Annual Report 2019

CATCo®

Reinsurance Opportunities Fund Ltd.

CATCo REINSURANCE OPPORTUNITIES FUND LTD.

ANNUAL REPORT 2019

FOR THE 12 MONTH PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your accountant, legal or professional adviser, financial adviser or a person authorised under the Financial Services and Markets Act 2000, as amended, if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Shares in CATCo Reinsurance Opportunities Fund Ltd., please forward this document immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Unless otherwise stated, all amounts included in this Annual Report are in U.S. dollars.

CHAIRMAN'S STATEMENT

The Company's investment in the 2019 portfolio held by the Master Fund achieved a return of c. 4.3 per cent on the underwriting year ended 31 December 2019.

Furthermore, over $100m of capital was returned to Shareholders during the year with additional payments anticipated during the first half of 2020.

Following two consecutive years of severe catastrophic activity, 2019 proved to be another active year with Hurricane Dorian, Typhoon Faxai, Typhoon Hagibis and the Australia bushfires being the year's most significant events.

The reinsurance industry continued to witness loss creep across a number of prior year events. The most extensive loss creep has been in relation to Hurricane Irma and Typhoon Jebi, which has impacted the Company's Side Pocket Investments held in relation to 2017 and 2018, respectively.

SIDE POCKET INVESTMENTS ("SPIs")

In addition to the existing SPIs held throughout the year in relation to 2016-2018 catastrophe events, the Company now holds SPIs relating to the 2019 underwriting year. As at 31 December 2019, the SPIs in total represent c. 93.74 per cent of Ordinary Share Net Asset Value ("NAV") (2018: 62.10 per cent) and c. 91.51 per cent of C Share NAV (2018: 46.76 per cent). The SPIs in relation to 2016 to 2019 are as follows (in each case, as at 31 December 2019):

2016 SPIs, established for the Fort McMurray wildfire, Jubilee oil field, Hurricane Matthew and the South Island earthquake in New Zealand, amount to c. 11.30 per cent of the Company's Ordinary Share NAV (31 December 2018: c. 7.53 per cent of Ordinary Share NAV).

2017 SPIs, principally relating to Hurricanes Harvey, Irma and Maria and the 2017 California wildfires, amount to c. 30.02 per cent of the Company's Ordinary Share NAV (31 December 2018: c 31.49 per cent of Ordinary Share NAV).

2018 SPIs, principally relating to, inter alia, Hurricanes Michael and Florence, Typhoon Jebi and the 2018 California wildfires, amount to c. 26.40 per cent of the Ordinary Share NAV (31 December 2018: 21.1 per cent) and c. 52.83 per cent of the C Share NAV (31 December 2018: 46.76 per cent).

2019 SPIs relating to Hurricane Dorian, Typhoons Faxai and Hagibis and the Australian bushfires, amount to c. 26.02 per cent of the Ordinary Share NAV and c. 38.68 per cent of the C Share NAV.

On 30 January 2020, the Company announced its decision to consent to a partial waiver of 50 per cent (one-half) of the management fee paid by Markel CATCo Reinsurance Fund Ltd to the Investment Manager in respect of SPIs, being exposed to SPIs by way of its holding of certain classes of share in the Master Fund (2018: 33.334% (one-third)). The reduction resulting from the waiver will have effect from 1 January 2020 until 31 December 2020, but is subject to possible extension by the Investment Manager and Markel CATCo Diversified Fund (the "Master Fund").

SHAREHOLDER DISTRIBUTIONS

In February 2019, dividends of $0.0265 per Ordinary Share and $0.0445 per C Share were paid to Shareholders with respect to fiscal year 2018. In November 2019, a further dividend distribution was made to Shareholders with dividends paid of $0.0127 per Ordinary Share and $0.0262 per C Share.

As noted in the section "Run-Off" below, the Company has requested the redemption of all of its holding in the Master Fund, and consequently has distributed the net redemption proceeds received to date by way of a tender offer which was settled on 23 September 2019, and a programme of share buybacks between 24 October 2019 and 27 December 2019, both of which were conducted following the approval of the Ordinary Shareholders and C Shareholders granted on 6 September 2019.

Under the tender offer, as announced by the Company on 6 September 2019, the Company accepted to purchase 76,490,478 Ordinary Shares at the strike price of 20 cents per Ordinary Share (a total consideration of $15.3m), and 90,322,577 C Shares at the strike price of 31 cents per C Share (a total consideration of $28.0m), and subsequently cancelled these Shares.

Under the share buyback programme, 9,364,092 Ordinary Shares and 17,632,810 C shares were repurchased by the Company for an aggregate consideration of $1.9m and $5.9m respectively and subsequently cancelled.

The Company intends to distribute all further net redemption proceeds received (after payment of any costs and making provision for working requirements). The method, timing and amount of each distribution will be at the Board's discretion. However, the Shareholder Circular dated 13 March sets out proposals which if approved by Shareholders, will permit the Company to carry out compulsory redemptions of its Ordinary and C Shares.

The Company has successfully returned over $100m of capital to Shareholders during 2019 as highlighted in the table below.

Form of Return	Payment Date/ Period	Ordinary Share Class ($m)	C Share Class ($m)	Total ($m)
Dividend	25 February 2019	10.4	24.3	34.7
Tender Offer	23 September 2019	15.3	28.0	43.3
Interim Dividend	1 November 2019	4.0	11.9	15.9
Share Buyback	Oct to Dec 2019	1.9	5.8	7.7
Total Capital Return		**31.6**	**70.0**	**101.6**

EVENTS AT THE INVESTMENT MANAGER

On 6 December 2018, Markel Corporation reported that the U.S. Department of Justice, U.S. Securities and Exchange Commission and Bermuda Monetary Authority (collectively, the "Governmental Authorities") are conducting inquiries (the "Markel CATCo Inquiries") into loss reserves recorded in late 2017 and early 2018 at the Investment Manager and its subsidiaries (collectively, "Markel CATCo"). These inquiries are limited to Markel CATCo and do not involve Markel Corporation or its other subsidiaries.

Markel Corporation previously disclosed that it had retained outside counsel to conduct an internal review of Markel CATCo's loss reserving in late 2017 and early 2018. The internal review was completed in April 2019 and found no evidence that Markel CATCo personnel acted in bad faith in exercising business judgment in the setting of reserves and making related disclosures during late 2017 and early 2018. Markel Corporation's outside counsel has met with the Governmental Authorities and reported the findings from the internal review. The Markel CATCo Inquiries have not yet concluded and Markel Corporation and the Investment Manager continue to fully co-operate with the Governmental Authorities. Markel Corporation cannot currently predict the duration, scope or result of the Markel CATCo Inquiries. On 18 January 2019, Anthony Belisle and Alissa Fredricks ceased to be engaged by the Investment Manager and were replaced by Jed Rhoads, President and Chief Underwriting Officer, Markel Global Reinsurance and Andrew Barnard, Senior Managing Director, Head of International Property Catastrophe and Retro Reinsurance at Markel Global Reinsurance.

RUN-OFF

Following a shareholder consultation in February 2019, the Board sought the approval of Shareholders to put the Company's portfolios into an orderly run-off (the "Run-Off"), which approval was given on 26 March 2019.

Markel CATCo Reinsurance Fund Ltd. (the "Master Fund SAC") granted a special redemption right to all shareholders in the Markel CATCo Diversified Fund (the "Master Fund"), exercisable by 29 March 2019, which allowed the shareholders to redeem all or part of their shares in the Master Fund as of 30 June 2019.

The Company therefore elected to redeem 100 per cent of its shares in the Master Fund SAC attributable to the Master Fund (the "Master Fund Shares") as of 30 June 2019 (the "Special Redemption"), as approved by the Ordinary Shareholders and C Shareholders on 26 March 2019.

The Investment Manager announced on 25 July 2019 that it would cease accepting new investments in the Master Fund SAC and would not write any new business going forward through Markel CATCo Re Ltd. (the "Reinsurer"). The Investment Manager has commenced the orderly run-off of the Reinsurer's existing portfolio, which is expected to take approximately three years from 1 January 2020. As part of this run-off, the Master Fund is returning capital to its investors, including the Company. The Company has distributed the net proceeds (less costs, reserves and working capital) of the Special Redemption received to date to Shareholders.

As noted in the section "Shareholder Distributions" above, any return to Shareholders of further proceeds of the Special Redemption will be in such manner and at such time as the Directors determine. Shareholders are referred to the Shareholder Circular dated 13 March 2020 for details of the Board's proposals in this regard. In these circumstances, the Company will not continue to pay an annual dividend, and no continuation votes will be held while the Run-Offs continue.

The Directors have concluded that the Company will not raise further capital in any circumstances, and so the Company is being wound down by means of a managed process leading to liquidation in due course. The only further business, therefore, that will be undertaken is that necessary to complete the run-off of each of the Company's portfolios.

The Directors remain of the view that it is currently in the best interests of the Company for the Investment Manager to continue to manage the run-offs, rather than to commence a formal members' voluntary liquidation. The Directors will keep this approach under review and currently anticipate that they will not look to put the Company into member's voluntary liquidation until the run-offs are substantially completed.

At such time, a circular will be delivered to Shareholders to convene a further meeting at which the Shareholders will be asked to approve the liquidation. The return of capital to Shareholders which is to take place as and when the disposal of each of the Company's portfolios occurs is part of this managed wind-down process, and such return of capital will, in due course, be completed via the liquidation process.

BOARD CHANGES

On 4 December 2019, Alastair Barbour retired as a Director and Chairman of the Audit Committee. I would like, on behalf of the Board, to extend my sincere thanks to Alastair, who has, since his appointment as a Director in 2011, provided consistent support and sound advice to the Board and Investment Manager.

I am pleased to confirm that the Board have appointed Arthur Jones as a non-executive Director and Chairman of the Audit Committee with effect from 4 December 2019. Arthur is a Chartered Accountant with 35 years' experience in the financial services industry. He is currently Chief Financial Officer of the Consolidated Group of Companies which provides corporate and accounting services to clients in, amongst others, the insurance and investment fund industries. He has been with the Consolidated Group of Companies since 1987. From 2005 to 2018, Arthur served on the Boards of Directors of a number of Bermuda-incorporated hedge and long-only equity funds managed by Martin Currie Group. He is a Bermuda resident. The Board believes that Arthur has the qualifications and experience necessary to enable him to perform the role of Audit Committee Chairman, and is pleased to welcome him onto the Board.

CLOSING REMARKS

I would like to reassure Shareholders that, while it is not straightforward to estimate the timing and amount of capital to be released, the Investment Manager remains fully committed to working with its cedents and the Bermuda Monetary Authority ("BMA") in order to secure the release of capital to investors as soon as practicable. Distributions of capital by the Company are contingent on the required regulatory approvals being received from the BMA in relation to capital releases between the Reinsurer and the Master Fund SAC.

The Board of Directors is engaged in regular contact with the Investment Manager regarding the Run-Off process and has received assurances from the owner of the Investment Manager, Markel Corporation, that adequate resources will remain in place until the conclusion of the Run-Off.

An augmented management team is now in place at the Investment Manager. Consequently the Directors believe the Investment Manager remains the best-placed organisation to manage the Run-Off.

The Directors will closely monitor the implementation of the Run-Offs and the return of capital to Shareholders to ensure that the Investment Manager remains committed to, and focused upon, the orderly management of the Run-Off, and that it continues to dedicate sufficient resources to support that process.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

INVESTMENT MANAGER'S REVIEW

The Company's 2019 investment portfolio was impacted by comparatively lower levels of catastrophic activity following two consecutive years of severe natural catastrophic events, but was nonetheless exposed to significant losses, primarily from Japanese Typhoons Faxai and Hagibis. The higher premiums achieved during the 1 January 2019 renewals helped to offset some of these losses, resulting in the 2019 investment portfolio generating an estimated return of c. 4.3 per cent on capital invested in the Master Fund.

Meanwhile, the 2017 and 2018 portfolio investments experienced some deterioration during 2019, primarily in the first half of the year as previously announced by the Company in its Portfolio Update on 3 June 2019. The second half of the year generally witnessed a stabilizing of losses relating to the prior year investment portfolios, notwithstanding one further adjustment to the Ordinary Share NAV during December 2019, driven by further claim settlements in relation to 2017 events.

2019 LOSS EVENTS

Global insured losses during 2019 are estimated to be $52bn[1], which is in line with the long-term average, compared to 2017 and 2018, which represented the first- and fourth-costliest years on record, resulting in over $140bn[1] and $80bn[1] of insured losses respectively.

While 2019 experienced significantly lower insured losses compared to 2017 and 2018, a similar confluence of events occurred throughout 2019, causing further trapped capital industry-wide for the third year in a row.

Multiple severe thunderstorms swept through the United States during 2019, resulting in over $19.5bn[2] of insured losses, the second-worst year over the past three decades after 2011, when severe thunderstorms generated approximately $26.5bn[2] of insured losses. The most significant storm occurred in May 2019 which impacted the Midwest States of Illinois, Nebraska and Ohio and caused approximately $3.4bn[2] of insured losses. This was the worst tornado since the Joplin and Tuscaloosa tornados of 2011, which caused approximately $7bn[2] of insured losses each.

For the fourth consecutive year, the Atlantic Basin experienced a relatively active hurricane season with eighteen named storms, significantly above the annual average of twelve. The strongest hurricane of the season, Hurricane Dorian, was the most intense tropical cyclone on record to strike the Bahamas, and is regarded as the worst natural disaster in the country's history, causing approximately $4bn[1] of insured losses. Continuing northwest from the Bahamas, Dorian threatened to strike Florida as a Category 3 hurricane, but gradually dwindled northeast, only making contact with the edge of Cape Hatteras as a Category 1 before moving out to the open Atlantic and then making landfall again in Canada.

As in 2018, Japan was again struck by a series of severe typhoons, the most significant of these being Faxai and Hagibis, which generated $7bn[1] and $10bn[1] of insured losses respectively, topping the combined insured losses generated by Typhoons Jebi and Trami of 2018, the insured losses from which are currently estimated to be approximately $11.4bn[1]. Both 2019 typhoons hit the Tokyo area, with Faxai sweeping over Tokyo Bay and making landfall in the city of Chiba. Hagibis struck further northwest, directly over the Yokohama-Tokyo conurbation, with as much as approximately 1 metre of rain falling within two days, breaching levees and seriously damaging many industrial operations.

As was the case in the preceding two years, California experienced more wildfires in the fourth quarter of 2019. However, these were far less devastating than the record $30bn[2] for the combined insured California wildfire losses in 2017 and 2018. The Saddle Ridge, Walker and Kincade fires were the headline California wildfire events of 2019, burning a total of 140,000 acres and causing approximately $1bn[2] of insured losses.

