

AETC

Pension Scheme

# Annual Implementation Statement

Scheme Year 6 April 2024 to 5 April 2025

This document is the Annual Implementation Statement prepared by the Trustee of the AETC Pension Scheme (the “Scheme”), Dalriada Trustee Limited (the “Trustee”), covering the Scheme Year from 6 April 2024 to 5 April 2025.

The purpose of this Statement is to:

- Set out the extent to which, in the opinion of the Trustee, the Scheme’s Statement of Investment Principles (“SIP”) has been followed during the year;
- Detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the Scheme Year as a result of the review;
- Summarise the Trustee’s review of the Scheme’s Investment Managers’ ESG and Proxy Voting Policies, where applicable; and,
- Describe the voting behaviour by or on behalf of the Trustee over the year.

## Review and Compliance with the Statement of Investment Principles

The Trustee has ensured compliance with the SIP through the following actions:

- The Trustee obtained monthly investment monitoring reports from their consultant, which contain recent investment performance, cash flow reporting, and risk/return metrics.
- The Trustee met with their investment consultant at least three times during the year to discuss investment manager performance and then-current asset allocation versus target ranges.
- In addition to the above actions, ad hoc trustee meetings can be called to consider significant investment events or recommendations, such as those mentioned in the table of significant votes taken by the Trustee during the year, where applicable.
- Manager recommendations were supported by detailed reports provided by the Investment Consultant, which considered the merits of any new investments alongside their projected pro forma impact on asset allocation and the risk/return profile of the Scheme.

In December 2023, in consultation with the Investment Consultant and the Company, the incumbent Trustees incorporated into the SIP the Trustees' desire to transition the Scheme from an Absolute Return Strategy to a liability-driven investment (LDI) strategy. The Scheme's strategic asset allocation comprises a portfolio constructed from matching and return-seeking assets in line with improved funded status.

The Statement is available to members via the public website of AETC Limited (the "Company") online at <https://www.pccairfoils.com/aetc/aetc-pension-implementation-statement.pdf> and upon request to the Trustee.

## Overview of Trustee Policies on Voting and Engagement

The Trustee believes their investment managers are best suited to engage directly with investee companies regarding their performance, strategy, capital structure, management of actual or potential conflicts of interest, and other risks. The Trustee expects their appointed investment managers to vote proxies on behalf of the Scheme and to exercise any voting rights held, bearing in mind the costs of doing so. In instances where the Trustee is obligated to act directly with respect to an investment, they intend for their investment consultant, Vantage Consulting Group ("Vantage"), to directly assist them in exercising any voting rights held. In any case, the Trustee believes such voting activity should be performed in such a way as to enhance the value of their investments over the long term. If the Trustee feels that a current or prospective investment manager does not appropriately consider voting obligations, the Trustee may choose either not to invest or disinvest (i.e., "vote with their feet").

## Report on Investment Manager Voting Activity

Vantage has provided the Trustee with investment manager voting policies and relevant data regarding recent voting activity. The Trustee reviewed this data, noting that while there was a divergence in the data provided by the managers, overall engagement appeared high where applicable. Investment managers with longer-term equity positions reported actively voting company proxies in accordance with the policies. Significant voting activity was reviewed where available, including Board of Directors appointments, executive pay, corporate actions (such as mergers and acquisitions), and significant business transactions.

It should be noted that investment manager voting engagement is less important for certain investment strategies with a shorter-term investment horizon, such as quantitative strategies that employ active trading. Certain investment managers elect specifically not to vote proxies due to a position that the cost outweighs the benefit, or because they do not hold or invest in securities with voting rights. Considering the variety of investment management strategies, the Trustee was satisfied that investment manager voting and engagement were acceptable and supported efforts to ensure long-term value.

The Trustee has not set any specific guidelines around manager voting. The Trustee intends to continually refine their data gathering and assessment in future periods in accordance with PLSA guidelines.

The Scheme's investment funds cover a range of asset classes. At the Scheme year end date, the following assets with voting rights associated were reviewed and are summarised below:scheme

Manager	Trustee Reviewed			No Proxy Voting Record due to underlying strategy
	Voting Rights / Equity Exposure	Proxy Voting Policy	Proxy Voting Record	
Clearance Segura Fund, GBP	X	X	X	
Glazer Enhanced Offshore Fd, GBP	X	X	X	
Haidar Jupiter Fund, GBP	X	X		*
Pyrford Global Return UCITS, GBP	X	X	X	
Quantitative Global Fund 3X, GBP	X	X		*
Quantitative Tactical Fund, GBP	X	X		*

\*Trustee is aware and accepts no proxy rights exercised due to the underlying strategy.

