

CLASSIFICATION: PUBLIC

# MIFIDPRU 8 Disclosure

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TT International Asset Management Ltd

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## Introduction

### Background

The purpose of public disclosures is to promote market discipline, providing important information and transparency to enable markets to work well.

### Firm Overview

TT International Asset Management (“TTIAM” and/or the “Firm”) is a wholly owned subsidiary of SMBC Asset Management Services (UK) Limited, itself a wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc (“SMFG”). The firm is a specialist asset management group, which manages both pooled funds and segregated client accounts. There are two key investment management styles operated: long-only and long/short.

TTIAM is authorised and regulated by the Financial Conduct Authority (“FCA”), based on the Firm’s authorised activities it is classified as a MIFIDPRU £75,000 limited licence firm as TTIAM does not trade for its own account and does not hold client money.

TTIAM has assessed its categorisation as a non-SNI firm according to MIFIDPRU 1.2.1.R, and has not breached the thresholds under MIFIDPRU 7.1.4R.

### Application

These disclosures have been prepared to the specifications defined in the FCA’s Investment Firm Prudential Regime (“IFPR”) under MIFIDPRU 8 and apply to TT International Asset Management on an individual basis.

All disclosures in this document are for the year ended 31 December 2023.

### Proportionality

TT has ensured that its disclosures are appropriate to its size and internal organisation, and to the nature, scope, and complexity of its activities.

### Frequency of Disclosures

These disclosures are produced on at least an annual basis.

### Verification, Media and Location

These disclosures are produced solely for the purposes of satisfying the disclosure requirements of the IFPR in the UK.

The disclosures are not subject to audit, nor do they constitute any form of audited financial statements. The disclosures have been verified internally and will only be subject to external verification to the extent they are equivalent to those made in published financial information prepared in accordance with International Accounting Standards.

These disclosures explain how the Board has calculated certain own funds requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about the Firm or for any other purpose other than that for which they are intended.

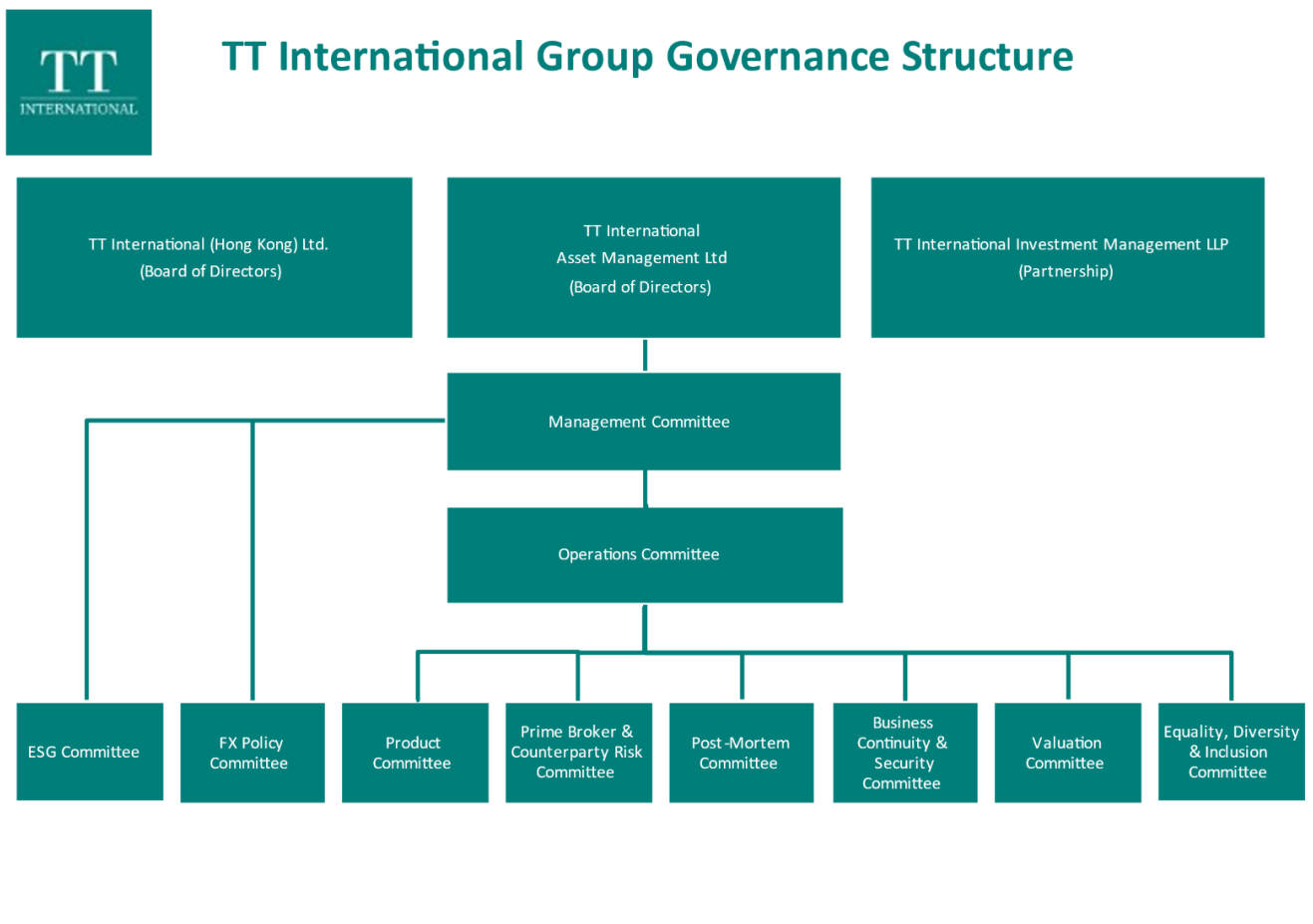
The disclosures are published on the TT website on the date the firm publishes its annual financial statements.

