

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Registered in England Number 05534464

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021



TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2021

CONTENTS	Page
Strategic report	1
Directors' report	7
Directors' responsibilities statement	9
Independent auditor's report	10
Statement of comprehensive income	13
Balance sheet	14
Statement of changes in equity	15
Notes to the financial statements	16

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

For the year ended 31 December 2021

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

REVIEW OF THE BUSINESS

The directors present their review of the business for the twelve month period ended 31 December 2021.

Proposed acquisition by Aon plc

On 9 March 2020, WTW and Aon plc ('Aon') issued an announcement disclosing that the respective boards of directors of WTW and Aon had reached agreement on the terms of a recommended acquisition of WTW by Aon.

The transaction was approved by the shareholders of both WTW and Aon during meetings of the respective shareholders held on 26 August 2020. On 16 June 2021, the U.S. Department of Justice filed suit in U.S. District Court in the District of Columbia against WTW and Aon, seeking to enjoin the proposed business combination between the two companies (among other relief). On 26 July 2021, WTW and Aon announced they had terminated the business combination and that Aon had agreed to pay WTW, in connection with such termination, a \$1 billion termination fee. Pursuant to the terms of the termination agreement, among other things, the business combination agreement between WTW and Aon was terminated by mutual consent, subject to payment in cash by Aon of the \$1 billion, which was received by WTW on 27 July 2021 (the 'Termination Agreement'). Under the Termination Agreement, WTW and Aon on behalf of themselves and certain other related and affiliated parties, each agreed to release the other from all claims and actions arising out of or related to the business combination agreement and the transactions contemplated thereby, subject to certain exceptions.

Review of the year

The financial statements for the year show a profit before taxation of £42,890,752 (2020 - Profit of £22,774,248).

Turnover for the year was £51,938,728 (2020 - £30,766,559), a £21,172,169 or 69% increase. Turnover represents fees charged for investment management services provided to the Towers Watson Investment Management (Ireland) Limited (TWIMI) alternative investment funds and to the UK listed alternative investment fund Alliance Trust PLC. The increase in turnover is attributable to the annualisation effect of new business in 2019, continued net inflows in 2021, market appreciation of assets in the year and performance fees earned in the year from a number of the TWIMI funds. Assets under management (AUM) as at 31 December 2021 were £26.269 billion (2020 - £24.374 billion), representing a £1.895 billion or 8% increase on the 2020 reported AUM. This was due to higher AUM in the TWIMI funds resulting from market appreciation of assets managed and net inflows to the funds in the current year.

Administration expenses of £6,331,997 (2020 - £5,446,635) are £885,362 higher than prior year, primarily as result of the movements in foreign exchange £ 107,162 loss in the current year (2020 - £748,671 gain).

The directors also track and forecast capital and liquidity against the Financial Conduct Authority ("FCA") requirement. The firm's regulatory capital requirement as 31 December 2021 was £5,316,664 (2020 - £4,936,576) against which the Company held total capital resources of £62,149,729 (2020 - £37,408,220).

The directors are satisfied with the financial performance of the Company.

FUTURE DEVELOPMENTS

The directors of TWIMI are, subject to approval of the Central Bank of Ireland, transferring their Alternative Investment Fund Manager (AIFM) responsibilities for the TWIMI funds to Asset Management Exchange Ireland Limited (AMXI) in the first half of 2022. The directors do not anticipate this will lead to a significant change in the activities or operations of the Company in future periods. The directors expect that the Company will continue to retain and grow the assets of existing funds and seek new opportunities to launch new funds to provide solutions to investor needs.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2021**

POST BALANCE SHEET EVENTS

The following post balance events have occurred since the year end:

- The Directors have considered the impact of the events emerging in Russia and Ukraine on the Company, which is a non-adjusting post balance sheet event. The Company has no exposure from trade with Russia or Ukraine. However it is too early to be certain of the impact on the wider global economy and specifically in the markets in which the Company operates.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Strategy

The Company's activities expose it to certain risks as described below. The directors believe such risks are adequately monitored by the management of the Company.

Key performance indicators

The key performance indicator used by the directors to assess the performance of the Company is its revenue which is driven by the size and performance of the funds for which the Company provides advice.

