

**Tenax QIAIF ICAV**

**(an umbrella type Irish collective asset management vehicle with variable capital and with segregated liability between sub-funds)**

**Financial Statements**

For the financial year ended 31 December 2020

Registration No. C168824

## Tenax QIAIF ICAV

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## Tenax QIAIF ICAV

### Management Information

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#### DIRECTORS

Frank O'Riordan (Irish resident, independent non-executive Director)  
Furio Pietribiasi (Irish resident, independent non-executive Chairman)  
Massimo Figna (British resident, non-executive Director)

#### REGISTERED OFFICE

One Custom House Plaza  
International Financial Services Centre  
Dublin 1  
Ireland

#### ADMINISTRATOR

CACEIS Ireland Limited  
One Custom House Plaza  
International Financial Services Centre  
Dublin 1  
Ireland

#### ALTERNATIVE INVESTMENT FUND MANAGER

Bridge Fund Management Limited  
Ferry House  
48-53 Mount Street Lower  
Dublin 2  
Ireland

#### COMPANY SECRETARY

Tudor Trust Limited  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### LEGAL ADVISERS

Dillon Eustace  
33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

#### DEPOSITARY

CACEIS Bank, Ireland Branch  
One Custom House Plaza  
International Financial Services Centre  
Dublin 1  
Ireland

#### INVESTMENT MANAGER

Tenax Capital Limited  
Dominican House  
4 Priory Court  
Pilgrim Street  
London EC4V 6DE  
United Kingdom

#### INDEPENDENT AUDITOR

Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
29 Earlsfort Terrace  
Dublin 2  
Ireland

## Tenax QIAIF ICAV

### Directors' Report

For the financial year ended 31 December 2020

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The Board of Directors (the "Directors") present their annual report and audited financial statements of Tenax QIAIF ICAV (the "ICAV") for the financial year ended 31 December 2020.

### Principal activities

The ICAV is an umbrella-type Irish collective asset management vehicle with variable capital and segregated liability between sub-funds registered in Ireland with the Central Bank on May 19, 2017 with registration number C168824 and authorised by the Central Bank, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and is authorised to be marketed solely to Qualifying Investors pursuant to the AIF Rulebook/NU Notices (as amended) issued by the Central Bank.

The ICAV currently has three authorised Sub-Fund's at 31 December 2020, TENAX PMI Fund ("PMI Fund") which launched 24 May 2018, TENAX Italian Credit Fund ("Italian Credit Fund") which launched 30 April 2019 and the TENAX European Credit Fund ("European Credit Fund") which launched 28 November 2019 (collectively known as the "Sub-Funds").

The investment objectives of the PMI Fund and the Italian Credit Fund are to achieve total rates of return, principally through current yield and capital appreciation. As part of their strategy, the Sub-Funds will seek to capitalise on opportunities arising from the emerging asset class represented by medium to long-term maturity direct financing or credit to the small and medium sized enterprise sector ("SME") in Italy. For the avoidance of doubt, the Sub-Funds might not be exclusively invested in Italian assets at any one time.

The investment objective of the European Credit Fund is to achieve current income and long term capital appreciation. As part of the Funds strategy, the fund will aim to deliver current income and long term capital appreciation through investing predominantly in non-bank financing in the form of non-distressed (a) senior or unitranche (secured or unsecured) loan notes and/or bonds and (b) subordinated securities, quasi-equity and hybrid debt instruments issued by Portfolio Companies, as defined below. The Fund may also invest in such instruments for such purposes as described under the heading "Cash Management and Efficient Portfolio Management Purposes" below. The European Credit Fund shall not invest in bank financing.

The Sub-Funds will be managed in accordance with the above investment objectives and policies during the Investment Period and thereafter subject to the Sub-Funds':

- (i) investment and reinvestment policy
- (ii) distribution policy
- (iii) redemption and return of capital policy.

### Investment Periods

#### PMI Fund

The Investment Period commenced on the Business day immediately following the Initial Offer Period and will end on the third anniversary of the end of the Initial Offer Period. Following the expiry of the Investment Period, the Sub-Fund will be managed with the objective of realising its underlying investments and returning the net proceeds of realisation to Shareholders within a period of three years of the end of the Investment Period subject to the possibility of up to two one year extensions at the sole and absolute discretion of the Directors upon notice to Shareholders, in order to allow the Sub-Funds sufficient time to liquidate the remainder of its portfolio in an orderly manner in the best interests of Shareholders.

#### Italian Credit Fund

The Sub-Fund is a successor fund to Tenax Italian Credit Fund Plc (see Note 1 for further details). The Tenax Italian Credit Fund Plc's investment period ended on 27 November 2018 and following the expiry of the investment period, the Tenax Italian Credit Fund Plc was to be managed with the objective of realizing its underlying investments and returning net proceeds of realization to its shareholders within a period of four years to the end of its investment period, i.e. 27 November 2022. Following transfer to the Italian Credit Fund, the objective remains to return all proceeds to Shareholders by 27 November 2022.

## **Tenax QIAIF ICAV**

### **Directors' Report (continued)**

For the financial year ended 31 December 2020

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#### **European Credit Fund**

The Investment Period will run from the First Closing Date and will end at the earlier of (i) the fourth anniversary of the First Closing Date (provided always that the Investment Period may be extended for a further one year period with the consent of the Advisory Board); or (ii) at the discretion of the Investment Manager provided that at least 80% of total Capital Commitments have been invested; or (iii) the first closing date of a successor fund. The Management Fee that applies during any extension of the Investment Period shall be the same as the one applicable immediately following the expiry of the Investment Period.

#### **Results for the financial period and state of affairs as at 31 December 2020**

For a detailed commentary on the results for the financial period ended 31 December 2020 and the state of affairs of the Sub-Funds as at 31 December 2020 see the Investment Manager's Reports on pages 8 to 10. At the financial period end, the Tenax QIAIF ICAV's Net Assets Attributable to Shareholders (the "Shareholders") amounted to EUR 130,816,560 (31 December 2019: EUR 110,531,395).

There were dividend payments of EUR 1,541,644 for the PMI Fund, EUR Nil for the Italian Credit Fund and EUR Nil for the European Credit Fund during the financial period ended 31 December 2020 (31 December 2019: EUR 593,837 for the PMI Fund, EUR 750,000 for the Italian Credit Fund and EUR Nil for the European Credit Fund).

#### **Business review**

The business of the ICAV is reviewed in detail in the Investment Manager's Reports on pages 8 to 10.

#### **Future developments**

The Sub-Funds will continue to pursue their investment objective as outlined in Note 1 on page 25 of the financial statements.

#### **Principal risks and uncertainties**

Principal risks and uncertainties facing the Sub-Funds relate to the financial instruments held by the Sub-Funds. These risks are set out in Note 6 to the financial statements.

#### **Going concern**

The financial statements have been prepared on the basis that the ICAV is able to continue as a going concern, including the ability to meet its obligations in the ordinary course of business, and the Directors are not aware of any significant information to the contrary.

#### **Disclosure of information to the Independent Auditor**

The Directors confirm that:

- As far as the Directors are aware, there is no relevant audit information of which the ICAV's Independent Auditor is unaware; and
- The Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the ICAV's Independent Auditor is aware of that information.

## **Tenax QIAIF ICAV**

### **Directors' Report (continued)**

For the financial year ended 31 December 2020

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#### **Directors, Company Secretary and their interests**

The Directors and the Company Secretary of the ICAV at the date of this report are disclosed on page 1.

Neither the Directors nor the Company Secretary had any beneficial interest in the share capital of the Sub-Fund during the financial period ended 31 December 2020.

Transactions with Related Parties are disclosed in Note 8.

#### **Connected persons transactions**

At 31 December 2020, the Directors are satisfied that: (i) there are arrangements in place, to ensure that the obligations set in paragraph 1 of section 1.viii of the AIF Rulebook, 'Dealings by management company, general partner, depositary, AIFM, IM or by delegates or group of these of this Part' are applied to all transactions with connected parties; (ii) and that transactions with connected parties entered into during the year complied with the obligations set out in that paragraph.

#### **Distribution**

There were dividend payments of EUR 1,541,644 for the PMI Fund, EUR Nil for the Italian Credit Fund and EUR Nil for the European Credit Fund during the financial year ended 31 December 2020 (31 December 2019: EUR 593,837 for the PMI Fund, EUR 750,000 for the Italian Credit Fund and EUR Nil for the European Credit Fund).

#### **Significant events during the year**

The Board has considered the general impact resulting from the spread of a coronavirus known as COVID19 on the ICAV and has ongoing engagement with its delegates. The delegates have invoked their Business Continuity Plans (BCPs) which are operating effectively allowing the ICAV to continue to service its client base. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty.

The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers. The Board continues to closely monitor market conditions taking into account any changes in liquidity or other market volatility and/or restrictions.

The Directors have evaluated events that have occurred during the financial year ended 31 December 2020 and determined that no other events have occurred that would require recognition or additional disclosures in the financial statements.

#### **Events after the year end date**

On 1 February 2021, the Directors approved a capital distribution of EUR 3,300,000 and a cash dividend of EUR 647,686 to all shareholders on record of the Tenax Italian Credit Fund.

The supplements for each of the Sub-Funds were amended by way of addendum on 4 March 2021 which incorporated required Sustainable Finance Disclosure Regulation disclosures.

The Tenax Investments Maio 2021, an additional Sub-Fund of the ICAV, was approved by the Central Bank of Ireland with effect from 4 May 2021.

The Directors have evaluated events that have occurred up to the date of approval of the financial statements and determined that no other events have occurred that would require recognition or additional disclosures in the financial statements.

#### **Adequate accounting records**

The Directors believe that they have complied with the requirements of the ICAV Act 2015 with regard to the accounting records by employing accounting personnel with the appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Sub-Fund are maintained by CACEIS Ireland Limited (the "Administrator").

## **Tenax QIAIF ICAV**

### **Directors' Report (continued)**

For the financial year ended 31 December 2020

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#### **Independent Auditor**

Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, has indicated its willingness to continue to act as the ICAV's auditor in accordance with Section 125(2) of the ICAV Act 2015.

## Tenax QIAIF ICAV

### Directors' Report (continued)

For the financial year ended 31 December 2020

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### Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations.

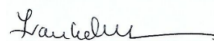
The Irish Collective Asset-management Vehicles Act 2015 (the "ICAV ACT") requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS), as permitted by Section 116(4) of the ICAV Act 2015 and applicable law.

The financial statements are required to give a true and fair view of the assets, liabilities and financial position of the ICAV and of its changes in net assets attributable to shareholders for that financial year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and estimates that are reasonable and prudent; and
- state whether they have been prepared in accordance with IFRS; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

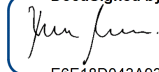
The Directors are responsible for ensuring that the ICAV keeps or caused to be kept adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the ICAV and enable them to ensure that the financial statements comply with the ICAV Act 2015. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the ICAV. In this regard, the Directors have entrusted the assets of the ICAV to a depositary for safe-keeping. And within the European Communities (Undertakings for collective investment in transferable securities) Regulations, 2011 and Central Bank (Supervision and enforcement) Act 2013 (Section 48(1)) (Undertaking for collective investment in transferable securities) Regulations, 2015 (as amended) and enable the accounts to be readily and properly audited. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the ICAV Act 2015.

Signed on behalf of the Board of Directors:



Frank O'Riordan  
Director

DocuSigned by:



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Furio Pietribiasi  
Director

Date: 17 June 2021



## **Tenax QIAIF ICAV**

### **Statement of Corporate Governance**

For the financial year ended 31 December 2020

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#### **(a) General Requirements**

The ICAV is subject to the requirements of the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act 2015”), and the Central Bank’s AIF Rulebook. The ICAV is subject to corporate governance practices imposed by:

- (i) the ICAV Act 2015 which can be obtained from the Irish statute book website at [www.irishstatutebook.ie](http://www.irishstatutebook.ie) and are available for inspection at the registered office of the ICAV;
- (ii) the Instrument of Incorporation of the ICAV (the “Instrument”) which may be obtained at the ICAVs Registration Office in Ireland and is available for inspection at the registered office of the ICAV;
- (iii) The Central Bank’s AIF Rulebook

In addition to the above, the ICAV has adopted the Irish Funds Corporate Governance Code for Collective Investment Schemes and Management Companies (the “IF Code”). The Board has put in place a framework for corporate governance which it believes is suitable for an ICAV with variable capital and which enables the ICAV to comply voluntarily with the requirements of the IF Code, which sets out principles of good governance and a code of best practice.

#### **(b) Board of Directors**

In accordance with the ICAV Act 2015 and the Instrument unless otherwise determined by an ordinary resolution of the ICAV in general meeting, the number of Directors may not be less than two. The Board of Directors (the “Board”) currently comprises of three Directors. Details of the current Directors are set out in the “Management Information” section on page 1, under the heading “Directors”.

The Board has delegated management of the ICAV to certain delegate service providers. These delegate service providers are set out in the “Management Information” section on page 1.

Board materials, including a detailed agenda of items for consideration at each Board meeting, minutes of the previous meeting and reports from various internal and external stakeholders, including delegate service providers, are generally circulated in advance of the meeting to allow all Directors adequate time to consider the material.

#### **(c) Internal Control and Risk Management Systems in Relation to Financial Reporting**

The Board is responsible for establishing and maintaining adequate internal control and risk management systems of the ICAV in relation to the financial reporting process. The Board has entrusted the administration of the accounting records to an independent administrator, CACEIS Ireland Limited (the “Administrator”). The Board, through delegation to the Administrator, has put in place a formal procedure to ensure that adequate accounting records for the ICAV are properly maintained and are readily available, and includes the procedure for the production of audited annual financial statements for the ICAV. The annual financial statements of the ICAV are prepared by the Administrator and presented to the Board for approval, prior to applicable filing such as with the Central Bank.

From time to time, the Board will examine and evaluate the Administrator’s financial accounting and reporting routines, and will monitor and evaluate the Auditors’ performance, qualifications and independence.

## Tenax QIAIF ICAV

### Investment Manager's Report - PMI Fund

For the Financial year ended 31 December 2020

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The fund's private debt portfolio to date includes a total of six transactions for a cumulative invested amount of €40.8 million (or around 41% of assets under management, gross of redemptions) in a total of seven Italian SMEs, with performing interest rates averaging 7.0% and an average S&P/Moody's-equivalent rating of BB+.

The investments are mainly senior and guaranteed by corporate assets, in addition to benefiting from the EIF guarantee (with coverage ranging from 50% to 80%). Monitoring by the team is continuous, with strict control and monitoring over covenants and KPIs of the companies. Low volatility and attention to downside protection, linked to the very nature of the structured investments, have made it possible to mitigate the negative effects of the Covid-19 pandemic on portfolio companies, already discounted by the fund (with prudential provisions made during the last quarter of the year). The origination, screening and structuring activities of new private debt investments continue, involving SMEs mainly active in sectors that have proved to be particularly resilient in the current market context.

The year opened on an optimistic tone with spreads heading to historical tights. The Covid-19 outbreak has then become the dominating theme, in the form of a global sharp sell-off first across IG and HY, followed by a gradual and steady recovery driven by fiscal and monetary support and developments on the vaccine side. Investment grade paper finished the year at pre-covid level as central banks maintained and increased their purchasing capacity, while high yield were still trading wider as there were still concerns over the pandemic impact on smaller and weaker firms. The impact on the liquid component of the PMI fund was fractional compared to the broader markets, primarily because of the relatively short duration and large portion of high quality issuers. Wider spreads in Q2 represented an opportunistic favourable entry point to gain exposure to investment grade and the higher rated high yield, as the risk return profile of the market was among the most attractive of recent times.

Italian SMEs have been affected by the pandemic both in terms of reduction in turnover and margins (on average -20% and -15%, respectively), with the average one-year default rate standing at approx. 6.3% (compared to 4.5% at the end of 2019) - according to Cerved Rating Agency data. The recovery of business activities continues, although still remaining in a context of uncertainty mainly linked to the speed of execution of the vaccination plan, expected to be fully implemented by 3Q2021. The government measures adopted to tackle the crisis throughout 2020 have partly mitigated the capital losses of Italian SMEs, increasing, however, the overall debt exposure and bringing the average levels of corporate debt back to those of 2010, after ten years of sustained de-leveraging. The banking sector in particular supported the companies both through the granting of moratoria and through the provision of guaranteed loans (mainly through the Fondo di Garanzia per le PMI and SACE, now both extended to June 2021), with bank funding growing steadily throughout the year.

The TPMI fund portfolio companies have been impacted by the lockdown restrictions to different extents. More severely impacted by Covid-19 outbreak are cyclical sectors (i.e. retail, discretionary spend and restaurants) and fundamentally challenged are sectors, such as autos, media and telecom. More in particular, as of the 30th of November we note that we prudentially provisioned about EUR 1.6 million to account for potential losses arising as a negative impact of Covid-19 on some of our issuers.

The provisions have been largely offset by proceeds from underwriting fees on newly subscribed bonds in the same month (Aqua Vera) and capital gains on early reimbursed bonds (Ecopol). Two firms in particular have required thorough attention given their exposure to pandemic-affected sectors. Other additional factors impacting the funds' portfolio companies' performance are the "non-essential" business closures and "social distancing" restrictions put in place along with declines in consumer and business discretionary spending, given the sharp economic contraction and unprecedented job losses; however mitigated by the amount of support companies have received from the Italian government.

## **Tenax QIAIF ICAV**

### **Investment Manager's Report – Italian Credit Fund**

For the Financial year ended 31 December 2020

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TICF is a credit fund closed to new investments with final maturity November 28, 2022. The Fund collected ca. €52.23M total commitments at the end of the subscription period (December 2016). As of December 2020, the Fund's total invested capital (net of any write-off) is at €10.50M, for NAV at €17.77M. Capital distributions and dividends to date have totalled €35.0M and €2.42M. YE2020 outstanding cash at €7.8M (including both the return of capital of €3.3M and dividend of €0.7M, both distributed in January, 2021). The Fund is currently invested in five positions, mostly senior secured bonds (i.e., no loans or equity or equity-like investments), secured by assets (except for HDI) and mostly also covered by the InnovFin Guarantee offered by the European Investment Fund (covering up to 50% losses), with the only notable exception being the position held in Giplast S.p.A., currently in default and written off as of today by 75%.