## Risk Management Objectives and Policies

TTIAM 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 TTIAM’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.

### TTIAM Group Governance Structure



## TTIAM Board of Directors (“Board”)

The Board has ultimate responsibility for risk management within TTIAM. The Board is the Governing Body of the Firm and sets the strategy for and exercises oversight over the activities of the Firm including:

- Setting strategic objectives;
- Maintaining high ethical standards and reputation;
- Approving major initiatives and expenditure;
- Ensuring that a robust system of internal control, designed to ensure compliance with relevant domestic and international regulations, client agreements, and policies, exists throughout the organisation;
- Ensuring that clients’ best interests are served/met;
- Reviewing and approving remuneration matters;
- Protecting the financial security of TT; and
- Ownership and approval of the ICARA.

## Management Committee (“MC”)

The Board delegates to the MC responsibility for implementing the strategy set by the Board. It is responsible for the day-to-day risk management, compliance and regulatory matters, including effective oversight of the Firm’s risk management framework.

## Operations Committee (“OpCo”)

The MC in turn delegates to the OpCo authority to discuss operational issues and operational risk facing the firm, devise and propose suitable solutions and, with the approval of the Managing Director or the MC, implement necessary solutions. The OpCo is chaired by the Chief Compliance Officer, and members include the Chief Risk Officer as well as heads of all operational departments.

The OpCo is also responsible for oversight of all sub-committees, although due to the importance TT places on ESG matters, this sub-committee reports directly to the Management Committee.

## Risk Management Framework

The Risk Management Framework (“RMF”) provides the structure through which the Firm manages risk on a day-to-day basis. Further details of the RMF can be found in the Operational Risk Framework Policy.

The RMF is regularly reviewed and enhanced to ensure that it remains fit for purpose. The Firm’s risk management framework identifies risks which the business potentially faces and how they are managed. Responsibilities within the risk management framework are based on the three lines of defence (3LOD) model:



**1st Line of Defence** – All employees are responsible for managing risk. This is achieved through the effective operation of suitably designed processes and controls. Where required, all employees must engage in formal risk management processes including the incident management process (post-mortem process) and periodic risk assessments.

**2nd Line of Defence** – The Risk and Compliance Functions design and communicate the formal risk policies and methodologies. These functions partner with the 1st line of defence in the execution of the risk framework whilst also monitoring and reporting on its effectiveness.

**3rd Line of Defence** – External service providers and SMFG audit department are employed to audit the processes and controls within the Firm which form the overall risk management framework. This provides independent assurance that those processes and controls are designed appropriately and are being operated effectively.

The RMF describes the approach, arrangements and standards for risk management that support TTIAM’s compliance with statutory and regulatory requirements.

The risks to which TTIAM is exposed and the potential harms to its customers, markets, and the Firm itself, as a result of its business strategy are understood and managed through the RMF and the risk taxonomy.

The RMF is designed to manage risk within agreed appetite levels that are aligned to delivering the strategy for shareholders and customers. The key components of the Firm's risk management are:

- risk identification and assessment;
- risk control and mediation;
- risk monitoring; and
- risk reporting.

In relation to risk management, the MC is responsible for:

- ensuring an effective system of internal control and risk management is in place, maintained and reviewed annually; and
- approving TTIAM’s risk appetite and risk framework and policies.

