12 August 2016

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

Interim Financial Report

For the Six Months Ended 30 June 2016

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.

CHAIRMAN'S STATEMENT

Welcome to the 2016 Interim Report of CATCo Reinsurance Opportunities Fund Ltd. (the "Company"). The Company has, in spite of the uptick in catastrophe losses around the globe, enjoyed a solid performance over the past six months, reflecting its highly diversified and significantly de-risked 2016 portfolio.

Despite a highly competitive reinsurance market, Markel CATCo Re Ltd. (the "Reinsurer"), through which the Company gains its reinsurance exposure via its investment in Markel CATCo Reinsurance Fund Ltd., maintained its robust book of business and at the same time took advantage of the plentiful capacity available to purchase additional catastrophe protection. As a result, the likelihood of losses being incurred has been significantly reduced, with the portfolio's average risk profile down approximately 20 per cent compared to the 2015 portfolio.

Faced with this period of a protracted soft reinsurance market, the Company's strategy continues to be one of prudent capital management whereby any excess capital will be returned to Shareholders if it cannot be effectively deployed.

However, in view of its proven reputation in the retrocessional reinsurance sector, now reinforced by the strength of the Markel brand, the Reinsurer saw an increase in demand from reinsurance clients leading to 100 per cent of the Company's available capital being deployed as of 1 January 2016.

In addition to the capital raised in 2015, the Company raised an additional $10.89 million in March 2016 to meet a proportion of this new demand from reinsurance clients which occurred prior to the mid-year reinsurance contract renewals.

The Reinsurer's success lies in the flexibility of its product enabling it to meet the individual preferences of each client, through a broad selection of geographic risk pillars which in turn provides diversification and reduced exposure to any one event. The benefit of this diversification is demonstrated by the fact that major insurance catastrophe losses in recent months are unlikely to have a significant impact on the 2016 portfolio, including the Fort McMurray wildfire, which is set to be Canada's largest ever insurance loss.

As the Company enters the latter six months of 2016, the Investment Manager continues to target a 2016 net return in excess of LIBOR plus 9 to 12 per cent per annum.

Financial Performance

The NAV return for the Ordinary Shares for the first six months of 2016 was 4.86 per cent (2015: 4.47 per cent), benefiting from the release in the first quarter of 2016 of the loss reserve relating to the 2015 UK flood Side Pocket Investment. The NAV return for the C shares for the first six months of 2016 was 3.81 per cent.

The NAV Total Returns since Inception to 30 June 2016 of the Ordinary Shares issued on 20 December

2010, the C Shares issued on 20 May 2011, the C Shares issued on 16 December 2011 and the C Shares issued on 2 November 2015 were, respectively, 69.62 per cent, 94.43 per cent, 74.73 per cent and 3.81 per cent.

An annual dividend of $0.06619 for the year to 31 December 2015 in respect of Ordinary Shares was paid to holders of the Ordinary Shares on 26 February 2016.

Attritional Loss Reserve

As a consequence of the increasing diversity of the Company's portfolio, the Reinsurer typically picks up a number of small ('attritional') losses. Notifications of a proportion of these losses are occasionally received towards the end of the financial year, an extended time after the event.

To offset this concentration of losses, which impacts the NAV towards the end of the year, the Company introduced a monthly attritional loss reserve of approximately 0.15 per cent. This was first included in the January 2016 NAV, and will result in an approximate 2 per cent reduction to be recorded in the NAV for the full year 2016. Any un-utilised attritional loss reserve will be reversed in December 2016.

Loss Reserves and Side Pocket Investment Releases

In January 2016, the Investment Manager announced that a proportion of the Side Pocket Investments ("SPI's") established in December 2015 would cover potential losses from the UK floods. During the first quarter of 2016, the Investment Manager was able to close the side pocket exposure to the UK floods and the related loss reserves were simultaneously released resulting in a 1 per cent appreciation in the Ordinary Share NAV.

