17 February 2015

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

Annual Financial Report

For the 12 month period 1 January 2014 to 31 December 2014

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

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

2014 Highlights

- NAV growth of 14.08%
- Share price total return of 9.20%
- 2014 annual dividend of USD0.05929 per share paid to Shareholders
- USD35m Return of Value to Shareholders in January 2015

CHAIRMAN'S STATEMENT

Financial Performance

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

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

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

Convergence Trends and 2015 Investment Portfolio Deployment
If 2013 was the year of convergence then 2014 was the year when the non-traditional reinsurance and ILS market firmly established itself as an alternative to traditional reinsurance. There was record catastrophe bond issuance of in excess of US$8bn for the year, according to Aon Benfield Securities, with collateralised reinsurance capacity approaching the US$40bn mark. These alternatives are offering reinsurance buyers more choice and greater diversification of counterparties.

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

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

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

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

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

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

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

Good Corporate Governance
The Board of Directors is committed to maintaining its high standards of corporate governance with particular emphasis on ensuring the Company is operating in the best possible interests of Shareholders. This includes regularly evaluating the relationship and effectiveness of the Investment Manager. During 2014, the Bermuda Monetary Authority completed a review of the

Investment Manager, I am pleased to report, without any significant matters being raised. The Board places a high emphasis on risk management and assesses internal controls each year.

Shareholders

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

Nigel Barton
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
17 February 2015

MANAGERS' REVIEW

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

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

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

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

2014 Significant Loss Events Update

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

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

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

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

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

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

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

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

Side Pocket Investments (SPIs)

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

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

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

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

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

2015 Investment Portfolio

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

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

Return of Value

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

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

Anthony Belisle
Chief Executive Officer
CATCo Investment Management Ltd.
17 February 2015

REVIEW OF BUSINESS

A review of the Company's activities is given in the Chairman's Statement and in the Managers' Review. This includes a review of the business of the Company and its principal activities, and likely future developments of the business.

Investment Objective
The investment objective of the Company and CATCo Reinsurance Fund Ltd. (the "Master Fund") is to give its Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in Preference Shares of the Reinsurer, CATCo-Re Ltd. The Company's investment policy appears opposite, and the Managers' Review explains how the Company and the Master Fund have invested their assets with a view to spreading investment risk in accordance with the Company's investment policy.

Benchmark
Eurekahedge Insurance Linked Securities index. This index is not a benchmark used for investment performance measurement.

Investment Policy and Investment Strategy
The Master Fund intends to spread investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event.

The Master Fund intends that:

• no more than 20 percent of its capital will be exposed to a single catastrophic event;

• its capital will only be exposed to catastrophic events at loss levels that have not occurred more than twice in the past 40 years on a trended loss estimate basis, unless otherwise approved by the Board of Directors of the Master Fund;

• its capital will be exposed to aviation and marine (including offshore energy) losses caused by catastrophes; and

• at least 50 percent of its capital will be exposed to residential and commercial property losses.

At 31 December 2014, the Portfolio of Investments reflects the stated guidelines as each of the reinsurance arrangements entered into by the Reinsurer contain several non-correlated pillars of risk and provides a portfolio exposure to 42 diversified risk pillars.

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

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

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

As at the date of this Report, the Company's issued ordinary share capital consists of 273,224,673 Ordinary Shares of $0.0001 par value each entitled to one vote.

Total Assets and Net Asset Value
At 31 December 2014, the Company had Total Assets of $363,725,627 and a Net Asset Value per Ordinary Share of $1.1981.

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

Duration
The Company does not have a fixed life. A continuation vote will be put to Shareholders every five years.

Risk
The investment funds managed by CATCo Investment Management Limited are fully collateralised and are largely uncorrelated to traditional asset classes. Risk is spread across multiple non-correlated risk pillars which aims to limit the amount of capital exposed with respect to a single catastrophic event.

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

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

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

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

Key risks relating to investment and strategy, for example, inappropriate asset allocation or gearing, are managed through investment policy guidelines and restrictions, and by the process of oversight at each Board meeting outlined above. Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting.

An explanation of other risks relating to the Company's investment activities, specifically concentration of credit risk and concentration of reinsurance risk, are contained in notes 3 and 4 to the Financial Statements.

