CATCo Reinsurance Opportunities Fund Ltd.

18 August 2017

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

Interim Financial Report

For the Six Months Ended 30 June 2017

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

CATCo Reinsurance Opportunities Fund Ltd. provides its Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised reinsurance contracts and also via a variety of insurance-based investments.

CHAIRMAN’S STATEMENT

Welcome to the 2017 Interim Report of CATCo Reinsurance Opportunities Fund Ltd. (the “Company”), my first report to Shareholders since my appointment as Chairman in April 2017.

The Company has enjoyed another strong first half of the year with no significant insured losses. The 2017 catastrophic risk portfolio is very similar to the 2016 portfolio with the cost of protections for the portfolio also similar to 2016. The persisting low price environment and continued growth of the ILS market during 2017 has allowed Markel CATCo Investment Management Ltd. (the “Investment Manager”) to continue purchasing balance sheet protections, mainly in the form of Industry Loss Warranties (“ILWs”), at price levels similar to that of recent years.

Increased demand for Markel CATCo Re Ltd. (the “Reinsurer”) products has led to 100 percent of available capital being deployed at 1 January 2017. This demand continued through the mid-year reinsurance contract renewals (see Share Issuance section below). The Investment Manager continues to target a 2017 net return in the range of LIBOR plus 9 percent to 12 percent per annum.

FINANCIAL PERFORMANCE

The NAV return for the Ordinary Shares for the first six months of 2017 was 3.94 percent (six months to 30 June 2016: 4.86 percent). The NAV Total Returns since Inception to 30 June 2017 of the Ordinary Shares issued on 20 December 2010 and the various issuances of class C Shares are listed below:

Share Class (Date of Issuance)	NAV Total Returns since Inception (to 30 June 2017)
Ordinary Shares (20 December 2010)	81.58 percent
C Shares issued (20 May 2011)	108.39 percent
C Shares issued (16 December 2011)	87.27 percent
C Shares issued (2 November 2015)	11.63 percent

An annual dividend for the year ended 31 December 2016 of $0.07180 in respect of Ordinary Shares and $0.05795 in respect of each of the C Shares was paid to Shareholders on 17 February 2017.

LOSS RESERVES AND SIDE POCKET INVESTMENTS

The Company continues to hold Side Pocket Investments ("SPI's") in relation to underwriting years 2014 – 2016, and is pleased to announce the further release of SPI's during the first half of 2017 across all of the aforementioned underwriting years. The current SPI positions as at 30 June 2017 are highlighted below.

2014 SPI's, predominantly resulting from U.S. severe convective storms, amount to approximately 0.80 percent of the Company's NAV (31 December 2016: 1.6 percent of Ordinary Share NAV).

2015 SPI's, principally relating to U.S. and Canada winter storms and U.S. severe convective storms, amount to 1.10 percent of the Company's NAV (31 December 2016: 3.2 percent of Ordinary Share NAV).

Finally, the 2016 SPI's created for exposures to the Fort McMurray wildfire, the Jubilee oil field off the Ghana coast, Hurricane Matthew and the South Island earthquake in New Zealand amount to 5.60 percent of the Company's NAV (31 December 2016: 7.1 percent of Ordinary Share NAV).

During June 2017, the Investment Manager commuted part of the 2016 SPI exposure associated with the offshore energy loss event at Ghana's Jubilee oil field. The cost of this commutation, which amounted to approximately 1 percent, was mainly offset by favourable developments on loss reserves related to other 2016 events. As a result, there was no material overall impact to the Company's NAV. Losses related to business interruption, joint hull and machinery loss for this event are estimated at up to $1.5 billion.

The Company has no ILW remaining exposure below $1.75 billion for the Jubilee event. The value of the remaining Jubilee Side Pocket Investment is equivalent to approximately 3 percent of NAV.

C SHARE CONVERSION

In May 2017, the Company announced that the majority of the Side Pocket Investments associated with Pemex had been closed and there have been no portfolio losses with respect to this loss event. Consequently, as the Company's Ordinary Shares no longer had any material exposure to such Side Pocket Investments, the Board elected to convert the Company's issued C Shares into Ordinary Shares. Other Side Pocket Investments related to 2014 and 2015 underwriting years are covered in the previous Loss Reserves and Side Pocket Investments section.