On 1 May 2016, a wildfire started near Fort McMurray, Alberta and subsequently led to over 88,000 people being evacuated. The wildfire caused an estimated $3.2 billion in insured damage (source: PCS Canada®). Following recent discussions with the Reinsurer's reinsurance clients, the Investment Manager recorded a specific loss reserve for the wildfire of approximately 1 per cent of NAV. The Investment Manager will continue to monitor the impact of the Canadian wildfire as clients release any additional loss information, and expects that any further loss development will be absorbed by the attritional loss reserve.

On 20 March 2016, oil production at the Jubilee Oil Field off the coast of Ghana halted, resulting in a potentially significant insured loss for the industry, which will be more accurately quantified when official estimates are forthcoming. The Investment Manager is monitoring the possible impact of this loss on the Company's portfolio.

C Share Conversion

As at 30 June 2016, the SPI's established in 2014 remain at approximately 1.5 per cent of the Ordinary Share NAV (31 Dec 2015: 1.5 per cent) whilst the SPI's established in 2015 represent 3.8 per cent of the Ordinary Share NAV (31 Dec 2015: 5.5 per cent).

As such, the combined 2014 and 2015 SPI's amount to 5.3 per cent of the Ordinary Share NAV, which the Board deems to be a material amount as it relates to the potential impact on a C Share conversion.

The reinsurance clients have the option to hold collateral in relation to prior events, which is in accordance with the terms of their contracts. The Investment Manager currently does not expect any further significant releases to be made during the remainder of 2016.

However, the Board intends to consider again, in the fourth quarter of 2016, the materiality of the SPI's and the possible timing of the consolidation of the C Shares into a single share class along with the existing Ordinary Shares.

2016 Catastrophic Activity to Date

Industry insured catastrophe losses increased significantly during the first half of 2016 compared to the same period the previous year. Losses for the first six months of 2016 are estimated by Munich Re to be approximately $27 billion (2015: $19 billion).

In April, Japan was struck by two earthquakes on the island of Kyushu causing a combined loss of approximately $5 billion (source: Aon Benfield). The Fort McMurray wildfire in Alberta, Canada, began on 1 May causing approximately $3.2 billion of insured losses and was declared the largest catastrophe in Canadian history. Prior to this wildfire, the costliest insured disaster in Canadian history was the Alberta floods of 2013 which caused a loss of $1.8 billion.

Other notable events were the hailstorms that struck the San Antonio area of Texas which are expected to be the costliest hailstorm in the state's history, with insured losses from this single event expected to surpass $2 billion (source: Insurance Council of Texas).

During May and June, parts of Europe experienced widespread flooding from Storm Elvira. Some of the worst hit areas were in Germany and France where floods along the River Seine, including Paris, caused approximately $3.4 billion of combined insured losses (source: Aon Benfield).

UK Brexit Referendum

On 23 June 2016, the UK held a referendum in which it voted to leave the EU ("Brexit"). The longer-term impact on the Company, and, more particularly, its investors, of the result of the Brexit referendum in the UK, is unclear. It is dependent on the terms of the settlement between the UK and the EU which will govern the UK's post-Brexit relationship with the EU. While Brexit is not inevitable until the UK's withdrawal arrangements are agreed, it is politically highly likely.

In the meantime, EU law and regulations currently in place or implemented in the UK before Brexit will still be binding, although, in the longer-term, there will, almost certainly, be an overhaul. However, the most likely short-term effects of the referendum will be economic. Changes in the value of Sterling, inflation rates, yields on gilts and bonds, stock market fluctuations and hence, increased market volatility, will provide challenges for the Company, including its ability to raise money in the UK capital markets. However, there may also be opportunities, as the largely non-correlated nature of the Company's returns may prove to be attractive to investors.

The Board will continue both to monitor the effect of the referendum and subsequent developments leading towards Brexit, and to ensure that the appropriate steps are being taken in order to identify and mitigate any resultant risks to the Company, and to identify and capitalise upon any opportunities that may present themselves.

Outlook

The excess capacity in the property catastrophe reinsurance and retrocession markets continues to prove a challenge, with signs that the reinsurance cycle is permanently changing given the more fungible nature of capital flows. In anticipation of a protracted soft market, the Investment Manager is practising disciplined underwriting, using its modeling and underwriting expertise to select the most attractive and diversified risks at risk adequate prices.

