TALISMAN

UNDERWRITING PLC

Report – July 2026

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1. Introduction

The strategy for Lloyd's, as the 2026 year commenced, was to focus on underwriting outperformance, operational efficiency, capital optimisation and innovation, reinforcing the ambition to remain the pre-eminent global market for risk. In our January Report we stated that the market had moved past the peak of the cycle reached in 2024, which reinforced the need for underwriting discipline and rating adequacy. That position remains unchanged.

On 19 March 2026, Lloyd's published its full year results for the 2025 calendar year, highlighting an increased profit of £10.6bn from £9.6bn for 2024. Gross written premium increased by 4.2% to £57.9bn (2024: £55.5bn) reflecting 10.3% of growth, the overall rate reduction was -3.7% and it included an adverse foreign exchange rate movement of -2.4%. The combined ratio deteriorated by 0.7 percentage point to 87.6% (2024:86.9%). The investment return was a welcomed increase from £4.9bn to £6.0bn, which represents more than half of the overall profit.

Patrick Tiernan, CEO of Lloyd's commented:

"Strong underwriting performance, disciplined growth, and resilient investment returns underpinned the Lloyd's market's result in 2025. Supported by a very strong balance sheet, these results provide a firm foundation for the challenges and risks ahead, enabling the market to support communities, businesses, and economies through periods of uncertainty. While the financial cost of catastrophes in 2025 was relatively modest, we remain acutely aware of the greater human impact and of those whose lives have been affected".

On the same annual accounting basis, Talisman, for the year ending 31 December 2025, produced an impressive profit of £6.7m (2024: £4.9m) on a net premium income of the same as 2024 at £34.7m. This result represents the third year of the 2023 account, the second year of 2024 and the first year of 2025 adjusted for a small movement on the 2021 open year.

The 2023 year of account produced an underwriting profit of 18.16% of capacity in comparison with the market average of 18.0%, which is an excellent result in line with expectations, and the best since 2007. The current forecast for 2024 is a mid-point profit of 11.2% of capacity which is another good result and should improve modestly at closure.

The 2025 year of account has a current mid-point forecast profit of 9.7% of capacity. While some policies remain on risk, loss experience has been benign, and at closure, we expect 2025 to produce a profit greater than for 2024.

The report of Ruffer LLP, on the investment performance of the funds they manage, is given in Section III. The amount currently managed by them is £2.0m. The balance of Talisman's assets is held in GBP and US$ bank deposits, other than for £1.0m invested in the Latitude Horizon fund.

2. Underwriting Performance

Results for all closed years, recorded as a percentage of capacity, including movements in prior years and underwriting expense are detailed below. The estimates for 2024 and 2025 are from figures published as at 31 March 2026.

Reporting Date	Year of Account	Talisman Result %	Lloyd's Average Result %
31/12/2000	1998	(5.20)	(10.47)
31/12/2001	1999	(11.68)	(19.78)
31/12/2002	2000	(16.29)	(23.86)
31/12/2003	2001	(15.06)	(21.11)
31/12/2004	2002	12.66	9.01
31/12/2005	2003	21.21	17.11
31/12/2006	2004	12.56	10.94
31/12/2007	2005	4.98	3.00
31/12/2008	2006	26.01	27.57
31/12/2009	2007	18.75	17.56
31/12/2010	2008	9.19	11.00
31/12/2011	2009	18.03	16.65
31/12/2012	2010	3.86	2.29
31/12/2013	2011	6.88	4.02
31/12/2014	2012	11.50	11.92
31/12/2015	2013	12.92	9.24
31/12/2016	2014	13.66	10.86
31/12/2017	2015	9.94	6.30
31/12/2018	2016	3.43	(2.86)
31/12/2019	2017	(4.49)	(7.97)
31/12/2020	2018	(0.52)	(5.88)
31/12/2021	2019	1.14	(3.00)
31/12/2022	2020	2.39	0.79
31/12/2023	2021	6.62	7.53
31/12/2024	2022	12.46	12.40
31/12/2025	2023	18.16	18.00
Estimated 31/03/2026	2024	11.20	13.00
Estimated 31/03/2026	2025	9.70	12.10

3. Dividend Payments

The dividend policy of Talisman is to distribute the underwriting profit for each year of account, net of expenses and corporation tax, to those investors supporting that year of account. The dividend paid on a “B” share is equivalent to 1,000 “A” shares, except that the “B” share (supported by unpaid loan stock as part of a “Unit”) does not benefit from the investment earnings of the company.

Dividend Number	Year of Account	Date Paid	Net Dividend per "A" Share	Net Dividend per "B" Share
1	2002	14/12/2005	9.2p	£84.00
2	2003	28/07/2006	5.0p	£50.00
3	2003	29/01/2007	6.0p	£56.50
4	2004	24/08/2007	3.0p	£30.00
5	2004	19/12/2007	2.7p	£24.00
6	2005	28/11/2008	2.0p	£14.00
7	2006	31/03/2009	4.0p	£40.00
8	2006	17/12/2009	8.0p	£72.00
9	2007	31/03/2010	3.0p	£30.00
10	2007	31/12/2010	6.0p	£40.00
11	2008	22/07/2011	2.0p	£20.00
12	2008	20/12/2011	3.5p	£18.20
13	2009	31/07/2012	3.6p	£16.00
14	2009	23/04/2013	4.1p	£36.00
15	2010	17/12/2013	2.1p	£17.00
16	2011	31/07/2014	1.6p	£16.00
17	2011	19/12/2014	2.0p	£17.00
18	2012	10/07/2015	3.3p	£33.00
19	2012	18/12/2015	3.5p	£33.30
20	2013	29/07/2016	3.5p	£35.00
21	2013	21/12/2016	3.7p	£35.00
22	2014	28/07/2017	3.5p	£35.00
23	2014	11/07/2018	4.0p	£39.00
24	2015	18/12/2018	2.7p	£27.00
25	2015	06/08/2019	2.8p	£27.00
26	2016	23/12/2020	1.3p	£12.30
27	2019	24/10/2023	0.5p	£0.00
28	2020	24/10/2023	1.8p	£5.20
29	2021	12/08/2024	2.5p	£15.00
30	2022	01/08/2025	4.9p	£36.00
31	2022	04/12/2025	3.6p	£36.00
Proposed	2023	July 2026	5.5p	£53.00
Proposed	2023	December 2026	5.3p	£53.00

