

Schroders capital

November 2026

SCHRODER GAIA CAT BOND

For European Union/European Economic Area and the UK: Marketing material for professional clients only
For Switzerland: Marketing material for professional clients and qualified investors only
Schroders Capital is the private markets investment division of Schroders

ILS: HIGH INCOME WITH LOW MARKET CORRELATION

-

ALL SCHRODERS CAPITAL ILS FUNDS' YIELDS >8.5%

The current opportunity in ILS

Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Why ILS?

- **Returns driven by** insurance risk, not economic cycles
- **Attractive return potential** compared to traditional asset classes
- **Floating rate structure** on underlying collateral

Why now?

- **Strong and growing demand** for catastrophe protection driven by inflation and exposure growth
- Attractive risk transfer pricing compared to traditional asset classes continues to underpin **strong conditions for ILS investors**

Why Schroders Capital?

- **Highly specialized** team with $6.9bn under management
- Embedded into the **Schroders Capital** institutional platform
- Strong long-term **track record**

Source: Schroders Capital, 31 October 2026. Diversification cannot ensure profits or protect against loss of principal. Yields shown gross of fees.

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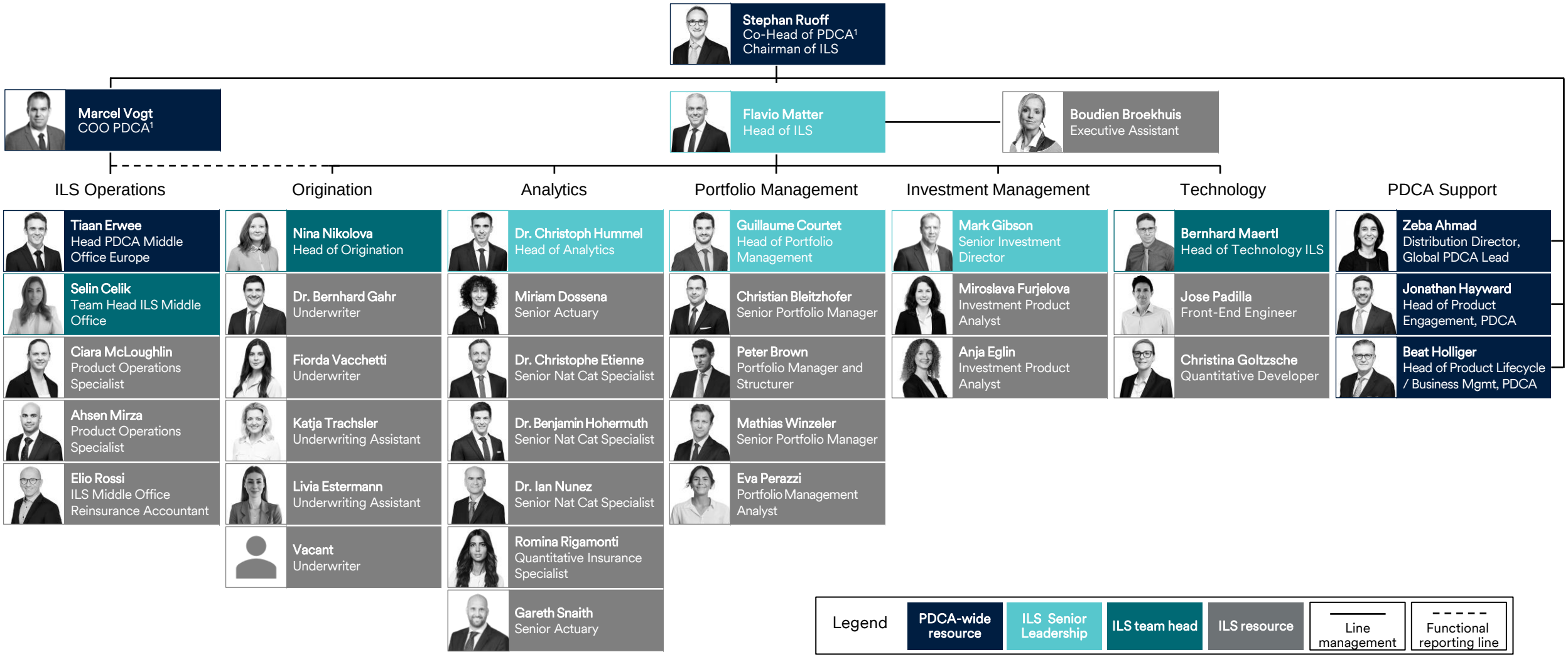
*Schroders Capital is the private markets investment division of Schroders.



ILS AND SCHRODERS CAPITAL

Insurance Linked Securities organisational chart

Our ILS team embedded within Schroders Capital's Private Debt and Credit Alternatives division



Source: Schroders Capital, 30 September 2026. Schroders Capital is the private markets investment division of Schroders. [1]Private Debt and Credit Alternatives. PDCA is a combination of our capabilities in Real Assets Debt, Structured & Corporate Credit, Specialty Finance (including Insurance Linked Securities) and Impact Lending, with $42 billion of assets under management (AUM) and a team of over 154 experts as per 30 June 2026.

ILS portfolio management

Meeting investor expectations through intelligent portfolio construction

Consistent management

- A team approach to fund management
- The portfolio managers are supported by **specialists with reinsurance and trading expertise**

Long-term success

- An investment process **tested over the long-term** to deliver diversified returns for our investors
- **All funds have met mid-term positive return targets since inception**[1] in spite of heavy global insured losses, particularly since the defining Atlantic hurricane season of 2017 and 2022's Hurricane Ian

An active trading strategy

- Running **one of the world's largest cat bond funds**[2], and actively provide **substantial capacity** to the primary and secondary markets
- Generating alpha from both core allocations according to risk appetite and **capitalising on tactical opportunities**

34

Investment professionals[3]

18

year track record

Source: Schroders Capital, September 2026. Past performance provides no guarantee of future results. [1]Please see fund factsheets for full returns since inception, [2]https://www.artemis.bm/news/ucits-catastrophe-bond-fund-assets-hit-17-73bn-after-q3-now-up-28-in-2025//, [3]Total includes team members responsible for all asset classes in the Private Debt and Credit Alternatives unit within Schroders Capital, including ILS. Past performance provides no guarantee of future result and may not be repeated.

Our Sustainability and Impact (S&I) approach

Fully integrated into our investment process and with a view “behind” the risk



At Schroders

- A firm-wide commitment[1] to consider ESG in all investments
- Every ILS opportunity is ESG analysed, evaluated and approved before investing
- Screens apply to fund vehicle, transaction sponsor, SPVs and covered risks



Accreditation

- ILS is ‘ESG Integrated’[2]
- ESG is part of governance and processes
- Open-ended, Luxembourg-based non-life ILS funds are SFDR[3] Article 8 funds
- Our ESG process also applies to our ILS funds without classification



Criteria and exclusions

- SFDR Article 8 funds invest min.
  - 80% in nat cat a/o life risks
  - 50% in meteorological risks
  - 5% in protection gap deals
- Positive absolute sustainability score
- Specific exclusions apply[4]



Engagement

- Active engagement with sponsors and broker/dealers to achieve better disclosures
- Founding member and driver of the Zurich ILS Working Group
- This group was later renamed into ILS ESG Transparency Initiative[5] and recognized by the industry[6]

Source: [1]https://www.schroders.com/en/sustainability/making-an-impact-through-sustainability. [2]Environmental Social & Governance (ESG) Integration means that certain ESG risk were considered in the evaluation of the investments made in a portfolio. [3]EU Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector regulation (SFDR). Schroder GAIA Cat Bond, Schroder Investment Fund Flexible Cat Bond and Schroder Investment Fund Core Insurance Linked Securities are effective as SFDR Article 8 funds. [4]Risks: e.g., lottery, terror or life settlements, sponsors: e.g., engaged in fossil fuel extraction and production, power generation from oil and coal, alcohol, tobacco or weapon production. [5]Following the extension of ILS managers outside of Zurich. [6]The ILS ESG Transparency Initiative won the ESG Initiative of the Year award at the Insurer Insider ILS Awards 2024. Schroder GAIA Cat Bond, Schroder Investment Fund Flexible Cat Bond and Schroder Investment Fund Core Insurance Linked Securities have environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the “SFDR”). For information on sustainability-related aspects of this fund please go to www.schroders.com.

