

# GAM Star Fund plc - GAM Star Cat Bond

Commentary December 2024

For professional intermediaries only

## Management team



**FERMAT**  
CAPITAL MANAGEMENT

Fermat Capital Management, LLC

### Monthly performance

December returns were strong, with both overall spread tightening in the market and further recovery from Hurricane Milton-impacted bonds. The USD Institutional share class rose by 176 basis points over the month.

### Portfolio changes

While there was a significant amount of activity, the overall portfolio risk has not changed much. After a brief year-end break, we expect activity to resume strongly from mid-January through July.

### Catastrophes

There were no catastrophic events in December which would affect the positions in the portfolio. Meanwhile though, the insurance market received a couple of notable updates on the loss development of Hurricane Helene as follows:

- Insurance industry loss estimates for Helene have been climbing from circa USD 8 billion to closer to USD 15 billion.
- The Federal Emergency Management Agency's (FEMA) loss estimates for Helene have also continued to climb, and expectations are that the lowest layer FloodSmart notes (USD 25 million outstanding in the market) will see some principal losses.

### Market conditions

The market was very busy but orderly in December with USD 2.1 billion of maturities and USD 3.3 billion of new issuance. Most of the new issuance deals were upsized and priced at or below initial price guidance. Investors had a fair amount of cash on hand heading into the month, and while the large amount of new issuance helped to reduce those cash levels, it was still not enough to prevent spreads from tightening.

In the traditional and collateralised reinsurance markets, 1 January renewals were also very orderly and pricing was generally down 5% to 15% year-over-year.

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Investments

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The Portfolio ESG Rating, where applicable, stated in respect of the strategy is derived from ratings provided by a third party in

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