In a low interest rate environment, the appetite of capital market investors for catastrophe risk remains strong and there appears to be no sign of this waning. Property catastrophe risk offers pension funds and other institutional investors an asset class that is uncorrelated to equity investments, and which continues to offer attractive returns, in spite of ongoing competitive pressures.

Encouraging signs are being seen that other ILS managers are taking a disciplined approach to underwriting, with a willingness to turn down business that is not priced adequately. This is reflected in the slowing of rate reductions at the mid-year June/July 2016 renewals. Willis Re have noted that "standalone insurance-linked securities (ILS) funds showed discipline through the first quarter of 2016".

Despite the more recent increase in insured losses during 2016, insured losses over the past three years have been significantly below average, with exceptionally quiet Atlantic hurricane seasons. US landfall hurricanes have historically been the biggest contributor to annual catastrophe claims. $37 billion of global insurance losses were caused from natural catastrophes in 2015, well below the $62 billion average of the previous ten years (according to Swiss Re sigma).

Despite the relatively low occurrence of major catastrophic loss activity, the experience of the past six months has once again been a reminder of the potential for substantial losses emanating from a wide range of catastrophic perils, including floods, windstorms, earthquakes, wildfires and severe convective storms.

In spite of the competitive forces currently present in the market, the reinsurer's unique product enables it to continue to command a higher premium, shielding the Company from the effects of large year-on-year price reductions seen in the traditional reinsurance market.

Nigel Barton
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
12 August 2016

DIRECTORS' REPORT

Risks and Uncertainties

The Board of Directors has identified a number of key risks that affect the Company's business. The principal risks are:

Reinsurance Risk
The objective of the Company and of Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund (the "Markel CATCo Master Fund"), the fund through which the Company conducts substantially all of its investment activities, 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 preferred shares of the Reinsurer, Markel CATCo Re Ltd. The Markel CATCo 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 Company's 2015 Annual Report, on page 16, explains in detail how the Company and the Markel CATCo Master Fund ensure that appropriate diversification is achieved.

Risks related to the Company's investment activities
These risks include, but are not limited to, market price, counterparty, interest rate, liquidity and credit risk. Such key risks relating to investment underwriting and strategy including, for example, inappropriate asset allocation or borrowing are managed through investment policy guidelines and restrictions, and by oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting. The risks arising from the UK's decision to leave the EU ("Brexit") are discussed in the Chairman's Statement.

In the view of the Board, except for the risks relating to Brexit referred to above, there have not been any changes to the fundamental nature of these risks since the previous report, and these principal risks and uncertainties are equally applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Disclosure and Transactions with the Investment Manager

The Investment Manager is regarded as a related party and details of the management fees payable are set out in the unaudited Statement of Operations and note 7.

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.

In accordance with the Financial Reporting Council's guidance on going concern and liquidity risk issued in October 2009, the Board of Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's assets consist of cash and 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 interim report. Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

Directors' Responsibility Statement

The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with applicable law and regulations. The Directors confirm that, to the best of their knowledge:

1. The condensed set of Financial Statements contained within the Half-Yearly Financial Report has been prepared in accordance with the applicable accounting standards.

2. The Chairman's Statement, the Financial Highlights and the notes to the unaudited Financial Statements provides a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and rule 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

The Half-Yearly Financial Report was approved by the Board on 12 August 2016 and the above responsibility statement was signed on its behalf by the Chairman.

Nigel Barton
Chairman,
For and on behalf of the Board
12 August 2016

UNAUDITED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	**30 June 2016**	**30 June 2015**	**31 Dec. 2015 (Audited)**
	$	$	$
Assets			
Investment in Master Funds, at fair value (See Note 3)	440,388,784	323,618,163	347,516,987
Cash and cash equivalents	9,353,923	1,342,284	1,839,305
Advance subscription in Markel CATCo Reinsurance Fund Ltd.- Markel CATCo Diversified Fund	-	-	88,000,000
Other assets	30,702	114,067	30,125
Total assets	449,773,409	325,074,514	437,386,417
Liabilities			
Accrued expenses and other liabilities	360,945	89,638	282,989
Management fee payable	11,280	1,708	-
Total liabilities	372,225	91,346	282,989
Net assets	449,401,184	324,983,168	437,103,428

