CATCo Reinsurance Opportunities Fund Ltd.

19 February 2016

CATCo Reinsurance Opportunities Fund Ltd. ("the Company")

Annual Financial Report

For the 12 month period 1 January 2015 to 31 December 2015

To: Specialist Fund Market, London Stock Exchange and Bermuda Stock Exchange

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.

2015 Highlights

- Net Asset Value Return of 11.58%
- Share price total return of 18.1%
- 2015 annual dividend of $0.06619 per share paid to Shareholders
- C Share capital raise of $91mn

CHAIRMAN'S STATEMENT 2015

Welcome to the 2015 CATCo Reinsurance Opportunities Fund Ltd. (the "Company") Annual Report. The Company has delivered another strong performance for the year ended 31 December 2015, achieving a net return for Shareholders of 11.58 percent and exceeding the Company's stated target annual net return of LIBOR plus 9 to 12 percent per annum. The Company outperformed the industry benchmark, the Eurekahedge ILS Advisors Index, by 7.31 percent.

The 2015 net return was on track to equal last year's NAV return of approximately 14 percent. However, in view of the UK flooding event that occurred in late December, and increased levels of uncertainty amongst the Company's reinsurance clients, the Board decided it prudent to apply a conservative reserving approach for the event at year-end. The Investment Manager expects that a proportion of this reserve will be released during 2016.

2015 represented the fifth full year of operations of continued solid performance with a share price total return of 18.1 percent, which includes the annual dividend (at a rate of LIBOR plus 5 percent of the Company's NAV). The Company, the largest UK listed collateralised retrocessional fund, forms part of the CATCo Group which now has a combined private and public fund capital base of approximately $3.2bn.

In 2014, Side Pocket Investments were created as a result of U.S. severe convective storm events, amounting to around 3.5 percent of NAV. These loss reserves reduced during 2015 and as at 31 December 2015 amounted to 1 percent of NAV.

Over the course of 2015 the Investment Manager also released loss reserves connected with the 2012 Superstorm Sandy Side Pocket Investment, resulting in an additional NAV appreciation of 1 percent. The majority of the capital released from these Side Pocket Investments has been redeployed into new contracts.

On 8 December 2015, Markel Corporation completed the purchase of the majority of the assets of CATCo Investment Management Ltd., the Company's investment manager. The strength of the combined brands is reflected in the name of the Company's new investment manager, Markel CATCo Investment Management Ltd. The Company enters 2016 with strong optimism thanks to continuing strong investor support and an expanding and dedicated client base.

Capital Raising

Following strong demand from potential new investors and after consulting with existing Shareholders, the Board took the decision to raise additional capital in 2015. The exercise exceeded expectations and the Company successfully raised $88.44mn in October and a further $3.4mn in December from both new and existing investors, issuing 91,835,018 new C Shares at a price of $1 per share.

The additional capital was fully invested as of the 1 January reinsurance renewals, which has enabled the Investment Manager to meet the increased demand from reinsurance clients during this key renewal date.

The separate share classification will remain until all Side Pocket Investments have either been released or deemed immaterial, limiting the new capital's exposure to legacy losses. The Company has the flexibility to raise additional capital during 2016 should significant events occur or if new and attractive investment opportunities present themselves. Any further share placings under the Placing Programme, which expires on 28 September 2016, will be issued at a premium to the latest published Net Asset Value per Ordinary Share to cover the associated costs and expenses.

Dividend and Tender Offer

In order to make an investment in the Company more attractive to a wider range of investors, the Board has introduced a policy under which is has the capability to implement a Return of Value Tender Offer at the end of each fiscal year. This is in addition to the annual dividend, which has a target annual distribution equal to LIBOR plus 5 percent of NAV.

The Tender Offer will be offered at the Board's discretion and only if the Company's shares have been trading at a discount to the Net Asset Value per share as at 31 October in a particular year. No Return of Value Tender Offer was made in 2015.

An annual dividend of $0.06619 in respect of Ordinary Shares will be paid to Shareholders on 26 February 2016 as announced on 29 January 2016.

Shareholders

I would like to thank Shareholders for their continued support throughout 2015 and increased support for 2016. In addition the Board greatly appreciates the hard work demonstrated by the Investment Management team during 2015 resulting in another successful year for the Company. I would also like to welcome Markel Corporation as the new owners of the Investment Manager.

