

This document comprises a supplementary prospectus prepared in accordance with the Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000 ("FSMA") (the "**Supplementary Prospectus**"). This Supplementary Prospectus has been filed with the Financial Conduct Authority (the "FCA") and has been made available to the public in accordance with section 3.2 of the Prospectus Rules. This Supplementary Prospectus is supplemental to and must be read in conjunction with the prospectus published by Blue Capital Global Reinsurance Fund Limited (the "**Company**") on 16 April 2013 (the "**Prospectus**"), the supplement to the Prospectus published by the Company on 1 August 2013 (the "**First Supplementary Prospectus**"), the second supplement to the Prospectus published by the Company on 30 August 2013 (the "**Second Supplementary Prospectus**") and the third supplement to the Prospectus published by the Company on 7 October 2013 (the "**Third Supplementary Prospectus**").

The Company and the Directors of the Company, whose names appear on page 6 of this document, accept responsibility for the information contained in this Supplementary Prospectus, and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus is, to the best of its and their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplementary Prospectus includes particulars given in compliance with the Prospectus Rules of the UK Listing Authority for the purpose of giving information with regard to the Company. The information contained in this Supplementary Prospectus should be read in the context of, and together with, the information contained in the Original Prospectus.

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

(Incorporated and registered as an exempted mutual fund company in Bermuda with registration number 46969)

Placing Programme of up to 250 million New Shares

Investment Manager

Blue Capital Management Ltd.

Financial Adviser and Bookrunner

Jefferies

Jefferies is authorised and regulated in the United Kingdom by the FCA, and is acting exclusively for the Company and is not advising any other person or treating any other person as their respective customers in relation to the Placing Programme or the matters referred to in this Supplementary Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for affording advice in relation to the Placing Programme. Apart from the responsibilities and liabilities, if any, which may be imposed on Jefferies by FSMA or the regulatory regime established thereunder, Jefferies accepts no responsibility whatsoever for the contents of this Supplementary Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company or the New Shares. Jefferies accordingly disclaims all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Supplementary Prospectus or any such statement.

The Bermuda Stock Exchange takes no responsibility for the contents of this Supplementary Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Supplementary Prospectus.

The Bermuda Monetary Authority, the Registrar of Companies in Bermuda and the Minister of Finance of Bermuda accept no responsibility for the financial information or for the accuracy of any statements made or opinions expressed in this Supplementary Prospectus. This Supplementary Prospectus will be filed with the Registrar of Companies in Bermuda pursuant to Part III of the Companies Act 1981 of Bermuda. In accepting this document for filing, the Registrar of Companies in Bermuda shall not be liable for the financial soundness or performance of the Company's business or for the correctness of any opinions or statements expressed in this Supplementary Prospectus.

The distribution of this Supplementary Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Jefferies that would permit an offer of the New Shares or possession or distribution of this Supplementary Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Supplementary Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

23 December 2013

1. **SIGNIFICANT NEW INFORMATION**

This document constitutes a Supplementary Prospectus required under Prospectus Rules 3.4.1 and 3.4.2 and is supplemental to, and should be read in conjunction with, the Prospectus, the First Supplementary Prospectus, the Second Supplementary Prospectus and the Third Supplementary Prospectus.

This Supplementary Prospectus is being published as the Company and the Master Fund have each adopted a revised investment policy (the "**Revised Investment Policy**"). The Revised Investment Policy was adopted with immediate effect following its approval by Shareholders at a special general meeting held on 23 December 2013. The Revised Investment Policy is a significant new factor and this Supplementary Prospectus contains details of that significant new factor.

Words and phrases defined in the Original Prospectus shall have the same meaning in this Supplementary Prospectus unless otherwise defined herein.

2. **SUMMARY**

In accordance with PR 3.4.2, the summary contained in the Original Prospectus is supplemented as follows:

| | | | |
|------|--|-------------------|---|
| B.39 | The following information relates to the Master Fund. It has been included here as the Company invests (and is expected to continue to invest) in excess of 40 per cent. of its gross assets in the Master Fund and is required to briefly explain the exposure, the identity of the Master Fund and to provide such information as would be required in a summary note by the Master Fund. | | |
| | B.34 | Investment Policy | <p>The Master Fund has adopted the following investment restrictions which apply at the time of investment:</p> <ul style="list-style-type: none"> • The maximum net aggregate exposure (i.e. the sum of all collateral invested less reinsurance recoverable) in any one zone will not exceed 35 per cent. of the Master Fund's Net Asset Value. For these purposes, a zone is defined by a combination of geographical regions (as outlined above), peril and occurrence. Examples of individual zones include, but are not limited to: USA Florida Windstorm 1st event; USA Florida Windstorm 2nd event; UK and Ireland Windstorm 1st event; UK and Ireland Windstorm 2nd event; USA California Earthquake 1st event; Japan Earthquake 1st event; and USA Midwest Aggregate. • The net probable maximum loss (i.e. net of (a) reinsurance recoverable, (b) net unearned premiums on loss impacted contracts and (c) any reinstatement premiums receivable) from any one catastrophe loss event at the one in one hundred year return period will not exceed 25 per cent. of the Master Fund's Net Asset Value. • The net probable maximum loss (i.e. net of (a) reinsurance recoverable, (b) net unearned |

