

Schroders
capital

June 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 >9%**

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 returns 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 Schrodgers Capital?



Highly specialized team with \$6.6bn under management



Embedded into the Schrodgers Capital institutional platform



Strong long-term track record



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

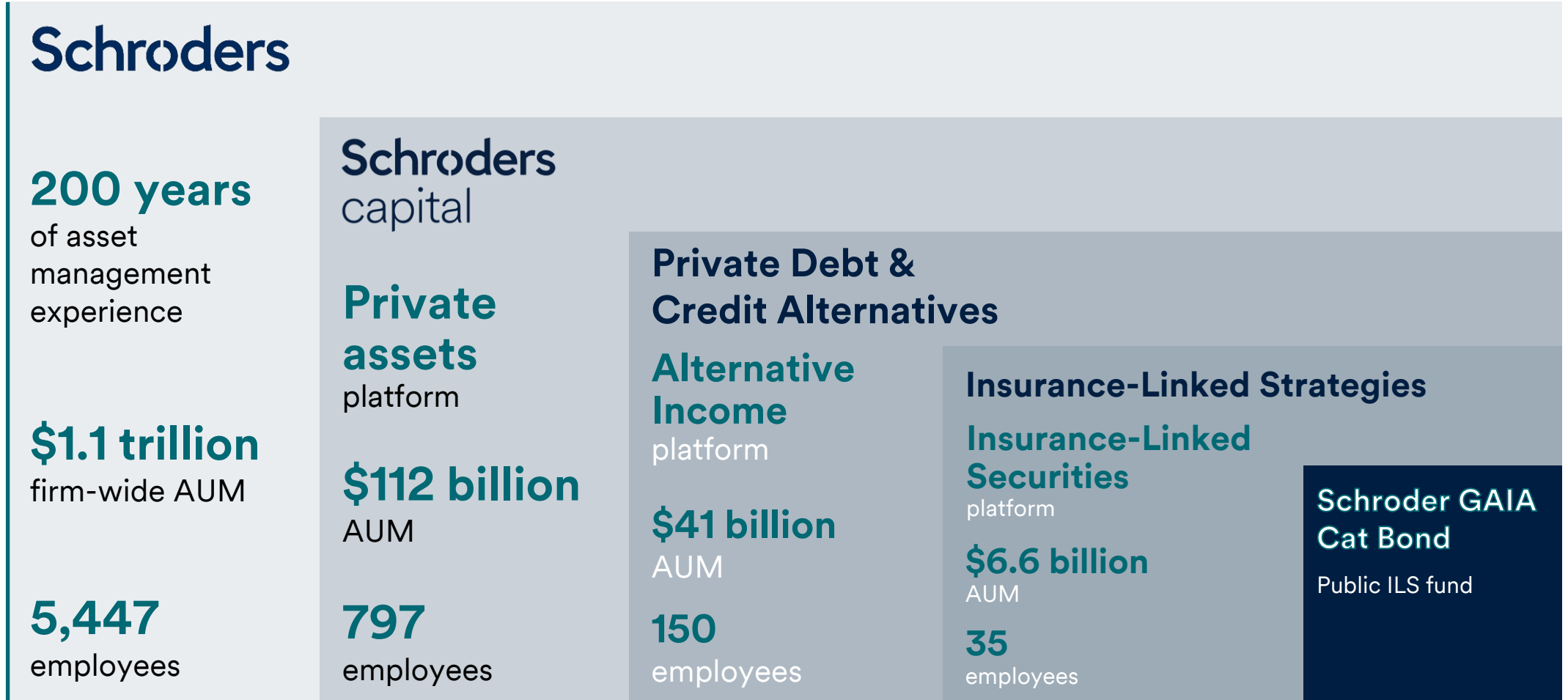


ILS AND SCHRODERS CAPITAL



Schroders Overview

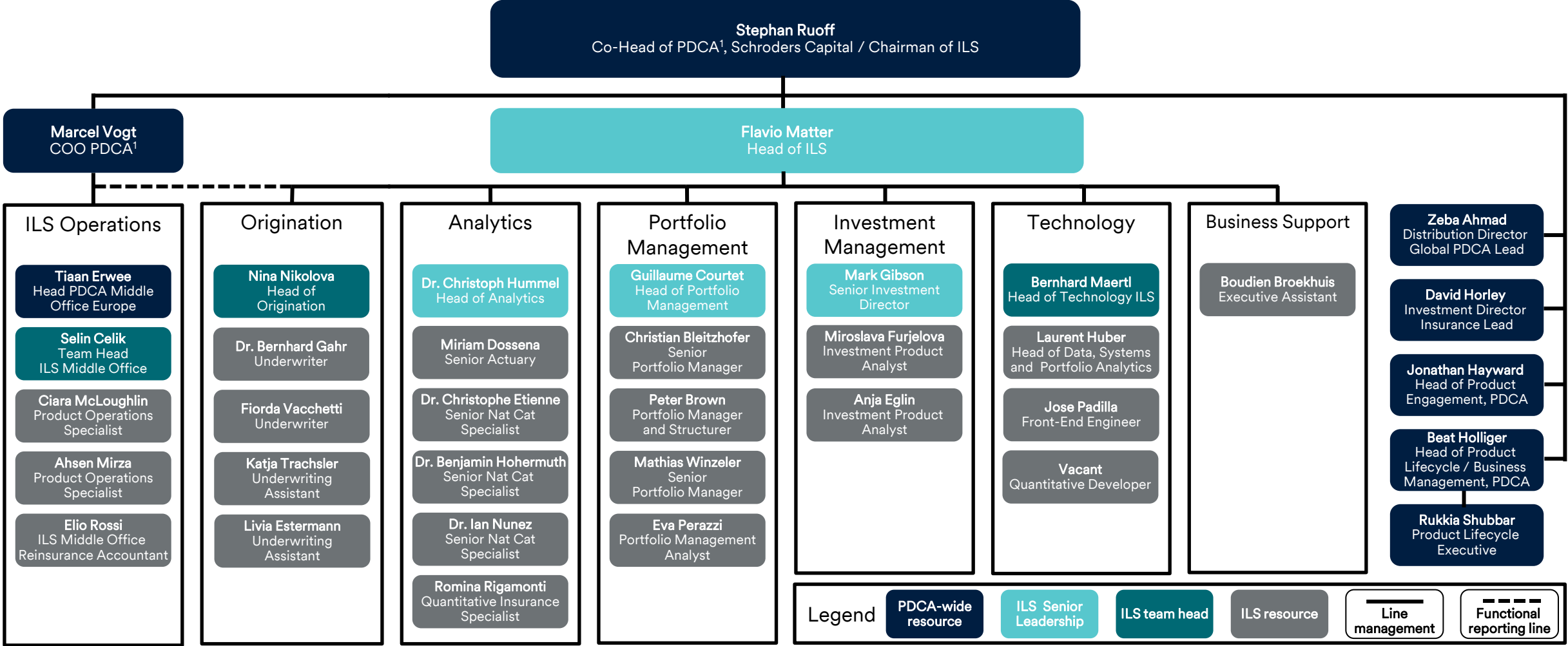
Schroders is a global asset management firm with a leading alternatives platforms



Source: Schroders.
 Includes JVs & associates. Statistics are as of 31 December 2025 unless otherwise stated. AUM figures for Schroder Capital, PDCA, and SPABF as of 31 December 2025. ILS team figures as of 31 May 2026.
 PDCA is a combination of our capabilities in Real Asset Debt, Structured & Corporate Credit, Specialty Finance (including Insurance Linked Securities) and Impact Lending.

Insurance Linked Securities organisational chart

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



Source: Schrodgers Capital, 1 June 2026. Schrodgers Capital is the private markets investment division of Schrodgers. ¹Private 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 \$41.6 billion of assets under management (AUM) and a team of over 115 experts as per 31 December 2025.

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 inception¹** 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 funds²**, 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**

35

Investment professionals³

17.5

year track record

Source: Schroders Capital, June 2026. Past performance provides no guarantee of future results. ¹Please 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//>, ³Total 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 commitment¹ 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 SFDR³ 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 apply⁴



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 Initiative⁵ and recognized by the industry⁶

Source: ¹<https://www.schroders.com/en/sustainability/making-an-impact-through-sustainability>. ²Environmental Social & Governance (ESG) Integration means that certain ESG risk were considered in the evaluation of the investments made in a portfolio. ³EU 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. ⁴Risks: 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. ⁵Following the extension of ILS managers outside of Zurich. ⁶The 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.

Market intelligence

High importance for gauging market sentiment

Being...

...close to the market

- Deep broker and cedent network
- Cedent visits (with and without brokers)
- Participation at all major reinsurance conferences
- Participation in industry initiatives (e.g., SBAI)
- Media research

...visible in the market

- Providing thought leadership through
 - Regular participations in round tables and panel discussions
 - Publication in the specialised press
 - Regular interviews

Leads to...

...knowledge

- Great visibility on the primary market pipeline
- Informed on the trends in the secondary market
- Approached to give advice on structuring, terms and conditions

...investment opportunities

- Approached before the initial marketing phase on renewing deals
- Excellent access to secondary trades
- These present opportunities for us to rebalance our portfolios
- Not shy to say “no” but always with justification



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

- 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



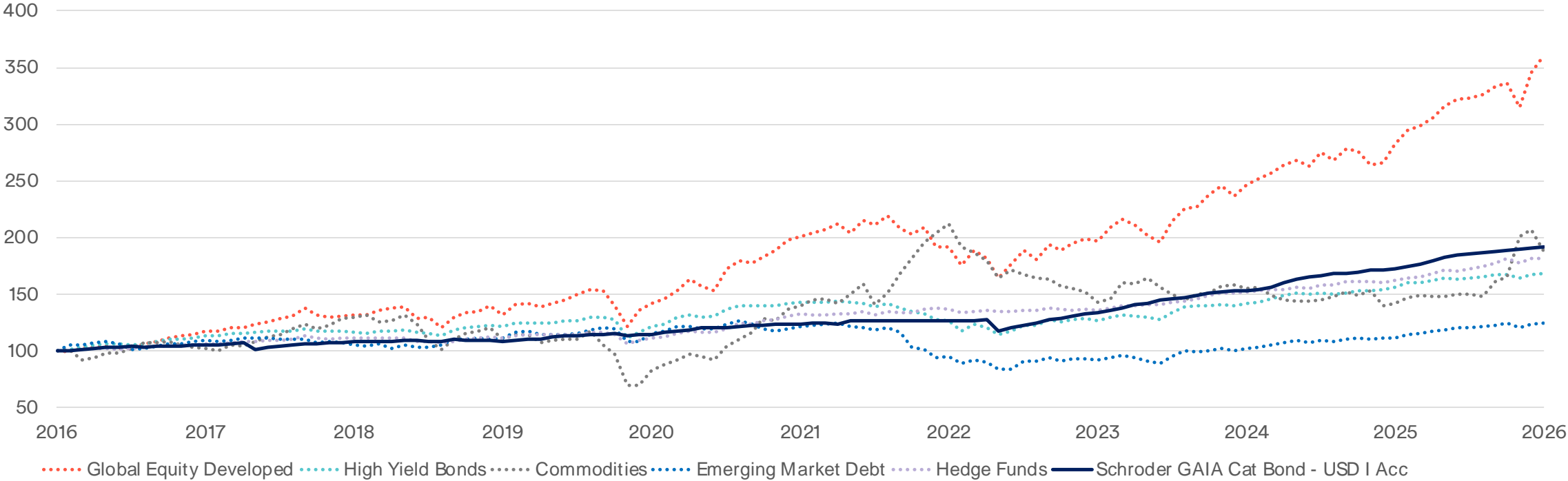
Schrodgers offers wide range of ILS strategies with peer group-leading performance

