

Bolton Engineering Co. Ltd Pension Scheme

Statement of Investment Principles

October 2025

Contents

1. Introduction	2
2. Investment policy, objectives and strategy.....	3
3. What is the investment strategy for Additional Voluntary Contributions (AVCs)?	6
4. Implementation solution	7
5. Appointment of investment managers.....	8
6. Other matters	10
7. Review.....	14
Appendix – Managers and asset allocation.....	16

Introduction

1.1 What is the purpose of this Statement of Investment Principles (“SIP”)?

This SIP sets out the policy of the Trustees on matters governing decisions about the investments of the Bolton Engineering Co. Ltd Pension Scheme (the “Scheme”).

The Scheme is a Registered Pension Scheme with Her Majesty’s Revenue & Customs (“HMRC”) for the purpose of the Finance Act 2004. It is classed as a Hybrid Pension Scheme – Defined Benefit (“DB”) Pension Scheme with a Defined Contribution (“DC”) underpin.

1.2 What is the legal and statutory background to the SIP?

The SIP is designed to meet the requirements of Section 35 of the Pensions Act 1995 (the “Act”) and all subsequent legislation, Regulations and guidance from The Pensions Regulator applying to UK pension schemes.

1.3 Who has had input to the SIP?

This SIP has been formulated after obtaining and considering written professional advice from Quantum Actuarial LLP trading as Quantum Advisory (“Quantum”), the Trustees’ investment adviser, and consulting Silcoms Ltd (the “Sponsoring Employer”) as required by the Act and subsequently by the Regulations. Quantum has the knowledge and experience required under the Regulations to provide professional advice on the management of the Scheme’s investments.

2. Investment policy, objectives and strategy

2.1 Investment policy

The Scheme's assets are held in trust by the Trustees. The investment powers of the Trustees are set out in the Scheme's Trust Deed.

The Trustees are aware of the need to invest assets in the best and sole interest of the members and that the powers of investment must be exercised in a manner which supports the security, quality, liquidity and profitability of the Scheme as a whole.

The Trustees recognise that the assets of the Scheme must consist predominantly of investments admitted to trading on regulated markets and investment in assets which are not admitted to trading on such markets must, in any event, be kept to a prudent level.

2.2 Investment objective

The Trustees' primary objective is to provide pragmatic protection of Scheme benefits.

The Scheme is undergoing PPF assessment. The Trustees objective will be to ensure that the investment strategy is aligned with the intentions of the PPF. These include:

- To have sufficient funds to pay benefits as they fall due.
- To maintain financial resilience. This is defined as having a high level of confidence in the Schemes ability to continue to pay current and future members' benefits in full.
- To maintain a very low risk appetite, to ensure that the Scheme funding level does not diminish.

2.3 The Scheme's investment strategy

In setting the strategy, the Trustees considered:

- the investment objectives;
- the Scheme's characteristics;
- the charges associated with the investments;
- the fact that, for the foreseeable future, contributions receivable by the Scheme are not likely to exceed benefits payable;
- the risks and rewards of different asset classes and investment strategies;
- the expectation that, over the long-term, equities and other return-seeking assets are likely to produce higher returns than bonds, but at the risk of short-term volatility or liquidity constraints;

- the need for appropriate diversification between different asset classes;
- the financial strength and reputation of each investment manager;
- the financial strength of the investment managers' custodian; and
- the ability of the Sponsoring Employer's covenant to support the Scheme.

2.4 Risks and how they are managed

The Trustees' primary concern is to act in the financial interests of the Scheme's members. As such, the primary risk is the inability of the Scheme to meet member benefit payments as they fall due.

