

Newsquest Pension Scheme **Schedule of Investment Arrangements**

The Statement of Investment Principles ("SIP") of the Newsquest Pension Scheme ("the Scheme") sets out the guiding principles upon which the Scheme's investments are based (and was last updated in September 2020.) The purpose of this schedule is to provide details of the specific investments that are in place from time to time.

The planned asset allocation is summarised in the following table:

| Asset Class | Central Asset Allocation (%) | Tolerance Ranges (%) |
|--|---|---------------------------------|
| Global Equities (Market cap - passive) Hedged | 10.0 | 5 – 15 |
| Global Equities (Low volatility - passive) | | |
| Global Equities (Fundamental Indexation "RAFI" - passive) Hedged | | |
| UK Property | 15.0 | 5 - 25 |
| Property Debt | 10.0 | 0 – 15 |
| Unlisted Infrastructure | 5.0 | 0 – 10 |
| Insurance Linked Securities | 5.0 | 0 – 10 |
| Credit | 15.0 | 10 – 20 |
| Liability Driven Investment ("LDI") | 40.0 | 30 – 50 |
| Cash | 0.0 | 0 – 10 |
| Total | 100.0 | |

The Scheme's fund managers were selected following thorough reviews of their track record, methodology and investment style. The process undertaken included a detailed appraisal by the Trustee and its investment adviser, and interviews to ensure suitable candidates were selected. The current manager structure and investment objectives for each fund manager ("mandates") are as follows:

| Mandate | Investment Objectives | Annual Management charge |
|--|--|---|
| <p>Legal & General Investment Management (Passively Managed Gov Bond, LDI, Property, Cash, Global Equity Portfolios and Actively Managed Corporate Credit Bonds)</p> | <p>Passively Managed Funds: To perform closely in line with the respective benchmarks for each underlying pooled fund.</p> <p>Actively Managed Corporate Bond Fund: To exceed the iBoxx Sterling Non-Gilts Index by 0.75% p.a. (before fees) over a three year rolling period</p> <p>LPI Property Fund: To provide an income stream that rises annually in line with LPI (RPI between 0% and 5%)</p> | <p>FTSE-RAFI All World 3000 Equity Fund Hedged 0.20% p.a.</p> <p>MSCI World Minimum Volatility Index Fund 0.12% p.a.</p> <p>World Developed Equity Index Fund – GBP Hedged 0.125% p.a.</p> <p>Newsquest Pension Scheme Liability Driven Investment 0.06% p.a. on monthly average PV of liabilities hedged subject to a minimum fee of £150k p.a.</p> <p>CN Group Liability Driven Investment 0.16% p.a. on first £100m and 0.15% thereafter</p> <p>Single Gilt/ Index Linked Gilt Funds 0.035% p.a.</p> <p>Active Corporate Bond – All Stocks 0.22% p.a.</p> <p>Core Plus 0.30% p.a.</p> <p>LPI Property Fund: 0.40% p.a.</p> <p>Sterling Liquidity Fund 0.1250% p.a.</p> |
| <p>Innisfree (PFI Secondary Fund I (Infrastructure Portfolio))</p> | <p>To target a net return of 10-12% per annum over the life of the fund.</p> | <p>A combined fee based on:</p> <p>An amount calculated at 1% p.a. on the Aggregate Investor Commitments; and</p> <p>An amount calculated at 0.33% p.a. on the amount by which the Adjusted Total Investor Commitments exceed the Aggregate Invested Commitments.</p> <p>Carried interest: 20% p.a. whilst Innisfree Partners remains as General Partner, otherwise 14% p.a. to the Special Limited Partner</p> |
| <p>CB Richard Ellis Investors ("CBRE") (Active UK Property Portfolio)</p> | <p>Core portfolio: To achieve a return of at least 4.5% per annum, net of all fees and costs, above the UK Retail Prices Index over 5 to 10 years.</p> | <p>0.35% p.a. plus additional fees on any purchases or sales.</p> <p>No performance fee</p> |

| | | |
|--|---|---|
| | Long lease portfolio: To achieve a returns of UK Limited Price Indexation +2.75% per annum, net of fees and costs. UK Limited Price Indexation is defined as the Retail Prices Index (all items) capped at 5% and floored at 0%. Furthermore, to target properties within a range of LPI +2-3%. | |
| BentallGreenOak UK (Secured Lending Fund II) | To deliver a net internal rate of return of 7-9% with a net quarterly cash return of 6.5%-7.5% per annum post investment period. | 1.0% management fee on capital invested and a performance fee of 20% above a 7.5% hurdle rate |
| BentallGreenOak UK (Secured Lending Fund III) | To deliver a net internal rate of return of 7-9% with a net quarterly cash return of 6.0%-7.0% per annum post investment period. | 0.9% management fee on capital invested and a performance fee of 20% above a 7.5% hurdle rate |
| Leadenhall Capital Partners (Diversified Insurance Linked Investment Fund) | To deliver 5.5% p.a. net of all fees and expenses. | 1.0% p.a. annual management charge |
| Schroders Enhanced Securitised LIBOR Fund | To deliver LIBOR + 2% p.a. return, gross of fees, over a market cycle. | 0.25% p.a. annual management charge |

Separate to the managers detailed above, the Scheme has access to a bank account with the Royal Bank of Scotland which serves to provide a day to day liquidity facility in order to meet short-term cash flow requirements.

The Trustee has also made funds available for members' Additional Voluntary Contributions (AVCs). These are provided by The Equitable Life Assurance Society, BlackRock Investment management (UK) Ltd, Phoenix Life (formerly NPI and Pearl Group), Legal & General Assurance Society Ltd.

Date:
September 2020