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

ILS diversification benefits persist through market volatility

Low correlation of ILS to all 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 May 2016 to 29 May 2026 in USD. Cat bonds: Swiss Re Global Cat Bond TR Index, Global Equities Developed: MSCI World, High yield bonds: BofA Merrill Lynch Global High Yield Index, Emerging Markets Debt: JP Morgan EMBI+, Commodities: S&P GSCI, Investment grade bonds: Bloomberg US Corporate Bond Index, US Treasuries: BofA Merrill Lynch US Treasury, 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

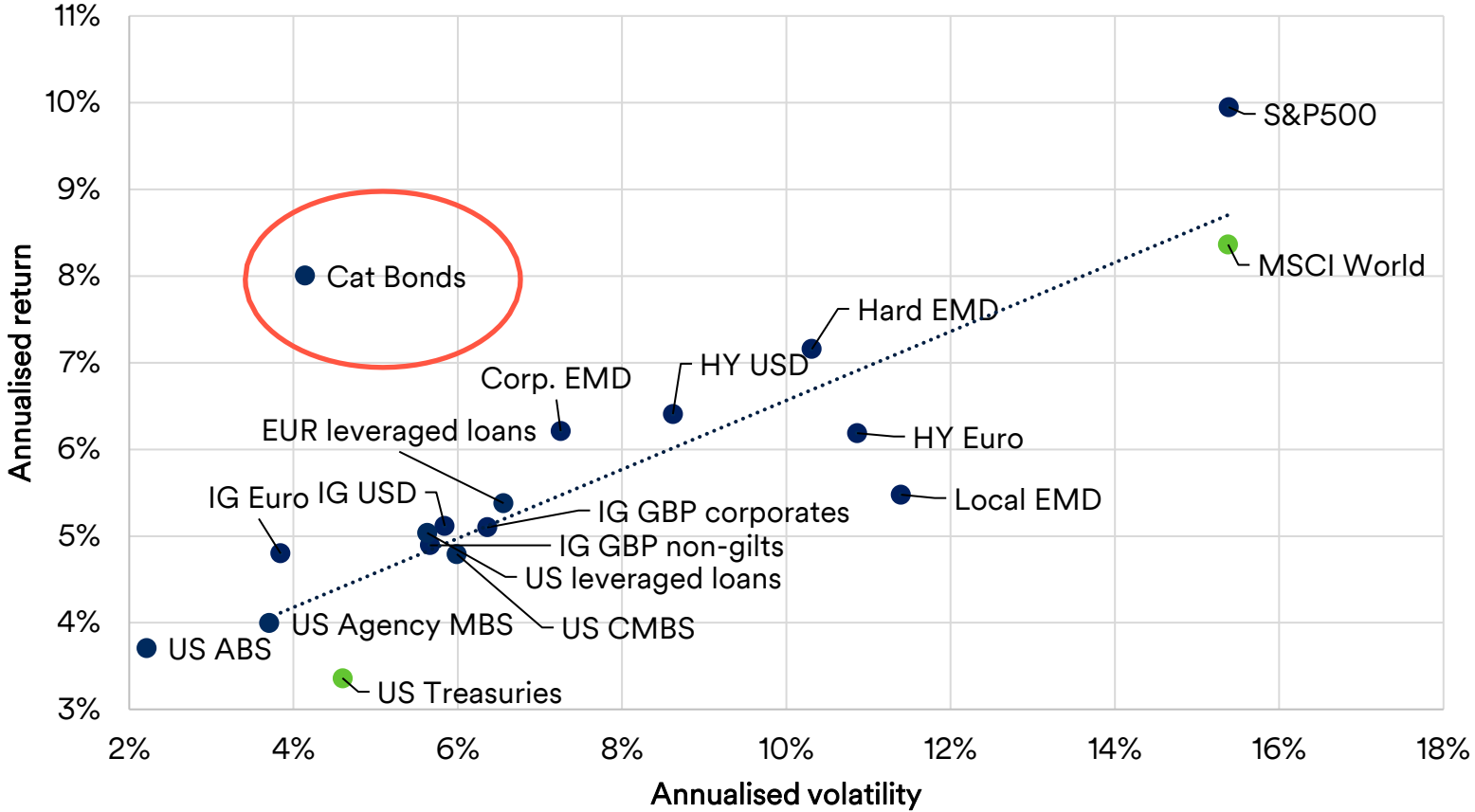
Past performance is not a guide to future performance and may not be repeated.

Since Cat Bond Index launch in 2002	Cat Bonds	Equities	IG Bonds	Hedge funds	Commodities	High Yield Bonds	EMD	US Treasuries
Annualised return (USD)	7.6%	10.1%	4.6%	5.9%	6.0%	7.0%	6.6%	3.1%
Volatility annual	3.5%	14.9%	6.3%	5.0%	22.6%	9.5%	9.6%	4.8%
Positive months	94.6%	70.5%	68.0%	73.0%	61.5%	71.6%	70.5%	59.7%
Cat bonds positive if index negative	-	85.6%	85.6%	81.1%	87.7%	89.5%	84.5%	85.0%
Worst month	-8.7%	-16.8%	-7.8%	-7.3%	-28.7%	-17.3%	-13.8%	-4.2%
Date of worst month	Sep 2022	Oct 2008	Sep 2008	Mar 2020	Mar 2020	Oct 2008	Oct 2008	Jul 2003

Source: Bloomberg, LSEG, Swiss Re, Schroders Capital. Data from 31 December 2001 to 29 May 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, Investment grade bonds: ICE BofA US Corporate Index, US Treasuries: ICE BofA US Treasury, 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

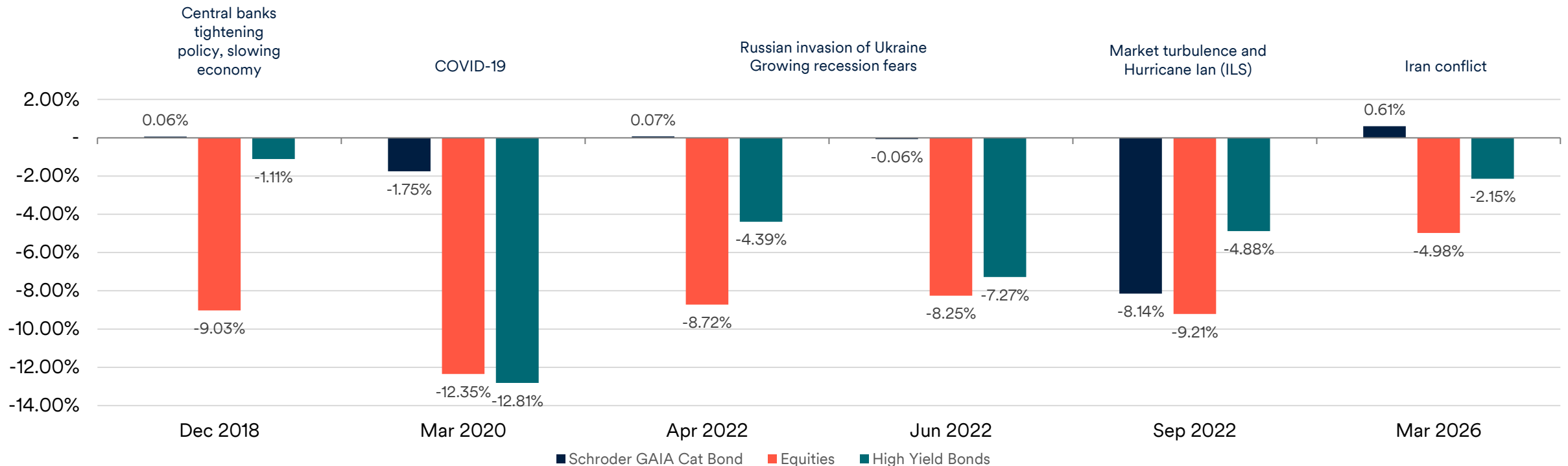
Past performance is not a guide to future performance and may not be repeated.

Source: Schroders, LSEG Datastream, ICE Data Indices, J.P. Morgan, Credit Suisse. Data as at 31 December 2025. 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 market¹ drawdowns since inception

