Weetabix Group Pension Scheme

Statement of Investment Arrangements – May 2024

1. Introduction

The Statement of Investment Arrangements (the "Statement") has been prepared by the Trustee of the Weetabix Group Pension Scheme (the "Scheme") to complement the Statement of Investment Principles (”SIP") also dated May 2024.

The purpose of this Statement is to document specific details in relation to Scheme investments which are not required to be recorded at a "principle level".

This summary replaces the previous summary dated October 2022.

2. Investment Approach

The Trustee has adopted a Cashflow Driven Investment ("CDI") solution. The assets are invested predominantly in income generating assets in such a way that the expected cashflows (or income) generated by the assets broadly match a proportion of the Scheme's expected liability cashflow profile, whilst still targeting a return in excess of gilts (noting that the intention is to match as high a proportion as possible, subject to the level of expected return required and associated risks).

The investment objectives of the CDI solution are outlined in more detail in Section 4 of the Statement of Investment Principles ("SIP").

Upon completion of the most recent CDI strategy review, during 2023, the Trustee agreed the following initial asset allocation in order to implement the refined CDI strategy.

Portfolio	Implementation Asset Allocation (%)	Implementation Range (%)
Hedge Management	34.0	+/-5.0
Non-Hedge Management	66.0	+/-5.0

This Statement will be updated if any significant changes are made to the target allocation set out, and/or following each annual investment strategy review.

Hedge Management Portfolio

The Hedge Management portfolio comprises investments in a portfolio of Liability Driven Investment funds ("Mercer LDI funds"), Mercer fixed income funds, index-linked funds, swap funds, cash funds and any other Mercer funds and in such proportion as determined by the manager in its discretion.

Non-Hedge Management Portfolio

As a result of the 2023 investment strategy review, the Non-Hedge Management Portfolio initially comprises investments in the following funds shown below:

Fund Name	Share Class* Currency Hedged / Unhedged	Fund Identifier	Umbrella Name	Target Implementation Asset Allocation (%)	Implementation Range (%)
Mercer Senior Private Debt	Mercer Private Investment Partners IV SICAV – SIF			36.1	+/-5.0
	Mercer Private Investment Partners VI SICAV – SIF				
Insight Secured Finance	Hedged	MJNK	Mercer QIF Fund plc	5.1	+/-3.0
Schroder Secured Finance	Hedged	MJIK	Mercer QIF Fund plc	5.8	+/-3.0
Mercer Tailored Credit Fund 1	Unhedged	MGHC	Mercer QIF Fund plc	53.0	+/-5.0

The Scheme made a £50m commitment to the Mercer Private Investment Partners IV ("PIP IV") Senior Private Debt portfolio during the portfolio's first close at the end of March 2016. Subsequently, in November 2020, the Scheme made a £60m commitment to the Mercer Private Investment Partners VI ("PIP VI") Senior Private Debt. Given that these are closed–ended funds, the commitments will be funded over time and as such actual implementation allocations may differ from those stated in the table above. It will be subject to a drawdown process to reach the committed amount. In the interim, the intended private debt allocation will be invested in appropriate more liquid proxies.

The Scheme as at 31 December 2023 still has an unfunded commitment to both portfolios. Hence, the Scheme will continue to pay money across to these Funds.

Funded Liability Hedge Ratio Target

The "Funded Liability Hedge Ratio" is the proportion of the liability interest rate sensitivity (both nominal and real in combination) that is hedged at a given point in time. Mercer will review the actual Liability Hedge Ratio no less frequently than quarterly using Mercer's methodology.

Mercer has discretion over the level of liability hedging subject to the Funded Liability Hedge Ratio not deviating significantly from the target of 90% ("the Funded Liability Hedge Ratio Target"). Where Mercer deems the Funded Liability Hedge Ratio to have deviated significantly from the Funded Liability Hedge Ratio Target, Mercer will take action as soon as reasonably practicable and in accordance with Mercer's best execution policy in order to move the Funded Liability Hedge Ratio back towards the Funded Liability Hedge Ratio Target.

The Trustee acknowledges that Mercer may be constrained in achieving the Funded Liability Hedge Ratio Target by a number of factors including, without limitation, a significant allocation to the Non-Hedge Management Portfolio, pending deficit contributions, and/or a reasonable level of leverage (as determined by Mercer) in the Hedge Management Portfolio. In the event that the Funded Liability Hedge Ratio is not reached through rebalancing of the Hedge Management Portfolio then Mercer may rebalance, to the extent it deems appropriate, between the Non-Hedge Management Portfolio and Hedge Management Portfolio as detailed in Section 3 below.

