CATCo Reinsurance Opportunities Fund Ltd.

15 August 2019

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

Interim Financial Report

For the Six Months Ended 30 June 2019

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

CHAIRMAN'S STATEMENT

Welcome to the 2019 Interim Report for CATCo Reinsurance Opportunities Fund Ltd. (the "Company"). Following the Board's announcement on 26 March 2019, that the Company's Shareholders had voted to put the Company's investment portfolios into an orderly run-off (the "Run-Offs") with effect from 30 June 2019, catastrophic activity has remained at relatively low levels during the first half of 2019, allowing the 2019 portfolio to deliver an improved performance (compared to the same period in 2018) with no significant insured losses. This relatively benign start to the 2019, following 2017 and 2018, the first and fourth largest insured loss years of all time, portfolio year should bring some relief to Shareholders. However, this was offset by the deterioration in the 2017/2018 Side Pocket Investments as described in the section '2017/2018 Loss Events' below and no assurances are being provided as to the performance for the remainder of the year, which represents high risk for tropical storm formation.

As a result of the Run-Offs, Markel CATCo Investment Management Ltd. (the "Investment Manager") did not write any mid-year contracts for 2019 and the Investment Manager is now committed to the proactive management of side pockets and returning capital to Shareholders in a timely and orderly manner.

Prior to the implementation of the Run-Offs, the Company's investment portfolio team constructed a fully diversified portfolio at the outset of 2019 with an indicative maximum net return, on a no loss basis, of c.33 per cent, (net of hedging costs, fees and expenses) on invested capital (compared to c.23 per cent in 2018), with a maximum capital exposure to a worst-case single event of 10 per cent.

Financial Performance

Annual dividend for the year ended 31 December 2018 of USD 0.0265 in respect of Ordinary Shares and USD 0.0445 per C Share were paid to Shareholders on 25 February 2019.

As reported in the 30 June 2019 monthly Insight Report, the Net Asset Value ("NAV") return for the first 6 months of 2019 was -14.66 per cent (6 months to 30 June 2018: -17.12 per cent) and -12.49 per cent (6 months to 30 June 2018: 6.31 per cent) for the Ordinary Shares and C Shares respectively. The negative return for both share classes is a result of the adverse development reported in the May NAV on both 2017 and 2018 loss reserves, whilst the appreciation on the investments in 2019 portfolio generated a net asset value return of c. 3.58 per cent and 6.01 per cent for the Ordinary Shares and C Shares respectively.

The NAV returns since inception to 30 June 2019 of the Ordinary Shares issued on 20 December 2010 and the various issuances of C Shares are listed below.

Share Class (Date of Issuance)	NAV Returns since Inception (to 30 June 2019)
Ordinary Shares (20 Dec. 2010)	-52.86%
C Shares issued (20 May 2011)	-48.50%
C Shares issued (16 Dec. 2011)	-53.72%
C Shares issued (2 Nov. 2015)	-72.41%
C Shares issued (28 Nov. 2017)	-43.77%

SIDE POCKET INVESTMENTS (“SPIs”)
As at 30 June 2019, the SPIs in total represent c. 51.86 per cent of Ordinary Share NAV (31 December 2018: c. 74.93 per cent) and c. 31.87 per cent of the C Share NAV (31 December 2018: c. 46.76 per cent). During Q1 2019, the Company successfully closed out the SPI for 2015, leaving just the 2016, 2017 and 2018 SPIs, the current position of which as at 30 June 2019 is as follows:

- 2016 SPIs, established for the Fort McMurray wildfire, Jubilee oil field, Hurricane Matthew, and the South Island earthquake in New Zealand, amount to c. 8.68 per cent of the Company’s Ordinary Share NAV (31 December 2018: c. 10.66 per cent of Ordinary Share NAV)

- 2017 SPIs, principally relating to Hurricanes Harvey, Irma and Maria and the 2017 California Wildfires, amount to c. 27.92 per cent of the Company’s Ordinary Share NAV (31 December 2018: c. 41.24 per cent of Ordinary Share NAV)

- 2018 SPIs, principally relating to Hurricanes Michael and Florence, Typhoon Jebi and the 2018 California Wildfires, amount to c. 15.26 per cent of Ordinary Share NAV and c. 31.87 per cent of C Share NAV (31 December 2018: c 21.05 per cent and c. 46.76 per cent of Ordinary Share and C Share NAV respectively).