NAV per Share (see note 5)
See accompanying notes to unaudited Financial Statements

UNAUDITED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	**Six months to 30 June 2016**	**Six months to 30 June 2015**	**Year ended 31 Dec. 2015 (Audited)**
	$	$	$
Net investment loss allocated from Investments in Master Funds (See Note 3)			
Interest income	243,151	5,044	7,768
Other income	-	-	2,992
Management fee	(3,249,246)	(2,389,613)	(4,987,744)
Performance fee	(2,243,654)	(1,542,079)	(4,274,137)
Interest fee	(203,299)	-	-
Professional fees and other	(179,927)	(148,653)	(383,083)
Administrative fee	(114,463)	(80,980)	(157,199)
Net investment loss allocated from Investments in Master Funds	(5,747,438)	(4,156,281)	(9,791,403)
Company expenses			
Professional fees and other	(751,691)	(724,419)	(2,468,689)
Management fee	(73,633)	(12,564)	(18,175)
Administrative fee	(58,000)	(27,000)	(54,000)
Total Company expenses	(883,324)	(763,983)	(2,540,864)
Net investment loss	(6,630,762)	(4,920,264)	(12,332,267)
Net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds (See Note 3)			
Net realised gain on securities	57,967,193	45,577,396	51,154,113
Net decrease in unrealised appreciation on securities	(31,665,229)	(26,403,112)	(2,445,883)
Net gain on securities	26,301,964	19,174,284	48,708,230
Net increase in net assets resulting from operations	19,671,202	14,254,020	36,375,963

See accompanying notes to unaudited Financial Statements

UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	**Six months to 30 June 2016**	**Six months to 30 June 2015**	**Year ended 31 Dec. 2015 (Audited)**
	$	$	$
Operations			
Net investment loss	(6,630,762)	(4,920,264)	(12,332,267)
Net realised gain on securities	57,967,193	45,577,396	51,154,113
Net decrease in unrealised appreciation on securities	(31,665,229)	(26,403,112)	(2,445,883)
Net increase in net assets resulting from operations	19,671,202	14,254,020	36,375,963
Capital share transactions			
Issuance of Class C Shares	10,920,014	-	91,838,761
Dividend declared	(18,084,741)	(17,999,434)	(17,999,434)
Offering costs	(208,719)	-	(1,840,444)
Return of value distribution	-	(34,997,045)	(34,997,045)
Net (decrease) / increase in net assets resulting from capital share transactions	(7,373,446)	(52,996,479)	37,001,838
Net increase / (decrease) in net assets	12,297,756	(38,742,459)	73,377,801
Net assets, beginning of period	437,103,428	363,725,627	363,725,627
Net assets, end of period	449,401,184	324,983,168	437,103,428

See accompanying notes to unaudited Financial Statements

UNAUDITED STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	**Six months to 30 June 2016**	**Six months to 30 June 2015**	**Year ended 31 Dec. 2015 (Audited)**
	$	$	$
Cash flows from operating activities			
Net increase in net assets resulting from operations	19,671,202	14,254,020	36,375,963
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by \ (used in) operating activities:			
Net investment loss, net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds	(20,554,526)	(15,018,003)	(38,916,827)
Sale of investment in CATCo Reinsurance Fund Ltd.- CATCo Diversified Fund	332,882,729	55,200,000	55,200,000
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. – Markel CATCo Diversified Fund	(405,200,000)	-	-
Changes in operating assets and liabilities:			
Advance subscription in Markel CATCo Reinsurance Fund Ltd. – Markel CATCo Diversified Fund	88,000,000	-	(88,000,000)
Other assets	(577)	(83,501)	441
Accrued expenses and other liabilities	77,956	(121,623)	71,728
Management fee payable	11,280	1,708	-
Net cash provided by / (used in) operating activities	14,888,064	54,232,601	(35,268,695)
Cash flows from financing activities			
Issuance of Class C Shares	10,920,014	-	91,838,761
Dividend paid	(18,084,741)	(17,999,434)	(17,999,434)
Offering costs	(208,719)	-	(1,840,444)
Return of value distribution paid	-	(34,997,045)	(34,997,045)
Net cash (used in) / provided by financing activities	(7,373,446)	(52,996,479)	37,001,838
Net increase in cash and cash equivalents	7,514,618	1,236,112	1,733,143
Cash and cash equivalents, beginning of period	1,839,305	106,162	106,162
Cash and cash equivalents, end of period	9,353,923	1,342,284	1,839,305

