Annual Report 2017

CATCo®

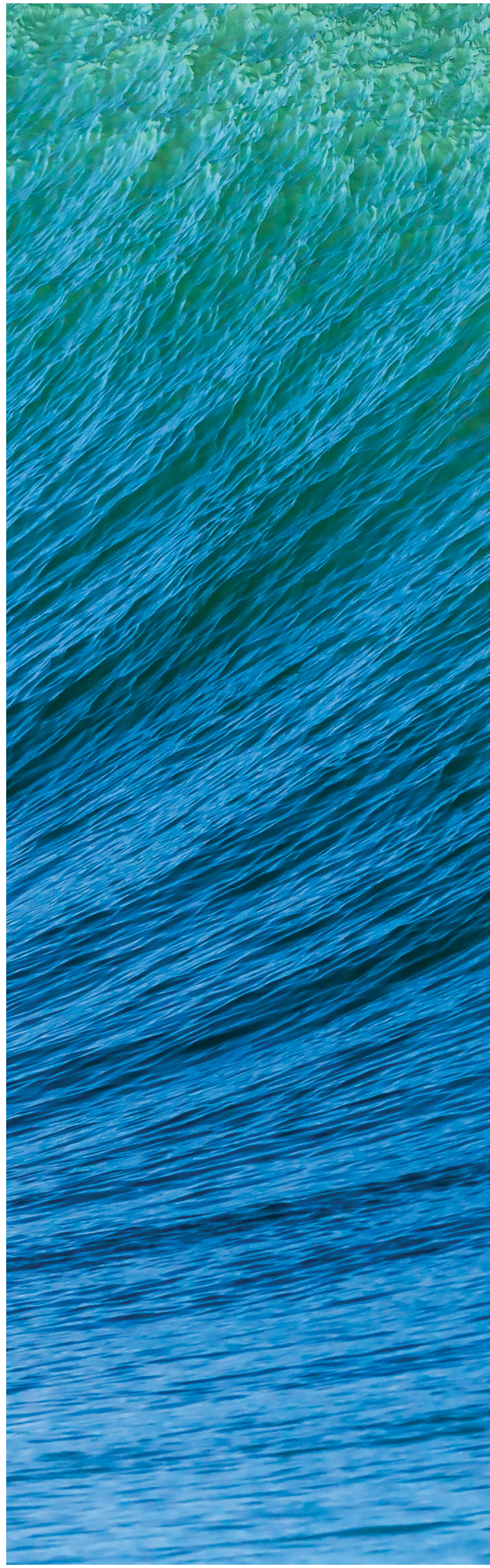
Reinsurance Opportunities Fund Ltd.

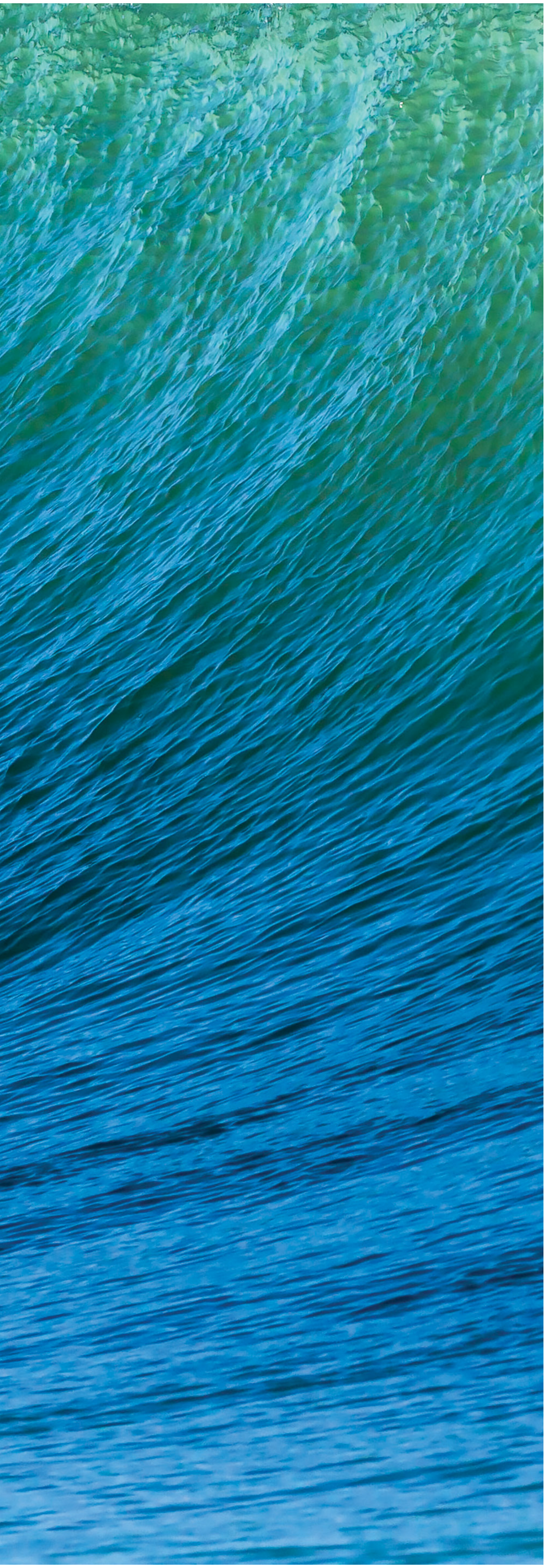
FUND OVERVIEW

Launch Date	20 December 2010
Domicile	Bermuda
Listing	London and Bermuda Stock Exchanges
Structure	Closed Ended Investment Company
Reporting	Monthly NAVs, Unaudited Interim and Annual Report, Audited Annual Financial Statements
Calendar Year	31 December
Target Distribution	LIBOR + 5% of NAV
Target Annual Gross Return	LIBOR + 12% to 15%
Management Fee	1.5% p.a.
Performance Fee	10.0% p.a.
Performance Trigger	LIBOR + 7.5%
High Water Mark	Yes
Continuation Vote	Every 5 Years
Directors	James Keyes (Chairman) Alastair Barbour Margaret Gadow
Bloomberg Ticker Ordinary Shares	CAT LN
Bloomberg Ticker C Shares	CATC LN

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.





CATCo REINSURANCE OPPORTUNITIES FUND LTD.

ANNUAL REPORT 2017

FOR THE 12 MONTH PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

CORPORATE SUMMARY

- SPECIALISED ‘PURE PLAY’ IN RETROCESSIONAL REINSURANCE
- EFFICIENT CAPITAL MANAGEMENT AND ANNUAL DIVIDEND
- DISCOUNT MANAGEMENT
- INDEPENDENT BOARD OF DIRECTORS
- FOCUSED PORTFOLIO
- OUTPERFORMANCE INCENTIVISED
- MANAGED BY MARKEL CATCO INVESTMENT MANAGEMENT LTD.

EFFICIENT CAPITAL MANAGEMENT AND ANNUAL DIVIDEND

CATCo Reinsurance Opportunities Fund Ltd. (the “Company”) aims to achieve efficient capital management and income through a balanced portfolio of global catastrophic reinsurance risk protections. The Company intends to pay an annual dividend of LIBOR plus 5 per cent of Net Asset Value. From 2019 (in respect of the 2018 fiscal year) onwards, the Company also expects to pay a Special Dividend equal to accumulated profits in excess of LIBOR plus 7.5 per cent.

DISCOUNT MANAGEMENT

To assist in managing any discount to Net Asset Value at which Ordinary Shares may be trading, the Company has the authority (subject to annual renewal by Shareholders) to make market purchases of up to 20 per cent of the Company’s Shares.

INDEPENDENT BOARD OF DIRECTORS

The Company is overseen by an independent Board of Directors. By responding to Shareholders’ views, the Board of Directors ensures that the Company continues to offer a distinctive investment proposition that is relevant to investors’ needs.

FOCUSED PORTFOLIO

Markel CATCo Investment Management Ltd. (the “Investment Manager”) manages a focused portfolio of retrocessional reinsurance risks in global property, marine, aviation and specialty classes that are fully cash collateralised.

OUTPERFORMANCE INCENTIVISED

The Company has a performance fee of 10 per cent p.a. if the annual performance trigger and high water mark thresholds have been met. This aligns the Investment Manager’s interests directly with those of Shareholders.

CATCO REINSURANCE OPPORTUNITIES FUND LTD. PROVIDES ITS SHAREHOLDERS THE OPPORTUNITY TO PARTICIPATE IN THE RETURNS FROM INVESTMENTS LINKED TO CATASTROPHE REINSURANCE RISKS, PRINCIPALLY BY INVESTING IN FULLY COLLATERALISED REINSURANCE CONTRACTS AND ALSO VIA A VARIETY OF INSURANCE-BASED INVESTMENTS.

MANAGED BY MARKEL CATCO INVESTMENT MANAGEMENT LTD.

Appointed by the Board of Directors and regulated by the Bermuda Monetary Authority, the Investment Manager has been retained by the Company, Markel CATCo Reinsurance Fund Ltd. and Markel CATCo Re Ltd. to manage and invest their respective assets (collectively the “Group”).

The original CATCo group of companies was formed in 2010 by experienced professionals with established expertise. The Group is one of the largest retrocessional reinsurance managers in the world.

At the date of this report, the Group, through Markel CATCo Investment Management Ltd., manages nine investment funds and a Class 3 Bermuda reinsurance company. Assets under management or advice are approximately $6.1 billion.

The Group offers retrocessional reinsurance expertise, and a disciplined and transparent approach to managing complex risks. More information on the Investment Manager and its management team can be found at markelcatco.com.

TARGET RETURN

Target annual net return of LIBOR plus 9 to 12 per cent per annum achieved by maintaining a disciplined investment approach.

CAPITAL STRUCTURE

391,666,430 Ordinary Shares and 546,367,863 C Shares. Total number of voting rights in the Company is 938,034,293.

CHAIRMAN'S STATEMENT

James Keyes Chairman
CATCo Reinsurance Opportunities Fund Ltd.

Welcome to the 2017 Annual Report for CATCo Reinsurance Opportunities Fund Ltd. (the "Company"). Following an unprecedented year of significant catastrophic events, in which three major hurricanes and extensive wildfires had devastating impacts across the Caribbean and the southern U.S., the Company recorded a decrease of 27.60 per cent in the net asset value of its Ordinary Shares.

Whilst the aforementioned events have heavily affected the financial performance of the Company, the events of 2017 serve to demonstrate the importance of the global reinsurance market and highlight the ability of collateralized vehicles such as the Company and others managed by Markel CATCo Investment Management Ltd. (the "Investment Manager") to respond to global catastrophic risk.

Despite the challenges that 2017 has presented, the Company remains well-positioned to implement its investment policy and to meet its reinsurance clients needs, having taken advantage of the expected increase in reinsurance premiums to raise significant further capital. This further capital, together with the existing available capital, has been fully deployed in the 2018 reinsurance renewals. Furthermore, the Company's ability to raise $546 million in a short period of time to capitalize on this market opportunity further highlights the unique structure of the Company and the capability of the Investment Manager to respond quickly to a rapidly changing market environment.

FINANCIAL PERFORMANCE SINCE INCEPTION

The net asset value ("NAV") of the Ordinary Shares for the year ended 2017 declined by 27.60 per cent (2016: Ordinary Shares plus 8.12 per cent). The cumulative NAV total returns since inception to 31 December 2017 of the Ordinary Shares issued on 20 December 2010 and the various issuances of class C Shares are listed as follows

Share Class (Date of Issuance)	NAV Total Returns since Inception (to 31 December 2017)
Ordinary Shares (20 December 2010)	27.26 per cent
C Shares issued (20 May 2011 – converted to Ordinary Shares in August 2013)	45.00 per cent
C Shares issued (16 December 2011 - converted to Ordinary Shares in August 2013)	30.31 per cent
C Shares issued (2 November 2015 – converted to Ordinary Shares in May 2017)	-22.32 per cent

SIDE POCKET INVESTMENTS ("SPIs")

Due to the number of severe catastrophic events that occurred in 2017 and the nature of the underlying multi-pillared reinsurance deal structures, more SPIs have been established in 2017 than any other previous year since the Company's inception. Historically, the SPIs contained within the Company's investment portfolio have amounted to approximately 5 to 15 per cent of Ordinary Share NAV. However, following the 2017 catastrophic activity, the SPIs represent 65.9 per cent of Ordinary Share NAV as at 31 December 2017. In 2017, SPIs were established (inter alia) in relation to hurricanes Harvey, Irma and Maria and the California wildfires. These SPIs amount to 55 per cent of the Ordinary Share NAV as at 31 December 2017.

