

Annual Report 2021



CATCo REINSURANCE OPPORTUNITIES FUND LTD.

ANNUAL REPORT

2021

FOR THE 12 MONTH PERIOD FROM
1 JANUARY TO 31 DECEMBER 2021

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Unless otherwise stated, all amounts included in this Annual Report are in U.S. dollars.

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 held by the Company are exposed to risk relating to reinsurance contracts entered into from 2016 to 2019 only, and Markel CATCo Investment Management Ltd. (the "Investment Manager") remains focused on proactively managing the trapped capital and returning it to Shareholders in as timely and orderly a manner as possible.

On 27 September 2021, the Company announced a buy-out transaction (the "Buy-Out Transaction") which was subsequently improved. This was approved by investors, sanctioned by the Bermuda court and implemented in March 2022. The Buy-Out Transaction effected an early return to investors in the Company at a premium to the NAV per share attributable to the Company's assets, while allowing investors to retain the right to receive any upside at the end of the run-off period if currently held reserves are more than sufficient to repay the amount advanced to fund the early return of capital after ultimate claims related to reinsurance loss events have been settled.

NET ASSET VALUE ("NAV")

The Company opened the year with a total NAV of \$111.8m which consisted of \$47.8m Ordinary Share NAV and \$64.0m of C Share NAV. During the year, the NAV reduced to \$106.8m, of which \$50.6m relates to the Ordinary Share NAV and \$56.2m to the C Share NAV. The overall reduction in the NAV is due to the return of capital to Shareholders in 2021 of \$27.2m split between the Ordinary Shares and the C Shares, offset by a reduction in claims and favourable development on the loss reserves related to 2016-2019 catastrophe events.

During the same period, the NAV per Share of the Ordinary Shares increased to \$0.3389 (\$0.2828: 1 Jan 2021) and the C Share NAV per Share increased to \$0.6750 (\$0.5071: 1 Jan 2021).

The increase in the NAV per Ordinary Share and C Share, as reflected in the December 2021 NAV, was due to the proactive management of the portfolio by the Investment Manager combined with favourable developments in underlying loss exposures.

2021 Ordinary Shares NAV (\$m)

Opening balance 1/1/21	\$47.8
Redemptions paid in FY21	-\$5.4
Investment appreciation net of expenses	\$8.2
Closing balance 12/31/21	\$50.6

2021 C Shares NAV (\$m)

Opening balance 1/1/21	\$64.0
Redemptions paid in FY21	-\$21.8
Investment appreciation net of expenses	\$14.0
Closing balance 12/31/21	\$56.2

SIDE POCKET INVESTMENTS ("SPIs")

As at 31 December 2021, the SPIs in total represent c. 97.66 per cent of Ordinary Share NAV (31 December 2020: c. 92.4 per cent) and c. 92.36 per cent of the C Share NAV (31 December 2020: c. 83.07 per cent).

The position of the 2016, 2017, 2018 and 2019 SPIs was as follows, as at 31 December 2021:

- 2016 SPIs, initially established for the Fort McMurray Wildfire, Jubilee Oil Field, Hurricane Matthew, and the South Island earthquake in New Zealand, amount to c. 9.94 per cent of the Company's Ordinary Share NAV (31 December 2020: c. 10.51 per cent of Ordinary Share NAV)
- 2017 SPIs, principally relating to Hurricanes Harvey, Irma and Maria and the 2017 California Wildfires, amount to c. 67.28 per cent of the Company's Ordinary Share NAV (31 December 2020: c. 58.38 per cent of Ordinary Share NAV)
- 2018 SPIs, principally relating to Hurricanes Michael and Florence, Typhoon Jebi and the 2018 California Wildfires, amount to c. 12.38 per cent of Ordinary Share NAV and c. 62.41 per cent of C Share NAV (31 December 2020: c. 10.56 per cent and c. 43.24 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. 8.06 per cent of Ordinary Share NAV and c. 29.95 per cent of C Share NAV (31 December 2020: c. 12.95 per cent and c. 39.83 per cent of Ordinary Share and C Share NAV respectively).

In respect of the underlying investments related to underwriting years 2016-2019, the Investment Manager relies on the latest available claim information from cedants which, at this point in time, post the loss events, supersedes the modelled losses or the insured loss estimates provided by third parties. Whilst the Investment Manager deems the existing loss reserves are sufficient, there is an ongoing element of uncertainty in relation to underlying prior year loss event contracts which may lead to favourable or adverse loss development in the future.

The Investment Manager believes at the time of this report that the benefit of California wildfire subrogation recoveries on reported losses on indemnity contracts has been substantially realised.

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 31 December 2021

SPIs	% of Share NAV	Value in \$m
Ordinary Shares		
SPI 2016	9.94%	5.0
SPI 2017	67.28%	34.0
SPI 2018	12.38%	6.3
SPI 2019	8.06%	4.1
C Shares		
SPI 2018	62.41%	35.1
SPI 2019	29.95%	16.8

Additionally, as at 31 December 2021, cash of \$1.2m and \$4.3m was held for the benefit of the Ordinary Shares and C Shares respectively.

Whilst it is not now possible to determine the ultimate value of 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.

RETURN OF CAPITAL TO SHAREHOLDERS

Prior to the completion of the Buy-Out Transaction in March 2022, the return of capital to the Company by Markel CATCo Reinsurance Fund Ltd (the "Master Fund SAC") was subject to the approval of the Bermuda Monetary Authority ("BMA") and driven by the contractual arrangements between cedants and Markel CATCo Re Ltd. ("the Reinsurer"), with such cedants typically releasing capital that is held in a Side Pocket Investment ("SPI") on the earlier of:

- i. the capital no longer being needed to cover potential losses (in accordance with the terms of the relevant reinsurance contract); or
- ii. upon settlement commutation (the negotiation of which will begin no later than 36 months after the end of the risk period).

From the commencement of the Run-Off (26 March 2019) to 31 December 2021, the Company has successfully returned \$290.5m of capital to Shareholders by means of dividends, tender offer, share buybacks and compulsory share redemptions.

During the period from 1 January 2021 to 31 December 2021, the Company returned \$27.2m of capital to Shareholders by means of two compulsory share redemptions.

Total Capital Return since 26 March 2019 (date on which Shareholders approved the Run-Off) to 31 December 2021:

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	2 September 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
Total Capital Return		63	227.5	290.5

CONCLUSION TO GOVERNMENT ENQUIRIES

On 6 December 2018, Markel Corporation reported that the U.S. Department of Justice, U.S. Securities and Exchange Commission ("SEC") and the BMA (collectively, the "Governmental Authorities") were 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"). These inquiries were limited to Markel CATCo and did not involve Markel Corporation or its other subsidiaries.

Markel Corporation previously disclosed that it had 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 judgment 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, the SEC notified Markel Corporation that it had concluded its investigation and it did not intend to recommend an enforcement action against Markel CATCo. On 28 September 2021, Markel was advised by the U.S. Department of Justice ("DOJ") that it had concluded its investigation and will not take any action against Markel CATCo.

Throughout the inquiries, the BMA was kept informed of the status of the SEC and DOJ investigations, including the conclusion of those investigations. There are currently no pending requests from the BMA and it has been over a year since it has contacted Markel Corporation in relation to the governmental inquiries.

BUY-OUT TRANSACTION

On 27 September 2021 the Company announced a proposal for a Buy-Out Transaction, which would provide for, inter alia, an accelerated return of substantially all the NAV in the Master Fund SAC and the Company (together, the "Funds") to investors in exchange for mutual releases more fully described in the announcement. The Buy-Out Transaction was to be implemented with funding provided by Markel Corporation, through Bermuda scheme of arrangement (the "Schemes") to be proposed by both the Company and Markel CATCo Reinsurance Fund Ltd. Investors were given the opportunity to undertake to support the Buy-Out Transaction before the Early Consent Deadline, with investors that did so being entitled to an additional consent fee at completion.

To support the implementation of the Buy-Out Transaction through the Scheme, 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. This 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 in order 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 of arrangement 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 of NAV to investors. All the affiliates of Markel Corporation financing the Buy-Out Transaction expect to receive a return of the Buy-Out Amount by the end of the run-off periods.

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 Manager in the US (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 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 US 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 net asset value (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 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, which will be used 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, the proceeds of which were paid to investors on 11 April 2022 amounting to \$51.7m and \$53.9m for the 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 and settlement of reinsurance claims.

COMMUTATIONS

The Investment Manager is continuing proactively to pursue the run-off of the remaining 2017-2019 risk portfolios having closed out the 2016 contracts and, 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 they consider that to do so is in the best interest of the investors.

As at the time of this report, there were 18 open contracts remaining at the Reinsurer, the majority of which relate to 2018 and 2019 underwriting years. The 2017 SPIs were all subject to commutation negotiations on or before mid-year 2021.

Approximately 50 per cent of the remaining 2018 SPIs were subject to commutation at 31 December 2021 and the other 50 per cent due for negotiation from 30 June 2022. Finally, the remaining 2019 SPIs are subject to commutation negotiation from 31 December 2022.

OUTLOOK

The Board has been in regular discussion with the Investment Manager to determine the outlook for the Company and evaluate the future potential for further upside from the underlying portfolio. Whilst it is not possible to determine the ultimate future value of these contracts, the Investment Manager has indicated that it is likely that some commutations will be achieved within the next six months. Any resulting upside (after repayment of the Buy-Out Amount) will be reflected in the future reported NAVs and such proceeds will be distributed to Shareholders thereafter. The Investment Manager will continue to work on the remaining commutations with the cedants.

BOARD AND ONGOING COSTS

The Board has been working with the Investment Manager to reduce the ongoing operational expenses of the Company and will continue to ensure that these ongoing expenses are monitored carefully in order to maximise value for Shareholders. The Board will be reducing in size from three to two.

The Board has sought to reduce the total cost of running the Fund and has reduced costs materially which is expected to take annual costs down by approximately 40 per cent.

