Annual Report 2014

CATCo®

Reinsurance Opportunities Fund Ltd.

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

CATCo REINSURANCE OPPORTUNITIES FUND LTD. 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.

CATCo REINSURANCE OPPORTUNITIES FUND LTD.

ANNUAL REPORT 2014

FOR THE 12 MONTH PERIOD FROM 1 JANUARY TO 31 DECEMBER 2014

CORPORATE SUMMARY

SPECIALISED 'PURE PLAY' IN RETROCESSIONAL REINSURANCE

EFFICIENT CAPITAL MANAGEMENT AND ANNUAL DIVIDEND

OUTPERFORMANCE INCENTIVISED

DISCOUNT MANAGEMENT

INDEPENDENT BOARD OF DIRECTORS

MANAGED BY CATCO INVESTMENT MANAGEMENT LTD.

CAPITAL STRUCTURE

303,582,970 Ordinary Shares of $0.0001 par value each entitled to one vote as at 31 December 2014.

FOCUSED PORTFOLIO

CATCo Investment Management Ltd. manages a focused portfolio of retrocessional reinsurance risks in global property, marine, aviation and specialty classes that are fully cash collateralised.

DISCOUNT MANAGEMENT

To assist in managing any discount to Net Asset Value at which Ordinary Shares may be trading, the Company has the authority (subject to annual renewal by Shareholders) to make market purchases of up to 10.00 percent of the Company's Shares.

INDEPENDENT BOARD OF DIRECTORS

CATCo Reinsurance Opportunities Fund Ltd. is overseen by an independent Board of Directors. By responding to Shareholders' views, the Board of Directors ensures that the Company continues to offer a distinctive investment proposition that is relevant to investors' needs.

EFFICIENT CAPITAL MANAGEMENT AND ANNUAL DIVIDEND

CATCo Reinsurance Opportunities Fund Ltd. aims to achieve efficient capital management and income through a balanced portfolio of global catastrophic reinsurance risk protections. The Company intends to pay an annual dividend of LIBOR plus 5 percent of Net Asset Value.

TARGET RETURNS

Targeted annual gross return of LIBOR plus 12 to 15 percent per annum achieved by maintaining a disciplined investment approach.

FOR 2014, THE INVESTMENT MANAGEMENT TEAM HAS ONLY CONSIDERED TRANSACTIONS THAT HAVE MET OR EXCEEDED THE COMPANY'S INVESTMENT RETURN TARGET WHILE ADHERING TO STRICT INVESTMENT AND UNDERWRITING GUIDELINES.

OUTPERFORMANCE INCENTIVISED

CATCo Reinsurance Opportunities Fund Ltd. has a performance fee of 10 percent p.a. if the annual performance trigger and high water mark thresholds have been met. This aligns the Manager's interests directly with those of Shareholders.

MANAGED BY CATCO INVESTMENT MANAGEMENT LTD.

Appointed by the Board of Directors and regulated by the Bermuda Monetary Authority, the Investment Manager, CATCo Investment Management Ltd. ("CATCo") has been retained by CATCo Reinsurance Opportunities Fund Ltd., CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund (the "Master Fund") and CATCo-Re Ltd. to manage and invest their respective assets.

CATCo was formed in 2010 by experienced professionals with established expertise, and is one of the largest retrocessional reinsurance managers in the world.

At the date of this report, CATCo manages eight investment funds and a Class 3 Bermuda reinsurance company. Assets under management or advice of CATCo are in excess of US$2bn.

CATCo offers retrocessional reinsurance expertise, and a disciplined and transparent approach to managing complex risks.

More information on CATCo Investment Management Ltd. and their management team can be found at www.catcoim.com.

CHAIRMAN'S STATEMENT 2014

Nigel Barton, Chairman
CATCo Reinsurance Opportunities Fund Ltd.

FINANCIAL PERFORMANCE

Welcome to the 2014 CATCo Reinsurance Opportunities Fund Ltd. (the "Company") Annual Report. The Company has delivered another strong performance in the year ending 31 December 2014, achieving a net return for Shareholders of 14.08 percent. This result was comfortably within the Company's stated target annual gross return of LIBOR plus 12 to 15 percent per annum, outperforming other ILS indices in what is an increasingly challenging retrocessional market. Including the annual dividend (at a rate of LIBOR plus 5 percent of the Company's NAV) it resulted in a Share price total return of 9.20 percent.

These positive gains were down, prior to the cost of hedging the portfolio, from last year's record NAV return of 21.90 percent and reflect the pressure on pricing experienced in 2014 in comparison to 2013. The continued influx of capacity into the ILS arena and absence of significant natural catastrophe losses are exerting downward pressure on retrocessional reinsurance pricing. The Company is navigating this environment with an approach that combines disciplined underwriting, innovative product design and prudent capital management.

The Company built an attractive and well-diversified investment portfolio in 2014, with a broad geographic spread and balanced exposure to differing risk perils. By taking advantage of more competitively-priced catastrophe reinsurance coverage available from other carriers, the Company was able to opportunistically purchase broader balance sheet protection for 2014 at a reduced price year-on-year.

CONVERGENCE TRENDS AND 2015 INVESTMENT PORTFOLIO DEPLOYMENT

If 2013 was the year of convergence then 2014 was the year when the non-traditional reinsurance and ILS market firmly established itself as an alternative to traditional reinsurance. There was record catastrophe bond issuance of in excess of US$8bn for the year, according to Aon Benfield Securities, with collateralised reinsurance capacity approaching the US$40bn mark. These alternatives are offering reinsurance buyers more choice and greater diversification of counterparties.

However, as capacity continues to enter the market it is causing heightened levels of competition and reduced pricing for catastrophe cover, particularly in the reinsurance and ILS space, but it is also now trickling over into the retrocessional arena in which the Company primarily operates. What is now firmly a buyer's market was evident at the midyear and 1 January 2015 renewals, with cedants locking in rates and favourable terms with multiyear structures, as well as buying more protection at the top end of their programmes.

In the absence of major losses, these trends will continue into 2015. The most recent renewals at 1 January saw a further depression of reinsurance pricing. US and European property rates declined some 10 percent to 15 percent on loss free accounts, according to Willis Re.

With differing risk and return profiles to their traditional counterparts, ILS funds are well-placed to compete in this environment. Should this year bring a sizeable loss or series of losses, the ILS space could seize the opportunity to further grow its influence in the global catastrophe market.

THE COMPANY BUILT AN ATTRACTIVE AND WELL-DIVERSIFIED INVESTMENT PORTFOLIO IN 2014, WITH A BROAD GEOGRAPHIC SPREAD AND BALANCED EXPOSURE TO DIFFERING RISK PERILS.

RETURN OF VALUE

As a result of the ongoing competitive pressures in the retrocession reinsurance space, the Company will continue to focus on prudent capital management, as demonstrated by the Return of Value of approximately US$74m made in January 2014 and the Share buyback programme, which took place in May 2014. The Directors will continue to consider ways in which Shareholder value can be optimised, whilst ensuring the Company does not constrain its growth potential.

It is our belief there is an optimum level of capital required to achieve the Company's target investment objective, beyond which these aims may start to become impaired. As such, the Board once again determined that a Return of Value of approximately US$0.11528 per Share or approximately US$35m in aggregate - equating to around 10 percent of the Company's market capitalisation - was in the best interests of the Company and its Shareholders.

As announced on 5 January 2015, this special one-off payment was put to a Shareholder vote on 29 January 2015 where Shareholders were able to determine how they wanted to receive their Return of Value. While largely in line with the mechanism used in last year's Return of Value, one difference is that Shareholders were not offered the opportunity to remain invested for their share of the Return of Value.

The Return of Value is separate, and in addition, to the annual dividend of US$0.05929 in respect of the Ordinary Shares for the year to 31 December 2014, as announced on 5 January 2015. The 2014 annual dividend was in line with the Company's target annual distribution of an amount equal to LIBOR plus 5 percent of the Net Asset Value at the end of each Fiscal Year. This final dividend was paid to Shareholders on 30 January 2015.

GOOD CORPORATE GOVERNANCE

The Board of Directors is committed to maintaining its high standards of corporate governance with particular emphasis on ensuring the Company is operating in the best possible interests of Shareholders. This includes regularly evaluating the relationship and effectiveness of the Investment Manager. During 2014, the Bermuda Monetary Authority completed a review of the Investment Manager, I am pleased to report, without any significant matters being raised. The Board places a high emphasis on risk management and assesses internal controls each year.

SHAREHOLDERS

I would like to thank Shareholders for their continued support throughout 2014, during which time the Company has continued to consolidate its market leading position. If you would like any further information about the Company then please do not hesitate to contact me, or our Manager.

Nigel Barton
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

17 February 2015

MANAGER'S REVIEW

Anthony Belisle, Chief Executive Officer
CATCo Investment Management Ltd.

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") had an outstanding year in 2014 thanks to a well-balanced investment portfolio and a year that was largely unimpeded by catastrophe events. The only loss event in 2014 that amounted to at least a one percent impact to the 2014 returns was due to a severe hailstorm that impacted Nebraska.

The 2014 net return to Shareholders was 14.08 percent. This compares to a 21.90 percent net return for 2013. However, the 2014 portfolio was a much lower risk portfolio than 2013, as CATCo Investment Management Ltd. (the "Investment Manager") instructed CATCo-Re Ltd. (the "Reinsurer") to purchase a significant amount of global protection for the 2014 portfolio due to the abundance of attractively-priced structures offered by other reinsurance funds. Before deducting the cost of these protections, the net return for the 2014 portfolio was approximately 18 percent.

In its four years of operation, the Company has become an established retrocessional leader with a solid client base. As such, the Underwriters within CATCo-Re Ltd. continue to be highly selective in how they deploy capacity. As at 1 January 2015, the Master Fund has deployed collateralised retrocession reinsurance coverage at rates in excess of the Company's target returns, opting to non-renew where pricing had reached levels deemed inadequate.

This disciplined approach to risk will ensure a strong and sustainable portfolio going forward. The Company's and Master Fund's reinsurance portfolio contains a significantly diverse set of global risk pillars which ensures that the impact to a single loss event, no matter the magnitude of the event, results in net portfolio returns for investors in the current financial year of not worse than negative 10 percent. This multiple pillar personalised approach remains an attractive solution for our clients which, combined with our efficient underwriting processes, means that we are able to benefit from strong client loyalty.