Italian SMEs have been affected by the pandemic both in terms of reduction in turnover and margins (on average -20% and -15%, respectively), with the average one-year default rate standing at approx. 6.3% (compared to 4.5% at the end of 2019) - according to Cerved Rating Agency data. The recovery of business activities continues, although still remaining in a context of uncertainty mainly linked to the speed of execution of the vaccination plan, expected to be fully implemented by 3Q2021.

The government measures adopted to tackle the crisis throughout 2020 have partly mitigated the capital losses of Italian SMEs, increasing, however, the overall debt exposure and bringing the average levels of corporate debt back to those of 2010, after ten years of sustained de-leveraging. The banking sector in particular supported the companies both through the granting of moratoria and through the provision of guaranteed loans (mainly through the Fondo di Garanzia per le PMI and SACE, now both extended to June 2021), with bank funding growing steadily throughout the year.

The TICF' portfolio companies have been impacted by the lockdown restrictions to different extents. More severely impacted by Covid-19 outbreak are cyclical sectors (i.e. retail, discretionary spend and restaurants) and fundamentally challenged are sectors, such as autos, media and telecom. Within TICF portfolio exposure to F&B distribution for the Horeca sector and fashion retail have been the most affected by the pandemic, resulting in covenants tests breaches and the granting by fund of some waivers and standstill that have been managed to the extent of maximizing our support to the portfolio companies.

# TENAX EUROPEAN CREDIT FUND

IM Report December 2020

## FUND OBJECTIVE

Tenax European Credit Fund ("TECF") is a sub-fund of Tenax QIAIF ICAV (the "ICAV"). The ICAV is an umbrella Irish collective asset management vehicle with variable capital and segregated liability between sub-funds registered with and authorised by the Central Bank of Ireland. TECF is a credit fund with an investment strategy focused on originating and acquiring loans and bonds to Northern European small and medium enterprises (SMEs), trying to achieve a high degree of downside protection and reduced volatility. A risk reduction strategy is pursued through thorough diversification, with single positions not exceeding 10% of the total portfolio. TECF predominantly invests in instruments issued by companies characterized by stability of cash flows, with well-defined, defensible market positions, guided by valid corporate leadership.

## Performance Review

The Fund had its first closing on 28 November 2019 and made its first investment on 9 March 2020. As of 31/12/2020 the Fund held three investments with total original costs of €14.45m.

€16,830,564 (26% of TECF's fund size) have been called from investors as at the end of December 2020 with a total number of 18,987.78 units having been issued to investors. Available net liquidity was €1.4 million at the December 2020 month end. The Fund has paid management fees in the amount of €922,500 for the year 2020.

As of 31/12/2020 investment income and unrealised portfolio gains since inception were €516,221 and €239,399, respectively with net assets standing at €16,407,369.

## Net Asset Value per Share

Class	Value (end of December 2020)
Class A Distributing Shares	864.2735
Class A Accumulating Shares	not issued

## Forward Looking Portfolio Activity

As at the end of February 2021 TECF's Investment Committee had approved one further investment in the total amount of €5.0 million. This investment is expected to close on or around 31 March 2021. Furthermore, the Fund has disbursed a top-up on one of its investments of 2020 in the total amount of €1.4m in January 2021. Additionally, the Fund has committed a top-up of £500,000 on one of its existing investments made in 2020 which is expected to be disbursed by end of June 2021.

The team expects continued pricing uncertainties particularly in the higher leveraged LBO transactions for the coming 6 months due to the further wave of Covid-19 lockdowns. The team expects re-pricings of secondary transactions to accelerate through 2Q21 once the financial impact of the lockdowns on companies' results will become visible in covenant compliance reviews based on FY20 figures.

The team expects that buy-opportunities in the secondary market on the back of potential covenant resets and sales pressure by vintage funds will arise towards summer. The team continues to progress on current transactions and to analyse new ones with a focus on lower leveraged transactions in industries that continue to be resilient to the Covid-19 lockdowns.

Fund structure and key terms	
Fund inception	1 August 2019
First Closing	28 November 2019
Fund domicile / legal status	Sub Fund of Irish QIAIF ICAV
Size	€64.3 million
Administrator	CACEIS Ireland Limited
Depository	CACEIS Bank, Ireland Branch
Auditors	Deloitte
Legal advisers	Dillon Eustace
Alternative Investment Fund Manager	Bridge Fund Management Limited
Investment Manager	Tenax Capital Limited
Share Classes	Class A Distributing Shares Class A Accumulating Shares
Fund Type	Closed-end fund
Investment Period	4 years, with possible one one-year extension
Harvesting Period	3 years, with possible two one-year extensions
Reinvestment	During the first 4 years

## **Tenax QIAIF ICAV**

### **Report of the Depositary to the Shareholders (Unaudited)**

For the financial year ended 31 December 2020

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We, CACEIS Bank, Ireland Branch, appointed Depositary to Tenax QIAIF ICAV (the "ICAV") provide this report solely for the Shareholders of the ICAV for the financial period ended 31 December 2020 (the "Accounting Period"). This report is provided in accordance with current Depositary Regulations. We do not, in the provision of this report, accept nor assume responsibility for any other purpose or to any other person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired into the conduct of the Bridge Fund Management Limited (the "AIFM") for this Accounting Period and we hereby report thereon to the Shareholders of the ICAV as follows;  
We are of the opinion that the ICAV has been managed during the Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.

CACEIS Bank, Ireland Branch  
CACEIS Bank, Ireland Branch

17 June 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TENAX QIAIF ICAV

### Report on the audit of the financial statements

#### Opinion on the financial statements of Tenax QIAIF ICAV (the 'ICAV')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the ICAV as at 31 December 2020 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and in particular with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Net Assets to Holders of Redeemable Participating Shares;
- the Statement of Cash Flows; and
- the related notes 1 to 18, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in their preparation is the Irish Collective Asset-management Vehicles Act 2015 ("the ICAV Act") and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The applicable regulations that have been applied in their preparation is the European Union (Alternative Investment Fund Managers) Regulations 2013 (as amended) and the Commission Delegated Regulation (EU) No.231/2013 ("the applicable Regulations").

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the ICAV in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Summary of our audit approach

Key audit matters	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Valuation of Financial Assets at Fair Value through Profit or Loss.</li> <li>• Valuation of Loans at Amortised Cost</li> </ul>
Materiality	<p>The materiality that we used in the current year was 1% of average net assets for each sub-fund.</p>
Scope	<p>The ICAV is an umbrella-type Irish collective asset management vehicle with variable capital and segregated liability between sub-funds registered in Ireland with the Central Bank on May 19, 2017 and authorised by the Central Bank, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and is authorised to be marketed solely to Qualifying Investors pursuant to the AIF Rulebook/NU Notices (as amended) issued by the Central Bank.</p> <p>Our audit is a risk-based approach taking into account the structure of the Entity, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the Entity operates.</p>

## Conclusions relating to going concern

Our evaluation of management's assessment of the ICAV's ability to continue to adopt the going concern basis of accounting included:

- As part of our risk assessment procedures, we obtained an understanding of the relevant controls in place regarding going concern.
- We challenged the reasonableness of the key assumptions applied by management in their assessment.
- We held discussions with management on the going concern assessment, the future plans for the ICAV and the feasibility of those plans.
- We reviewed all board meeting minutes during the period up to the date of approval of the financial statements, for evidence of any discussions and/or decisions that could impact the ICAV's ability to continue as a going concern.
- We reviewed the capital activity and Net Asset Value movements subsequent to the financial year end.
- We assessed the adequacy of the relevant going concern disclosures made in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ICAV's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of Financial Assets at Fair Value Through Profit or Loss

#### Key audit matter description



For the financial year ended 31 December 2020 the financial assets at fair value through profit or loss are €64,570,001, representing 49% of total net assets of €131,460,596 of the ICAV. The valuation of financial assets at fair value through profit or loss are considered a key audit matter as financial assets at fair value through profit or loss represents a significant balance on the Statement of Financial Position.

There is a risk that financial assets at fair value through profit or loss are valued incorrectly, inappropriate valuation methodology applied and the use of inappropriate assumptions could result in the valuation being materially misstated.

Refer also to note 2 and 4 in the financial statements.

#### How the scope of our audit responded to the key audit matter



We have performed the following audit procedures:

- We obtained the Caceis Ireland Limited ISAE 3402 Report in order to gain an understanding and evaluate the design, implementation and operating effectiveness of key controls over the valuation process for financial assets at fair value through profit or loss; and
- We independently obtained market prices for each of the investments held and compared the independent price obtained to the price recorded in the investment portfolio.

### Valuation of Loans at Amortised Cost

#### Key audit matter description



For the financial year ended 31 December 2020 the loans at amortised cost are €54,612,762 representing 42% of total net assets of €131,460,596 of the ICAV. The loans at amortised cost are considered a key audit matter as Loans at Amortised Costs represents a significant balance on the Statement of Financial Position.

There is a risk that loans at amortised cost are valued incorrectly, inappropriate valuation methodology applied and the use of inappropriate assumptions could result in the valuation being materially misstated.

Refer also to note 2 and 4 in the financial statements.

## How the scope of our audit responded to the key audit matter



We have performed the following audit procedures:

- We completed a walkthrough and assessed the design of the controls in place in relation of the valuation of loan assets;
- We obtained an understanding of the valuation methodology adopted for loan positions and consider this against the requirements of IFRS;
- We obtained and reviewed supporting documentation for each loan position including loan agreements and related amendments supporting the amortised cost calculation;
- We obtained the additional calculations prepared by the investment manager to assess the expected credit loss (ECL) for each position as required under IFRS 9; and
- We reviewed documentation supporting the key assumptions within the ECL calculation including the probability of default and loss given default.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

## Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the ICAV to be 1% of average net assets. We have considered the average net assets to be the critical component for calculating materiality because the main objective of the company is to provide investors with a total return. We have considered quantitative and qualitative factors such as understanding the company and its environment, history of misstatements, complexity of the company and reliability of the control environment.

We agreed with the Board of directors (the “Board”) that we would report to the Board any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

Our audit is a risk based approach taking into account the structure of the ICAV, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the company operates. The ICAV is an umbrella-type Irish collective asset management vehicle with variable capital and segregated liability between sub-funds registered in Ireland with the Central Bank on May 19, 2017 with registration number C168824 and authorised by the Central Bank, pursuant to Part 2 of the Irish Collective Asset-management Vehicles Act, 2015 and is authorised to be marketed solely to Qualifying Investors pursuant to the AIF Rulebook/NU Notices (as amended) issued by the Central Bank. We have conducted our audit based on the books and records maintained by the administrator Cacies Ireland Limited, One Custom House Plaza, International Financial Services Centre, Dublin 1, Ireland.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the Audited Financial Statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of directors

As explained more fully in the Directors’ Responsibilities Statement, the directors are responsible for the preparation and fair presentation of the financial statements in accordance with the relevant financial reporting framework, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the directors are responsible for assessing the ICAV's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the ICAV's financial reporting process.

## Auditor's responsibilities for the audit of the financial statements

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Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may be reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the ICAV's shareholders, as a body, in accordance with Section 120(1)(b) of the ICAV Act. Our audit work has been undertaken so that we might state to the ICAV's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICAV and the ICAV's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## Report on other legal and regulatory requirements

### Matters on which we are required to report by the ICAV Act and the applicable Regulations

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In our opinion, the information given in the directors' report is consistent with the annual accounts and the directors' report has been prepared in accordance with the ICAV Act.

## Matters on which we are required to report by exception

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Based on the knowledge and understanding of the ICAV and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the ICAV Act which require us to report to you if, in our opinion, the disclosures of directors' remuneration specified by the ICAV Act are not made.

## Opinion on other matters prescribed by the applicable Regulations

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Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the ICAV were sufficient to permit the annual accounts to be readily and properly audited.
- The annual accounts are in agreement with the accounting records.



Glenn Gillard  
For and on behalf of Deloitte Ireland LLP  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland


25 June 2021

**Tenax QIAIF ICAV****STATEMENT OF FINANCIAL POSITION**

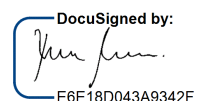
As at 31 December 2020

		Tenax PMI Fund	Tenax Italian Credit Fund	Tenax European Credit Fund
		31 December 2020	31 December 2020	31 December 2020
	Note	EUR	EUR	EUR
<b>Assets</b>				
Financial assets at fair value through profit or loss	4	60,631,001	-	3,939,000
Financial assets at amortised cost	4	33,992,350	10,034,444	10,585,968
<b>Non-current assets</b>		<b>94,623,351</b>	<b>10,034,444</b>	<b>14,524,968</b>
Cash and cash equivalents	3	945,906	2,624,906	1,432,228
Loan redemption receivable		-	5,452,993	-
Investment management fee prepayment		-	-	157,500
Other assets		-	23,424	73,647
Interest receivable		1,327,518	21,509	218,202
<b>Current assets</b>		<b>2,273,424</b>	<b>8,122,832</b>	<b>1,881,577</b>
<b>Total assets</b>		<b>96,896,775</b>	<b>18,157,276</b>	<b>16,406,545</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss	4	-	-	52,747
Investment management fee payable	8	80,267	21,546	-
Manager's fee payable	8	3,286	601	558
Due to Investment Manager		-	312,002	-
Accrued expenses	10	85,640	64,567	22,822
<b>Current liabilities</b>		<b>169,193</b>	<b>398,716</b>	<b>76,127</b>
<b>Total liabilities excluding net assets attributable to shareholders</b>		<b>169,193</b>	<b>398,716</b>	<b>76,127</b>
<b>Net assets attributable to shareholders</b>		<b>96,727,582</b>	<b>17,758,560</b>	<b>16,330,418</b>

Signed on behalf of the Board of Directors:


Frank O'Riordan  
Director

DocuSigned by:



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Furio Pietriabasi  
Director

Date 17 June 2021

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		Tenax PMI Fund	Tenax Italian Credit Fund	Tenax European Credit Fund
		31 December 2019	31 December 2019	31 December 2019
	Note	EUR	EUR	EUR
<b>Assets</b>				
Financial assets at fair value through profit or loss	4	33,655,107	-	-
Financial assets at amortised cost	4	12,850,000	17,522,292	-
<b>Non-current assets</b>		<b>46,505,107</b>	<b>17,522,292</b>	<b>-</b>
Cash and cash equivalents	3	36,672,846	8,423,336	1,689,821
Investment management fee prepayment		-	-	150,000
Other assets		31,468	14,378	-
Interest receivable		568,629	87,743	-
<b>Current assets</b>		<b>37,272,943</b>	<b>8,525,457</b>	<b>1,839,821</b>
<b>Total assets</b>		<b>83,778,050</b>	<b>26,047,749</b>	<b>1,839,821</b>
<b>Liabilities</b>				
Bank overdraft	3	-	1	-
Distribution payable		-	750,000	-
Investment management fee payable	8	57,734	29,595	-
Manager's fee payable	8	28,737	2,284	82
Due to Investment Manager		-	312,002	-
Accrued expenses	10	60,760	62,211	386
<b>Current liabilities</b>		<b>147,231</b>	<b>1,156,093</b>	<b>468</b>
<b>Total liabilities excluding net assets attributable to shareholders</b>		<b>147,231</b>	<b>1,156,093</b>	<b>468</b>
<b>Net assets attributable to shareholders</b>		<b>83,630,819</b>	<b>24,891,656</b>	<b>1,839,353</b>

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

		Tenax PMI Fund for the financial year end 31 December 2020	Tenax Italian Credit Fund for the financial year end 31 December 2020	Tenax European Credit Fund for the financial year end 31 December 2020
	Note	EUR	EUR	EUR
<b>Income</b>				
Net (loss)/gain from financial instruments at fair value through profit or loss		(2,687,549)	-	313,828
Net (loss) from financial instruments at amortised cost		-	(525,000)	-
Interest income on financial instruments at fair value through profit or loss		3,756,414	-	308,519
Interest income on financial instruments at amortised cost		82,153	1,318,800	35,556
Interest income		20,150	-	70,139
Other Income		-	21,564	39,102
<b>Net investment income</b>		<b>1,171,168</b>	<b>815,364</b>	<b>767,144</b>
<b>Operating Expenses</b>				
Investment management fee	8	910,809	250,023	918,750
Manager's fee	8	37,004	6,561	3,916
Other expenses	13	528,792	182,417	155,871
<b>Total operating expenses</b>		<b>1,476,605</b>	<b>439,001</b>	<b>1,078,537</b>
<b>Finance Cost</b>				
Distributions	7	(1,541,644)	-	-
Interest expense		(50,705)	(9,459)	(26,279)
Withholding tax		(5,450)	-	-
<b>Total finance costs</b>		<b>(1,597,799)</b>	<b>(9,459)</b>	<b>(26,279)</b>
(Decrease)/Increase in net assets attributable to shareholders		(1,903,236)	366,904	(337,672)

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

		Tenax PMI Fund for the financial year end 31 December 2019	Tenax Italian Credit Fund for the financial period from 30 April 2019* to 31 December 2019	Tenax European Credit Fund for the financial period from 28 November 2019* to 31 December 2019
	Note	EUR	EUR	EUR
<b>Income</b>				
Net gain from financial instruments at fair value through profit or loss		476,254	-	-
Net gain from financial instruments at amortised cost		-	415,390	-
Interest income on financial instruments at fair value through profit or loss		1,180,858	-	-
Interest income on financial instruments at amortised cost		135,625	1,057,782	-
Interest income		197,584	-	-
<b>Net investment income</b>		<b>1,990,321</b>	<b>1,473,172</b>	<b>-</b>
<b>Operating Expenses</b>				
Investment management fee	8	579,263	325,500	75,000
Manager's fee	8	35,079	8,556	82
Other expenses	13	346,376	238,745	83,486
<b>Total operating expenses</b>		<b>960,718</b>	<b>572,801</b>	<b>158,568</b>
<b>Finance Cost</b>				
Distributions	7	(593,837)	(750,000)	-
Interest expense		(109,039)	(25,784)	(1,279)
Withholding tax		(319)	-	-
<b>Total finance costs</b>		<b>(703,195)</b>	<b>(775,784)</b>	<b>(1,279)</b>
Increase/(Decrease) in net assets attributable to shareholders		326,408	124,587	(159,847)

\*Launch date of the Sub-Fund.