The Company currently holds approximately \$5m for working capital purposes, and the Board believes that it is prudent to retain a material cash buffer on account of projected run-off costs. As visibility on valuations, commutations and any resulting upside become clear, any residual amount will be distributed to Shareholders at the Board's discretion.

The Board has considered the benefits of maintaining a UK listing and, while a number of contracts remain open and the scope for valuation upside remains, the Board has determined it is appropriate to remain listed at this point in time.



James Keyes
Chairman
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022

FINANCIAL HIGHLIGHTS

2021 SUMMARY

	As at 31 December 2021	As at 31 December 2020	Change
Fund Total Net Asset Value	\$ 106,776,512	\$ 111,846,371	\$ (5,069,859)
Ordinary Shares			
Net Asset Value	\$ 50,598,834	\$ 47,764,929	\$ 2,833,905
Shares in issue	149,305,187	168,898,993	19,593,806
Net Asset Value per Share	\$ 0.3389	\$ 0.2828	\$ 0.0561
Share price	\$ 0.3150	\$ 0.2250	\$ 0.0900
Discount to NAV ²	(7.05)%	(20.44)%	13.39%
Total return after performance fee	19.38% ¹	6.32% ¹	13.06%
Ongoing charges	(6.94)%	(1.67)%	(5.27)%
C Shares			
Net Asset Value	\$ 56,177,678	\$ 64,081,442	\$ (7,903,764)
Shares in issue	83,230,467	126,369,585	(43,139,118)
Net Asset Value per Share	\$ 0.6750	\$ 0.5071	\$ 0.1679
Share price	\$ 0.5900	\$ 0.4350	\$ 0.1550
Discount to NAV ²	(12.59)%	(14.22)%	1.63%
Total return after performance fee	33.23% ¹	(1.29)% ¹	34.52%
Ongoing charges	(6.15)%	(1.32)%	(4.83)%

HIGHS AND LOWS

Ordinary Shares	2021		2020	
	High	Low	High	Low
Net Asset Value per Share at month end	\$0.3389	\$0.2821	\$0.2828	\$0.2652
Share price	\$0.3150	\$0.2300	\$0.2300	\$0.1650
Premium / (Discount) to NAV ²	(7.05)%	(18.47)%	(18.67)%	(37.78)%
C Shares				
Net Asset Value per Share at month end	\$0.6750	\$0.5033	\$0.5164	\$0.5071
Share price	\$0.5900	\$0.4800	\$0.4350	\$0.3600
Premium / (Discount) to NAV ²	(12.59)%	(4.63)%	(15.76)%	(29.01)%

NAV TOTAL RETURNS SINCE INCEPTION OF SHARES TO 31 DECEMBER 2021

Ordinary Shares issued on 20 Dec. 2010 to 31 Dec. 2021	(44.33)%
C Shares issued on 20 May 2011 to 31 Dec. 2021	(38.54)% ³
C Shares issued on 16 Dec. 2011 to 31 Dec. 2021	(44.77)% ³
C Shares issued on 2 Nov. 2015 to 31 Dec. 2021	(67.08)% ⁴
C Shares issued on 28 Nov. 2017 to 31 Dec. 2021	(28.65)%

¹ Total return after adjusting opening capital for partial compulsory redemptions

² As recorded at any given month end

³ Total returns since the inception of C Shares issue and includes performance post C Share conversion to Ordinary Shares on 10 August 2012

⁴ Total returns since the inception of C Shares issue and includes performance post C Share conversion to Ordinary Shares on 23 May 2017

BOARD OF DIRECTORS

JAMES KEYES

Chairman and Non-Executive Director

James Keyes is a Bermuda resident and citizen. James attended Oxford University in England as a Rhodes Scholar and graduated with a degree in Politics, Philosophy and Economics (M.A. with Honours) in 1985. He was admitted as a Solicitor in England & Wales in 1991 and as an attorney to the Bermuda Bar in 1993.

He was a Managing Director of Renaissance Capital, an emerging markets investment bank, from 2008 until 2012. Prior to that, he was a partner of Appleby for eleven years. He joined Appleby in 1993 and was team leader of the Funds & Investment Services Team. Before Appleby, he was employed in the Corporate Department of Freshfields law firm, and worked in their London, New York and Hong Kong offices. He became a Notary Public in 1998.

James acts as a Director on a number of investment funds and private companies. He joined the Board of Directors of the Company on 7 December 2010, and was appointed Chairman on 6 April 2017.

MARGARET GADOW

Management Engagement Committee Chairman and Non-Executive Director

Margaret Gadow has over 33 years' experience in portfolio management. She began at Credit Suisse in Geneva before moving to London, where she managed Asian equities for thirteen years, working for Robert Fleming and then Gartmore. Starting in 2003, Ms Gadow served as non-executive Director of an offshore China fund for four years as well as running her own investment management consultancy. From 2007, she was the Schroders UK Equities product manager for five years, and was later appointed to the Board of the Company in 2012. She holds a degree in political science and international relations from the University of Wisconsin-Madison.

ARTHUR JONES

Audit Committee Chairman and Non-Executive Director

Arthur Jones is a Chartered Accountant with 37 years' experience in the financial services industry. He is currently Chief Financial Officer of the Consolidated Group of Companies which provides corporate and accounting services to clients in, amongst others, the insurance and investment fund industries. He has been with the Consolidated Group of Companies since 1987. From 2005 to 2018, Arthur served on the Boards of Directors of a number of Bermuda-incorporated hedge and long-only equity funds managed by Martin Currie Group. He is a Bermuda resident. Arthur joined the Board of the Company on 4 December 2019.

STRATEGIC REPORT

STRATEGY

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

The Board is responsible for the stewardship of the Company, including overall strategy, investment policy, borrowings, dividends, corporate governance procedures and risk management. Biographies of the Directors can be found on page 9.

The management of the investment portfolio is conducted by Markel CATCo Investment Management Ltd. (the "Investment Manager"). The Company is a feeder fund and invests substantially all of its assets in Markel CATCo Diversified Fund (the "Master Fund"), a segregated account of the Master Fund SAC, a segregated accounts company incorporated in Bermuda. The Investment Manager also manages the Master Fund and the Master Fund SAC. A summary of the terms of the investment management agreement is contained in the Directors' Report on page 14.

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 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 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 (after repayment of the Buy-Out Amount, as described below).

Consequently, the Company exercised a special redemption right in respect of 100 per cent of its holding in the Master Fund (the "Master Fund Shares") with effect from 30 June 2019 (the "Special Redemption").

The Investment Manager announced on 25 July 2019 that it would cease accepting new investments in the Master Fund SAC and would not write any new business going forward through the Reinsurer. The Investment Manager has commenced the orderly Run-Off of the Reinsurer's existing portfolio, which is expected to take approximately three years from 1 January 2020. As part of this Run-Off, the Master Fund SAC will return capital to its investors, including the Company (after repayment of the Buy-Out Amount, as described below). The Company distributed the net proceeds of the Special Redemption received during the year ended 31 December 2019 by means of special dividend, tender offer and share buybacks. On 6 April 2020, Shareholders approved the proposals set out in the Shareholder Circular dated 13 March 2020 to permit the Company to return further capital to Shareholders by means of compulsory share redemptions. During the year ended 31 December 2021, the Company returned \$27.2m to Shareholders by means of compulsory share redemptions.

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 on pages 6 and 7 and the Directors' Report on page 13). In order to implement the Buy-Out Transaction, Schemes of Arrangement in Bermuda (the "Schemes") were overwhelmingly approved by the Funds' respective investors at scheme meetings convened by Bermuda court order on 7 March 2022, and sanctioned by the Bermuda court on 11 March 2022. 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 net asset value (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 (the "Buy-Out Amount") after the settlement of reinsurance related claims. 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 offset 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, the proceeds of which were paid to investors via CREST on 11 April 2022.

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.

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 member's 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.

MASTER FUND SAC INVESTMENT POLICY AND INVESTMENT STRATEGY

As noted in the section above, substantially all of the value of the Company's investments were returned to investors on 11 April 2022 in connection with the completion of the Buy-Out Transaction. The Company will receive further returns from the run-off of its investments in the Master Fund only if the amounts released from the underlying investments are more than sufficient to repay the Buy-Out Amount. The investment policy and strategy of the Master Fund, with effect from 25 July 2019, is, as the orderly Run-Off of the Reinsurer's existing portfolio takes place, to return capital to its investors, including the Company (after repayment of the Buy-Out Amount, as described above). The Investment Manager continues to proactively work closely with its reinsurance cedants to agree the release of the

remaining 2017-2019 portfolio's capital. Reinsurance contracts forming part of the 2019 portfolio would be expected to be subject to commutation on or before 31 December 2022, provided there is agreement by then between the parties as to the amount of capital to be released back to the Reinsurer. Where agreement has not been reached by that date, negotiations between the Investment Manager and the reinsurance cedants will take place to secure the release of the remaining 2019 portfolio's capital.

Ultimately, under the reinsurance contracts, there is recourse to arbitration if agreement between the parties cannot be reached, and the timing of any capital releases which are the subject of arbitration could therefore be uncertain.

Prior to 25 July 2019, the Master Fund spread investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event.

REVIEW OF PERFORMANCE

An outline of the performance, market background, investment activity and portfolio during the year under review, as well as the investment outlook, are provided in the Chairman's Statement. Details of the Company's performance during the year under review and since inception are shown on page 8. The distribution of the Company's investments is shown on page 39.

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, liquidity and interest rate risk and the efficient management of the Run-Off process. Such key risks relating to investment underwriting and strategy are managed through investment policy guidelines and restrictions, and by the process of formal oversight at each Board meeting. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting. The emergence of the novel coronavirus ("COVID-19") at the start of January 2020 has not to date had a significant financial impact on the Company, and is not expected to do so in the foreseeable future (please refer to Note 5 to the Financial Statements ("COVID-19 Considerations")). The Board is assured

that the operational activities of the Investment Manager continue to be substantially unaffected by COVID-19 in terms of quality and continuity, 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 above) and the management of costs and expenses, will continue to be managed efficiently. In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous Report. Additionally, emerging risks in the reinsurance market are not relevant to the underlying portfolio that is in Run-Off.