2014 SIGNIFICANT LOSS EVENTS UPDATE

Following a relatively quiet 2013 calendar year with respect to insured losses across the globe, there were even lower insured losses for 2014. Early estimates from Swiss Re Sigma puts total catastrophe claims at around $34bn, 24 percent lower than in 2013 when insurers paid out $45bn in catastrophe losses.

However, there were still a number of significant losses during 2014. For example, snowstorms in January in the United States and Canada and thunderstorms and hail in the United States in April, May and June collectively produced total claims of close to US$6bn.

The single costliest event was a severe convective storm that made its way from Colorado to Georgia in early June causing economic damage in excess of US$2bn. This was followed by several tornadoes later in the month, including five EF-4 tornado touchdowns, four of which were in northeast Nebraska. While significant, these losses will mostly fall within the retentions of US property insurers and are unlikely to trigger meaningful reinsurance payouts.

There was once again below-normal activity in the North Atlantic during hurricane season, a phenomenon attributed to the expected formation of an El Nino weather event. Hurricane Arthur caused minimal damage as it skirted North Carolina, while Bermuda was ravaged by Fay quickly followed by Gonzalo in October, with claims of approximately US$400m expected.

The most costly hurricane of the year was Odile in the East Pacific in September, which resulted in insured losses of US$1.6bn as it hit tourist resorts on Mexico's Baja California peninsula.

AS A RESULT OF THE ONGOING COMPETITIVE PRESSURES IN THE RETROCESSION REINSURANCE SPACE, THE COMPANY WILL CONTINUE TO FOCUS ON PRUDENT CAPITAL MANAGEMENT.

While natural catastrophe losses were on the low side in 2014, it was a costly year for the aviation sector. The tragic events of MH370 and MH17, and, more recently AirAsia flight QZ8501 mark the end of one of the worst years on record for Asia's Aviation sector.

Combined with the damage caused by fighting at Tripoli Airport, global aviation losses are expected to be in the order of US$1.8bn, although these events will not have any impact on the 2014 portfolio.

In Europe, wind and hail storm Ela caused insured losses of close to $3bn across France, Germany and Belgium in June. In Asia, the year began with snowstorms in Japan, and ended with another super-typhoon wreaking havoc in the Philippines.

SIDE POCKET INVESTMENTS (SPIs)

As at 31 December 2014, the only side pocket remaining from prior calendar year loss events relates to Superstorm Sandy, which occurred late in October of 2012. This SPI amounted to 2.8 percent of the Company's Net Asset Value ("NAV") at 31 December 2014.

In accordance with the reinsurance contracts written by the Reinsurer, the liabilities for any loss events must be commuted no later than three years following the expiry of the risk period. In the case of Sandy, this means that the liabilities must be commuted by the end of 2015.

The Manager has been notified by several counterparties of their intent to release the Sandy liabilities potentially in the first half of 2015. This will benefit the Shareholders of the Company as the Sandy loss reserves are released and the Company's NAV increases by the corresponding amount.

As at 31 December 2014, total claim payments made in relation to Sandy amounted to approximately 54 percent of the original retrocessional reinsurance loss reserve established in 2012. Therefore, there is potential to have some portion of the remaining 46 percent of the capital flow back into the Company's NAV. While the exact amount is not known at this time, the Manager believes this will benefit Shareholders in 2015.

With respect to 2014 US Severe Convective Storm events, namely the severe Nebraska hailstorm, side pockets were created, amounting to approximately three and a half percent of Net Asset Value. However, the Manager has been advised by the reinsureds that these side pockets are not expected to result in actual claims and 100 percent of the side pockets are expected to be released in the first quarter of 2015.

2015 INVESTMENT PORTFOLIO

The influx of capital markets capacity into the property catastrophe reinsurance and retrocession market over the past few years, compounded by minimal catastrophe losses over the same period, has led to a continued depression in pricing for certain types of products. This downturn is more pronounced in the traditional reinsurance market and ILS space, where prices were down for the 1 January 2015 renewals by 15 percent to 20 percent in some areas.

However, the Manager views the reduced pricing in the ILS space as a good opportunity to purchase significant protections for its own portfolio. This has resulted in a further de-risked portfolio for 2015, but with similar indicative maximum returns as compared to the 2014 portfolio. In addition, buyer appetite for the Reinsurer's fully-collateralised retrocession protection remains very strong. This is evidenced by 100 percent of the Reinsurer's available capital being deployed at 1 January 2015.

RETURN OF VALUE

As a result of discussions with Shareholders and the positive Shareholder feedback regarding this approach last year, the Company's Board of Directors has approved a Return of Value amounting to $35m. This is in response to the significant net returns on the 2014 portfolio.

The Return of Value approach ensures that the portfolio does not continue to grow in the current rate environment. Should market conditions change, and new opportunities present themselves throughout the year (as they did in 2011), it would very much be the intention of the Manager to allow investors to participate in them.

Anthony Belisle
Chief Executive Officer
CATCo Investment Management Ltd.

17 February 2015

FINANCIAL HIGHLIGHTS

2014 SUMMARY

United States Dollar

	Ordinary Shares As at 31 December 2014	Ordinary Shares As at 31 December 2013	Change
Net Asset Value	363,725,627	409,031,695	(45,306,068)
Shares in issue	303,582,970	369,849,337	(66,266,367)
Net Asset Value per Share	1.1981	1.1059	0.0922
Share price	1.158	1.113	0.045
Premium / (Discount to NAV)	(3.35)%	0.64%	(3.99)%
Dividends declared and payable per Share	0.05929 †	0.05737 ***	0.00192
Total return after performance fee	14.08% *	21.90% **	(7.82)%
Total expense ratio to average net assets	(2.05)%	(2.01)%	0.04%

HIGHS AND LOWS

United States Dollar

	2014 $ High	2014 $ Low	2013 $ High	2013 $ Low
Net Asset Value per Share at month end	1.1981	1.0531	1.1059	0.9194
Share price	1.158	1.033	1.1190	0.9150

	2014 % Premium	2014 % Discount	2013 % Premium	2013 % Discount
Premium / (Discount to NAV)Ω	0.66%	(3.97)%	1.57%	(5.28)%

NAV TOTAL RETURNS SINCE INCEPTION OF SHARES TO 31 DECEMBER 2014

Ordinary Shares issued on 20 Dec. 2010 to 31 Dec. 2014	45.42%△
C Shares issued on 20 May 2011 to 31 Dec. 2014	66.18%▼
C Shares issued on 16 Dec. 2011 to 31 Dec. 2014	49.34%▼

† *Declared 15 January 2015*
*** *Declared 14 January 2014*
* *Total return after adjusting opening capital for dividend declared 14 January 2014*
** *Total return after adjusting opening capital for dividend declared 9 January 2013*
▼ *Total returns since inception for C Shares issued includes performance post C Share conversion on 10 August 2012*
△ *This includes a 3% capital return paid as a contingent distribution in January 2014*
Ω *As recorded at any given month end*

NAV PERFORMANCE AT 31 DECEMBER 2014

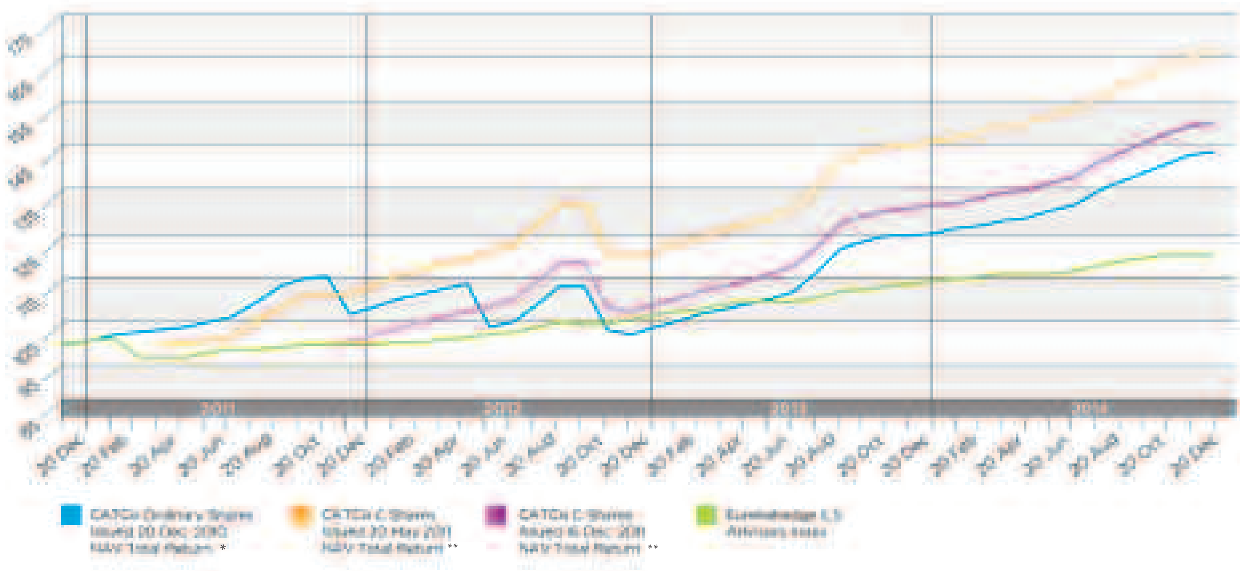
Net Asset Value ("NAV")	$ 363.7 m
NAV per Ordinary Share	$1.1981
Share price per Ordinary Share	$1.1580
Discount to NAV per Ordinary Share	(3.35) %

