

Blue Capital Global Reinsurance Fund Limited



May 2016 Fact Sheet

Key Statistics

Ticker

LSE BCGR.L/BCGR LN
BSX BCGR.BH

ISIN BMG1189R1043
SEDOL B7TT4M6

NAV† \$1.0816

Share Price‡ \$1.000

Premium/
(Discount) (7.6)%

Market Cap \$199.1 million

Net Assets \$215.4 million

† NAV per share as at 31 May 2016

‡ Closing mid-price at 31 May 2016

Key Information

Launch date

6 December 2012

Domicile

Bermuda

Listings

London Stock Exchange (SFM)
Bermuda Stock Exchange

Master Fund

Blue Water Master Fund Ltd.

Investment Manager

Blue Capital Management Ltd.

Broker

Jefferies International Limited

Reporting

Monthly NAV

Target Dividend Yield¹

LIBOR+6% p.a.

Target Long-Term Total Return¹

LIBOR+8% p.a.

Management Fee

1.5% p.a. (1.25% p.a. for NAV in excess of \$300 million)

Performance Fee

15% p.a. of returns in excess of high water mark and LIBOR+5% hurdle; subject to LIBOR+8% trigger

Overview

The investment objective of Blue Capital Global Reinsurance Fund Limited (the "Fund") is to generate attractive returns from a sustainable dividend yield and longer term capital growth by investing substantially all of its assets in a segregated account of Blue Water Master Fund Ltd. This segregated account invests in a diversified portfolio of collateralised reinsurance-linked contracts and other investments whose value is based on insured **catastrophe event risks, which are largely uncorrelated to traditional asset classes**. Blue Capital Management Ltd. ("Blue Capital"), the Fund's investment manager, is wholly owned by Endurance Specialty Holdings Ltd. (NYSE, Ticker "ENH"), a recognised leader in property catastrophe reinsurance.

NAV Total Return

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year
2013	0.3%	0.4%	0.5%	0.7%	0.1%	0.8%	1.0%	2.4%	3.2%	1.9%	0.1%	0.0%	11.8%
2014	0.2%	0.3%	0.0%	-0.1%	0.3%	0.4%	1.3%	1.9%	2.4%	1.1%	0.3%	0.5%	8.8%
2015	0.3%	0.3%	0.3%	0.2%	0.2%	0.7%	0.7%	2.0%	2.0%	1.6%	0.5%	0.6%	9.6%
2016	0.4%	0.3%	0.3%	0.2%	(1.8)%								(0.7)%

Portfolio Overview and Commentary

Investment Type	%	Occurrence Type	%	Geography	%
Indemnity Reinsurance	38%	Property Cat - First Event	74%	Int'l Global/Pan Regional	46%
Quota Share Retrocessional	36%	ILW - Subsequent Event	13%	U.S. Single State	23%
Industry Loss Warranties	14%	ILW - First Event	5%	U.S. Regional	13%
Indemnity Retrocession	5%	Property Cat - Subsequent Event	4%	U.S. Nationwide	12%
Other Non-Property Catastrophe	5%	ILW - Aggregate	2%	Int'l Regional	6%
Retrocessional Hedging	1%	Property Cat - Aggregate	1%	Cash	0%
Cat Bond	1%	Cat Bond	1%		
Cash	0%	Cash	0%		

