Q2 2025

TT GLOBAL SMID-CAP FUND

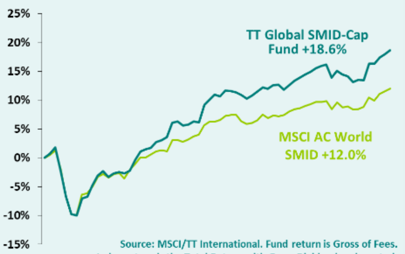
THIS IS A MARKETING COMMUNICATION

Fund Performance

	Gross Returns	Net Returns	MSCI AC World SMID
Q2	18.6	18.3	12.0
1 Year	11.9	10.7	16.7
Inc. Ann	16.3	15.1	13.5

Fund Value (USD mil)	10.2
Strategy Assets (USD mil)	178.1
Inception 29/11/22	

USD Returns, Q2 2025



Source: MSCI/TT International. Fund return is Gross of Fees. Index return is the Total Return with Gross Dividends reinvested.

Top Five Securities %

Nexans	France	2.6
Inpost	Netherlands	2.5
Transunion	United States	2.5
Vita Coco	United States	2.5
Topbuild Corp	United States	2.4

Performance

Global equities rallied in Q2, with EM outperforming DM as investors started to shift away from the US into laggard markets. AI stocks enjoyed a particularly sharp rebound over the quarter. Performance for the fund followed these trends, with strong gains in our AI Data Centre and India themes.

Outlook and positioning

We believe the US Dollar is still historically overvalued, even after the post-“Liberation Day” sell-off. We also see the US fiscal situation as unsustainable; the US needs to tighten its belt more than any other major economy. Meanwhile, the explosive growth in shale oil that benefited the US so materially in the recent past is unlikely to be repeated. For all these reasons, we expect US exceptionalism to fade, resulting in a weaker trade-weighted dollar and a rotation of capital out of crowded US assets. Asian equities should be amongst the biggest beneficiaries of this. Foreign ownership in the region is only about 25% and valuations appear compelling: on a CAPE basis, Asia trades at roughly a 40% discount to the S&P 500, the widest gap in a quarter-century.

With this in mind, we are comfortable remaining underweight the US, and have substantial exposure to Asian domestic demand. In India we note clean corporate balance sheets, a rebounding property cycle, rising government capex and a pro-growth RBI, all of which underpin our domestic-demand plays, including Lemon Tree, Aditya Birla Capital, Sunteck and Nuvama Wealth. Elsewhere we remain constructive on Indonesia, where US Dollar weakness should allow the central bank to cut rates and unwind the SRBI liquidity drain, benefiting banks (BSI, BNI) and developers (Pakuwon Jati). We have also been adding to the Philippines, which is extremely cheap versus its own history.

Two exceptions to our domestic-demand bias within Asia are the AI hardware supply chain – notably Chroma, SK Square, Asia Vital Components, Elite Material and similar names – and a small basket of deeply discounted Hong Kong-listed shares, namely Crystal International and Stella International. We continue to expect generative AI to automate 15-40% of white-collar tasks, supporting multi-year demand for data-centre infrastructure. Whilst our footwear and apparel manufacturers Stella and Crystal were hit hard on trade war concerns, we maintain exposure as both have strong visibility, with their customers demanding more supply from them, not less. Finally, from a risk management perspective, we have raised cash and reduced the beta of the fund, recognising that markets have moved a long way, despite macro risks remaining elevated.

Over the quarter we bought Bengo4.com, Japan’s market leader in e-contracts. Japan is a very paper-based society, meaning penetration of e-contracts is low at around 7%. However, usage is increasing, and we see a long runway for growth, boosted by an expanding sales force. The company also offers services to find lawyers, as well as a huge library of case precedents and associated documents that are used by lawyers themselves. It has just launched an AI search engine for this database, which should make it significantly more valuable to customers and commands a substantial premium to standard services.

Another purchase was NICE, the leading cloud contact-centre software provider. We believe it is materially undervalued, trading at about 3x forward sales. This is back to pre-Covid levels and discounts only mid-single-digit revenue growth, despite the company enjoying >20% CFROA, steady margin expansion and a long on-premise-to-cloud migration runway with roughly 75% of the market still on legacy systems. If NICE sustains c.10% annual revenue growth and captures around 10% of the productivity gains early adopters attribute to generative-AI tools, our base-case valuation implies 70% upside; even a bear case of mid-single-digit growth points to a modest positive return. Competitive threats from big-tech AI entrants are real, but the company’s product quality and established CCaaS share position it well.

Elsewhere we bought Hemnet, which we regard as the clear “winner-takes-all” property portal in Sweden, commanding more than 80% of web traffic and over 90% of residential-portal revenue. Despite this dominance, it still monetises listings at roughly a 0.2% take-rate – about half the level achieved by Australia’s REA and well below estate-agent fees of 1.5-3%. Because vendors rather than agent groups pay for listings, Hemnet should enjoy strong pricing power, given that most vendors see their online presence as the most important tool for marketing their house. We therefore expect significant ARPL increases going forward, particularly with the introduction of the new “Max” tier and Hemnet’s new agent incentive structure. Despite its superior model and faster top- and bottom-line growth, Hemnet still trades broadly in line with less advantaged European classifieds peers, giving us confidence in significant re-rating potential as pricing continues to normalise.

