



17 December 2024

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

Interim Financial Report

For the 9 month period 1 January 2024 to 30 September 2024

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

CHAIRMAN'S STATEMENT

During the 9 month period to 30 September 2024 the run-off ("Run-Off") of the investment portfolio of CATCo Reinsurance Opportunities Fund Ltd. (the "Company") was completed following the commutation of the remaining 2018 to 2019 investments held by the Company in the Master Fund. As a result, the Company no longer has exposure to any reinsurance contracts.

The Company has now redeemed the entirety of its interest in Markel CATCo Diversified Fund (the "Master Fund") and distributed substantially all of the redemption proceeds it has received.

EVENTS SINCE THE PERIOD END

Return of Capital

Following the closure of the remaining reinsurance contracts, investors were informed on 13 November 2024 that Markel CATCo Investment Management Ltd. (the "Investment Manager") intended to return approximately 21 million to investors derived from favourable loss development and interest income since the previous redemption made in November 2022 by way of a ninth Partial Compulsory Redemption.

Proceeds of the redemption were paid through CREST to holders of Ordinary Shares and C Shares in uncertificated form on 27 November 2024, and paid by cheque to holders of Ordinary Shares in certificated form on 29 November 2024.

Special General Meeting and Proposed Liquidation

Following the Board's decision to return approximately 96 per cent of investors' capital, the Board determined to recommend that the Company be placed into members' voluntary winding up and be wound up. On 18 November 2024 the Company announced the publication of a Circular providing information relating to the proposed winding up and notice of Special General Meeting. The Circular is available at www.catcoreopsfund.com.

Shareholder approval is required for the Company to be wound up (and related matters) and such approvals are being sought at the Special General Meeting to be held at 9:00 a.m. (Bermuda time) on 18 December 2024. The appointment of the liquidators (the "Liquidators") and the winding up of the Company will commence immediately upon the passing of the first resolution with the cancellation of the listing and trading of Shares on the London Stock Exchange and the Bermuda Stock Exchange on 19th December 2024.

Upon the appointment of the Liquidators, all powers of the Board and officers will cease, except so far as the Company in general meeting or the Liquidators sanction the continuance thereof. Liquidators will assume

responsibility for the winding up of the Company, including the payment of fees, costs and expenses, the discharging of the liabilities of the Company, and obtaining and distributing the Company's surplus assets to the Shareholders.

The Company estimates that the costs and expenses of the proposed liquidation will amount to approximately US 350,000, which include the fees of the Liquidators and those of the Company's advisers and service providers in connection with the winding up. As at 30 September 2024, the Company had a cash reserve of approximately US 1.1m to pay the Company's anticipated future operational costs, professional fees, the costs of liquidation and any unknown contingencies. In addition, approximately 4 per cent of the NAV (in the form of cash amounting to approximately US 960,000) was withheld from the compulsory redemption that took place on 27 and 29 November 2024.

Once the Liquidators are satisfied that all actual and contingent liabilities of the Company have been settled, any surplus will be distributed to the Shareholders as a final redemption which is expected to be made at the conclusion of the liquidation. When this is completed, the Company will be dissolved. The precise timing and amount of the final redemption is uncertain, but is expected to take place in Q1 2025, and the Liquidators' remuneration and any expenses will be deducted prior to any final payment to Shareholders.

NET ASSET VALUE ("NAV")

The Company opened the year with a total NAV of 14.5m which consisted of 2.4m Ordinary Share NAV and 12.1m of C Share NAV and increased to 22.1m by 30 September 2024, of which 4.7m related to the Ordinary Share NAV and 17.4m to the C Share NAV.

The increase in NAV was due to further upside recorded relating to positive loss development recognized upon commutation of the contracts in the 2018 and 2019 reinsurance portfolios plus interest income. This resulted in a closing NAV per share at 30 September 2024 of 41.6197 and 221.6594 for Ordinary Shares and C Shares respectively.

2024 Ordinary Shares NAV (m)

Opening balance 1 January 2024	2.4
Investment appreciation net of expenses	2.3
Closing balance 30 September 2024	4.7

2024 C Shares NAV (m)

Opening balance 1 January 2024	12.1
Investment appreciation net of expenses	5.3
Closing balance 30 September 2024	17.4

RETURN OF CAPITAL TO SHAREHOLDERS

From the commencement of the Run-Off (26 March 2019) to 27 November 2024, the Company has successfully returned 435.0m of capital to Shareholders by means of dividends, tender offer, share buybacks, completion of the Buy-Out Transaction and compulsory share redemptions.

Form of Return	Payment or Redemption Date / Period	Ordinary Shares (m)	C Shares (m)	Total (m)
Tender Offer	23 September 2019	15.3	28.0	43.3
Interim Dividend	1 November 2019	4.0	11.9	15.9
Share Buyback	Oct to Dec 2019	1.9	5.9	7.8
Partial Compulsory Redemption 1	20 April 2020	5.3	24.0	29.3
Partial Compulsory Redemption 2	18 May 2020	4.6	14.2	18.8
Partial Compulsory Redemption 3	1 July 2020	3.6	12.2	15.8
Partial Compulsory Redemption 4	1 August 2020	7.0	30.9	37.9
Partial Compulsory Redemption 5	7 October 2020	15.9	78.6	94.5
Partial Compulsory Redemption 6	11 January 2021	2.0	6.0	8.0
Partial Compulsory Redemption 7	11 May 2021	3.4	15.8	19.2
Buy-Out Transaction	11 April 2022	51.7	53.9	105.6
Partial Compulsory Redemption 8	29 November 2022	4.6	13.2	17.8
Partial Compulsory Redemption 9	27 November 2024	4.5	16.6	21.1
Total Capital Return		123.8	311.2	435.0

OVERVIEW OF INVESTMENTS

The following table outlines the investments held by the Ordinary Shares and C Shares respectively.