VIABILITY STATEMENT

The Directors have assessed the prospects of the Company over the 20-month period to 31 December 2023 which is deemed to be an appropriate period of time as it is assumed that the portfolio will be substantially run-off during that period.

Since the Special Redemption, the Company's portfolio consists of cash and Master Fund Shares representing side pocket investments holding risk from 2016-2019 (the "Side Pocket Shares"). The portfolios' underlying reinsurance contracts are all expected to be subject to commutation on or before 31 December 2022. The process of returning capital to the Company from the Run-Off of the Master Fund SAC's 2019 portfolio is expected to be completed in the first half of 2023 in the most straightforward scenario, but, as explained above, in relation to particular reinsurance contracts, the timing of such capital returns may be uncertain. In particular, there may be certain reinsurance contracts the release of which might require negotiation between the parties in order to maximise the capital return to shareholders, including the Company (after repayment of the Buy-Out Amount, as described above). In addition to this, the Company has undertaken a review of expenses and has renegotiated terms with certain key service providers in order to reduce costs where possible.

In connection with the Buy-Out Transaction implemented in March 2022, the Company received the benefit of broad releases of claims by investors, as well as the release of indemnities granted under the former Investment Management Agreement.

In their assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed in the section above, and, in particular, the reinsurance risks discussed in the "Master Fund Investment Policy" section above, risks relating to investment portfolio underperformance and failure to maintain discount/premium within a predetermined range. With respect to reinsurance risk, the Directors have taken into account the fact that the risks are fully collateralised and that sufficient funds are held in trust accounts until claims are settled within a period of approximately three years.

Based on the Company's processes for monitoring costs, the share price discount, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, counterparty exposure, liquidity and credit risk, financial controls and the releases received pursuant to the Buy-Out Transaction, the Directors have concluded that they have a reasonable expectation that the Company will be able to continue its operations and meet its liabilities as they fall due over the 20-month period to 31 December 2023.

SOCIALLY RESPONSIBLE INVESTMENT POLICY

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

GENDER REPRESENTATION

At 31 December 2021, there were two male Directors and one female Director on the Board. The Board's policy on diversity is set out on page 18.

By order of the Board of Directors



James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022

DIRECTORS' REPORT

The Board submits its annual report together with the results of the Company for the year ended 31 December 2021.

BUSINESS

The Company is a limited liability closed ended fund, registered and incorporated as an exempted mutual fund company in Bermuda with an indefinite life. The Company's Ordinary Shares and C Shares are admitted to trading on the specialist fund segment of the London Stock Exchange.

The Company is a feeder fund and invests substantially all of its assets in the Master Fund. The Master Fund in turn accesses all of its exposure to fully collateralised Reinsurance Agreements through the Reinsurer. As noted in the Strategic Report on page 10, the Company has elected to redeem 100% of its Master Fund Shares and will distribute the proceeds of any such redemption to shareholders of the applicable class (after payment of any costs and save for any amount required for reserves in respect of anticipated liabilities and for working capital purposes). This includes the proceeds of the Buy-Out Transaction which completed on 28 March 2022, with payments arising from the resultant share redemptions of the Company's Master Fund Shares, and, consequently, the redemptions of the Company's own shares, being made to the Company's shareholders on 11 April 2022 (as described in more detail in the Chairman's Statement on page 7).

RUN-OFF OF PORTFOLIO AND RETURN OF CAPITAL

As noted in the Strategic Report, substantially all of the value of the Company's investments were returned to investors on 11 April 2022 in connection with the completion of the Buy-Out Transaction. The Company will receive further returns from the run-off of its investments in the Master Fund only if the amounts released from the underlying investments are more than sufficient to repay the "Buy-Out Amount" (as described in the Chairman's Statement on pages 6 to 7). The Company intends to distribute further net proceeds of the Special Redemption received by the Company (subject to SPIs) to Ordinary Shareholders or C Shareholders (as appropriate) by means of either dividend, capital distribution or compulsory share redemption. The timing and amount of each distribution will be at the Company's discretion. The Company may delay the distribution until a material amount is available for distribution to avoid the cost and administrative burden of distributing small amounts. The Company intends to make an announcement by means of a Regulatory Information System prior to each

distribution regarding the amount and timing of the distribution.

EMPLOYEES

The Company has no employees; its investments and operational functions are managed by the Investment Manager.

POLICY FOR THE PAYMENT OF CREDITORS

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

RELATED PARTY TRANSACTIONS

The Investment Manager, which was appointed as the Company's Investment Manager on 8 December 2015, is also the investment manager of the Master Fund 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. 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, which include that 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 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 month. In addition, the Investment Manager is 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, 4.24 per cent of the total voting rights of the Ordinary Shares and C Shares issued by the Company.

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

INVESTMENT MANAGER

In monitoring the performance of the Investment Manager, the Board considers the performance of the Company as described on page 11. The Board also reviews the management processes and risk control mechanisms of the Investment Manager.

Late in the fourth quarter of 2018, inquiries were received from the U.S. Department of Justice (DOJ), U.S. Securities and Exchange Commission (SEC) and Bermuda Monetary Authority (BMA) (collectively, “Governmental Authorities”) into loss reserves recorded in late 2017 and early 2018 at Markel CATCo Re (the “Inquiries”). As a result, outside counsel were engaged to conduct an internal review.

The internal review was completed in April 2019 and found no evidence that personnel of the Investment Manager acted in bad faith in exercising business judgment in the setting of reserves and making related disclosures during late 2017 and early 2018. The outside counsel met with the Governmental Authorities and reported the findings from the internal review.

On 27 September 2021, the SEC confirmed that it had concluded its investigation and it does not intend to recommend an enforcement action against the Investment Manager. On 28 September 2021, the DOJ confirmed that it had concluded its investigation and will not take any action against the Investment Manager. Throughout the Inquiries, the BMA has been kept proactively informed of the status of the SEC and DOJ investigations, including the recent conclusion of those investigations. There are currently no pending requests from the BMA, and it has been over a year since the BMA has made contact in relation to the Inquiries.

The Board is keeping and intends to keep the Company’s investment management arrangements under close and regular review.

The Board considers the continuing appointment of the Investment Manager to be in the best interests of the Company’s Shareholders because the Investment Manager has the investment management, marketing and associated secretarial and administrative skills required for the effective operation of the Company during the Run-Off.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (“AIFMD” OR “THE AIFMD DIRECTIVE”)

The AIFM Directive seeks to regulate alternative investment fund managers (“AIFM”) and imposes obligations on managers who manage alternative investment funds (“AIF”) in the UK or EU or who market shares in such funds to UK or EU investors. The Company is categorised as an externally-managed non-EEA AIF for the purposes of the AIFM Directive. The Investment Manager is categorised as the non-EEA AIFM of the Company, as it is responsible for carrying out the risk management and portfolio management for the AIF.

In order to maintain compliance with the AIFMD, the Company needs to comply with various organisational, operational and transparency obligations, including the pre-investment disclosure information required by Article 23 of the AIFM Directive and is available at the Company’s website www.catcoreoppsfund.com. There have been no material changes to this information since it was published.

The Investment Manager has adopted a Remuneration Policy in accordance with the principles established by AIFMD. The Remuneration Policy which provides quantitative details of the remuneration of certain personnel is available upon request to the Investment Manager by UK or EU investors.

GOING CONCERN STATUS

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 one year from the date of this annual report or until such time as the Board considers it appropriate, having taking advice, to place the Company into voluntary liquidation.

Accordingly, the Board continues to adopt the going concern basis in preparing these accounts.

SHARE CAPITAL

The Company’s issued share capital at 1 January 2021 amounted to 149,305,187 Ordinary Shares and 83,230,467 C Shares. As noted in the “Run-off of Portfolio and Return of Capital” section on page 13, during the period 1 January 2021 to 31 December 2021, the Company carried out two compulsory share redemptions in the normal course of returning capital to shareholders, and a further compulsory share redemption in terms of the Buy-Out Transaction, details of which appear in the Chairman’s Statement on pages 6 and 7.

The Company's issued share capital at 31 December 2021 amounted to 149,305,187 Ordinary Shares and 83,230,467 C Shares. As at the date of this Report, the Company's issued share capital amounted to 1,493,131 Ordinary Shares and 832,376 C Shares, this reduction being due to the Buy-Out Transaction, which closed on 28 March 2022 with proceeds being paid to shareholders on 11 April 2022.

Note 8 to the Financial Statements contains further details relating to the Company's share capital

SUBSTANTIAL INTERESTS

At 21 April 2022, the following interests in the issued share capital of the Company have been disclosed in accordance with the requirements of the UK Listing Authority's Disclosure Guidance and Transparency Rules:

Capital	Number of Shares Held*	% of Shares
Weiss Asset Management	660,941	28.42
Almitas Capital	567,717	24.4
abrdrn	218,112	9.38

* Total number of shares includes both Ordinary Share and C Share holdings

DIRECTORS

The Directors who all held office during the year under review, together with their interests, are shown below. James Keyes was appointed Chairman of the Company on 6 April 2017, and Margaret Gadow was appointed Chairman of the Management Engagement Committee on the same date. Arthur Jones was appointed as a non-executive Director and Chairman of the Audit Committee on 4 December 2019. Margaret Gadow will not be standing for re-election as a Director at the Company's AGM, to be held on 1 June 2022, and will retire from the Board with effect from the conclusion of the AGM. No contract or arrangement significant to the Company's business and in which any of the Directors is interested has subsisted during the year.