In order to achieve its objectives, the Trustees recognise the need to invest in both "liability matching" and "return seeking" assets (see 2.6). The Trustees have identified the following investment risks:

- the risk that investment returns in general will not achieve expectations;
- the risk that an investment fund will not achieve its targets;
- the risk that the value of liabilities may increase due to changes in actual and expected inflation and interest rates;
- the risk of mismatch between the value and timing of the Scheme's income and outgoings;
- the risk of a shortfall in the liquid assets held by the Scheme relative to its immediate liabilities;
- the risk that the performance of any single investment within the Scheme assets may disproportionately affect the ability of the Scheme to meet its overall investment objectives;
- the risk of misappropriation, unauthorised use or mis-delivery of Scheme assets; and
- the risk that Environmental, Social and Governance ("ESG") factors, including climate change, may adversely impact the value of the Scheme's assets if this is not given due consideration and/or misunderstood.

The Trustees recognise these different types of risk and seek to minimise them as far as possible by the use of regular monitoring of investment performance; by a deliberate policy of diversification; by taking into account the timing of future payments; and by periodically reviewing the appropriateness of the prevailing investment strategy against the Scheme's objectives.

2.5 The investment strategy

The investment strategy uses two key types of assets:

- "Matching assets": these exhibit characteristics similar to those of the Scheme's liabilities. Typically, matching assets are low risk fixed income investments and

the return from them is similar to the return on UK government bonds (referred to as the 'minimum risk' return).

- "Return seeking assets": these target a rate of return in excess of the minimum risk return. Typically, these are equities or a diversified pool of other non-matching assets.

Following the investment review in August 2025, a new investment strategy that minimises the expected level of funding volatility was implemented, in consultation with the Pension Protection Fund.

Details of the Scheme's strategic asset allocation can be found in the Appendix.

2.6 Fund managers, style and target returns

The funds in which the Scheme invests are pooled funds, which the Trustees believe are appropriate given the size and nature of the Scheme. Details of the fund managers, styles, benchmarks and target returns used can be found in the Appendix. These pooled funds are accessed through an implementation solution provider, Mobius Life Limited ("Mobius Life")

The relationship with each investment manager is open ended and is reviewed on a periodic basis.

2.7 Portfolio re-balancing

The Scheme's assets will deviate from the strategic asset allocation over time due to market movements and disinvestments made to meet Scheme cashflow requirements. To ensure that the strategic allocation is managed pragmatically and cost-effectively, no automatic rebalancing policy is in place. The investment allocation is kept under periodic review to avoid the Scheme assets becoming misaligned with the target allocations.

Details of the Scheme's strategic allocation can be found in the Appendix.

2.9 Cash flow procedure

Where possible, Scheme cashflow requirements should be carried in a way that rebalances the Scheme's assets back in line with the strategic allocation.

3. Additional Voluntary Contributions (AVCs)

The Trustees hold assets invested separately from the main portfolio in the form of individual policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions.

The Trustees periodically review the suitability and performance of these investments to ensure they remain appropriate to the members' needs. The relationship with the AVC provider is open ended and is reviewed on a periodic basis.

The Scheme uses the services of Prudential as its AVC investment manager.

4. Implementation solution

4.1 What is an implementation solution and why use it?

An implementation solution is a facility that enables pension schemes to buy, sell and hold their investments all in one place. This can allow greater flexibility and efficiency when switching investments as the investment strategy changes or fund managers have to be replaced. The administrative burden in undertaking the transitions and the associated costs are thus reduced, allowing for a more efficient implementation of the investment strategy at a potentially lower cost.

The centralisation of funds should also allow consolidated reporting to be obtained more easily and more regularly. All of these features facilitate greater administrative efficiency, enhanced ease of investment implementation and potential fee reductions.

4.2 How is an implementation solution accessed?

The Scheme has entered into a unit linked life policy through a Trustee Investment Policy ("TIP"). The policy's value is linked to the underlying investments, which the implementation solution provider, in this case Mobius Life Limited ("Mobius Life"), has been directed to purchase. Mobius Life is responsible for investing into the underlying funds and takes responsibility for the relationship with the underlying fund managers. This includes transactions, reporting and governance.

5. Appointment of investment managers

5.1 How many investment managers are there?

The relationship with the implementation solution provider and investment managers is open ended and reviewed on a periodic basis.

Details of the appointed investment managers, together with fund objectives and characteristics are outlined in the Appendix.