Investments Held by Share Class as at 30 September 2024:

SPI's	% of Share NAV	Value in millions
Ordinary Shares		
SPI 2018	48.7%	2.31
SPI 2019	20.2%	0.96
C Shares		
SPI 2018	72.0%	12.49
SPI 2019	22.8%	3.96

Additionally, as at 30 September 2024, cash of 1.5m and 0.9m was held by the Ordinary Shares and C Shares respectively. As at the date of this report the 2018 and 2019 Side Pocket Investments no longer existed and the remaining NAV held consisted of cash net of expenses of 0.2m and 0.8m held by the Ordinary Shares and C Shares respectively.

SIDE POCKET INVESTMENTS ("SPIs")

As at 30 September 2024, the SPIs in total represented c. 68.9 per cent of Ordinary Share NAV (31 December 2023: c. 84.30 per cent) and c. 94.8 per cent of the C Share NAV (31 December 2023: c. 89.00 per cent).

The positions of the 2018 and 2019 SPIs as at 30 September 2024 were as follows:

- 2018 SPIs, principally relating to Hurricanes Michael and Florence, Typhoon Jebi and the 2018 California Wildfires, amount to c. 48.7 per cent of Ordinary Share NAV and c. 72.0 per cent of C Share NAV (31 December 2023: c. 62.1 per cent and c. 70.8 per cent of Ordinary Share and C Share NAV respectively).
- 2019 SPIs relating to Hurricane Dorian, Typhoons Faxai and Hagibis and the Australian bushfires, amount to c. 20.2 per cent of Ordinary Share NAV and c. 22.8 per cent of C Share NAV (31 December 2023: c. 22.1 per cent and c. 18.2 per cent of Ordinary Share and C Share NAV respectively).

CLOSING REMARKS

As the process of Run-Off and returning capital to investors draws to a close, I would like to thank the Investment Manager for its dedication to ensuring a significant amount of capital has been returned to investors since the Buy-Out Transaction and we believe that the results achieved by the Investment Manager have justified the patient approach taken to run off the underlying 2018 and 2019 portfolios.

Finally, I would like to thank Shareholders for supporting the actions of the Investment Manager since the Buy-Out Transaction and allowing the Company to deliver on its objective of maximizing the return of capital during the Run-Off.

James Keyes

Chairman,

CATCo Reinsurance Opportunities Fund Ltd.

17 December 2024

DIRECTORS' REPORT

EFFICIENT CAPITAL MANAGEMENT DURING RUN-OFF OF PORTFOLIO AND DISTRIBUTIONS

During the period from inception of the Company to 26 March 2019, the investment objective of the Company and the Master Fund SAC was to give their Shareholders the opportunity to participate in the returns from investments linked

Master Fund and CIL was to give their Shareholders the opportunity to participate in the returns from investments linked to catastrophe reinsurance risks, principally by investing in fully collateralised Reinsurance Agreements accessed by investments in Preference Shares of the Reinsurer.

With effect from 26 March 2019 (the "Run-Off Inception Date"), when the Company's Shareholders approved an amendment to the Company's investment policy so as to allow an orderly Run-Off of the Company's portfolios with the effect that the Company's investment policy is now limited to realising the Company's assets and distributing any net proceeds to the relevant Shareholders, the Company has taken a number of actions in order to progress the Run-Off and return capital to Shareholders as efficiently as possible. These actions are described in more detail in the Company's successive Annual Reports for the years ended 31 December 2020 onwards, most recently in the Annual Report for the year ended 31 December 2023 (the "2023 Annual Report"), which is available on the Company's website. The Chairman's Statement summarises these actions and all returns of capital to Shareholders for the period from the Run-Off Inception Date to 30 September 2024. The Chairman's Statement also summarises the Investment Manager's current activities in the proposed winding up of the Company.

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

MANAGEMENT OF RISK

The Board of Directors regularly reviews the major strategic and emerging risks that the Board and the Investment Manager have identified, and against these, the Board sets out the delegated controls designed to manage those risks.

The principal risks facing the Company relate to share price and liquidity. The Run-Off process was managed by the process of formal oversight at each Board meeting, and by interim progress update reports provided by the Investment Manager to the Board. Operational disruption, accounting and legal risks were covered annually, and regulatory compliance was reviewed at each Board meeting. The Board is assured that there were sufficient systems and controls in place to ensure the continuity and adequacy of the services provided by the Investment Manager and that the Run-Off process, including returns of capital to Shareholders (after repayment of the Buy-Out Amount, as described in the 2023 Annual Report) and the management of costs and expenses, were managed efficiently. Additionally, emerging risks in the reinsurance market are not relevant to the underlying portfolio that is in Run-Off.

In the view of the Board, there have not been any changes to the fundamental nature of these risks since the previous Report.

SHARE CAPITAL

The Company's issued share capital at 1 January 2024 amounted to 114,104 Ordinary Shares and 78,324 C Shares. As at the date of this Report, the Company's issued share capital is 4,858 Ordinary Shares and 3,478 C Shares.