The interests of the Directors in the Ordinary and C Shares of the Company were as follows:

	As at 31 December 2021		As at 31 December 2020	
	Ordinary Shares	C Shares	Ordinary Shares	C Shares
James Keyes	263,820	26,193	740,000	300,000
Margaret Gadow	37,060	9,516	75,901	50,000
Arthur Jones	-	-	-	-

During the year under review, no Director purchased and/or sold depositary interests in the Ordinary and C Shares of the Company in the market or off-market. However, their share interests have reduced as a result of the compulsory share redemptions which took place during 2021.

As at the date of this Report, since 31 December 2021, the interests of the Directors in the share capital of the Company have reduced by 99% in accordance with the compulsory share redemption carried out under the Buy-Out Transaction which completed on 28 March 2022.

DIRECTORS' REMUNERATION REPORT

The Directors are required to prepare an annual report detailing the remuneration of the Directors and to seek Shareholder approval of its contents. The remuneration report is set out on page 23 of the Annual Report.



James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022

STATEMENT OF CORPORATE GOVERNANCE

The Company is domiciled in Bermuda, which has no corporate governance regime equivalent to the UK Corporate Governance Code published by the Financial Reporting Council (the “Code”). However, since launch, the Company is classified within the Specialist: Reinsurance Sector of the London Stock Exchange.

APPLICATION OF THE PRINCIPLES OF THE CODES

The Company has complied with the Code, except those relating to:

- **Nomination Committee:** the Board as a whole carries out the function of the Nomination Committee. The Board consists of three independent non-executive Directors (reducing to two following the 2022 AGM). As the Company is currently in the process of running off its portfolios and distributing the proceeds of the Special Redemption to Shareholders, the Board does not anticipate an increase in the number of Directors in the foreseeable future. In view of the above factors, the Board considers it appropriate from a governance perspective to have all independent non-executive Directors serve on the Nomination Committee.
- **Remuneration Committee:** the comments made above relating to the composition of the Nomination Committee also apply to the composition of the Remuneration Committee. The Board have committed to reducing the Company’s expenses, and so have agreed to a reduction in Directors’ fees, as further explained in the Remuneration Report on page 23, during the process of running off the Company’s portfolios. The Board’s practice is that any Director whose remuneration is the subject of a Board discussion absents themselves from that discussion.
- **The need for an internal audit function:** The Board has reviewed the need for an internal audit function, and has decided that the systems and procedures employed by the Investment Manager and Markel Corporation, which holds the entire share capital of the Investment Manager, provide sufficient assurance that a sound system of internal control, which safeguards Shareholders’ investment and the Company’s assets, is maintained. An internal audit function is therefore considered unnecessary.

The Board is committed to high standards of corporate governance and have put in place a framework for corporate governance, which they believe is appropriate for the Company.

THE BOARD

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

These matters include:

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

The Board currently consists of three non-executive Directors. The names and biographies of those Directors appear on page 9 and show the range of their investment, industrial, commercial and professional experience.

The Board has assessed the independence of the Directors against the criteria set out in the Code, and has concluded that they are all independent of the Investment Manager and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct. The Chairman, James Keyes, has now served on the Board for more than nine years, and was considered to be independent on his appointment. The Board recognises that, although serving on the Board for more than nine years could be relevant to the determination of a non-executive Director's independence, an individual's independence cannot be determined arbitrarily on the basis of a set period of time. The Board considers that James' continued tenure brings considerable stability to the Board, particularly during the Run-Off of the Company's portfolios, and the Board has benefited greatly from his presence as he has, over time, gained valuable insight into the business of the Investment Manager and its markets. The Board is, therefore, satisfied that James continues to have the appropriate independence to remain in this role.

The respective re-elections of James Keyes and Arthur Jones were considered and approved by the Board as a whole acting as the Nomination Committee (each of the Directors concerned having absented himself or herself from the relevant discussion). Margaret Gadow will retire from the Board at the AGM to be held on 1 June 2022, and it is not intended to appoint a successor.

The continuing independent and objective judgment of each Director was confirmed in the annual Board performance and evaluation process. The Board evaluation process also confirmed that the performance of the Director standing for election or re-election, as the case may be, continued to be effective and that he/she continued to demonstrate commitment in his/her role. Throughout 2021, Directors have demonstrated flexibility and commitment in attending numerous Board and Committee meetings at short notice.

DIRECTORS' ATTENDANCE AT MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2021

In view of the ongoing international travel restrictions arising from the emergence of COVID-19 in 2020, it was not always possible to hold the same number of formal Board and Committee meetings, or for all Directors to attend, as in prior years. For this reason, Directors attended a higher number of videoconference meetings with the Investment Manager, in order to be kept up to date with developments and to monitor the Investment Manager's activities.

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

Director	Scheduled Board Meetings Attended¹	Special Purpose Committee/Board	Audit Committee Meetings Attended
J Keyes	2/2	1/1	1/1
M Gadow	1/2	0/1	0/1
A Jones	2/2	1/1	1/1

1. The business of the Management Engagement Committee was dealt with at a Board meeting held during the year which considered, inter alia, the annual financial results to 31 December 2020. This meeting is included in the meetings referred to in the first column of this table.

In addition to the above, the Directors meet privately at least once per year without the Investment Manager being present. The primary focus at regular Board meetings is the review of investment performance and associated matters, including gearing, asset allocation, marketing and investor relations, peer group information and industry issues. Between meetings, the Board maintains regular contact with the Investment Manager. This includes discussions with the Investment Manager, reviews of specific areas of interest and on-site visits. Arthur Jones, who was Chairman of the Audit Committee throughout the financial year ended 31 December 2021, held regular discussions throughout the year with members of the Investment Manager's management team, in particular, from Finance and Compliance, as well as the external auditor.

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

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

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

When a Director is appointed, an induction process is arranged by the Investment Manager. This involves an induction meeting which covers details about the Company, its Investment Manager, legal responsibilities and the investment sector within which the Company operates.

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise.

The Board has a formal process for the consideration and authorisation by the Board, at each Board meeting, of any Directors' reported actual and potential conflicts of interest.

The Board and its Committees have undertaken their annual performance evaluation, using discussion, to ensure that all its members have devoted sufficient time and contributed adequately to the work of the Board and the Committees, and to consider each Director's independence. The Chairman has also been evaluated by his fellow Directors. The Board considers that none of his other commitments (set out on page 17 of this Report) interfere with the discharge of his responsibilities to the Company, and is satisfied that he makes sufficient time available to serve the Company effectively. There have been no significant changes to the Chairman's other commitments during the period since his appointment.

APPOINTMENT OF SERVICE PROVIDERS

The Board has appointed third parties, including the Investment Manager and others, to provide certain services, including: the management of the investment portfolio; the registration and depository services; and the day-to-day accounting and administration functions. Each of these contracts

was entered into after full and proper consideration by the Board of the quality and cost of services offered, in so far as they relate to the affairs of the Company. The Board receives and considers reports from the Investment Manager on a regular basis. In addition, ad hoc reports and information are supplied to the Board as requested.

COMMITTEES

Nomination Committee

No Nomination Committee has been established. The Board considers its size to be such that it would be unnecessarily burdensome to establish a separate nomination committee. As the Board consists entirely of independent Directors, the function of a nomination committee is therefore carried out by the Board as a whole.

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

Audit Committee

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

The main activities of the Committee during the year included:

- the review of the effectiveness of the internal control environment of the Company – to assist with this the Committee received reports from the Investment Manager and external auditor on a regular basis;
- the review of the interim and annual Financial Reports before approval by the Board, focusing on compliance with accounting principles and policies, changes in accounting practice and major matters of judgment;
- the review of the terms of appointment of the auditor together with their remuneration, as well as the non-audit services provided by the auditor; and
- the review of the scope and the results of the audit, its cost effectiveness and the independence and objectivity of the auditor, with particular regard to non-audit fees.

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

- valuation of investments - the Company's accounting policy for valuation of investments is set out in Note 1 on pages 32 to 33. The Committee reviewed and questioned the valuation prepared by management taking into account the latest available information on the underlying business written by the Reinsurer and discussed with the auditor, the results of their audit of the businesses and their review of the valuation of investments. The Committee also had due regard for, and discussed the amount of, insurance-linked instruments classified as side pockets. The Committee satisfied itself that the valuation of investments at the period end was appropriate, included an appropriate margin for risk, had been properly prepared and had been applied on a consistent basis; and
- presentation and disclosure in the Annual Report - the Committee reviewed and considered the presentation of narrative and financial information in the Annual Report against the requirements of the UK Code and the UK company law's provisions for a Strategic Report and Remuneration Report, which have been adopted on a voluntary basis and, in relation to the Financial Statements, the framework of applicable accounting standards. The Committee reviewed and discussed reports from the Investment Manager and the auditor and satisfied itself that the presentation and disclosure in the annual report is appropriate, fair balanced and understandable, and that

the key areas of risk and judgement have been appropriately addressed in the Financial Statements and that significant assumptions have been properly appraised and are appropriately robust.

Auditor

The external auditor, KPMG Audit Limited, who have acted as the Company's auditor since 2013, attend at least one meeting of the Audit Committee annually, and meet at least annually with the Audit Committee in the absence of the Investment Manager. The Audit Committee discusses and agrees the scope of the audit plan for the full year and the auditor's report on their findings at the conclusion of the audit. Audit fees of \$36,000 (2020: \$78,324) were incurred for the year. The audit of the Company was last put out to tender in 2013.

The Committee considers KPMG Audit Limited to be independent of the Company. Fees of \$nil (2020: \$nil) for non-audit services were paid to KPMG Audit Limited during the year.

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

Management Engagement Committee

A Management Engagement Committee has been established, comprising the full Board. The Chairman of the Committee is Margaret Gadov. The Committee usually meets once annually in order to review matters concerning the management agreements which exist with the Investment Manager and CATCo Investment Management Ltd. In relation to the year under review, the business of the Management Engagement Committee was dealt with at a Board meeting which considered, inter alia, the annual financial results to 31 December 2021.

