4.37%	% of positive months	87.7%
3m return	0.40%	1.31%	0.81%	Annual Value at Risk 99%	-9.51%	Leverage (Gross Method)	359%
YTD return	-3.58%	-0.77%	-2.56%	Hist. Annualized Volatility	1.88%	Leverage (Commitment Method)	267%
3 year return	-1.38%	+9.03%	Inc. 2017	Sharpe Ratio (EUR)	1.58	Number of positions	252

PORTFOLIO INFORMATION

Exposure Breakdown by Expected Loss³



Exposure Breakdown by Asset Type⁴

Collateralized Reinsurance	52.6%
Catastrophe Bonds	18.6%
Life Derivatives	2.1%
Traded Life Insurance Policies	16.5%
Cash & Cash Equivalents	10.2%

Exposure Breakdown by Business Line⁵

P&C NatCat Peak	36.8%
P&C NatCat Non-Peak	25.6%
P&C Specialty Lines	3.5%
Life	23.9%
Cash & Cash Equivalents	10.2%

1 The monthly performance rate is determined as percentage change of the monthly NAV per Share. The NAV per Share is net of all fees, with the exception of performance fees. YTD and yearly performances incorporate a full tax refund on US life settlement proceeds. The actual tax refund depends on the double-tax treaty in place between the investor's country of tax residence and the US.

2 US Dollar share classes' monthly returns from April 2010 to December 2012 are related to Eskatos Global Reinsurance ILS Fund.

3 A Bucket is defined as a combination of peril/geographic area. In this chart a position may contribute to a bucket if the share of the EL attributable to such bucket exceeds 0.2%. Excludes non-secured life business.

4 Percentages are calculated with reference to the total portfolio exposures. For the purpose of this table, exposures on longevity swaps are measured with respect to their MtM. Please note that a portion of cash and bonds have been posted as collateral securing the fund's collateralized reinsurance business and may not be readily disposable.

5 Percentages are calculated with reference to the total portfolio exposures. Life includes longevity swaps, whose exposures, for the purpose of this chart, are measured with respect to their MtM

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