NAV PERFORMANCE PER YEAR SINCE INCEPTION

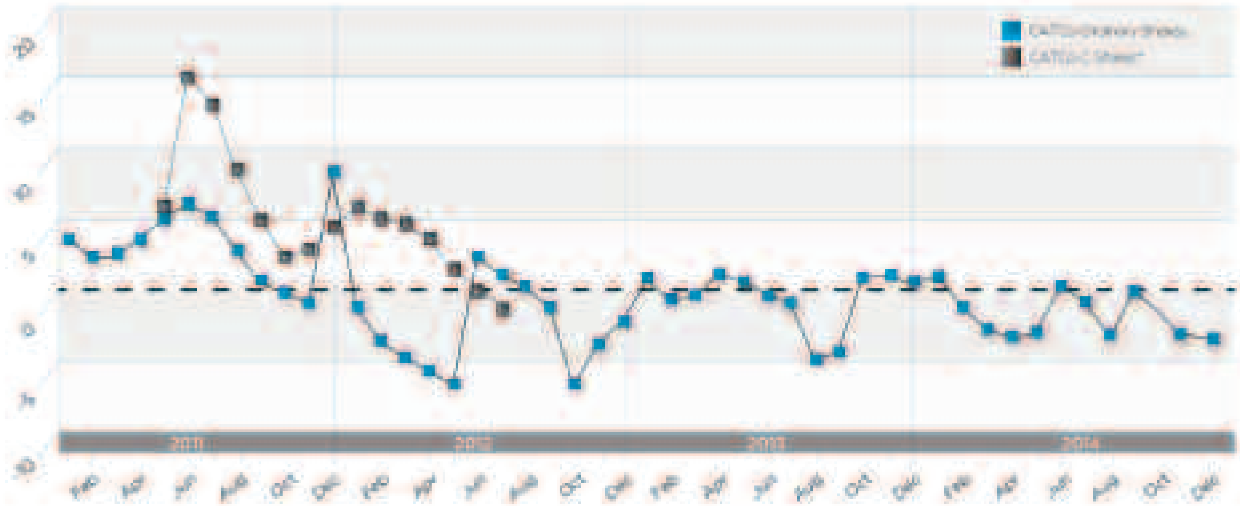
	Ordinary Shares Exposure to 2011 & 2012 Loss Reserves *†USD Returns	Ordinary Shares** Exposure to 2012 Loss Reserves *†USD Returns
2011 Annual Return	**7.43%**	**11.69%**
2012 Annual Return	**(4.32)%**	**7.06%**
2013 Annual Return	**21.90%**	**21.90%**
2014		
January	3.35% △	0.35%
February	0.68%	0.68%
March	0.74%	0.74%
April	0.73%	0.73%
May	0.74%	0.74%
June	0.96%	0.96%
July	0.97%	0.97%
August	2.46%	2.46%
September	2.70%	2.70%
October	1.58%	1.58%
November	0.48%	0.48%
December	0.88%	0.88%
2014 YTD	**17.08%** △	**14.08%**

* *Past performance is not a guide to future returns*
† *Before deduction of Establishment Expenses*
** *Previously C-Shares prior to C-Share conversion in August 2012*
△ *This includes a 3% capital return paid as a contingent distribution in January 2014*

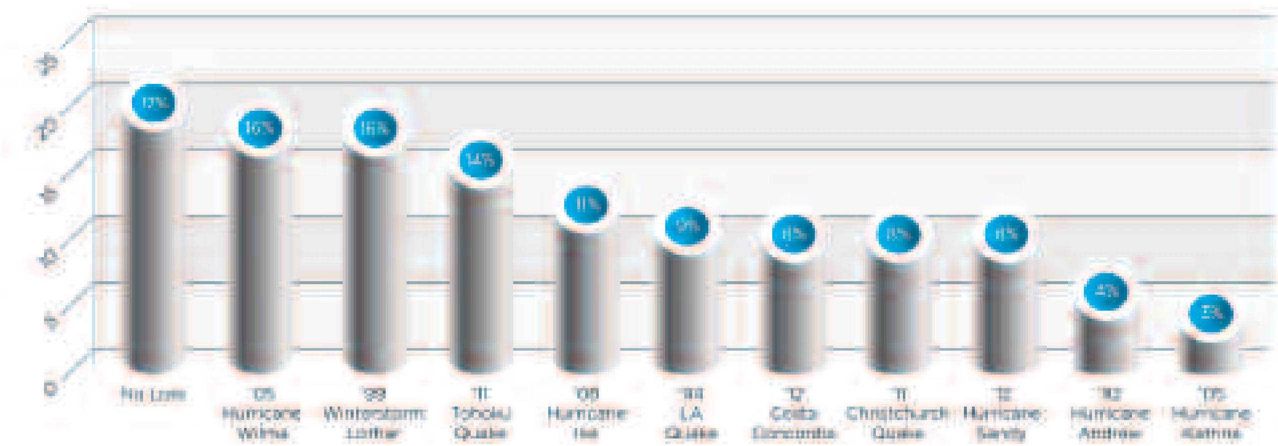
PERFORMANCE ANALYSIS



PREMIUM/DISCOUNT TO NET ASSET VALUE



2014 INDICATIVE NET PORTFOLIO RETURNS FROM A REPEAT OF HISTORICAL SINGLE LOSS EVENTS

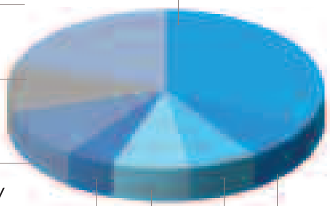


* Does not include the 3% capital return paid as a contingent distribution in January 2014

** CATCo C-Shares were converted to Ordinary Shares on 10 August 2012

2014 INVESTMENT PORTFOLIO

Geographic Distribution



North America / Caribbean - **32%**

All Other - **25%**

Global Marine/Energy/ Terrorism/Aviation - **9%**

Australia/ New Zealand - **7%**

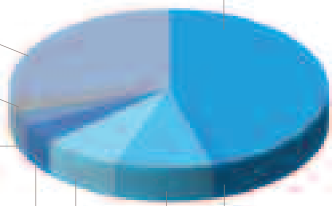
Mexico/Central America/ South America - **6%**

Europe - **7%**

Japan - **6%**

Global Backup Protections - **8%**

Exposure by Risk Peril



Wind - **44%**

Earthquake - **27%**

Terrorism - **2%**

Winterstorm/ Wildfire - **3%**

Severe Convective Storms - **5%**

Marine/Energy/Aviation - **9%**

Backup Protections - **8%**

Flooding - **2%**

2014 WORST CASE SINGLE EVENT NET PORTFOLIO RETURNS

	Peril Description	Net Return	1-in-100 Year
	No Losses	17%	17%
1	Canada Wind	17%	17%
2	US Wildfire	17%	17%
3	New Zealand Wind	17%	17%
4	Central America Wind	17%	17%
5	Aviation/Satellite	17%	17%
6	Offshore Elemental Marine	15%	17%
7	Guam Wind	15%	17%
8	Guam Quake	15%	17%
9	All Other	15%	15%
10	India Quake	14%	17%
11	Terrorism	12%	12%
12	South Africa Quake	11%	17%
13	Israel Quake	10%	17%
14	South Korea Wind	10%	17%
15	US/Canada Winterstorm	8%	16%
16	Philippines Wind	8%	17%
17	Offshore Nonelemental Energy	8%	8%
18	Taiwan Wind	8%	17%
19	Offshore Nonelemental Marine	8%	8%
20	Hong Kong Wind	5%	17%
21	China Wind/Flood	5%	17%

	Peril Description	Net Return	1-in-100 Year
22	Philippines Quake	4%	17%
23	China Quake	4%	17%
24	Indonesia Quake	3%	17%
25	Mexico Wind	3%	17%
26	Taiwan Quake	3%	17%
27	US Severe Convective Storms	2%	8%
28	Europe Flood	0%	16%
29	Caribbean Wind	-3%	17%
30	Mexico Quake	-3%	16%
31	Caribbean Quake	-5%	16%
32	Central America Quake	-5%	16%
33	Europe Quake	-6%	12%
34	South America Quake	-6%	8%
35	Japan Quake	-6%	3%
36	US/Canada Quake	-6%	4%
37	Europe Wind	-7%	-5%
38	New Zealand Quake	-7%	12%
39	Japan Wind	-8%	5%
40	Australia Wind	-8%	11%
41	Australia Quake	-8%	8%
42	US Wind	-8%	-7%

† *The worst case single event profile represents the impact that a total exposure loss to each specific event would have on the net portfolio returns.*

BOARD OF DIRECTORS

NIGEL BARTON
Chairman and Non-Executive Director

Nigel Barton has extensive insurance and reinsurance experience having worked in the industry for 37 years. From 2002 to 2011, he was the founder and Chief Executive Officer of Oxygen Holdings plc, a specialist insurance broking business based in London, United Kingdom.

Between 1984 to 2002, Nigel was a director of DP Mann Holdings Ltd. ("DP Mann"), a Lloyds Managing Agency, which was acquired by General Reinsurance Corporation/Berkshire Hathaway Inc. in 1998. After DP Mann had changed its name to Faraday Underwriting, he had the role of Director of Underwriting, and then ultimately Chief Executive Officer. From 1976 to 1984, Nigel worked at Marsh, a global leader in insurance broking, where his focus was on catastrophe reinsurance and retrocession classes. He holds a Masters in Business Administration, and has performed various executive and non-executive committee and director appointments within the Lloyds of London market and is currently a Non-executive Director of Torus Underwriting Management Ltd. and Torus Insurance (UK) Ltd.

MARGARET GADOW
Non-Executive Director

Margaret Gadow has over 26 years experience in equities investment management. She followed Japanese equities at Credit Suisse (Geneva) for two years before moving on to managing Asian emerging equities for thirteen years, working at Robert Fleming and then Gartmore. Upon leaving fund management in 2003, Margaret served as non-executive director for an offshore China fund for four years and also ran her own investment management consultancy. Most recently, she served as Product Manager (UK Equities) at Schroders in London for five years. She holds a degree in political science and international relations from the University of Wisconsin-Madison.

AS A RESULT OF THE ONGOING COMPETITIVE PRESSURES IN THE RETROCESSION REINSURANCE SPACE, THE COMPANY WILL CONTINUE TO FOCUS ON PRUDENT CAPITAL MANAGEMENT.

Alastair Barbour is a Chartered Accountant with 26 years experience spent auditing and advising Boards of Directors and executive management of public companies and groups in the UK and internationally. Previously, he was a partner of KPMG having been with that organisation in Bermuda between 1985 and 1991 and then in the UK until his retirement in 2011. He has worked principally in the financial services industry and has extensive experience in advising on accounting, financial reporting and corporate governance matters. He is also currently a Director of RSA Insurance Group plc, Liontrust Asset Management Company plc, Standard Life European Private Equity Investment Trust plc, The Bank of N.T. Butterfield & Son Limited and Phoenix Group Holdings. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. and CATCo Reinsurance Fund Ltd. on 1 April 2011 and January 2012, respectively.

