17 August 2018

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

Interim Financial Report

For the Six Months Ended 30 June 2018

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

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

CHAIRMAN'S STATEMENT

Welcome to the 2018 Interim Report of CATCo Reinsurance Opportunities Fund Ltd. (the "Company"). Catastrophic activity has remained at relatively low levels during the first half of 2018, allowing the 2018 portfolio to deliver a strong performance throughout the period with no significant insured losses. The relatively benign start to the 2018 portfolio year should bring much-needed relief to shareholders following the largest insured loss year of all time, in global terms, in 2017.

Despite the record losses of 2017, the traditional reinsurance market and many ILS funds have found it challenging to achieve desirable pricing increases for 2018 renewals, with rates largely decreasing by mid-year 2018 across the sector.

However, the demand for the innovative and unique products offered by Markel CATCo Investment Management Ltd. (the "Investment Manager") is at its highest point since the Company's inception. Following a notable show of support for the products amongst reinsurance buyers, the mid-year portfolio has increased c. 30% from the 2017 mid-year portfolio, at pricing that has remained at the same rates achieved at January 2018. This is an approximate 43% increase over 2017 prices.

The 2018 portfolio pricing and risk profile is the strongest since the Company's inception, one of the distinct benefits following a significant loss year. As a result, the C Shareholders, who are not exposed to losses of 2017, have enjoyed a strong portfolio performance during the first half of 2018.

However, 2017 loss events continue to be difficult to estimate as of mid-year 2018, which is largely the consequence of a high frequency and severity loss year. This has caused further deterioration in the performance of the Ordinary Shares, as further reserve strengthening was necessary in April of 2018.

It is evident that the Company's Ordinary Shareholders are not alone in suffering from the increasing losses related to 2017 events. Recent insurance market reports have shown that the performance of both traditional reinsurers and ILS funds were negatively impacted in each month during the first half of 2018 due to increases in 2017 loss provisions. This is discussed further in the Loss Reserve section of this statement.

As the uncertainty surrounding the 2017 loss events is expected to persist through 2018, it is important to keep the broader context of this truly significant loss year in mind. First, the modeled probability of a c. -40% annual performance was a c.1-in-200 year likelihood with respect to the 2017 portfolio. As the Investment Manager has significantly improved contract terms in 2018, this level of modeled loss is now expected to occur c. 1-in-700 years. Therefore, modeled analysis suggests this level of loss should not occur with regular frequency. In addition, the Company remains well-positioned to absorb volatility, as demonstrated by pricing increases that far outperformed the majority of the traditional reinsurance and ILS fund market.

FINANCIAL PERFORMANCE

Since inception, the Company has returned capital of USD 234 million to Ordinary and C Shareholders via dividends and return of value distributions, with the original Ordinary Shareholders having received approximately 75% of their original investment through such distributions.

Prior to the 2017 loss events, the internal rate of return (IRR) for the original Ordinary Share Class, issued 20 December 2010, was c. 9.3% (as of 31 December 2016). Subsequent to the 2017 loss events, the IRR for this Share Class is c. 3.6% (as of 30 June 2018). Therefore, even after the most significant loss year of all time, these Shareholders still show positive annualized returns as a result of the dividend and return of value amounts paid over the years. Subject to approval by the Company's Directors, the Company will continue the discipline of returning annual profits to Shareholders. As pricing and terms are expected to remain flat beyond the 2019 renewals, the performance should return to pre-2017 loss events following a few recovery years with near normal levels of catastrophic activity.

To further demonstrate the IRR before and after the impact of the 2017 loss events, the IRRs since inception have been estimated and are summarized in the table below for the earliest three Share classes issued. Note the IRR is representative of the true annualized rate of return on investment and reflects all dividend payments and return of value amounts paid (i.e. – accumulated profit distributions).

Share Class (Date of Issuance)	**IRR since Inception (to 31 December 2016)**	**IRR since Inception (to 30 June 2018)**
Ordinary Shares (20 December 2010)	9.3%	3.6%
C Shares issued (20 May 2011)	12.1%	5.7%
C Shares issued (16 December 2011)	12.2%	4.5%

As reported in the 30 June 2018 monthly Insight report, the NAV return for the first 6 months of 2018 was -17.12% (6 months to 30 June 2017: 3.94%) and 6.31% for the Ordinary Shares and C Shares respectively.