RELATED PARTY DISCLOSURE AND TRANSACTIONS WITH THE INVESTMENT MANAGER

The Investment Manager, which was appointed as the Company's Investment Manager on 8 December 2015, is also the investment manager of the Master Fund SAC and the insurance manager of the Reinsurer. The Company entered into a new investment management agreement with the Investment Manager on 28 March 2022 (the "Investment Management Agreement") in connection with the Buy-Out Transaction which completed on 11 April 2022 (as further detailed in the 2022 Annual Report). The terms of the Investment Management Agreement substantially reflect the terms of the investment management agreement between the Company and the Investment Manager entered into on 8 December 2015. The Investment Manager is entitled to a management fee. Beginning in July 2022, following the move to quarterly reporting announced on 14 July 2022, the management fee is calculated and payable quarterly in arrears equal to 1/4 of 1.5 per cent of the net asset value of the Company which was not attributable to the Company's investment in the Master Fund Shares as at the last calendar day of each calendar quarter.

On 28 January 2021, the Company announced the continuation of its decision in 2020 to consent to a partial waiver of 50.00% (one-half) of the management fee paid by the Master Fund SAC to the Investment Manager in respect of such of its Master Fund Shares that are exposed to side pocket investments (the "SP Management Fees") for the period 1 January 2021 to 31 December 2021, resulting in an effective management fee of 0.75% per annum for that period. That partial waiver has continued since then and will continue in force for the foreseeable future. Performance fees are

that partial waiver has continued since then and will continue in force for the foreseeable future. Performance fees are also payable to the Investment Manager by the Master Fund SAC, subject to certain performance targets being met. No performance fees were payable to the Investment Manager for the year ended 31 December 2023 or for the period ended 30 September 2024.

As at the date of this report, Markel Corporation ("Markel"), which holds the entire share capital of the Investment Manager, holds, through its asset management subsidiary, 3.79 per cent of the total voting rights of the Ordinary Shares and C Shares issued by the Company.

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

GOING CONCERN STATUS

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

After due and careful consideration of the Company's circumstances and objectives as described elsewhere in this document, the Directors have concluded that the Company has adequate financial resources to continue its operational existence for the foreseeable future and to place the Company into members voluntary liquidation which will be put forward to Shareholders in the SGM on 18 December 2024. Accordingly, the Board continues to adopt the going concern basis in preparing these accounts.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. The set of Financial Statements contained within the audited nine month 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 nine month 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 nine months of the financial year and their impact on the set of Financial Statements and a description of the principal risks and uncertainties for the remaining three months of the financial year) and rule 4.2.8R (being related party transactions that have taken place during the first nine months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

This ninth month period Financial Report was approved by the Board on 17 December 2024, 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

17 December 2024

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

	As at 30 Sept. 2024	As at 31 Dec. 2023
Assets		
Investments in Markel CATCo Reinsurance Fund - Markel CATCo Diversified Fund, at fair value (Notes 2 and 5)	19,726,203	12,772,756
Cash and cash equivalents (Note 3)	3,487,620	4,111,158

Other assets	-	38,928
Total assets	23,213,823	16,922,842
Liabilities		
Redemptions Payable*	21,150,000	-
Management fee payable (Note 9)	3,354	3,192
Accrued expenses and other liabilities (Note 13)	1,100,243	265,772
Schemes of Arrangement Buy-Out Ordinary Course Fees (Notes 1 and 13)	-	2,178,635
Total liabilities	22,253,597	2,447,599
Net assets*	960,226	14,475,243
NAV per Share (Note 7)		

* Net assets include adjustment for the 9th partial compulsory redemption.

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)	Period ended 30 Sept. 2024	Year ended 31 Dec. 2023
Net investment income allocated from Master Fund (Note 5)		
Interest income	15,411	23,554
Management fee waived (Note 10)	99,840	79,529
Management fee (Note 9)	(199,680)	(159,058)
Administrative fee	(89,938)	(63,826)
Professional fees and other (Note 1)	(57,352)	(47,763)
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 13)	155,066	191,118
Net investment gain / (loss) allocated from Master Fund	(76,653)	23,554
Investment income		
Interest	158,600	206,030
Total investment income	158,600	206,030
Company expenses		
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 13)	2,178,635	602,000
Management fee waived (Note 9)	10,036	12,166
Professional fees and other (Note 1)	(1,041,495)	(555,834)
Management fee (Note 9)	(20,072)	(24,332)
Administrative fee (Note 10)	(48,500)	(34,000)
Total Company income/(expenses)	1,078,604	-
Net investment gain	1,160,551	229,584
Net realised loss and net change in unrealised gain / (loss) on securities allocated from Master Fund		
Net realised loss on securities	-	-
Net change in unrealised loss on securities	6,474,432	5,211,283
Net gain on securities allocated from Master Fund	6,474,432	5,211,283
Net increase in net assets resulting from operations	7,634,983	5,440,867

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)	Period ended 30 Sept. 2024	Year ended 31 Dec. 2023
Operations		
Net investment gain	1,160,551	229,584
Net change in unrealised loss on securities allocated from Master Fund	6,474,432	5,211,283
Net increase in net assets resulting from operations	7,634,983	5,440,867
Capital share transactions		
Redemptions (Note 4)	(21,150,000)	-
Net change in net assets resulting from capital share transactions	(21,150,000)	-
Net increase / (decrease) in net assets	(13,515,017)	5,440,867
Net assets, at 1 January	14,475,243	9,034,376
Net assets, at end of period*	960,226	14,475,243

* Net assets include adjustment for the 9th partial compulsory redemption.

