

Gleason Cutting Tools Limited Superannuation and Life Assurance Fund

Statement of Investment Principles

June 2026

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1. Background

This Statement provides details of the investment principles adopted by Gleason UK Pension Trustee Company Limited (the “Trustee”) in relation to the Gleason Cutting Tools Limited Superannuation and Life Assurance Fund (the “Scheme”). This Statement is primarily concerned with the Scheme’s invested assets.

The Trustee has consulted the Principal Employer, Gleason Cutting Tools Limited, when setting its investment objectives and strategy, and in the preparation of this Statement.

This Statement has been drafted to demonstrate how the Trustee complies with the requirements of legislation including:

- Section 35 of the Pension Act 1995.
- the Occupational Pension Schemes (Investment) Regulations 2005.
- the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010.
- the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.
- the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Trustee’s investment powers are set out in Rule 34 of the Scheme’s Trust Deed and Rules dated 1 December 2021. The powers granted to the Trustee are wide and this Statement is consistent with those powers.

In drafting this Statement the Trustee also considered the investment guidance issued by the Pensions Regulator.

The Trustee sets the general investment policy, based on professional advice. The Trustee delegates responsibility for day-to-day investment decisions to its appointed Investment Manager. The Trustee ensures that any person to whom such responsibility is delegated is authorised under the Financial Services and Markets Act 2000.

The Trustee’s investment policy takes into account the Scheme’s investment objectives and the Scheme’s circumstances. The Trustee is responsible for making strategic investment decisions with the aim of achieving these objectives. The Trustee ensures that this Statement remains appropriate for the Scheme’s liabilities and circumstances, given the strength of the support provided by the sponsoring employer.

2. Investment Objectives and Risks

The main objectives of the Trustee are:

- To ensure that the Scheme's obligations to the members and beneficiaries can be met in full as they fall due.
- To invest the Scheme's assets in an appropriately diverse and predominantly liquid range of investments.
- To invest in a way that is consistent with the Scheme's funding objectives, such that investment returns in the Trustee's funding plan have a reasonable chance of being achieved in practice.
- To effectively manage funding level volatility to reduce the likelihood of additional contributions being required from the sponsoring employer and to protect members' benefits.

The Trustee wishes to maintain a funding level of at least 100% on an ongoing basis through the adoption of a prudent funding and investment strategy, which considers the strength of the covenant of the sponsoring employer.

The Trustee's investment beliefs are:

- Targeting higher levels of investment return requires increased levels of investment risk which increases the volatility of the funding position.
- The performance of the Scheme's assets in the long term is primarily driven by the strategic asset allocation rather than the choice of investment managers.
- Unrewarded risks should be generally avoided, hedged or diversified.
- Well governed companies that manage their businesses in a responsible way should produce higher returns over the long-term.
- Climate change could be a long-term risk for the Scheme and may have an impact upon the chosen investment strategy.
- Responsible investment and engagement over the long-term reduces risk and should have a positive impact on returns.

The Trustee has considered various risks the Scheme faces including market risk, interest rate risk, inflation risk, liquidity risk, default risk, concentration risk, manager risk and currency risk in setting their investment strategy.

The Trustee believes the Target Asset Allocation provides an appropriate balance between mitigating these risks and obtaining an appropriate level of return, taking into account the strength of the sponsoring employer's covenant and long-term nature of the Scheme.

3. Investment Strategy

The strategic split of the Scheme's assets is 100% in Matching Assets and 0% in Growth Assets.

The Target Asset Allocation and funds used for the Scheme's assets is as follows:

Fund	Asset Class	Target Asset Allocation (%)
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	Corporate Bonds	30.0
L&G 5 to 15 Year Index Linked Gilts Index Fund	Index-Linked Gilts	20.0
L&G Over 15 Year Index Linked Gilts Index Fund	Index-Linked Gilts	25.0
L&G Over 15 Year Gilts Index Fund	Fixed Interest Gilts	25.0
Total		100.0

The Target Asset Allocation is designed to hedge the interest rate and inflation risk associated with the Scheme's total Technical Provisions.

Risk Hedged	Metric Hedged	Target Hedge Ratio
Long-term Interest Rates	Total Buy-Out Proxy	100%
Long-term Inflation	Total Buy-Out Proxy	100%

The target hedge ratio is currently 100% of the Scheme's total 'buy-out proxy' liabilities which is a basis designed to broadly reflect the expected cost of buying benefits with an insurer and uses a discount rate of gilt yields -0.5% p.a.

Maintaining the target hedge ratio will take precedence over maintaining the Target Asset Allocation.

The Target Asset Allocation had an expected return of gilt yields +0.1% per annum at the time it was set. This is below the return required to meet the Scheme's Technical Provisions, however the Scheme was in surplus and expects to strengthen its Technical Provisions basis at the next actuarial valuation.

