The Steamship Mutual Trust

Annual Report and Accounts 2025

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Directors of the Corporate Trustee

The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited

A L Marchisotto (Chair)	Moran Holdings Inc
J G Conyers	
S Mehta	
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Secretary of the Corporate Trustee

Susie Tindall	Carey Olsen Services Bermuda Limited

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Report of the Corporate Trustee

The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited ("Corporate Trustee") has pleasure in presenting its Report and Audited Accounts of The Steamship Mutual Trust ("Trust") for the year ended 20 February 2025.

Principal activities

The Trust's principal activity during the year was the reinsurance of Protection and Indemnity ("P&I") and Freight, Demurrage and Defence ("FD&D") risks. At the beginning of the financial year, the Corporate Trustee extended its current year reinsurance contract, entered into on behalf of the Trust, with The Steamship Mutual Underwriting Association (Bermuda) Limited ("SMUAB"), to cover the period from 20 February 2024 to 20 February 2025.

Accounts

Free reserves as at 20 February 2025 increased by US$27.9m to US$293.7m reflecting the surplus for the financial year. Total investments of the Trust at the balance sheet date amounted to US$1,043m, an increase of US$150.4m (16.9%) on the previous year.

Investment performance

The Trust recorded an investment gain of 7.6% for the year. This excludes a currency loss of US$2.5m that has been allocated to the Technical Account.

Risk management and asset allocation

The investment strategy aims to deliver appropriate risk-adjusted returns within risk appetite.

The asset allocation within the investment portfolio remained broadly consistent during the year with the majority of assets invested in high quality diversified fixed income, with an increased amount invested in alternatives. Consideration is given to the amount of claims liabilities to ensure these are suitably matched with cash, highly rated government and corporate bonds. These matching assets are also used to provide collateral for the reinsurance obligations of the Trust to Steamship Mutual Underwriting Association Limited ("SMUA") and Steamship Mutual Underwriting Association (Europe) Limited ("SMUAE").

The Corporate Trustee continues to consult regularly with the Board of SMUAB, whose Members are the ultimate insureds and beneficiaries of the Trust. The SMUAB Board receives regular updates on the utilisation of the agreed risk budget, investment performance and asset allocation.

Claims

During the year the Corporate Trustee reviewed the development of prior year claims and the terms of its inward reinsurance contracts.

Trustee's responsibilities statement

The Corporate Trustee has prepared financial statements in accordance with European Commission Insurance Accounts Directive (91/674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and United Kingdom accounting principles applicable to insurers.

In preparing those financial statements the Corporate Trustee is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

The Corporate Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. It is responsible for the system of internal control, for safeguarding the assets of the Trust and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

External auditor

A resolution to reappoint BDO LLP as the Trust's external auditor will be considered at the forthcoming AGM.

A L Marchisotto
Chair

The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited

19 May 2025

Income and Expenditure Account

for the year ended 20 February 2025

Technical Account	Note	2025 US$000	2024 US$000
Earned premium, net of reinsurance	3	**229,100**	220,888
Allocated investment return transferred from the non-technical account		**(2,502)**	1,239
Claims incurred			
Gross claims paid	4	**236,751**	181,291
Change in the provision for gross claims	4	**33,841**	65,943
Claims incurred		**270,592**	247,234
Net operating expenses	5	**70**	82
Balance on the technical account for general business		**(44,064)**	(25,189)
Non-Technical Account			
Balance on the technical account for general business		**(44,064)**	(25,189)
Investment income	6	**87,831**	32,591
Unrealised (losses)/gains	7	**(15,639)**	40,045
Allocated investment return transferred to the technical account		**2,502**	(1,239)
Investment management expenses		**(2,754)**	(2,388)
Surplus for the financial year		**27,876**	43,820

The results for both years are in respect of continuing operations.

There are no recognised gains or losses in either year other than the transactions reported in the above income and expenditure account.

The accompanying notes to these accounts form an integral part of this income and expenditure account.

Balance Sheet

as at 20 February 2025

Assets	Note	2025 US$000	2024 US$000
Investments			
Other financial investments	8	**1,042,667**	892,227
Debtors			
Other debtors	9	**–**	296
Prepayments and accrued income			
Accrued interest		**5,927**	5,719
Total assets		**1,048,594**	898,242
Liabilities			
Capital and reserves			
Free reserves	13	**293,706**	265,830
Technical provisions			
Claims outstanding	4	**652,452**	618,611
Creditors			
Creditors arising out of reinsurance operations	10	**98,387**	13,500
Other creditors		**4,049**	301
Total liabilities		**1,048,594**	898,242

The accompanying notes to these accounts form an integral part of this balance sheet.