GOOD RISKS HAVE THE POTENTIAL TO LEAD TO GOOD RESULTS



Data-driven and transparent portfolios provide comfort with the possibility of superior results



Risks we like

- Quantifiable and reflected in a model
- Consistent, appropriate, accurate and timely data
- Where we understand the inherent potential information asymmetries
- Uncorrelated to financial markets
- Diversification as ‘life-line’



Risks we don’t like

- Cyber, operational risks, life settlements, terror, lottery insurance
- We don’t deploy financial leverage to ‘beef up’ returns

Source: Schroders Capital. Diversification cannot protect against loss of principal.



INVESTMENT CASE

Why ILS?

Persistent strong investment case in an environment of increased volatility



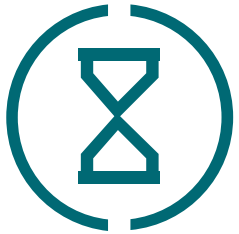
Great diversification and low duration

- An independent and pure risk premium
- Stable return pattern with positive outcome in 9 out of 10 years (depending on strategy)
- Attractive risk and return characteristics compared to other asset classes
- Floating rate structure includes prevailing money market rates in overall returns



Attractive expected return potential

- Spreads (risk premiums) have normalised in 2026, easing from recent peak levels, but remain attractive relative to expected loss
- Floating rate feature means that yields benefit from return on collateral
- Strong demand for protection will persist



Schroders offers wide range of ILS strategies

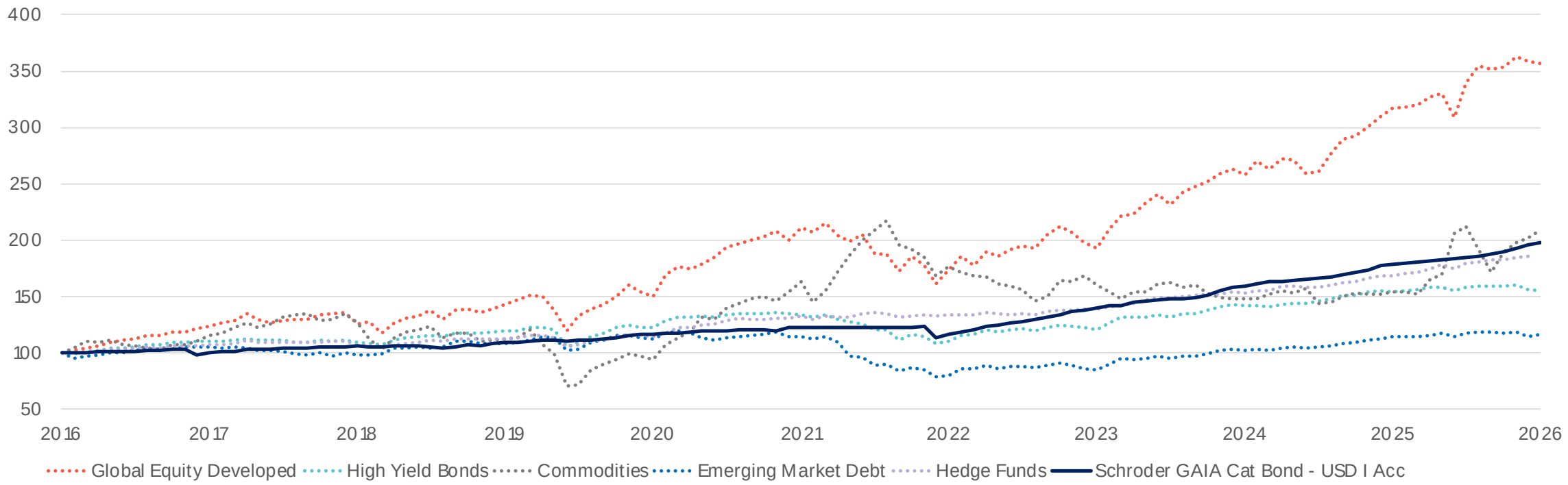
- ILS boutique embedded in institutional setup
- Specialised analytics, modelling, valuation and fund management

Source: Schroders Capital, 31 October 2026.

ILS diversification benefits persist through market volatility

Low correlation of ILS to major financial assets (10-year rebased performance)

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.



Source: Schroders Capital, Bloomberg, monthly returns from 31 October 2016 to 30 October 2026 in USD. Performance for the Schroder GAIA Cat Bond USD I Acc share class (gross of fees), Global Equities Developed: MSCI World, High yield bonds: BofA Merrill Lynch Global High Yield Index, Commodities: S&P GSCI, Emerging Markets Debt: JP Morgan EMBI+, Hedge Funds: HedgeIndex Main Index. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy. Our Funds invest in insurance-linked instruments which are particularly exposed to sudden substantial or total loss due to, natural and/or man-made catastrophes. Diversification cannot ensure profits or protect against loss of principal.

ILS asset class

Attractive historical returns, low volatility and excellent diversification over more than 20 years

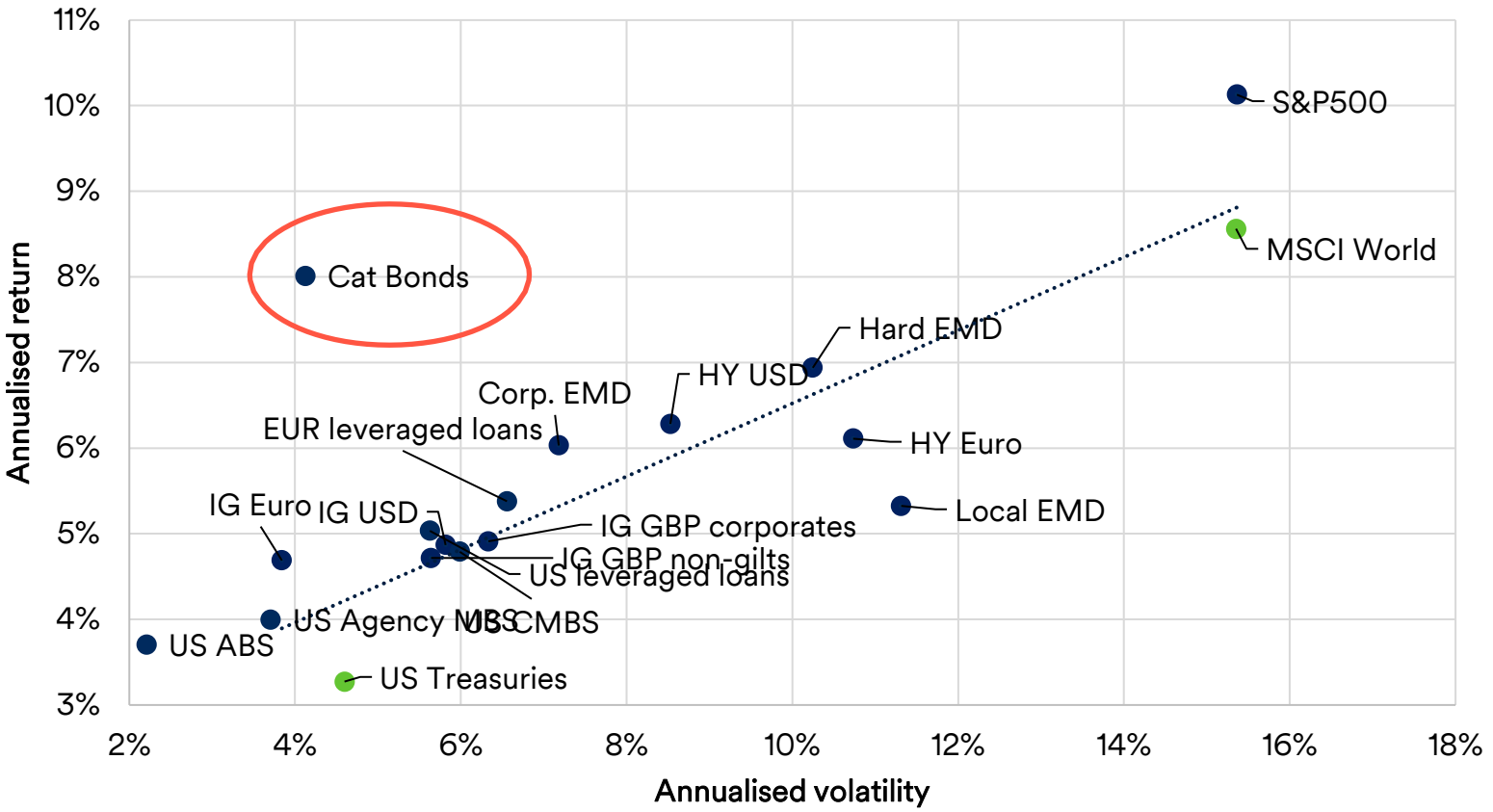
Past performance is not a guide to future performance and may not be repeated.