The NAV Returns since Inception to 30 June 2018 of the Ordinary Shares issued on 20 December 2010 and the various issuances of C Shares are listed below. Note the returns below are only intended to show the return on investment since inception, and does not reflect dividend payments or return of value distributions.

Share Class (Date of Issuance)	**NAV Returns since Inception (to 30 June 2018)**
Ordinary Shares (20 December 2010)	6.12%
C Shares issued (20 May 2011)	20.32%
C Shares issued (16 December 2011)	8.13%
C Shares issued (2 November 2015)	-35.54%
C Shares issued (28 November 2017)	6.31%

An annual dividend for the year ended 31 December 2017 of USD 0.05476 in respect of Ordinary Shares was paid to Shareholders on 26 February 2018.

2017 LOSS RESERVES

As of 30 June 2018, final industry losses are not yet known in relation to the 2017 hurricanes, Harvey, Irma, and Maria (HIM) and the California wildfires. Further, the uncertainty remaining on industry losses from these events is beyond what would normally be expected at this point in time following a major loss event occurrence. As a result, a significant level of uncertainty in connection with the 2017 event loss reserves is expected to persist through the remainder of 2018.

During 2018, the industry has continued to struggle with the increasing loss potential for HIM and the California wildfire events. As recent insurance market reports have indicated, a number of traditional reinsurers and ILS funds have increased their specific loss reserves related to the 2017 events. According to the Eurekahedge ILS index, a number of ILS funds have reported negative returns in each monthly index published in 2018 (as reported through June 2018). Negative fund performance was mostly due to increasing loss estimates related to Hurricane Irma. In addition, loss estimates reported by Property Claims Services (PCS) increased 19% over initial estimates reported for the 2017 loss events (as reported through 5 August 2018).

In April 2018, insurance market information indicated that further loss creep was likely to occur, particularly related to Hurricane Irma. In particular, higher than expected loss adjustment expenses and increases to losses in the Caribbean indicated that initial industry loss impact for Irma was potentially underestimated. As a result, the Investment Manager decided to strengthen the reserves for 2017 events, representing a c. 14% deterioration in the Ordinary Share 2017 annual performance (c. 20% of the 30 April 2018 Ordinary Share Net Asset Value ("NAV")), equivalent to a 2017 NAV annual return on the Ordinary Shares of c. -41%.

SIDE POCKET INVESTMENTS

The Company would like to announce the further release of Side Pocket Investments ("SPIs") during the first half of 2018 in relation to underwriting years 2014 – 2017. The current SPI positions as at 30 June 2018 are highlighted below.

2014 SPIs, predominantly resulting from US severe convective storms, were fully settled during the first quarter of 2018. This resulted in the release of all 2014 SPIs and subsequent reinvestment of c. 1% of the Company's Ordinary Share NAV (as of 31 December 2017).

2015 SPIs, principally relating to US and Canada winter storms and US severe convective storms, amount to c. 1.4% of the Company's Ordinary Share NAV (31 December 2017: 1.6% of Ordinary Share NAV).

2016 SPIs, established for the Fort McMurray wildfire, Jubilee oil field, Hurricane Matthew, and the South Island earthquake in New Zealand, have reduced to c. 6% of the Company's Ordinary Share NAV (31 December 2017: c. 8% of Ordinary Share NAV) following a further positive release in the first half of 2018.

Despite the ongoing uncertainty surrounding the 2017 loss events, there is some positive news to report in relation to the exposed collateral underlying the 2017 portfolio year contracts. It should first be noted that SPIs for the 2017 mid-year contracts are not established until each contract expires in 2018. As the 2017 mid-year contracts had accounted for c. 39% of the overall portfolio as of 30 June 2018 (c. 21% of January 2017 Ordinary Share NAV), the 2017 SPIs could potentially have increased by this same amount at the expiry of these contracts in 2018 if all of the mid-year collateral had been trapped.

