

Catlin Group

Daniel Gladiš, Director of Vltava Fund

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Why I like Catlin

- Relatively simple and understandable business
- Managed by its founder
- Clearly defined financial goals
- Strong historical track record
- Significant value creation for shareholders
- Attractively valued

Business

- International specialty property/casualty insurer and reinsurer
- Founded in 1984
- IPO in 2004
- Managed by Stephen Catlin (owns 2%)

Underwriting

Insurance

Aerospace

Casualty

Energy

Marine

Property

Specialty

War and political risk

Reinsurance

Agriculture

Bespoke

Casualty

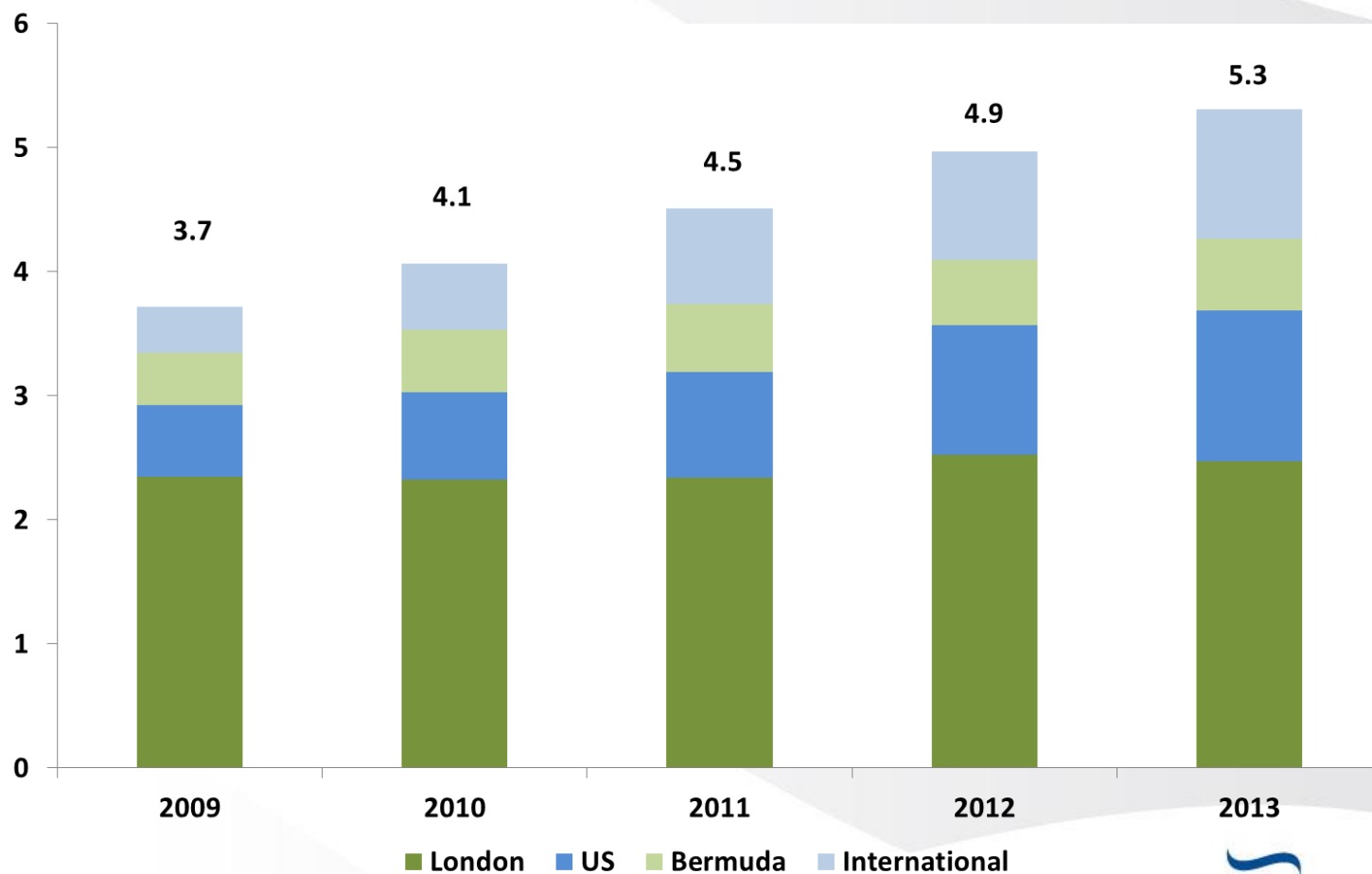
Marine and aviation

Property

Specialty

Six underwriting hubs

Gross premiums written, USD billion



VLTAVA FUND

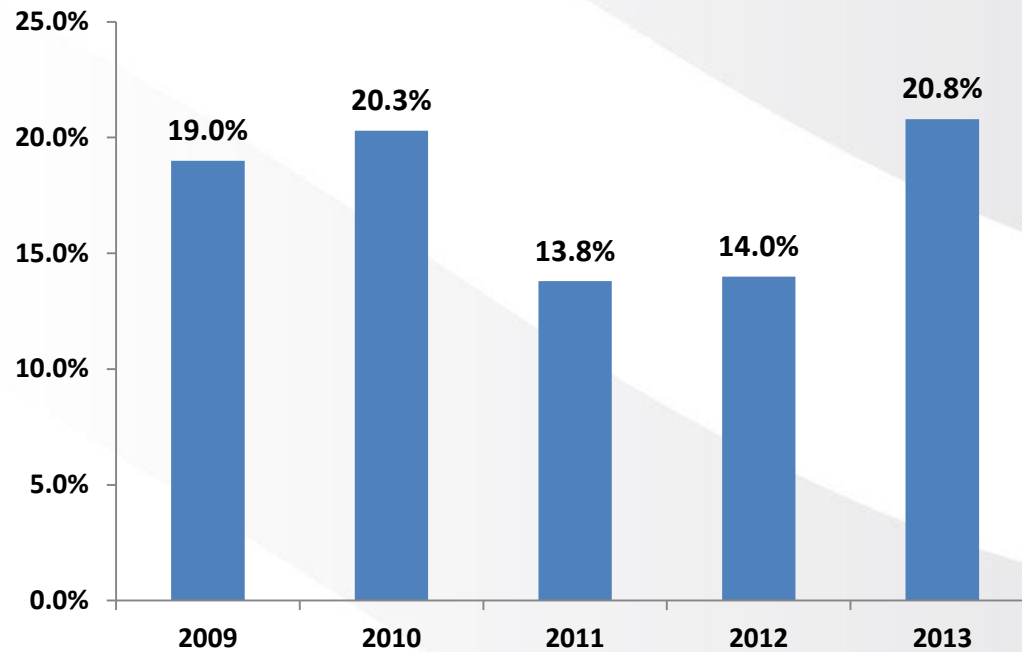
Underwriting results

		2009	2010	2011	2012	2013
Net underwriting contribution	USD mil	651	683	324	788	1,003
Loss ratio	%	57.6	57.5	70.0	56.0	52.3
Attritional loss ratio	%	53.7	51.6	50.0	50.6	50.1
Combined ratio	%	89.1	89.8	102.6	90.0	85.6
Gross premiums written	USD mil	3,715	4,069	4,513	4,972	5,309
Net premiums earned	USD mil	2,918	3,219	3,612	3,604	3,948

Reserve releases

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Release as % of opening reserves	5	8	1	5	4	3	3	2	3	3

Capital buffer



Catastrophe threat scenarios

	Florida (Miami) windstorm	California earthquake	Gulf of Mexico windstorm	European windstorm	Japanese earthquake
Modelled net loss as % of available capital	14	14	8	17	11
Estimated industry loss (USD billion)	125	78	112	31	51

Investing

		2009	2010	2011	2012	2013
Total cash and investment	USD mil	7,693	8,021	8,388	8,774	9,217
Stockholders' equity	USD mil	3,278	3,448	3,298	3,512	3,783
Investment leverage		2.35	2.33	2.54	2.50	2.44
Investment per share	GBP	11.12	12.61	12.85	12.85	13.10
Net investment return	USD mil	414	205	248	158	124
Net investment return	%	5.5	2.6	3.0	1.8	1.4

