



## **CATCo Reinsurance Opportunities Fund Ltd. ("the Company")**

### **Corporate Activity and portfolio deployment update**

To: SFM, London Stock Exchange and the Bermuda Stock Exchange      Date: 18 January 2012

- Following the December 2011 issue of \$125m C Shares, the Company has now raised approximately \$338 million since launch;
- Substantially all available capital now deployed across multiple reinsurance counterparties;
- CATCo Reinsurance Fund, Diversified Fund (the "Master Fund") 2012 investments are all performing in line with expectation, and in excess of the Company's target returns of LIBOR +12-15% per annum; and
- At the date of this announcement, the Master Fund has deployed over \$1.25 billion of retrocession reinsurance capacity in the market incepting on 1 January 2012.

On 16 December 2011, the Company issued a second tranche of C-Shares of US\$ 0.0001 through a Placing for Shares. As a result, the Company has raised approximately \$338 million since launch. Similarly, the Master Fund received significant additional direct investment in its participating shares during Q411 bringing the total fourth quarter fundraising to over \$590 million. The Company's Net Asset Value growth targets of \$150 million by 31 December 2011 and \$200 million by 31 December 2012 as stated in the Original Prospectus have now been achieved.

CATCo Investment Management Ltd. ("CATCo IM"), the appointed investment manager, in conjunction with CATCo-Re Ltd. ("CATCo-Re"), a licensed Class 3 Reinsurance Company through which the Master Fund gains access to all of their reinsurance risk exposures, have agreed terms on new reinsurance transactions with multiple reinsurance counterparties that have utilized c. 98% of the available capital received from the Issue, from the additional direct investment in the Master Fund and from the rollover of 2011 investments.

At the date of this announcement, the Master Fund's reinsurance portfolio contains a significantly diverse set of global risk pillars. The Master Fund's diversified portfolio, including reinsurance protections, ensures that exposure to a single loss event, no matter the magnitude of the event, results in positive gross portfolio returns for investors in the current financial year, with only slightly negative net portfolio returns possible in a few scenarios as shown below.

Also, regarding the recent Costa Concordia cruise ship accident off the Italian coast, the Master Fund has a maximum net exposure of 3% to Offshore Marine events as shown below. However,

based on the insured loss estimates reported to date ranging from \$500 million to \$1 billion, the Master Fund would not experience any losses.

### Scenario Analysis

Worst Case Insured Single Loss Event	Indicative Annualised Net Return*
No Losses	23%
Guam Wind	22%
Canada Wind	22%
South East Asia Quake	22%
Guam Quake	21%
China Wind	20%
US Severe Convective Storms	20%
US Wildfire	19%
Hong Kong Wind	19%
India Quake	19%
China Quake	19%
South Africa Quake	19%
South Korea Quake	17%
Offshore Marine	18%
US Winterstorm	17%
Europe Flood	16%
Israel Quake	16%
Mexico Wind	14%
Indonesia Quake	12%
Philippines Quake	12%
Taiwan Quake	12%
Central America Quake	14%
Caribbean Quake	9%
New Zealand Quake	8%
Mexico Quake	8%
South America Quake	8%
Caribbean Wind	8%
Australia Wind	5%
Australia Quake	5%
Japan Wind	8%
Europe Quake	3%
Japan Quake	0%
US/Canada Quake	0%
Europe Wind	(1%)
US Wind	(1%)

*\*This information is based on research undertaken by CATCo. CATCo IM may change its opinions and views without prior notice. It does not constitute investment advice nor is it an invitation to invest in this company. This is purely a scenario analysis and not a forecast.*

**For further information, please contact:**

Jason Bibb, Director  
CATCo Investment Management Ltd  
Telephone: +1 441 531 2227  
Email: [jason.bibb@catcoim.com](mailto:jason.bibb@catcoim.com)

David Benda / Hugh Jonathan  
Numis Securities Limited  
Telephone: +44 (0) 20 7260 1000

Michael Toyer / John Whiley  
Prime Management Ltd  
Tel: +1 (441) 295 0329