As reported in the 2017 interim statement, the Company continues to hold SPIs in relation to underwriting years 2014 – 2016. As at 31 December 2017, the SPI amounts held are as follows:

2014 SPIs, predominantly resulting from U.S. severe convective storms, amount to approximately one per cent of the Company's Ordinary Share NAV (31 December 2016: 1.6 per cent of Ordinary Share NAV).

2015 SPIs, principally relating to U.S. and Canada winter storms and U.S. severe convective storms, amount to 1.6 per cent of the Company's Ordinary Share NAV (31 December 2016: 3.2 per cent of Ordinary Share NAV).

2016 SPIs created for exposures to the Fort McMurray wildfire, the Jubilee oil field off the Ghana coast, Hurricane Matthew and the South Island earthquake in New Zealand amount to 8 per cent of the Company's NAV (31 December 2016: 7.0 per cent of Ordinary Share NAV).

The combined SPIs amount to 65.9 per cent (2016 - 11.5 per cent) of the Ordinary Share NAV with approximately, four per cent of the 2014 - 2016 SPIs expected to be released in the first quarter of 2018.

It is also important to note that the C Shares issued in December 2017 will not have any exposure to losses from the catastrophic events of 2017 or previous years.

C SHARE CONVERSION

As noted in the interim statement, the November 2015 C Shares were converted into Ordinary Shares on 23 May 2017, following determination by the Board that the Company's Ordinary Shares no longer had any material uncertainty to their valuation as a result of their exposure to the 2014 and 2015 SPIs.

SHARE ISSUANCES

During the year, the Company engaged in significant capital activity driven by buyer demand. Initially, in the first half of 2017, the Company raised gross proceeds of $45.9 million via a tap issuance in order to satisfy mid-year demand.

In the second half of 2017, the hurricane events affecting parts of the U.S. and the Caribbean resulted in increased pricing within the retrocessional reinsurance market and an opportunity for the Company to raise new capital to meet investor demand.

In November 2017, the Company launched a twelve month fundraising programme and raised $546 million via a C Share issuance in December 2017. The Directors anticipate issuing further shares dependent on investor appetite, additional buyer demand and appropriate risk and return levels.

2018 PORTFOLIO

As a result of the 2017 catastrophic events, retrocessional reinsurance market conditions hardened and price increases were achieved by the underlying reinsurer. As a consequence, the 2018 portfolio illustrative maximum net return (assuming no losses)*, including hedging costs, is approximately 23 per cent on invested capital. This is approximately a 43 per cent increase over 2017's illustrative maximum net return.

In addition, the overall risk profile of the 2018 portfolio improved, with the maximum capital exposed to a worst-case single event limited to 8 per cent (net), compared to 10 per cent for 2017. Further information about the 2018 portfolio is included in the Investment Manager's Review.

** This figure represents the Company's projected net portfolio returns, is for illustrative purposes only and does not take into account any unforeseen costs, expenses or other factors which may affect the Company or its assets.*

ANNUAL DIVIDEND AND REVISED DIVIDEND POLICY

The Board believes that an appropriate dividend policy is an effective way of returning value to investors and, since inception, the Company has met its intentions of paying an annual dividend of five per cent of the year end NAV plus LIBOR.

With respect to 2017, a dividend of $0.05476 per Ordinary Share was paid to Shareholders on 26 February 2018. Since inception, the Company has returned capital of $234 million to Ordinary and C Share Shareholders via dividends and return of value distributions with the original Ordinary Share Shareholders from December 2010 having received approximately 75 per cent of their original investment through such distributions.

The Board announced on 15 November 2017 its decision to enhance the dividend policy. The Company currently targets an annual dividend of an amount equal to LIBOR plus five per cent of the net asset value per share at the end of each fiscal year (the "Annual Dividend"). In addition to this, the Board now intends to consider paying a special dividend (the "Special Dividend") of which both the Ordinary Shares and the C Shares will be eligible for. The Special Dividend is expected to be an amount equal to the level of accumulated profits of each share class in the relevant fiscal year in excess of LIBOR plus 7.5 per cent. In line with the Annual Dividend, the payment of a Special Dividend is at the Board's discretion.

DISCOUNT MANAGEMENT

At launch, the Board put in place a trading discount related tender offer, the objective of this discount control mechanism being to provide Shareholders with liquidity in the event of the share price trading at a persistent discount to NAV. Implementation of such a discount control mechanism requires the availability of liquidity in the Markel CATCo Diversified Fund, a segregated account of the Markel CATCo Reinsurance Fund Ltd. (the "Master Fund"). Liquidity is reduced due to the catastrophic events in 2017, which have led to 65.9 per cent of the portfolio being cash-trapped.

The Board monitors any share price discount to NAV but does not currently believe that it will be appropriate to make a tender offer in the year ending 31 December 2018 as this would increase the ongoing percentage of the portfolio which is cash-trapped. The Board does not believe that this is in the best interests of the Shareholders as a whole.

SHAREHOLDERS

In my first year as Chairman of the Company, I would like to extend my thanks to the Company's Shareholders for their continued support of the strategy despite a year that resulted in significant negative financial performance.

In addition, I would also like to acknowledge the hard work and co-operation of both the Company's Board and the Investment Manager throughout 2017, which have enabled the Company to respond proactively to the current market conditions.

I look forward to serving you in my role as Chairman, and am encouraged about the opportunities the 2018 portfolio presents.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
9 March 2018

INVESTMENT MANAGER'S REVIEW

Anthony Belisle, Chief Executive Officer
Markel CATCo Investment Management Ltd.

MANAGER'S REVIEW

Following four years of relatively benign loss activity, the Company experienced an extreme amount of insured loss activity in 2017, which is now recognized as the worst year in history for insured losses, leading the Company to experience a decline in NAV of 27.60 per cent for the year.

However, since the Tohoku, Japan earthquake of 2011 and up to the 2017 hurricane loss events, the Company generated over 100 per cent cumulative returns and returned capital of $234 million to Shareholders by way of dividends and return of value distributions.

Looking forward, the Company's 2018 portfolio has an illustrative maximum return (assuming no losses)* that is 43 per cent higher than the 2017 portfolio and includes significant risk reduction. The Investment Manager remains very committed to its unique reinsurance strategy, the Company's Shareholders and its loyal reinsurance buyer base.

** This figure represents the Company's projected net portfolio returns, is for illustrative purposes only and does not take into account any unforeseen costs, expenses or other factors which may affect the Company or its assets.*

2017 SIGNIFICANT LOSS EVENTS UPDATE

Global insured losses during 2017 are estimated to be $135 billion (source: Munich Re), making this the highest insured loss year on record. However, the Company is not exposed to the majority of the global catastrophes contributing to this insured loss estimate. Major events during 2017 that are expected to have a material impact to the Company include Hurricanes Harvey, Irma, and Maria, and the California Wildfires.

After twelve years without a major hurricane (Category 3 or greater) making landfall in the U.S., the 2017 Atlantic hurricane season featured record breaking Hurricanes Harvey, Irma, and Maria. All three storms made landfall in U.S. territories as Category 4 hurricanes, a first for any season since modern record keeping began. Based on current insured loss estimates from Property Claims Services (PCS), Hurricanes Harvey, Irma, and Maria are all now within the top seven insured losses due to natural catastrophes to occur within U.S. territories, since PCS records began in 1950.

According to PCS, Hurricane Maria, which devastated parts of the Caribbean, and in particular Puerto Rico, is currently estimated at $23.97 billion of insured loss. This makes Hurricane Maria the second largest insured loss due to a natural catastrophe in U.S. history, only behind Hurricane Katrina ($51.88 billion, CPI-trended).

Hurricane Irma was also highly destructive for the Caribbean, most notably the U.S. Virgin Islands, St. Martin, as well as Antigua and Barbuda. Following this first wave of impact, Hurricane Irma then continued on a path up the West Coast of Florida. PCS currently estimates the total losses Hurricane Irma at $17.2 billion.

Hurricane Harvey, the first major hurricane to make landfall in U.S. territory since Hurricane Wilma in 2005, now holds the record for the highest total precipitation in the continental U.S. due to a tropical cyclone. Hurricane Harvey stalled near the coastline of Southeastern Texas, dropping torrential rains over the Houston metropolitan region with total rainfall exceeding 50 inches. PCS currently estimates the insured loss due to Hurricane Harvey at $15.7 billion.

WITH A BROAD GEOGRAPHIC SPREAD, A BALANCED EXPOSURE TO DIFFERING RISK PERILS AND WITH PORTFOLIO PROTECTIONS IN PLACE, THE MANAGER HAS SUCCESSFULLY BUILT A STRONGER INVESTMENT PORTFOLIO FOR 2018.

Insured losses due to wildfire events in 2017 that impacted regions of Northern California in October, and Southern California during December, are now estimated at $12.5 billion according to PCS. The 2017 wildfires are now more than four times the cumulative insured losses recorded in any previous year due to wildfires in U.S. history.

LOSS RESERVES

During 2017, the Investment Manager established total loss reserves of 47.4 per cent of the 2017 investor capital (as defined in the Alternative Performance Measures Glossary on page 52) for the following events:

(a) Hurricanes Harvey, Irma, and Maria 28.5 per cent (net of recoveries on hedges);

(b) California Wildfires 17.1 per cent; and

(c) attritional losses of 1.8 per cent available for potential losses due to the Mexico Earthquakes, Cyclone Debbie, and U.S. Severe Convective Storms.

As a result, the 2017 side pocket investments represents approximately 55 per cent of the Net Asset Value of Ordinary Shares as at 31 December 2017. The Investment Manager believes that the total loss reserves established for the 2017 loss events are sufficient to provide for all cedant claims with respect to these loss events, based on the information currently available. However, there is still some level of industry uncertainty with regards to the final insured loss impact of the 2017 loss events.

2018 OUTLOOK

With 2017 producing the highest level of catastrophe losses on record, the Investment Manager has been able to construct a portfolio for Shareholders with a stronger return profile and reduced risk levels as a result of rate increases and improved reinsurance buyer contract terms.

According to Guy Carpenter, despite substantial insured losses in 2017, overall traditional reinsurance industry capital did not decline, leading to only a moderate year over year premium increase of 6.1 per cent for 2018 renewals.

However, the large losses of 2017 translated into more favorable opportunities for those in the ILS market. As a result of its unique product offering, the Investment Manager secured for the 2018 portfolio an illustrative maximum net return (assuming no losses)* of approximately 23 per cent on invested capital, a 43 per cent increase over the 2017 portfolio illustrative maximum net return of 16 per cent. These figures are inclusive of hedging costs.

The Investment Manager also improved terms and conditions related to the portfolio's underlying reinsurance contracts. As a result, the maximum capital exposed to a worst-case single event is limited to 8 per cent (net) for the 2018 portfolio, which represents a 20 per cent reduction over the 10 per cent worst-case single event net return for the 2017 portfolio. In addition, as a result of the reduction in the worst-case single event net return, the 2018 portfolio required the purchase of fewer ILW protections, leading to further cost savings for investors.

Despite the large losses of 2017, the demand for Markel CATCo's product increased for yet another year and is at its highest point since the Company's inception, which has allowed the Investment Manager to deploy 100 per cent of its available capital during the 2018 renewal process.

With a broad geographic spread, a balanced exposure to differing risk perils and portfolio protections in place, the Investment Manager has successfully built a stronger investment portfolio for 2018, with a return and risk profile significantly improved compared to the 2017 portfolio.

