



# Pioneer Insurance-Linked Securities Strategy

## Monthly Perspective | March 31, 2025

### Recent Investment Results, Correlations and Historical Return Patterns

As of March 31, 2025, the Pioneer Insurance-Linked Securities Strategy delivered a gross USD return for the month, year-to-date and past twelve months of 1.30%, 0.26% and 15.95%, respectively. Pioneer Insurance-Linked Securities Strategy delivered a net USD return for the month, year-to-date and past 12 months of 1.15%, -0.017% and 13.96%, respectively. Please see complete performance and disclosure on page 4. Past performance is no guarantee of future results.

Pioneer Investments was pleased with continuation of the overall value proposition of the Pioneer Insurance-Linked Securities Strategy by delivering attractive risk-adjusted returns that are structurally uncorrelated from the vast majority of other asset classes. The Pioneer Insurance-Linked Securities Strategy has exhibited little to no correlation to traditional capital markets.

Returns as of March 31, 2025	March 2025	Year-to-Date	1-Year	3-Year Annualized Returns
Pioneer Insurance-Linked Securities Strategy (Gross USD)	1.30%	0.26%	15.95%	14.16%
Pioneer Insurance-Linked Securities Strategy (Net USD)	1.15%	-0.17%	13.96%	12.19%
Swiss Re Cat Bond Total Return Index	1.45%	1.02%	13.30%	11.36%
Bloomberg US Aggregate Index	0.04%	2.78%	4.88%	0.52%
ICE BofA US High Yield Index	-1.07%	0.94%	7.60%	4.84%
S&P 500® Index	-5.63%	-4.27%	8.25%	9.06%
Bloomberg Commodity Total Return Index	3.93%	8.88%	12.28%	-0.77%

As of March 31, 2025

Data is based on past performance which is no guarantee of future results.

Please see page 4 for complete performance information.

Please note that the Swiss Re Global CAT Bond Index does not reflect the full insurance-linked securities market because it does not include private market securities (quota shares, collateralized reinsurance and industry-loss warranties). Furthermore, the Index also has a higher concentration to peak zone risks (US hurricane/earthquakes) than what is typically included in a Pioneer Investments insurance-linked securities portfolio. Indices are unmanaged and their returns assume reinvestment of dividends and, unlike portfolio returns, do not reflect any fees or expenses. The Swiss Re Global CAT Bond Index is not the Pioneer Insurance-Linked Securities Strategy's benchmark.

### April 1 and June 1 Renewal Outlook

Approximately 10% to 15% of annual transactions renewed in April 2025, with the primary focus on Japan. Another 25% to 35% of transactions are renewed in June 2025 and July 2025, focusing on US Hurricane, US Nationwide and some single states renewals, such as California. Overall, the characteristics of elevated pricing and tightened coverage have continued to exhibit themselves across the re/insurance industry.

**April 1** – Since 2018, the overall Japan renewal pricing is up over 50%. However, after several quiet years from an event perspective, combined lower consumer price inflation in Japan and sufficient re/insurance supply, as expected, the re/insurance industry witnessed a rational renewal with rate-on-line changes down about 10% to 15%, as compared to last year. Demand for re/insurance coverage appears to be relatively consistent year-over-year. However, with the continued growth of Japanese insurers' balance sheets, many insurers were able to increase retention levels, rather than paying the high prices on the low-lying protection levels. Additionally, the Japanese cedants tend to be more loyal to their long-term partners and less short-term transactional focused, and we have been able to effectively take advantage of these pricing changes.

Outside Japan, several large global and national insurers also renewed their re/insurance programs on April 1, 2025 where we continued to observe additional demand for re/insurance capacity, relatively stable pricing on lower layers and some pricing pressure on the higher layers. Retention levels, under which losses would be retained by primary insurers, were held stable during the April 1 renewal. It is also worth noting that loss-impacted programs ended up paying at least double-digit risk-adjusted rate increase, reflecting the "pay back mechanism" embedded in the re/insurance transactions.

