



Newsletter April 2014

Performance remained steady with record level cat bond issuance

The average ILS fund was **up by 0.46% in March** as measured by the **Eurekahedge ILS Advisers Index**.

Meanwhile the cat bond market was **down by 0.06% in March** for the **Swiss Re Cat Bond Price Index** and was **up by 0.62%** for the **Total Return Index**.

Several earthquakes rattled different parts of the world in March. East China Sea was struck by a magnitude Mw 6.6 of earthquake, with no reported damage and loss. Later on, an Mw 6.9 earthquake shocked the area 80 km off the coast of California, the largest event in the region since 1992, followed by another Mw5.1 in the South of the State. Only minor damage was reported. Also observed during the month was the serious tropical cyclone named Gillian in Australia, Category 5, which was the fiercest since Monica in 2006 in that region. Meanwhile, the inner part of Brazil was flooded seriously to record high water level. Over 22,000 houses were evacuated and no casualties were cited. The ILS market was not impacted by any of these events.

The market was dynamic in March given considerable capital inflow. The issuance and sales of cat bonds hit a new record in the first quarter. State Farm made its fifth presence in the market. It placed USD 300m to protect itself from U.S. earthquakes in New Madrid region. The coupon rate was finally fixed at 2%, the lowest end of the offering range. This is also the lowest yielding pure quake cat bond in the market's history. Another relatively small transaction of USD 95m from Great American Insurance. It was their first issuance, covering perils of named storms and earthquakes in the U.S. and Canada. The transaction was finally set at the bottom of the already reduced range, 4% with expected loss of 1.1%.

33 of 34 funds represented in the Eurekahedge ILS Advisers Index were positive for the month. One fund reported unchanged because of premium adjustments for last year. The difference between the best and the worst performing fund was 1.65 percentage points, which was higher than previous month's figure. Pure cat bond funds as a group were up by 0.50% while the subgroup of funds whose strategies include private ILS increased by 0.46%.



Stefan K. Kräuchi,
ILS Advisers



David Yao, CFA, FRM
ILS Advisers



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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.



Statistics (as at Mar 2014)

Summary Data		Risk/Return	
Annualised Return (%)	6.86	Sharpe Ratio (x)	2.19
Best Monthly Return (%)	1.60	Annualised Std Deviation (%)	2.22
Worst Monthly Return (%)	-3.94	Downside Deviation (%)	1.55
2013 Return (%)	7.61	Sortino Ratio (x)	3.14
2014 Return (%)	1.46	Maximum Drawdown (%)	-3.94
Return since Inception(%)	72.91	Percentage of Positive Mths (%)	91.92
Last 3 Months (%)	1.46		
Last 12 Months (%)	6.97		

Performance Table

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	0.50	0.50	0.46*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.46
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

* Based on 100.00% of funds which have reported Mar-2014 returns as at 30-Apr-2014