

PENSIONS NEWSLETTER

For members of the Retirement Benefits Plan ("RBP") section of the AMG UK Group 2006 Pension Plan ("the Plan")

A Message from the Chair of the Trustee, Leonora Scaife

The Trustee is pleased to present the latest edition of the AMG UK Group 2006 Pension Plan ("the Plan") Newsletter.

It remains difficult to discern the medium-to-longer-term fallout of Brexit, even one year on. In any case the Trustee continues to consult with its advisers and to work closely with AMG in order to monitor the Scheme's investments and liabilities in the post-Brexit environment.

The Trustee has been pleased to hear that there has been minimal impact to the Company as a result of the EU Referendum result. However, it is still the case that the longer-term implications for pensions in the UK will not become clear for some time.

In the meantime, please be assured that the 2006 Plan assets are invested in a diversified range of investments which will help minimise the impact of volatility during periods of uncertainty. We have included more information on the RBP's assets in the Investment section later in this Newsletter.

During the year we were sad to see the departure of Paul Cooper from the Trustee board (and from the business) following his retirement. He leaves with our thanks and best wishes. However, we were pleased to welcome a new appointee, Emily Webster, in March.

The Member Nominated Director (MND) term of office for one of our long-standing Trustee Directors John Murrie expired in October 2017. We are pleased to announce that since carrying out an exercise to fill this position, John has been re-appointed as a MND for another five years.

This year we are maintaining the recent enhancements to the communications for RBP in the form of the annual updates on the value of your deferred pension and including an indicative transfer value figure in the event that members

The year's financial highlights

At the accounting year end,
31 December 2016:

- The value of the RBP section of the Plan's assets stood at £70.3 million.
- Company contributions totalling £1 million were paid into the RBP section.
- Pensions and other benefits paid to members amounted to £3.4 million.

wish to take the cash value of their benefits to another pension arrangement, and utilise the Pension Freedoms introduced in 2015. However, the usual 'health warnings' apply – "guaranteed" final salary-type pension benefits such as those under the RBP are extremely valuable, and the Trustee Directors would always urge members to think very carefully before giving them up for a non-guaranteed DC alternative. Nonetheless, the advent of Pension Freedoms means that this can sometimes be a genuinely attractive alternative, subject to receipt of independent professional advice.

We hope you find the Newsletter useful and informative and would welcome any feedback that you may have on its content. If you should have any comments on the report or questions for the Trustee, you should contact the Secretary to the Trustees:

Charles George

JLT Benefit Solutions
The St Botolph Building
138 Houndsditch
London EC3A 7AW

The Trustee

The Trustee Company, the AMG UK Group Pension Trustee Limited, has a responsibility for ensuring that the Plan's assets are held and managed independently of AMG. The Trustee's other responsibilities include ensuring that benefits due are paid on time and that adequate contributions are received in order to finance the benefits.

Last year, the number of Trustee Directors increased from four to six. Three of the six Trustee Directors are nominated by the members.

The current individual Trustee Directors are as follows:

Leonora Scaife – Employer Nominated Director

Emily Webster – Employer Nominated Director

Sam Scarfe – Employer Nominated Director

John Murrie – Member Nominated Director

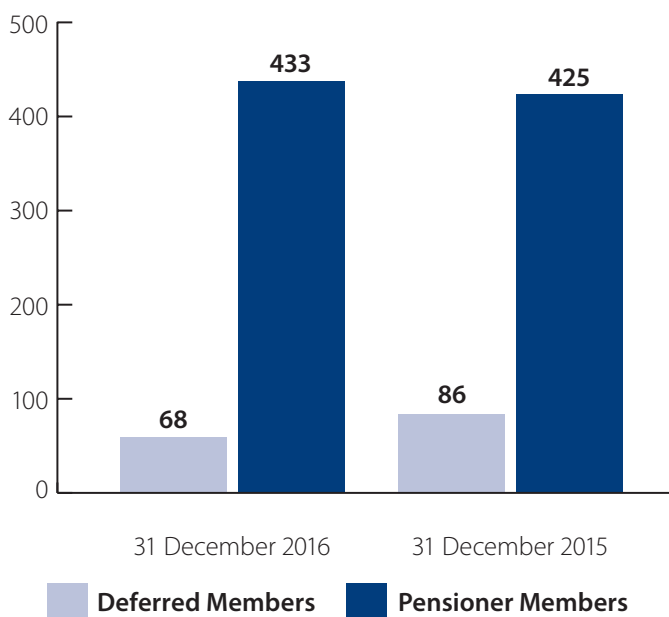
John Bradbury – Member Nominated Director

Steve Wordsworth – Member Nominated Director

How many members?

