

Monthly Commentary October 2021

Insurance Linked Strategies

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CSA Insurance Linked Strategies*

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During October, the investment team has shifted its focus to planning for the upcoming January renewals by starting the renewal review process with a view to align portfolio strategies and deal pipeline.

There were a few new Cat Bond issuances during October, with demand still seemingly outstripping supply as final issuance size continue to exceed initial size guidance, and issuances pricing toward the bottom of initial coupon guidance.

In the secondary Cat Bond market, price volatility remained high as the market continued to process new information from cedents related to recent loss events. Some multi-peril Cat Bonds with higher levels of uncertainty experienced larger price movements, as these are not traded often.

The Investment Group was active in both the primary and secondary Cat Bond markets.

During October, a powerful 6.1 magnitude earthquake struck the Chiba region in Japan, just east of Tokyo. The earthquake caused sporadic power outages, but there were no reports of major damage and there was no danger of a tsunami. We do not expect an impact on the Investment Group's performance from this event on a stand-alone basis.

A further notable event was Storm Aurore, an extratropical cyclone that formed in late October and affected several regions in Europe. Following its formation over the Atlantic Ocean, the storm system moved over central Europe and subsequently merged with another extratropical cyclone named Hendrik, before moving across central Europe where it brought strong winds and flooding, causing damage and power outages. At the time of writing, we do not expect an impact on the Investment Group's performance from this event on a stand-alone basis.

At the time of writing, the Investment Group is expected to have a positive return for the month, in line with the expected premium and coupon income.

The end of November will mark the end of the Atlantic hurricane season. The investment team will further turn its focus on the upcoming January renewals, with the first transactions already in the negotiation phase at the time of writing. The investment team will also continue to monitor developments related to recent events, as we expect to receive more detailed information on loss levels from cedents during the coming months.

* based on underlying CS IRIS C Fund Limited

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