Payment of the balance of the dividend for the 2021 year of account is deferred until the final result for the year can be calculated, which will follow from the close of that year for syndicate 609. Further comment is contained within this report.

4. Result for the 2023 Year of Account

The 2023 year of account was exceptional due to the strong rating levels coupled with low levels of major loss. The year’s $100bn+ global insured catastrophes were spread across a large number of smaller events, most of which did not impact the Lloyd’s market.

The largest losses were the Hawaii wildfires and the earthquake in Turkey/Syria, neither of which were material events for Talisman.

The result for Talisman is a profit of 18.16% of capacity which is just above the market result of 18.0%. All the syndicates supported were profitable with results ranging from 13.1% for a broadly based composite syndicate to 56.9% for one writing pure catastrophe business.

Investment performance played a key role in the overall return at around 6% of capacity, while the overall release from back years was limited due to some strengthening being required for liability claims and for the cost of the war in Ukraine.

Update on syndicate 609 for the 2021 year of account

The 2021 year of account of syndicate 609 remains open, with the year being materially exposed to claims arising from the western leased aircraft trapped in Russia following the outbreak of the war with Ukraine. The situation remains complex and one in which the evidential picture continues to develop with multiple ongoing litigations in various jurisdictions. The position with reinsurers has also yet to be clarified. The latest ultimate forecast, for the syndicate, is in the range of -5% to +5%.

5. Forecast for the 2024 Year of Account

The 2024 year of account benefitted from strong rating conditions, with the rates for most classes exceeding those for 2023. The cost of claims reverted to more typical levels with the most notable events being the Baltimore Bridge collision and Hurricanes Helene and Milton which hit Florida in September and October of that year.

The year was also impacted by the cost of the wildfires in California in January 2025, particularly for reinsurance business. Most of the affected policies were incepted in 2024, hence the attachment to that year.

The forecast range of results, at 31 March 2026, is a profit of 6.0% to 16.4% with a mid-point of 11.2% of capacity. The market average is 13% and, as with 2023, we would expect Talisman’s final result to be around the market average. That final result will be dependent on investment income earned during 2026 and the US dollar rate, both of which could be impacted by the current situation in the Middle East.

6. Forecast for the 2025 Year of Account

The 2025 year of account saw continued strong rating conditions albeit with some modest rate reductions, with 2024 being the peak of the cycle. With most of the cost of the California wildfires falling to the 2024 account, and coupled with a low cost of windstorms, a good result is inevitable. A large number of hurricanes did form in the Atlantic, but Hurricane Melissa was the only destructive one hitting Jamaica in October, where Lloyd’s has minimal exposure.

The forecast range of results, at 31 March 2026, is a profit from 4.0% to 15.4% with a midpoint of 9.7%, which is about a 2 percentage point improvement over 2024 at the same time. This compares to the market average of 12.1%. As with 2024, we would expect Talisman’s final result for the year to be around the level of the market average at closure.

7. Portfolio Planning

Syndicate Split 2026 Year of Account

For the 2026 account Talisman has increased its underwriting capacity from £48.3m to £55.4m. This increase was primarily the result of the acquisition of two underwriting vehicles for which the vendors accepted shares in Talisman as the consideration. Their portfolios fitted well with Talisman.