Anthony Belisle
Chief Executive Officer
Markel CATCo Investment Management Ltd.
9 March 2018

FINANCIAL HIGHLIGHTS

2017 SUMMARY

	As at 31 December 2017	As at 31 December 2016	Change
Fund Total Net Asset Value	$ 884,606,214	$ 463,617,125	$ 420,989,089
Ordinary Shares			
Net Asset Value	$ 349,165,708	$ 355,855,825	$ (6,690,117)
Shares in issue	391,666,430	273,224,673	118,441,757
Net Asset Value per Share	$ 0.8915	$ 1.3024	$ (0.4109)
Share price	$ 1.0150	$ 1.3050	$ (0.2900)
Premium / (Discount) to NAV	13.85%	0.20%	13.65%
Dividend declared and payable per Share	$ 0.05476 [1]	$ 0.07180 [2]	$ (0.0170)
Total return after performance fee	(27.60)% [3]	8.12% [4]	(35.72)%
Total expense ratio to average net assets	(2.09)%	(2.24)%	0.15%

C Shares	**Issued December 2017**
Net Asset Value	$ 535,440,506
Shares in issue	546,367,863
Net Asset Value per Share	$ 0.9800
Share price	$ 1.0200
Premium / (Discount) to NAV	4.08%
Dividends declared and payable per Share	$ -
Total return after performance fee	-%
Total expense ratio to average net assets	-%

HIGHS AND LOWS - ORDINARY SHARES

	2017		2016	
	$ High	**$ Low**	**$ High**	**$ Low**
Net Asset Value per Share at month end	1.3111	0.8915	1.3288	1.2331
Share price	1.3550	1.0150	1.3050	1.2130
	% Premium	**% Discount**	**% Premium**	**% Discount**
Premium / (Discount to NAV)[5]	13.85	(4.85)	1.28	(5.46)

1 Record Date 9 February 2018
2 Record Date 3 February 2017
3 Total return after adjusting opening capital for dividend declared on 26 January 2017
4 Total return after adjusting opening capital for dividend declared on 29 January 2016
5 As recorded at any given month end

NAV TOTAL RETURNS SINCE INCEPTION OF SHARES TO 31 DECEMBER 2017

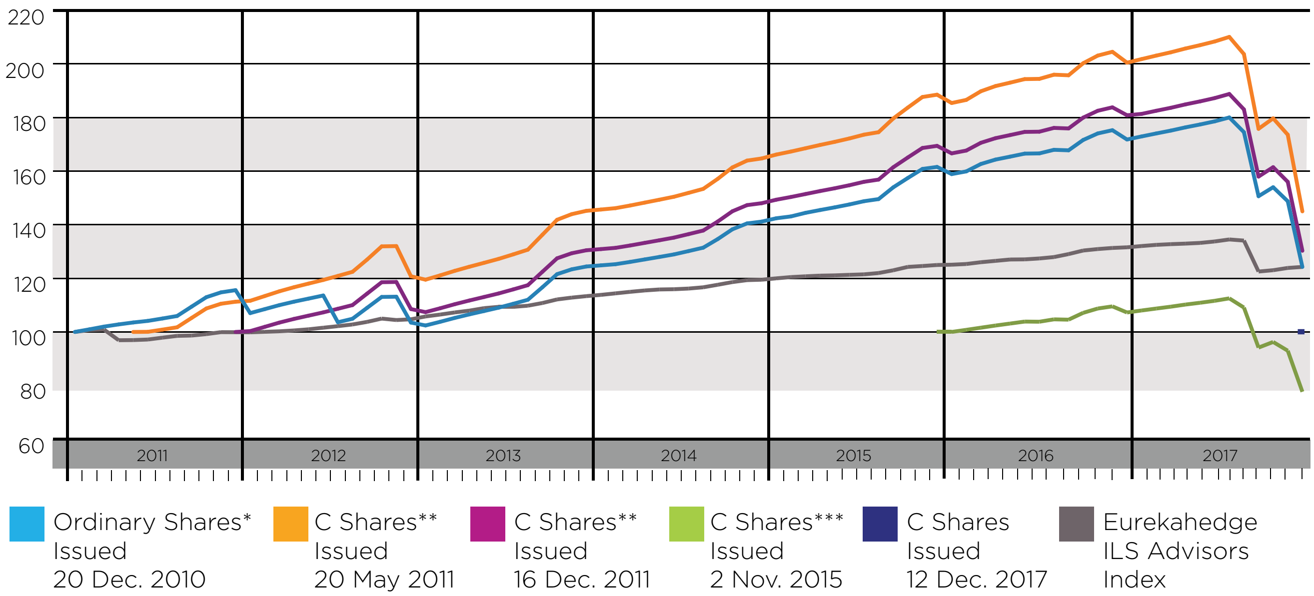
Ordinary Shares issued on 20 Dec. 2010 to 31 Dec. 2017	27.26%
C Shares issued on 20 May 2011 to 31 Dec. 2017	45.00%[6]
C Shares issued on 16 Dec. 2011 to 31 Dec. 2017	30.31%[6]
C Shares issued on 2 Nov. 2015 to 31 Dec. 2017	(22.32)%[7]

NAV PERFORMANCE PER YEAR SINCE INCEPTION

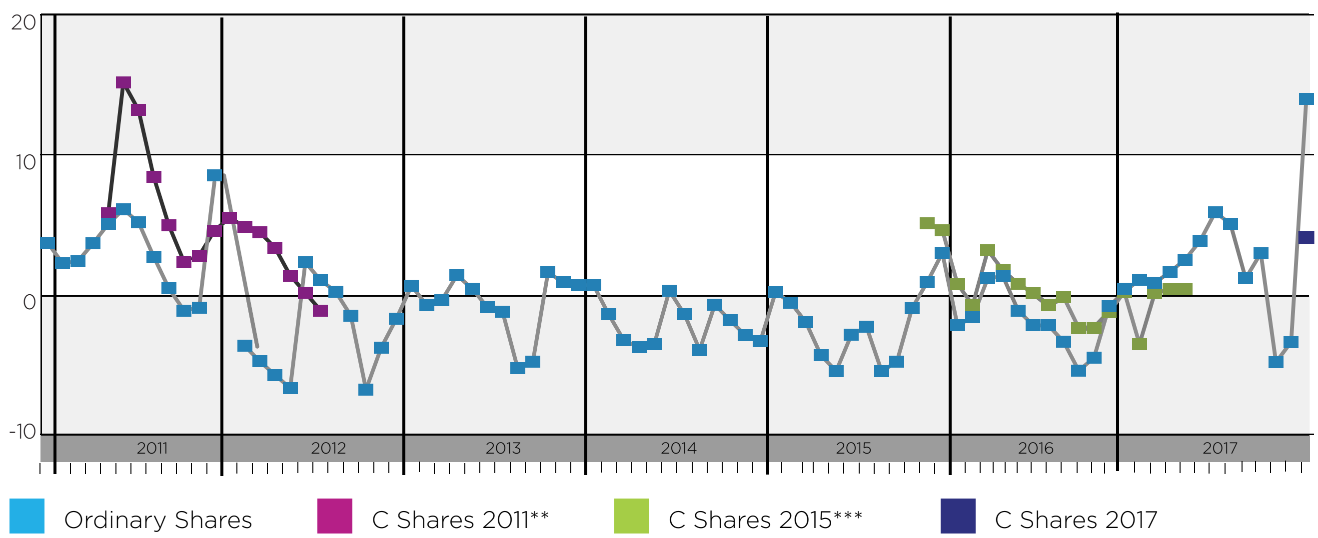
	Ordinary Shares[8,9,10] **Exposure to 2012 Loss Reserves**	**Ordinary Shares**[9, 10] **Exposure to 2011 & 2012 Loss Reserves**
2011 Annual Return	11.69%	7.43%
2012 Annual Return	7.06%	(4.32)%
2013 Annual Return	21.90%	21.90%
2014 Annual Return	14.08%	17.08% [11]
2015 Annual Return	11.58%	11.58%
2016 Annual Return	8.12%	8.12%
2017 Annual Return	(27.60)%	(27.60)%

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
8 Previously C Shares issued in May 2011 prior to C Share conversion to Ordinary Shares in August 2012
9 Past performance is not a guide to future returns
10 Before deduction of Establishment Expenses
11 This includes a 3% capital return paid as a contingent distribution in January 2014

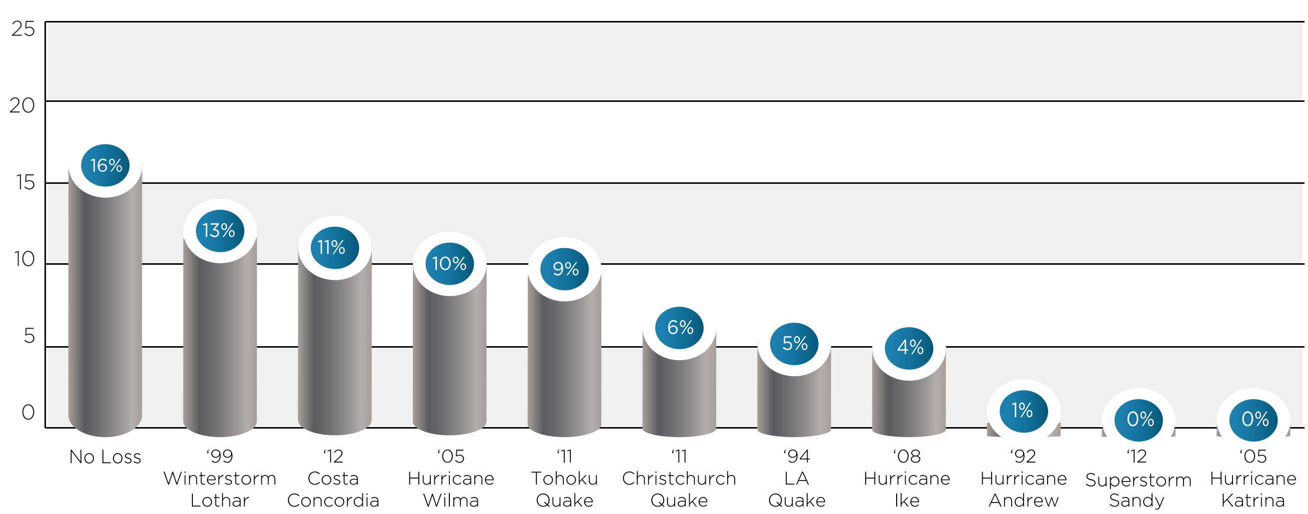
PERFORMANCE ANALYSIS



PREMIUM/DISCOUNT TO NET ASSET VALUE



2017 INDICATIVE NET PORTFOLIO RETURNS FROM A REPEAT OF HISTORICAL SINGLE LOSS EVENTS



* Does not include the 3% capital return paid as a contingent distribution in January 2014
** C Shares issued on 20 May 2011 and 16 December 2011 were converted to Ordinary Shares on 10 August 2012

2017 WORST CASE SINGLE EVENT NET PORTFOLIO RETURNS*

	Peril Description	Net Return
	No Losses	**16%**
1	Europe Convective Storm	**23%**
2	Worldwide Wildfire (ex North America)	**21%**
3	Australia Convective Storm	**20%**
4	India Wind/Quake	**20%**
5	Philippines Windstorm	**18%**
6	Onshore Nonelemental Energy/Marine	**16%**
7	Aviation/Satellite	**16%**
8	All Other Asia Pacific Wind/Quake	**16%**
9	USA Crop Loss	**16%**
10	Elemental Marine	**15%**
11	Indonesia Earthquake	**15%**
12	USA (Hawaii) Windstorm	**14%**
13	Philippines Earthquake	**14%**
14	Worldwide Property Treaty Risk	**13%**
15	Mexico/Central America Windstorm	**13%**
16	Hong Kong Windstorm	**12%**
17	Middle East/Africa Windstorm/Quake	**10%**
18	Worldwide Other	**8%**
19	Taiwan Windstorm	**8%**
20	Terrorism	**6%**
21	Taiwan Earthquake	**6%**
22	South Korea Windstorm	**5%**
23	China Windstorm	**5%**
24	Offshore Nonelemental Marine	**5%**
25	Offshore Nonelemental Energy	**5%**

	Peril Description	Net Return
26	Mexico Earthquake	**2%**
27	Central America Earthquake	**2%**
28	North America Wildfire	**2%**
29	Europe Flooding	**1%**
30	Caribbean Earthquake	**1%**
31	North America Convective Storm	**0%**
32	Worldwide (ex Europe/UK) Flooding	**-1%**
33	North America Winter Storm	**-1%**
34	China Earthquake	**-3%**
35	UK Flooding	**-3%**
36	Canada Earthquake	**-3%**
37	Caribbean Windstorm	**-6%**
38	South America Earthquake	**-6%**
39	Australia Earthquake	**-8%**
40	Australia Windstorm	**-9%**
41	New Zealand Earthquake	**-9%**
42	Japan Earthquake	**-9%**
43	Japan Windstorm	**-10%**
44	Europe Earthquake	**-10%**
45	USA (California) Earthquake	**-10%**
46	USA (Ex California) Earthquake	**-10%**
47	Europe Windstorm	**-10%**
48	USA (Gulf) Windstorm	**-10%**
49	USA (Florida) Windstorm	**-10%**
50	USA (Atlantic)/Canada Windstorm	**-10%**

* The worst case single event profile represents the impact that a total exposure loss to each specific event would have on the net portfolio returns. Due to the presence of hedging protections put in place, some risk perils will have worst case returns that are greater than the no-loss returns.