The funds are invested across a wide range of asset classes and at the year end totalled £26.269 billion (2020 - £24.374 billion) representing a 8% increase in the value of assets under management.

Principal risks and uncertainties

The directors are responsible for managing the risks to the Company's business. The directors consider that the key financial exposures faced by the company relate to the need to maintain sufficient liquidity to satisfy regulatory capital requirements and working capital needs.

The Company's financial risk management objectives are therefore to minimise the key financial risks by having clearly defined terms of business with clients and stringent credit control over transactions with them. The Company also regularly monitors cashflow and the management accounts to ensure regulatory capital requirements are not breached and that the Company maintains adequate working capital.

Exposure to WTW plc

The Company is a wholly-owned subsidiary of Willis Towers Watson plc ("WTW"). WTW is a leading global advisory, broking and solutions company, is listed on the NASDAQ and has total assets at 31 December 2021 of \$35.0 billion.

The Company is dependent upon its ultimate parent company and WTW for ongoing support in a wide range of areas, including the provision of operational and technology services and delivery of a number of key projects and initiatives. The Company also deposits surplus funds with WTW.

The Company is also exposed to additional risks by virtue of being part of the wider WTW. These risks have been discussed in WTW's financial statements which do not form part of this report.

COVID-19

The COVID-19 pandemic has had an adverse impact on global commercial activity, including the global supply chain, and at times has contributed to strain in financial markets, including, among other effects, significant volatility in equity markets, changes in interest rates and reduced liquidity on a global basis. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output. As such, there is a risk that COVID-19 and its variants could have a substantial negative impact on client demand and cash flow in certain or all of our businesses.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued) For the year ended 31 December 2021

COVID-19 (continued)

COVID-19 risks magnify other risks discussed in this report. For example, the effectiveness of external parties, including governmental and non-governmental organisations, in combating the spread and severity of COVID-19 and its variants could have a material impact on demand for our business. Also, travel restrictions have caused the postponement, modification or cancellation of various conferences and meetings around the world and adversely impacted sales activity. The rapid development and fluidity of the COVID-19 pandemic, including the continued development, availability, distribution and acceptance of effective vaccines and the emergence of vaccine-resistant variants, precludes any prediction as to the duration of the COVID-19 pandemic and the ultimate adverse impact of COVID-19 on our business. Nevertheless, COVID-19 continues to present material uncertainty and risk with respect to demand for our products and services.

In addition, COVID-19 has disrupted certain aspects of our business and could continue to disrupt, possibly materially, our business operations and the services we provide, as well as the business operations of our clients, suppliers and other third parties with whom we interact. As an increasing percentage of our colleagues continue to work remotely, we face resiliency risks, such as the risk that our information technology platform could potentially be inadequate to support increasing demand, as well as the risk that unusual working arrangements could impact the effectiveness of our operations or controls. Economic disruption caused by COVID-19 or other factors may impact the pace at which we make information technology-based investments, and we may continue to make fewer information technology-based investments than previously anticipated, which could potentially create business operational risk. In addition, we depend on third-party platforms and other infrastructure to provide certain of our products and services, and such third-party infrastructures face similar resiliency risks. These factors have exposed us to increased phishing and other cybersecurity attacks as cybercriminals try to exploit the uncertainty surrounding the COVID-19 pandemic, as well as an increase in the number of points of potential attack, such as laptops and mobile devices (both of which are now being used in increased numbers as many of our employees work remotely), to be secured. A failure to effectively manage these risks, including to promptly identify and appropriately respond to any cyberattacks, may adversely affect our business.

All of the foregoing events or potential outcomes could cause a substantial negative effect on our results of operations in any period and, depending on their severity, could also substantially and negatively affect our financial condition. Furthermore, such potential material adverse effects may lag behind the developments related to the COVID-19 pandemic. Such events and outcomes also could potentially impact our reputation with clients and regulators, among others.