Nigel Barton
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
19 February 2016

MANAGER'S REVIEW

In September 2015 CATCo Investment Management Ltd. agreed to sell substantially all of its assets to Markel Corporation ("Markel"), a U.S.-based financial holding company with a strong presence in specialty insurance and reinsurance products. The deal completed as planned on 8 December 2015 with the establishment of Markel CATCo Investment Management Ltd. ("the Investment Manager" or "Markel CATCo IM"). Markel CATCo IM was subsequently appointed by the Company as the new investment manager entity and serves as the investment manager for Markel CATCo Reinsurance Fund Ltd. and insurance manager for Markel CATCo Re Ltd. (collectively "Markel CATCo"). We believe Markel CATCo offers investors and clients extra financial support, scale and the opportunity to develop new products.

Founded in 1930 and headquartered in Virginia, U.S., Markel is listed on the New York Stock Exchange (MKL). As at the date of this report Markel has a market capitalisation of over $12bn and 2015 operating revenues of more that $5bn. Over the past two decades it has significantly expanded both globally and by class of business. In May 2013, Markel increased the scope of its business by purchasing Bermuda based reinsurer Alterra Capital Holdings Limited for $3.3bn.

In addition to sharing a similar culture and goals, we believe Markel offers the ability to access additional resource if it is needed. We are excited by the opportunities this union offers Markel CATCo's clients and investors with the combination of Markel CATCo's ILS investment management and differentiated product innovation capabilities complementing Markel's brand and global reach.

2015 Significant Loss Events Update

2015 saw the lowest level of catastrophe losses since 2009 with total economic losses amounting to approximately $90bn, of which approximately $27bn were insured, according to Munich Re.

The largest insured loss from a natural catastrophe came from a series of winter storms which struck North-Eastern U.S. and Canada in February 2015, causing cumulative claims of $2.1bn. This could yet be surpassed by flooding in Northern England and Scotland during December 2015, with early estimates suggesting claims could be between $2.3bn and $3.3bn. As these estimates are significantly lower than the loss levels used to set the reserves at the end of December 2015, the Investment Manager is confident that a proportion of these reserves will be released during 2016.

A series of large explosions at the Chinese port city of Tianjin on August 12th was the most costly manmade disaster of 2015. Industry claims of at least $2bn are expected.

As a result of the relatively uneventful catastrophe year, portfolio losses from the 2015 events were approximately 4.25 percent due principally to the winter storm in the U.S. and Canada, the Tianjin explosion and the UK floods. The small Tianjin exposure was fully settled at 31 December 2015 and the conservative loss reserve put in place for the UK floods is expected to be partly released during 2016 as the losses materialise.

Outlook

The Investment Manager has continued to build a robust and diversified investment portfolio for 2016, with a broad geographic spread and balanced exposure to differing risk perils. While the soft market presents challenges, it has also enabled the purchase of broader balance sheet protections for 2016, mainly in the form of ILWs, at a similar price year-on-year.

It is expected that excess capacity in the reinsurance sector and the three-year absence of significant natural catastrophe losses will continue to exert downward pressure on traditional reinsurance pricing as we move into 2016. Property catastrophe rates on line were down 7 to 10 percent at 1 January 2016, although it is the opinion of Guy Carpenter that the rate of decline has moderated, particularly for U.S. property catastrophe risks.

The Investment Manager will continue to practice underwriting discipline and prudent capital management and will look to take advantage of the challenging operating environment. The ability to further de-risk the portfolio will also be taken on an opportunistic basis.

Anthony Belisle
Chief Executive Officer
Markel CATCo Investment Management Ltd.
19 February 2016

REVIEW OF BUSINESS

A review of the Company's activities is given in the Chairman's Statement and in the Manager's Review. This includes a review of the business of the Company and its principal activities, and likely future developments of the business.

Investment Objective

The investment objective of the Company, CATCo Reinsurance Fund (the "Master Fund") and Markel CATCo Reinsurance Fund Ltd. (the "Markel CATCo 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 the Reinsurer, CATCo-Re Ltd. (for the year ended 31 December 2015, and, for future years, in preference shares of Markel CATCo Re Ltd. (the "Markel CATCo Reinsurer"). The Company's investment policy appears below, and the Manager's Review 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.

Benchmark

Eurekahedge Insurance Linked Securities index. This index is not a benchmark used for investment performance measurement.

Investment Policy and Investment Strategy

The Master Fund and the Markel CATCo Master Fund intend to spread investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event.

The Master Fund and the Markel CATCo Master Fund intend that:

• no more than 20 percent of their respective capital will be exposed to a single catastrophic event;

• their respective 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 or the Markel CATCo Master Fund, as appropriate;

• their respective capital will be exposed to aviation and marine (including offshore energy) losses caused by catastrophes; and

• at least 50 percent of their respective capital will be exposed to residential and commercial property losses.

