IPC Media Pension Scheme

Statement of Investment Principles

March 2024

Statement of Investment Principles

The Trustee of the IPC Media Pension Scheme (the "Scheme") has prepared this Statement of Investment Principles ("the SIP") in accordance with the Pensions Act 1995[1] ("the Act") as amended and the Occupational Pension Scheme (Investment) Regulations 2005 as well as the principles recommended by the Myners Code.

It supersedes any previous SIP and reflects the investment policy agreed by the Trustee in respect of assets covering Defined Benefit liabilities and AVCs.

This SIP will be reviewed at least every three years or immediately after any significant change in investment policy.

Before preparing this SIP, the Trustee has:

- Obtained and considered the written advice from the Scheme's Investment Consultant, XPS Investment Limited, who is suitably qualified through ability and experience and has appropriate knowledge.
- Consulted the employer.

Choosing investments

The Trustee has selected a bulk annuity policy ("the Policy") with Rothesay Life ("the Insurance Provider") through which benefits due under the Scheme are secured. The selection of the policy was made having taken investment advice, which covered the suitability of the Policy, whether there was any need for diversification given Scheme circumstances and the principles within this Statement.

Following the buy-in, the Scheme holds residual (non-buy-in) assets with BlackRock.

The Trustee sets the investment strategy and investment policies for the Scheme's residual assets and it is expected that a full buy-out will take place in due course.

The Trustee relies on investment managers for the day-to-day management of the Scheme's residual assets and retains control over the strategic decisions made about the residual assets in which the Scheme invests.

Where investment managers are delegated discretion under Section 34 of the Act, the investment manager will exercise their investment powers in accordance with the Act, relevant and subsequent regulations, and this SIP.

The Trustee relies on the investment managers to appoint appropriate Custodians for pooled funds who are responsible for the safekeeping of the residual assets of the Scheme.

The Trustee relies on the investment managers to appoint appropriate Administrators or Registrars for pooled funds who are responsible for keeping records of the Scheme's entitlement within the pooled funds.

Investment objective and strategy

Investment objective

The Trustee has set the following objective:

- The primary investment objective of the Trustee is to ensure the Scheme is able to meet the benefit payments promised as they fall due.
- To invest the residual assets such that they are sufficient to cover rectifications and costs that need to be met ahead of a full buy-out.
- To adhere to the provisions contained within this SIP.

Investment strategy

The Trustee intends to meet the investment objective by investing in an insurance policy that will meet the benefit outgo.

The majority of the Scheme's assets are buy-in policies. The Trustee has no direct influence on the range of assets which support the payments due under the policy. The Insurance Provider will invest in an appropriate range of assets in line with the risk profile of their annuity business and the regulatory and capital regime they are required to comply with. Although there is a concentration of assets in the buy-in arrangements, the Trustee deems this concentration appropriate as it closely matches the objective of the Scheme.

The Trustee considers the arrangements with the Insurance Provider to be aligned with the Scheme's overall strategic objectives. The Insurance Provider is incentivised to perform in line with expectations for their specific mandate to enable them to meet all of the benefits insured and comply with regulatory and capital requirements.

The Scheme's residual assets will be invested as per the target allocations in the appendix.

Investment restrictions

The Trustee intends to adhere to the following restrictions:

- No more than 5% of Scheme assets can be held in investments related to the Employer.
- Whilst borrowing on a temporary basis is permitted, this option will only be utilised where absolutely necessary or where it is expected to reduce overall risk (e.g. for very short time periods during an asset transfer).
- Investment in derivative instruments may only be made where they contribute to risk reduction or facilitate efficient portfolio management.

Investment risk

The Trustee has identified a number of risks involved in the investment of assets of the Scheme (however most of these are mitigated directly by the Policy):

- Employer covenant risk
- Liability risks: Interest rate risk, Inflation risk, Longevity risk
- Asset risks: Equity risk, Property risk, Currency risk, Credit risk, Interest rate risk, Inflation risk
- Strategy risks: Asset allocation risk, Liquidity risk (including collateral risk), Growth asset risk (including currency risk)
- Implementation risks: Investment manager risk, Counterparty risk, Operational risk

- **Environmental, social and governance (ESG) risk:** this includes such matters as the potential for climate change to result in stranded assets and risks from non compliance or cost of compliance with developing regulation. ESG risk can impact on the assets, liabilities and covenant.

Realising investments

Under the Policy the Insurance Provider provides cash to the administrator to meet benefit payments due.