Management of Risk
The Board of Directors regularly review the major strategic risks that the Board and the Investment Manager have identified, and against these, the Board sets out the delegated controls designed to manage those risks. The principal risks facing the Company in addition to the reinsurance risks as discussed above relate to the Company's investment activities and include market price, interest rate, liquidity and credit risk. Such key risks relating to investment and strategy including for

example, inappropriate asset allocation or borrowing are managed through investment policy guidelines and restrictions, and by the process of oversight at each Board meeting as previously outlined.

Operational disruption, accounting and legal risks are also covered annually, and regulatory compliance is reviewed at each Board meeting.

Results and Dividends

The total return attributable to Shareholders for the year amounted to 14.08% (2013 – 21.9%).

With the continued growth of the Company combined with no significant insured losses incurred on the 2014 investment portfolio in December, the Board, following consultation with Shareholders, determined that a Return of Value of approximately USD35m would be in the best interests of the Shareholders. As announced on 5 January 2015, the Company made a special one-off capital/income return of USD0.11528 per Share to its investors, which was approved at a Special General Meeting of the Shareholders held on 29 January 2015.

At the launch of the Company, the Board of Directors indicated the intention to pay an annual dividend in respect of any Fiscal Year of an amount equal to LIBOR plus 5 percent of the Net Asset Value as at the end of the relevant Fiscal Year.

An annual dividend of USD0.05929 in respect of the Ordinary Shares for the year to 31 December 2014 was declared on 5 January 2015.

The record date for this dividend was 16 January 2015 and the Ordinary Shares went ex-dividend on 15 January 2015. The final dividend was paid to Shareholders on 30 January 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Board of Directors have elected to prepare the financial statements in accordance with US Generally Accepted Accounting Principles ("US GAAP"). The financial statements are required by the Bermuda Companies Act 1981 to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the Board of Directors are required to:

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

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

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

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

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

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

Furthermore, each Director confirms that, to the best of his or her knowledge, the report of the Directors includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

Alastair Barbour
Chairman of the Audit Committee
17 February 2015

AUDITED STATEMENTS OF ASSETS AND LIABILITIES

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

NAV per Share (See Note 6)

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF OPERATIONS

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

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF CHANGES IN NET ASSETS

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

See accompanying Notes to Financial Statements

AUDITED STATEMENTS OF CASH FLOWS

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

See accompanying Notes to Financial Statements

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a closed-ended fund, registered and incorporated as an exempted mutual fund company on Bermuda on 30 November 2010 and commenced operations on 20 December 2010. The Company was organised as a feeder fund to invest substantially all of its assets in CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of CATCo Reinsurance Fund Ltd., a mutual fund company incorporated in Bermuda and registered as a segregated account company under the Segregated Accounts Company Act 2000, as amended (the "SAC Act"). The Master Fund will establish a separate account for each class of shares comprised in each segregated account (each, an "Account"). Each Account is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies and overseen by CATCo Investment Management Ltd. (the "Investment Manager"). The assets attributable to each segregated account of the Master Fund shall only be available to creditors in respect of that segregated account. Pursuant to an investment management agreement, the Company is managed by the Investment Manager. Refer to the Company's prospectus for more information.

The Company's Shares are listed and traded on the Specialist Fund Market ("SFM"), a market operated by the London Stock Exchange. The Company's Shares are also listed on the Bermuda Stock Exchange following the Secondary Listing on 20 May 2011.

The objective of the Master Fund is to give the Shareholders the opportunity to participate in the investment returns of various insurance-based instruments, including Preference Shares through which the Master Fund would be exposed to reinsurance risk, insurance-linked securities (such as notes, swaps and other derivatives), and other financial instruments. All of the Master Fund's exposure to reinsurance risk is obtained through its investment (via Preference Shares) in CATCo-Re Ltd. (the "Reinsurer"). At 31 December 2014, the Company's ownership is 19% of the Master Fund (23% at 31 December 2013).

The Reinsurer is a Bermuda licensed Class 3 reinsurance company, registered as a segregated accounts company under the SAC Act, through which the Master Fund accesses all of its reinsurance risk exposure. The Reinsurer will form a segregated account that corresponds solely to the Master Fund's investment in the Reinsurer with respect to each particular reinsurance agreement.

The Reinsurer focuses primarily on property catastrophe insurance and may be exposed to losses arising from hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation, fires, explosions, marine and other perils.