At the end of the accounting year 31 December 2016 the RBP had 68 deferred members and 433 pensioner members. Comparative figures as at 31 December 2015 are 86 deferred members and 425 pensioners.

A pensioner member is someone who is already in receipt of a pension from the Plan. All the remaining members of the RBP section of the Plan are deferred members because pensionable service has ceased and no further employee contributions are payable. Deferred members retain a right to their benefits which will come into payment in the future.



Running the Plan

The Trustee Directors are responsible for managing the Plan in accordance with the Plan's governing documents and prevailing law. They also have a duty to act in the interests of all members of the Plan, who include former employees with deferred accounts and pensioners.

To meet these responsibilities the Trustee Directors meet with the Plan administrators, consultants and other advisers at least three times each year. They also meet amongst themselves on a regular basis.

In order for the Trustee Directors to manage the Plan correctly, they have appointed a number of professional advisers to whom they have delegated certain duties, including auditors, legal advisers and the Plan Actuary, Andrew Firbank FIA, who is responsible for assisting the Trustee Directors with the triennial actuarial valuation.

Retirement Options

If you have not already retired, you will have the following options when you retire:

- Take your full pension.
- Take a cash lump sum (currently tax free) and a reduced pension.
- Transfer funds to another pension Plan (which would require independent financial advice if the value is over £30,000).

Pension Increases

Pensions under the RBP increase on 15 April each year, at the following rates:

For members who left prior to 6 April 1988

- 3% per annum

For members who left after 6 April 1988

- 5% for service completed prior to 1 January 2000
- In line with the increase in the RPI to a maximum of 5% for service completed after 1 January 2000.

Pension Increases in deferment

The rules of the Plan make provision for some pensions to be protected against inflation in the period from the date pensionable service ceases to the date the pension is put into payment in line with the requirements under pensions legislation. That inflation protection, under pensions legislation, is by reference to the Retail Price Index (RPI) for all leavers after 1 January 1991. If you left the Plan prior to 1 January 1991, the inflation protection is by reference to RPI for periods up to 31 December 2010 and to the Consumer Prices Index (CPI) for periods commencing on or after 1 January 2011.

For the avoidance of doubt, if there is any difference between the contents of this report in this respect and the Plan's formal trust deed and rules (as amended from time to time), the latter will prevail.

Investments

Asset Value

The market value of the RBP's assets increased by £7.7 million over the accounting year to £70.3 million. This increase in value of the assets was predominantly due to the investment performance of the Plan's assets over the year. Since the accounting year end, the market value of the RBP's assets has increased to £72 million as at 31 August 2017.

The value of the assets should always be considered in conjunction with the Plan's liabilities. More information about the value of the liabilities relative to the assets is set out in the Summary Funding Statement.

Investment Strategy

You may recall that we informed you last year that the Trustee worked with JLT to revise the Plan's investment strategy so as to maintain a prudent approach but at the same time increase the potential for diversified investment growth.

The Plan's investment strategy is based around the use of Diversified Growth Funds (DGFs), Liability Driven Investments (LDI) and Multi Asset Credit Funds (MAC).

DGFs aim to give equity-like returns in the long run, but with lower short-term volatility.

LDI funds provide greater protection than traditional bond funds against key financial factors that drive changes in the cost of providing the pensions promised by the Plan.

MAC funds use a diversified mix of bond investments and aim to give a lower level of investment growth than the Plan's DGFs, but with a greater reduction in the level of volatility.

Investment Performance

The Plan's investments are invested through the JLT Investment Platform. One of the benefits of this arrangement is that JLT will monitor the underlying investment managers and will replace the manager if JLT has significant concerns about its ability to deliver the fund's objectives.