Since Cat Bond Index launch in 2002	Cat Bonds	Equities	Hedge funds	Commodities	High Yield Bonds	EMD
Annualised return (USD)	7.7%	9.9%	6.0%	6.2%	6.8%	6.4%
Volatility annual	3.5%	14.8%	5.0%	22.7%	9.4%	9.6%
Positive months	96.4%	70.9%	74.5%	62.9%	72.3%	71.6%
Cat bonds positive if index negative	-	86.1%	81.3%	87.8%	89.9%	84.8%
Worst month	-8.7%	-16.8%	-7.3%	-28.7%	-17.3%	-13.8%
Date of worst month	Sep 2022	Oct 2008	Mar 2020	Mar 2020	Oct 2008	Oct 2008

Source: Bloomberg, LSEG, Swiss Re, Schroders Capital. Data from 31 December 2001 to 30 October 2026. Cat bonds: Swiss Re Global Cat Bond TR Index, Equities : S&P 500 Total Return Index, High yield bonds: ICE BofA Global High Yield Index, Emerging Markets Debt: JP Morgan EMBI+, Commodities: S&P GSCI, Hedge Funds: HedgeIndex Main Index. Cat bonds positive if index negative refers to monthly performance of Swiss Re Global Cat Bond Index vs. other indices. Worst month figure refers to the Swiss Re Global Cat Bond Index, which suffered the biggest draw-down over all cat bond indices in September 2022 from Hurricane Ian. The Fund invests in insurance-linked instruments which are particularly exposed to sudden substantial or total loss due to, natural and/or man-made catastrophes. Diversification cannot ensure profits or protect against loss of principal.

Cross-credit risk-return profile

Since January 1997 or inception



Cat bonds have offered comparatively attractive risk-return characteristics

- Using the Swiss Re Global Cat Bond Total Return Index as a proxy for cat bonds, the historical risk-return profile is favourable compared to other asset classes
- Historically returns are comparable with other asset classes that have higher volatility profiles
- The inclusion of an allocation to cat bonds within a balanced portfolio may help reduce volatility and contribute positively to returns

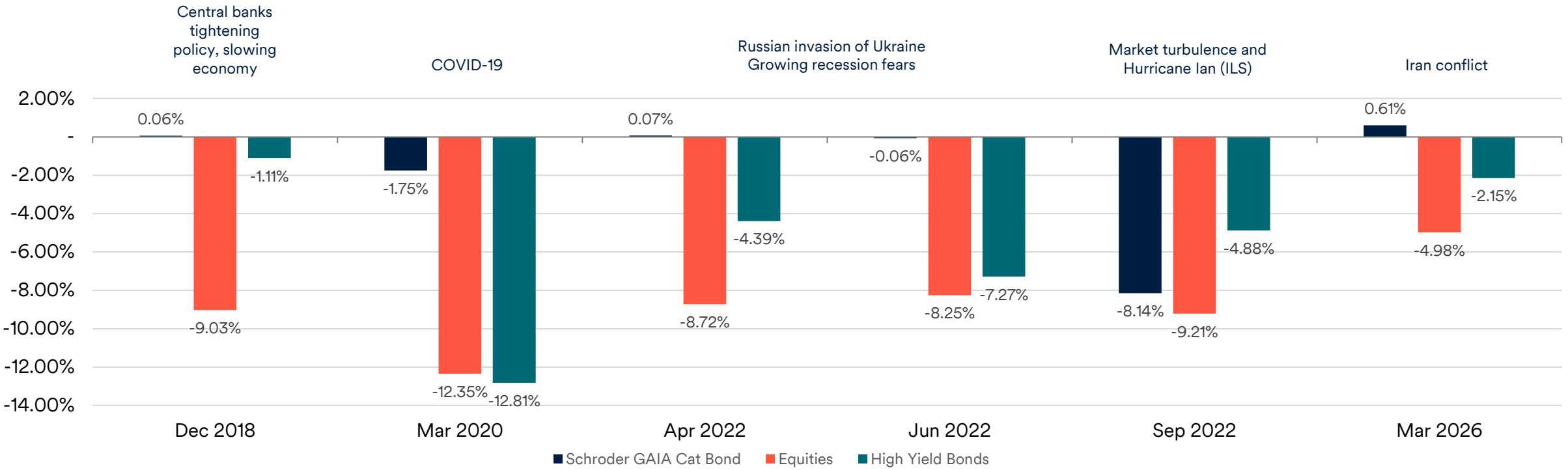
Past performance is not a guide to future performance and may not be repeated.

Source: Schroders, LSEG Datastream, ICE Data Indices, J.P. Morgan, Credit Suisse. Data as at 30 September 2026. All return and volatility figures shown as USD hedged, except EMD Local and MSCI World which are unhedged returns in USD.