At 31 December 2015, 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.

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.

Capital Structure and Voting Rights
273,224,673 Ordinary Shares of $0.0001 par value each entitled to one vote as at 1 January 2016. On 2 November 2015, the Company issued 88,435,018 C Shares, and a further 3,400,000 C Shares on 7 December 2015, resulting in a total of 91,835,018 C Shares as at 1 January 2016.

Total Assets and Net Asset Value
At 31 December 2015, the Company had Total Assets of $437.1mn and a Net Asset Value per Ordinary Share of $1.2705.

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 and the Markel CATCo Master Fund will not borrow for investment or other purposes but may invest in Insurance-Linked Instruments which are themselves leveraged.

Duration
The Company does not have a fixed life. A continuation vote will be put to Shareholders every five years.

Risk
The investment funds portfolio managed by Markel CATCo Investment Management Limited consist 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.

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.

Management of Risk

The 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 review 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.

An explanation of other risks relating to the Company's investment activities, specifically concentration of credit risk and concentration of reinsurance risk, are contained in notes 3 and 4 to the Financial Statements.

Results and Dividends

The total return attributable to Ordinary Shareholders for the year amounted to 11.58% (2014 – 14.08%).

At the launch of the Company, the Board of Directors indicated the intention to pay an annual dividend in respect of any Fiscal Year of an amount equal to LIBOR plus 5 percent of the Net Asset Value as at the end of the relevant Fiscal Year.

An annual dividend of USD0.06619 in respect of the Ordinary Shares for the year to 31 December 2015 was declared on 29 January 2016.

The record date for this dividend was 12 February 2016 and the Ordinary Shares went ex-dividend on 11 February 2016. The dividend will be paid to Shareholders on 26 February 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 report of the Directors 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.

Nigel Barton
Chairman, CATCo Reinsurance Opportunities Fund Ltd.
19 February 2016

AUDITED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	**31 December 2015**	**31 December 2014**
Assets	**$**	**$**
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value	347,516,987	363,800,160
Cash and cash equivalents	1,839,305	106,162
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	88,000,000	-
Other assets	30,125	30,566
Total assets	437,386,417	363,936,888
Liabilities		
Accrued expenses and other liabilities	282,989	211,261
Total liabilities	282,989	211,261
Net assets	437,103,428	363,725,627

NAV per Share (See Note 6)

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	**Year Ended 31 December 2015**	**Year Ended 31 December 2014**
	$	**$**
Net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund		
Interest	7,768	15,251
Miscellaneous income	2,992	140,791
Management fee	(4,987,744)	(5,136,652)
Performance fee	(4,274,137)	(5,083,337)
Professional fees and other	(383,083)	(288,299)
Administrative fee	(157,199)	(190,215)
Net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(9,791,403)	(10,542,461)
Company expenses		
Professional fees and other	(2,468,689)	(1,646,002)
Administrative fee	(54,000)	(54,000)
Management fee	(18,175)	(22,314)
Total Company expenses	(2,540,864)	(1,722,316)
Net investment loss	(12,332,267)	(12,264,777)
Net realised gain and net decrease in unrealised appreciation on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund		
Net realised gain on securities	51,154,113	78,813,489
Net decrease / increase in unrealised appreciation on securities	(2,445,883)	(18,697,603)
Net gain on securities	48,708,230	60,115,886
Net increase in net assets resulting from operations	36,375,963	47,851,109

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	**Year Ended 31 December 2015**	**Year Ended 31 December 2014**
	$	**$**
Operations		
Net investment loss	(12,332,267)	(12,264,777)
Net realised gain on securities	51,154,113	78,813,489
Net (decrease) / increase in unrealised appreciation on securities	(2,445,883)	(18,697,603)
Net increase in net assets resulting from operations	36,375,963	47,851,109
Capital share transactions		
Issuance of Class C Shares	91,838,761	-
Dividend declared	(17,999,434)	(23,748,656)
Return of value distribution	(34,997,045)	(63,536,808)
Offering costs	(1,840,444)	-
Share buyback	-	(5,871,713)
Net increase/(decrease) in net assets resulting from capital share transactions	37,001,838	(93,157,177)
Net increase / (decrease) in net assets	73,377,801	(45,306,068)
Net assets, at 1 January 2015	363,725,627	409,031,695
Net assets, at 31 December 2015	437,103,428	363,725,627