See accompanying notes to unaudited Financial Statements

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
(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 was originally 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. The assets attributable to each segregated account of the Master Fund shall only be available to creditors in respect of that segregated account.

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

On 8 December 2015, the Acquisition was completed and substantially all of the assets of CIML were acquired by Markel. As a result of the Acquisition, Markel CATCo Investment Management Ltd. ("Markel CATCo") commenced operation and CIML'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. Pursuant to an investment management agreement, the Company is now being managed by Markel CATCo (the "Investment Manager"). Refer to the Company's prospectus for more information.

As a result of the completion of the Acquisition, effective 1 January 2016, the Company conducts 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, overseen by CIML, until such business is liquidated. See Note 3.

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 and the Markel CATCo Master Fund (together the "Master Funds") is to give the Shareholders the opportunity to participate in the investment returns of various insurance-based instruments, including preferred shares through which the Master Funds would be exposed to reinsurance risk, insurance-linked securities (such as notes, swaps and other derivatives), and other financial instruments. All of the Master Funds' exposure to reinsurance risk is obtained through its investment (via preferred shares) in CATCo-Re Ltd. (the "CATCo Reinsurer") and Markel CATCo Re Ltd (the "Markel CATCo Reinsurer"), respectively (together the "Reinsurers").

The Reinsurers are Bermuda licensed Class 3 reinsurance companies, registered as segregated accounts companies under the SAC Act, through which the Master Funds access all 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, floods, tsunamis, tornados, windstorms, winter storms, extreme temperatures, aviation accidents, fires, explosions, marine accidents and other perils.

Basis of Presentation

The unaudited 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 investments in the Master Funds at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with 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 transaction.

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 unaudited Statement of Assets and Liabilities.

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 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 unaudited Statement 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 in unrealised appreciation on securities in the unaudited 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 30 June 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 expense or penalties have been recognised as of and for the period ended 30 June 2016.

Generally, the Company is subject to income tax examinations by 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 period ended 30 June 2016.

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. 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 30 June 2016, cash and cash equivalents are held with HSBC Bank Bermuda Limited which has a credit rating of A- as issued by Standard & Poor's.

3. INVESTMENTS IN MASTER FUNDS, AT FAIR VALUE

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

(Expressed in United States Dollars)	**30 June 2016**
	$
Investment in Markel CATCo Reinsurance Fund Ltd.- Markel CATCo Diversified Fund, at fair value	421,521,023
Investment in CATCo Reinsurance Fund Ltd.- CATCo Diversified Fund, at fair value	18,867,761
Investments in Master Funds, at fair value	440,388,784

From 1 January to 30 June 2016, the net investment loss allocated from Investments in Master Funds, and the net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds in the unaudited Statement of Operations consisted of the combined results from the Company's Investments in the Master Funds as detailed below:

(Expressed in United States Dollars)	**Total**	**Investment in Markel CATCo Master Fund**	**Investment in Master Fund**
	$	$	$
Interest Income	243,151	241,838	1,313
Management fee	(3,249,246)	(3,079,213)	(170,033)
Performance fee	(2,243,654)	(1,813,447)	(430,207)
Interest fee	(203,299)	(203,299)	-
Professional fees and other	(179,927)	(155,586)	(24,341)
Administrative fee	(114,463)	(98,577)	(15,886)
Net investment loss allocated from Investments in Master Funds	(5,747,438)	(5,108,284)	(639,154)

	Total	**Investment in Markel CATCo Master Fund**	**Investment in Master Fund**
	$	$	$
Net realised gain on securities	57,967,193	1,140,404	56,826,789
Net decrease in unrealised appreciation on securities	(31,665,229)	20,288,904	(51,954,133)
Net realised gain and net increase in unrealised appreciation on securities allocated from Master Funds	26,301,964	21,429,308	4,872,656

4. LOSS RESERVES

The following disclosures on loss reserves are included for information 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 their own models and historical loss analysis data as well as assessments from counter-parties to estimate the level of reserves required. In addition, the Reinsurers record risk margin to reflect uncertainty surrounding cash flows 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 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.