## Risk Appetite

Risk appetite is defined as the Firm's willingness to accept risks in pursuit of its objectives. Risk appetite is assessed against the businesses' key drivers of success, which form the basis for the risk appetite. The establishment of the Risk Appetite Statement is intended to guide employees in their actions and ability to accept and manage risks.

TTIAM believes that the starting point for an effective risk management framework is the appropriate articulation of risk appetite. TTIAM's risk appetite sets out the Board and senior management's attitude to taking risks in pursuit of its business plan. It also provides guidance as to the behaviours and risk management responses expected from all employees.

The Board has ultimate responsibility for the approval, adoption, and oversight of risk appetite. In setting its risk appetite, the Board seeks to balance the interests of all its stakeholders.

Day-to-day responsibility for the oversight of risk appetite has been delegated to the MC. Senior management is responsible for implementing risk appetite and ensuring risks are proactively managed, reported and, when required, escalated.

## Own Funds Requirements, Concentration Risk and Liquidity

Effective risk management is fundamental to delivering long-term value for customers. The Firm's risk management framework requires consideration of the Firm's top strategic and operational risks. The risks are reviewed by the OpCo and MC on a monthly basis and by the Board on a quarterly basis with input from the business, and Risk and Compliance Departments.

The Firm's top risks are identified, documented and assessed through the RCSA process and as part of the annual capital adequacy assessment process.

## Own Funds Requirements

Under the own funds requirement assessment, TTIAM considers the following risks as part of its ICARA process where potential material harms to consumers, market and the Firm are identified.

### Credit Risk

TTIAM's credit risk principally arises where a counterparty is unable to pay in full, amounts when due. The Firm's exposure predominantly relates to deposits with banks and receivables from clients. We manage this through limiting bank deposits to high-quality credit institutions. We also conduct regular monitoring of counterparty balances, including receivables from clients and client exposures where security is held over underlying investments.

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The Firm manages assets on behalf of its clients and has little appetite to bear credit risk on the portfolios it manages. If TTIAM was to experience non-payment of a client debtor, it has the ability, in the case of pooled vehicles to instruct

the custodian to pay fees from the client's portfolio, mitigating its exposure to client non-payment. TTIAM is exposed to credit risk in respect of client fees on segregated accounts.

### Market Risk

The Firm is principally exposed to market risk through price risk on seed investments, which is the risk that a decline in value of assets impacts profits. It is common for asset management firms to invest seed capital in newly launched funds, TTIAM has several seed investments in its own products, and these investments are subject to daily monitoring by the Chief Risk Officer and Chief Financial Officer, as well as monthly monitoring by the MC and quarterly monitoring by the Board. Seed investments in long-only products are hedged to expose the Firm only to relative performance and to reduce market risk or benchmark risk, although the Board accepts that hedging market risk is imperfect. Details of the seed investment process, hedging strategy and ongoing oversight and reporting are detailed in the Seed Investment Policy.

TTIAM does not trade on its own account, underwrite issues of financial instruments on a firm commitment basis, nor run proprietary trading positions.

The remaining market risk on TTIAM's balance sheet is limited to short-term exposures arising from the payment of invoices or receipt of income in foreign currency. TT's FX Committee exists to design, implement and monitor the FX hedging strategy for this market risk.

### Operational Risk

Operational risk considers the risk of loss or earnings volatility resulting from inadequate or failed internal processes, people and systems or external events. Operational risks have been identified through assessments and scenario analysis as part of the Firm's ICARA process which identifies the following operational risk areas: Marketing & Client Services, Trading, Operations & Portfolio Administration, Trade Processing, Settlement & Reconciliations, Information Security, 3<sup>rd</sup> Party Suppliers & Outsourcing, Cash Management, Business Continuity Management and Disaster Recovery, Information Technology, Legal & Regulatory Environment, Financial Crime and People. Sources of operational risk are monitored through the Firm's risk management framework.

### Concentration Risk

Concentration risk arises from the strength or extent of TTIAM's relationship with, or direct exposure to, a single client or group of connected clients.

As TTIAM does not deal on own account it has no direct exposure to concentration risk. However, concentration risk may arise in other areas such as credit risk, and exists in revenue streams and equity holdings from long-only emerging markets products. TTIAM seeks to create diversification through the creation of new, uncorrelated products.

### Liquidity Risk

This represents the risk that adequate liquid funds are not available to settle liabilities as they fall due or when the Firm experiences sudden unexpected cash outflows. The Firm has very little appetite for short-term liquidity risk and therefore will maintain access to adequate levels of liquid assets to meet its short-term financial obligations as they fall due.