However, the Investment Manager was recently successful in negotiating a collateral release across a number of January 2017 and 2017 mid-year contracts amounting to 30% of Ordinary Share NAV. As a result, the 2017 SPI will increase by an additional 9% of Ordinary Share NAV in August 2018.

Once all 2017 SPIs have been established in August, the estimated 2017 SPI will represent c.56% of Ordinary Share NAV. While the net effect is an increase to the 2017 SPI, the substantial releases achieved on these 2017 contracts should be viewed as overall positive news for Ordinary Shareholders.

In total, following the additional 2017 SPIs to be established in August 2018, the estimated SPI as shown by underwriting year as a percentage of Ordinary Share NAV is as follows:

SPI 2015: 1.4%
SPI 2016: 6%
SPI 2017: 47.3%
SPI 2017 (August): 9%

It is also important to note that the C Shares issued in December 2017 do not have any exposure to losses from the catastrophic events of 2017, or any prior underwriting year.

2018 CATASTROPHIC ACTIVITY TO DATE

Following record catastrophic activity in 2017, insured losses during the first six months of 2018 are estimated at USD 17 billion, according to Munich Re. This is the lowest level of insured loss recorded over the period since 2005. Further, the absence of major catastrophes worldwide during the first half of the year resulted in a reduction of c. 33% to insured losses from the prior year period (USD 25 billion).

Munich Re reports that Winter Storm Friederike, which affected Europe in January, was the largest industry insured loss during the first half of 2018, estimated at c. USD 2 billion. Winter storm and severe convective storm events in the US and Europe were other major contributors to the overall insured loss reported through the period.

With a relatively benign period of catastrophic activity for the first half of 2018, a close eye will be kept on activity throughout the remainder of the year. In particular, following the estimated 1-in-200 year occurrence of three Category 4 US hurricane landfalls in 2017, attention has now turned towards the 2018 Atlantic hurricane season.

Through July, conditions in the Atlantic Basin have been characterized by cooler than normal sea surface temperatures with elevated levels of wind shear, leading to unfavorable conditions for tropical storm formation. In addition, significant levels of Dry Saharan dust have further dampened any early season activity. As of the end of July 2018, only 3 named storms have occurred in the Atlantic.

Further, several of the major meteorological forecasters have revised seasonal forecasts downwards for the 2018 Atlantic hurricane season, with overall storm activity now expected to be below average.

The Atlantic hurricane season officially began on 1 June, with August and September typically being the months with the highest risk for tropical storm formation. The likelihood for storm formation in the Atlantic then significantly decreases after September, until the season officially concludes on 30 November.

TENDER OFFER

The Company has a Return of Value Tender Offer and a Discount Related Tender Offer in place to ensure investors have the option to reduce their interest in the Company following any sustained period of poor performance. The decision to trigger either of these tender offers is at the Directors' discretion and will be made in the best interests of Shareholders. The Company will announce the Board's decisions in regard to both of the Tender Offers at the end of the respective monitoring periods.

As stated in the 2017 Annual Report, the Board continues to monitor any share price discount to NAV on a regular basis. However, the Board does not currently believe that it will be appropriate to make a tender offer in the year ending 31 December 2018 in relation to the Ordinary Shares as this would increase the ongoing percentage of the portfolio which is held in the Side Pocket Investments. The Board does not believe that this would be in the best interest of the Shareholders as a whole.

CONTINUATION VOTE

As set out in the Prospectus issued by the Company on 7 November 2017 (and the Supplementary Prospectuses dated 16 November 2017, 1 February 2018 and 15 February 2018), the Company will propose a continuation vote to Shareholders:

(a) at its annual general meeting ("AGM") to be held in 2021 and at the AGM held every 5 years thereafter;

(b) at each AGM if, over the 3 Fiscal Years prior to such AGM, the Company's trailing 3-year internal rate of return is less than LIBOR plus 7.5% (calculated as at the end of each Fiscal Year).

(c) if, pursuant to a Discount Tender Offer, Shareholders tender Shares for purchase by the Company in aggregate representing in excess of 50% of the Shares in issue at the time. Where Shares of a particular class have traded at a volume-weighted average discount of more than 5% to the Net Asset Value per Share of that class, as appropriate, on each Business Day as at which the Net Asset Value is calculated over the 3 month period ending on 31 August in each year (the "Discount Tender Trigger"), the Directors expect to offer Shareholders of the relevant class of Shares the opportunity to tender up to 30% of such class of Share in issue at the time the tender offer is made (the "Discount Tender Offer").