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the financial year ended 31 December 2020

	Tenax PMI Fund for the financial year end 31 December 2020 EUR	Tenax Italian Credit Fund for the financial year end 31 December 2020 EUR	Tenax European Credit Fund for the financial year end 31 December 2020 EUR
Net assets attributable to shareholders at beginning of the financial year	83,630,819	24,891,656	1,839,353
Proceeds from issue of shares	15,000,000	-	14,828,737
Payments on redemption of shares	-	(7,500,000)	-
(Decrease)/Increase in net assets attributable to shareholders	(1,903,237)	366,904	(337,672)
Net assets attributable to shareholders at end of financial year	96,727,582	17,758,560	16,330,418

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the financial year ended 31 December 2019

	Tenax PMI Fund for the financial year end 31 December 2019	Tenax Italian Credit Fund for the financial period from 30 April 2019* to 31 December 2019	Tenax European Credit Fund for the financial period from 28 November 2019* to 31 December 2019
	EUR	EUR	EUR
Net assets attributable to shareholders at beginning of the financial period	50,131,540	-	-
Proceeds from issue of shares	33,172,871	46,767,069	1,999,200
Payments on redemption of shares	-	(22,000,000)	-
Increase/(Decrease) in net assets attributable to shareholders	326,408	124,587	(159,847)
Net assets attributable to shareholders at end of financial period	83,630,819	24,891,656	1,839,353

\*Launch date of the Sub-Fund.

The notes on pages 25 to 64 form an integral part of these financial statements.



## Tenax QIAIF ICAV

### STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Tenax PMI Fund for the financial year end 31 December 2020 EUR	Tenax Italian Credit Fund for the financial year end 31 December 2020 EUR	Tenax European Credit Fund for the financial year end 31 December 2020 EUR
<b>Operating activities</b>			
(Decrease)/Increase in net assets attributable to holders of redeemable shares	(1,903,237)	366,904	(337,672)
<i>Adjustments</i>			
Movement in financial assets and financial liabilities at fair value through profit or loss and amortised cost	(48,118,244)	7,487,848	(14,472,221)
<b>Operating cash (used in)/from operating activities before movements in working capital</b>	<b>(50,021,481)</b>	<b>7,854,752</b>	<b>(14,809,893)</b>
(Increase)/Decrease in other receivables	(727,421)	57,188	(299,349)
Increase in amounts loan redemption receivable	-	(5,452,993)	-
Increase/(Decrease) in investment management	22,533	(8,049)	-
(Decrease) in redemptions payable	-	(750,000)	-
(Decrease)/Increase in Manager's fee payable	(25,451)	(1,683)	476
Increase in other payables	24,880	2,356	22,436
<b>Net cash flows (used in)/from operating activities</b>	<b>(50,726,940)</b>	<b>1,701,571</b>	<b>(15,086,330)</b>
<b>Financing activities</b>			
Proceeds from issue of shares	15,000,000	-	14,828,737
Redemption of shares	-	(7,500,000)	-
<b>Net cash flows generated from financing activities</b>	<b>15,000,000</b>	<b>(7,500,000)</b>	<b>14,828,737</b>
<b>(Decrease) in cash and cash equivalents during the financial year</b>	<b>(35,726,940)</b>	<b>(5,798,429)</b>	<b>(257,593)</b>
Cash and cash equivalents at beginning of the financial year	36,672,846	8,423,335	1,689,821
<b>Cash and cash equivalents at end of financial year</b>	<b>945,906</b>	<b>2,624,906</b>	<b>1,432,228</b>
<b>Supplemental information</b>			
Distributions paid	(1,541,644)	(750,000)	-
Interest paid	(50,705)	(9,459)	(26,279)
Interest received	2,922,949	1,385,034	90,317

The notes on pages 25 to 64 form an integral part of these financial statements.

## Tenax QIAIF ICAV

### STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Tenax PMI Fund for the financial year end 31 December 2019	Tenax Italian Credit Fund for the financial period from 30 April 2019* to 31 December 2019	Tenax European Credit Fund for the financial period from 28 November 2019* to 31 December 2019
	EUR	EUR	EUR
<b>Operating activities</b>			
Decrease/(Increase) in net assets attributable to holders of redeemable shares	326,408	124,587	(159,847)
<i>Adjustments</i>			
In specie subscription	-	46,767,069	-
Movement in financial assets and financial liabilities at fair value through profit or loss and amortised cost	(18,242,152)	(17,522,292)	-
<b>Operating cash used in operating activities before movements in working capital</b>	<b>(17,915,744)</b>	<b>29,369,364</b>	<b>(159,847)</b>
(Increase) in other receivables	(165,756)	(102,121)	(150,000)
(Decrease)/Increase in investment management	(12,925)	29,595	-
Increase in redemptions payable	-	750,000	-
Increase in Manager's fee payable	14,861	2,284	82
(Decrease)/Increase in other payables	(75,077)	374,213	386
<b>Net cash flows used in from operating activities</b>	<b>(18,154,641)</b>	<b>30,423,335</b>	<b>(309,379)</b>
<b>Financing activities</b>			
Proceeds from issue of shares	33,172,871	-	1,999,200
Redemption of shares	-	(22,000,000)	-
<b>Net cash flows generated from financing activities</b>	<b>33,172,871</b>	<b>(22,000,000)</b>	<b>1,999,200</b>
<b>Increase in cash and cash equivalents during the financial period</b>	<b>15,018,230</b>	<b>8,423,335</b>	<b>1,689,821</b>
Cash and cash equivalents at beginning of the financial period	21,654,616	-	-
<b>Cash and cash equivalents at end of financial period</b>	<b>36,672,846</b>	<b>8,423,335</b>	<b>1,689,821</b>
<b>Supplemental information</b>			
Distributions paid	(593,837)	-	-
Interest paid	(109,039)	-	(1,279)
Interest received	809,813	(25,784)	-

\*Launch date of Sub-Fund.

The notes on pages 25 to 64 form an integral part of these financial statements.

# Tenax QIAIF ICAV

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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### 1. GENERAL INFORMATION

Tenax QIAIF ICAV (the “ICAV”) is an umbrella-type Irish collective asset management vehicle with variable capital and segregated liability between sub-funds registered in Ireland with the Central Bank on 19 May 2017 with registration number C168824 and authorised by the Central Bank, pursuant to Part 2 of the of the Irish Collective Asset-management Vehicles Act, 2015 and is authorised to be marketed solely to Qualifying Investors pursuant to the AIF Rulebook/NU Notices (as amended) issued by the Central Bank. The ICAV is structured as an umbrella fund and may comprise several Sub-Funds each representing a separate portfolio of assets. The share capital of the ICAV may be divided into different classes of shares to denote differing characteristics attributable to particular classes of shares.

The ICAV currently has three authorised Sub-Fund’s at 31 December 2020, Tenax PMI Fund (“PMI Fund”) which launched 24 May 2018, Tenax Italian Credit Fund (“Italian Credit Fund”) which launched 30 April 2019 and the Tenax European Credit Fund (“European Credit Fund”) which launched 28 November 2019 (collectively known as the “Sub-Funds”).

The Italian Credit Fund is a successor fund to Tenax Italian Credit Fund Plc (the “Predecessor Fund”). The Predecessor Fund’s investment period ended on 27 November 2018 and following the expiry of the investment period, the Predecessor Fund was to be managed with the objective of realizing its underlying investments and returning net proceeds of realization to its shareholders within a period of four years to the end of its investment period, i.e. 27 November 2022. Following discussions between the Predecessor Fund and its representatives, and the Predecessor Fund’s shareholders, shareholders of the Predecessor Fund individually elected to have their holdings in the Predecessor Fund redeemed by the Predecessor Fund and at each shareholder’s direction, the proceeds transferred to the Italian Credit Fund in exchange for Shares. Such shareholders have entered into Capital Commitment Agreements to acquire Shares in the Fund. The Fund did not accept applications to enter into Capital Commitment Agreements from any other investors. The Directors ensured that the terms of the Fund that applied to the transferring shareholders mirrored to the greatest extent possible the terms experienced by such shareholders in the Predecessor Fund. The share classes of the Tenax Italian Credit Fund are listed on the Global Exchange Market (GEM).

#### Investment objective

The investment objectives of the PMI Fund and the Italian Credit Fund are to achieve total rates of return, principally through current yield and capital appreciation. As part of their strategy, the Sub-Funds will seek to capitalise on opportunities arising from the emerging asset class represented by medium to long-term maturity direct financing or credit to the small and medium sized enterprise sector (“SME”) in Italy. For the avoidance of doubt, the Sub-Funds might not be exclusively invested in Italian assets at any one time.

The investment objective of the European Credit Fund is to achieve current income and long term capital appreciation. As part of the Funds strategy, the fund will aim to deliver current income and long term capital appreciation through investing predominantly in non-bank financing in the form of non-distressed (a) senior or unitranche (secured or unsecured) loan notes and/or bonds and (b) subordinated securities, quasi-equity and hybrid debt instruments issued by Portfolio Companies, as defined below. The Fund may also invest in such instruments for such purposes as described under the heading “Cash Management and Efficient Portfolio Management Purposes” below. The European Credit Fund shall not invest in bank financing.

The Sub-Fund will be managed in accordance with the above investment objective and policy during the Investment Period and thereafter subject to the Sub-Fund’s:

- (i) investment and reinvestment policy
- (ii) distribution policy
- (iii) redemption and return of capital policy.

# Tenax QIAIF ICAV

## Notes to the Financial Statements

For the financial year ended 31 December 2020

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### 1. GENERAL INFORMATION (continued)

#### *Investment Periods*

##### **PMI Fund**

The Investment Period commenced on the Business day immediately following the Initial Offer Period and will end on the third anniversary of the end of the Initial Offer Period. Following the expiry of the Investment Period, the Sub-Fund will be managed with the objective of realising its underlying investments and returning the net proceeds of realisation to Shareholders within a period of three years of the end of the Investment Period subject to the possibility of up to two one year extensions at the sole and absolute discretion of the Directors upon notice to Shareholders, in order to allow the Sub-Funds sufficient time to liquidate the remainder of its portfolio in an orderly manner in the best interests of Shareholders.

##### **Italian Credit Fund**

The Sub-Fund is a successor fund to Tenax Italian Credit Fund Plc (see above for further details). The Tenax Italian Credit Fund Plc's investment period ended on 27 November 2018 and following the expiry of the investment period, the Tenax Italian Credit Fund Plc was to be managed with the objective of realizing its underlying investments and returning net proceeds of realization to its shareholders within a period of four years to the end of its investment period, i.e. 27 November 2022. Following transfer to the Italian Credit Fund, the objective remains to return all proceeds to Shareholders by 27 November 2022.

##### **European Credit Fund**

The Investment Period will run from the First Closing Date and will end at the earlier of (i) the fourth anniversary of the First Closing Date (provided always that the Investment Period may be extended for a further one year period with the consent of the Advisory Board); or (ii) at the discretion of the Investment Manager provided that at least 80% of total Capital Commitments have been invested; or (iii) the first closing date of a successor fund. The Management Fee that applies during any extension of the Investment Period shall be the same as the one applicable immediately following the expiry of the Investment Period.

#### **Service providers**

Bridge Fund Management Limited acts as the Alternative Investment Fund Manager (the "AIFM") and Tenax Capital Limited acts as the Investment Manager (the "Investment Manager") for the ICAV. The administration of the ICAV has been outsourced to CACEIS Ireland Limited (the "Administrator"). The safekeeping of the assets of the ICAV has been entrusted to CACEIS Bank, Ireland Branch (the "Depositary"). The ICAV has no employees.

### 2. BASIS OF PREPARATION

#### **(a)**

##### **(i) Statement of compliance**

The financial statements of the ICAV have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations, as adopted by the European Union (the "EU") and those parts of the ICAV Act 2015 applicable to entities reporting under IFRS and the Central Bank AIF Rulebook.

##### **(ii) Comparative Figures**

Comparative figures for the PMI Fund relate to 31 December 2019 and the year 1 January 2019 to 31 December 2019. The comparative figures for the Italian Credit Fund relate to 31 December 2019 and the period 30 April 2019 to 31 December 2019. The comparative figures for the European Credit Fund relate to 31 December 2019 and the period 28 November 2019 to 31 December 2019.

#### **(b) Standards and amendments to existing standards**

##### **New standards, amendments and interpretations effective from 1 January 2020**

There were no new standards, amendments to standards and interpretations effective 1 January 2020 which had a material effect on the financial statements of the ICAV.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the ICAV.

## **Tenax QIAIF ICAV**

### **Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2020

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## **2. BASIS OF PREPARATION (continued)**

### **(c) Basis of measurement**

The financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss which are measured at fair value.

The financial statements have been prepared on a going concern basis.

### **(d) Functional and presentation currency**

The financial statements are presented in Euro ("EUR"), which is the Sub-Funds' functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. Directors of the Sub-Funds believe that EUR will most faithfully represents the economic effects of the underlying transactions, events and conditions.

### **(e) Use of estimates and judgments**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future periods if the revision affects both current and future periods.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below.

### **(a) Financial assets and financial liabilities at fair value through profit or loss**

#### *(i) Classification*

##### **Assets:**

The ICAV classifies its investments based on both the ICAV's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The ICAV is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The ICAV has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income.

The contractual cash flows of the ICAV's Corporate Bonds are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the ICAV's business model's objective for these investments. Consequently, all Corporate Bonds apart from the Convertible Private Bond are measured at fair value through profit or loss.

##### **Liabilities:**

Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the ICAV classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

The ICAV policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Financial assets and financial liabilities at fair value through profit or loss (continued)

###### *(ii) Recognition*

Financial assets and financial liabilities at fair value through profit or loss are recognised when the ICAV becomes party to the contractual provisions of the instrument.

Recognition takes place on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

###### *(iii) Measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at cost. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income in the period in which they arise.

###### *(iv) Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

When available, the ICAV measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The ICAV measures instruments quoted in an active market at mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in an active market, then the ICAV or broker uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs by valuing these securities at the probable realisation value using sources approved by the Directors and the AIFM.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. Significant estimates and judgements are used in the fair valuation of unlisted bonds and term loans held by the Company.

All pricing decisions will be approved by the AIFM's valuation committee in advance in the case of material items or retrospectively for immaterial items. The Valuation Committee is made up of the Designated Persons and reports to the AIFM's Board of Directors. The Valuation Committee may invite employees of the IM, the Admin and other employees of Bridge Consulting to attend committee meetings. The Valuation Committee will meet at least monthly and meetings may be convened without notice should an urgent matter arise. All committee decisions will be documented in the minutes and reviewed by the AIFM board at least quarterly.

###### *(v) Derecognition*

The ICAV derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the ICAV neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (a) Financial assets and financial liabilities at fair value through profit or loss (continued)

###### (v) *Derecognition (continued)*

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the ICAV is recognised as a separate asset or liability in the Statement of Financial Position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income.

###### (vi) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when the ICAV has a legal right to offset the amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

###### (vii) *Income and expenses*

Income and expenses are presented separately in the Statement of Comprehensive Income. Net realised gain/ (loss) on financial assets and financial liabilities at fair value through profit or loss and net unrealised gain/ (loss) on financial assets at fair value through profit or loss are also presented separately in the Statement of Comprehensive Income.

###### (viii) *Forward Foreign Exchange Contracts*

Forward foreign exchange contracts are recognised in the Statement of Financial Position at their fair value. Forward foreign exchange contracts entered into by the ICAV represent a firm commitment to buy or sell an underlying asset or currency at a specified value and point in time based upon an agreed or contracted quantity. The unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year end date.

##### (b) Financial assets at amortised cost

###### (i) *Amortised cost*

These assets arise principally from loan investments where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest ("SPPI"). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions on loans are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

As part of the assessment of these assets, the credit rating of the underlying borrower was considered as appropriate to determine Expected Credit Losses. The ICAV also considered likely options for recoverability of the assets and in doing so, determined that these assets are assessed as being at Stage 1 apart from two investments in the PMI Fund and one investment in the Italian Credit Fund which have been classified as impaired as disclosed in Note 4.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (b) Financial assets at amortised cost (continued)

###### (ii) *Expected credit loss*

The ICAV applies IFRS 9 on the loan investments measuring expected credit losses using a lifetime expected credit loss provision. All loans have been assessed as Stage 1 loans, credit risk has not increased significantly since initial recognition apart from two investments in the PMI Fund and one investment in the Italian Credit Fund which have been classified as impaired as disclosed in Note 4.

This measurement is based on an analysis of the credit standing of the borrowing entity, the expected loss given default of that entity and the probability of default over the corresponding lifetime term of the loan. Where applicable S&P Global Corporate Average Cumulative Default Rates have been used, based off the borrower's credit rating. Management has deemed certain loans to be impaired as at 31 December 2020 and the expected default is disclosed in Note 4.

##### (c) Foreign currency

Transactions in foreign currencies are translated into EUR at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated into EUR at the foreign currency closing exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are translated into EUR at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into EUR using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation and on derivative financial instruments at fair value through profit or loss are recognised in the Statement of Comprehensive Income in the realised gain on foreign exchange line.

##### (d) Interest income and interest expense

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss and amortised cost includes interest from debt securities.

##### (e) Taxation

The ICAV is an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997. Therefore, the ICAV will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution payments to shareholders or any encashment, redemption or transfer of Shares or the ending period for which the investments was held.

Generally, a chargeable event arises on any distributions, redemption, repurchase, cancellation, transfer of Shares or the ending of a "relevant period". A relevant period is an eight year period beginning with the acquisition of the Shares by the shareholder and each subsequent period of eight years beginning immediately after the preceding relevant period.

A gain on a chargeable event does not arise in respect of:

- (i) a shareholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the ICAV;
- (ii) certain exempted Irish tax resident investors who have provided the ICAV with the necessary signed statutory declarations;
- (iii) an exchange of Shares arising on a qualifying amalgamation or reconstruction of the ICAV with another fund;
- (iv) any transaction in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;
- (v) certain exchanges of Shares between spouses and former spouses on the occasion of judicial separation and/or divorce;

an exchange by a shareholder, effected by way of an arm's length bargain where no payment is made to the shareholder of shares in the ICAV for other Shares in the ICAV.



## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (e) Taxation (continued)

Capital gains, dividends and interest (if any) received on investments made by the ICAV may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the ICAV or its shareholders.