Lastly, during the final weeks of the year, hundreds of bushfires across all of Australia continued to materialize, a number of which are still burning at the time of this report. The Insurance Council of Australia indicated that the countrywide insured losses due to the bushfires was approximately $200m at 2019 year–end. However, as at the date of this report the figure is over $1bn, following further fires in the first quarter of 2020.

1 Munich Re NatCatSERVICE, January 2020
2 Property Claim Services

2017 AND 2018 LOSS EVENTS UPDATE

The latest insured losses and loss adjustment expenses for Hurricane Irma, which occurred in 2017, are estimated at $29.1bn[2]. Insured losses for Hurricane Irma deteriorated further during 2019 following continued late reporting and loss development amounting to more than $3.6bn[2].

Hurricane Irma's insured losses have deteriorated nearly $10.0bn[2] since the original estimate by Property Claim Services ("PCS"), the insured property loss reporting agency, in September 2017.

As announced by the Company on 3 June 2019 in its Portfolio Update, as a result of the continued development and late reporting from cedents, the Investment Manager decided to strengthen the reserves for 2017 and 2018 events in the 31 May 2019 NAV, representing a c. 11.05 per cent and c. 8.11 per cent deterioration in the brought forward April 2019 Ordinary Share NAV.

In addition, as announced on 30 January 2020, a reduction in the Company's Ordinary Share December 2019 NAV of c. 3.6 per cent was recorded, driven by further claim settlements in relation to 2017 events, predominantly Hurricane Irma.

The Investment Manager believes that the total loss reserves established for the 2017 and 2018 loss events are sufficient to provide for all claims with respect to the loss events, based on the information currently available. However, there is still some level of uncertainty with regard to the final insured loss impact of the 2017 events.

1 Munich Re NatCatSERVICE, January 2020
2 Property Claim Services

2019 LOSS RESERVES

During 2019, the Investment Manager recorded total loss reserves of c. 31.40 per cent in relation to the 2019 investment portfolio across the following main loss events:

Loss Event	Loss Reserve (percent of 2019 investment portfolio)
Typhoon Faxai	c. 6.60 per cent
Hurricane Dorian	c. 1.40 per cent
Typhoon Hagibis	c. 15.90 per cent
Attritional/other loss reserves	c. 7.50 per cent

Whilst significant uncertainty exists when estimating reserves, the Investment Manager has established initial 2019 loss event reserves based on the information available including catastrophe modeled data, industry insured loss estimates, and advice from brokers and cedents, whilst also factoring in further conservatism following the industry-wide learning from the loss development experienced on 2017 and 2018 loss events.

It remains too soon to be able to confirm what impact, if any, the Australian bushfires will have on the 2019 portfolio. Consequently, this specific event has required the creation of higher levels of SPIs due to the proximity of the event to the end of the risk period. The Investment Manager expects further clarity from its cedents with regard to establishing accurately the amount of trapped capital relating to this event in the first half of 2020.

The Investment Manager will continue to review all of the specific loss reserves throughout 2020 and beyond, and reminds Shareholders that the expected portfolio exposure to loss events could change materially, resulting in either an increase or decrease to reserves, after further information has been made available.

2020 OUTLOOK

Following the approval in Q1 2019 by the Shareholders to put the existing portfolios into run-off, the Company remains focused on seeking to return capital as it comes off-risk to its Shareholders as efficiently as possible.

As recently announced on 30 January 2020, the Investment Manager continues to work closely with its cedents to agree the release of capital associated with the 2016-2019 portfolios and the Board will determine the timing and method of this capital distribution, as and when appropriate, in conjunction with discussions between Shareholders and the Company's brokers, Numis Securities Limited.

Jed Rhoads
Markel CATCo Investment Management Ltd.

23 March 2020

FINANCIAL HIGHLIGHTS

2019 SUMMARY

	As at 31 December 2019	As at 31 December 2018	Change
Fund Total Net Asset Value	$ 306,878,732	$ 479,805,522	$ (172,926,790)
Ordinary Shares			
Net Asset Value	$ 81,309,461	$ 136,259,360	$ (54,949,899)
Shares in issue	305,811,860	391,666,430	85,854,570
Net Asset Value per Share	$ 0.2659	$ 0.3479	$ (0.0820)
Share price	$ 0.2300	$ 0.2250	$ 0.0050
Premium / (Discount) to NAV[5]	(13.50)%	(35.33) %	21.83 %
Dividend declared and paid per Share	$ 0.0127[2]	$ 0.0265 [1]	$ (0.0138)
Total return after performance fee	(19.77)% [4]	(58.43) % [3]	38.66 %
Ongoing charges	(1.60)%	(1.75) %	0.15 %
C Shares			
Net Asset Value	$ 225,569,271	$ 343,546,162	$ (117,976,891)
Shares in issue	437,412,476	545,367,863	(107,955,387)
Net Asset Value per Share	$ 0.5157	$ 0.6299	$ (0.1142)
Share price	$ 0.3870	$ 0.4250	$ (0.0380)
Premium / (Discount) to NAV[5]	(24.96)%	(32.53) %	7.57 %
Dividend declared and paid per Share	$ 0.0262[2]	$ 0.0445 [1]	$ (0.0183)
Total return after performance fee	(15.57)% [4]	(35.74) % [3]	20.17 %
Ongoing charges	(1.69)%	(1.34) %	(0.35) %

HIGHS AND LOWS

	2019		2018	
Ordinary Shares	**High**	**Low**	**High**	**Low**
Net Asset Value per Share at month end	$0.3509	$0.2659	$0.8941	$0.3479
Share price	$0.2300	$0.1200	$0.8025	$0.2250
Premium / (Discount) to NAV[5]	(13.50)%	(56.28)%	5.70%	(35.33)%
C Shares				
Net Asset Value per Share at month end	$0.6378	$0.5023	$1.1287	$0.6190
Share price	$0.4150	$0.1900	$1.0375	$0.4250
Premium / (Discount) to NAV[5]	(24.96)%	(62.95)%	3.46%	(32.53)%

NAV TOTAL RETURNS SINCE INCEPTION OF SHARES TO 31 DECEMBER 2019

Ordinary Shares issued on 20 Dec. 2010 to 31 Dec. 2019	(55.51) %
C Shares issued on 20 May 2011 to 31 Dec. 2019	(51.58)% [6]
C Shares issued on 16 Dec. 2011 to 31 Dec. 2019	(56.49) % [6]
C Shares issued on 2 Nov. 2015 to 31 Dec. 2019	(74.06)% [7]
C Shares issued on 28 Nov. 2017 to 31 Dec. 2019	(45.74)%

1 Record Date 8 February 2019
2 Record date 18 October 2019
3 Total return after adjusting opening capital for dividend declared
4 Total return after adjusting opening capital for dividend declared and discount on share buybacks
5 As recorded at any given month end
6 Total returns since inception for C Shares issued include performance post C Share conversion to Ordinary Shares on 10 August 2012
7 Total returns since inception for C Shares issued include performance post C Share conversion to Ordinary Shares on 23 May 2017

BOARD OF DIRECTORS

JAMES KEYES

Chairman and Non-Executive Director

James Keyes is a Bermuda resident and citizen. James attended Oxford University in England as a Rhodes Scholar and graduated with a degree in Politics, Philosophy and Economics (M.A. with Honours) in 1985. He was admitted as a Solicitor in England & Wales in 1991 and as an attorney to the Bermuda Bar in 1993.

He was a Managing Director of Renaissance Capital, an emerging markets investment bank, from 2008 until 2012. Prior to that, he was a partner of Appleby for eleven years. He joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Before Appleby, he was employed in the Corporate Department of Freshfields law firm, and worked in their London, New York and Hong Kong offices. He became a Notary Public in 1998.

James acts as a Director on a number of investment funds and private companies. He joined the Board of Directors of the Company on 7 December 2010, and was appointed Chairman on 6 April 2017.

MARGARET GADOW

Management Engagement Committee Chairman and Non-Executive Director

Margaret Gadow has over 28 years of experience in equities investment management. She followed Japanese equities at Credit Suisse (Geneva) for two years before moving on to managing Asian emerging equities for thirteen years, working at Robert Fleming and then Gartmore. Upon leaving fund management in 2003, Margaret served as non-executive Director for an offshore China fund for four years and also ran her own investment management consultancy. Most recently, she served as Product Manager (UK Equities) at Schroders in London for five years. She holds a degree in political science and international relations from the University of Wisconsin-Madison. She joined the Board of the Company on 31 May 2012.

ARTHUR JONES

Audit Committee Chairman and Non-Executive Director

Arthur Jones is a Chartered Accountant with 35 years' experience in the financial services industry.

He is currently Chief Financial Officer of the Consolidated Group of Companies which provides corporate and accounting services to clients in, amongst others, the insurance and investment fund industries. He has been with the Consolidated Group of Companies since 1987. From 2005 to 2018, Arthur served on the Boards of Directors of a number of Bermuda-incorporated hedge and long-only equity funds managed by Martin Currie Group. He is a Bermuda resident. Arthur joined the Board of the Company on 4 December 2019.

STRATEGIC REPORT

STRATEGY

The purpose of this Strategic Report is to provide Shareholders with details of the Company's strategy and business model, as well as the principal risks and challenges that the Company has faced during the year under review and how the Directors have executed their responsibilities.

The Board is responsible for the stewardship of the Company, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 9.

The management of the investment portfolio is conducted by Markel CATCo Investment Management Ltd. (the "Investment Manager"). The Company is a feeder fund and invests substantially all of its assets in Markel CATCo Diversified Fund (the "Master Fund"), a segregated account of the Master Fund SAC, a segregated accounts company incorporated in Bermuda. The Investment Manager also manages the Master Fund and the Master Fund SAC. A summary of the terms of the investment management agreement is contained in the Directors' Report on pages 13 and 14.

EFFICIENT CAPITAL MANAGEMENT DURING RUN-OFF OF PORTFOLIO AND DISTRIBUTIONS

During the period from inception of the Company to 26 March 2019, the investment objective of the Company and the Master Fund was to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in Preference Shares of the Reinsurer.

With effect from 26 March 2019, the Company's Shareholders approved an amendment to the Company's investment policy so as to allow an orderly Run-Off of the Company's portfolios with the effect that the Company's investment policy is now limited to realising the Company's assets and distributing any net proceeds to the relevant shareholders.

Consequently, the Company exercised a special redemption right in respect of 100 per cent of its holding in the Master Fund (the "Master Fund Shares") with effect from 30 June 2019 (the "Special Redemption"). Proceeds of such redemptions that are received by the Company will be distributed to shareholders of the applicable class (after payment of any costs and save for any amount required for reserves in respect of anticipated liabilities and for working capital purposes). Master Fund Shares which represent side pocket investments are illiquid and will not be redeemed until such time as the corresponding side pocket investments are realised.

The Investment Manager announced on 25 July 2019 that it would cease accepting new investments in the Master Fund SAC and would not write any new business going forward through the Reinsurer. The Investment Manager has commenced the orderly Run-Off of the Reinsurer's existing portfolio, which is expected to take approximately three years from 1 January 2020. As part of this Run-Off, the Master Fund is returning capital to its investors, including the Company. The Company has distributed the net proceeds of the Special Redemption received to date to Shareholders as detailed in the Directors' Report on page 13.

Any return to Shareholders of further proceeds of the Special Redemption will be in such manner and at such time as the Directors determine. Shareholders are referred to the Shareholder Circular dated 13 March 2020 for details of the Board's proposals in this regard.

The Directors have concluded that the Company will not raise further capital in any circumstances, and so the Company is being wound down by means of a managed process leading to liquidation in due course. Accordingly, the only further business that will be undertaken is that necessary to complete the Run-Off of each of the Company's portfolios. The Directors remain of the view that it is currently in the best interests of the Company for the Investment Manager to continue to manage the Run-Off, rather than to commence a formal members' voluntary liquidation. The Directors will keep this approach under review and currently anticipate that they will not look to put the Company into member's voluntary liquidation until the Run-Off are substantially completed. At such time, a further circular will be delivered to Shareholders to convene a further meeting at which the Shareholders will be asked to approve the liquidation.

The return of capital to Shareholders which is to take place as and when the disposal of each of the Company's portfolios occurs is part of this managed termination process, and such return of capital will, in due course, be completed via the liquidation process.

MASTER FUND INVESTMENT POLICY AND INVESTMENT STRATEGY

As noted in the section above, the Master Fund SAC ceased accepting new investments on 25 July 2019 and will not write any new business through the Reinsurer. The investment policy and strategy of the Master Fund, with effect from 25 July 2019, is, as the orderly Run-Off of the Reinsurer's existing portfolio takes place, to return capital to its investors, including the Company. The Investment Manager continues to proactively work closely with its reinsurance cedents to agree the release of the remaining 2016-2019 portfolio's capital and will return proceeds to investors on a timely basis subject to underlying reinsurance cedents providing capital release and the Investment Manager receiving the required approval from the Bermuda Monetary Authority. Reinsurance contracts forming part of the 2019 portfolio would be expected to come off risk on 31 December 2022, provided there is agreement then between the parties as to the amount of capital to be released back to the Reinsurer. Where agreement has not been reached by that date, negotiations between the Investment Manager and the reinsurance cedents will take place to secure the release of the remaining 2019 portfolio's capital.

Ultimately, under the reinsurance contracts, there is recourse to arbitration if agreement between the parties cannot be reached, and the timing of any capital releases which are the subject of arbitration could therefore be uncertain.

Prior to 25 July 2019, the Master Fund spread investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event.

A portfolio review by the Investment Manager is given on pages 6 and 7 and an analysis of portfolio performance is shown on page 8.

REVIEW OF PERFORMANCE

An outline of the performance, market background, investment activity and portfolio during the year under review, as well as the investment outlook, are provided in the Chairman's Statement and Investment Manager's Review. Details of the Company's performance during the year under review and since inception are shown on page 8. The distribution of the Company's investments is shown on page 41.

MANAGEMENT OF RISK

The Board of Directors regularly reviews the major strategic and emerging risks that the Board and the Investment Manager have identified, and against these, the Board sets out the delegated controls designed to manage those risks. The principal risks facing the Company relate to market price, interest rate, liquidity and credit risk and the efficient management of the Run-Off process. Such key risks relating to investment underwriting and strategy including, for example, inappropriate asset allocation or borrowing, are managed through investment policy guidelines and restrictions, and by the process of oversight at each Board meeting as previously outlined.

Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting.

VIABILITY STATEMENT

The Directors have assessed the prospects of the Company over the 33-month period to 31 December 2022.