STATEMENTS OF CASH FLOWS

(Expressed in United States Dollars)	Period ended 30 Sept. 2024	Year ended 31 Dec. 2023
--------------------------------------	---------------------------------------	------------------------------------

Cash flows from operating activities		
Net increase in net assets resulting from operations	7,634,983	5,440,867
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Net investment gain, net realised loss and net change in unrealised gain/(loss) on securities allocated from Master Fund	(6,397,779)	(5,234,837)
Purchase of investment in Master Fund	(555,668)	-
Changes in operating assets and liabilities:		
Other assets	38,928	5,737
Management fee payable	162	386
Schemes of Arrangement Buy-Out Ordinary Course Fees (Note 13)	(2,178,635)	(602,000)
Accrued expenses and other liabilities	834,471	105,055
Net cash (used in) / provided by operating activities	(623,538)	(284,792)
Cash flows from financing activities		
Redemptions paid	-	-
Dividends paid (Note 7)	-	-
Net cash used in financing activities	-	-
Net (decrease) in cash and cash equivalents	(623,538)	(284,792)
Cash and cash equivalents, at 1 January	4,111,158	4,395,950
Cash and cash equivalents, at end of period	3,487,620	4,111,158

NOTES TO THE FINANCIAL STATEMENTS - 30 SEPTEMBER 2024
(EXPRESSED IN UNITED STATES DOLLARS)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CATCo Reinsurance Opportunities Fund Ltd. (the "Company") is a closed-ended mutual fund company, registered and incorporated as an exempted mutual fund company under the laws of Bermuda on 30 November 2010, which commenced operations on 20 December 2010. The Company is organised as a feeder fund to invest substantially all of its assets in Markel CATCo Diversified Fund (the "Master Fund"). The Master Fund is a segregated account of Markel CATCo Reinsurance Fund Ltd. (the "Master Fund SAC"), a mutual fund company incorporated in Bermuda and registered as a segregated account company under the Segregated Accounts Company Act 2000, as amended (the "SAC Act"). Markel CATCo Reinsurance Fund Ltd. establishes a separate account for each class of shares comprised in each segregated account (each, a "SAC Fund"). Each SAC Fund is a separate individually managed pool of assets constituting, in effect, a separate fund with its own investment objective and policies. The assets attributable to each SAC Fund of Markel CATCo Reinsurance Fund Ltd. shall only be available to creditors in respect of that segregated account.

The objective of the Master Fund is to provide shareholders the opportunity to participate in the investment returns of various fully-collateralised reinsurance-based instruments, securities (such as notes, swaps and other derivatives), and other financial instruments. The majority of the Master Fund's exposure to reinsurance risk is obtained through its investment (via preference shares) in Markel CATCo Re Ltd. (the "Reinsurer"). At 30 September 2024, the Company's ownership is 16.47 per cent of the Master Fund.

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

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

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

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

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

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

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

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

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

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

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

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

The Investment Manager is subject to the ultimate supervision of the Board, and is responsible for all of the Company's investment decisions. On 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with Lodgepine Capital Management Limited ("LCML"), under which LCML will provide services relating to

the management of the Run-Off business of the Investment Manager. On 15 November 2021, Markel Corporation announced its intention to wind down LCML, its retrocessional Insurance Linked Securities (ILS) fund manager based in Bermuda. Nevertheless, as at the date of this report LCML remains in operation and the Run-Off Services Agreement is still in place.

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

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

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

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

Basis of Presentation

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"). The audited Financial Statements are expressed in United States dollars and have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), except for the recognition of future operating expenses in the financial statements.

Under the terms of the Schemes of Arrangement Buy-Out agreement, estimated ordinary course fees, including estimated fees for the remaining Run-Off period of the Company, were accelerated in 2022 and formed part of the investor Buy-Out settlement. As such, these fees have been recognised as Schemes of Arrangement Ordinary Course fees (Note 13) in the financial statements.

Going Concern Considerations

In line with the Company's plan to distribute circa 96% of the 30 September 2024 NAV to shareholders by way of the 9th partial compulsory redemption and thereafter to put the Company into liquidation, these financial statements have been prepared for the period starting 1 January 2024 to 30 September 2024. Therefore, notwithstanding the Company's ability to meet its obligations as they fall due, substantial doubt exists about the Company's intent to continue as a going concern. However, in accordance with ASC 205, liquidation is considered imminent when either (i) a plan for liquidation has been approved by those with the authority to make such a plan effective, and the likelihood is remote that the plan would be blocked by other parties and the likelihood remote that the entity will return from liquidation and (ii) a plan for liquidation is imposed by other forces such as involuntary bankruptcy. As at 30 September 2024 and as at the date of this report the Company has not yet proceeded with the process of de-listing and subsequent liquidation, and as such the financial statements have been prepared on a going concern basis. Notwithstanding these facts, please also refer to the subsequent events note which refers to a circular being released on 18 November 2024 relating to an upcoming special general meeting on 18 December 2024 regarding the winding up of the Company.

Cash and Cash Equivalents

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

Valuation of Investments in the Master Fund

The Company records its investments in the Master Fund at fair value based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with Waystone Administration Solutions (BDA) Limited, (formerly Centaur Fund Services (Bermuda) Limited) (the "Administrator"), as defined in Note 10, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair value in this context depends on the facts and circumstances of the particular investment, including, but not limited to, prevailing market and other relevant

circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

Fair Value - Definition and Hierarchy (Master Fund)

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

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

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

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

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

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

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

Fair Value - Valuation Techniques and Inputs

Investments in Securities (Master Fund)

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

- i. the amount of capital invested in such preference shares; plus
- ii. the amount of net earned premium (as described below) that has been earned period-to-date for such contract; plus
- iii. the amount of the investment earnings earned to date on both the capital invested in such preference shares and

the associated reinsurance premiums in respect of such contract; minus

- iv. the amount of any loss estimates associated with potential claims triggering covered events (see "Covered Event" Estimates below); minus
- v. the amount of any risk margin considered necessary to reflect uncertainty and to compensate a market participant for bearing the uncertainty of cash flows in an exit of the reinsurance transaction.

