

Exit Conduit Holdings: Competition of capital allows reallocation¹

Company:	Conduit Holdings (CRE)	Market Cap:	\$735m (340p)
Industry:	Reinsurance	TNAV (H1 2025):	\$1bn (450p)
Country:	Worldwide, US	Revenue (2024):	\$814m
Exit Date:	16 th October 2025	Net profit (2024):	\$126m
Dividend:	\$60m (8.8%)	Solvency ratio (2024):	255%
Entry:	\$628m (291p)	Exit:	\$740m or 343p (+18%)

Why exit Conduit Holdings?

- Competition of capital suggests larger upside elsewhere
- Discount to TNAV narrowed to 26%
- Other reinsurers faced a negative market reaction despite record results amidst fear of excess capital in the market and resulting pressure on pricing

Next year's pricing uncertainty can justify capital reallocation

A +18% return in around one month has revalued Conduit Holdings closer towards TNAV. Although the discount to TNAV is still deep at 26%, I decided to use the capital for opportunities that demonstrate higher upside from here. The catastrophe bond market yields have slid by around 2.3% since early August (from 11% to 8.7%)², which suggests that the January reinsurance pricing could fall quite drastically. The insurance risk spread is in fact the lowest it's been since 2018³. Therefore, it could pay dividends to wait and see how the January pricing evolves.

¹ all assumptions and observations are based on internal modelling and data analysis

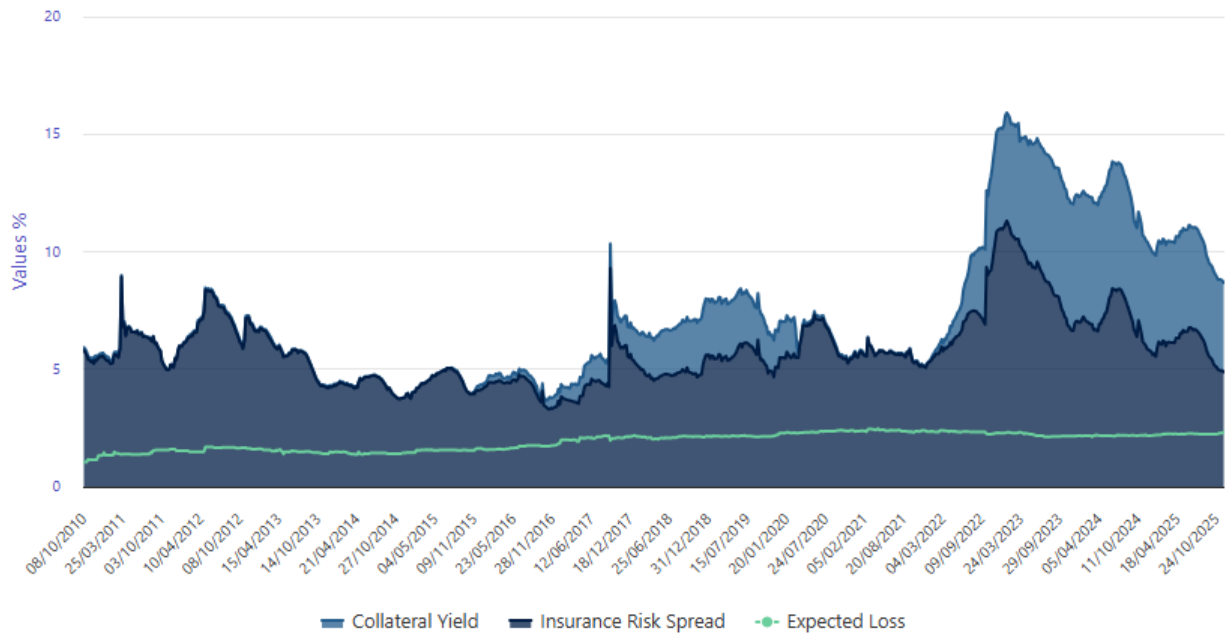
² <https://www.artemis.bm/catastrophe-bond-market-yield/>

³ <https://www.artemis.bm/catastrophe-bond-market-yield/>

Catastrophe Bond Market Yield (USD)



Click and drag in the plot area to zoom in



Source: www.Artemis.bm

Source: <https://www.artemis.bm/catastrophe-bond-market-yield/>



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