These financial statements were approved by the Corporate Trustee on 19 May 2025.

The Steamship Mutual Underwriting Association
Trustees (Bermuda) Limited

Cash Flow Statement

for the year ended 20 February 2025

Cash flows from operating activities	2025 US$000	2024 US$000
Operating surplus before taxation after interest	**27,876**	43,820
Increase in general insurance technical provisions	**33,841**	65,943
Unrealised losses/(gains) on investments	**15,639**	(40,045)
Decrease in debtors	**88**	69,557
Increase/(decrease) in creditors	**88,635**	(38,441)
	138,203	57,014
Net cash inflow from operating activities	**166,079**	100,834
Cash flows from financing activities		
Capital contribution paid to SMUAB	**–**	(13,500)
Cash used in financing activities	**–**	(13,500)
Cash flows from investment activities		
Net purchase of bonds and loans	**(49,564)**	(57,585)
Net (purchase)/sale of equities	**(28,926)**	11,303
Net purchase of alternative investments	**(63,963)**	(46,990)
(Increase)/decrease in money market instruments	**(23,626)**	5,938
Cash used in investing activities	**(166,079)**	(87,334)
Movement in opening and closing cash and cash equivalents		
Net cash inflow for the year	**–**	–
Cash and cash equivalents at 20 February 2024	**–**	–
Cash and cash equivalents at 20 February 2025	**–**	–

Notes on the Accounts

1. Constitution

The Trust was created by a settlement under Bermudian law. The Corporate Trustee is The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited, a company incorporated under the laws of Bermuda and registered as an insurer under the Bermuda Insurance Act 1978, enabling the Trust to undertake reinsurance business.

2. Accounting policies

(a) Accounting convention

The accounts have been prepared in accordance with the European Commission Insurance Accounts Directive (91/674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable United Kingdom Financial Reporting Standards ("FRS") 102 and 103. The financial statements are prepared under the historical cost convention, as modified for fair valuation of financial assets at fair value through profit and loss.

(b) Going concern assessment

At year end, the solvency ratio of the Trust was comfortably above the threshold set by the Bermuda Monetary Authority. Based on the above, the Trustees believe that the Trust is taking all necessary measures to maintain its viability and the development of its business in the current economic environment. Based on the projections of the Trust, it is expected that the Trust will maintain compliance with its regulatory capital requirements for the period of the going concern assessment.

(c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key accounting estimate is the calculation of claims outstanding which is described in further detail under note 15.

(d) Premium written

Premium comprises the total premium receivable for the whole period of cover provided under the reinsurance contracts with SMUAB.

(e) Claims and related expenses

Full provision is made for the estimated cost of claims notified by SMUA, SMUAE and SMUAB, but not settled by the balance sheet date. A provision for claims incurred but not reported is established on a statistical basis having regard to past experience as to the frequency and average cost of claims reported after previous balance sheet dates.

(f) Foreign currencies

The functional currency is US dollars. Assets and liabilities including investments and bank balances have been converted to US dollars at the exchange rate at the balance sheet date. Income and expenditure items including foreign exchange transactions are converted to US dollars at the exchange rate at the date of the transaction. All exchange differences are included in the income and expenditure account.

The exchange rates on the balance sheet date and used for the purpose of preparing the accounts were as follows:

		2025	2024
Euro	€	**0.959**	0.928
UK sterling	£	**0.794**	0.795
Brazilian real	R$	**5.697**	4.965

Notes on the Accounts

(continued)

2. Accounting policies continued

(g) Other financial investments

Investments and cash balances have been valued at their fair value. Investment income consists of interest, dividends and realised gains and losses on fair value through profit or loss assets. Unrealised gains and losses reflect the movement in the fair value of investments compared to their cost. Fair value is calculated using the bid price at the close of business on the last working day of the financial year.

The allocated investment return transferred from the non-technical account to the technical account is comprised of all realised and unrealised exchange differences arising on foreign currency investments held to hedge technical provisions in the same currencies.