During December 2017, the Company raised USD 546 million of additional capital via a C Share issuance in order to take advantage of the expected increase in reinsurance premiums for 2018. In view of this significant fund raise, it was decided that, despite the conditions for offering a continuation vote as set out in (b) above having been met, the need for a continuation vote in 2018 was obviated. However, the Board and the Investment Manager will continue to pay close attention to this in future years. If the relevant conditions continue to be met in 2019, the Directors intend to put a continuation vote to Shareholders at the 2019 AGM, and in future years, while these conditions apply.

2018 MID-YEAR PORTFOLIO UPDATE AND 2019 OUTLOOK

The Company is very pleased to announce, as expected, the 2018 mid-year deals have successfully renewed at the same increased pricing achieved during the January 2018 renewals. Therefore, the 2018 portfolio maximum no loss net return on capital remains on target at 23%. This is a c. 43% increase over the 2017 net no loss return on capital (c. 16%), with the portfolio renewed in 2018 at appreciably lower risk levels.

As a result, the 2018 portfolio's mean return (c. 12% net) has increased c. 70% over the 2017 portfolio (7% net). In addition, following increased buyer interest in the Company's unique product offering, the mid-year portfolio grew by c. 30% over the 2017 mid-year portfolio. Following the 1 January 2018 renewal cycle, the Investment Manager raised an additional c. USD 700m from existing private fund investors in order to support the anticipated mid-year deals and the increased buyer demand.

In the absence of unique product offerings, the traditional reinsurance market has experienced a challenging mid-year renewal season, with property catastrophe rates ranging between flat to -7.5% for the June renewals, according to recent reinsurance broker reports. In addition, the catastrophe bond and industry loss warranty (ILW) market experienced further decreases in pricing through the end of Q2 2018. Downward pricing in this space is the direct result of an ongoing growth of capital amongst ILS products that are mere commodities.

Looking forward to the January 2019 renewals, the traditional reinsurance market and ILS funds are expected to experience further rate declines, in the absence of major catastrophic loss activity during the last half of 2018. However, the Company expects the 2019 January deals will be renewed at similar terms to those that were achieved during 2018. In addition, the Company is pleased to report that the Investment Manager already has received both written and verbal orders from buyers totaling USD 750 million for January 2019, all at the same higher pricing levels as 2018. The Investment Manager expects c. USD 1 billion of orders for January 2019 to be written before the start of September at flat pricing.

James Keyes
Chairman
CATCo Reinsurance Opportunities Fund Ltd.
17 August 2018

DIRECTORS' REPORT

Risks and Uncertainties

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

Reinsurance Risk

The objective of the Company and of Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund (the "Markel CATCo Master Fund"), the fund through which the Company conducts substantially all of its investment activities, is to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in preferred shares of the Reinsurer, Markel CATCo Re Ltd. The Markel CATCo Master Fund spreads investment risk by seeking exposure to multiple non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event. The Company's 2017 Annual Report, on page 15, explains in detail how the Company and the Markel CATCo Master Fund ensure that appropriate diversification is achieved.

Risks Related to the Company's Investment Activities

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

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

Share Capital

The Company's issued share capital at 30 June 2018 amounted to 391,666,430 Ordinary Shares and 546,367,863 C Shares. These numbers are unchanged as at the date of this Report.

Related party disclosure and transactions with the Investment Manager

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

Going Concern status

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement.

In accordance with the UK Corporate Governance Code (the "Governance Code") issued in April 2016 (provision C.1.3) and the associated Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Board of Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Company's assets consist of cash and exposure to a diverse portfolio of retrocessional reinsurance investments, including Industry Loss Warranties, which, in most circumstances, are fully liquid at the end of their contractual term unless, following loss events, the investments have been converted into Side Pocket Investments which can take up to 36 months to liquidate.

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

Directors' Responsibility Statement

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

1. The condensed set of Financial Statements contained within the unaudited Half-Yearly Financial Report has been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). These Financial Statements present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the Company.

