



## Newsletter March 2014

### Solid performance despite various nat cat events worldwide

The average ILS fund was **up by 0.49% in February** as measured by the **Eurekahedge ILS Advisers Index**.

Meanwhile the cat bond market remained **unchanged in February** for the **Swiss Re Cat Bond Price Index** and was **up by 0.61%** for the **Total Return Index**.

Low temperature continued to prevail in large parts of the U.S. in February. The concurring windstorms covering 22 states piled the snow up to 20 cm and 38 cm in New York City and Washington D.C. area respectively, causing damage on more than 50,000 structures and 22 deaths. The insured loss was cited USD 250 million. At the same time, Europe was hit by some significant windstorms. The record breaking rainfall aggravated the flooding in the south and central England. An estimated insured loss of USD 685 million was incurred for the country. Central Japan suffered from a historical snowfall of 1.1 meters, the most serious in decades. A casualty of 37 deaths and a USD 585 million insured loss was reported. China was struck by an earthquake of magnitude Mw6.9, fortunately in a remote area on the border of Xinjiang and Tibet. The ILS market was however unaffected by the various risk events mentioned above.

The cat bond market started to warm up in February. Four major transactions were observed along with some private deals. Munich Re placed a cat bond issue of USD 100m against perils of U.S. hurricane and Australian cyclone. Tokyo Marine also returned to the market for the first time in years with a cat bond placement of USD 245 million against Japanese earthquake risk. Chubb was present again with USD 270 million of US risks. Finally, American Strategic made its debut on the cat bond stage, achieving USD 200 million of protection against severe storm risks in the U.S. The yields on these positions were typically settled at the low end of price guidance, mirrored by increased investor appetite for low risk ILS.

All 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 1.22 percentage points, which was higher than previous month's figure. Pure cat bond funds as a group were up by 0.47% while the subgroup of funds whose strategies include private ILS increased by 0.52%.



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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.