Asset allocation

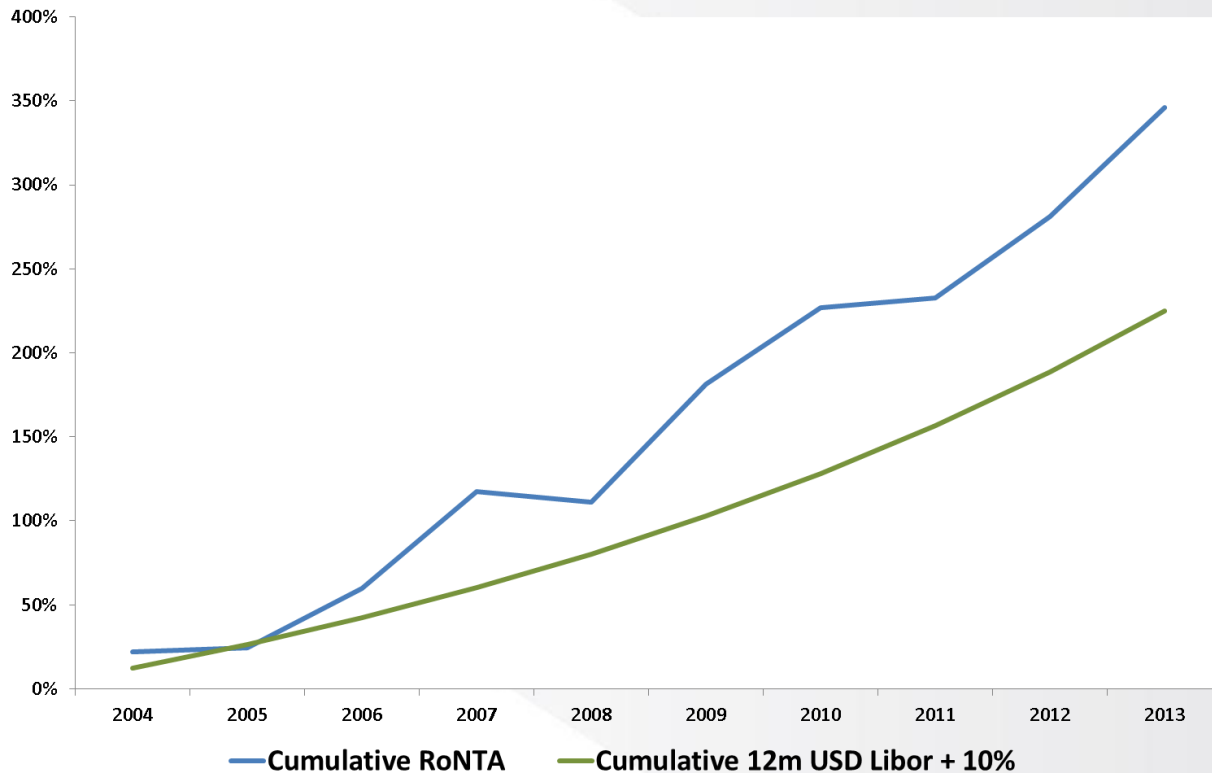
Detailed asset allocation	2013	2012
Fixed income investments		
US government and agency securities	6%	9%
Non-US government and agency securities	18%	17%
Agency mortgage-backed securities	6%	9%
Asset-backed securities	11%	8%
Covered bonds	6%	5%
Corporate bonds	17%	15%
Commercial mortgage-backed securities	1%	1%
Non-agency mortgage-backed securities	1%	0%
	66%	64%
Cash and short-term investments	27%	30%
Other invested assets	7%	6%
Total	100%	100%