Environment

The Company recognises the importance of its environmental responsibilities and through WTW monitors its impact on the environment on a location by location basis, designs and implements policies to reduce any damage that might be caused by its activities. WTW is one of the world's leading risk advisors and experts in assessing and mitigating climate risk, WTW is committed to supporting measures aimed at helping to tackle climate change. The Company uses internal and external methods to measure its environmental and social governance progress. Internally, the Company has a taskforce that ensures focus on the areas of most importance to its stakeholders and that activities are aligned with WTW's strategic priorities and comprises representatives from across the business segments and corporate functions. WTW is committed to improving its suppliers' environmental impacts by increasing our demand for and use of goods that are developed in a sustainable way and contribute to a reduced carbon footprint, including Environmental, Social and Governance ('ESG') questions and evaluation criteria within our procurement processes, and having in place a form of supplier contract that stipulates, where the form is in place, that all operations must be conducted in full compliance with all applicable laws in connection with the contract. Externally, in 2021 WTW announced a corporate net zero commitment to be achieved by 2050, with at least a 50% reduction by 2030, across the company's business operations. To support this WTW has been involved with various governments, intergovernmental organisations and civil societies on climate policy and research for some years and share the collective ambition of an orderly transition towards sustainable and resilient economies and communities. Amongst a variety of our collaborations and memberships, WTW is a member of the insurance industry initiative ClimateWise, to support the Taskforce on Climate-Related Financial Disclosures ('TCFD'), a member of the Asset Managers Net-Zero Initiative, and are active members of the Coalition for Climate Resilient Investment. Our policy is to comply with all applicable environmental laws and regulations where we operate.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued)

For the year ended 31 December 2021

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Regulatory, legal and conduct risk

The Company is subject to regulation from the Financial Conduct Authority ('FCA') in relation to its investment advice and investment management activities. The FCA has a wide range of rule-making, investigatory and enforcement powers aimed at meeting its statutory objective of ensuring that the relevant markets function well. In addition, the FCA extended the Senior Managers and Certification Regime ('SMCR') which became effective on 9 December 2019. The SMCR is designed to drive improvements in culture and governance within financial services firms and to deter misconduct by increasing individual accountability to the FCA.

The FCA has three operational objectives:

- Promoting effective competition in the interests of consumers;
- Securing an appropriate degree of protection for consumers; and
- Protecting and enhancing the integrity of the UK financial system.

Central to the regulator's agenda is 'Conduct Risk', which is the risk that a firm's behaviour will result in poor outcomes for customers and adversely impact on the integrity of the market. The Company's failure, or that of its employees, to satisfy the FCA that it is in compliance with their requirements or the legal requirements governing its activities, can result in disciplinary actions, fines, reputational damage and financial harm. We continue to focus on Conduct Risk through the review of appropriate metrics and taking appropriate action as necessary.

The Company is also subject to rules and legislation governing money laundering, bribery and corruption, sanctions and competition. The Company has established its procedures to ensure compliance with these rules. However, should the Company fail to comply with the requirements, this failure may result in disciplinary action, fines, reputational damage and/or financial harm. These rules and legislation impact the Company's global operations and from time to time are subject to change, which may impact the Company's operations.

To mitigate these risks, the Company's Legal and Compliance departments have established a framework to ensure compliance with all regulatory requirements which includes detailed guidance on the standards to which associates must adhere. Reviews and audits of compliance with this guidance are carried out on a regular basis by both Compliance and Internal Audit.

Liquidity Risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company has secured adequate finance for the foreseeable future.

Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis.

Market risk

Loans to and from other group companies are typically denominated in the functional currency of those entities. This exposes the Company to the effects of changes in foreign exchange rates however, any material residual risks are hedged as required.

Operational Risk

Operational risk is inherent in all businesses, being the potential for financial and reputational damage arising from failures in internal controls, operational processes or systems that support them. It includes errors, omissions, disasters and deliberate acts such as fraud. The regulated environment in which the Company operates imposes regular reporting requirements and continuing self assessment and appraisal of the Company's operations. Furthermore, internal arrangements are supported with appropriate disaster recovery and business continuity plans. These processes are continually re-evaluated as the Company seeks to improve its operating efficiencies and the directors consider the current procedures to have been effective to date.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2021**

Political risk

The Company is exposed to additional risks by virtue of being part of WTW, including those relating to the United Kingdom having left the European Union on 31 January 2020. On 24 December 2020, the E.U. and the U.K. agreed to the terms of a Trade and Cooperation Agreement (the 'TCA') that reflects certain matters agreed upon between the parties in relation to a broad range of separation issues which provisionally applied as of 1 January 2021, and entered into force on 1 May 2021. While many separation issues have been resolved, some uncertainty remains. These risks have been discussed in WTW's consolidated financial statements which do not form part of this report.