5.2 What formal agreements are there with the investment managers?

The Trustees select investment managers and funds which are appropriate to implement the investment strategy.

The Trustees have signed policy documents and investment management agreements with Mobius Life (where the implementation solution is utilised), setting out in detail the terms on which the portfolio is managed, including the need for suitable and appropriately diversified investments.

The Trustees keep the appointment of all investment managers and AVC providers under review and will seek to replace any funds which no longer remain appropriate to implement the Scheme's investment strategy.

5.3 What are the investment managers' responsibilities?

The investment managers are responsible for the day-to-day investment management of the investments and are responsible for appointing custodians if required.

The investment managers are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

5.4 Custodians and administrators

The Scheme's investments are through pooled investment vehicles. Therefore, there is no need for the Trustees to formally appoint a custodian as the investment comprises units held in listed investment vehicles rather than the underlying stocks and shares. However, the investment managers have themselves appointed custodians for the safe custody of assets.

As the Scheme invests via Mobius Life, custody of the assets held with the investment managers is under the Mobius Life name.

5.5 How do the Trustees review the performance of investment managers?

The Trustees have appointed Quantum Advisory to assist in the selection and ongoing monitoring of the Scheme's investment funds.

The Trustees, with the assistance of Quantum, will monitor the performance of each fund against its stated objectives.

6. Other matters

6.1 What is the Trustees' policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments within the pooled vehicles held by the Scheme and in considerations relating to the liquidity of investments.

Under the circumstances where the Scheme experiences negative cash flow, the Trustees and their advisers will decide on the amount of cash required for benefit payments and other outgoings and will inform the investment manager(s) of any liquidity requirements.

In the absence of any strong conviction concerning the future movement of markets, assets will be disinvested to rebalance the Scheme's assets taking into account the asset allocation outlined in the Appendix; and the costs and risks associated with any rebalancing

6.2 How are various parties who are involved in the investment of the Scheme's assets remunerated?

Quantum Advisory is remunerated on a fixed fee or time-cost fee basis, with budgets agreed in advance for ad hoc project work whenever possible.

The Scheme invests in pooled funds. The Trustees note that the investment strategy and decisions of the fund managers cannot be tailored to the Trustees' policies, and the managers are not remunerated directly on this basis. However, the Trustees, with the help of Quantum Advisory, set the investment strategy for the Scheme and select appropriate funds to implement the strategy.

The Trustees do not directly incentivise the investment managers to engage with the issuers of debt or equity to improve their performance. The Trustees do, however, expect the investment managers to participate in such activities as appropriate and necessary to meet the investment objectives of the respective fund. The funds utilised typically include an objective that is expected to result in a positive return over the medium-to-longer term and, as such, the investment managers engagement with the issuers of debt or equity is expected to be undertaken so as to target medium-to-long term value creation.

The Trustees consider the fees and charges associated with each investment fund before investing and periodically thereafter.

The investment managers and Mobius Life are remunerated on an ad valorem fee basis, which is calculated as a fixed percentage of the total value of the Scheme's

funds they hold under management. This structure has been chosen to align the fund managers' and Mobius Life's interests with those of the Scheme.

6.3 Financially material considerations, non-financial matters and stewardship policies

6.3.1. Financially material considerations

The Trustees acknowledge the potential impact upon the Scheme's investments (both in terms of risk and return) arising from financially material matters. The Trustees define these as including, but not limited to, ESG factors (including climate change).

With specific regard to ESG factors, the Trustees consider how these are integrated into the investment processes when: (i) appointing new investment funds; and (ii) reviewing existing investment funds. The Trustees have provided the appointed investment managers with full discretion concerning the evaluation of ESG factors. Representatives of the incumbent investment managers may attend Trustee meetings, at a frequency determined by the Trustees, to present on various matters including its ESG policies. The Trustees also periodically consider publicly available ESG related publications pertaining to the incumbent investment managers.