SPI’s	% / NAV	Value in millions
SPI 2016 - Ordinary	8.68%	USD 9.33
SPI 2017 - Ordinary	27.92%	USD 30.02
SPI 2018 - Ordinary	15.26%	USD 16.41
SPI 2018 - C Shares	31.87%	USD 89.11

The Investment Manager is pleased to report recent capital releases on both 2016 and 2018 Side Pockets amounting to 3.24 per cent and 4.87 per cent of 1 June 2019 Ordinary and C Share NAV respectively. Separately, the 2018 mid-year deals that have exposure to previous events have resulted in additional 2018 Side Pockets being created on 1 July 2019, which represent c. 7.57 per cent and c. 16.86 per cent of 30 June 2019 Ordinary and C Share NAV.

There is still considerable uncertainty particularly in relation to 2018 events Hurricane Michael and Typhoon Jebi and 2017 event Hurricane Irma, which is well beyond what would normally be expected at this point in time following a major loss event occurrence.

As mentioned in the Company’s Annual Report 2018, on 11 March 2019, the Investment Manager has offered a partial waiver of 33.3334 per cent (one-third) of the management fee borne by the Company in respect of SPIs. The reduction from the waiver will have effect from 1 January 2019 until 31 December 2019, but is subject to possible extension by the Investment Manager and the Master Fund SAC.

2017 / 2018 LOSS EVENTS
As of 30 June 2019, final industry losses are still not yet known in relation to the 2017 Hurricanes Harvey, Irma, and Maria (HIM) or the 2018 Hurricanes Michael and Florence and Typhoon Jebi. PCS loss estimates for historical Hurricane events indicate an average development from 1st to Final of c. 33 per cent and 3rd to Final of c. 2.6 per cent. With respect to the 2017 and 2018 CA Wildfires, Property Claims Services (“PCS”) has now issued final loss estimates. PCS data indicates that 75 per cent of the insured losses related to Wildfires over the past 55 years have occurred in the last 2 years.

Loss estimates reported by PCS, increased on average 27 per cent (2017 events) and 64 per cent (2018 events) for Hurricanes and 47 per cent (2017 events) and zero (2018 events) for CA Wildfires, over initial estimates reported (through 5 August 2019), as per the following table:

Loss Event	1st to Final	3rd to Final

2017		
Hurricane Harvey*	22%	24%
Hurricane Irma*	38%	45%
Hurricane Maria	21%	11%
California Wildfire - North Fires	64%	10%
California Wildfire - South Fires	30%	19%
2018		
Hurricane Florence*	82%	3%
Hurricane Michael*	46%	21%
California Wildfire - Camp Fire	-6%	0%
California Wildfire - Woolsey Fire	0%	0%
Typhoon Jebi**	*225%*	*0%*

* *Not final - using current estimate*
** *Not final - using current Munich Re Nat Cat Services estimate with development based on market sentiment*

As announced by the Company on 3 June 2019 in its Portfolio Update, as a result of the continued development and late reporting from cedants, the Investment Manager decided to strengthen the reserves for 2017 and 2018 events in the 31 May 2019 NAV, representing a c. 11.05 per cent and c. 8.11 per cent deterioration in the brought forward April 2019 Ordinary Share NAV.

With respect to the C Share NAV, the impact of loss reserve increases recorded in the 31 May 2019 NAV was c. 18.65 per cent of the brought-forward April 2019 NAV.

