

# GAM Star Fund plc - GAM Star Cat Bond

Commentary November 2024

For professional intermediaries only

## Management team



**FERMAT**  
CAPITAL MANAGEMENT

Fermat Capital Management, LLC

### Monthly performance

November returns were firmly positive, reinforced by the realisation that Hurricane Milton is highly unlikely to have a material principal loss impact on catastrophe bonds. The USD Institutional share class rose by 113 basis points over the month.

### Portfolio changes

There was very little change to the portfolio. Turnover around new issuances has started to pick up but will not become significant until December. Even then, though, we do not expect major changes to the portfolio risk profile.

### Catastrophes

November saw no catastrophic events affecting the positions in the portfolio. Notable events from the month included Spanish floods that caused widespread devastation in Valencia, for which the insured industry loss is expected to be circa EUR 3.5 billion, although the catastrophe bond market has no exposure to Spanish floods. Another event of note was the Mountain Fire in Ventura, southern California, with an insured industry loss expected to remain below USD 1 billion.

Property Claims Services (PCS), the internationally recognised authority on insured property losses from catastrophes in the US and elsewhere, released its second insured industry loss estimate for Hurricane Milton, with the loss jumping by USD 10 billion to a new estimate of circa USD 15 billion. The market had been highly skeptical of PCS's initial figure, so this increase was not a surprise to the market.

### Market conditions

Market activity picked up in November with a slew of new issuance deals being announced. Demand remains very strong and spreads have continued to tighten, but it is unclear how deep the demand is. Many investors these days try to spend their cash as fast as possible without regard to the impending pipeline of deals. Still, we do not expect a repeat of last May when the market ran out of capacity. New issuance is expected to remain strong in the coming months.

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Investments

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