In the absence of an appropriate declaration, the ICAV will be liable for Irish tax on the occurrence of a chargeable event, and the ICAV reserves its right to withhold such taxes from the relevant shareholders. There were no chargeable events in the period under review.

##### (f) Cash and cash equivalents and bank overdraft

Cash and cash equivalents represent amounts held with the Sub-Funds' bank, CACEIS Bank, Ireland Branch. Bank overdrafts are presented as a liability in the Statement of Financial Position.

##### (g) Net gain/ (loss) from financial instruments designated at fair value through profit or loss and amortised cost

Net gain/(loss) from financial assets and financial liabilities designated at fair value through profit or loss and amortised cost relates to ordinary private bonds, treasury bills, term loans, realised income and unrealised fair value changes including foreign exchange differences.

##### (h) Shares

All redeemable ordinary participating shares issued by the Sub-Funds provide the investors with the right to require redemption for cash at the value proportionate to the investors share in the Sub-Funds' net assets at the redemption date. In accordance with IAS 32, "Financial Instruments: Presentation", such instruments give rise to a financial liability for the present value of the redemption amount.

Share classes are either accumulation classes or distribution classes. Accumulation classes capitalise income. Distribution classes may pay a dividend to the relevant Shareholders on an annual basis as of the last Business Day in December in each year. In such case, dividends shall be paid out of net income and realised and unrealised gains net of realised and unrealised losses but, at the discretion of the Directors, gross of the fees payable by the Sub-Fund.

##### (i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the ICAV had not acquired, issued or disposed of the financial instrument.

When a financial asset or financial liability is recognised initially, an entity shall either measure it at its fair value through profit or loss plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability or an entity shall measure it at amortised cost and transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income as an expense. Transaction costs on the purchase and sale of some derivative instruments are included in the purchase and sale price of an investment. They cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed. Only transaction costs which are separately identifiable are disclosed.

These include transaction costs paid to the Depositary and sub-depositaries, identifiable brokerage charges and commissions, identifiable transaction related taxes and other market charges and separately identifiable transaction costs related to derivative financial instruments.

These requirements have been adopted by the ICAV and are disclosed in Note 12 and included in the Statement of Comprehensive Income.

## **Tenax QIAIF ICAV**

### **Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2020

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#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **(j) Accrued expenses**

Accrued expenses consist of expenses incurred outstanding payment.

##### **(k) Margin Cash and Margin Overdraft**

Margin cash and margin overdraft consist of cash holdings with brokers.

##### **(l) Establishment expenses**

For the purpose of calculating the dealing Net Asset Value and per the ICAV's offering Memorandum, the preliminary expenses incurred in connection with the establishment and initial issue of Shares in the Sub-Fund will be amortised over the first three financial years of the Sub-Fund or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Sub-Funds as the Directors may determine.

However, as required by IFRS, this expense must be written off when incurred and as a result, the financial statements will be adjusted accordingly. This is for financial statements purposes only and has no impact on the dealing Net Asset Value.

Such fees and expenses amounted to approximately €176,039 (plus VAT, if any).

#### **4. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Sub-Funds are required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. In accordance with IFRS 13, the inputs have been categorised into a three-level hierarchy which gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). If the inputs used to value an investment fall within different levels of the hierarchy, the categorisation is based on the lowest level input that is significant to the fair value measurement of the investment.

The tables overleaf provide an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the inputs to estimate the fair value are observable.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs) and which are significant to the valuation.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 4. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Investments typically classified within Level 1 include active listed equities, exchange traded derivatives and certain Government bonds. Investments typically classified within Level 2 include investments in asset-backed securities, corporate bonds, certain Government bonds, certain listed equities and over-the-counter derivatives. Investment funds are also considered Level 2 investments if there is evidence that redemptions occurred during the year and there were no restrictions preventing redemptions at the year end. As Level 2 investments include positions that are not traded in active markets and/ or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market information. Investments typically classified within Level 3 include certain corporate bonds, private equities and investment funds that have suspended redemptions, created side pocket classes or imposed gates. Within Level 3, the use of the market approach generally consists of using comparable market transactions.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments are unlisted corporate debt securities and term loans. As observable prices are not available for these securities, the ICAV has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed on a regular basis by the ICAV's valuation committee who report to the Board of Directors. The committee considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry. In selecting the most appropriate valuation model the committee performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

In the valuation of Level 3 term loans, the ICAV values these instruments at amortised cost, which is the best indicator of their value due to technique meeting the business model and cash flow characteristic test. The amortised cost has been judged to be the best indicator of the fair value of the term loans however the fair value could be impacted by prevailing interest rates, credit risk as well as other factors. The Investment Manager performed a credit assessment on each non-impaired holding at 31 December 2020 to assess the expected credit loss within 12 months. Any credit losses were deemed immaterial and have not been included in these financial statements.

A number of the loans held in the PMI Fund and Italian Credit Fund have been impaired and written down from Par value. Management have assessed impairment as below as at 31 December 2020.

PMI Fund	Par Value	Impairment	Carrying Value
	EUR	EUR	EUR
ABRAMO CUSTOMER CARE FL.R 19-24 31/12M	3,900,000	(663,000)	3,237,000
MERCATO SRL 7.00 19-24 31/08S	4,750,000	(1,144,750)	3,605,250
Italian Credit Fund	Par Value	Impairment	Carrying Value
	EUR	EUR	EUR
GIPLAST GROUP-DY FL.R 16-21 02/03M	2,100,000	(1,575,000)	525,000

The table overleaf summarises the PMI Fund, the Italian Credit Fund and the European Credit Funds' classification of investments, into the above hierarchy levels as at 31 December 2020 and 31 December 2019: The European Credit Fund held no investments as at 31 December 2019.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 4. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

##### PMI Fund

31 December 2020

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at fair value through profit or loss</b>				
Corporate bonds	-	60,631,001	-	60,631,001
<b>Financial assets at amortised cost</b>				
Term loans	-	-	33,792,250	33,792,250
Convertible Private Bonds	-	-	200,100	200,100
	-	60,631,001	33,992,350	94,623,351

31 December 2019

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at fair value through profit or loss</b>				
Corporate bonds	-	33,655,107	-	33,655,107
<b>Financial assets at amortised cost</b>				
Term loans	-	-	12,850,000	12,850,000
	-	33,655,107	12,850,000	46,505,107

##### Italian Credit Fund

31 December 2020

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at amortised cost</b>				
Term loans	-	-	10,034,444	10,034,444
	-	-	10,034,444	10,034,444

31 December 2019

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at amortised cost</b>				
Term loans	-	-	17,522,292	17,522,292
	-	-	17,522,292	17,522,292

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 4. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

##### European Credit Fund

31 December 2020

	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at fair value through profit or loss</b>				
Corporate bonds	-	3,939,000	-	3,939,000
<b>Financial assets at amortised cost</b>				
Term loans	-	-	10,585,968	10,585,968
	-	3,939,000	10,585,968	14,524,968
<b>Financial liabilities at fair value through profit or loss</b>				
Held for trading liabilities				
- Foreign exchange forward contracts	-	(52,747)	-	(52,747)
	-	(52,747)	-	(52,747)

There were no transfers between the levels for the year ended 31 December 2020 (31 December 2019: Same).

Asset allocation is determined by the Investment Manager. The Investment Manager manages the distribution of the assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the portfolio is monitored by the Risk Manager.

The ICAV's strategy in respect of risks is set out in the prospectus.

The following table presents a reconciliation of activity for the Level 3 financial instruments:

#### Reconciliation of Level 3 investments

	PMI Fund EUR	Italian Credit Fund EUR	European Credit Fund EUR
<b>Balance as at 31 December 2019</b>	12,850,000	17,522,292	-
Purchases during the period	22,950,100	-	10,548,774
Sales during the period	-	(6,962,848)	-
Realised foreign currency gain	-	-	37,194
Impairment	(1,807,750)	(525,000)	-
<b>Balance as at 31 December 2020</b>	33,992,350	10,034,444	10,585,968
	PMI Fund EUR	Italian Credit Fund EUR	
<b>Balance as at 31 December 2018</b>	-	-	
Purchases during the period	12,850,000	44,424,543	
Sales during the period	-	(27,317,671)	
Realised gain	-	415,420	
<b>Balance as at 31 December 2019</b>	12,850,000	17,522,292	

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 5. EFFICIENT PORTFOLIO MANAGEMENT

Subject to the conditions and within the limits from time to time laid down by the Central Bank, and except as otherwise stated in the investment objective and policies of the ICAV, the Investment Manager may employ investment techniques and instruments such as forward foreign exchange contracts for efficient portfolio management purposes. Furthermore, new techniques and instruments may be developed which may be suitable for use by the ICAV in the future, and the ICAV may employ such techniques and instruments subject to the prior approval of, and any restrictions imposed by, the Central Bank. During the year ended 31 December 2020, the European Credit Fund entered into a forward foreign exchange contract for the purpose of hedging and speculation in order to re-position the portfolio of the Sub-Fund in light of changing market conditions. During the year ended 31 December 2020 the PMI Fund and the Italian Credit Fund did not enter into any derivative contracts (during the year ended 31 December 2019, the Sub-Funds did not enter into any derivative financial instruments).

Realised and unrealised gains and losses on derivative financial instruments entered into during the years ended 31 December 2020 are as below:

<b>European Credit Fund</b>	
<b>31 December 2020</b>	
<b>Realised</b>	<b>Net Unrealised</b>
<b>Gain/(Loss)</b>	<b>(Loss)</b>
<b>EUR</b>	<b>EUR</b>
Forwards	-
	(52,747)
	<b>(52,747)</b>

Transaction costs are embedded in the cost of the derivative financial instruments and therefore cannot be separately disclosed.

As at 31 December 2020, the PMI Fund and the Italian Credit Fund did not hold any derivative financial instruments (31 December 2019: the Sub-Funds did not hold any derivative financial instruments).

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

##### (a) Market risk

Market risk embodies the potential for both gains and losses on the ICAV's assets, liabilities and income through exposure to currency risk, interest rate risk and price risk.

The ICAV's strategy on the management of market risk is driven by the ICAV's investment objective, which is outlined in the ICAV's Prospectus.

The ICAV's market risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

##### (i) Currency risk

The ICAV may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the ICAV is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the ICAV's assets or liabilities denominated in currencies other than EUR.

The ICAV's currency risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

## 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The table below details the ICAV's exposure to foreign currency and the underlying risk of the forward foreign currency contracts held by the European Credit Fund as at 31 December 2020 (31 December 2019: The European Credit Fund was not exposed to foreign currency as at 31 December 2019):

#### European Credit Fund

31 December 2020

	Financial Assets EUR	Financial Liabilities EUR	Other Net Assets EUR	Forwards Outflow EUR	Exposure EUR	Impact to Net Assets of a 150bps Currency Movement EUR	Impact to Net Assets of Unhedged Share Class
GBP	5,585,968	-	220,166	(5,585,968)	220,166	3,302	0.02%

The PMI Fund and Italian Credit Fund were not exposed to foreign currency as at 31 December 2020 or at 31 December 2019.

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the interest rates.

The ICAV holds investments in debt securities which are floating rate instruments. The ICAV is exposed to interest rate risk which would impact the ICAV's cash flow on the floating rate notes. An increase in interest rates would result in an increase in the ICAV's interest income on debt securities.

The table below and overleaf details the interest rate risk exposure of the ICAV as at 31 December 2020 and as at 31 December 2019:

#### PMI Fund

31 December 2020

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Corporate bonds	52,885,642	7,745,359	-	60,631,001
Term loans	21,555,250	12,237,000	-	33,792,250
Convertible private bonds	200,100	-	-	200,100
Cash and cash equivalents	945,906	-	-	945,906
Interest receivable	-	-	1,327,518	1,327,518
Other payables and accrued expenses	-	-	(169,193)	(169,193)
	75,586,898	19,982,359	1,158,325	96,727,582

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

###### PMI Fund

31 December 2019

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Corporate bonds	28,035,901	5,619,206	-	33,655,107
Term loans	8,950,000	3,900,000	-	12,850,000
Cash and cash equivalents	36,672,846	-	-	36,672,846
Other assets	-	-	31,468	31,468
Interest receivable	-	-	568,629	568,629
Other payables and accrued expenses	-	-	(147,231)	(147,231)
	73,658,747	9,519,206	452,866	83,630,819

###### Italian Credit Fund

31 December 2020

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Term loans	124,444	9,910,000	-	10,034,444
Cash and cash equivalents	2,624,906	-	-	2,624,906
Other assets	-	-	23,424	23,424
Interest receivable	-	-	21,509	21,509
Loan redemption receivable	-	-	5,452,993	5,452,993
Other payables and accrued expenses	-	-	(398,716)	(398,716)
	2,749,350	9,910,000	5,099,210	17,758,560

31 December 2019

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Term loans	17,148,954	373,338	-	17,522,292
Cash and cash equivalents	8,423,336	-	-	8,423,336
Other assets	-	-	14,378	14,378
Interest receivable	-	-	87,743	87,743
Bank overdraft	(1)	-	-	(1)
Other payables and accrued expenses	-	-	(1,156,092)	(1,156,092)
	25,572,289	373,338	(1,053,971)	24,891,656



# Tenax QIAIF ICAV

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

#### European Credit Fund

31 December 2020

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Corporate bonds	3,939,000	-	-	3,939,000
Term loans	5,000,000	5,585,968	-	10,585,968
Cash and cash equivalents	1,432,228	-	-	1,432,228
Other assets	-	-	73,647	73,647
Investment management fee prepayment	-	-	157,500	157,500
Interest receivable	-	-	218,202	218,202
Held for trading liabilities				
- Forward foreign currency contracts	-	-	(52,747)	(52,747)
Other payables and accrued expenses	-	-	(23,380)	(23,380)
	10,371,228	5,585,968	373,222	16,330,418

31 December 2019

	Fixed EUR	Floating EUR	Non-Interest Bearing EUR	Total EUR
Cash and cash equivalents	1,689,821	-	-	1,689,821
Investment management fee prepayment	-	-	150,000	150,000
Other payables and accrued expenses	-	-	(468)	(468)
	1,689,821	-	149,532	1,839,353

A movement of 5% (either increase or decrease) in the market value of interest bearing financial assets at fair value through profit or loss would have the following effect on the Net Asset Value of the Sub-Funds:

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	Increase	Decrease	Increase	Decrease
	EUR	EUR	EUR	EUR
PMI Fund	3,078,845	(3,078,845)	3,516,398	(3,516,398)
Italian Credit Fund	403,895	(403,895)	421,167	(421,167)
European Credit Fund	268,561	(268,561)	84,491	(84,491)

If interest rates of the Sub-Fund's floating rate term loans had been 5 per cent higher/lower and all other variables were held constant, it would have the following effect on the interest income of the Sub-Funds:

	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
	Increase	Decrease	Increase	Decrease
	EUR	EUR	EUR	EUR
PMI Fund	52,130	(52,130)	13,650	(13,650)
Italian Credit Fund	30,776	(30,776)	59,714	(59,714)
European Credit Fund	18,750	(18,750)	N/A	N/A

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (a) Market risk (continued)

###### (iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the PMI Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect the net assets attributable to holders of redeemable participating shares and the Statement of Comprehensive Income. The majority of the Italian Credit Fund's and the European Credit Fund's financial instruments are carried at amortised cost.

###### *Sensitivity analysis*

At 31 December 2020, if bond prices had been 5% higher with all other variables held constant, the Net Assets Attributable to Holders of Shares would have been higher for the PMI Fund by €3,031,550 (31 December 2019: €1,682,755), and €196,950 for the European Credit Fund (31 December 2019: € Nil). The Italian Credit Fund did not hold bonds as at 31 December 2020 and 31 December 2019.

If prices had been 5% lower with all other variables held constant, the Net Assets Attributable to Holders of Shares would have been lower for the PMI Fund by €3,031,550 (31 December 2019: €1,682,755), and €196,950 for the European Credit Fund (31 December 2019: € Nil). The Italian Credit Fund did not hold bonds as at 31 December 2020 and 31 December 2019.

###### (iv) Borrowing and Leverage

###### **PMI Fund and Italian Credit Fund**

The PMI Fund and Italian Credit Fund do not currently intend to borrow or use leverage directly or, by reason of the terms of the instruments in which it invests, indirectly, as part of their investment policy. The PMI Fund and Italian Credit Fund's use of borrowing for temporary or cash management purposes will be limited to 110 per cent of the Net Asset Value of the Sub-Fund at the time of employing the borrowing, but shall in no circumstances ever exceed 115 per cent of the Net Asset Value of the Sub-Fund.

###### **European Credit Fund**

The European Credit Fund, may borrow money exclusively for the purpose of financing bridge investments of the Sub-Fund provided that such borrowings outstanding at any one time, do not exceed the lower of 15% of total Capital Commitments (up to 10% of the Net Asset Value) and the uncalled Capital Commitments and are short-term in nature (up to 3 months). No long-term borrowing is allowed. The Sub-Fund shall inform the Shareholders in the event that the Sub-Fund determines to borrow or to pledge any assets of the Sub-Fund.

Any increase in the maximum level of borrowing permitted as set out above is subject to prior Shareholder approval.

On the basis that the European Credit Fund may borrow up to the lower of 15% of total Capital Commitments and 10% of its Net Asset Value, the Sub-Fund's leverage shall not exceed 110% of its Net Asset Value.

The European Credit Fund increased its commitment in VEERKARTON HOLDINGS position by EUR1,400,000 in January 2021 and has committed to a top up of GBP 500,000 in the ENERGY BUILD position by the end of June 2021.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (a) Market risk (continued)

###### (iii) Borrowing and Leverage (continued)

The following table represents total exposure of the Sub-Funds using the commitment and gross methods as at 31 December 2020 and 31 December 2019.

	PMI Fund	Italian Credit Fund	European Credit Fund
Total Leverage employed using the commitment method as at 31 December 2020	99.94%	56.56%	88.50%
Total Leverage employed using the gross method as at 31 December 2020	99.94%	56.56%	126.90%
	PMI Fund	Italian Credit Fund	
Total Leverage employed using the commitment method as at 31 December 2019	55.60%	69.80%	
Total Leverage employed using the gross method as at 31 December 2019	55.60%	69.80%	

##### (b) Credit risk

The ICAV takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The ICAV applies IFRS 9 on the loan investments measuring expected credit losses using a lifetime expected credit loss provision. All loans have been assessed as Stage 1 loans, credit risk has not increased significantly since initial recognition apart from two investments in the PMI Fund and one investment in the Italian Credit Fund which have been classified as impaired as disclosed in Note 4.

