The Wandel and Goltermann 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 1 December 2023. The Trustee 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.

Consultations Made

The Trustee has consulted with the employer, Viavi Solutions UK Ltd, prior to writing this Statement and will take the employer's comments into account when they believe it is appropriate to do so.

The Scheme's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the Scheme's Deed and subsequent amendments. The Trustee is responsible for the investment strategy of the Scheme.

The Trustee has obtained written advice on the investment strategy appropriate for the Scheme and on the preparation of this Statement. This advice was provided by Aon Investments Limited who are authorised and regulated by the Financial Conduct Authority. The day to day management of the Scheme's assets has been delegated to investment managers which are authorised and regulated by the Financial Conduct Authority.

A copy of this Statement is available to Scheme members on request.

Objectives and Policy for Securing Objectives

The Trustee's objectives for setting the investment strategy of the Scheme have been set with regard to the Scheme's Statutory Funding Objectives as set out in the Statement of Funding Principles.

The Trustee's primary objectives are:

- To ensure that there are sufficient assets available to pay out members' benefits as and when they arise (an ongoing funding objective).

- To ensure that should the Scheme be discontinued at any point in time there would be sufficient assets to meet the discontinuance liabilities (a discontinuance funding objective).

The Trustee recognises that the above objectives may conflict. For example, a greater allocation to more defensive assets may give greater security, but may result in a level of contributions, which the employer may find too difficult to support. The Trustee also recognises that in resolving this conflict, it is necessary to accept some risk.

Choosing Investments

The types of investments held and the balance between them is deemed appropriate given the Scheme's liability profile, its cashflow requirements, funding level and the Trustee's objectives.

The assets of the Scheme are invested in the best interests of the members and beneficiaries.

The Trustee exercises its power of investment in a manner calculated to ensure the security, quality, liquidity and profitability of the portfolio as a whole. In order to avoid an undue concentration of risk a spread of assets is held. The diversification is both within and across the major asset classes. The Trustee delegates day-to-day selection of stocks to the investment managers. As regards the review and selection of the Scheme's investment managers, the Trustee takes expert advice.

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.

The Scheme's assets 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.

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 Trustee recognises that the key source of financial risk (in relation to meeting its objectives) arises from asset allocation. It therefore retains responsibility for setting asset allocation, and takes expert advice as required from its professional advisers.

The Trustee reviews its investment strategy following each formal actuarial valuation of the Scheme (or more frequently should the circumstances of the Scheme change in a material way). The Trustee takes written advice from its professional advisers regarding an appropriate investment strategy for the Scheme. It also consults with the employer regarding the investment strategy and although the Trustee recognises that any strategic decisions are its to make, it is mindful of the impact of these decisions on the employer.

A broad range of available asset classes have been considered. This includes consideration of so called "alternative" asset classes. The current asset allocation is set out in Appendix I.

Investment Risk Measurement and Management

The key investment risks are recognised as arising from asset allocation. These are assessed triennially in conjunction with the actuarial valuation of the Scheme, following which the Trustee takes advice on the continued appropriateness of the existing investment strategy.

Risks associated with changes in the employer covenant are assessed by monitoring the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy). The Trustee also has an agreement with the employer to receive notification of any events which have the potential to alter the creditworthiness of the sponsoring employers in particular, the Trustee will be informed of Type A events, as defined in appropriate guidance issued by the Pensions Regulator and employer-related Notifiable Events. The Trustee also monitors the Failure Score (as defined for the purposes of calculating the risk-based element of the Pension Protection Fund levy).

The Trustee monitors the risks arising through the selection or appointment of fund managers on a regular basis via investment monitoring reports prepared by its investment manager. Expected deviation from the benchmark (for a passive manager) or out-performance target (for an active manager) is detailed in the Appendix of this statement.

The Trustee acknowledges that investment returns achieved outside the expected deviation (positive or negative) maybe an indication that the investment manager is taking a higher level of risk than indicated.

Custody

The investments held by the Trustee are in the form of life assurance managed funds (policies of assurance) and collective investment schemes. Investment in these funds gives the Trustee a right to the cash value of the units rather than to the underlying assets. The managers of the pooled funds are responsible for the appointment and monitoring of the custodian of the fund's assets.

The custodians are independent of the employer.

Expected Returns on Assets

Over the long-term the Trustee's expectations are:

- for the "matching" assets, to achieve a rate of return in line with the markets in which it is invested; and
- for the "growth" assets to achieve a return in line with the markets in which they are invested, recognising that the long term return from such assets is expected to be above those in the matching assets.
- The Aon Investments Limited Managed Growth Strategy aims to achieve long-term total return in excess of cash, by investing in a diversified portfolio of assess that aim to deliver consistent returns through all market environments.

The Trustee is willing to incur short-term volatility in asset price behaviour.

Returns achieved by the fund managers are assessed against performance benchmarks set by the Trustee in consultation with their advisers and fund managers.

Realisation of Investments/Liquidity

The Trustee recognises 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).

Social, Environmental or Ethical Considerations

In setting the Scheme's default investment strategy, the Trustee's 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. This includes the risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustee considers this risk by taking advice from its investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

As part of their delegated responsibilities, the Trustee expects the Scheme's investment managers to**:**

- Where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- exercise the Trustee's voting rights in relation to the Scheme's assets.

