Quantel Pension and Life Assurance Plan

Statement of Investment Principles

February 2025

Table of contents

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Section 1: Introduction

Pensions acts

1.1 Under the Pensions Act 1995 (as amended by the Pensions Act 2004), the Trustee is required to prepare a statement of the principles governing investment decisions. This statement describes the investment principles pursued by the Trustee of the **Quantel Pension and Life Assurance Plan (**“the Plan”) and fulfils that requirement.

1.2 The Trustee has consulted Belden UK Limited (“the Company”) on the principles set out in this statement and will consult the Company on any changes to it. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustee.

1.3 Before drawing up this statement, the Trustee obtained and considered written advice from the Plan's investment consultants (currently WTW). The Trustee will review this document regularly, at least once every three years, and without delay following a significant change in investment policy. Before preparing this document the Trustee has had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustee will consider those requirements on any review of this document or any change in their investment policy. The Trustee will refer to this document where necessary to ensure that it exercises its powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Financial Services and Markets Act 2000

1.4 In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy, but will delegate the responsibility for selection of specific investments to an appointed investment manager or managers. The investment manager(s) shall provide the skill and expertise necessary to manage the investments of the Plan competently.

Plan details

1.5 The Plan operates for the exclusive purpose of providing retirement benefits and death benefits to eligible participants and beneficiaries.

Compliance

1.6 The Plan’s Statement of Investment Principles is publicly available and is thereby available to members, the Sponsoring Employer, the Plan’s investment managers, the Plan’s auditors and the Plan’s actuary.

1.7 This statement of investment principles supersedes all others and was adopted by the Trustee of the* Quantel Pension and Life Assurance Plan *on 13 February 2025.

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Section 2: Division of responsibilities

2.1 The Trustee has ultimate responsibility for decision-making on investment matters. In order to ensure that investment decisions are taken only by persons or organisations with the skills, information and resources necessary to take them effectively, the Trustee may delegate some of these responsibilities.

Trustee

2.2 The Trustee's responsibilities include:

- Reviewing the content of this statement regularly, in conjunction with the investment consultants and the Scheme Actuary and modifying it if deemed appropriate.
- Reviewing the investment policy following the results of each actuarial review and/or investment strategy review.
- Assessing the quality of the performance and processes of the Investment Manager(s) by means of regular (but not less than annual) reviews of the investment results and other information, such as written reports.
- Appointing (and dismissing) investment manager(s).
- Consulting with the Company when considering any amendment to this statement.
- Monitoring compliance of the investment arrangements with this statement on an ongoing basis.
- Having regard to the need for diversification of investments so far as appropriate and to the suitability of investments.
- Reviewing Investment Consultant objectives at least triennially and assessing Investment consultant against these objectives annually.

2.3 Decisions affecting the Fund's investment strategy should be taken with appropriate advice from the investment consultant and Actuary and other advisers as appropriate.

2.4 The Trustee is satisfied that it has sufficient expertise and appropriate training to evaluate critically the advice it receives. The Trustee is also satisfied that it has an appropriate set of skills, and the right structures and processes, to carry out this role effectively.

2.5 Only persons or organisations with the necessary skills, information and resources are actively involved in taking investment decisions affecting the Plan. The Trustee draws on the skills and expertise of external advisers including the investment managers, investment consultant and the Actuary.

2.6 The Trustee is aware that it has the flexibility to open the contracts for actuarial services and investment advice to separate competition. The Trustee will review the providers as appropriate.

2.7 In light of the governance model used for the Plan through the use of a sole Independent Professional Trustee structure, the Trustee has decided that it is inappropriate for the functions related to investment matters to be delegated to an investment sub-committee. The Trustee will also receive investment advice from their independent investment consultant.

Investment managers

2.8 The investment manager's responsibilities include:

- Discretionary management of the portfolio, including implementation (within guidelines given by the Trustee) of changes in the asset mix and selecting securities within each asset class.
- Providing the Trustee with a quarterly report on actions and future intentions, and any changes to the processes applied to the portfolio.
- Informing the Trustee of any changes in the internal objectives and guidelines of any pooled funds used by the Plan as soon as practicable.
- The independent safekeeping of the assets and appropriate administration (including income collection and corporate actions) within any pooled funds used by the Plan.

2.9 The investment manager also appoints a custodian, whose responsibilities include:

- the safekeeping of all the assets of the Plan;
- undertaking all appropriate administration relating to the Plan's assets;
- processing tax reclaims in a timely manner.