Responsible investment

The Trustee's stance on responsible investment is now a direct consequence of the Scheme's short-term time horizon as it prepares for buy-out. As the majority of the Scheme's assets are invested in the Policy with the Insurance Provider, ESG factors are not expected to have a material impact on investment risk and return outcomes over the time horizon of the investment. However, the Trustee has delegated to the Insurance Provider the responsibility for assessing any impact of ESG factors when making investment decisions in relation to the assets it holds to support the buy-in policy.

As the Scheme invests in the Policy, the Trustee acknowledges that they cannot directly influence the policies and practices of the companies in which the Policy is invested. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Scheme's investments to the Insurance Provider. The Trustee encourages them to engage with investee companies and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks, social and environmental impact and corporate governance as part of their decision-making processes. The Trustee will monitor the voting and engagement activity of the Insurance Provider.

The vast majority of the Scheme's assets have been used to transact the buy-in. The Trustee has no direct influence on the range of assets which support payments due under the Policy. Therefore, the Trustee's policy on responsible investment relates to the residual assets that remain invested with the investment managers, that the Trustee can control.

Regarding the Scheme's residual assets, the Trustee has delegated the ongoing monitoring and management of ESG risks and those related to climate change to the Scheme's investment managers. The Trustee requires the Scheme's investment managers to take ESG and climate change risks into consideration within their decision-making in relation to the selection, retention or realisation of investments, recognising that how they do this will be dependent on factors including the characteristics of the asset classes in which they invest.

Up until the point of buy-out, the Trustee will engage with the investment managers for the residual assets regarding voting and engagement on the underlying fund holdings. However, given the nature of the assets held (credit and liquidity funds), there is expected to be very limited voting and engagement activities undertaken by the investment managers.

Confirmation of advice

Before a Statement of Investment Principles, as required by the Pensions Act 1995, is prepared or revised by the Trustees of a pension scheme, they must have consulted with the principal employer and obtained and considered the written advice of a person who is reasonably believed by it to be qualified by his ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of the investments of such schemes.

The Investment Consultant hereby confirms to the Trustees that they have the appropriate knowledge and experience to give the advice required by the Act.

Trustees' declaration

The Trustees confirm that this Statement of Investment Principles reflects the Investment Strategy they have decided to implement. The Trustees acknowledge that it is their responsibility, with guidance from the Advisers, to ensure the assets of the Scheme are invested in accordance with these Principles.

Amended and adopted by the Trustee in March 2024

Appendix – Investment Strategy

Overall strategy

The Trustee has transacted a full buy-in for the Scheme and is expected to complete a buy-out in due course.

Following the purchase of the insurance buy-in contract, the Trustee has adopted a strategy where they invest the remainder of the assets within cash/liquidity funds to cover costs related to GMP equalisation and other expected costs. The Scheme currently holds a legacy illiquid CIMA Finance DAC Bond holding with BlackRock and are exploring options to redeem these assets and transfer the proceeds, along with any remaining residual assets, into the BlackRock Institutional Cash Sterling Liquid Environmentally Aware Fund.

The strategic target allocation for the Scheme's residual assets is summarised in the table below:

Allocation	Target Weight	Objective
Cash/Liquidity funds	100%	To meet the additional premium that will be due to Rothesay Life in advance of the buy-out in respect of covering the mismatch in pension increases on the existing buy-in policy with Rothesay Life.
	100%	

BlackRock

The Scheme's residual assets are held with BlackRock, the Scheme's previous LDI and Credit manager. In order to reduce ongoing governance and cost, the Scheme has sought to utilise BlackRock's cash/liquidity funds for the residual assets.

AVCs

The Scheme provides a facility for members to pay Additional Voluntary Contributions ("AVCs") into the Scheme to enhance their benefits at retirement. Since closure to new accrual, no new AVCs may be paid. Previously, members were able to invest their AVC payments with Equitable Life, Friends Life and Aviva. The Trustee's objective is to provide a varied choice of funds available for AVCs which will provide suitable long term returns for members, consistent with members' reasonable expectations. In keeping with their policy for the Scheme's assets, the Trustee's policy is to seek to achieve the objective by allowing members to invest in a suitable mixture of real and monetary assets.

The Trustee is aware that members' AVC funds are subject to the same risks faced by the Scheme's investments, such as inflation risk eroding real returns. In addition, AVC members face the risk that their investments will not meet their future expectations (for example, if they are planning to purchase an annuity at retirement), lack of transparency on how their fund is managed and also that their AVC fund may fall in value.

The Trustee considers that, in making a number of funds available, they provide these members with sufficient options to meet their reasonable expectations and to mitigate the risks faced.