Outsourcing Risk

As part of providing services to clients and managing the business, the Company relies on a number of third-party service providers. The ability to perform effectively depends in part on the ability of these service providers to meet their obligations, as well as on effective oversight of their performance. The quality of services could suffer or the Company could be required to incur unanticipated costs if third-party service providers do not perform as expected or their services are disrupted. This could have a material adverse effect on the business and results of operations. The Company manages this risk through processes of supplier and partner selection, onboarding and an ongoing programme of monitoring and review to ensure that our outsource partners remain appropriate.

Section 172 Companies Act 2006

In the course of the year, the Board of Directors complied with Section 172 of the Companies Act 2006 ('S172') by having regard to the following in all its principal decision making:

- a. the long-term consequences of any of its decisions (see Strategy section above);
- b. the interests of its employees;
- c. the Company's business relationships with its suppliers, customers and others (see Outsourcing Risk section above);
- d. community and environment (see Environment section above);
- e. reputation and business conduct (see Regulatory, Legal and Conduct Risk section above); and
- f. the need to act fairly as between members of the company.

Section 172 (b) does not apply to the Company as it does not have any employees.

Section 172 (f) does not apply to the Company as it is a wholly owned subsidiary of Willis Towers Watson plc.

In each case, the Board carefully considered the long-term consequences of each of these decisions by discussing with, and challenging management, on the consequences of any decisions on its key stakeholders (see Directors' Report below), the Company's reputation, and the impact on its culture and conduct.

A key responsibility of the Board is to review the solvency of the Company on a realistic stressed basis for the foreseeable future. The Board regularly considers, whether:

- there is effective leadership on risk issues;
- the risk culture across the organisation is appropriate;
- the remuneration strategy encourages excessive risk taking;
- all material risks have been identified and accurately assessed;
- any risks that are outside the Company's risk appetite are identified and escalated and are being actively managed to bring the risk back within appetite;
- mitigation action is timely and appropriate;
- material risks are being controlled through an effective, efficient and comprehensive control environment;
- WTW policies and initiatives are appropriate and adhered to; and
- the businesses are meeting their regulatory responsibilities.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT (continued) **For the year ended 31 December 2021**

Section 172 Companies Act 2006 (continued)

The Board also reviews all reporting disclosures on the system of internal control are appropriate, and satisfies itself that:

- the financial statements of the Company present a true and fair view and are in accordance with the agreed accounting policies;
- key judgements and disclosures are appropriate;
- it continues to be appropriate to prepare the financial statements on a going concern basis;
- risk issues are adequately reflected in the financial statements; and
- appropriate Client Money Controls are in place.

The Board facilitates dialogue and co-operation between the Risk, Compliance, Internal Audit, IT, Information Security, Legal and Finance functions and the business operations of the Company to ensure an appropriate control environment exists across the Company.

In the course of the year, the Board of Directors regularly reviewed and monitored management information in respect of the Company's day-to-day activities by regularly receiving and reviewing the reports from Human Resources, Legal, Risk, Finance, Internal Audit and Compliance functions.

The Directors had access to training on a variety of subjects including the WTW Code of Conduct.

Board packs for the Company are issued to the Directors a few days in advance of the Board meetings in order to provide adequate time for review. Any specific S172 factors will be flagged for consideration by the Board in respect of any relevant decisions in the future.

Approved by the Board of Directors
and signed on behalf of the Board



R Misra

Watson House, London Road
Reigate, Surrey
RH2 9PQ

19 April 2022

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2021

The directors present their annual report and audited financial statements of the Company for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide investment management services to TWIMI, another Willis Towers Watson group company, which is the manager of a number of Irish domiciled funds. The Company is authorised and regulated by the FCA and is a Recognised Investment Advisor ('RIA') under the jurisdiction of the Securities and Exchange Commission ('SEC'). In 2021 the Company registered as a Commodity Pool Operator (CPO) with the US Commodities Futures Trading Commission (CFTC) to enable more operational and investment flexibility with respect to direct and indirect commodity positions in funds with US investors.