Investment consultant

2.10 The investment consultant's responsibilities include:

- Participating with the Trustee in regular reviews of this statement.
- Advising the Trustee as requested:
  - through consultation with the scheme actuary on how any changes in benefits, membership and funding position may affect the manner in which the assets should be invested;
  - on how any changes at the investment manager(s) could affect the interests of the Plan;
  - on how any changes in the investment environment could either present opportunities or problems for the Plan.
- Undertaking project work as requested, including:
  - reviews of asset allocation policy;
  - reviews of the investment managers.
- Advising on the selection of new managers and/or custodians.
- Commentary on investment performance and risk taken by the managers.
- Trustee education.

- General advice in respect of the Plan’s investment activities.

Scheme Actuary

2.11 The Scheme Actuary's responsibilities include:

- Performing the triennial (or more frequently, as required) valuations of the Plan and advising on the appropriate contribution levels for the future.
- Assessing the funding position of the Plan against all statutory funding requirements and advising on the appropriate response to any shortfall.
- Liaising with the investment consultant on the suitability of the Plan's investment strategy given the financial characteristics of the Plan.

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Section 3: Objectives and long-term policy

Objectives

3.1 The Trustee aims to maintain the ongoing solvency of the Plan by minimising the risk that the Plan's funding level, on the chosen funding basis, falls below 100%, whilst managing the level and the volatility of the cost of the Plan to the Company. In meeting this objective and considering the investment return required, consideration will also be given to the medium/long-term aspiration to secure the Plan's accrued benefits with an insurer.

Policy

3.2 The policy of the Trustee is to seek to achieve the objectives through investing in a diversified portfolio of real assets (such as equities) and monetary assets (such as bonds and cash) of appropriate liquidity. The Trustee recognises that the returns on real assets, while expected to be greater over the long term than those on monetary assets, are likely to be more volatile. Index-linked gilts, while linked to inflation, tend to produce returns that over the long term are similar in level and volatility to monetary assets. The Trustee's expectation is that a mixture across asset classes should, nevertheless, provide the level of returns required by the Plan to meet its liabilities at an acceptable level of risk for the Trustee and an acceptable level of cost to the Company.

3.3 The Trustee has received advice to determine an appropriate investment strategy for the Plan in light of the above objectives. The Trustee has a desire to diversify its risk exposures and to manage its investments efficiently taking into account of the size of the Plan.

3.4 The use of pooled funds managed on a passive (i.e. index-tracking) basis not only provides broad diversification within each sector of investment, but also minimises the impact of poor performance on the part of any one company on the overall performance of the Plan assets and reduces the volatility of the investment returns relative to the benchmark. The use of multi-asset diversified growth funds provides further diversification across sectors of investment.

3.5 Having taken appropriate actuarial advice, the Trustee is of the opinion that the asset allocation detailed in Section 4 is appropriate in the current circumstances, but will be reviewed regularly.

3.6 When reviewing the investment strategy, the Trustee has regard to the sustainable investment principles outlined in Section 5 of this document.

3.7 The appointment of the investment managers will be reviewed by the Trustee from time to time, based on the results of their monitoring of performance and investment process (including with respect to sustainable investments), the Trustee's confidence in the investment manager continuing to fulfil their mandate in the future and of the investment manager's compliance with the requirement in the Pensions Act concerning diversification and suitability, where relevant.

3.8 It is expected that review meetings will be held with the investment manager, as required on an ad-hoc basis.

Additional voluntary contributions

3.9 The Plan permitted Members to provide additional money purchase benefits for themselves by paying additional voluntary contributions (“AVCs”).

3.10 In keeping with its policy for the main assets, the Trustee’s policy is to allow members to invest AVCs which provide money purchase benefits in a suitable mixture of real and monetary assets and uses Standard Life and Utmost.

3.11 The AVC arrangements are reviewed on a regular basis (and at least every three years).

Section 4: Asset allocation guidelines

Benchmark

4.1 The Plan's assets are invested with Legal and General Assurance (Pensions Management) Limited which has been instructed to invest Plan assets in pooled funds largely managed on a passive (i.e. index-tracking) basis. The use of a single passive manager for all invested assets was determined following consideration of the relative levels of risk involved and governance requirements, set against the efficiency, liquidity and level of transaction costs likely to prevail within each market, allowing for investment manager fees.