Since the Special Redemption, the Company's portfolio consists of cash and Master Fund Shares representing side pocket investments holding risk from 2016-2019 (the "Side Pocket Shares"). The portfolios are expected to come off-risk completely on 31 December 2022 in terms of the Company's exposure to the Side Pocket Shares related to 2019 risk, where, as stated in the section "Master Fund Investment Policy and Investment Strategy" above, that risk is in relation to undisputed reinsurance contracts, but subject also to the caveats in that section as to timing of capital releases. The process of returning capital to the Company from the Run-Off of the Master Fund SAC's 2019 portfolio is expected to be completed in the first half of 2023 in the most straightforward scenario, but, as explained above, in relation to particular reinsurance contracts, the timing of such capital returns may be uncertain.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed in the section above, and, in particular, the reinsurance risks discussed in the "Master Fund Investment Policy" section above, risks relating to investment portfolio underperformance and failure to maintain discount/premium within a predetermined range. With respect to reinsurance risk, the Directors have taken into account the management of risk through the Reinsurer writing a balanced portfolio across a suitable range of pillars, that the risks are fully collateralized and that sufficient funds are held in trust accounts until claims are settled within a period of three years.

Based on the Company's processes for monitoring costs, the share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, counterparty exposure, liquidity and credit risk and financial controls, the Directors have concluded that they have a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as they fall due over the 33-month period to 31 December 2022.

SOCIALLY RESPONSIBLE INVESTMENT POLICY

The Board of Directors considers that the Company has no direct social, environmental or community responsibilities other than providing global retrocessional reinsurance protections against catastrophic event occurrences.

GENDER REPRESENTATION

At 31 December 2019, there were two male Directors and one female Director on the Board. The Board's policy on diversity is set out on pages 19 and 20.

By order of the Board of Directors

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

DIRECTORS' REPORT

The Board submits its annual report together with the results of the Company for the year ended 31 December 2019.

BUSINESS

The Company is a limited liability closed ended fund, registered and incorporated as an exempted mutual fund company in Bermuda with an indefinite life. The Company's Ordinary Shares and C Shares are admitted to trading on the special fund segment of the main market of the London Stock Exchange.

The Company is a feeder fund and invests substantially all of its assets in the Master Fund. The Master Fund in turn accesses all of its exposure to fully collateralised Reinsurance Agreements through the Reinsurer. As noted in the Strategic Report on page 10, the Company has elected to redeem 100% of its Master Fund Shares and will distribute the proceeds of any such redemption to shareholders of the applicable class (after payment of any costs and save for any amount required for reserves in respect of anticipated liabilities and for working capital purposes).

DIVIDEND, SHARE BUYBACKS AND TENDER OFFER

From inception to 31 December 2018, the Company's target annual dividend was an amount equal to LIBOR plus 5 per cent of the net asset value per share at the end of each fiscal year (the "Annual Dividend"). On 15 November 2017, the Company announced that the Board had decided to enhance the current dividend policy, and would consider paying an additional special dividend (the "Special Dividend") from 2019 (in respect of the financial year ending 31 December 2018) onwards, in relation to both the Ordinary and the C Shares.

The Special Dividend would be an amount equal to the level of accumulated profits of each shares class in the relevant fiscal year in excess of LIBOR plus 7.5 per cent (the "Performance Threshold").

On 31 January 2019, the Company announced an annual dividend of $0.0265 in respect of each of the Ordinary Shares, and an annual dividend of $0.0445 in respect of each of the C Shares, for the year to 31 December 2018, payable on 25 February 2019. The record date for these dividends was 8 February 2019 and the ex-dividend date 7 February 2019.

On 4 October 2019, the Company announced interim dividends of $0.0127 in respect of each of the Ordinary Shares and $0.0262 in respect of each of the C Shares for the year to 31 December 2019, payable on 1 November 2019. The record date for these dividends was 18 October 2019 and the ex-dividend date 17 October 2019.

The Company also distributed the net redemption proceeds received to Ordinary Shareholders and C Shareholders (as appropriate) by way of a tender offer which settled on 23 September 2019 and a programme of share buybacks conducted between 24 October 2019 and 27 December 2019, both of which were carried out pursuant to the authorities granted by the Shareholders on 6 September 2019. Under the tender offer, the results of which were announced by the Company on 6 September 2019, the Company accepted for purchase 76,490,478 Ordinary Shares at the strike price of 20 cents per Ordinary Share (a total consideration of $15.3m), and 90,322,577 C Shares at the strike price of 31 cents per C Share (a total consideration of $28.0m), and subsequently cancelled these Shares.

Pursuant to the share buyback programme, 9,364,092 Ordinary Shares and 17,632,810 C shares (as further detailed in note 7 to the Financial Statements on page 43 were repurchased by the Company for an aggregate consideration, excluding commissions, of $1.878m and $5.855m respectively, and subsequently cancelled.

The Company currently has shareholder authority to carry out share buybacks of Ordinary and C Shares, subject to the conditions set out in the Circular to Shareholders dated 13 August 2019.

The Company intends to distribute further net proceeds of the Special Redemption received by the Company (subject to SPIs) to Ordinary Shareholders or C Shareholders (as appropriate). The timing and amount of each distribution will be at the Company's discretion. The Company may delay the distribution until a material amount is available for distribution to avoid the cost and administrative burden of distributing small amounts. Shareholders are referred to the Shareholder Circular dated 13 March 2020 for details of the Board's proposals in this regard. The Company intends to make an announcement by means of a Regulatory Information System prior to each distribution regarding the amount and timing of the distribution.

EMPLOYEES

The Company has no employees; its investments and operational functions are managed by the Investment Manager.

POLICY FOR THE PAYMENT OF CREDITORS

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business.

RELATED PARTY TRANSACTIONS

The Investment Manager, which was appointed as the Company's Investment Manager on 8 December 2015, is also the investment manager of the Master Fund and the insurance manager of the Reinsurer.

Under the investment management agreement (the "Investment Management Agreement") between the Company and the Investment Manager entered into on 8 December 2015, the Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5 per cent of the net asset value of the Company which was not attributable to the Company's investment in the Master Fund Shares as at the last calendar day of each calendar month. In addition, the Investment Manager is entitled to a monthly fee payable for secretarial, accounting and administrative services of 1/12 of $275,000.

On 11 March 2019, the Company announced its decision to consent to a partial waiver of 33.3334% (one-third) of the management fee paid by the Master Fund SAC to the Investment Manager in respect of such of its Master Fund Shares that are exposed to side pocket investments (the "SP Management Fees"). The reduction resulting from the waiver had effect from 1 January 2019 until 31 December 2019.

On 29 January 2020, the Company announced the partial waiver of 50.0% (one-half) of the SP Management Fees for the period 1 January 2020 to 31 December 2020, resulting in an effective management fee of 0.75% per annum for that period.

Performance fees are also payable to the Investment Manager by the Master Fund SAC, subject to certain performance targets being met.

As at the date of this report, Markel Corporation ("Markel"), which holds the entire share capital of the Investment Manager, holds, through its asset management subsidiary, 2.72 per cent of the total voting rights of the Ordinary Shares and C Shares issued by the Company.

In addition, two of the Directors of the Company are also Shareholders of the Company.

INVESTMENT MANAGER

In monitoring the performance of the Investment Manager, the Board considers the performance of the Company as described on page 11. The Board also reviews the management processes, risk control mechanisms and marketing activities of the Investment Manager. In view of developments involving the Investment Manager, namely:

(i) the enquiries by the United States Department of Justice, the United States Securities and Exchange Commission, and the Bermuda Monetary Authority into loss reserves recorded late in 2017 and early in 2018 by the Investment Manager and its subsidiaries, including the Reinsurer (as noted in the press releases issued by Markel Corporation on 6 December 2018 and 7 March 2019, and the related announcements by the Company on 7 December 2018 and 8 March 2019); and

(ii) the departure of two senior executives of the Investment Manager, Tony Belisle, former Chief Executive Officer and Alissa Fredricks, former Chief Executive Officer-Bermuda, as announced by the Company on 21 January 2019, and subsequent lawsuits brought by these individuals against the Investment Manager and Markel (as noted in Markel's Form 10-Q issued 30 September 2019, and further noting that the action filed by Ms. Fredricks was settled in June 2019 to the satisfaction of all parties, and that the action filed by Mr. Belisle was dismissed in favour of binding arbitration).

Management and oversight of the Investment Manager and its subsidiaries is currently being provided by Jed Rhoads, President and Chief Underwriting Officer, Markel Global Reinsurance, and Andrew "Barney" Barnard, Senior Managing Director, Head of International Property Catastrophe and Retro Reinsurance at Markel Global Reinsurance, with additional resources being provided by Markel. Notwithstanding this, the Board is keeping and intends to keep the Company's investment management arrangements under close and regular review. The Investment Manager's augmented management team is now in place.

The Board considers the continuing appointment of the Investment Manager to be in the best interests of the Company's Shareholders because the Investment Manager has the investment management, marketing and associated secretarial and administrative skills required for the effective operation of the Company during the Run-Off.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD" OR "THE AIFMD DIRECTIVE")

The AIFM Directive seeks to regulate alternative investment fund managers ("AIFM") and imposes obligations on managers who manage alternative investment funds ("AIF") in the UK or EU or who market shares in such funds to UK or EU investors. The Company is categorised as an externally-managed non-EEA AIF for the purposes of the AIFM Directive. The Investment Manager is categorised as the non-EEA AIFM of the Company, as it is responsible for carrying out the risk management and portfolio management for the AIF.

In order to maintain compliance with the AIFMD, the Company needs to comply with various organisational, operational and transparency obligations, including the pre-investment disclosure information required by Article 23 of the AIFM Directive and is available at the Company's website www.catcoreoppsfund.com. There have been no material changes to this information since it was published.

The Investment Manager has adopted a Remuneration Policy which accords with the principles established by AIFMD. The Remuneration Policy which provides quantitative details of the remuneration of certain personnel is available upon request to the Investment Manager by UK or EU investors.

GOING CONCERN STATUS

After due and careful consideration of the Company's circumstances and objectives as described elsewhere in this document, the Directors have concluded that the Company has adequate financial resources to continue its operational existence for the foreseeable future, and at least one year from the date of this annual report.

Accordingly, the Board continues to adopt the going concern basis in preparing these accounts.

SHARE CAPITAL

The Company's issued share capital at 1 January 2019 amounted to 391,666,430 Ordinary Shares and 546,367,863 C Shares. As noted in the "Dividend" section on page 13, during the period 1 January 2019 to 31 December 2019, the Company conducted a tender offer and a share buyback programme.

The Company's issued share capital at 31 December 2019 amounted to 305,811,860 Ordinary Shares and 437,412,476 C Shares. These numbers are unchanged as at the date of this Report.

Note 7 to the Financial Statements contains further details relating to the Company's share capital.

SUBSTANTIAL INTERESTS

At 23 March 2020, the following interests in the issued share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules:

Capital	Number of Shares Held*	% of Shares
Quilter Investors	168,851,934	22.72
Aberdeen Standard Investments	65,084,457	8.76
Baillie Gifford	51,152,758	6.88
Almitas Capital	51,023,206	6.87
Fidelity International	46,991,861	6.32
Weiss Asset Management	34,511,243	4.64
Cazenove Capital Management	30,145,285	4.06
Premier Milton Investors	28,900,000	3.89
SIX SIS	23,746,906	3.20

* Total number of shares includes both Ordinary Share and C Share holdings

DIRECTORS

The Directors who all held office during the year under review, together with their interests, are shown below. James Keyes was appointed Chairman of the Company on 6 April 2017, and Margaret Gadow was appointed Chairman of the Management Engagement Committee on the same date. Arthur Jones was appointed as a non-executive Director and Chairman of the Audit Committee on 4 December 2019.

Alastair Barbour retired as a Director of the Company on 4 December 2019.

No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the Ordinary and C Shares of the Company were as follows:

	As at 31 December 2019		As at 31 December 2018	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
James Keyes	740,000	300,000	240,000	200,000
Alastair Barbour[1]	75,000	-	75,000	-
Margaret Gadow	75,901	50,000	75,901	50,000
Arthur Jones[2]	-	-	-	-

1 4 December 2019 in the case of Alastair Barbour (date of resignation as a Director).
2 4 December 2019 in the case of Arthur Jones (date of appointment as a Director).

During the year under review, the Directors purchased and/or sold depositary interests in the Ordinary and C Shares of the Company as follows:

	Date of transaction	Purchase/Sale	Number of Shares	Class of Shares	Price
James Keyes	2 January 2019	Purchase	200,000	Ordinary	$0.245
	10 January 2019	Purchase	100,000	Ordinary	$0.245
	10 January 2019	Purchase	100,000	C	$0.45
	28 May 2019	Purchase	200,000	Ordinary	$0.2275

As at the date of this Report, since 31 December 2019, the interests of the Directors in the share capital of the Company are unchanged.

DIRECTORS' REMUNERATION REPORT

The Directors are required to prepare an annual report detailing the remuneration of the Directors and to seek Shareholder approval of its contents. The remuneration report is set out on pages 25 to 26 of the Annual Report.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

STATEMENT OF CORPORATE GOVERNANCE

The Company is domiciled in Bermuda which has no corporate governance regime equivalent to the UK Corporate Governance Code published by the Financial Reporting Council (the "UK Code"). However, since launch, the Company has become a member of the Association of Investment Companies ("AIC") and is classified within the Specialist: Reinsurance Sector of the London Stock Exchange.

The AIC has also published a Code of Corporate Governance ("AIC Code") which is available on the AIC's website: www.theaic.co.uk. The AIC Code addresses all the Principles and Provisions set out in the UK Code, as well as setting out additional provisions on issues that are specific to investment companies, including the Company. It includes an explanation of how the AIC Code adapts the Principles and Provisions of the UK Code to make them relevant for investment companies.

The Board considers that reporting against the Provisions and Principles of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to Shareholders.

APPLICATION OF THE PRINCIPLES OF THE CODES

The Company has complied with the Principles and Provisions of the AIC Code, except those relating to:

- Management Engagement Committee: the Board as a whole carries out the function of the Management Engagement Committee. The Board consists of three independent non-executive Directors. As the Company is currently in the process of running off its portfolios and distributing the proceeds of the Special Redemption to Shareholders, the Board does not anticipate an increase in the number of Directors in the foreseeable future. In view of the above factors, the Board considers it appropriate from a governance perspective to have all three independent non-executive Directors serve on the Management Engagement Committee.
- Nomination Committee: the comments made above relating to the composition of the Management Engagement Committee also apply to the composition of the Nomination Committee.
- Remuneration Committee: the comments made above relating to the composition of the Management Engagement Committee also apply to the composition of the Remuneration Committee. The Board expects that Directors' fees will be maintained at their current levels during the process of running off the Company's portfolios. The Board's practice is that any Director whose remuneration is the subject of a Board discussion absents themselves from that discussion.
- The need for an internal audit function: The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by the Investment Manager and Markel Corporation, which holds the entire share capital of the Investment Manager, provide sufficient assurance that a sound system of internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function is therefore considered unnecessary.

The Board is committed to high standards of corporate governance and have put in place a framework for corporate governance, which they believe is appropriate for the Company.

THE BOARD

The Board sets the Company's values and objectives, and ensures that its obligations to its Shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues.