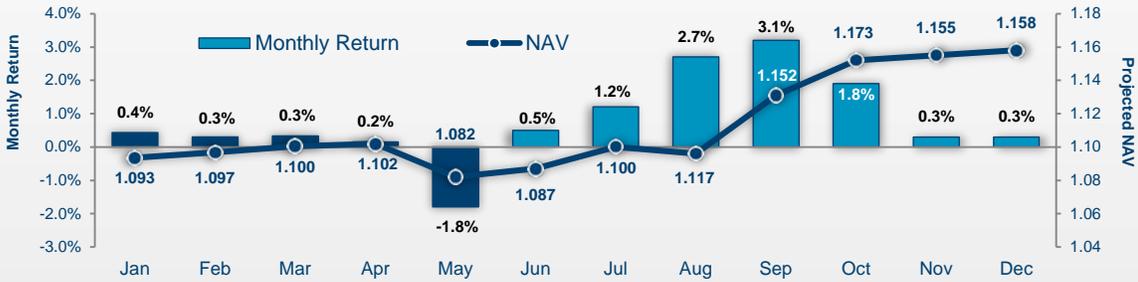
Recent Announcements

On 16 May 2016, the Company entered into a credit facility (the "2016 Credit Facility") with Endurance Investments Holdings Ltd. (the "Lender"), a wholly-owned subsidiary of Endurance Specialty Holdings Ltd., which holds indirectly 25.1% of the Company's issued ordinary shares and is the ultimate parent company of the Company's investment manager. The 2016 Credit Facility provides the Company with an unsecured US\$20.0 million revolving credit facility for working capital and general corporate purposes and expires on 30 September 2018. The 2016 Credit Facility replaces the 364-day US\$20.0 million revolving credit facility which expired on 13 May 2016. Borrowings under the 2016 Credit Facility bear interest, set at the time of the borrowing, at a rate equal to the applicable LIBOR rate plus 150 basis points.

The Company announced that at its Annual General Meeting of the Company held on 16 May 2016 all of the resolutions that were presented to shareholders were duly approved. Of the 199,108,914 shares outstanding, 78% were voted in favour of each of the proposals. No shares were voted against any of the proposals.

Blue Capital Global Reinsurance Fund Limited

2016 "Median Loss" NAV Projections ²



² The hypothetical projected net asset value growth and monthly return projections do not comprise a profit forecast and have been provided for illustrative and comparative purposes only and to demonstrate the impact of the accounting treatment of earning premiums. The projections are derived by reference to the collateral held and to the premiums payable under contracts written to date and take into account the modelled median cat loss. As such, the projections set out above should not in any way be construed as forecasting the Fund's actual net asset value growth or returns should the losses not occur. Absent loss events, NAV growth will vary from month to month depending on the underlying risk exposures and the associated premium earnings. For some risks (e.g. Earthquake), premiums are earned on a straight line basis throughout the contract term. For other risks (e.g. U.S. and European Windstorm), the level of risk – and therefore the rate at which premium is earned – varies throughout the year. Blue Capital anticipates that the majority of the Fund's capital will ultimately be exposed to U.S. wind events. Such premium is generally earned between July and November, with September representing the peak earnings month. Any losses will be recognized in the month in which they are incurred. The Projected NAV assumes future median modelled Cat losses.

Investor Contact



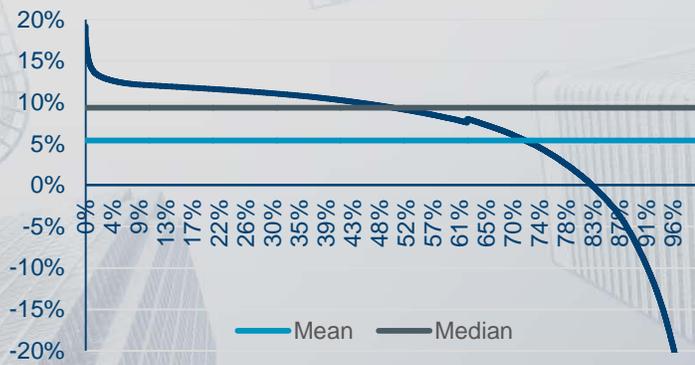
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Aggregate Net Return on NAV ³

Modelled Return Probability	
Mean or Greater	72%
Breakeven or Greater	82%
Loss Greater than > (5%)	12%
Loss Greater than > (10%)	9%
Loss Greater than > (15%)	6%
Loss Greater than > (25%)	2%
Loss Greater than > (35%)	1%



³ The in force portfolio return summary is provided for illustrative purposes only. The projections are derived by reference to the Fund's portfolio as at 1 June 2016 using AIR Worldwide ("AIR") Version 17.0 results extracted from CATM, Endurance's proprietary technology, and do not take into account actual costs, expenses or other factors which are not attributable to the portfolio. As such, the in force portfolio return summary should not in any way be construed as forecasting the Company's actual returns should no losses occur or otherwise. ² Net aggregate return distribution between a mean and median catastrophe year using AIR Version 17.0 results from CATM.



