The Delcam Retirement Benefits Scheme (the “Scheme”)
Statement of Investment Principles (the “Statement”)

Scope of Statement

This Statement has been prepared in accordance with Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, and the Occupational Pension Schemes (Investment) Regulations 2005).

The effective date of this Statement is August 2023. The Statement sets out the Scheme’s investment objective, the Scheme’s investment strategy, the Trustees' approach to risk management, issues concerning implementation of the strategy and the policy on governance.

The Trustees will review this Statement and the Scheme’s investment strategy no later than three years after the effective date of this Statement and without delay after any significant change in investment policy. The Appendices to this Statement contain further detail of the investment strategy and may be updated from time to time without updating this statement.

The principles outlined in this section of the Statement of Investment Principles became effective following the delegation of certain decision making powers by the Trustees to Aon Investments Limited ("AIL"), who have been appointed as the fiduciary manager. The Trustees have taken advice from Aon Solutions UK Limited ("Aon") regarding the suitability of AIL in this capacity.

Consultations made and parties involved

The Trustees have consulted with the Employer, Autodesk Limited, prior to writing this Statement and will take the Employer’s comments into account when they believe it is appropriate to do so.

The Trustees are responsible for the investment strategy of the Scheme. They have obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon who are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to members of the Scheme via a website.

Objectives

The primary funding objective is to be at least fully funded on a technical provisions basis.

The secondary funding objective is to be fully funded on a self-sufficiency basis.

The Scheme’s investment objective is for the assets of the Scheme to generate sufficient return to meet both funding objectives, while minimising the risks to the extent possible.

Choosing investments

This statement sets out the Trustees’ policy for securing compliance with section 35 of the Pensions Act 1995.

The types of investments held and the balance between them is adjusted as necessary to match the Trustees’ objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries and in the case of a potential conflict of interest in the sole interests of members and beneficiaries.

The Trustees delegate their powers of investment in a manner that is expected to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The assets of the Scheme are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings so as to avoid accumulations of risk in the portfolio as a whole. The diversification is both within and across the major asset classes.

Assets held to cover the Scheme’s liabilities are invested in a manner appropriate to the nature and duration of the expected future retirement benefits payable under the Scheme, but recognising also the return requirement in order to meet the funding objectives.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The balance between different kinds of investments

The Trustees recognise that the key source of financial risk (in relation to meeting their objectives) arises from asset allocation.

The Scheme has an allocation to a diversified growth portfolio ("the Growth Portfolio") and allocation to liability matching funds ("the Matching Portfolio") based on gilts. Within this structure:

The allocation to the Growth Portfolio is set so that the expected return, together with the planned contributions is expected to be sufficient to meet the funding objectives by the target date. The Growth Portfolio is well diversified and is managed actively between asset classes. Within the Growth Portfolio, fixed income securities may be held as a source of return and a diversifier.

The Matching Portfolio's asset profile is selected to provide protection against movements in interest rates and inflation. The Matching Portfolio will be tailored to match the Scheme's liability cash flows as far as is practically possible, and AIL will choose the matching instruments as appropriate.

The Trustees delegate responsibility for managing their asset allocation to AIL. The Trustees decide a target return and target interest and inflation hedge ratios, which AIL then uses to determine the required allocation between the Growth and Matching Portfolios. This allows the asset allocation of the Scheme to be adjusted quickly, where needed, in response to changes in funding level, to best meet the investment objectives of the Scheme.

The Trustees review their investment strategy in conjunction with each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustees take written advice from their professional advisers regarding an appropriate investment strategy for the Scheme.

Details of the Scheme's current allocations to the Growth and Matching Portfolios are described in the appendices to this statement.

Expected returns on assets

The assets will be given a target investment objective, which will be to achieve a return in excess of the liabilities. More details can be found in the Appendix. AIL will invest the assets in an appropriate way to meet the investment objective set by the Trustees (i.e. AIL will have discretion to invest via an appropriate split between the Growth and Matching Portfolios).

Monitoring

The Trustees monitor the performance of the assets on a quarterly basis via investment monitoring reports prepared by AIL.

The funding level is monitored by the Scheme Actuary.

Risk

The Trustees recognise that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities ("funding risk"). The Trustees have identified a number of risks which have the potential to cause a deterioration in the Scheme's funding level and therefore contribute to funding risk. The main risks are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Scheme's immediate liabilities ("cash flow risk"). The Trustees and their advisers will manage the Scheme's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.