The Trustees acknowledge that some of the Scheme's investments are implemented on a passive basis and the majority of the Scheme's assets in pooled funds. This restricts the ability of the Trustees to dictate the policy of the investment managers in relation to specific ESG considerations and limits the ability of the investment managers to take active decisions on whether to hold securities based on the consideration of ESG factors. The Trustees however expect the incumbent investment managers, where relevant, to utilise their position to engage with investee companies on these matters and is satisfied that an ESG assessment is embedded into the investment manager's research process and that such considerations are an integral part of determining which pooled investments are suitable for the Scheme.

The Trustees also considers ESG factors, as appropriate, when determining future investment strategy decisions. To date, the Trustees has not established any restrictions on the appointed investment managers but may consider this in future.

6.3.2. Stewardship

The Trustees acknowledge the constraints that they face in terms of influencing change due to the size and nature of the Scheme's investments. They do, however, acknowledge the need to be responsible stewards and exercise the rights associated with Scheme investments in a responsible manner.

The Trustees consider how stewardship factors are integrated into the investment processes when: (i) appointing new investment funds; and (ii) monitoring existing investment funds. The Trustees have provided the appointed investment managers with full discretion concerning the stewardship of its investments.

The Trustees periodically review investment managers' policies on the exercise of voting rights and monitor engagement practice and proxy voting activity via their annual reports.

6.3.3. Non-financial matters

The Trustees do not consider non-financial factors and do not employ a formal policy in relation to this when selecting, retaining and realising investments. However, where members have been forthcoming with their views, the Trustees may consider these when selecting, retaining and realising investments.

6.4 Direct Investments

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager with a written contract and those where a product is purchased directly.

The Trustees' policy is to review direct investments (if any) and to obtain written advice about them at regular intervals. When deciding whether to make any new direct investments or terminate any direct investments, the Trustees will obtain written advice from the Scheme's investment adviser. If the Trustees believe that an investment is no longer suitable for the Scheme, it will withdraw the assets from the arrangement deemed to be unsuitable and select a suitable alternative.

The written advice from the Scheme's investment adviser will consider the suitability of the investments, the need for diversification and the principles contained in this SIP. The adviser will have the knowledge and experience required under Section 36(6) of the Pensions Act to provide this advice.

6.5. Decision making

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions and delegate others.

When deciding which decisions to take, and which to delegate, the Trustees consider whether they have the appropriate training and expertise in order to make an informed decision.

The Trustees have established the following decision-making structure:

Trustees

- Sets structures and processes for carrying out its role.
- Agrees structure for implementing investment strategy.
- Selects and monitors planned asset allocation.
- Selects and monitors investment advisors and fund managers.
- Selects and monitors direct investments.
- Prepares and maintains the SIP.

Investment adviser

- Advises on the Scheme's assets, including implementation.
- Advises on this SIP.
- Provides required training.

Investment managers/Implementation solution

- Operate within the written contracts and agreements.
- Select individual investments with regard to their suitability and diversification for the individual pooled vehicles.
- Ensure the suitability of the chosen benchmark for the respective investment vehicle.

6.6 Conflicts of interest

The Trustees consider any potential and actual conflicts of interest (subject to reasonable levels of materiality) at the start of each Trustees' meeting and documents these in the minutes. The investment managers report on conflicts of interest annually.

6.7 Capital structure of investee companies

The responsibility for monitoring the capital structure of investee companies (including any relevant developments) is delegated to the investment managers. Investment managers are expected to partake in a sufficient level of monitoring and action that is appropriate to the nature of the mandate.

7. Review

7.1 How often are investments reviewed?

Investment strategy reviews for the Scheme are undertaken periodically. Typically, a review of the Scheme will occur alongside triennial actuarial valuations; but more frequent reviews can occur in light of a material change of circumstances. Any change in investment strategy may necessitate a change in investment funds, regardless of the underlying performance of the funds.

Investment return experience and the performance of individual funds are reviewed with assistance from Quantum Advisory. Funds are reviewed against their agreed performance benchmarks and targets over both short-term and long-term periods to ensure they remain appropriate to implement the investment strategy.

7.2 How do the Trustees monitor portfolio turnover and costs?

The Trustees have delegated the selection of holdings to the appointed investment managers. The Trustees receive an annual report from Mobius Life setting out portfolio turnover and the associated costs.

