CATCo Reinsurance Opportunities Fund Ltd.

26 September 2023

CATCo Reinsurance Opportunities Fund Ltd. (the “Company")
Interim Financial Report
For the Six Months Ended 30 June 2023

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

CHAIRMAN’S STATEMENT

As the investment portfolios of CATCo Reinsurance Opportunities Fund Ltd. (the “Company”) are in run-off (the “Run-Off”), all remaining investments are exposed to risk relating to reinsurance contracts entered into from 2018 to 2019.

Markel CATCo Investment Management Ltd. (the “Investment Manager”) continues to be focused on proactively managing the trapped capital and returning it to Shareholders in as timely and cost effective a manner as possible.

NET ASSET VALUE (“NAV”)

The Company opened the year with a total NAV of $9.0m which consisted of $1.5m Ordinary Share NAV and $7.5m of C Share NAV and increased to $10.8m by 30 June 2023, of which $1.8m relates to the Ordinary Share NAV and $9.0m to the C Share NAV.

The increase in NAV is due to further upside recorded relating to positive development on the 2018 and 2019 reinsurance portfolios plus interest income. This resulted in a closing NAV per share of $15.76 and $114.69 for Ordinary Shares and C Shares respectively.

2023 Ordinary Shares NAV ($m)	
Opening balance 1 January 2023	$1.5
Investment appreciation net of expenses	$0.3
Closing balance 30 June 2023	$1.8
2023 C Shares NAV ($m)	
Opening balance 1 January 2023	$7.5
Investment appreciation net of expenses	$1.5
Closing balance 30 June 2023	$9.0

RETURN OF CAPITAL TO SHAREHOLDERS

From the commencement of the Run-Off (26 March 2019) to 30 June 2023, the Company has successfully returned $413.9m of capital to Shareholders by means of dividends, tender offer, share buybacks, compulsory share redemptions and completion of the Buy-Out Transaction.

Form of Return	**Payment or Redemption Date / Period**	**Ordinary Shares ($m)**	**C Shares ($m)**	**Total ($m)**
Tender Offer	23 September 2019	15.3	28.0	43.3
Interim Dividend	1 November 2019	4.0	11.9	15.9
Share Buyback	Oct to Dec 2019	1.9	5.9	7.8
Partial Compulsory Redemption 1	20 April 2020	5.3	24.0	29.3
Partial Compulsory Redemption 2	18 May 2020	4.6	14.2	18.8
Partial Compulsory Redemption 3	1 July 2020	3.6	12.2	15.8
Partial Compulsory Redemption 4	1 August 2020	7.0	30.9	37.9
Partial Compulsory Redemption 5	7 October 2020	15.9	78.6	94.5
Partial Compulsory Redemption 6	11 January 2021	2.0	6.0	8.0

Partial Compulsory Redemption 7	11 May 2021	3.4	15.8	19.2
Buy-Out Transaction	11 April 2022	51.7	53.9	105.6
Partial Compulsory Redemption 8	29 November 2022	4.6	13.2	17.8
Total Capital Return		**119.3**	**294.6**	**413.9**

COMMUTATIONS

The Investment Manager is continuing to proactively pursue the run-off of the remaining 2018 and 2019 risk portfolios.

Whilst the underlying risk contracts typically have a 36-month reporting period post expiry of the risk period, the Investment Manager has the discretion to either commute the contract or continue to hold it open if it considers that to do so is in the best interest of Shareholders.

At the time of this report, there were 10 open contracts remaining at the Reinsurer, of which seven related to the 2018 underwriting year and three to the 2019 underwriting year. As at 30 June 2023, all open contracts are subject to commutation negotiations.

OVERVIEW OF INVESTMENTS

The following table outlines the investments held by the Ordinary Shares and C Shares respectively. Investments Held by Share Class as at 30 June 2023:

SPI's	% of Share NAV	Value in $ millions
Ordinary Shares		
SPI 2018	64.09%	1.15
SPI 2019	15.84%	0.28
C Shares		
SPI 2018	73.19%	6.57
SPI 2019	13.08%	1.18

Additionally, as at 30 June 2023, cash of $0.37m and $1.23m is held by the Ordinary Shares and C Shares respectively.

Whilst it is not possible to determine the ultimate value of Side Pocket Investments ("SPIs") to be realised, the Investment Manager will continue to report the fair value of underlying investments through the issuance of Ordinary and C Share NAVs on a quarterly basis.

Further, whilst it is not possible to determine the ultimate future value of the remaining contracts, it is likely that additional commutations will be achieved within the next six to 12 months. The Investment Manager is committed to working on the remaining commutations with the cedants in the best interests of Shareholders.

SIDE POCKET INVESTMENTS ("SPIS")

As at 30 June 2023, the SPIs in total represent c. 79.93 per cent of Ordinary Share NAV (31 December 2022: c. 77.16 per cent) and c. 86.27 per cent of the C Share NAV (31 December 2022: c. 84.69 per cent).

The positions of the 2018 and 2019 SPIs as at 30 June 2023 were as follows:

- 2018 SPIs, principally relating to Hurricanes Michael and Florence, Typhoon Jebi and the 2018 California Wildfires, amount to c. 64.09 per cent of Ordinary Share NAV and c. 73.19 per cent of C Share NAV (31 December 2022: c. 66.58 per cent and c. 75.94 per cent of Ordinary Share and C Share NAV respectively).

