

# GAM Star Fund plc - GAM Star Cat Bond

Commentary October 2024

For professional intermediaries only

## Management team



**FERMAT**  
CAPITAL MANAGEMENT

Fermat Capital Management, LLC

## Monthly performance

While October returns were firmly positive, with a return of 106 basis points for the USD Institutional shares, Hurricane Milton did still have an impact on many Florida-exposed bonds. As more concrete Milton loss estimates are reported by cat bond cedants in the coming weeks, we expect the impacted marks to move back up.

## Portfolio changes

As anticipated, there was very little change to the portfolio. While the new issuance pipeline has started up again, strong trading volumes and turnover will occur primarily in December.

## Catastrophes

October saw four named storms (three hurricanes and one tropical storm) form in the Atlantic Ocean with the only notable event being Hurricane Milton. Hurricane Milton peaked as a Category 5 strength storm in the Gulf of Mexico but ultimately made landfall as a weak Category 3 storm in Siesta Key, Florida and south of Sarasota, thereby missing the large urban areas of Tampa Bay to the north and Fort Myers to the south.

In the immediate aftermath of the event, the estimated insured industry loss from Hurricane Milton was viewed to be in excess of USD 30 billion. However, within a couple weeks after the storm's landfall, the market's view of the insured industry loss tempered considerably and had settled somewhere between USD 15 billion to USD 25 billion. Then, towards the end of the month, data provider Property Claims Services (PCS) announced their initial loss estimate to be USD 5 billion, which has really thrown off the market.

Besides Hurricane Milton, there were no other significant catastrophes that had any impact on the portfolio.

## Market conditions

October was a relatively quiet month for the market. Hurricane Milton caused a bit of a trading halt while the market digested its impact. Immediately after Milton, the thought was that the storm would cause spreads to widen or at least keep them from tightening over the rest of this year, but as the industry loss estimates have been dropping, so have risk spread expectations.

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