ALASTAIR BARBOUR
Audit Committee Chairman and Non-Executive Director

JAMES KEYES
Management Engagement Committee Chairman and Non-Executive Director

James Keyes has been a Managing Director of Renaissance Capital since 1 October 2008 and established the Bermuda office for Renaissance Capital in 2008. James was previously a partner of Appleby, an offshore law firm, for 11 years. He joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Prior to Appleby, he was employed in the corporate department of the law firm Freshfields, and worked in the London, New York and Hong Kong offices. James was admitted as a Solicitor in England and Wales in 1991 and to the Bermuda Bar in 1993. He became a Notary Public in 1998. He acts as a Director on a number of investment funds and private companies, including the Brummer Group and investment funds managed by Polar Capital Investments. He joined the Board of Directors of CATCo Reinsurance Opportunities Fund Ltd. on 7 December 2010.

STRATEGIC REPORT

STRATEGY

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

The Board is responsible for the stewardship of the Company, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on pages 14 to 15.

The Board has contractually delegated the management of the investment portfolio to the Investment Manager, CATCo Investment Management Ltd. A summary of the terms of the management agreement is contained in the Directors' Report on page 18.

INVESTMENT OBJECTIVE

The investment objective of the Company and CATCo Reinsurance Fund Ltd. (the "Master Fund") is to give its 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. The Company's investment policy appears opposite, and the Managers' Review on pages 8 to 9 explains how the Company and the Master Fund have invested their assets with a view to spreading investment risk in accordance with the Company's investment policy.

INVESTMENT POLICY AND INVESTMENT STRATEGY

The Master Fund intends 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 intends that:

- no more than 20 percent of its capital will be exposed to a single catastrophic event;
- its 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;
- its capital will be exposed to aviation and marine (including offshore energy) losses caused by catastrophes; and
- at least 50 percent of its capital will be exposed to residential and commercial property losses.

At 31 December 2014, 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 42 diversified risk pillars.

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

A portfolio review by the Investment Manager is given on page 9 and the retrocessional risk investments by geographic region held at the year end are listed on page 13.

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

BORROWING

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

REVIEW OF PERFORMANCE

An outline of the performance, market background, investment activity and portfolio during the year under review, as well as the investment outlook, are provided in the Chairman's Statement and Manager's Review. Details of the Company's performance during the year under review and since inception are shown on pages 10 and 11. The distribution of the Company's investments is shown on page 13.

MONITORING PERFORMANCE

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

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

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

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

STRATEGY IMPLEMENTATION

The reputation of CATCo Investment Management Ltd. ("CATCo") is built on developing advanced products for its investors, pioneered by experienced professionals with established expertise in managing complex risks.

As an investment boutique, CATCo builds and manages concentrated, diversified and fully collateralised portfolios designed to deliver meaningful market outperformance for its clients and investors. The key to the success of its investment strategies has been the development of its risk-management framework. The Investment 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 investment funds portfolio managed by CATCo 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. These modelled risk pillars can be grouped into the following broad categories: US Wind, US Quake, Europe Wind, Japan Wind, Japan Quake, Rest of World, Offshore Global Marine and Energy, Aviation, Terrorism, Winterstorm, Wildfire, Severe Convective Storm and Flooding, as well as other Specialty Reinsurance Lines.

MANAGEMENT OF RISK

The 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.

SOCIALLY RESPONSIBLE INVESTMENT POLICY

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

GENDER REPRESENTATION

At 31 December 2014, there were three male Directors and one female Director on the Board. The Board's policy on diversity is set out on page 24.

By order of the Board of Directors

Judith Wynne
on behalf of
CATCo Investment Management Ltd.,
Company Secretary

17 February 2015

DIRECTORS' REPORT

The Board of Directors submit their annual report together with the results of the Company for the year ended 31 December 2014.

BUSINESS

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a limited liability closed ended fund, registered and incorporated as an exempted mutual fund company in Bermuda with an indefinite life.

The Company is organised as a 'feeder fund' to invest substantially all of its assets in CATCo Diversified Fund ("Master Fund"), which is a segregated account of the CATCo Reinsurance Fund Ltd., a mutual fund segregated account company of unlimited duration incorporated in Bermuda. The Investment Manager (CATCo Investment Management Ltd.) expects the Master Fund to access all of its exposure to fully collateralised Reinsurance Agreements through CATCo-Re Ltd.

DIVIDEND

The Company is targeting distributions on Shares by way of dividend in respect of each Fiscal Year of an amount equal to LIBOR plus 5 percent of the Net Asset Value per Share of the relevant class at the end of each Fiscal Year.

On 5 January 2015, the Company announced an annual dividend of $0.05929, payable on 30 January 2015 in respect of the Ordinary Shares for the year to 31 December 2014. The record date for this dividend was 16 January 2015 and the ex-dividend date 15 January 2015.

EMPLOYEES

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

POLICY FOR THE PAYMENT OF CREDITORS

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

RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Master Fund and the Insurance Manager of the Reinsurer.

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 Shares as at the last calendar day of each calendar month. Performance fees are charged in the Master Fund.

As at the date of this report, Qatar Insurance Company, which holds the entire share capital of the Investment Manager, holds 5.39% of voting rights of the Ordinary Shares issued in the Company. In addition, the Directors of the Company are also Shareholders of the Company.

INVESTMENT MANAGER

In monitoring the performance of the Investment Manager, the Board considers the performance of the Company as described on page 17. The Board also reviews the management processes, risk control mechanisms and marketing activities of the Investment Manager. As a result of these reviews, the Board considers the continuing appointment of the Investment Manager to be in the best interests of the Company's Shareholders because the Investment Manager has the investment management, marketing and associated secretarial and administrative skills required for the effective operation of the Company. The Board continues to keep this matter under review.

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

In relation to AIFMD, the Bermudian Government have signed a co-operation agreement with Europe, which allows the Company to continue to be marketed to Europe under the applicable private placement regimes. The Bermudian Government are also engaging with industry stakeholders regarding the possible implementation of a Bermuda AIFM regime. The Board will continue to monitor the progress and likely implications for the Company of the Directive.

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, Manager's Review and in this Report.

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 which, in most circumstances, are fully liquid at the end of their contractual term.

The Board of Directors have reviewed forecasts and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future, and at least one year from the date of this annual report.

Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

SPECIAL BUSINESS AT ANNUAL GENERAL MEETING

Disapplication of Pre-emption Rights

Under the Bye-Laws of the Company, if the Directors wish to allot any of the unissued Ordinary Shares they must, in the first instance offer them to existing Shareholders in proportion to their shareholding.

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

Special Resolution 9 will, if passed, give the Directors power to disapply pre-emption rights in respect of up to 10 percent of the Company's current issued share capital an unlimited number of shares until the Company's next annual general meeting.

Shareholders last granted authority to the Directors to disapply pre-emptive rights at the annual general meeting of the Company on 28 March 2014.

The Board have no current plans to utilise the authority although any issue in the future will only be exercised in circumstances where this will be in the best interests of Shareholders as a whole.

The authority sought under Special Resolution 9 will expire on the conclusion of the next annual general meeting of the Company.

Authority to Make Purchases of Own Shares

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

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

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

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

Increase in aggregate fees payable to Directors

Ordinary Resolution No. 8 will be proposed to increase the current cap on the aggregate amount of fees payable to Directors' in any year to US$300,000. The Board believes that to enable the ongoing refreshment of the Board's membership, and in particular to recruit new Directors from time to time, it is prudent to keep remuneration at or around market levels. Your Board is therefore proposing to increase the cap from US$250,000 to US$300,000. The cap was last increased in March 2012. The increase will also enable succession periods for retiring Directors by ensuring that an overlap of Directors' services does not breach the aggregate fees the Company is permitted to pay. The Directors' Remuneration Report on pages 30 to 31 contains further details of Directors' remuneration.

SHARE CAPITAL

The Company's issued share capital at 1 January 2015 amounted to 303,582,970 Ordinary Shares (the "Existing Ordinary Shares"). Following approval by Shareholders on 29 January 2015 of the proposed Return of Value and Share Capital Consolidation, as more fully set out in the circular to Shareholders dated 5 January 2015 (the "Circular"), the Company issued 303,582,970 B Shares (representing approximately US$35 million in aggregate).

Immediately following the issue of the B Shares, all of the Existing Ordinary Shares were sub-divided and consolidated into a smaller number of New Ordinary Shares, with the objective of ensuring that the New Ordinary Shares have the same (as is reasonably practicable) Net Asset Value per New Ordinary Share as the Net Asset Value per Existing Ordinary Share on 31 December 2014 as adjusted downwards to reflect the declaration of the Company's annual dividend (the "Share Capital Consolidation").

The conversion ratio was 90 New Ordinary Shares in exchange for every 100 Existing Ordinary Shares held. Following the consolidation of share capital, a total of 273,224,673 New Ordinary Shares were issued and admitted to trading on 30 January 2015. Following the Share Capital Consolidation, the Company's issued ordinary share capital consists of 273,224,673 New Ordinary Shares. As at the date of this Report, this number is unchanged.

SUBSTANTIAL INTERESTS

At 17 February 2015, the following interests in the issued Ordinary share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure and Transparency Rules:

	Number of Shares Held	% of Ordinary Capital
Schroder & Co, London (PB)	47,562,364	15.67
M&G Investment Management	46,951,597	15.47
Premier Asset Management	21,264,622	7.00
City Financial	20,986,897	6.91
Baillie Gifford	20,679,321	6.81
CCLA Investment Management	18,880,666	6.22
Qatar Insurance Company	16,361,081	5.39
Old Mutual Global Investors	15,349,281	5.06
Investec Asset Management	13,359,284	4.40
Architas Multi Manager	12,670,437	4.17
Kleinwort Benson Private Bank	12,003,288	3.95
Brewin Dolphin, stockbrokers	10,263,464	3.38
Schroder Investment Management	9,511,282	3.13

The figures shown are based on notifications received prior to the Return of Value and Share Capital Consolidation referred to in the "Share Capital" section above. The proportional interests will remain the same following the Return of Value and Share Capital Consolidation given that as at 17 February 2015, no notifications have been received amending the numbers of shares held.