3. Reinsurance contracts

The Corporate Trustee, on behalf of the Trust, entered into a reinsurance contract with related party SMUAB under which, in return for a percentage of written premium, SMUAB is covered for 100% of its underlying insurance liabilities net of external reinsurance arrangements for the 2015/16 and subsequent policy years.

For the financial year to 20 February 2025 premium received from SMUAB was US$229.1m (2024: US$220.4m). Claims paid to SMUAB during the financial year were US$231.3m (2024: US$176.2m). Gross outstanding claims in relation to the contract with SMUAB as at 20 February 2025 were US$616.3m (2024: US$567.1m).

The Corporate Trustee, on behalf of the Trust, entered into a reinsurance contract with related party SMUA which covers 100% of SMUA's underlying insurance liabilities net of external reinsurance arrangements up to and including the 2014/15 policy year including those transferred to related party SMUAE by means of a Part VII transfer on 20 December 2020.

For the financial year to 20 February 2025 premium received from SMUA was US$nil (2024: US$0.5m). Claims paid to SMUA during the financial year were US$5.0m (2024: US$4.4m). Gross outstanding claims in relation to the contract with SMUA as at 20 February 2025 were US$28.5m (2024: US$44.3m).

For the financial year to 20 February 2025 claims paid to SMUAE were US$0.4m (2024: US$0.7m). Gross outstanding claims in relation to the contract with SMUAE as at 20 February 2025 were US$7.6m (2024: US$7.2m).

4. Change in the net provision for claims

	2025 US$000	2024 US$000
Net outstanding claims		
Provision brought forward	**618,611**	552,668
Claims paid in the year	**(236,751)**	(181,291)
Changes to reserves	**270,592**	247,234
Provision carried forward	**652,452**	618,611
Total net outstanding claims	**652,452**	618,611

There was a favourable movement in the prior year net claims provision of US$24.5m during the year (2024: favourable US$31.9m).

The final estimates for known outstanding claims are based on the estimates and judgement of the Managers of SMUA and SMUAE based on current information. Provision is also made for claims incurred but not reported ("IBNR") at the balance sheet date using detailed statistical analysis having regard to past experience as to the frequency and average cost of claims reported after previous balance sheet dates.

5. Net operating expenses

	2025 US$000	2024 US$000
Administrative expenses		
Non-investment management expenses payable to Corporate Trustee	**–**	12
Auditor's remuneration	**70**	70
	70	82

Notes on the Accounts

(continued)

6. Investment income	2025 US$000	2024 US$000
Dividends and interest	**44,863**	33,661
Realised gains/(losses):		
Investments	**44,221**	(481)
Foreign exchange	**(1,253)**	(589)
	87,831	32,591

7. Unrealised (losses)/gains	2025 US$000	2024 US$000
Investments	**(13,975)**	38,143
Foreign exchange	**(1,664)**	1,902
	(15,639)	40,045

8. Other financial investments	2025 US$000	2024 US$000
Fair value		
Bonds and loans	**689,171**	630,173
Equities	**108,813**	106,081
Alternative investments	**205,918**	140,597
Money market instruments	**22,838**	6,862
Cash accounts	**16,182**	8,532
Derivative financial instruments	**(255)**	(18)
	1,042,667	892,227
Cost		
Bonds and loans	**703,188**	653,624
Equities	**96,199**	67,273
Alternative investments	**197,449**	133,486
Money market instruments	**22,838**	6,862
Cash accounts	**16,182**	8,532
	1,035,856	869,777

Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1 The unadjusted quoted price for an identical asset in an active market at the reporting date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. These are valued using a valuation framework which is modelled around current industry best practices and accounting standards.

Level 3 Market data is unavailable for the asset. To assist the investment managers in valuing level 3 investments, where market quotations are not readily available, independent valuation advisors are appointed and base their calculations on quantitative and qualitative information available. This information is provided by both investment managers and any market quotations obtained by independent pricing sources which are subsequently reviewed by an approved valuation committee.

