Q3 2024

TT GLOBAL SMID-CAP FUND

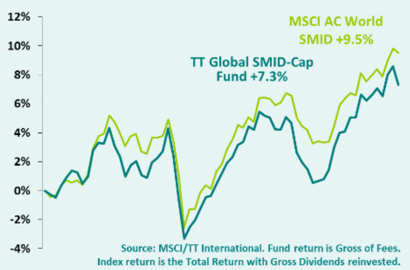
THIS IS A MARKETING COMMUNICATION

Fund Performance

	Gross Returns	Net Returns	MSCI AC World SMID
Q3	7.3	7.0	9.5
1 Year	29.5	28.2	26.1
Incep.	20.9	19.6	15.4

Fund Value (USD mil)	19.0
Strategy Assets (USD mil)	175.7
Inception 29/11/22	

USD Returns, Q3 2024



Top Five Securities %

Cadeler	Norway	3.2
Icon	Ireland	3.1
Accor	France	2.9
Dynatrace	United States	2.8
Vertiv Holdings	United States	2.6

Stock Focus: TransUnion

TransUnion, one of three major credit bureaus in the US. The company is part of an oligopoly that controls credit profile information for individuals across the country, making it integral to the US financial system and limiting the risk of new entrants. We believe it will be able to grow its core credit bureau business at better-than-GDP rates, as credit usage and products proliferate, pricing is increased, and the company delivers more value to its financial services clients through new products that provide greater insights into the creditworthiness of individuals and allow targeted marketing of credit products. TransUnion is also well placed to take its core competency and expand into large adjacent markets such as Non-Credit Consumer Identity Resolution and Consumer Services, which leverage its existing datasets and data processing expertise. TransUnion performed well over the quarter. As a credit bureau, it benefits from increasing volumes of initiated credit, and is therefore a beneficiary of lower rates.

Performance

Global equities rallied over the quarter as the US and China both announced policy easing. The fund saw a positive absolute return, underperforming its benchmark. Outperformance in the Technology theme was outweighed by underperformance in the Demographic & Sociological and Macro themes.

Outlook and positioning

The most significant events in markets over recent weeks have been policy easing in the US and China. The Fed decided to cut by 50bps, which we believe was the correct call, with 3-month rolling underlying inflation already below the central bank's 2% target and rates clearly restrictive at these levels. This decision reinforces our view that there will be a soft landing in the world's largest economy, and we take additional comfort from the fact that the Fed has substantial scope to cut much further. As we have argued previously, these rate cuts should be effective because consumer balance sheets are in reasonably good health across the developed world.

While the Fed's decision was well-telegraphed, policy easing in China caught investors by surprise and catalysed a major relief rally. Key announcements include: cutting the Reserve Requirement Ratio to inject RMB 1 trillion of liquidity into the system; lowering outstanding mortgage rates to ease the mortgage burden for c.150m people; reducing downpayments for second homes; setting up a new swap facility to allow asset managers and insurers to tap at least RMB 500 billion of PBOC liquidity to purchase equities; and providing a further RMB 300 billion of funds to allow banks to lend to corporates for share buybacks. At the time of writing, there is speculation that these measures will be followed up with a series of fiscal announcements, including cash handouts for the poor, and issuing RMB 2 trillion via special bonds to stimulate consumption and help local governments tackle debt problems.

Some of the measures are healthy. For example, the moves to get banks to pass on lower rates to mortgage holders should boost consumption. Moves by Tier 1 cities to remove home purchase restrictions are also positive, although they will not help to address the more important issue of oversupply in these cities. It will be interesting to see what further measures are announced to support the market as the Politburo statement did call for an imminent reversal in declining property sales and prices. Interestingly however, it also called for a cap on new housing starts. This may be sensible in terms of limiting the risk of the property bubble inflating again, but it does suggest that the overarching policy goal will be to reduce downside risks associated with the property sector as opposed to returning to a property-led growth model.

The plan to inject capital into the six largest banks is puzzling and seemingly unnecessary. CCB, for example, has a 14% tier 1 capital ratio. Capital is not a constraint, unless the Non-Performing Loan problem is substantially worse than the official data suggests. The reason that banks are struggling to lend is that credit demand is low, and it is difficult to identify a new growth driver that will change this. Indeed, the former growth drivers of property, infrastructure and exports continue to look challenged, either due to oversupply or geopolitics. Consequently, we suspect that the capital injection will have little impact.

