The Pioneer Technology United Kingdom Limited Pension Plan

Statement of Investment Principles – June 2024

Introduction

The Trustee of The Pioneer Technology United Kingdom Limited Pension Plan ("the Plan") has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995, the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 and 2019. The Statement is intended to affirm the investment principles that govern decisions about the Plan's investments. In preparing this Statement the Trustee has consulted Pioneer Technology (UK) Limited ("the Employer") on the Trustee's investment principles.

Governance

The Trustee makes all major strategic decisions including, but not limited to, the Plan's asset allocation and the appointment and termination of investment managers. The process for making investment decisions is as follows:

- Identify appropriate investment objectives
- Agree the level of risk consistent with meeting the objectives
- Implement an investment strategy and investment manager structure in line with the level of risk and objectives agreed

When making such decisions, and when appropriate, the Trustee takes proper advice. The Trustee's investment consultants, Capita Pension Solutions ("Capita"), are qualified by their ability in and practical experience of financial matters, and have the appropriate knowledge and experience to provide such advice.

Investment Objectives

The Trustee is required to invest the Plan's assets in the best interest of members, and its main objectives with regard to investment policy are:

- To achieve, over the long term, a return on the Plan's assets which is consistent with the assumptions made by the Scheme Actuary in determining the funding of the Plan;
- To ensure that sufficiently liquid assets are available to meet benefit payments as they fall due; and
- To consider the interests of the Employer in relation to the size and volatility of the Employer's contribution requirements.

The Trustee understands, following discussions with the Employer, that it is willing to accept a degree of volatility in the company's contribution requirements in order to reduce the long-term cost of the Plan's benefits.

Risk Management and Measurement

The Trustee is aware of and pays close attention to a range of risks inherent in investing the assets of the Plan. The Trustee believes that the investment strategy provides for adequate diversification both within and across different asset classes. The Trustee further believes that the current investment strategy is appropriate given the Plan's liability profile. The Trustee's policy on risk management is as follows:

- The primary investment risk faced by the Plan arises as a result of a mismatch between the Plan's assets and its liabilities. This is therefore the Trustee's principal focus in setting investment strategy, taking into account the nature and duration of the Plan's liabilities.

- The Trustee recognises that whilst increasing risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's liabilities as well as producing more short-term volatility in the Plan's funding position. The Trustee has taken advice on the matter and (in light of the objectives noted previously) considered the implications of adopting different levels of risk.

- The Trustee recognises the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Trustee aims to ensure the asset allocation strategy in place results in an adequately diversified portfolio. Due to the size of the Plan's assets and recognising the need to diversify, investment exposure is obtained via pooled vehicles.

- The documents governing the managers' appointment include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan.

- The Trustee recognises that, where appropriate, the use of active management involves a risk that the assets do not achieve the expected return. However, it believes this risk is outweighed by the potential gains from successful active management, in particular in regions or asset classes where this potential is greater than others. Therefore, the Plan's assets are managed through a mixture of active and passive management which may be adjusted from time to time.

- The safe custody of the Plan's assets is delegated to professional custodians via the use of pooled vehicles.

Should there be a material change in the Plan's circumstances, the Trustee will review whether the current risk profile remains appropriate.

Investment Strategy

Given their investment objectives the Trustee has agreed to the asset allocation detailed in the table below. The Trustee believes that the investment risk arising from the investment strategy is consistent with the overall level of risk being targeted.

Asset Class	Strategic Asset Allocation (%)	Control Limits % +/-
Global Equities	22.5	20.0 – 25.0
Global Equities – GBP Hedged	7.5	5.0 – 10.0
Diversified Growth Funds	15.0	12.5 – 17.5
Return-seeking Assets:	**45.0**	
Absolute Return Bonds	55.0	Not subject to rebalancing
Real LDI		
Nominal LDI		
Matching Assets:	**55.0**	
Total:	**100.0**	

The Trustee has set a target interest rate and inflation expectation hedge ratio of 100% of funded liabilities at the point of implementation. The matching assets will aim to meet this target using the Absolute Return Bond fund as a balancing item to sit alongside the leveraged LDI funds as collateral. The Trustee is in the process of reviewing the liability hedging characteristics of the Plan's matching assets.

The Global Equities are invested equally between weekly and daily dealt versions of the funds to assist with the collateral management of the leveraged LDI funds.