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the exercise of the Company's voting rights in relation to its interest in the Master Fund SAC;
- the monitoring of the business activities of the Company, ranging from analysis of investment performance to annual budgeting and quarterly forecasting and variance analysis;
- Bermuda Companies Act requirements, such as the approval of the interim and annual Financial Statements, and approval and recommendation of any dividends;
- setting the parameters for any borrowing by the Company (noting that the Company will not borrow for investment purposes);

- major changes relating to the Company's structure, including share issues;
- Board appointments and removals and the related terms;
- appointment and removal of the Investment Manager and the terms and conditions of the management and administration agreements;
- terms of reference and membership of Board Committees; and
- Stock Exchange/UK Listing Authority/Financial Conduct Authority – approval of all circulars and listing particulars, and approval of all releases concerning matters decided by the Board.

The Board currently consists of three non-executive Directors. The names and biographies of those Directors appear on page 9 and show the range of their investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the AIC Code, and has concluded that they are all independent of the Investment Manager and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. The Chairman, James Keyes, has now served on the Board for more than nine years, and was considered to be independent on his appointment. The Board recognises that, although serving on the Board for more than nine years could be relevant to the determination of a non-executive Director's independence, an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Board considers that James' continued tenure brings considerable stability to the Board, particularly during the Run-Off of the Company's portfolios, and the Board has benefited greatly from his presence as he has, over time, gained valuable insight into the business of the Investment Manager and its markets. The Board is, therefore, satisfied that James continues to have the appropriate independence to remain in this role.

The respective re-elections of James Keyes and Margaret Gadow, and the election of Arthur Jones, were considered and approved by the Board as a whole acting as the Nomination Committee (each of the Directors concerned having absented himself or herself from the relevant discussion).

The continuing independent and objective judgment of each Director was confirmed in the annual Board performance and evaluation process. The Board evaluation process also confirmed that the performance of the Director standing for election or re-election, as the case may be, continued to be effective and that he/she continued to demonstrate commitment in his/her role. Throughout 2019, Directors have demonstrated flexibility and commitment in attending numerous Board and Committee meetings at short notice.

DIRECTORS' ATTENDANCE AT MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2019

Directors have attended Board meetings and Committee meetings held during the year as shown below:

Director	Scheduled Board Meetings Attended	Special Purpose Committee/Board[1]	Audit Committee Meetings Attended[2]
J Keyes	5/5	4/5	2/2
A Barbour	4/5	5/5	2/2
M Gadow	5/5	1/5	2/2
A Jones[2]	Not Applicable	Not Applicable	Not Applicable

1. There were seven special purpose Board or Committee meetings held during the year. Committee meetings were attended by two or all Directors. The business of the Management Engagement Committee was dealt with at a Board meeting held during the year which considered, inter alia, the annual financial results to 31 December 2018. This meeting is included in the meetings referred to in the first column of this table.
2. Arthur Jones was appointed a Director with effect from the conclusion of a Board meeting held on 4 December 2019, which was the last Board meeting to be held during the year ended 31 December 2019.

In addition to the above, the Directors meet privately at least once per year without the Investment Manager being present. The primary focus at regular Board meetings is the review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues. Between meetings, the Board maintains regular contact with the Investment Manager. This includes discussions with the Investment Manager, reviews of specific areas of interest and on-site visits. Alastair Barbour, who was Chairman of the Audit Committee throughout the financial year up to 4 December 2019, held regular discussions throughout the year with members of the Investment Manager's management team, in particular, from Finance and Compliance, as well as the external auditor. Arthur Jones, who was appointed Chairman of the Audit Committee on 4 December 2019, has also held discussions with members of the Investment Manager's management team and the external auditor.

In order to enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of a comprehensive set of papers, including the Investment Manager's review and discussion of documents regarding specific matters. Directors have made further enquiries where necessary.

There is an agreed procedure for the Board to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board:

- for ensuring that Board procedures are complied with under the direction of the Chairman, for ensuring good information flows with the Board and its committees, as well as facilitating induction and assisting with professional development as required; and
- for advising through the Chairman on all corporate governance matters.

When a Director is appointed, an induction process is arranged by the Investment Manager. This involves an induction meeting which covers details about the Company, its Investment Manager, legal responsibilities and the investment sector within which the Company operates.

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Board has a formal process for the consideration and authorisation by the Board, at each Board meeting, of any Directors' reported actual and potential conflicts of interest.

The Board and its Committees have undertaken their annual performance evaluation, using discussion, to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board and the Committees, and to consider each Director's independence. The Chairman has also been evaluated by his fellow Directors. The Board considers that none of his other commitments (set out on page 9 of this Report) interfere with the discharge of his responsibilities to the Company, and is satisfied that he makes sufficient time available to serve the Company effectively. There have been no significant changes to the Chairman's other commitments during the period since his appointment.

APPOINTMENT OF SERVICE PROVIDERS

The Board has appointed third parties, including the Investment Manager and others, to provide certain services, including: the management of the investment portfolio; the registration and depository services; and the day-to-day accounting and administration functions. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Investment Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

COMMITTEES

Nomination Committee
No Nomination Committee has been established. The Board considers its size to be such that it would be unnecessarily burdensome to establish a separate nomination committee. As the Board consists entirely of independent Directors, the function of a nomination committee is therefore carried out by the Board as a whole.

Where the Board is dealing with the appointment of a successor to the chairmanship, the meeting will be chaired by another Director. The Board believes in equal opportunities and supports the principle that due regard should be had to the benefits of diversity, including gender, when seeking potential candidates. The Board recognises that diversity can bring insights that may make a valuable contribution to its effectiveness, and is committed to its diverse composition. In considering the appointment of a new Director, the Board will ensure that it continues to have the right balance of skills, diversity, experience, age and length of service. It may use the professional services of a search consultant to identify suitable candidates for review by the Board. The Board will consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board.

Audit Committee

The Audit Committee comprises all of the independent Directors including the Chairman. The Board considers it appropriate that the Chairman is a member of the Audit Committee, although he may not chair it, provided that he is considered by the Board to be independent, as is currently the case. Arthur Jones, a chartered accountant, with recent financial experience, is the Chairman of the Audit Committee. The terms of reference of the Audit Committee, which are available on request, are reviewed and re-assessed for their adequacy on an annual basis.

The main activities of the Committee during the year included:

- the review of the effectiveness of the internal control environment of the Company – to assist with this the Committee received reports from the Investment Manager and external auditor on a regular basis;
- the review of the interim and annual Financial Reports before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgment;
- the review of the terms of appointment of the auditor together with their remuneration, as well as the non-audit services provided by the auditor; and
- the review of the scope and the results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees.

The significant issues considered by the Audit Committee during the year in relation to the annual report and financial statements were as follows:

- valuation of investments - the Company's accounting policy for valuation of investments is set out in Note 1 on pages 33 to 35. The Committee reviewed and questioned the valuation prepared by management taking into account of the latest available information on the underlying business written by the Reinsurer and discussed with the auditor, the results of their audit of the businesses and their review of the valuation of investments. The Committee also questioned and discussed the basis of reserving for 2019 loss events to be satisfied that it had been appropriately updated to reflect the most recent experience given the continuing development of the losses from the hurricanes in 2017. For 2018, given the uncertainty arising from Hurricane Michael and Typhoon Jebi and the magnitude of the California Wildfires, the Committee focused on, and challenged, the Investment Manager's modelled results, derived primarily from information from loss reporting services and catastrophe modelling companies, and compared to initial loss notices from ceding reinsurers to satisfy themselves that the covered event estimates were appropriate and that sufficient disclosures have been made in respect of the uncertainty as to ultimate settlement in relation to the covered events, as set out in Note 6 on page 42. The Committee also had due regard for, and discussed the amount of, insurance-linked instruments classified as side pockets. The Committee satisfied itself that the valuation of investments at the period end was appropriate, included an appropriate margin for risk, had been properly prepared and had been applied on a consistent basis; and
- presentation and disclosure in the Annual Report - the Committee reviewed and considered the presentation of narrative and financial information in the Annual Report against the requirements of the UK Code and the UK company law's provisions for a Strategic Report and Remuneration Report, which have been adopted on a voluntary basis and, in relation to the Financial Statements, the framework of applicable accounting standards. The Committee reviewed and discussed reports from the Investment Manager and the auditor and satisfied itself that the presentation and disclosure in the annual report is appropriate, fair balanced and understandable, and that the key areas of risk and judgement have been appropriately addressed in the Financial Statements and that significant assumptions have been properly appraised and are appropriately robust.

Auditor
The external auditor, KPMG Audit Limited, who have acted as the Company's auditor since 2013, attend at least one meeting of the Audit Committee annually, and meet at least annually with the Audit Committee in the absence of the Investment Manager. The Audit Committee discusses and agrees the scope of the audit plan for the full year and the auditor's report on their findings at the conclusion of the audit. Audit fees of $79,000 (2018: $70,000) were incurred for the year. The audit of the Company was last put out to tender in 2013.

The Committee considers KPMG Audit Limited to be independent of the Company. Fees of $nil (2018: $nil) for non-audit services were paid to KPMG Audit Limited during the year.

The Audit Committee assessed the effectiveness of the audit, the quality of the team and advice received from them through review of interaction with the auditor, reports received from them and discussion with management. The Audit Committee continues to be satisfied with the effectiveness of the work provided by KPMG Audit Limited and that they continue to remain objective and independent. The Audit Committee has therefore recommended to the Board that a resolution be put to Shareholders for the re-appointment of KPMG Audit Limited, and their remuneration in terms of engagement, at the Annual General Meeting.

Management Engagement Committee
As recommended by the AIC Code, a Management Engagement Committee has been established, comprising the full Board. The Chairman of the Committee is Margaret Gadow. The Committee usually meets once annually in order to review matters concerning the management agreements which exist with the Investment Manager and CATCo Investment Management Ltd. During the year under review, the business of the Management Engagement Committee was dealt with at a Board meeting which considered, inter alia, the annual financial results to 31 December 2018.

MANAGEMENT FEE

The Master Fund will pay monthly in arrears to the Investment Manager a management fee (the "Management Fee") equal to 1/12 of 1.5 per cent of the net asset value of the Company's Master Fund Shares as of the last calendar day of each calendar month as such net asset value is calculated prior to any accrual for or payment of any Management Fee or Performance Fee.

As noted in the Directors' Report, a partial waiver of 50.00% (for 2020) (one-half) (2019: 33.334% (one-third)) of the management fee is currently being applied to the management fee which the Company indirectly pays to the Investment Manager in respect of side pocket investments in the Master Fund. The reduction resulting from the waiver will have effect from 1 January 2020 until 31 December 2020, but is subject to extension by the Investment Manager and the Master Fund SAC.

PERFORMANCE FEE

The Master Fund will pay a fee to the Investment Manager in respect of the Company's Master Fund Shares based on performance (the "Performance Fee") at the end of each calendar year and upon redemptions, dividends and the winding up of the Master Fund (each, a "Performance Period") equal to 10 per cent of any New Net Income attributable to the Company's Master Fund Shares (after reduction for the pro rata share of Management Fees, organisational expenses, transactional and other expenses allocable to the Company's Master Fund Shares), provided that no Performance Fee will be payable in a Performance Period unless the Performance Trigger has been reached. The Performance Fee is applied on a "high water mark" basis such that in the event that the Company's Master Fund Shares suffer a net loss in a particular Performance Period, no Performance Fee will be paid with respect to such Performance Period or any subsequent Performance Period, until such net loss is first recovered (taking into account interim Redemptions, if any). No Performance Fee was payable in relation to the period under review.

REMUNERATION COMMITTEE AND DIRECTORS' REMUNERATION

The Board, as a whole, performs the function of a Remuneration Committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 25 and 26.

DIRECTORS' TERMS OF APPOINTMENT

All non-executive Directors are appointed subject to re-appointment in accordance with the existing Bye-Laws of the Company. The Bye-Laws provide that Directors are subject to election at the first annual general meeting following their appointment by the Board. Pursuant to a resolution of the sole Shareholder on 16 December 2010, at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not reappointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the dissolution of such meeting. The Board has adopted a policy that no Director may serve for more than three years without retiring and standing for re-appointment, but that all Directors will generally offer themselves for annual re-appointment.

POLICY ON TENURE

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis.

ACCOUNTABILITY AND AUDIT

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 24 and the Statement of Going Concern is included in the Directors' Report, on page 15. The Independent Auditor's Report is on page 27.

COMMUNICATION WITH SHAREHOLDERS

The Company places a great deal of importance on communication with its Shareholders. The Investment Manager has an annual programme of meetings with institutional Shareholders, and reports back to the Board on these meetings.

As required by the AIC Code, the Annual Report is posted to Shareholders at least twenty business days before the Annual General Meeting.

The Notice of Annual General Meeting on page 46 sets out the business of the meeting and the resolutions. Separate resolutions are proposed for each substantive issue.

The Board is conscious that the Annual General Meeting is an event at which all Shareholders are encouraged to attend and participate. All Shareholders have the opportunity to put questions at the Annual General Meeting. The number of proxy votes is relayed to Shareholders at the Annual General Meeting after each resolution has been dealt with on a show of hands, and details are available on request.

The Company's reports and other publications can be downloaded from www.catcoreoppsfund.com. Shareholders who wish to communicate directly with the Board may do so by writing to the Board care of the Investment Manager's offices at: 8th Floor, 141 Front Street, Hamilton HM19, Bermuda, or by contacting the Company's Securities Brokers, Numis Securities Limited, whose contact details appear on page 49.

At the Company's AGM held on 23 May 2019, seven resolutions were proposed to Shareholders, and all were passed with the requisite majority of votes. However, at least 28% of proxy votes lodged were cast against each resolution. The Company, through its brokers and the Investment Manager, has had regular contact with Shareholders throughout the year under review, both before and after the announcement of developments involving the Investment Manager as set out in detail on page 14.

INTERNAL CONTROL

The Board has overall responsibility for the Company's system of internal control and for reviewing its effectiveness. The Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which has been in place for the full year under review and up to the date of approval of the Financial Statements, and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Investment Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. The Board has reserved areas of decision-making to itself as set out in the section "The Board" above. The Board has responsibility for, and direct involvement in, the content of communications regarding major corporate issues.

The Investment Manager provides regular reports to the Board on the operation of their internal control system. Risk includes financial, operational, reputational, and market risk. Any weaknesses identified are reported to the Board, and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the year under review and up to the date of this Annual Report are outlined as follows:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers; and
- at its Board meetings, the Board carries out an assessment of internal controls by considering documentation, including risk and compliance reports, from the Investment Manager, taking account of events since the relevant period end. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement or loss.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies Act 1981 of Bermuda, as amended, requires the Board to prepare financial statements for each financial year.