The Company has also entered into an agreement with an affiliated company, Towers Watson Investment Services Inc (TWIS), to provide investment advice in relation to the Willis Towers Watson Group Trust to which TWIS acts as the fund manager.

DIVIDENDS

£10,000,000 dividends were paid during the year (2020 - £4,383,268). No final dividend is proposed (2020 - £nil).

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

Details of future developments and post balance sheet events can be found in the Strategic Report on pages 1 to 6 and forms part of this report by cross-reference.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies can be found in the Strategic Report on pages 1 to 6 and forms part of this report by cross-reference.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

DIRECTORS

The directors who served throughout the year (except where otherwise stated) were as follows:

P C Berriman

R Misra

M R Calnan

Third party indemnity provisions

As is permitted by the Company's Articles of Association and section 232 and 234 of the Companies Act 2006 qualifying third party indemnity provisions were in force during the period and remain in force for the benefit of the Directors (and any officers) of the Company. A fellow group Company, maintains directors' liability insurance cover for the company directors and officers as permitted under the Company's Articles. Such insurance policies remained in force during the period.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2021

INDEPENDENT AUDITOR AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and will be reappointed as auditor for the next year.

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board



R Misra

Watson House, London Road
Reigate, Surrey
RH2 9PQ

19 April 2022

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

For the year ended 31 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Towers Watson Investment Management Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its Profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Report on the audit of the financial statements (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and the Financial Conduct Authority; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential risk for fraud in the revenue split calculation between the Company and Towers Watson Investment Management Ireland Limited accounts, which is based on a manual calculation. Our specific procedures performed to address this risk included:

- We have evaluated the design and implementation of relevant controls associated with the revenue split calculation; and
- We have performed audit procedures to independently recalculate the revenue share between the Company and Towers Watson Investment Management Ireland Limited.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Report on the audit of the financial statements (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with regulatory authorities.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Knight, FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

London

United Kingdom

19 April 2022

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 £	2020 £
TURNOVER	3	51,938,728	30,766,559
Cost of Sales		(2,752,337)	(2,624,893)
GROSS PROFIT		49,186,391	28,141,666
Administrative Expenses		(6,331,997)	(5,446,635)
OPERATING PROFIT		42,854,394	22,695,031
Interest receivable and similar income	4	36,358	79,217
PROFIT BEFORE TAXATION	5	42,890,752	22,774,248
Tax on profit	8	(8,149,243)	(4,327,107)
PROFIT FOR THE FINANCIAL YEAR		34,741,509	18,447,141

All results are from continuing operations.

There are no recognised gains and losses for the current or preceding financial year other than the results shown above.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

BALANCE SHEET

Company Registration Number 05534464

As at 31 December 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	9	74,499,054	47,065,143
Total current assets		74,499,054	47,065,143
Creditors: amounts falling due within one year	10	(12,349,325)	(9,656,923)
NET CURRENT ASSETS		62,149,729	37,408,220
TOTAL ASSETS LESS CURRENT LIABILITIES		62,149,729	37,408,220
CAPITAL AND RESERVES			
Called-up share capital	11	20	20
Share Premium account	11	4,211,696	4,211,696
Profit and loss account	11	57,938,013	33,196,504
SHAREHOLDERS' FUNDS		62,149,729	37,408,220

The financial statements of Towers Watson Investment Management Limited (registered number 05534464) were approved by the Board of Directors and authorised for issue on 19 April 2022. They were signed on its behalf by:



R Misra
Director

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

Equity attributable to equity shareholders' of the Company

	Called-up Share Capital	Share Premium Account	Profit & Loss Account	Total
	£	£	£	£
At 1 January 2020	20	4,211,696	19,132,631	23,344,347
Profit for the year ended 31 December 2020	—	—	18,447,141	18,447,141
Total comprehensive income	—	—	18,447,141	18,447,141
Dividends paid	—	—	(4,383,268)	(4,383,268)
At 31 December 2020	20	4,211,696	33,196,504	37,408,220
Profit for the year ended 31 December 2021	—	—	34,741,509	34,741,509
Total comprehensive income	—	—	34,741,509	34,741,509
Dividends paid	—	—	(10,000,000)	(10,000,000)
At 31 December 2021	20	4,211,696	57,938,013	62,149,729