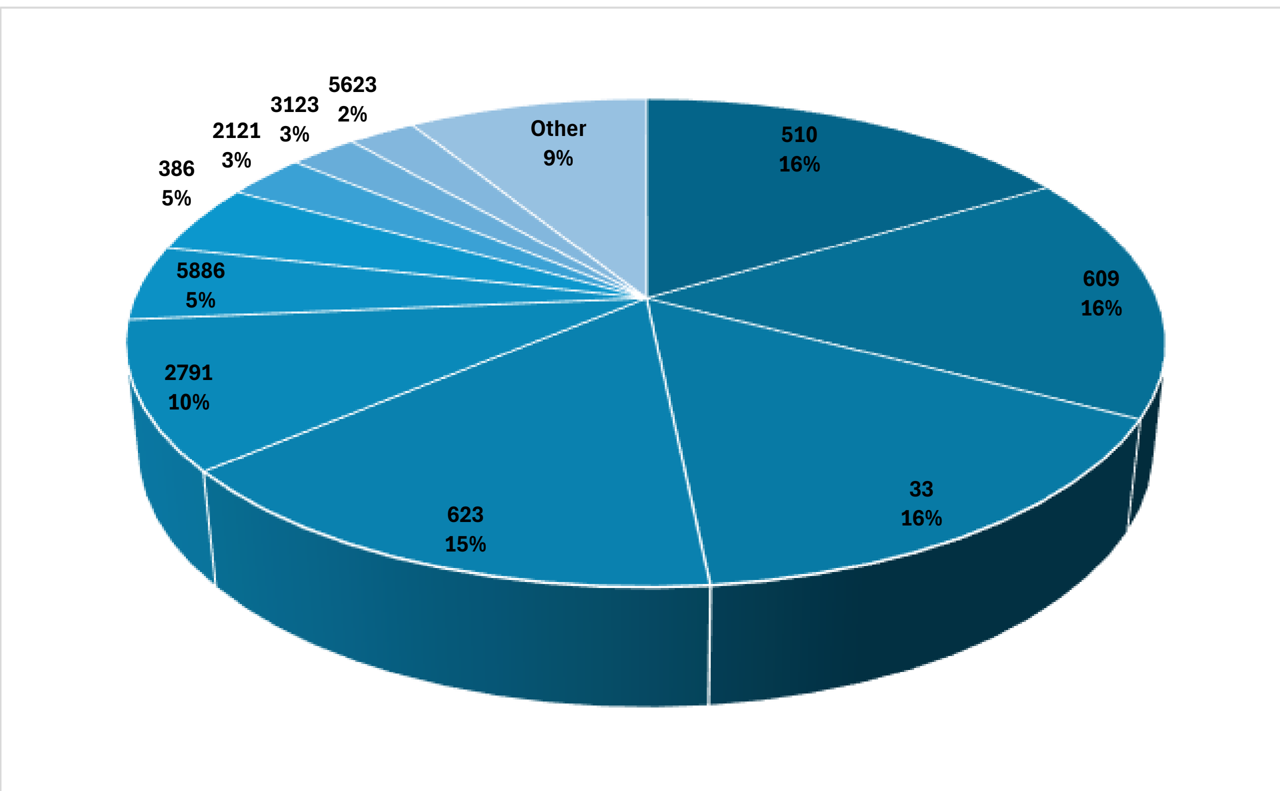
To balance and improve the portfolio, capacity was purchased at the auctions. Talisman also joined two of the newer syndicates namely 2843 OAK Re, which is a reinsurance syndicate launched in 2025 led by Cathal Carr from Renaissance Re, and the Fidelis syndicate 3123, established in mid-2024 by the highly regarded insurance veteran, Richard Brindle. The minimal involvements on syndicates Convex 1984 and HRP 2689 were obtained through the two acquisitions. Their continued support will be reviewed, along with all syndicates supported, during the autumn.

Talisman's capacity of £937,847 on the Lancashire syndicate 2010 was subject to a buyout at a price of 62p/£ of capacity. The proceeds were spent at the auctions.

With the market softening, understandably few syndicates grew with pre-emptions and for Talisman they were matched in capacity by de-emptions.

Talisman has always been selective in allocating capacity to syndicates in order to meet its objectives of both underwriting quality and capital efficiency. The amount of capacity supporting non-marine property reinsurance remains below the market average as does the risk profile of the total portfolio.

Further detail is given in Section II.



8. Market Trends and Renewals

Overview

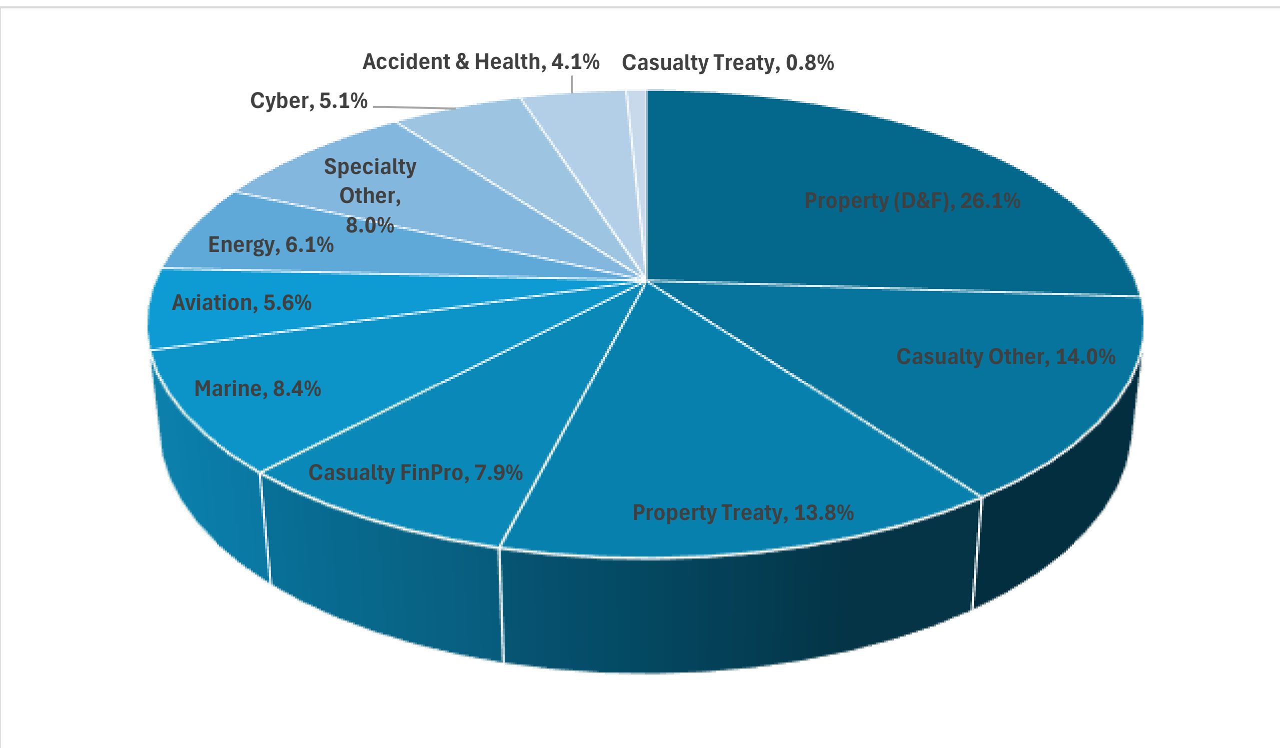
The market has moved past the peak of the rating cycle reached in 2024, with rate reductions emerging across many classes of business. This has been driven by the exceptionally strong industry results for the years 2023 to 2025, from which of course Talisman has benefitted. That said, most sectors remain segmented with distinct mini-cycles persisting in certain lines, typically driven by recent loss activity.