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

Reinsurance Protections

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

As of 30 September 2024 and 31 December 2023, the Master Fund has no remaining reinsurance protections.

Derivative Financial Instruments

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

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

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

As of 30 September 2024 and 31 December 2023, the Master Fund held no ILW contracts.

Investment in Securities issued by the Reinsurer and subscribed to by the Master Fund

This section identifies the inputs and considerations used in the fair value determination of the Investment in Preference of the Reinsurer held by the Master Fund. Refer to note 2 & 6 for further discussion on the unobservable inputs.

Earned Premiums

Premiums are considered earned with respect to computing the Master Fund's net asset value in direct proportion to the percentage of the risk that is deemed to have expired year-to-date. Generally, all premiums, net of acquisition costs, are earned uniformly over each month of the risk period. However, for certain risks, there is a clearly demonstrable seasonality associated with these risks. Accordingly, seasonality factors are utilised for the recognition of certain instruments, including preference shares relating to reinsurance agreements, ILWs and risk transfer derivative agreements, where applicable. Prior to the investment in any seasonal contract, the Investment Manager is required to produce a schedule of seasonality factors, which will govern the income recognition and related fair value price for such seasonal contract in the absence of a covered event. The Investment Manager may rely on catastrophe modeling software, historical catastrophe loss information or other information sources it deems reliable to produce the seasonality factors for each seasonal contract. As a result of the Run-Off of the Company's existing portfolio, as discussed in Note 1, no new premiums were written in 2024 and 2023.

Covered Event Estimates

The Investment Manager provides quarterly loss estimates of all incurred loss events ("Covered Events") potentially affecting investments relating to a retrocessional reinsurance agreement of the Reinsurer to the Administrator for review. As the Reinsurer's reinsurance agreements are fully collateralised, any loss estimates above the contractual

thresholds as contained in the reinsurance agreements will require capital to be held in a continuing reinsurance trust account with respect to the maximum contract exposure with respect to the applicable Covered Event.

"Fair Value" Pricing used by the Master Fund

Any investment that cannot be reliably valued using the principles set forth above (a "Fair Value Instrument") is marked at its fair value, based upon an estimate made by the Investment Manager, in good faith and in consultation or coordination with the Administrator, as defined in Note 9, where practicable, using what the Investment Manager believes in its discretion are appropriate techniques consistent with market practices for the relevant type of investment. Fair valuation in this context depends on the facts and circumstances of the particular investment, including but not limited to prevailing market and other relevant conditions, and refers to the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value is not the amount that an entity would receive or pay in a forced transaction or involuntary liquidation.

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

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

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

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

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

Side Pocket Investments

The Board of the Master Fund, in consultation with the Investment Manager, may classify certain Insurance-Linked Instruments as Side Pocket Investments in which only investors who are shareholders at the time of such classification can participate ("Side Pocket Investments"). This typically will happen if a Covered Event has recently occurred or seems likely to occur under an Insurance-Linked Instrument, because determining the fair value of losses once a Covered Event has occurred under an Insurance-Linked Instrument is often both a highly uncertain and a protracted process. When a Side Pocket Investment is established, the Master Fund converts a corresponding portion of each investor's Ordinary Shares into Side Pocket Shares (Note 6).

Financial Instruments

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

Investment Transactions and Related Investment Income and Expenses

The Company records its proportionate share of the Master Fund's income, expenses, realised and unrealised gains and losses on investment in securities on a quarterly basis effective 1 July 2022 (previously a monthly basis to 30 June 2022) - Note 9. 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 gains or losses on securities in the Statements of Operations.

Redemptions Payable

Redemptions are recognised as liabilities when the redemption amount becomes fixed, which generally occurs on the last day of the quarter. As a result, redemptions paid after the end of the period, based on the NAV of the Company at period-end, are included in the redemptions payable at 30 September 2024.

Redemptions for which the United States dollar amount is not fixed remain in net assets until the NAV used to determine the redemption and share amounts is determined.

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 September 2024. 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 September 2024 and the year ended 31 December 2023.

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

The Company may be subject to potential examination by United States federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with United States federal or foreign tax laws.

The Company was not subjected to any tax examinations during the period ended 30 September 2024 and the year ended 31 December 2023.

On 27 December 2023, Bermuda enacted the Corporate Income Tax Act 2023 ("CIT Act") which provides for the taxation of in-scope entities in respect of tax years beginning on or after 1 January 2025. In-scope entities under the CIT Act are the Bermuda constituent entities of multinational enterprises that have revenue in excess of EUR 750 million for at least two of the last four fiscal years. The Company is not expected to be subject to the Bermuda corporate income tax regime once it is effective based on its current structure as it is not part of a multinational

corporate income tax regime once it is effective based on its current structure as it is not part of a multinational enterprise and operates only in Bermuda.

The Company was not required to recognize any amounts for uncertain tax positions under FASB ASC Topic 740, Income Taxes, during the period ended 30 September 2024.

Use of Estimates

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

Offering Costs

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

Premium and Discount on Share Issuance

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

Professional Fees and Other

Professional fees and other include costs incurred during the year for services such as audit fees, corporate secretarial fees, legal fees, insurance fees, Directors' fees, registrar fees and other similar fees. Such costs are expensed as incurred and shown in the Statement of Operations.

Other Matters

Markel CATCo Governmental Inquiries

Markel Corporation previously reported that the U.S. Department of Justice, U.S. Securities and Exchange Commission and Bermuda Monetary Authority (together, the Governmental Authorities) were conducting inquiries into loss reserves recorded in late 2017 and early 2018 at our Markel CATCo. Those reserves are held at Markel CATCo Re Ltd., an unconsolidated subsidiary of Markel CATCo Investment Management ("MCIM"). The Markel CATCo Inquiries are limited to MCIM and its subsidiaries (together, "Markel CATCo") and do not involve other Markel Corporation subsidiaries.