Strong historical drawdown protection

Large monthly equity market[1] drawdowns since inception

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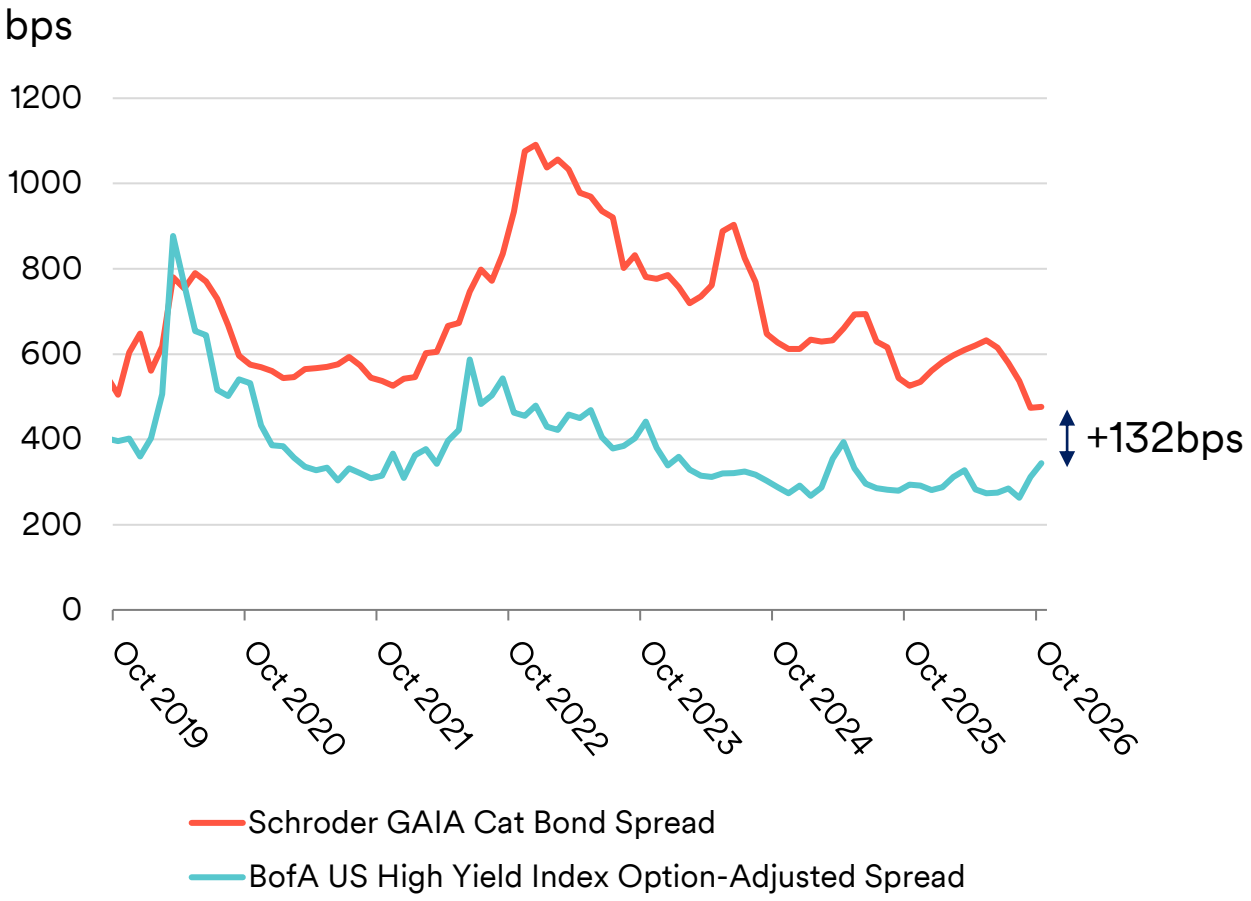


Source: Schroders Capital, Bloomberg, as at 31 March 2026. Large monthly drawdowns in equity markets since inception of Schroder GAIA Cat Bond I Acc USD in October 2013, gross of management fees. Equities: MSCI World Index, High Yield Bonds: ICE BofA US High Yield Index. [1]Markets refers to MSCI World Index.

Attractive compensation and diversification

ILS investors benefit from higher spreads with less volatility

Schroder GAIA Cat Bond spreads vs. BB-rated bonds



- Cat bonds offer attractive income relative to traditional credit
- Schroder GAIA Cat Bond provides +132 bps spread vs. BB-rated bonds
- Low correlation supports diversification, including during market stress like the COVID-19 crisis and the Russian invasion of Ukraine
- Spreads have normalised from 2022-2023 peak levels, with returns remaining attractive compared to traditional asset classes

Source: Schroders Capital, Federal Reserve Bank of St. Louis, ICE, 31 October 2026.



SCHRODER GAIA CAT BOND

Schroder GAIA Cat Bond

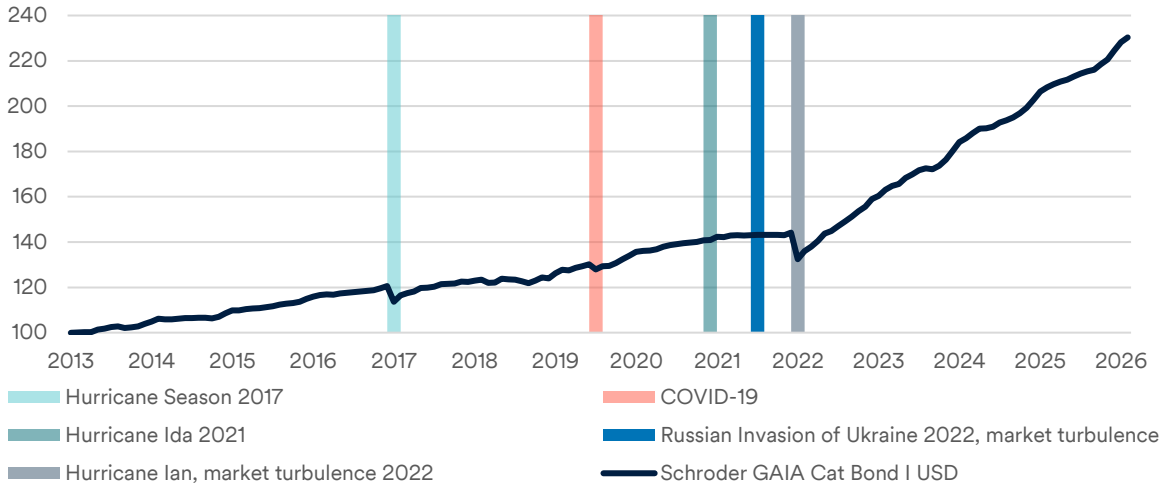
Our UCITS cat bond vehicle

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Fund highlights

- $4.2 billion, only in tradeable ILS instruments
- An **active trading strategy**
- **Effective portfolio construction** at the heart of the philosophy to **filter transactions without sufficient risk/reward characteristics**
- **Strong focus on sustainability** to facilitate our tailored ESG investment process
- UCITS structure: **high transparency and liquidity** for investors (three trade dates per month)

Historical performance



Fund history

2011 — **Fund launch:** one of the first UCITS cat bond-only funds in the market

2013 — **Move to Schroders:** institutional framework

2020 — **Significant growth in assets:** Global client base expanded

2022 — **Commitment to Sustainability and Impact:** Classified SFDR Article 8

2023 — **Record returns:** highest calendar year return produced since inception

Source: Schroders Capital, Bloomberg, 31 October 2026. Performance gross of fees in USD since 31 October 2013 for the Schroder GAIA Cat Bond I Acc USD share class (share class inception). Fund inception date 2 May 2011.The fund has environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on Sustainability-related Disclosures in the Financial Services Sector (the "SFDR"). For information on sustainability-related aspects of this fund please go to www.schroders.com. A Cat bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund. The Fund invests in insurance-linked instruments which are particularly exposed to sudden substantial or total loss due to, natural and/or man-made catastrophes.

Schroder GAIA Cat Bond

Performance since launch

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I Acc USD

	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2026	0.41	0.68	0.61	0.46	0.31	1.13	0.95	1.80	1.63	0.96			9.30
2025	0.06	0.32	1.01	0.48	0.64	0.94	1.27	1.68	1.87	0.92	0.69	0.50	10.87
2024	1.58	0.94	1.08	0.48	-0.26	0.94	1.54	2.12	2.26	0.87	1.20	1.12	14.78
2023	2.23	0.85	1.44	1.44	1.38	1.62	1.28	2.17	0.90	1.65	1.07	0.54	17.87
2022	-0.05	0.06	0.07	0.07	0.00	-0.06	-0.09	0.82	-8.14	2.62	1.51	1.88	-1.73
2021	0.82	0.48	0.35	0.27	0.18	0.25	0.43	-1.12	2.25	-0.03	0.42	0.14	4.51
2020	0.62	0.64	-1.75	1.11	0.07	1.06	1.20	1.21	1.23	0.38	0.11	0.42	6.45
2019	1.39	-0.15	-0.10	-0.58	-0.71	0.86	1.20	-0.33	1.76	1.33	-0.31	0.88	5.33
2018	1.29	0.17	0.36	0.94	0.05	0.18	0.66	-0.07	0.47	0.35	-1.18	0.06	3.31
2017	0.40	0.31	0.22	0.17	0.24	0.25	0.75	0.79	-5.73	2.52	0.85	0.57	1.15
2016	0.18	0.31	0.39	0.66	0.47	0.17	0.54	1.08	0.92	0.58	0.21	-0.05	5.59
2015	0.31	0.16	0.01	0.22	-0.08	-0.20	0.55	1.53	1.12	0.07	0.49	0.21	4.47
2014	1.08	0.45	0.39	0.29	-0.39	0.25	0.44	1.10	0.94	1.18	-0.26	0.01	5.63
2013											0.11	0.07	0.19

10 year performance	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Schroder GAIA Cat Bond I Acc USD	5.59	1.15	3.31	5.33	6.45	4.51	-1.73	17.87	14.78	10.87

Source: Schroders Capital, Bloomberg. Performance gross of management fees in USD since 31 October 2013 for the Schroder GAIA Cat Bond USD I share class (the share class launch date). Fund launch date 2 May 2011. Performance table shows per month end or latest available date until 30 October 2026. A Cat bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund.

