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**News Update on Typhoon Hagibis from October 2019**

We would like to provide an update on Typhoon Hagibis following our previous event report together with an impact assessment on the Fund.

After completing its track over mainland Japan, initial assessments of property damage from Typhoon Hagibis in the affected areas have been undertaken. At the time of writing, as insurance claim reporting is still in its early phase, the magnitude of inflicted damage and the scale of insurance losses are still largely uncertain and based on estimates. Moreover, the insurance loss estimations for Hagibis are impaired by the storm's distinctive characteristics compared to other recent storms in the region, such as its track over industrial areas and the heavy rainfall it caused.

Before making landfall on the Japanese east coast, Typhoon Hagibis had weakened but still affected a very wide area in Japan with winds equivalent to a strong category 1 hurricane and record rainfalls leading to unprecedented flooding. The typhoon not only affected hundreds of kilometers of Japan's main island, Honshu, but also took a direct path over Tokyo's metropolitan region, home to close to 40 million people. The storm's severe and prolonged rainfall from its slow forward movement, caused severe flooding, landslides, overflowing rivers and levee failures.

The heavy rainfall affected a widespread area, which also covered the densely populated metropolitan region around Tokyo and high-value industrial sites in the Nagano prefecture and Koriyama city in the Fukushima prefecture, where more than 150 high-tech and manufacturing industrial facilities are located. These industrial parks became severely inundated and have complicated loss assessment for reconstruction and business interruption.

The loss estimation is further influenced by the experience of Typhoon Jebi in 2018, for which insurance losses had initially been significantly underestimated by the insurance industry. As a result, market participants such as regional direct insurers, reinsurers, modeling agencies, our external reserving actuary and ourselves are cautious and conservative in their loss assessment at present time. Our initial loss estimates are based on similar levels as the ones used for typhoon Jebi.

At the time of writing, our estimate of the industry-wide insured loss from Typhoon Hagibis is between USD 10 billion and USD 15 billion, mainly driven by flood related damages. Wind-related insured damages are estimated at approx. USD 3 to 4 billion, i.e. the smaller part of the loss, but flood-related insured damages are estimated at approx. USD 7 to 11 billion.

Based on currently available information and estimated insurance loss levels, the portfolio manager expects an impact on the October performance from Typhoon Hagibis due to preliminary reserves on private transactions, impacts on quota share positions as well as mark-to-market losses on securities with weekly pricing. The latter might be subject to a recovery to some extent. The currently estimated impact and resulting performance for October is shown in the Weekly Estimated Performance Update, which will be published later today. Given the complexity of this event and based on past experience the portfolio manager expects more certainty from this event on industry losses in early 2020 but more specifically after the end of the Japanese fiscal year on 31 March 2020.

We continue to monitor the situation and remain in contact with our counterparties and market experts and will keep you updated on significant developments.

In the meantime, please do not hesitate to contact us if you have any questions.

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