MANAGEMENT FEE

The Master Fund will pay monthly in arrears to the Investment Manager a management fee (the "Management Fee") equal to 1/12 of 1.5 per cent of

the net asset value of the Company's Master Fund Shares as of the last calendar day of each calendar month as such net asset value is calculated prior to any accrual for or payment of any Management Fee or Performance Fee.

As noted in the Directors' Report, a partial waiver of 50.00% (one-half) (2020: 50.00% (one-half)) of the management fee has, for the year ended 31 December 2021, been, and is currently being, applied to the management fee which the Company indirectly pays to the Investment Manager in respect of side pocket investments in the Master Fund. The continuing reduction resulting from the waiver is expected to have effect for the foreseeable future.

PERFORMANCE FEE

The Master Fund will pay a fee to the Investment Manager in respect of the Company's Master Fund Shares based on performance (the "Performance Fee") at the end of each calendar year and upon redemptions, dividends and the winding up of the Master Fund (each, a "Performance Period") equal to 10 per cent of any New Net Income attributable to the Company's Master Fund Shares (after reduction for the pro rata share of Management Fees, organisational expenses, transactional and other expenses allocable to the Company's Master Fund Shares), provided that no Performance Fee will be payable in a Performance Period unless the Performance Trigger has been reached. The Performance Fee is applied on a "high water mark" basis such that in the event that the Company's Master Fund Shares suffer a net loss in a particular Performance Period, no Performance Fee will be paid with respect to such Performance Period or any subsequent Performance Period, until such net loss is first recovered (taking into account interim Redemptions, if any). No Performance Fee was payable in relation to the period under review.

REMUNERATION COMMITTEE AND DIRECTORS' REMUNERATION

The Board, as a whole, performs the function of a Remuneration Committee.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on page 23.

DIRECTORS' TERMS OF APPOINTMENT

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

POLICY ON TENURE

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

ACCOUNTABILITY AND AUDIT

The Directors' Statement of Responsibilities in respect of the Financial Statements is on page 22 and the Statement of Going Concern is included in the Directors' Report, on page 14. The Independent Auditor's Report is on pages 24 and 25.

COMMUNICATION WITH SHAREHOLDERS

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

The Notice of Annual General Meeting on page 43 sets out the business of the meeting and the resolutions. Separate resolutions are proposed for each substantive issue.

The Board is conscious that the Annual General Meeting is an event at which all Shareholders are encouraged to attend and participate. All Shareholders have the opportunity to put questions at the Annual General Meeting. The number of proxy votes is relayed to Shareholders at the Annual General Meeting after each resolution has been dealt with on a show of hands, and details are available on request.

The Company's reports and other publications can be downloaded from www.catcoreoppsfund.com. Shareholders who wish to communicate directly with the Board may do so by writing to the Board care of the Investment Manager's offices at: 2 Front Street, Hamilton HM11, Bermuda, or by contacting the Company's Securities Brokers, Numis Securities Limited, whose contact details appear on page 46.

The Company, through its brokers and the Investment Manager, has had regular contact with Shareholders throughout the year under review.

INTERNAL CONTROL

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

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

The Directors have delegated the investment management of the Company's assets to the Investment Manager within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. The Board has reserved areas of decision-making to itself as set out in the section "The Board"

above. The Board has responsibility for, and direct involvement in, the content of communications regarding major corporate issues.

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

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

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers; and
- at its Board meetings, the Board carries out an assessment of internal controls by considering documentation, including risk and compliance reports, from the Investment Manager, taking account of events since the relevant period end. The internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business goals and, by their nature, can provide reasonable, but not absolute, assurance against material misstatement or loss.



James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies Act 1981 of Bermuda, as amended, requires the Board to prepare financial statements for each financial year.

Under those laws, the Board has elected to prepare the financial statements in accordance with US Generally Accepted Accounting Principles ("US GAAP"). The financial statements are required by the Bermuda Companies Act 1981 to present fairly in all material respects the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping proper accounting records that are sufficient to disclose the Company's transactions and that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Bermuda Companies Act. The Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

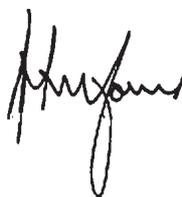
The Board considers that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The financial statements will be published on www.catcoreoppsfund.com, which is maintained by the Investment Manager, Markel CATCo Investment Management Ltd. The maintenance and integrity of the website maintained by the Investment Manager is, so far as it relates to the Company, the responsibility of the Investment Manager.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Guidance, and to the best of their knowledge, each Director confirms that the financial statements have been prepared in accordance with the applicable set of accounting standards and present fairly the assets, liabilities, financial position and profit or loss of the Company.

Furthermore, each Director confirms that, to the best of his or her knowledge, the management report (which consists of the Chairman's Report, the Strategic Report and the Directors' Report) includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.



Arthur Jones
Chairman of the Audit Committee

27 April 2022

DIRECTORS' REMUNERATION REPORT

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

DIRECTORS' EMOLUMENTS FOR THE YEAR

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

	For the year ended 31 December 2021 (USD)	For the year ended 31 December 2020 (USD)
Chairman James Keyes	80,000	80,000
Chairman of Audit Committee Arthur Jones	65,000	65,000
Chairman of Management Engagement Committee: Margaret Gadow	60,000	60,000

POLICY ON DIRECTORS' FEES

The Board as a whole performs the function of a Remuneration Committee.

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

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

It is intended that this policy will continue for the year ending 31 December 2022 and subsequent years. The fees for the Non-executive Directors are determined within the limits set out in the Company's Bye-Laws.

The Company's Bye-Laws currently limit the aggregate fees payable to the Board of Directors to a total of \$300,000 per annum.

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

The Board as a whole carried out a review of the level of Directors' fees during the year and decided that they should be reduced by 40% effective 1 May 2022. Accordingly, Directors' annual fees from 1 May 2022 will be: Chairman: \$48,000; Chairman of the Audit Committee: \$39,000; and Chairman of the Management Engagement Committee: \$36,000. Margaret Gadow will retire on 1 June 2022 and it is not intended to appoint a successor.

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

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

DIRECTORS' SERVICE CONTRACTS

Directors do not have a service contract but are provided with letters of appointment. The Board have adopted a policy that no Director may serve for three years without retiring and standing for re-appointment, but that, generally, all Directors will stand for annual re-appointment. At each annual general meeting of the Company, therefore, all of the Directors retire and are eligible for re-appointment. If not re-appointed at such meeting, a retiring Director retains office until the meeting appoints someone in his or her place, or if it does not do so, until the dissolution of such meeting. There is no notice period and no provision for compensation upon early termination of appointment.

APPROVAL

The Directors' remuneration report was approved by the Board on 27 April 2022 and signed on its behalf by



James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022



KPMG Audit Limited
Crown House
4 Par-la-Ville Road
Hamilton
HM 08
Bermuda

Telephone +1 441 295 5063
Fax +1 441 295 9132
Internet www.kpmg.bm

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of CATCo Reinsurance Opportunities Fund Ltd.

Opinion

We have audited the financial statements of CATCo Reinsurance Opportunities Fund Ltd. (the "Company"), which comprise the statements of assets and liabilities as of 31 December 2021 and 2020, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional scepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Other information in the Annual Report

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The other information in the Annual Report from pages 1 - 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
27 April 2022

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

31 Dec. 2021

31 Dec. 2020

	\$	\$
Assets		
Investments in Markel CATCo Reinsurance Fund - Markel CATCo Diversified Fund, at fair value (Notes 2 and 6)	101,307,151	97,370,089
Cash and cash equivalents (Note 3)	5,606,161	4,268,386
Due from Markel CATCo Reinsurance Fund - Markel CATCo Diversified Fund (Note 10)	-	10,696,244
Other assets	59,963	53,369
Total assets	106,973,275	112,388,088
Liabilities		
Management fee payable	3,420	9,053
Accrued expenses and other liabilities	193,343	532,664
Total liabilities	196,763	541,717
Net assets	106,776,512	111,846,371
NAV per Share (Note 8)		

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)

Year ended
31 Dec. 2021Year ended
31 Dec. 2020

	\$	\$
Net investment loss allocated from Master Fund		
Interest income	1,074	436,586
Management fee waived (Note 10)	684,764	1,516,824
Management fee (Note 10)	(1,369,528)	(3,033,648)
Administrative fee (Note 11)	(112,234)	(181,302)
Professional fees and other	(116,558)	(150,707)
Schemes of arrangement cost (Note 14)	(4,437,070)	-
Net investment loss allocated from Master Fund	(5,349,552)	(1,412,247)
Investment income		
Interest	657	53,416
Total investment income	657	53,416
Company expenses		
Management fee waived (Note 10)	56,526	224,034
Professional fees and other	(659,723)	(1,415,303)
Management fee (Note 10)	(113,052)	(448,068)
Administrative fee (Note 11)	(75,000)	(75,000)
Schemes of arrangement cost (Note 14)	(229,415)	-
Total Company expenses	(1,020,664)	(1,714,337)
Net investment loss	(6,369,559)	(3,073,168)
Net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Fund		
Net realised loss on securities	(63,096,478)	(169,722,417)
Net change in unrealised loss on securities	91,596,068	174,126,929
Net gain on securities allocated from Master Fund	28,499,590	4,404,512
Net increase in net assets resulting from operations	22,130,031	1,331,344

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)

	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
	\$	\$
Operations		
Net investment loss	(6,369,559)	(3,073,168)
Net realised loss on securities allocated from Master Fund	(63,096,478)	(169,722,417)
Net change in unrealised loss on securities allocated from Master Fund	91,596,068	174,126,929
Net increase In net assets resulting from operations	22,130,031	1,331,344
Capital share transactions		
Repurchase of Class Ordinary Shares (Note 8)	(5,399,961)	(36,433,899)
Repurchase of Class C Shares (Note 8)	(21,799,929)	(159,929,806)
Net decrease in net assets resulting from capital share transactions	(27,199,890)	(196,363,705)
Net decrease in net assets	(5,069,859)	(195,032,361)
Net assets, at 1 January	111,846,371	306,878,732
Net assets, at 31 December	106,776,512	111,846,371