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

The Half-Yearly Financial Report was approved by the Board on 17 August 2018 and the above responsibility statement was signed on its behalf by the Chairman.

James Keyes
Chairman,
For and on behalf of the Board
17 August 2018

CONDENSED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	**30 June 2018 (Unaudited)**	**30 June 2017 (Unaudited)**	**31 Dec. 2017 (Audited)**
	$	**$**	**$**
Assets			
Investments in Master Funds, at fair value (Note 3)	835,890,004	498,795,693	347,692,465
Cash and cash equivalents	5,153,831	46,324,795	22,393,414
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	-	515,000,000
Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	-	100,000
Other assets	165,135	54,231	40,618
Total assets	841,208,970	545,174,719	885,226,497
Liabilities			
Due to Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	43,600,000	-
Management fee payable	6,289	3,008	-
Accrued expenses and other liabilities	286,093	372,848	620,283

Total liabilities	292,382	43,975,856	620,283
Net assets	840,916,588	501,198,863	884,606,214

NAV per Share (Note 5)

CONDENSED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	**Six months to 30 June 2018 (Unaudited)**	**Six months to 30 June 2017 (Unaudited)**	**Year ended 31 Dec. 2017 (Audited)**
	$	**$**	**$**
Net investment loss allocated from Master Funds (Note 3)			
Interest	1,702,533	252,957	855,847
Management fee	(6,387,175)	(3,413,965)	(6,678,874)
Performance fee	(3,818,994)	(2,108,991)	(1,373)
Administrative fee	(300,740)	(107,123)	(216,748)
Professional fees and other	(221,567)	(167,281)	(356,909)
Net investment loss allocated from Master Funds	(9,025,943)	(5,544,403)	(6,398,057)
Company expenses			
Professional fees and other	(846,687)	(743,661)	(1,629,446)
Management fee	(72,925)	(30,000)	(66,234)
Administrative fee	(49,898)	(52,093)	(60,000)
Total Company expenses	(969,510)	(825,754)	(1,755,680)
Net investment loss	(9,995,453)	(6,370,157)	(8,153,737)
Net realised (loss) / gain and change in unrealised (loss) / gain on securities allocated from Master Funds (Note 3)			
Net realised (loss) / gain on securities	(6,018,302)	43,662,479	46,131,007
Net change in unrealised (loss) / gain on securities	(6,228,217)	(19,356,831)	(172,074,933)
Net (loss) / gain on securities allocated from Master Funds	(12,246,519)	24,305,648	(125,943,926)
Net (decrease) / increase in net assets resulting from operations	(22,241,972)	17,935,491	(134,097,663)

CONDENSED STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	**Six months to 30 June 2018 (Unaudited)**	**Six months to 30 June 2017 (Unaudited)**	**Year ended 31 Dec. 2017 (Audited)**

	$	$	$
Operations			
Net investment loss	(9,995,453)	(6,370,157)	(8,153,737)
Net realised (loss) / gain on securities allocated from Master Funds	(6,018,302)	43,662,479	46,131,007
Net change in unrealised (loss) / gain on securities allocated from Master Funds	(6,228,217)	(19,356,831)	(172,074,933)
Net (decrease) / increase in net assets resulting from operations	(22,241,972)	17,935,491	(134,097,663)
Capital share transactions			
Dividend declared	(21,447,654)	(25,557,987)	(25,557,987)
Issuance of Ordinary Shares	-	45,265,957	45,265,957
Issuance of Class C Shares	-	-	546,367,863
Offering costs Ordinary Shares	-	(688,389)	(688,389)
Offering costs Class C Shares	-	-	(10,927,358)
Premium on issuance of shares	-	626,666	626,666
Net (decrease) / increase in net assets resulting from capital share transactions	(21,447,654)	19,646,247	555,086,752
Net (decrease) / increase in net assets	(43,689,626)	37,581,738	420,989,089
Net assets, beginning of period	884,606,214	463,617,125	463,617,125
Net assets, end of period	840,916,588	501,198,863	884,606,214

