

United Kingdom Tax Strategy

Overview

The principal business activity of TT International Asset Management Ltd (“TTIAM”), a corporation registered in the United Kingdom and regulated by the Financial Conduct Authority (“FCA”), is that of an investment manager where revenues are derived from management fees earned as a result of investment management services. TTIAM manages a range of funds across both traditional Long-Only and Hedge strategies. TTIAM and its subsidiaries (together “The Group”) maintain offices in the United Kingdom, Hong Kong and the United States of America. The Group’s business strategy is to achieve outstanding investment performance and excellent client service, incorporating a willingness to be different.

The Group¹, as a UK sub-group of a Japanese group, will be complying with its duty under Schedule 19 paragraph 19(2) of Finance Act 2016 in publishing its tax strategy for financial year 2023.

This UK tax strategy has been approved by TTIAM’s Board of Directors and covers all UK taxes faced by the Group.

Our acceptance of UK tax risk

The Group takes an active approach to managing tax risks which can be categorized as follows:

Tax Compliance and Reporting Risks

The risk associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time, and the failure of finance and operational systems to meet tax compliance and reporting requirements.

Transactional Tax Risks

The risk that transactions are executed or actions taken without appropriate consideration of the tax consequences, or where tax advice is not correctly implemented.

Reputational Risks

The risk that tax planning and governance arrangements fail to prevent tax outcomes that have a negative impact on our relationships with stakeholders, including shareholders, customers, tax authorities and the general public.

The Group's tax planning and tax governance arrangements that are set out in this UK Tax Strategy are intended to mitigate each of these risks and are reviewed on a regular basis to ensure their effectiveness. The subjective nature of many tax rules makes it impossible to fully mitigate all tax risks. We do not set specific limits on acceptable tax risk but seek to manage our affairs in a way that maximizes long term shareholder value through a compliant, transparent and prudent approach to tax planning and risk management.

Our approach to UK tax risk management and governance

The Board of TTIAM is ultimately responsible for this UK tax strategy. The Group is committed to having a strong control environment with high standards of regulatory compliance and operational and IT support structures, all of which are critical to the successful achievement of the Group's business objectives. Experienced senior managers are in place in all aspects of the investment management process and the business support functions, with designated individuals responsible for all key control activities.

Tax risks are considered within the Group's governance and approval framework on an ongoing basis and escalated to the TTIAM Board for consideration where appropriate. The Group is subject to the Senior Accounting Officer ("SAO") regime.

The UK senior management have identified a Senior Accounting Officer (SAO) within its finance function to take responsibility for ensuring appropriate tax accounting arrangements are maintained to ensure timely and accurate tax compliance for all UK operating entities. The SAO is required to certify that he has met his responsibilities on an annual basis.

The Group engages various external tax advisors where appropriate to assist the finance team in London with tax filings and various forms of tax and financial reporting. External tax advisors are also providing technical support on more complex tax matters.

Further to the introduction of the corporate criminal offence of failure to prevent the facilitation of tax evasion legislation as part of the Criminal Finances Act 2017, the Group seeks to apply appropriate procedures and controls to prevent any person acting on its behalf from facilitating tax evasion.

Our attitude towards UK tax planning and compliance

The Group recognizes its duty to shareholders to minimize business tax inefficiency, but also its social responsibility to pay all applicable taxes in the countries in which it does business. We will therefore pursue legitimate tax planning opportunities, but we will not engage in inappropriate tax avoidance strategies. The Group considers tax planning strategies to be inappropriate if:

- They are not related to genuine commercial activities;
- They are intended to produce a tax result that is contrary to the intentions of relevant lawmakers – in this respect we aim to follow the spirit as well as the letter of the law; or
- They carry a significant risk of successful challenge or reputational damage

The Group aims to achieve full tax compliance by making all required tax filings and disclosures on an accurate and timely basis, and to make all tax payments when due. The Group adopts the arm's length principle in pricing all internal dealings to ensure compliance with international transfer pricing regulations. The Group employs suitably qualified staff or engages reputable professional advisors to ensure that its tax policy objectives are met.

The Group does not provide or promote products to customers which either have or are intended to produce tax results that are contrary to the intentions of law makers or which are likely to result in tax controversy when disclosed to relevant tax authorities.

The Group recognizes its responsibility as a financial intermediary to prevent any form of tax evasion. We put controls in place that seek to identify and prevent facilitation of any such criminal activities and will report suspicious activity to the appropriate authorities.

Approach towards our dealing with HMRC

The Group seeks to maintain a proactive, open and transparent relationship with HMRC. This takes the form of discussing material developments in our UK business, providing accurate responses to all enquiries raised by HMRC with honesty and integrity and in a comprehensive and timely manner.

¹ This strategy has been adopted by the following UK entities:

- TT International Asset Management Ltd
- TT International Investment Management LLP
- TT Crosby Limited