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

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

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

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 30 September 2024, prior to the 9th compulsory redemption.

Preference Shares - Investments in Markel CATCo Re Ltd.	Number of Shares	Cost ()	Percentage of Net Assets (%)	Fair Value ()
Class DE	960	647	8.99	1,986,898
Class DG	131,028	2,171	0.00	877
Class DR	23	732	17.84	3,944,539
Class DZ	443,721	20,810	10.39	2,297,389
Class EB	-	-	3.63	802,610

Class ED	46,468	2,020	12.57	2,779,512
Class EM	3	7	5.36	1,184,865
Class EQ	12,611	1,319	0.26	58,359
Class ER	2,293	1,098	0.87	192,290
Class EX	75	187	0.04	8,198
Class EY	215	386	1.93	427,624
Class FA	0	-	0.49	107,821
Class FB	0	-	0.33	71,881
Class FD	17	-	8.07	1,784,503
Class FE	6,710	36	3.67	810,524
Class FO	-	-	8.40	1,857,317
Expense_Cell	13	1,431,000	4.52	998,940
Total Investments in Markel CATCo Re Ltd. Preference Shares		1,460,411	87.35	19,314,147

The following table reflects the Company's proportionate share of the fair value of investments in the Reinsurer held by the Master Fund at 31 December 2023.

Preference Shares - Investments in Markel CATCo Re Ltd.	Number of Shares	Cost ()	Percentage of Net Assets (%)	Fair Value ()
Class DE	954	646	5.76	833,381
Class DG	130,260	2,158	0.01	872
Class DR	23	721	17.35	2,511,984
Class DZ	441,119	20,688	9.13	1,320,959
Class EB	0	0	5.48	792,532
Class ED	46,196	2,008	19.09	2,763,212
Class EM	3	6	4.61	666,596
Class EQ	12,537	1,311	0.40	58,016
Class ER	2,279	1,091	1.32	191,162
Class EX	75	186	0.06	8,098
Class EY	213	384	1.43	207,589
Class FA	0	0	0.76	109,904
Class FB	0	0	0.51	73,269
Class FD	17	0	1.20	173,334
Class FE	6,840	36	4.11	594,816
Class FO	0	0	11.98	1,733,690
Expense_Cell	13	1,134,669	3.60	521,259
Total Investments in Markel CATCo Re Ltd. Preference Shares		1,163,904	86.77	12,560,673

As at 30 September 2024, the Company's proportionate share of the Master Fund's cash and cash equivalents was 248,970 (2023: 443,964).

As at 30 September 2024 and 31 December 2023, 100.00 per cent of total investments held by the Master Fund were classified as Side Pocket Investments.

In accordance with FASB ASC Sub-topic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient are not required to be classified within the fair value hierarchy. As the Company's investments as at 30 September 2024 comprised solely of investments in another investment company, the Master Fund, which are valued using the net asset value per share (or its equivalent) practical expedient, no fair value hierarchy has been disclosed.

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

As at 30 September 2024, the Company's investment in the Master Fund represents largely cash and cash equivalents to be redeemed in full. Consequently, the fair value of investment in the Master Fund does not include any significant unobservable inputs and can therefore be classified as Level 1 within the fair value hierarchy. As at 31 December 2023, The Master Fund's investment in securities were classified as Level 3 within the fair value hierarchy. The table below summarises information about the significant unobservable inputs used in determining the fair value of the Master Fund's Level 3 assets at 31 December 2023:

Type of Investment	Valuation Technique	Unobservable Input	Range
Preference Shares	NAV of the Reinsurer	Premium earned - straight line for uniform perils	12 months
		Premium earned - Seasonality adjusted for non-uniform perils	5 to 6 months
	Loss reserves	Loss reserves*	0 to contractual limit

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

Master Fund's Other Assets and Liabilities

As at 30 September 2024, the Company's proportionate share in the Master Fund's other net liabilities amounted to approximately 134,679 (2023: 409,717) and is included in 'Investments in Markel CATCo Reinsurance Fund - Markel CATCo Diversified Fund' on the Statement of Assets and Liabilities. This includes net amounts due from other segregated accounts of the Master Fund and amounts due to the Manager and other accrued expenses.

3. CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company maintains its cash balances (not assets supporting retrocessional reinsurance transactions) in financial institutions, which at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) limitations. As at 31 December 2023 and as at 30 September 2024, cash and cash equivalents were held with HSBC Bank Bermuda Ltd. and with HSBC Global Asset Management (USA) Inc., both of which have a credit rating of A-/A-2 as issued by Standard & Poor's.

4. CONCENTRATION OF REINSURANCE RISK

The principal exposure of the Fund's portfolio is primarily through its investment in the Reinsurer as the performance of the Fund is directly affected by the performance of the Reinsurer and its underlying contracts. As at 30 September 2024, all contracts held by the Reinsurer have been commuted and therefore no more reinsurance risk exists. For the year ended 31 December 2023, approximately 44 per cent of the contracts related to cover in the U.S. and 46 per cent related to Japan with the remaining 10 per cent relating to the rest of the world.

5. INVESTMENTS IN MASTER FUND, AT FAIR VALUE

The net investment loss allocated from the Master Fund, and the net realised loss and net change in unrealised loss on securities allocated from Master Fund in the Statements of Operations consisted of the results from the Company's Investments in the Master Fund. Net realised loss on securities includes gross realised gain on securities of nil (2023: nil) and gross realised loss on securities of nil (2023: nil). Net change in unrealised loss on securities includes gross decrease in unrealised loss on securities of 6,876,052 (2023: 5,211,283) and gross increase in unrealised loss on securities of 401,620 (2023: nil).