UNAUDITED STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	**Six months to 30 June 2018 (Unaudited)**	**Six months to 30 June 2017 (Unaudited)**	**Year ended 31 Dec. 2017 (Audited)**
	$	**$**	**$**
Cash flows from operating activities			
Net (decrease) / increase in net assets resulting from operations	(22,241,972)	17,935,491	(134,097,663)
Adjustments to reconcile net (decrease) / increase in net assets resulting from operations to net cash provided by / (used in) operating activities:			
Net investment loss, net realised (loss) / gain and change in unrealised (loss) / gain on securities allocated from Master Funds	21,272,462	(18,761,245)	132,341,983
Sale of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, and CATCo			

Reinsurance Fund Ltd. - CATCo Diversified Fund	52,933,130	37,521,898	37,521,898
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	(562,403,131)	(54,440,000)	(54,440,000)
Changes in operating assets and liabilities:			
Advance subscription in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	515,000,000	-	(515,000,000)
Due to related parties	100,000	43,600,000	(100,000)
Other assets	(124,517)	(33,974)	(20,361)
Management fee payable	6,289	3,008	-
Accrued expenses and other liabilities	(334,190)	33,812	143,145
Net cash provided by / (used in) operating activities	4,208,071	25,858,990	(533,650,998)
Cash flows from financing activities			
Dividend paid	(21,447,654)	(25,557,987)	(25,557,987)
Issuance of Ordinary Shares	-	45,265,957	45,265,957
Issuance of Class C Shares	-	-	546,367,863
Offering Costs Ordinary Shares	-	(688,389)	(688,389)
Offering Costs Class C Shares	-	-	(10,789,256)
Premium on issuance of Ordinary Shares	-	626,666	626,666
Net cash (used in) / provided by financing activities	(21,447,654)	19,646,247	555,224,854
Net (decrease) / increase in cash and cash equivalents	(17,239,583)	45,505,237	21,573,856
Cash and cash equivalents, beginning of period	22,393,414	819,558	819,558
Cash and cash equivalents, end of period	5,153,831	46,324,795	22,393,414

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a closed-ended mutual fund company, registered and incorporated 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., 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.

Pursuant to an investment management agreement, the Company is managed by Markel CATCo Investment Management Ltd. (the "Investment Manager"), a Bermuda based limited liability company that is subject to the ultimate supervision of the Company's Board of Directors (the "Board"). The Investment Manager is responsible for all of the Company's investment decisions. The Investment Manager commenced operations on 8 December 2015 and entered into a Run-Off Services Agreement with CATCo Investment Management Limited ("CIML"), under which the Investment Manager will provide services relating to the management of the run-off business of CIML.

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"). The Company also maintains an investment in CATCo Diversified Fund, the former Master Fund, (together with the Master Fund collectively referred to as "the Master Funds"), which is exposed to reinsurance risk through its preference shares investment in CATCo-Re Ltd. At 30 June 2018, the Company's ownership is 18 per cent of the Master Fund and 14 per cent of CATCo Diversified Fund.

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

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

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.

Basis of Presentation

The condensed interim Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP has been condensed pursuant to such guidance. These interim condensed financial statements should be read in conjunction with the annual financial statements and related notes as of 31 December 2017 which are readily available on the Regulatory News Service ("RNS") of the London Stock Exchange. The Company is an investment company and follows the accounting and reporting guidance contained within Topic 946, "Financial Services Investment Companies", of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Cash and Cash Equivalents

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

Valuation of Investments in Master Funds

The Company records its investments in the Master Funds at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with Centaur Fund Services (Bermuda) Limited (the "Administrator"), as defined in Note 8, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair value in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

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

Investment Transactions and Related Investment Income and Expenses
The Company records its proportionate share of the Master Funds' 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.

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

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

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

Income Taxes
Under the laws of Bermuda, the Company is generally not subject to income taxes. The Company has received an undertaking from the Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act 1966 that in the event that there is enacted in Bermuda any legislation imposing income or capital gains tax, such tax shall not until 31 March 2035 be applicable to the Company. However, certain United States dividend income and interest income may be subject to a 30% withholding tax. Further, certain United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

The Company is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognised is measured as the largest amount of benefit that has a greater than fifty per cent likelihood of being realised upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognised results in the Company recording a tax liability that reduces ending net assets. Based on its analysis, the Company has determined that it has not incurred any liability for unrecognised tax benefits as of 30 June 2018. However, the Company's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Company recognises interest and penalties related to unrecognised tax benefits in interest expense and other expenses, respectively. No tax-related interest expense or penalties have been recognised as of and for the period ended 30 June 2018.