SHARE ISSUANCE

Following discussions held between the Investment Manager and existing and potential new reinsurance counterparties regarding a number of mid-year opportunities, the Company raised gross proceeds of $45.9 million via an over subscribed tap issuance to satisfy a proportion of this demand.

The mid-year opportunities enabled the Investment Manager to continue to diversify the Company's portfolio, while maintaining the indicative maximum net return profile of approximately 16 percent on invested capital.

SPECIAL GENERAL MEETING

Your Board believes that it is important for the Company to take advantage of market opportunities and be able to raise additional capital, should there be an appropriate level of demand from both reinsurance buyers and potential new and existing investors.

Following a recent change to the UK Prospectus Rules that enhances the ability of the Company to raise further capital without publishing a prospectus, the Company is seeking Shareholder approval at a Special General Meeting ("SGM") to permit it to issue further Ordinary Shares, up to a maximum of 20 per cent of the number of shares in issue at the date of the SGM, on a non-pre-emptive basis.

The Company will continue to maintain its policy of only ever issuing shares at a premium to the prevailing NAV. Further information appears in the section "Capital Raising – Special General Meeting" in the Directors' Report, below.

EXTENSION OF CEO'S CONTRACT

Tony Belisle, Chief Executive Officer, of the Investment Manager extended his contract until 31 December 2020. After this time his contract will continue indefinitely on a rolling annual basis. Mr Belisle's original contract was due to end on 31 December 2018.

Tony Belisle founded CATCo Investment Management Ltd. in 2010 and launched CATCo's unique "pillared" approach to writing collateralised reinsurance protections. The majority of the assets of the business were subsequently sold to Markel Corporation in December 2015, and the Investment Manager appointed as successor to CATCo Investment Management Ltd. Under its new ownership, Markel CATCo has maintained its reputation as one of the leading innovators in the reinsurance sector, and assets under management have grown significantly since the acquisition, to approximately $4.5 billion.

2017 CATASTROPHIC ACTIVITY TO DATE

Global industry insured losses during the first half of 2017 were below the ten-year average due to relatively low frequency of worldwide catastrophic activity. Munich Re estimates the losses for the first six months of 2017 to be approximately USD 19.5 billion, down significantly compared to the ten year average of USD 29 billion.

The severe weather season in the U.S. accounted for the majority of global insured losses to date, with the occurrence of a high frequency of tornado, hail, and severe convective storm events. Aggregate industry insured losses due to these severe weather events are currently estimated at USD 14 billion (Source: PCS), contributing to more than 70 percent of all insured losses incurred globally during the first half of 2017.

While the U.S. experienced an active severe weather season, catastrophic activity elsewhere remained relatively low. One of the most notable catastrophic events outside the U.S. included Cyclone Debbie, which made landfall in Australia on 28 March. The effects of Cyclone Debbie were mostly experienced in parts of Queensland and New South Wales in the form of heavy rainfall and flooding. According to Munich Re, the current insured industry losses due to Cyclone Debbie are estimated at USD 1.4 billion.

The Investment Manager has not set up any specific Loss Reserves related to 2017 events as the Investment Manager expects the attritional loss reserve to be sufficient to cover any loss activity incurred to date during 2017.

I would like to thank my predecessor, Nigel Barton, for his contribution to the Company during his tenure as Chairman and for the strong financial condition in which he left the Company. Mr. Barton is now Chairman of Markel CATCo Reinsurance Fund Ltd., where the wider Markel CATCo group of companies will be able to benefit more fully from his industry expertise.

James Keyes
Chairman
CATCo Reinsurance Opportunities Fund Ltd.
18 August 2017

DIRECTORS' REPORT

Risks and Uncertainties

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

Reinsurance Risk

The objective of the Company and of Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund (the "Markel CATCo Master Fund"), the fund through which the Company conducts substantially all of its investment activities, is to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in preferred shares of the Reinsurer, Markel CATCo Re Ltd. The Markel CATCo Master Fund spreads investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event. The Company's 2016 Annual Report, on page 16, explains in detail how the Company and the Markel CATCo Master Fund ensure that appropriate diversification is achieved.