The Trustee expects the Scheme's investment managers to use their influence as major institutional investors to carry out the rights and duties as a shareholder, including exercising voting rights along with – where relevant and appropriate – engaging with underlying investee companies on ESG considerations and other relevant matters (such as the companies' performance, strategy, risks, capital structure, and management of conflicts of interest).

The Trustee regularly reviews the continuing suitability of the appointed managers and takes advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers.

The Trustee reviews its managers' voting and engagement policies and activities on an annual basis. The Trustee reviews these factors to check they are aligned with expectations and can reasonably be considered to be in the Trustee's, and therefore the members', best interests. The Trustee expects that its investment managers will provide details of their stewardship activities on at least an annual basis and will monitor this with input from its investment adviser. The Trustee will engage with its investment managers where necessary for more information. Prospective managers are required to provide this information in advance of their appointment.

If the Trustee's monitoring reveals that an investment manager's voting or engagement policies, or its stewardship actions are not aligned with the Trustee's expectations, the Trustee will engage with the manager, via different medium such as emails and meetings, to seek a more sustainable position, but it may look to replace the manager.

From time to time, the Trustee will consider the methods by which, and the circumstances under which, it would monitor and engage with an issuer of debt or equity, an asset manager or another holder of debt or equity, and other stakeholders. The Trustee may engage on matters concerning an issuer of debt or equity, including their performance, strategy, risks, social and environmental impact and corporate governance, the capital structure, and management of actual or potential conflicts of interest.

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustee does 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 fund managers

The Trustee recognises that arrangements with fund managers are important to ensure that interests are aligned. The Trustee seeks to ensure that the fund managers are incentivised to operate in a manner that generates the best long-term results for the Scheme and its beneficiaries.

The Trustee regularly monitors the Scheme's investments to consider the extent to which the investment strategy and decisions of the fund managers are aligned with the Trustee's policies.

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

Where applicable, this includes monitoring the extent to which fund 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.

The Trustee receives quarterly reports from the investment adviser on various items including the investment strategy, performance, and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategy in relation to the Scheme objectives and assesses the fund managers over the long-term.

The Trustee receives annual stewardship information on the monitoring and engagement activities carried out by their fund managers, which supports the Trustee in determining the extent to which the Scheme's engagement policy has been followed throughout the year. The Trustee recognises that this monitoring activity is important to encourage fund managers to take appropriate steps to enhance the long-term value of assets through engagement activity.

Before appointment of a new fund manager, the Trustee and investment adviser review the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the fund managers (where necessary), and regular monitoring of fund managers' performance and investment strategy, is in most cases sufficient to incentivise the fund managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial and non-financial performance.

Where fund managers are considered to have made decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically first engage with the fund manager but could ultimately replace the fund manager if deemed necessary.

There is no set duration for arrangements with fund managers, although the continued appointment for all fund managers is reviewed in the context of the overall investment strategy and objective.

Activism, and the Exercise of the Rights Attaching to Investments

The Trustee's policy is to delegate responsibility for the exercise of the rights (including voting rights) attaching to investments to the investment managers.

These matters are however kept under review and the Trustee is aware of the policy towards corporate governance adopted by its investment managers.

Costs monitoring

The Trustee is aware of the importance of monitoring its fund managers' total costs and the impact these costs can have on the overall value of the Scheme's assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred by fund managers that can increase the overall cost incurred by the investments.

The Trustee collects annual cost transparency reports covering its investments and asks that the fund managers provide this data for each asset class. This allows the Trustee to understand what it is paying its investment managers. The Trustee works with its investment adviser and fund managers to understand these costs in more detail where required.

Evaluation of performance and remuneration

The Trustee assesses the performance of its fund managers on a regular basis and the remuneration of the fund managers annually via collecting cost data.

Portfolio turnover costs

The Trustee is aware of the portfolio turnover costs (portfolio turnover costs are defined as the costs incurred as a result of the buying, selling, lending or borrowing of investments) associated with the underlying investments through the information provided by its fund managers.

The Trustee accepts that transaction costs will be incurred to facilitate investment returns and that the level of these costs varies across asset classes and by manager investment style within an asset class. A high level of transaction costs is acceptable as long as it is consistent with the asset class characteristics and fund manager's style and historic trends. Where the Trustee's monitoring identifies a lack of consistency the mandate will be reviewed.

Additional Voluntary Contributions ("AVC's") Arrangements

Some members obtain further benefits by paying AVC's to the Scheme. The liabilities in respect of these AVC's are equal to the value of the investments bought by the contributions. Details of AVC providers and fund options are included in the Appendix to this Statement.

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

Effective Decision Making

The Trustee recognises that decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. It also recognises that where it takes investment decisions, it must have sufficient expertise and appropriate training to be able to evaluate critically any advice it takes.

The Trustee believes that given the scale of the Scheme that a separate investment sub-committee would not be appropriate. Therefore the whole Trustee body discusses all investment decisions with assistance from the Scheme's investment advisers before decisions are taken.

