



## Blue Capital Alternative Income Fund Limited (the “Company”) (Ticker: “BCAI”)

21 November 2017

### Discount Management Policy and Company Outlook

As previously announced, the Company’s Ordinary Shares traded at an average discount of more than 5 per cent. to the net asset value per Ordinary Share over the three month period ending on 31 August 2017. As result, in accordance with the discount management policy of the Company implemented at the inception of the Company, the Directors considered various options available to it, including offering the Shareholders the opportunity to tender shares (the “Discount Tender Offer”).

The Board, having received views from certain major shareholders and in light of the expected improvement in market conditions, does not believe it is the right time to reduce the capital base of the Company. The Board also believes that a reduction in the scale of the Company will further reduce the liquidity of the Ordinary Shares and result in the Company’s fixed costs being borne by a smaller net asset base. The Board has therefore decided not to implement a Discount Tender Offer at this time.

The Chairman stated, “The negative financial impact to the insurance industry from the third quarter catastrophe events is estimated to collectively be above \$100 billion. Looking forward, we think it is prudent to retain our full capacity as we expect market pricing to improve during upcoming renewals and we will position the Company appropriately in recognition of changing market conditions.”

The Board continues to consider strategic opportunities available to the Company, including options for increasing the attractiveness of the Company to investors.

### Company Outlook<sup>1</sup>

The Company today also announces its projections for 2018 as follows:

Loss Scenario	Return
Mean	10.0%
Median	15.0%

The Company (through its investment in the Master Fund) does not expect to pay a Performance Fee for 2017 or 2018.

<sup>1</sup> The projections are based on the planned 2018 portfolio and assume loss affected ceded and quota share agreements will benefit from rate increases ranging from estimates of 15 to 25 per cent in 2018 with other agreements expected to benefit from an estimated rate increase of 2.5 per cent. in 2018 (in each case compared to 2017 and net of expenses). The Projections also reflect the collateral expected to be available for redeployment during 2018 taking into account loss events in 2017 and associated buffer loss provisions. The estimated 2018 projected net asset value (“NAV”) return projections do not comprise a profit forecast and have been provided for illustrative and comparative purposes only. The projections are derived by reference to the collateral held, the contracts written to date and take into account the modelled mean and median catastrophe losses. As such, the projections set out above should not in any way be construed as forecasting the Company’s actual NAV growth or returns should the losses not occur. Past performance cannot be relied on as a guide to future performance.

For more information about the Company, including access to the Company's monthly Fact Sheets and Investor Presentations, please visit our website at [www.bcai.bm](http://www.bcai.bm).

### **Important notices and disclaimers**

The decision not to implement a Discount Tender Offer constitutes Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.

This announcement is for general information only and does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or exchange or subscribe for, any securities.

This announcement may include "forward-looking statements". All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, strategy, plans, proposed acquisitions and objectives are forward-looking statements. Forward-looking statements are subject to risks and uncertainties and accordingly the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These forward-looking statements speak only as at the date of this announcement. The Company, Blue Capital Management Ltd. and Stifel Nicolaus Europe Limited expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the Prospectus Rules of the Financial Conduct Authority or other applicable laws, regulations or rules.

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