The Trustee Directors also monitor the performance of the Plan's investment managers at every meeting.

The performance of the funds for the year to 30 June 2017 is as follows:

	Fund (%)	Benchmark (%)
Baillie Gifford DGF	11.1	3.8
Threadneedle Multi-Asset Fund	10.5	3.8
Standard Life GARS	3.7	5.0
F&C Real Dynamic Fund	11.1	9.2
F&C Nominal Dynamic LDI Fund	-9.9	-12.5
Payden Absolute Return Bond Fund	3.1	2.9



Summary Funding Statement as at 31 December 2016

Actuarial Valuation

The Trustee is now able to present the results of the latest triennial actuarial valuation as at 31 December 2016.

As previously advised in our last newsletter, AMG UK voluntarily agreed with the Trustee an adjustment to the demographic assumptions used to place a value on the Plan's benefits, in order to provide an additional margin of prudence in the way we fund the Plan. This additional margin was implemented to give an extra layer of comfort to members.

The funding position of the Plan using the adjusted assumptions as explained above, as at 31 December 2016 and at 31 December 2015 (the last full valuation date) was as follows:

Date of Assessment	31 December 2016	31 December 2015
Liabilities	£79.5m	£71.2m
Assets	£70.2m	£62.6m
(Shortfall)/Surplus	(£9.3m)	(£8.6m)
Funding level	88%	88%

The funding level on the more prudent funding approach has remained at 88% over the year to 31 December 2016. This is despite changes in gilt yields over the period resulting in a significant increase in the value of the Plan's benefits (its "liabilities"). Better than expected investment performance and the recovery plan contributions have offset the majority of the impact of this increase.

AMG UK has agreed to continue contributing £1 million per annum for the period to 31 August 2021, at which point it is anticipated that the increased deficit will be removed. AMG UK has also committed to pay into the Plan 10% of any dividends paid to shareholders from 1 January 2015.

The Trustee acknowledges AMG UK's ongoing commitment to support the Plan.

The importance of AMG UK's support

The Trustee's objective is to have enough assets to pay pensions now and in the future. However, success of the funding plan relies on AMG UK continuing to support the Plan because:

- AMG UK will be paying the future expenses of running the Plan on an annual basis.
- The funding level can fluctuate and where there is a funding shortfall AMG UK will usually need to put in more money.
- The target funding level may turn out not to be enough so that AMG UK may need to put in more money.

Payments to AMG UK

There have never been any payments to the AMG UK companies out of Plan funds.

Winding-up Valuation

Legally, we are required to provide members with the following information:

If the Plan had been wound up on 31 December 2015, there would have been a deficit of around £35.1 million (assuming the assets of the Plan were used to secure members' benefits with an insurance company). The assets would have been sufficient to provide on average 67% of members' full benefits.

This may appear worrying but it is important to understand that, in the first instance, AMG UK would have been required by legislation to pay a lump sum into the Plan to finance the deficit of £35.1 million if it were able to do so. If AMG UK had gone out of business and was not able to pay the amount required to secure the benefits in full, the Pension Protection Fund (PPF), which was established by the Government in April 2005, would provide for a minimum level of benefit. If you would like to know more about the PPF then please visit their website at www.pensionprotectionfund.org.uk.

The fact that we have shown the winding-up position does not mean that AMG UK is actually thinking of winding up the Plan.

IMPORTANT

If you are thinking of transferring your benefits out of the Plan for any reason you should always consult a regulated Independent Financial Adviser before taking any action. Indeed, if your transfer value from the RBP exceeds £30,000, it is now a legal requirement to seek such independent financial advice (and provide evidence of it) in order to transfer to a money purchase arrangement.

A list of advisers can be found at <http://www.unbiased.co.uk/find-an-adviser> or you can telephone: **0330 1000 755**.

Some Key Pensions Matters

Annual Allowance

The annual allowance is the level of pension savings that you can make, and your employer can make on your behalf, in any tax year that benefits from tax relief. The annual allowance reduced to £40,000 (from £50,000) with effect from 6 April 2014. There are no ongoing contributions to the Plan, but you should be aware of the annual allowance in respect of any other pension schemes to which you contribute

Pension freedoms

Since the new 'Freedom and Choice' reforms came into effect on 6 April 2015, there has been a lot of activity in the pensions market, with everyone getting to grips with the dramatic extension in the options available when deciding to take Defined Contribution (DC) benefits. Your RBP benefits are Defined Benefit (DB), but they can be converted to DC benefits should you wish to take a transfer value out of the Plan.

