

EM NEWS DISTRIBUTION (NI) PENSION PLAN

Default Investment Strategy

Investment Offering

The Plan has been established with Standard Life Assurance Company. Standard Life offer access to a number of investment funds and the Company, in conjunction with its advisers, have chosen a range of funds aimed at meeting most members' investment needs.

For those members who do not wish to make an active decision on where to invest their money, the Plan also offers a 'default' investment option.

If you initially join the Plan all contributions paid on your behalf will be invested automatically in the 'default' option. You will receive further information shortly after joining on the other investment funds available.

Lifestyle Strategy

Whilst many people do not want to take an active role in managing their investments, the majority appreciate that their investment needs will change during the pension saving period to retirement. This is particularly relevant in years immediately preceding retirement where many people wish to consolidate on their investment gains by moving into 'lower risk' funds.

Taking account of the above and following advice from our adviser, the Company has decided to offer a Lifestyle strategy as the Plan's 'default' option.

For younger employees, contributions are invested almost entirely in *equities* (or shares), as these investments have historically provided high long-term growth. As members approach retirement, the monies are switched automatically from equities into *fixed interest stocks* (such as Government Bonds) and *cash deposits*. Fixed interest stocks should help protect the pension buying power of members' funds, as the price of a pension tends to be closely related to the price of fixed interest stocks. Cash will protect any tax-free lump sum which you wish to take from short-term falls in investment.

The Plan's Default Lifestyle Strategy

Standard Life's Balanced Lifestyle Strategy has been selected as the Plan's default strategy. The Standard Life Investment funds used by this strategy are described below:-

- **Standard Life Pension Managed One Fund.** This fund is primarily equity based with significant exposure to UK equities. The remaining assets are held in overseas equities, fixed interest stocks and property.
- **Standard Life Pension Cautious Managed One Fund.** This fund, whilst still investing predominately in equities also holds a proportion of its assets in the lower risk fixed interest stocks.

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- **Standard Life Pension Protection One Fund.** This fund offers investment in fixed interest stocks which will rise and fall broadly in line with long-term interest rates, one of the main factors affecting the cost of buying a pension.
- **Standard Life Pension Sterling One Fund.** This fund is invested in banks and other financial institutions and earns interest. Over the long term, a cash fund is unlikely to produce the same investment returns as an investment in equities, but equally, its nominal value will not fall.

The graph below illustrates this strategy and shows how the funds invested in the Plan's default lifestyle strategy will vary during the years preceding your retirement.