DIRECTORS

The Directors, who all held office throughout the year under review, together with their interests, are shown below. As required by the Company's bye-laws, Mr Barton, Ms Gadow and Mr Barbour will offer themselves for re-election. No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the Share Capital of the Company were as follows:

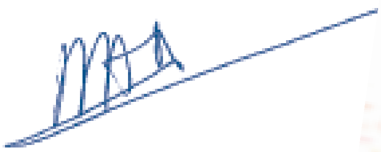
	As at 31 December 2014 Ordinary Shares†	As at 31 December 2013 Ordinary Shares #
Nigel Barton	69,660	86,000
Alastair Barbour	101,403	101,808
Margaret Gadow	47,615	47,805
James Keyes	-	254,942

† *Upon the Share Capital Consolidation on 29 January 2015 (as more fully explained in the "Share Capital" section of this report on page 20), the Directors' resulting interests in the share capital section of the Company were as follows: Nigel Barton – 62,694 Ordinary Shares; Alastair Barbour – 91,262 Ordinary Shares; and Margaret Gadow – 42,853 Ordinary Shares. These holdings were unchanged at 17 February 2015.*

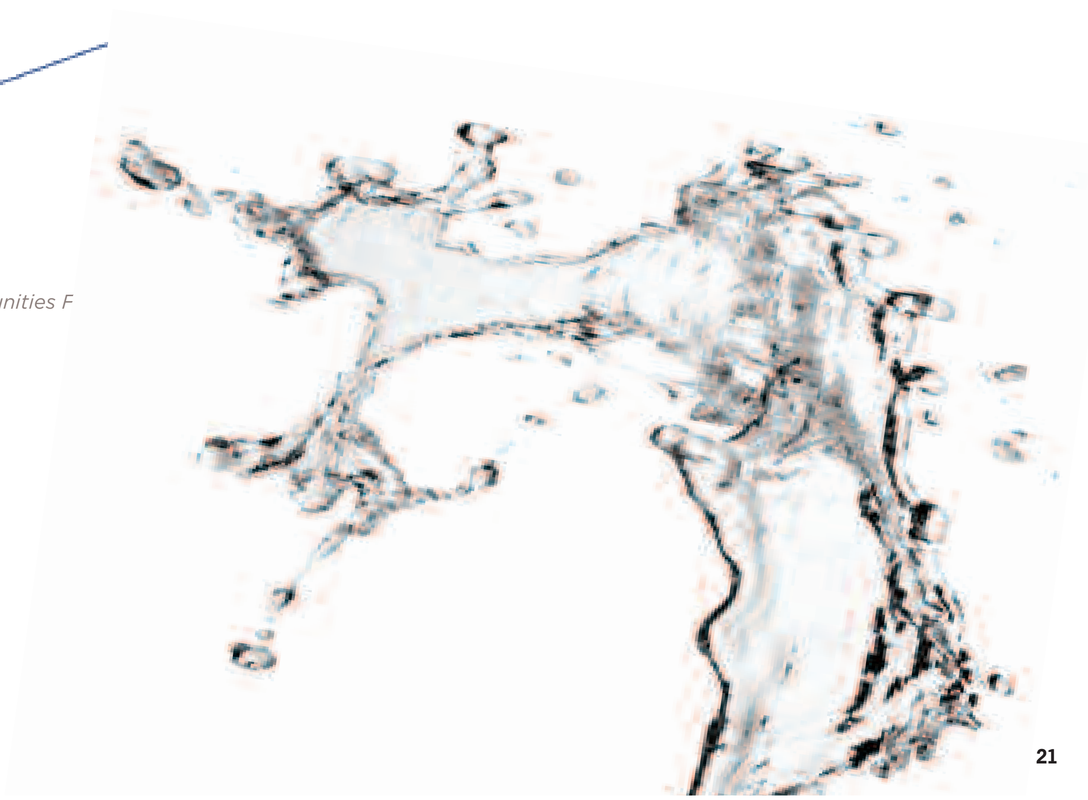
Upon the Share Capital Consolidation on 29 January 2014, the Directors' resulting interests in the Share Capital section of the Company were as follows: Nigel Barton - 69,660 Ordinary Shares; Alastair Barbour - 101,403 Ordinary Shares; Margaret Gadow - 47,615 Ordinary Shares; and James Keyes - 206,504 Ordinary Shares.

DIRECTORS REMUNERATION REPORT

The Directors are required to prepare an annual report detailing the remuneration of the Directors and to seek Shareholder approval of its contents. The remuneration report is set out on pages 30 to 31 of the Annual Report.



Nigel Barton
Chairman,
CATCo Reinsurance Opportunities F
17 February 2015



STATEMENT OF CORPORATE GOVERNANCE

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

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in September 2012 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk.

The AIC has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. This is a comprehensive guide on corporate governance which describes the relevance and applicability of each recommendation of the UK Corporate Governance Code to investment companies and documents how the AIC Code translates the UK Corporate Governance Code into a framework suitable for the industry's unique structure.

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

APPLICATION OF THE PRINCIPLES OF THE CODES

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

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

For the reasons set out in the AIC Guide and in the preamble to the Governance Code, the Board considers these provisions are not relevant to the position of CATCo Reinsurance Opportunities Fund Ltd., being an externally-managed investment company. The Company has, therefore, not reported further in respect of these provisions. The Board of Directors are committed to high standards of corporate governance and have put in place a framework for corporate governance, which they believe is appropriate for the Company.

THE BOARD

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

These matters include:

- the maintenance of clear investment objectives and risk management policies;
- the exercise of the Company's voting rights in relation to its interest in CATCo Reinsurance Fund Ltd.;
- the monitoring of the business activities of the Company, ranging from analysis of investment performance to annual budgeting and quarterly forecasting and variance analysis;
- Companies Act requirements, such as the approval of the interim and annual Financial Statements, and approval and recommendation of the dividend;
- setting the parameters for any borrowing by the Company (noting that the Company will not borrow for investment purposes);
- major changes relating to the Company's structure, including Share issues;
- Board appointments and removals and the related terms;
- appointment and removal of the Investment Manager and the terms and conditions of the management and administration agreements;
- terms of reference and membership of Board Committees; and
- Stock Exchange/UK Listing Authority/Financial Conduct Authority – approval of all circulars and listing particulars, and approval of all releases concerning matters decided by the Board of Directors.

The Board currently consists of four non-executive Directors. The names and biographies of those Directors appear on pages 14 to 15 and indicate their range of investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the Codes, and has concluded that they are all independent of the investment manager ("CATCo Investment Management Ltd." or the "Investment Manager"), and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

The Chairman was considered to be independent on his appointment. The AIC Code states that the test of independence continues to be appropriate and, consequently, the Board of Directors will follow the AIC Code. The Board of Directors are satisfied that Nigel continues to have the appropriate independence to remain in this role.

The respective re-elections of Nigel Barton, Margaret Gadow and Alastair Barbour were considered and approved by the Board of Directors as a whole acting as the Nomination Committee (each of the Directors concerned having absented himself or herself from the relevant discussion). The continuing independent and objective judgment of each Director was confirmed in the annual Board performance and evaluation process. The Board evaluation process also confirmed that the performance of the Director standing for re-election continued to be effective and that he/she continued to demonstrate commitment in his/her role.

DIRECTORS' ATTENDANCE AT MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2014

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

Director	Scheduled Board Meetings Attended	Special Purpose Board Meetings Attended	Audit Committee Meetings Attended
N Barton	4/4	2/2	3/3
A Barbour	4/4	2/2	3/3
M Gadow	4/4	1/2	3/3
J Keyes	4/4	2/2	3/3

Between meetings the Board of Directors maintains regular contact with the Investment Manager. The primary focus at regular Board meetings is the review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues.

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

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

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

When a Director is appointed, an induction process is arranged by the Investment Manager. This involves an induction meeting which covers details about the Company, its Investment Manager, legal responsibilities and the investment sector within which the Company operates. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board of Directors as they arise.

The Board has a formal process for the consideration and authorisation by the Board of Directors' reported actual and potential conflicts of interest at each Board meeting. In accordance with the Company's Bye-Laws and relevant legislation, each Director abstains from approval of their own position.

The Board of Directors and its Committees have undertaken their annual performance evaluation, using discussion, to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board of Directors and Committees, and to consider each Director's independence. The Chairman has also been evaluated by his fellow Directors. The Board considers that none of his other commitments (set out on page 14 of this Report) interfere with the discharge of his responsibilities to the Company, and is satisfied that he makes sufficient time available to serve the Company effectively. There have been no significant changes to the Chairman's other commitments during the period since his appointment.

EXTERNAL AGENCIES

The Board of Directors has contractually delegated to external agencies, including the Investment Manager and other service providers, certain services: the management of the investment portfolio; the Trustee services (which include the safeguarding of the assets); the registration and depository services; and the day-to-day accounting and administration functions. Each of these contracts was entered into after full and proper consideration by the Board of Directors of the quality and cost of services offered, in so far as they relate to the affairs of the Company. The Board of Directors receives and considers reports from the Investment Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board of Directors as requested.

COMMITTEES

Nomination Committee
No Nomination Committee has been established. The Board of Directors considers its size to be such that it would be unnecessarily burdensome to establish a separate nomination committee.

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

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

The main activities of the Committee during the year included:

- the review of the effectiveness of the internal control environment of the Company – to assist in this the Committee received reports from the Investment Manager and external auditor on a regular basis;
- the review of the interim and annual Financial Reports before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgment;
- the review of the terms of appointment of the auditor together with their remuneration, as well as the non-audit services provided by the auditor;
- the review of the scope and the results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees (it should be noted that the auditor, KPMG Audit Limited, will rotate the Managing Director responsible for the audit every five years); and
- the review of the auditor's management letter and the management response.

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

- valuation of investments - the Company's accounting policy for valuation of investments is set out in note 1 on page 37. The Committee reviewed and questioned the valuation prepared by management taking account of the latest available information on the underlying business written by the Reinsurer and discussed with the auditor the results of their audit of the businesses and their review of the valuation of investments. The Committee satisfied itself that the valuation of investments at the period end was appropriate, had been properly prepared and on a consistent basis.
- presentation and disclosure in the annual report - the Committee reviewed and considered the presentation of narrative and financial information in the annual report against the requirements of the UK Corporate Governance Code and the UK company law's provisions for a Strategic Report and Remuneration Report, which have been adopted on a voluntary basis and, in relation to the financial statements, the framework of applicable accounting standards. The Committee reviewed and discussed reports from the Investment Manager and the auditor and satisfied itself that the presentation and disclosure in the annual report is appropriate, fair balanced and understandable, and that the key areas of risk and judgement have been appropriately addressed in the financial statements and that significant assumptions have been properly appraised and are appropriately robust.