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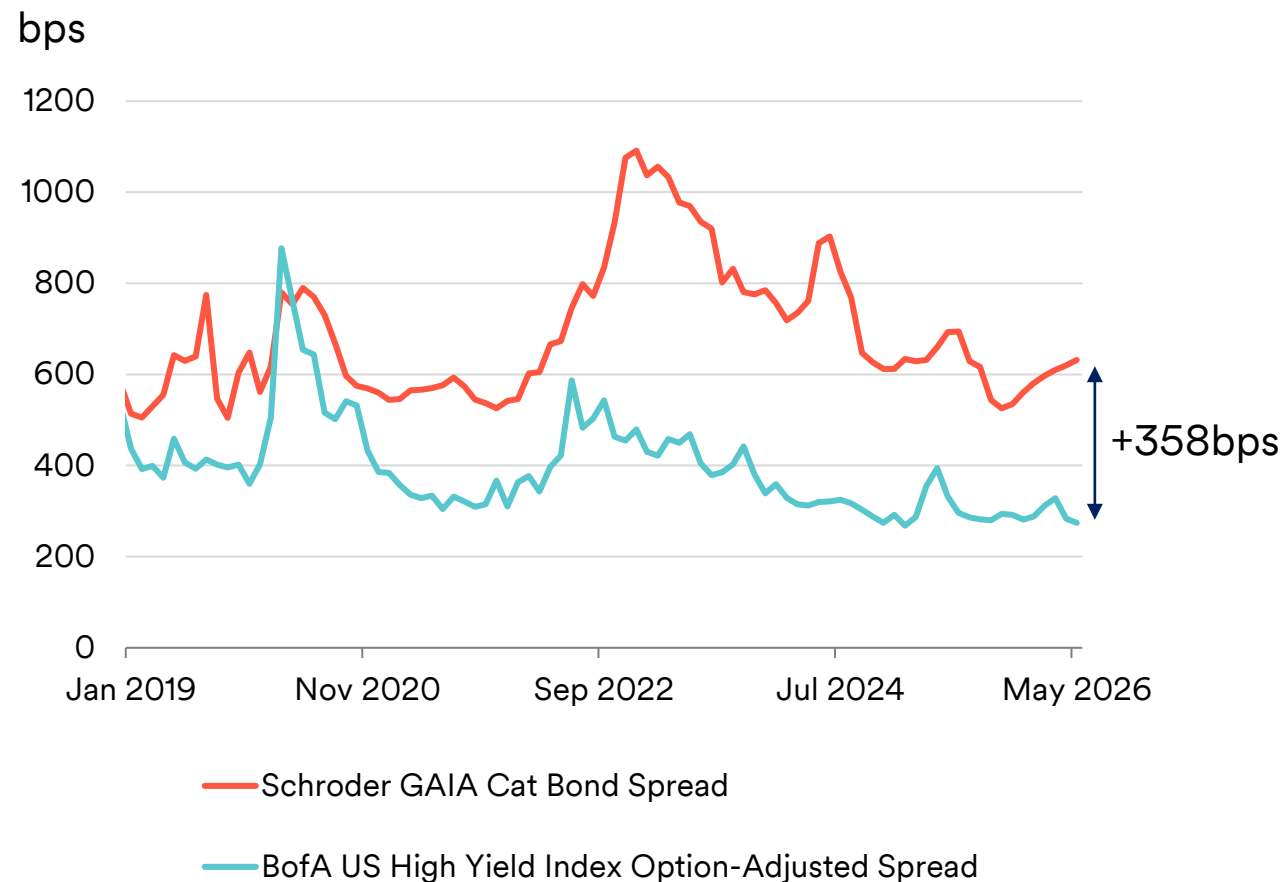


Source: Schroders Capital, Bloomberg, as at 31 March 2026. Large monthly drawdowns in equity markets since inception of Schroder GAIA Cat Bond I Acc USD in October 2013, gross of management fees. Equities: MSCI World Index, High Yield Bonds: ICE BofA US High Yield Index. ¹Markets refers to MSCI World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

Attractive compensation and diversification

ILS investors benefit from higher spreads with less volatility

Schroder GAIA Cat Bond spreads vs. BB-rated bonds



- ILS combines diversification benefits with spreads that exceed the High Yield universe by a meaningful margin
- The average spread of Schroder GAIA Cat Bond is currently +358 bps higher than the average of the BB-rated bond index
- Limited correlation to traditional asset classes, as demonstrated during the COVID-19 crisis, the Russian invasion of Ukraine and other market turbulence
- After reaching peak levels in 2023, rates have normalised, while the fund continues to capture attractive returns

Source: Schrodgers Capital, Federal Reserve Bank of St. Louis, ICE, 31 May 2026.



SCHRODER GAIA CAT BOND

Schroder GAIA Cat Bond

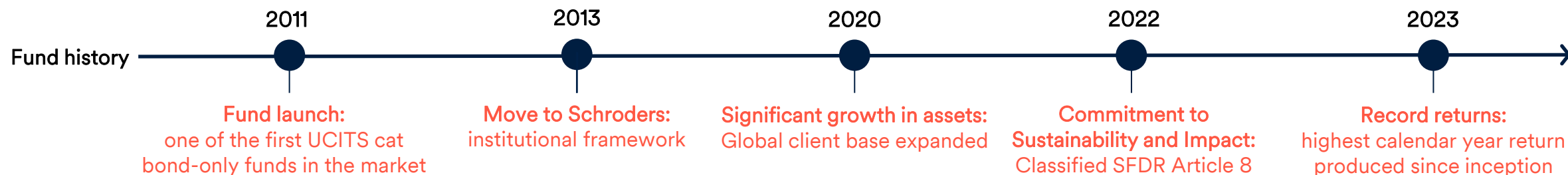
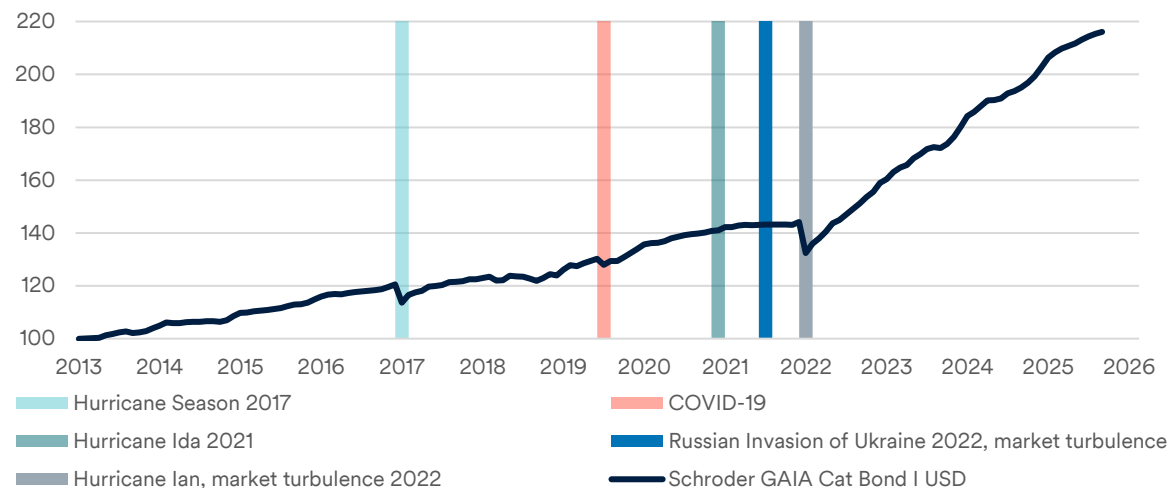
Our UCITS cat bond vehicle

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Fund highlights

- \$3.9 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



Source: Schroders Capital, Bloomberg, 31 May 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.

CAT BOND MARKET ENTERS 2026 WITH STRONG MOMENTUM

HIGH ISSUANCE

-

BALANCED MARKET

-

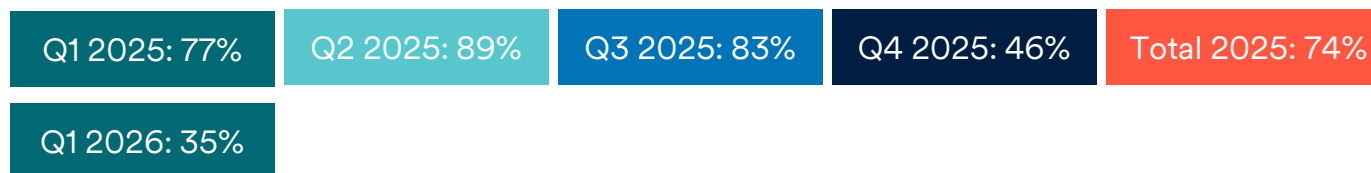
ROBUST DEMAND

Schroder GAIA Cat Bond Fund

Recap 2025

- Performance: +10.87% (USD I Acc)
- Limited loss impact combined with continued - though smaller - spread tightening, outperforming the no-loss yield expectations set at the start of the year
- Record 2025 issuance and all-time-high outstanding volume, with rates continuing to normalize and expected returns remaining attractive

Selectivity was key in 2025 - and remains essential



- % of primary market tranches supported by quarter
- Main reasons: Structure or risks covered, insufficient risk compensation

2026 & outlook

- Performance: +2.50% (USD I Acc as at May 29, 2026)
- Strong start into 2026 and very well filled pipeline, driven by reinvestment flows and sustained interest from both repeat and new sponsors
- Investor demand remains robust, supported by solid performance and diversification benefits

Source: Schroders Capital, May 2026. 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. Exchange rate changes may cause the value of investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of the fund are issued and redeemed.

Schroder GAIA Cat Bond

Performance since launch

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	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Year
2026	0.41	0.68	0.61	0.46	0.31								2.50
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
I Acc USD 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 31 May 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.	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.
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.	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.
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.	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.
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.	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.
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.	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.
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.	Operational risk	Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the fund.
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.	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.
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.	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.
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.		

Schroder GAIA Cat Bond

Positioning as at 31 May 2026 – yield 9.8%

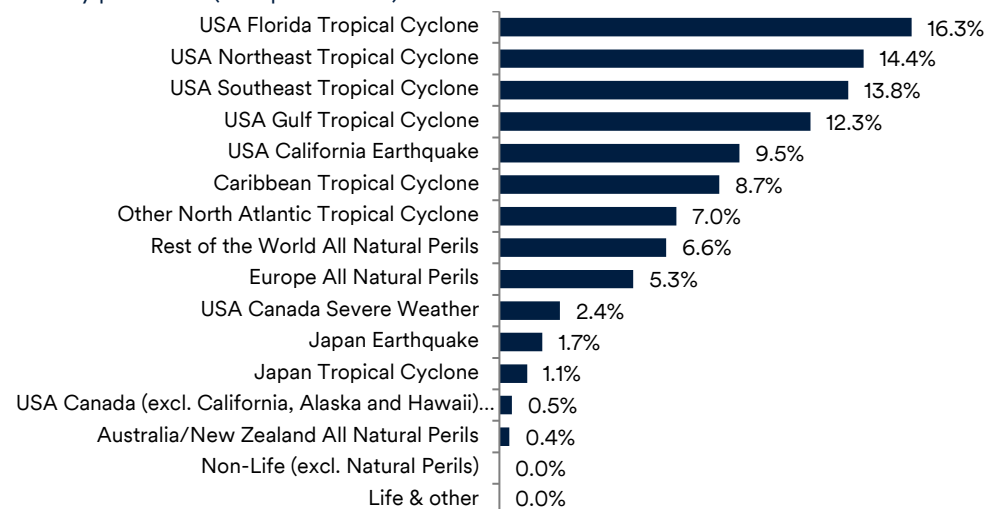
Past Performance is not a guide to future performance and may not be repeated. The value of investments and the income from them may go down as well as up and investors may not get back the amounts originally invested. Exchange rate changes may cause the value of investments to fall as well as rise. Performance data does not take into account any commissions and costs, if any, charged when units or shares of the fund are issued and redeemed.