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**June 1** – The majority of renewals at June 1 are focused on the Florida market. While these renewals are approximately two months away, the re/insurance industry continues to digest the losses from the California wildfires earlier this year to determine the effect this may have on overall pricing. In addition, although the losses from last year’s Hurricane Helene and Hurricane Milton were mostly retained by insurance companies, they may still play a role in the overall pricing discussions and serve as a healthy reminder for the importance of re/insurance retentions. For the re/insurance industry many other favorable trends that have exhibited over the past several years are expected to continue, including:

- Increased retention levels by insurance companies, likely avoiding losses associated with smaller events being passed to reinsurers
- Continuing improved legal and regulatory framework, especially in Florida, that could strengthen the position of insurers against frivolous law suits and elevated claims

Another theme expected for the June 1 renewals includes the growing re/insurance demand, due to inflation and portfolio growth. In light of Florida’s property insurance legislative reforms, the private insurers feel comfortable growing their portfolios, creating additional demand for re/insurance capacity in this peak peril zone. Aon Plc estimates that \$4 billion to \$5 billion of additional re/insurance capacity would be needed for Florida insurers this year.

As we have discussed in past Monthly Perspectives and other communications, being successful in re/insurance investing requires quite a bit more than just charging more each year. Rigorously evaluating each sponsor and transaction from a quantitative and qualitative perspective has been a cornerstone of the Pioneer Investments insurance-linked securities approach. We continue to seek to avoid the riskiest transactions, as they may introduce elevated levels of volatility and the potential for drawdowns by offering a higher coupon. We believe that by complementing that consistent process with a stable peril/region risk allocation we may minimize the year-to-year volatility associated with re/insurance, while also seeking to provide a more attractive long-term investment experience for our clients. The effect of this approach was reflected by the Pioneer Insurance-Linked Securities Strategy’s performance post the 2025 Los Angeles wildfires.

### **2025 Subscription Windows (with expected capacity)**

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Pioneer Insurance-Linked Securities Strategy has two subscription periods each year that coincide with the re/insurance industry renewal periods. The next opening for the Pioneer Insurance-Linked Securities Strategy will be in mid-May 2025. Pioneer Insurance-Linked Securities Strategy capacity is offered on a first-come-first-served basis. At Pioneer Investments, we have developed a process and methodology for existing and prospective investors to demonstrate interest for each window.

Please contact your representative for further details regarding capacity for this window.

## Pioneer Insurance-Linked Securities Strategy Peril Region and Risk

Peril as of March 31, 2025	Region	Risk Allocation <sup>1</sup>
Wind	US Hurricane Southeast (Florida, Georgia, South Carolina, North Carolina)	15.4%
	US Hurricane Gulf (Louisiana, Texas, Mississippi, Alabama)	8.9%
	US Hurricane Northeast US (Virginia, North)	8.7%
	Japan Typhoon	5.7%
	Australia Cyclone	0.7%
	Other (Hawaii, Caribbean, Mexico, Southeast Asia)	4.0%
Earthquake	US California	5.6%
	US Northwest	1.4%
	US Other (Northeast, Central, Puerto Rico)	0.9%
	Canada	0.7%
	Australia and New Zealand	2.5%
	Europe	2.3%
	Latin America	3.3%
	Japan	2.9%
	Other	2.5%
Winter Storm	Europe	11.2%
	US and Canada	1.2%
Inland Flood	Europe	3.9%
	US	0.3%
	Other	0.9%
Tornado	US and Canada	5.8%
	Australia and New Zealand	0.9%
Other	Natural Perils in Other Regions	3.3%
	Other Peril (Aviation, Crop, Fire, Marine, Pandemic)	7.0%

<sup>1</sup>Portfolio risk allocation represented by mean, modelled, long-term expected loss on bonds. Portfolio is actively managed, and risk allocation will vary.

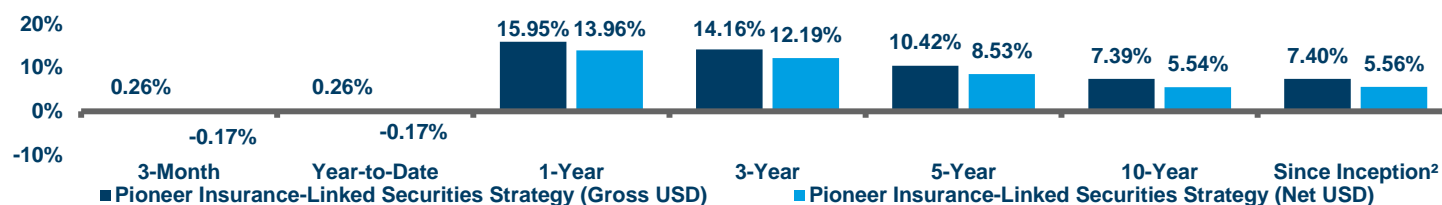
The characteristics are of the representative account (gross, USD) in the composite. Gross performance does not reflect the deduction of fees.