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the year ended 31 December 2021

1. ACCOUNTING POLICIES

Towers Watson Investment Management Limited is a limited liability company, limited by shares, domiciled and incorporated in England. The address of the Company's registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The Company's principal place of business is Watson House, London Road, Reigate, Surrey, RH2 9PQ. The principal activities of the Company are set out in the Directors' Report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the requirements of the Companies Act 2006 including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

The principal accounting policies adopted are described below and have been applied consistently in the current and prior year.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, financial instruments, related party transactions and remuneration of key management personnel.

a. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, including the further impact of COVID-19 or emerging world events, are set out in the strategic report. The strategic report further describes the financial position of the Company; its cash flows, liquidity position and borrowing facilities; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Company meets its day to day working capital requirements by being part of a cash pooling arrangement managed by the WTW treasury function which reviews the Company's forecasts and projections, taking account of reasonably possible changes in interest rate, and shows that the Company should be able to operate within the level of its current arrangement.

The Company's operating profit has improved on the prior year and it has generated operating cash flows in the year. The Company has considerable financial resources together with long-term relationships with customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The ultimate parent undertaking has confirmed that it would provide financial support if necessary for the company to continue to meet its financial obligations as they fall due for at least twelve months from the date on which the financial statements are signed.

Having assessed the responses to their enquiries, including those related to COVID-19 or emerging world events, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt upon the ability of the Company to continue as a going concern or its ability to repay loans due from time to time. As a consequence of the enquiries the Directors have a reasonable expectation that the Company has appropriate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES (continued)

b. Cash flow statement

The Company has taken advantage of the exemption within Financial Reporting Standard 102 1.12(b) not to produce a cash flow statement as the consolidated financial statements of its ultimate parent undertaking are publicly available.

c. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Deferred tax assets are regarded as recoverable and recognised only to the extent that, on the available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax is charged or credited in the profit or loss account, except when it relates to items charged or credited to other comprehensive income or equity, then the tax follows the transaction.

d. Revenue recognition

Turnover

Turnover represents fees receivable for services rendered, net of VAT, in accordance with the Company's investment management agreements.

Revenue is recognised as earned when, and to the extent that, the Company obtains the right to consideration in exchange for its performance under these contracts.

Income that is contingent on events outside the control of the Company is recognised when the contingent event occurs.

Interest income

Revenue is recognised as interest accrues.

Other income

Other income is recognised when the Company's right to receive payment is established.

e. Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES (continued)

f. Financial instruments

The Company has elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS 102 in full to all of its financial instruments.

Financial assets and liabilities

Debt instruments which meet the conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when:

- a) the contractual rights to the cash flows from the financial asset expire or are settled,
- b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or
- c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets

Debtors - Amounts owed by group undertakings

Amounts owed by group undertakings: short term debtors, being amounts due with one year, and which do not constitute a financing transaction are initially recognised at the transaction price. They are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors - Amounts owed to group undertakings

Amounts owed to group undertakings payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at the amortised cost, being the transaction price less any amounts settled.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

1. ACCOUNTING POLICIES (continued)

f. Financial instruments (continued)

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying the Company's accounting policies

The following critical judgement, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Turnover relating to investment management fees is recognised by reference to anticipated fees which requires judgement from management. If amounts accrued at the period end and prior to approval of the financial statements are known, revenue is adjusted to actual.

Key sources of estimation uncertainty in applying the Company's accounting policies

There are no key sources of estimation uncertainty.

3. TURNOVER

	2021	2020
Analysis of turnover by geography	%	%
United Kingdom	8	13
Europe	92	87
	<u>100</u>	<u>100</u>

Analysis of turnover by revenue stream

All revenue in the current and prior year are investment management fees.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£	£
Interest on loans to group undertakings	36,358	79,217

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

5. PROFIT BEFORE TAXATION

	2021	2020
	£	£
Profit before taxation is stated after charging / (crediting):		
Foreign exchange loss/(gain)	107,162	(748,671)

The auditor's remuneration for the audit of the financial statements of the Company for the current year was £39,999 (2020 - £33,713) which was borne by a fellow group undertaking.