4. Investment Manager Arrangements

The Trustee entered into a pooled pensions policy with Mobius Life Limited in February 2021 to undertake the day-to-day investment management of the Scheme's assets. Mobius Life Limited provide an investment platform through which the Scheme can invest in a variety of funds offered by other investment managers. The funds currently used by the Scheme are all Legal & General Assurance (Pensions Management) Limited ("L&G") funds.

The Investment Manager (Mobius Life Limited) is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000.

The Trustee has delegated the engagement with the issuers of the Scheme's underlying investment holdings to the Investment Manager, who in turn delegates engagement to the underlying fund managers, and therefore can only influence engagement and voting indirectly.

Investment Manager remuneration is considered as part of the manager selection process and regularly monitored with the assistance of Aptia Pension Consulting to ensure it remains appropriate. The Investment Manager is remunerated by receiving a percentage of the Scheme's assets under management and through an annual fixed fee. The Trustee does not directly incentivise the Investment Manager to align its approach with the Trustee's policies and objectives but instead selects pooled funds that meet the Trustee's medium to long-term objectives.

The Trustee is a long-term investor and so has not set an explicit target to review the duration of its investment management arrangements. The arrangement will be reviewed in conjunction with any review of the investment strategy.

The Trustee limits any employer-related investments in accordance with statutory requirements.

Disinvestments

The Trustee ensures the investment strategy maintains sufficient liquidity and makes disinvestments from the assets managed by the Investment Manager to meet the Scheme's cashflow requirements.

The current disinvestment policy is for Aptia Pension Consulting to provide advice each time a disinvestment is required. In addition, there is a monthly regular disinvestment in place.

5. Review and Monitoring

The Trustee will review this Statement at least every three years to ensure that it remains accurate and relevant. The Statement will be reviewed and, if necessary, amended more frequently should any material changes be made to the Scheme's investment arrangements.

The Trustee will report annually on how the policies in this Statement have been followed through an Implementation Statement published alongside the Trustee's Report and Accounts.

The Investment Manager will provide the Trustee with sufficient information to enable them to monitor financial and non-financial performance. The Trustee has appointed Aptia Pension Consulting to assist them in monitoring of the investment strategy and performance of the Investment Manager and funds used, including on ESG matters. Aptia Pension Consulting provides performance monitoring reports to the Trustee on a quarterly basis. In addition to these quarterly reports from Aptia Pension Consulting the Trustee also reviews the monthly statements provided by the Investment Manager. As a long-term investor, the focus is on performance over the medium to long-term.

The Trustee expects the Investment Manager to change underlying holdings only to an extent required to meet their investment objectives. The Investment Manager provides information on portfolio turnover and associated costs as appropriate, and the performance figures that the Trustee and advisors analyse are net of transactions costs, so this is taken into account indirectly.

6. Responsible Investment Governance and Engagement

The Trustee believes that good corporate stewardship and Environmental, Social and Governance (“ESG”) issues can have a material financial impact on investment returns. The Trustee’s policy is to delegate day-to-day stewardship activities (including engagement and voting) to the Investment Manager, whilst retaining oversight through regular reporting. The extent to which financially material considerations and ESG factors are taken into account by the investment managers is considered by the Trustee when selecting organisations with which to invest.

The Financial Reporting Council’s UK Stewardship Code has been taken into account by the Trustee. The Trustee does not take any non-financial matters into account in the selection, retention and realisation of investments.

The Scheme’s voting rights are exercised by the underlying fund managers in accordance with their own corporate governance policies, current best practice and the UK Corporate Governance Code and the UK Stewardship Code. The Trustee expects the underlying fund managers, to exercise ownership rights attracted to investments, including voting and engagement rights, in order to safeguard sustainable returns. The Trustee monitors stewardship activity through reports provided by the Investment Manager.

With regard to the specific risk to the performance of the Scheme’s investments associated with the impact of climate change, the Trustee takes the view that this falls within its general approach to ESG issues.

The Trustee does not explicitly take into account members’ ethical views, given the membership is expected to hold a broad range of views on these issues.

7. Additional Voluntary Contributions

The Scheme provided a facility for members to pay Additional Voluntary Contributions (“AVCs”) to enhance their benefits at retirement. The AVCs are invested separately from the Scheme’s defined benefit assets and members bear the investment risk in relation to their AVC accounts. The AVC policies are currently held in policies with Scottish Friendly and Prudential.

Members may select from the investment options made available by the AVC providers, including any default arrangement where applicable. The Trustee reviews the AVC arrangements from time to time and takes advice as appropriate.

8. Agreement

This Statement was agreed by the Trustee and replaces any previous statements. A copy of this Statement is available to Scheme members on request and is also available online.

Signed:

Date:

Name:

On behalf of the Trustee of the Gleason Cutting Tools Limited Superannuation and Life Assurance Fund.