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)

Year ended
31 Dec. 2021Year ended
31 Dec. 2020

	\$	\$
Cash flows from operating activities		
Net increase in net assets resulting from operations	22,130,031	1,331,344
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment loss, net realised loss and net change in unrealised gain/(loss) on securities allocated from Master Fund	(23,150,038)	(2,992,265)
Sale of investment in Master Fund	19,212,976	188,262,647
Changes in operating assets and liabilities:		
Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	10,696,244	11,428,695
Other assets	(6,594)	24,415
Management fee payable	(5,633)	4,316
Accrued expenses and other liabilities	(339,321)	(61,780)
Net cash provided by operating activities	28,537,665	197,997,372
Cash flows from financing activities		
Repurchase of Class Ordinary Shares	(5,399,961)	(36,433,899)
Repurchase of Class C Shares	(21,799,929)	(159,929,806)
Net cash used in financing activities	(27,199,890)	(196,363,705)
Net increase in cash and cash equivalents	1,337,775	1,633,667
Cash and cash equivalents, at 1 January	4,268,386	2,634,719
Cash and cash equivalents, at 31 December	5,606,161	4,268,386

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2021

(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 “Private Fund”), 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 31 December 2021, the Company’s ownership is 16.35 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 first half of 2023. 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 on pages 6 and 7 and the Directors’ Report on page 13). To support the implementation of the Buy-Out Transaction through the Schemes of Arrangement in Bermuda (the “Schemes”), each of the Company, the Private Fund, 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 Private Fund 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. The affiliates of Markel Corporation financing the Buy-Out Transaction expect to receive a return of all the Buy-Out Amount by the end of the Run-Off periods.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

On 3 February 2022, the Manager, the Private Fund 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 Manager in the US (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 Private Fund shares in full and final satisfaction of their interests in the Private Fund 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 US 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 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 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, the proceeds of which 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.

The Investment Management 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 access 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 audited Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("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").

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

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 that are expected to be settled on or around 31 December 2022, and (ii) the Investment Manager and the Board have reviewed the Company's cash forecast for 18 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 year ended 31 December 2021.

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 11, 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.

Fair Value - Definition and Hierarchy (Master Fund)

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Investment Manager uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs are to be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Investment Manager. Unobservable inputs reflect the assumptions of the Investment Manager in conjunction with the Board of Directors of the Master Fund (the "Board of the Master Fund") about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorised into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Master Fund has the ability to access. Valuation adjustments are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realised due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Investment Manager in determining fair value is greatest for investments categorised in Level 3 of the fair value hierarchy. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Master Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Master Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

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

The value of preference shares issued by the Reinsurers and subscribed for by the Master Funds and held with respect to a reinsurance agreement will equal:

- i. the amount of capital invested in such preference shares; plus
- ii. the amount of net earned premium (as described below) that has been earned period-to-date for such contract; plus
- iii. the amount of the investment earnings earned to date on both the capital invested in such preference shares and the associated reinsurance premiums in respect of such contract; minus
- iv. the amount of any loss estimates associated with potential claims triggering covered events (see "Estimates" below); minus
- v. the amount of any risk margin considered necessary to reflect uncertainty and to compensate a market participant for bearing the uncertainty of cash flows in an exit of the reinsurance transaction.

As a result of the Reinsurer conducting reinsurance activities, it incurs expenses. The Reinsurer established a separate preference share (the "Expense Cell") to allocate these expenses to the Master Fund. To the extent that the inputs into the valuation of preference shares are unobservable, the preference shares would be classified as Level 3 within the fair value hierarchy.

Reinsurance Protections

The Reinsurer also issues preference shares in relation to reinsurance protections purchased specifically to meet the desired level of risk as set out in the Master Fund's investment strategy ("Reinsurance Protections"). The Master Fund subscribes for Protections on behalf of itself and the Feeder Fund. The underlying premiums are amortised over the duration of the contracts.

As of 31 December 2021 and 2020, the Master Fund has no remaining reinsurance protections.

Derivative Financial Instruments

The Master Fund invests in derivative financial instruments such as industry loss warranties ("ILWs"), which are recorded at fair value as at the reporting date. The Master Fund generally records a realised gain or loss on the expiration, termination or settlement of a derivative financial instrument. Changes in the fair value of derivative financial instruments are recorded as net change in unrealised gain or loss on derivative financial instruments in the Statement of Operations in the year.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Master Fund would receive or pay to terminate the contract at the reporting date.

These derivative financial instruments used by the Master Fund are fair valued similar to preference shares held with respect to reinsurance agreements, unless otherwise unavailable, except that following a Covered Event (as defined below), loss information from the index provider on the trade will be used.

As of 31 December 2021 and 2020, the Master Fund held no ILW contracts.

Investment in Securities issued by the Reinsurer and subscribed to by the Master FundEarned Premiums

Premiums are considered earned with respect to computing the Master Fund's net asset value in direct proportion to the percentage of the risk that is deemed to have expired year-to-date. Generally, all premiums, net of acquisition costs, are earned uniformly over each month of the risk period. However, for certain risks, there is a clearly demonstrable seasonality associated with these risks. Accordingly, seasonality factors are utilised for the recognition of certain instruments, including preference shares relating to reinsurance agreements, ILWs and risk transfer derivative agreements, where applicable. Prior to the investment in any seasonal contract, the Investment Manager is required to produce a schedule of seasonality factors, which will govern the income recognition and related fair value price for such seasonal contract in the absence of a covered event. The Investment Manager may rely on catastrophe modeling software, historical catastrophe loss information or other information sources it deems reliable to produce the seasonality factors for each seasonal contract. As a result of the Run-Off of the Company's existing portfolio, as discussed in Note 1, no new premiums were written in 2021 and 2020.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

Estimates

The Investment Manager provides monthly loss estimates of all incurred loss events (“Covered Events”) potentially affecting investments relating to a retrocessional reinsurance agreement of the Reinsurer to the Administrator for review. As the Reinsurer’s reinsurance agreements are fully collateralised, any loss estimates above the contractual thresholds as contained in the reinsurance agreements will require capital to be held in a continuing reinsurance trust account with respect to the maximum contract exposure with respect to the applicable Covered Event.

“Fair Value” Pricing used by the Master Fund

Any investment that cannot be reliably valued using the principles set forth above (a “Fair Value Instrument”) is marked at its fair value, based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with the Administrator, as defined in Note 10, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm’s length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

The process used to estimate a fair value for an investment may include a single technique or, where appropriate, multiple valuation techniques, and may include (without limitation and in the discretion of the Investment Manager, or in the discretion of the Administrator subject to review by the Investment Manager where practicable) the consideration of one or more of the following factors (to the extent relevant): the cost of the investment to the Master Funds, a review of comparable sales (if any), a discounted cash flow analysis, an analysis of cash flow multiples, a review of third-party appraisals, other material developments in the investment (even if subsequent to the valuation date), and other factors.

For each Fair Value Instrument, the Investment Manager and/or the Administrator, may as practicable, endeavor to obtain quotes from broker-dealers that are market makers in the related asset class, counterparties, the Master Fund’s prime brokers or lending agents and/or pricing services. The Investment Manager, may, but will not be required to, input pricing information into models (including models that are developed by the Investment Manager or by third parties) to determine whether the quotations accurately reflect fair value.

From time to time, the Investment Manager may change its fair valuation technique as applied to any investment if the change would result in an estimate that the Investment Manager in good faith believes is more representative of fair value under the circumstances.

The determination of fair value is inherently subjective in nature, and the Investment Manager has a conflict of interest in determining fair value in light of the fact that the valuation determination may affect the amount of the Investment Manager’s management and performance fee. This risk of conflict of interest is mitigated through the rigorous quarterly loss reserving process, which includes a review of the loss reserves by Markel Corporation’s executives.

At any given time, a substantial portion of the Master Fund’s portfolio positions may be valued by the Investment Manager using the fair value pricing policies. Prices assigned to portfolio positions by the Administrator or the Investment Manager may not necessarily conform to the prices assigned to the same financial instruments if held by other accounts or by affiliates of the Investment Manager.

Side Pocket Investments

The Board of the Master Fund, in consultation with the Investment Manager, may classify certain Insurance-Linked Instruments as Side Pocket Investments in which only investors who are shareholders at the time of such classification can participate (“Side Pocket Investments”). This typically will happen if a Covered Event has recently occurred or seems likely to occur under an Insurance-Linked Instrument, because determining the fair value of losses once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. When a Side Pocket Investment is established, the Master Fund converts a corresponding portion of each investor’s Ordinary Shares into Side Pocket Shares (Note 7).

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 monthly basis. In addition, the Company incurs and accrues its own income and expenses.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

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 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 31 December 2021. 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 years ended 31 December 2021 and 2020.

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 years ended 31 December 2021 and 2020.

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.

1. Nature of Operations and Summary of Significant Accounting Policies Cont'd

Other MattersMarkel CATCo Governmental Inquiries

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) are conducting inquiries into loss reserves recorded in late 2017 and early 2018 at our Markel CATCo. Those reserves are held at Markel CATCo Re Ltd., an unconsolidated subsidiary of Markel CATCo Investment Management ("MCIM"). The Markel CATCo Inquiries are limited to MCIM and its subsidiaries (together, Markel CATCo) and do not involve other Markel Corporation 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 judgment in the setting of reserves and making related disclosures during late 2017 and early 2018. Markel Corporation's outside counsel has met with the Governmental Authorities and reported the findings from the internal review.

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

California Bankruptcy Court and the PG&E Settlement (at 19 April 2022)

The Investment Manager closely monitored the procedural developments in the California Bankruptcy Court with the assistance of external counsel. The information contained in this section is a summary of publicly available information and further detailed information regarding the PG&E chapter 11 case can be found on <https://restructuring.primeclerk.com/pge/>.