Clearly defined financial goals

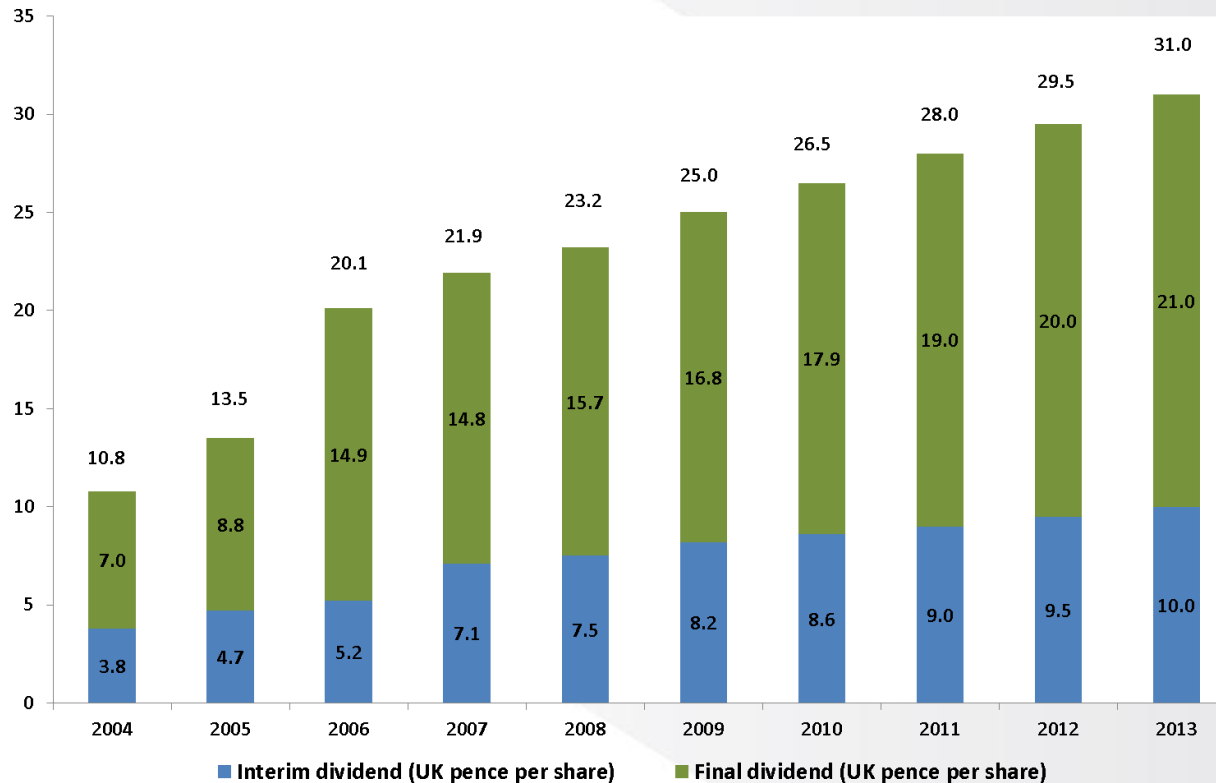
- Long-term progress measured by growth in book value per share
- Long-term goal is 12-month USD Libor + 10%

History since IPO



Average Catlin RoNTA during period:	16.8%
Average Catlin ROE during period:	13.2%
Average risk-free rate + 10%:	12.5%

Capital deployment



- Dividends since 2004: USD 1.2 billion
- Possible dividends 2014–2023: USD 2.5 billion
- Current market cap: USD 2.9 billion

Valuation @ GBP 515p

■ PE	8
■ PB	0.9
■ PTB	1.1
■ DY	6.1%

Further points of importance

- What is the source of a competitive advantage (if any)?
- Alternative capital threat
- Low investment returns

Closing summary

- Well run straightforward business
- Low correlation with the economic cycle
- Leveraged to higher interest rates
- Cheap



Disclaimer

Our estimates and projections concerning the future can and probably will be incorrect. You should not rely upon them solely but use also your own best judgment in making your investment decisions.

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Contact

Vltava Fund SICAV, Plc

TG Complex
Suite 2, Level 3,
Brewery Street
Mriehel BKR 3000
Malta

E-mail: daniel.gladis@vltavafund.com

www.vltavafund.com