Risks Related to the Company's Investment Activities

These risks include, but are not limited to, market price, interest rate, liquidity and credit risk. Such key risks relating to investment underwriting and strategy including, for example, inappropriate asset allocation or borrowing are managed through investment policy guidelines and restrictions, and by oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting.

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

Board changes

As announced by the Company on 2 March 2017, Nigel Barton resigned as a Director of the Company with effect from the conclusion of the Company's AGM, which was held on 6 April 2017.

James Keyes was appointed Chairman of the Company with effect from the conclusion of the said AGM. Upon his appointment as Chairman of the Company, he resigned as Chairman of the Management Engagement Committee, and was replaced in that capacity by Margaret Gadow, a non-executive Director of the Company.

Share Capital

On 17 May 2017, the Company announced the Conversion Ratio for the 102,510,018 C Shares then in issue, which resulted in all of the C Shares being converted into 82,835,718 Ordinary Shares, which were admitted to trading on 23 May 2017. Immediately following admission of these Ordinary Shares, the Company had 356,060,391 Ordinary Shares in issue.

On 25 May 2017, the Company issued 35,606,039 Ordinary Shares for cash, raising gross proceeds of $45.9 million. These Ordinary Shares were admitted to trading on 31 May 2017, following which the Company had in issue 391,666,430 Ordinary Shares. This number remains unchanged as at 30 June 2017, and as at the date of this interim report.

Capital Raising – Special General Meeting

As a result of the Prospectus Regulation (2017/1129/EU) coming into force, the ability of the Company to raise further capital without publishing a prospectus has been enhanced. The Company is now able to issue Ordinary Shares representing less than 20% of the number of Ordinary Share in issue over a rolling 12-

month period without publishing a prospectus. To allow the Company to take full advantage of this, your Board are seeking shareholder approval to waive pre-emption rights, such that the Company may issue further Ordinary Shares up to 20% of the number of Ordinary Shares in issue at the date of the resolution on a non-pre-emptive basis.

All Ordinary Shares issued under this authority will be issued at a premium to the Net Asset Value per Ordinary Share. The Special General Meeting at which the required resolution will be put to Shareholders will be held on 4 October 2017. A Notice convening the Special General Meeting will be sent shortly to Shareholders and Depository Interest Holders.

Related party disclosure and transactions with the Investment Manager

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

Going Concern status

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement. In accordance with the UK Corporate Governance Code (the "Governance Code") issued in April 2016 (provision C.1.3) and the associated Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Board of Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of cash and a diverse portfolio of retrocessional reinsurance investments, including Industry Loss Warranties, which, in most circumstances, are fully liquid at the end of their contractual term.

The Board of Directors have reviewed forecasts and they believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least one year from the date of this interim report. Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

Directors' Responsibility Statement

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

1. The condensed set of Financial Statements contained within the Half-Yearly Financial Report has been prepared in accordance with US Generally Accepted Accounting Principles ("US GAAP").

2. The Chairman's Statement, the Financial Highlights and the notes to the unaudited Financial Statements provides a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and rule 4.2.8R (being related party transactions that have taken place during the first six months of the financial year and that have materially affected the financial position of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so). The Half-Yearly Financial Report was approved by the Board on 18 August 2017 and the above responsibility statement was signed on its behalf by the Chairman.

James Keyes
Chairman,
For and on behalf of the Board
18 August 2017

UNAUDITED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	**30 June 2017**	**30 June 2016**	**31 Dec. 2016 (Audited)**
	$	$	$
Assets			
Investments in Master Funds, at fair value (see Note 3)	498,795,693	440,388,784	463,116,346
Cash and cash equivalents	46,324,795	9,353,923	819,558
Other assets	54,231	30,702	20,257
Total assets	545,174,719	449,773,409	463,956,161
Liabilities			
Due to Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	43,600,000	-	-
Accrued expenses and other liabilities	372,848	360,945	338,409
Management fee payable	3,008	11,280	627
Total liabilities	43,975,856	372,225	339,036
Net assets	501,198,863	449,401,184	463,617,125

