



Newsletter April 2017

Little direct impact from global events on ILS More active issuance in March

The average ILS fund was **up by 0.23% in March** as measured by the **Eurekahedge ILS Advisers Index**.



Stefan K. Kräuchi,
ILS Advisers

At the beginning of the month, Peru was struck by prolonged flooding. Hundreds of thousands of homes and businesses were damaged. The total economic losses were estimated to be around USD 3bn. However insured losses are significantly lower due to the low penetration in the area. The Midwest of the U.S. suffered from an outbreak of convective storms including 40 tornados. They caused vast damages that led to insured losses estimated to be about USD 1.2bn. The low temperatures persisted in the East Coast of the U.S. The blizzard like weather caused heavy snow accumulation and severe disruption to transportation as well as crop damages. At the end of the month, tropical cyclone Debbie made landfall in North Queensland as a Cat 3 storm and caused damages to buildings and crops. The potential insured losses are estimated to be USD 750m. However overall Global events had little impact on ILS.



David Yao, CFA, FRM
ILS Advisers

In March, primary market saw more issuing activity. 5 cat bonds were placed. The biggest issue came from Sompo Japan and Nipponkoa Insurance Company, with USD 480m, covering Japan typhoon. The bond was upsized by 48% and was priced at the low end of price guidance, 2% against an expected loss of 1.14%. Repeating issuer Allstate returned to the market with a deal of USD 375m which protects them against U.S. windstorms and earthquakes. The bond was also priced at the low end of the guidance with 3% and an expected loss of 0.86%. Secondary market trading was quieter. Rebalancing needs were the main driving force. As a result, the price index was slightly down by 0.28% while total return was up 0.20% (Swiss Re Cat Bond Indices). On the private ILS side, some funds are still monitoring the potential losses from Debbie. Other events had little direct impact but may potentially erode deductibles of some aggregate contracts.

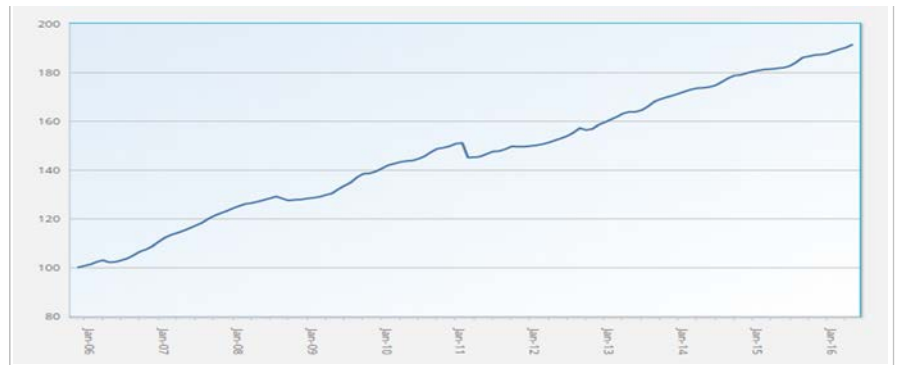
31 of the 34 funds represented in the Eurekahedge ILS Advisers Index were positive for the month. The difference between the best and the worst performing fund was 1.06 percentage points, which was higher than previous month's figure. Pure cat bond funds as a group were up by 0.26% while the subgroup of funds whose strategies include private ILS increased by 0.17%. Private ILS funds outperformed pure cat bond funds by 1.43 percentage points on annualized basis.



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The Eureka hedge ILS Advisers Index

The Eureka hedge ILS Advisers Index tracks the performance of the participating Insurance Linked Investment funds. It is the first benchmark that allows a comparison between different insurance-linked investment funds in the insurance-linked securities, reinsurance and catastrophe bond investment space. The index is calculated and maintained by Eureka hedge. It includes funds that allocate at least 70% of their assets to non-life risk. The index was base weighted at 100 in December 2005. It does not contain duplicate funds and is denominated in local currencies.



The Eureka hedge ILS Advisers Index is ILS Advisers and Eureka hedge's collaborative equally weighted index of 34 constituent funds. The index is designed to provide a broad measure of the performance of underlying hedge fund managers who explicitly allocate to insurance linked investments and have at least 70% of their portfolio invested in non-life risk. The index is base weighted at 100 at December 2005, does not contain duplicate funds and is denominated in local currencies.

Statistics (as at March 2017)			
Annualized Return (%)	6.30	Standard Deviation (%)	1.98
2017 Return (%)	0.91	Downside Deviation (%)	1.33
2016 Return (%)	5.19	Upside Deviation (%)	0.61
Last 3 Months (%)	0.91	Maximum Drawdown (%)	-3.94
Return Since Inception (%)	98.80	Sharpe Ratio (X)	2.17
Best Monthly Return (%)	1.60	Sortino Ratio (X)	3.24
Worst Monthly Return (%)	-3.94	Percentage of Positive Months (%)	94.07

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	0.36	0.32	0.23										0.91
2016	0.21	0.54	0.40	0.40	0.04	0.26	0.41	0.86	1.03	0.42	0.31	0.16	5.18
2015	0.39	0.24	0.21	0.08	0.16	0.15	0.40	0.84	1.03	0.27	0.31	0.07	4.24
2014	0.50	0.50	0.45	0.32	0.08	0.21	0.41	0.81	0.86	0.60	0.14	0.42	5.42
2013	0.67	0.74	0.64	0.85	0.44	0.00	0.40	0.92	1.20	0.61	0.48	0.42	7.61
2012	0.18	0.19	0.32	0.43	0.58	0.57	0.61	0.94	1.18	-0.51	0.27	1.01	5.93
2011	0.70	0.18	-3.94	0.06	0.21	0.72	0.68	0.13	0.54	0.74	-0.03	-0.04	-0.14
2010	0.92	0.94	0.45	0.49	0.28	0.16	0.51	0.75	1.16	0.90	0.29	0.42	7.52
2009	0.36	0.22	0.28	0.59	0.51	1.33	1.03	1.03	1.58	1.06	0.14	0.52	8.99
2008	0.93	0.75	0.67	0.27	0.46	0.53	0.56	0.59	-0.71	-0.59	0.25	0.06	3.83
2007	1.60	1.56	0.92	0.75	0.74	0.95	0.95	0.96	1.37	1.09	0.85	0.74	13.22
2006	0.65	0.63	0.93	0.70	-0.82	0.15	0.62	0.81	1.32	1.37	0.84	1.18	8.68