The Trustees have not set a specific portfolio turnover target for each investment fund and recognise that portfolio turnover and costs may vary with market conditions. Each manager has ultimate responsibility for the underlying holdings within their funds, and they are expected to change these underlying holdings to the extent required to achieve their investment objectives.

7.3 How often is this SIP reviewed?

The Trustees will review this SIP periodically and without delay after any significant change in investment policy. Any change to this SIP will only be made after having obtained and considered the written advice of someone who the Trustees reasonably believe 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, and consulting with the Sponsoring Employer.

Signature: Trustees

Date:

Signature: Trustees

Date:

For and on behalf of the Trustees of the Bolton Engineering Co. Ltd Pension Scheme

Appendix – Funds and asset allocation

Investment strategy

The following table shows the strategic asset allocation for the Scheme. All investments are accessed through Mobius Life. The Scheme's strategic asset allocation, level of liability hedge and performance is reviewed periodically, with assistance from the Scheme's investment adviser as required.

Asset class	Manager	Fund name	Strategic allocation (%)
Growth Assets			10.0
Multi-Asset Credit	M&G	Total Return Credit	10.0
Matching Assets			90.0
Long Duration Corporate Bonds	L&G	AAA-AA-A Corporate Bond Over 15 Year Index	20.0
	L&G	AAA-AA-A Corporate Bond All Stocks Index	
Gilts & Index-Linked Gilts (all non-leveraged)	L&G	5 to 15yr Gilts Index	70.0
	L&G	Over 15yr Gilts Index	
	L&G	5-15 yr Index Linked Gilts Index	
	L&G	Over 15yr Index Linked Gilts Index	
Total			100.0

Investment fund details

The table below shows the benchmarks, outperformance targets and annual management fees for each fund the Scheme is invested in.

Asset class	Fund	Benchmark	Objective	Custodian	Annual management fee
Multi-Asset Credit	M&G Total Return Credit	SONIA + 3%-5%	The fund seeks a total return of one-month SONIA +3 to 5% gross of fees p.a. over a full market cycle.	State Street Bank International GmbH, Luxembourg	0.460%
Corporate Bonds	L&G AAA-AA-A Corporate Bond Over 15 Year Index	Markit iBoxx £ Non-Gilts (ex-BBB) Over 15 Years Index	To track the performance of the Markit iBoxx £ Non-Gilts (ex BBB) Over 15 Years Index to within +/-0.5% p.a. for two years out of three.	Citibank, N.A.	0.110
Corporate Bonds	L&G AAA-AA-A Corporate Bond All Stocks Index	Markit iBoxx £ Non-Gilts (ex-BBB) Index	To track the performance of the Markit iBoxx £ Non-Gilts (ex BBB) Index to within +/-0.5% p.a. for two years out of three.	Citibank, N.A.	0.110
Gilts	L&G 5 to 15yr Gilts Index	FTSE Actuaries UK Conventional Gilts 5-15 Years Index	To track the performance of the FTSE Actuaries UK Conventional Gilts 5-15 Years Index to within +/-0.25% p.a. for two years out of three.	Citibank, N.A.	0.088

Gilts	L&G Over 15yr Gilts Index	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	To track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index to within +/-0.25% p.a. for two years out of three.	Citibank, N.A.	0.088
Index-Linked Gilts	L&G 5-15 yr Index Linked Gilts Index	FTSE Actuaries UK Index-Linked Gilts 5-15 Years Index	To track the performance of the FTSE Actuaries UK Index Linked Gilts 5-15 Years Index to within +/-0.25% p.a. for two years out of three.	Citibank, N.A.	0.088
Index-Linked Gilts	L&G Over 15yr Index Linked Gilts Index	FTSE Actuaries UK Index-Linked Gilts Over 15 Years Index	To track the performance of the FTSE Actuaries UK Index Linked Gilts Over 15 Years Index to within +/-0.25% p.a. for two years out of three.	Citibank, N.A.	0.088