As reported earlier, effective 1 July 2020, the California Bankruptcy Court formally approved the PG&E reorganization plan. Part of that plan included an \$11 billion settlement with the Ad Hoc Subrogation Group (originally, primary insurers only, now primary insurers and hedge funds that bought subrogation rights from primary insurers).

It was estimated that the \$11 billion plan represents a 55% recovery on an aggregate basis to those primary insurers, such distributions are subject to a confidential allocation formula based upon the applicable fire (defined as claims relating to the 2017 North fires and 2018 Camp fire). Thus not all 2017 and 2018 California Wildfire losses are in scope for PG&E subrogation proceeds.

There remains uncertainty with regards to the allocation of recoveries across the insurance sector. Many primary insurers sold their claims during the course of the chapter 11 proceeding at what may have been at discounted rates, which would have ultimately decreased the amount available to reinsurers.

Contractually, any reduction due to subrogation in ground up loss (or recovery) to the original Insurance companies flows through to the reinsurance placements. Any potential recoveries are based on the reduction in loss to treaty reinsurance and retrocessional reinsurance programs and are also based on the level of each applicable layer - the order of recovery flows from the top down. For companies that have sold their subrogation rights, any reduction in cedant reported loss would have been computed already by the flow of any sale price, and the likelihood of any additional recovery flowing through to Markel CATCo as a result of the \$11 billion payment is improbable.

As at 31 December 2021, the Manager believes that any subrogation benefitting Markel CATCo has been substantially realised through reductions in updated cedant loss reports, therefore the benefits of such subrogation are reflected in the Company's investments in the underlying participating shares of the Reinsurer.

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

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2021.

Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value
Class P		3,332	Class DR		4,391
Class Z		4	Class DS		25,857
Class BY		189,729	Class DZ		2,481,453
Class BZ		6	Class EB		827,397
Class CB		9,468,390	Class ED		1,464
Class CD		1,049,768	Class EG		210
Class CE		2,112,789	Class EI		430
Class CI		32	Class EK		2,646,721

2. Schedule of the Company's Share of the Investments Held in the Master Funds and Fair Value Measurements Cont'd

Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value
Class CL		2,893,982	Class EL		1,299
Class CM		1,548,225	Class EM		198,735
Class CQ		2,679,089	Class EQ		1,145
Class CT		2,032,338	Class ER		1,036
Class CW		743,309	Class EX		178
Class DC		2,822,531	Class EY		190,901
Class DE		5,572	Class FA		2,487,081
Class DF		8	Class FB		1,658,063
Class DG		829	Class FC		1,431
Class DH		31	Class FD		2,099
Class DI		21	Class FE		1,598,531
Class DK		15	Class FG		1,195
Class DL		795	Class FN		420,877
Class DN		993	Class FO		213,371
Class DO		2,588	Class FQ		672,968
Class DQ		167	Expense Cell		104,161
Total Investments in Markel CATCo Re Ltd. Preference Shares				\$	39,095,537

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2020.

Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value	Preference Shares - Investments in Markel CATCo Re Ltd.	\$	Fair Value
Class D		874,235	Class DP		885,163
Class P		3,021	Class DQ		64
Class S		3,615,936	Class DR		1,055,090
Class U		582,149	Class DS		39,464
Class Z		701,779	Class DT		1,349,569
Class BB		17,027	Class DY		645
Class BQ		1,549,134	Class DZ		1,662,082
Class BR		1,187,890	Class EA		2,438
Class BX		158,696	Class EB		890,698
Class BY		214,491	Class EC		183
Class BZ		6	Class ED		62,865
Class CA		382	Class EG		652,377
Class CB		7,864,225	Class EH		434,859
Class CC		1,958,820	Class EI		92,246
Class CD		1,024,262	Class EK		435,207
Class CE		1,921,558	Class EL		435,624
Class CF		330,869	Class EM		1,463,651
Class CI		1,898,899	Class EQ		522,647
Class CJ		2,052,077	Class ER		2,181,660
Class CK		209,579	Class ET		878,608
Class CL		2,770,841	Class EU		8,895,840
Class CM		580,856	Class EX		132
Class CQ		3,312,584	Class EY		339,857
Class CS		800,937	Class FA		3,075,054
Class CT		1,176,096	Class FB		2,050,036
Class CW		971,363	Class FC		930
Class CX		37,565	Class FD		1,384,229
Class DB		952	Class FE		3,951,449
Class DC		2,738,401	Class FG		1,828,845
Class DE		5,786,124	Class FH		517,507
Class DF		429,726	Class FI		199,767
Class DG		517	Class FJ		14,508
Class DH		31	Class FK		104
Class DI		20	Class FL		8,293,724
Class DK		581	Class FM		2,780,991
Class DL		356	Class FN		367,462
Class DM		694	Class FO		565,295
Class DN		59,339	Class FQ		1,293,084
Class DO		2,127,799	Expense Cell		156,026
Total Investments in Markel CATCo Re Ltd. Preference Shares				\$	95,719,797

2. Schedule of the Company's Share of the Investments Held in the Master Funds and Fair Value Measurements Cont'd

As at 31 December 2021, the Company's proportionate share of the Master Fund's cash and cash equivalents was \$1,169,848 (2020: \$5,440,338).

As at 31 December 2021, 100.00 per cent of total investments held by the Master Fund were classified as Side Pocket Investments (31 December 2020: 100.00 per cent).

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient are not required to be classified within the fair value hierarchy. As the Company's investments as at 31 December 2021 comprised solely of investments in another investment company, the Master Fund, which are valued using the net asset value per share (or its equivalent) practical expedient, no fair value hierarchy has been disclosed.

The Company considers all short-term investments with daily liquidity as cash equivalents and are classified as Level 1 within the fair value hierarchy.

As at 31 December 2021 and 2020, The Master Fund's investment in securities are classified as Level 3 within the fair value hierarchy. The table below summarises information about the significant unobservable inputs used in determining the fair value of the Master Fund's Level 3 assets:

Type of Investment	Valuation Technique	Unobservable Input	Range
Preference Shares	Premium earned	Straight line for uniform perils	12 months
		Seasonality adjusted for non-uniform perils	5 to 6 months
	Loss reserves	Loss reserves*	0 to contractual limit
	Risk margin	Risk margin	0% to 30%

* Based on underlying cedant loss notifications with management judgement applied as deemed appropriate

Master Fund's Other Assets and Liabilities

As at 31 December 2021, the Company's proportionate share in the Master Fund's other net assets amounted to approximately \$61,840,690 (2020 net assets: \$61,209) and is included in 'Investments in Markel CATCo Reinsurance Fund - Markel CATCo Diversified Fund' on the Statement of Assets and Liabilities. This includes amounts due to other segregated accounts of the Master Fund SAC, and other accrued expenses (net of other assets and due from the Reinsurer).

3. 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 31 December 2021, 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.

4. CONCENTRATION OF REINSURANCE RISK

The principal exposure of the Fund's portfolio is primarily through its investment in the Reinsurer as the performance of the Fund is directly affected by the performance of the Reinsurer and its underlying reinsurance contracts. For the year ended 31 December 2021, the Reinsurer's unsettled contracts provided reinsurance property protection against natural catastrophe perils for financial years 2016, 2017, 2018 and 2019. Geographically, these contracts cover locations including, but not limited to, the US (49.00 per cent; 2020:70.00 per cent), Japan (41.00 per cent; 2020: 25.00 per cent) and the rest of the world (10.0 per cent; 2020: 5.00 per cent). Prior year comparatives have been reclassified to conform with the current year presentation.

5. COVID-19 CONSIDERATIONS

As at 31 December 2021, the Board and the Investment Manager have concluded that the recent outbreak of the novel Coronavirus ("COVID-19") at the start of January 2020 did not have a significant financial impact on the Company's going concern assessment. There was minimal disruption in operational activities. The fluidity of COVID-19 precludes any prediction to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown.

The Investment Manager is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

6. INVESTMENTS IN MASTER FUND, AT FAIR VALUE

The net investment loss allocated from the Master Fund, and the net realised loss and net change in unrealised loss on securities allocated from Master Fund in the Statements of Operations consisted of the results from the Company's Investments in the Master Fund. Net realised loss on securities includes gross realised gain on securities of \$15,332,410 (2020: \$25,435,700) and gross realised loss on securities of \$78,428,888 (2020: \$195,158,117). Net change in unrealised loss on securities includes gross change in unrealised gain on securities of \$104,247,330 (2020: \$217,026,799) and gross change in unrealised loss on securities of \$12,651,262 (2020: \$42,899,870).

		31 Dec. 2021		31 Dec. 2020
Investment in Markel CATCo Reinsurance Fund Ltd. -	\$	101,307,151	\$	97,370,089
Markel CATCo Diversified Fund, at fair value				

7. 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 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 year-end, 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' loss events mainly on the 2019 losses pertaining to Hurricane Dorian, Typhoon Faxai and Typhoon Hagibis, the 2018 losses pertaining to Hurricane Michael, Typhoon Jebi, Hurricane Florence, the 2018 California Wildfires and the 2017 losses pertaining to Hurricanes Harvey, Irma, Maria and the 2017 California Wildfires 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 2019 and 2018 loss events continues. Therefore, actual results may materially differ if actual reinsured client losses differ from the established loss reserves. The significant uncertainty underlying the industry loss estimates 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 monthly 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.

As at 31 December 2021 and 2020, all of the Company's investments were in Side Pocket Investments in the Master Fund, which reflect the remaining investments held by the Master Fund in respect of each investment year.

During 2021, the Reinsurer paid claims of \$395,922,603 (December 2020: \$627,919,002). Of this amount \$9,035,459 related to the 2016 events, \$201,648,528 related to the 2017 events, \$151,311,847 related to the 2018 loss events and \$33,926,769 was in respect of 2019 events.

8. CAPITAL SHARE TRANSACTIONS

As of 31 December 2021, the Company has authorised share capital of 1,500,000,000 (31 December 2020: 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 31 December 2021, the Company had issued 149,305,187 (31 December 2020: 168,898,993) Class 1 Ordinary Shares (the "Ordinary Shares") and 83,230,467 (31 December 2019: 126,369,585) Class C Shares (the "C Shares").