- The failure by the fiduciary manager chosen by the Trustees, to achieve the rate of investment return assumed by the Trustees (“fiduciary manager risk”). This risk is considered by the Trustees both on the initial appointment of AIL and on an ongoing basis thereafter.
- The failure by the underlying investment managers chosen by AIL, to achieve the rate of investment return assumed by the Trustees (“manager risk”). This risk is considered by the Trustees, Aon and AIL on the initial appointment of the underlying investment managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustees have delegated this decision to AIL. This risk was considered by the Trustees and their advisers when setting the Scheme's investment strategy. AIL also considers this risk when implementing the strategy.
- The possibility of failure of the Scheme’s sponsoring employer (“covenant risk”). The Trustees and their advisers considered this risk when setting investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy. In addition, the Trustees review on a regular basis the Employer's financial results.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review. This will normally be done triennially. Some of these risks may also be modelled explicitly during the course of such reviews.

To allow the Trustees to monitor some of the key risks, they receive quarterly reports which will include information such as:

- Performance versus the estimated growth in the Scheme's liabilities.
- Any significant issues that may impact the Scheme's ability to meet the performance target set by the Trustees.

Realisation of investments/liquidity

The Trustees recognise that there is a risk in holding assets that cannot be easily realised should the need arise.

The majority of the assets held are realisable at short notice (through the sale of units in pooled funds).

Environmental, Social, and Governance considerations

In setting the Scheme’s investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. The Trustees believe that in order to fulfil this commitment and to protect and enhance the value of the Scheme’s investments, they must act as a responsible steward of the assets in which the Scheme invests. The Trustees further acknowledge that an understanding of financially material considerations, including environmental, social and corporate governance (ESG) factors (such as climate change) and risks related to these factors, can contribute to the identification of investment opportunities and financially material risks.

As part of their delegated responsibilities, the Trustees expect the Scheme's fiduciary manager and underlying investment managers to take into account corporate governance, social, and environmental considerations (including long-term risks posed by sustainability concerns including climate change risks) in the selection, retention and realisation of investments. Any decision should not apply personal ethical or moral judgments to these issues, but should consider the sustainability of business models that are influenced by them.

Members' views and non-financial factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors"[1]).

Arrangements with fiduciary manager and underlying investment managers

The Trustees recognise that the arrangements with AIL and correspondingly the underlying investment managers, are important to ensure that interests are aligned. In particular, the Trustees seek to ensure that AIL is incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustees receive at least quarterly reports and verbal updates from AIL on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustees focus on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives, and assess AIL over 3-year periods.

The Trustees also receive annual stewardship reports on the monitoring and engagement activities carried out by AIL, which supports the Trustees in determining the extent to which the Scheme's engagement policy has been followed throughout the year.

The Trustees share the policies, as set out in this Statement, with AIL and request that they review and confirm whether their approach is in alignment with the Trustees' policies.

The Trustees delegate the ongoing monitoring of underlying investment managers to AIL. AIL monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the underlying investment managers are aligned with the investment objectives of the Scheme.

This includes monitoring the extent to which the underlying investment managers:

- make decisions based on assessments about medium- to long-term financial and non-financial performance of an issuer of debt or equity; and
- engage with issuers of debt or equity in order to improve their performance in the medium- to long-term.

Before appointment of a new fiduciary manager, the Trustees review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustees' policies. Where possible, the Trustees will seek to amend that documentation or express their expectations (such as through side letters, in writing, or verbally at trustee meetings) so that there is more alignment.

The Trustees believe that having appropriate governing documentation, setting clear expectations to AIL, and regular monitoring of AIL's performance and investment strategy, is sufficient to incentivise AIL to make decisions that align with the Trustees' policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where AIL is considered to make decisions that are not in line with the Trustees' policies, expectations, or the other considerations set out above, the Trustees will typically engage with AIL to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with AIL, although the continued appointment will be reviewed periodically. Similarly, there are no set durations for arrangements with the underlying investment managers that AIL invests in, although this is regularly reviewed as part of the manager research and portfolio management processes in place.

Cost monitoring

The Trustees are aware of the importance of monitoring their fiduciary manager and underlying investment managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustees recognise that in addition to annual management charges, there are

[1] The Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018

other costs incurred by the underlying investment managers that can increase the overall cost incurred by their investments.

The Trustees receive annual cost transparency reports from AIL. These reports present information in line with prevailing regulatory requirements for fiduciary managers. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Scheme;
- The fees paid to AIL;
- The fees paid to the underlying investment managers appointed by AIL;
- The amount of portfolio turnover costs (transaction costs) incurred by the underlying investment managers appointed by AIL;
  - The Trustees define portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the underlying investment managers appointed by AIL;
- Any charges incurred through the use of pooled funds (custody, administration, and audit fees)
- The impact of costs on the investment return achieved by the Scheme.