Notes on the Accounts

(continued)

8. Other financial investments (continued)

The Trust's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

As at 20 February 2025

	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Bonds and loans	689,171	–	–	**689,171**
Equities	108,813	–	–	**108,813**
Alternative investments	–	–	205,918	**205,918**
Money market instruments	22,838	–	–	**22,838**
Cash accounts	16,182	–	–	**16,182**
Derivative financial instruments	–	(255)	–	**(255)**
	837,004	**(255)**	**205,918**	**1,042,667**

As at 20 February 2024

	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
Bonds and loans	630,173	–	–	630,173
Equities	106,081	–	–	106,081
Alternative investments	–	–	140,597	140,597
Money market instruments	6,862	–	–	6,862
Cash accounts	8,532	–	–	8,532
Derivative financial instruments	–	(18)	–	(18)
	751,648	(18)	140,597	892,227

9. Other debtors

	2025 US$000	2024 US$000
Unsettled investment transactions	**–**	296

10. Creditors arising out of reinsurance operations

	2025 US$000	2024 US$000
SMUA	**1,787**	6,762
SMUAB	**96,595**	6,563
SMUAE	**5**	175
	98,387	13,500

11. Taxation

Following the OECD's Global Minimum Tax rules, the Bermuda Government enacted the Corporate Income Tax Act (the "Act") on 27 December 2023. Although the Trust had previously received an undertaking from the Bermuda Government exempting it from tax on income, profit, capital or capital gains until 31 March 2035, the Act specifies that a 15% corporate income tax shall apply notwithstanding any such prior assurances.

The Act, effective from 1 January 2025, is applicable to Bermuda tax-resident entities and permanent establishments that are part of multinational enterprise ("MNE") groups with annual revenue of at least €750m. Accordingly, no provision for such taxes has been recorded by the Trust.

12. Transactions with related parties

The Corporate Trustee receives a fee for investment management costs and related expenses. For the financial year to 20 February 2025 this fee amounted to US$2.7m (2024: US$2.4m) of which US$0.1m (2024: US$0.2m) was outstanding at the balance sheet date.

Notes on the Accounts

(continued)

13. Free reserves	2025 US$000	2024 US$000
Free reserves brought forward	**265,830**	235,510
Surplus for the year	**27,876**	43,820
Capital contribution paid to SMUAB	**–**	(13,500)
	293,706	265,830

14. Capital management

The Trust aims to maintain capital resources at a level which provides a comfortable margin above the requirement of the Bermuda Monetary Authority (BMA). Capital resources for regulatory purposes consist of free reserves on a regulatory economic basis.

The BMA categorised the Corporate Trustee as a Class 3A insurer and the designated insurer of the Steamship group for regulatory purposes. The Trust was in compliance with the applicable regulatory capital requirements throughout the financial year.

15. Risk management

The Trust monitors and manages the risks relating to its operations through a risk management program comprising a series of policies, risk tolerances and regular stress and scenario testing. The Corporate Trustee regularly consults with the Board of the reinsured on the performance and risks inherent in the insurance business and on the appropriate level of risk to be taken in the investment portfolio.

The principal risks faced by the Trust are insurance risk, market risk, liquidity risk, credit risk and operational risk.

Insurance risk

Insurance risk is comprised of two elements; premium risk and reserving risk. Premium risk refers to the risk that insurance premium received from SMUA and SMUAE via SMUAB in the current policy year is insufficient to cover claims and other costs arising in that year. The Trust's premium risk is calculated on net premiums written and is in relation to its exposure to SMUA, SMUAE and SMUAB claims, as described under note 3 on the accounts.

Reserving risk is the risk that, over the next year, existing technical provisions are insufficient to cover claims arising in previous policy years. The Trust is exposed to the uncertainty surrounding the timing, frequency and severity of claims under its reinsurance contract with SMUAB, SMUA and SMUAE. Premium and reserving risk are calculated by reference to risk factors prescribed by the BMA which are then combined taking account of diversification effects.

The Trust ultimately relies on SMUA and SMUAE which project claims liabilities using the Bornhuetter-Ferguson method for the most recent policy year reported and the development factor method for all other policy years. Reserves for both reported and unreported claims are calculated using detailed statistical analysis of the past experience as to frequency and average cost of claims having regard to variations in the nature of current business accepted and its underlying terms and conditions.

Inflation is one of many factors that are considered by claims handlers when setting an appropriate claims reserve prior to settling a claim. SMUA and SMUAE uses standard actuarial techniques which, amongst other things, incorporate inflation when calculating appropriate technical provisions. Together, these should accommodate potential increased costs arising from current levels of inflation.

