Introduction
The Swiss Re Cat Bond Performance Indices (the “Indices”) are a suite of indices designed to reflect the returns of the catastrophe bond market. Swiss Re Capital Markets launched the Indices in 2007 as the first total return indices provided to the sector. They have since become the industry’s key point of reference for cat bond sector returns. Today, the Indices remain the only total return indication provided on a weekly basis and at month-end.

The Indices are composed of five baskets: (i) Global, (ii) Global Unhedged, (iii) USD Cat Bonds, (iv) BB Cat Bonds and (v) US Wind Cat Bonds. For each basket, the Indices track: (a) the Coupon Return, which represents the accrued stated spread plus collateral return, (b) the Price Return, measuring the movement of secondary bid indications as provided by Swiss Re Capital Markets in their weekly and month-end pricing indications to investors¹ and (c) the Total Return, which is the composite of the coupon and price returns. Life and health cat bonds, including excess mortality, excess longevity and morbidity-linked bonds, are not contained within the Indices.

The Indices are accessible via Bloomberg using their respective tickers, which can be found in the appendix. The appendix also contains historical return figures and additional information on each of the indices.

This document contains a revised methodology for the calculation of the Indices that supersedes the methodology contained in previous documents and is effective as of August 1, 2014. The index values prior to August 1, 2014 will not be retroactively changed to reflect the revised methodology.

The methodology update relates to a) expanding the calculation of the Global Indices to include all non-USD denominated bonds offered under Rule 144A; b) the addition of the notional amount into the calculation of price return in order to explicitly capture principal reductions within the price return; and c) the calculation of the index weights to reflect the market value of each bond instead of the price.

¹ The secondary bid indications provided are indicative only and may not represent actual bids or offers on any of the underlying cat bonds by Swiss Re or any of its affiliates. Such indicative prices may vary significantly from actual trade prices and from indicative prices provided by other parties. The Indices do not contain bonds that are not priced by Swiss Re Capital Markets on a weekly basis.
Swiss Re USD Cat Bond Performance Index
This index tracks the aggregate performance of USD denominated catastrophe bonds offered under Rule 144A. The index captures all rated and unrated cat bonds, outstanding perils, and triggers and seeks to capture the overall universe of USD-denominated cat bonds.

Swiss Re BB Cat Bond Performance Index
This index tracks the aggregate performance of USD denominated, BB rated catastrophe bonds rated by Moody’s (Ba1, Ba2, Ba3) and S&P (BB, BB+ or BB-). The bonds in this index tend to have lower modeled expected losses than the other indices.

Swiss Re US Wind Cat Bond Performance Index
This index tracks the aggregate performance of USD denominated cat bonds exposed exclusively to US hurricanes affecting countries other than the US.

The following methodology applies to the Swiss Re USD Cat Bond Performance Index, the Swiss Re BB Cat Bond Performance Index and the Swiss Re US Wind Cat Bond Performance Index.

1. Calculate individual bond returns for each bond \( k \) at index date \( t \)

\[
MV_{k,t} = A_{k,t-1} + P_{k,t-1} \\
PR_{k,t} = \frac{(P_{k,t} + N_{k,t}) - (P_{k,t-1} + N_{k,t-1})}{MV_{k,t} + N_{k,t-1}} \\
AR_{k,t} = \frac{A_{k,t}}{MV_{k,t}} \\
TR_{k,t} = PR_{k,t} + AR_{k,t}
\]

2. Calculate the individual bond weighting for each bond \( k \), representing the bond's contribution to the overall index

\[
W_{k,t} = \frac{N_{k,t-1} \times MV_{k,t}}{\sum_i N_{i,t-1} \times MV_{i,t}}
\]

3. Calculate index returns

Cat Bond Index Coupon Return at time \( t \): \( CR_t = \sum_i AR_{i,t} \times W_{i,t} \)

Cat Bond Index Price Return at time \( t \): \( PR_t = \sum_i PR_{i,t} \times W_{i,t} \)

Cat Bond Index Total Return at time \( t \): \( TR_t = \sum_i TR_{i,t} \times W_{i,t} \)