3. Rebalancing

There will be rebalancing within the Hedge Management portfolio in the event of a change in portfolio structure (e.g. a change in underlying security allocation or a re-leveraging or de-leveraging event) of any Mercer Fund in the Hedge Management Portfolio which materially increases or decreases the level of interest rate and inflation sensitivity in the Hedge Management Portfolio. Mercer will, where possible, rebalance the Hedge Management Portfolio with the objective of maintaining a similar level of interest rate and inflation sensitivity in the Account that existed prior to the change.

Where rebalancing is deemed by Mercer to be insufficient to maintain a similar level of interest rate and inflation sensitivity in the Hedge Management Portfolio, Mercer may, to the extent it deems appropriate, take further action to rebalance assets between the Non-Hedge Management Portfolio and Hedge Management Portfolio with the objective of managing the overall level of interest rate and inflation sensitivity. In this event, the level of expected return and/or expected cashflow profile of the Scheme's assets may change as a result of this activity.

4. Day-to-Day Management of the Assets

The Scheme assets are split between those relating to the main Scheme and those relating to Additional Voluntary Contributions ("AVCs"). The remainder of this Section as well as Sections 5 and 6 provide more detail on the main Scheme investment arrangements, whereas Section 7 refers specifically to AVCs.

4.1 Fund Investment Performance Objectives and Tracking Error Targets

Mercer CDI solution

Within the guidelines set out in the Investment Management Agreement the Trustee has delegated the day-to-day management of the majority of the Scheme's assets to Mercer Limited ("Mercer") who in turn delegate responsibility for the investment of the assets to a range of underlying specialise investment managers. Mercer is responsible for the selection, appointment, removal and monitoring of these underlying investment managers.

These underlying investment managers have discretion to buy and sell investments on behalf of the Scheme subject to agreed constraints.

The benchmark indices and performance objectives for the portfolios that may be invested in from time to time (to construct the Hedge Management and Non Hedge Management portfolios) is set out in the table below. The Trustee notes that new portfolios may be added from time to time. In addition, performance objectives/benchmarks of existing funds may be revised from time to time.

Mercer Portfolio	Benchmark Index	Performance Target (%p.a.)[1]	Tracking Error Expectation (%p.a.)[1]
Senior Private Debt (PIP IV)	n/a	To generate cash +5% p.a. (net of fees)	n/a
Senior Private Debt (PIP VI)	n/a	To generate cash + 3-5% p.a. (net of fees)	n/a
Schroder Secured Finance	FTSE GBP 1 Month EUR Deposit Index	**Long Term Objective**: Cash +3% p.a. (net of fees)	n/a
Insight Secured Finance	IBA UK Interbank LIBOR 3 Month	**Long Term Objective**: Cash +3% p.a. (gross of fees)	n/a
Mercer Tailored Credit Fund 1	No Benchmark Assigned[3]	n/a	n/a
Mercer Sterling Inflation Linked LDI Bonds	BlackRock Custom Benchmark	n/a	Less than 0.25
Mercer Flexible LDI Fixed Enhanced Matching Fund 2	BlackRock Flexi Fixed Medium Index	Perform in line with the benchmark	n/a
Mercer Flexible LDI Fixed Enhanced Matching Fund 3	BlackRock Flexi Fixed Long Index	Perform in line with the benchmark	n/a
Mercer Flexible LDI Real Enhanced Matching Fund 1	BlackRock Flexi Real Short Index	Perform in line with the benchmark	n/a
Mercer Flexible LDI £ Real Enhanced Matching Fund 2	BlackRock Flexi Real Medium Index	Perform in line with the benchmark	n/a
Mercer Flexible LDI £ Real Enhanced Matching Fund 3	BlackRock Flexi Real Long Index	Perform in line with the benchmark	n/a
Mercer Flexible Enhanced Matching Inflation	As portfolio	Perform in line with the benchmark	n/a
MGI UK Inflation Linked Bonds	FTSE Actuaries UK Index-Linked Gilts Over 5 Years	Perform in line with the benchmark	Less than 0.25
MGI UK Long Gilts	FTSE Actuaries UK Conventional Gilts Over 15 Years Index	Perform in line with the benchmark	Less than 0.25
Mercer Short Dated UK Gilt Fund	FTSE Actuaries UK Up to 5 Year Gilts Index	Perform in line with the benchmark	Less than 0.25
Mercer Sterling Nominal LDI Bonds	BlackRock Custom Benchmark	n/a	Less than 0.25
MGI UK Cash	FTSE GBP 1 Month EUR Deposit	n/a	0.5

1) Measured over rolling 5 year periods unless otherwise stated.
2) Expressed as expected volatility (annualised standard deviation of monthly returns) ranges given these strategies have a cash plus objective.
3) This fund is not comparable to a benchmark index due to the nature of buy and maintain strategies, and hence has no quoted benchmark or tracking error target. The fund aims to capture the credit spread premium in the most efficient way by investing in a diversified portfolio of bonds.