- 2019 SPIs relating to Hurricane Dorian, Typhoons Faxai and Hagibis and the Australian bushfires, amount to c. 15.84 per cent of Ordinary Share NAV and c. 13.08 per cent of C Share

NAV (31 December 2022: c. 10.58 per cent and c. 8.75 per cent of Ordinary Share and C Share NAV respectively).

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
For and on behalf of the Board
26 September 2023

DIRECTORS' REPORT

EFFICIENT CAPITAL MANAGEMENT DURING RUN-OFF OF PORTFOLIO AND DISTRIBUTIONS

During the period from inception of the Company to 26 March 2019, the investment objective of the Company and the Master Fund SAC was to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in Preference Shares of the Reinsurer.

With effect from 26 March 2019 (the "Run-Off Inception Date"), when the Company's Shareholders approved an amendment to the Company's investment policy so as to allow an orderly Run-Off of the Company's portfolios with the effect that the Company's investment policy is now limited to realising the Company's assets and distributing any net proceeds to the relevant Shareholders, the Company has taken a number of actions in order to progress the Run-Off and return capital to Shareholders as efficiently as possible. These actions are described in more detail in the Company's successive Annual Reports for the years ended 31 December 2020 onwards, most recently in the Annual Report for the year ended 31 December 2022 (the "2022 Annual Report"), which is available on the Company's website. The Chairman's Statement summarises these actions and all returns of capital to Shareholders for the period from the Run-Off Inception Date to 30 June 2023. The Chairman's Statement also summarises the Investment Manager's current activities in progressing further recoveries for eventual distribution to Shareholders.

In view of the amendment to the Company's investment policy referred to above, the Directors have concluded that the Company will not raise further capital in any circumstances, and so the Company is being wound down by means of a managed process leading to liquidation in due course. Accordingly, the only further business that will be undertaken is that necessary to complete the Run-Off of each of the Company's portfolios.

The Directors remain of the view that it is currently in the best interests of the Company for the Investment Manager to continue to manage the Run-Off, rather than to commence a formal members' voluntary liquidation. The Directors will keep this approach under review and currently anticipate that they will not look to put the Company into members' voluntary liquidation until the Run-Off is substantially completed. At such time, a further circular will be delivered to Shareholders to convene a further meeting at which the Shareholders will be asked to approve the liquidation.

MANAGEMENT OF RISK

The Board of Directors regularly reviews the major strategic and emerging 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 relate to share price and liquidity, and the efficient management of the Run-Off process. The Run-Off process is managed by the process of formal oversight at each Board meeting, and by interim progress update reports provided by the Investment Manager to the Board. Operational disruption, accounting and legal risks are covered annually, and regulatory compliance is reviewed at each Board meeting. The Board is assured that there are sufficient systems and controls in place to ensure the continuity and adequacy of the services provided by the Investment Manager and that the Run-Off process, including returns of capital to Shareholders (after repayment of the Buy-Out Amount, as described in the 2022 Annual Report) and the management of costs and expenses, will continue to be managed efficiently. Additionally, emerging risks in the reinsurance market are not relevant to the underlying portfolio that is in Run-Off.

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.

SHARE CAPITAL

The Company’s issued share capital at 1 January 2023 amounted to 114,104 Ordinary Shares and 78,324 C Shares. As at the date of this Report, the Company’s issued share capital is unchanged.

CAPITAL RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH THE INVESTMENT MANAGER

The Investment Manager, which was appointed as the Company’s Investment Manager on 8 December 2015, is also the investment manager of the Master Fund SAC and the insurance manager of the Reinsurer. The Company entered into a new investment management agreement with the Investment Manager on 28 March 2022 (the “Investment Management Agreement”) in connection with the Buy-Out Transaction which completed on 11 April 2022 (as further detailed in the 2022 Annual Report). The terms of the Investment Management Agreement substantially reflect the terms of the investment management agreement between the Company and the Investment Manager entered into on 8 December 2015. The Investment Manager is entitled to a management fee. Beginning in July 2022, following the move to quarterly reporting announced on 14 July 2022, the management fee is calculated and payable quarterly in arrears equal to 1/4 of 1.5 per cent of the net asset value of the Company which was not attributable to the Company’s investment in the Master Fund Shares as at the last calendar day of each calendar quarter. In addition, the Investment Manager was entitled to a monthly fee payable for secretarial, accounting and administrative services of 1/12 of $275,000. This latter fee will no longer be charged to the Company with effect from 1 January 2022.

On 28 January 2021, the Company announced the continuation of its decision in 2020 to consent to a partial waiver of 50.00% (one-half) of the management fee paid by the Master Fund SAC to the Investment Manager in respect of such of its Master Fund Shares that are exposed to side pocket investments (the “SP Management Fees”) for the period 1 January 2021 to 31 December 2021, resulting in an effective management fee of 0.75% per annum for that period. That partial waiver will now continue in force for the foreseeable future. Performance fees are also payable to the Investment Manager by the Master Fund SAC, subject to certain performance targets being met.

As at the date of this report, Markel Corporation (“Markel”), which holds the entire share capital of the Investment Manager, holds, through its asset management subsidiary, 3.91 per cent of the total voting rights of the Ordinary Shares and C Shares issued by the Company.