In the six months to 30 June 2016, the CATCo Reinsurer paid claims of $20,386,806 pertaining predominantly to the U.S. Severe Convective Storm and U.S. winter storm exposures in 2014 and 2015. Moreover, the Markel CATCo Reinsurer paid claims amounting to $4,890,608 relating to various 2016 losses.

5. CAPITAL SHARE TRANSACTIONS

As of 30 June 2016, the Company has authorised share capital that is divided into 1,500,000,000 unclassified shares of par value US$0.0001 per share.

As of 30 June 2016, the Company has issued 273,224,673 Class 1 Ordinary Shares and 102,510,018 Class C Shares.

Transactions in Shares during the period, and the Shares outstanding and the Net Asset Value ("NAV") per Share as of 30 June 2016 is as follows:

	Beginning Shares	Share Issuance	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary Shares	273,224,673	-	273,224,673	$345,114,389	$1.2631
Class C Shares	91,835,018	10,675,000	102,510,018	$104,286,795	$1.0173

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 of Directors of the Company (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 Markel CATCo 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 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 and the ex-dividend date was on 11 February 2016. The dividend was paid to Shareholders on 26 February 2016.

6. 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 providing such services (see Note 7).

7. RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Markel CATCo Master Fund and the Insurance Manager of the Markel CATCo Reinsurer. In addition on 8 December 2015, 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.

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.

Qatar Insurance Company (QIC), which holds the entire share capital of CIML, holds 1.43% of the voting rights of the total Shares issued in the Company as of 30 June 2016.

Markel, which holds the entire share capital of the Investment Manager, holds 6.65% of the voting rights of the total Shares issued in the Company as of 30 June 2016.

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

8. ADMINISTRATIVE 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.

9. FINANCIAL HIGHLIGHTS FOR THE ORDINARY SHARES

Financial highlights for the Ordinary Shares for the period 1 January 2016 to 30 June 2016 are as follows:

Per share operating performance	Class 1 Ordinary Shares	Class C Shares
Net Asset Value, beginning of period	$1.2705	$0.9800
Income/(loss) from investment operations:		
Net investment loss	(0.0056)	(0.0025)
Performance fee	(0.0061)	(0.0044)
Management fee	(0.0093)	(0.0074)
Net gain on investments	0.0798	0.0516
Total from investment operations	0.0588	0.0373
Dividend	(0.0662)	-
Net Asset Value, end of period	$1.2631	$1.0173
Total Net Asset Value return		
Total Net Asset Value return before performance fee	5.12%	4.26%
Performance fee*	(0.48)%	(0.45)%
Total Net Asset Value return after performance fee	4.64%**	3.81%
Ratio to average net assets		
Expenses other than performance fee	(1.33)%	(1.05)%
Performance fee*	(0.52)%	(0.43)%
Total expenses after performance fee	(1.85)%	(1.48)%
Net investment loss	(1.65)%	(1.46)%

* The performance fee is charged in the Master Funds.

** Adjusting the opening capital to reflect the dividend declared on 29 January 2016, the normalized return for the period 1 January 2016 to 30 June 2016 is equivalent to 4.86%.

The ratios to weighted average net assets are calculated for each Class of share 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 period ended 30 June 2016 and have not been annualised. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

10. 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.

11. SUBSEQUENT EVENTS

The Investment Manager is monitoring the possible impact of the loss of oil production at the Jubilee Oil Field off the coast of Ghana, that began on 20 March 2016.

The unaudited Financial Statements were approved by management and Board of Directors and available for issuance on 12 August 2016. Subsequent events have been evaluated from the period under review to this date, and no further significant matters requiring disclosure have been identified.

For further information:

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