The Trustee will monitor the Plan's actual asset allocation at least quarterly and will decide on a course of action, using the control limits indicated in the table as a guide. The amounts invested in the LDI funds hedge a fixed amount of the Plan's liabilities, and therefore they are not subject to rebalancing. The Trustee will take account of this in any rebalancing decision, which may involve redirecting cash flows, a switch of assets, or taking no action. The Trustee will take into account advice from the investment consultant prior to making any decision. Further details on investment funds can be found in the Appendix.

Expected Return

The Trustee expects the return on assets to be consistent with the investment objectives and investment strategy outlined above.

The Trustee expects to generate a return, over the long term, of circa 1.9% per annum, net of expenses, above a portfolio of long-dated UK Government bonds – which are considered to change in value in a similar way to the Plan's liability value. This return is a "best estimate" of future returns that has been arrived at given the Plan's longer term asset allocation and in the light of advice from the investment consultant.

The Trustee recognises that over the short term performance may deviate significantly from this long term expectation. This "best estimate" will also generally be higher than the estimate used for the actuarial valuation of the Plan's liabilities. For this purpose a more prudent estimate of returns will generally be used, as agreed by the Trustee on the basis of advice from the Scheme Actuary.

Investment Mandates

The Trustee has selected Columbia Threadneedle Investments (“CT”), Legal & General Investment Management Ltd (“LGIM”), Pyrford International Limited (“Pyrford”), Payden & Rygel Global Ltd (“Payden”) and Abrdn Standard Investments (“Abrdn”) as the appointed Investment Managers (“the Investment Managers”) to manage the assets of the Plan. The Investment Managers are themselves regulated under the Financial Services and Markets Act 2000.

The Trustee has rolling contracts with its Investment Managers.

The Trustee monitors the performance of its Investment Managers on a quarterly basis. This monitoring is contained in a report provided by its investment consultants.

The Trustee has set performance objectives, including time periods, consistent with the investment strategy set out in this statement.

Investment Manager Remuneration

The Trustee monitors the remuneration and incentives, that are paid to its Investment Managers and how it rewards its key staff who manage client funds, along with how remuneration and incentives motivate employees who manage client funds.

As part of the monitoring that the Trustee carries out on a regular basis, they ensure that this policy is in line with its investment strategy.

Investment Manager Philosophy and Engagement

The Trustee monitors the Investment Managers’ process for assessing the businesses they invest in, and whether business performance over the medium to long-term involves a holistic look beyond mainly accountancy measures. The Trustee considers if the Investment Managers are incentivised to make decisions on a short-term basis or on a medium to long-term basis and whether this coincides with the business assessments being made. The Trustee is conscious of whether the Investment Managers are incentivised by the agreement with the Trustee to engage with the investee business and to what extent any engagement focuses on improving medium to long-term performance.

Investment Manager Portfolio Costs

The Trustee will monitor costs of buying, selling, lending and borrowing investments and it will look to monitor the costs breakdown annually, as long as the Investment Managers provide these costs using the Cost Transparency Initiative template. They will also ensure that, where appropriate, its Investment Managers monitor the frequency of transactions and portfolio turnover. If there are any targets then they will monitor compliance with these targets.

Financially material considerations over the Plan's time horizon

The Trustee believes that its main duty, reflected in its investment objectives, is to protect the financial interests of the Plan's members. The Trustee believes that environmental, social and governance ("ESG") considerations (including but not limited to climate change) and stewardship in the selection, retention and realisation of its investments is an integral part of this duty and can contribute to the generation of good investment returns. Legislation requires that the Trustee forms a view of the length of time that it considers is needed for the funding of future benefits by the investments of the Plan. The Trustee understands that this is a defined benefit plan that is closed to new members. Nevertheless, the Trustee believes that an appropriate investment time horizon for the Plan could still be over 10 years, which gives plenty of scope for ESG considerations to be financially material. With this in mind, the Trustee has elected to invest its equity allocation in ESG-titled equity funds.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the ESG policies, including the day-to-day application of voting rights, of the funds in which they invest. However, the Trustee will consider these policies in all future selections and will seek to deepen its understanding of its existing managers' policies by reviewing these at least annually. In cases where it is dissatisfied with a manager's approach it will take this into account when reviewing them. It requires that its Investment Managers are signatories of the UN Principles of Responsible Investment, which is currently the case.