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

The Company may be subject to potential examination by United States federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with United States federal or foreign tax laws. The Company was not subjected to any tax examinations during the period ended 30 June 2018.

Use of Estimates

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

Offering Costs

The costs associated with each capital raise are expensed against paid-in capital and the Company's existing cash reserves as incurred. The amount expensed against paid-in capital should not exceed 2 per cent of the net proceeds of the Initial Placing and Offer.

Premium and Discount on Share Issuance

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

2. CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances (not assets supporting retrocessional reinsurance transactions) in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. At 30 June 2018, cash and cash equivalents are held with HSBC Bank Bermuda Ltd. which has a credit rating of A- as issued by Standard & Poor's.

3. INVESTMENTS IN MASTER FUNDS, AT FAIR VALUE

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

(Expressed in United States Dollars)	**30 June 2018**
	$
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	832,126,374
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value	3,763,630
Investments in Master Funds, at fair value	835,890,004

From 1 January to 30 June 2018, the net investment loss, net realised loss and change in unrealised loss on securities allocated from the Master Funds in the Statements of Operations consisted of the combined results from the Company's Investments in the Master Funds as detailed below:

(Expressed in United States Dollars)	**Investment in Master Fund**	**Investment in CATCo Diversified Fund**	**Total**
Net investment loss allocated from Master Funds	**$**	**$**	**$**
Interest	1,702,533	-	1,702,533
Management fee	(6,341,110)	(46,065)	(6,387,175)
Performance fee	(3,805,182)	(13,812)	(3,818,994)
Administrative fee	(294,995)	(5,745	(300,740)
Professional fees and other	(211,884)	(9,683)	(221,567)
Net investment loss allocated from Master Funds	(8,950,638)	(75,305)	(9,025,943)
Net realised (loss) / gain and change in unrealised (loss) / gain on securities from Master Funds			
Net realised (loss) / gain on securities (a)	(6,635,573)	617,271	(6,018,302)
Net change in unrealised (loss) / gain on securities (b)	(5,670,145)	(558,072)	(6,228,217)

Net loss on securities allocated from Master Funds	(21,256,356)	(16,106)	(21,272,462)

a) Includes gross realised gain on securities of $22,282,212 and gross realised loss on securities of $28,300,513.

b) Includes gross increase in change in unrealised gain on securities of $74,833,127 and gross increase in change in unrealised loss on securities of $81,061,344.

4. LOSS RESERVES

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

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

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

Following the 2017 Hurricanes, Harvey, Irma and Maria ("HIM") and the California Wildfires, the Investment Manager has continued to monitor the ongoing uncertainty related to these loss events. In late April 2018, market information indicated that industry loss estimates are expected to rise for Hurricane Irma following reports of significant increases in loss adjustment expenses, late claims reporting and an increase to loss exposures in the Caribbean. As such, the Investment Manager increased the specific loss reserves held by the Company in relation to the Ordinary Shares for the 2017 loss events which had the impact of reducing the Company's Ordinary Shares net asset value by approximately 19.5 per cent in April 2018.

In the six months to 30 June 2018, the Reinsurer paid claims of $940,934,135 predominantly in relation to HIM and the California wildfire events. During the same period, the Reinsurer also paid claims of $22,719,634 in relation to the 2016 Canada wildfires and Jubilee events. CATCo-Re Ltd paid claims of $6,526,500 predominantly in relation to U.S. Severe Convective Storm events.

5. CAPITAL SHARE TRANSACTIONS

As of 30 June 2018, the Company has authorised share capital of 1,500,000,000 unclassified shares of US$0.0001 each and Class B Shares ("B Shares") of such nominal value as the Board may determine upon issue.

As of 30 June 2018, the Company has issued 391,666,430 Class 1 ordinary shares (the "Ordinary Shares") and 546,367,863 Class C Shares (the "C Shares").