Based on the latest available claim information from cedants, which at this point in time post the 2017 and 2018 losses is given more weight than the modelled loss estimates, as well as consideration of the insured loss estimates provided by PCS and Munich Re, the existing loss reserves are deemed sufficient and no further strengthening was warranted for the June NAV. Continued uncertainty remains involving these loss events and estimates, and further strengthening may be required in the future.

2019 CATASTROPHIC ACTIVITY TO DATE
Following record catastrophic activity in 2017 and 2018, insured losses during the first six months of 2019 are estimated at USD 15 billion, below the long-term average of USD 18 billion, according to Munich Re. [Further, the absence of major catastrophes worldwide during the first half of the year resulted in a reduction of c. 13 per cent of insured losses from the prior year period (USD 17 billion).]

Subsequent to the end of the first half of the year, on 4 and 6 July 2019, the Ridgecrest Earthquakes occurred north and northwest of the town of Ridgecrest California, approximately 120 miles north of Los Angeles, and included two main shocks of magnitude 6.4 and 7.1. Fortunately, only relatively minor damage resulted as these earthquakes occurred in a low population density area of San Bernardino County. The PCS insured loss estimate for this event is c. USD 28 million which is unlikely, even with further development, to adversely impact the retrocessional market in which Markel CATCo participates. 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 decreases after September, until the season officially concludes on 30 November.

On 12 July, Hurricane Barry, the first hurricane of the 2019 Atlantic Season, made landfall near Lafayette, Louisiana as a Category 1 hurricane. The initial PCS insured loss estimate for this event is not available yet, but market sentiment is that it will be less than c. USD 1 billion, which is subject to change, but at this level would be unlikely to impact the retrocessional market.

Through the end of 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 at the date of this report only two named storms have occurred in the Atlantic so far this season.

PROACTIVE MANAGEMENT OF RUN-OFFS

Following the Company's announcement on 26 March 2019 that Shareholders had approved the implementation of the Run-Offs with effect from 30 June 2019, the Board have, after careful consideration, concluded that the most efficient way to return capital to Shareholders is by way of a reverse tender offer and at the current time share buybacks, while the shares trade at material discounts. An announcement to this effect was released by the Company on 26 July 2019. Accordingly, a Circular has been distributed to Shareholders which sets out the Company's proposal to conduct a reverse tender offer and to seek confirmatory authority to carry out share buybacks from the Company's Ordinary and C Shareholders at class meetings to be held on 6 September 2019.

A press release was issued by the Investment Manager on 25 July 2019, in which it was announced that the Investment Manager will cease accepting new investments in the Master Fund SAC and will not write any new business going forward through Markel CATCo Re Ltd. (the "Reinsurer"). The Investment Manager will commence the orderly run-off of the Reinsurer's existing portfolio, which is expected to take approximately three years. As part of this run-off, the Master Fund SAC will return capital to investors, including the Company, as such capital become available, which will continue to be subject to side pockets. The underwriting team will continue to monitor the contractual capital release obligations of the Reinsurer's cedants in order to pursue timely loss updates for prior year events thereby ensuring capital trapped in SPIs can be released and returned back to Shareholders as efficiently as possible.

While the timing and amount of capital to be released is difficult to estimate, the Manager expects SPI releases on a quarterly basis and a more significant capital release some time after the expiry of the 2019 portfolio in March 2020, depending on the need to create any further side pockets. Shareholders are reminded that the distribution of capital by the Company is contingent on the required BMA regulatory approvals for capital releases between the Reinsurer and the Master Fund SAC.