The Trustee believes that stewardship is important, through the exercising of rights (including voting rights) attaching to investments. The Trustee is requires that its Investment Managers can explain when, and by what practical methods, the managers monitor and engage with relevant persons about relevant matters in this area. The Trustee will be liaising with its Investment Managers to obtain details of its voting behaviour (including the most significant votes cast on the Trustee's behalf and what proxy voting services have been used) and will then be reporting annually on this. They will do this by receiving reports from its Investment Managers. The Trustee requires that the managers are signatories to the UK Stewardship Code. This is currently the case.

The Trustee is aware that ESG and stewardship considerations involve an ongoing process of education for itself and engagement with its Investment Managers. To that end it dedicates time regularly to the discussion of this topic and intends to review and renew its approach periodically with the help of its investment consultants, where required.

Non-financial matters, including members' views are currently not taken into account.

The Trustee will monitor the voting being carried out by Investment Managers and custodians on their behalf. They will do this by receiving reports from its Investment Managers which should include details of any significant votes cast and proxy services that have been used.

Corporate Governance

The Trustee wishes to encourage best practice in terms of activism. The Trustee accepts that by using pooled investment vehicles the day-to-day application of voting rights will be carried out by the investment managers. Consequently, the Trustee expects the Plan's investment managers to adopt a voting policy that is in accordance with best industry practice.

Socially Responsible Investment ("SRI")

The Trustee believes their main duty, reflected in their investment objectives, is to protect the financial interests of the Plan's members. The Trustee believes that SRI issues are secondary to this.

The Trustee has elected to invest in pooled funds and cannot, therefore, directly influence the social, environmental and ethical policies in which such pooled funds invest.

Where the pooled funds are managed on a passive basis, decisions regarding the selection, retention and realisation of investments are only made in order to ensure efficient tracking of indices, and social, environmental and ethical considerations are not taken into account.

The Trustee has noted the extent to which social, environmental and ethical issues are taken into account by their appointed investment managers in exercising their corporate governance policy.

Compliance with Myners' Principles

In October 2008 the Government published the results of its consultation on revisions to the Myners' principles in response to recommendations made by the National Association of Pension Funds (NAPF) in 2007. This takes the form of six higher-level principles, supported by best practice guidance and trustee tools that can be used to assess compliance:

- Principle 1: Effective decision making
- Principle 2: Clear objectives
- Principle 3: Risk and liabilities
- Principle 4: Performance measurement
- Principle 5: Responsible ownership
- Principle 6: Transparency and Reporting

The Trustee believes that it complies with the spirit of the Myners' Principles. There may be some instances of deviation from the published 'Best Practice Guidance' on the Principles where the Trustee believes this to be justified.

Employer-Related Investments

The Trustee's policy is not to hold any direct employer-related investments as defined in the Pensions Act 1995, the Pensions Act 2004 and the Occupational Pension Schemes (Investment) Regulations 2005.

Fee Structures

The Investment Managers are paid a management fee on the basis of assets under management. The investment consultant is paid on a fixed fee basis for providing 'core services'. The Trustee can also request that Capita undertake 'out-of-scope' projects, which may be undertake on a fixed fee or time-cost basis - as negotiated between the Trustee and Capita.

Review of this Statement

The Trustee will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Trustee reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Trustee

Date

For and behalf of Independent Governance Group as the Trustee to The Pioneer Technology United Kingdom Limited Pension Plan

Appendix – Investment Mandates

The Trustee has appointed the Investment Managers to manage the assets of the Plan. The Investment Managers are regulated under the Financial Services and Markets Act 2000. Their mandates are set out below.

Asset Class	Investment Manager	Fund Name	Active / Passive Management	Strategic Allocation %	Control Limits % + / -
Return-seeking Assets				**45.0**	
Global Equity	LGIM	Future World Global Equity Index Fund	Passive	22.5	20.0 – 25.0
Global Equity – GBP Hedged	LGIM	Future World Global Equity Index Fund – GBP Hedged	Passive	7.5	5.0 – 10.0
Diversified Growth Fund	Aberdeen	Diversified Growth Fund	Active	7.5	5.0 – 10.0
Diversified Growth Fund	Pyrford	Global Absolute Return Strategy Fund	Active	7.5	5.0 – 10.0
Matching Assets				**55.0**	
Absolute Return Bonds	Payden	Absolute Return Bond Fund	Active	55.0	Not subject to rebalancing
LDI	CT	Nominal Dynamic LDI Fund	Passive		
LDI	CT	Real Dynamic LDI Fund	Passive		