Auditor
The external auditor, KPMG Audit Limited, attend at least one meeting of the Audit Committee annually, and meet at least annually with the Audit Committee in the absence of the Investment Manager. The Audit Committee discusses and agrees the scope of the audit plan for the full year and the auditors' report on their findings at the conclusion of the audit.

The Committee considers KPMG Audit Limited to be independent of the Company. The fees of $7,726 (2013: $nil) for non-audit services were paid to KPMG Audit Limited during the year in relation to a Non-Mainstream Pooled Investments Regulation Report.

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

Management Engagement Committee
As recommended by the AIC Code, a Management Engagement Committee has been established, comprising the full Board. The Chairman of the Committee is James Keyes. The Committee meets once annually in order to review matters concerning the management agreement which exists with CATCo Investment Management Ltd.

MANAGEMENT FEE

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

PERFORMANCE FEE

The Master Fund will pay a fee to the Investment Manager in respect of the Company's Master Fund Shares based on performance (the "Performance Fee") at the end of each calendar year and upon redemptions, dividends and the winding up of the Master Fund (each, a "Performance Period") equal to 10 percent of any New Net Income attributable to the Company's Master Fund Shares (after reduction for the pro rata share of Management Fees, organisational expenses, transactional and other expenses allocable to the Company's Master Fund Shares), provided that no Performance Fee will be payable in a Performance Period unless the Performance Trigger has been reached.

REMUNERATION COMMITTEE AND DIRECTORS' REMUNERATION

Under the UK Listing Authority's Listing Rule 15.6.6, where an investment company has only non-executive directors, the Governance Code principles relating to Directors' remuneration do not apply. The Board of Directors, therefore, as a whole, performs the function of a Remuneration Committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 30 to 31.

DIRECTORS' TERMS OF APPOINTMENT

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

POLICY ON TENURE

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

ACCOUNTABILITY AND AUDIT

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 29 and the Statement of Going Concern is included in the Directors' Report, on page 19. The Independent Auditors' Report is on page 32.

COMMUNICATION WITH SHAREHOLDERS

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

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

The Notice of Annual General Meeting on pages 47 to 50 sets out the business of the meeting and the resolutions. Separate resolutions are proposed for each substantive issue.

The Board of Directors are very conscious that the Annual General Meeting is an event at which all Shareholders are encouraged to attend and participate. The Investment Manager makes a presentation to the meeting outlining the key investment issues that affect the Company. All Shareholders have the opportunity to put questions at the Annual General Meeting. The number of proxy votes is relayed to Shareholders at the Annual General Meeting after each resolution has been dealt with on a show of hands, and details are available on request.

The Company's reports and other publications can be downloaded from www.catcoreoppsfund.com.

INTERNAL CONTROL

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

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

The Directors have delegated the investment management of the Company's assets to the Investment Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management.

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

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

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

At its Board meetings, the Board carries out an assessment of internal controls by considering documentation, including risk and compliance reports, from the Investment Manager, taking account of events since the relevant period end. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by the Investment Manager provide sufficient assurance that a sound system of internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function is therefore considered unnecessary.

PROXY VOTING AND STEWARDSHIP

The FRC first published "The UK Stewardship Code" for institutional Shareholders on 2 July 2010.

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

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

By order of the Board of Directors

Judith Wynne
on behalf of
CATCo Investment Management Ltd.,
Company Secretary

17 February 2015

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

THE BOARD OF DIRECTORS ARE RESPONSIBLE FOR PREPARING THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Board of Directors have elected to prepare the financial statements in accordance with US Generally Accepted Accounting Principles ("US GAAP"). The financial statements are required by the Bermuda Companies Act 1981 to give a true and fair view of 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 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, CATCo Investment Management Ltd. The maintenance and integrity of the website maintained by CATCo Investment Management Ltd. is, so far as it relates to the Company, the responsibility of 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.

Alastair Barbour
Chairman of the Audit Committee
17 February 2015

DIRECTORS' REMUNERATION REPORT

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

DIRECTORS' EMOLUMENTS FOR THE YEAR

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

	For the year ended 31 December 2014 (US dollars)	For the year ended 31 December 2013 (US dollars)
Chairman of the Board: Nigel Barton	70,000	75,000
Chairman of Audit Committee: Alastair Barbour	55,000	55,000
Chairman of Management Engagement Committee: James Keyes	55,000	55,000
Director: Margaret Gadow	50,000	55,000

POLICY ON DIRECTORS' FEES

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

The Board as a whole considers Directors' remuneration.

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

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

It is intended that this policy will continue for the year ending 31 December 2015 and subsequent years. The fees for the Non-executive Directors are determined within the limits set out in the Company's Bye-Laws.

The Company's Bye-Laws currently limit the aggregate fees payable to the Board of Directors to a total of US$250,000 per annum. The Directors are proposing an ordinary resolution (no.8) at the forthcoming AGM to increase the current limit on the aggregate amount of fees payable to Directors in any year to US$300,000. A further explanation of Resolution No. 8 appears in the Directors' Report on page 19.

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

The Board as a whole carried out a review of the level of Directors' fees during the year and decided that they should remain at their current level for the present. It is intended that Directors' fees will be reviewed annually.

All Directors were members of the Board at the time of the review.

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

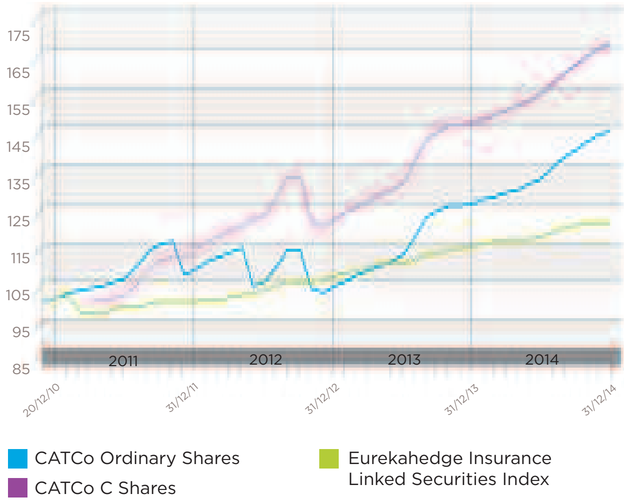
DIRECTORS' SERVICE CONTRACTS

Directors do not have a service contract but are provided with letters of appointment. At each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not re-appointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the dissolution of such meeting. The Board have adopted a policy that no Director may serve for more than three years without retiring and standing for re-appointment. There is no notice period and no provision for compensation upon early termination of appointment.

COMPANY PERFORMANCE

The graph below compares, for the period from 20 December 2010 (the date of the Company's launch) to 31 December 2014, the total return of Ordinary Shareholders and C Shareholders compared to the Eurekahedge Insurance Linked Securities index. This index was chosen for comparison purposes only, and it is not a benchmark used for investment performance measurement.

For the period from 20 December 2010 to 31 December 2014 (rebased)



Source: Bloomberg and Eurekahedge Insurance Linked Securities Index

Note: CATCo C shares were converted into CATCo Ordinary Shares on 10 August 2012. This graph represents the imputed performance of the CATCo C shares since their conversion on 10 August 2012.

APPROVAL

The Directors' remuneration report was approved by the Board of Directors on 17 February 2015 and signed on its behalf by

Nigel Barton
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

17 February 2015

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CATCO REINSURANCE OPPORTUNITIES FUND LTD.

We have audited the accompanying financial statements of CATCo Reinsurance Opportunities Fund Ltd. (the "Fund"), which comprise the statements of assets and liabilities, as of 31 December 2014 and 2013, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of CATCo Reinsurance Opportunities Fund Ltd. as of 31 December 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda

17 February 2015

STATEMENTS OF ASSETS & LIABILITIES

(Expressed in United States Dollars)	31 Dec. 2014	31 Dec. 2013
	$	$
Assets		
Investment in CATCo Reinsurance Fund Ltd.		
- CATCo Diversified Fund, at fair value	363,800,160	408,828,848
Cash and cash equivalents	106,162	286,057
Other assets	30,566	67,032
Total assets	363,936,888	409,181,937
Liabilities		
Accrued expenses and other liabilities	211,261	149,988
Management fee payable	-	254
Total liabilities	211,261	150,242
Net assets	363,725,627	409,031,695

NAV per Share (see note 6)

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
	$	$
Net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund		
Interest	15,251	12,903
Other income	140,791	-
Management fee	(5,136,652)	(5,654,620)
Performance fee	(5,083,337)	(8,643,163)
Professional fees and other	(288,299)	(271,795)
Administrative fee	(190,215)	(227,560)
Miscellaneous expenses	-	(23,992)
Net investment loss allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(10,542,461)	(14,808,227)
Company expenses		
Professional fees and other	(1,646,002)	(1,199,136)
Administrative fee	(54,000)	(54,000)
Management fee	(22,314)	(11,448)
Total Company expenses	(1,722,316)	(1,264,584)
Net investment loss	(12,264,777)	(16,072,811)
Net realised gain and net (decrease)/increase in unrealised appreciation on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund		
Net realised gain on securities	78,813,489	19,854,893
Net (decrease)/increase in unrealised appreciation on securities	(18,697,603)	69,951,369
Net gain on securities	60,115,886	89,806,262
Net increase in net assets resulting from operations	47,851,109	73,733,451

 See accompanying Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
	$	$
Operations		
Net investment loss	(12,264,777)	(16,072,811)
Net realised gain on securities	78,813,489	19,854,893
Net (decrease)/increase in unrealised appreciation on securities	(18,697,603)	69,951,369
Net increase in net assets resulting from operations	47,851,109	73,733,451
Capital share transactions		
Dividends declared	(23,748,656)	(18,514,658)
Return of value distribution	(63,536,808)	-
Share buyback	(5,871,713)	-
Net decrease in net assets resulting from capital share transactions	(93,157,177)	(18,514,658)
Net (decrease) / increase in net assets	(45,306,068)	55,218,793
Net assets, at 1 January 2014	409,031,695	353,812,902
Net assets, at 31 December 2014	363,725,627	409,031,695

See accompanying Notes to Financial Statements

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	Year ended 31 Dec. 2014	Year ended 31 Dec. 2013
Cash flows from operating activities	$	$
Net increase in net assets resulting from operations	47,851,109	73,733,451
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss, net realised gain and net (decrease)/increase in unrealised appreciation on securities allocated from CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(49,573,425)	(74,998,034)
Sale of investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	104,902,113	19,500,000
Purchase of investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	(10,300,000)	-
Changes in operating assets and liabilities:		
Other assets	36,466	(41,629)
Accrued expenses and other liabilities	61,273	(103,451)
Management fee payable	(254)	(349)
Net cash provided by operating activities	92,977,282	18,089,988
Cash flows from financing activities		
Dividend paid	(23,748,656)	(18,514,658)
Return of value distribution paid	(63,536,808)	-
Share buyback	(5,871,713)	-
Net cash used in financing activities	(93,157,177)	(18,514,658)
Net decrease in cash and cash equivalents	(179,895)	(424,670)
Cash and cash equivalents, at 1 January 2014	286,057	710,727
Cash and cash equivalents, at 31 December 2014	106,162	286,057

 See accompanying Notes to Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2014

(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 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. (the "Reinsurer"). At 31 December 2014, the Company's ownership is 19% of the Master Fund (23% at 31 December 2013).