Key portfolio statistics

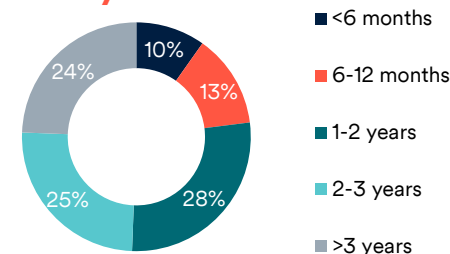
Portfolio Expected Loss	-3.4%
Annual Value at Risk 95%	-8.1%
Annual Tail value at Risk 95%	-18.1%
Annual Value at Risk 99%	-24.3%
Annual Tail Value at Risk 99%	-29.3%
Annual Probability of a 0% Portfolio Loss	9.8%
Annual Probability of a 10% Portfolio Loss	4.4%
Annual Probability of a 15% Portfolio Loss	2.9%

Natural catastrophe risks

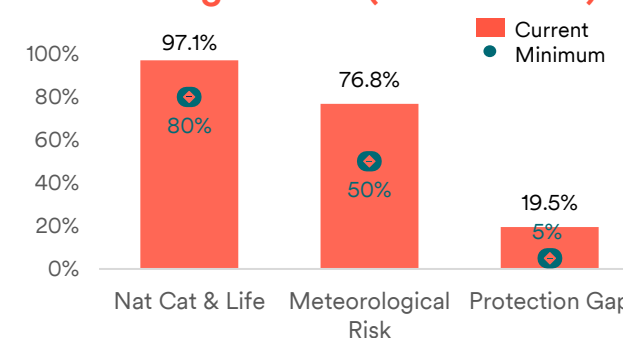
Contribution by peril-zone (% expected loss)



Maturity structure



ESG binding criteria (in % of NAV)



Modelled portfolio loss

Historical Events – based on modelled output

Historical Event	Modelled impact on portfolio	Industry insured loss (\$ billion)	Expected return period
San Francisco Earthquake 1906	-17.6%	98.7	196.1
New England Hurricane 1938	-16.9%	89.5	16.3
Galveston Hurricane 1900	-16.0%	120.6	24.9
Great Miami Hurricane 1926	-15.6%	167.9	44.6
Hurricane Katrina 2005	-13.3%	118.8	24.2
Great Cascadia Earthquake 1700	-11.8%	76.6	126.6
Hurricane Andrew 1992	-9.8%	122.4	25.8
Hurricane Donna 1960	-8.3%	91.8	16.9
New Madrid Earthquake 1812	-8.0%	78.7	135.1
Northridge Earthquake 1994	-6.6%	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	-3.0%	34.1	5.3
Kanto Earthquake 1923	-1.4%	57.4	303.0

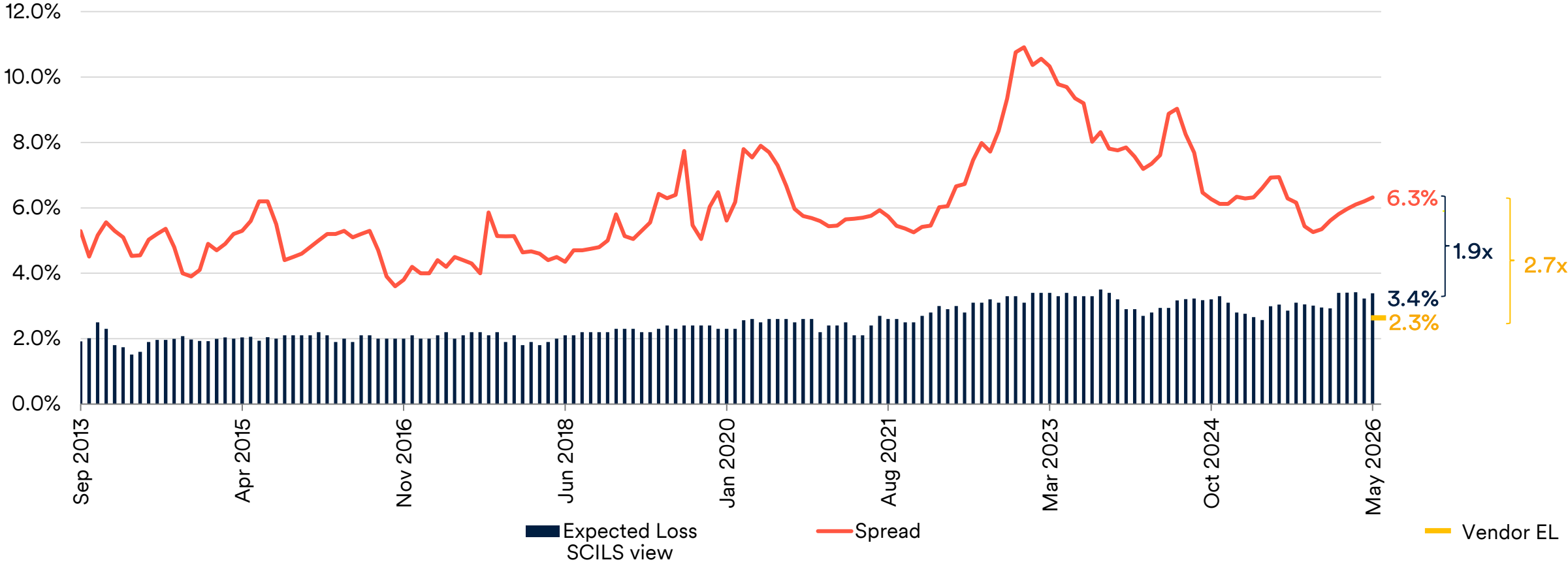
Source: Schroders Capital, data as per NAV end of May 2026. Portfolio yield calculation excludes cash and is shown gross of fees. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt 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 1.9x (SCILS¹ view) vs 2.7x (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 May 2026. ¹Schroders 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 SCILS¹ 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):

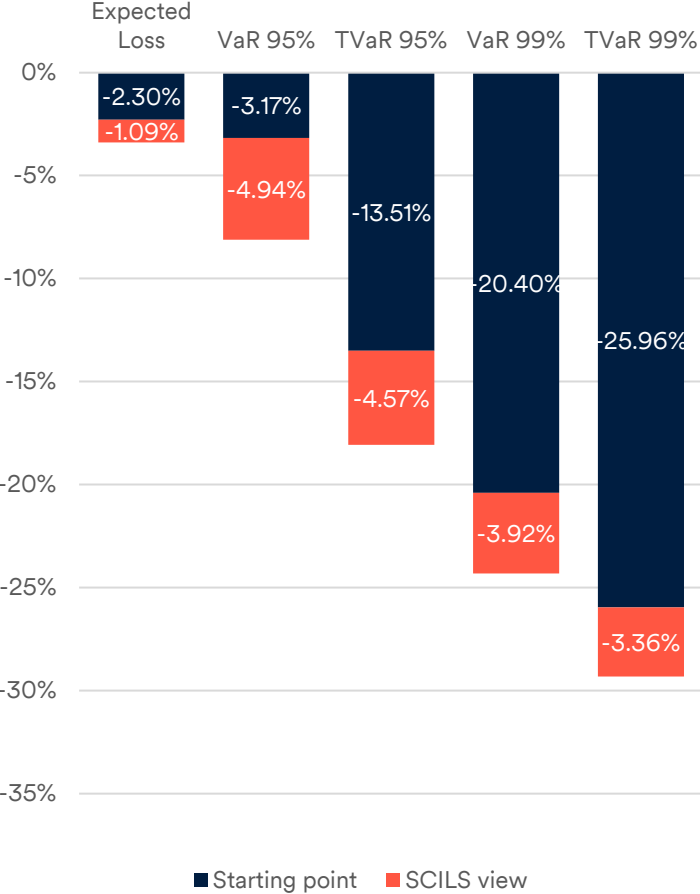
- freshness of underlying exposure data
- inflation – building materials and labour costs
- model version (if not recent)
- increasing severity of some perils due to
 - the impact of climate change
 - population growth
- cedent-specific considerations

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.**

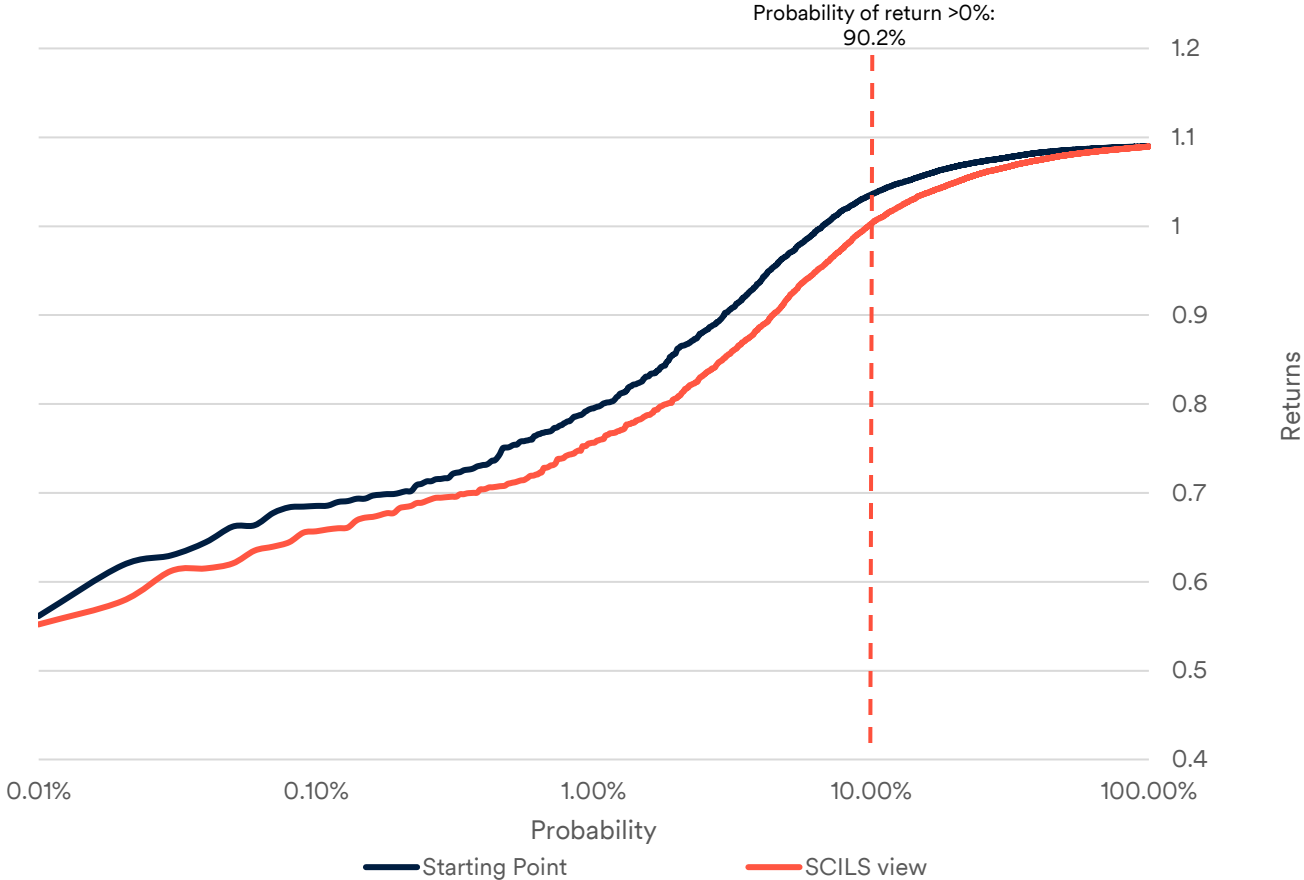
Experience-based modelling in Schroder GAIA Cat Bond