SMUA and SMUAE aim to reduce reserving risk by setting claims reserves at a prudent level that will be sufficient to cover actual settlement costs. Actual experience will differ from the expected outcome, but this prudent basis is expected to result in there being releases of prior year claim reserves in most years. This prudence is expected to cover increased costs that might arise should inflation remain above the long-term average.

The sensitivity of the Trust's overall surplus to two factors, other assumptions being unchanged, is shown below.

	2025 US$000	2024 US$000
5% increase in claims incurred on current policy year		
Effect on Trust free reserves	**(14,724)**	(14,060)
Single claim in SMUA or SMUAE of US$2 billion in current policy year		
Effect on Trust free reserves	**(12,146)**	(11,875)

Notes on the Accounts

(continued)

15. Risk management (continued)

Insurance risk (continued)

The following tables show the development of claims over ten years on both a gross and net of reinsurance basis.

The top half of each table shows how the estimates of total claims for each policy year develop over time. The lower half of each table reconciles the cumulative claims to the amount appearing in the balance sheet.

Insurance claims - gross

Policy year	2015/16 US$000	2016/17 US$000	2017/18 US$000	2018/19 US$000	2019/20 US$000	2020/21 US$000	2021/22 US$000	2022/23 US$000	2023/24 US$000	2024/25 US$000
End of reporting year	191,315	165,765	194,128	197,649	182,273	176,676	191,729	209,162	279,443	294,498
One year later	173,739	164,518	188,199	182,148	188,201	169,634	169,625	191,004	266,240	
Two years later	176,902	173,629	177,939	171,265	186,066	161,785	164,791	191,732		
Three years later	176,267	175,845	176,602	174,979	187,108	153,320	173,424			
Four years later	174,660	176,416	173,150	172,406	190,918	147,639				
Five years later	173,702	174,206	171,633	172,935	186,903					
Six years later	170,999	173,963	171,179	167,814						
Seven years later	170,693	171,532	177,622							
Eight years later	169,798	169,957								
Nine years later	169,576									
Current estimate of ultimate claims	169,576	169,957	177,622	167,814	186,903	147,639	173,424	191,732	266,240	294,498
Cumulative payments to date	165,715	159,403	158,227	149,416	168,640	123,099	107,941	118,756	114,849	63,048
Claims outstanding	**3,861**	**10,554**	**19,395**	**18,398**	**18,263**	**24,540**	**65,483**	**72,976**	**151,391**	**231,450**
Claims outstanding relating to last ten reporting years										**616,311**
Provision in respect of 2014/15 policy year and prior										**36,141**
Total gross claims outstanding										**652,452**

Insurance claims – net

Policy year	2015/16 US$000	2016/17 US$000	2017/18 US$000	2018/19 US$000	2019/20 US$000	2020/21 US$000	2021/22 US$000	2022/23 US$000	2023/24 US$000	2024/25 US$000
End of reporting year	191,315	165,765	194,128	197,649	182,273	176,676	191,729	209,162	279,443	294,498
One year later	173,739	164,518	188,199	182,148	188,201	169,634	169,625	191,004	266,240	
Two years later	176,902	173,629	177,939	171,265	186,066	161,785	164,791	191,732		
Three years later	176,267	175,845	176,602	174,979	187,108	153,320	173,424			
Four years later	174,660	176,416	173,150	172,406	190,918	147,639				
Five years later	173,702	174,206	171,633	172,935	186,903					
Six years later	170,999	173,963	171,179	167,814						
Seven years later	170,693	171,532	177,622							
Eight years later	169,798	169,957								
Nine years later	169,576									
Current estimate of ultimate claims	169,576	169,957	177,622	167,814	186,903	147,639	173,424	191,732	266,240	294,498
Cumulative payments to date	165,715	159,403	158,227	149,416	168,640	123,099	107,941	118,756	114,849	63,048
Claims outstanding	**3,861**	**10,554**	**19,395**	**18,398**	**18,263**	**24,540**	**65,483**	**72,976**	**151,391**	**231,450**
Claims outstanding relating to last ten reporting years										**616,311**
Provision in respect of 2014/15 policy year and prior										**36,141**
Total net claims outstanding										**652,452**

Notes on the Accounts

(continued)

15. Risk management (continued)

Credit risk

Credit risk is the risk that a counterparty owing money to The Trust may default causing a debt to be written off. The key area of exposure to credit risk for The Trust is in relation to its investments. The Board's Investment Policy and specific guidelines in investment mandates control the amount of credit risk taken and ensures that such credit risk is diversified thereby reducing any concentration of exposure.

