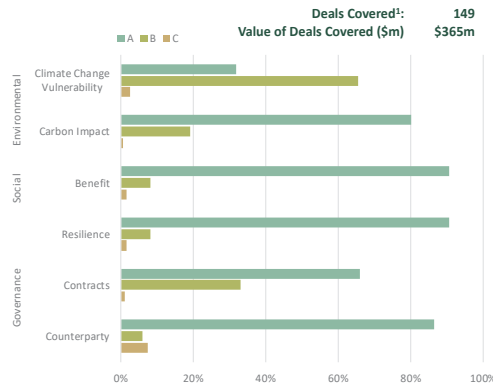


IST INSURANCE LINKED STRATEGIES USD

IST Portfolio

Portfolio Manager: Securis Investment Partners
 SFDR Category²: Art. 6
 Investment strategy: Active

^{1,2} SFDR: The Sustainable Finance Disclosure Regulation is a European regulation introduced to improve transparency in the market for sustainable investment products. <https://www.eurosif.org/policies/sfdr/>



Observations

- Hurricane risk dominates the portfolio. Potential short-term impacts from climate change are incorporated into the modelling framework.
- The carbon footprint of the portfolio is primarily clean – covering residential properties. Some elements of industrial and heavy commercial exposures form part of retro and quota share portfolios.
- High scores across social factors as investment draw-downs go towards rebuilding post-catastrophe.
- Contract governance reflects the robustness of the wording; catastrophe bonds have the strongest, private non-life contracts are less robust – this is an area of focus where we have negotiated improvements.
- Counterparties are generally established and in developed/highly regulated insurance markets which carries limited governance risks

Source: SIP LLP, data as of 31 March 2023. Data includes only on-risk transactions. Portfolio ESG scoring composition is not static and may change. The ESG scoring framework is based off an internal scoring methodology which has not been independently verified. 1. Total deals covered may be higher as 'Fronted Reinsurance' deals cover a number of underlying positions.

Portfolio Manager applies an own scoring methodology to measure ESG risks:
 A: positive; B: neutral; C: negative

Applied ESG Approaches

Exclusion

Not applicable

Proxy Voting

Not applicable

Engagement



Yes. ESG engagement for ILS is primarily through our interaction with arrangers and counterparties. As part of collaborative engagements:

- Securis became a signatory of the Standards Board for Alternative Investment (SBAI) in 2020 and has participated in an ILS-specific responsible investment working group. As part of this initiative, we have contributed heavily to published industry guidelines and have proactively engaged with our industry peers and investors to drive standardisation of ESG considerations within ILS.
- One of the biggest challenges for ESG implementation in ILS is data transparency. In an effort to improve this, Securis is joining a collaborative engagement effort with several ILS managers (currently Zurich-focussed). The purpose of the group is to develop standardised ESG questionnaires intended to improve the efficiency and feasibility for counterparties/brokers to respond versus receiving several bespoke questionnaires from multiple market participants.

ESG Integration



Yes. ESG factors are included in the investment proposals for non-life investment and included in investment committee agenda points for life and non-life. ESG factors affecting financial analysis are:

- Climate change risk
- Counterparty governance
- Contractual terms

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Securis Investment Partners

Facts & figures

| | |
|--|---|
| Assets under management | USD 3.2 bn |
| Whereof in sustainable investment strategies | USD 3.2 bn |
| Number of inv. profess. | 24 |
| Whereof dedicated to ESG | None |
| Signatory to UNPRI | Yes |
| UNPRI rating | *** |
| Memberships (selection only): | |
| <ul style="list-style-type: none"> Standards Board for Alternative Investments (SBAI) | <ul style="list-style-type: none"> UK Stewardship code Modern Slavery Act Statement |

Consultant/ Partnerships

- Northpeak Advisory (during UNPRI 2021 reporting cycle)

Carbon Strategy

This metric is currently not quantified.

Voting Activity

Not applicable (no investment in assets with voting rights)

Engagement

Not applicable

ESG Corporate Policy

Securis is a leading independent specialist ILS manager with a global presence and 15-year track record. Securis has built an institutional quality platform with clearly defined principles, core values and visions that are essential to the foundation of the company and key drivers of value and sustainability in our business. Underpinning everything we do is a culture driven by integrity and governance, innovation and collaboration, diversity and empowerment which enables us to retain our most valuable resource – our people.

Securis acknowledges the importance of embedding environmental, social responsibility and corporate governance factors into our corporate operational framework, ethics and culture. Our aim is to align our principles with those of our investors through a diligent and responsible approach to Environmental, Social and Governance considerations at both an investment and corporate level.

ESG Investment Policy

Insurance products are designed to help individuals and society recover from disasters and to build resilience from catastrophic events. ILS instruments enable investors to access pure insurance risk through a fund product, in an asset class which inherently provides positive impacts for society.

We believe it is important to recognise the Environmental, Social, and Governance related risks to our investments and the impact our investments may have on the world. Securis considers ESG sustainability criteria as part of the investment decision framework, however Securis does not manage specific ESG Funds and as such does not consider the adverse impacts of our investment decisions on sustainability factors as part of the investment process.

Much of the non-life portfolio is exposed to climate-related risks and specifically to extreme weather events. Rises in sea levels have already been observed and are expected to continue; this may increase the propensity of flooding events, particularly from hurricane-induced storm surge events.

The ILS market and wider property catastrophe re/insurance industry sector is uniquely positioned to quantify the risk with sophisticated approaches to scenario modelling and stress testing. As conditions change, Securis is continuously updating the modelling framework and pricing analysis to reflect our current view of risk. Private reinsurance contracts are typically renewed annually which enables re-evaluation of both the risk modelling and pricing. The environmental score will assess the extent to which an investment is exposed to risks affected by climate change.

Access to affordable insurance is fundamental to a well-functioning economy and the infrastructure of society. A number of recent natural catastrophes have highlighted the insurance penetration gap, both in developed economies and in less well-developed parts of the world.

The life business supports life and health insurance companies with their capital and financing requirements. Our life investments include structuring effective capital markets solutions to help the global pension system with its huge derisking challenges. In a world facing a significant life and health insurance protection gap, we play a key role in supporting small and medium size insurance companies in their growth process, to help them provide their products to more policyholders.

<https://securisinvestments.com/esg/>

Source: IST, Securis Investment Partners, MSCI; as of 30.06.2023