Where there is increased competition, some is coming from newer entities who are rapidly trying to achieve economic scale for their businesses; rather less is coming from seasoned underwriters with proven track records.

Rates are expected to continue to reduce as we move through the cycle but with the counter that terms and deductibles are generally holding firm and that reinsurance programmes are providing greater protection at no extra cost.

The war in the Middle East is helping to mute some of the rate reductions in the market as underwriters monitor their exposures and consider how spikes in inflation could impact their portfolios.

The chart below shows Talisman's spread of business across the major classes for the 2026 underwriting year of account with further comments following.



Direct Property

After four years of good profits, Direct and Facultative (D&F) open market business experienced increased competition in 2025 as US domestic insurers sought to reclaim the market share they dropped following the major losses of 2017 to 2022. This trend will likely continue throughout the year. There is an offset, as the cost of their own reinsurance protection has fallen.

The property binder book has also enjoyed good profitability in recent years and, while the competition for this business is increasing, the pressure is considerably less than for D&F. For both classes terms and conditions remain firm. To maintain profitability, underwriters need to factor in the increases in insured values, claims inflation and changes in overall vulnerability.

Property Reinsurance

With the increase in available capacity around the globe, coupled with good results, it was inevitable that rate decreases would occur at the January 2026 renewals. They were generally greater than anticipated with loss free programmes receiving the greatest reductions. Importantly, terms and conditions were broadly maintained. At the April renewals this trend continued including the Japanese market. The benefit of supporting the Japanese market is that it offers diversification away from the US perils that dominate. However, as the business becomes marginal, some underwriters are reducing their exposure or in some cases coming off some programmes.

In the absence of any significant catastrophe activity, and with additional capacity becoming available, some softening will continue but underwriters must not lose sight of the pricing required to meet their business plans.

Casualty

At the January renewals, reinsurance programmes with significant exposure to US litigation, social inflation or prior year reserve deterioration, tended to face tighter terms and often rate increases. In contrast international programmes tended to renew on slightly more favourable terms. The direct insurance market reflected a similar position.

Confidence in the cyber insurance market continues to improve with direct underwriters retaining more of the risk on the back of improved performance after the significant rate increases of 2020 to 2022. The reinsurance programmes they buy are becoming increasingly complex and diversified.

The risk factors for cyber continue to evolve and artificial intelligence (AI) adds another dimension and further uncertainty. Greater clarity is required across the market as to whether underwriters intend to cover or exclude liability risks in their cyber policies. Rate adequacy remains under pressure on some risks, and the absence of historical catastrophe loss data could lead to uncertainty around severity and aggregation. Lloyd’s continues to keep a very watchful eye on this class of business given the ever-changing threat landscape.

Marine

Direct marine underwriters are benefitting from a softer reinsurance market to protect them, as reinsurers seek to diversify away from their main property exposures. However, many classes are experiencing heightened competition as new markets, established in recent years, have become fully operational.

The cargo market is experiencing pressure, but not to the same extent, as the war in Iran has caused a spike in inflation to which the cargo market is highly correlated.

Marine liability has the potential for very high pollution claims and other catastrophes which is why it justifies higher premiums. Rates have been flat across the market, but the cost of the Baltimore Bridge collision is a reminder of how complex and costly such events can be. The initial estimate for the event was $1.5bn but that has recently increased to $2.8bn. Consequently, rate increases are expected going forwards.

Energy

In a similar way to the mariners, energy underwriters are benefitting from the excess capacity of their reinsurers. The upstream (offshore) energy market has delivered good returns in recent years which is attracting competition, particularly for the property elements. In contrast liability rates continue to rise. Renewable energy continues to attract new insurance buyers although the long-term sustainable profitability for this class remains unproven, despite recent pricing increases.

Aviation

A certain amount of caution remains within the aviation reinsurance market reflecting ongoing challenges in the underlying direct sector after the raft of losses in 2025. There also remain uncertainties regarding the substantial losses associated with the aircraft trapped in Russia, following the invasion of Ukraine. Exposed syndicates, including TMK 510, undertook further significant reserve strengthening for this event at the end of last year, following judgements and settlements in 2025, as well as an increased clarity on exposures.

The rate adequacy for the All Risks book of business remains questionable given the frequency and severity of losses over the last two years even though rates have improved since quarter three of 2025.

The war book is back into profit following the significant rate increases, consequent to the onset of the war in Ukraine. Underwriters who were not involved with that loss are starting to generate more competition. The conflict in the Persian Gulf has shown the importance of war risk insurance, a class in which Lloyd's is a recognised global leader. The availability of cover is essential in supporting business operations and maintaining the flow of global trade. However, it must be accepted that pricing has to be adjusted to reflect the elevated risk.

9. Conclusion

Consequent to the losses of 2017 the market benefitted from rate increases every year with 2024 reaching the peak. Talisman is enjoying a period of exceptional profits and, barring significant catastrophes, 2026 should produce another good return. Insurance has always been a cyclical business and maintaining profitability though the next part of the cycle is the key driver.