In addition, one of the Directors of the Company is also a Shareholder of the Company.

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.

After due and careful consideration of the Company’s circumstances and objectives as described elsewhere in this document, the Directors have concluded that the Company has adequate financial resources to continue its operational existence for the foreseeable future, and at least six months from the date of this half-yearly report or until such time as the Board considers it appropriate, having taken advice, to place the Company into voluntary liquidation. Accordingly, the Board continues 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 unaudited Half-Yearly Financial Report has been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). These Financial Statements present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the Company.

2. The Chairman's Statement, the Directors' Report, the Financial Highlights and the notes to the Condensed Interim Financial Statements provide 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 unaudited 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 current financial year and that have materially affected the financial position or performance 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 26 September 2023, and the above responsibility statement was signed on its behalf by the Chairman.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
For and on behalf of the Board
26 September 2023

CONDENSED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	As at 30 June 2023 (Unaudited)	As at 30 June 2022 (Unaudited)	As at 31 Dec. 2022 (Audited)
	$	$	$
Assets			
Investments in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund (Note 4)	9,187,391	12,790,043	7,537,919
Cash and cash equivalents (Note 2)	4,213,381	8,831,376	4,395,950
Other assets	40,258	45,416	44,665
Total assets	13,441,030	21,666,835	11,978,534
Liabilities			
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 1, Note 6 and Note 12)	2,490,070	2,932,754	2,780,635
Schemes of Arrangement Buy-Out Transaction Cost (Notes 1 and 6)	-	167,813	-
Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	200,920	
Management fee payable (Note 8)	2,990	79,387	2,806
Accrued expenses and other liabilities	166,103	132,452	160,717
Total liabilities	2,659,163	3,513,326	2,944,158
Net assets	10,781,867	18,153,509	9,034,376
NAV per Share (Note 6)			

CONDENSED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Six months to 30 June 2023 (Unaudited)	Six months to 30 June 2022 (Unaudited)	Year ended 31 Dec. 2022 (Audited)
	$	$	$
Net investment income allocated from Master Fund (Note 4)			
Net realised gain on Schemes of Arrangement Buy-Out Transaction	-	9,204,153	9,204,154
Interest income	11,335	4,482	11,098
Schemes of Arrangement Buy-Out Transaction Cost (Notes 1 and 6)	-	(27,380)	68,627
Management fee waived (Note 8)	33,840	84,924	125,575
Management fee (Note 8)	(67,680)	(169,848)	(251,150)
Administrative fee (Note 9)	(32,204)	(43,651)	(79,383)
Professional fees and other	(24,133)	(37,204)	(42,944)
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 12)	90,177	(961,225)	(346,325)
Net investment income allocated from Master Fund	11,335	8,054,251	8,689,652
Investment income			
Income from Buy-Out Transaction (Note 6)	-	-	1,482,176
Interest	98,019	8,453	115,955
Total investment income	98,019	8,453	1,598,131
Company expenses			
Schemes of Arrangement Buy-Out Transaction Cost (Notes 1 and 6)	-	(368,733)	(245,245)
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 12)	290,565	(2,932,754)	(2,780,635)
Management fee waived (Note 8)	5,884	152,073	165,018
Professional fees and other	(267,681)	(376,974)	(622,637)
Management fee (Note 8)	(11,768)	(304,146)	(330,036)
Administrative fee (Note 9)	(17,000)	(37,500)	(54,500)
Total Company expenses	-	(3,868,034)	(3,868,035)
Net investment income	109,354	4,194,670	6,419,748
Net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Fund			
Net realised loss on securities	-	(17,788,652)	(12,399,264)
Net change in unrealised loss on securities	1,638,137	30,555,616	33,103,014
Net gain on securities allocated from Master Fund	1,638,137	12,766,964	20,703,750
Net increase in net assets resulting from operations	1,747,491	16,961,634	27,123,498

CONDENSED STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	Six months to 30 June 2023 (Unaudited)	Six months to 30 June 2022 (Unaudited)	Year ended 31 Dec. 2022 (Audited)
	$	$	$
Operations			
Net investment gain	109,354	4,194,670	6,419,748
Net realised loss on securities allocated from Master Fund	-	(17,788,652)	(12,399,264)
Net change in unrealised loss on securities allocated from Master Fund	1,638,137	30,555,616	33,103,014
Net increase in net assets resulting from operations	1,747,491	16,961,634	27,123,498
Capital share transactions			
Repurchase of Class Ordinary Shares (Note 6)	-	(51,727,869)	(56,327,613)
Repurchase of Class C Shares (Note 6)	-	(53,856,768)	(67,055,845)
Dividends paid (Note 6)	-	-	(1,482,176)
Net decrease in net assets resulting from capital share transactions	-	(105,584,637)	(124,865,634)
Net increase/ (decrease) in net assets	1,747,491	(88,623,003)	(97,742,136)
Net assets, beginning of period	9,034,376	106,776,512	106,776,512
Net assets, end of period	10,781,867	18,153,509	9,034,376

