

A low-correlated asset class designed to enhance diversification

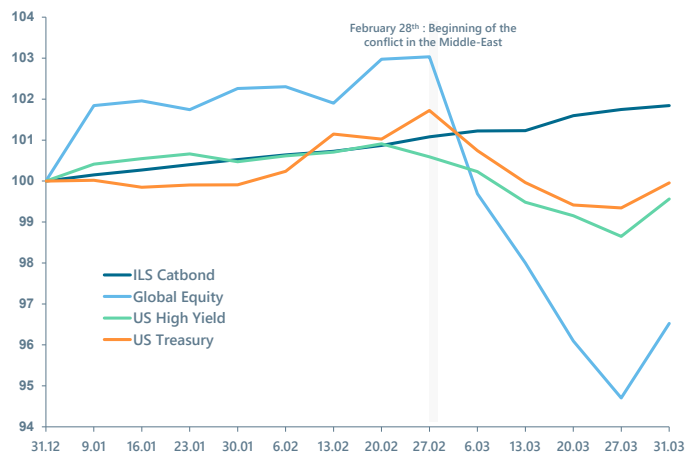
In an environment marked by heightened volatility since the onset of the conflict in the Middle East on February 28, 2026, Insurance-Linked Securities (ILS) have demonstrated notable resilience. Unlike traditional listed and private markets, whose performance is largely driven by macroeconomic and financial factors, ILS provide investors with exposure to insurance risk, primarily linked to natural catastrophes.

Performance resilient to market stress

The most liquid segment of the ILS market, catastrophe bonds (catbonds), as measured by the Swiss Re Cat Bond Index, delivered a return of +0.75% between February 27 and March 31, 2026. Over the same period, traditional asset classes posted negative returns: international equities declined by -6.32% (MSCI Daily TR Gross World USD), U.S. high-yield credit by -1.02% (iBoxx \$ Liquid High Yield Index), and U.S. Treasuries by -1.74% (Bloomberg US Treasury Total Return Unhedged USD).

Catbond performance relative to traditional asset classes since the start of the conflict in the Middle East

Weekly returns from Dec. 31, 2025, to Mar. 31, 2026, in USD



Source: Bloomberg, data as of 31.03.2026. Index: ILS Catbond (Swiss Re Catastrophe Bond TR Index), Global Equity (MSCI Daily TR Gross World USD), US High Yield (iBoxx \$ Liquid High Yield Index), US Treasury (Bloomberg US Treasury Total Return Unhedged USD). Past performance is not a reliable indicator of future performance and performance is not constant over time.

This resilience is rooted in the fundamental design of ILS. These instruments transfer the financial risk associated with major insured events (such as hurricanes, earthquakes, or floods) from insurers to capital markets in exchange for a floating-rate return. If a defined event occurs and meets the contractual trigger conditions, investors may incur a partial or total loss of principal. Conversely, in the absence of such an event over the life of the catbond, the principal is returned at maturity, in addition to the coupons received.

To ensure an efficient and transparent transfer of risk, ILS structures are designed to minimize financial risks. The floating-rate coupon limits sensitivity to interest-rate movements, while issuance through a dedicated special purpose vehicle (SPV), fully collateralized, isolates investors from issuer credit risk and ensures that exposure is confined solely to the underlying catastrophe risk.

Low correlation with traditional asset classes

Historically, these characteristics have translated into low correlations with major traditional asset classes, consistently below 0.30 over the past ten years. For investors, this means that an allocation to ILS can meaningfully enhance portfolio diversification, including during periods of market stress driven by macroeconomic or geopolitical factors.

Correlation matrix of catbonds with traditional and alternative asset classes

Monthly performance from Sept. 30, 2015, to Sept. 30, 2025, in USD

	ILS Catbond	Global Equity	US HY	US Treasury	Private Equity	Private Debt
ILS Catbond	1.00					
Global Equity	0.29	1.00				
US High Yield	0.30	0.84	1.00			
US Treasury	0.15	0.16	0.27	1.00		
Private Equity	0.04	0.10	0.14	-0.07	1.00	
Private Debt	0.09	0.12	0.18	-0.13	0.90	1.00