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

30 June 2018						
	Beginning Shares	**C Share Conversion**	**Share Issuance**	**Ending Shares**	**Ending Net Assets**	**Ending NAV Per Share**
Class 1 Ordinary Shares	391,666,430	-	-	391,666,430	$271,673,303	$0.6936
Class C Shares	546,367,863	-	-	546,367,863	$569,243,285	$1.0419
Total	938,034,293	-	-	938,034,293	$840,916,588	-

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 which have the same rights and characteristics of the shares.

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

On 31 January 2018, the Board declared a final dividend of $0.05476 per share in respect of the Ordinary Shares. The record date for this dividend was 9 February 2018 and the ex-dividend date was 8 February 2018. The final dividend was paid to shareholders on 26 February 2018.

On 1 April 2018, the Board approved the termination of the CATCo Diversified Fund 2014 Side Pocket Investment. The related net asset value was released to investors.

6. INVESTMENT MANAGEMENT AGREEMENT

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

7. RELATED PARTY TRANSACTIONS

The Investment Manager also acts as the Master Fund's investment manager and the Reinsurer's insurance manager. CIML is the investment manager of CATCo Diversified Fund and also acts as CATCo-Re Ltd.'s insurance manager.

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 Funds' shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Funds shares are charged in the Master Funds and allocated to the Company. Performance fees are charged in the Master Funds and allocated to the Company.

Markel, which holds the entire share capital of the Investment Manager, holds 5.13 per cent of the voting rights of the Ordinary Shares issued in the Company as of 30 June 2018.

In addition, the Directors of the Company are also shareholders of the Company. The Directors' holdings are immaterial, representing below 1 per cent of the Company NAV.

8. ADMINISTRATIVE FEE

Effective 19 January 2018, the Board of Directors approved the appointment of Centaur Fund Services (Bermuda) Limited as the Company's administrator (the "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.

The Company's agreement with former administrator, SS&C Fund Services (Bermuda) Ltd. officially expired on 30 April 2018. For the nine month period ending 30 April 2018, the Company incurred administrative fees from SS&C

Fund Services (Bermuda) Ltd. and the Administrator for parallel administrative services to ensure the smooth onboarding of the Company onto the Administrator's platform.

9. FINANCIAL HIGHLIGHTS

Financial highlights for the period 1 January to 30 June 2018 are as follows:

	Class 1 - Ordinary Shares		Class C Shares	
Per share operating performance				
Net asset value, beginning of period	$	0.8915	$	0.9800
Income (loss) from investment operations:				
Net investment gain		0.0001		0.0004
Performance fee*		0.0000		(0.0070)
Management fee		(0.0056)		(0.0076)
Net (loss) / gain on investments		(0.1376)		0.0761
Total from investment operations		(0.1431)		0.0619
Dividend		(0.0548)		-
Net asset value, end of period	$	0.6936	$	1.0419
Total net asset value return				
Total net asset value return before performance fee		-16.05%		7.02%
Performance fee*		0.00%		-0.71%
Total net asset value return after performance fee		-16.05%		6.31%
Ratios to average net assets				
Expenses other than performance fee		-0.92%		-0.51%
Performance fee*^		0.00%		-0.39%
Total expenses after performance fee		-0.92%		-0.90%
Net investment loss		-0.62%		-1.46%

^ Adjusting the opening capital to reflect the dividend declared on 31 January 2018, the normalised total return for 2018 is equivalent to -17.12%

* The performance fee is charged in the Master Funds

The ratios to weighted average net assets are calculated for each class of shares taken as a whole. An individual shareholder's return and ratios to weighted average net assets may vary from these amounts based on the timing of capital transactions. Returns and ratios shown above are for the period ended 30 June 2018 and have not been annualised. The per share amounts and ratios reflect income and expenses allocated from the Master Funds.

10. INDEMNIFICATIONS OR WARRANTIES

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

11. SUBSEQUENT EVENTS

The unaudited interim condensed Financial Statements were approved by the Board and available for issuance on 17 August 2018. Subsequent events have been evaluated through this date.

For further information:

Markel CATCo Investment Management Ltd.
Judith Wynne, General Counsel
Telephone: +1 441 493 9005
Email: judith.wynne@markelcatco.com

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

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