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

UNAUDITED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	**Six months to 30 June 2017**	**Six months to 30 June 2016**	**Year ended 31 Dec. 2016 (Audited)**
	$	**$**	**$**
Net investment loss allocated from Master Funds (see Note 3)			
Interest	252,957	39,852	142,741
Miscellaneous income	-	-	11,874
Management fee	(3,413,965)	(3,249,246)	(6,739,718)
Performance fee	(2,108,991)	(2,243,654)	(3,906,968)
Professional fees and other	(167,281)	(179,927)	(312,932)
Administrative fee	(107,123)	(114,463)	(229,233)
Net investment loss allocated from Master Funds	(5,544,403)	(5,747,438)	(11,034,236)
Company expenses			
Professional fees and other	(743,661)	(751,691)	(1,412,957)
Management fee	(30,000)	(73,633)	(80,620)
Administrative fee	(52,093)	(58,000)	(99,000)
Total Company expenses	(825,754)	(883,324)	(1,592,577)
Net investment loss	(6,370,157)	(6,630,762)	(12,626,813)
Net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds (see Note 3)			
Net realised gain on securities	43,662,479	57,967,193	57,663,896
Net decrease in unrealised appreciation on securities	(19,356,831)	(31,665,229)	(11,149,939)
Net gain on securities allocated from Master Funds	24,305,648	26,301,964	46,513,957
Net increase in net assets resulting from operations	17,935,491	19,671,202	33,887,144

See accompanying notes to unaudited Financial Statements

UNAUDITED STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	**Six months to 30 June 2017**	**Six months to 30 June 2016**	**Year ended 31 Dec. 2016 (Audited)**
	$	**$**	**$**
Operations			
Net investment loss	(6,370,157)	(6,630,762)	(12,626,813)
Net realised gain on securities allocated from Master Funds	43,662,479	57,967,193	57,663,896
Net decrease in unrealised appreciation on securities allocated from Master Funds	(19,356,831)	(31,665,229)	(11,149,939)
Net increase in net assets resulting from operations	17,935,491	19,671,202	33,887,144
Capital share transactions			
Issuance of Shares	45,265,957	10,920,014	10,920,013
Dividend declared	(25,557,987)	(18,084,741)	(18,084,741)
Premium on issuance of Shares	626,666	-	-
Offering costs	(688,389)	(208,719)	(208,719)
Net (decrease) / increase in net assets resulting from capital share transactions	19,646,247	(7,373,446)	(7,373,447)
Net increase in net assets	37,581,738	12,297,756	26,513,697
Net assets, beginning of period	463,617,125	437,103,428	437,103,428
Net assets, end of period	501,198,863	449,401,184	463,617,125

See accompanying notes to unaudited Financial Statements

UNAUDITED STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	Six months to 30 June 2017	Six months to 30 June 2016	Year ended 31 Dec. 2016 (Audited)
	$	$	$
Cash flows from operating activities			
Net increase in net assets resulting from operations	17,935,491	19,671,202	33,887,144
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by / (used in) operating activities:			
Net investment loss, net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds	(18,761,245)	(20,554,526)	(35,479,721)
Sale of investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	37,521,898	332,882,729	334,580,362
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	(54,440,000)	(405,200,000)	(414,700,000)
Changes in operating assets and liabilities:			
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	88,000,000	88,000,000
Due to related parties	43,600,000	-	-
Other assets	(33,974)	(577)	9,868
Accrued expenses and other liabilities	33,812	77,956	55,420
Management fee payable	3,008	11,280	627
Net cash provided by / (used in) operating activities	25,858,990	14,888,064	6,353,700
Cash flows from financing activities			
Issuance of Shares	45,265,957	10,920,014	10,920,013
Dividend paid	(25,557,987)	(18,084,741)	(18,084,741)
Premium on issuance of Shares	626,666	-	-
Offering costs	(688,389)	(208,719)	(208,719)
Net cash provided by / (used in) financing activities	19,646,247	(7,373,446)	(7,373,447)
Net increase / (decrease) in cash and cash equivalents	45,505,237	7,514,618	(1,019,747)
Cash and cash equivalents, beginning of period	819,558	1,839,305	1,839,305
Cash and cash equivalents, end of period	46,324,795	9,353,923	819,558

See accompanying notes to unaudited Financial Statements

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

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

Pursuant to an investment management agreement, the Company is now being managed by MCIM (the "Investment Manager"), a Bermuda based limited liability company. Subject to the ultimate supervision of the Company's Board of Directors (the "Board"), the Investment Manager is responsible for all of the Company's investment decisions. The Investment Manager commenced operations on 8 December 2015 (see Note 6).