The Board of Directors is engaged in regular contact with the Investment Manager regarding the run-off process and has received assurances from the owner of the Investment Manager, Markel Corporation, that adequate resources will remain in place until the conclusion of the Run-Offs. A service agreement between the new Manager and the Investment Manager will be put in place in due course to ensure the Company's new investment policy, that is, to implement the Run-Offs, is met. Consequently the Directors believe the Investment Manager remains the best-placed organisation to manage the Run-Offs. The Directors will closely monitor the implementation of the Run-Offs and the return of capital to Shareholders to ensure that the new Manager remains committed to and focused upon the orderly management of the Run-Offs, and that it continues to dedicate sufficient resources to support that process.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
15 August 2019

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

During the period from inception of the Company to 26 March 2019, the objective of the Company and the Master Fund SAC was to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in preferred shares of Markel CATCo Re Ltd (the

"Reinsurer"). The Master Fund SAC continues to pursue that objective, and so 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 2018 Annual Report, on page 14, explains in detail how the Company and the Master Fund SAC ensure that appropriate diversification is achieved.

However, with effect from 26 March 2019, the Company's Shareholders voted to amend the Company's investment policy so as to implement the Run-Offs, with the effect that the Company's investment policy is limited to realising the Company's existing investments in the Master Fund attributable to the Ordinary and C shares respectively in an orderly manner, and distributing the net proceeds therefore to the Ordinary and C shareholders (after payment of any costs and save for any amount required for reserves in respect of anticipated liabilities and for working capital purposes, and subject to side pocket terms).

The Master Fund SAC, through which the Company invests, granted a special redemption right to all shareholders in the Master Fund which allow the shareholders to redeem all or part of their shares in the Master Fund as of 30 June 2019 (the "Special Redemption Right"). In view of the Company's amended investment policy, it exercised the Special Redemption Right in respect of 100% of the Company's shares in the capital of the Master Fund SAC attributable to the Master Fund (the "Master Fund Shares"). The Master Fund SAC redeemed the applicable Master Fund Shares as at 30 June 2019 in accordance with their terms (including side pockets terms). Accordingly, the Company's portfolio has since that date comprised cash and the shares held by the Master Fund SAC related to 2019 risk as well as side pocket shares holding risk from 2016-2018.

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 2019 amounted to 391,666,430 Ordinary Shares and 545,367,863 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 Board of Directors have also considered the Company's longer-term viability.

The Company's assets consist of cash and investment exposure, through the shares held by the Master Fund SAC related to 2019 risk as well as side pocket shares holding risk from 2016-2018.

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 Condensed Interim Financial Statements provide a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of unaudited Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the financial year) and rule 4.2.8R (being related party transactions that have taken place during the first six months of the 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 15 August 2019 and the above responsibility statement was signed on its behalf by the Chairman.

James Keyes
Chairman,
CATCo Reinsurance Opportunities Fund Ltd.
For and on behalf of the Board
15 August 2019

CONDENSED STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)	Jun-19 (Unaudited) $	Jun-18 (Unaudited) $	31 Dec. 2018 (Audited) $
Assets			
Investments in Master Funds, at fair value (Note 3)	346,876,476	835,890,004	421,660,837
Cash and cash equivalents (Note 2)	23,771,088	5,153,831	3,602,153
Due from Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	16,901,677	-	54,753,242
Other assets	134,615	165,135	9,000
Total assets	387,683,856	841,208,970	480,025,232
Liabilities			
Management fee payable	50,412	6,289	4,245
Accrued expenses and other liabilities	477,697	286,093	215,465
Total liabilities	528,109	292,382	219,710
Net assets	387,155,747	840,916,588	479,805,522
NAV per Share (Note 5)			

