Pensions Newsletter

Welcome to the latest edition of the annual Pension Plan Newsletter ("the Newsletter") from the Trustees of the Fuller, Smith & Turner Pension Plan ("the Plan"). The Trustees hope that you find this a helpful and informative summary of the year.

During the year the Trustees held quarterly meetings with the Plan advisors to discuss, amongst other things, the funding position of the Plan. As detailed in the Newsletter, with the continued support of the Company, the Plan remains in a strong position.

The Newsletter includes the Summary Funding Statement which provides an update on the funding position of the Plan as at the last Actuarial Valuation at 30 July 2013, 30 July 2014 and 30 July 2015.

With the help of the appointed investment adviser, the Trustees also continually monitor the investment performance of the Plan. The Newsletter provides details of the Plan's investment performance over the year to 30 July 2015 and a value of the Plan's investments as at 30 July 2015 and 31 December 2015.

The Newsletter also provides a summary of the formal Trustees' Report and Accounts for the year ended 30 July 2015. A copy of the full Trustees' Report and Accounts and other Plan documents are available from the Company Secretariat at Fuller, Smith & Turner P.L.C, Griffin Brewery, Chiswick Lane South, Chiswick, London W4 2QB. Alternatively, you can call: 0208 996 2115 or email company.secretariat@fullers.co.uk.

As always, if there is something you feel would be useful to include in future editions of the Newsletter please feel free to contact the Company Secretariat at the address noted above.

Finally I would like to thank my fellow Trustees for all their hard work over the past twelve months.

David Van Ristell
Chairman

Pension Developments

Managing the Plan's Investment

The Trustees decide the investment policy after consultation with its Investment Consultant, Bill Horwood of Allenbridge EPIC Investment Advisers Limited. The day-to-day management of the investments of the Plan was delegated to Schroder Investment Management Limited, Legal & General Investment Management Limited, Blackrock Investment Management (UK) Limited, Royal London Asset Management, Barings Asset Management and Majedie Asset Management.

Investment Market Performance

Market Commentary for the year to 30 July 2015

Over the third quarter of 2014, geopolitics continued to jeopardise the Central Banks' desire to support and encourage economic growth. The ugly situation in Russia/ Ukraine and the ISIS profile caused continued concerns, whilst China showed signs of muted growth, at least compared to its historical past. Improving economic data from the US led their equity market to all-time highs.

The Eurozone continued to falter, with Germany showing signs of stunted growth, influenced by its Russian neighbour. The European Central Bank was considerably active, cutting interest rates and announcing an asset purchase scheme. The latter was also given more stimulus in Japan, which has yet to recover from the sales tax hike. Emerging markets continued to be hit by a rising dollar and falling commodity prices.

The fourth quarter of 2014 proved volatile, as the oil price shock radically changed investors and Central Banks future perceptions. Weak commodity prices, especially oil, caused concerns about slower global economic growth and increased turmoil in Russia. The latter exacerbated softer data from Europe, forcing the ECB to finally move to Quantitative Easing, but not before the quarter end, disappointing investors. Central Bank policies continued to dictate sentiment, with initial concerns, pre oil price fall, of the prospect of a US rate hike causing a sell-off in emerging markets. The Federal Reserve ended its Quantitative Easing program but Japan adopted further stimulus measures and a rate cut boosted China Risk Assets. Deflation, however, became the new 'buzz' scenario and switched the roller coaster ride on rising interest rate expectations out further.

The collapsing oil price broadly supported equities but disinflationary overtones coupled with initial signs of slower growth still caused concerns pursued by increased market volatility. European anxieties were not helped by a potential breakup of the Eurozone once again emerging following the announcement of a snap election in Greece.

Over the first quarter of 2015, central Banks continued to dominate policy. The ECB 1.1 trillion quantitative easing program fuelled buyers to continue purchasing sovereign bonds, with the German 10 year yield moving down to 0.10bp. Moreover, some yields assisted by the revaluation of the Swiss Franc, moved into negative territory as supply demand equations were nullified yet again.

Asia Pacific markets benefited from stronger economic data and hopes that a slowing China would launch additional stimulative measures. Japan delivered another positive quarter assisted by Central Bank and Government Pension Investment Fund purchasing programs.

