

Investment Income Tax Withholding Updates and Trends

2015

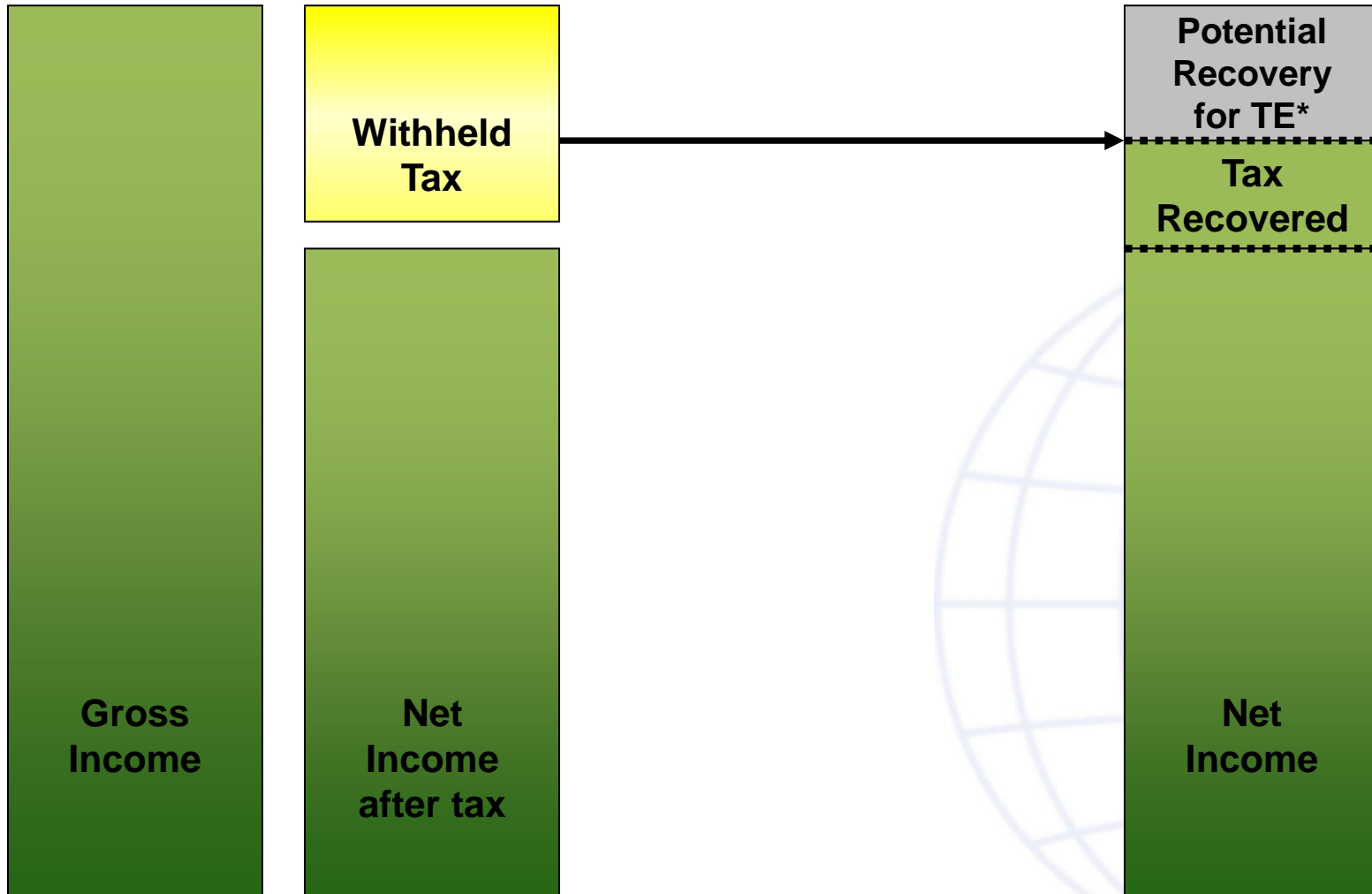
GLOBETAX

May 1, 2015

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Withholding Tax Recovery



**Tax Exempts (Dependent on Jurisdiction)*

GlobeTax Business Verticals

Issuer's Agent

- Provide infrastructure for withholding tax relief and reclaim for ADR marketplace
- Bank of New York Mellon
- Deutsche Bank
- Citi
- JP Morgan

Investor's Agent

- Individual/HNW investors
- Custodians
- Broker/Dealers
- Financial Advisors/RIAs
- Hedge Funds

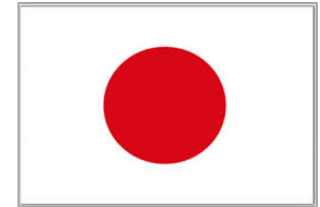
Austria & Italy

- Austrian withholding rate will increase from 25% to 27.5% (effective Jan 1, 2016)
- Italian government increased withholding from 20% to 26%



- **Reduced Rate “tax holiday” expired December 31, 2013**

- Withholding increased to 15.315% from 7.147%



- **Required documentation - ADRs only**

- DTC Participants can provide a copy of BO's Form W9 or W8 to prove residence during audit

- **Audits**

- May take place up to seven years after dividend payment

- **GlobeTax and Depositaries worked closely with Japanese custodians to develop a process balancing the Japanese Tax Office's concerns with those of the DR investors**

- **Reclaim process for ordinary shares requires original Certification of Residency and other documentation**