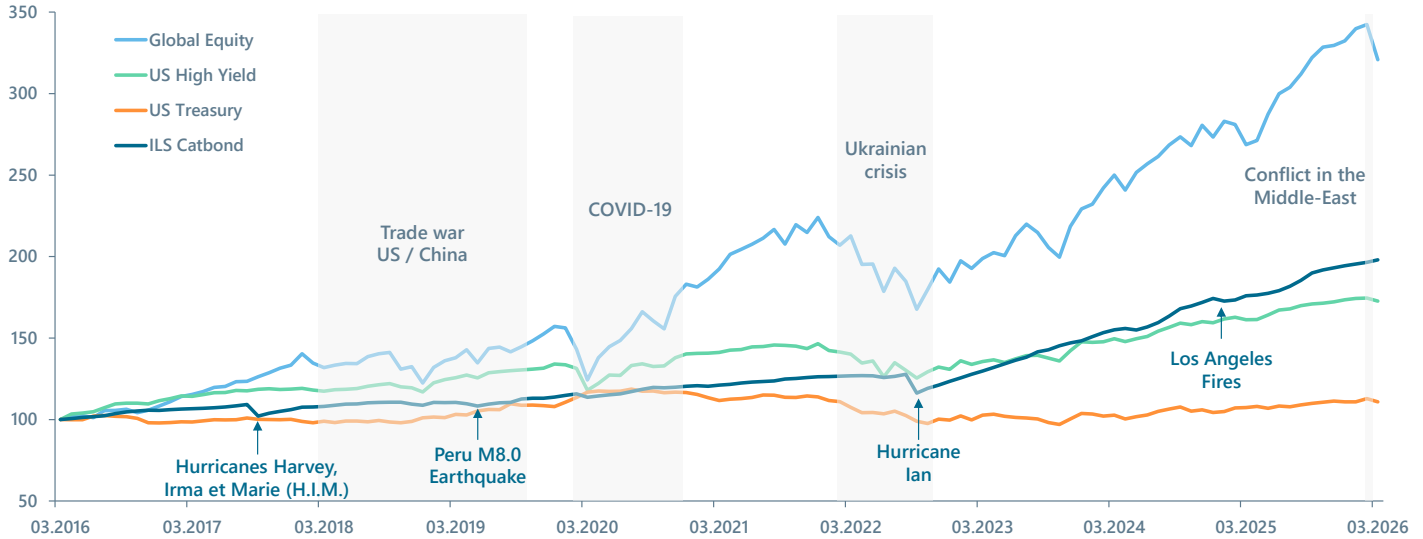
Source: Bloomberg, Preqin. Returns from 30.09.2015 to 30.09.2025, in USD, correlation calculated on a monthly basis. Index: ILS Catbond (Swiss Re Catastrophe Bond TR Index), Global Equity (MSCI Daily TR Gross World USD), US High Yield (iBoxx \$ Liquid High Yield Index), US Treasury (Bloomberg US Treasury Total Return Unhedged USD), Private Equity (Preqin Private Equity USD), Private Debt (Preqin Private Debt USD). There are important limits to the comparison. This correlation analysis and return comparison graph highlight the relationship between catbonds and the performance of global equities, high-yield bonds, Treasury, private equity and private debt helping assess their risk and return in comparison. There is no guarantee that an investment objective will be achieved or that a return on capital will be obtained. The product does not benefit from any guarantee to protect the capital. Past performance is not a reliable indicator of future performance and performance is not constant over time.

Structural exposure to insurance risk

In exchange for their low sensitivity to economic cycles, ILS are exposed to a specific and well-defined risk: the occurrence of an insured loss event as specified in the contract, which may result in a partial or total loss of principal. Over the past decade, the Swiss Re Cat Bond Index has demonstrated resilience during financial market crises, with occasional drawdowns typically associated with periods of elevated natural catastrophe activity rather than broader market dislocations.

Catbond performance relative to traditional asset classes over the past 10 years

Monthly returns from Mar. 31, 2016, to Mar. 31, 2026, in USD



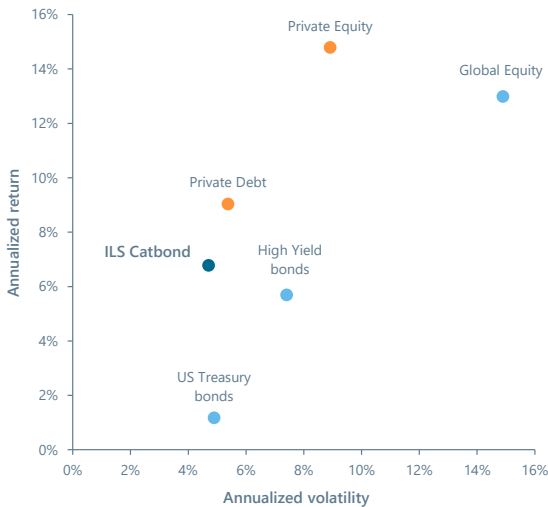
Source: Bloomberg, data of 31.03.2026. Index: ILS Catbond (Swiss Re Catastrophe Bond TR Index), Global Equity (MSCI Daily TR Gross World USD), US High Yield (iBoxx \$ Liquid High Yield Index), US Treasury (Bloomberg US Treasury Total Return Unhedged USD). Past performance is not a reliable indicator of future performance and performance is not constant over time.

Risk-adjusted returns higher than those of traditional asset classes

This risk borne by ILS investors is offset by a commensurate level of return. Over the past 10 years, catbonds have thus delivered an average return of 6.8%, outperforming US high-yield bonds (iBoxx \$ Liquid High Yield Index) and US Treasuries (Bloomberg US Treasury Total Return Unhedged USD), whilst exhibiting lower volatility (4.7%).

Risk/return matrix

Analysis from Sept. 30, 2015, to Sept. 30, 2025, in USD



Source: Bloomberg, Preqin. Risk adjusted returns measured as returns/volatility, from 30.09.2015 to 30.09.2025. Index: ILS Catbond (Swiss Re Catastrophe Bond TR Index), Global Equity (MSCI Daily TR Gross World USD), US High Yield (iBoxx \$ Liquid High Yield Index), US Treasury (Bloomberg US Treasury Total Return Unhedged USD), Private Equity (Preqin Private Equity USD), Private Debt (Preqin Private Debt USD). There are important limits to the comparison. This correlation analysis and return comparison graph highlight the relationship between catbonds and the performance of global equities, high-yield bonds, Treasury, private equity and private debt helping assess their risk and return in comparison. There is no guarantee that an investment objective will be achieved or that a return on capital will be obtained. The product does not benefit from any guarantee to protect the capital. Past performance is not a reliable indicator of future performance and performance is not constant over time.

Given these characteristics, ILS represent a highly relevant diversification tool within institutional portfolios, providing access to a differentiated source of risk that exhibits low correlation with economic cycles.

Their appeal is further enhanced when accessed through a disciplined investment approach, focused on building robust and well-diversified portfolios designed to withstand and absorb shocks.

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