Each quarter Lloyd's meets with the managing agents and lead underwriters to deliver the Market Message. On 14 May 2026 Rachel Turk, Chief of Performance and Strategy, stated that the current performance against business plans looks on track but that the first quarter renewals saw rates coming off faster than anticipated, with the increased pace of decline needing to be recognised. She reminded everyone that top line growth pressures can lead to discipline starting to slip, and as the market softens, Lloyd's oversight will adjust commensurately. She said that ten years ago as conditions softened, discipline across the market was not consistent and she is determined that history will not be repeated. She urged syndicates to ensure their business plans for 2027 continued to be appropriate and realistic, grounded in current market conditions, and able to deliver sustainable profits as rate adequacy comes under threat.

It should be noted that 74% of Talisman's portfolio is placed on five core syndicates, all of which have successfully managed the cycle before, as have most of the others. Nonetheless, we shall be reviewing all the syndicates supported, together with our members' agent Alpha Insurance Analysts Limited, as we plan for 2027.

Underwriters will always be looking for new risks to grow into and the most topical are Data Centres. The rapid adoption of AI across the global economy is driving unprecedented demand for computing power, with large scale data centre construction planned across the world to meet this need. From an insurance perspective, this technology is so far unproven and could, therefore, leave insurers exposed should there be power outages or other failures during the construction of the project or when fully operational. These centres represent enormous concentrations of high value technology. The premium globally is already estimated at over $10bn. The Lloyd's market structure provides an obvious place for this product innovation and should reward those with the expertise to lead.

Improving the expense ratio is important, and going forward there will inevitably be more business underwritten under the various broker facilities in the market. Only time will tell whether the better-quality data being promoted by the brokers will lead to better risk selection by the underwriters. Also, artificial intelligence (AI) will inevitably improve the distribution of data and risk, and should reduce costs in the longer term. This transformation will need to be managed carefully to ensure that all parties involved benefit from the changes ahead and, in particular, those who take the risk.

With good results in the global insurance market there has been an increase in mergers and acquisitions (M&A) affecting Lloyd's syndicates. The most notable for Talisman is Zurich's acquisition of Beazley which manages syndicates 623 and 5623. Apollo who manages syndicate 1969 has been acquired by the US insurer Skyward group. M&A transactions will have differing strategic goals, but both of these would seem to be accretive and not just to add more of the same business. We will continue to monitor these acquisitions carefully.

The financial results reported for 2025 reflect the underlying strength and resilience of the Lloyd's market. They demonstrate the benefits of disciplined underwriting, the reforms undertaken in recent years and the capital efficiency of the Lloyd's model. The external environment remains demanding. Risks are becoming more complex and interconnected. Lloyd's unparallelled global licence network is a strategic asset that allows it to operate in London but underwrite risks globally.

The enduring strengths of Lloyd's, its global reach and concentration of skills underline its continued relevance to clients and capital providers such as Talisman. We have confidence in those syndicates that we support to navigate us through the next part of the cycle just as they have done in the past.

SECTION II

10. Syndicate Participations

Syndicate	Underwriter	Managing Agent	Allocated Premium Limit			
			2023	2024	2025	2026
33	P Lawrence	Hiscox	6,346,825	6,756,825	6,822,683	8,652,239
318	N Chalk	Cincinnati	700,000	1,009,511	1,009,511	1,072,248
386	C Fresneau	QBE	2,190,945	2,411,786	2,411,786	2,549,161
510	M Mortlock	Tokio Marine Kiln	7,400,000	8,297,526	8,447,526	9,105,640
609	P Laidlaw	Atrium	6,644,295	7,292,937	7,965,993	9,063,566
623	G Hayes	Beazley	6,874,512	8,070,569	8,139,578	8,550,249
1969	J Slaughter	Apollo	850,000	1,196,080	1,254,903	1,382,903
1984	J Whiffen	Convex-Asta	-	-	-	150,000
2010	M Narbett	Lancashire	900,000	937,487	937,487	-
2121	I Burford	Argenta	1,300,000	1,500,000	1,500,000	1,640,000
2689	G D'Alessandro	HRP-Asta	-	-	-	107,632
2791	C Smelt	MAP	3,056,215	4,481,741	4,631,741	5,432,377
2843	J Irvine	Oak-Polo	-	-	-	700,000
3123	D O'Connell	Fidelis	-	-	-	1,392,448
4444	A Rouffiac	Canopius	650,000	757,517	965,835	1,003,711
5623	W Roscoe	Beazley	850,000	1,470,000	1,414,891	1,387,819
5886	N Destro	Blenheim	1,400,000	1,694,818	2,224,450	2,754,958
6103*	R Trubshaw	MAP	346,565	450,427	500,964	504,430
Total			39,509,357	46,327,264	48,227,348	55,449,381
No. of Syndicates			14	14	14	18

* Syndicate 6103 provides a specific catastrophe account quota share reinsurance of MAP Syndicate 2791.

Participation on syndicates 5623 and 6103 is on a limited tenancy basis and they are not traded in the auction process.

As reported above the 2021 year of account of syndicate 609 remains open at 31 December 2025. Talisman's participation is £4,049,258.

11. Syndicate Pre-emptions and De-emptions

The syndicates that pre-empted in the Talisman portfolio for 2026, are detailed below.

Syndicate	Underwriter	Managing Agent	Pre-Emption %
33	P Lawrence	Hiscox	11.76
2121	I Burford	Argenta	2.5
4444	A Rouffiac	Canopius	3.92
5886	N Destro	Blenheim	14.29

The syndicates that de-empted in the Talisman portfolio for 2026, are detailed below.

Syndicate	Underwriter	Managing Agent	De-emption %
386	C Fresneau	QBE	14.67
623	G Hayes	Beazley	9.51
5623	W Roscoe	Beazley	6.52

12. Syndicate Capacity Transactions

The syndicate capacity purchased by Talisman at the 2025 auctions is detailed below.

