



CATCo Reinsurance Opportunities Fund Ltd.

Reinsurance Portfolio Update

To: SFM, London Stock Exchange

Date: 14 January 2011

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is organised as a feeder fund to invest substantially all of its assets in the CATCo Reinsurance Fund Ltd.'s segregated account, CATCo Diversified Fund (the "Master Fund"). Further to the launch and subsequent admission to trading on the London Stock Exchange's Specialist Fund Market on December 20, 2010, the Board of Directors are pleased to provide an update concerning the deployment of the Company's investment strategy following the retrocession renewal season which occurred on January 1, 2011.

CATCo Investment Management Ltd., the appointed investment manager, in conjunction with CATCo-Re Ltd. ("CATCo"), a licensed Class 3 Reinsurance Company through which the Master Fund gains access to all of their reinsurance risk exposures, have agreed terms of several reinsurance transactions that have deployed \$77.4 million, representing 96.3% of the Placing Proceeds raised on December 20, 2010. Each contract has a duration of 12 months and are due to expire on December 31, 2011. The risk period of each Reinsurance Agreement commenced on January 1, 2011. The remaining assets have been held in cash.

Each Reinsurance Agreement entered into by CATCo, on behalf of the Master Fund, contains several non-correlated pillars of risk. At the date of this announcement, all Reinsurance Agreements written by CATCo are fully collateralized with highly liquid securities, namely, AAA-rated money market funds or short term US Treasury Bills which reside in Reinsurance Trust Accounts with the Bank of New York and whom act as Trustee.

Reinsurance Portfolio Diversification: The Master Fund's reinsurance portfolio contains a broad mix of risk pillars at January 1, 2011. The Master Fund's diversified portfolio ensures that exposure to a single loss event, no matter the magnitude of the event, results in minimal erosion of capital, if any.

Risk Pillar	percent exposure
European Wind	3%
Japan All Natural Perils	3%
Rest of World Specified Perils	3%
CA Quake	6%
US excluding CA Quake	6%
Marine Non-Elemental	6%
Gulf of Mexico Wind	6%
Northeast Wind	6%
Florida 2nd Event Wind	6%



Japan / Caribbean Quake	8%
Europe All Natural Perils	8%
US / Canada Quake	11%
US / Caribbean Wind	11%
2nd Events on all pillars above	17%

Reinsurance Portfolio Projected Returns:

The Board maintain their expectation that they will be able to achieve an IRR of LIBOR plus 12% - 15% per annum. Additionally, any new capital raised in the Q1 2011 can be readily deployed into reinsurance contracts that both further diversify the portfolio and enhance overall returns, based on reinsurance demand for the Company's product offering.

The Company's Monthly Insight can be obtained from www.catcoim.com/products.html.

For further information, please contact:

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