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	**Year Ended 31 December 2015**	**Year Ended 31 December 2014**
	$	**$**
Cash flows from operating activities		
Net increase in net assets resulting from operations	36,375,963	47,851,109
Adjustments to reconcile net increase in net assets resulting from operations to net cash (used in)/provided by operating activities:		
Net investment loss, net realised gain and net decrease in unrealised appreciation on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(38,916,827)	(49,573,425)
Sale of investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	55,200,000	104,902,113
Purchase of investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	-	(10,300,000)
Changes in operating assets and liabilities:		

Other assets	441	36,466
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	(88,000,000)	-
Accrued expenses and other liabilities	71,728	61,273
Management fee payable	-	(254)
Net cash (used in)/provided by operating activities	(35,268,695)	92,977,282
Cash flows from financing activities		
Issuance of Class C Shares	91,838,761	-
Dividend paid	(17,999,434)	(23,748,656)
Return of value distribution paid	(34,997,045)	(63,536,808)
Offering costs	(1,840,444)	-
Share buyback	-	(5,871,713)
Net cash provided by/(used in) financing activities	37,001,838	(93,157,177)
Net increase/(decrease) in cash and cash equivalents	1,733,143	(179,895)
Cash and cash equivalents, at 1 January 2015	106,162	286,057
Cash and cash equivalents, at 31 December 2015	1,839,305	106,162

See accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2015

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 was organised as a feeder fund to invest substantially all of its assets in CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of 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 Master Fund will establish a separate account for each class of shares comprised in each segregated account (each, an "Account"). Each Account is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies and overseen by CATCo Investment Management Ltd. (the "Investment Manager"). The assets attributable to each segregated account 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. Refer to the Company's prospectus for more information.

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 following the Secondary Listing on 20 May 2011.

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. All of the Master Fund's exposure to reinsurance risk is obtained through its investment (via preference shares) in CATCo-Re Ltd. and its segregated account, Aquilo Re (the "Reinsurer"). At 31 December 2015, the Company's ownership is 15% of the Master Fund (19% at 31 December 2014).

The Reinsurer is a Bermuda licensed Class 3 reinsurance company, registered as a segregated accounts company under the SAC Act, through which the Master Fund accesses all of its reinsurance risk exposure. The Reinsurer will form a segregated account that corresponds solely to the Master Fund's investment in the Reinsurer with respect to each particular reinsurance agreement.

The Reinsurer focuses primarily on property catastrophe insurance and may be exposed to losses arising from hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation, fires, explosions, marine and other perils.

On 10 September 2015, Markel Corporation ("Markel") and the Investment Manager jointly announced that they had entered into an agreement (the "Acquisition") whereby Markel would acquire substantially all of the assets of the Investment Manager.

On 8 December 2015, the Acquisition was completed and substantially all of the assets of the Investment Manager were acquired by Markel. As a result of the Acquisition, Markel CATCo Investment Management Ltd. ("Markel CATCo") commenced operation and the Investment Manager's management team, led by Chief Executive Officer Anthony Belisle, has transitioned into commensurate roles at Markel CATCo and continues to operate the business from its Hamilton, Bermuda headquarters, now under Markel's ultimate ownership.

On 8 December 2015, Markel CATCo entered into a Run-Off Services Agreement with CATCo Investment Management Ltd., under which the former will provide services relating to the management of the run-off business of CATCo Investment Management Ltd.

As a result of the completion of the Acquisition, effective 1 January 2016, the Company will conduct substantially all of its investment activities through the Markel CATCo Diversified Fund (the "Markel CATCo Master Fund"), a segregated account of Markel CATCo Reinsurance Fund Ltd. (the "Markel CATCo SAC"), instead of the Master Fund. Meanwhile, the Company will retain an interest in any run-off business of the Master Fund until such business is liquidated.

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 ("GAAP"). The Company is an investment company and follows the accounting and reporting guidance contained within Topic 946 of the Financial Accounting Standards Board's 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 Investment in Master Fund

The Company records its investment in the Master Fund at the Net Asset Value as reported by the Master Fund, which is the Company's proportionate interest in the net assets of the Master Fund. The performance of the Company is directly affected by the performance of the Master Fund and is subject to the same risks to which the Master Fund is subject. Valuation of investments held by the Master Fund, 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 Fund)

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 the Board of Directors of the Master Fund (the "Board of the Master Fund") 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 Fund has 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 Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Master Fund uses 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.