This measurement is based on an analysis of the credit standing of the borrowing entity, the expected loss given default of that entity and the probability of default over the corresponding lifetime term of the loan. Where applicable S&P Global Corporate Average Cumulative Default Rates have been used, based off the borrower's credit rating. Management has deemed certain loans to be impaired as at 31 December 2020 and the expected default is disclosed in Note 4.

The ICAV manages its credit risk in respect of counterparties for cash and cash equivalents by investing, whenever feasible, cash and cash equivalents with regulated financial institutions that have a rating of AA- or better. The credit risk on debt securities is managed by reviewing the underlying instruments, when the information is available.

The maximum exposure on financial assets is as follows:

PMI Fund	31 December 2020 EUR
Financial assets at FVTPL	60,631,001
Financial assets at amortised cost	33,992,350
Cash and cash equivalents	945,906
Other receivables	1,327,518
	96,896,775

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (b) Credit risk (continued)

###### PMI Fund

	31 December 2019
	EUR
Financial assets at FVTPL	33,655,107
Financial assets at amortised cost	12,850,000
Cash and cash equivalents	36,672,846
Other assets	31,468
Other receivables	568,629
	83,778,050

###### Italian Credit Fund

	31 December 2020
	EUR
Financial assets at amortised cost	10,034,444
Cash and cash equivalents	2,624,906
Other assets	23,424
Loan receivable	5,452,993
Interest receivable	21,509
	18,157,276

	31 December 2019
	EUR
Financial assets at amortised cost	17,522,292
Cash and cash equivalents	8,423,336
Other assets	14,378
Other receivables	87,743
	26,047,749

###### European Credit Fund

	31 December 2020
	EUR
Financial assets at FVTPL	3,939,000
Financial assets at amortised cost	10,585,968
Cash and cash equivalents	1,432,228
Other assets	73,647
Prepayments	157,500
Other receivables	218,202
	16,406,545

	31 December 2019
	EUR
Cash and cash equivalents	1,689,821
Prepayments	150,000
	1,839,821

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (b) Credit risk (continued)

###### (i) Exposure to credit risk

The investments are mainly senior and guaranteed by corporate assets, in addition to benefiting from the EIF guarantee (with coverage ranging from 50% to 80%).

The below breaks down the credit ratings of the debt securities as at 31 December 2020 and 31 December 2019:

<b>PMI Fund</b>				
<b>Rating</b>	<b>31 December 2020</b>	<b>Percentage of NAV</b>	<b>31 December 2019</b>	<b>Percentage of NAV</b>
A	1,549,947	1.60%	-	0.00%
A-	819,688	0.85%	909,491	1.09%
A+	807,062	0.83%	-	0.00%
B	5,569,510	5.76%	1,320,320	1.58%
B-	1,346,096	1.39%	210,436	0.25%
B+	405,886	0.42%	720,965	0.86%
BB	2,849,479	2.95%	1,856,047	2.22%
BB-	2,754,723	2.85%	1,930,832	2.31%
BB- *-	925,050	0.96%	-	0.00%
BB+	10,815,783	11.18%	2,402,738	2.87%
BB+*+	-	0.00%	565,920	0.68%
BB+ *-	499,805	0.52%	-	0.00%
BBB	4,860,541	5.02%	2,052,600	2.45%
BBB-	7,435,600	7.69%	2,119,744	2.53%
BBB+	6,314,522	6.53%	2,149,939	2.57%
BBB+ *-	-	0.00%	302,698	0.36%
BBB+ *+	900,562	0.93%	-	0.00%
BBB-*+	-	0.00%	501,982	0.60%
NR	46,769,097	48.35%	29,461,395	35.23%
	94,623,351	97.82%	46,505,107	55.60%
<b>Italian Credit Fund</b>				
<b>Rating</b>	<b>31 December 2020</b>	<b>Percentage of NAV</b>	<b>31 December 2019</b>	<b>Percentage of NAV</b>
NR	10,034,444	56.50%	17,522,292	69.92%
	10,034,444	56.50%	17,522,292	69.92%

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (b) Credit risk (continued)

###### (i) Exposure to credit risk

European Credit Fund		
Rating	31 December 2020	Percentage of NAV
NR	14,524,968	88.94%
	14,524,968	88.94%

###### (ii) Concentrations of credit risk

The ICAV has 3 securities that are impaired as at 31st December 2020:

##### PMI Fund:

- ABRAMO CUSTOMER CARE FL.R 19-24 31/12M – *Priced at 83 cents in the Euro*
- MERCATO SRL 7.0% 31-08S – *Priced at 75.9 cents in the Euro*

##### Italian Credit Fund

- GIPLAST GROUP-DY FL.R 0203M – *Priced at 25 cents in the Euro*

The Investment Manager is actively involved in securing best outcome for the ICAV.

Credit risk arising on transactions with brokers relates to instances where transactions are awaiting settlement. Credit risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

The ICAV manages its concentration of credit risk by reviewing the counterparty's credit rating periodically and by setting diversification guidelines at the overall ICAV level.

Substantially all of the debt securities of the ICAV are held with the Depositary. Bankruptcy or insolvency of the Depositary may cause the ICAV's rights with respect to securities held by the Depositary to be delayed or limited due to legal proceedings. The ICAV manages this risk by monitoring the credit quality of the Depositary through consideration of the ratings.

Substantially all of the cash and cash equivalents of the ICAV are held by the Depositary:

##### PMI Fund

		31 December 2020	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	945,906	0.98%
		945,906	0.98%
		31 December 2019	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	36,672,846	43.85%
		36,672,846	43.85%

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (b) Credit risk (continued)

##### (ii) Concentrations of credit risk (continued)

Substantially all of the cash and cash equivalents of the ICAV are held by the Depository:

##### Italian Credit Fund

		31 December 2020	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	2,624,906	14.78%
		2,624,906	14.78%
		31 December 2019	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	8,423,336	33.84%
		8,423,336	33.84%

##### European Credit Fund

		31 December 2020	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	1,432,228	8.77%
		1,432,228	8.77%
		31 December 2019	
Bank	Credit Rating*	EUR	Percentage of NAV
CACEIS Bank	A+	1,689,821	91.87%
		1,689,821	91.87%

\* Standard and Poor's long-term credit rating as published on the investor relations websites of the above banks

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the ICAV will not be able to meet its obligations when they become due.

Because of the nature of certain investments held by the ICAV, there can be no assurance that an active market for the positions will exist. The Sub-Funds will invest in both private and publicly listed instruments, however, a majority of the Sub-Fund's investments are expected to be in private debt instruments issued by SME's. Thin trading may make it difficult to liquidate holdings quickly and may increase the volatility of market prices. The Sub-Funds may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

The portfolios as at 31 December 2020 and 31 December 2019 are constructed to allow sufficient liquidity so when investment opportunities are identified the Sub-Funds will have the liquidity to invest in them.

The ICAV's liquidity risk is managed on a periodic basis by the Investment Manager in accordance with policies and procedures in place. The ICAV's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the ICAV's reputation. The Sub-Funds are closed-ended Sub-Funds and accordingly Shareholders will not have the right to request the redemption (whether in whole or in part) of their Shares during the Investment Period.

Investment Periods are disclosed in note 1, page 26.

The following tables show the maturity date of the financial assets in the portfolios of the Sub-Funds:

##### PMI Fund

Financial Assets		31 December 2020		
	<1 Year EUR	1-5 Years EUR	>5 Year EUR	Total EUR
Corporate bonds	21,444,103	34,328,223	4,858,675	60,631,001
Term loans	-	14,792,250	19,000,000	33,792,250
Convertible private bond	-	-	200,100	200,100
	21,444,103	49,120,473	24,058,775	94,623,351

Financial Assets		31 December 2019		
	<1 Year EUR	1-5 Years EUR	>5 Year EUR	Total EUR
Corporate bonds	9,240,281	20,078,220	4,336,606	33,655,107
Term loans	4,200,000	8,650,000	-	12,850,000
	13,440,281	28,728,220	4,336,606	46,505,107



## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (c) Liquidity risk (continued)

The following tables show the maturity date of the financial assets in the portfolios for the Sub-Funds:

Italian Credit Fund				
Financial Assets	31 December 2020			
	<1 Year EUR	1-5 Years EUR	>5 Year EUR	Total EUR
Term loans	1,506,944	8,527,500	-	10,034,444
	1,506,944	8,527,500	-	10,034,444

Italian Credit Fund				
Financial Assets	31 December 2019			
	<1 Year EUR	1-5 Years EUR	>5 Year EUR	Total EUR
Term loans	373,339	17,148,953	-	17,522,292
	373,339	17,148,953	-	17,522,292

European Credit Fund				
Financial Assets	31 December 2020			
	<1 Year EUR	1-5 Years EUR	>5 Year EUR	Total EUR
Corporate bonds	-	3,939,000	-	3,939,000
Term loans	-	5,585,968	5,000,000	10,585,968
	-	9,524,968	5,000,000	14,524,968

The European Credit Fund did not hold any investments at 31 December 2019.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (c) Liquidity risk (continued)

The following tables below and overleaf show information about the estimated timing of the net cash flows from the ICAV's liabilities. The analysis provided is by estimating timing, of the amounts recognised in the Statement of Financial Position.

##### PMI Fund

Financial Liabilities	31 December 2020			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Investment management fee payable	80,267	-	80,267	-
Manager's fee payable	3,286	-	3,286	-
Other payables	85,640	-	85,640	-
Net assets attributable to holders of redeemable shares	96,727,582	-	-	96,727,582
	96,896,775	-	169,193	96,727,582

Financial Liabilities	31 December 2019			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Investment management fee payable	57,734	-	57,734	-
Manager's fee payable	28,737	-	28,737	-
Other payables	60,760	-	60,760	-
Net assets attributable to holders of redeemable shares	83,630,819	-	-	83,630,819
	83,778,050	-	147,231	83,630,819

##### Italian Credit Fund

Financial Liabilities	31 December 2020			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Due to Investment manager	312,002	-	-	312,002
Investment management fee payable	21,546	-	21,546	-
Manager's fee payable	601	-	601	-
Other payables	64,567	-	64,567	-
Net assets attributable to holders of redeemable shares	17,758,560	-	-	17,758,560
	18,157,276	-	86,714	18,070,562

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (continued)

##### (c) Liquidity risk (continued)

###### Italian Credit Fund

Financial Liabilities	31 December 2019			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Bank overdraft	1	-	1	-
Redemptions payable	750,000	-	750,000	-
Due to Investment manager	312,002	-	-	312,002
Investment management fee payable	29,595	-	29,595	-
Manager's fee payable	2,284	-	2,284	-
Other payables	62,211	-	62,211	-
Net assets attributable to holders of redeemable shares	24,891,656	-	-	24,891,656
	26,047,749	-	844,091	25,203,658

###### European Credit Fund

Financial Liabilities	31 December 2020			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Financial liabilities at fair value through profit or loss	52,747	-	52,747	-
Manager's fee payable	558	-	558	-
Other payables	22,822	-	22,822	-
Net assets attributable to holders of redeemable shares	16,330,418	-	-	16,330,418
	16,406,545	-	76,127	16,330,418

Financial Liabilities	31 December 2019			
	Gross Contractual Cash Flows	On Demand	<1 Year	>1 Year
	EUR	EUR	EUR	EUR
Manager's fee payable	82	-	82	-
Other payables	386	-	386	-
Net assets attributable to holders of redeemable shares	1,839,353	-	-	1,839,353
	1,839,821	-	468	1,839,353

##### (d) Investment Risk

The Directors of the ICAV consider that the objective of spreading investment risk is achieved in the management of the ICAV. The ICAV is well diversified in line with its investment objective of achieving total rates of return, principally through current yield and capital appreciation.

## **Tenax QIAIF ICAV**

### **Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2020

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#### **7. SHARE CAPITAL**

The shares of the ICAV shall be divided into 2 subscriber shares, 500,000,000,000 (five hundred billion) ordinary participating shares of no nominal value (the "Shares") and 300,000 (three hundred thousand) ordinary management shares of no nominal value (the "Management Shares") which may be issued and redeemed at EUR 1 each. The share capital of the ICAV may be divided into different Classes of Shares to denote differing characteristics attributable to particular Classes of Shares.

The Subscriber Shares entitle the Shareholders holding them to attend and vote at all meetings of the ICAV, but do not entitle the holders to participate in the dividends or net assets of any Sub-Fund or of the ICAV. As subscriber shares are not participating shares of the ICAV and do not form part of the Net Asset Value of the ICAV, they are disclosed in the financial statements by way of this note only.

#### **Shares of no nominal value**

The Sub-Funds are empowered to issue and redeem Shares divided into different Classes. The Shares of each Class will rank pari passu with each other in all respects provided that they may differ as to certain matters including, without limitation, currency denomination, voting rights, hedging strategies, if any, applied to the currency of a particular Class, distribution policy, the level of fees and expenses to be charged and the minimum subscription and any minimum residual holding amounts as applicable.

Currently the following share classes have been authorised and are available for subscription:

The PMI Fund: the Class A Accumulation EUR Shares, the Class A Distribution EUR Shares, the Class B Accumulation EUR Shares, the Class B Distribution EUR Shares and the Class C Distribution EUR Shares.

The Italian Credit Fund: the Class A Accumulation EUR Shares, the Class A Distribution EUR Shares, the Class B Distribution EUR Shares and the Class C Distribution EUR Shares.

The European Credit Fund: the Class A Distribution EUR Shares

#### **Subscriptions**

The minimum subscriptions per investor for the Class A Shares is EUR 100,000, Class B Shares EUR 1,000,000 and Class C Shares EUR 30,000,000 net of initial charges.

#### **Voting Rights**

The ICAV has not imposed any restrictions on the voting rights attaching to the Shares under Irish law.

#### **Distribution Policy**

The Directors will determine whether a dividend should be paid in respect of a particular Distribution Class and the amount of such dividend, in consultation with the AIFM and the Investment Manager.

Any dividend payments will be confirmed in writing to the Shareholders of Distribution Classes.

There were dividend payments of EUR 1,541,644 for the Tenax PMI Fund, EUR Nil for the Tenax Italian Credit Fund and EUR Nil for the Tenax European Credit Fund during the financial year ended 31 December 2020 (31 December 2019: EUR 593,837 for the Tenax PMI Fund, EUR 750,000 for the Tenax Italian Credit Fund and EUR Nil for the Tenax European Credit Fund).

#### **Capital Commitments**

Capital Commitments could be accepted by the ICAV in respect of the Tenax European Credit Fund at any time up to the Final Closing Date, 28 November 2020, subject to an extension of up to 6 months at the discretion of the Directors. The Investment Manager shall issue drawdown notices to Shareholders pro rata and on a "as needed" basis to make investments or to provide funds to enable the Sub-Fund to discharge its ongoing operating fees and expenses including the Management Fee. Investors will receive a minimum of 10 Business Days prior written notice.

As at 31 December 2020 the Sub-Fund had drawdowns of EUR 16,830,564 from total capital commitments of EUR 64,200,000.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 7. SHARE CAPITAL (continued)

Share capital transactions for the financial year ended 31 December 2020 and financial period ended 31 December 2019 are summarised in the table below and overleaf:

##### PMI Fund

31 December 2020

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax PMI A Acc Initial NAV.	5,888.49	-	-	5,888.49
Tenax PMI B Acc Initial NAV	5,000.00	-	-	5,000.00
Tenax PMI A Dist Initial NAV	9,449.67	-	-	9,449.67
Tenax PMI B Dist Initial NAV	10,000.00	15,215.76	-	25,215.76
Tenax PMI C Dist Initial NAV	53,613.62	-	-	53,613.62
	83,951.78	15,215.76	-	99,167.54

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax PMI A Acc Initial NAV.	5,872,739	-	-	5,872,739
Tenax PMI B Acc Initial NAV	5,000,000	-	-	5,000,000
Tenax PMI A Dist Initial NAV	9,449,670	-	-	9,449,670
Tenax PMI B Dist Initial NAV	10,000,000	15,000,000	-	25,000,000
Tenax PMI C Dist Initial NAV	53,500,001	-	-	53,500,001
	83,822,410	15,000,000	-	98,822,410

31 December 2019

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax PMI A Acc Initial NAV.	2,699.87	3,188.62	-	5,888.49
Tenax PMI B Acc Initial NAV	5,000.00	-	-	5,000.00
Tenax PMI A Dist Initial NAV	9,449.67	-	-	9,449.67
Tenax PMI B Dist Initial NAV	10,000.00	-	-	10,000.00
Tenax PMI C Dist Initial NAV	23,500.00	30,113.62	-	53,613.62
	50,649.54	33,302.24	-	83,951.78

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax PMI A Acc Initial NAV.	2,699,869	3,172,870	-	5,872,739
Tenax PMI B Acc Initial NAV	5,000,000	-	-	5,000,000
Tenax PMI A Dist Initial NAV	9,449,670	-	-	9,449,670
Tenax PMI B Dist Initial NAV	10,000,000	-	-	10,000,000
Tenax PMI C Dist Initial NAV	23,500,000	30,000,001	-	53,500,001
	50,649,539	33,172,871	-	83,822,410

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 7. SHARE CAPITAL (continued)

##### Italian Credit Fund

31 December 2020

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax Italian Credit A Acc Initial NAV	56,558.71	-	(16,376.29)	40,182.42
Tenax Italian Credit A Dist Initial NAV	47,698.29	-	(14,347.77)	33,350.52
Tenax Italian Credit B Dist Initial NAV	75,412.76	-	(22,670.44)	52,742.32
Tenax Italian Credit C Dist Initial NAV	70,885.43	-	(21,289.85)	49,595.58
	250,555.19	-	(74,684.35)	175,870.84

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax Italian Credit A Acc Initial NAV	5,591,573	-	(1,693,250)	3,898,323
Tenax Italian Credit A Dist Initial NAV	4,715,598	-	(1,427,984)	3,287,614
Tenax Italian Credit B Dist Initial NAV	7,454,464	-	(2,257,370)	5,197,094
Tenax Italian Credit C Dist Initial NAV	7,005,435	-	(2,121,396)	4,884,039
	24,767,070	-	(7,500,000)	17,267,070