- 10% Withholding Rate initiated
 - On corporate earnings generated after January 1, 2014
 - US Pensions and US Charities are entitled to exemption
 - A reclaim process has yet to be developed
 - As of this presentation we have not seen withholdings on Mexican dividends



- Punitive Withholding Rate and Statutory Rate Update
 - 15% Punitive Rate Removed
 - 15% Statutory Rate with the ability to reduce the withholding for treaty eligible entities (US rate is 10%)
- Relief at Source available for ADR holders
- Post-Payable Refund Process in Development



Changing Landscape

Trends

- Increased Regulatory Oversight Fiduciary Responsibility
 - Department of Labor

- Investor Transparency
 - FATCA and Intergovernmental Agreements (IGAs)
 - Increasingly, Tax Authorities are ‘looking-through’ vehicles domiciled in Luxembourg and Ireland to the *ultimate beneficial owner*, regardless of their presence and substance within the respective country

Changing Landscape

ELLC

- Possible New Type of Corporate Vehicle – an Exempted Limited Liability Company (ELLC)
 - Will incorporate certain features of a Cayman exempted limited partnership
 - Liability limited by reference to members' capital accounts and capital commitments
 - Members will be free to agree amongst themselves the internal workings of the ELLC

Drag on Portfolio Performance

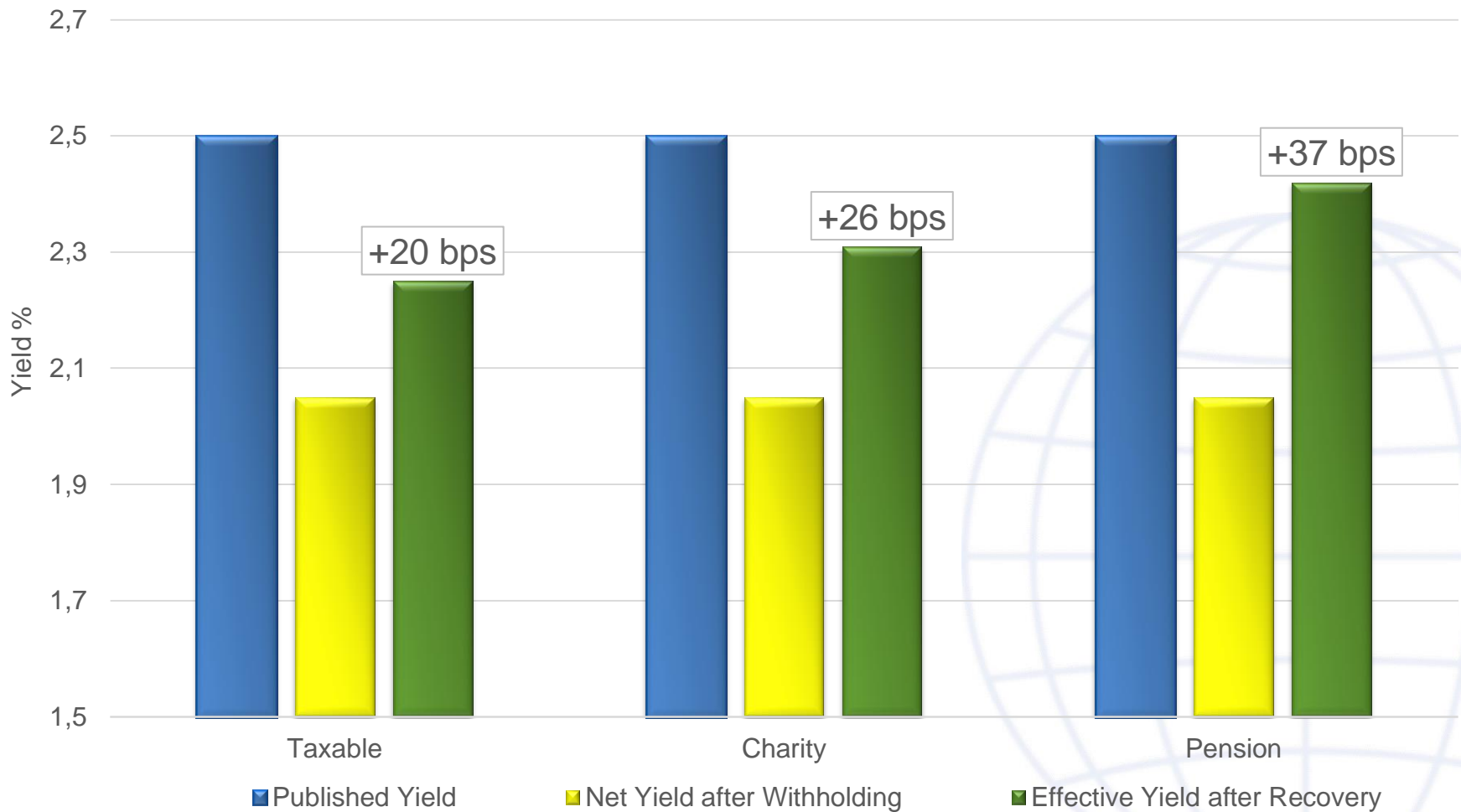
Benchmark Analysis

- Cost of non-recovery of entitlements can range from:
 - 15-30 bps - Single-Owner entities
 - 20-40 bps - Charities and Endowments
 - 30-50 bps – Pension Funds

Charities and Endowments entitled to exemption (full recovery) from withholding tax in some markets. Pension funds entitled to exemption in more markets.

Impact to Yield

MSCI EAFE Index



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