Fair Value - Valuation Techniques and Inputs
Investments in Securities (Master Fund)

The value of Preference Shares issued by the Reinsurer and subscribed for by the Master Fund 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 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 fair value 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 transaction.

The value of preference shares issued by the Reinsurer will also recognise expenses which are directly attributable to the Master Fund as a result of the Reinsurer conducting reinsurance activities that inure to the benefit or detriment of the Master Fund. To the extent that the inputs into the valuation of preference shares are unobservable, the preference shares would be classified as Level 3 within the fair value hierarchy.

Derivative Financial Instruments
The Master Fund uses derivative financial instruments such as 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 and derivatives in the Statements of Operations in the period in which the changes occur.

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

Investments in Securities held by the Reinsurer

Earned Premiums
Premiums shall be considered earned with respect to computing the Master Fund's 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 establishment of certain investments, 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. Once established, the seasonality factors do not change unless for a significant outlying catastrophic event.

Covered Event Estimates

The Investment Manager provides monthly loss estimates for all incurred loss events ("Covered Events") potentially affecting investments relating to a reinsurance agreement of the Reinsurer. As the Reinsurer's 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 Fund

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 Prime Management Limited (the "Administrator") 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 Fund, 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 Fund's 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 Fund's 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 investments in which only persons which 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 once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. Side Pocket Investments are valued in the Statements of Assets and Liabilities at their fair value as determined in good faith by the Investment Manager.

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.

Investment Transactions and Related Investment Income and Expenses

The Company records its proportionate share of the Master Fund's 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 Fund 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 is 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 (decrease)/increase in unrealised appreciation 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 percent 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 2015. 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 expense or penalties have been recognised as of and for the years ended 31 December 2015 and 2014.

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 U.S. 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 U.S. federal or foreign tax laws. The Company was not subjected to any tax examinations during the years ended 31 December 2015 and 2014.

Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the 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 as incurred.

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

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2015.

Preference Shares - Investments in CATCo-Re Ltd.	*$ Fair Value*
Class AE Preference Shares	1,223,811
Class AF Preference Shares	711,469
Class AH Preference Shares	895,303
Class BE Preference Shares	673,307
Class BF Preference Shares	770,068
Class BJ Preference Shares	1,548,021
Class BV Preference Shares	5,263,700
Class BW Preference Shares	866,351
Class CF Preference Shares	1,420,588
Class CG Preference Shares	1,425,306
Class CJ Preference Shares	5,706,906
Class CL Preference Shares	2,446,006
Class CM Preference Shares	1,158,793
Class CY Preference Shares	714,540
Class CZ Preference Shares	8,429,733
Class DA Preference Shares	1,395,503

Class DB Preference Shares	5,597,618
Class DC Preference Shares	5,021,051
Class DE Preference Shares	1,593,616
Class DF Preference Shares	7,534,096
Class DG Preference Shares	2,392,942
Class DH Preference Shares	8,841,186
Class DI Preference Shares	3,772,307
Class DJ Preference Shares	19,751,999
Class DK Preference Shares	14,738,984
Class DL Preference Shares	20,926,012
Class DM Preference Shares	4,636,909
Class DN Preference Shares	15,010,496
Class DO Preference Shares	29,617,064
Class DP Preference Shares	15,745,974
Class DQ Preference Shares	2,943,777
Class DR Preference Shares	4,336,655
Class DS Preference Shares	44,816,134
Class DU Preference Shares	2,943,540
Class DV Preference Shares	7,477,724
Class DX Preference Shares	7,366,567
Class DZ Preference Shares	1,775,307
Class EA Preference Shares	9,873,258
Class EB Preference Shares	1,541,880
Class ED Preference Shares	125,845
Class EF Preference Shares	539,505
Class EQ Preference Shares	2,941,917
Class ES Preference Shares	5,193,364
Class ET Preference Shares	2,210,704
Class FL Preference Shares	1,376,670
Class FM Preference Shares	363,857
Class FN Preference Shares	710,910
Class FO Preference Shares	14,124,277
Class FP Preference Shares	132,965
Class KK Preference Shares	1,026,955
Class W Preference Shares	1,193
Total Investments in CATCo-Re Ltd.	**$301,652,663**

Investments in Aquilo Re	*$ Fair Value*
Aquilo Re Series AQ001	221,134
Aquilo Re Series AQ002	2,984,020
Aquilo Re Series AQ003	1,141,892
Aquilo Re Series AQ004	329,592
Total Investments in Aquilo Re	**$4,676,638**
Total Investments in Preference Shares	**$306,329,301**

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2014.