Under those laws, the Board has elected to prepare the financial statements in accordance with US Generally Accepted Accounting Principles ("US GAAP"). The financial statements are required by the Bermuda Companies Act 1981 to present fairly in all material respects the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records that are sufficient to disclose the Company's transactions and that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Bermuda Companies Act. The Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The financial statements will be published on www.catcoreoppsfund.com, which is maintained by the Investment Manager, Markel CATCo Investment Management Ltd. The maintenance and integrity of the website maintained by the Investment Manager is, so far as it relates to the Company, the responsibility of the Investment Manager.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Guidance, and to the best of their knowledge, each Director confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and present fairly the assets, liabilities, financial position and profit or loss of the Company.

Furthermore, each Director confirms that, to the best of his or her knowledge, the management report (which consists of the Chairman's Report, the Investment Manager's Review, the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Arthur Jones
Chairman of the Audit Committee

23 March 2020

DIRECTORS' REMUNERATION REPORT

An ordinary resolution for the approval of this report will be put to the members at the forthcoming annual general meeting.

DIRECTORS' EMOLUMENTS FOR THE YEAR

The Directors who served during the year received the following emoluments in the form of fees:

	For the year ended 31 December 2019 (US dollars)	For the year ended 31 December 2018 (US dollars)
Chairman James Keyes	80,000	80,000
Chairman of Audit Committee (to 4 December 2019): Alastair Barbour	60,048[1]	65,000
Chairman of Audit Committee (from 4 December 2019): Arthur Jones	4,952[2]	N/A
Chairman of Management Engagement Committee: Margaret Gadow	60,000	60,000

1. Alastair Barbour resigned as a Director and Chairman of the Audit Committee on 4 December 2019. The amount shown is his annual fee of $65,000 pro rata for the period 1 January 2019 to 4 December 2019.
2. Arthur Jones was appointed as a Director and Chairman of the Audit Committee on 4 December 2019. The amount shown is his annual fee of $65,000 pro rata for the period 4 December 2019 to 31 December 2019.

POLICY ON DIRECTORS' FEES

The Board as a whole performs the function of a Remuneration Committee.

The Board has appointed the Investment Manager to provide information when the Board considers the level of Directors' fees.

The Board's policy is that the remuneration of non-executive Directors should reflect the experience of the Board as a whole, be fair and comparable to that of other investment companies that are similar in size, have a similar capital structure and have similar investment objectives.

It is intended that this policy will continue for the year ending 31 December 2020 and subsequent years. The fees for the Non-executive Directors are determined within the limits set out in the Company's Bye-Laws.

The Company's Bye-Laws currently limit the aggregate fees payable to the Board of Directors to a total of $300,000 per annum.

Non-executive Directors do not receive bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

The Board as a whole carried out a review of the level of Directors' fees during the year and decided that they should remain unchanged for the year commencing 1 January 2020.

All Directors except Alastair Barbour, who retired from the Board on 4 December 2019, were members of the Board at the time of the review.

Directors' and officers' liability insurance is held by the Company in respect of the Directors. This insurance is neither a benefit in kind nor does it form part of the Directors' remuneration.

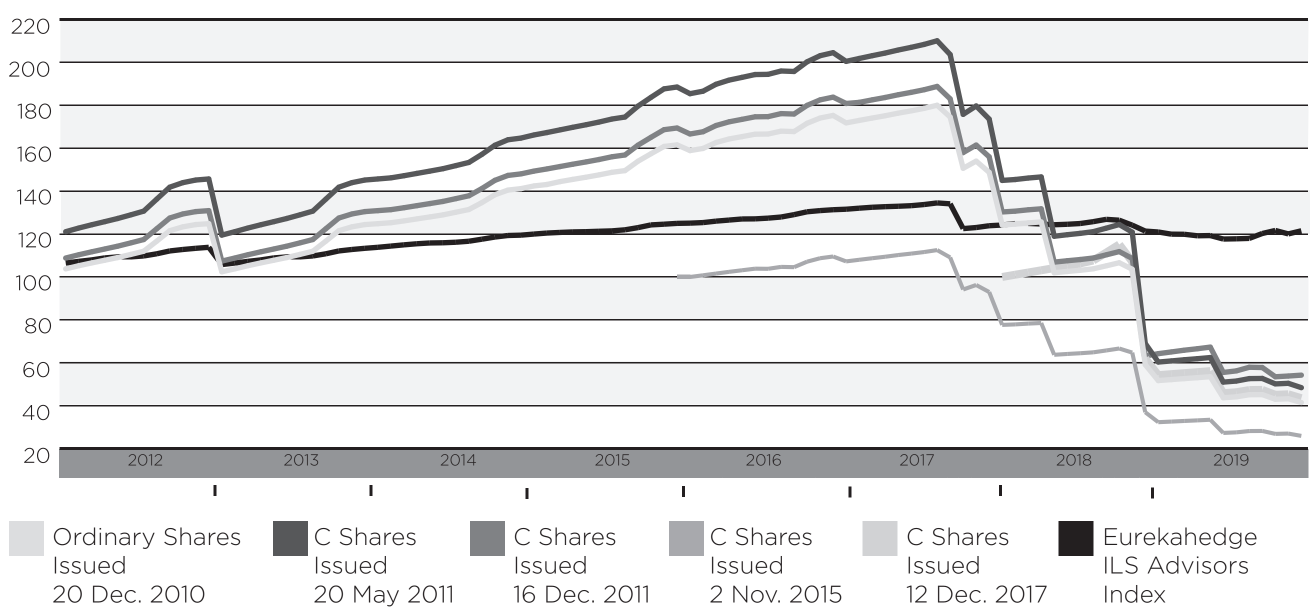
DIRECTORS' SERVICE CONTRACTS

Directors do not have a service contract but are provided with letters of appointment. The Board have adopted a policy that no Director may serve for three years without retiring and standing for re-appointment, but that, generally, all Directors will stand for annual re-appointment. At each annual general meeting of the Company, therefore, all of the Directors retire and are eligible for re-appointment. If not re-appointed at such meeting, a retiring Director retains office until the meeting appoints someone in his or her place, or if it does not do so, until the dissolution of such meeting. There is no notice period and no provision for compensation upon early termination of appointment.

COMPANY PERFORMANCE

The graph below compares, for the period from 1 January 2012 to 31 December 2019, the total return of Ordinary Shareholders and C Shareholders compared to the Eurekahedge Insurance-Linked Securities index. This index was chosen for comparison purposes only, and it is not a benchmark used for investment performance measurement.

For the period from 1 January 2012 to 31 December 2019 (rebased)



APPROVAL

The Directors' remuneration report was approved by the Board on 23 March 2020 and signed on its behalf by

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
CATCo Reinsurance Opportunities Fund Ltd.

We have audited the accompanying financial statements of CATCo Reinsurance Opportunities Fund Ltd., which comprise the statements of assets and liabilities as of 31 December 2019 and 2018, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CATCo Reinsurance Opportunities Fund Ltd. as of 31 December 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
23 March 2020

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	31 Dec. 2019	31 Dec. 2018
	$	$
Assets		
Investments in Master Funds, at fair value (Notes 2 and 5)	282,640,471	421,660,837
Cash and cash equivalents (Note 3)	2,634,719	3,602,153
Due from Master Funds (Note 9)	22,124,939	54,753,242
Other assets	77,784	9,000
Total assets	307,477,913	480,025,232
Liabilities		
Accrued expenses and other liabilities	599,181	219,710
Total liabilities	599,181	219,710
Net assets	306,878,732	479,805,522
NAV per Share (Note 7)		

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
	$	$
Net investment loss allocated from Master Funds (Note 5)		
Interest income	2,641,840	4,379,432
Management fee waived (Note 9)	999,738	-
Miscellaneous income	-	48,815
Management fee (Note 9)	(5,490,438)	(11,943,832)
Professional fees and other	(316,189)	(582,276)
Administrative fee	(196,388)	(610,031)
Performance fee (Note 9)	(15,666)	44,409
Net investment loss allocated from Master Funds	(2,377,103)	(8,663,483)
Investment income		
Interest	419,772	14,699
Total investment income	419,772	14,699
Company expenses		
Professional fees and other	(1,305,963)	(1,515,492)
Management fee (Note 9)	(429,226)	(105,687)
Administrative fee (Note 10)	(75,000)	(137,417)
Total Company expenses	(1,810,189)	(1,758,596)
Net investment loss	(3,767,520)	(10,407,380)
Net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Funds (Note 5)		
Net realised loss on securities	(233,175,549)	(95,399,760)
Net change in unrealised gain / (loss) on securities	165,658,877	(276,560,998)
Net loss on securities allocated from Master Funds	(67,516,672)	(371,960,758)
Net decrease in net assets resulting from operations	(71,284,192)	(382,368,138)

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
	$	$
Operations		
Net investment loss	(3,767,520)	(10,407,380)
Net realised loss on securities allocated from Master Funds	(233,175,549)	(95,399,760)
Net change in unrealised gain / (loss) on securities allocated from Master Funds	165,658,877	(276,560,998)
Net decrease in net assets resulting from operations	(71,284,192)	(382,368,138)
Capital share transactions		
Repurchase of Class C Shares (Note 7)	(33,884,196)	(984,900)
Repurchase of Ordinary Shares (Note 7)	(17,185,451)	-
Dividends paid (Note 7)	(50,572,951)	(21,447,654)
Net decrease in net assets resulting from capital share transactions	(101,642,598)	(22,432,554)
Net decrease in net assets	(172,926,790)	(404,800,692)
Net assets, at 1 January	479,805,522	884,606,214
Net assets, at 31 December	306,878,732	479,805,522

See accompanying Notes to the Audited Financial Statements

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	Year ended 31 Dec. 2019	Year ended 31 Dec. 2018
	$	$
Cash flows from operating activities		
Net decrease in net assets resulting from operations	(71,284,192)	(382,368,138)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss, net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Funds	69,893,775	380,624,241
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund*	-	(557,003,000)
Sale of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund*	69,126,591	102,410,387
Changes in operating assets and liabilities:		
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	515,000,000
Due from the Master Funds	32,628,303	(54,653,242)
Other assets	(68,784)	31,618
Accrued expenses and other liabilities	379,471	(400,573)
Net cash provided by operating activities	100,675,164	3,641,293
Cash flows from financing activities		
Repurchase of Class C Shares	(33,884,196)	(984,900)
Repurchase of Ordinary Shares	(17,185,451)	-
Dividends paid	(50,572,951)	(21,447,654)
Net cash used in financing activities	(101,642,598)	(22,432,554)
Net decrease in cash and cash equivalents	(967,434)	(18,791,261)
Cash and cash equivalents, at 1 January	3,602,153	22,393,414
Cash and cash equivalents, at 31 December	2,634,719	3,602,153

**For the year ended 31 December 2019, noncash transactions relating to purchases and sales of investments in Markel CATCO Diversified Fund amounted to $322,881,335 and $322,881,335 respectively (2018: $202,514,410, $202,514,410)*

NOTES TO THE AUDITED FINANCIAL STATEMENTS 31 DECEMBER 2019

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a closed-ended mutual fund company, registered and incorporated as an exempted mutual fund company under the laws of Bermuda on 30 November 2010, which commenced operations on 20 December 2010. The Company is organised as a feeder fund to invest substantially all of its assets in Markel CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of Markel CATCo Reinsurance Fund Ltd., a mutual fund company incorporated in Bermuda and registered as a segregated account company under the Segregated Accounts Company Act 2000, as amended (the "SAC Act"). Markel CATCo Reinsurance Fund Ltd. establishes a separate account for each class of shares comprised in each segregated account (each, a "SAC Fund"). Each SAC Fund is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies. The assets attributable to each SAC Fund of Markel CATCo Reinsurance Fund Ltd. shall only be available to creditors in respect of that segregated account.

Pursuant to an investment management agreement, the Company is managed by Markel CATCo Investment Management Ltd. (the "Investment Manager"), a Bermuda based limited liability company that is subject to the ultimate supervision of the Company's Board of Directors (the "Board"). The Investment Manager is responsible for all of the Company's investment decisions. The Investment Manager commenced operations on 8 December 2015 and entered into a Run-Off Services Agreement with CATCo Investment Management Limited ("CIML"), under which the Investment Manager will provide services relating to the management of the Run-Off business of CIML.

The objective of the Master Fund is to provide shareholders the opportunity to participate in the investment returns of various fully-collateralised reinsurance-based instruments, securities (such as notes, swaps and other derivatives), and other financial instruments. The majority of the Master Fund's exposure to reinsurance risk is obtained through its investment (via preference shares) in Markel CATCo Re Ltd. (the "Reinsurer"). Up until 31 March 2019, the Company also maintained an investment in CATCo Diversified Fund, the former Master Fund, (together with the Master Fund collectively referred to as "the Master Funds"), which was exposed to reinsurance risk through its preference shares investment in CATCo-Re Ltd. At 31 December 2019, the Company's ownership is 15.54 per cent of the Master Fund.

On 25 July 2019, the Board announced that the Company will cease accepting new investments and will not write any new business going forward through the Reinsurer. As of this date, the Investment Manager commenced the orderly Run-Off of the Reinsurer's existing portfolio, which is expected to take approximately three years to completion. As part of this Run-Off, the Company will return capital (which will continue to be subject to side pockets) to investors as such capital becomes available. Refer to Going Concern Considerations under Basis of Presentation below.

The Reinsurer and CATCo-Re Ltd., (together the "Reinsurers") are Bermuda licensed Class 3 reinsurance companies, registered as segregated accounts companies under the SAC Act, through which the Master Funds access the majority of their reinsurance risk exposure. The Reinsurers will form a segregated account that corresponds solely to the Master Funds' investment in the Reinsurers with respect to each particular reinsurance agreement.

The Reinsurers focus primarily on property catastrophe insurance and may be exposed to losses arising from hurricanes, earthquakes, typhoons, hailstorms, winter storms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, wildfires, explosions, marine accidents, terrorism, satellite, energy and other perils.

The Company's shares are listed and traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("SFM"). The Company's shares are also listed on the Bermuda Stock Exchange ("BSX").

Basis of Presentation
The audited Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Company is an investment company and follows the accounting and reporting guidance contained within Topic 946, "Financial Services Investment Companies", of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Going Concern Considerations
In accordance with ASC 205-40-50, Presentation of Financial Statements–Going Concern, the Investment Manager and the Board have reviewed the Company's ability to continue as a going concern and have confirmed their intent to continue to Run-Off the Company's portfolio with no imminent plans to liquidate the Company. The Investment Manager and the Board have concluded that the Company has sufficient financial resources to

continue as a going concern based on the following key considerations: (i) the Company holds investments in the Master Fund which are supported by underlying fully collateralised reinsurance contracts in the Reinsurer or directly held by the Master Fund itself that are expected to be settled on or around 31 December 2022, (ii) the Investment Manager and the Directors' have reviewed the Company's cash forecast for 18 months after the date that the financial statements are issued and have determined that the Company has sufficient cash to adequately meet operational expenses, and (iii) Markel Corporation, is fully committed to the orderly Run-Off of the Reinsurer and Master Fund portfolios. Based on aforementioned reasons, the Company continues to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2019.