Starting point view versus SCILS¹ view of risk – Portfolio level comparison

Main risk metrics



Return distribution – log scale



Source: Schrodgers Capital, 31 May 2026. ¹Schrodgers 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

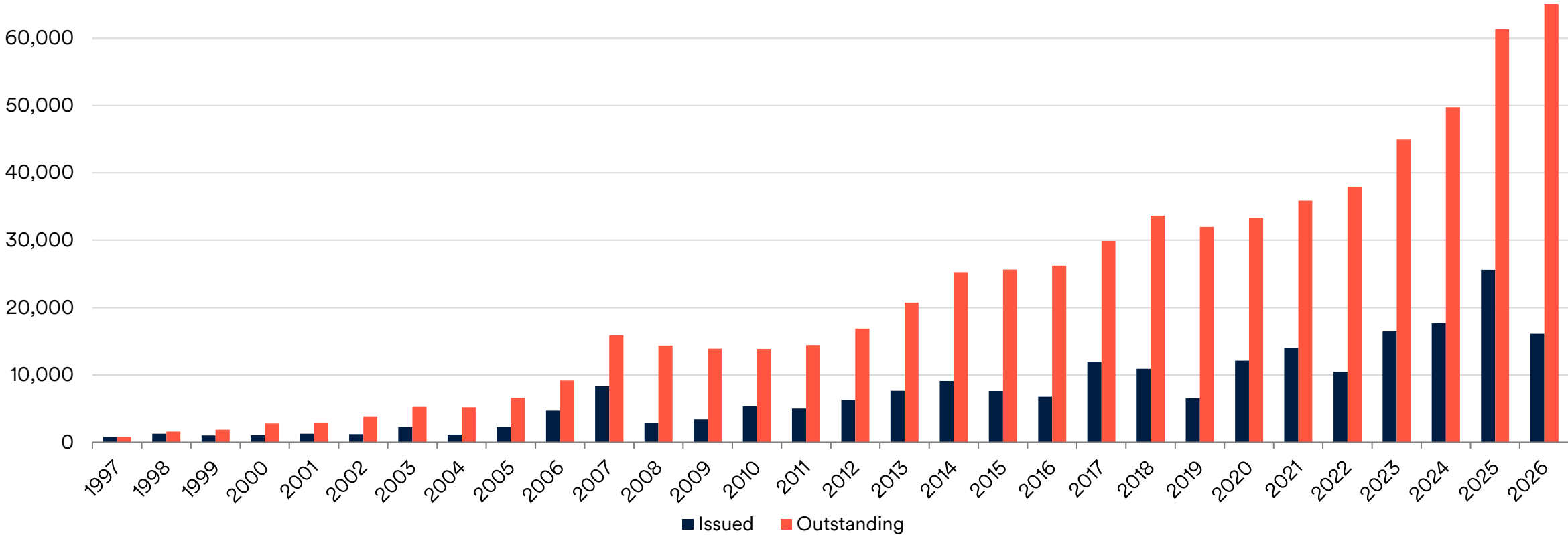
- **market AUM has grown** due to retained performance and new inflows to existing and new managers
- an anticipated normalisation in spread multiples is being observed as **supply and demand dynamics rebalance**
- the primary market issuance exceeded \$25bn in 2025, marking a record high, and 2026 could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

Source: Schrodgers Capital, May 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

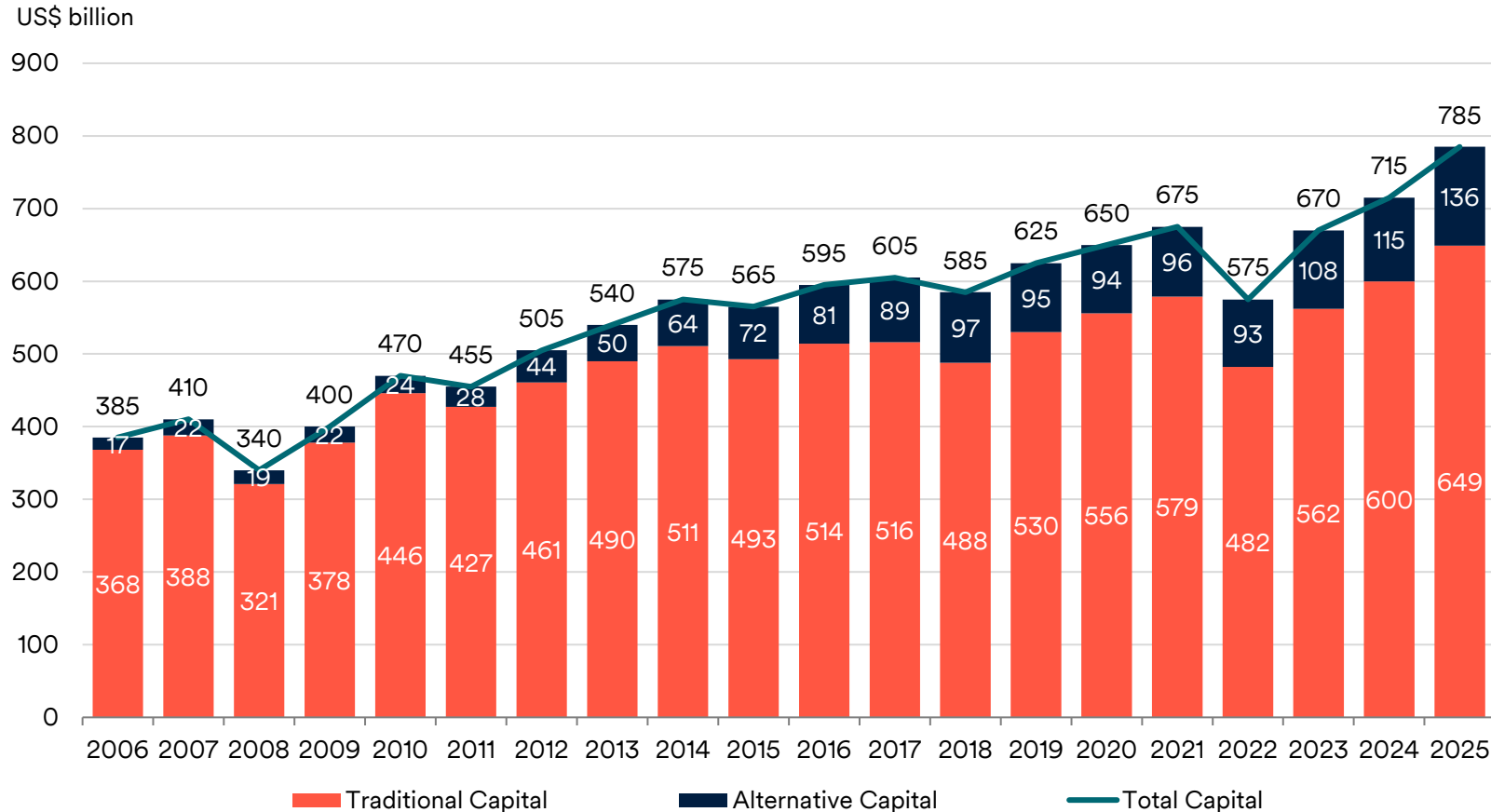
Cat bond market development 1997–2026 (in \$m)



Source: Artemis.bm, 15 June 2026, excluding mortgage insurance risks which Schrodgers 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 17% of total capital

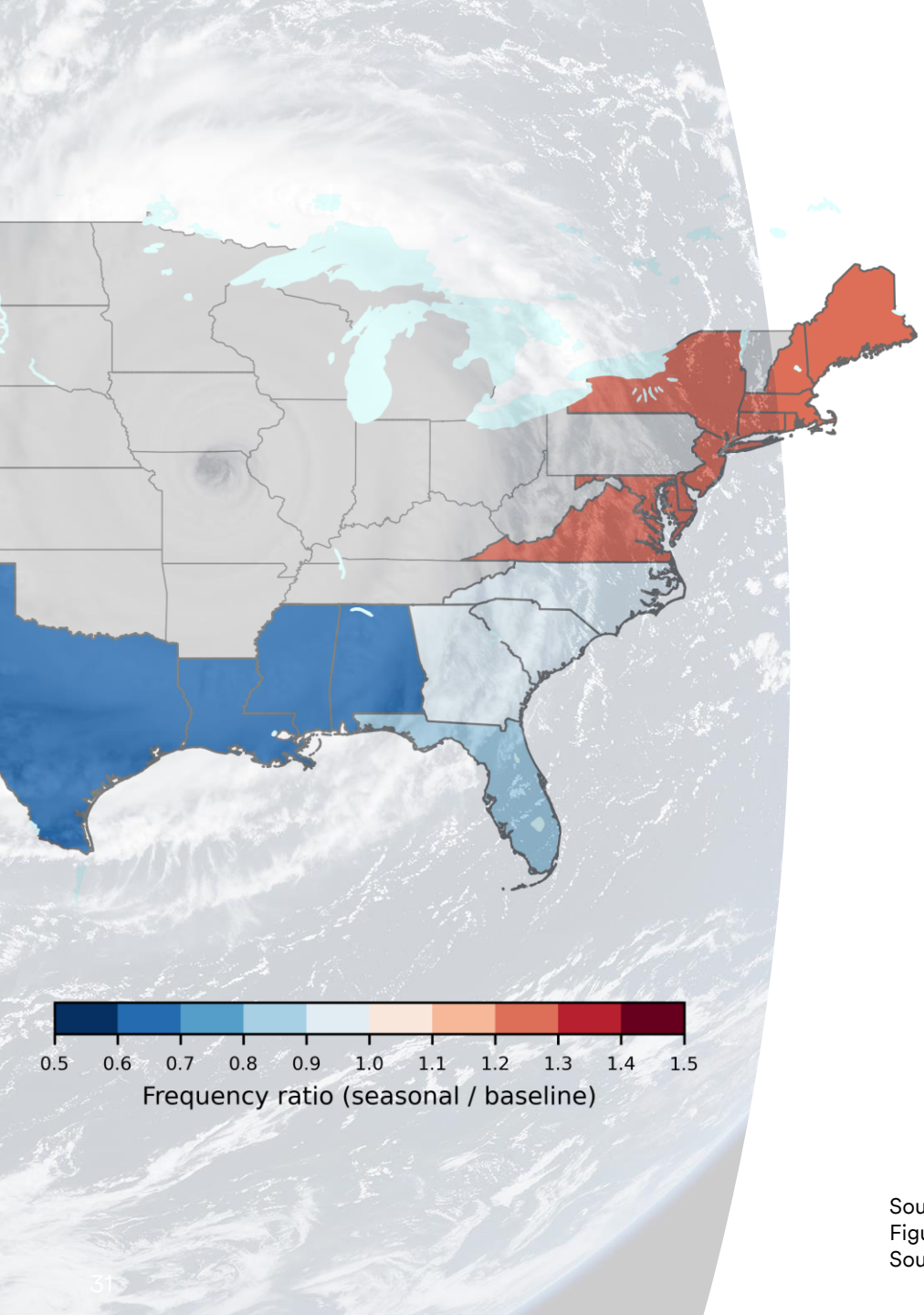


- Global reinsurance capital reached a record high as of December 2025.
- ILS increased its share of the global reinsurance capital pool, underscoring its growing relevance and importance as a source of catastrophe capacity.
- New capital inflows were concentrated in the catastrophe bond and sidecar market, which continues to show record levels of activity.
- The proportion of alternative capital relative to total reinsurance capital remained stable.
- ILS broker Aon predicts continued strong growth for the market in 2026.