CONDENSED STATEMENTS OF CASH FLOW

(Expressed in United States Dollars)	Six months to 30 June 2023 (Unaudited)	Six months to 30 June 2022 (Unaudited)	Year ended 31 Dec. 2022 (Audited)
	$	$	$
Cash flows from operating activities			
Net increase in net assets resulting from operations	1,747,491	16,961,634	27,123,498
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by/ (used in) operating activities:			
Net investment income, net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Fund	(1,649,472)	(20,821,215)	(29,393,399)
Sale of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	109,338,323	114,022,425
Dividends from Buy-Out Transaction	-	-	9,140,206
Changes in operating assets and liabilities:			

Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	200,920	-
Other assets	4,407	14,547	15,298
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 12)	(290,565)	2,932,754	2,780,635
Schemes of Arrangement Buy-Out Transaction Cost (Notes 1 and 6)	-	167,813	-
Management fee payable	184	75,967	(614)
Accrued expenses and other liabilities	5,386	(60,891)	(32,626)
Net cash provided by (used in) operating activities	(182,569)	108,809,852	123,655,423
Cash flows from financing activities			
Repurchase of Class Ordinary Shares	-	(51,727,869)	(56,327,613)
Repurchase of Class C Shares	-	(53,856,768)	(67,055,845)
Dividends paid (Note 6)	-	-	(1,482,176)
Net cash used in financing activities	-	(105,584,637)	(124,865,634)
Net increase / (decrease) in cash and cash equivalents	(182,569)	3,225,215	(1,210,211)
Cash and cash equivalents, beginning of period	4,395,950	5,606,161	5,606,161
Cash and cash equivalents, end of period	4,213,381	8,831,376	4,395,950

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023

(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 mutual fund company, registered and incorporated as an exempted mutual fund company under the laws of Bermuda on 30 November 2010, which commenced operations on 20 December 2010. The Company is organised as a feeder fund to invest substantially all of its assets in Markel CATCo Diversified Fund (the “Master Fund”). The Master Fund is a segregated account of Markel CATCo Reinsurance Fund Ltd. (the “Master Fund SAC”), 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”). Markel CATCo Reinsurance Fund Ltd. establishes 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 SAC Fund of Markel CATCo Reinsurance Fund Ltd. shall only be available to creditors in respect of that segregated account.

The objective of the Master Fund is to provide Shareholders the opportunity to participate in the investment returns of various fully-collateralised reinsurance-based instruments, 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 2023, the Company’s ownership is 17.03 per cent of the Master Fund.

On 25 July 2019, the Board of Directors (the “Board”) announced that the Company will cease accepting new investments and will not write any new business going forward through the Reinsurer. As of this date, the Investment Manager commenced the orderly Run-Off (the “Run-Off”) of the Reinsurer’s existing portfolio, which is reasonably expected to be completed in the course of 2024. As part of this Run-Off, the Company will return capital (which will continue to be subject to side pockets) to investors as such capital becomes available (after repayment of the Buy-Out Amount, as described below). Refer to Going Concern Considerations under Basis of Presentation below.

On 27 September 2021, the Company announced a proposal for a buy-out transaction (the "Buy-Out Transaction") that would provide for, inter alia, an accelerated return of substantially all the net asset value ("NAV") in the Master Fund SAC and the Company (together, the "Funds") to investors (further details of the Buy-Out Transaction appear in the Chairman's Statement and the Directors' Report). To support the implementation of the Buy-Out Transaction through the Schemes of Arrangement in Bermuda (the "Schemes"), each of the Company, the Master Fund SAC, the Investment Manager and the Reinsurer filed applications with the Supreme Court of Bermuda for the appointment of joint provisional liquidators with limited powers (the "JPLs"). On 1 October 2021 the JPLs were appointed. On 5 October 2021, the JPLs petitioned for the provisional liquidation proceedings to be recognised by the U.S. Bankruptcy Court in the Southern District of New York, which request was subsequently granted along with other ancillary relief.

The appointment of the JPLs and U.S. recognition allowed, along with the necessary investor support, for the smooth implementation of the Buy-Out Transaction and approval of the Schemes. The Company did not make any further returns of capital while the JPLs were appointed and the Buy-Out Transaction was being considered and implemented.

Upon the expiry of the "Early Consent Deadline" for the Buy-Out Transaction on 22 October 2021, investors representing over 90% of the Master Fund SAC and investors representing over 95% of the Company had entered into support undertakings or otherwise indicated their support for the Buy-Out Transaction.

On 26 October 2021, it was announced that Markel Corporation had agreed to increase the funding it would provide, to facilitate certain improvements to the terms of the Buy-Out Transaction. The improvements resulted in the buy-out of all segregated accounts of the Funds, plus an additional cash distribution to investors by way of an increased consent fee and other cash consideration provided by Markel Corporation and its affiliates. On 28 October 2021, the Funds launched the Schemes to implement the Buy-Out Transaction.

Under the improved terms of the Buy-Out Transaction, investors in the Funds retained the right to receive any possible upside at the end of the applicable Run-Off period if currently held reserves exceed the amounts ultimately necessary to pay claims and after the repayment of the "Buy-Out Amount" provided by affiliates of Markel Corporation to fund the return to NAV of investors.