Credit risk also arises on deposits held with banks. This is controlled by using a variety of banks and limiting exposure to each individual bank based on its credit rating and/or capital strength.

Equities and alternative investments, along with other debtors, have been included within Other assets in the table below with no credit rating.

The following table shows the aggregated credit risk exposure for those assets with external credit ratings.

As at 20 February 2025

	AAA US$000	AA US$000	A US$000	BBB US$000	BB and below US$000	Not rated US$000	Total US$000
Bonds and loans	119,308	139,638	251,951	171,273	7,001	–	**689,171**
Money market instruments	22,838	–	–	–	–	–	**22,838**
Cash accounts	168	–	16,014	–	–	–	**16,182**
Derivative financial instruments	–	–	(255)	–	–	–	**(255)**
Accrued interest	819	601	2,419	1,908	101	79	**5,927**
Other assets	–	–	–	–	–	314,731	**314,731**
Total assets	**143,133**	**140,239**	**270,129**	**173,181**	**7,102**	**314,810**	**1,048,594**

As at 20 February 2024

	AAA US$000	AA US$000	A US$000	BBB US$000	BB and below US$000	Not rated US$000	Total US$000
Bonds and loans	94,709	122,111	234,535	166,881	11,937	–	630,173
Money market instruments	-	6,862	–	–	–	–	6,862
Cash accounts	601	–	7,931	–	–	–	8,532
Derivative financial instruments	–	–	(18)	–	–	–	(18)
Accrued interest	517	689	2,442	1,895	132	44	5,719
Other assets	–	–	–	–	–	246,974	246,974
Total assets	95,827	129,662	244,890	168,776	12,069	247,018	898,242

Notes on the Accounts

(continued)

15. Risk management (continued)

Market risk

Market risk is the risk of financial loss as a consequence of movements in prices of equities and bonds, interest rates, foreign exchange rates and other price changes.

The Trust's exposure to changes in interest rates and market prices is concentrated in the investment portfolio. The risk appetite, asset allocation and tolerance ranges are set by the Board of the Corporate Trustee having consulted with the Boards of the reinsured entities. Compliance with Board policies are monitored and reported by the Managers assisted by the investment managers.

The Trust is exposed to currency risk in relation to claim liabilities in a number of non-US dollar currencies, predominantly UK sterling, euro, Brazilian real and Philippine peso. This exposure is managed by holding investments and derivative positions in each of these currencies.

The following tables show the Trust's assets and liabilities by currency. The exposure to UK sterling, Brazilian real and Philippine peso through derivative positions was US$3.8m, US$4.0m and US$9.0m respectively at 20 February 2025 (2024: US$6.0m, US$4.4 and US$nil).

As at 20 February 2025

	US dollar US$000	UK sterling US$000	Euro US$000	Brazilian real US$000	Philippine peso US$000	Other US$000	Total US$000
Assets	948,847	28,309	45,256	–	–	26,182	**1,048,594**
Liabilities	(641,036)	(32,982)	(47,435)	(4,905)	(8,962)	(19,568)	**(754,888)**
	307,811	**(4,673)**	**(2,179)**	**(4,905)**	**(8,962)**	**6,614**	**293,706**

As at 20 February 2024

	US dollar US$000	UK sterling US$000	Euro US$000	Brazilian real US$000	Korean Won US$000	Other US$000	Total US$000
Assets	832,897	20,963	36,245	–	–	8,137	898,242
Liabilities	(542,339)	(29,465)	(31,141)	(4,592)	(7,627)	(17,248)	(632,412)
	290,558	(8,502)	5,104	(4,592)	(7,627)	(9,111)	265,830

IBNR is classified as US dollar.