Preference Shares - *Investments in CATCo-Re Ltd.*	*$ Fair Value*

CLASS AA Preference Shares	16,495,985
CLASS CC Preference Shares	1,482,939
CLASS KK Preference Shares	1,317,978
CLASS S Preference Shares	1,631,152
CLASS T Preference Shares	4,393,771
CLASS W Preference Shares	1,745
CLASS X Preference Shares	113,161
CLASS Z Preference Shares	1,717
CLASS SP Preference Shares	6,922
Class AE Preference Shares	9,537,737
Class AF Preference Shares	4,026,172
Class AH Preference Shares	18,487,683
Class AI Preference Shares	11,545,265
Class AK Preference Shares	21,492,687
Class AO Preference Shares	7,539,690
Class AP Preference Shares	11,310,765
Class AQ Preference Shares	983,913
Class AR Preference Shares	9,613,666
Class AT Preference Shares	4,711,550
Class AU Preference Shares	2,825,849
Class BE Preference Shares	855,429
Class BF Preference Shares	848,257
Class BI Preference Shares	57,317,785
Class BJ Preference Shares	9,765,769
Class BK Preference Shares	2,636,985
Class BL Preference Shares	25,263,307
Class BM Preference Shares	2,167,473
Class BN Preference Shares	24,509,144
Class BO Preference Shares	34,879,376
Class BP Preference Shares	940,292
Class BQ Preference Shares	2,259,750
Class BR Preference Shares	663,950
Class BS Preference Shares	167,207
Class BT Preference Shares	3,344,267
Class BU Preference Shares	3,768,530
Class BV Preference Shares	6,690,382
Class BW Preference Shares	917,428
Class CE Preference Shares	9,425,138
Class CF Preference Shares	1,826,878
Class CG Preference Shares	1,823,736
Class CH Preference Shares	24,238
Class CI Preference Shares	4,574,054
Class CJ Preference Shares	3,626,957
Class CK Preference Shares	1,883,649
Class CL Preference Shares	2,756,983
Class CM Preference Shares	3,520,926
Class CN Preference Shares	2,746,540
Class CO Preference Shares	941,062
Class CP Preference Shares	1,884,111
Class CQ Preference Shares	4,240,764
Class CR Preference Shares	6,076,446
Class CS Preference Shares	3,769,077
Class CT Preference Shares	3,769,438
Class CU Preference Shares	98,186
Class CV Preference Shares	2,319,849
Class CY Preference Shares	900,403

Total Investments in CATCo-Re Ltd.	**$360,724,113**

Included within the Company's investment in the Master Fund 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 $42,730,882 (2014 – nil). The total balance of investments held in the Master Fund of $347,516,987 is net of undeployed cash, performance fee and management fee accruals recorded by the Master Fund.

The Company's assets and liabilities recorded at fair value have been categorised based upon a fair value hierarchy as described in the Company's significant accounting policies in Note 1. The following table presents information about the Company's assets measured at fair value:

Year ended 31 December 2015

	Level 1	**Level 2**	**Level 3**	**Total**
Assets (at fair value)				
Investments in securities				
Investment in Master Fund	-	-	$347,516,987	$347,516,987
Total Investments in securities	-	-	$347,516,987	$347,516,987

Year ended 31 December 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Assets (at fair value)				
Investments in securities				
Investment in Master Fund	-	-	$363,800,160	$363,800,160
Total Investments in securities	-	-	$363,800,160	$363,800,160

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements in their entirety. See Note 1 for additional information related to the fair value hierarchy and valuation techniques and inputs. All transfers are recognised by the Company at the end of each reporting period.

There were no transfers between levels for the years ended 31 December 2015 and 2014.

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 fair value category. As a result, the unrealised gains and losses for assets and liabilities within the Level 3 fair value category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value for the year ended 31 December 2015 were as follows:

	Beginning Balance 1 Jan. 2015	**Realised and Unrealised Appreciation on Securities (a)**	**Purchases**	**Sales**	**Ending Balance 31 Dec. 2015**	**Unrealised Appreciation on Securities held at 31 Dec. 2015 (b)**
Assets (at fair value)						

Investments in Master Fund	$363,800,160	$38,916,827		$(55,200,000)	$347,516,987	$38,916,827

(a) Realised and unrealised appreciation on securities are both included in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

(b) The unrealised appreciation for the year ended 31 December 2015 for securities held at 31 December 2015 are reflected in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

Changes in Level 3 assets measured at fair value for the period ended 31 December 2014 were as follows:

	Beginning Balance 1 Jan. 2014	**Realised and Unrealised Appreciation on Securities (a)**	**Purchases**	**Sales**	**Ending Balance 31 Dec. 2014**	**Unrealised Appreciation on Securities held at 31 Dec. 2014 (b)**
Assets (at fair value)						
Investments in Master Fund	$408,828,848	$49,573,425	$10,300,000	$ (104,902,113)	$363,800,160	$47,043,025

(a) Realised and unrealised appreciation on securities are both included in net investments loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

(b) The unrealised appreciation for the year ended 31 December 2014 for securities still held at 31 December 2014 are reflected in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

The table below summarises information about the significant unobservable inputs used in determining the fair value of the Master Fund's 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 15%

*****_Based on 'from ground up' losses as reported by cedants_

As described in Note 5, significant increases or decreases in loss reserves 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 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 2015 and 2014, 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 2015.

2015 Retrocessional Reinsurance Portfolio

Geographic Distribution

Exposure by Risk Peril

1.	North America/Caribbean	47%		1.	Wind	41%
2.	All Other	11%		2.	Earthquake	21%
3.	Global Backup Protections	10%		3.	Any Natural Peril	12%
4.	Europe	9%		4.	Backup Protections	10%
5.	Global Marine/Energy/Terrorism/ Aviation/Satellite	7%		5.	Marine/Energy/Aviation/ Satellite	4%
6.	Mexico/Central America/South America	6%		6.	Severe Convective Storms	3%
7.	Japan	6%		7.	Terrorism	3%
8.	Australia/New Zealand	4%		8.	Winterstorm/Wildfire	3%
				9.	Flooding	2%

The following table illustrates the diversified risk profile of the Reinsurer's portfolio by geography and peril as at 31 December 2014.

2014 Retrocessional Reinsurance Portfolio

Geographic Distribution				*Exposure by Risk Peril*		
1.	North America/Caribbean	32%		1.	Wind	44%
2.	All Other	25%		2.	Earthquake	27%
3.	Global Marine/Energy/Terrorism/ Aviation	9%		3.	Marine/Energy/Aviation	9%
4.	Global Backup Protections	8%		4.	Backup Protections	8%
5.	Europe	7%		5.	Severe Convective Storms	5%
6.	Australia/New Zealand	7%		6.	Winterstorm/Wildfire	3%
7.	Japan	6%		7.	Flooding	2%
8.	Mexico/Central America/South America	6%		8.	Terrorism	2%

5. LOSS RESERVES

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

The reserve for unpaid losses and loss expenses recorded by the Reinsurer includes estimates for losses incurred but not reported as well as losses pending settlement.

The Reinsurer makes a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurer uses its own models and historical loss analysis data as well as assessments from counter-parties to estimate the level of reserves required. In addition, the Reinsurer records risk margin to reflect uncertainty surrounding cashflows relating to loss reserves.

Future adjustments to the amounts recorded as of period-end, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Reinsurer's Statement 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.

During 2015, the Reinsurer paid claims of $53,182,138 (2014 $41,921,429) pertaining to Superstorm Sandy in October 2012. In addition, $24,390,527 (2014 $10,128,514) was paid in relation to 2014 and 2015 U.S. Severe Convective Storm and U.S. Winterstorm exposures.

6. CAPITAL SHARE TRANSACTIONS

As of 31 December 2014, the Company has authorised share capital of US$74,019,867.40 divided into 500,000,000 unclassified shares of US$0.0001 each and B Shares of such nominal value as the Board of Directors of the Company (the "Board") may determine upon issue. On 28 October 2015, the Board re-designated the authorised share capital of the Company such that it is divided into 1,500,000,000 unclassified shares of US$0.0001 each and B Shares of such nominal value as the Board may determine upon issue.

As of 31 December 2015 and 2014, the Company has issued 273,224,673 and 303,582,970 Class 1 Ordinary Shares (the "Shares"), respectively. On 2 November 2015, the Company issued 88,435,018 C Shares (the "C Shares"). In addition, the Company issued an additional 3,400,000 C Shares on 7 December 2015, resulting in a total of 91,835,018 C Shares as at 31 December 2015.