Schroder GAIA Cat Bond

Risk considerations

Market risk
The value of investments can go up and down and an investor may not get back the amount initially invested.

Capital risk / distribution policy
As the fund intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.

Concentration risk
The fund may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the fund, both up or down.

Counterparty risk
The fund may have contractual agreements with counterparties. If a counterparty is unable to fulfil their obligations, the sum that they owe to the fund may be lost in part or in whole.

Credit risk
If a borrower of debt provided by the fund or a bond issuer experiences a decline in financial health, their ability to make payments of interest and principal may be affected, which may cause a decline in the value of the fund.

Currency risk
If the fund's investments are denominated in currencies different to the fund's base currency, the fund may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates. If the investor holds a share class in a different currency to the base currency of the fund, investors may be exposed to losses as a result of movements in currency rates.

Climate change risk
The fund's investments may be impacted by physical changes to the environment as a result of climate change, or indirectly from the transition to a low carbon economy.

Default risk
If a debt instrument in the portfolio defaults or breaches the debt instrument covenants, this may reduce interest and/ or capital repayments and could impact the value of the fund.

Derivatives risk
Derivatives, which are financial instruments deriving their value from an underlying asset, may be used for investment purposes and/ or to manage the portfolio efficiently. A derivative may not perform as expected, may create losses greater than the cost of the derivative and may result in losses to the fund.

High yield bond risk
High yield bonds (normally lower rated or unrated) generally carry greater market, credit and liquidity risk meaning greater uncertainty of returns.

Insurance-linked investment risk
The fund invests in insurance-linked securities which help insurers pay claims if certain insured risks or events happen, including natural or man-made catastrophes such as fires and floods. As a result these securities are particularly exposed to sudden substantial or total loss.

Investments in deposits
The fund may invest extensively in cash deposits. The fund may lose value if a deposit institution or the issuer of a money market instrument goes out of business.

Life insurance related risk
The fund invests in insurance-linked instruments exposed to life insurance risks in the form of event-based risks, for instance due to a pandemic, or portfolio-based risks where the performance of an investment is dependent on a portfolio of life insurance policies.

Liquidity risk
In difficult market conditions, the fund may not be able to sell a security for full value or at all. This could affect performance and could cause the fund to defer or suspend redemptions of its shares, meaning investors may not be able to have immediate access to their holdings.

Operational risk
Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.

Performance risk
Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Sustainability risk
The fund has environmental and/or social characteristics. This means it may have limited exposure to some companies, industries or sectors and may forego certain investment opportunities, or dispose of certain holdings, that do not align with its sustainability criteria chosen by the investment manager. The fund may invest in companies that do not reflect the beliefs and values of any particular investor.

Schroder GAIA Cat Bond

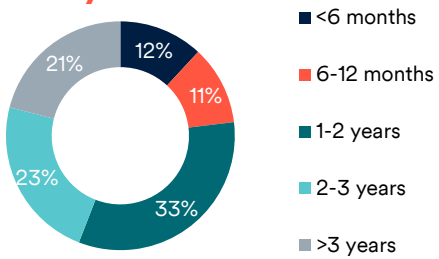
Positioning as at 31 October 2026 – yield 8.6%

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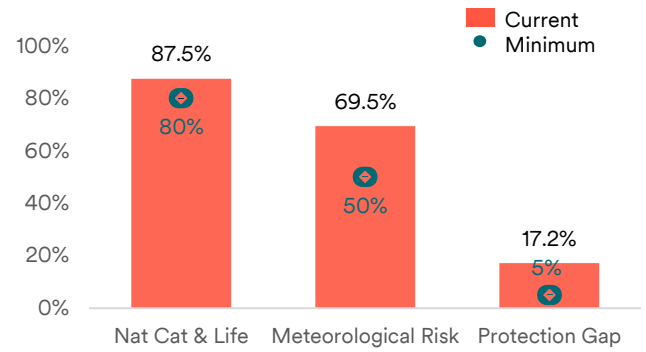
Key portfolio statistics

Portfolio Expected Loss	-3.3%
Annual Value at Risk 95%	-9.3%
Annual Tail value at Risk 95%	-18.9%
Annual Value at Risk 99%	-25.1%
Annual Tail Value at Risk 99%	-29.7%
Annual Probability of a 0% Portfolio Loss	10.9%
Annual Probability of a 10% Portfolio Loss	4.8%
Annual Probability of a 15% Portfolio Loss	3.1%

Maturity structure

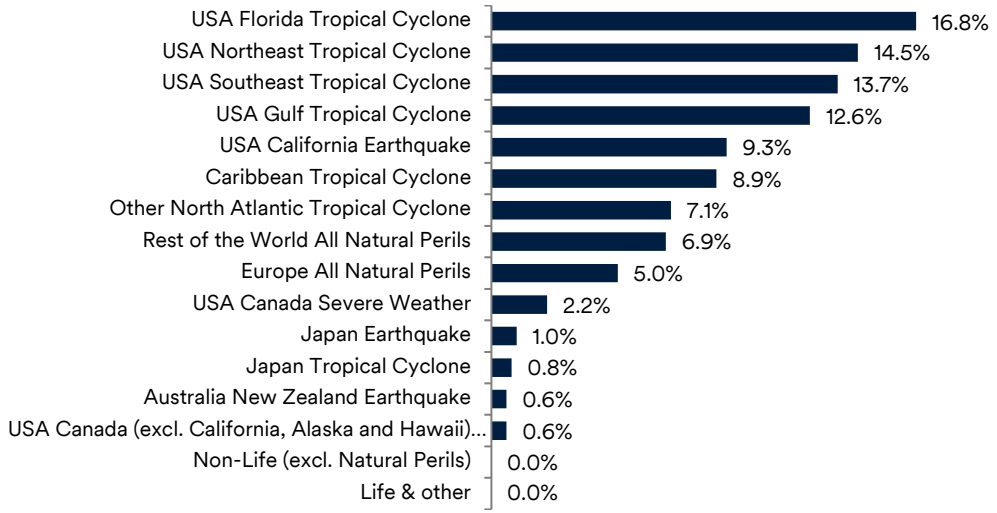


ESG binding criteria (in % of NAV)



Natural catastrophe risks

Contribution by peril-zone (% expected loss)



Modelled portfolio loss

Historical Events – based on modelled output

	Modelled impact on portfolio	Industry insured loss ($ billion)	Expected return period
New England Hurricane 1938	-17.4%	89.5	16.3
San Francisco Earthquake 1906	-16.8%	98.7	196.1
Great Miami Hurricane 1926	-16.5%	167.9	44.6
Galveston Hurricane 1900	-15.9%	120.6	24.9
Hurricane Katrina 2005	-13.8%	118.8	24.2
Great Cascadia Earthquake 1700	-11.1%	76.6	126.6
Hurricane Andrew 1992	-11.0%	122.4	25.8
Hurricane Donna 1960	-8.6%	91.8	16.9
New Madrid Earthquake 1812	-8.2%	78.7	135.1
Northridge Earthquake 1994	-6.3%	26.3	40.3
Hurricane Ida 2021	-3.6%	34.2	5.3
Hurricane Ike 2008	-3.3%	37.9	5.8
Hurricane Hugo 1989	-3.3%	34.1	5.3
Typhoon Mireille 1991	-1.1%	10.2	22.2