TTIAM's funding sources are client fees paid in arrears, while its main costs are general expenses and salaries. There is a process in place to monitor debtor balances and the Firm operates a liquidity policy which is measured and reported



each month to the Head of Finance and to the Chief Financial Officer. The Firm’s approach of holding its liquidity as readily accessible bank deposits and in highly liquid cash and money market funds also mitigates liquidity risk.

## Effectiveness of Risk Management Process

TTIAM uses the outputs of its risk management systems to determine the effectiveness of its risk management processes. The governance structure allows for material risks to be reported to the OpCo and MC, with the Firm’s annual ICARA process allowing TTIAM to challenge and validate its risk management framework. The Firm’s regulated activities mean it needs to hold minimum levels of capital and there is consequently a risk that the Firm does not hold sufficient financial resources to meet the level of regulatory capital required to cover the risk the Firm may pose to itself, to clients and to markets. The Firm maintains more than adequate capital to fund on-going activities, absorb losses and meet regulatory requirements. TTIAM monitors and forecasts its capital position and reports monthly to the MC, and quarterly to the Board, the level of regulatory headroom through Key Risk Indicators. These committees would be notified with an amber traffic light should the regulatory capital headroom drop beneath 300% and with a red traffic light should headroom fall beneath 200%, in line with thresholds recommended by the OpCo and accepted by the MC and Board.

## Governance Arrangements

### Structure

As set out above TTIAM has a formal governance structure which provides oversight of the risk management of the Firm’s business in line with the overarching strategy and associated risk appetite. The Board has ultimate responsibility for the management of TTIAM.

### Directorships

In line with MIFIDPRU 8.3.1(2) the Firm has detailed below the number of directorships (split by Executive and Non-Executive) of its Board members. The internal directorship(s) are counted as one directorship, with external directorships being those in excess of one.

DIRECTOR	NON-EXECUTIVE DIRECTORSHIPS	EXECUTIVE DIRECTORSHIPS
<b>Eric Mackay</b> (Executive Director)		5
<b>Tim Tacchi</b> (Non-Executive Chair)	7	
<b>Hideyuki Omokawa</b> (Non-Executive Director)	1	
<b>Ian Jameson</b> (Non-Executive Director)	1	
<b>Yoko Chivers</b> (Non-Executive Director)	1	

### Diversity

The Firm is committed to promoting a working environment based on dignity, trust and respect, and one that is free from discrimination, harassment, bullying or victimisation. Fostering an inclusive culture helps everyone at the Firm to benefit from a wider range of different perspectives, experiences and skills.

To support this inclusive culture, the Firm’s CSR & EDI Committee has put in place a clear and transparent ED&I Policy which:

- outlines the Firm’s commitment throughout the employment lifecycle to equality, diversity and inclusion and sets out how this commitment is put into practice;
- explains the behaviours the Firm expects of its people in support of this commitment; and
- sets out the key steps the Firm takes to make its culture as inclusive as possible, including its diversity and inclusion framework and how the Firm ensures equality of opportunity throughout the employment lifecycle.

Reflecting the Firm’s commitment to ED&I, current initiatives operating through the Firm’s CSR & EDI Committee include:

- **10,000 Black Interns** – following on from its participation in the inaugural #100blackinterns initiative, the Firm is now a community member of the 10,000 Interns Foundation and hosts a summer intern each year for a six-week internship within the investment team.
- **City Hive** – the Firm is a member of City Hive, a network for change within the Investment Management industry and is a founding signatory of their ACT Corporate Culture Standard. Current activity through the City Hive membership includes: Cross Company Mentoring Schemes, City Hive Academy Programme and use of the City Hive Careers Portal.
- **Schools Reach Out Initiative** – a social mobility initiative launched by the CSR & EDI Committee that aims to improve the access to and knowledge of the asset management industry within underprivileged communities. The Firm partners with a local school (chosen based on a range of criteria) to host four work experience students for a one-week placement during the summer holidays and runs an introductory investment management workshop for approximately 20 students each year.
- **Coaching** – as part of the Firm’s overall coaching programme, it partners with coaching specialists to offer coaching programmes specifically aimed at supporting individuals from minority groups. In particular, the Firm works extensively with The Talent Keeper Specialists offering their “Comeback Coaching” programme for women on and returning from maternity leave and Lydia Puricelli of Conscious Culture, who offers individual and group coaching sessions to support People of Colour to be their authentic selves at work.

Through these schemes and partnerships, TTIAM believes it is creating a happier, more productive working environment for everyone at the Firm and aspires to build on these initiatives to continue to meet its internal ED&I objectives as well as the objective to make a positive impact on the wider asset management industry and the community.