Where

\[
\begin{align*}
MV &= \text{Market Value (based on indicative pricing from Swiss Re)} \\
A &= \text{Accrued Interest} \\
P &= \text{Price} \\
PR &= \text{Price Return} \\
AR &= \text{Accrued Interest Return} \\
TR &= \text{Total Return} \\
CR &= \text{Coupon Return} \\
W &= \text{Bond Weighting} \\
N &= \text{Bond Notional Outstanding}
\end{align*}
\]

Note: The benchmark return of bonds with money market fund collateral is computed with one fund or the average of a number of funds common in the market. These funds may change from time to time based on market practice.
Swiss Re Global Cat Bond Performance Index

This index tracks the aggregate performance of all catastrophe bonds issued offered Rule 144A. The index captures bonds denominated in any currency, all rated and unrated cat bonds, outstanding perils, and triggers.

The Global index is not exposed to currency risk from non-USD denominated cat bonds. Currency risk associated with non-USD denominated cat bonds is hedged at the inception of the bond. The notional value of each bond is converted from its issuance currency to USD at the bond’s settlement date. The benchmark rate of each bond is also converted to the equivalent USD-based benchmark. This conversion could include (1) swapping EURIBOR-based collateral return for LIBOR-based collateral return, resetting with the spot LIBOR rate at the EURIBOR Determination Date for each bond’s respective accrual period and (2) swapping JPY denominated Money Market Fund yield with US Treasury Money Market Fund yield. Once non-USD cat bonds are converted, the returns and weightings are calculated with the same methodology as the Swiss Re Cat Bond Performance Index.

Swiss Re Global Unhedged Cat Bond Performance Index

This index tracks the aggregate performance of all catastrophe bonds issued under Rule 144A, capturing the full movement in exchange rates for non-USD denominated bonds. The constituents of the index are identical to the Swiss Re Global Cat Bond Performance Index.

The following methodology applies to the Swiss Re Global Unhedged Cat Bond Performance Index

1. For all non-USD denominated bonds, calculate individual bond returns for each bond \(k\) at index date \(t\):

\[
MV_{k,t} = A_{k,t-1} + P_{k,t-1}
\]

\[
PR_{k,t} = \left[1 + \frac{(P_{k,t-1} + N_{k,t}) - (P_{k,t-1} + N_{k,t-1})}{MV_{k,t-1} - N_{k,t-1}}\right] \times (1 + \Delta FX_t) - 1
\]

\[
AR_{k,t} = \frac{A_{k,t} + (1 + \Delta FX_t) + \Delta FX_t \times \sum_{j=1}^{t-1} A_{k,j}}{MV_{k,t}}
\]

\[
TR_{k,t} = PR_{k,t} + AR_{k,t}
\]

with \(\Delta FX_t = \frac{FX_t}{FX_{t-1}} - 1\)

2. For USD denominated bonds, calculate returns in the same manner as they are for the Swiss Re USD Cat Bond Performance Index.

3. Calculate the individual bond weighting for each bond \(k\), representing the bond’s contribution to the overall index. The notional of each non-USD denominated bond is converted into USD using the applicable exchange rate as of the close of the business day prior to the index date.

\[
W_{k,t} = \frac{N_{k,t-1} \times MV_{k,t}}{\sum_i N_{i,t-1} \times MV_{i,t}}
\]
4. Calculate index returns

Global Unhedged Cat Bond Index Coupon Return at time: \( CR_t = \sum_i AR_{ikt} \times W_{ikt} \)

Global Unhedged Cat Bond Index Price Return at time: \( PR_t = \sum_i PR_{ikt} \times W_{ikt} \)

Global Unhedged Cat Bond Index Total Return at time: \( TR_t = \sum_i TR_{ikt} \times W_{ikt} \)

Where

- \( MV \) = Market Value (based on the indicative pricing from Swiss Re)
- \( A \) = Accrued Interest
- \( P \) = Price
- \( CR \) = Coupon Return
- \( PR \) = Price Return
- \( AR \) = Accrued Interest Return
- \( TR \) = Total Return
- \( FX \) = Relevant foreign exchange rate at close of business prior to index date
- \( LC \) = Index date following the bond’s most recent coupon payment
- \( W \) = Bond Weighting
- \( N \) = Bond Notional Outstanding
The following pages of this document illustrate the total returns and composition of each index. Please note that the coupon, price and total return indices’ Bloomberg tickers are listed in the table below along with the number of bonds, total index market value, and notional value. The figures shown in this appendix are as of May 30, 2014.