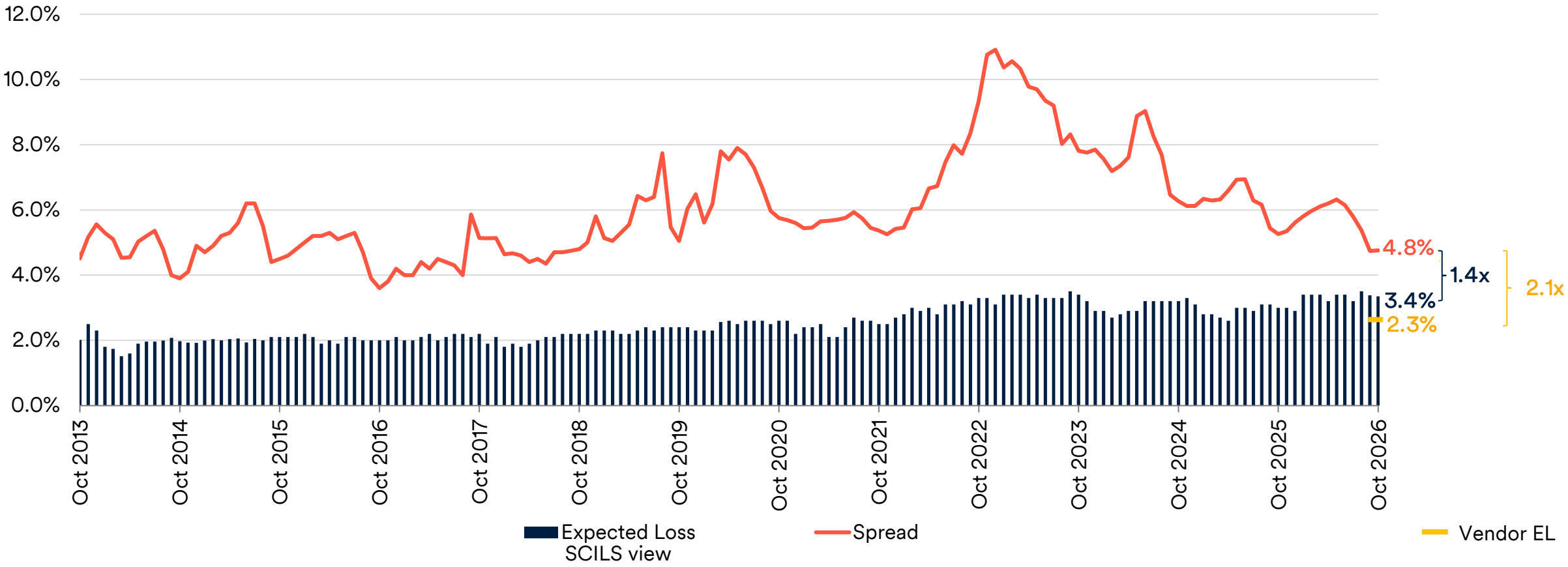
Source: Schroders Capital, data as per NAV end of October 2026. Portfolio yield calculation excludes cash and is shown gross of fees. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy. A Cat bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund.

Schroder GAIA Cat Bond – portfolio spreads

Multiple at 1.4x (SCILS[1] view) vs 2.1x (vendor view)

Past performance is not a guarantee of future results and may not be repeated.

Schroder GAIA Cat Bond spread and expected loss over time (% annualised)



Source: Schroders Capital, 31 October 2026. [1]Schroders Capital ILS. Spread is calculated as the annualized discount margin for the next 12 months, excluding cash and bonds priced below 80. These bonds are excluded due to an increased risk of default, meaning any elevated discount margin values at such prices are unlikely to be realised. A Cat bond may lose much or all of its value if a catastrophe that it covers occurs, which may result in losses to the fund. Small differences in calculated multiples are due to rounding.

Experience-based modelling

Starting point view versus SCILS[1] view of risk

Drivers of SCILS view of risk

Risk metrics are the key driver of spread determination. But there are inherent limitations to the risk metrics as presented (the "starting point" view) because:

- models evolve over time due to (for example):
  - scientific findings on hazard potential including possible impact of climate change
  - changes in exposures – changing building standards, construction in exposed areas
  - lessons learned
- protection buyers are not obliged to present the risk in the most conservative manner

Taking the above into account when evaluating the starting point view, we may adjust the risk metrics based upon our knowledge and experience. Adjustments can be made for (not an exhaustive list):

- freshness of underlying exposure data
- inflation – building materials and labour costs
- model version (if not recent)
- increasing severity of some perils due to
  - the impact of climate change
  - population growth
- cedent-specific considerations

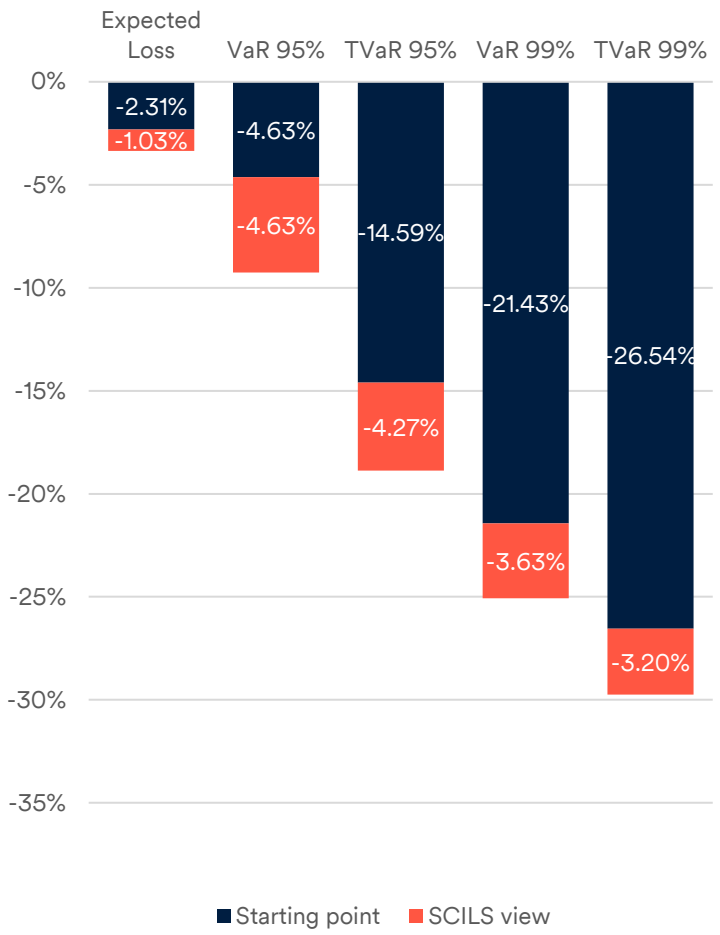
The resulting risk metrics constitute the SCILS view of risk. This view is used to evaluate each potential investment and for portfolio management and optimisation purposes. **This enables robust portfolio construction, a superior understanding of portfolio behaviour, minimised unexpected surprises and a very robust valuation framework.**

Source: Schroders Capital. [1]Schroders Capital ILS.