December 2023

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Name (Print)	Signature	Date

The Wandel and Goltermann Retirement Benefits Scheme (the "Scheme")
Appendix I to Statement of Investment Principles

This Appendix sets out the Trustee's current investment strategy and is supplementary to the Trustee's Statement of Investment Principles (the "attached Statement").

The Trustee's investment strategy has been established in order to maximise the likelihood of achieving the primary objectives set out in the attached Statement. The details are laid out below:-

1. Investment Management Arrangements

The table below provides details of the investment managers and funds used by the Scheme.

Fund	Manager	Benchmark	Target	
Global Equity Fund (60:40) Index Fund	Legal & General	Composite	Track Index	
World Emerging Markets Equity Index Fund	Legal & General	FTSE Emerging Index[1]	Track Index to within +/-1.5% p.a. for two years out of three.	
Managed Growth Strategy	Aon Investments Limited	SONIA	Outperform (net of fees) by 4% per annum over a market cycle.	
Over 5 Year Index-Linked Gilt Fund	Legal & General	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index.	Track Index to within +/-0.25% p.a. for two years out of three.	
Active Corporate Bond – Over 10 Year Fund	Legal & General	Markit iBoxx £ Non-Gilts Over 10 Years Index	Benchmark + 0.75% p.a.(before fees) over a three year rolling period	
Overseas Bond Index Fund	Legal & General	J.P. Morgan Global (ex UK) Traded Bond Index (GBP hedged)	Track Index to within +/-0.75% p.a. for two years out of three.	
Cash Fund	Legal & General	7 day LIBID	To match the median return of similar funds as measured by the CAPS Pooled Fund Update without incurring excessive risk	

1. (less withholding tax where applicable)

The Global Equity Fund is a fixed weight fund, comprising of allocations to underlying, index tracking funds. Details of these funds and their benchmark weightings are contained in the table below.

Fund		Benchmark Allocation (%)*
UK Equity		60
North America Equity Index Fund		14
Europe (ex UK) Equity Index Fund		14
Japan Equity Index		7
Asia Pacific (ex Japan) Developed Equity Index Fund		5

*within a small tolerance

The Managed Growth Strategy is designed to be a well-diversified strategy that generates consistent returns through all market environments. It seeks capital growth by focusing on strategic asset allocation decisions, investing in a diversified blend of asset classes and a wide-range of manager styles. These long term strategic asset allocation decisions are enhanced with a highly active investment approach, where the strategy is constantly evolving to reflect AIL's best ideas.

2. Asset Allocation

The Scheme has an overall benchmark allocation as set out below

Fund	Central Benchmark Allocation (%)	
Global Equity Fund (60:40) Index Fund	19	
World Emerging Markets Equity Index Fund	1	
Managed Growth Fund	20	
Over 5 year Index-Linked Gilt Fund	40	
Active Corporate Bond – Over 10 year Fund	10	
Overseas Bond Index Fund	10	
Cash Fund	0	

2.1 Cash balances

A working balance of cash is held for imminent payment of benefits, expenses, etc. Under normal circumstances it is not the Trustee's intention to hold a significant cash balance and this is carefully monitored by the Scheme's administrator.

The Trustee has access to the Legal & General Cash Fund for the investment of significant cash balances which will need to be called in the short term rather than invested in line with the long term strategic allocation above.

2.2 Re-balancing arrangements

There is no automatic rebalancing of assets but the Trustee will review the asset allocation of the Scheme on a regular basis.

3. Fee structure for advisers and managers

3.1 Advisers

The Trustee has agreed a core annual fee payable to its investment adviser covering:

- Provision of 4 quarterly reports per annum
- Work on ESG and responsible investment such as implementation statements / engagement policy implementation statements
- Basic strategy review every 3 years
- Attendance at one meeting per year
- Update of SIP (as required)

For other advice not included in the above fixed fee, the Trustee 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.

3.2 Investment managers

Legal & General Investment Management is remunerated as a set percentage of the assets under management. This is in keeping with market practice.

In addition, Legal & General Investment Management also charges a fixed flat administration fee.

3.3 Summary of investment management fee arrangements

Fund	Fee (p.a.)
Global Equity Fund (60:40) Index Fund	0.16% on first £2.5m 0.15% on next £7.5m 0.135% on next £15m 0.11% on next £25m 0.09% on remainder
World Emerging Markets Equity Index Fund	0.45% on first £5.0m

	0.35% on next £5.0m 0.30% on remainder
Managed Growth Strategy	0.25%
Over 5 Year Index-Linked Gilt Fund	0.10% on first £5.0m 0.075% on next £5.0m 0.05% on next £20.0m 0.03% on remainder
Active Corp Bond – Over 10y Fund	0.20%
Overseas Bond Index Fund	0.175% on first £10.0m 0.125% on next £10.0m 0.10% on next £30.0m 0.075% on remainder
Cash Fund	0.125% pa on first £5m 0.10% pa on next £5m 0.075% pa on next £20 million 0.05% pa on remainder

4. Additional Voluntary Contributions

The Trustee has made available the following AVC provider:

- ReAssure Limited ('ReAssure')