

Performance report | 30 June 2025

LCP Insurance Linked Securities Fund - AUD Class

Net returns

	1 mth	Since inception ¹
Fund	1.02%	1.23%

Performance figures are net of fees and expenses.
Past performance is not indicative of future performance.

Fund commentary

The fund's return has been driven by the carry yield of the investments and the mark to market price changes that have occurred over the month. There was no major natural catastrophe impacting the Cat Bond market in June, and spreads started to stabilize as the primary issuance for H1 came to an end. Supply and demand factors have been driving the yield of the catastrophe bond market just as much as seasonality in recent months, but as the North-Atlantic Hurricane season begins and the primary pipeline comes to an end, typical seasonality through the Atlantic hurricane season is expected to compress insurance risk spreads and support prices (absent any major natural catastrophe).

In June, Tropical Storm Erick which formed off Mexico's Pacific coast intensified into a Category 4 Hurricane before making landfall in the state of Oaxaca with a minimum central pressure reported at 950mb by the National Hurricane Center, but unlike in the United States, only a limited number of cat bonds cover hurricane risk in Mexico and only one single IBRD parametric instrument is exposed to Mexico Pacific Wind. As the track did not enter the parametric grid boxes where the pressure was sufficiently low to activate the cat bond coverage, no payout is expected from the notes.

In the secondary market, June followed the month of May, as yet another strong month of activity. With the new issue market beginning to shut down, there was less supply available to match the continued demand in the space which overall supported prices. Trading remained fairly strong and balanced for much of the month, however, we did start to see signs of more buyers than sellers during the second half of the month.

Primary market issuance reached USD 2.2bn in June with 15 new tranches of risk placed in the market during the month, including a USD 1bn deal from a single sponsor, helping spreads at issuance to remain elevated on an historical basis. At the end of June, the 2025 property cat

primary issuance stood at a record USD 16.1bn with 96 new tranches of risk issued by more than 50 sponsors (including 11 first time issuers), up 39% YoY. An extra USD 500mn was also issued early in July. LCP has also now completed the key June 1st and July 1st Non-Life property catastrophe reinsurance renewals. While premiums have softened slightly, the market remained disciplined. Increased demand for reinsurance protection met adequate supply, and the market managed to find a new equilibrium after a period of significant price increases, marking a shift from crisis to calibration as commented by reinsurance brokers.

Fund details

Feature	Information
Investment objective	To deliver risk adjusted absolute returns by investing in a portfolio of insurance linked securities through the Leadenhall UCITS ILS Fund PLC (the 'Master Fund'). The Master Fund in turn invests in insurance linked bonds (being catastrophe bonds) and other permitted insurance linked investments, being preferred shares, closed-ended fund shares and exchange based derivatives (together 'ILS').
Responsible Entity/Issuer	Bennelong Funds Management Ltd ABN 39 111 214 085
Investment Manager	Bennelong Funds Management Ltd ABN 39 111 214 085. At the Master Fund level, the investment manager is Leadenhall Capital Partners.
Inception date	4 April 2025
Recommended investment period	Long term (5 years +)
Minimum investment	\$400,000 (AUD)
Additional investment	\$150,000 (AUD)
Buy/Sell spread	+/-0.20%
Entry/Exit fees	Nil
Distributions	Generally paid on a quarterly basis
Management fees and costs ²	1.20%

How to invest

The Fund is open to investors via the Application form (available on the [website](#)), or the following platforms.

- Mason Stevens
- Netwealth

Get in touch



bennelongfunds.com



client.experience@bennelongfunds.com



1800 895 388 (AU) / 0800 442 304 (NZ)

¹ Inception date is 4 April 2025

² Management fees and costs consist of annual management fee rate and capped recoverable expenses. For a detailed split of the fees and costs, please refer to the fund(s) IM.

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