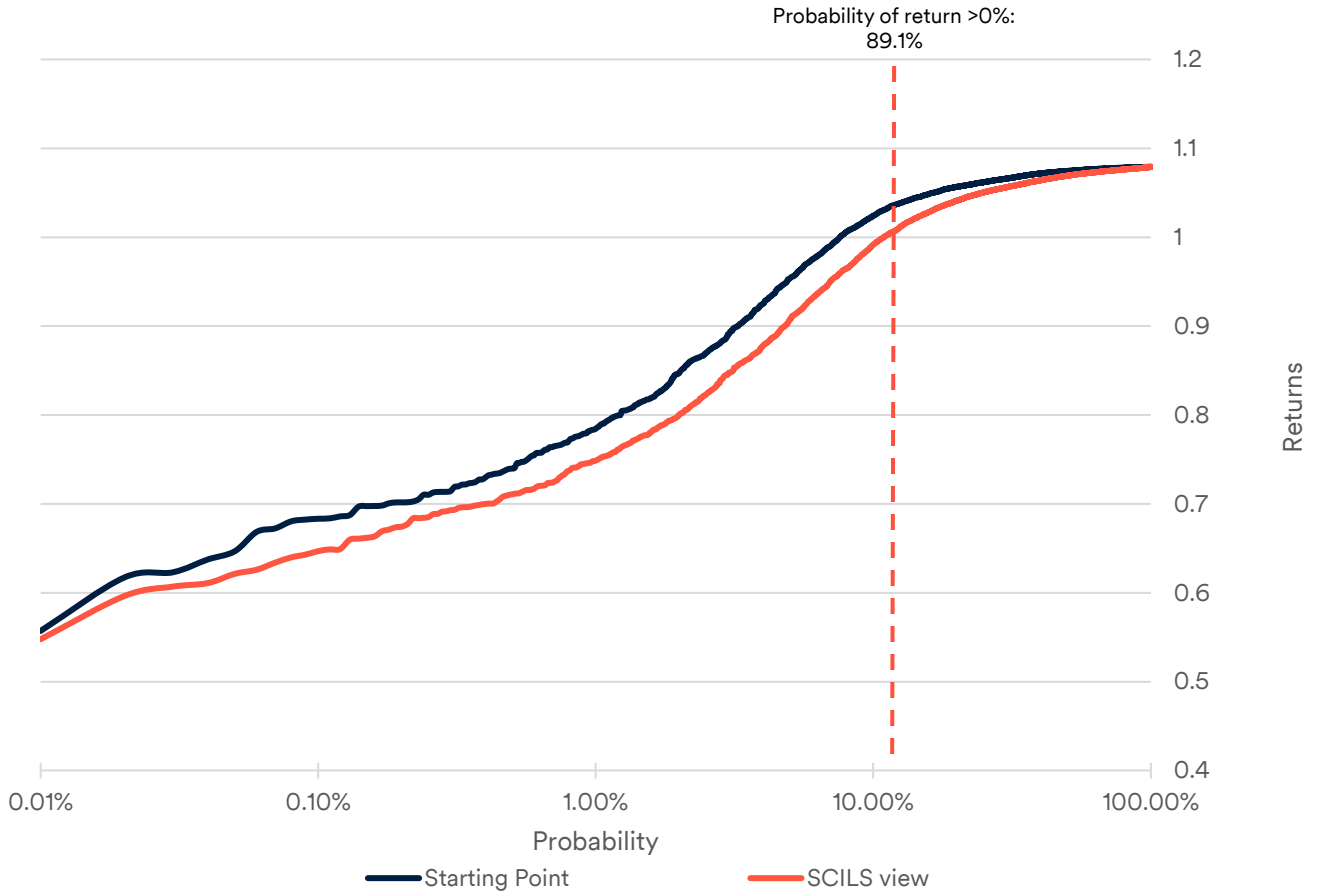
Experience-based modelling in Schroder GAIA Cat Bond

Starting point view versus SCILS[1] view of risk – Portfolio level comparison

Main risk metrics



Return distribution – log scale



Source: Schroders Capital, 31 October 2026. [1]Schroders Capital ILS



ILS MARKET REVIEW AND OUTLOOK

ILS investment case is proven over the long term

The insurance market cycle and wider macro dynamics support a solid case for the asset class

Past performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested.

Diversification from traditional asset classes

- ILS has historically provided investors with **low correlation to traditional asset classes**, a benefit confirmed during recent market dislocations
- portfolios can be built around liquidity needs by engaging in the full spectrum of ILS selectively
- **positive performance** in 9 out of 10 years, even in the face of sizeable global insurance losses

Recent years' insured losses influenced compensation for ILS investors

- spreads reached **record levels** in 2023, reflecting prior years' losses and a lack of fresh capital in the reinsurance and ILS markets
- attractive conditions persisted in 2024 and 2025, and **strong performance** ensued due to a lack of large losses
- **diversification proven** during market turbulence in 2025 and 2026

Outlook for the asset class

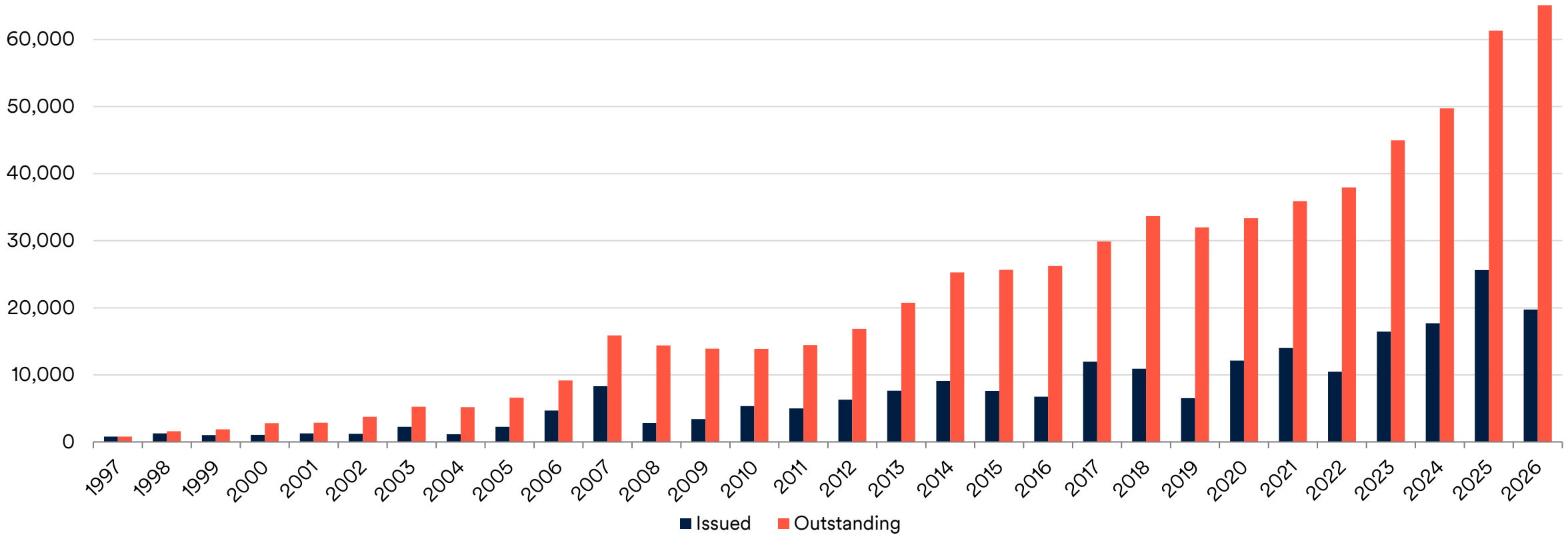
- **market AUM has grown** due to retained performance and new inflows to existing and new managers
- an anticipated normalisation in spread multiples is being observed as **supply and demand dynamics rebalance**
- the primary market issuance exceeded $25bn in 2025, marking a record high, and 2026 could see similar primary issuance

Source: Schroders Capital, October 2026. Diversification cannot ensure a profit or protect against loss of principal. The views and opinions shared are those of individual presenters and are subject to change. The slide contains some forecasted views which should not be relied upon and are not guarantee to materialise.