## Risk Committee

TTIAM does not breach the threshold requirements under MIFIDPRU 7.1.4R to require it to have a risk committee.

## Own Funds

The Firm only holds Common Equity Tier 1 (“CET1”) own funds resources. A summary of their composition and a reconciliation of the Firm’s regulatory own funds to balance sheet in the audited financial statements for the year ended 31 December 2022 is shown in the Tables below. Under MIFIDPRU TTIAM is required to disclose:

- 1) A composition of the regulatory own funds and the applicable regulatory deductions and applicable filters – see Table 1 below.
- 2) A reconciliation of 1 (above) with the capital in the balance sheet in the audited financial statements of TTIAM Ltd – see Table 2 below.
- 3) A description of the main features of own funds instruments issued by TTIAM Ltd – see Table 3 below.

**Table 1**

Composition of regulatory own funds	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
	1 OWN FUNDS	131,685.76	MIF001
	2 TIER 1 CAPITAL		
	3 COMMON EQUITY TIER 1 CAPITAL		
	4 Fully paid up capital instruments	92,970.00	
	5 Share premium	8,490.00	
	6 Retained earnings	33,557.71	
	7 Accumulated other comprehensive income		
	8 Other reserves	263.05	
	9 Adjustments to CET1 due to prudential filters		
	10 Other funds		
	11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER1	- 3,595.00	
	19 CET1: Other capital elements, deductions and adjustments		
	20 ADDITIONAL TIER 1 CAPITAL		
	21 Fully paid up, directly issued capital instruments		
	22 Share premium		
	23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
	24 Additional Tier 1: Other capital elements, deductions and adjustments		
	25 TIER 2 CAPITAL		
	26 Fully paid up, directly issued capital instruments		
	27 Share premium		
	28 (-) TOTAL DEDUCTIONS FROM TIER 2		
	29 Tier 2: Other capital elements, deductions and adjustments		

**Table 2**

		a
		Balance sheet as in published/audited financial statements As at period end
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>		
1	Tangible fixed assets	451,465
2	Investment in subsidiary	69,050,293
3	Deferred tax assets	0
4	Debtors and prepayments	36,836,374
5	Foreign exchange contracts	263,054
6	Due from related companies	386,117
7	Investments	(5,412,357)
8	Cash and cash equivalents	52,006,422
9	Current tax asset	1,891,680
	<b>Total Assets</b>	<b>155,473,048</b>
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>		
1	Creditors and accruals	(7,676,970)
2	Due to related companies	(12,515,315)
3	Deferred tax liabilities	0
	<b>Total Liabilities</b>	<b>(20,192,285)</b>
<b>Shareholders' Equity</b>		
1	Issued share capital	92,970,001
2	Share premium	8,490,000
3	Profit and loss account	(4,374,119)
4	Retained earnings	37,931,827
5	cash flow hedge reserve	263,054
	<b>Total Shareholders' Equity</b>	<b>135,280,763</b>

**Table 3**

Own funds: main features of own instruments issued by the firm	Common Equity Tier 1
Public or private placement	Private
Instrument type	Ordinary Shares
Amount recognised in regulatory capital (GBP thousands, as of most recent reporting date)	92,970,000
Nominal amount of instrument	GBP 1
Accounting classification	Ordinary share capital
Perpetual or dated	Perpetual

## Own Funds Requirements

As a non-SNI (non-small and non-interconnected) investment firm TTIAM's own funds requirement is the higher of its Permanent Minimum Capital Requirement, its Fixed Overhead Requirement or its K-Factor Requirement.

### Permanent Minimum Capital Requirement

Under MIFIDPRU a Firm's minimum capital requirement is determined by its regulatory permission profile and the activities it undertakes. TTIAM does not hold permission to deal on own account nor have permission to hold client money or securities and therefore the Permanent Minimum Capital Requirement for the firm is £75,000.

### Fixed Overhead Requirement

The Fixed Overhead Requirement ("FOR") is intended to calculate a minimum amount of capital that an FCA investment firm would need available to absorb losses if it has cause to wind-down or exit the market.

MIFIDPRU requires TTIAM to use the most recent audited financial statements to calculate its FOR unless the firm experiences a material change in its fixed expenditure. The FOR is calculated annually based on one quarter of the previous year's relevant expenditure, being expenses before distribution of profits less allowable deductions detailed in MIFIDPRU 4.5.

As at 31 December 2023, the Firm's FOR is £4,823k and was based upon the Firm's audited financial statements for the year ended 31 December 2022.

### K-Factor Requirement

The K-Factor capital requirements were introduced under the IFPR and are a mixture of activity and exposure based requirements. The K-Factors that apply to an individual FCA investment firm depend on the MIFID investment services and activities it undertakes.