31 December 2019

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax Italian Credit A Acc Initial NAV	-	105,584.38	(49,025.67)	56,558.71
Tenax Italian Credit A Dist Initial NAV	-	89,043.50	(41,345.21)	47,698.29
Tenax Italian Credit B Dist Initial NAV	-	140,760.86	(65,348.10)	75,412.76
Tenax Italian Credit C Dist Initial NAV	-	132,281.95	(61,396.52)	70,885.43
	-	467,670.69	(217,115.50)	250,555.19

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax Italian Credit A Acc Initial NAV	-	10,558,439	(4,966,866)	5,591,573
Tenax Italian Credit A Dist Initial NAV	-	8,904,350	(4,188,752)	4,715,598
Tenax Italian Credit B Dist Initial NAV	-	14,076,086	(6,621,622)	7,454,464
Tenax Italian Credit C Dist Initial NAV	-	13,228,195	(6,222,760)	7,005,435
	-	46,767,069	(22,000,000)	24,767,070

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 7. SHARE CAPITAL (continued)

##### European Credit Fund

31 December 2020

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax European Credit A Dist Initial NAV	1,999.20	16,988.58	-	18,987.78
	1,999.20	16,988.58	-	18,987.78

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax European Credit A Dist Initial NAV	1,999,200	14,828,737	-	16,827,937
	1,999,200	14,828,737	-	16,827,937

31 December 2019

##### Number of shares issued

<i>Class of Shares</i>	Opening Balance Units	Issued During the Year Units	Redeemed During the Year Units	Closing Balance Units
Tenax European Credit A Dist Initial NAV	-	1,999.20	-	1,999.20
	-	1,999.20	-	1,999.20

##### Amounts issued

<i>Class of Shares</i>	Opening Balance EUR	Issued During the Year EUR	Redeemed During the Year EUR	Closing Balance EUR
Tenax European Credit A Dist Initial NAV	-	1,999,200	-	1,999,200
	-	1,999,200	-	1,999,200

#### 8. CHARGES AND EXPENSES

##### AIFM's Fee

Pursuant to the AIFM Agreement, the AIFM is entitled to charge the Sub-Funds an annual fee not to exceed 0.10% of the Net Asset Value of the Sub-Fund, subject to a minimum annual fee not to exceed €150,000 which fee shall be allocated pro-rata to all sub-funds of the ICAV. The AIFM's fee shall be subject to the imposition of Value Added Tax ("VAT") if required. The fee will be calculated and accrued as of each Valuation Day and is payable monthly in arrears within ten (10) Business Days of such fee becoming due. The AIFM's fee may be waived or reduced by the AIFM, in consultation with the Directors.

The AIFM shall be entitled to be reimbursed by the Sub-Fund for reasonable out-of-pocket expenses incurred and any VAT on all fees and expenses payable to or by it.

During the year ended 31 December 2020, the AIFM fee amounted to EUR 47,481 (31 December 2019: EUR 43,717) out of which EUR 4,445 (31 December 2019: EUR 31,103) was payable at 31 December 2020.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 8. CHARGES AND EXPENSES

##### Investment Management Fee

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to charge the Sub-Funds an investment management fee, which applies separately in respect of each Class as set out in the tables below. The fee is based on the Sub-Fund's Net Asset Value for the PMI Fund and Tenax Italian Credit Fund and the Sub-Fund's total Commitments during the Investment Period for the Tenax European Credit Fund.

##### PMI Fund

Share Class	Investment Management Fee
Class A Shares	1.75%
Class B Shares	1.25%
Class C Shares	0.60%

##### Italian Credit Fund

Share Class	Investment Management Fee
Class A Shares	1.50%
Class B Shares	1.40%
Class C Shares	1.25%
Class D Shares	1.10%
Class E Shares	1.50%

##### European Credit Fund

Share Class	Investment Management Fee
Class A Shares	1.50%

The investment management fee will be calculated and accrued daily and is payable monthly in arrears within ten Business Days of the last Business Day of each calendar month. The investment management fee may be waived or reduced in respect of one or more Classes by the Investment Manager, in consultation with the AIFM and the Directors. The Investment Manager may decide to rebate to one or more Shareholders or intermediaries part or all of its investment management fee, which may include directors and employees of the Investment Manager. The Investment Manager shall be entitled to be reimbursed by the Sub-Fund for reasonable out-of-pocket expenses incurred and any VAT on all fees and expenses payable to or by it.

##### PMI Fund

During the year ended 31 December 2020, the Investment Management fee amounted to EUR 910,809 (31 December 2019: EUR 579,263) out of which EUR 80,267 (31 December 2019: EUR 57,734) was payable at 31 December 2020.

##### Italian Credit Fund

During the year ended 31 December 2020, the Investment Management fee amounted to EUR 250,023 (31 December 2019: EUR 325,500) out of which EUR 21,546 (31 December 2019: EUR 29,595) was payable at 31 December 2020.

##### European Credit Fund

During the year ended 31 December 2020, the Investment Management fee amounted to EUR 918,750 (31 December 2019: EUR 75,000) out of which EUR Nil (31 December 2019: EUR Nil) was payable at 31 December 2020.

##### Performance Fee

##### PMI Fund and Italian Credit Fund

Pursuant to the Investment Management Agreement, the Investment Manager is entitled to charge the PMI Fund and the Italian Credit Fund a performance fee, which applies separately in respect of each Class as set out in the table below, based on its Net Asset Value.

Share Class	Performance Fee
Class A Shares	20%
Class B Shares	20%
Class C Shares	20%
Class E Shares	15%



## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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#### 8. CHARGES AND EXPENSES (continued)

##### Performance Fee (continued)

##### PMI Fund and Italian Credit Fund (continued)

The performance fee is equal to 20% of the increase in the Net Asset Value per Share of the relevant Class (after adding back any distributions made and before the accrual of any performance fee) outstanding in respect of each Performance Period over the higher of the Hurdle and the High Water Mark (the "Benchmark"). The use of a high water mark ensures that no Class will be charged a performance fee until any previous losses are recovered.

The Hurdle in respect of each Series of each Class on the PMI Fund is an annual rate of 3% applied from the end of the Initial Offer Period and to the Initial Offer Price in the case of the Initial Series of each Class to the date of redemption of the relevant Shares, and from the Dealing Day as of which the relevant Series of Shares was issued and to the Net Asset Value as of which such Series was issued until the date of redemption of the relevant Shares, in the case of all other Series. The Hurdle in respect of the Italian Credit Fund means the interest rate return of the BTP (Buoni Del Tesoro Poliennali) 4 year (Bloomberg Ticker: GBTPGR4 Index) on the first Business Day applied pro-rata the period in question.

The Performance Period will run from the end of the Initial Offer Period to the expiry of the Term or the termination of the Fund, if earlier. The Redemption Date on which a Share is redeemed shall be treated as the end of a Performance Period for the purposes of such Share.

The performance fee shall be calculated and accrued as of each Valuation Day. The performance fee is payable by the Sub-Funds to the Investment Manager within ten days after it becomes due. The Investment Manager may decide to partially or wholly waive its entitlement to a performance fee in respect of one or more Classes. The Investment Manager may rebate part or all of its performance fee to one or more Shareholders or intermediaries.

There were no performance fees charged during the period (2019: Same).

##### European Credit fund

The European Credit Fund does not incur a performance fee. It applies the principle of carried interest as described below.

After payment of the expenses of the Fund and the Management Fee, any distributions which are made (other than distributions made in connection with the payment of Equalisation Fees) will be made as follows:

- (i) first, to the investors until the investors (pro rata to the amount of their respective Capital Commitments) have been repaid their respective draw-down commitments;
- (ii) second, to the investors (pro rata to the amount of their respective Capital Commitments) until they have received a hurdle rate equivalent to 3.75% compounded annually (Preferred Return);
- (iii) third, 100% to the Investment Manager until the Investment Manager has received 15% of the aggregate distributions in (ii) and (iii) ("Full Carry Catch-Up");
- (iv) fourth, 85% to the investors (pro rata to the amount of their respective Capital Commitments) and 15% to the Investment Manager.

Realisation proceeds, subject to any permitted reinvestments, will be distributed in cash as soon as practicable after they are received by the Fund. The Carried Interest shall be calculated and accrued (where relevant) as of each Valuation Day. The calculation of any Carried Interest will be verified by the Depositary.

There was no carried interest charged during the period (2019: Same).

##### Directors' Fees and Expenses

Directors shall be entitled to a fee by way of remuneration at a rate to be determined from time to time by the Directors. The annual fee paid to each Director in respect of the ICAV shall not exceed such amount as may be determined by the Directors each year and such fees shall be borne by all Sub-Funds pro rata. In addition, the Directors will be reimbursed for reasonable travelling, hotel accommodation and other out-of-pocket expenses incurred by them while executing their duties as Directors.

## **Tenax QIAIF ICAV**

### **Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2020

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#### **8. CHARGES AND EXPENSES (continued)**

##### **Directors' Fees and Expenses (continued)**

During the year ended 31 December 2020, the Directors fee amounted to EUR 100,000 (31 December 2019: EUR 77,571) out of which EUR Nil (31 December 2019: EUR Nil) was payable at 31 December 2020.

There were no payments made to a person connected to a Director by the ICAV during the year.

##### **Administrator Fee**

The Sub-Funds shall pay the Administrator's fee and expenses (including any reasonable out-of-pocket expenses incurred on behalf of the Sub-Fund). The Administrator's fee shall not exceed 0.06% of the Net Asset Value of the Sub-Fund which shall be calculated and accrued as of each Valuation Day and shall be payable monthly in arrears subject to a minimum annual fee of EUR 24,000.

In addition, the Administrator may charge for the preparation of financial statements, for filing the Sub-Fund's VAT returns, maintenance of the Sub-Fund's Shareholder register, ad-hoc reporting and for investor account and transaction fees as per the agreement entered into with the Administrator.

During the year ended 31 December 2020, the Administrator fee amounted to EUR 119,479 (31 December 2019: EUR 78,783) out of which EUR 9,674 (31 December 2019: EUR 18,293) was payable at 31 December 2020.

##### **Depository Fee**

The Sub-Funds shall pay the Depository's fee and expenses (including any reasonable out-of-pocket expenses incurred on behalf of the Sub-Fund). The Depository's fee shall not exceed 0.03% of the Net Asset Value of the Sub-Fund which shall be calculated and accrued as of each Valuation Day and shall be payable monthly in arrears subject to a minimum annual fee of EUR 24,000.

During the year ended 31 December 2020, the Depository fee amounted to EUR 50,871 (31 December 2019: EUR 49,001) out of which EUR 6,467 (31 December 2019: EUR 10,063) was payable at 31 December 2020.

##### **Audit Fees**

Statutory audit fees charged by the statutory auditors, Deloitte Ireland LLP, during the period ended 31 December 2020 were EUR 27,300 (31 December 2019: EUR 21,525) exclusive of VAT of which EUR 27,300 (31 December 2019: EUR 21,525) was payable at the year end. Except for statutory audit fees, there were no other fees relating to non-audit services paid to Deloitte Ireland LLP.

##### **Establishment expenses**

For the purpose of calculating the dealing Net Asset Value and per the ICAV's offering Memorandum, the preliminary expenses incurred in connection with the establishment and initial issue of Shares in the Sub-Fund when incurred will be amortised over the first three financial years of the ICAV or such other period as the Directors may determine and in such manner as the Directors in their absolute discretion deem fair and shall be subject to such adjustment following the establishment of new Sub-Funds as the Directors may determine.

However, as required by IFRS, this expense must be written off when incurred and as a result, the financial statements will be adjusted accordingly. This is for financial statements purposes only and has no impact on the dealing Net Asset Value.

Such fees and expenses amounted to approximately €176,039 (plus VAT, if any).

##### **Operating Expenses**

The Sub-Fund will pay all its operating expenses. The Sub-Fund will also bear its attributable portion (based on Net Asset Value) of the fees and operating expenses of the ICAV as set out in detail in the Prospectus.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 9. RELATED PARTIES AND CONNECTED PARTIES

The ICAV's related parties include key management, the Investment Manager and the Depositary as described below.

<b>31 December 2020</b>				
<b>Related party</b>	<b>Nature of relationship</b>	<b>Transaction</b>	<b>Fees earned during the period EUR</b>	<b>Balance due as at 31 December 2020 EUR</b>
Massimo Figna	Director	Directors' Fees	20,000	-
Frank O'Riordan	Director	Directors' Fees	30,000	-
Furio Pietribiasi	Director	Directors' Fees	50,000	-
Tenax Capital Limited	Investment Manager	Investment Management	2,079,582	101,813
CACEIS Bank, Ireland Branch	Depositary	Depositary Fee	50,871	6,467
<b>31 December 2019</b>				
<b>Related party</b>	<b>Nature of relationship</b>	<b>Transaction</b>	<b>Fees earned during the period EUR</b>	<b>Balance due as at 31 December 2019 EUR</b>
Massimo Figna	Director	Directors' Fees	25,636	-
Frank O'Riordan	Director	Directors' Fees	24,968	-
Furio Pietribiasi	Director	Directors' Fees	26,963	-
Tenax Capital Limited	Investment Manager	Investment Management	608,858	87,329
CACEIS Bank, Ireland Branch	Depositary	Depositary Fee	49,001	10,063

The Advisory Board is a related party of Tenax European Credit Fund. The Advisory Board will consist of not fewer than 3 nor more than 5 members appointed by the Board of Directors of the ICAV, representing the largest investors of the Sub-Fund (by value of Shares) as advised by the Sub-Fund.

Mr. Massimo Figna, the Director, is the Founder and an employee of the Investment Manager.

As at 31 December 2020, the Investment Manager held 508 Class A EUR Distributing Shares in the Tenax Italian Credit Fund with a value of EUR 50,765 and 190 Class A EUR Distributing Shares in the Tenax European Credit Fund with a value of EUR 164,041 (31 December 2019: 726 Class A EUR Distributing Shares in the Tenax Italian Credit Fund with a value of EUR 72,060 and 20 Class A EUR Distributing Shares in the Tenax European Credit Fund with a value of EUR 18,823).

As at 31 December 2020, the Directors are satisfied that all transactions with related parties, Directors or any party in which they have a material interest are entered into in the ordinary course of business on normal commercial terms.

The Directors may be entitled to remuneration as determined by the Directors as disclosed in Note 8.

The fees payable to the AIFM, the Investment Manager, the Directors, the Administrator and the Depositary are discussed in Note 8.

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 10. ACCRUED EXPENSES

The following tables represent the accrued expenses as at 31 December 2020 and 31 December 2019.

<b>PMI Fund</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>EUR</b>	<b>EUR</b>
Administrator fee payable	5,358	12,235
Audit and tax fee payable	17,920	18,450
Depositary fee payable	2,467	4,524
Legal and professional fee payable	1,724	14,049
Transfer Agency fee payable	208	1,213
Company Secretary fee payable	2,900	6,404
Insurance guarantee scheme fee payable	48,961	-
Other payables	6,102	3,885
	<b>85,640</b>	<b>60,760</b>

<b>Italian Credit Fund</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>EUR</b>	<b>EUR</b>
Administrator fee payable	2,244	5,865
Audit and tax fee payable	7,298	6,882
Depositary fee payable	2,000	5,346
Legal and professional fee payable	564	4,037
Transfer Agency fee payable	109	501
Company Secretary fee payable	1,152	1,959
Insurance guarantee scheme fee payable	48,216	-
Other payables	2,984	37,621
	<b>64,567</b>	<b>62,211</b>

<b>European Credit Fund</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>EUR</b>	<b>EUR</b>
Administrator fee payable	2,072	193
Audit and tax fee payable	1,739	-
Depositary fee payable	2,000	193
Legal and professional fee payable	15,523	-
Transfer Agency fee payable	35	-
Company Secretary fee payable	385	-
Other payables	1,068	-
	<b>22,822</b>	<b>386</b>

#### 11. SOFT COMMISSIONS

There were no soft commissions paid during the year ended 31 December 2020 (31 December 2019: Same).

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

#### 12. OTHER EXPENSES

The following table represents the breakdown of other expenses as at 31 December 2020 and 31 December 2019.

<b>PMI Fund</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>EUR</b>	<b>EUR</b>
Administrator fee	87,720	54,832
Audit and tax fee	17,047	18,450
Central Bank of Ireland fee	6,145	2,839
Directors' fee	80,254	54,269
Depositary fee	20,243	27,536
Legal and professional fee	71,555	127,727
Transaction fees	70,803	34,721
Transfer Agency fee	15,455	6,076
Company secretary fee	22,748	5,520
Distributor fee	33,115	8,416
Insurance guarantee scheme fee	72,284	-
Other expenses	31,423	5,990
	<b>528,792</b>	<b>346,376</b>
<b>Independent Auditor's Remuneration (excluding VAT of 23%) consists of:</b>		
Audit of statutory financial statements	13,859	15,000
	<b>13,859</b>	<b>15,000</b>
<b>Italian Credit Fund</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>EUR</b>	<b>EUR</b>
Administrator fee	19,846	23,758
Audit and tax fee	3,683	8,829
Central Bank of Ireland fee	1,428	3,051
Directors' fee	16,500	23,302
Depositary fee	19,048	21,272
Legal and professional fee	45,522	36,928
Establishment costs	-	53,572
Transaction fees	-	1,144
Transfer Agency fee	3,319	4,102
Insurance guarantee scheme fee	54,860	-
Other expenses	18,211	62,787
	<b>182,417</b>	<b>238,745</b>
<b>Independent Auditor's Remuneration (excluding VAT of 23%) consists of:</b>		
Audit of statutory financial statements	2,994	7,178
	<b>2,994</b>	<b>7,178</b>

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

#### 12. OTHER EXPENSES (continued)

The following table represents the breakdown of other expenses as at 31 December 2020 and 31 December 2019.