On 3 February 2022, the Investment Manager, the Master Fund SAC and Markel Corporation entered into a settlement agreement with certain investors that had opposed the Schemes (the "Litigation Claimants"), which resolved their opposition to the Schemes and certain litigation brought against a former officer of the Investment Manager in the U.S. (the "Settlement"). Pursuant to the Settlement, the Litigation Claimants withdrew their opposition to the Schemes and, following the Closing Date of the Buy-Out Transaction, the Litigation Claimants received (i) the NAV of their Master Fund SAC shares in full and final satisfaction of their interests in the Master Fund SAC and (ii) an aggregate additional payment of $20 million funded by Markel Corporation and D&O insurance coverage in consideration for granting the releases of their claims and dismissing with prejudice the U.S. litigation.

On 7 March 2022 at scheme meetings convened by Bermuda court order, the Funds' respective investors voted overwhelmingly to approve the Schemes to implement the Buy-Out Transaction. On 11 March 2022, the Supreme Court of Bermuda entered orders approving the Schemes. On 16 March 2022, the United States Bankruptcy Court for the Southern District of New York entered orders approving the enforcement in the United States of the Bermuda court sanctioning orders pursuant to Chapter 15 of the United States Bankruptcy Code. The Closing Date of the Buy-Out Transaction occurred on 28 March 2022 in accordance with the terms of the Schemes.

Under the Buy-Out Transaction, the Funds' investors received an accelerated return of 100% of the NAV of the Funds as at 31 January 2022, with investors retaining the right to any upside at the end of the applicable Run-Off period if currently held reserves exceed the amounts advanced by affiliates of Markel Corporation to fund the return of capital after the ultimate claims related to reinsurance loss events have been settled. Investors in the Master Fund SAC, including the Company, also received their pro rata share of an additional cash contribution of approximately $54 million from a Markel Corporation affiliate to off-set transaction costs and future running costs of the Master Fund SAC and to provide additional cash consideration to investors.

In relation to the Company, the Buy-Out Transaction was implemented by way of a redemption of 99% of the holdings of each investor in the Master Fund, the proceeds of which, along with all additional consideration, were paid to investors on 11 April 2022 amounting to $51.7m and $53.9m for Ordinary Shares and C Shares respectively.

Investors remain entitled, through their retained interest in the Company, to receive the remaining assets of the Company (as and when such assets become available for distribution and the Board determines it is appropriate to make such distributions), including any surplus from the existing cash reserves held by the Company and any upside following the repayment of the Buy-Out Amount.

In June 2022, the Reinsurer repaid an amount of $24m to the affiliates of Markel Corporation who financed the Buy-Out Amount for the Master Fund.

The Investment Manager is subject to the ultimate supervision of the Board, and is responsible for all of the Company's investment decisions. On 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with Lodgepine Capital Management Limited ("LCML"), under which LCML will provide services relating to the management of the Run-Off business of the Investment Manager. On 15 November 2021, Markel announced its intention to wind down LCML, its retrocessional Insurance Linked Securities (ILS) fund manager based in Bermuda.

The Reinsurer is a Bermuda licensed Class 3 reinsurance company, registered as a segregated account company under the SAC Act, through which the Master Fund accesses the majority of its reinsurance risk exposure. The Reinsurer forms 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, winter storms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, wildfires, explosions, marine accidents, terrorism, satellite, energy and other perils.

The Company's shares are listed and traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange ("SFS"). The Company's shares are also listed on the Bermuda Stock Exchange ("BSX").

Basis of Presentation

The interim condensed 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") for interim financial information. Accordingly, certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed pursuant to such guidance. These interim condensed financial statements should be read in conjunction with the annual financial statements and related notes as of 31 December 2022 which are readily available on the Regulatory News Service ("RNS") of the London Stock Exchange. 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").

Under the terms of the Schemes of Arrangement Buy-Out agreement, estimated ordinary course fees, including estimated fees for the remaining Run-Off period of the Company, were accelerated in 2022 and formed part of the investor Buy-Out settlement. As such, these fees have been recognised as Schemes of Arrangement Ordinary Course Fees (Note 12) in the financial statements.

Going Concern Considerations

In accordance with ASC 205-40-50, Presentation of Financial Statements-Going Concern, the Investment Manager and the Board have reviewed the Company's ability to continue as a going concern and have confirmed their intent to continue to Run-Off the Company's portfolios as a going concern with no imminent plans to liquidate the Company. The Investment Manager and the Board have concluded that the Company has sufficient financial resources to continue as a going concern based on the following key considerations: (i) the Company holds investments in the Master Fund which are supported by underlying fully collateralised reinsurance contracts in the Reinsurer, and (ii) the Investment Manager and the Board have reviewed the Company's cash forecast for 12 months from the date of this report and have determined that the Company has sufficient cash to adequately meet operational expenses. Based on the aforementioned reasons, the Company continues to adopt the going concern basis in preparing the financial statements for the six-month period ended 30 June 2023.

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 the Master Fund
The Company records its investments in the Master Fund at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with Centaur Fund Services (Bermuda) Limited (the "Administrator"), as defined in Note 4, 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 value 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.

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 and unrealised gains and losses on investment in securities on a quarterly 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 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 gains or losses 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 of Bermuda, under the Exempted Undertakings Tax Protection Act 1966, that in the event that there is enacted in Bermuda any legislation imposing

income or capital gains tax, such tax shall not until 31 March 2035 be applicable to the Company. However, certain United States dividend income and interest income may be subject to a 30% withholding tax. Further, certain United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty per cent likelihood of being realised upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognised results in the Company recording a tax liability that reduces ending net assets. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognised tax benefits as of 30 June 2023. 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 tax-related interest expense or penalties have been recognised as of and for the period ended 30 June 2023.