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

As a result of the completion of the Acquisition, effective 1 January 2016, the Company conducts substantially all of its investment activities through the Markel CATCo Diversified Fund (the "Master Fund"), a segregated account of Markel CATCo Reinsurance Fund Ltd., instead of the CATCo Master Fund. Meanwhile, the Company will retain an interest in any run-off business of the CATCo Master Fund, overseen by CIML, until such business is liquidated. The Master Fund and the CATCo Master Fund are hereafter referred to as the "Master Funds".

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

The objective of the Master Funds 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 Funds would be exposed to reinsurance risk, insurance-linked securities (such as notes, swaps and other derivatives), and other financial instruments. The majority of the Master Fund's exposure to reinsurance risk is obtained through its investment (via preference shares) in Markel CATCo Re Ltd (the "Reinsurer").

At 30 June 2017, the Company's ownership is 15% of the Master Fund and 16% of the CATCo Master Fund.

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

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

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

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

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

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

Investment Transactions and Related Investment Income and Expenses
The Company records its proportionate share of the Master Funds' income, expenses, realised gains and losses and increases and decreases in unrealised appreciation on a monthly basis. In addition, the Company incurs and accrues its own income and expenses.

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

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

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

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

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty 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 30 June 2017. However, the Company’s conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company recognises interest and penalties related to unrecognised tax benefits in interest expense and other expenses, respectively. No interest tax-related expense or penalties have been recognised as of and for the period ended 30 June 2017.

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

The Company may be subject to potential examination by United States federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with United States federal or foreign tax laws. The Company was not subjected to any tax examinations during the period ended 30 June 2017.

Use of Estimates
The preparation of Financial Statements in conformity with U.S. GAAP requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements. Actual results could differ from those estimates.

Offering Costs
The costs associated with each capital raise are expensed against paid-in capital as incurred.

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

2. CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances, (not assets supporting retrocessional reinsurance transactions) in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. At 30 June 2017, cash and cash equivalents are held with HSBC Bank Bermuda Ltd. which has a credit rating of A- as issued by Standard & Poor's.

3. INVESTMENTS IN MASTER FUNDS, AT FAIR VALUE

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

(Expressed in United States Dollars)	**30 June 2017**
	$
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	489,280,310
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value	9,515,383
Investments in Master Funds, at fair value	498,795,693

From 1 January to 30 June 2017, the net investment loss allocated from Master Funds, and the net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds in the Statements of Operations consisted of the combined results from the Company's Investments in the Master Funds as detailed below:

(Expressed in United States Dollars)	**Investment in Master Fund**	**Investment in CATCo Master Fund**	**Total**
Net investment loss allocated from Master Funds	**$**	**$**	**$**
Interest	252,957	-	252,957
Management fee	(3,321,986)	(91,979)	(3,413,965)
Performance fee	(2,108,991)	-	(2,108,991)
Professional fees and other	(157,051)	(10,230)	(167,281)
Administrative fee	(98,983)	(8,140)	(107,123)
Net investment loss allocated from Master Funds	(5,434,054)	(110,349)	(5,544,403)
Net realised gain and net decrease in unrealised appreciation on securities allocated from Master Funds			
Net realised gain on securities (a)	42,281,147	1,381,332	43,662,479
Net decrease in unrealised appreciation on securities (b)	(18,036,523)	(1,320,308)	(19,356,831)
Net gain on securities allocated from Master Funds	24,244,624	61,024	24,305,648

a) Includes gross realized gain on securities of $53,515,954 and gross realized loss on securities of $9,853,475.

b) Includes gross increase in unrealized appreciation on securities of $31,663,626 and gross decrease in unrealized appreciation on securities of $51,020,457.

4. LOSS RESERVES

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

The reserve for unpaid losses and loss expenses recorded by the Reinsurers includes estimates for losses incurred but not reported as well as losses pending settlement. The Reinsurers make a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurers use their own models and historical loss analysis data as well as assessments from counter-parties to estimate the level of reserves required. In addition, the Reinsurers record risk margin to reflect uncertainty surrounding cash flows relating to loss reserves.