CONDENSED STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Jun-19 (Unaudited) $	Jun-18 (Unaudited) $	31 Dec. 2018 (Audited) $
Net investment loss allocated from Master Funds (Note 3)			
Interest	1,085,066	1,702,533	4,379,432
Miscellaneous income (loss)	280,704	(9,237)	48,815
Management fee	(2,522,096)	(6,387,175)	(11,943,832)
Administrative fee	(99,618)	(300,740)	(610,031)
Performance fee	(15,666)	(3,818,994)	44,409
Professional fees and other	(210,955)	(212,330)	(582,276)
Net investment loss allocated from Master Funds	(1,482,565)	(9,025,943)	(8,663,483)
Investment income			
Interest	213,821	-	14,699
Total investment income	213,821	-	14,699
Company expenses			
Professional fees and other	(588,296)	(846,687)	(1,515,492)
Management fee (Note 7)	(238,617)	(72,925)	(105,687)
Administrative fee (Note 8)	(27,500)	(49,898)	(137,417)
Total Company expenses	(854,413)	(969,510)	(1,758,596)
Net investment loss	(2,123,157)	(9,995,453)	(10,407,380)
Net realised loss and change in unrealised gain / (loss) on securities allocated from Master Funds (Note 3)			
Net realised loss on securities	(93,422,794)	(6,018,302)	(95,399,760)
Net change in unrealised gain / (loss) on securities	37,544,206	(6,228,217)	(276,560,998)
Net loss on securities allocated from Master Funds	(55,878,588)	(12,246,519)	(371,960,758)
Net decrease in net assets resulting from operations	(58,001,745)	(22,241,972)	(382,368,138)

CONDENSED STATEMENTS CHANGE IN NET ASSETS

(Expressed in United States Dollars)	Jun-19 (Unaudited) $	Jun-18 (Unaudited) $	31 Dec. 2018 (Audited) $
Operations			
Net investment loss	(2,123,157)	(9,995,453)	(10,407,380)
Net realised loss on securities allocated from Master Funds	(93,422,794)	(6,018,302)	(95,399,760)
Net change in unrealised gain / (loss) on securities allocated from Master Funds	37,544,206	(6,228,217)	(276,560,998)
Net decrease in net assets resulting from operations	(58,001,745)	(22,241,972)	(382,368,138)
Capital share transactions			
Repurchase of Class C Shares	-	-	(984,900)

Dividend paid	(34,648,030)	(21,447,654)	(21,447,654)
Net decrease in net assets resulting from capital share transactions	(34,648,030)	(21,447,654)	(22,432,554)
Net decrease in net assets	(92,649,775)	(43,689,626)	(404,800,692)
Net assets, beginning of period	479,805,522	884,606,214	884,606,214
Net assets, end of period	387,155,747	840,916,588	479,805,522

CONDENSED STATEMENTS OF CASH FLOW

(Expressed in United States Dollars)	Jun-19 (Unaudited) $	Jun-18 (Unaudited) $	31 Dec. 2018 (Audited) $
Cash flows from operating activities			
Net decrease in net assets resulting from operations	(58,001,745)	(22,241,972)	(382,368,138)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:			
Net investment loss, net realised loss on securities and net change in unrealised gain / (loss) on securities allocated from Master Funds	57,361,153	21,272,462	380,624,241
Sale of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, and CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund	17,423,208	52,933,130	102,410,387
Purchase of investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund	-	(562,403,131)	(557,003,000)
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 from related parties	37,851,565	100,000	(54,653,242)
Other assets	(125,615)	(124,517)	31,618
Management fee payable	46,167	6,289	-
Accrued expenses and other liabilities	262,232	(334,190)	(400,573)
Net cash provided by operating activities	54,816,965	4,208,071	3,641,293
Cash flows from financing activities			
Repurchase of Class C Shares	-	-	(984,900)
Dividend paid	(34,648,030)	(21,447,654)	(21,447,654)
Net cash used in financing activities	(34,648,030)	(21,447,654)	(22,432,554)
Net increase / (decrease) in cash and cash equivalents	20,168,935	(17,239,583)	(18,791,261)
Cash and cash equivalents, beginning of period	3,602,153	22,393,414	22,393,414
Cash and cash equivalents, end of period	23,771,088	5,153,831	3,602,153

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2019
(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"). Up until 31 March 2019, the Company also maintained 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 2019, the Company's ownership is 7 per cent of the Master 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 interim condensed Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP 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 2018 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 2019. 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 2019.