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 CATCo Reinsurance Opportunities Fund Ltd. on 7 December 2010, and was appointed Chairman on 6 April 2017.

MARGARET GADOW
Management Engagement Committee Chairman

Margaret Gadow has over 28 years' 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 CATCo Reinsurance Opportunities Fund Ltd. on 31 May 2012.

ALASTAIR BARBOUR
Audit Committee Chairman and Non-Executive Director

Alastair Barbour is a Chartered Accountant with 28 years' experience spent auditing and advising Boards of Directors and executive management of public companies and groups in the UK and internationally. Previously, he was a partner of KPMG, having been with that organisation in Bermuda between 1985 and 1991 and then in the UK until his retirement in 2011. He has worked principally in the financial services industry and has extensive experience in advising on accounting, financial reporting and corporate governance matters. He is also a Director of RSA Insurance Group plc, Liontrust Asset Management Company plc and Phoenix Group Holdings, all of which are listed on the London Stock Exchange, and also The Bank of N.T. Butterfield & Son Limited, which is listed on the Bermuda and New York Stock Exchanges. He is also a Director of Markel CATCo Reinsurance Fund Ltd. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. on 1 April 2011.

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 14.

As from 8 December 2015, the management of the investment portfolio has been conducted by Markel CATCo Investment Management Ltd by investment in the Master Fund. A summary of the terms of the management agreement is contained in the Directors' Report on page 18 to 19.

INVESTMENT OBJECTIVE

The investment objective of the Company and the Master Fund is 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 Markel CATCo Re Ltd (the "Reinsurer"). The Company's investment policy appears below, and the Investment Manager's Review on pages 8 to 9 explains how the Company and the Master Fund have invested their assets with a view to spreading investment risk in accordance with the Company's investment policy.

INVESTMENT POLICY AND INVESTMENT STRATEGY

The Master Fund spreads 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.

The Master Fund operates within the following limits:

- no more than 20 per cent of its capital will be exposed to a single catastrophic event;
- capital will only be exposed to catastrophic events at loss levels that have not occurred more than twice in the past 40 years on a trended loss estimate basis, unless otherwise approved by the Board of Directors of the Master Fund;
- capital will be exposed to aviation and marine (including offshore energy) losses caused by catastrophes; and
- at least 50 per cent of capital will be exposed to residential and commercial property losses.

At 31 December 2017, the Portfolio of Investments reflects the stated guidelines as each of the reinsurance arrangements entered into by the Reinsurer contain several non-correlated pillars of risk and provides a portfolio exposure to 50 diversified risk pillars.

When investing, the Company's policy is to move freely between different risk perils as opportunities arise. There are no limits to geographical or sector exposures, except as stated above, but these are reported to, and monitored by, the Board of Directors in order to ensure that adequate diversification is achieved.

A portfolio review by the Investment Manager is given on pages 8 and 9 and an analysis of portfolio performance is shown on pages 10 to 13.

While there is a comparative index for the purpose of measuring performance, no attention is paid to the composition of this index when constructing the portfolio and the composition of the portfolio is likely to vary substantially from that of the index. A short term view is taken and there may be periods when the net asset value per Share declines both in absolute terms and relative to the comparative index.

BORROWING

The Company will not borrow for investment purposes, although it may borrow for temporary cash flow purposes such as for satisfying working capital requirements. The Master Fund will not borrow for investment or other purposes but may invest in Insurance-Linked Instruments which are themselves leveraged.

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 pages 10 to 12. The distribution of the Company's investments is shown on page 42.

MONITORING PERFORMANCE

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives.

The key performance indicators used to measure the progress and performance of the Company over time are established industry measures and are as follows:

- the movement in net asset value per Ordinary Share on a gross, net and total return basis;
- the movement in the Share price on a Share price and total return basis;
- the discount; and
- the total expense ratio

In addition to the above, the Board of Directors also considers peer group comparative performance

STRATEGY IMPLEMENTATION

The reputation of the Investment Manager is built on developing advanced products for its investors, pioneered by experienced professionals with established expertise in managing complex risks.

As an investment boutique, the Investment Manager builds and manages concentrated, diversified and fully collateralised portfolios designed to deliver meaningful market outperformance for its clients and investors. The key to the success of its investment strategies has been the development of its risk-management framework. The investment funds portfolio managed by the Investment Manager consists of fully collateralised reinsurance contracts and are largely uncorrelated to traditional asset classes. Risk is spread across multiple non-correlated risk pillars which aims to limit the amount of capital exposed with respect to a single catastrophic event. These modelled risk pillars can be grouped into the following broad categories: US Wind, US Quake, Europe Wind, Japan Wind, Japan Quake, Rest of World, Offshore Global Marine and Energy, Aviation, Terrorism, Winterstorm, Wildfire, Severe Convective Storm and Flooding, as well as other Specialty Reinsurance Lines.

MANAGEMENT OF RISK

The Investment Manager's risk objectives are closely linked to their performance goals. They seek to optimise trade-offs to ensure that they meet their return objectives, control the volatility of these returns, track underlying liquidity and identify and manage macro-factor risk.

The Board of Directors regularly reviews the major strategic 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 in addition to the reinsurance risks as discussed above relate to the Company's investment activities and include market price, interest rate, liquidity and credit risk. Such key risks relating to investment 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

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council ("FRC") in April 2016, the Directors have assessed the prospects of the Company over the three-year period to the Annual General Meeting in 2021. The Directors believe this period to be appropriate as they will be required by the Bye-laws of the Company to put a proposal for the continuation of the Company at that meeting.

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 "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. The Directors have also considered the ability of the Investment Manager to raise finance and deploy capital.

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 three-year period to the Annual General Meeting in 2021.

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 2017, there were two male Directors and one female Director on the Board. The Board's policy on diversity is set out on page 24.

By order of the Board of Directors

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

DIRECTORS' REPORT

The Board of Directors submit their annual report together with the results of the Company for the year ended 31 December 2017.

BUSINESS

CATCo Reinsurance Opportunities Fund Ltd. (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 is organised as a 'feeder fund', and, for the year ended 31 December 2017, invested substantially all of its assets in Markel CATCo Diversified Fund, which is a segregated account of Markel CATCo Reinsurance Fund Ltd., a mutual fund segregated account company of unlimited duration incorporated in Bermuda. Markel CATCo Diversified Fund accesses all of its exposure to fully collateralised Reinsurance Agreements through Markel CATCo Re Ltd.

DIVIDEND

The Company currently targets an annual dividend of 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, following feedback from investors, the Board had decided to enhance the current dividend policy, and it now intends to consider paying an additional special dividend (the "Special Dividend") from 2019 (in respect of the financial year ending 31 December 2018) onwards.

Both the Ordinary Shares and the C Shares will be eligible for the Special Dividend, which is expected to 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% the "Performance Threshold").

The payment of a Special Dividend is not a target, and the Company's target returns and target distributions remain as stated in the "Corporate Summary" section of this Annual Report and above. Even where the Performance Threshold is met, as is the case with the Annual Dividend, the payment of a Special Dividend is at the Board's discretion.

On 31 January 2018, the Company announced an annual dividend of $0.05476 in respect of each of the Ordinary Shares, for the year to 31 December 2017, payable on 26 February 2018. The record date for this dividend was 9 February 2018 and the ex-dividend date 8 February 2018.

EMPLOYEES

The Company has no employees; its investments and operational functions are managed by Markel CATCo Investment Management Ltd.

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. Performance fees are charged in the Master Fund. As at the date of this report, Markel Corporation, which holds the entire share capital of the Investment Manager, holds, through its asset management subsidiary, 2.15 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 16. The Board also reviews the management processes, risk control mechanisms and marketing activities of the Investment Manager. As a result of these reviews, 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. The Board continues to keep this matter under review.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD" OR "THE 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 categorized as an externally-managed non-EEA AIF for the purposes of the AIFM Directive. The Investment Manager qualifies as the non-EEA AIFM of the Company, as it carries out the majority of the risk management and portfolio management for the AIF.

In order to maintain compliance with the AIFMD, the Company needs to comply with various organizational, 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 AIFM has adopted a Remuneration Policy which accords with the principles established by AIFMD. The Remuneration Policy which provides quantitative details of the remuneration is available upon request to the AIFM by UK or EU investors.

GOING CONCERN STATUS

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, Investment Manager's Review and in this Report.

In accordance with the UK Corporate Governance Code (the "Governance Code") issued in April 2016 (provision C.1.3) and the associated Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Board of Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board of Directors have also considered the Company's longer-term viability, and their statement on that (as required by provision C.2.2 of the Governance Code) appears at page 17.

The Company's assets consist of cash and exposure to a diverse portfolio of retrocessional reinsurance investments, including Industry Loss Warranties, which, in most circumstances, are fully liquid at the end of their contractual term.

The Board of Directors have reviewed forecasts and they believe 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 Directors continue to adopt the going concern basis in preparing these accounts

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

Disapplication of Pre-emption Rights
Under the Bye-Laws of the Company, if the Directors wish to allot any of the unissued Ordinary Shares or C Shares they must, in the first instance offer them to existing Shareholders in proportion to their shareholding of such class of Ordinary Shares or C Shares.

There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares or C Shares without a pre-emptive offer to existing Shareholders.

Special Resolution 8 will, if passed at the annual general meeting, give the Directors authority to disapply pre-emption rights in respect of up to an aggregate number of Ordinary Shares that represents 20 per cent of Ordinary Shares in issue as at the date the resolution is passed, such number to be increased further by such number of Ordinary Shares as represents 10 per cent of the Ordinary Shares into which any C Shares, of the class of C Shares in issue on the date of the notice of annual general meeting, are converted. Any Ordinary Shares issued under such authority must be issued at a premium to the net asset value per Ordinary Share.

Special Resolution 9 will, if passed at the annual general meeting, give the Directors authority to disapply pre-emption rights in respect of up to an aggregate number of C Shares, of the class of C Shares in issue on the date of the notice of annual general meeting, that represents 20 per cent of the Company's C Shares of such class in issue as at the date of such meeting. Any C Shares issued under such authority must be issued at a premium to the Net asset value per C Share.

The authority sought under Special Resolutions 8 and 9 will expire on the conclusion of the next annual general meeting of the Company or, in the case of Special Resolution 9, if earlier, the date on which the C Shares are converted into Ordinary Shares. Shareholders granted authority to the Directors to disapply pre-emptive rights at the annual general meeting of the Company on 6 April 2017, which authority expires at the coming annual general meeting, and accordingly the authority sought under Special Resolutions 8 and 9 is in replacement of the authority granted on 6 April 2017.

In addition, Shareholders granted authority to the Directors to disapply pre-emptive rights at the special general meeting of the Company on 7 November 2017. This authority was granted to enable the issue by the Company on a non pre-emptive basis of C Shares pursuant to an initial placing and offer for subscription and of C Shares and/or Ordinary Shares pursuant to a subsequent placing programme, as announced by the Company on 13 October 2017, and expires (unless previously renewed, revoked or varied by the Company by special resolution) on 6 November 2018. The authority sought under Special Resolutions 9 and 10 is additional to the authority granted on 7 November 2017.

AUTHORITY TO MAKE PURCHASES OF OWN SHARES

Special Resolution 10, if passed, will give the Company authority to buy back its own Ordinary Shares as permitted and in accordance with its Bye-Laws and the Bermuda Companies Act 1981 (as amended). The Directors are proposing that this authority limits the number of Ordinary Shares that may be purchased to up to 14.99 per cent of the Ordinary Shares in issue as at the date of this Special Resolution. The Resolution also sets the maximum prices that can be paid.

The authority will only be exercised if the Directors believe that to do so would result in an increase in the Net asset value per share for the remaining Shareholders and would be in the interest of the Shareholders generally. Any buy-back will also be made within the additional guidelines established from time to time by the Board.

If this authority were to be exercised, the shares repurchased would be cancelled. At present, the Board have no current intention of utilizing this authority.

The authority sought under Special Resolution 10 will expire on the conclusion of the next annual general meeting.