| | | | |
|--|--|--|--|
| | | | <p>premiums on loss impacted contracts and (c) any reinstatement premiums receivable) from any one earthquake loss event at the one in two hundred and fifty year return period will not exceed 25 per cent. of the Master Fund's Net Asset Value.</p> <ul style="list-style-type: none"> • No more than 20 per cent. of the Master Fund's Net Asset Value will be invested in any one catastrophe linked contract or security. • The Master Fund will not invest in contracts or securities with a premium of less than 5 per cent. of the limit exposed to a single event. |
|--|--|--|--|

3. THE REVISED INVESTMENT POLICY

In accordance with PR 3.4.1, information in relation to the Revised Investment Policy constitutes significant new information arising during the period that the Placing Programme is open. The following information replaces the text under the heading "Investment Policy" on pages 49 to 51 of the Original Prospectus in its entirety.

"INVESTMENT POLICY

The Company

The Company seeks to achieve its investment objective by investing all of its assets (other than cash or near cash pending distribution to Shareholders or investment in the Master Fund and any funds required for short-term working capital purposes) in the Master Fund. The Master Fund invests in a diversified portfolio of fully collateralised reinsurance-linked contracts and other investments carrying exposures to insured catastrophe event risks.

The Company's published investment policy is consistent with that of the Master Fund which is set out below. The Master Fund SAC has agreed pursuant to the Control Agreement that it will not amend the Master Fund's investment policy without the consent of the Company.

The Company may not borrow for investment purposes however borrowings may be used for the purposes of funding repurchases of Ordinary Shares or managing other working capital requirements. In each of these circumstances, the Company is limited to borrowing an amount equivalent to a maximum of 20 per cent. of its Net Asset Value, at the time of draw down.

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. Any material change to the investment policy of the Company will be made only with the approval of Shareholders.

The Master Fund

The investment objective of the Master Fund is to generate attractive returns by investing in a diversified portfolio of fully collateralised reinsurance-linked contracts and other investments carrying exposures to insured catastrophe event risks.

The Master Fund predominantly invests in fully collateralised reinsurance-linked contracts through preference shares issued by the Reinsurer which in turn writes the reinsurance contracts with the ceding companies.

The Master Fund's investment in other reinsurance-linked investments carrying exposure to insured catastrophe event risks such as Industry Loss Warranties, Cat Bonds and other Insurance-Linked Instruments may be made directly by the Master Fund or indirectly via the Reinsurer.

In order to ensure that the Master Fund has a spread of investment risk, the Master Fund has adopted the following investment restrictions:

- The portfolio will be diversified geographically with an emphasis on the 20 regions set out below:

| <i>North American Regions</i> | <i>European Regions</i> | <i>Rest of World Regions</i> |
|-------------------------------|--------------------------|------------------------------|
| USA, Northeast | UK and Ireland | Middle East |
| USA, Mid-Atlantic | Northern Europe, Benelux | Australia |
| USA, Florida | and Scandinavia | New Zealand |
| USA, Gulf | Western Europe (France, | Japan |
| USA, New Madrid | Germany, Switzerland and | South America |
| USA, Midwest | Austria) | |
| USA, California | Southern Europe | |
| USA, Hawaii | Eastern Europe | |
| Canada, Eastern | | |
| Canada, Western | | |