6. STAFF COSTS

The Company had no employees during the year (2020- Number: nil) (see note 7 for further details).

7. DIRECTORS' REMUNERATION

No remuneration was payable to the directors of the Company in the year (2020 - £nil). The directors are considered to be group employees in both periods and as such are remunerated through other group undertakings. However a recharge of salaries is made to this entity in respect of services provided by employees of a fellow group company of £2,594,668 (2020 - £2,559,623) of which £65,025 (2020- £56,351) relates to the directors.

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

8. TAX ON PROFIT

The rate of UK corporation tax for the period is 19% (2020 - 19%). The differences are explained below

	2021	2020
	£	£
<i>Current tax</i>		
U.K. corporation tax payable at 19% (2020 - 19%)		
Current tax charge for the year	(8,149,243)	(4,327,107)
Current tax charge on profit for the year	(8,149,243)	(4,327,107)
Total tax charge for the year	<u>(8,149,243)</u>	<u>(4,327,107)</u>

	2021	2020
	£	£
<i>Reconciliation of total tax charge</i>		
Profit before tax	42,890,752	22,774,248
UK corporation tax charge for the year at the standard rate of 19% (2020 - 19%)	(8,149,243)	(4,327,107)
Current tax charge on profit for the year	<u>(8,149,243)</u>	<u>(4,327,107)</u>

9. DEBTORS

	2021	2020
	£	£
Trade debtors	336,250	356,580
Amounts owed by group undertakings	73,983,701	46,560,309
Other debtors	99,066	114,419
Prepayments and accrued income	80,037	33,835
	<u>74,499,054</u>	<u>47,065,143</u>

10. CREDITORS: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	253,317	9,450
Amounts owed to group undertakings	3,921,008	5,178,542
Corporation tax	8,149,243	4,327,107
Accruals and deferred income	25,757	141,824
	<u>12,349,325</u>	<u>9,656,923</u>

TOWERS WATSON INVESTMENT MANAGEMENT LIMITED

Notes to the financial statements for the period ended 31 December 2021 (continued)

11. CALLED-UP SHARE CAPITAL AND RESERVES

	2021	2020
	£	£
Called-up, allotted and fully paid		
201 (2020 - 201) Ordinary shares of £0.10p each	20	20

The Company has one class of ordinary shares which carry no right to fixed income.

A dividend of £10,000,000 was paid in the year (2020 - £4,383,268).

The Company's other reserves comprise:

Share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Profit and loss account which represents cumulative profits or losses, net of dividends paid and other adjustments.

12. ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

The Company is a wholly owned subsidiary of Towers Watson Global Limited, whose registered office is Watson House, London Road, Reigate, Surrey, RH2 9PQ, England.

The ultimate parent company and controlling entity is Willis Towers Watson plc whose registered office is Willis Towers Watson plc, Willis Towers Watson House, Elm Park, Merrion Road, Dublin DO4 P231, The Republic of Ireland and listed on NASDAQ Global Select Market.

The largest and smallest group into which the Company's financial statements are consolidated is Willis Towers Watson plc.

Consolidated financial statements of Willis Towers Watson plc for the year ended 31 December 2021 are available on the Willis Towers Watson website at: www.willistowerswatson.com.

13. RELATED PARTY TRANSACTIONS

The Company is part of the Willis Towers Watson group, the Company has taken advantage, as a 100% owned subsidiary, of the exemption under Financial Reporting Standard FRS102 1.12(e), from disclosure of transactions and balances with group companies. Accordingly, transactions with Willis Towers Watson plc and its subsidiary undertakings are not disclosed separately.

14. POST BALANCE SHEET EVENTS

Since the year end the following post balance sheet event occurred:

- The Directors have considered the impact of the events emerging in Russia and Ukraine on the Company, which is a non-adjusting post balance sheet event. The Company has no exposure from trade with Russia or Ukraine. However it is too early to be certain of the impact on the wider global economy and specifically in the markets in which the Company operates.