

# IRIS Low Volatility CS Single Manager Fund Profile

December 2011



## Investment Rationale

### The Fund

The IRIS Low Volatility Fund obtains exposure to insurance linked strategies by acquiring shares in the IRIS Low Volatility Cell, managed by Credit Suisse, Zurich. The assets of the IRIS Low Volatility Cell are both securitised (catastrophe bonds) and non-securitised (typically swap) instruments.

### Opportunity

The Investment Manager seeks to construct a diversified portfolio of insurance risks, which are quantifiable and capable of being modelled by scientific and mathematical methods. The underlying instruments and performance are dependent on insurance related events such as natural catastrophes, for example earthquakes and hurricanes, as well as man-made catastrophes, including aviation and marine risk.

### Investment Strategy

Essentially the strategy involves a reversal of the role between insurers and investors, with insurers and re-insurers paying investors such as the IRIS Low Volatility Cell a premium to receive cover in the case of the occurrence of an event meeting set criteria within a specified time frame.

### The Investment Manager

The Investment Manager is an experienced, interdisciplinary management team led by a physicist and meteorologist. The Investment Manager seeks to

achieve a portfolio that is diversified both with respect to geography and event risk, aiming to achieve attractive returns with low volatility.

### Diversification

ILS is an alternative investment designed to offer investors access to a niche source of alpha, that has a low correlation to traditional financial market risk factors. Historically, the correlation to financial markets of the IRIS Low Volatility Cell has been 0.12 (based on the data period May 2001 – Feb 2011).

### Fund facts

<b>Fund Objective</b>	The investment objective is to achieve positive returns on invested capital
<b>Suggested time frame</b>	Medium to long term – 3 years plus
<b>Volatility/risk level</b>	Low to medium
<b>Trustee</b>	Challenger Investment Services Limited

### Fund details

<b>Inception date</b>	August 2007
<b>(Underlying Fund)</b>	
<b>Initial investment</b>	AUD500,000
<b>Additional subscription/redemption</b>	AUD100,000
<b>Minimum holding</b>	AUD250,000
<b>Management costs</b>	1.50% p.a.
<b>Performance fee</b>	15% of outperformance above the UBSA Bank Bill rate
<b>Buy/sell spreads</b>	Nil

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