Source: AIR Worldwide CATRADER as of March 31, 2025 (most recent data available, updated quarterly)

Data is from a third party. Although the data is gathered from sources believed to be reliable, the accuracy and/or completeness of the information cannot be guaranteed.

## Pioneer Insurance-Linked Securities Strategy – Composite Performance

As of March 31, 2025



<sup>2</sup>Performance inception is January 1, 2015

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date
2025 (Gross)	-1.18%	0.15%	1.30%										0.26%
2025 (Net)	-1.33%	0.02%	1.15%										-0.17%
2024 (Gross)	1.46%	1.89%	1.41%	1.30%	1.28%	0.92%	1.60%	2.97%	1.85%	0.58%	1.90%	2.28%	21.25%
2024 (Net)	1.32%	1.75%	1.26%	1.16%	1.13%	0.78%	1.45%	2.82%	1.70%	0.43%	1.76%	2.13%	19.17%
2023 (Gross)	0.66%	1.38%	1.50%	0.98%	1.36%	2.15%	1.89%	2.31%	2.25%	2.01%	1.45%	1.22%	20.91%
2023 (Net)	0.51%	1.24%	1.07%	0.84%	1.21%	2.01%	1.74%	2.16%	2.11%	1.86%	1.31%	1.07%	18.83%
2022 (Gross)	0.41%	0.63%	0.89%	0.39%	0.05%	0.40%	0.87%	1.12%	-3.37%	-0.93%	1.37%	1.41%	3.18%
2022 (Net)	0.26%	0.50%	0.74%	0.25%	-0.10%	0.25%	0.72%	0.97%	-3.51%	-1.08%	1.23%	1.26%	1.40%
2021 (Gross)	0.39%	0.03%	0.53%	0.63%	0.38%	0.64%	0.51%	-0.41%	-0.07%	-1.60%	0.13%	-0.32%	0.83%
2021 (Net)	0.24%	-0.10%	0.38%	0.49%	0.23%	0.50%	0.36%	-0.56%	-0.22%	-1.74%	-0.01%	-0.47%	-0.91%
2020 (Gross)	0.43%	1.01%	0.55%	0.50%	0.27%	0.78%	0.99%	0.84%	1.54%	1.18%	0.64%	0.40%	9.51%
2020 (Net)	0.28%	0.87%	0.40%	0.36%	0.13%	0.64%	0.84%	0.69%	1.39%	1.03%	0.49%	0.26%	7.62%
2019 (Gross)	-0.21%	0.20%	0.03%	0.42%	0.25%	0.53%	0.90%	0.94%	1.84%	-1.16%	0.19%	0.86%	4.86%
2019 (Net)	-0.36%	0.07%	-0.12%	0.28%	0.10%	0.39%	0.75%	0.79%	1.69%	-1.31%	0.05%	0.72%	3.06%
2018 (Gross)	0.72%	0.47%	0.82%	0.81%	0.54%	0.80%	1.20%	1.72%	0.41%	0.28%	-3.58%	-4.00%	0.01%
2018 (Net)	0.57%	0.33%	0.67%	0.66%	0.39%	0.66%	1.05%	1.57%	0.27%	0.13%	-3.72%	-4.14%	-1.71%
2017 (Gross)	0.47%	0.94%	0.55%	0.34%	0.77%	0.46%	0.92%	0.26%	-8.46%	-0.63%	-0.17%	-0.49%	-5.29%
2017 (Net)	0.32%	0.80%	0.41%	0.20%	0.63%	0.31%	0.78%	0.12%	-8.59%	-0.78%	-0.31%	-0.64%	-6.92%
2016 (Gross)	0.47%	1.13%	0.27%	1.03%	0.56%	0.08%	0.65%	1.12%	2.22%	1.27%	1.07%	0.96%	11.37%
2016 (Net)	0.32%	0.99%	0.13%	0.89%	0.41%	-0.06%	0.50%	0.97%	2.07%	1.12%	0.93%	0.81%	9.46%
2015 (Gross)	0.68%	0.66%	0.57%	-0.02%	0.77%	0.47%	0.86%	1.44%	2.19%	-0.01%	2.06%	1.96%	12.26%
2015 (Net)	0.53%	0.51%	0.43%	-0.17%	0.63%	0.32%	0.72%	1.30%	2.05%	-0.16%	1.92%	1.81%	10.32%

Performance prior to April 1, 2025 occurred while the portfolio management team was affiliated with a prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm and the decision-making process has remained intact. Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. The composite net-of-fees returns reflect net of model fees and are calculated in the same manner as gross of fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Past performance is no guarantee of future results.

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