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 six month period ended 30 June 2023.

Use of Estimates
The preparation of Financial Statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions in determining the reported amounts of assets and liabilities, including fair value of investments, the disclosure of contingent assets and liabilities as of the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. Actual results could differ from those estimates.

Offering Costs
The costs associated with each capital raise are expensed against paid-in capital and the Company's existing cash reserves as incurred.

Premium and Discount on Share Issuance
Issuance of shares at a price in excess of the Net Asset Value (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.

Other Matters

<u>Markel CATCo Governmental Inquiries</u>
Markel Corporation previously reported that the U.S. Department of Justice, U.S. Securities and Exchange Commission and Bermuda Monetary Authority (together, the "Governmental Authorities") had been conducting inquiries (the "Markel CATCo Inquiries") into loss reserves recorded in late 2017 and early 2018 at the Investment Manager and its subsidiaries (collectively, "Markel CATCo"). Those reserves were held at Markel CATCo Re Ltd., an unconsolidated subsidiary of the Investment Manager. The Markel CATCo Inquiries were limited to Markel CATCo and did not involve Markel Corporation or its other subsidiaries.

Markel Corporation retained outside counsel to conduct an internal review of Markel CATCo's loss reserving in late 2017 and early 2018. The internal review was completed in April 2019 and found no evidence that Markel CATCo personnel acted in bad faith in exercising business judgement in the setting of reserves and making related disclosures during late 2017 and early 2018. Markel Corporation's outside counsel met with the Governmental Authorities and reported the findings from the internal review.

On 27 September 2021, Markel Corporation was notified by the U.S. Securities and Exchange Commission that it had concluded its investigation and it did not intend to recommend an enforcement action against Markel CATCo. Additionally, On 28 September 2021, the U.S. Department of Justice advised Markel Corporation that it had concluded its investigation and would not take any action against Markel CATCo. There are currently no pending requests from the Bermuda Monetary Authority.

<u>California Bankruptcy Court and the PG&E Settlement (at August 2022)</u>
The Investment Manager believes that any subrogation benefitting Markel CATCo was substantially realised as at 31 December 2021 through reductions in updated cedant loss reports. Therefore, the Investment Manager is of the view that the benefits of such subrogation are reflected in the Company's investments in the underlying participating shares of the Reinsurer.

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 2023, cash and cash equivalents were held with HSBC Bank Bermuda Ltd., which has a credit rating of A-/A-2, and with HSBC Global Asset Management (USA) Inc., which has a credit rating of A/A-2 as issued by Standard & Poor's.

3. RUSSIA – UKRAINE WAR CONSIDERATIONS

The Russia-Ukraine war caused severe disruptions of the global supply chain, putting significant pressure on inflation. The recent commencement of war in Ukraine had an impact on international financial markets, leading to a significant rise in the price of oil and gas. The unpredictable outcome of this conflict could inflict on the world economy significant and/or prolonged harm. Recent Russian military actions in Ukraine have prompted and might prompt further sanctions on Russia from the United States, the European Union, and other nations. Despite the fact that the Company has no direct exposure to Russia or the surrounding regions, the military incursion by Russia and the sanctions that follow could have a negative impact on the world's energy and financial markets. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by Russian military action or resulting sanctions may magnify the impact of other risks described herein.

4. INVESTMENTS IN MASTER FUND, AT FAIR VALUE

The following table summarises the Company's Investment in the Master Fund as at 30 June 2023:

(Expressed in United States Dollars)	30 June 2023
	$
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	9,187,391

During this period, there was nil net realised loss on securities allocated from the Master Fund in the Statements of Operations included. Over the same period, the net change in unrealised gain/loss on securities allocated from the Master Fund included gross unrealised gains of $1,638,137 and gross unrealised loss of nil.

5. LOSS RESERVES

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

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 the underlying cedant loss notifications along with management's judgement as deemed appropriate to estimate the level of reserves required. The process of estimating loss reserves is a complex exercise, involving many variables and a reliance on actuarial modeled catastrophe loss analysis. However, there is no precise method for evaluating the adequacy of loss reserves when industry loss estimates are not final, and actual results could differ from original estimates. In addition, the Reinsurer's reserves may include an implicit risk margin to reflect uncertainty surrounding cash flows relating to loss reserves. The risk margin is set by the actuarial team of the Investment Manager.

Future adjustments to the amounts recorded as of 30 June 2023, resulting from the continual review process, as well as differences between estimates and ultimate settlements, will be reflected in the Reinsurer's 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.

Markel CATCo Investment Management Ltd., (the "Insurance Manager"), believes that the total loss reserve established from the previous years is sufficient to provide for all unpaid losses and loss expenses based on best estimates of ultimate settlement values and on the industry loss information currently available. Inherent uncertainty with regard to the final insured loss impact of the 2018 and 2019 loss events continues. Therefore, actual results may materially differ if actual reinsured client losses differ from the established loss reserves. This could result in the need to further adjust loss reserves, either in the event that reserves are found to be insufficient or, conversely, if loss reserves are found to be too conservative.