The biggest single change was removing the obligation for members of a DC arrangement to convert their pension savings into an income via an annuity, giving people the alternative of taking their savings as one or more cash lump sums instead.

Unless the value of your RBP benefits is trivial (£30,000 or less) then the only way to take your RBP pension entirely as a lump sum would be to transfer it into a DC arrangement first. The Trustee would urge you to seek independent financial advice before considering such an option. If your transfer value exceeds £30,000, you must evidence that you have taken appropriate independent advice from a Financial Conduct Authority (FCA) authorised adviser to understand the financial implications of the transfer.

Lifetime Allowance Limits

The lifetime allowance is a limit on the amount of pension benefit that can be drawn from pension schemes overall without triggering an extra tax charge. With effect from 6 April 2016 this reduced from £1.25 million to £1 million and remains at this level for the 2017/18 tax year.

Anyone whose benefits exceed the annual and/or lifetime allowance will suffer an additional tax charge on their benefits. If you think that this may affect you, the Trustee recommends that you seek financial advice. Further guidance can be found on the following website:

www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance.

Additional support – Road to Retirement and Pension Decision services

AMG recognises how important decisions about your retirement are and has therefore agreed with the Trustee to cover the cost of providing access to important information and guidance as you approach your retirement date.

Earlier this year, if you were aged 50 or over at the time, you will have received some 'warm-up' information from the Plan highlighting some important things to think about on your 'road to retirement', signposting where support can be obtained where relevant. You will receive further communications as you get closer to retirement to help you start to shape your benefits as you get closer to drawing them. The key point is that, by thinking ahead, you've got the best possible chance of achieving the lifestyle you want when you finish work.

General Data Protection Regulation

A new EU regulation on data protection will come into effect from 25 May 2018. The General Data Protection Regulation (GDPR) will replace the existing regulations, which are now over 20 years old, and it will come into force despite Brexit.

The Regulation is intended to reflect the huge volumes of personal data now being transferred globally and the many new and different ways in which data is accessed. GDPR is designed to give individuals more rights including how consent is given for data to be processed. It will also introduce new rules for data processors, including pension scheme administrators.

This is significant legislation for the Plan, and the Trustee is working hard with its advisers to ensure that the Plan is compliant by May next year. More information will follow on this in due course.

State Pension ages

The increase to State Pension age for women commenced in 2010 in order to equalise with men. For women, their State Pension age is due to rise to 65 from 60 between 2010 and 2018. This affects women born after 6 April 1950.

Under current legislation, State Pension age for both men and women is planned to increase to:

- 66 between November 2018 and October 2020
- 67 between 2026 and 2028
- 68 between 2044 and 2046

The Government has also introduced a regular review of State Pension ages. The first review took place in May 2017 and proposes an accelerated timetable for the rise in State Pension age to age 68 taking place between 2037 and 2039. This change would affect everyone born between 6 April 1970 and 5 April 1978, whose State Pension age is currently 67. The proposed change would have to be approved by Parliament, and the Government will also have to carry out a further review by July 2023 before legislating the proposed changes for the rise to age 68.

Watch out for pension scams!

The Trustees operate the Plan in your best interests. With this in mind, we would like to warn you to be careful if you are considering a transfer. You will see advertisements encouraging you to transfer your pension benefits to receive cash or promoting investment opportunities. These are often expensive ways to access your money or in some cases highly risky. Pension liberation can result in tax charges and penalties of more than half the value of a member's pension savings, and those being targeted are usually not being told about these potential tax implications. If something sounds too good to be true, it probably is!

JLT, the Plan's administrator, is alert to this danger and has introduced additional safeguards to its procedures to help identify potentially fraudulent activity. If you are considering transferring your pension benefits out of the Plan, please make sure you seek independent financial advice.