4.2 The benchmark allocation is shown below:

Asset class	Fund ("PF Section")	Performance Benchmark	Benchmark allocation %	Ranges %
Diversified growth fund	Diversified Fund	FTSE Developed World Index (50% hedged to GBP)[1]	40.0	+/- 5
Liability Driven Investment (LDI)	Pooled Fund Solution created by Legal & General based on a liability proxy provided	Target hedge ratio for interest rate and inflation of 90%[2]	60.0	+/- 5
Total			**100.0**	

4.3 In addition to the above the Plan will hold assets in cash from time to time as may be deemed appropriate.

4.4 Unless specified otherwise in the Investment Manager Agreement, asset categories not included here may only be used following agreement by the Trustee.

4.5 The expected investment return of the above strategy chosen by the Trustee based on market expectations as at 31 December 2023 (as determined as part of its November 2024 investment strategy review) is 1.15% pa in excess of the expected investment return on a portfolio of government bonds of a duration similar to the duration of the liabilities.

4.6 The above represents the new benchmark the Trustee agreed to target following their investment strategy review carried out in November 2024. As at the date of this statement, the Trustee is in the process of implementing a series of changes in order to align its existing strategy to what is shown above. The previous strategy is shown below and the large amount of steps required in order to transition from the current position to the new target shown above means that during 2025 (i.e. for a number of months after this statement is issued) the Plan's asset allocation will continue to have elements of the asset classes shown below (including an investment with M&G Investments ("M&G")), until the new strategy is fully implemented.

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[1] The Diversified Fund's performance is compared against the FTSE Developed World Index (50% hedged to GBP), because the long-term expected rate of return of the Fund is broadly similar to that of a developed market equity fund. The diversified nature of the Fund means that it is expected to have less exposure than a pure equity fund to adverse equity market conditions. However, the Fund may perform less strongly than a pure equity fund in benign or positive market conditions.

[2] A liability proxy was constructed by WTW and provided to Legal & General who subsequently created an LDI portfolio targeting a hedge ratio of 90% of the liabilities as measured on the Trustee's technical provisions basis.

Asset class	Investment Manager	Fund (“PF Section”)	Previous Benchmark allocation %
Diversified growth fund	Legal & General	Retirement Income Multi-Asset Fund	20.00
UK Equities	Legal & General	UK Equities	3.75
World Equities	Legal & General	World (ex UK) Equities	11.25
Alternative credit	M&G	Alpha Opportunities Fund	15.00
Matching portfolio	Legal & General	Leveraged LDI Gilts and Index Linked Gilts Absolute Return Bond Fund	50.00
Total			**100.0**

Performance objectives

4.7 The Legal and General pooled funds have divergence limits relative to the performance benchmark that are set in the light of the approximations involved in index construction and selection in the various asset classes being managed.

Diversification

4.8 The Plan’s asset allocation (see Section 4 above) is designed to ensure that the Plan's investments are adequately diversified by asset class, subject to the overriding objective of limiting the risk of the funding level worsening. Since the Plan is invested in pooled funds, the Trustee cannot influence directly the concentration of investments at a stock selection level.

Suitability

4.9 The Trustee has taken advice from the Actuary and the investment consultant to ensure that the asset allocation specified above is suitable for the Plan given its liability profile.

Liquidity

4.10 The Trustee, together with the Plan’s administrators, will ensure that they hold sufficient cash to meet the likely benefit outflows from time to time. The Trustee’s policy is that there should be sufficient investments in liquid or readily realisable assets to meet cashflow requirements in the majority of foreseeable circumstances so that realisation of assets will not materially disrupt the Plan's overall investment policy.

Section 5: Other investment policies

The Trustee also face other requirements relating to investment, be they legislative or considered best practice.

Choosing investments

5.1 The Trustee has appointed investment managers who are authorised under Financial Services and Markets Act 2000 to undertake investment business. After gaining (and, at least triennially, reconfirming) appropriate investment advice, the Trustee has specified the asset allocation of every manager. Investment choice has been delegated to the managers subject to defined tolerances relative to their respective benchmarks.

5.2 In this context, investment advice is defined by Section 36 of Pensions Act 1995 (as amended).

Manager structure

5.3 The assets are largely passively managed (beyond asset allocation decisions made by LGIM in its diversified fund) and invested in Legal & General's pooled funds. The Trustee's policy is to obtain ongoing and regular advice on whether these funds are satisfactory as required by the Pensions Act.

5.4 The Trustee has selected Standard Life and Utmost as the provider for members' AVC investments. These managers' appointments will also be kept under regular review.

Investment restrictions

5.5 The Trustee has not imposed any additional investment restrictions on the Investment Managers, beyond those contained in the Investment Manager's standard contract.

