

21 August 2021

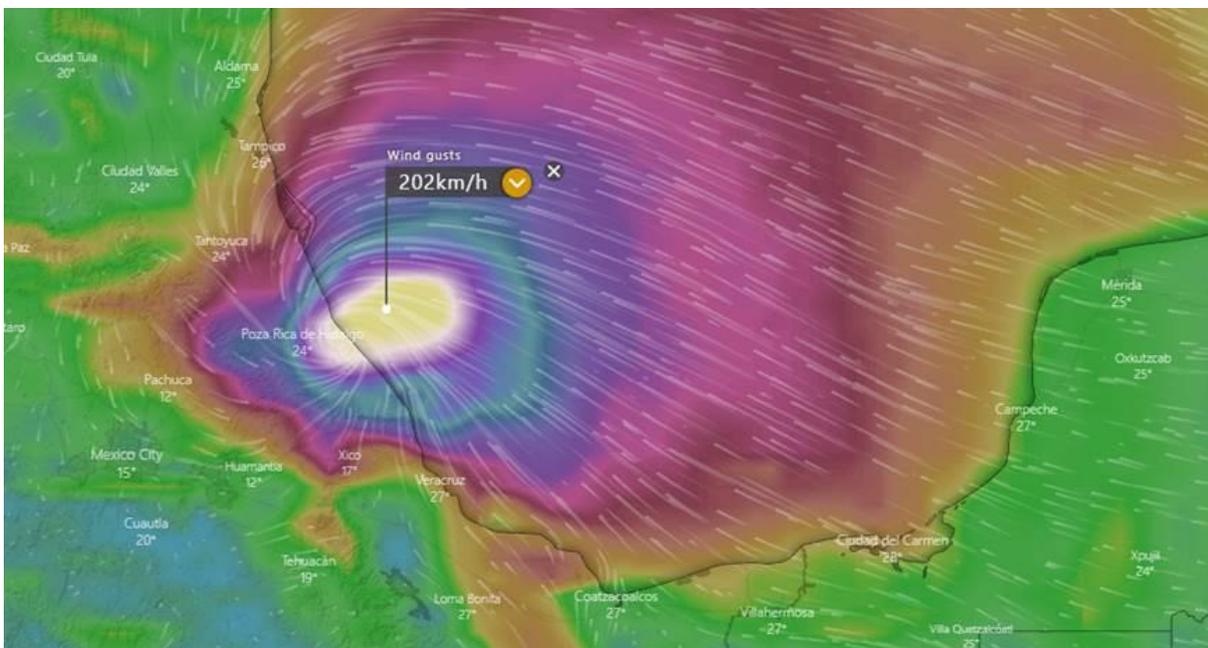
Twelve Capital Event Update

Hurricane situation

Hurricane Grace (near Mexico) and Tropical Storm Henri (on the way towards Long Island) are expected to make landfall this weekend and are both stronger than predicted until a few hours ago. Yet, at this stage Twelve Capital does not expect any impact on its ILS funds, even though Henri might cause some attachment erosion across several indemnity transactions.

Hurricane Grace has made landfall on the Atlantic coast in Mexico on Saturday morning European time with a central pressure of around 970mb and wind speeds above 200 km/h, making this a category 3 major hurricane¹. The only direct exposure Twelve Capital funds hold in this area are of parametric nature (the IBRD Fonden Worldbank bonds). These feature a step-wise payout depending on a system's minimal central pressure. Fortunately, these bonds require a central pressure of below 955mb for triggering, so unless there is a significant data error in the models, Hurricane Grace is not expected to cause any impact on Twelve Capital Funds.

Figure 1: Current location of Hurricane Grace



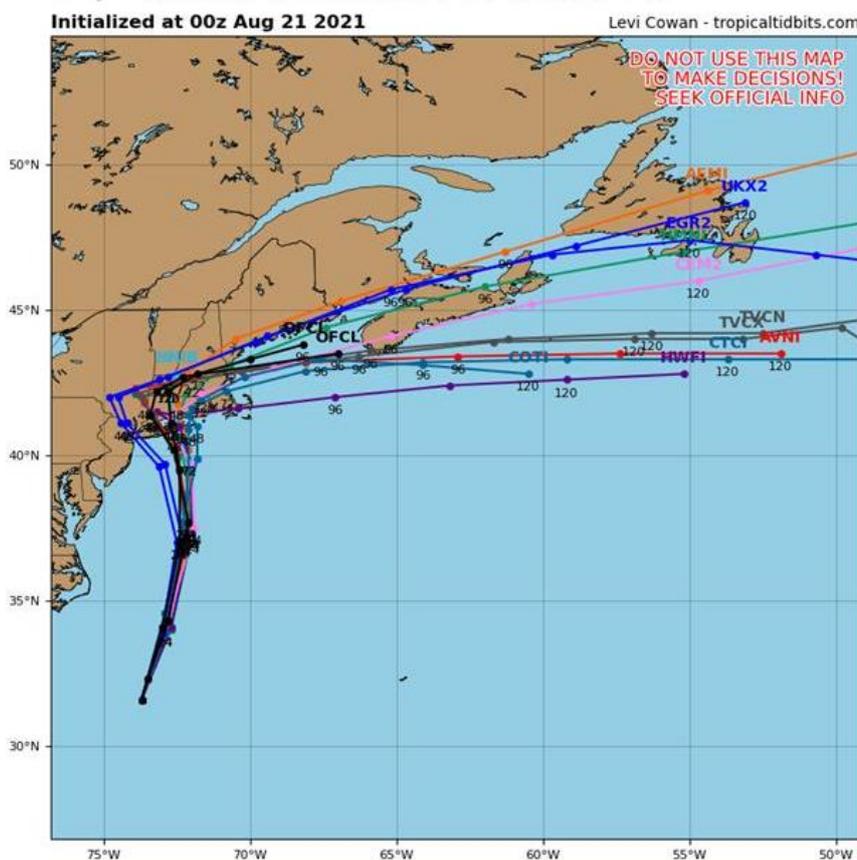
Source: windy.com. As at 21 August 2021.

¹ A major hurricane is classified as a hurricane that experienced an intensity of 3 or greater on the Saffir-Simpson scale during its lifetime.

Tropical Storm Henri is a bit of an unknown still given landfall is expected tomorrow afternoon European time. The storm has not yet reached hurricane strength, but is expected by all models to do so within the next few hours. All the models are in agreement that this system should not turn into anything stronger than a category 1 hurricane. Wider uncertainty still exists with regards to the precise landfall location, which ranges from New York all the way to Nantucket. Given that this area is in parts densely populated, this storm has the potential to cause several billions of insured losses. At the same time, unless there is an unfortunate turn of events with this system strengthening more than expected, Twelve Capital does not expect any significant impact on its ILS funds other than attachment erosion for some indemnity transactions.

Twelve Capital will receive vendor modelling files most likely on Monday morning and then provide a more detailed analysis if needed.

Figure 2: Tropical Storm Henry model track guidance



Source: tropicaltidbits.com. As at 21 August 2021.

Twelve Capital continues to closely monitor any catastrophe events and will issue specific updates on any relevant new major events that occur.

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www.twelvecapital.com**About Twelve Capital**

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