## Report on Trustee Voting Activity

During the most recent Scheme year, the Trustee did not cast any proxy votes relevant to assets held directly by the Scheme; however, an ad hoc Trustee meeting was called on 31 July 2024 to review among other matters, the valuation of the Scheme's assets in Ascension Healthcare PLC and Prophecy Trading Advisors International Ltd. On 17 January 2025, an ad hoc Trustee meeting was called to review company developments and the Ascension Healthcare PLC-related assets valuation. Due to the speculative nature of the Ascension-related assets, the Trustee was inclined to prudence from an actuarial and scheme accounting perspective to write down the carrying value of the assets entirely. That being said, the related AH Development Healthcare, Ltd, is being followed closely for potential realization of funds, and the position will be listed as an asset of the Pension Scheme at a carrying value of nil. The primary asset securing the Prophecy Liquidating Trust entered into bankruptcy Q4 2024, and in light of the unlikelihood that the Scheme would realise any significant value as a result, the Trustee approved the Investment Consultant's recommendation to fully write down the value of the Scheme's participation in the Liquidating Trust.

Investment	Trustee Reviewed			Trustee election to carry the investment at nil value effective 31 December 2024
	Correspondence from Company and/or Liquidator	Legal advice and court rulings	Written advice of professional advisors	
AH Development Healthcare, Ltd.	X	X	X	X
Ascension Future Fund / BBB Loan	X	X	X	X
Ascension Healthcare plc Senior Loan	X	X	X	X
Prophecy Liquidating Trust	X		X	X

## Investment Manager ESG Considerations

The Trustee expects Investment Managers to account for financially material Environmental, Social, and Governance (“ESG”) considerations in selecting, retaining, and realizing those investments over the medium- to long-term. The Trustee may also engage investment managers where ESG considerations are not directly relevant, either as a function of the short-term nature of the underlying trading strategy or the nature of the financial assets traded by the Manager. Where available, the Trustee has reviewed investment manager ESG policies to ensure managers have considered how such factors may affect investments' long-term performance (positively or negatively). Most of the appointed investment managers apply a relevant ESG policy, either to their corporate or investment practices. Managers appointed to invest in equity securities via separately managed account structures typically employ a robust ESG process to select and monitor investments, apply internal and external research (such as MSCI ESG ratings), and comply with the Principles of Responsible Investing (PRI) guidelines. Overall, the Trustee is satisfied that their appointed investment managers are adequately taking into account appropriate ESG considerations.

At the Scheme Year end date, the following assets were reviewed with respect to ESG Policies as summarised below:

Scheme Investment Managers Full List at Scheme Year-end	Trustee Reviewed		No ESG Policy due to the nature of the underlying strategy
	ESG Policy	Underlying Strategy	
Blue Diamond Non-Dir Fd, GBP	Y	Trades principally in derivatives	
Cheyne Total Return Credit Fund, GBP	Y	Trades principally in derivatives	
Clearance Segura & Cantara Funds, GBP	Y	Long-short trading in global Real Estate securities	
CrossBorder Hedging Program (Levered)	N-A	Trades principally in derivatives	*
Glazer Enhanced Offshore Fd, GBP	Y	Long-short trading in equity and debt of companies undergoing mergers	
Haidar Jupiter Fund, GBP	N	Trades principally in derivatives	
LGIM Sterling Liquidity Fund, GBP	N-A	Cash position only at FYE	
Pyrford Global Return UCITS, GBP	Y	Invests in equities and government bonds	
Quantitative Global Fund 3X, GBP	N-A	Trades principally in derivatives	*
Quantitative Tactical Fund, GBP	N	Long-short trading in equity securities with short holding period	*
System 2 Int'l Fund Ltd, GBP	N	Convertible bond and capital structure arbitrage trading	*
Vanguard UK Infl Link Gilt Idx Fd GBP	Y	UK Index linked Gilts	
Voloridge Fund, Ltd. USD	Y	Long-short trading in equity securities with short holding period	
Voloridge Trading Aggressive Fund, Ltd. USD	Y	Long-short trading in equity securities with short holding period	

\*Trustee is aware and accepts no ESG Policy due to underlying strategy.