AUTHORITY TO CONDUCT RETURN OF VALUE TENDER OFFER

Special Resolution 11, if passed, also grants the Company authority to buy back its own Ordinary Shares as permitted and in accordance with its Bye-Laws and the Bermuda Companies Act 1981, but only in circumstances where, on the date of publication of the Net asset value per Share as at 31 October 2018 (the "31 October NAV per Share"), Shares of a particular class are trading at a discount to the 31 October NAV per Share of that class. In those circumstances, the Company's authority under Special Resolution 11 may only be exercised for the purpose of offering Shareholders the opportunity to tender a proportion of their Shares of the relevant class for purchase by the Company in order to enable to enable Shareholders to take profits in excess of the annual dividend for the 2018 fiscal year, and where it is reasonable to believe that, after such buy back, the Company will be able to pay its liabilities after they fall due. Further details of return of value tender offers are set out in the Company's prospectus dated 7 November 2017.

The authority sought under Special Resolution 11 will expire on conclusion of the next annual general meeting. Shareholders should note that the authority granted under Special Resolution 11 is in addition to the authority that will be granted to the Company under Special Resolution 10, if passed.

SHARE CAPITAL

The Company's issued share capital at 1 January 2017 amounted to 273,224,673 Ordinary Shares and 102,510,018 C Shares.

On 23 May 2017, the Company converted the C Shares to Ordinary Shares at a ratio of 0.0081 Ordinary Shares for every one C Share held, and the C Shares were delisted that day. 82,835,718 Ordinary Share were admitted to trading on 23 May 2017 as a result of the conversion. Immediately following admission, the Company had 356,060,391 Ordinary Shares in issue.

On 25 May 2017, the Company issued 35,606,039 Ordinary Shares, which were admitted to trading on 31 May 2017. Immediately following admission, the Company had 391,666,430 Ordinary Shares in issue.

On 28 November 2017, the Company issued 543,000,000 C Shares which were admitted to trading on 1 December 2017. This issuance was made pursuant to the Initial Placing and Offer announced by the Company on 8 November 2017. Immediately following admission, the Company had 391,666,430 Ordinary Shares and 543,000,000 C Shares in issue.

On 7 December 2017, the Company issued 3,367,863 C Shares which were admitted to trading on 12 December 2017. This issuance was made under the Placing Programmed announced by the Company on 8 November 2017. Immediately following admission, the Company had 391,666,430 Ordinary Shares and 546,367,863 C Shares in issue.

The Company's issued share capital at 1 January 2018 amounted to 391,666,430 Ordinary Shares and 546,367,863 C Shares. That number is unchanged as at the date of this Report.

Note 7 to the Financial Statements contains further details relating to the C Shares.

SUBSTANTIAL INTERESTS

At 9 March 2018, 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 and Transparency Rules:

Capital	Number of Shares Held*	% of Share
Old Mutual Global Investors	175,814,490	18.74
Cazenove Capital Management	97,171,858	10.36
Aberdeen Standard Investments	74,100,454	7.90
Baillie Gifford	46,916,258	5.00
GLG Partners	39,235,000	4.18
Fidelity International	39,118,936	4.17
Architas Multi Manager	37,460,064	3.99
CCLA Investment Management	28,908,555	3.08

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

DIRECTORS

The Directors, who, with the exception of Nigel Barton, all held office throughout the year under review, together with their interests, are shown below. Nigel Barton stood down as a Director and Chairman on 6 April 2017.

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. Alastair Barbour continues in his role as Chairman of the Audit Committee. It is the Board's intention to appoint an additional director in order to maintain the number of directors on the Board at four.

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 Share Capital of the Company were as follows:

	As at 31 December 2017 Ordinary Shares[1]	As at 31 December 2016 Ordinary Shares
James Keyes	-	-
Alastair Barbour	130,000	130,000
Margaret Gadow	55,901	55,901
Nigel Barton	62,674[2]	62,674

No Director has any interests in the C Shares of the Company.

[1] Or date of retirement from the Board, if earlier.
[2] As at his retirement as a Director and Chairman on 6 April 2017

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 29 to 30 of the Annual Report.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

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. 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 UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in April 2016 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk.

The AIC has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in the Governance Code, as well as setting out additional principles and recommendations on issues that are specific to investment companies.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, will provide better information to Shareholders.

APPLICATION OF THE PRINCIPLES OF THE CODES

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Governance Code, except the Governance Code provisions relating to:

- The role of the Chief Executive (A.2.1)
- Executive Directors' remuneration (D.2.1 and D.2.2)
- The need for an internal audit function (C.3.6)

For the reasons set out in the AIC Guide and in the preamble to the Governance Code, the Board considers these provisions are not relevant to the position of CATCo Reinsurance Opportunities Fund Ltd., being an externally-managed investment company. The Company has, therefore, not reported further in respect of these provisions.

The Board of Directors are 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 Markel CATCo Reinsurance Fund Ltd. and CATCo Reinsurance Fund Ltd.;
- 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 the dividend;
- 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 of Directors.

The Board currently consists of three non-executive Directors. The names and biographies of those Directors appear on page 14 and indicate their range of investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the Investment Manager and CATCo Investment Management Ltd. 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, was considered to be independent on his appointment. The AIC Code states that the test of independence continues to be appropriate and, consequently, the Board of Directors will follow the AIC Code. The Board of Directors are satisfied that James continues to have the appropriate independence to remain in this role.

The respective re-elections of James Keyes, Margaret Gadow and Alastair Barbour were considered and approved by the Board of Directors 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 re-election continued to be effective and that he/she continued to demonstrate commitment in his/her role. Throughout 2017, 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 2017
Directors have attended Board meetings and Committee meetings held during the year as shown below:

Director	Scheduled Board Meetings Attended	Special Purpose Committee/Board Meetings Attended[1]	Audit Committee Meetings Attended[2]
J Keyes	4/4	9/9	1/1
A Barbour[3]	3/4	7/7	1/1
M Gadow[4]	3/4	0/1	0/1
N Barton[5]	1/1	1/3	1/1

1. Includes one meeting of the Management Engagement Committee, which was attended by all Directors except Margaret Gadow, as explained in note 4 below.
2. The business of the Audit Committee was also dealt with at a joint Audit Committee and Board meeting held during the year which considered as its sole agenda item the interim results to 30 June 2017 and the Interim Report to shareholders. This meeting is included in the meetings referred to in the first column of this table.
3. Alastair Barbour was unable to attend one scheduled Board meeting on medical grounds.
4. Margaret Gadow was unable to attend one scheduled Board meeting, Audit Committee and Management Engagement Committee meeting due to a family bereavement.
5. Nigel Barton ceased to be a Director with effect from 6 April 2017.

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 of Directors 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, Chairman of the Audit Committee, 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.

In order to enable the Board of Directors 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 documents regarding specific matters. Directors have made further enquiries where necessary.

There is an agreed procedure for the Board of Directors 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 of Directors 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. In accordance with the Company's Bye-Laws and relevant legislation, each Director abstains from approval of their own position.

The Board of Directors 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 of Directors and 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 14 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.

EXTERNAL AGENCIES

The Board of Directors has contractually delegated to external agencies, including the Investment Manager and other service providers, certain services: the management of the investment portfolio; the Trustee services (which include the safeguarding of the assets); 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 Directors of the quality and cost of services offered, in so far as they relate to the affairs of the Company. The Board of Directors receives and considers reports from the Investment Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board of Directors as requested.

COMMITTEES

Nomination Committee
No Nomination Committee has been established. The Board of Directors 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 of Directors are 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 of Directors 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 of Directors will consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board.

Audit Committee
An Audit Committee has been established and comprises all of the independent Directors including the Company Chairman. The Board considers it appropriate that the Company 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. Alastair Barbour, 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 in 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 auditors together with their remuneration, as well as the non-audit services provided by the auditor;
- the review of the scope and the results of the audit, its cost effectiveness and the independence and objectivity of the auditors, with particular regard to non-audit fees; and
- the review of the auditors' management letter and the management response.

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 page 38. The Committee reviewed and questioned the valuation prepared by management taking account of the latest available information on the underlying business written by the Reinsurer and discussed with the auditors, the results of their audit of the businesses and their review of the valuation of investments. Given the uncertainty arising from the magnitude of the three Atlantic hurricanes in the third quarter of 2017 and the California wildfires in October and December, the Committee focused on, and challenged, the Investment Manager's modelled results, derived primarily from advices from loss reporting services and catastrophe modelling companies, and comparison to initial loss notices from ceding reinsurers to satisfy themselves that the covered event estimates were appropriate and that sufficient disclosure has 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 45. 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 Corporate Governance 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 auditors 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.

Auditors
The external auditors, KPMG Audit Limited, who have acted as the Company's auditors 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 auditors' report on their findings at the conclusion of the audit. Audit fees of $70,000 (2016: $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 $92,428 (2016: $4,500) for non-audit services were paid to KPMG Audit Limited during the year, in connection with the C Share issuance.

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 auditors, 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 meets once annually in order to review matters concerning the management agreements which exist with Markel CATCo Investment Management Ltd. (the "Investment Manager") and CATCo Investment Management Ltd.

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.

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.

REMUNERATION COMMITTEE AND DIRECTORS' REMUNERATION

Under the UK Listing Authority's Listing Rule 15.6.6, where an investment company has only non-executive directors, the Governance Code principles relating to Directors' remuneration do not apply. The Board of Directors, therefore, 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 page 29.

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 of Directors. 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 have 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 of Director'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 28 and the Statement of Going Concern is included in the Directors' Report, on page 19. The Independent Auditors' Report is on pages 31 to 32.

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 of Directors on these meetings.

As required by the Governance 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 pages 49 to 50 sets out the business of the meeting and the resolutions. Separate resolutions are proposed for each substantive issue.

The Board of Directors are very conscious that the Annual General Meeting is an event at which all Shareholders are encouraged to attend and participate. The Investment Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. 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.

INTERNAL CONTROL

The Board of Directors 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 of Directors.

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

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 below:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance.
- the Board and the Investment Manager have agreed a clearly-defined investment policy, any material change to which requires the approval of the Company's Shareholders by way of Ordinary resolution. Reports on the performance of the Company and the Master Fund, including risk analyses and investment valuations, are regularly submitted to the Board. The investment objectives, policies and restrictions of the Master Fund may not be amended without the prior consent of the Company.
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers.
- 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.

The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by 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.

PROXY VOTING AND STEWARDSHIP

The FRC first published "The UK Stewardship Code" for institutional Shareholders on 2 July 2010, which was revised in September 2012.

The purpose of The UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to Shareholders and assist institutional investors with the efficient exercise of their governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board of Directors has delegated responsibility for actively monitoring the activities and performance of the Company, the Master Fund and the CATCo Reinsurance Fund Ltd. (the "CATCo Master Fund") to the Investment Manager, on which the Investment Manager regularly reports to the Board of Directors.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year.

Under that law, the Board of Directors have 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 of Directors are 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 Directors are 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. They are 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 Directors consider 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 Markel CATCo Investment Management Ltd. is, so far as it relates to the Company, the responsibility of Markel CATCo Investment Management Ltd.

The Board of Directors are 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 and Transparency Rules, and to the best of their knowledge, each Director of CATCo Reinsurance Opportunities Fund Ltd. 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

Alastair Barbour
Chairman of the Audit Committee
9 March 2018

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 2017 (US dollars)	For the year ended 31 December 2016 (US dollars)
Chairman[1] James Keyes	75,000	60,000
Chairman of Audit Committee: Alastair Barbour	65,000	65,000
Chairman of Management Engagement Committee: Margaret Gadow[2]	60,000	55,000
Former Chairman of the Board: Nigel Barton[3]	21,000	80,000

1 *James Keyes was appointed Chairman of the Board with effect from 6 April 2017, and was replaced as Chairman of the Management Engagement Committee on the same date.*

2 *Margaret Gadow was appointed Chairman of the Management Engagement Committee with effect from 6 April 2017.*

3 *Nigel Barton ceased to be a Director of the Company with effect from 6 April 2017.*

POLICY ON DIRECTORS' FEES

As the Board is composed wholly of non-executive Directors, it is exempt under the Listing Rules from appointing a remuneration committee.

The Board as a whole considers Directors' remuneration.

The Board has appointed the Investment Manager, Markel CATCo Investment Management Ltd., 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 2018 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 2018.