Syndicate	Managing Agent	Capacity	Cost £
33	Hiscox	400,000	314,240
386	QBE	400,000	322,240
609	Atrium	325,000	145,370
623	Beazley	300,000	180,180
2791	MAP	315,599	277,383
2843	Polo OAK	400,000	5,340
3123	Asta Fidelis	700,000	8,220

13. Syndicate Peer Groups

The table below compares the quantity of syndicate capacity in each of the peer groups designated by Alpha. They consider it is important to have a spread of different types of syndicates with a skew towards the 'core' syndicates (33, 510, 609, 623 and 2791) which Alpha recommend, and which should represent at least 60% of the portfolio. The designated core syndicates correlate with Talisman's objective of having a high quality and stable portfolio.

Syndicate Peer Groups	Talisman				Alpha Average			
	2026	2025	2024	2023	2026	2025	2024	2023
Core	74%	75%	75%	77%	62%	63%	68%	68%
Composite	15%	15%	14%	13%	11%	14%	11%	9%
Liability	5%	5%	5%	6%	5%	6%	7%	8%
Property Catastrophe	2%	3%	3%	3%	12%	10%	7%	6%
Property & Casualty	2%	2%	2%	2%	6%	5%	5%	6%
Motor	0%	0%	0%	0%	1%	1%	1%	2%
Tracker	3%	0%	0%	0%	4%	0%	0%	0%

14. Business Split Analysis

The table below shows the estimated business split of Talisman for the 2023 – 2026 years of account. As a comparison, we show the Alpha average for the same years. The categories used are based on the estimated split of account supplied by syndicates in their business forecasts and adjusted to take account of the level of premium income forecast to be written. The initial risk codes supplied by syndicates are numerous, accordingly Alpha combines these initial codes into the broader categories shown.

Classes of Business	Talisman				Alpha Average			
	2026	2025	2024	2023	2026	2025	2024	2023
Property (D&F)	26.1%	27.2%	29.1%	25.4%	22.8%	23.3%	26.3%	23.1%
Casualty Other	14.0%	13.6%	12.8%	15.0%	15.5%	14.8%	15.5%	18.5%
Property Treaty	13.8%	13.3%	12.3%	13.2%	19.1%	19.6%	16.6%	16.1%
Casualty FinPro	7.9%	9.3%	9.5%	11.4%	7.0%	8.0%	8.7%	10.5%
Marine	8.4%	8.9%	8.5%	8.4%	7.4%	8.2%	7.9%	7.5%
Aviation	5.6%	6.2%	6.6%	6.4%	5.0%	5.4%	6.2%	6.0%
Energy	6.1%	5.8%	5.5%	4.7%	5.2%	5.0%	4.7%	3.9%
Specialty Other	8.0%	5.7%	4.9%	4.4%	6.6%	5.5%	3.9%	3.5%
Cyber	5.1%	5.3%	6.3%	6.4%	4.8%	5.7%	6.4%	6.7%
Accident & Health	4.1%	4.0%	3.8%	4.1%	3.5%	3.3%	3.2%	3.6%
Casualty Treaty	0.8%	0.8%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%

15. Realistic Disaster Scenarios (RDS) and Aggregate Exceedance Probabilities (AEPs)

The table detailed below, illustrates the potential net impact of the top eight "Realistic Disaster Scenarios" (RDS) on Talisman's portfolio plus the three standard Lloyd's AEPs.

RDS are standardised catastrophic loss scenarios which Lloyd's requires all syndicates to calculate each year to estimate their potential gross loss (before reinsurance recoveries) and net loss (after reinsurance recoveries) in their Business Forecasts. As RDS are estimates, they are based on assumptions by the managing agency on their likely levels of income, business written and reinsurance purchased for the year. Therefore, they are very much subject to change.

The percentages shown below represent a guide to the potential net cost to Talisman in the event of the occurrence of one of these loss scenarios, and not the final result of the year of account. Other non-aggregating sections of the account could, depending on their profitability, produce profits to mitigate such catastrophe losses. They could also, of course, produce further losses. The figures should be treated as indicative, as actual losses are likely to be different, particularly in the event of a series of major losses occurring in the same period.

Changes to the underwriting policy, reinsurance programme and rating levels will all change the actual exposure. It is also important to note that a single loss can impact a number of different underwriting years, depending upon the inception date of the affected policies. Managing Agents are expected to report on the aggregate exposure to all underwriting years i.e. if they report an exposure of 10% this might be made up of 7% to the 2026 year of account, 2% to the 2025 account and 1% to 2024 and not as 10% to 2026.

In all cases Alpha has taken syndicates' projected exposure contained in their 2026 Business Forecasts.

RDSs and AEPs		Talisman				Alpha Average		
	2026	2025	2024	2023	2026	2025	2024	2023
AEP Loss 1 in 30 year Whole World	18.1%	19.7%	17.1%	19.3%	24.2%	25.3%	18.2%	23.3%
AEP Loss 1 in 30 year US WS	12.7%	14.4%	12.4%	14.4%	17.6%	18.8%	13.6%	17.7%
Terrorism - Rockefeller Center	10.7%	11.0%	9.5%	10.1%	12.3%	13.2%	10.0%	12.2%
AEP Loss 1 in 30 year NA EQ	6.7%	7.8%	6.8%	7.6%	8.0%	9.0%	7.0%	8.7%
Cyber - Major Security Breach	7.6%	7.5%	6.9%	6.9%	8.0%	8.5%	6.0%	7.4%
Aviation Collision	6.5%	7.1%	6.2%	6.8%	6.4%	6.7%	5.6%	7.0%
Cyber - Ransomware Contagion	7.4%	6.9%	7.9%	7.9%	8.5%	8.8%	7.5%	9.4%
Loss of Major Complex	6.9%	6.7%	5.9%	6.2%	7.7%	8.1%	6.4%	8.1%
Cyber - Cloud Cascade	5.8%	5.5%	6.2%	6.4%	6.8%	7.5%	6.1%	8.1%
Cyber - Blackout II	5.5%	5.2%	6.4%	6.2%	6.2%	5.6%	6.0%	6.9%
Marine - Marine Collision in US Waters	4.2%	4.8%	4.9%	4.7%	4.4%	5.7%	4.7%	5.5%