- The maximum net aggregate exposure (i.e. the sum of all collateral invested less reinsurance recoverable) in any one zone will not exceed 35 per cent. of the Master Fund's Net Asset Value. For these purposes, a zone is defined by a combination of geographical regions (as outlined above), peril and occurrence. Examples of individual zones include, but are not limited to: USA Florida Windstorm 1st event; USA Florida Windstorm 2nd event; UK and Ireland Windstorm 1st event; UK and Ireland Windstorm 2nd event; USA California Earthquake 1st event; Japan Earthquake 1st event; and USA Midwest Aggregate.
- The net probable maximum loss (i.e. net of (a) reinsurance recoverable, (b) net unearned premiums on loss impacted contracts and (c) any reinstatement premiums receivable) from any one catastrophe loss event at the one in one hundred year return period will not exceed 25 per cent. of the Master Fund's Net Asset Value.
- The net probable maximum loss (i.e. net of (a) reinsurance recoverable, (b) net unearned premiums on loss impacted contracts and (c) any reinstatement premiums receivable) from any one earthquake loss event at the one in two hundred and fifty year return period will not exceed 25 per cent. of the Master Fund's Net Asset Value.
- No more than 20 per cent. of the Master Fund's Net Asset Value will be invested in any one catastrophe linked contract or security.
- The Master Fund will not invest in contracts or securities with a premium of less than 5 per cent. of the limit exposed to a single event.

The investment restrictions above apply in respect of any new investment at the time of investment, using the information available to the Investment Manager at that time. This will include information on the existing portfolio contract limits and modelled loss

exposures by zone, as well as estimations of the potential impact on the portfolio limits and modelled loss exposures from unquantified external factors.

These factors include industry loss events that have the potential to cause loss to the Master Fund's portfolio, and changes in methodology for calculating modelled losses. Based on the information available to the Investment Manager at the time, if a new investment being considered would cause an investment restriction to be breached, or if an investment restriction relevant to that new investment opportunity is already in breach, then that new investment shall not be made. The existence of investment restriction breaches does not preclude the Master Fund from making any new investments, it only restricts it from making new investments that would result in a new breach or exacerbate existing breaches of investment restrictions.

The Master Fund may, from time to time, purchase retrocessional protection directly or indirectly via the Reinsurer, to hedge against the impact of catastrophe events on the portfolio. The Master Fund may (but is not obliged to) undertake currency hedging for exposures in non-US Dollar currencies.

The Master Fund may, via the Reinsurer, enter into fronting arrangements with highly rated, sophisticated participants, or otherwise well capitalised insurance companies that pass the Reinsurance Manager's detailed credit review process, including Montpelier Re, under which such party will agree to enter into certain reinsurance contracts that are to be underwritten by the Reinsurer and such party will transfer all risks and premiums under such contracts to the Reinsurer via a collateralised retrocessional reinsurance contract. A fronting fee will be deducted from premiums paid to the Reinsurer, which will be calculated on an arm's length basis and will be limited to five per cent. of any premium paid. The purpose of such fronting arrangement is to permit the Master Fund to access attractive catastrophe reinsurance opportunities with counterparties who prefer to transact such business with a rated reinsurance company. Where it is proposed that Montpelier Re acts as fronting reinsurer, the Investment Manager has established procedures to deal with any potential conflicts of interest that may arise. Any such fronting services would only be supplied with the approval of the Directors, all of whom are independent of Montpelier Re. For the avoidance of doubt, the Master Fund may enter into Quota Share Agreements with rated reinsurers, including Montpelier Re. If transacted with Montpelier Re, the terms of the quota share agreement will be at arm's length and approved in advance by the Directors.

The Master Fund may not borrow for investment purposes. Borrowings may however be used for the purposes of working capital requirements. In such circumstances, the Master Fund is limited to borrowing an amount equivalent to a maximum of 10 per cent. of its Net Asset Value, at the time of draw down.

4. **DEFINITIONS**

The following definition should be inserted into the Definitions section of the Original Prospectus:

"Quota Share Agreement" a form of reinsurance in which a ceding insurer cedes an agreed percentage of every risk it insures falling within certain agreed classes of business, subject to a reinsurance treaty.

5. **DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of this Supplementary Prospectus will be available (subject to applicable law) on the Company's website at www.bluecapital.bm and for collection, free of charge during normal business hours, from the offices of Hogan Lovells International LLP, Atlantic

House, Holborn Viaduct, London, EC1A 2FG and at the registered office of the Company until 15 April 2014 or the earlier termination of the Placing Programme.

6. **RESPONSIBILITY**

The Directors, whose names appear below, and the Company accept responsibility for the information contained in this Supplementary Prospectus. To the best knowledge of the Directors and the Company (who have all taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Directors:

John Weale (Chairman)
Gregory D. Haycock
Neil W. McConachie

7. **GENERAL**

To the extent that there is any inconsistency between any statement in or incorporated by reference in this document and any other statement in or incorporated by reference in the Prospectus, the First Supplementary Prospectus, the Second Supplementary Prospectus or the Third Supplementary Prospectus, the statements in or incorporated by reference in this document will prevail.

Save as disclosed in the First Supplementary Prospectus, the Second Supplementary Prospectus, the Third Supplementary Prospectus and this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

This Supplementary Prospectus is dated 23 December 2013.