The Trustees acknowledge that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and underlying investment managers. AIL monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the underlying investment managers appointed on behalf of the Trustees.

The Trustees benefit from the economies of scale provided by AIL in two key cost areas:

- The ability of AIL to negotiate reduced annual management charges with the appointed underlying investment managers;
- The ability of AIL to monitor ongoing investment costs (including additional fund expenses and portfolio turnover) incurred by the underlying investment managers and achieve efficiencies where possible.

Evaluation of performance and remuneration

The Trustees assess the (net of all costs) performance of AIL on a rolling three-year basis against the Scheme's specific liability benchmark and investment objective. The remuneration paid to AIL and fees incurred by third parties appointed by AIL are provided annually by AIL to the Trustees. This cost information is set out alongside the performance of AIL to provide context. The Trustees monitor these costs and performance trends over time.

Stewardship policy – voting and engagement

The Trustees recognise the importance of their role as a steward of capital and the need to ensure the highest standards of governance and promotion of corporate responsibility in the underlying companies and assets in which the Scheme invests, as ultimately this creates long-term financial value for the Scheme and its beneficiaries.

The Trustees have delegated all voting and engagement activities to the Scheme’s underlying investment managers, via AIL. The Trustees accept responsibility for how the underlying investment managers stewards assets on its behalf, including the casting of votes in line with each underlying investment managers’ individual voting policies. The Trustees review voting and engagement policies on an annual basis from AIL, and the activities of the underlying investment managers, to ensure they are in line with the Trustees’ expectations and in members’ best interests.

As part of AIL's management of the Scheme’s assets, the Trustees expect the Scheme’s underlying investment manager to:

- Ensure that (where appropriate) underlying investment managers exercise the Trustees' voting rights in relation to the Scheme’s assets; and

- Report to the Trustees on stewardship activity by underlying investment manager as required.

Underlying investment manager are expected to vote at company meetings and engage with companies on the Trustees' behalf in relation to ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

Where possible, the transparency for voting should include voting actions and rationale with relevance to the Scheme, in particular where: votes were cast against management; votes against management generally were significant or if votes were abstained. Where voting is concerned, we would expect our underlying investment managers to recall stock lending, as necessary, in order to carry out voting actions.

The Trustees will engage with AIL, who in turn is able to engage with underlying investment managers, investee company or other stakeholders, on matters including the performance, strategy, risks, social and environmental impact, corporate governance, capital structure, and management of actual or potential conflicts of interest, of the underlying investments made.

This engagement aims to ensure that robust active ownership behaviours, reflective of the Trustees' active ownership policies, are being actioned. This will take the form of annual reporting which will be made available to Scheme members on request.

Should the Trustees' monitoring process reveal that an underlying investment manager's voting and engagement policies and actions are not aligned with the Trustees' expectations, the Trustees will engage with AIL to discuss how alignment may be improved to bring about the best long-term outcomes for the Scheme.

Governance

The Trustees are responsible for the investment of the Scheme's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have considered whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision-making structure:

<table>
<tr><td colspan="2">Trustees

Set structures and processes for carrying out its role.

Review actual returns versus the Scheme's investment objective.

Select and review a suitable level of target return.

Select and monitor the investment advisers and AIL.

Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy (where these decisions have not been delegated)

Approve this document</td></tr>
<tr><td>Investment Adviser

Advise on all aspects of the investment of the Scheme assets.

Advise on this statement.

Provide required training.

Advise on the Liability Benchmark used by AIL.</td><td>AIL

Set the strategy for investing in different asset classes in line with the investment objective.

Determine the strategy for selecting underlying investment managers.

Implement the investment strategy.

Select and appoint underlying investment managers.

Monitor underlying investment managers.

Adjust asset allocations to reflect medium term market expectations.

Report on asset performance against the liability benchmark.</td></tr>
</table>

	Report on asset returns against objectives. Communicate any significant changes to the investment arrangements.

The Pensions Act 1995 distinguishes between investments where the management is delegated to an investment manager with a written contract and those where a product is purchased directly, e.g. the purchase of an insurance policy or units in a pooled vehicle. The latter are known as direct investments.

The Trustees policy is to review its direct investments and to obtain written advice about them at regular intervals. These include vehicles available for members' Additional Voluntary Contributions. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to AIL.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by AIL) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

The Trustees investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustees expect AIL to manage the assets delegated to it under the terms of its respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

Additional Voluntary Contributions ("AVCs") arrangements

Some members have obtained further benefits by paying Additional Voluntary Contributions (AVCs) to the Scheme. The liabilities in respect of these AVCs are equal to the value of the investments bought by the contributions. AVC assets are not invested with AIL.