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.

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.

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:

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

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 net earned premium (as described below) that has been earned period-to-date for such contract; plus

(iii) the amount of the investment earnings earned to date on both the capital invested in such Preference Shares and the associated reinsurance premiums in respect of such contract; minus

(iv) the 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.

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

Investments in Securities held by the Reinsurer

Industry Loss Warranties ("ILWs")

ILWs will be marked similar to Preference Shares held with respect to reinsurance agreements, except that following a Covered Event, loss information from the index provider on the trade will be used.

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 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.

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

Side Pockets

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 Statement of Assets and Liabilities at their fair value as determined in good faith by the Board of the Master Fund following consultation with 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 2014. 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 2014 and 2013.

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 2014 and 2013.

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

Use of Estimates

The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America 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 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 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**

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 2013.

Preference Shares - Investments in CATCo-Re Ltd.	$ Fair Value
CLASS AA Preference Shares	18,681,478
CLASS AB Preference Shares	4,074,807
CLASS CC Preference Shares	1,275,717
CLASS KK Preference Shares	1,582,598
CLASS Q Preference Shares	2,377,034
CLASS S Preference Shares	3,596,617
CLASS T Preference Shares	3,019,922
CLASS W Preference Shares	2,051
CLASS Z Preference Shares	2,264,403
Class SP Preference Shares	8,311
Class MM1 Preference Shares	1,035,815
Class MM2 Preference Shares	1,035,804
Class AB Preference Shares	45,293,030
Class AC Preference Shares	22,644,591
Class AD Preference Shares	35,101,162
Class AE Preference Shares	15,963,598
Class AF Preference Shares	4,397,637
Class AG Preference Shares	3,960,440
Class AH Preference Shares	16,980,915
Class AI Preference Shares	19,952,719
Class AJ Preference Shares	9,424,666
Class AK Preference Shares	36,232,561
Class AL Preference Shares	21,510,773
Class AM Preference Shares	19,020,624
Class AN Preference Shares	9,055,982
Class AO Preference Shares	5,024,878
Class AP Preference Shares	7,538,724
Class AQ Preference Shares	1,181,920
Class AR Preference Shares	8,942,495
Class AS Preference Shares	3,960,418
Class AT Preference Shares	20,945,312
Class AU Preference Shares	3,394,191
Class AV Preference Shares	26,125,482
Class AW Preference Shares	30,145,301
Class AX Preference Shares	1,016,097
Class BA Preference Shares	4,254,847
Class BC Preference Shares	1,644,595
Class BD Preference Shares	1,095,633
Class BE Preference Shares	1,021,473
Class BF Preference Shares	997,473
Class BH Preference Shares	241,481
Total Investments in CATCo-Re Ltd.	**$ 416,023,535**

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 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

Year ended 31 December 2013

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Investments in securities				
Investment in Master Fund	-	-	$ 408,828,848	$ 408,828,848
Total investments in securities	-	-	$ 408,828,848	$ 408,828,848

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 2014 and 2013.

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 2014 were as follows:

	Beginning Balance 1 Jan. 2014	Realised and Unrealised Appreciation on Securities (a)	Purchases	Sales	Transfers Into Level 3	Transfers (Out) of Level 3	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 held at 31 December 2014 are reflected in net investments 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 year ended 31 December 2013 were as follows:

	Beginning Balance 1 January 2013	Realised and Unrealised Appreciation on Securities [(a)]	Purchases	Sales	Transfers Into Level 3	Transfers (out) of Level 3	Ending Balance 31 Dec. 2013	Unrealised Appreciation on Securities held at 31 Dec. 2013 [(b)]
Assets (at fair value)								
Investments in Master Fund	$ 353,330,814	$ 74,998,034	-	$ (19,500,000)	-	-	$ 408,828,848	$ 74,998,034

(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 held at 31 December 2014 are reflected in net investments 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:

	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 2014 and 2013, 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 2014.

2014 Retrocessional Reinsurance Portfolio

Geographic Distribution

1.	North America/Caribbean	32%
2.	All Other	25%
3.	Global Marine/Energy/Terrorism/Aviation	9%
4.	Global Backup Protections	8%
5.	Europe	7%
6.	Australia/New Zealand	7%
7.	Japan	6%
8.	Mexico/Central America/South America	6%

Exposure by Risk Peril

1.	Wind	44%
2.	Earthquake	27%
3.	Marine/Energy/Aviation	9%
4.	Backup Protections	8%
5.	Severe Convective Storms	5%
6.	Winterstorm/Wildfire	3%
7.	Flooding	2%
8.	Terrorism	2%

The following table illustrates the diversified risk profile of the Reinsurer's portfolio by geography and peril as at 31 December 2013.

2013 Retrocessional Reinsurance Portfolio

Geographic Distribution

1.	North America/Caribbean	36%
2.	All Other	15%
3.	Europe	9%
4.	Australia/New Zealand	9%
5.	Global Backup Protections	9%
6.	Global Marine/Energy/Terrorism/Aviation	8%
7.	Japan	8%
8.	Mexico/Central America/South America	6%

Exposure by Risk Peril

1.	Wind	45%
2.	Earthquake	31%
3.	Backup Protections	9%
4.	Marine/Energy/Aviation	7%
5.	Severe Convective Storms	3%
6.	Flooding	2%
7.	Winterstorm/Wildfire	2%
8.	Terrorism	1%

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 2014, the Reinsurer paid claims of $57,114,885 pertaining to the Tohoku Japan earthquake in March 2011 and Superstorm Sandy in October 2012. In addition, $10,128,514 was paid in relation to 2014 US Severe Convective Storm exposure.

6. CAPITAL SHARE TRANSACTIONS

As of 31 December 2014 and 2013, the Company has authorised capital stock of 500,000,000 unclassified shares of par value $0.0001 per Share.

As of 31 December 2014 and 2013, the Company has issued 303,582,970 and 369,849,337 Class 1 Ordinary Shares (the "Shares"), respectively.

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

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

31 December 2013	Beginning Shares	Shares Issued	Shares Redeemed	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary Shares	369,849,337	-	-	369,849,337	$ 409,031,695	$ 1.1059

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 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 14 January 2014, the Board declared a final dividend of $0.05737 per Share in respect of the Ordinary Shares with a record date of 24 January 2014. The final dividend of $21,218,256 was paid to Shareholders on 31 January 2014.

In addition, the Board announced on 14 January 2014 that it had declared a contingent distribution in relation to the cessation of the Japanese Tohoku earthquake loss reserve for 2011 of $0.02887 per Share to Ordinary Shares. The contingent dividend of $2,530,400 was paid to Shareholders on 24 January 2014.

On 27 January 2014, the Board announced that the proposed return of value to Shareholders of $0.20 per existing Ordinary Share, equivalent to approximately $74,000,000, and the subsequent share capital consolidation were approved. Following the share capital consolidation, a total of 299,577,962 Ordinary Shares were issued effective 28 January 2014. In addition, a total of 9,705,008 Ordinary Shares were issued effective 29 January 2014.

On 19 May 2014, the Company completed a Share buyback of 5,700,000 Ordinary Shares for cancellation in the market at an average price of USD 1.025 per Share, resulting in a total amount paid including commission of $5,871,713.

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.

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 5.39% and 7.10% of the voting rights of the Ordinary Shares issued in the Company as of 31 December 2014 and 31 December 2013 respectively.

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

9. 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.

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10. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended 31 December 2014 and 2013 are as follows.

United States Dollar	2014 Class 1 Ordinary Shares	2013 Class 1 Ordinary Shares
Per Share operating performance		
Net asset value, beginning of year	$ 1.1059	$ 0.9566
Income (loss) from investment operations:		
Net investment loss	(0.0058)	(0.0048)
Performance Fee*	(0.0167)	(0.0234)
Management Fee	(0.0168)	(0.0153)
Net gain on investments	0.1889	0.2429
Total from investment operations	0.1496	0.1994
Dividend	(0.0574)	(0.0501)
Net asset value, end of year	$ 1.1981	$ 1.1059
Total return		
Total return before performance fee	15.04 %	23.28%
Performance fee*	(1.51)%	(2.44)%
Total Return after performance fee	13.53% △	20.84% +
Ratios to average net assets		
Expenses other than performance fee	(2.05)%	(2.01)%
Performance fee*△	(1.47)%	(2.34)%
Total expenses after performance fee	(3.52)%	(4.35)%
Net investment loss	(3.54)%	(4.35)%

+ Adjusting the opening capital to reflect the dividend declared on 9 January 2013, the normalised total return for 2013 is equivalent to 21.90%

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

* 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 2014 and 2013. 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 5 January 2015, the Board declared a final 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 were approved. Following the share capital consolidation, a total of 273,224,673 Ordinary Shares were issued effective 30 January 2015 and the return of value paid to Shareholders on 9 February 2015 amounted to $34,997,045.