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 2019.

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 2019, 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 the Master Funds:

(Expressed in United States Dollars)	30 June 2019
	$
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	346,876,476
Investment in CATCo Reinsurance Fund Ltd. - CATCo Diversified Fund, at fair value	-
Investments in Master Funds, at fair value	346,876,476

From 1 January to 30 June 2019, 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	$1,085,066	$ -	$1,085,066
Miscellaneous income	280,704	-	280,704
Management fee	(2,519,435)	(2,661)	(2,522,096)
Administrative fee	(95,994)	(3,624)	(99,618)
Performance fee	-	(15,666)	(15,666)
Professional fees and other	(201,137)	(9,818)	(210,955)
Net investment loss allocated from Master Funds	$(1,450,796)	$(31,769)	$(1,482,565)
Net realised loss and change in unrealised gain on securities allocated from Master Funds			
Net realised loss on securities[a]	$(93,072,361)	$(350,433)	$(93,422,794)
Net change in unrealised gain on securities[b]	37,116,705	427,501	37,544,206
Net (loss) / gain on securities allocated from Master Funds	$(55,955,656)	$77,068	$(55,878,588)

a) Includes gross realised gain on securities of $9,965,274 and gross realised loss on securities of $103,388,068.
b) Includes gross increase in change in unrealised gain on securities of $118,060,502 and gross increase in change in unrealised loss on securities of $80,516,296.

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 30 June 2019, 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 2017 California Wildfires as well as 2018 Hurricanes Florence and Michael, Typhoon Jebi and the Camp and Woolsey Wildfires, the Investment Manager continues to monitor the ongoing uncertainty related to these loss events on a monthly basis. After a review of cedant loss updates as of 31 March 2019 coupled with the latest industry loss estimates provided by 3rd party index providers, cedant losses continue to rise due to significant increases in loss adjustment expenses and late claims reporting from original cedants. As such, the Investment Manager increased the specific loss reserves held by the Company in relation to the Ordinary Shares for the 2017 and 2018 loss events and C-Shares for 2018 loss events, which had the impact of reducing the Company’s Ordinary Shares net asset value by approximately 11.05 per cent (2017 Events) and 8.11 per cent (2018 Events) and 2018 C-Shares by 18.65 per cent in May 2019.

In the six months to 30 June 2019, the Reinsurer paid claims of $181,695,393 predominantly in relation to 2017 HIM and the California wildfire events and $512,653,672 predominantly in relation to 2018 Jebi, Michael and California wildfire events. During the same period, the Reinsurer also paid claims of $,4,272,667 in relation to the 2016 Canada wildfires and attritional losses.

5. CAPITAL SHARE TRANSACTIONS

As of 30 June 2019, 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 2019, the Company has issued 391,666,430 Class 1 ordinary shares (the “Ordinary Shares”) and 545,367,863 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 2019

	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	$107,506,734	$0.2745
Class C Shares	545,367,863	-	-	545,367,863	$279,649,013	$0.5128
Total	937,034,293	-	-	937,034,293	387,155,747	

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 2019, the Board declared annual dividends of $0.0265 per share in respect of the Ordinary Shares and $0.0445 in respect of each of the C Shares for the year to 31 December 2018. The record date for this dividend was 8 February 2019 and the ex-dividend date was 7 February 2019. The final dividend was paid to shareholders on 25 February 2019.

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

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.

On 11 March 2019, the Company announced its decision to consent to a partial waiver of 33.3334 per cent (one-third) of the management fee it indirectly pays to the Investment Manager in respect of SPIs, being exposed to SPIs by way of its holding of certain classes of share in the Master Fund. The reduction resulting from the waiver will have effect from 1 January 2019 until 31 December 2019, but is subject to possible extension by the Investment Manager and the Master Fund SAC.