Source: Aon, Reinsurance Market Dynamics, April 2026; Schrodgers 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.

Early US hurricane season outlook

Schroders Capital perspective on the season ahead



Storm outlook: **fewer storms, but risk remains**

- El Niño likely to reduce number of storms compared to recent years' forecast
- High-impact landfall risk remains, as warmer Atlantic waters continue to support intensification



Regional divergence: **risk is shifting**

- Gulf, Florida and Southeast quieter due to El Niño-driven wind shear
- Northeast faces elevated risk supported by warmer Atlantic waters



What matters for investors: **severity over frequency**

- Losses driven by major hurricane landfalls and regional patterns rather than total storm count

Source: [Schroders Capital](#), 22 May 2026, Reask, ECMWF, NOAA, CSU / TSR hurricane outlook, Freepik.

Figure: Hurricane frequency ratio between 2026 seasonal forecast and 1991-2020 climatology for coastal states grouped into Gulf, Florida, South- and Northeast.

Atlantic hurricane season – Early 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	11	5	2	70
Tropical Storm Risk	11	4	1	55
Accuweather	11 – 16	4 – 7	2 – 4	-
Weatherbell	9 – 13	3 – 5	1 – 2	85 – 105
UK Met Office	6 – 12	3 – 7	1 – 3	34 – 110
The Weather Company	12	6	2	-
NC State University	12 – 15	6 – 9	2 – 3	-
ECMWF (up to end of September)	12.9	5.7	-	-
Artemis Average forecast	12	5	2	73
2026 Hurricane Season Actuals	0	0	0	0
1950 – 2024 long-term average	12	7	3	107
2016 – 2025 recent average	18	8	4	149
1991 – 2020 NOAA average	14	7	3	122
1981 – 2010 median	12	6	3	106

- Early 2026 outlooks indicate **moderate activity within the typical historical long-term range**
- The decaying La Niña from the previous year is fading into **ENSO²-neutral conditions** in early 2026
- From mid to late 2026, there is an increasing likelihood of **El Niño developing**
- El Niño brings increased wind shear, which can **disrupt storm formation**
- Sea surface temperatures:
 - Main Development Region: Near climatology, well below 2024 extremes
 - Gulf & U.S. East Coast: Still somewhat elevated

Source: Artemis.bm, Schrodgers Capital, NOAA, Colorado State University, Tropical Storm Risk, Accuweather, Weatherbell, UK Met Office, The Weather Company, NC State University, European Centre for Medium-Range Weather Forecasts, 11 June 2026. ¹Accumulated Cyclone Energy, ²El Niño Southern Oscillation

Southern California wildfires 2025

Despite unprecedented destruction and economic loss our ILS strategies have experienced limited impact

Devastating Impact

- From January 7 to 31, 2025, a series of destructive wildfires impacted the Los Angeles metropolitan area and San Diego County in California.
- The fires were intensified by prevailing drought conditions, low humidity, accumulated vegetation from the previous winter, and Santa Ana winds reaching hurricane force, up to 100 miles per hour (160 km/h).
- Major fires include Palisades Fire and Eaton Fire, likely the third and second-most destructive fires in California's history, respectively.
- The wildfires have killed at least 29 people, forced more than 200,000 to evacuate, and destroyed or damaged more than 17,000 homes and structures.

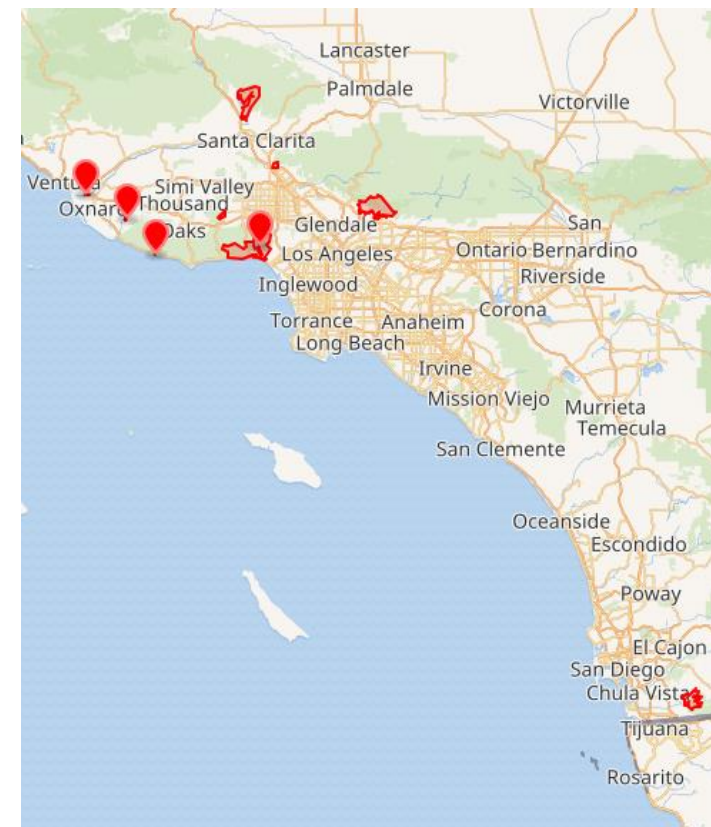
Estimated Insured Losses

- Largest insured wildfire loss event to date, with estimated insured losses of USD 40 billion

Impact on ILS

- The Swiss Re Global Cat Bond Total Return Index recorded a negative return of -0.85% in January 2025.
- Primary detractors were concentrated around six major US insurers: Allstate (impacting some Sanders Re Cat Bonds affected), USAA (affecting parts of its Residential Re series), Liberty Mutual (with Mystic Re 2025-1 C), Fidelis (with Herbie Re 2021-1 A), Arch (impacting Claveaus Re 2021-1 A) and Farmers (with Topanga Re 2021-1 A).
- **Out of the 14 bonds impacted¹, 10 are not part of our liquid portfolios, and 4 are underweight relative to their market share.**

Perimeters of 2025 California wildfires



Southern California Wildfires 2025

Implications for the Cat Bond Market

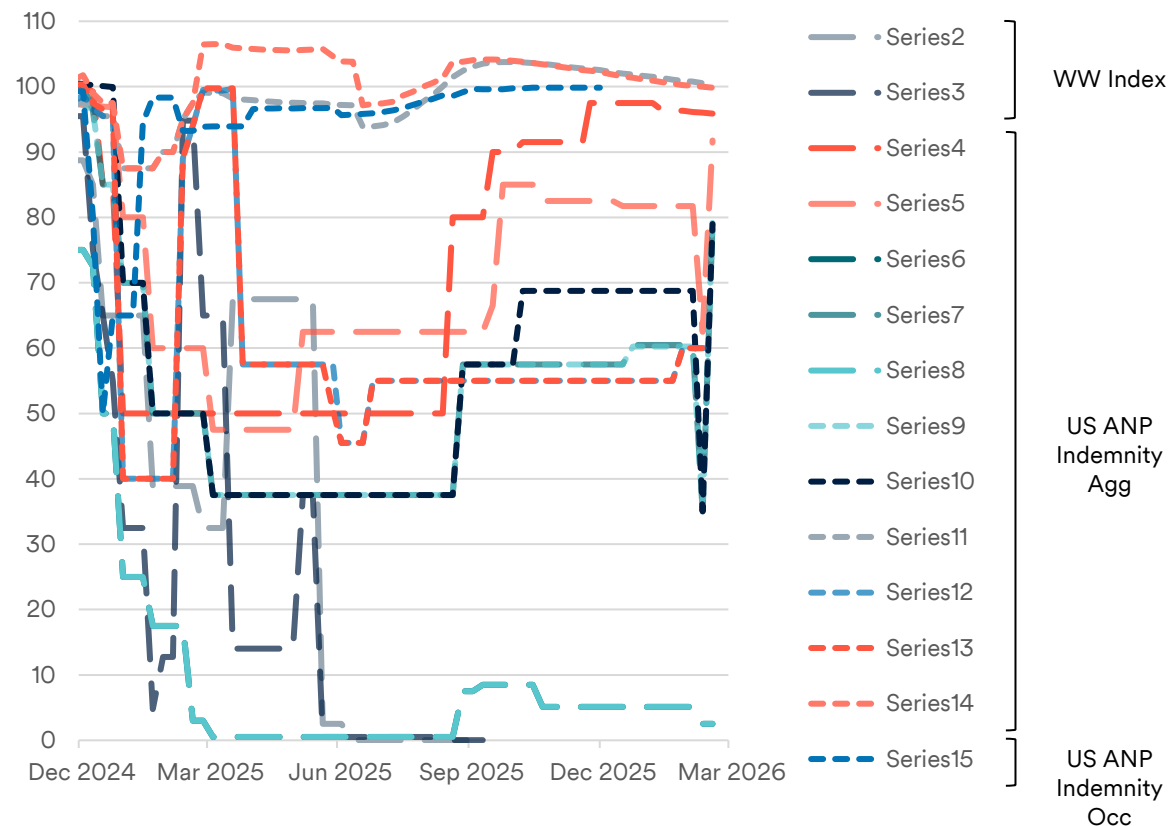
Exposed Cat Bonds

- There are 3 primary exposed segments:
 - WW¹ Index/PCS² based bonds with a broad coverage – 2 bonds
 - ANP³, US nationwide indemnity aggregate bonds – 11 bonds
 - ANP, US nationwide indemnity per occurrence bonds – 1 bond
- At the time of the event, no outstanding bonds specifically covered stand-alone Wildfire risk.
- However, the event has prompted new issuances to meet growing coverage needs.