Over the second quarter of 2015, yet another Greek denouement, almost ending in a Greek tragedy, continued to dominate headlines, as did the year long boom in the Chinese stock market, which came to an abrupt halt in mid June, followed by a brutal sell off.

Bonds

Over the third quarter of 2014, Bond markets were surprisingly resilient before celebrating the ongoing deferral of a change to rising interest rates in the foreseeable future, coupled with ongoing stimuli as the Central Banks endeavour to 'kick start' economic growth.

Over the fourth quarter of 2014, bond markets made a complete U-turn and put in exceptionally strong performances shown by UK Gilts and Index Linked returning 8% over the quarter.

Over the first quarter of 2015, although volatile, performance from Government Bonds were positive, despite starting 2015 with yields at very low levels with Corporate Bonds actually doing better as credit spreads narrowed.

Bonds posted negative returns (reversing the gains of Q1) as yields rose sharply on inflationary rather than deflationary thoughts and speculation on the timing of interest rate rises. In Q1 yields had moved negative in a number of sovereign countries and this proved to be unsustainable. UK bonds fell over 6% at the longer end of the market.

Over the second quarter of 2015, bonds continued to be priced in slow global growth, little pressure from inflation and the Central Banks kept interest rates low.

Equities

Over the third quarter of 2014, global equities were broadly positive, but UK equities fell marginally, suffering from a hangover from the Scottish referendum.

Over the fourth quarter of 2014, equities lagged, with the US still providing the main economic impetus.

Over the first quarter of 2015, equities were helped by this lower yield sentiment and the depressed oil price, with most western markets hitting 15 year highs. Wall Street hit an all time high, despite mixed economic signals, as the prospect of lower rates for longer became apparent.

Over the second quarter of 2015, other equity markets including UK equities, which had risen around 5% in April/May, assisted by the surprise election of a Conservative Government, but fell 1.6% over the quarter. Global equities were down 5%.

Property

Over the third quarter of 2014, property continues to benefit from a recovery, low rates and overseas interest.

During the fourth quarter of 2014, the Real Estate Market was still relatively strong.

Over the first quarter of 2015, the renewed growth environment continued to support property prices.

Over the second quarter of 2015, economic growth and attractive yields relative to other asset classes continued to support values.

Investment Manager Performance

Many people will have been considering carefully their retirement planning given the economic environment over the last few years. During the year, the Trustees were broadly satisfied with the rate of return achieved by the underlying investments of the Plan. The Trustees have the full backing from the sponsor, Fuller, Smith & Turner P.L.C.

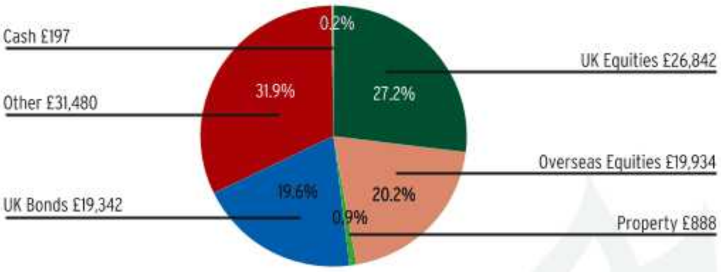
Details of the Plan's investment performance to 30 July 2015 are provided in the table below, together with the value of the Plan's investments as at 31 December 2015.

Manager	Value as at 30/07/15	Annual Return to 30/07/15	Benchmark Return to 30/07/15	Value as at 31/12/15
Schroder Prime UK Equity Fund	£10,934,559	5.1%	2.6%	£10,214,443
Blackrock UK Equity Fund	£15,859,947	8.0%	2.6%	£15,591,353
L&G Overseas Equity Consensus Fund	£12,480,368	9.3%	9.2%	£12,392,085
RLPPC UK Long Corporate Bond Fund	£19,385,385	9.9%	8.9%	£18,940,390
Majedie Global Equity *	£7,472,245	N/A	N/A	£7,672,293
Majedie Tortoise	£2,526,511	-2.7%	5.0%	£2,401,718
Barings	£28,936,551	7.0%	4.6%	£27,684,187
SEPUT - Property	£905,858	16.2%	15.5%	£967,918
Cash Deposits	£183,827	N/A	N/A	£43,011
Total	**£98,685,251**	**7.4%**	**6.0%**	**£95,907,398**