Markel, which holds the entire share capital of the Investment Manager, holds 2.16 per cent of the voting rights of the Ordinary Shares issued in the Company as of 30 June 2019.

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 2019 are as follows:

		Class 1 - Ordinary Shares	**Class C Shares**
Per share operating performance			
Net asset value, beginning of period	$	0.3479	0.6299
Income (loss) from investment operations			
Net investment (loss) / income		(0.0001)	0.0009
Management fee		(0.0016)	(0.0035)
Net loss on investments		(0.0452)	(0.0700)
Total from investment operations		(0.0469)	(0.0726)
Dividend		(0.0265)	(0.0445)
Net asset value, end of period	$	0.2745	0.5128
Total net asset value return			
Total net asset value return before performance fee		-13.47%	-11.54%
Performance fee*		-0.01%	0.00%
Total net asset value return after performance fee^		-13.48%	-11.54%
Ratios to average net assets			
Expenses other than performance fee		-0.78%	-0.83%
Performance fee*		-0.01%	0.00%
Total expenses after performance fee		-0.79%	-0.83%
Net investment loss		-0.49%	-0.41%

^ *Adjusting the opening capital to reflect the dividend declared on 31 January 2019, the normalised total return for 2019 is equivalent to -14.66% and -12.49% for the Ordinary and C Shares respectively.*

* *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 2019 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 15 August 2019. Subsequent events have been evaluated through this date.

The Investment Manager announced on 25 July 2019 that it will cease accepting new investments in Markel CATCo Reinsurance Fund Ltd ("MCRF") and will not write any new business going forward through the Reinsurer. The Investment Manager will commence the orderly run-off of the Reinsurer's existing portfolio, which is expected to take approximately three years. As part of this run-off, MCRF will return capital to its investors, including the Company.

Markel Corporation, the Investment Manager's parent corporation, also announced on 25 July 2019 that it intends to launch a new retrocessional Insurance Linked Securities (ILS) fund platform ahead of the 2020 renewal period. As noted in the Chairman's report a service agreement will be put into place between the Investment Manager and the investment manager of the new platform to ensure an orderly run-off.

As at 26 July 2019 the Company announced accordingly, as set out in the February 2019 Circular, that it had exercised the Special Redemption Right in respect of 100% of its Master Fund Shares as at 30 June 2019.

At the time of the announcement, the Ordinary Share portfolio and the C Share portfolio comprise cash and the following shares (in each case as a percentage of the Net Asset Value of the relevant share class and by value, determined using 30 June 2019 Net Asset Values):

	Ordinary Share portfolio	C share portfolio
Cash	14.0% (US$15.0m)	9.0% (US$25.2m)
Shares in respect of :		
Contracts that go "off risk" during 2019	34.1% (US$36.7m)	59.1% (US$165.3m)
Side pocket shares:		
From 2018	15.3% (US$16.4m)	31.9% (US$89.1m)
From 2017	27.9% (US$30.0m)	-
From 2016	8.7% (US$9.3m)	-

The Board has, having consulted with its advisers, concluded that the most appropriate method by which to return the net proceeds of the Company's exercise of the Special Redemption Right is to conduct a reverse tender offer (the "Tender Offer") in relation to the Company's Ordinary and C Shares. As a consequence, the Company has published a circular to Shareholders (the "Reverse Tender Offer Circular") setting out its specific proposals for conducting the Tender Offer. Additionally, in order to be able to deal efficiently with subsequent distributions, the Company is proposing to seek the approval of the Ordinary and C Shareholders to conduct share buybacks (the "Buyback Proposal").

The separate approval of the Ordinary Shareholders and C Shareholders of the Tender Offer and Buyback Proposal will be sought at separate Class Meetings. Notices convening the necessary Class Meetings are set out in the Reverse Tender Offer Circular.

<u>**For further information:**</u>

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