All Directors 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

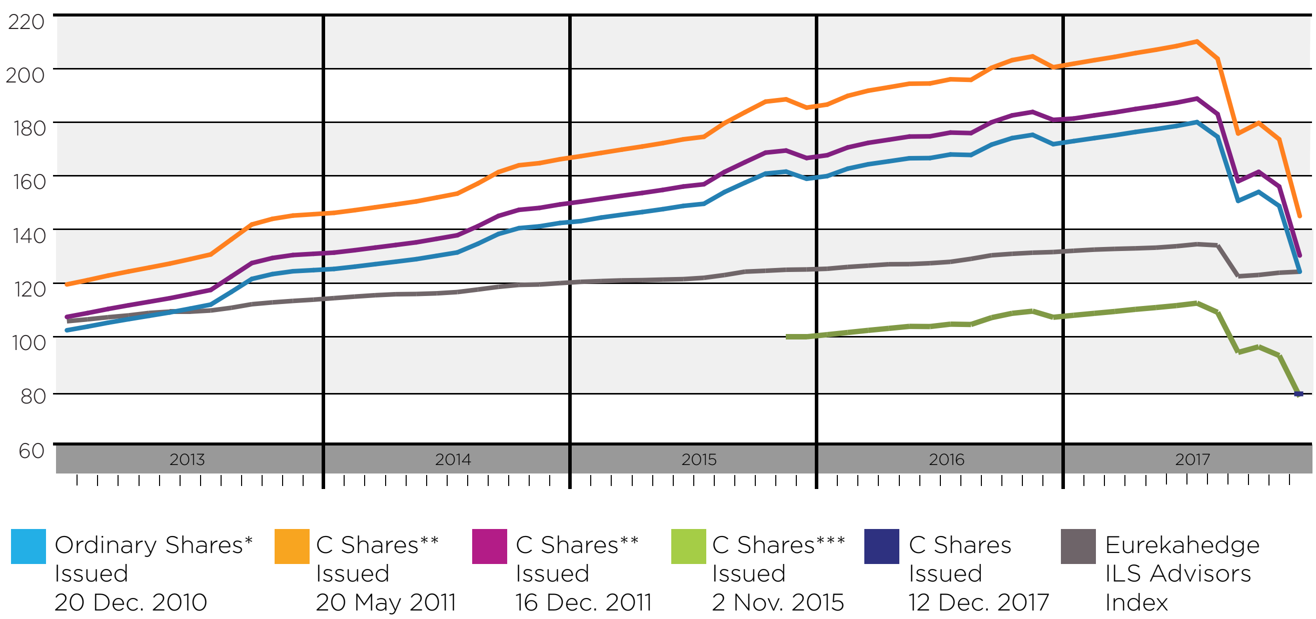
Directors do not have a service contract but are provided with letters of appointment. At each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire 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 re-appointed 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 have adopted a policy that no Director may serve for more than three years without retiring and standing for re-appointment, but that, generally, all Directors will stand for annual re-appointment. 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 2013 to 31 December 2017, 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 2013 to 31 December 2017 (rebased)



APPROVAL

The Directors' remuneration report was approved by the Board of Directors on 9 March 2018 and signed on its behalf by

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

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Independent Auditor's Report

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 2017 and 2016, 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 audit 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.

KPMG

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 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As explained in Notes 2, 5 and 6, the financial statements include investments in Master Funds with a fair value of $347,692,465 (being 39.30% of net assets) as of 31 December 2017. The investments held by the Master Funds comprise of unquoted preference shares. The fair value of these preference shares is estimated by the Investment Manager using various valuation techniques, unobservable inputs and judgments. Because of the inherent uncertainty in estimating these fair values, the fair values reported in the financial statements as at 31 December 2017 will likely differ from the actual fair value that would have been used had a ready market for the preference shares held in the Master Funds existed and those differences could be material. Our opinion is not modified with respect to this matter.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
9 March 2018

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	31 Dec. 2017	31 Dec. 2016
	$	$
Assets		
Investments in Master Funds, at fair value (Note 5)	347,692,465	463,116,346
Cash and cash equivalents	22,393,414	819,558
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	515,000,000	-
Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	100,000	-
Other assets	40,618	20,257
Total assets	885,226,497	463,956,161
Liabilities		
Accrued expenses and other liabilities	620,283	339,036
Total liabilities	620,283	339,036
Net assets	884,606,214	463,617,125
NAV per Share (Note 7)		

See accompanying Notes to Financial Statements

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Year ended 31 Dec. 2017	Year ended 31 Dec. 2016
	$	$
Net investment loss allocated from Master Funds (Note 5)		
Interest	855,847	142,741
Miscellaneous income	-	11,874
Management fee	(6,678,874)	(6,739,718)
Professional fees and other	(356,909)	(312,932)
Administrative fee	(216,748)	(229,233)
Performance fee	(1,373)	(3,906,968)
Net investment loss allocated from Master Funds	(6,398,057)	(11,034,236)
Company expenses		
Professional fees and other	(1,629,446)	(1,412,957)
Management fee	(66,234)	(80,620)
Administrative fee	(60,000)	(99,000)
Total Company expenses	(1,755,680)	(1,592,577)
Net investment loss	(8,153,737)	(12,626,813)
Net realised gain and net increase in unrealised depreciation on securities allocated from Master Funds (Note 5)		
Net realised gain on securities	46,131,007	57,663,896
Net increase in unrealised depreciation on securities	(172,074,933)	(11,149,939)
Net (loss) / gain on securities allocated from Master Funds	(125,943,926)	46,513,957
Net (decrease) / increase in net assets resulting from operations	(134,097,663)	33,887,144

 See accompanying Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	Year ended 31 Dec. 2017	Year ended 31 Dec. 2016
	$	$
Operations		
Net investment loss	(8,153,737)	(12,626,813)
Net realised gain on securities allocated from Master Funds	46,131,007	57,663,896
Net increase in unrealised depreciation on securities allocated from Master Funds	(172,074,933)	(11,149,939)
Net (decrease) / increase in net assets resulting from operations	(134,097,663)	33,887,144
Capital share transactions		
Issuance of Ordinary Shares	45,265,957	10,920,013
Issuance of Class C Shares	546,367,863	-
Dividend paid	(25,557,987)	(18,084,741)
Offering costs Ordinary Shares	(688,389)	(208,719)
Offering costs Class C Shares	(10,927,358)	-
Premium on issuance of shares	626,666	-
Net increase / (decrease) in net assets resulting from capital share transactions	555,086,752	(7,373,447)
Net increase in net assets	420,989,089	26,513,697
Net assets, at 1 January	463,617,125	437,103,428
Net assets, at 31 December	884,606,214	463,617,125

See accompanying Notes to Financial Statements

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	Year ended 31 Dec. 2017	Year ended 31 Dec. 2016
	$	$
Cash flows from operating activities		
Net (decrease) / increase in net assets resulting from operations	(134,097,663)	33,887,144
Adjustments to reconcile net decrease in net assets resulting from operations to net cash (used in) / provided by operating activities:		
Net investment loss, net realised gain and net increase in unrealised depreciation on securities allocated from Master Funds	132,341,983	(35,479,721)
Sale of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, and CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	37,521,898	334,580,362
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	(54,440,000)	(414,700,000)
Changes in operating assets and liabilities:		
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	(515,000,000)	88,000,000
Due from related parties	(100,000)	-
Other assets	(20,361)	9,868
Accrued expenses and other liabilities	143,145	56,047
Net cash (used in) / provided by operating activities	(533,650,998)	6,353,700
Cash flows from financing activities		
Issuance of Ordinary Shares	45,265,957	10,920,013
Issuance of Class C Shares	546,367,863	-
Dividend paid	(25,557,987)	(18,084,741)
Offering costs Ordinary Shares	(688,389)	(208,719)
Offering costs Class C Shares	(10,789,256)	-
Premium on issuance of Ordinary Shares	626,666	-
Net cash provided by / (used in) financing activities	555,224,854	(7,373,447)
Net increase / (decrease) in cash and cash equivalents	21,573,856	(1,019,747)
Cash and cash equivalents, at 1 January	819,558	1,839,305
Cash and cash equivalents, at 31 December	22,393,414	819,558

 See accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2017

(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 fund, registered and incorporated as an exempted mutual fund company in Bermuda on 30 November 2010 and 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"). The Company will establish 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 and managed by Markel CATCo Investment Management Ltd. (the "Investment Manager"). The assets attributable to each SAC Fund of the Master Fund shall only be available to creditors in respect of that segregated account.

Pursuant to an investment management agreement, the Company is managed by the Investment Manager, a Bermuda based limited liability company. 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 (Note 8).

Prior to 8 December 2015, the Company was managed by CATCo Investment Management Ltd ("CIML"). The Investment Manager entered into a Run-Off Services Agreement with CIML, under which the former will provide services relating to the management of the run-off business of CIML until such business is liquidated. The Company maintains an investment in CATCo Diversified Fund, the former Master Fund, (together the "Master Funds") details of which can be found within Note 2.

The Company's shares are listed and traded on the Specialist Fund Market ("SFM"), a market operated by the London Stock Exchange. The Company's shares are also listed on the Bermuda Stock Exchange.

The objective of the Master Fund is to give the shareholders the opportunity to participate in the investment returns of various insurance-based instruments, including preference shares through which the Master Fund would be exposed to reinsurance risk, insurance-linked 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"). At 31 December 2017, the Company's ownership is 16% of the Master Fund (31 December 2016: 16%) and 16% of CATCo Diversified Fund (31 December 2016: 16%).

The Reinsurer and CATCo-Re Ltd., (together the "Reinsurers") are Bermuda licensed Class 3 reinsurance companies, registered as a 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, winterstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, wildfires, explosions, marine accidents, terrorism, satellite, energy and other perils.

1. Nature of Operations and Summary of Significant Accounting Policies Continued

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").

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 Fund
The Company records its investments in the Master Funds at the net asset value as reported by the Master Funds, which is the Company's proportionate interest in the net assets of the Master Funds. The performance of the Company is directly affected by the performance of the Master Funds and is subject to the same risks to which the Master Funds are subject. Valuation of investments held by the Master Funds, including, but not limited to the valuation techniques used and classification within the fair value hierarchy of investments held are discussed as follows:

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 Continued

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 “Covered Event 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.

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 Funds invests in derivative financial instruments such as industry loss warranties (“ILWs”), which are recorded at fair value as at the reporting date. Realised and unrealised appreciation or depreciation in fair values are included in net gain on securities in the Statements of Operations in the year in which the changes occur.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Funds would receive or pay to terminate the contract at the reporting date. These derivative financial instruments used by the Master Funds 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.

Investments in Securities held by the Reinsurers

Earned Premiums

Premiums shall be 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, shall be 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.

1. Nature of Operations and Summary of Significant Accounting Policies Continued

Covered Event Estimates

The Investment Manager provides monthly loss estimates for all incurred loss events ("Covered Events") potentially affecting investments relating to a retrocessional reinsurance agreement of the Reinsurers. 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.

In addition, the Investment Manager, may in its discretion, consult with the members of the investment team to determine the appropriate valuation of an instrument or additional valuation techniques that may be helpful to such valuation.

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.

Side Pocket Investments

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).

Financial Instruments

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.

1. Nature of Operations and Summary of Significant Accounting Policies Continued

Investment Transactions and Related Investment Income and Expenses

The Company records its proportionate share of the Master Funds' income, expenses, realised gains and losses and increases and decreases in unrealised appreciation 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.

Translation of Foreign Currency

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 gain 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 in Bermuda 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.

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 2017 and 2016. 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 interest tax-related expense or penalties have been recognised as of and for the years ended 31 December 2017 and 2016.

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 2017 and 2016.

Use of Estimates
The preparation of Financial Statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements. 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. The amount expensed against paid-in capital should not exceed 2% of the net proceeds of the Initial Placing and Offer.

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 Reinsurers held by the Master Funds at 31 December 2017.

Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	$ Fair Value
Class A	1,155,227	Class BY	13,163,527
Class B	4,079,104	Class BZ	19,117,771
Class D	4,538,516	Class CA	4,815,954
Class E	1,848,506	Class CB	26,741,990
Class F	4,602,089	Class CC	22,580,368
Class H	103,750	Class CD	3,945,663
Class I	952,936	Class CE	7,423,112
Class J	611,923	Class CF	4,045,010
Class K	919,730	Class CG	854,363
Class L	921,522	Class CH	18,918,754
Class M	1,379,548	Class CI	3,538,019
Class N	901,043	Class CJ	5,997,536
Class O	1,533,743	Class CK	3,879,779
Class P	5,406,226	Class CL	4,086,112
Class Q	766,078	Class CM	3,818,574
Class R	327,599	Class CN	2,933,690
Class S	8,474,513	Class CO	10,483,680
Class U	979,442	Class CP	6,472,549
Class V	192,343	Class CQ	6,843,757
Class Y	637,123	Class CR	3,208,291
Class Z	2,407,285	Class CS	5,456,695
Class BA	814,211	Class CT	5,681,549
Class BB	1,007,976	Class CU	1,603,055
Class BC	831,679	Class CV	7,063,007
Class BE	600,399	Class CW	2,709,492
Class BM	1,171,335	Class CX	24,662,043
Class BN	2,348,975	Class CY	2,669
Class BO	2,355,958	Class CZ	2,669
Class BQ	2,597,739	Class AW	6,000,000
Class BR	1,265,990	Class AX	8,400,000
Class BS	85,616	Class AY	8,400,000
Class BW	2,345,213	Class AZ	8,400,000
Class BX	536,335	Expense Cell	92,289
Total Investments in Markel CATCo Re Ltd.			$ 310,041,637

Preference Shares - Investments in CATCo-Re Ltd.	$ Fair Value	Preference Shares - Investments in CATCo-Re Ltd.	$ Fair Value
Class AE	1,462,096	Class DF	879,421
Class AF	893,636	Class DG	227,006
Class BJ	1,406,969	Class DL	968,287
Class BW	17,700	Class DM	146,587
Class DC	584,590	Class DN	1,158,063
Class DE	149,646	Class DV	417,182
Total Investments in CATCo-Re Ltd.			$ 8,311,183

Investments in Markel CATCo Re Ltd. - Aquilo Re	$ Fair Value	Investments in Markel CATCo Re Ltd. - Aquilo Re	$ Fair Value
Class AQ002	27,660	Class AQ003	11,205
Total Investments in Markel CATCo Re Ltd. - Aquilo Re			$ 38,865

Total Investments in Preference Shares	$ 318,391,685

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

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 2016.

Preference Shares - Investments in Markel CATCo Re Ltd.	**$ Fair Value**	**Preference Shares - Investments in Markel CATCo Re Ltd.**	**$ Fair Value**
Class A	27,444,563	Class W	1,478,259
Class B	11,714,124	Class X	1,093,007
Class C	4,217,525	Class Y	5,929,661
Class D	20,768,970	Class Z	2,370,483
Class E	1,456,100	Class BA	793,206
Class F	34,081,333	Class BB	7,151,367
Class G	20,923,116	Class BC	791,816
Class H	6,239,253	Class BD	2,379,027
Class I	22,049,112	Class BE	7,726,069
Class J	6,246,001	Class BF	9,371,882
Class K	2,163,040	Class BM	1,137,365
Class L	9,368,899	Class BN	2,284,789
Class M	3,244,520	Class BO	2,280,551
Class N	4,679,440	Class BP	5,753,082
Class O	5,152,761	Class BQ	6,027,176
Class P	47,467,366	Class BR	1,411,318
Class Q	7,336,796	Class BS	8,922,565
Class R	4,415,684	Class BT	27,215,619
Class S	5,933,215	Class BU	780,567
Class T	8,466,064	Class BV	2,253,634
Class U	3,119,626	Class BW	2,268,713
Class V	5,211,726	Expense Cell	128,019
Total Investments in Markel CATCo Re Ltd.			$ 361,247,409

Preference Shares - Investments in CATCo-Re Ltd.	**$ Fair Value**	**Preference Shares - Investments in CATCo-Re Ltd.**	**$ Fair Value**
Class AE	1,536,115	Class DF	373,316
Class AF	898,753	Class DG	171,725
Class BF	705,363	Class DL	1,455,090
Class BJ	1,739,074	Class DM	907,344
Class BW	582,346	Class DN	1,042,388
Class CM	711,384	Class DP	2,502,853
Class DC	248,639	Class DV	567,772
Class DE	114,245	Class DZ	332,657
Total Investments in CATCo-Re Ltd.			$ 13,889,064

Investments in Markel CATCo Re Ltd. - Aquilo Re	**$ Fair Value**	**Investments in Markel CATCo Re Ltd. - Aquilo Re**	**$ Fair Value**
Class AQ002	77,841	Class AQ004	8,571
Class AQ003	29,584		
Total Investments in Markel CATCo Re Ltd. - Aquilo Re			$ 115,996
Total Investments in Preference Shares			$ 375,252,469

Included within the Company's investment in Master Funds is cash and cash equivalents held in trust by the Master Fund representing the Company's proportionate share of derivative transactions entered into by the Master Fund amounting to approximately $113,652,588 (31 December 2016: $ 85,882,181) as of 31 December 2017.

The preference shares relating to Reinsurance Protections are valued at $31,200,000 (31 December 2016: $Nil) representing the unamortised portion of premium paid and claims recoverable as at 31 December 2017.

As at 31 December 2017, 66.16% of total investments held by the Master Funds are classified as Side Pocket Investments (31 December 2016: 10.50%).

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the net asset value 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 2017 comprised solely of investments in other investment companies, 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. No cash equivalents were held as at 31 December 2017 (31 December 2016: $Nil).

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 7.5%

* Based on proprietary models and historical loss analysis data as well as assessments from counter-parties.

As described in Note 6, significant increases or decreases in loss reserves of the Reinsurers would result in a significantly lower or higher fair value measurement.

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 2017 and 2016, cash and cash equivalents are held with HSBC Bank Bermuda Ltd. which has a credit rating of A- 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 2017 and 2016. 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	2017	2016
1	North America/Caribbean	44%	39%
2	All Other	17%	17%
3	Europe	10%	10%
4	Global Backup Protection	6%	9%
5	Japan	6%	7%
6	Global Marine/Energy/Terrorism/ Aviation/Satellite	6%	6%
7	Mexico/Central America/ South America	5%	6%
8	Australia/New Zealand	4%	4%
9	Asia Excluding Japan	2%	2%

	Exposure by Risk Peril	2017	2016
1	Wind	38%	35%
2	Earthquake	18%	21%
3	Backup Protection	14%	21%
4	Any Natural Peril	10%	8%
5	Marine/Energy/Aviation/ Satellite	4%	4%
6	Winterstorm/ Wildfire	4%	3%
7	Severe Convective Storm	4%	2%
8	Other	4%	2%
9	Terrorism	2%	2%
10	Flood	2%	2%

5. INVESTMENTS IN MASTER FUNDS, AT FAIR VALUE

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

		31 Dec. 2017		31 Dec. 2016
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	$	338,085,861	$	446,049,992
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value		9,606,604		17,066,354
Investments in Master Funds, at fair value	$	347,692,465	$	463,116,346

As of 31 December 2017, the total balance of investments held in the Master Funds of $347,692,465 (31 December 2016: $463,116,346) is exclusive of undeployed cash, accruals (including management and performance fee), derivative financial instruments and other assets and liabilities recorded by the Master Funds. The total investment in Preference Shares held by the Master Funds of $318,391,685 (2016: $375,252,469) is net of these holdbacks (Note 2).

The net investment loss allocated from Master Funds, and the net realised gain and net decrease in unrealised appreciation 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)	2017 Investment in Master Fund	2017 Investment in CATCo Diversified Fund	2017 Total	2016 Investment in Master Fund	2016 Investment in CATCo Diversified Fund	2016 Total
Net investment loss allocated from Master Funds						
Interest	$ 855,847	$ -	$ 855,847	$ 141,428	$ 1,313	$ 142,741
Miscellaneous income	-	-	-	-	11,874	11,874
Management fee	(6,516,021)	(162,853)	(6,678,874)	(6,435,246)	(304,472)	(6,739,718)
Performance fee	(1,373)	-	(1,373)[a]	(3,483,332)	(423,636)	(3,906,968)
Professional fees and other	(346,146)	(10,763)	(356,909)	(270,343)	(42,589)	(312,932)
Administrative fee	(200,983)	(15,765)	(216,748)	(201,816)	(27,417)	(229,233)
Net investment loss allocated from Master Funds	$ (6,208,676)	$ (189,381)	$ (6,398,057)	$ (10,249,309)	$ (784,927)	$(11,034,236)
Net realised gain and net increase in unrealised depreciation on securities allocated from Master Funds						
Net realised gain on securities[b]	$ 44,749,677	$ 1,381,330	$ 46,131,007	$ 4,672,504	$ 52,991,392	$ 57,663,896
Net increase in unrealised depreciation on securities[c]	(170,924,879)	(1,150,054)	(172,074,933)	36,926,797	(48,076,736)	(11,149,939)
Net gain / (loss) on securities allocated from Master Funds	$ (126,175,202)	$ 231,276	$ (125,943,926)	$ 41,599,301	$ 4,914,656	$ 46,513,957

a) Performance fee relates to SPI releases during 2017

b) Includes gross realised gain on securities of: 2017: $59,362,678 (2016: $63,572,316) and gross realised loss on securities of: 2017: $13,231,671 (2016: $5,908,420)

c) Includes gross increase in unrealised appreciation on securities of: 2017: $49,629,713 (2016: $70,091,133) and gross decrease in unrealised appreciation on securities of 2017: $221,704,646 (2016: $81,241,072)

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.

The reserve for unpaid losses and loss expenses recorded by the Reinsurers includes estimates for losses incurred but not reported as well as losses pending settlement. The Reinsurers 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 Reinsurers 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 Reinsurers record risk margin to reflect uncertainty surrounding cash flows relating to loss reserves. The risk margin is set by the actuarial team of Markel CATCo Investment Management Ltd and/or CATCo Investment Management Ltd. (who are, respectively, the "Insurance Manager" in relation to the Reinsurer or CATCo-Re Ltd., as the case may be).

6. Loss Reserves Continued

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 Reinsurers' 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 Hurricanes Harvey, Irma and Maria and the California Wildfires represent the Insurance Manager's best estimate of ultimate settlement values. The reserves are subject to significant uncertainty due to industry loss estimates varying from final insured losses. A significant range of industry loss estimates is evident within the actual reinsured client losses reported to the Reinsurer. 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.

The Insurance Manager believes that the total loss reserve established for the 2017 loss events are sufficient to provide for all unpaid losses and loss expenses with respect to Hurricanes Harvey, Irma and Maria and the California Wildfires, based on the industry information currently available. However, there is still a level of industry uncertainty with regard to the final insured loss impact of the 2017 loss events. 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 reserving process, the Insurance Manager reviews loss reserves on a monthly basis and will make adjustments, if necessary. Future adjustments in loss reserves could have further material impact on investor earnings, which may result in either an increase or decrease to the valuation of the 2017 investments held by the Company. As at 31 December 2017, Side Pocket Investments amounting to 55 per cent of the Ordinary Share NAV were established. 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. In order to provide a level of sensitivity analysis around the Company's held reserves, the Insurance Manager's professional actuaries have examined the projected impact of both a 20 per cent increase and decrease in the applied industry insured loss estimates for the 2017 hurricane events and the 2017 California wildfires. The results of this analysis are that a 20 per cent increase in the applied industry insured loss estimates is expected to represent a reduction in the 2017 annual NAV return of circa 8 per cent. In addition, a 20 per cent decrease in the applied industry insured loss estimates is expected to represent an increase in the 2017 annual NAV return of circa 9 per cent.

During 2017, the Reinsurer paid claims of $400,161,779 (31 December 2016: $50,431,965) predominantly in relation to the 2017 Hurricane Irma, Hurricane Harvey and Hurricane Maria events and the 2016 Jubilee Oil Field and Canada Wildfire events. CATCo-Re Ltd. paid claims of $1,889,027 (31 December 2016: $32,007,856) predominantly in relation to the U.S. Severe Convective Storm events.

7. CAPITAL SHARE TRANSACTIONS

As of 31 December 2017, the Company has authorised share capital of 1,500,000,000 (31 December 2016: 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 2017, the Company has issued 391,666,430 (31 December 2016: 273,224,673) Class 1 ordinary shares (the "Ordinary Shares") and 546,367,863 (31 December 2016: 102,510,018) Class C Shares ("C Shares").

Transactions in shares during the year, the shares outstanding and the net asset value ("NAV") per share are as follows:

31 December 2017

	Beginning Shares	Adjustment following Share Capital Consolidation	Share Issuance	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	273,224,673	82,835,718	35,606,039	391,666,430	$ 349,165,708	$ 0.8915
Class C Shares	102,510,018	(102,510,018)	546,367,863	546,367,863	$ 535,440,506 *	$ 0.9800
					$ 884,606,214	

31 December 2016

	Beginning Shares	Adjustment following Share Capital Consolidation	Share Issuance	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	273,224,673	-	-	273,224,673	$ 355,855,825	$ 1.3024
Class C Shares	91,835,018	-	10,675,000	102,510,018	$ 107,761,300 **	$ 1.0512
					$ 463,617,125	

*Net of issuance costs of $10,927,358

**Net of issuance costs of $208,719

7. Capital Share Transactions Continued

The Company has been established as a closed-ended 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 which have the same rights and characteristics of the shares.