AEP Descriptions

These scenarios denote each syndicate's exposure to a catastrophic event, the impact of which is what might be expected to occur only once in every thirty years. To calculate these exposures, syndicates use a sophisticated model that runs multiple simulations of events to determine the impact of these 1 in 30 year losses:

Whole World Natural Catastrophe AEP 1 in 30	A natural catastrophe, be it an earthquake, windstorm, flood anywhere in the world.
US Windstorm AEP 30 Year Return Period	A Windstorm in the USA
US Earthquake AEP 30 Year Return Period	An Earthquake in the USA

RDS Descriptions

To put these exposures into context, these RDS events might be expected to occur once every 30 years. Members' capital requirements envisage losses at a level that might occur once every 200 years.

Aviation Collision

Assumes a collision between two aircraft over a major city, anywhere in the world, using the syndicate's two highest airline exposures. Assumes a total liability loss of up to US$4 billion, comprising of up to US$2 billion per airline and any balance up to US$1 billion from an air traffic control liability policy(ies) and/or a major product manufacturer's product liability policy(ies), where applicable. Consideration should also be given to other exposures on the ground.

Cyber – Major Data security Breach

A series of simultaneous cyber-attacks are launched on large multinational organisations across one industrial sector with the intention of causing major disruption and financial loss to organisations. During the attacks, customer data (e.g. internet protocol address, credit card details and other information) is lost.

The attacks target vulnerabilities in the operating systems, web applications and/or software used by these organisations. For the purposes of this exercise, it is assumed that multiple systems and/or multiple organisations using the same systems/software are affected. The hacking attacks may take the form of a virus, or an alternative vector of attack. As a result of the breach, customer management and trading systems, networks and supply chains are disrupted at these organisations for a duration of 24 hours.

Assumes the ten largest clients worldwide are targeted, in the sector with the greatest exposure and that all client data at these organisations is lost, that class actions are pursued and there will be organisations that face third party liability claims.

Cyber - Business Blackout

Power is taken down across 36 US States on a weekday in June. It is gradually restored, but only 50% of homes and businesses are reconnected in 72 hours and full restoration takes 3 weeks. The event is attributed to a cyber-attack aimed at electrical substations and power transformers. Although suspicion falls on several threat actor groups linked to nation states, no group claims responsibility and none is attributed with definitive responsibility. The event is therefore not deemed a war event. The return period of this scenario is estimated to be between one in 150 and 200 years.

Cyber – Cloud Cascade

A major cloud service provider suffers total downtime in multiple data centres in the USA. The outage lasts 24 hours and impacts all hosted services. Businesses worldwide suffer business interruption and loss of data. Investigation shows that the outage was caused by misconfigured cluster management software and exacerbated by malicious code. The return period of this scenario is estimated to be between 1 in 100 and 125 years.

Cyber – Ransomware Contagion

A ransomware payload is triggered. It has exploited a vulnerability in an operating system to infect the IT system of a major global corporation. Ransomware encrypts files and presents users with ransom demands. The operating system has a dominant market share and the ransomware is spread throughout the world within 3 days. On average, victims experience 7 days of downtime.

The operating system provider issues patches to protect the vulnerability, but the ransomware is already infecting companies throughout the world. Organisations in every sector are unable to access critical files and many victims simply pay the ransom. However, even having paid, most victims are still unable to restore systems. Victims suffer business interruption and other costs relating to data restoration and hardware replacement.

The return period of this scenario is estimated to be between 1 in 75 and 100 years.

Loss of Major Complex

Assumes a total loss to all platforms and bridge links of a major complex. Includes property damage, removal of wreckage, liabilities, loss of production income and capping of the well.

Marine Collison

A cruise vessel carrying 2,000 passengers and 800 staff and crew is involved in a high-energy collision with a fully laden tanker of greater than 50,000 DWT with 20 crew. The incident involves the tanker sinking and spilling its cargo; there are injuries and loss of lives aboard both vessels.

Assumes an apportionment of negligence of 30% to the tanker owner and 70% to the cruise vessel and that the collision occurs in US waters.

Assumes that the cost of pollution clean-up and compensation fund amounts to US$2 billion. This would result in claims against the International Group of P&I Associations' General Excess of Loss Reinsurance Programme, and any other covers that might be in force.

Assumes an additional compensation to all passengers and crew for death, injury or other costs of US$1.15 billion and removal of wreck for the Tanker of US$100m. The cruise ship is severely damaged but is towed back to a safe harbour (repair estimate US$50m and US$10m for salvage operations).

Terrorism

Rockefeller Centre Event - The Midtown Manhattan area, New York, at 11:00am on 1st January suffers a 2-tonne bomb blast attack causing collapse and fire following within a radius of 200m, massive debris damage to surrounding properties up to a radius of 400m and light debris damage to surrounding properties up to a radius of 500m. 1,000 blue/white collar worker deaths and 2,500 injuries in total.

Overland/underground transport systems are partially damaged, leading to significant business interruption exposure for a period of three months.