Magnitude

- The issuance size of exposed and at-risk catastrophe bonds directly threatened by the event amounted to approximately USD 1.57 billion.
- As of 31 December 2024, this represented about 3.2% of a market-weighted portfolio.
- There exists further exposure where a direct threat of impairment is not currently observed.

Price Movement



Source: Schroders Capital, 20 March 2026. ¹World-wide, ²Property Claims Services, ³All Natural Peril. Price movement based on mid price.

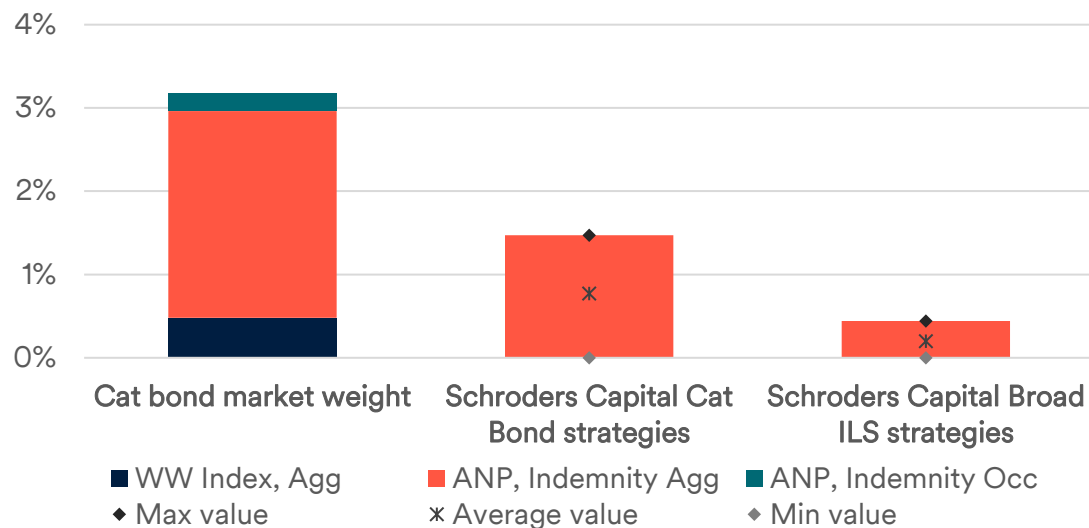
Southern California Wildfires 2025

Our positioning

Cautious stance towards secondary perils risk

- There are modelling limitations not only for the wildfire peril but also for other secondary perils, where the frequency and severity are often underestimated.
- While vendor models initially appear attractive, once adjusted for these limitations, the potential margins significantly diminish, becoming minimal or inadequate.

Exposure across market and different strategies



Decisions by Investment Committee and Portfolio Managers on individual securities

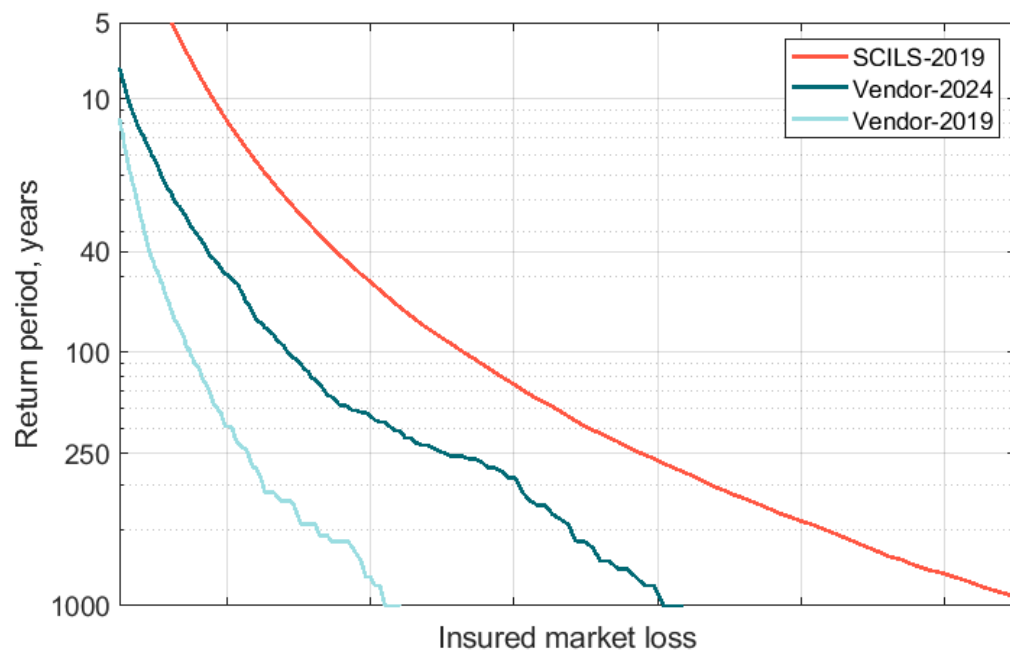
Bonds reacting to the event	Trigger type	Coupon	Vendor model Expected Loss	SCILS view Expected Loss	Investment Committee Decision	Portfolio Managers' Decision	
Cat Bond 1	WW Index	17.25%	13.02%	17.76%	Declined	No Investment	
Cat Bond 2		18.30%	13.43%	21.64%	Declined	No Investment	
Cat Bond 3	US ANP Indemnity Agg	14.00%	4.38%	37.12%	Declined	No Investment	
Cat Bond 4		9.93%	4.99%	7.99%	Approved	Underweight	
Cat Bond 5		5.51%	2.72%	4.51%	Approved	Underweight to market-weight	
Cat Bond 6		12.51%	5.52%	15.87%	Declined	No Investment	
Cat Bond 7		7.79%	3.03%	8.75%	Declined	No Investment	
Cat Bond 8		11.16%	2.72%	4.95%	Approved with limitations	Underweight to market-weight	
Cat Bond 9		9.00%	2.48%	4.51%	Approved with limitations	No Investment	
Cat Bond 10		13.17%	1.40%	NA	Declined	No Investment	
Cat Bond 11		10.60%	1.42%	6.09%	Approved	Underweight	
Cat Bond 12		13.00%	1.21%	7.71%	Approved	No Investment	
Cat Bond 13		15.50%	0.85%	NA	Declined	No Investment	
Cat Bond 14		US ANP Indemnity Occ	5.05%	1.70%	4.54%	Approved	No Investment

Source: Schrodgers Capital, 31 January 2025.

Wildfire Model Validation

Applications in modelling and validation of a vendor model for Californian Wildfire

Model comparison



Comment

- Vendor model 2019 released after the Californian Fires in 2017 and 2018 and still used in reinsurance submissions for 1/1/2025.
- The vendor updated the model in 2024 to account for climate change, vulnerability, and smoke sub-hazard. It was hardly adopted for the 1/1 2025 renewals.
 - The return period of the Palisades and Eaton fires (as one event) is beyond 1 in 100 and 250 years in the 2024 and 2019 models, respectively.
- We rejected the 2019 vendor model in early 2019 following the fires in 2017 and 2018 and replaced it by the SCILS 2019 model based on EVT*.
- We also rejected the Vendor model 2024 and updated our proprietary model with the 2025 data.



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, May 2026. Past performance provides no guarantee of future results and may not be repeated.



APPENDIX

Investment mantra

Key factors we apply in our approach to ILS management



Understand diversification drivers

ILS is a diversifier for investors already to provide a source of uncorrelated returns – and adding diversifying exposures within an ILS allocation has to make sense in the context of the overall portfolio (e.g. to manage peak peril-driven tail risk)



Information symmetry

Overcome information asymmetry – we adjust model assumptions, choose our counterparties carefully and focus on the details of contract wordings and transfer structures



Transparency

Take advantage of opportunities through clearly-defined portfolio building blocks – this facilitates effective portfolio construction and influences how we build funds



Attrition losses

Be aware of attrition losses by addressing the possible impacts of developing weather patterns and consider the macro environment, climate change, inflation and global exposure trends



Trapped collateral

Maximise the return potential of invested capital for our investors - don't allow collateral to be trapped unnecessarily; manage it actively if it is trapped

Source: Schroders Capital. ILS funds invest 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

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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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

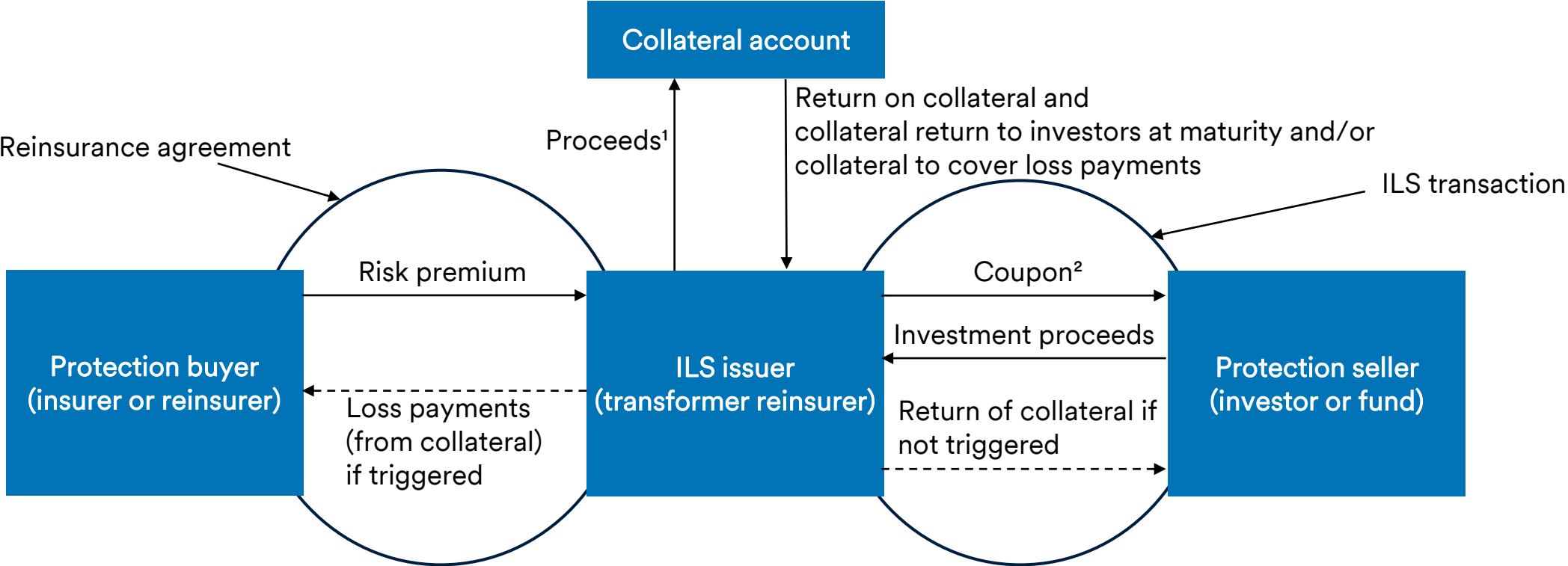
Source: Schroders Capital, as at 25 March 2025. The Next Generation Absolute Return-Secquaero ILS fund EUR-hedged A share class was launched on 2 May 2011.