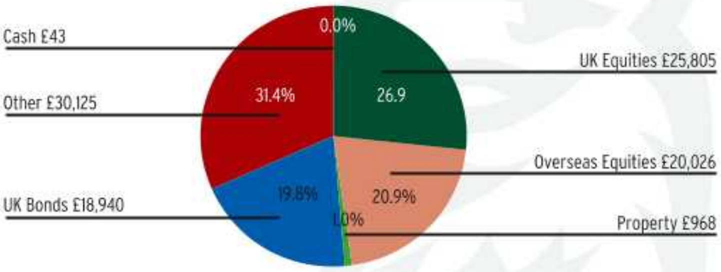
*Please note there is no annual return shown as the Plan only invested in the Majedie Global Equity Fund during Q2 2015.

The charts below show how the assets of the Plan are split between asset classes as at 30 July 2015 and 31 December 2015.

Asset Allocation of the Plan as at 30 July 2015



Asset Allocation of the Plan as at 31 December 2015



Funding Position

Each year the Trustees of the Plan issue a Summary Funding Statement to update you on the financial position of the Plan. Rather than communicating this information separately, details of this Statement are included in the Newsletter.

Summary Funding Statement

This Summary Funding Statement gives you an update on the funding position since the last valuation by the Plan Actuary as at 30 July 2013 and the funding plan agreed between the Company and Trustees.

The latest actuarial valuation

To determine how much money the Plan requires from the Company, the Trustees obtain full valuations once every three years from the Plan Actuary. The most recent triennial actuarial valuation of the Plan was carried out as at 30 July 2013. The accrued funding position at this date, assuming that the Plan would continue to operate as a going concern and would not be wound up is as follows:

Value of Plan Assets:	£91,600,000
Value of accrued liabilities:	£112,400,000
Shortfall:	£20,800,000
Funding Level:	81%

The value of accrued liabilities (the 'technical provisions') represented the Trustees' estimate of the sum required at the date of valuation to meet all future benefit payments in respect of members' service to the date of valuation.

Funding the Plan

The Plan closed to future accrual on 1 January 2015. Therefore, contributions in respect of future service benefits were only payable until 31 December 2014.

The Company continued to pay 19.1% of Pensionable Salaries for the ongoing benefit accrual for the active Plan members until 31 December 2014.

In addition, to meet the funding shortfall, the Company paid monthly contributions at a rate of £680,000 per annum until 31 December 2014.

From 1 January 2015, the Company will pay £1,100,000 per annum in equal monthly installments, adjusted each 1 January by the change in the Consumer Price Index over the twelve months to the previous 30 September. The first adjustment will take effect from 1 January 2016. The intention is to remove the funding shortfall by 31 March 2024.

The Pensions Regulator

In certain circumstances the Pensions Regulator can direct how the Plan's technical provisions must be calculated, can set the period for eliminating any funding shortfall, can specify the level of employer contributions to be paid - rather than leaving these issues to be determined by the Trustees - and has the power to modify the Plan's future accrual of benefits. No such circumstances have arisen in the Plan.

Change in funding position since the previous Summary Funding Statement

The Plan Actuary has prepared an annual update with an effective date of 30 July 2015. The update uses the same funding principles, assuming that the Plan would continue to operate as a going concern and would not be wound up.

The following table shows the results of the annual update at 30 July 2015 together with the comparative figures of the previous annual update and the formal valuation:

Annual Update as at 30 July 2015

Value of Plan Assets	£100,300,000
Value of accrued liabilities	£135,900,000
Shortfall	£35,600,000
Funding Level	74%

Annual Update as at 30 July 2014

Value of Plan Assets	£95,400,000
Value of accrued liabilities	£119,400,000
Shortfall	£24,000,000
Funding Level	80%

Annual Update as at 30 July 2013

Value of Plan Assets	£91,600,000
Value of accrued liabilities	£112,400,000
Shortfall	£20,800,000
Funding Level	81%

Annual Update as at 30 July 2012

Value of Plan Assets	£79,500,000
Value of accrued liabilities	£100,100,000
Shortfall	£20,600,000
Funding Level	79%