Summary RBP Accounts for the year to 31 December 2016

The following is an extract from the accounts for the year ended 31 December 2016. A full version is available upon request. Figures for the year ended 31 December 2015 are also provided for information.

	2016 (£)	2015 (£)
VALUE OF THE PLAN AT THE START OF THE YEAR	62,604,978	65,076,905
INCOME		
Contributions:		
<i>Company's:</i>		
Normal	–	–
Special*	1,000,000	1,000,000
<i>Members':</i>		
Normal	–	–
Investment Income	12,404	15,347
Transfers in	–	–
Other Income	–	–
Transfers between sections	56,869	75,849
Total Income	1,069,273	1,091,196
EXPENDITURE		
Benefits Payable	3,239,731	3,078,882
Payments to and on account of leavers	171,152	178,826
Insurance Premiums	65,429	111,723
Fees and Expenses	381,329	338,613
Total Expenditure	3,857,641	3,708,044
FUND BALANCE		
Income <i>less</i> Expenditure	(2,788,368)	(2,616,848)
Change in Market Value of Investments	10,458,636	144,921
VALUE OF THE PLAN AT THE END OF THE YEAR	70,275,246	62,604,978

* These are deficit funding contributions payable by the Employer in accordance with the schedule of contributions and payments towards running the pension Plan.

General Information

State Pensions

Membership of the RBP does not affect your State Pension entitlements. If you reached State Pension age up to 6 April 2016, the State provides a flat-rate Basic State Pension, and on top of this an earnings-related pension, the State Second Pension (S2P). It is no longer possible for members to contract out of the S2P. If you reach State Pension age after 6 April 2016, the State provides the New State Pension.

It may be that you have gaps in your National Insurance contribution record. If this is the case, and you are concerned that your State Pension will not be payable in full, then you should know that it is possible to make voluntary National Insurance contributions to increase your State benefits.

You can request a State Pension statement by using Form BR19 which can be obtained from your local Department for Work and Pensions Office or online at:

www.gov.uk/government/publications/application-for-a-state-pension-statement.

From 6 April 2016 the State Pension changed for men born after 6 April 1951 and women born after 6 April 1953. The Government introduced a 'single-tier' State Pension, which from 6 April 2017 pays a 'full level' of £159.55 per week.

From 6 April 2017 the Basic State Pension for anybody who was already receiving State Pension prior to 6 April 2016 is £122.30 per week.

Pension Tracing Service

This Service enables members who lose contact with any previous employing company, to trace their pension benefits. The address is:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Tel No: 0345 600 2537

or visit the 'Find a lost pension' section of www.gov.uk/find-pension-contact-details.

Additional documents available on request

The Statement of Investment Principles. This explains how we (the Trustee Directors) invest the money paid into the Plan.

The Schedule of Contributions. This shows how much money is being paid into the Plan by AMG UK and the members, and includes a certificate from the Actuary showing that it is sufficient.

The Annual Report and Financial Statements. This shows the Plans' income and expenditure for the last Plan year.

The full **Actuary's Valuation Report** following his check of the Plan's situation as at 31 December 2015.

Expression of Wish form

Your Expression of Wish form tells the Trustee who you would like to receive any lump sum death benefits payable in the event of your death. Although the Trustee Directors have ultimate responsibility for deciding to whom the payment of the lump sum death benefits should be made, they will always try to take account of your wishes.

It is important for you to keep your Expression of Wish form up to date. You should complete a new form if there is any change in your personal circumstances which may affect your nomination, for example, if you marry or have any children. A form is enclosed with this newsletter and also may be obtained from the Payroll Department or on Sharepoint under the Payroll tab. Completed forms should be placed in a sealed envelope (showing your name and the current date) before being returned.

Please note that your Expression of Wish form is confidential and will only be opened by the Trustee in the event of your death.

Internal Disputes Procedures

If you have a complaint, you should contact Christine Allen at AMG UK who will make sure that your complaint is addressed in accordance with the procedures set out in the Internal Disputes Resolution Procedure.

Further Information

For more detailed information regarding any aspect of your Plan, please refer, in the first instance, to your Members' Booklet. However, if you have a particular question you would like answered, please contact:

Christine Allen

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Rotherham
South Yorkshire S60 1DL
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Or

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7 Charlotte Street
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