These Financial Statements were approved by the Board and available for issuance on 17 February 2015. Subsequent events have been evaluated through this date.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of CATCo Reinsurance Opportunities Fund Ltd. (the "Company") will be held at 9.30 am (local time) on 24 March 2015 at the office of CATCo Investment Management Ltd., 10th Floor East, 141 Front Street, Hamilton HM19, Bermuda for the transaction of the following business:

ORDINARY BUSINESS

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

1. To receive the directors' report and audited financial statements for the year ended 31 December 2014 together with the auditor's report thereon.
2. To approve the directors' remuneration report for the year ended 31 December 2014.
3. To re-elect Mr Nigel Barton as a Director of the Company.
4. To re-elect Ms Margaret Gadow as a Director of the Company.
5. To re-elect Mr Alastair Barbour as a Director of the Company.
6. To re-appoint KPMG Audit Limited as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid before the Shareholders.
7. To authorise the Directors of the Company (the "Directors") to determine the remuneration of the auditor.
8. To increase the cap on the remuneration of the Directors of the company from $250,000 in each year to $300,000 in each year pursuant to Bye-Law 49

SPECIAL BUSINESS

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

9. THAT, in substitution for any existing authorities, the Directors be and are hereby empowered to allot Ordinary Shares as if, pursuant to Bye-Law 5.6, Bye-Law 5.2 is excluded in respect of any such allotment provided that:

   (a) Bye-Law 5.2 is excluded in respect of the allotment of up to an aggregate number of Ordinary Shares as represents 10 per cent. of the number of Ordinary Shares in issue at the date of the passing of this Resolution; and

   (b) such exclusion of Bye-Law 5.2 will expire on the date which is 15 months from the date of the passing of this Resolution or, if earlier, at the conclusion of the next annual general meeting of the Company after the passing of this Resolution (unless previously renewed, revoked or varied by the Company by special resolution), except that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the power conferred hereby had not expired.

10. THAT the Company is pursuant to Bye-Law 3.1 hereby generally and, subject as hereinafter appears, unconditionally authorised to purchase or acquire its Ordinary Shares (each a "Share" and together the "Shares") in accordance with the Companies Act 1981 (as amended) on such terms and in such manner as the Directors from time to time determine, provided that:

    (a) the maximum number of Shares hereby authorised to be purchased is the number representing 10 percent of the Shares in issue as at the date of the passing of this Resolution;

    (b) the maximum price (exclusive of expenses) which may be paid for a Share shall be not more than the higher of (i) an amount equal to 105 percent of the average market value of the Shares for the five business days immediately preceding the day on which any such purchase is made; and (ii) the higher of the price of the last independent trade and the highest independent bid at the time of the purchase or acquisition of the Shares on the market where the purchase or acquisition is carried out;

    (c) the Company may make a contract or contracts to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract or contracts notwithstanding such expiry above;

    (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);

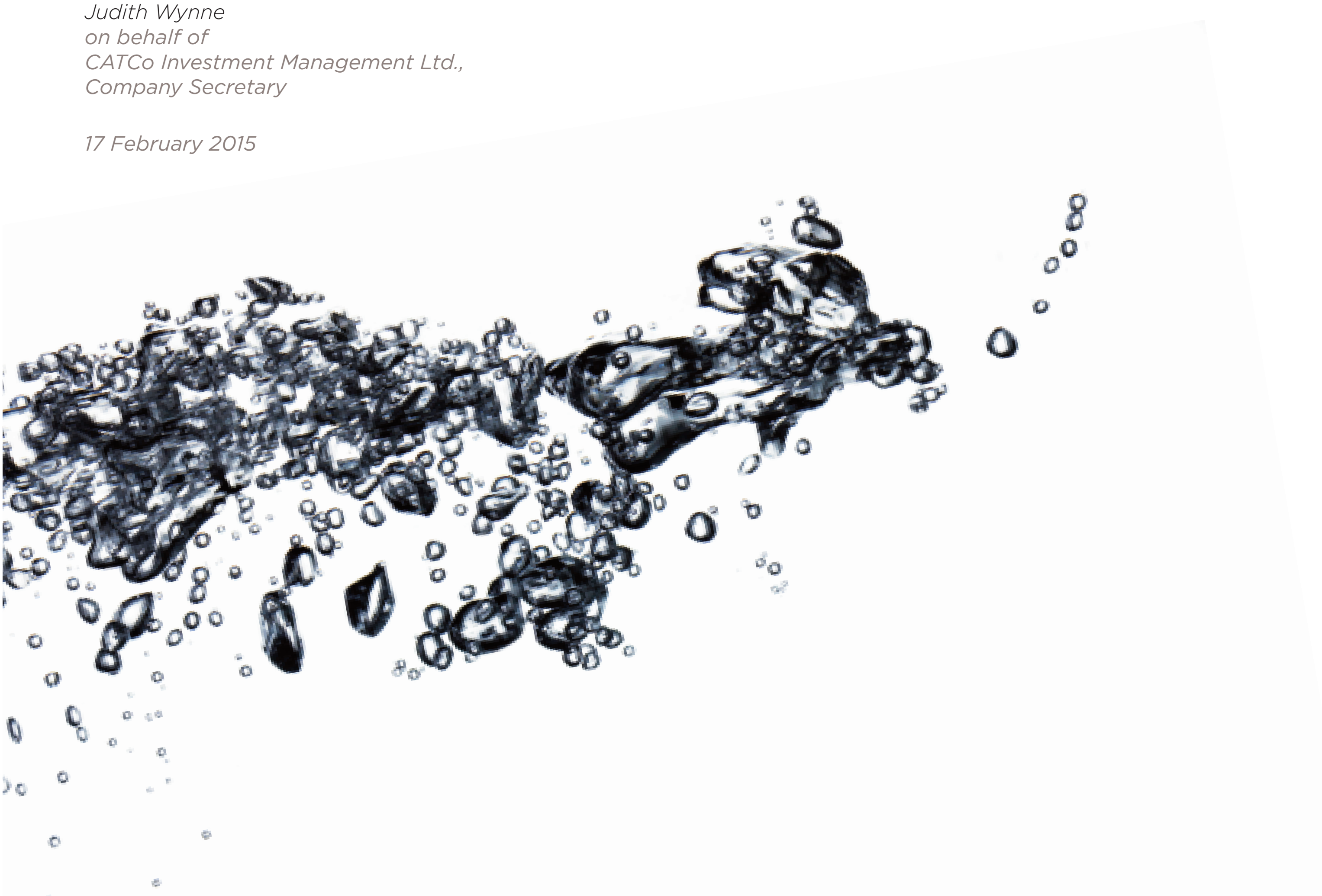
    (e) any Shares so purchased shall be cancelled; and

    (f) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is revoked, varied or renewed prior to such time.

By order of the Board of Directors

Judith Wynne
on behalf of
CATCo Investment Management Ltd.,
Company Secretary

17 February 2015



NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. Holders of Ordinary Shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. As at 17 February 2015 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 273,224,673 Ordinary Shares. Accordingly, the total number of voting rights in the Company is 273,224,673.

FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST.

3. A Form of Proxy is enclosed for use at the Annual General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Asset Services, PXSI, 34 Beckenham Road. Beckenham, Kent BR3 4ZF so as to be received as soon as possible and, in any event, by not later than 1:30 p.m. (UK time) on 20 March 2015. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting should he or she so wish.
4. To have the right to attend and vote at the Annual General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of members by 6.00 pm (UK time) on 20 March 2015 or, if the Annual General Meeting is adjourned, members registered in the register of members at 6.00 pm (Bermuda time) on the day two days prior to the adjourned meeting. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Annual General Meeting.

FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST.

5. A Form of Direction is enclosed for use at the Annual General Meeting. The Form of Direction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Capita Asset Services, PXSI, 34 Beckenham Road. Beckenham, Kent, BR3 4ZF so as to be received as soon as possible and, in any event, by not later than 1.30p.m. (UK time) on 19 March 2015.
6. Depository Interest Holders wishing to attend the Annual General Meeting should contact the Depository at Capita IRG Trustees Limited, The Registry. 34 Beckenham Road, Beckenham. Kent, BR3 4TU no later than 1.30 pm (UK time) on 19 March 2015 or by emailing: custodymgt@capitaregistrars.com.
7. The attendance at the Annual General Meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.
8. Copies of all contracts of service and letters of appointment of Directors of the Company are available for inspection during normal business hours at the Company's registered office on any weekday except Saturdays, Sundays and public holidays, and at the place of the Annual General Meeting for a period of fifteen minutes prior to the Annual General Meeting and during the meeting.

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

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

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID: RA10) by 1:30 pm (UK time) on 20 March 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

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Judith Wynne
on behalf of
CATCo Investment Management Ltd.,
Company Secretary

17 February 2015

KEY DATES 2015

JANUARY

Annual Dividend Paid

Deployment of Annual Retrocessional Reinsurance Contracts

FEBRUARY

Annual Results Announced

Annual Report Issued

Return of Value Dividend Paid

MARCH

Annual General Meeting

JUNE

Half-Year End

AUGUST

Interim Results Announced

Interim Report Issued

DECEMBER

Year End

INVESTOR ENQUIRIES

Mark Way
Corporate Communications Director

Tel: +44 7786 116991
Email: mark.way@catcoim.com

LIST OF PARTIES

DIRECTORS

Nigel Barton
(Chairman)

Alastair Barbour
(Audit Committee Chairman)

James Keyes
(Management Engagement Committee Chairman)

Margaret Gadow
(Non-executive Director)

REGISTERED OFFICE

CATCo Reinsurance Opportunities Fund Ltd.
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

www.catcoreoppsfund.com

MANAGER AND SECRETARY

CATCo Investment Management Ltd.
10th Floor
141 Front Street
Hamilton HM19
Bermuda

www.catcoim.com

Authorised and regulated by the Bermuda Monetary Authority

REINSURER

CATCo-Re Ltd.
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

ADMINISTRATORS

Prime Management Limited
Mechanics Building
12 Church Street
Hamilton HM11
Bermuda

SECURITIES BROKER

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT
United Kingdom

DEPOSITORY

Capita IRG Trustees Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
United Kingdom

OFFSHORE REGISTRAR

Capita Registrars (Guernsey) Limited
Longue Hougue House
Longue Hougue Lane
St. Sampsons GY2 4JN
Guernsey

CUSTODIAN

Bank of New York Mellon
One Wall Street
New York NY 10286
United States of America

AUDITORS

KPMG Audit Limited
Crown House
4 Par-La-Ville Road
Hamilton HM08
Bermuda

UK LAWYERS

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London EC1A 2FG
United Kingdom

BERMUDA LAWYERS

ASW Law Ltd.
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

THE ASSOCIATION OF INVESTMENT COMPANIES (AIC)

9th floor
24 Chiswell Street
London EC1Y 4YY
United Kingdom

website www.theaic.co.uk

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