Transactions in Shares during the year, and the Shares outstanding and the Net Asset Value ("NAV") per Share are as follows:

31 December 2015

	Beginning Shares	**Adjustment following Share Capital Consolidation**	**Share Issuance**	**Ending Shares**	**Ending Net Assets**	**Ending NAV Per Share**
Class 1 - Ordinary Shares	303,582,970	(30,358,297)	-	273,224,673	$347,105,110	$1.2705
Class C Shares	-	-	91,835,018	91,835,018	$89,998,318	$0.9800
					$437,103,428	

31 December 2014

	Beginning Shares	**Adjustment following Share Capital Consolidation**	**Share Buyback**	**Ending Shares**	**Ending Net Assets**	**Ending NAV Per Share**
Class 1 – Ordinary Shares	369,849,337	(60,566,367)	(5,700,000)	303,582,970	$363,725,627	$1.1981

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 Capita IRG Trustees Limited (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 pockets 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 5 January 2015, the Board declared a dividend of $0.05929 per Share in respect of the Ordinary Shares with a record date of 16 January 2015 and was paid on 30 January 2015.

In addition, the Board announced on 5 January 2015 that the proposed return of value to Shareholders of $0.11528 per existing Ordinary Share, equivalent to approximately $35,000,000, and the subsequent share capital consolidation was approved. Following the share capital consolidation, a total of 273,224,673 Ordinary Shares were in issue effective 30 January 2015 and the return of value paid to Shareholders on 9 February 2015 amounted to $34,997,045.

7. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement dated 16 December 2010, 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 providing such services (see Note 8).

8. RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Master Fund. 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 Fund's Shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Fund's Shares are charged in the Master Fund and allocated to the Company. Performance fees are charged in the Master Fund and allocated to the Company.

The Investment Manager is also the Insurance Manager of the Reinsurer.

Qatar Insurance Company, which holds the entire share capital of the Investment Manager, held 2.51% and 5.39% of the voting rights of the Ordinary Shares issued in the Company as of 31 December 2015 and 31 December 2014 respectively. Furthermore, Markel held 27.22% of the voting rights of the C Shares issued in the Company as of 31 December 2015.

The Company made an advance subscription of $88mn to Markel CATCo Reinsurance Fund Ltd. – Markel CATCo Diversified Fund on 30 December 2015.

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

9. ADMINISTRATION FEE

Prime Management Limited, a division of SS&C GlobeOp, serves as the Company's Administrator and performs certain administrative services on behalf of the Company. For the provision of the service under the Administration Agreement, the Administrator receives a fixed fee.

10. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended 31 December 2015 and 2015 are as follows:

	2015		**2014**
United States Dollar	**Class 1 Ordinary Shares**	**Class C Shares**	**Class 1 Ordinary Shares**
Per Share operating performance			
Net Asset Value, beginning of year	$1.1981	$1.0000	$1.1059
Income (loss) from investment operations:			

Net investment loss	(0.0127)	-	(0.0058)
Performance Fee*	(0.0156)	-	(0.0167)
Management Fee	(0.0183)	-	(0.0168)
Net gain on investments	0.1783	-	0.1889
Total from investment operations	0.1317	-	0.1496
Dividend	(0.0593)	-	(0.0574)
Issuance cost		(0.0200)	-
Net Asset Value, end of years	$1.2705	$0.9800	$1.1981
Total return			
Total return before performance fee	12.42%	-	15.04%
Performance fee*	(1.31)%	-	(1.51)%
Total return after performance fee	11.11%△	-	13.53%†
Ratios to average net assets			
Expenses other than performance fee	(2.45)%	-	(2.05)%
Performance fee*	(1.30)%	-	(1.47)%
Total expenses after performance fee	(3.75)%	-	(3.52)%
Net investment loss	(3.89)%	-	(3.54)%

† Adjusting the opening capital to reflect the dividend declared on 14 January 2014, the normalised total return for 2014 is equivalent to 14.08%

△ Adjusting the opening capital to reflect the dividend declared on 5 January 2015, the normalised total return for 2015 is equivalent to 11.58%

* The performance fee is charged in the Master Fund.

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 2015 and 2014. The per Share amounts and ratios reflect income and expenses allocated from the Master Fund.

11. 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.

12. SUBSEQUENT EVENTS

On 29 January 2016, the Board declared a dividend of $0.06619 per share in respect of the Ordinary Shares with a record date of 12 February 2016. It is expected that this dividend will be paid to Shareholders on 26 February 2016.

In addition, effective 1 January 2016, $302mn of the investments held by the Company were transferred to Markel CATCo Reinsurance Fund Ltd. – Markel CATCo Diversified Fund with the remaining $25.3mn remaining invested in the Master Fund as Side Pocket Investments.

These Financial Statements were approved by the Board and available for issuance on 19 February 2016. Subsequent events have been evaluated through this date.

For further information, please contact:

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