As TTIAM does not have permission to deal as principal, the Risk-to-Firm and Risk-to-Market K-Factors do not apply. Therefore, leaving those that represent Risk-to-Client, of these only K-AUM is applicable. K-AUM is designed to capture the potential for harm when an FCA investment firm manages assets for its client in connection with MiFID business.

As at 31 December 2023, TTIAM's Risk-to-Client was £807k.

### Overall Financial Adequacy Rule

The Firm uses the ICARA process to ensure that it complies with the overall financial adequacy rule ("OFAR") on an individual basis.

In conducting its ICARA, TTIAM has:

- identified risks that may result in material harms to the Firm's clients and counterparties, the markets in which the Firm operates and the Firm itself;
- ensured it has appropriate systems and controls in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operation of its business or winding down its business;
- considered on a forward-looking basis the own funds and liquid assets that will be required to meet the overall financial adequacy rule, taking into account any planned future growth; and

- considered relevant severe but plausible stresses that could affect the Firm's business and considered whether the Firm would still have sufficient own funds and liquid assets to meet the overall financial adequacy rule.

The ICARA will be a continuous process through which TTIAM will assess and ensure the adequacy of its own funds and liquid assets.

## Remuneration Policy and Practices

### Background

TTIAM meets the requirements of the Remuneration Codes set out in SYSC 19G as appropriate, in a proportionate manner, based on the size, nature and complexity of its business and discloses details of its remuneration policy per MIFIDPRU 8.6.

TTIAM as a non-SNI (small and non-interconnected) MIFIDPRU investment firm meets the conditions in MIFIDPRU 7.1.4R(1) for reduced disclosure requirements on the basis that the value of the Firm's on and off-balance sheet items over the preceding four-year period is a rolling average below £300million and TTIAM has no trading book assets.

The Firm's Board is responsible for the design and implementation of the Firm's remuneration policy.

### Approach to Remuneration

TTIAM's remuneration policies and schemes are consistent with its overall business strategy and objectives and are designed in such a way as to align the Firm's (and its teams') remuneration interests with the ongoing financial viability and long-term interests of TTIAM and its clients, whilst ensuring that the Firm can attract, retain and motivate talent in a competitive market.

The Firm's approach to variable remuneration is managed through an annual discretionary bonus scheme, which is subject to the Firm's MIFIDPRU Remuneration Policy and/or AIFMD Remuneration Policy as appropriate. The purpose of this scheme is to reward and remunerate employees in such a way as to provide appropriate levels of compensation which incentivise strong performance at a Firm, team and individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside TTIAM and its funds' risk appetite.

### The Objectives of TTIAM's Financial Incentives

The Firm's remuneration policies and schemes promote transparent and consistent remuneration schemes for the Firm and its employees with the primary purpose of attracting, retaining and incentivising talent. The remuneration policies are consistent with the overall business strategy and objectives of the Firm and have been designed in such a way as to align the remuneration interests with the ongoing financial viability and long-term interests of the Firm and its clients. The Board takes into consideration adherence to TT's code of ethics, code of conduct and the FCA's Conduct Rules.

### TTIAM's Decision-Making Procedures and Governance

The Firm has elected not to establish a remuneration committee based on its size, internal organisation and the nature, scope and complexity of its activities. This role is instead performed by the Board of Directors who set and oversee the implementation of the firm's remuneration policy.

Remuneration is reviewed by the Board formally once per year post consultation with the Managing Director, CFO and Head of HR. The Board relies on its Managing Director, Head of HR and CFO to ensure that all remuneration recommendations made to it are appropriate, fiscally sound and abide by the letter and spirit of TT's remuneration schemes and policies. Advice and input from third-party business advisors and recruitment partners to determine market rates and structures of pay form part of the annual review process. All remuneration decisions taken by the Board of Directors are consistent with the Firm's financial conditions and future revenues.

The Board retains in its absolute discretion the ability to challenge the proposals and to adjust the bonus pools, team pay-outs or individual pay-outs and is provided the specific opportunity to do so during and following this exceptional Board meeting.

No variable remuneration is paid out unless the Board has given its approval to proceed.

This Firm's variable remuneration schemes are reviewed regularly and, on an ad-hoc basis, following any internal or external events that indicate an additional or specific review may be required (for example, mandatory changes requiring implementation either as a result of a change in the Firm's status, or a change to the rules and regulations under the FCA's Remuneration Code(s) or IFPR and/or to ensure that the terms of the schemes remain appropriate as the business evolves so that remuneration is appropriate in light of factors such as Firm performance and evolving remuneration market practice).