Basis of Presentation

The audited Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company is an investment company and follows the accounting and reporting guidance contained within Topic 946 of the Financial Accounting Standards Board's Accounting Standards Codification.

Cash and Cash Equivalents

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

Valuation of Investment in Master Fund

The Company records its investment in the Master Fund at the Net Asset Value as reported by the Master Fund, which is the Company's proportionate interest in the net assets of the Master Fund. The performance of the Company is directly affected by the performance of the Master Fund and is subject to the same risks to which the Master Fund is subject. Valuation of investments held by the

Master Fund, including, but not limited to the valuation techniques used and classification within the fair value hierarchy of investments held are discussed as follows:

Fair Value - Definition and Hierarchy (Master Fund)

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

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

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

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

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

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

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

The value of Preference Shares issued by the Reinsurer and subscribed for by the Master Fund and held with respect to a reinsurance agreement will equal:

(i) the amount of capital invested in such Preference Shares; plus

(ii) the amount of earned premium (as described below) that has been earned period-to-date for such contract; plus

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

(iv) the fair value of any loss estimates associated with potential claims triggering covered events (see "Covered Event Estimates" below); minus

(v) The amount of any risk margin considered necessary to reflect uncertainty and to compensate a market participant for bearing the uncertainty of cash flows in an exit of the transaction.

The value of Preference Shares issued by the Reinsurer will also recognise expenses which are directly attributable to the Master Fund as a result of the Reinsurer conducting reinsurance activities that inure to the benefit or detriment of the Master Fund. To the extent that the inputs into the valuation of Preference Shares are unobservable, the Preference Shares would be classified as Level 3 within the fair value hierarchy.

Investments in Securities held by the Reinsurer
Industry Loss Warranties ("ILWs")
ILWs will be marked similar to Preference Shares held with respect to reinsurance agreements, except that following a Covered Event, loss information from the index provider on the trade will be used.

Earned Premiums

Premiums shall be considered earned with respect to computing the Master Fund's Net Asset Value in direct proportion to the percentage of the risk that is deemed to have expired year-to-date. Generally, all premiums net of acquisition costs, shall be earned uniformly over each month of the risk period. However, for certain risks, there is a clearly demonstrable seasonality associated with these risks. Accordingly, seasonality factors are utilised for the establishment of certain investments, including Preference Shares relating to reinsurance agreements, ILWs and risk transfer derivative agreements, where applicable. Prior to the investment in any seasonal contract, the Investment Manager is required to produce a schedule of seasonality factors, which will govern the income recognition and related fair value price for such seasonal contract in the absence of a covered event. The Investment Manager may rely on catastrophe modeling software, historical catastrophe loss information or other information sources it deems reliable to produce the seasonality factors for each seasonal contract. Once established, the seasonality factors do not change unless for a significant outlying catastrophic event.

Covered Event Estimates

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

"Fair Value" Pricing used by the Master Fund

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

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

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

In addition, the Investment Manager, may in its discretion, consult with the members of the investment team to determine the appropriate valuation of an instrument or additional valuation techniques that may be helpful to such valuation.

From time to time, the Investment Manager may change its fair valuation technique as applied to any investment if the change would result in an estimate that the Investment Manager in good faith believes is more representative of fair value under the circumstances. The determination of fair value is inherently subjective in nature, and the Investment Manager has a conflict of interest in determining fair value in light of the fact that the valuation determination may affect the amount of the Investment Manager's performance fee.

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

Side Pockets

The Board of the Master Fund, in consultation with the Investment Manager, may classify certain Insurance-Linked Instruments as investments in which only persons which are Shareholders at the time of such classification can participate ("Side Pocket Investments"). This typically will happen if a Covered Event has recently occurred or seems likely to occur under an Insurance-Linked Instrument, because determining the fair value once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. Side Pocket Investments are valued in the Statement of Assets and Liabilities at their fair value as determined in good faith by the Board of the Master Fund following consultation with the Investment Manager.

Financial Instruments

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

Investment Transactions and Related Investment Income and Expenses

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

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

Translation of Foreign Currency

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

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

Income Taxes

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

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realised upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognised results in the Company recording a tax liability that reduces ending net assets. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognised tax benefits as of 31 December 2014. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company recognises interest and penalties related to unrecognised tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognised as of and for the years ended 31 December 2014 and 2013.