European Credit Fund	31 December 2020	31 December 2019
	EUR	EUR
Administrator fee	11,913	193
Audit and tax fee	3,681	151
Central Bank of Ireland fee	915	-
Directors' fee	8,170	-
Depository fee	11,580	193
Legal and professional fee	31,504	-
Establishment costs	34,040	82,949
VAT payments	25,879	-
Transfer Agency fee	1,704	-
Other expenses	26,485	-
	155,871	83,486
<i>Independent Auditor's Remuneration (excluding VAT of 23%) consists of:</i>		
Audit of statutory financial statements	2,993	123
	2,993	123

#### 13. NET ASSET VALUE PER SHARE

##### PMI Fund

##### 31 December 2020

	Net Asset Value	Shares in Issue	NAV per Share
Class of Shares	EUR	EUR	EUR
Tenax PMI A Acc Initial NAV.	5,814,457	5,888.49	987.42
Tenax PMI B Acc Initial NAV	4,990,081	5,000.00	998.01
Tenax PMI A Dist Initial NAV	9,140,334	9,449.67	967.26
Tenax PMI B Dist Initial NAV	24,501,588	25,215.76	971.67
Tenax PMI C Dist Initial NAV	52,281,122	53,613.62	975.14

##### 31 December 2019

	Net Asset Value	Shares in Issue	NAV per Share
Class of Shares	EUR	EUR	EUR
Tenax PMI A Acc Initial NAV.	5,887,854	5,888.49	999.89
Tenax PMI B Acc Initial NAV	5,027,767	5,000.00	1,005.55
Tenax PMI A Dist Initial NAV	9,377,068	9,449.67	992.32
Tenax PMI B Dist Initial NAV	9,938,054	10,000.00	993.81
Tenax PMI C Dist Initial NAV	53,400,076	53,613.62	996.02

##### 31 December 2018

	Net Asset Value	Shares in Issue	NAV per Share
Class of Shares	EUR	EUR	EUR
Tenax PMI A Acc Initial NAV.	2,673,853	2,699.87	990.36
Tenax PMI B Acc Initial NAV	4,955,083	5,000.00	991.02
Tenax PMI A Dist Initial NAV	9,358,617	9,449.67	990.36
Tenax PMI B Dist Initial NAV	9,910,166	10,000.00	991.02
Tenax PMI C Dist Initial NAV	23,308,821	23,500.00	991.86

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 13. NET ASSET VALUE PER SHARE (continued)

##### Italian Credit Fund

31 December 2020

	Net Asset Value EUR	Shares in Issue EUR	NAV per Share EUR
<b>Class of Shares</b>			
Tenax Italian Credit A Acc Initial NAV	4,172,529	40,182.42	103.83
Tenax Italian Credit A Dist Initial NAV	3,333,490	33,350.52	99.95
Tenax Italian Credit B Dist Initial NAV	5,278,801	52,742.32	100.08
Tenax Italian Credit C Dist Initial NAV	4,973,740	49,595.58	100.28

31 December 2019

	Net Asset Value EUR	Shares in Issue EUR	NAV per Share EUR
<b>Class of Shares</b>			
Tenax Italian Credit A Acc Initial NAV	5,785,548	56,558.71	102.29
Tenax Italian Credit A Dist Initial NAV	4,695,106	47,698.29	98.43
Tenax Italian Credit B Dist Initial NAV	7,426,231	75,412.76	98.47
Tenax Italian Credit C Dist Initial NAV	6,984,772	70,885.43	98.54

##### European Credit Fund

31 December 2020

	Net Asset Value EUR	Shares in Issue EUR	NAV per Share EUR
<b>Class of Shares</b>			
Tenax European Credit A Dist Initial NAV	16,330,418	18,987.78	860.04

31 December 2019

	Net Asset Value EUR	Shares in Issue EUR	NAV per Share EUR
<b>Class of Shares</b>			
Tenax European Credit A Dist Initial NAV	1,839,353	1,999.20	920.04

#### 14. RECONCILIATION OF THE DEALING NET ASSET VALUE TO FINANCIAL STATEMENTS NET ASSET VALUE

The following table provides a reconciliation of the Net Asset Value for dealing purposes to the financial statements Net Asset Value as of 31 December 2020 and 31 December 2019 of the Sub-Funds.

There was no difference between the Net Asset Value for dealing purposes to the financial statements Net Asset Value for the PMI Fund as at 31 December 2020.

##### PMI Fund

31 December 2019

	EUR
Net Asset Value for dealing purposes as at 31 December 2019	53,656,623
Adjustment for subscriptions receivable	30,000,001
Adjustment for write off of establishment expenses	(25,805)
Net assets attributable to shareholders	<u>83,630,819</u>

## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 14. RECONCILIATION OF THE DEALING NET ASSET VALUE TO FINANCIAL STATEMENTS NET ASSET VALUE (continued)

<b>Italian Credit Fund</b>	<b>31 December 2020</b>
	<b>EUR</b>
Net Asset Value for dealing purposes as at 31 December 2020	17,767,220
Adjustment for write off of establishment expenses	(8,660)
Net assets attributable to shareholders	<u>17,758,560</u>
	<b>31 December 2019</b>
	<b>EUR</b>
Net Asset Value for dealing purposes as at 31 December 2019	25,096,815
Adjustment for write-off of interest receivable	(169,567)
Adjustment for write off of establishment expenses	(35,592)
Net assets attributable to shareholders	<u>24,891,656</u>
<b>European Credit Fund</b>	<b>31 December 2020</b>
	<b>EUR</b>
Net Asset Value for dealing purposes as at 31 December 2020	16,407,369
Adjustment for write off of establishment expenses	(76,951)
Net assets attributable to shareholders	<u>16,330,418</u>
	<b>31 December 2019</b>
	<b>EUR</b>
Net Asset Value for dealing purposes as at 31 December 2019	1,919,955
Adjustment for write off of establishment expenses	(80,602)
Net assets attributable to shareholders	<u>1,839,353</u>



## Tenax QIAIF ICAV

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

#### 15. OFFSETTING

Derivative financial instruments are presented gross on the Statement of Financial Position even when an enforceable master netting agreement is in place that provides the Sub-Funds, in the event of counterparty default, the right to liquidate collateral and the right to offset counterparty's rights and obligations.

The table below provides information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement as at 31 December 2020 for the European Credit Fund. The European Credit fund held no derivative contracts as at 31 December 2019.

#### European Credit Fund

31 December 2020

	Gross amount recognised in the Statement of Financial Position	Gross amount offset in the Statement of Financial Position	Net amount presented in the Statement of Financial Position	Related amounts not offset in the Statement of Financial Position		Net amount
				Financial instruments (including non- cash collateral)	Cash collateral pledged	
	EUR	EUR	EUR	EUR	EUR	EUR
<b>Financial Liabilities</b>						
<i>Derivative financial instruments</i>						
<i>Foreign currency forward contracts</i>						
- CACEIS Bank	52,747	-	52,747	-	-	52,747
<b>Total</b>	<b>52,747</b>	<b>-</b>	<b>52,747</b>	<b>-</b>	<b>-</b>	<b>52,747</b>

As at 31 December 2020, there were no financial asset derivative financial instruments held by the European Credit Fund.

The PMI Fund and the Italian Credit fund held no derivative contracts as at 31 December 2020 and 31 December 2019.

## **Tenax QIAIF ICAV**

### **Notes to the Financial Statements (continued)**

For the financial year ended 31 December 2020

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#### **16. SIGNIFICANT EVENTS DURING THE YEAR**

The Board has considered the general impact resulting from the spread of a coronavirus known as COVID19 on the ICAV and has ongoing engagement with its delegates. The delegates have invoked their Business Continuity Plans (BCPs) which are operating effectively allowing the ICAV to continue to service its client base. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty.

The effects of COVID-19 have and may continue to adversely affect the global economy, the economies of certain nations and individual issuers. The Board continues to closely monitor market conditions taking into account any changes in liquidity or other market volatility and/or restrictions.

The Directors have evaluated events that have occurred during the financial year ended 31 December 2020 and determined that no other events have occurred that would require recognition or additional disclosures in the financial statements.

#### **17. SUBSEQUENT EVENTS**

On 1 February 2021, the Directors approved a capital distribution of EUR 3,300,000 and a cash dividend of EUR 647,686 to all shareholders on record of the Tenax Italian Credit Fund.

The supplements for each of the Sub-Funds were amended by way of addendum on 4 March 2021 which incorporated required Sustainable Finance Disclosure Regulation disclosures.

The Tenax Investments Maio 2021, an additional Sub-Fund of the ICAV, was approved by the Central Bank of Ireland with effect from 4 May 2021.

The Directors have evaluated events that have occurred up to the date of approval of the financial statements and determined that no other events have occurred that would require recognition or additional disclosures in the financial statements.

#### **18. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 17 June 2021.

**Tenax QIAIF ICAV**  
**Schedule of Investments**  
As at 31 December 2020

**PMI Fund**

Description	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV
<b>Financial assets at fair value through profit or loss:</b>					
<b>Corporate Bonds</b>					
<i>Austria</i>					
SAPPI PAPIER REGS 4.00 16-23 01/04S	EUR	01/04/2023	300,000	300,129	0.31%
				<b>300,129</b>	<b>0.31%</b>
<i>British Virgin Islands</i>					
FORTUNE STAR BV 4.3500 19-23 06/05S	EUR	06/05/2023	400,000	406,700	0.42%
				<b>406,700</b>	<b>0.42%</b>
<i>Finland</i>					
NOKIA OYJ 1 17-21 15/02A	EUR	15/02/2021	137,000	137,163	0.14%
NOKIA OYJ 2.00 19-26 11/03A	EUR	11/03/2026	150,000	156,131	0.16%
NOKIA OYJ 2.3750 20-25 15/05A	EUR	15/05/2025	200,000	212,138	0.22%
SAMPO 1.50 14-21 16/09A	EUR	16/09/2021	400,000	405,628	0.42%
				<b>911,060</b>	<b>0.94%</b>
<i>France</i>					
CNP ASSURANCES 1.875 16-22 20/10A	EUR	20/10/2022	900,000	931,113	0.96%
EDF 2.25 13-21 27/04A	EUR	27/04/2021	500,000	504,115	0.52%
ELIS SA 1.875 18-23 15/02A	EUR	15/02/2023	900,000	918,774	0.95%
EUROFINS SCIENTIFIC 3.375 15-23 30/01A	EUR	30/01/2023	100,000	106,272	0.11%
EUTELSAT 1.125 16-21 23/06A	EUR	23/06/2021	500,000	501,385	0.52%
FAURECIA 3.1250 19-26 15/06S	EUR	15/06/2026	600,000	618,534	0.64%
FNAC DARTY SA 1.875 19-24 30/05S	EUR	30/05/2024	400,000	406,288	0.43%
LOXAMSAS 4.25 17-24 15/04S	EUR	15/04/2024	150,000	153,302	0.16%
LVMH 0.375 17-22 26/05A	EUR	26/05/2022	400,000	403,224	0.42%
NEXANS SA 3.25 16-21 26/05A	EUR	26/05/2021	500,000	502,788	0.52%
ORANO SA 4.875 09-24 23/09A	EUR	23/09/2024	900,000	1,034,118	1.07%
RCI BANQUE SA 0.625 16-21 10/11A	EUR	10/11/2021	323,000	324,620	0.34%
SOCIETE GENERALE FL.R 17-22 01/04Q	EUR	01/04/2022	500,000	504,158	0.53%
VALEO SA 0.375 17-22 12/09A	EUR	12/09/2022	700,000	703,839	0.73%
VIVENDI SA 0.75 16-21 26/05A	EUR	26/05/2021	400,000	401,338	0.41%
				<b>8,013,868</b>	<b>8.31%</b>
<i>Germany</i>					
BERTELSMANN SE & C 0.25 17-21 26/05A	EUR	26/05/2021	400,000	400,818	0.41%
DAIMLER AG 2.00 13-21 25/06A	EUR	25/06/2021	400,000	404,372	0.42%
METRO 1.375 14-21 28/10A	EUR	28/10/2021	500,000	505,500	0.52%
THYSENKRUPP AG 1.375 17-22 03/03A	EUR	03/03/2022	500,000	500,350	0.52%
VOLKSWAGEN FIN SERV 0.75 15-21 14/10A	EUR	14/10/2021	500,000	504,263	0.52%
VOLKSWAGEN LEASING FL.R 17-21 06/07Q	EUR	06/07/2021	500,000	500,640	0.52%
				<b>2,815,943</b>	<b>2.91%</b>
<i>Hong Kong</i>					
HUTCHISON WHAMPOA 3.625 12-22 06/06A	EUR	06/06/2022	400,000	420,506	0.43%
				<b>420,506</b>	<b>0.43%</b>
<i>Ireland</i>					
RYANAIR DAC 1.875 14-21 17 06A	EUR	17/06/2021	400,000	403,468	0.42%
RZD CAPITAL PLC 3.3744 13-21 20/05	EUR	20/05/2021	100,000	101,419	0.10%
				<b>504,887</b>	<b>0.52%</b>

**Tenax QIAIF ICAV**  
**Schedule of Investments (continued)**  
As at 31 December 2020

**PMI Fund (continued)**

Description	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV
<b>Financial assets at fair value through profit or loss: (continued)</b>					
<b>Corporate Bonds (continued)</b>					
<i>Italy</i>					
ASR MEDIA AND SPONSO 5.125 19-24 31/08S	EUR	31/08/2024	550,000	543,150	0.56%
ASSICUR.UNIPOL FL.R 01-21 15/06Q	EUR	15/06/2021	400,000	400,712	0.41%
ASSICUR.UNIPOL-SUB- FL.R 03-23 28/07A	EUR	28/07/2023	400,000	400,836	0.41%
BANCA IFIS SPA 2.0000 18-23 24/04A	EUR	24/04/2023	200,000	201,000	0.21%
BANCO BPM SPA 2.5 19-24 21/06A	EUR	21/06/2024	500,000	527,890	0.55%
BANCO BPM SPA 2.0 19-22 08/03A	EUR	08/03/2022	500,000	510,095	0.53%
CASSA DEPOSITI PRESTI FL.R 15-22 20/03Q	EUR	20/03/2022	400,000	400,902	0.41%
ENI SPA 2.625 13-21 22/11A	EUR	22/11/2021	700,000	718,592	0.74%
FABRIC BC SPA FL.R 18-24 30/11Q	EUR	30/11/2024	900,000	897,318	0.93%
FERROVIE STATO 3.50 13-21 13/12A	EUR	13/12/2021	400,000	413,472	0.43%
FERROVIE STATO ITALIA 0.875 17-23 07/12A	EUR	07/12/2023	100,000	102,648	0.11%
FINMECCANICA SPA 4.875 05-25 24/03A	EUR	24/03/2025	600,000	689,052	0.71%
INTESA SANPAOLO 6.625 13-23 13/09A	EUR	13/09/2023	500,000	571,155	0.59%
JUVENTUS FOOTBALL 3.375 19-24 19/02A	EUR	19/02/2024	700,000	699,010	0.72%
MEDIOBANCA SUB FL.R 11-21 13/06Q	EUR	13/06/2021	500,000	509,255	0.53%
PIRELLI AND C SPA 1.375 18-23 25/01A	EUR	25/01/2023	1,050,000	1,059,466	1.10%
SISAL PAY SPA FL.R 19-26 17/12Q	EUR	17/12/2026	500,000	501,613	0.52%
SNAM 3.375 13-21 29/01A	EUR	29/01/2021	350,000	350,906	0.36%
SNAM SPA FL.R 17-22 21/02Q	EUR	21/02/2022	700,000	702,355	0.73%
TAMBURI INVESTMENT PA 2.5 19-24 05/12A	EUR	05/12/2024	1,000,000	983,640	1.02%
TELECOM ITALIA 2.50 17-23 19/07A	EUR	19/07/2023	500,000	524,222	0.54%
TELECOM ITALIA 4.00 19-24 11/04A	EUR	11/04/2024	200,000	216,836	0.22%
TELECOM ITALIA CAP 4.50 14-21 25/01A	EUR	25/01/2021	400,000	402,108	0.42%
TELECOM ITALIA SPA 3.625 16-24 19/01A	EUR	19/01/2024	700,000	751,380	0.78%
TERNASPA 4.75 11-21 15/03A	EUR	15/03/2021	400,000	403,974	0.42%
UGF 3.00 15-25 18/03A	EUR	18/03/2025	500,000	534,515	0.55%
UNICREDIT SPA 6.125 11-21 19/04A	EUR	19/04/2021	600,000	610,227	0.63%
WEBUILD 1.75 17-24 26/10A	EUR	26/10/2024	1,000,000	925,050	0.96%
				<b>15,551,379</b>	<b>16.09%</b>
<i>Jersey</i>					
SWISS RE FINANCE (UK) 1.375 16-23 27/05A	EUR	27/05/2023	500,000	518,638	0.54%
				<b>518,638</b>	<b>0.54%</b>
<i>Luxembourg</i>					
ARCELORMITTAL 3.00 15-21 09/04A	EUR	09/04/2021	400,000	403,140	0.42%
B2 HOLDING ASA FL.R 16-21 04/10Q	EUR	04/10/2021	100,000	101,002	0.10%
CNH IND FIN 2.875 14-21 27/09A	EUR	27/09/2021	600,000	613,743	0.63%
CONTOURGLOBAL POWER 2.7500 20-26 01/01S	EUR	01/01/2026	500,000	499,805	0.52%
DIOCLE SPA FL.R 19-26 30/06Q	EUR	30/06/2026	810,000	812,410	0.84%
FIAT FINANCE TR 4.75 14-22 15/07A	EUR	15/07/2022	1,000,000	1,068,525	1.10%
FINMEC FINANCE 4.50 13-21 19/01A	EUR	19/01/2021	800,000	800,592	0.83%
FIRE BC FL.R 18-24 28/09Q	EUR	30/09/2024	800,000	769,268	0.80%
GAZ CAPITAL 3.60 14-21 26/02A	EUR	26/02/2021	600,000	603,714	0.62%
GESTAMP REGS 3.50 16-23 31/12S	EUR	31/12/2023	100,000	100,903	0.10%
GLENCORE FINANCE 2.75 14-21 04/01A	EUR	04/01/2021	500,000	500,148	0.52%