This remuneration policy is subject to annual review and approval by the Board.

## Principles or philosophy guiding the Firm's remuneration policies and practices

The Firm's remuneration philosophy is to promote a transparent and consistent approach to remuneration in the interests of the Firm, its staff and its clients. This philosophy is simple and effective and is applied in such a way as to:

- Align the interests of staff with the sustained long-term interests of the Firm, the Funds, the business, shareholders, and other stakeholders;
- Focus on performance-related pay, at both a corporate and an individual level, tempered by an emphasis on ensuring that performance is not achieved by taking risks which fall outside TT and its funds' risk appetite;
- Promote sound risk management and discourage risk-taking that exceeds TT's level of tolerated risk, having regard to the investment profiles of the Firm and its Funds;
- Incorporate measures to avoid conflicts of interest; and
- Offer fixed and variable remuneration and award incentives, which are reasonable and competitive within the asset management sector.

## How the firm links variable remuneration and performance

Financial and non-financial performance measures are taken into account at a Firm, team and individual level when determining variable remuneration. The annual performance management process (and the award of variable remuneration) takes into consideration (via the performance appraisal process) the espousing of the Firm's intrinsic corporate values (such as collegiality, congeniality, strong work ethic, dedication, focus on exceptional client service) and general contribution to the wider business as well as adherence to the Firm's code of ethics, code of conduct and the FCA's Conduct Rules, breaches of which would be flagged as part of the appraisal process and throughout the year by the Firm's Compliance Department.



In addition, and specifically for investment staff, the following non-financial performance metrics are taken into consideration as part of the annual variable remuneration allocation process:

- Performance of the fund(s) compared to target objectives linked to a benchmark and/or peer group using one-year, three year and five-year metrics;
- Quality of ideas generated by the individual; and
- Contribution to client servicing and marketing efforts.

Achievement of non-financial performance objectives and key performance indicators, including following the Firm's investment processes (including sound and effective risk management, ensuring incorporation of ESG risks in investment research and the integration of the Firm's long-term investment approach) are also considered.

Financial performance measures are taken into account for employees in sales and investment roles including:

- Net revenue generation at a team/strategy level;
- Net new AUM raised;
- Alpha generated as a result of ideas put forward by the individual employee.

## Firm's main performance objectives

One of the primary objectives of TTIAM's is to generate outperformance for the Firm's investors (in line with the Firm's investment approach), to provide exceptional client service and to ensure every team strives for world class performance. Staff are therefore incentivised accordingly, with investment management employees incentivised primarily to be interested both in generating outperformance and in making themselves accessible to clients by participating in the asset-raising efforts and with all other teams within the business incentivised by their personal and team objectives.

## Categories of staff eligible to receive variable remuneration

All staff are eligible to receive variable remuneration and all such remuneration is subject to the Firm's remuneration policies (including deferral).

## Identification of Material Risk Takers

Under SYSC 19G.5 the following categories of staff were identified as Material Risk Takers ("MRT"s) by the Firm:

- 1) The members, both executive and non-executive of the Board of Directors as the management body of the Firm;
- 2) The members of the Management Committee as the senior management of the Firm;
- 3) The CCO (& MLRO) and the Head of Risk, Operations & IT as the employees responsible for management of the Firm's control functions and IT/IT Security;
- 4) All TT Portfolio Managers based in the UK; and
- 5) The Global Head of Trading.

All identified staff are informed by letter of their status as an MRT and the implications of such.



## Key Characteristics of the Firm's Remuneration Policies

### Components of Remuneration

The Firm awards two forms of compensation: fixed remuneration and variable remuneration.

Fixed remuneration refers to basic salaries and employee benefits (which are consistent across the Firm); and variable remuneration refers to the annual discretionary bonuses awarded to eligible staff members.

Fixed remuneration reflects the employees' professional experience and organisational responsibility as set out in their employment contracts and job descriptions. Fixed remuneration is set relative to the market data available to the Firm via benchmarking exercises, recruiter salary surveys and insights as well as the Firm's own insights gleaned from its recruitment processes.

Variable remuneration is based on the performance of the Firm, the individual and their team; aligning interests. Variable remuneration is distinctly set based on the profits and/or realised revenue generated by the business ensuring that it is always affordable.

Financial as well as non-financial performance measures are used to determine variable remuneration; short and long-term performance of the individual as well as their performance in excess of their job description (i.e. going "above and beyond") is taken into account when determining variable remuneration (as distinct from fixed remuneration which, once appropriately set is payable regardless of performance).