	30 Sept. 2024	31 Dec. 2023
Investment in Markel CATCo Reinsurance Fund Ltd. - Markel CATCo Diversified Fund, at fair value	19,726,203	12,772,756

6. LOSS RESERVES

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

The reserve for unpaid losses and loss expenses recorded by the Reinsurer includes estimates for losses incurred but not reported as well as losses pending settlement. The Reinsurer makes a provision for losses on contracts only when an event that is covered by the contract has occurred. When a potential loss event has occurred, the Reinsurer uses the underlying cedant loss notifications along with management's judgment as deemed appropriate to estimate the level of reserves required. The process of estimating loss reserves is a complex exercise, involving many variables and a reliance on actuarial modeled catastrophe loss analysis. However, there is no precise method for evaluating the adequacy of loss reserves when industry loss estimates are not final, and actual results could differ from original estimates. In addition, the Reinsurer's reserves include an implicit risk margin to reflect uncertainty surrounding cash flows relating to loss reserves. The risk margin is set by the actuarial team of the Investment Manager.

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

As part of the ongoing reserving process, the Insurance Manager reviews loss reserves on a quarterly basis and will

make adjustments, if necessary and such future adjustments in loss reserves could have further material impact either favourably or adversely on investor earnings.

During the period ending 30 September 2024, the Insurance Manager reviewed loss reserves on a quarterly basis and made any adjustments, if necessary, to loss reserves to reflect changes in underlying loss estimates or, ultimately, commutation agreements. As at 30 September 2024, all investments in the Reinsurer reflect the final commutation values with no remaining open contracts. Therefore, there is no remaining volatility relating to loss events in the value of the investments held by the Reinsurer. As such, all of the Master Fund's investments held in Side Pocket Investments will be redeemed and distributed to the Master Fund to allow for the distribution of 30 September 2024 NAV to shareholders, including the Company. As at 31 December 2023, all of the Company's investments were in Side Pocket Investments in the Master Fund, which reflected the remaining investments held by the Master Fund at that time.

During 2024, the Reinsurer paid net claims of 58,165,671 (December 2023: 16,404,303). Of this amount, 40,965,676 related to the 2018 loss events and 17,199,995 was in respect of 2019 events.

7. CAPITAL SHARE TRANSACTIONS

As of 30 September 2024, the Company has authorised share capital of 1,500,000,000 (31 December 2023: 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 September 2024, prior to the 9th compulsory redemption effective 1 October 2024, the Company had issued 114,104 (31 December 2023: 114,104) Class 1 Ordinary Shares (the "Ordinary Shares") and 78,324 (31 December 2023: 78,324) Class C Shares (the "C Shares").

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

30 September 2024 - Position before 1 October 2024 Redemptions

	Beginning Shares	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	114,104	-	114,104	4,748,978	41.6197
Class C Shares	78,324	-	78,324	17,361,248	221.6594
				<u>22,110,226</u>	

31 December 2023

	Beginning Shares	Share Repurchase	Ending Shares	Ending Net Assets	Ending NAV Per Share
Class 1 Ordinary Shares	114,104	-	114,104	2,407,193	21.0965
Class C Shares	78,324	-	78,324	12,068,050	154.0786
				<u>14,475,243</u>	

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

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

The Company's existing portfolio is currently in Run-Off and as a result has only SPI Shares outstanding.

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

inferred to the relevant class of shareholders. The proposals were approved at class meetings of the Ordinary and C shareholders of the Company held on 26 March 2019.

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

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

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

8. INVESTMENT MANAGEMENT AGREEMENT

Prior to the implementation of the Buy-Out Transaction, the Company's investments were managed pursuant to an Investment Management Agreement dated 8 December 2015 (the "Old Investment Management Agreement"). In connection with the Buy-Out Transaction, on 28 March 2022 the Old Investment Management Agreement was terminated and the Company and the Investment Manager entered into a new Investment Management Agreement (the "Investment Management Agreement"), the terms of which substantially mirrored those of the Old Investment Management Agreement. Pursuant to the Investment Management Agreement, the Investment Manager is empowered to formulate the overall investment strategy to be carried out by the Company and to exercise full discretion in the management of the trading, investment transactions and related borrowing activities of the Company in order to implement such strategy. The Investment Manager earns a fee for such services (Note 9).

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

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

9. RELATED PARTY TRANSACTIONS

The Investment Manager is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 1.5 per cent of the net asset value, which is not attributable to the Company's investment in the Master Fund's shares as at the last calendar day of each calendar month. Management fees related to the investment in the Master Fund shares are charged in the Master Fund and allocated to the Company. Performance fees are charged in the Master Fund and allocated to the Company. The fees payable under the Investment Management Agreement are the same as those which had been payable under the Old Investment Management Agreement.

For the financial year ended 31 December 2023, the Investment Manager agreed to maintain the partial waiver of 50.00 per cent of the Management Fee on Side Pocket Investments of the original fee of 1.50 per cent. This is equal to an annual Management Fee of 0.75 per cent. The Investment Manager agreed to extend the partial waiver for the period ending 30 September 2024. During the period ended 30 September 2024, the Company incurred management fees, net of the 50.00 per cent partial waiver, amounting to 10,036 as reflected in the Statement of Operations, of which 3,354 was payable at year end.

Markel Corporation, which holds the entire share capital of the Investment Manager, holds 6.60 per cent (31 December 2023: 6.60 per cent) of the voting rights of the Ordinary Shares and 0.00 per cent (31 December 2023: 0.00 per cent) of the voting rights of the C Shares issued in the Company as of 30 September 2024.