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

The Company may be subject to potential examination by U.S. federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal or foreign tax laws. The Company was not subjected to any tax examinations during the years ended 31 December 2014 and 2013.

Use of Estimates
The preparation of Financial Statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements. Actual results could differ from those estimates.

Offering Costs
The costs associated with each capital raise are expensed as incurred.

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

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2014.

Preference Shares *Investments in CATCo-Re Ltd.*	*$ Fair Value*
CLASS AA Preference Shares	16,495,985
CLASS CC Preference Shares	1,482,939
CLASS KK Preference Shares	1,317,978
CLASS S Preference Shares	1,631,152
CLASS T Preference Shares	4,393,771
CLASS W Preference Shares	1,745
CLASS X Preference Shares	113,161
CLASS Z Preference Shares	1,717
CLASS SP Preference Shares	6,922
Class AE Preference Shares	9,537,737
Class AF Preference Shares	4,026,172
Class AH Preference Shares	18,487,683
Class AI Preference Shares	11,545,265
Class AK Preference Shares	21,492,687
Class AO Preference Shares	7,539,690
Class AP Preference Shares	11,310,765
Class AQ Preference Shares	983,913
Class AR Preference Shares	9,613,666
Class AT Preference Shares	4,711,550
Class AU Preference Shares	2,825,849
Class BE Preference Shares	855,429
Class BF Preference Shares	848,257
Class BI Preference Shares	57,317,785
Class BJ Preference Shares	9,765,769
Class BK Preference Shares	2,636,985
Class BL Preference Shares	25,263,307
Class BM Preference Shares	2,167,473
Class BN Preference Shares	24,509,144
Class BO Preference Shares	34,879,376
Class BP Preference Shares	940,292
Class BQ Preference Shares	2,259,750
Class BR Preference Shares	663,950
Class BS Preference Shares	167,207

Class BT Preference Shares	3,344,267
Class BU Preference Shares	3,768,530
Class BV Preference Shares	6,690,382
Class BW Preference Shares	917,428
Class CE Preference Shares	9,425,138
Class CF Preference Shares	1,826,878
Class CG Preference Shares	1,823,736
Class CH Preference Shares	24,238
Class CI Preference Shares	4,574,054
Class CJ Preference Shares	3,626,957
Class CK Preference Shares	1,883,649
Class CL Preference Shares	2,756,983
Class CM Preference Shares	3,520,926
Class CN Preference Shares	2,746,540
Class CO Preference Shares	941,062
Class CP Preference Shares	1,884,111
Class CQ Preference Shares	4,240,764
Class CR Preference Shares	6,076,446
Class CS Preference Shares	3,769,077
Class CT Preference Shares	3,769,438
Class CU Preference Shares	98,186
Class CV Preference Shares	2,319,849
Class CY Preference Shares	900,403
Total Investments in CATCo-Re Ltd.	**$360,724,113**

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2013.

Preference Shares *Investments in CATCo-Re Ltd.*	*$ Fair Value*
Class AA preferred Shares	$18,681,478
Class AB preferred Shares	4,074,807
Class CC preferred Shares	1,275,717
Class KK preferred Shares	1,582,598
Class Q preferred Shares	2,377,034
Class S preferred Shares	3,596,617
Class T preferred Shares	3,019,922
Class W preferred Shares	2,051
Class Z preferred Shares	2,264,403
Class SP preferred Shares	8,311
Class MM1 preferred Shares	1,035,815
Class MM2 preferred Shares	1,035,804
Class AB preferred Shares	45,293,030
Class AC preferred Shares	22,644,591
Class AD preferred Shares	35,101,162
Class AE preferred Shares	15,963,598
Class AF preferred Shares	4,397,637
Class AG preferred Shares	3,960,440
Class AH preferred Shares	16,980,915
Class AI preferred Shares	19,952,719
Class AJ preferred Shares	9,424,666
Class AK preferred Shares	36,232,561
Class AL preferred Shares	21,510,733

Class AM preferred Shares	19,020,624
Class AN preferred Shares	9,055,982
Class AO preferred Shares	5,024,878
Class AP preferred Shares	7,538,724
Class AQ preferred Shares	1,181,920
Class AR preferred Shares	8,942,495
Class AS preferred Shares	3,960,418
Class AT preferred Shares	20,945,312
Class AU preferred Shares	3,394,191
Class AV preferred Shares	26,125,482
Class AW preferred Shares	30,145,301
Class AX preferred Shares	1,016,097
Class BA preferred Shares	4,254,847
Class BC preferred Shares	1,644,595
Class BD preferred Shares	1,095,633
Class BE preferred Shares	1,021,473
Class BF preferred Shares	997,473
Class BH preferred Shares	241,481
Total Investments in CATCo-Re Ltd.	**416,023,535**