All possible affected business classes should be included in the calculations, such as Contingent Business Interruption and Specie/Fine Art.

SECTION III

16. Ruffer Annual Performance Report – 30 June 2025 to 30 June 2026

Performance commentary

The twelve months to 30 June 2026 were characterised by sharp shifts in market leadership, evolving macroeconomic expectations, and a late-period escalation in geopolitical risk. Against this backdrop, the Ruffer strategy delivered a positive return (+4.2%)†, supported by its diversified and defensive positioning, with commodities and selective equity exposures key contributors.

The period began with a strong rally in equity markets following the sharp sell-off in April 2025. Improved sentiment was driven by resilient economic data, reduced recession concerns, and a backdrop of global monetary easing. By late 2025, markets were increasingly driven by the outlook for monetary policy. Expectations for interest rate cuts proved volatile, responding to shifts in economic data and central bank communication. This uncertainty contributed to bouts of equity market weakness, particularly in November, although the portfolio remained resilient and finished the period to year-end in positive territory.

Commodities were a major driver of returns over the twelve months. Precious metals performed strongly for much of the period, supported by central bank buying and investor demand. The portfolio's exposure to gold mining equities delivered significant gains, although positions were actively managed, with profits taken as valuations became more extended. Exposure to silver and platinum was exited mid-period, and overall precious metals allocations were reduced.

The final months of the period were dominated by a sharp deterioration in geopolitical conditions, with the outbreak of conflict in the Middle East driving a significant increase in market volatility. Energy prices rose on concerns around supply disruption, contributing to heightened dispersion across equity markets, particularly in regions and sectors more exposed to rising input costs. We saw moments of bonds, equities and gold falling simultaneously highlighting the growing challenge for investors. Against this backdrop, the portfolio was actively managed. Profits were taken in oil exposure following initial price spikes, and equity allocations in regions more exposed to energy risk, notably China and Japan, were reduced. Proceeds were redeployed into agricultural commodities, including corn, wheat and soy, offering exposure to potential second-order effects of higher energy prices. Whilst our protection assets started to work, the lack of real market panic, in the face of serious real-world panic, meant we did not have a significant uplift from this part of the portfolio. Markets have brushed away concerns in geopolitics by focusing back on AI – particularly semiconductors – which have been driving markets higher. Momentum has been strong and the rally has been narrow and we are wary of the risks associated with this extended sector.

Investment strategy and outlook

Structural

We believe markets have entered a new investment regime in which many of the structural risks Ruffer has long highlighted are now materialising. Inflation and bond yields are likely to remain more volatile. We see persistently high global debt, rising geopolitical tension, ageing demographics and policymakers' tendency to respond to crises with aggressive fiscal and monetary support. Governments facing elevated debt burdens are likely to tolerate higher inflation to erode the real value of the debt, while deglobalisation, tighter labour markets and periodic supply shocks add further upward pressure on prices.

With bond-equity correlations turning positive and the dollar proving less reliable as a defensive asset, traditional portfolio protection tools may be less effective, requiring investors to look elsewhere for diversification.

†WS Ruffer Total Return Fund

Tactical

On the surface, the bull case for markets remains intact: economic growth has been resilient, inflation has been moderating, AI investment continues to accelerate, fiscal policy is supportive and financial conditions have eased. However, beneath this backdrop, markets appear increasingly fragile. AI-driven disruption has triggered sharp sector rotations and exposed the risks of narrow leadership, while elevated valuations leave equities vulnerable to shocks.

Several risks reinforce this. AI investment is accelerating, diverting cash flow toward capital expenditure and raising expectations for future returns. Broader adoption is creating disruption across industries, while signs of stress are emerging in private credit markets. Economic inequality continues to weigh on consumer sentiment despite strong asset prices, and policymakers face the challenge of supporting growth without reigniting inflation.

Geopolitical tensions and the risk of a growth slowdown add further uncertainty, with several flashpoints emerging in 2026.

Positioning

The Ruffer portfolio combines powerful portfolio protections with high-conviction growth assets. Credit remains the largest derivative exposure, offering cost-effective protection through its sensitivity to wider risk premia and potential deterioration in private credit markets. The yen provides two-sided protection, trading at historically low levels while offering potential upside from policy normalisation and possible coordinated intervention.

Alongside these defensive assets, the portfolio maintains exposure to attractive growth opportunities in less crowded parts of the market. Currently the equity allocation stands at just over 33%, complemented by roughly 3% in gold mining equities and 3% in other commodities. Within equities, around 16% of the portfolio reflects high-conviction bottom-up positions that have generated strong alpha. Additional positions express macro and thematic views across regions and sectors, including opportunities in agriculture, domestic UK equities, Japan and China.

Inflation	%
Long-dated non-UK inflation-linked bonds	9.4
Gold and precious metals exposure	3.1
Long-dated UK inflation-linked bonds	1.4
Protection	**%**
Short-dated nominal bonds	28.8
Long-dated nominal bonds	18.3
Cash	2.0
Credit and derivative strategies	0.6
Growth	**%**
Consumer discretionary equities	6.9
Industrials equities	5.8
Financials equities	3.9
Consumer staples equities	3.3
Other equities	14.1
Commodity exposure	2.5

Currency allocation	%
Sterling	77.3
US dollar	10.7
Yen	4.9
Canadian dollar	1.9
Other	5.2

Geographic equity allocation	%
UK equities	10.4
North America equities	8.6
Europe equities	6.0
Asia ex-Japan equities	4.8
Japan equities	3.8

WS Ruffer Total Return Fund portfolio. Data in GBP as at 30 June 26. Totals may not equal 100% due to rounding.

THE COMPANY

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