### Structure of Variable Remuneration

Staff are awarded variable remuneration depending on their role within the firm and the firm operates three distinct schemes for variable remuneration: Central Resources (e.g. Management, Client Services, Trading, Operations, IT, HR, Finance, Risk, Compliance, Legal, Administration) and Sales Staff Scheme; Long-Only Investment Management Scheme; and Hedge Fund Management Scheme. All are discretionary schemes, but the former is based on a percentage of the Firm's profits before incentive and is influenced by a number of factors depending primarily on the overall performance of the Firm, the broader economic climate and the market situation. The latter two are based on a percentage of the net revenue of the Firm, subject to various financial and non-financial performance objectives.

All individual variable remuneration is subject to a maximum amount as a ratio against fixed remuneration (basic salary) set out in the Firm's MIFIDPRU Remuneration Policy.

The distribution of the bonus pools is decided by the Managing Director, in collaboration with the CFO and Head of HR, and taking account of the recommendations of the Firm's managers. The Managing Director presents the distribution proposals to the Board for their final review and approval before any variable remuneration is awarded.

Individuals who receive a variable remuneration award of less than £100,000 receive the full amount in cash. Variable remuneration awards of £100,000 or more are subject to the TT Bonus Deferral Scheme.

Conflicts of interest and risks are managed within the mechanics of the schemes, in terms of how the revenue or profits are calculated and by virtue of the Firm's policies and procedures.

### Summary of Financial and Non-Financial Performance Criteria

As set out above.

## Risk Adjustment

As set out above the Firm ensures that it takes into consideration both current and future risks and the cost of capital and liquidity required when designing and implementing its remuneration policies and schemes and annually when calculating its pools of variable remuneration. The discretionary nature of the Firm's variable remuneration schemes are such that the Board has the ability to adjust variable remuneration in such exceptional circumstances as would warrant it, including in the event that to award it would pose a risk to the sustainability or long term interests of the Firm.

The Firm's ex-post risk adjustments (such as in-year adjustments, malus and clawback) provisions are outlined in the Firm's MIFIDPRU Remuneration Policy and apply conditions to variable remuneration (both cash awards and deferred awards) which enable the Firm to reduce or cancel unvested awards and/or recover previously paid and/or vested awards in certain exceptional situations. Such provisions help to prevent excessive risk-taking and encourage effective and sound risk management.

All variable remuneration is subject to ex-ante and ex-post risk adjustment and the Firm will enact these provisions to protect the business and to ensure that individuals do not profit from significant failures in risk management or misconduct.

The malus and/or clawback period applicable to a financial sanction imposed by the Board is a maximum of six years from the later of a) the date of the award; and b) the date of its vesting.

## Non-Standard forms of Variable Remuneration

### Guaranteed Variable Remuneration

Guaranteed variable remuneration is only made by the Firm in exceptional circumstances and only in the context of attracting talent in an increasingly competitive market. Guaranteed variable remuneration is limited to the first year of employment and is primarily made to compensate new employees where they have forfeited their entitlement to variable remuneration from their previous employer.

### Severance Pay

Severance pay is exceptional and is made to compensate employees for early termination of their employment. Severance is designated in a way that does not reward failure or misconduct.

## Quantitative Disclosures

Under MIFIDPRU 8.6.8(1) the Firm must disclose certain quantitative information relating to remuneration. TTIAM meets the conditions in SYSC 19G.1.1R(2) and is therefore not required to disclose the information required under MIFIDPRU 8.6.8(6). The Firm also relies upon MIFIDPRU 8.6.8(7) with respect to aggregating the information where necessary so as not to risk individual identification. TTIAM has set out the required information in the tables below.

The total number of material risk takers identified by the Firm under SYSC 19G.5 for 2023 was 21, of which, 5 were Senior Management.

## MIFIDPRU 8.6.8(2)

Total Remuneration by Remuneration Type	All Staff (£)
Total Remuneration	21,814,596
Fixed Remuneration	10,480,987
Variable Remuneration	11,333,609

## MIFIDPRU 8.6.8(4)

Total Remuneration by Staff Category	Senior Management	Other MRTs	Other Staff
Total Remuneration	4,787,448	7,994,529	9,032,619
Fixed Remuneration	1,336,088	2,922,675	6,222,224
Variable Remuneration	3,451,360	5,071,854	2,810,395

## MIFIDPRU 8.6.8(5)

The Firm has relied upon the provisions of MIFIDPRU 8.6.8R(7) not to disclose the guaranteed remuneration for the performance period in order to prevent the individual identification of an MRT.

There were no severance payments made during the period.

## Investment Policy

TTIAM meets the conditions set out in MIFIDPRU 7.1.4R(1) and therefore is not required to disclose information on its investment policy.