Cash and Cash Equivalents
Cash and cash equivalents include short-term, highly liquid investments, such as money market funds, that are readily convertible to known amounts of cash and have original maturities of three months or less.

Valuation of Investments in Master Funds
The Company records its investments in the Master Funds at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with Centaur Fund Services (Bermuda) Limited (the "Administrator"), as defined in Note 10, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair value in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

Fair Value - Definition and Hierarchy (Master Funds)
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Investment Manager uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Investment Manager. Unobservable inputs reflect the assumptions of the Investment Manager in conjunction with both Board of Directors of each of the respective Master Funds (the "Board of the Master Funds") about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorised into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Master Funds have the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Investment Manager in determining fair value is greatest for investments categorised in Level 3 of the fair value hierarchy. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Master Funds' own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Master Funds use prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

Fair Value - Valuation Techniques and Inputs

Investments in Securities (Master Funds)

The value of preference shares issued by the Reinsurers and subscribed for by the Master Funds and held with respect to a reinsurance agreement will equal:

i. the amount of capital invested in such preference shares; plus
ii. the amount of net earned premium (as described below) that has been earned period-to-date for such contract; plus
iii. the amount of the investment earnings earned to date on both the capital invested in such preference shares and the associated reinsurance premiums in respect of such contract; minus
iv. the amount of any loss estimates associated with potential claims triggering covered events (see "Estimates" below); minus
v. the amount of any risk margin considered necessary to reflect uncertainty and to compensate a market participant for bearing the uncertainty of cash flows in an exit of the reinsurance transaction.

As a result of the Reinsurer conducting reinsurance activities, it incurs expenses. The Reinsurer established a separate preference share (the "Expense Cell") to allocate these expenses to the Master Fund. To the extent that the inputs into the valuation of preference shares are unobservable, the preference shares would be classified as Level 3 within the fair value hierarchy

Reinsurance Protections
Included within the Master Fund's investment in the Reinsurer are certain preference shares issued by the Reinsurer and subscribed for by the Master Fund in relation to reinsurance purchased specifically to meet the desired level of risk as set out in the Company's investment strategy ("Reinsurance Protections"). The underlying premiums are amortised over the duration of the contracts.

Derivative Financial Instruments
The Master Fund invests in derivative financial instruments such as industry loss warranties ("ILWs"), which are recorded at fair value as at the reporting date. The Master Fund generally records a realised gain or loss on the expiration, termination or settlement of a derivative financial instrument. Changes in the fair value of derivative financial instruments are recorded as net change in unrealised gain or loss on derivative financial instruments in the Statement of Operations.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund would receive or pay to terminate the contract at the reporting date. These derivative financial instruments used by the Master Fund are fair valued similar to preference shares held with respect to reinsurance agreements, unless otherwise unavailable, except that following a Covered Event (as defined below), loss information from the index provider on the trade will be used.

Investment in Securities issued by the Reinsurer and subscribed to by the Master Fund

Earned Premiums
Premiums are considered earned with respect to computing the Master Funds' net asset value in direct proportion to the percentage of the risk that is deemed to have expired year-to-date. Generally, all premiums, net of acquisition costs, are earned uniformly over each month of the risk period. However, for certain risks, there is a clearly demonstrable seasonality associated with these risks. Accordingly, seasonality factors are utilised for the recognition of certain instruments, including preference shares relating to reinsurance agreements, ILWs and risk transfer derivative agreements, where applicable. Prior to the investment in any seasonal contract, the Investment Manager is required to produce a schedule of seasonality factors, which will govern the income recognition and related fair value price for such seasonal contract in the absence of a covered event. The Investment Manager may rely on catastrophe modeling software, historical catastrophe loss information or other information sources it deems reliable to produce the seasonality factors for each seasonal contract.

Estimates
The Investment Manager provides monthly loss estimates of all incurred loss events ("Covered Events") potentially affecting investments relating to a retrocessional reinsurance agreement of the Reinsurers to the Administrator for review. As the Reinsurers' reinsurance agreements are fully collateralised, any loss estimates above the contractual thresholds as contained in the reinsurance agreements will require capital to be held in a continuing reinsurance trust account with respect to the maximum contract exposure with respect to the applicable Covered Event.

"Fair Value" Pricing used by the Master Funds
Any investment that cannot be reliably valued using the principles set forth above (a "Fair Value Instrument") is marked at its fair value, based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with the Administrator, as defined in Note 10, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers

to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

The process used to estimate a fair value for an investment may include a single technique or, where appropriate, multiple valuation techniques, and may include (without limitation and in the discretion of the Investment Manager, or in the discretion of the Administrator subject to review by the Investment Manager where practicable) the consideration of one or more of the following factors (to the extent relevant): the cost of the investment to the Master Funds, a review of comparable sales (if any), a discounted cash flow analysis, an analysis of cash flow multiples, a review of third-party appraisals, other material developments in the investment (even if subsequent to the valuation date), and other factors.

For each Fair Value Instrument, the Investment Manager and/or the Administrator, may as practicable, endeavor to obtain quotes from broker-dealers that are market makers in the related asset class, counterparties, the Master Funds' prime brokers or lending agents and/or pricing services. The Investment Manager, may, but will not be required to, input pricing information into models (including models that are developed by the Investment Manager or by third parties) to determine whether the quotations accurately reflect fair value.

From time to time, the Investment Manager may change its fair valuation technique as applied to any investment if the change would result in an estimate that the Investment Manager in good faith believes is more representative of fair value under the circumstances.

The determination of fair value is inherently subjective in nature, and the Investment Manager has a conflict of interest in determining fair value in light of the fact that the valuation determination may affect the amount of the Investment Manager's management and performance fee.

At any given time, a substantial portion of the Master Funds' portfolio positions may be valued by the Investment Manager using the fair value pricing policies. Prices assigned to portfolio positions by the Administrator or the Investment Manager may not necessarily conform to the prices assigned to the same financial instruments if held by other accounts or by affiliates of the Investment Manager.

<u>Side Pocket Investments</u>
The Board of the Master Fund, in consultation with the Investment Manager, may classify certain Insurance-Linked Instruments as Side Pocket Investments in which only investors who are shareholders at the time of such classification can participate ("Side Pocket Investments"). This typically will happen if a Covered Event has recently occurred or seems likely to occur under an Insurance-Linked Instrument, because determining the fair value of losses once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. When a Side Pocket Investment is established, the Master Fund converts a corresponding portion of each investor's Ordinary Shares into Side Pocket Shares (Note 7).

<u>Financial Instruments</u>
The fair values of the Company's assets and liabilities, which qualify as financial instruments under ASC 825, "Financial Instruments", approximate the carrying amounts presented in the Statements of Assets and Liabilities.

<u>Investment Transactions and Related Investment Income and Expenses</u>
The Company records its proportionate share of the Master Funds' income, expenses, realised and unrealised gains and losses on investment in securities on a monthly basis. In addition, the Company incurs and accrues its own income and expenses.

Investment transactions of the Master Funds are accounted for on a trade-date basis. Realised gains or losses on the sale of investments are calculated using the specific identification method of accounting. Interest income and expense are recognised on the accrual basis.

<u>Translation of Foreign Currency</u>
Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the Statements of Operations.

The Company does not isolate the portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising from changes in market prices of investments held. Such fluctuations are included in net gains or losses on securities in the Statements of Operations.

Income Taxes
Under the laws of Bermuda, the Company is generally not subject to income taxes. The Company has received an undertaking from the Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act 1966 that in the event that there is enacted in Bermuda any legislation imposing income or capital gains tax, such tax shall not until 31 March 2035 be applicable to the Company. However, certain United States dividend income and interest income may be subject to a 30% withholding tax. Further, certain United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty per cent likelihood of being realised upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognised results in the Company recording a tax liability that reduces ending net assets. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognised tax benefits as of 31 December 2019. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company recognises interest and penalties related to unrecognised tax benefits in interest expense and other expenses, respectively. No tax-related interest expense or penalties have been recognised as of and for the years ended 31 December 2019 and 2018.

Generally, the Company may be subjected to income tax examinations by relevant major taxing authorities for all tax years since its inception.

The Company may be subject to potential examination by United States federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with United States federal or foreign tax laws. The Company was not subjected to any tax examinations during the years ended 31 December 2019 and 2018.

Use of Estimates
The preparation of Financial Statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including fair value of investments and the disclosure of contingent assets and liabilities as of the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

Offering Costs
The costs associated with each capital raise are expensed against paid-in capital and the Company's existing cash reserves as incurred.

Premium and Discount on Share Issuance
Issuance of shares at a price in excess of the Net Asset Value (the "NAV") per share at the transaction date results in a premium and is recorded as paid-in capital. Discounts on share issuance are treated as a deduction from paid-in capital.

Other Matters

Markel CATCo Governmental Inquiries
On 6 December 2018, Markel Corporation reported that the U.S. Department of Justice, U.S. Securities and Exchange Commission and Bermuda Monetary Authority (collectively, the "Governmental Authorities") are conducting inquiries (the "Markel CATCo Inquiries") into loss reserves recorded in late 2017 and early 2018 at the Investment Manager and its subsidiaries (collectively, "Markel CATCo"). These inquiries are limited to Markel CATCo and do not involve Markel Corporation or its other subsidiaries.

Markel Corporation previously disclosed it had retained outside counsel to conduct an internal review of Markel CATCo's loss reserving in late 2017 and early 2018. The internal review has been completed and the outside counsel found no evidence that Markel CATCo personnel acted in bad faith in exercising business judgment in the setting of reserves and making related disclosures during late 2017 and early 2018. Markel Corporation's outside counsel has met with the Governmental Authorities and reported the findings from the internal review. The Markel CATCo Inquiries are ongoing and Markel Corporation and the Investment Manager continue to fully co-operate with them. Markel Corporation cannot currently predict the duration, scope or result of the Markel CATCo Inquiries.

Revised employment litigation:

Anthony Belisle v. Markel CATCo Investment Management Ltd. and Markel Corp. (U.S. District Court for the District of New Hampshire)

On 21 February 2019, Anthony Belisle filed a lawsuit against Markel CATCo and Markel Corporation, which suit was amended on 29 March 2019. As amended, the complaint alleges claims for, among other things, breach of contract, defamation, invasion of privacy, indemnification, intentional interference with contractual relations and deceptive and unfair acts. It seeks relief of, among other things, $66.0 million in incentive compensation, consequential damages, damages for emotional distress and injury to reputation, exemplary damages and attorneys' fees. Markel Corporation believes that the claims are without merit. In June 2019, Markel CATCo, Markel Corporation, and Mr. Belisle agreed to commence binding arbitration to finally, fully and confidentially resolve the claims and counterclaims alleged in the action, and the Belisle suit was dismissed with prejudice in July 2019. The arbitrators have been selected and the arbitration proceeding has commenced. The Company believes that Mr. Belisle's claims are without merit and any material loss resulting from the Belisle binding arbitration to be remote.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

Alissa Fredricks v. Markel CATCo Investment Management Ltd.. and Markel Corp. (U.S. District Court for the District of Massachusetts)

On 21 February 2019, Alissa Fredricks filed a lawsuit against Markel CATCo and Markel Corporation, which suit was amended on 28 March 2019. As amended, the complaint alleges claims for, among other things, breach of contract, defamation, invasion of privacy, indemnification, intentional interference with contractual relations and deceptive and unfair acts. It seeks relief of, among other things, $7.5 million in incentive compensation, consequential damages, damages for emotional distress and injury to reputation, exemplary damages and attorneys' fees. Markel Corporation believes that the claims are without merit. In June of 2019, the action filed by Ms. Fredricks was settled by mutual agreement to the satisfaction of all parties.

California Bankruptcy Court and the PG&E Proposed Settlement

The Investment Manager continues to monitor developments in the California Bankruptcy Court with the assistance of external counsel. The information contained in this section is a summary of publicly available information and further detailed information regarding the PG&E chapter 11 case can be found on https://restructuring.primeclerk.com/pge/.

In particular, external counsel continue to monitor the developments in the California Bankruptcy Court closely with regard to: (i) PG&E's court approved $11 billion settlement with the Ad Hoc Subrogation Group (the "Subrogation Settlement"); (ii) PG&E's court approved $13.5 billion settlement with the Tort Claimants' Committee and a number of individual fire victims (the "TCC Settlement") and (iii) the recently filed proposed Noteholder Settlement (the "Noteholder Settlement").

In filings before the Bankruptcy Court, PG&E has asserted that the claims associated with the Subrogation Settlement (defined as claims relating to the 2017 North fires and 2018 Camp fire) were estimated to be greater than $20 billion and the settlement amount represents an approximate 55% recovery on an aggregate basis; but such distributions are subject to various allocations based upon the applicable fire that is the source of the claim. It is understood that while the Subrogation Settlement was entered into between PG&E and approximately 85% of the subrogation claim holders, the treatment outlined in PG&E's plan as described in the Subrogation Settlement will dictate the treatment of all subrogation claims. However, because the fire allocation percentages have not been released publicly, there is uncertainty with regards to the allocation of recoveries across the insurance sector. It will take considerable time before the exact amounts are known, with increased time lag as you move up from primary to retrocessional insurers.

It is also understood that the Bankruptcy Judge has approved the Subrogation Settlement, the TCC Settlement and the Noteholder Settlement. In addition to court approval of the settlements, PG&E must also confirm a plan of reorganization (i) in order for these settlements to go effective and (ii) for creditors to receive any distributions. It has been noted that a condition of the TCC Settlement is that California Governor Newsom confirm that PG&E's plan of reorganization is compliant with California legislation (AB 1054) regarding access to a public wildfire fund. The Governor has continued to object to PG&E's plan primarily on governance grounds. PG&E has filed an amended plan that incorporates the Noteholder Settlement and certain changes to safety and governance procedures. It is presently uncertain whether PG&E's plan will resolve the Governor's concerns, but in order to take advantage of the public wildfire funds pursuant to AB 1054, PG&E's plan would need to be confirmed prior to 30June 2020.

If the PG&E estimated $11 billion settlement goes ahead, Markel CATCo can expect to get a reduction in cedent reported loss at some point, as contractually any reduction due to subrogation in ground up loss (or recovery) to the original Insurance companies will flow through to the reinsurance placements. Any potential recoveries will be based on the reduction in loss to treaty reinsurance and retrocessional reinsurance programs and will be based on the level of each applicable layer - the order of recovery will flow from the top down. For companies that have sold their subrogation rights, any reduction in cedent reported loss would have been computed already by the flow of any sale price, and the likelihood of any additional recovery flowing through to Markel CATCo as a result of the $11 billion payment will be less likely. The Company has not accrued any amount for the PG&E proposed settlement.