Socially responsible investing and sustainability

5.6 The Trustee considers long-term sustainability to be an important and relevant issue to consider throughout the investment process.

5.7 In particular the Trustee recognises that an investment's financial success can be influenced by a wide range of factors including environmental, social and governance (ESG).

5.8 The Trustee therefore believes that ESG considerations are important aspects of responsible financial risk management in order to protect and enhance the value of investments and should improve long-term outcomes.

5.9 The Trustee primarily invests the assets of the Plan on an index-tracking basis while the Plan's investment strategy is also de-risked with a significant proportion invested in government bonds. As a result, the Plan cannot directly take account of social, environmental or ethical considerations in the selection, retention and realisation of individual investments. However, the Trustee takes account of such considerations in its decision on which investment manager to appoint and/or retain as well as in its decision on which diversified growth funds to invest in.

5.10 The Trustee has delegated the responsibility of considering day to day ESG integration to the Investment Manager and via their investment consultants, encourage them to document how they are progressing ESG issues. See also section 5.14.

5.11 The Trustee and the Investment Manager do not explicitly take into account the views of Plan members and beneficiaries in relation to ESG and other non-financial matters.

Stewardship and rights attaching to investments

5.12 The Trustee recognises the importance of good corporate governance and has considered its responsibilities as an institutional shareholder in the context of the investment principles set out in the Stewardship Code.

5.13 The policy of the Trustee is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment manager. The Trustee expects the investment manager to comply with the Stewardship Code, or to explain the reasons why it does not do so.

5.14 Given the Plan's small size and governance structure, the Trustee delegates primary responsibility for its corporate engagement activities to their investment managers. The Trustee believes that the investment managers are best placed to engage with investee companies on their performance, strategy, capital structure, management of actual or potential conflicts of interest, risks, social and environmental impact and corporate governance. However, on occasions, the Trustee may deem it necessary to engage directly with companies on particular ESG-related issues.

Policy in relation to the Trustee's arrangement with any asset manager

5.15 The Plan uses multiple mandates to implement its investment policies. The Trustee ensures that, in aggregate, their portfolio is consistent with the policies set out in this statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustee will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with their policies, where relevant to the mandate in question. If segregated mandates are used, the Trustee will use its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustee's policies, where relevant to the mandate.

5.16 To maintain alignment, managers are provided with the most recent version of the Plan's statement of investment and are requested to confirm that the management of the assets is consistent with those policies relevant to the mandate in question.

5.17 Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, the manager will be terminated and replaced.

5.18 For most of the Plan's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods.

5.19 The Trustee appoints their investment managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

5.20 Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

5.21 The Trustee reviews the costs incurred in managing the Plan's assets periodically and reviews the costs associated with portfolio turnover on annual basis. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

Section 6: Risk management

6.1 The Trustee recognises a number of risks involved in the investment of the assets of the Plan:

- Solvency risk and mismatching risk (including interest rate and inflation risk)
  - are measured through regular assessments of the expected development of the assets relative to the liabilities under current and alternative investment policies;
  - are managed through the choice of the benchmark asset allocation, the use of matching assets and regular reviews of investment strategy.
- Manager risk
  - is measured by the expected deviation of the prospective risk and return, as set out in the manager's objectives, relative to the investment policy;
  - is managed through the ongoing monitoring of the performance of the investment manager as well as a number of qualitative factors supporting the manager's investment process.
- Liquidity risk
  - is measured by the level of cashflow required by the Plan over a specified period;
  - is managed by the Plan's administrators assessing the level of cash held in order to limit the impact of the cash flow requirements on the investment policy.
- Currency risk
  - is measured by the level of overseas investment and the translation effect of currencies leading to the risk of an adverse influence on investment values;
  - is managed by limiting the level of such exposure to only a portion of its return-seeking asset portfolio and therefore through the level of diversification within the existing policy.
- Political risk
  - is measured by the level of concentration of any one market leading to the risk of an adverse influence on investment values arising from political intervention;
  - is managed by regular reviews of the actual investments relative to policy and through regular assessment of the levels of diversification within the existing policy.
- Sponsor risk
  - is measured by the level of ability and willingness of the sponsor to support the continuation of the Plan and to make good any current or future deficit;
  - is managed by assessing the interaction between the Plan and the sponsor's business, as measured by the number of factors, including the creditworthiness of the sponsor and the size of the pension liability relative to the financial strength of the sponsor.

6.2 These measures do not render the investment policy free of risk. The Trustee continues to monitor these risks and maintains a risk register regularly reviewed.