From time to time the Trustees review the choice of investments available to members to ensure that they remain appropriate to the members' needs.

Appendix 1 – Investment Objective and Current Asset Allocation

Investment objective

The initial investment objective will be to achieve a return of 1.5% p.a. in excess of the liabilities – AIL will invest the assets in an appropriate way to meet this investment objective (i.e. an appropriate split between the Growth and Matching Portfolios).

In 2021, the Trustees developed a long-term journey plan. As part of this, the Trustees, after consulting with the Employer, agreed to a new self-sufficiency target measure of Gilts +0.5% p.a.

Current asset allocation

The allocation of the Scheme's assets between the Growth Portfolio and the Matching Portfolio will depend on the funding position of the Scheme. At the date of this statement the following arrangements are in place:

- The investment objective will be to achieve a return of 1.5% p.a. in excess of the liabilities (net of fees).
- Target interest rate and inflation hedge ratios of 100% (scaled to the value of the assets).

AIL uses these parameters to determine the allocation between the Growth and Matching Portfolios.

Appendix 2 – The Portfolios

Growth Portfolio

The Growth Portfolio is invested in the Managed Growth (Adept 9) Fund and the Low Risk Bond (Adept 25) Fund.

The Managed Growth Fund targets a benchmark return of SONIA +4.0% per annum (net of fees) over a full market cycle. The fund is diversified by style, strategy and asset class by investing with underlying funds that may from time to time include equity funds, fixed income funds, debt funds, currency funds, hedge funds, fund of hedge funds and other collective investment schemes covering a broad range of asset classes and strategies ("the Underlying Funds"). The Fund utilises, through AIL, an investment process that consists of quantitative and qualitative analyses by which Underlying Funds are screened and regularly monitored. The Underlying Funds selected are tracked to ensure that, in combination, their strategy, objectives, discipline, transactions, results and outlook continue to remain consistent with the Fund's objectives. As a fund of investment funds, the Fund is designed to provide investors with the potential to control risk through diversification by investing with several Underlying Funds.

The Growth Portfolio is also invested in the Low Risk Bonds Fund (Adept 25). The Low Risk Bonds Fund targets a benchmark return of 3-month SONIA +1.0% p.a. (net of fees). The Low Risk Bond Fund seeks to preserve capital, provide exposure to a diversified portfolio of liquid, low-risk credit strategies and reduce the reliance on cash in the Matching Portfolio, improving overall portfolio efficiency.

Matching Portfolio

The allocation of the Matching Portfolio is held with Insight Investment Management Limited.

The aims of the matching funds are to provide returns in line with the liabilities of typical pension schemes on an exposure basis in the relevant tenures and instruments (long/short, real/nominal).

In the normal course of events, the matching funds will seek to achieve their investment objectives primarily by investing in a combination of a diversified portfolio of fixed income securities directly or through the use of derivatives and collective investment schemes which themselves invest primarily in these instruments.

Appendix 3 – Other matters

Cash balances

In addition to the Growth and Matching Portfolios, AIL may hold Residual Cash from time to time that is not invested in either the Growth or Matching Portfolios.

The primary purpose of a Residual Cash allocation will be to meet anticipated disbursements and expenses and to facilitate any short-term cash flows.

Residual Cash will be held on deposit or invested in short term money market funds.

Other cash balances

In addition to the assets managed by AIL, the Trustees will run a bank account which holds a working balance of cash, held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustees' intention to hold a significant cash balance and this is carefully monitored by the Scheme administrators.

Custody

Investment in pooled funds gives the Trustees a right to the cash value of the units rather than to the underlying assets. Day to day control of custody arrangements for the Scheme's assets are delegated to BNY Mellon, who are independent of the sponsoring employer.

Fee arrangements

A fee (based on the value of the assets invested) is deducted from the assets managed by AIL to cover a range of services including asset management, fiduciary management and investment consultancy advice that the Scheme requires in connection with funding.

The majority of the fees for advice and services related to the implementation and monitoring of the Scheme's investments with AIL are included in the management fees paid to AIL. The Trustees' investment advisers are otherwise paid for advice provided on the basis of the time spent by the adviser. For significant areas of advice (known as additional services), the Trustees will endeavour to agree a project budget. These arrangements recognise the bespoke nature of the advice given, and that no investment decisions have been delegated to the adviser.

The Scheme pays a fixed management fee to AIL, which does not include the costs payable to the underlying investment managers.