Conversely, we sold ICON after losing confidence in the investment case. This was based on a combination of R&D budgets coming under pressure from more drugs going off patent, the new regime in the US being more anti-vaccine, and growing evidence of insourcing. Finally, we took profits in Chemring as part of efforts to consolidate our positions in Defence as the theme has had a very strong run.

Stock Focus: Elite Material

Elite Material is Taiwan’s leading producer of copper-clad laminates—the layered substrates that carry signals across printed circuit boards—and has built its franchise on advanced “prepreg” resin mixes that cut signal loss and improve insulation. Elite has roughly a third of the global “green” CCL market and a 28% share in high-speed materials, having displaced more expensive Japanese rivals through steady gains in performance and price. The shares rallied in line with much of the AI complex. The investment case rests on a blend of earnings visibility and structural growth tied to AI hardware. Management targets a five-year compound annual growth rate of 16% for revenue and 17% for earnings, underpinned by c.30% growth in the tech-infrastructure division and incremental margin gains as the sales mix shifts further towards higher-end laminates. Cashflow return on assets has averaged 14% over the past decade and is approaching 20% today, comfortably ahead of peers in the substrate sector. Even after a period of catch-up investment, capital intensity remains modest, suggesting that additional volumes should translate into attractive free cash flow. Yet the shares trade on about 18x projected 2025 earnings – roughly in line with the broader substrate and AI-materials cohort, but a discount to companies with similar growth and return profiles – offering potential upside of 30-40% if Elite’s leadership in next-generation laminates is rewarded more fully by the market.

Performance

- The fund finished significantly ahead of its benchmark, with outperformance particularly notable in the Technology and Macro themes.
- The AI complex rebounded strongly from its sell-off. We had taken the opportunity to add on weakness, and therefore benefited substantially from the rally.
- Within Macro, our Indian domestic-demand names were strong as the RBI is starting to ease and growth has picked up, easing investor concerns.
- In Demographic & Sociological, Gerresheimer sold off following a profit warning.
- Icon was weak due to concerns over insourcing and R&D budget cuts.

Major Winners and Losers (Held Stocks Only)

	Stock	Country	Management Effect (%)
Top Contributors	Vertiv Holdings	United States	0.94
	Asia Vital Components	Taiwan	0.81
	Elite Material	Taiwan	0.79
	SK Square	Korea	0.78
	Chroma ATE	Taiwan	0.76
Top Detractors	Gerresheimer	Germany	-0.87
	Icon	Ireland	-0.59
	Globus Medical	United States	-0.55
	Crystal Group	Hong Kong	-0.49
	Bellring Brands	United States	-0.40

Fund 12-Month Discrete Periods (%)

Additional Fund Performance Information:

	Jul 24 - Jun 25	Jul 23 - Jun 24	Jul 22 - Jun 23	Jul 21 - Jun 22	Jul 20 - Jun 21
Gross of fees	11.9	20.7			
Net of fees	10.7	19.4			
Index	16.7	11.2			

Q2 2025

TT GLOBAL SMID-CAP FUND

Regional Allocation (%)

	TT GLOBAL SMID-CAP FUND		MSCI AC WORLD SMID-CAP
	31 Mar	30 Jun	30 Jun
North America	36.5	28.1	55.4
Developed Europe	34.6	28.3	15.3
Dev Pacific ex Japan		3.5	4.4
Japan	4.0	5.5	9.2
EM Asia ex China	23.3	29.3	8.3
China			2.2
EMEA			2.6
Latin America			1.3
Middle East		1.7	1.2
Cash	1.2	3.6	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

March 31, 2025			June 30, 2025		
Security	**Country**	**Weight %**	**Security**	**Country**	**Weight %**
Aditya Birla Capital	India	3.6	Nexans	France	2.6
Topbuild Corp	United States	3.2	Inpost	Netherlands	2.5
Transunion	United States	2.9	Transunion	United States	2.5
Cadeler	Norway	2.9	Vita Coco	United States	2.5
Hyatt Hotels	United States	2.8	Topbuild Corp	United States	2.4
Technopro Holdings	Japan	2.8	CVS Group	United Kingdom	2.3
Nvent Electric	United States	2.6	Bellring Brands	United States	2.3
Lemon Tree Hotels	India	2.5	Crystal Group	Hong Kong	2.1
Nexans	France	2.5	Integrafin Holdings	United Kingdom	2.1
Gerresheimer	Germany	2.5	Bank Syariah Indonesia	Indonesia	2.0
Top 10 Positions		28.3	Top 10 Positions		23.4
Top 20 Positions		50.0	Top 20 Positions		42.2
No. of stocks		55	No. of stocks		60

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A prospectus and supplement for the Fund ("Prospectus"), and Key Information Documents ("KIDs") for each share class of the Fund can be obtained from www.ttint.com and is available in other languages. The KIDs can be obtained from www.ttint.com and are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC. In addition, a summary of Fund investor rights is available from www.ttint.com.
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FDI Risk: FDI may fluctuate in value rapidly and leverage through FDI may cause losses that are greater than the original amount paid for the relevant FDI.
Operational Risk: human error, system and/process failures, inadequate procedures or control may cause losses to the Fund.
Liquidity Risk: the Fund may have difficulty buying or selling certain securities readily which may have a financial impact on the Fund.
Credit/Counterparty Risk: a party with whom the Fund contracts for securities may fail to meet its obligations (e.g. fail to pay principal or interest or to settle an FDI) or become bankrupt, which may expose the Fund to a financial loss.
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