Blue Capital Global Reinsurance Fund Limited

Recent Events

Japan experienced a series of earthquakes and aftershocks beginning on 14 April 2016, in wide parts of the Kumamoto and Oita prefectures. During these events the U.S. Geological Survey estimated a magnitude of M7.0 earthquake which occurred on 16 April 2016. Reports indicate damage occurred to more than 3,900 residences and 120 non-residential across prefectures on Kyushu Island. Fires, landslides and liquefaction caused additional damage; while shaking caused significant damage to the transportation infrastructure.

The United States experienced severe hailstorms throughout the Southeast and the Plains, with the most significant reported damage in the San Antonio and Dallas areas of Texas between 10 - 12 April 2016. Hail stones were reported to be as large as 3-4 inches in diameter. The Insurance Council of Texas indicated that hail losses in San Antonio, USD1.36 billion so far, make it the costliest insured hail event in state history on a nominal basis.

Wildfire's began in the province of Alberta Canada 1 May 2016 in and around the city of Fort McMurray as a result of meteorological conditions. The fires spread rapidly through forest to neighborhoods and areas surrounding the city causing the evacuation of 88,000 residents. In total, the fire has covered nearly 600,000 acres and destroyed an estimated 2,400 structures.

Portfolio Commentary

"We are pleased to report strong portfolio execution and promising market dynamics following the June renewal period. Overall price reductions have begun to moderate and we have witnessed a market showing continued signs of nearing a bottom with risk adjusted pricing down only 2 per cent. when compared to last year. We believe the stabilizing pricing environment was influenced in part by technical pricing discipline, and a continuing trend of increasing demand for open market reinsurance limit replacing the Florida Hurricane Catastrophe Fund. Blue Capital was well positioned to take advantage of these market dynamics, constructing an attractive portfolio."

The Company's total investments after the June 2016 renewals grew by US\$4.9 million year over year, resulting in a total investment of US\$191.1 million in Blue Capital Global Reinsurance SA-1 (the "Master Fund").

The Master Fund has invested substantially all of its assets in: (i) preferred shares of Blue Water Re Ltd., (ii) Industry loss warranty ("ILW") derivatives and (iii) one catastrophe bond. The combined investments represent the deployment of US\$183.2 million across 92 different positions and 39 different clients generating US\$40.4 million of net insurance premium written and fixed ILW payments which is an increase of US\$6.13 million from the previous year. Current investments in portfolio retrocessional hedging total US\$4.6 million which is an increase of US\$2.9 million from the previous year. Growth in premium is directly attributable to the investment policy changes and portfolio construction adjustments made to the portfolio in response to changes in market conditions since the Company's initial public offering.

The Company is also able to report that the 31 May 2016 net asset value ("NAV") includes estimated losses related to the recent catastrophe events in Japan, the United States, and Canada reducing the portfolio projected return range for the year to 5-9% (see further below). Blue Capital continues its normal post-event procedures to estimate any loss to the Company, and continues to monitor these events for potential material impact to the Fund.

Blue Capital's loss estimates are largely derived from the utilization of proprietary catastrophe modeling, standard industry models, an in-depth review of in-force contracts and initial indications from clients and brokers. The actual losses from these events may ultimately differ materially from the initial estimated losses due to the nature of the risks assumed, the complexity of the assessment of damages and the limited number of reported claims received to date.

DISCLAIMER:

Important Information: This fact sheet has been prepared by Blue Capital as investment manager of the Fund, solely to provide additional information to the shareholders of the Fund as a whole and should not be relied on by any other party or for any other purpose.

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