### Index Tickers and Statistics

<table>
<thead>
<tr>
<th>Global Index</th>
<th>Global Unhedged Index</th>
<th>USD Index</th>
<th>BB Index</th>
<th>US Wind Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupon Return Ticker</td>
<td>SRGLCPN</td>
<td>SRGLUCPN</td>
<td>SRCATCPN</td>
<td>SRRBBCPN</td>
</tr>
<tr>
<td>Price Return Ticker</td>
<td>SRGLPRC</td>
<td>SRGLUPRC</td>
<td>SRCATPRC</td>
<td>SRRBBPRC</td>
</tr>
<tr>
<td>Total Return Ticker</td>
<td>SRGLTRR</td>
<td>SRGLUTRR</td>
<td>SRCATTRR</td>
<td>SRBBTRR</td>
</tr>
<tr>
<td>Number of Bonds</td>
<td>126</td>
<td>126</td>
<td>115</td>
<td>47</td>
</tr>
<tr>
<td>Market Value (USDm)</td>
<td>20,726</td>
<td>20,752</td>
<td>18,671</td>
<td>8,008</td>
</tr>
<tr>
<td>Notional Value (USDm)</td>
<td>20,343</td>
<td>20,368</td>
<td>18,320</td>
<td>7,900</td>
</tr>
</tbody>
</table>

### Index Annual Total Return

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Index</th>
<th>Global Unhedged Index</th>
<th>USD Index</th>
<th>BB Index</th>
<th>US Wind Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>8.77%</td>
<td>8.77%</td>
<td>8.77%</td>
<td>9.41%</td>
<td>9.35%</td>
</tr>
<tr>
<td>2003</td>
<td>7.11%</td>
<td>7.20%</td>
<td>7.10%</td>
<td>7.45%</td>
<td>6.90%</td>
</tr>
<tr>
<td>2004</td>
<td>6.56%</td>
<td>7.19%</td>
<td>6.39%</td>
<td>6.27%</td>
<td>4.49%</td>
</tr>
<tr>
<td>2005</td>
<td>1.62%</td>
<td>0.66%</td>
<td>1.52%</td>
<td>-1.90%</td>
<td>7.11%</td>
</tr>
<tr>
<td>2006</td>
<td>12.02%</td>
<td>12.61%</td>
<td>12.30%</td>
<td>10.11%</td>
<td>14.90%</td>
</tr>
<tr>
<td>2007</td>
<td>15.43%</td>
<td>16.21%</td>
<td>15.73%</td>
<td>13.80%</td>
<td>16.41%</td>
</tr>
<tr>
<td>2008</td>
<td>2.45%</td>
<td>2.00%</td>
<td>2.28%</td>
<td>1.43%</td>
<td>1.83%</td>
</tr>
<tr>
<td>2009</td>
<td>13.39%</td>
<td>13.71%</td>
<td>13.91%</td>
<td>14.07%</td>
<td>15.17%</td>
</tr>
<tr>
<td>2010</td>
<td>11.13%</td>
<td>10.17%</td>
<td>11.29%</td>
<td>9.87%</td>
<td>9.75%</td>
</tr>
<tr>
<td>2011</td>
<td>3.73%</td>
<td>3.21%</td>
<td>3.33%</td>
<td>3.08%</td>
<td>7.97%</td>
</tr>
<tr>
<td>2012</td>
<td>10.28%</td>
<td>10.63%</td>
<td>10.51%</td>
<td>7.38%</td>
<td>11.27%</td>
</tr>
<tr>
<td>2013</td>
<td>10.84%</td>
<td>11.43%</td>
<td>11.44%</td>
<td>7.71%</td>
<td>11.00%</td>
</tr>
<tr>
<td>2014 YTD&lt;sup&gt;1&lt;/sup&gt;</td>
<td>1.98%</td>
<td>1.80%</td>
<td>2.04%</td>
<td>1.21%</td>
<td>1.64%</td>
</tr>
</tbody>
</table>