The Company's assets and liabilities recorded at fair value have been categorised based upon a fair value hierarchy as described in the Company's significant accounting policies in Note 1. The following table presents information about the Company's assets measured at fair value:

Year ended 31 December 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Assets (at fair value)				
Investments in securities				
Investment in Master Fund	$ -	$ -	$ 363,800,160	$ 363,800,160
Total Investments in securities	$ -	$ -	$ 363,800,160	$ 363,800,160

Year ended 31 December 2013

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

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurements in their entirety. See Note 1 for additional information related to the fair value hierarchy and valuation techniques and inputs. All transfers are recognised by the Company at the end of each reporting period.

There were no transfers between levels for the years ended 31 December 2014 and 2013.

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Company has classified within the Level 3 fair value category. As a result, the unrealised gains and losses for assets and liabilities within the Level 3 fair value category may include changes in fair value that were attributable to both observable and unobservable inputs.

Changes in Level 3 assets measured at fair value for the year ended 31 December 2014 were as follows:

	Beginning Balance 1 Jan. 2014	Realised and Unrealised Appreciation On Securities (a)	Purchases	Sales	Transfers Into Level 3	Trasfers (out) of Level 3	Ending Balance 31 Dec. 2014	Unrealised Appreciation On Securities held at 31 Dec. 2014 (b)
Assets (at fair value)								
Investments in Master Fund	$ 408,828,848	$49,573,425	$10,300,000	$ (104,902,113)	$ -	$ -	$363,800,160	$47,043,025

(a) Realised and unrealised appreciation on securities are both included in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.
(b) The unrealised appreciation for the year ended 31 December 2014 for securities held at 31 December 2014 are reflected in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

Changes in Level 3 assets measured at fair value for the period ended 31 December 2013 were as follows:

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

(a) Realised and unrealised appreciation on securities are both included in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.
(b) The unrealised appreciation for the year ended 31 December 2013 for securities held at 31 December 2013 are reflected in net investment loss allocated from the Master Fund and net gain on securities in the Statements of Operations.

The table below summarises information about the significant unobservable inputs used in determining the fair value of the Master Fund's Level 3 assets:

	Valuation Technique	Unobservable Input	Range
Preference Shares	Premium earned	Premiums earned – straight line for uniform perils	12 months
		Premiums earned – seasonality adjusted for non-uniform perils	5 to 6 months
	Loss reserves	Loss reserves*	0 to contractual limit
	Risk margin	Risk margin	0% to 15%

**Based on from ground up losses as reported by cedants*

As described in Note 5, significant increases or decreases in loss reserves would result in a significantly lower or higher fair value measurement.

3. CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances (not assets supporting retrocessional transactions) in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. At 31 December 2014 and 2013, cash and cash equivalents are held with HSBC Bank Bermuda Ltd. which has a credit rating of A- as issued by Standard & Poor's.

4. CONCENTRATION OF REINSURANCE RISK

The following table illustrates the diversified risk profile of the Reinsurer's portfolio by geography and peril as at 31 December 2014.

2014 Retrocessional Reinsurance Portfolio

Geographic Distribution			*Exposure by Risk Peril*		
1.	North America/Caribbean	32%	1.	Wind	44%
2.	All Other	25%	2.	Earthquake	27%
3.	Global Marine/Energy/Terrorism/Aviation	9%	3.	Marine/Energy/Aviation	9%
4.	Global Backup Protections	8%	4.	Backup Protections	8%
5.	Europe	7%	5.	Severe Convective Storms	5%
6.	Australia/New Zealand	7%	6.	Winterstorm/Wildfire	3%
7.	Japan	6%	7.	Flooding	2%
8.	Mexico/Central America/South America	6%	8.	Terrorism	2%

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

2013 Retrocessional Reinsurance Portfolio

Geographic Distribution			*Exposure by Risk Peril*		
1.	North America/Caribbean	36%	1.	Wind	45%
2.	All Other	15%	2.	Earthquake	31%
3.	Europe	9%	3.	Backup Protections	9%
4.	Australia/New Zealand	9%	4.	Marine/Energy/Aviation	7%
5.	Global Backup Protections	9%	5.	Severe Convective Storms	3%
6.	Global Marine/Energy/Terrorism/ Aviation	8%	6.	Flooding	2%
7.	Japan	8%	7.	Winterstorm/Wildfire	2%
8.	Mexico/Central America/South America	6%	8.	Terrorism	1%

5. LOSS RESERVES

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

The reserve for unpaid losses and loss expenses recorded by the Reinsurer includes estimates for losses incurred but not reported as well as losses pending settlement.