2. SCHEDULE OF THE COMPANY'S SHARE OF THE INVESTMENTS HELD IN THE MASTER FUNDS AND FAIR VALUE MEASUREMENTS

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Funds at 31 December 2019.

Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value
Class D	846,103	Class DP	2,586,774
Class I	575,509	Class DQ	386,742
Class J	606,196	Class DR	7,667,357
Class L	912,858	Class DS	98,536
Class P	462,802	Class DT	2,315,881
Class R	837,706	Class DY	75,420
Class S	3,393,419	Class DZ	1,170,345
Class U	841,465	Class EA	1,492,872
Class V	42,782	Class EB	1,681,692
Class Z	564,489	Class EC	1,936,817
Class BB	869,897	Class ED	3,577,191
Class BQ	1,572,590	Class EE	4,733
Class BR	1,373,288	Class EG	874,236
Class BS	141,689	Class EH	14,403
Class BX	119,924	Class EI	465,586
Class BY	567,978	Class EK	28,763
Class BZ	50,481	Class EL	57,526
Class CA	144,672	Class EM	1,775,149
Class CB	5,776,342	Class EO	19,970
Class CC	7,463,307	Class EP	6,657
Class CD	872,130	Class EQ	43,071
Class CE	398,427	Class ER	1,342,984
Class CI	1,346,238	Class ES	169,433
Class CJ	1,064,806	Class ET	517,355
Class CK	470,763	Class EU	13,280,132
Class CL	2,630,175	Class EV	13,187
Class CM	1,177,420	Class EX	826,179
Class CQ	3,098,654	Class EY	1,238,225
Class CS	1,623,363	Class FA	5,429,891
Class CT	37,619	Class FB	3,619,928
Class CV	94,223	Class FC	2,489,462
Class CW	802,265	Class FD	92,330
Class CX	411,440	Class FE	5,769,249
Class DB	1,263,931	Class FF	8,919,205
Class DC	3,794,515	Class FG	15,033,584
Class DD	892,506	Class FH	525,003
Class DE	13,060,566	Class FI	756,342
Class DF	812,151	Class FJ	556,558
Class DG	29,174	Class FK	788,013
Class DH	42,972	Class FL	13,722,403
Class DI	28,648	Class FM	4,005,134
Class DJ	511,970	Class FN	2,602,598
Class DK	897,892	Class FO	2,485,634
Class DL	80,013	Class FP	289,902
Class DM	108,833	Class FQ	1,757,835
Class DN	439,145	Class FR	896,436
Class DO	2,724,666	Expense Cell	41,237
Total Investments in Markel CATCo Re Ltd. Preference Shares			**$ 179,325,962**

Derivative Financial Instruments		
Industry Loss Warranties	$	-
Total Investments in Derivative Financial Instruments	**$**	**-**

* As at 31 December 2019, the Company held no investment in CATCo Re.

2. Schedule of the Company's Share of the Investments Held in the Master Funds and Fair Value Measurements Cont'd

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurers held by the Master Funds at 31 December 2018.

Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value
Class A	103,768	Class DJ	7,705,404
Class D	2,417,341	Class DK	3,691,777
Class I	586,783	Class DL	1,856,695
Class J	614,610	Class DM	5,436,780
Class L	925,507	Class DN	4,831,869
Class P	843,528	Class DO	24,677,403
Class Q	762,055	Class DP	5,940,954
Class R	864,852	Class DQ	2,036,839
Class S	2,397,414	Class DR	23,593,635
Class U	733,302	Class DS	4,190,163
Class V	43,120	Class DT	8,886,588
Class Y	633,997	Class DU	4,494,015
Class Z	1,440,478	Class DV	2,675,629
Class BB	1,048,149	Class DW	1,284,023
Class BE	2,401,646	Class DX	2,675,901
Class BQ	2,855,235	Class DY	138,796
Class BR	1,425,595	Class DZ	7,611,953
Class BS	163,836	Class EA	21,442,081
Class BX	266,348	Class EB	5,344,165
Class BY	7,200,356	Class EC	14,226,214
Class BZ	850,535	Class ED	2,500,323
Class CA	1,748,880	Class EE	7,109,271
Class CB	2,320,691	Class EF	3,567,759
Class CC	9,803,693	Class EG	3,526,088
Class CD	1,500,498	Class EH	2,236,837
Class CE	4,244,438	Class EI	2,318,862
Class CF	-	Class EJ	1,719,057
Class CI	1,630,315	Class EK	28,168
Class CJ	1,481,397	Class EL	55,872
Class CK	893,299	Class EM	2,353,816
Class CL	2,447,415	Class EN	336,469
Class CM	1,250,837	Class EO	4,133,355
Class CO	2,561,206*	Class EP	1,372,110
Class CQ	6,291,832	Class EQ	1,927,042
Class CS	1,647,043	Class ER	2,509,874
Class CT	608,332	Class ES	3,346,013
Class CV	4,806,287	Class ET	1,418,330
Class CW	258,495	Class EU	14,028,813
Class CX	2,727,788	Class EV	5,008,632
Class DB	5,513,162	Class EW	4,420,241
Class DC	4,771,705	Class EX	5,256,395
Class DD	1,733,317	Class EY	945,602
Class DE	17,049,896	Class EZ	1,469
Class DF	1,095,183	Class BBM	4,811
Class DG	334,205	Class BBN	1,503
Class DH	3,652,951	Expense Cell	19,584
Class DI	2,435,301		

	$	Fair Value
Total Investments in Markel CATCo Re Ltd.	**$**	**334,273,801**
Preference Shares - Investments in CATCo-Re Ltd.	**$**	**Fair Value**
Class DV		256,688
Total Investments in CATCo-Re Ltd.	**$**	**256,688**
Total Investments in Preference Shares	**$**	**334,530,489**
Derivative Financial Instruments		
Industry Loss Warranties	$	(59,869,805)
Total Investments in Derivative Financial Instruments	**$**	**(59,869,805)**

*Fair value of Class CO includes rated paper of $1,198,600 which was released on 1 January 2019.

2. Schedule of the Company's Share of the Investments Held in the Master Funds and Fair Value Measurements Cont'd

Included within the Company's investment in the Master Funds is cash and cash equivalents held in trust by the Master Funds representing the Company's net proportionate share of derivative transactions entered into by the Master Funds amounting to approximately $118,144,335 as of 31 December 2019 (31 December 2018: $177,105,183).

The preference shares relating to Reinsurance Protections are valued at nil (31 December 2018: nil) representing the unamortised portion of premium paid and claims recoverable as at 31 December 2019.

As at 31 December 2019, 100.00 per cent of total investments held by the Master Fund are classified as Side Pocket Investments (31 December 2018: 57.50 per cent).

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient are not required to be classified within the fair value hierarchy. As the Company's investments as at 31 December 2019 comprised solely of investments in another investment company, the Master Fund, which are valued using the net asset value per share (or its equivalent) practical expedient, no fair value hierarchy has been disclosed.

The Company considers all short-term investments with daily liquidity as cash equivalents and are classified as Level 1 within the fair value hierarchy.

As at 31 December 2019, The Master Fund's investment in securities and derivative financial instruments are classified as Level 3 within the fair value hierarchy. The table below summarises information about the significant unobservable inputs used in determining the fair value of the Master Funds' Level 3 assets:

Type of Investment	Valuation Technique	Unobservable Input	Range
Preference Shares	Premium earned	Premiums earned - straight line for uniform perils	12 months
		Premiums earned - seasonality adjusted for non-uniform perils	5 to 6 months
	Loss reserves	Loss reserves*	0 to contractual limit
	Risk margin	Risk margin	0% to 30%
Derivative financial instruments	Fixed rate earnings	Fixed rate earnings - straight line for uniform perils	12 months
		Fixed rate earnings - seasonality adjusted for non-uniform perils	5 to 6 months
	Covered event liability	Covered event liability**	0 to contractual limit

* Based on proprietary models and historical loss analysis data as well as assessments from counterparties

** Based on loss information from the index provider on the trade date

As described in Note 6, significant increases or decreases in loss reserves of the Reinsurer would result in a significantly lower or higher fair value measurement. The derivative financial instruments pertain to non-exchange traded derivatives under standard derivatives agreements. The Master Fund is required to post collateral on derivatives if the Master Fund is in a net liability position with the counterparty. The collateral held is governed by the terms of a tripartite Trust Agreement with any withdrawals only permissible as prescribed by the terms of the Trust Agreement. As of December 31, 2019, the Company's proportionate share of the Master Fund's amount posted to collateral with regard to its derivative financial instruments is $132,514,690.

Master Fund's Other Assets and Liabilities
As at 31 December 2019, the Company's proportionate share in the Master Fund's net liabilities amounts to approximately $37,368,121 (2018: $32,915,235) and is included in 'Investments in the Master Funds' on the Statement of Assets and Liabilities. This includes amounts due to counterparty, amounts due to other segregated accounts of the Master Fund SAC; amounts due to the Reinsurer; and other accrued expenses (net of other assets).

3. CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances (not assets supporting retrocessional reinsurance transactions) in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. At 31 December 2019, cash and cash equivalents are held with HSBC Bank Bermuda Ltd., which has a credit rating of A-/A-2, and with HSBC Global Asset Management (USA) Inc., which has a credit rating of A/A-1 as issued by Standard & Poor's.

4. CONCENTRATION OF REINSURANCE RISK

The following table illustrates the diversified risk profile of the Reinsurer's portfolio by geography and peril as at 31 December 2019 and 2018. Reinsurance Protections purchased specifically to meet the desired level of risk as set out in the Company's investment strategy have not been considered.

Geographic Distribution	2019	2018
1. North America/Caribbean	36%	43%
2. All Other	23%	22%
3. Global Marine/Energy/Terrorism/ Aviation/Satellite	10%	6%
4. Europe	9%	9%
5. Japan	9%	6%
6. Global Backup Protection	5%	5%
7. Mexico/Central America/ South America	4%	4%
8. Australia/New Zealand	3%	3%
9. Asia Excluding Japan	1%	2%

Exposure by Risk Peril	2019	2018
1. Wind	28%	31%
2. Any Natural Peril	26%	24%
3. Earthquake	18%	15%
4. Backup Protection	10%	10%
5. Marine/Energy/Aviation/Satellite	10%	5%
6. Winterstorm/Wildfire	3%	5%
7. Severe Convective Storm	3%	5%
8. Terrorism	1%	1%
9. Flood	1%	2%
10. Other	-	2%

5. INVESTMENTS IN MASTER FUNDS, AT FAIR VALUE

The following tables summarises the Company's Investments in the Master Funds:

	31 Dec. 2019	31 Dec. 2018
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	$ 282,640,471	$ 421,184,607
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value	-	476,230
Investments in Master Funds, at fair value	$ 282,640,471	$ 421,660,837

The net investment loss allocated from the Master Funds, and the net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Funds in the Statements of Operations consisted of the combined results from the Company's Investments in the Master Funds as detailed below:

(Expressed in United States Dollars)	2019 Investment in Master Fund	2019 Investment in CATCo Diversified Fund	2019 Total	2018 Investment in Master Fund	2018 Investment in CATCo Diversified Fund	2018 Total
Net investment loss allocated from Master Funds						
Interest income	$ 2,641,840	$ -	$ 2,641,840	$ 4,379,432	$ -	$ 4,379,432
Miscellaneous income	-	-	-	48,815	-	48,815
Management fee	(4,488,039)	(2,661)	(4,490,700)	(11,875,542)	(68,290)	(11,943,832)
Performance fee[(a)]	-	(15,666)	(15,666)	-	44,409	44,409
Professional fees and other	(306,520)	(9,669)	(316,189)	(561,615)	(20,661)	(582,276)
Administrative fee	(192,618)	(3,770)	(196,388)	(598,197)	(11,834)	(610,031)
Net investment loss allocated from Master Funds	$ (2,345,337)	$ (31,766)	$ (2,377,103)	$ (8,607,107)	$ (56,376)	$ (8,663,483)
Net realised (loss) / gain on securities	$ (232,825,116)[(b)]	$ (350,433) [(b)]	$ (233,175,549)	$ (97,171,593)[(b)]	$ 1,771,833 [(b)]	$ (95,399,760)
Net change in unrealised gain / (loss) on securities	165,231,375[(c)]	427,502 [(c)]	165,658,877	(274,862,795)[(c)]	(1,698,203) [(c)]	(276,560,998)
Net (loss) / gain on securities allocated from Master Funds	$ (67,593,741)	$ 77,069	$ (67,516,672)	$ (372,034,388)	$ 73,630	$ (371,960,758)

a) Performance fee relates to SPI releases during 2019 following commutation of a legacy CATCo Re Ltd. deal.

b) Includes gross realised gain on securities of: 2019: $359,647 (2018: $39,425,415) and gross realised loss on securities of: 2019: $233,535,196 (2018: $134,825,175)

c) Includes gross change in unrealised gain on securities of: 2019: $270,619,536 (2018: $205,021,413) and gross change in unrealised loss on securities of 2019: $104,960,659 (2018: $481,582,411)

6. LOSS RESERVES

The following disclosures on loss reserves are included for information purposes and relate specifically to the Reinsurers and are reflected through the valuations of investments held by the Company through the Master Fund.

The reserve for unpaid losses and loss expenses recorded by the Reinsurer includes estimates for losses incurred but not reported as well as losses pending settlement. The Reinsurer make a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurer use proprietary models and historical loss analysis data as well as assessments from counter-parties to estimate the level of reserves required. The process of estimating loss reserves is a complex exercise, involving many variables and a reliance on actuarial modeled catastrophe loss analysis. However, there is no precise method for evaluating the adequacy of loss reserves when industry loss estimates are not final, and actual results could differ from original estimates. In addition, the Reinsurer's reserves include an implicit risk margin to reflect uncertainty surrounding cash flows relating to loss reserves. The risk margin is set by the actuarial team of the Investment Manager.

Future adjustments to the amounts recorded as of year-end, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Reinsurer's Statements of Operations in future periods when such adjustments become known. Future developments may result in losses and loss expenses materially greater or less than the reserve provided.

The Reinsurer's loss reserves for losses pertaining to Hurricane Dorian, Typhoon Faxai and Typhoon Hagibis represent the Insurance Manager's current best estimate of ultimate settlement values. The reserves are subject to inherent uncertainty due to industry loss estimates varying from final insured losses. The timing and the amount of losses reported to the Reinsurer is in the control of third parties, and has a direct effect on loss reserves, which may require re-estimation as new information becomes available over time.

The Insurance Manager believes that the total loss reserve established for the 2018 loss events is sufficient to provide for all unpaid losses and loss expenses with respect to Hurricane Michael, Typhoon Jebi, Hurricane Florence and the 2018 California Wildfires based on the industry loss information currently available. Inherent uncertainty with regard to the final insured loss impact of the 2018 loss events continues. Therefore, actual results may materially differ if actual reinsured client losses differ from the established loss reserves. The significant uncertainty underlying the industry loss estimates could result in the need to further adjust loss reserves, either in the event that reserves are found to be insufficient or, conversely, if loss reserves are found to be too conservative.

