



Newsletter February 2014

Extreme temperatures around the globe Launch of USD hedged version of the index

The average ILS fund was **up by 0.35% in January** as measured by the **Eurekahedge ILS Advisers Index**.

Meanwhile the cat bond market was **flat (-0.02%) in January** for the **Swiss Re Cat Bond Price Index** and **up by 0.67%** for the **Total Return Index**.

While the first month of the new year turned out to be relatively quiet as far as natural catastrophes were concerned, extreme temperatures were observed in the different parts of the world. North America experienced extremely cold temperatures as a result of a weather phenomenon called a “polar vortex”, which happens when the jet stream channels cold air across the US also to areas in the south like Florida and Texas which are not used to such conditions. The resulting heavy snow and ice storms, freezing rain and flooding affected large part of the US but no impact on ILS market expected. At the same time South-West England suffered from severe flooding again most probably no impact on ILS funds. Meanwhile Australia encountered an extreme heat wave and the North Island of New Zealand was rattled by a 6.2-magnitude earthquake.

Like last year January was slow with regards to cat bond issuances. Only two transactions came to the market. Health insurance specialist Aetna returned to the market and placed USD 200m of a cat bond covering it against major increases in medical benefits. The second issue came from Cincinnati Insurance company, placing USD 100m of a cat bond covering it against tornados in the Midwest and earthquakes in the US excluding California.

This month's figures for the index are reflecting the payment of dividends by two funds. Including dividend payments the Eurekahedge ILS Advisers Index is up by 0.51% for the month. Pure cat bond funds as a group were up by 0.51% while the subgroup of funds whose strategies include private ILS increased by 0.49%, including dividends.

We would like to draw the attention of our readers to the USD hedged version of the Eurekahedge ILS Advisers Index, which we have launched two years after the introduction of the first index. It is available at <http://www.eurekahedge.com/indices/default.asp>.



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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.