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

In the six months to 30 June 2017, the Reinsurer paid claims of $65,942,215 predominantly in relation to the Jubilee Oil Field and Canada Wildfire events. The CATCo Reinsurer paid claims of $386,190 predominantly in relation to United States Severe Convective Storm events.

5. CAPITAL SHARE TRANSACTIONS

As of 30 June 2017, the Company has authorised share capital of 1,500,000,000 unclassified shares of US$0.0001 each and Class B Shares ("B Shares") of such nominal value as the Board may determine upon issue.

As of 30 June 2017, the Company has issued 391,666,430 Class 1 ordinary shares (the "Ordinary Shares").

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

30 June 2017						
	Beginning Shares	**C Share Conversion**	**Share Issuance**	**Ending Shares**	**Ending Net Assets**	**Ending NAV Per Share**
Class 1 Ordinary Shares	273,224,673	82,835,718	35,606,039	391,666,430	$501,198,863	$1.2797
Class C Shares	102,510,018	(102,510,018)	-	-	-	-

The Company has been established as a closed-ended fund and, as such, shareholders do not have the right to redeem their shares. The shares are held in trust by Capita IRG Trustees Limited (the "Depository") in accordance with the Depository Agreement between the Company and the Depository. The Depository holds the shares and in turn issues depository interests in respect of the underlying shares which have the same rights and characteristics of the shares.

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

On 26 January 2017, the Board declared a final dividend of $0.07180 per share in respect of the Ordinary Shares and $0.05795 per share in respect of the C Shares. The record date for these dividends was 3 February 2017 and the ex-dividend date was on 2 February 2017. These final dividends were paid to shareholders on 17 February 2017.

On 11 May 2017, the Board announced that the CATCo Master Fund had closed the majority of its Side Pocket Investments associated with Pemex. Consequently, as the Company's Ordinary Shares no longer had any material exposure to such Side Pocket Investments, the Board elected to convert the Company's issued C Shares into Ordinary Shares. The conversion of 102,510,018 C Shares into 82,835,718 Ordinary Shares was effective 23 May 2017.

6. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement dated 8 December 2015, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Company and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Company in order to implement such strategy. The Investment Manager earns a fee for such services (see Note 7).

As discussed in Note 1, prior to completion of the Acquisition, the Company was managed by CIML as investment manager pursuant to the Investment Management Agreement dated 16 December 2010.

7. RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Master Fund and the Insurance Manager of the Reinsurer. CIML is the Investment Manager of the CATCo Master Fund and the Insurance Manager of the CATCo 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 Funds' shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Funds shares are charged in the Master Funds and allocated to the Company. Performance fees are charged in the Master Funds and allocated to the Company.

Markel, which holds the entire share capital of the Investment Manager, holds 5.16% of the voting rights of the Ordinary Shares issued in the Company as of 30 June 2017.

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

8. ADMINISTRATIVE FEE

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

9. FINANCIAL HIGHLIGHTS

Financial highlights for the period 1 January 2017 to 30 June 2017 are as follows:

	Class 1 - Ordinary Shares
Per share operating performance	
Net asset value, beginning of period	$ 1.3024
Income (loss) from investment operations:	
Net investment loss	(0.0028)
Performance fee*	(0.0055)
Management fee	(0.0094)
Net gain on investments	0.0668
Total from investment operations	0.0491
Dividend	(0.0718)
Net asset value, end of period	$ 1.2797
Total net asset value return	
Total net asset value return before performance fee	4.18%
Performance fee*	-0.42%
Total net asset value return after performance fee	3.76%
Ratios to average net assets	
Expenses other than performance fee	-1.15%
Performance fee*^	-0.48%
Total expenses after performance fee	-1.63%
Net investment loss	-1.36%

^ Adjusting the opening capital to reflect the dividend declared on 26 January 2017, the normalised total return for 2017 is equivalent to 3.94%

* The performance fee is charged in the Master Funds

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 period ended 30 June 2017 and have not been annualised. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

10. INDEMNIFICATIONS OR WARRANTIES

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

11. SUBSEQUENT EVENTS

The unaudited Financial Statements were approved by the Board and available for issuance on 18 August 2017. Subsequent events have been evaluated through this date.

For further information:

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