The Reinsurer makes a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurer uses its own models and historical loss analysis data as well as assessments from counter-parties to estimate the level of reserves required. In addition, the Reinsurer records risk margin to reflect uncertainty surrounding cashflows relating to loss reserves.

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

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

6. CAPITAL SHARE TRANSACTIONS

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

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

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

31 December 2014

	Beginning Shares	Adjustment Following Share Capital Consolidation	Share Buyback	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 - Ordinary Shares	369,849,337	(60,566,367)	(5,700,000)	303,582,970	$363,725,627	$1.1981

31 December 2013

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

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

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

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

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

On 27 January 2014, the Board announced that the proposed return of value to Shareholders of $0.20 per existing Ordinary Share, equivalent to approximately $74,000,000, and the subsequent share capital consolidation were approved. Following the share capital consolidation, a total of

299,577,962 Ordinary Shares were issued effective 28 January 2014. In addition, a total of 9,705,008 Ordinary Shares were issued effective 29 January 2014.

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

7. INVESTMENT MANAGEMENT AGREEMENT

Pursuant to the Investment Management Agreement dated 16 December 2010, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Company and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Company in order to implement such strategy.

8. RELATED PARTY TRANSACTIONS

The Investment Manager of the Company is also the Investment Manager of the Master Fund. The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5% of the Net Asset Value of the Company, which is not attributable to the Company's investment in the Master Fund's Shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Fund's Shares are charged in the Master Fund and allocated to the Company. Performance fees are charged in the Master Fund and allocated to the Company.

The Investment Manager is also the Insurance Manager of the Reinsurer.

Qatar Insurance Company, which holds the entire share capital of the Investment Manager, held 5.39% and 7.10% of the voting rights of the Ordinary Shares issued in the Company as of 31 December 2014 and 31 December 2013 respectively.

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

9. ADMINISTRATION FEE

Prime Management Limited, a division of SS&C GlobeOp, serves as the Company's Administrator and performs certain administrative services on behalf of the Company. For the provision of the service under the administration agreement, the Administrator receives a fixed fee.

10. FINANCIAL HIGHLIGHTS

Financial highlights for the years ending 31 December 2014 and 2013 are as follows:

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

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

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

* The performance fee is charged in the Master Fund.

The ratios to weighted average net assets are calculated for each Class of Shares taken as a whole. An individual Shareholder's return and ratios to weighted average net assets may vary from these amounts based on the timing of capital transactions. Returns and ratios shown above are for the years ended 31 December 2014 and 2013. The per Share amounts and ratios reflect income and expenses allocated from the Master Fund.

11. INDEMNIFICATIONS OR WARRANTIES

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

12. SUBSEQUENT EVENTS

On 5 January 2015, the Board declared a final dividend of $0.05929 per Share in respect of the Ordinary Shares with a record date of 16 January 2015 and was paid on 30 January 2015.

In addition, the Board announced on 5 January 2015 that the proposed Return of Value to Shareholders of $0.11528 per existing Ordinary Share, equivalent to approximately $35,000,000, and the subsequent share capital consolidation were approved. Following the share capital consolidation, a total of 273,224,673 Ordinary Shares were issued effective 30 January 2015 and the return of value paid to Shareholders on 9 February 2015 amounted to $34,997,045.

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

For further information, please contact:

CATCo Investment Management Ltd
Mark Way, Corporate Communications Director
Telephone: +44 7786 116991
Email: mark.way@catcoim.com

Judith Wynne, Company Secretary and General Counsel
Telephone: + 44 7986 205364
Email: judith.wynne@catcoim.com

Numis Securities Limited
David Benda / Hugh Jonathan
Telephone: +44 (0) 20 7260 1000

- Ends -