5. Cashflow Policy

Investments (Inflow of cash)

If the Trustee instructs an investment into the Scheme's assets held with Mercer, these will be processed into the Mercer Funds at Mercer's discretion.

Disinvestments (Outflow of cash)

If the Trustee instructs a disinvestment into the Scheme's assets held with Mercer, these will be processed from the Mercer Funds at Mercer's discretion.

Distributions

Mercer may invest in accumulating or distributing share classes of Mercer Funds at its discretion, where such a choice exists. Should the Scheme invest in a distributing share class, according to the Trustee's separate instruction distribution proceeds will either be paid to the Trustee Bank Account or, where permitted by the Supplement of a Mercer Fund, reinvested.

Drawdowns

Drawdown requests for the Mercer Senior Private Debt Funds will be processed from the Mercer Funds at Mercer's discretion.

6. Fee Structures

Mercer

The agreed fee payable to Mercer is equal to 0.13% p.a. of the value of the Scheme's assets invested with Mercer (excluding the Mercer PIP IV and PIP VI investments). The Mercer fee covers all services set out in the Statement of Engagement signed in January 2015 and the Investment Management Agreement signed in May 2015, amended from time to time.

The Scheme's investments into the Mercer PIP IV and PIP VI funds are subject to Mercer fees of:

- PIP IV: 0.25% p.a. of the value of the Scheme's holdings;
- PIP VI: c.0.21% p.a. of committed assets (£60m) for the period from the first close of the Sub-Fund up until 4 years after final close (expected 2025). Thereafter, a fee of c.0.21% p.a. will be charged on the value of the Scheme's holdings in the Sub-Fund. This fee reflects first close and loyalty discounts of 5%, each.

The Trustee will receive updates from Mercer on this when more information is available (specifically as and when new managers are appointed).

A performance fee, dependent on the investment managers appointed by Mercer, may be payable on top of the fees above. This is only relevant for the Senior Private Debt Funds (PIP IV and PIP VI) depending on the performance achieved within these Funds.

Additional expenses, for example those related to the cost of dealing, administration and custody, will also apply.

Scheme Actuary

The Scheme Actuary typically works on the basis of a fixed annual fee; however in certain circumstances a project fee will be agreed.

7. AVCs

Until 31 December 2014, the Trustee made available to members the choice of funds with Legal & General Investment Management Limited ("L&G") (now held at ReAssure), Utmost Life & Pensions Limited ("Utmost") (formerly Equitable Life Assurance Society) and Santander Asset Management UK Limited ("Santander"). From 1 January 2015, members no longer have the option of starting to pay AVCs to the Scheme. Whilst members who wish to start paying additional pension contributions to the Scheme to top up their pension saving will no longer be able to do so from 1 January 2015, members will continue to have the option of paying pension contributions to the Weetabix Group Personal Pension Plan operated by Weetabix.

The existing arrangements (with ReAssure, Santander and Utmost) are reviewed from time to time to ensure that the investment performance achieved is acceptable and the investment profile of the funds is consistent with the objectives of the Trustees and needs of members.

8. Advisors

8.1 Custodian

The role of a custodian is to ensure the safe keeping of the assets and facilitate all transactions entered into by the appointed investment managers.

The Trustee is not responsible for the appointment of the custodian of the assets contained within the various underlying investments.

The safekeeping of the assets is performed on behalf of the investment managers by custodian banks specifically appointed to undertake this function for each pooled fund.

Mercer's custodian for the funds used as part of the CDI solution is State Street Custodial Services (Ireland) Limited, with the exception of the Private Investment Partners IV Fund where European Depository Bank SA is the custodian, and Private Investment Partners VI Fund where ING Luxembourg S.A. is the custodian. The sub-investment managers appointed by Mercer may in turn appoint a custodian of the assets contained in the various pooled investments.

8.2 Scheme Actuary

The Scheme Actuary performs a valuation of the Scheme at least every three years, in accordance with regulatory requirements. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the liabilities and agree the Sponsoring Company's contribution rate.

Gareth Edwards FIA of Mercer is the appointed Scheme Actuary.

8.3 Investment Consultant

Within the CDI solution, the day-to-day management of the majority of the Scheme's assets, as well as selection, monitoring, appointment and removal of investment managers is delegated to Mercer.

All other investment decisions, including strategic asset allocation are made by the Trustee based on advice received from the Investment Consultant. Mercer has been appointed for this purpose.

8.4 Performance Measurement and Investment Accounting Services

Mercer monitor (and report to the Trustee on) the underlying investment managers utilised as part of the CDI solution, while the Trustee receives reports from and meet Mercer periodically to review their actions together with the reasons for and background behind investment performance.

For clarity, the Trustee utilises Mercer as their Investment Consultant to assist the Trustee in fulfilling their responsibility for monitoring the Scheme's underlying investment managers accessed via the CDI solution.

May 2024