¹Schroder 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.

What are Insurance Linked Securities (ILS)?

ILS are

Investments that enable investors to participate in pure insurance risk, in the form of bonds or shares, and (re)insurers to obtain high quality protection



Drivers of return: coupon comprises risk premium (fixed) and return on collateral (floating)
 Market trading price determinants: primary issuance, loss activity, seasonality, structure (including peril, trigger mechanism)

Source: Schroders Capital, March 2025. ¹Proceeds from share or bond issuance, ²Coupon = risk premium + return on collateral

What types of risk are transferred to the ILS market?

Diversification across perils and geographies



Natural catastrophe risks

- Hurricanes, tornados, typhoons
- Winter storms
- Earthquakes
- Hail and winter freeze
- Drought
- Flood
- Wildfire

Other non-life-related risks

- Marine and aviation
- Cyber
- Other insurance lines

Source: Schroders Capital; world map for illustration purposes only. 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.

What types of transaction structure are there?

Diversification across transaction types

Transaction types	Instrument types	Trigger types
Public (liquid) <ul style="list-style-type: none">• Cat bonds, Cat bonds lite	Notes or bonds Shares (preferred, common)	Indemnity <ul style="list-style-type: none">• Payout is based upon losses suffered by the protection buyer
Private (illiquid) <ul style="list-style-type: none">• Collateralised reinsurance		Non-indemnity <ul style="list-style-type: none">• Payout is <i>not</i> based upon losses suffered by the protection buyer• Payout is based on an observable index such as wind speed or magnitude of earthquake in a defined geographic area, or the total insurance industry losses from an event

ILS market

Structure of insurance and reinsurance market

<p>Securitisation/Capital markets: Insurance and reinsurance companies cede part of their risks to capital market players for a coupon</p>	ILS	
<p>Retrocession Reinsurers manage concentration risk by geographical diversification/investing different lines of business</p>	Reinsurer	ILS
<p>Reinsurance Insurance companies transfer portfolio of similar risks to reinsurer in return for a risk premium; this reduces loss volatility</p>	Reinsurer	ILS
<p>Primary insurance Individuals and companies buy insurance protection for a premium; small losses are retained and paid by the insurer</p>	Insurer	ILS

Catastrophes



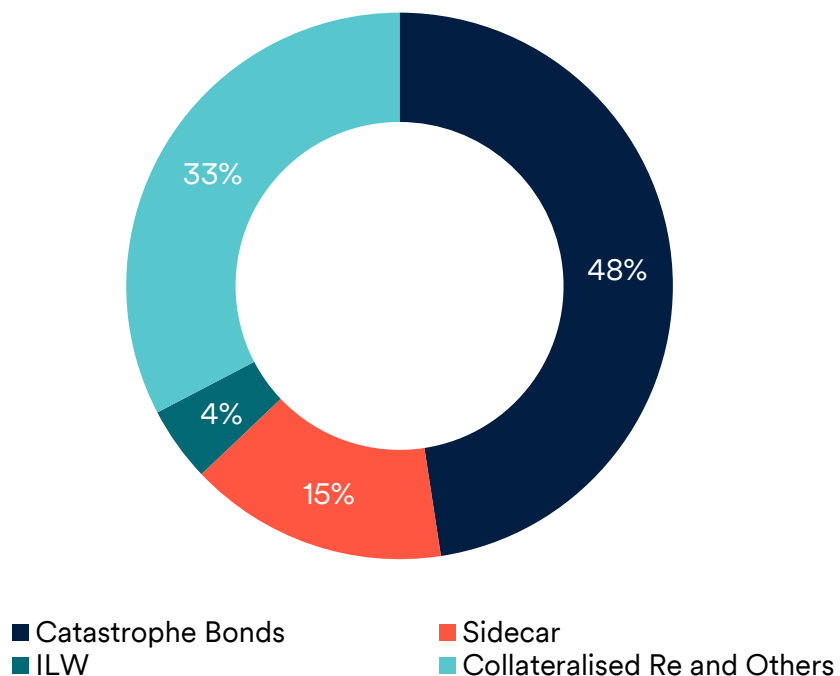
Source: Schrodgers Capital; images: freepic.com and dreamstime.com. Any reference to sectors/countries/stocks/securities are for illustrative purposes only and not a recommendation to buy or sell any financial instrument/securities or adopt any investment strategy.

ILS instruments

Breakdown of the building blocks that make up the asset class

Total ILS Universe: ~\$124 billion¹

Approximate² ILS universe split by instrument type



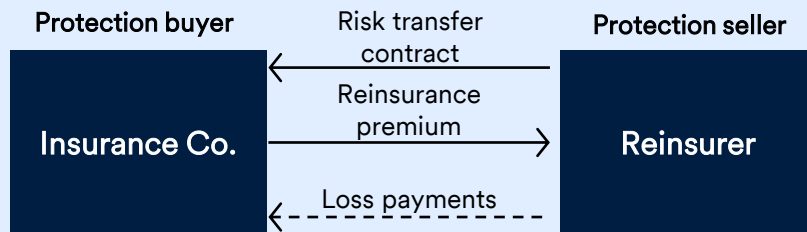
Instruments to access ILS exposure	Typical Term	Trading/Liquidity
Catastrophe Bonds <ul style="list-style-type: none"> - Standardised tradable securities that incur losses in the event of specified perils and trigger types - Active secondary market 	Multi-year	Publicly tradeable, liquid
Collateralised Reinsurance <ul style="list-style-type: none"> - Private reinsurance agreements - Ability to customise risk/return profile - Provides reinsurance capacity on fully collateralised basis - Ability to enhance return through operational leverage 	1 year or less	Privately negotiated, limited liquidity
Industry Loss Warranties (ILWs) <ul style="list-style-type: none"> - OTC insurance derivatives contracts linked to industry-wide losses - Private, with the ability to customise - Used by insurers and ILS managers - Triggers based on third-party reporting agency (PCS, Perils etc.) 	1 year or less	Privately negotiated, limited liquidity
Sidecars (Quota Shares) <ul style="list-style-type: none"> - Vehicles established by reinsurers and capitalised through syndicated preferred shares or notes - Participate in risk portfolio side-by-side with reinsurer - Diversified across region and peril based on a pre-agreed book of business 	1 year	Privately negotiated, limited liquidity

Source: Schroders Capital, Aon Benfield. ¹Aon Reinsurance Market Dynamics, January 2026 Renewals. ²Cat bond total figure excludes mortgage insurance risks. 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.

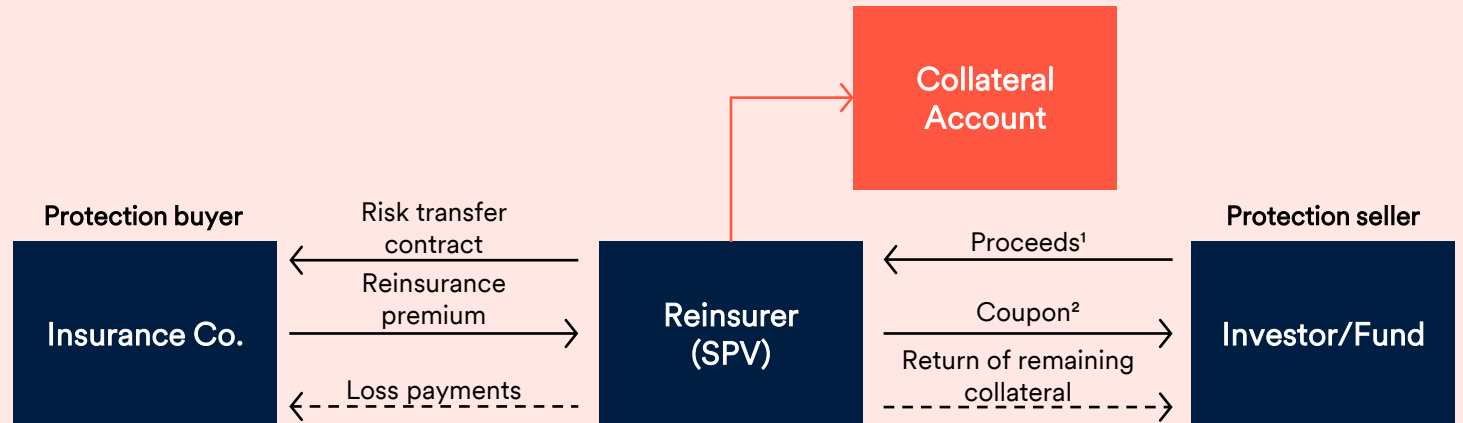
Difference between traditional reinsurance and ILS

Rated promise to pay vs. fully secured structure

Traditional reinsurance



ILS



Protection sold by Reinsurer

- Counterparty is strongly capitalised and rated A or better by A.M. Best or Standard & Poor's
- Obligation is not secured other than through contractual promise to pay in event of loss
- Protection buyer takes counterparty credit and performance risk

Protection is sold through SPV Reinsurer

- Counterparty is thinly capitalised and not rated
- Obligation to pay in event of loss is fully secured through an on-demand collateral trust structure where the protection buyer is the beneficiary

ILS Structure provides investors the benefit of uncorrelated exposure to insurance risk:

- SPV structure limits exposure to insurer, removing credit risk
- Collateral account is funded by high-quality fixed income assets, limiting duration risk

Source: Schroders Capital, 31 October 2024. ¹Proceeds from share or debt issuance, ²Coupon = reinsurance premium + money market return.

Conditions that influence the Atlantic hurricane season

Multiple factors contribute to how active a season can be



El Niño

El Niño can **inhibit the formation of hurricanes** through increased wind shear and atmospheric moisture. The Caribbean and Gulf of Mexico can experience wind shear that **disrupts hurricanes and tropical storms**.



Sea surface temperature

Sea surface temperature (SST) plays a role in the formation and intensity of hurricanes, as **warmer SSTs provide more energy for hurricane development**, while cooler SSTs can inhibit their formation.



Saharan Air Layer

The Saharan Air Layer (SAL) can **impede hurricane formation** by reducing moisture and impeding convection, as well as **increasing vertical wind shear**, which can cause hurricanes to dissipate.



Madden-Julian Oscillation

The Madden-Julian Oscillation (MJO) can impact tropical-cyclone activity in both the eastern Pacific and Atlantic basins during the Northern Hemisphere.

The complexity of making hurricane season forecasts based on all these variables is considerable, and the correlation to landfalling events is even more uncertain.

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