As part of the ongoing reserving process, the Insurance Manager reviews loss reserves on a monthly basis and will make adjustments, if necessary and such future adjustments in loss reserves could have further material impact either favourably or adversely on investor earnings.

As at 31 December 2019, 2019 Side Pocket Investments amounting to 26 per cent of the Ordinary Share NAV and 39 per cent of the C Share NAV were established. Furthermore, as at 31 December 2019, the 2018 Side Pocket Investments, 2017 Side Pocket Investments and 2016 Side Pocket Investments represent 26 per cent, 30 per cent , and 11 per cent of Ordinary Share NAV respectively. The 2018 Side Pocket Investment represent 53 per cent of the C Share NAV. The Side Pocket Investments reflect 100 per cent of any potential liability that may exist with the Reinsurer's counterparties in excess of the loss reserves held by the Reinsurer. These Side Pocket Investments will be released should they no longer be required by the reinsurance counterparties.

During 2019, the Reinsurer paid claims of $1,306,627,263 (December 2018: $1,457,255,573) predominantly in relation to the 2017 Hurricanes Harvey, Irma and Maria, the 2017 and 2018 California Wildfire events and 2018 events including Typhoon Jebi, Hurricane Florence and Hurricane Michael.

7. CAPITAL SHARE TRANSACTIONS

As of 31 December 2019, the Company has authorised share capital of 1,500,000,000 (31 December 2018: 1,500,000,000) unclassified shares of US$0.0001 each and Class B Shares ("B Shares") of such nominal value as the Board may determine upon issue.

As of 31 December 2019, the Company has issued 305,811,860 (31 December 2018: 391,666,430) Class 1 Ordinary Shares (the "Ordinary Shares") and 437,412,476 (31 December 2018: 545,367,863) Class C Shares (the "C Shares").

7. Capital Share Transactions Cont'd

Transactions in shares during the year, shares outstanding, NAV and NAV per share are as follows:

31 December 2019

	Beginning Shares	Adjustment following Share Capital Consolidation	Share Issuance	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	391,666,430	-	-	(85,854,570)	305,811,860	$ 81,309,461	$ 0.2659
Class C Shares	545,367,863	-	-	(107,955,387)	437,412,476	$ 225,569,271	$ 0.5157
						$ 306,878,732	

31 December 2018

	Beginning Shares	Adjustment following Share Capital Consolidation	Share Issuance	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	391,666,430	-	-	-	391,666,430	$ 136,259,360	$ 0.3479
Class C Shares	546,367,863	-	-	(1,000,000)	545,367,863	$ 343,546,162	$ 0.6299
						$ 479,805,522	

The Company has been established as a closed-ended mutual fund and, as such, shareholders do not have the right to redeem their shares. The shares are held in trust by Link Market Services (the "Depository") in accordance with the Depository Agreement between the Company and the Depository. The Depository holds the shares and in turn issues depository interests in respect of the underlying shares.

The Board has the ability to issue one or more classes of C Share during any period when the Master Fund has designated one or more investments as Side Pocket Investments. This typically will happen if a covered or other pre-determined event has recently occurred or seems likely to occur under an Insurance-Linked Instrument. In such circumstances, only those shareholders on the date that the investment has been designated as a Side Pocket Investment will participate in the potential losses and premiums attributable to such Side Pocket Investment. Any shares issued when Side Pocket Investments exist will be as one or more classes of C Share that will participate in all of the Master Fund's portfolio other than in respect of potential losses and premiums attributable to any Side Pocket Investments in existence at the time of issue. If no Side Pocket Investments are in existence at the time of proposed issue, it is expected that the Company will issue further Ordinary Shares.

On 31 January 2019, the Board declared an annual dividend of $0.0265 per share in respect of the Ordinary Shares and $0.0445 per share in respect of C Shares. The record date for this dividend was 8 February 2019 and the ex-dividend date was 7 February 2019. The annual dividend was paid to shareholders on 25 February 2019.

On 23 September 2019, in accordance with Special Resolution 11, the Company completed a tender offer whereby the Company offered both share classes of shareholders the opportunity to tender a portion of their shares in for purchase by the Company. Upon completion of the tender offer, 76,490,478 Ordinary Shares and 90,322,577 C Shares were repurchased for the amounts of $15,298,096 and $27,999,999 respectively.

On 4 October 2019, the Board declared an interim dividend of $0.0127 per share in respect of the Ordinary Shares and $0.0262 per share in respect of C Shares. The record date for these dividends was 18 October 2019 and the ex-dividend date was 17 October 2019. The interim dividend was paid to shareholders on 1 November 2019.

During the three months period ended 31 December 2019, the Company completed share buybacks of 9,364,092 Ordinary Shares, and 17,632,810 C Shares for cancellation in the market at average prices of USD 0.1984 per share and USD 0.3249 per share respectively. As at 31 December 2019, the total amount paid for Ordinary Shares buybacks and C Shares buybacks, including commission, was $1,887,356 and $5,884,197 respectively.

8. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement dated 8 December 2015, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Company and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Company in order to implement such strategy. The Investment Manager earns a fee for such services (Note 9).

The Investment Manager also acts as the Master Fund's investment manager and the Reinsurer's insurance manager. CIML is the investment manager of CATCo Diversified Fund and also acts as CATCo-Re Ltd.'s insurance manager.

9. RELATED PARTY TRANSACTIONS

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5 per cent of the net asset value, which is not attributable to the Company's investment in the Master Funds' shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Funds shares are charged in the Master Funds and allocated to the Company. Performance fees are charged in the Master Funds and allocated to the Company.

On 11 March 2019, the Board announced its decision to consent to a waiver of 33.3334 per cent (one-third) of the management fee paid to the Investment Manager in respect of side pocket investments. The reduction resulting from the waiver had effect from 1 January 2019 until 31 December 2019.

Markel which holds the entire share capital of the Investment Manager, holds 2.72 per cent (31 December 2018: 5.16 per cent) of the voting rights of the Ordinary Shares and 0 per cent (31 December 2018: 0 per cent) of the voting rights of the C Shares issued in the Company as of 31 December 2019.

In addition, as at 31 December 2019, two of the Directors are also shareholders of the Company. The Directors' holdings are immaterial, representing below 1 per cent of the Company NAV.

As at 31 December 2019, the Company was due a receivable of $22,124,939 from Markel CATCo Diversified Fund exclusively related to year-end redemptions.

10. ADMINISTRATIVE FEE

Centaur Fund Services (Bermuda) Limited serves as the Company's Administrator. As a licensed fund administrator pursuant to the provisions of the Bermuda Investment Funds Act, the Administrator performs certain administrative services on behalf of the Company. The Administrator receives a fixed monthly fee.

11. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended 31 December 2019 and 2018 are as follows:

	2019		2018	
	Class 1 Ordinary Shares	Class C Shares	Class 1 Ordinary Shares	Class C Shares
Per share operating performance				
Net asset value, beginning of year	$ 0.3479	$ 0.6299	$ 0.8915	$ 0.9800
Income (loss) from investment operations:				
Net investment (loss) gain	(0.0003)	0.0012	-	0.0027
Performance fee*	(0.0001)	-	0.0001	-
Management fee	(0.0030)	(0.0061)	(0.0100)	(0.0147)
Net loss on investments	(0.0612)	(0.0889)	(0.4789)	(0.3381)
Total from investment operations	$ (0.0646)	$ (0.0938)	$ (0.4888)	$ (0.3501)
Dividend	(0.0392)	(0.0707)	(0.0548)	-
Discount on Share Buy-Backs	0.0218	0.0503	-	-
Net asset value, end of year	$ 0.2659	$ 0.5157	$ 0.3479	$ 0.6299
Total net asset value return				
Total net asset value return before performance fee‡	(18.57)%	(14.90)%	(54.84)%	(35.75) %
Performance fee*	(0.01)%	-%	0.01%	- %
Total net asset value return after performance fee	(18.58)% ^	(14.90)% ^	(54.83)%+	(35.75) %
Ratios to average net assets				
Expenses other than performance fee**	(1.60)%	(1.69)%	(1.75)%	(1.34) %
Performance fee*	(0.01)%	-%	0.02%	- %
Total expenses after performance fee	(1.61)%	(1.69)%	(1.73)%	(1.34) %
Net investment loss	(0.98)%	(0.78)%	(1.11)%	(1.22) %

\+ Adjusting the opening capital to reflect the dividend declared on 31 January 2018, the normalised total return for 2018 is equivalent to -58.43 per cent

^ Adjusting the opening capital to reflect the dividend declared on 31 January 2019, the normalised total return for 2019 is equivalent to –22.52 per cent and –18.86 per cent for the Ordinary and C Shares respectively

‡ Exclusive of dividends declared and paid, and discount on share buy backs

* The performance fee is charged in the Master Funds and relates to crystalized performance fee on Side Pocket investments

** Expenses presented above is net of management fees waived by the Master Fund. The ratio of waived management fees to average net assets are 0.29% for Class 1 Ordinary Shares and 0.23% for Class C Shares.

11. Financial Highlights Cont'd

Financial highlights are calculated for each class of shares. An individual shareholder's return may vary based on the timing of capital transactions. Returns and ratios shown above are for the years ended 31 December 2019 and 2018. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

12. INDEMNITIES OR WARRANTIES

In the ordinary course of its business, the Company may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Company. Based on its history and experience, management believes that the likelihood of such an event is remote.

13. SUBSEQUENT EVENTS

On 30 January 2020, the Investment Manager agreed to reduce the Management Fee on Side Pocket Investments for the financial year 2020 by 50 per cent of the original fee of 1.5 per cent. This is equal to an annual Management Fee of 0.75 per cent. The Management Fee on Side Pocket Investments will be reviewed again at the end of the current financial year.

Effective 1 February 2020, the Investment Manager anticipates redeeming a portion of 2018 Side Pockets Investments held at the Master Fund, resulting in the monies being returned from the Master Fund to the Company amounting to approximately $1.6m for Ordinary Shares and $8.9m for C Shares.

In early 2020, the existence of a new coronavirus (COVID-19) was confirmed. Since that time, COVID-19 has spread from China and to a significant number of other countries around the world. COVID-19 has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the potential impact of COVID-19 on the Company's operations. While we do not expect any adverse impact on actual investment results, it may be possible that there may be an adverse impact on the Company's progress on its stated intentions to return capital to investors as quickly as possible.

On 13 March 2020, a Shareholder Circular was issued setting out proposals which, if approved by Shareholders, will permit the Company to carry out compulsory redemptions of its Ordinary and C Shares.

These Financial Statements were approved by the Board and available for issuance on 23 March 2020. Subsequent events have been evaluated through this date.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of CATCo Reinsurance Opportunities Fund Ltd. (the "Company") will be held at 9.30 a.m. (local time) on 21 May 2020 at the offices of Markel CATCo Investment Management Ltd., 8th Floor East, 141 Front Street, Hamilton HM19, Bermuda for the transaction of the following business:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

i. To receive the Directors' Report and audited financial statements for the year ended 31 December 2019 together with the auditor's report thereon.

ii. To approve the Directors' remuneration report for the year ended 31 December 2019.

iii. To re-elect Mr James Keyes as a Director of the Company.

iV. To re-elect Ms Margaret Gadow as a Director of the Company.

V. To elect Mr Arthur Jones as a Director of the Company.

Vi. To re-appoint KPMG Audit Limited as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid before the Shareholders.

Vii. To authorise the Directors of the Company to determine the remuneration of the auditor.

By order of the Board of Directors

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

23 March 2020

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.

2. Holders of Ordinary Shares and/or C Shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. As at 23 March 2020 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 305,811,860 Ordinary Shares and 437,412,476 C Shares. Accordingly, the total number of voting rights in the Company is 743,224,336.

3. The attendance at the Annual General Meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.

4. Copies of all contracts of service and letters of appointment of Directors of the Company are available for inspection during normal business hours at the Company's registered office on any weekday except Saturdays, Sundays and public holidays, and at the place of the Annual General Meeting for a period of fifteen minutes prior to the Annual General Meeting and during the meeting.

5. Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting.

FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST

6. A Form of Proxy is enclosed for use at the Annual General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Link Asset Services, PXS1, 34 Beckenham Road., Beckenham, Kent BR3 4ZF so as to be received as soon as possible and, in any event, by not later than 1:30 p.m. (UK time) on 19 May 2020. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting should he or she so wish.

7. To have the right to attend and vote at the Annual General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of members by close of business (UK time) on 19 May 2020 or, if the Annual General Meeting is adjourned, Shareholders registered in the register of members at close of business (Bermuda time) on the day two business days prior to the adjourned meeting. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Annual General Meeting.

FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST.

8. A Form of Direction is enclosed for use at the Annual General Meeting. The Form of Direction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF so as to be received as soon as possible and, in any event, by not later than 1.30p.m. (UK time) on 18 May 2020.

9. Depository Interest Holders wishing to attend the Annual General Meeting should contact the Depository at Link Market Services Trustees Limited, The Registry, 34 Beckenham Road, Beckenham. Kent, BR3 4TU or by emailing: Nominee.Enquiries@linkgroup.co.uk no later than 1.30 p.m. (UK time) on 18 May 2020.

10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID: RA10) by 1:30 p.m. (UK time) on 18 May 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

INVESTOR ENQUIRIES

Mark Way
Chief of Investor Marketing
Tel: +1 441 493 9001
Email: mark.way@markelcatco.com

www.catcoreoppsfund.com

LIST OF PARTIES

DIRECTORS

James Keyes
(Chairman)

Arthur Jones
(effective 4 December 2019
(Audit Committee Chairman)

Margaret Gadow
(Management Engagement Committee Chairman)

Alastair Barbour
(resignation 4 December 2019)
(Audit Committee Chairman)

REGISTERED OFFICE

CATCo Reinsurance Opportunities Fund Ltd.
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50 Cedar Avenue
Hamilton HM11
Bermuda
www.catcoreoppsfund.com

INVESTMENT MANAGER

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Hamilton HM19
Bermuda
www.markelcatco.com

Authorised and regulated by the Bermuda Monetary Authority

SECRETARY

Compass Administration Services Limited
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Hamilton HM11
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REINSURER

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Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

ADMINISTRATOR

Centaur Fund Services (Bermuda) Limited
Ideation House
94 Pitts Bay Road, 1st Floor
Pembroke HM08
Bermuda

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DEPOSITORY

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United Kingdom

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THE ASSOCIATION OF INVESTMENT COMPANIES (AIC)

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CATCo Reinsurance Opportunities Fund Ltd. Is a member of the AIC (the trade body of the investment company industry)

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