As noted in Note 8, on 1 January 2020, the Investment Manager entered into a Run-Off Services Agreement with LCML, a subsidiary of Markel Corporation. Prior to 1 January 2022, LCML received a monthly service fee of 75.00 per cent of the net management fees due to the Investment Manager. Effective 1 January 2022, this Run-Off Services Agreement was amended to a fixed fee arrangement between LCML and the Investment Manager.

In addition, as at 30 September 2024, one of the Directors is also a shareholder of the Company. The Director's holdings are immaterial, representing below 1.00 per cent of the Company NAV.

As at 30 September 2024 and 31 December 2023, the Company had no receivable due from or payable due to Markel CATCo Diversified Fund.

10. ADMINISTRATIVE FEE

Waystone Administration Solutions (BDA) Limited (formerly, Centaur Fund Services (Bermuda) Limited) serves 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. During the period ended 30 September 2024, the Company accrued a fixed fee of 36,000 for the Administrator, as reflected in the Statement of Operations, of which 20,000 was payable to the Administrator as of 30 September 2024.

11. FINANCIAL HIGHLIGHTS

Financial highlights for the period ended 30 September 2024 and the year ended 31 December 2023 are as follows:

	2024		2023	
	Class 1 Ordinary Shares	Class C Shares	Class 1 Ordinary Shares	Class C Shares
Per share operating performance				
Net asset value, beginning of year	21.0965	154.0786	13.2222	96.0839
Income (loss) from investment operations:				
Net investment gain	10.8166	0.4623	0.4677	3.4206
Management fee	(0.1570)	(1.1741)	(0.1340)	(0.9755)
Net gain on investments	9.8636	68.2926	7.5406	55.5496
Total from investment operations	20.5232	67.5808	7.8743	57.9947
Net asset value, end of year	41.6197	221.6594	21.0965	154.0786
Total net asset value return	97.28%	43.86%	59.55%	60.36%
Ratios to average net assets				
Expenses*	40.61%	(1.36)%	-	-
Total expenses	40.61%	(1.36)%	-	-
Net investment gain (loss)	50.53%	(0.46)%	2.52%	2.54%
Management fee waived	(0.61)%	(0.62)%	(0.83)%	(0.83)%

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

Financial highlights are calculated for each class of shares. An individual shareholder's return may vary based on the timing of capital transactions. Returns and ratios shown above are for the period ended 30 September 2024 and the year ended 31 December 2023. The returns for the 9 month period ended 30 September 2024 have not been annualised as the underlying investments have been closed out as at 30 September 2024 and the difference between 9 month and 12 month performance would not be materially different. The per share amounts and ratios reflect income and expenses allocated from the Master Fund.

12. INDEMNITIES OR WARRANTIES

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

13. SCHEMES OF ARRANGEMENT ORDINARY COURSE FEES

Per the Schemes of Arrangement Buy-Out agreement, after closing of the Schemes, no additional fees or expenses will be deducted from distributions of the Closing NAV and there will be no continuing management fees charged by the Investment Manager. Any such fees were accelerated in 2022 and included in the Ordinary Course Fees for the Run-Off of the Funds. As at 1 January 2024, the brought forward Schemes of Arrangement Buy-Out Ordinary Course fees accrual was 2,178,635. During the period ended 30 September 2024, the Company incurred actual, and accrued for any residual, operational costs totaling 1,100,031 (2023: 602,000) and the net balance of 1,078,604 was released as income to the NAV due to the fact that it was deemed surplus to requirement. The Company also allocated actual and remaining estimated fees from the Master Fund aggregating to 155,066, which were applied against the Schemes of Arrangement Buy-Out Ordinary Course Fees and investments in Markel CATCo Reinsurance Fund -

Markel CATCo Diversified Fund, at fair value in the financial statements, respectively.

The acceleration of future operating expenses in 2022 is a departure from U.S. GAAP, specifically in relation to the U.S. GAAP conceptual framework of accrual accounting whereby the financial effects of an entity's transactions and other events and circumstances are recognised in the period in which those transactions, events, and circumstances occur. As continuing departure for the period ended 30 September 2024, the Company has reflected a liability relating to all future known and anticipated operational and closing costs. The amount of the liability recorded by the Company as at 30 September 2024 is 1,103,599, of which 804,842 relates to fees to be incurred after 30 September 2024. The liability is now classified as management fees payable and accrued expenses and other liabilities in the financial statements.

14. SUBSEQUENT EVENTS

On 13 November 2024, the Investment Manager announced the 9th compulsory redemption of the Company which would result in a total redemption of approximately 21.15m being distributed to shareholders in November 2024.

Further to the aforementioned announcement, the Investment Manager released a circular on 18 November 2024 explaining that the Board has determined to recommend that the Company be placed into members' voluntary winding up and be wound up. Shareholder approval is required for the Company to be wound up and such approvals are being sought at the Special General Meeting to be held at 9:00 a.m. (Bermuda time) on 18 December 2024.

On 21 November 2024, an amount of 19,726,203, representing the Company's investment in the Master Fund, was received from the Master Fund and as a consequence, the Company's investment in the Master Fund was reduced to nil. Subsequently, the 9th compulsory redemption proceeds amounting to 21,137,104 were distributed to Shareholders on 27 and 29 November 2024.

These Financial Statements were approved by the Board and available for issuance on 17 December 2024. Subsequent events have been evaluated through this date.

For further information:

Markel CATCo Investment Management Ltd.

Federico Candiolo, Chief Counsel
Telephone: +1 441 493 9008
Email: federico.candiolo@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

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

QRTEAAAPFEALFEA