As part of the ongoing reserving process, the Insurance Manager reviews loss reserves on a quarterly basis and will make adjustments, if necessary, and such future adjustments in loss reserves could have further material impact either favourably or adversely on investor earnings.

In the six-month period ended 30 June 2023, the Reinsurer paid net claims of $15,761,147. Of this amount, $8,275,997 related to the 2018 loss events and $7,485,150 was paid in respect of 2019 loss events.

6. CAPITAL SHARE TRANSACTIONS

As of 30 June 2023, 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 2023, the Company had issued 114,104 Class 1 Ordinary Shares (the "Ordinary Shares"), and 78,324 Class C Shares (the "C Shares").

Transactions in shares during the year, shares outstanding, NAV and NAV per share are as follows:

30 June 2023	Beginning Shares	Share Redemptions	Share Issuance	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary Shares	114,104	-	-	114,104	$1,798,554	$15.7624
Class C Shares	78,324	-	-	78,324	$8,983,313	$114.6943
Total	192,428	-	-	192,428	$10,781,867	

The Company has been established as a closed-ended mutual fund and, as such, Shareholders do not have the right to redeem their shares. The shares are held in trust by Link Market Services (the "Depository") in accordance with the Depository Agreement between the Company and the Depository. The Depository holds the shares and in turn issues depository interests in respect of the underlying shares.

The Board has the ability to issue one or more classes of C Share 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 one or more classes of C Share 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.

The Company's existing portfolio is currently in Run-Off and as a result only SPI Shares are outstanding. The Company issued a circular to Shareholders dated 28 February 2019 (the "February 2019 Circular") concerning the proposed implementation of the orderly Run-Off of the Company's portfolios by means of a change to the Company's investment policy to enable the Company to redeem all of the Company's Master Fund Shares attributable to the Ordinary or C Shares, as the case may be (the "Proposals"), and distributing the net proceeds thereof to the relevant class of Shareholders. The Proposals were approved at class meetings of the Ordinary and C Shareholders of the Company held on 26 March 2019.

On 13 March 2020 the Company issued a circular to Shareholders announcing that the Company will not raise further capital in any circumstances, and so the Company is being terminated by means of a managed process ("Compulsory Redemptions") leading to liquidation in due course. As discussed in Note 1, on 27 September 2021 the Company announced the terms of the Buy-Out Transaction, which facilitated an accelerated return of substantially all the net asset value to the Shareholders of the Company.

Following the completion of the necessary applicable conditions precedent to complete the Buy-Out of the Company's portfolios, the Closing Date of the Schemes of Arrangement to implement the Buy-Out Transaction occurred on 28 March 2022. Under the Buy-Out Transaction, the Company received an accelerated return of 100% of the NAV of its investment in the Master Fund as at 31 January 2022, with investors retaining the right to any upside at the end of the applicable Run-Off period if currently held reserves exceed the Buy-Out Amount; and their pro rata share of an additional cash contribution of approximately $54 million from a Markel Corporation affiliate, to off-set transaction costs and future running costs of the Master Fund SAC and to provide additional cash consideration to investors.

In relation to the Company, the Buy-Out Transaction was implemented by way of a redemption of 99% of the holdings of each investor.

Consent Fees

The Early Consent Fee due to investors, totaling $1,482,176, was paid on 30 March 2022 mostly through CREST to the accounts of holders of shares that issued a valid Transfer to Escrow Instruction, irrespective of whether such accounts continue to hold Public Fund Shares.

The Early Consent Fee paid per Share was:

Early Consent Fee per Ordinary Share:	$0.00676446
Early Consent Fee per C Share:	$0.01347267

Redemption of Shares

On 6 April 2022, to effect the Buy-Out Transaction, the Company redeemed 147,812,056 Ordinary Shares at a rate of USD 0.349957 per Ordinary Share (approximately USD 0.3465 per Ordinary Share held on the basis of 100% of each Shareholder's then outstanding Shares) and 82,398,091 C Shares at a rate of USD 0.653616 per C Share (approximately USD 0.6471 per C Share held on the basis of 100% of each Shareholder's then outstanding Shares).

The resulting proceeds from the Buy-Out Transaction, amounting to $51.7m for Ordinary Shares and $53.9m for C Shares, were paid to Shareholders on 11 April 2022.

On 29 November 2022, the Company completed Partial Compulsory Redemption #8, redeeming 1,379,027 Ordinary Shares at a rate of $3.3355 per Ordinary Share and 754,052 C Shares at a rate of $17.5042 per C Share. Following this redemption, the Company had 114,104 Ordinary Shares in issue and 78,324 C Shares in issue.

7. INVESTMENT MANAGEMENT AGREEMENT

Prior to the implementation of the Buy-Out Transaction, the Company's investments were managed pursuant to an Investment Management Agreement dated 8 December 2015 (the "Old Investment Management Agreement"). In connection with the Buy-Out Transaction, on 28 March 2022 the Old Investment Management Agreement was terminated and the Company and the Investment Manager entered into a new Investment Management Agreement (the "Investment Management Agreement"), the terms of which substantially mirrored those of the Old Investment Management Agreement. Pursuant to the Investment Management Agreement, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Company and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Company in order to implement such strategy. The Investment Manager earns a fee for such services (Note 8).