**Tenax QIAIF ICAV**  
**Schedule of Investments (continued)**  
As at 31 December 2020

**PMI Fund (continued)**

Description	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV
<b>Financial assets at fair value through profit or loss: (continued)</b>					
<b>Corporate Bonds (continued)</b>					
<i>Luxembourg (continued)</i>					
HUTCH WHAMPOA FIN 14 1.375 14-21 31/10A	EUR	31/10/2021	500,000	506,377	0.52%
INEOS GROUP HOLDIN 5.375 16-24 01/08S	EUR	01/08/2024	400,000	405,886	0.42%
KONGSBERG ACTUATION 5 18-25 15/07	EUR	15/07/2025	400,000	378,316	0.39%
ROSSINI SARL 6.75 18-25 30/10S	EUR	30/10/2025	1,400,000	1,497,888	1.55%
RYANAIR LTD 1.125 15-23 10/03A	EUR	10/03/2023	100,000	101,182	0.10%
SAMSONITE FINCO SARL 3.5 18-26 15/05S	EUR	15/05/2026	600,000	576,828	0.60%
SUMMER BC HOLDC 5.7500 19-26 31/10S	EUR	31/10/2026	800,000	846,328	0.87%
VIVION INVESTS 3.00 19-24 08/08A	EUR	08/08/2024	1,000,000	930,430	0.96%
				<b>11,516,485</b>	<b>11.89%</b>
<i>Spain</i>					
GRIFOLS SA 1.625 19-25 15/02S	EUR	15/02/2025	700,000	702,601	0.73%
				<b>702,601</b>	<b>0.73%</b>
<i>Sweden</i>					
DOMETIC GROUP AB 3.00 18-23 13/09A	EUR	13/09/2023	1,100,000	1,148,796	1.19%
VOLVO CAR AB 2.00 17-25 24/01A	EUR	24/01/2025	400,000	412,480	0.43%
VOLVO CAR AB 3.25 16-21 18/05A	EUR	18/05/2021	600,000	608,472	0.63%
				<b>2,169,748</b>	<b>2.25%</b>
<i>The Netherlands</i>					
ABN AMRO BANK 7.125 12-22 06/07A	EUR	06/07/2022	500,000	553,532	0.57%
BHARTI AIRTEL INTL NL 3.375 14-21 20/05A	EUR	20/05/2021	300,000	303,723	0.31%
CNH INDUSTRIAL FIN 1.375 17-22 23/05A	EUR	23/05/2022	400,000	407,288	0.42%
EDP FINANCE 4.125 13-21 20/01A	EUR	20/01/2021	200,000	200,359	0.21%
FERRARI NV 0.25 17-21 16/01A	EUR	16/01/2021	400,000	399,984	0.41%
HEINEKEN NV 1.25 15-21 10/09A	EUR	10/09/2021	400,000	402,834	0.42%
NN GROUP NV 1.00 15-22 18/03A	EUR	18/03/2022	400,000	406,252	0.42%
NOMURA EUROPE FIN 1.50 14-21 12/05A	EUR	12/05/2021	400,000	402,698	0.42%
SAIPEM FIN INTL BV 2.625 17-25 07/01A	EUR	07/01/2025	500,000	518,275	0.54%
SAIPEM FIN INTL BV 3.75 16-23 08/09A	EUR	08/09/2023	500,000	531,962	0.55%
STELLANTIS 3.75 16-24 29/03A	EUR	29/03/2024	500,000	549,920	0.57%
SYNGENTA FIN NVEMTN 1.875 14-21 02/11A	EUR	02/11/2021	1,200,000	1,212,810	1.25%
UNILEVER NV REGS 0.50 15-22 03/02A	EUR	03/02/2022	400,000	403,838	0.42%
UNITED GROUP BV FL.R 20-26 15/02Q	EUR	15/02/2026	150,000	147,042	0.16%
				<b>6,440,517</b>	<b>6.67%</b>
<i>United Kingdom</i>					
ASTRAZENECA PLC 0.25 16-21 12/05A	EUR	12/05/2021	900,000	900,562	0.93%
BAT INTERNATIONAL FIN 4.875 09-21 24/02A	EUR	24/02/2021	800,000	805,492	0.83%
COMPASS GROUP EMTN 1.875 14-23 27/01A	EUR	27/01/2023	100,000	104,426	0.11%
HELLENIC PETROL 2.0000 19-24 04/10S	EUR	04/10/2024	100,000	98,361	0.10%
IMPERIAL BRANDS FI 0.50 17-21 27/07A	EUR	27/07/2021	560,000	561,470	0.58%
INTL GAME TECHNOLOGY 4.75 15-23 15/02S	EUR	18/02/2023	100,000	104,973	0.11%
VODAFONE GROUP 4.65 10-22 20/01A	EUR	20/01/2022	400,000	420,544	0.43%
VODAFONE GROUP PLC 0.375 17-21 22/11A	EUR	22/11/2021	800,000	805,136	0.83%
				<b>3,800,964</b>	<b>3.92%</b>

**Tenax QIAIF ICAV**  
**Schedule of Investments (continued)**  
As at 31 December 2020

**PMI Fund (continued)**

Description	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV
<b>Financial assets at fair value through profit or loss: (continued)</b>					
<b>Corporate Bonds (continued)</b>					
<i>United States of America</i>					
ABBVIE 0.50 20-21 01/06A	EUR	01/06/2021	300,000	300,852	0.31%
BELDEN INC 2.875 17-25 15/09S	EUR	15/09/2025	300,000	303,835	0.31%
BERKSHIRE HATHAWAY 0.25 17-21 17/01A	EUR	17/01/2021	400,000	400,084	0.41%
CHEMOURS CO 4.00 18-26 15/05S	EUR	15/05/2026	700,000	699,986	0.72%
EXPEDIA GROUP 2.50 15-22 03/06A	EUR	03/06/2022	900,000	922,716	0.95%
FEDEX CORP 0.7 19-22 13/05A	EUR	13/05/2022	600,000	607,131	0.63%
FLOWERVE 1.25 15-22 17/03A	EUR	17/03/2022	500,000	502,030	0.52%
FORD MOTOR FL.R 18-21 15/05Q	EUR	14/05/2021	200,000	199,208	0.21%
FORD MOTOR CREDIT CO FL.R 17-21 01/12Q	EUR	01/12/2021	400,000	396,612	0.41%
FORD MOTOR CREDIT CO 1.514 19-23 17/02A	EUR	17/02/2023	400,000	400,226	0.41%
GOLDMAN SACHS GROUP 4.75 06-21 12/10A	EUR	12/10/2021	200,000	207,186	0.21%
IQVIA INC 3.25 17-25 15/03S	EUR	15/03/2025	700,000	709,292	0.73%
PHILIP MORRIS EMTN 1.875 14-21 03/03A	EUR	03/03/2021	400,000	401,142	0.41%
TENNECO INC REGS 5.00 17-24 15/07S	EUR	15/07/2024	400,000	406,180	0.42%
THE PRICELINE GROUP 0.80 17-22 10/03A	EUR	10/03/2022	100,000	101,096	0.10%
				<b>6,557,576</b>	<b>6.75%</b>
<b>Total Corporate Bonds</b>				<b>60,631,001</b>	<b>62.68%</b>
Description	Currency	Maturity Date	Quantity/ Principal Amount	Amortised Cost EUR	Percentage of NAV
<b>Financial assets at amortised cost:</b>					
<b>Convertible Private Bonds</b>					
NET INSURANCE SPACV 4.60 20-30 17/12S	EUR	17/12/2030	200,000	200,100	0.21%
				<b>200,100</b>	<b>0.21%</b>
<b>Total Convertible Private Bonds</b>				<b>200,100</b>	<b>0.21%</b>
<b>Term Loans</b>					
ABRAMO CUSTOMER CARE FL.R 19-24 31/12M	EUR	31/12/2024	3,900,000	3,237,000	3.35%
AQUA VERA SPA FL.R 20-26 31/10A	EUR	31/10/2026	9,000,000	9,000,000	9.30%
CHAISE SPA 7.5 19-25 31/10A	EUR	31/10/2025	4,200,000	4,200,000	4.34%
ELETTRA INVESTIMENTI S 7.00 20-26 30/06A	EUR	30/06/2026	10,000,000	10,000,000	10.34%
ELI SRL 5.9 20-25 31/12M	EUR	31/12/2025	3,750,000	3,750,000	3.88%
MERCATO SRL 7.00 19-24 31/08S	EUR	31/08/2024	4,750,000	3,605,250	3.73%
				<b>33,792,250</b>	<b>34.94%</b>
<b>Total Term loans</b>				<b>33,792,250</b>	<b>34.94%</b>
<b>Total Investments at fair value through profit or loss and amortised cost</b>				<b>94,623,351</b>	<b>97.83%</b>

**Tenax QIAIF ICAV**  
**Schedule of Investments (continued)**  
As at 31 December 2020

**PMI Fund (continued)**

Description	Fair Value/ Amortised Cost EUR	Percentage of NAV
Investments at fair value	60,631,001	62.68%
Investments at amortised cost	33,992,350	35.15%
<b>Financial assets at fair value through profit or loss and amortised cost</b>	<b>94,623,351</b>	<b>97.83%</b>
Current assets in excess of current liabilities	2,104,231	2.17%
<b>Net assets attributable to redeemable participating shareholders</b>	<b>96,727,582</b>	<b>100.00%</b>

**Analysis of Total Assets**

<b>Assets</b>	<b>Percentage of Total Assets</b>
Investments at fair value	62.57%
Investments at amortised cost	35.08%
Cash and cash equivalents	0.98%
Other assets	1.37%
	<b>100.00%</b>

## Tenax QIAIF ICAV

### Schedule of Investments (continued)

As at 31 December 2020

#### Italian Credit Fund

Description	Currency	Maturity Date	Quantity/ Principal Amount	Amortised Cost EUR	Percentage of NAV
<b>Financial assets at amortised cost:</b>					
<b>Term Loans</b>					
<i>Italy</i>					
DANISI ENGINEER 6.25 17-20 31/03M	EUR	08/04/2021	124,444	124,444	0.70%
HDI HOLDING DOLCIARA FL.R 18-22 30/06Q	EUR	30/06/2022	977,500	977,500	5.50%
DORECA FL.R 18-21 04/05M	EUR	30/04/2021	857,500	857,500	4.83%
DORECA FL.R 18-22 04/05M	EUR	30/06/2022	5,250,000	5,250,000	29.56%
ANTRESS INDUS SPA LOAN FL.R 18-22 30/06M	EUR	30/06/2022	2,300,000	2,300,000	12.95%
				<b>9,509,444</b>	<b>53.54%</b>
<i>The Netherlands</i>					
GIPLAST GROUP-DY FL.R 16-21 02/03M	EUR	02/03/2021	2,100,000	525,000	2.96%
				<b>525,000</b>	<b>2.96%</b>
<b>Total Term Loans</b>				<b>10,034,444</b>	<b>56.50%</b>

Description	Amortised Cost EUR	Percentage of NAV
Investments at amortised cost	10,034,444	56.50%
<b>Financial assets at amortised cost</b>	<b>10,034,444</b>	<b>56.50%</b>
Current assets in excess of current liabilities	7,724,116	43.50%
<b>Net assets attributable to redeemable participating shareholders</b>	<b>17,758,560</b>	<b>100.00%</b>

#### Analysis of Total Assets

Assets	Percentage of Total Assets
Investments at amortised cost	55.26%
Cash and cash equivalents	14.46%
Other assets	30.28%
	<b>100.00%</b>



## Tenax QIAIF ICAV

### Schedule of Investments (continued)

As at 31 December 2020

#### European Credit Fund

Description	Currency	Maturity Date	Quantity/ Principal Amount	Fair Value EUR	Percentage of NAV	
Financial assets at fair value through profit or loss:						
Corporate Bonds						
The Netherlands						
AZERION HOLDING B.V.	20-23 17/03Q	EUR	17/03/2023	3,900,000	3,939,000	24.12%
				3,939,000	24.12%	

#### Total Corporate Bonds

**3,939,000** **24.12%**

Description				Currency	Maturity Date	Quantity/ Principal Amount	Amortised Cost EUR	Percentage of NAV
Financial assets at amortised cost:								
Term Loans								
ENERGY BUILD	FL.R	20-25	25/08S	GBP	25/08/2025	5,000,000	5,585,968	34.20%
VEERKARTON HOLDINGS	4.00	20-27	29/10	EUR	29/10/2027	5,000,000	5,000,000	30.62%
							10,585,968	64.82%

#### Total Term loans

**10,585,968** **64.82%**

#### Total Investments at fair value through profit or loss and amortised cost

**14,524,968** **88.94%**

#### Derivative financial instruments - forward foreign currency contracts

Derivative financial instruments – forward foreign currency contracts						Unrealised	Percentage
Currency Bought	Currency Sold	Contract	Rate	Maturity	Gain	of NAV	
EUR	5,528,527	GBP	(5,000,000)	1.1373	24/02/2021	(52,747)	(0.32%)
Unrealised loss on forward foreign currency contracts						(52,747)	(0.32%)

Description	Fair Value/ Amortised Cost EUR	Percentage of NAV
Investments at fair value	3,939,000	24.12%
Investments at amortised cost	10,585,968	64.82%
<b>Financial assets at fair value through profit or loss</b>	<b>14,524,968</b>	<b>88.94%</b>
Unrealised loss on forward foreign currency contracts	(52,747)	(0.32%)
<b>Financial liabilities at fair value through profit or loss</b>	<b>(52,747)</b>	<b>(0.32%)</b>
Current assets in excess of current liabilities	1,858,197	11.38%
<b>Net assets attributable to redeemable participating shareholders</b>	<b>16,330,418</b>	<b>100.00%</b>

#### Analysis of Total Assets

Assets	Percentage of Total Assets
Investments at fair value	88.53%
Cash and cash equivalents	8.73%
Other assets	2.74%
	<b>100.00%</b>

## TENAX QIAIF ICAV

### Appendix 1: Tenax Capital Remuneration Policy (unaudited)

For the financial year ended 31 December 2020

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#### The information provided below relates to the Investment Manager:

The Investment Manager has an established remuneration policy which it applies in accordance with the requirements of AIFMD and the guidelines on sound remuneration policies under AIFMD as issued by the European Securities and Markets Authority from time to time.

In the implementation of its policy the Investment Manager will ensure good corporate governance and promote sound and effective risk management. It will not encourage any risk taking which would be considered inconsistent with the risk profile of the manager, the Articles of Association or its Funds. The Investment Manager will ensure that any decisions are consistent with the overall business strategy, objectives, values and interests of the Investment Manager and try to avoid any conflicts of interest which may arise.

The Investment Manager will ensure that the remuneration policy is reviewed internally and independently annually.

With respect to the delegation of any part of the portfolio or risk management functions, the Investment Manager requires that:

(a) the Investment Manager or any of its delegates to which a certain part of such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the European Securities Market Authority Guidelines on Remuneration/Annex II of AIFMD; or

(b) appropriate contractual arrangements are put in place with any sub-investment manager or any its delegates to which a certain part of such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines on Remuneration /Annex II of AIFMD.

The Investment Manager will ensure that the remuneration of those engaged in the performance of risk management reflects the achievement of the objectives linked to the risk management function, independently of the performance of the business areas in which they are engaged.

The Investment Manager's financial year commences on the 1 January and ends on the 31 December of each year. The average number of employees (including directors) of the manager during the year ended 31 December 2020 was 13 (2019: 12).

Total fixed/variable remuneration paid by the Investment Manager in 2020 was £1,650,432/£262,465 (2019: £1,056,285/£184,930) respectively of which £362,103 (2019: £280,000) was paid to senior management and £1,206,759 (2019: £713,138) to other members of staff who had a material impact on the risk profile of the Company.

## TENAX QIAIF ICAV

### Appendix 2: Bridge Fund Management Limited Remuneration Policy (unaudited)

For the financial year ended 31 December 2020

#### The information provided below relates to the Manager:

The below disclosure is made in respect of the remuneration policies of Bridge Fund Management Limited ("the Manager") in accordance with the Alternative Investment Funds Managers Directive (Directive 2011/61/EU) and the Commission Delegated Regulation (EU) No 231/2013. Directive 2011/61/EU was transposed into Irish law under the European Union (Alternative Investment Fund Managers) Regulations 2013 (the AIFM Regulations), on 16 July 2013. This requires Alternative Investment Fund Managers ("AIFMs") to establish and apply remuneration policies and practices that promote sound and effective risk management, and do not encourage risk taking which is inconsistent with the risk profile of the Alternative Investment Fund ("AIF").

The Bridge Remuneration Policy applies to all AIFs for which it acts as manager.

All remuneration paid to Identified Staff can be divided into:

- Fixed remuneration (payments or benefits without consideration of any performance criteria); and
- Variable remuneration (additional payments or benefits depending on performance or, in certain cases, other contractual criteria) which is not based on the performance of the AIF.

The Manager has designated the following persons as Identified Staff:

1. Executive and Non-Executive members of the management body of the Company e.g. CEO, Directors, Executive and Non-Executive partners
2. Senior management
3. Risk takers – staff who can exert material influence on the Manager or on the UCITS or AIFs it manages
4. Those in control functions: Operations, HR, Compliance, Finance where applicable
5. Staff whose total remuneration takes them into the bracket of senior management and risk takers, whose professional activities have a material impact on the Company's risk position or those of the UCITS and/or AIFs it manages and
6. Categories of staff of the entities to which portfolio management or risk management activities have been delegated whose professional activities have a material impact on the Company's risk position or those of the UCITS and/or AIFs it manages.

The Manager has a business model, policies and procedures, which by their nature do not promote excessive risk taking and take account of the nature, scale and complexity of the Manager and the AIF. The Remuneration Policy is designed to discourage risk taking that is inconsistent with the risk profile of the AIF and the Manager is not incentivized or rewarded for taking excessive risk.

The Manager is required under AIFM regulations to make quantitative disclosures of remuneration. Disclosures are provided in relation to Identified Staff who are employed directly by the Manager and Identified staff who have the ability to materially impact the risk profile of the AIF including individuals who, although not directly employed by the Manager, are assigned by their employer to carry out services directly by the Manager.

Remuneration details for the Manager are disclosed below:

Description	Number of beneficiaries	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
Total Staff Remuneration	15	€1,163,713	€1,001,213	€162,500
Senior Management (including executives), risk takers and other identified staff	8	€840,322	€696,822	€143,500

Details of the Remuneration Policy, including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits is available at the following website:

<https://bridgeconsulting.ie/management-company-services/>