Notes on the Accounts

(continued)

15. Risk management (continued)

Market risk (continued)

The Trust's interest rate risk is in relation to the fluctuation in the fair value of future cash flows of bonds due to changes in interest rates. The table below shows the change in fair value of bonds assuming a 200 basis points increase in interest rates:

	Effect on investment valuation US$000
As at 20 February 2025	(41,350)
As at 20 February 2024	(44,868)

The Trust's equity price risk is in relation to the fluctuation in the fair value of equities due to changes in market conditions. The table below shows the change in fair value of equities assuming a 35% decrease:

	Effect on investment valuation US$000
As at 20 February 2025	(38,085)
As at 20 February 2024	(37,128)

The table below shows the change in fair value of the investments assuming a 15% decrease in alternative investment pricing:

	Effect on investment valuation US$000
As at 20 February 2025	(30,888)
As at 20 February 2024	(21,090)

The above sensitivities assume that all other key market variables are held constant and that the percentage rate change is instantaneous, which is rarely the case.

Liquidity risk

Liquidity risk is the risk that the Trust cannot meet its financial obligations as they fall due. The Trust maintains a high quality portfolio of cash, government and corporate bonds with an average maturity equivalent to the average expected settlement period of claim liabilities, albeit with some differences on some years. The Trust therefore has sufficient access to funds to cover reinsurance claims from SMUAB, SMUA and SMUAE. In the absence of a material market event, investment grade assets and equities can be converted into cash in less than one month.

Notes on the Accounts

(continued)

15. Risk management (continued)

Liquidity risk (continued)

The following table shows the expected maturity/liquidity of the Trust's assets, based on the undiscounted contractual maturities of the assets. Other assets in the table below includes accrued interest and other debtors.

As at 20 February 2025

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Investments	427,984	48,265	185,809	380,609	**1,042,667**
Other assets	5,927	–	–	–	**5,927**
Total assets	**433,911**	**48,265**	**185,809**	**380,609**	**1,048,594**

As at 20 February 2024

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Investments	304,635	47,633	162,269	377,690	892,227
Other assets	6,015	–	–	–	6,015
Total assets	310,650	47,633	162,269	377,690	898,242

The following table shows the expected maturity profile of the Trust's undiscounted obligations with respect to its reinsurance contract liabilities and other liabilities.

As at 20 February 2025

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	232,535	159,835	197,442	62,640	**652,452**
Creditors arising out of reinsurance operations	98,387	–	–	–	**98,387**
Other liabilities	4,049	–	–	–	**4,049**
Total liabilities excluding capital and reserves	**334,971**	**159,835**	**197,442**	**62,640**	**754,888**

As at 20 February 2024

	0-1 years US$000	1-2 years US$000	2-5 years US$000	Over 5 years US$000	Total US$000
Claims outstanding	220,095	148,978	188,338	61,200	618,611
Creditors arising out of reinsurance operations	13,500	–	–	–	13,500
Other liabilities	301	–	–	–	301
Total liabilities excluding capital and reserves	233,896	148,978	188,338	61,200	632,412

Operational risk

Operational risk includes fraud, interruptions in service due to external or internal disruption and procedural or systems errors. The Corporate Trustee has identified its operational risks in a risk register and has in place appropriate controls to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. Appropriate controls are also in place to monitor the outsourcing of operations to the Managers and, through them, other service providers.

Independent Auditor's Report

To the Corporate Trustee of The Steamship Mutual Trust

Opinion on the non-statutory financial statements

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of The Steamship Mutual Trust's ('the Trust') affairs as at 20 February 2025 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

We have audited the non-statutory financial statements of the Trust for the year ended 20 February 2025 which comprise Income and Expenditure Account, Balance Sheet and Cash Flow Statement and notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the non-statutory financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the non-statutory financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the non-statutory financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the non-statutory financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report

(continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the legal and regulatory framework applicable to the Trust's operations;
- Discussion with the Directors and other management regarding the Trust's policies and procedures regarding compliance with laws and regulations; and
- Discussion with management including head of compliance and those charged with governance.

We considered the nature of the Trust's industry and its control environment and reviewed the Trust's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We discussed as an audit engagement team including relevant specialists, the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the non-statutory financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reviewing minutes of meetings of those charged with governance.

Independent Auditor's Report

(continued)

Our audit procedures were designed to respond to risks of material misstatement in the non-statutory financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the non-statutory financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely for the exclusive use of the Directors and solely for the purpose of providing the Directors with an audit opinion on the non-statutory financial statements of the Trust that will be used as the basis of the non-statutory financial statements for the Trust. Our audit work has been undertaken so that we might state to the Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Barnes
For and on behalf of BDO LLP, Statutory Auditor
London, UK

20 May 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).