ILS growth drivers

Significant growth of the cat bond market since 2011

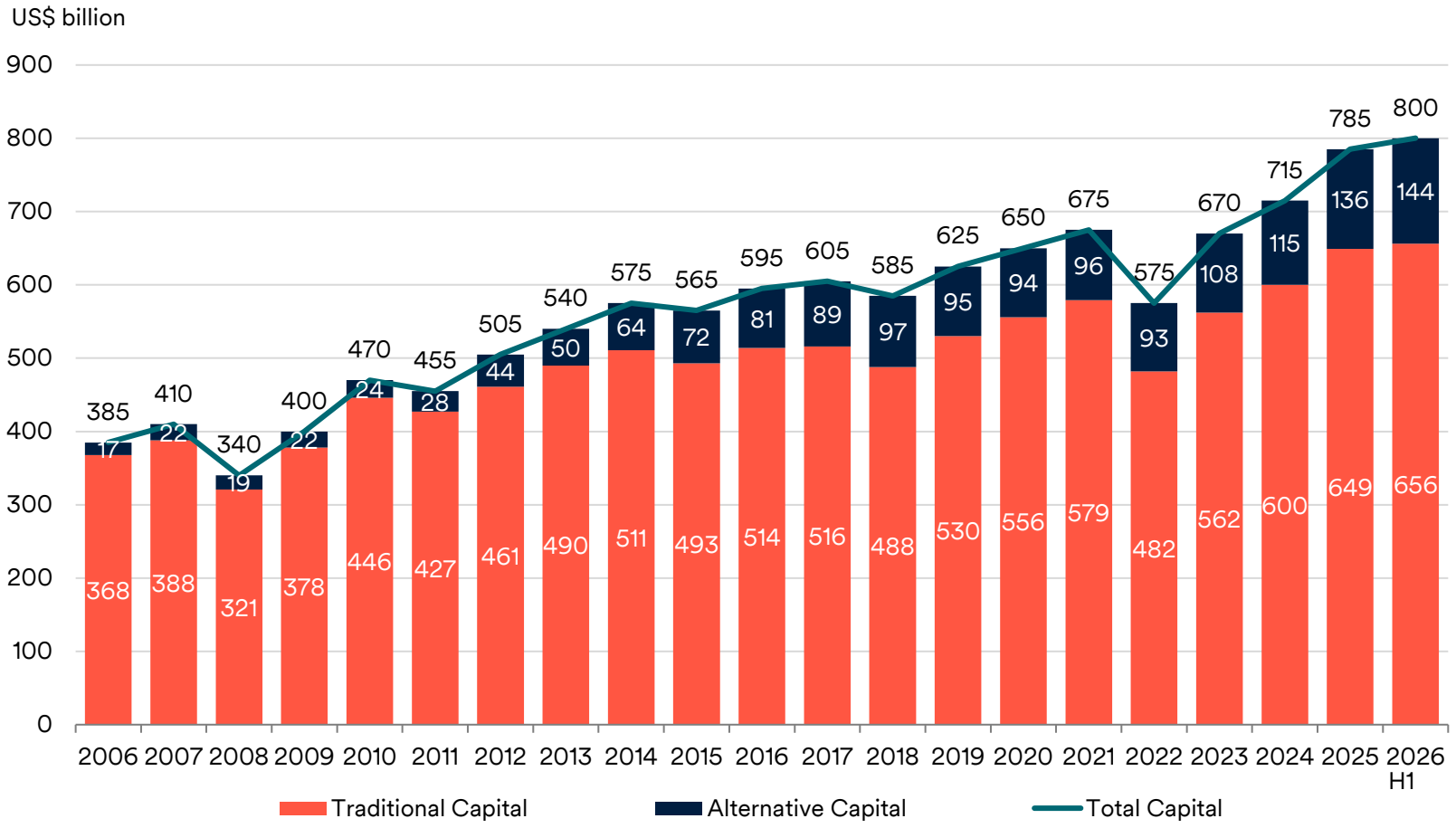
Cat bond market development 1997–2026 (in $m)



Source: Artemis.bm, 10 November 2026, excluding mortgage insurance risks which Schroders Capital does not invest in. Current growth trends may not continue or lead to favourable investment opportunities. The Fund invests in insurance-linked instruments which are particularly exposed to sudden substantial or total loss due to, natural and/or man-made catastrophes. Historical growth trends are not a guide to future results and may not continue.

Aggregated reinsurance capital

Alternative capital makes up approximately 18% of total capital



- Global reinsurance capital reached a new high in H1 2026.
- Demand is rising as insurers purchase additional catastrophe limit.
- The proportion of alternative capital relative to total reinsurance capital remained stable.

Source: Aon, Reinsurance Market Dynamics, September 2026; Schroders Capital ILS. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy.

Atlantic hurricane season – forecasts in 2026

Outlooks from different agencies and institutions

	Named storms	Hurricanes	Major hurricanes	ACE[1]
NOAA	8 – 14	3 – 6	1 – 3	-
Colorado State University	9	4	1	50
Tropical Storm Risk	10	4	1	55
UK Met Office	6 – 12	3 – 7	1 – 3	34 – 110
NC State University	12 – 15	6 – 9	2 – 3	-
ECMWF (through Nov)	12.9	5.7	-	-
2026 Hurricane Season Actuals	**10**	**1**	**1**	**19**
1991 – 2020 NOAA average	14	7	3	122
2016 – 2025 recent average	18	8	4	149

- Multi-model forecasts pointed to a very **strong El Niño**
- El Niño brings increased wind shear, which can **disrupt storm formation**
- A major hurricane **landfall remains possible** despite reduced storm activity
- Sea surface temperatures:
  - Main Development Region: Near climatology, well below 2024 extremes
  - Gulf & U.S. East Coast: Still somewhat elevated

Source: Artemis.bm, Schroders Capital, NOAA, Colorado State University, Tropical Storm Risk, UK Met Office, NC State University, European Centre for Medium-Range Weather Forecasts, 4 November 2026.



CONCLUSION

Wrap-up



Schroder GAIA Cat Bond continues to **deliver for investors in 2026**, following three strong calendar years of performance in 2023, 2024 and 2025

With our stringent focus on climate impact on ILS, we have avoided many pitfalls allowing us to generate strong absolute and relative performance – California wildfires in early 2025 demonstrated our positioning

As a leader in cat bonds - both in size and technical know-how - we benefit from excellent market access

Source: Schroders Capital, October 2026. Past performance provides no guarantee of future results and may not be repeated.

APPENDIX

Schroder GAIA Cat Bond

Fund summary

Fund name	Schroder GAIA Cat Bond
Regulatory regime	Luxembourg SICAV, UCITS
Currency	USD (base currency), CHF-, EUR-, GBP-, JPY-, SGD- and SEK-hedged share classes
Investment objective	The fund aims to provide a positive return after fees have been deducted over a three year period by providing exposure to insurance risks that meet the manager's sustainability criteria. This fund is actively managed.
Strategy inception date	May 2011[1]
Investment approach	– Actively managed fund investing in tradable ILS instruments – Focus on catastrophe bonds (min. 80%) – Other tradable ILS risks (e.g. aviation or offshore energy) for diversification – Using proprietary SPOT portfolio management tool
Permitted instruments	– Cat bonds – Structured notes – Interest rate futures – FX forwards – Money market instrument
Minimum subscription	$100,000 (A, C and F share classes) $1,000,000 (IF share classes) $5,000,000 (I share class)
Management fee	1.50% (F share class) 1.10% (IF share class) I share class – negotiable
Subscriptions and redemptions	Second and fourth Fridays and last business day of month, seven days' notice for redemptions, three days' notice for subscriptions

Source: Schroders Capital, as at 25 March 2025. The Next Generation Absolute Return-Secquaero ILS fund EUR-hedged A share class was launched on 2 May 2011.
[1]Schroder GAIA Cat Bond was launched in October 2013 to accommodate a transfer of shareholders from the Next Generation Absolute Return-Secquaero ILS fund to the Schroder GAIA SICAV. Prior to 21 October 2013 the fund uses the track record of the Next Generation Absolute Return-Secquaero ILS fund as a performance track record, starting from the actual launch date of the share class. Objectives may not be achieved.

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