The Investment Manager also acts as the Master Fund SAC's investment manager and the Reinsurer's insurance manager.

On 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with Lodgepine Capital Management Limited ("LCML"), a subsidiary of Markel Corporation, under which, LCML will provide services relating to the management of the Run-Off business of the Investment Manager. LCML earns a fee from the Investment Manager for such services. On 15 November 2021, Markel announced its intention to wind down LCML, its retrocessional Insurance Linked Securities ("ILS") fund manager based in Bermuda, effective 1 January 2022.

8. RELATED PARTY TRANSACTIONS

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5 per cent of the net asset value, 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 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 fees payable under the Investment Management Agreement are the same as those which had been payable under the Old Investment Management Agreement.

For the financial year ended 31 December 2022, the Investment Manager agreed to maintain the partial waiver of 50.00 per cent of the annual Management Fee on Side Pocket Investments of the original fee of 1.50 per cent. This is equal to an annual Management Fee of 0.75 per cent. The Investment Manager agreed to extend this reduction for financial year 2023 and it will continue in force for the foreseeable future.

Effective 1 July 2022, the Investment Manager successfully implemented a move to quarterly reporting as one of the Company's cost savings mechanisms. The move to quarterly reporting also aligns the Master Portfolio results with cedants' quarterly loss reporting.

Markel Corporation, which holds the entire share capital of the Investment Manager, holds 6.60 per cent of the voting rights of the Ordinary Shares and 0.00 per cent of the voting rights of the C Shares issued in the Company as of 30 June 2023. This equates to a holding of 3.91 per cent of the combined voting rights of the Company's Ordinary and C Shares in issue.

As noted in Note 7, on 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with LCML, a subsidiary of Markel Corporation. Prior to 1 January 2022, LCML received a monthly service fee of 75.00 per cent of the net management fees due to the Investment Manager. Effective 1 January 2022, this Run-Off Services Agreement was amended to a fixed fee arrangement between LCML and the Investment Manager.

In addition, as at 30 June 2023, one of the Directors is also a Shareholder of the Company. The Director's holdings are immaterial, representing below 1.00 per cent of the Company NAV.

9. ADMINISTRATIVE FEE

Centaur Fund Services (Bermuda) Limited serves as the Company's Administrator. As a licensed fund administrator pursuant to the provisions of the Bermuda Investment Funds Act, the Administrator performs certain administrative services on behalf of the Company. The Administrator receives a fixed monthly fee.

10. FINANCIAL HIGHLIGHTS

Financial highlights for the period from 1 January to 30 June 2023 are as follows:

		Class 1 - Ordinary Shares	Class C Shares
Per share operating performance			
Net asset value, beginning of period	$	13.2222	96.0839
Income (loss) from investment operations			
Net investment income (loss)		0.2170	1.5872
Management fee charged		(0.0581)	(0.4225)
Net gain on investments		2.3813	17.4457
Total Income from investment operations		2.5402	18.6104
Dividend		-	-
Discount on Share Buy-Back		-	-
Net asset value, end of period	$	15.7624	114.6943
Total net asset value return			
Total net asset value return before performance fee		19.21%	19.37%
Performance fee		0.00%	0.00%
Total net asset value return after performance fee		19.21%	19.37%
Ratios to average net assets			
Expenses other than performance fee *		0.00%	0.00%
Performance fee		0.00%	0.00%
Total expenses after performance fee		0.00%	0.00%
Net investment income (loss)		1.20%	1.21%
Management fee waived		-0.41%	-0.41%

* *Expenses presented above are net of management fees waived by the Master Fund (Note 8).*

Financial highlights are calculated for each class of shares. An individual Shareholder's return may vary based on the timing of capital transactions. Returns and ratios shown above are for the six-month period ended 30 June 2023 and have not been annualised. The per share amounts and ratios reflect income and expenses allocated from the Master Fund.

11. INDEMNITIES 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. SCHEMES OF ARRANGEMENT ORDINARY COURSE FEES

Per the Schemes of Arrangement Buy-Out agreement, after closing of the Schemes, no additional fees or expenses will be deducted from distributions of the Closing NAV and there will be no continuing management fees charged by the Investment Manager. Any such fees were accelerated in 2022 and included in the Ordinary Course Fees for the Run-Off of the Funds. In the first six months of 2023, the Company incurred operational costs totaling $290,565, which were applied against the Schemes of Arrangement Buy-Out Ordinary Course Fees in the condensed Statements of Assets and Liabilities.

The acceleration of future operating expenses in 2022 is a departure from U.S. GAAP, specifically in relation to the U.S. GAAP conceptual framework of accrual accounting whereby the financial effects of an entity's transactions and other events and circumstances are recognised in the period in which those transactions, events, and circumstances occur. As a result of this U.S. GAAP departure, there is an amount of $2,490,070 excess liability in the Company's financial statements as of 30 June 2023. As the acceleration of future operating expenses is in line with the Schemes of Arrangement Buy-Out Agreement approved by investors, the Investment Manager has included the estimated amount in the financial statements.

13. SUBSEQUENT EVENTS

These Financial Statements were approved by the Board and available for issuance on 26 September 2023. Subsequent events have been evaluated through this date.

For further information:

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