The Board has the ability to issue C Shares 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 C Shares 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 26 January 2017, the Board declared a dividend of 0.07180 per share in respect of the Ordinary Shares. The record date for these dividends was 3 February 2017 and the ex-dividend date was 2 February 2017. The dividends were paid to shareholders on 17 February 2017. On 31 May 2017, the Company completed its conversion of 102,510,018 Class C Shares at a rate of $1.2636 into Ordinary Shares of 82,835,718.

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).

9. RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Master Fund and the Insurance Manager of the Reinsurer. CIML is the Investment Manager of CATCo Diversified Fund and the Insurance Manager of CATCo-Re Ltd.

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5% of the net asset value of the Company, 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.

Markel, which holds the entire share capital of the Investment Manager, holds 5.16% (31 December 2016: 0%) of the voting rights of the Ordinary Shares and 0% (31 December 2016: 24.39%) of the voting rights of the C Shares issued in the Company as of 31 December 2017.

In addition, two of the Directors of the Company are also shareholders of the Company. The Directors holdings are immaterial, representing below 1% of the Company NAV.

10. ADMINISTRATIVE FEE

SS&C Fund Services (Bermuda) Ltd, a division of SS&C GlobeOp serves as the Company's administrator (the "Administrator") and performs certain administrative services on behalf of the Company. The Administrator is a licensed fund administrator pursuant to the provisions of the Bermuda Investment Funds Act. The Administrator receives a fixed monthly fee.

Please refer to Note 13 for subsequent appointment of new administrator effective 19 January 2018.

11. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended 31 December 2017 and 2016 are as follows:

	2017		2016	
	Class 1 Ordinary Shares	Class C Shares	Class 1 Ordinary Shares	Class C Shares
Per share operating performance				
Net asset value, beginning of year	$ 1.302	$ 1.000	$ 1.271	$ 0.980
Income (loss) from investment operations:				
Net investment loss	(0.004)	-	(0.007)	(0.004)
Performance fee*	(0.000)	-	(0.011)	(0.008)
Management fee	(0.018)	-	(0.019)	(0.015)
Net (loss) gain on investments	(0.317)	-	0.134	0.099
Total from investment operations	(0.339)	$ 0.000	$ 0.098	$ 0.071
Dividend	(0.072)	-	(0.066)	-
Premium on issuance	0.002	-	-	-
Offering cost	(0.002)	(0.020)		
Net asset value, end of year	0.891	$ 0.980	$ 1.302	$ 1.051
Total net asset value return				
Total net asset value return before performance fee	(26.00)%	-%	8.56%	8.12%
Performance fee*	(0.03)%	-%	(0.83)%	(0.85)%
Total net asset value return after performance fee	(26.03)%^	-%	7.73%+	7.27%
Ratios to average net assets				
Expenses other than performance fee	(2.09)%	-%	(2.24)%	(2.05)%
Performance fee*^	0.08%°	-%	(0.88)%	(0.80)%
Total expenses after performance fee	(2.01)%	-%	(3.12)%	(2.85)%
Net investment loss	(1.70)%	-%	(2.84)%	(2.86)%

+ Adjusting the opening capital to reflect the dividend declared on 29 January 2016, the normalised total return for 2016 is equivalent to 8.12%
^ Adjusting the opening capital to reflect the dividend declared on 26 January 2017, the normalised total return for 2017 is equivalent to -27.59%
* The performance fee is charged in the Master Funds
° Performance fee relates to crystalized performance fee from Side Pocket investments

The ratios to weighted average net assets are calculated for each class of shares taken as a whole. An individual shareholder's return and ratios to weighted average net assets may vary from these amounts based on the timing of capital transactions. Returns and ratios shown above are for the years ended 31 December 2017 and 2016. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

12. INDEMNIFICATIONS 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

Effective 19 January 2018, the Board of Directors has approved the appointment of Centaur Fund Services (Bermuda) Limited as the Company's administrator. Centaur Fund Services (Bermuda) Limited is a licensed and regulated fund administrator pursuant to the provisions of the Bermuda Monetary Authority under the Bermuda Investments Funds Act 2006.

On 31 January 2018, the Board declared a final dividend of $0.05476 per share in respect of the Ordinary Shares. The record date for this dividend was 9 February 2018 and the ex-dividend date was 8 February 2018. The final dividend was paid to shareholders on 26 February 2018.

These Financial Statements were approved by the Board and available for issuance on 9 March 2018. Subsequent events have been evaluated through this date.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of CATCo Reinsurance Opportunities Fund Ltd. (the “Company”) will be held at 9.30 a.m. (local time) on 19 April 2018 at the offices of Markel CATCo Investment Management Ltd., 10th 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:

1. To receive the Directors’ Report and audited financial statements for the year ended 31 December 2017 together with the auditor’s report thereon.
2. To approve the Directors’ remuneration report for the year ended 31 December 2017.
3. To re-elect Mr James Keyes as a Director of the Company.
4. To re-elect Ms Margaret Gadow as a Director of the Company.
5. To re-elect Mr Alastair Barbour as a Director of the Company.
6. 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.
7. To authorise the Directors of the Company (the “Directors”) to determine the remuneration of the auditor.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions 8, 9, 10 and 11 as Special Resolutions:

8. THAT, in addition to any existing authorities, the Directors be and are hereby empowered to allot Ordinary Shares as if, pursuant to Bye-Law 5.6, Bye-Law 5.2 is excluded in respect of any such allotment provided that:
   a) Bye-Law 5.2 is excluded in respect of the allotment of up to an aggregate number of Ordinary Shares as represents 20 per cent of the number of Ordinary Shares in issue at the date of the passing of this resolution as a Special Resolution (the “Resolution Date”) provided that such number shall be increased on and from the date of Conversion (as defined below) by such number of Ordinary Shares as represents 20 per cent of the number of Ordinary Shares into which any C Shares of the class of C Shares in issue as at the date of this notice (including but not limited to any C Shares of such class in issue as at the Resolution Date) have been converted in accordance with Bye-Law 6.12 (the “Conversion”) following the Resolution Date;
   b) such exclusion of Bye-Law 5.2 will expire on the date which is 15 months from the date of the passing of this Resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the Resolution Date (unless previously renewed, revoked or varied by the Company by Special Resolution), except that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired; and
   c) any such allotted Ordinary Shares are issued at a premium to the Net Asset Value per Ordinary Share

9. THAT, in addition to any existing authorities, the Directors be and are hereby empowered to allot C Shares as if, pursuant to Bye-Law 5.6, Bye-Law 5.2 is excluded in respect of any such allotment provided that:
   a) Bye-Law 5.2 is excluded in respect of the allotment of up to an aggregate number of C Shares (of the same class of C Shares as is in issue as at the date of this notice) as represents 20 per cent of the number of such C Shares in issue at the date of the passing of this resolution as a Special Resolution;
   b) such exclusion of Bye-Law 5.2 will expire on the earliest to occur of:
      i. the date which is 15 months from the date of the passing of this resolution as a Special Resolution;
      ii. at the conclusion of the next annual general meeting of the Company after the passing of this resolution as a Special Resolution; and
      iii. the date on which the C Shares (of the same class of C Shares as is in issue as at the date of this notice) are converted into Ordinary Shares in accordance with Bye-Law 6.12, (unless previously renewed, revoked or varied by the Company by special resolution), except that (in the case of i. and ii. above) the Company may before such expiry make an offer or agreement which would or might require C Shares to be allotted after such expiry and the Directors may allot C Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired; and
   c) any such allotted C Shares are issued at a premium to the Net Asset Value per C Share.
10. THAT, in addition to any existing authorities and the application, if passed, of resolution 8 above, the Company is pursuant to Bye-Law 3.1 hereby generally and, subject as hereinafter appears, unconditionally authorised to purchase or acquire its Ordinary Shares, C Shares or any other class of shares ("Shares") in accordance with the Companies Act 1981 (as amended) on such terms and in such manner as the Directors from time to time determine, provided that:
    a) the maximum number of Shares hereby authorised to be purchased is the number representing 14.99 per cent of the Shares of that class in issue as at the date of the passing of this Resolution;
    b) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the higher of: (i) an amount equal to 105 per cent of the average market value of the Shares of that class for the five business days immediately preceding the day on which any such purchase is made; and (ii) the higher of the price of the last independent trade and the highest independent bid at the time of the purchase or acquisition of the Shares of that class on the market where the purchase or acquisition is carried out;
    c) the Company may make a contract or contracts to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract or contracts notwithstanding such expiry above;
    d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share of the relevant class (as determined by the Directors);
    e) any Shares so purchased shall be cancelled; and
    f) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is revoked, varied or renewed prior to such time.
11. In addition to any existing authorities and the application, if passed, of resolution 10 above, to approve the exercise by the Directors, at their discretion, of the Company's power under Bye-Law 3 to purchase its own Shares for cancellation in accordance with the Companies Act 1981 (as amended from time to time) if, on the date of publication of the Net Asset Value per Share as at 31 October 2018 (the "31 October NAV per Share"), the Shares of a particular class are trading at a discount to the 31 October NAV per Share of that class, on such terms and in such manner as the Directors from time to time determine, provided that such power:
    a) is exercised prior to the conclusion of the next annual general meeting of the Company after the passing of this resolution as an Special Resolution unless such authority is revoked, varied or renewed prior to such time;
    b) is exercised for the purpose of offering shareholders of the relevant class the opportunity to tender a proportion of their Shares of that class for purchase by the Company following 31 December 2018 in order to enable such Shareholders to take profits in excess of the annual dividend (as more particularly described in the Company's prospectus dated 7 November 2017); and
    c) is not exercised if there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

By order of the Board of Directors

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

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 9 March 2018 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 391,666,430 Ordinary Shares and 546,367,863 C Shares. Accordingly, the total number of voting rights in the Company is 938,034,293.

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. Members 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 17 April 2018. 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 17 April 2018 or, if the Annual General Meeting is adjourned, members registered in the register of members at close of business (Bermuda time) on the day two 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 16 April 2018.

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: custodymgt@linkgroup.com no later than 1.30 p.m. (UK time) on 16 April 2018.

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 16 April 2018. 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.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

9 March 2018

ALTERNATIVE PERFORMANCE MEASURES GLOSSARY

Below are definitions of the key technical terms and alternative performance measures (APMs) used within the Annual Report 2017. APMs are complementary to measures defined within U.S. Generally Accepted Accounting Principles (U.S. GAAP) and are used by management to explain the Company's performance and financial position. They include measures management and the Board consider to be more representative of its underlying investment performance and that provide more meaningful comparisons between periods.

Term	Description
Annual Net Return	The net profit/(loss) attributable to Ordinary or C Shareholders achieved from underlying investments in securities held, less Company expenses (excluding establishment costs), management fees, and performances fees.
Exposure	A measurement of risk the Company is exposed to through the premiums written by the Reinsurer.
Investor Capital	The net asset value of Ordinary Shares and Class C Shares as at 1 January 2017, plus the investment capital raised mid-year 2017.
Net Asset Value (NAV)	The total investor capital plus/(minus) the net gain/(loss) on underlying investments in securities, less the Company expenses resulting from the year of operation.
Net Asset Value (NAV) per Share	The closing net asset value divided by the number of shares in issue at the end of the financial year.

KEY DATES 2018

JANUARY

Deployment of Annual Retrocessional Reinsurance Contracts

FEBRUARY

Annual Dividend Paid

MARCH

Annual Results Announced
Annual Report Issued

APRIL

Annual General Meeting

JUNE

Half-Year End

AUGUST

Interim Results Announced
Interim Report Issued

DECEMBER

Year End

INVESTOR ENQUIRIES

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Chief Operating Officer
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Email: mark.way@markelcatco.com

www.catcoreoppsfund.com

LIST OF PARTIES

DIRECTORS

James Keyes
(Chairman)
Alastair Barbour
(Audit Committee Chairman)
Margaret Gadow
(Management Engagement Committee Chairman)

REGISTERED OFFICE

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Authorised and regulated by the Bermuda Monetary Authority

SECRETARY

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50 Cedar Avenue
Hamilton HM11
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REINSURER

Markel CATCo Re Ltd.
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50 Cedar Avenue
Hamilton HM11
Bermuda

ADMINISTRATOR to December 2017

SS&C Fund Services (Bermuda) Ltd.
5 Reid Street
Hamilton HM11
Bermuda

ADMINISTRATOR from January 2018

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

SECURITIES BROKER

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