8. Capital Share Transactions Cont'd

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

31 December 2021

	Beginning Shares	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	168,898,993	(19,593,806)	149,305,187	\$ 50,598,834	\$ 0.3389
Class C Shares	126,369,585	(43,139,118)	83,230,467	\$ 56,177,678	\$ 0.6750
				\$ 106,776,512	

31 December 2020

	Beginning Shares	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	305,811,860	(136,912,867)	168,898,993	\$ 47,764,929	\$ 0.2828
Class C Shares	437,412,476	(311,042,891)	126,369,585	\$ 64,081,442	\$ 0.5071
				\$ 111,846,371	

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 has only SPI Shares 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 Shareholder 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. Accordingly, the only further business that will be undertaken is that necessary to complete the Buy-Out of the Company's portfolios.

9. 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 10).

The Investment Manager also acts as the Master Fund'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 Markel CATCo Investment Management. LCML earns a fee from the Investment Manager for such services. On 15 November 2021, Markel announced that its intention to wind down LCML, its retrocessional Insurance Linked Securities ("ILS") fund manager based in Bermuda, effective 1 January 2022.

10. 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.

On 28 January 2021, the Investment Manager agreed to maintain the partial waiver of 50.00 per cent of the Management Fee on Side Pocket Investments for the financial year 2021 (2020: 50.00 per cent) of the original fee of 1.50 per cent. This is equal to an annual Management Fee of 0.75 per cent.

Markel Corporation, which holds the entire share capital of the Investment Manager, holds 6.61 per cent (31 December 2020: 3.86 per cent) of the voting rights of the Ordinary Shares and 0.00 per cent (31 December 2020: 0.00 per cent) of the voting rights of the C Shares issued in the Company as of 31 December 2021.

As noted in Note 9, on 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with LCML, a subsidiary of Markel Corporation. LCML receives a monthly service fee of 75.00 per cent of the net management fees due to the Investment Manager.

In addition, as at 31 December 2021, two of the Directors are also shareholders of the Company. The Directors' holdings are immaterial, representing below 1.00 per cent of the Company NAV.

As at 31 December 2021, the Company had no receivable due from Markel CATCo Diversified Fund (2020: \$10,696,244, which was exclusively related to 1 December 2020 Side Pocket Releases).

11. 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.

12. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended 31 December 2021 and 2020 are as follows:

	2021		2020	
	Class 1 Ordinary Shares	Class C Shares	Class 1 Ordinary Shares	Class C Shares
Per share operating performance				
Net asset value, beginning of year	\$ 0.2828	\$ 0.5071	\$ 0.2659	\$ 0.5157
Loss from investment operations:				
Net investment (loss)	(0.0193)	(0.0329)	(0.0023)	(0.0044)
Management fee	(0.0022)	(0.0038)	(0.0019)	(0.0033)
Net gain on investments	0.0763	0.2052	0.0210	0.0010
Total from investment operations	\$ 0.0548	\$ 0.1685	\$ 0.0168	\$ (0.0067)
Discount on Share Buy-Back	0.0013	(0.0006)	0.0001	(0.0019)
Net asset value, end of year	\$ 0.3389	\$ 0.6750	\$ 0.2828	\$ 0.5071
Total net asset value return				
Total net asset value return before performance fee*	19.38%	33.23%	6.32%	(1.29)%
Performance fee	-%	-%	-%	-%
Total net asset value return after performance fee	19.38%	33.23%	6.32%	(1.29)%
Ratios to average net assets				
Expenses other than performance fee**	(6.94)%	(6.15)%	(1.67)%	(1.32)%
Performance fee	-%	-%	-%	-%
Total expenses after performance fee	(6.94)%	(6.15)%	(1.67)%	(1.32)%
Net investment loss	(7.60)%	(7.24)%	(1.58)%	(1.49)%
Management fee waived	(0.76)%	(0.76)%	(0.72)%	(0.65)%

* Exclusive of discount on share buy backs

** Expenses presented above is net of management fees waived by the Master Fund

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 years ended 31 December 2021 and 2020. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

13. 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.

14. SCHEMES OF ARRANGEMENT COST

As at 31 December 2021, the Master Fund recorded an amount of \$27,232,774 for legal fees and restructuring cost in relation to the Schemes of Arrangement, of which \$4,437,070 was allocated to the Company. Additionally, the Company incurred direct expenses relating to the finalisation of the Schemes of Arrangement in the amount of \$229,415.

15. SUBSEQUENT EVENTS

Following the completion of the applicable conditions precedent, 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's investors received an accelerated return of 100% of the NAV of the Company 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 after the settlement of reinsurance related claims; 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 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 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 the 6 April 2022, 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). Following this redemption, the Company now has 1,493,131 Ordinary Shares in issue and 832,376 C Shares in issue with the Company's Ordinary Shares trading under the new ISIN number BMG1961Q4075 and the C Shares will trade under the new ISIN number BMG1961Q5064.

The resulting proceeds from the redemption were paid to shareholders on 11 April 2022 amounting to \$51.7m and \$53.9m for Ordinary Shares and C Shares respectively.

These Financial Statements were approved by the Board and available for issuance on 27 April 2022. Subsequent events have been evaluated through this date.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2022 Annual General Meeting of CATCo Reinsurance Opportunities Fund Ltd. (the “Company”) will be held at 9.30 a.m. (local time) on 1 June 2022 at the offices of Markel CATCo Investment Management Ltd., 2nd Floor, 2 Front Street, Hamilton HM11, Bermuda for the transaction of the following business:

ORDINARY BUSINESS

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

- i. To receive the Directors’ Report and audited financial statements for the year ended 31 December 2021 together with the auditor’s report thereon.
- ii. To approve the Directors’ remuneration report for the year ended 31 December 2021.
- iii. To re-elect Mr James Keyes as a Director of the Company.
- iv. To re-elect Mr Arthur Jones as a Director of the Company.
- v. To re-appoint KPMG Audit Limited as auditor of the Company to hold office from the conclusion of the meeting until the conclusion of the next annual general meeting at which accounts are laid before the Shareholders.
- vi. To authorise the Directors of the Company to determine the remuneration of the auditor.

By order of the Board of Directors



James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.

27 April 2022

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

1. A Shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company.
2. Holders of Ordinary Shares and/or C Shares are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. As at 27 April 2022 (being the last practicable day prior to the publication of this Notice), the Company's issued share capital consists of 1,493,131 Ordinary Shares and 832,376 C Shares. Accordingly, the total number of voting rights in the Company is 2,325,507.
3. The attendance at the Annual General Meeting of members and their proxies and representatives is understood by the Company to confirm their agreement to receive any communications made at the meeting.
4. Copies of all contracts of service and letters of appointment of Directors of the Company are available for inspection during normal business hours at the Company's registered office on any weekday except Saturdays, Sundays and public holidays, and at the place of the Annual General Meeting for a period of fifteen minutes prior to the Annual General Meeting and during the meeting.
5. Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting.

FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST

6. A Form of Proxy is enclosed for use at the Annual General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received as soon as possible and, in any event, by not later than 1:30 p.m. (UK time) on 30 May 2022. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the meeting should he or she so wish.
7. To have the right to attend and vote at the Annual General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of members by close of business (UK time) on 30 May 2022 or, if the Annual General Meeting is adjourned, Shareholders registered in the register of members at close of business (Bermuda time) on the day two business days prior to the adjourned meeting. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Annual General Meeting.

FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST.

8. A Form of Direction is enclosed for use at the Annual General Meeting. The Form of Direction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to be received as soon as possible and, in any event, by not later than 1.30p.m. (UK time) on 27 May 2022.
9. Depository Interest Holders wishing to attend the Annual General Meeting should contact the Depository at Link Market Services Trustees Limited, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL or by emailing: Nominee.Enquiries@linkgroup.co.uk no later than 1.30 p.m. (UK time) on 27 May 2022.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Link Group (ID: RA10) by 1:30 p.m. (UK time) on 27 May 2022. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. Any Shareholder or proxy appointed by a Shareholder who wishes to attend the AGM telephonically is requested to contact Markel CATCo Investment Management Ltd. (the Investment Manager) at the following email address: investornotifications@markelcatco.com in order to obtain details of how to join the teleconference. Such Shareholders or proxies are requested to provide details of their registered shareholding or proxy appointment in order that their entitlement to attend may be verified.

INVESTOR ENQUIRIES

Mark Way
Chief of Investor Marketing
Tel: +1 441 493 9001
Email: mark.way@markelcatco.com

www.catcoreoppsfund.com

LIST OF PARTIES

DIRECTORS

James Keyes
(Chairman)
Arthur Jones
(Audit Committee Chairman)
Margaret Gadow
(Management Engagement Committee Chairman)

REGISTERED OFFICE

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

INVESTMENT MANAGER

Markel CATCo Investment
Management Ltd.
2 Front Street
Hamilton HM11
Bermuda
www.markelcatco.com
Authorised and regulated by the
Bermuda Monetary Authority

SECRETARY

Compass Administration
Services Limited
Crawford House
50 Cedar Avenue
Hamilton HM11
Bermuda

REINSURER

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

ADMINISTRATOR

Centaur Fund Services
(Bermuda) Limited
Roger Davidson Building
32 Reid St, 2nd Floor
Hamilton HM 11
Bermuda

SECURITIES BROKER

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

DEPOSITORY

Link Market Services
Trustees Limited
Central Square
29 Wellington Street
Leeds LS1 4DL
United Kingdom

OFFSHORE REGISTRAR

Link Market Services
Longue Hougue House
Longue Hougue Lane
St.Sampsons GY2 4JN
Guernsey

TRUSTEE OF THE MASTER FUND SAC

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

AUDITOR

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

ENGLISH LAWYERS

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

BERMUDA LAWYERS

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

