



CATCo Reinsurance Opportunities Fund Ltd. (“the Company or Feeder Fund”)

Portfolio deployment update

To: SFM, London Stock Exchange
Bermuda Stock Exchange

Date: 16 June 2011

Corporate activity since 20 December 2010

- Successful IPO of the Company that raised \$80.392 million through a Placing of Shares on 20 December 2010 (the "Issue")
- Shares of the Company admitted to London Stock Exchange's Specialist Fund Market on 20 December 2010
- Further issue of 7,250,000 New Ordinary Shares on 31 March 2011, 124,446,737 C Shares through a new Placing for Shares on 20 May 2011 and a further 850,000 New C Shares issued on 23 May 2011, respectively (collectively, the "Further Issues"), resulting in the Company raising approximately \$213 million in first six months since launch
- Secondary listing of the Company Shares admitted to Bermuda Stock Exchange on 20 May 2011
- Exceeded 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
- Investment of substantially all of the proceeds, c.97%, from the Issue and Further Issues in CATCo Reinsurance Fund Ltd's segregated account, CATCo Diversified Fund (the "Master Fund") now complete
- The Master Fund has deployed c.97% of the investment portfolio with multiple reinsurance counterparties
- At the date of this announcement, the Master Fund has deployed c.\$700 million of retrocession reinsurance capacity in the market since 20 December 2011
- Following the catastrophic events that occurred in Christchurch, New Zealand and Tohoku, Japan in 2011, the Company has created side pocket investments totalling \$18.2 million that represents the Company's maximum contractual exposure to these events
- C Shareholders have no exposure to side pocket investments
- No losses have been crystallised on the Company or the Master Fund's portfolio of investments
- Underlying investment assets reporting no material issues
- Master Fund investments are all performing in line with expectation, and in excess of the target returns of LIBOR +12-15% per annum
- Net asset value (“NAV”) as at 31 May 2011 of \$211,288,487, representing a NAV per Ordinary Share of \$1.0188 and a NAV per C Share of \$0.9737

On 31 March 2011, the Company, which 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") issued additional New Ordinary Shares in order to satisfy demand that could not be met through the secondary market. 7,250,000 New Ordinary Shares of US\$ 0.0001 each were issued. On 20 May 2011, the Company issued 124,446,737 C Shares of US\$ 0.0001 through a Placing for Shares with a further issuance of 850,000 New C Shares of US\$ 0.0001 being made on 23 May 2011. As a result, the Company has raised approximately \$213 million in six months since launch. Similarly, the Master Fund received significant direct investment in its participating shares on 1 April, 1 May and 1 June 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 on new reinsurance transactions with multiple reinsurance counterparties that have utilized the capital received from the Issue and Further Issues as well as from direct investment in the Master Fund. The Managers have invested substantially all of the proceeds, c. 97%, from the Issue and Further Issues in CATCo Reinsurance Fund Ltd's segregated account, CATCo Diversified Fund (the "Master Fund"). The Master Fund has deployed c.\$700 million of retrocession reinsurance capacity in the market since 20 December 2011. At the date of this announcement, the Master Fund's portfolio is 97% fully invested in well diversified retrocessional reinsurance transactions.

Investment Portfolio

Event Risk	% Exposure
2nd Event Protections	12%
US/Canada Quake	13%
US/Caribbean Wind	13%
Japan/Caribbean Quake	9%
Marine Non-Elemental	8%
Europe All Natural Perils	6%
Florida 2nd Event Wind	5%
Gulf of Mexico Wind	5%
Northeast Wind	5%
Rest of World	3%
GA to VA Wind	3%
Florida Wind	3%
US 2nd Event Wind	3%
US 3rd Event Wind	3%
Japan Wind	2%
CA Quake	2%
US excluding CA Quake	2%
Europe Wind	2%
Japan All Natural Perils	1%

At the date of this announcement, the Master Fund's reinsurance portfolio contains a broad mix of 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 returns for investors in the current financial year.

Scenario Analysis

<u>Historical Insured Single Loss Event</u>	<u>Annualised Indicative Return*</u>
No Losses	22%
Hurricane Andrew (1992)	22%
Typhoon Mireille (1991)	17%
Christchurch, New Zealand Earthquake (2011)	17%
Tohoku, Japan Earthquake and Tsunami (2011)	16%
Hurricane Ike (2008)	14%
Winterstorm Lothar (1999)	10%
Hurricane Katrina (2005)	9%
Northridge Earthquake (1994)	8%
Exxon Valdez (1988)	8%

**This information is based on research undertaken by CATCo Investment Management Ltd. ("CATCo"). CATCo 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.*

The Company's latest Monthly Insight can be obtained from www.catcoim.com.

For further information, please contact:

Jason Bibb
Director, Chief Operating Officer
CATCo Investment Management Ltd
Telephone: +1 (441) 531 2227
Email: 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

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