Annual Update as at 30 July 2011

Value of Plan Assets	£77,400,000
Value of accrued liabilities	£88,000,000
Shortfall	£10,600,000
Funding Level	88%

Annual Update as at 30 July 2010

Value of Plan Assets	£69,110,000
Value of accrued liabilities	£78,752,000
Shortfall	£9,642,000
Funding Level	88%

The annual update shows that the deficit of £20,800,000 as at 30 July 2013 has increased to an estimated deficit of £35,600,000 as at 30 July 2015. The main reason for this deterioration is the fall in gilt yields which serves to increase the value of the liabilities. This was offset by Employer contributions in line with the Plan's Recovery Plan, actual Retail Price Inflation and Consumer Price Inflation over the last two years being lower than expected and higher than expected return on invested assets over the last year.

Winding up

Legislation required that as part of the actuarial valuation, the Plan Actuary must assess the funding position of the Plan assuming it had been wound up as at 30 July 2013. The following figures summarise the position at that date, assuming that the Plan had wound up:

Value of Plan Assets:	£91,600,000
Value of accrued liabilities	£159,800,000
Shortfall	£68,200,000
Funding Level	57%

The shortfall is an estimate of the additional sum that would have been required from the Company to ensure that all members' benefits could have been paid in full had the Plan wound up on 30 July 2013. Providing 'winding up' information is a formal legal requirement and does not imply that the Company was considering winding-up the Plan.

Payments to the Company

There has not been any payment to the Company out of Plan funds since the date of the last Summary Funding Statement.

The next full actuarial valuation

The next full triennial actuarial valuation will take place as at 30 July 2016.

Pensions Freedom

As you may be aware, the Government introduced greater pensions freedoms with effect from April 2015. This is aimed primarily at people with Defined Contribution (DC) benefits who can now choose between buying an annuity, accessing income drawdown, taking cash or any combination of these.

The Plan is a Defined Benefit pension scheme so these new DC flexibilities do not apply. However, if you are a deferred member and interested in accessing the full range of retirement options available to DC members, you could transfer out of the Plan before you retire. You would first need to request a transfer value and if the value is over £30,000 you must take independent financial advice to work out and understand your flexible retirement options before transferring out. Otherwise, you will receive an information pack in the run-up to your retirement. This will confirm your options for taking your Plan pension.

Pensions Scams

We wish to inform our members that pension scams are on the increase. Scammers have a variety of tricks to catch you out. They may:

- claim that you can access your pension pot before age 55.
- approach you out of the blue over the phone, via text message or in person door-to-door.
- entice you with upfront cash or 'pensions loans'.
- offer a free 'pension review' or try to lure you in with so-called 'one-off' investment opportunities.

The scammers may even pretend that the Government has asked them to contact you. What they won't tell you is that you'll probably never see your pension pot again. Given this, if you request a transfer value, the Trustees have asked Xafinity to discuss your decision with you and ask some specific questions before a transfer is paid to help protect you from being subject to a pensions scam. The Trustees recommend that you check the facts before you make a rushed irreversible decision. A lifetime's savings can be lost in a moment. Please take time to read the enclosed Pension Scam leaflet and also visit www.xafinity.com/Pension-Scams to find out more and who to contact if you think you have been targeted.

Early Retirement

Deferred members of the Plan who have reached age 55 may, with the consent of the Company and Trustees, take early retirement from the Plan. On early retirement, a deferred member will receive the pension they have built up in the Plan but reduced by an early retirement factor based on the member's age to take account of the fact that the pension will be payable for longer.

However, the Company and Trustees have reviewed this policy and had decided to relax the requirements for applications for early retirement for deferred members (whilst remaining an employee of Fullers) aged 60 or over. An actuarial reduction of currently 6% per annum will still apply for each year or part year that the member retires in advance of their Normal Retirement Age. Please note that this actuarial reduction is subject to periodic review by the Company and Trustees.

The Trustees strongly recommend that members seek professional advice from an Independent Financial Advisor if they are considering early retirement.

If you have any queries regarding this matter, please contact the Company Secretariat at the address provided earlier.

Lifetime Allowance

The Lifetime Allowance will reduce from 6 April 2016, from £1.25 million to £1 million. Two new reforms of Lifetime Allowance protection will be introduced during 2016 in light of this reduction. From 6 April 2018, the Lifetime Allowance will rise each year in line with the change in inflation, as measured by the Consumer Prices Index.