<sup>1</sup> as of May 30, 2014

### Annualized Index Total Return

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Index</th>
<th>Global Unhedged Index</th>
<th>USD Index</th>
<th>BB Index</th>
<th>US Wind Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-Year Return</td>
<td>9.51%</td>
<td>9.26%</td>
<td>9.88%</td>
<td>7.64%</td>
<td>10.41%</td>
</tr>
<tr>
<td>5-Year Return</td>
<td>9.77%</td>
<td>9.65%</td>
<td>10.02%</td>
<td>8.28%</td>
<td>11.28%</td>
</tr>
<tr>
<td>10-Year Return</td>
<td>8.58%</td>
<td>8.59%</td>
<td>8.71%</td>
<td>6.97%</td>
<td>9.95%</td>
</tr>
<tr>
<td>Return Since Inception&lt;sup&gt;2&lt;/sup&gt;</td>
<td>8.52%</td>
<td>8.54%</td>
<td>8.62%</td>
<td>7.29%</td>
<td>9.60%</td>
</tr>
<tr>
<td>Annual Volatility Since Inception&lt;sup&gt;2&lt;/sup&gt;</td>
<td>4.39%</td>
<td>4.81%</td>
<td>4.64%</td>
<td>4.72%</td>
<td>4.40%</td>
</tr>
</tbody>
</table>

<sup>2</sup> Since inception spans from 2002 to 2013 to avoid impact of seasonality
Swiss Re BB Cat Bond Performance Index Composition¹ (as of May 30, 2014)

**Peril Summary**

- Japan: 9%
- Multiregion: 5%
- NA Earthquake: 10%
- NA Multiperil: 52%
- Non-peak: 5%
- US Wind: 19%

**Expected Loss Summary (bps)²**

- 0–100: 42%
- 100–200: 49%
- 200–300: 9%
- Average: 125

**Trigger Summary**

- Combination: 2%
- Indemnity: 43%
- Industry Index: 38%
- Other: 6%
- Parametric: 11%

Swiss Re US Wind Cat Bond Performance Index Composition¹ (as of May 30, 2014)

**Expected Loss Summary (bps)²**

- 0–100: 21%
- 100–200: 22%
- 200–300: 43%
- 300–400: 11%
- +400: 3%
- Average: 217

**Trigger Summary**

- Indemnity: 74%
- Industry Index: 22%
- Other: 0%
- Parametric: 4%

¹ Based on Market value as of May 30, 2014

² Based on issuance expected loss; Hurricane expected losses reflect medium term or warm sea surface temperature view of risk
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* An investment in insurance-linked securities involves a variety of potentially significant risks and issues. These risks include, but are not limited to:

- Investors may lose all or a portion of their investment if a natural catastrophe or other event triggers a payment by the Issuer under the related risk-transfer agreement.
- The maturity of the notes may be extended.
- The notes may be redeemed before the Scheduled Redemption Date or any applicable Extended Redemption Date.
- If an Early Redemption Event occurs, the interest rate on the notes will be immediately reduced.
- Investors have limited recourse to assets of the Issuer and no recourse to assets of the counterparties to agreements with the Issuer.
- The Issuer may become insolvent in the event of any unexpected expenses or liabilities.
- Investors may be required to consolidate the issuer for accounting purposes under certain circumstances.
- Investing in the notes could have adverse tax consequences.
- The notes are effectively subordinated to the Issuer’s obligations to other of the Issuer’s counterparties under its respective risk-transfer agreements.
- Enforcement of security interest granted to the Trustee for the benefit of the investors may be limited.
- The notes may not have a secondary market or the secondary market for the notes may have limited liquidity; the market for the notes may be highly volatile.
- The Rating Agency(ies) (if any) may change any rating assigned to the notes.

Before entering into any financial transaction, you should ensure that you fully understand the terms, have evaluated the risks and determined that the transaction is appropriate for you in all respects.

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