Annual Allowance

For the 2015/16 tax year, the Annual Allowance is £40,000 for most people. The Annual Allowance will be reduced from 6 April 2016 for individuals with 'income' of more than £150,000 ('Income' is your annual earnings from all sources plus the amount your year's pension savings have increased over the tax year).

State Pension Top Up

The Government has recently launched an arrangement whereby you can increase your State Pension for life if eligible. The aim is to help pensioners top up their State Pension benefits to a level that is equal to the forthcoming single-tier State Pension. If you are eligible you can get between £1 and £25 extra per week if you make a lump sum payment before 5 April 2017. To find out more or to apply, go to www.gov.uk/statepensiontopup.

Single-Tier State Pension

From April 2016, the current Basic State Pension and State Second Pension will be replaced with a single-tier State Pension. This change will only apply to members reaching their State Pension Age from April 2016 onwards - existing State Pensions will be unaffected.

Financial Advice

If you would like advice on your retirement options, you will need to talk to an independent financial adviser (IFA). You can find an IFA in your area by searching the Money Advice Service directory at https://directory.moneyadviceservice.org.uk/en.

Before you appoint anyone, check that the adviser is suitably qualified and authorised. You can do this online at www.fsa.gov.uk/register/home.do or by phoning the Financial Conduct Authority helpline, 0800 111 6768. Please remember that most IFAs charge for their advice.

Nomination Form Reminder

In order that the Trustees can take account of your wishes when distributing a Death lump sum, you must make sure that your Nomination Form is up to date and reflects your current circumstances. If you are unsure as to whether this is the case the Trustees recommend that you complete a new form.

Forms can be obtained from the Company Secretariat at the address shown earlier. These forms are confidential and kept by the Scheme Administrators, Xafinity.

How the Plan Works

Following the merger of the George Gale & Company Limited Staff Pension and Assurance Scheme and the Fuller, Smith & Turner Director's Plan on 23 March 2007, the Plan is split into three sections. The three sections are the Main Section, Gales Section and Directors' Section.

The Company decides the design of the Plan, and the Trustees then administer the Plan and safeguard the Plan assets. They have a duty to act in accordance with the Trust Deed and Rules and in the best interests of all beneficiaries.

Some of these responsibilities are carried out on behalf of the Trustees. The Trustees and their advisers are shown in the table below:

Trustees
David Van Ristell (Chairman)
James Douglas
David Moseley
Ian Turner
Séverine Garnham
Robert Phillips
Andrew Luff*
David Stuart Edge*
Roy Lawrence*
* These are Member Nominated Trustees

Administrators & Consultants
Xafinity
Phoenix House, 1 Station Hill
Reading, Berkshire, RG1 1NB

Actuary
RJ Birmingham FFA, Xafinity

Auditors
Menzies LLP

Investment Managers
Schroder Investment Management Ltd
Legal & General Investment Management Ltd
BlackRock Investment Management Ltd
Royal London Asset Management
Barings Asset Management Ltd
Majedie Asset Management Ltd

Investment Consultant
Allenbridge EPIC Investment Advisers Limited

Scheme Membership

	Active Members	Deferred Members	Pensioner Members
Main Section	0	481	283
Directors' Section	0	0	13
Gales Section	0	70	75
Totals	**0**	**551**	**371**

Plan Documentation

A full copy of the Trustees' Annual Report & Accounts is available from the Company Secretariat (see contact details on page 1). Other documents available on request include:

- The Statement of Funding Principles, which sets out how the Plan will be funded.
- The Schedule of Contributions, which sets out how much money is being paid into the Plan and when.
- The Recovery Plan, which explains how the funding shortfall is being made up.
- The Statement of Investment Principles, which sets out the principles, applied to the investment of the Plan assets.
- The Rules of the Plan.
- The latest full Actuarial Valuation Report.

Answering Your Questions

If you have any questions about your pension, please put your questions in writing to the Company Secretariat (see contact details on page 1).

Accounts for the Year to 30 July 2015

The summary below has been extracted from the audited accounts of the Plan for the year ended 30 July 2015. The Plan's Auditor, Menzies LLP, reported that the accounts gave a true and fair view of the financial transactions.