Following the rally, it is hard to argue that China overall is cheap and oversold. MSCI China is very close to its 5- and 10-year median P/E valuations. This comes against a backdrop where the fundamentals are arguably worse than at almost any time in the past 10 years, other than during the prolonged covid lockdown period. Our core view is that China remains challenged due to a combination of geopolitics, demographics, excess debt, deflation, and an unwind of the property bubble. Perhaps the best template for what is likely to happen in China is Japan. As Japan deflated, the market went through a multi-year period of underperformance, punctuated by the occasional sharp rally on hopes of a bottom. In our view, this is what we are witnessing in China now.

From a thematic perspective, some of our positions came under pressure over the quarter. For example, India was generally used as a funding source as investors shifted into China. Meanwhile, our memory exposure cost the fund as investors took some profits after a prolonged period of strong gains. We have maintained exposure to these themes. In our view, the Indian economy is benefiting from a simultaneous uptick in the bank, investment and property cycles, while memory prices should continue to be strong due to demand from AI servers, amongst other applications. High bandwidth memory is particularly sought after, but is complex and requires more capacity to produce. With evermore capacity shifting from conventional DRAM to high bandwidth memory, supply of conventional memory will likely remain tight, supporting prices.

Over the quarter, we bought Huber & Suhner, a Swiss component maker, with a leading position in the Optical Circuit Switches (OCS) market. This is a technology that we believe is going to be increasingly used within AI data centres. Google has standardised on OCS for its data centres, and the company has typically led the industry's thinking around hardware architecture. We expect this technology to be adopted by other large cloud service providers. In our view, this is not priced into the stock because it is currently a small part of the business. However, over the next decade it could be transformative, with Huber's OCS segment potentially generating as much revenue as the entire business today.

Another purchase was Capstone Copper, a mining company focused primarily on copper exploration and production. The majority of its assets sit in Chile, with additional mines in Arizona and Mexico. Annual copper production in 2023 was ~165kt, and we see a clear pathway to 380kt, driven by significant expansion of its portfolio in Chile. We are structurally bullish on copper, given its centrality to decarbonisation efforts globally, as well as the relatively limited supply.

Conversely, we risk managed the position in Ujjivan, which has significant exposure to microfinance lending, where asset quality trends have been deteriorating.

Finally, Hyatt Hotels was sold as it was near our price target and recent data on Average Daily Rate trends in the US has been slightly weak.

Attribution by Theme (%) - Held Stocks Only

	Q3 24
Knowledge Is Power	1.2
White-Collar Automation	0.3
Digital Consumer	0.1
Improving Education	-0.0
Fintech	-0.1
Cybersecurity	-0.1
Blue-Collar Automation	-0.1
AI data centre	-0.5
Technology	**0.8**
Electrification, Industrial & Energy Efficiency	0.4
Clean Energy	0.1
Clean Transport	-0.8
Environmental	**-0.3**
Vietnam	0.0
Reshoring, Nearshoring and Friendshoring	-0.0
India	-1.1
Macro	**-1.1**
Wellness	0.3
Wealth Management	0.0
Travel & Leisure	-0.4
Healthcare	-1.1
Demographic & Sociological	**-1.2**

Performance by Theme

- The fund finished behind its benchmark, with outperformance in the Technology theme outweighed by underperformance in the Demographic & Sociological and Macro themes.
- TransUnion performed well over the quarter. As a credit bureau, it benefits from increasing volumes of initiated credit, and is therefore a beneficiary of lower rates.
- Nexans rallied following strong results and positive developments on a major new interconnector project.
- Gerresheimer sold off following a profit warning linked to its vials business. We retain strong conviction in the position and have added on weakness.
- Lemon Tree Hotels struggled after data showed a moderation in Average Daily Rate growth.

Major Winners and Losers (Held Stocks Only)

	Stock	Country	Management Effect (%)
Top Contributors	TransUnion	United States	0.57
	Nexans	France	0.53
	JD Sports Fashion	United Kingdom	0.50
	Nuvama Wealth Mgmt	India	0.42
	Vertiv Holdings	United States	0.36
Top Detractors	Gerresheimer	Germany	-0.87
	Hansol Chemical	Korea	-0.65
	Pure Storage	United States	-0.60
	Equitas Small Finance Bk	India	-0.53
	Lemon Tree Hotels	India	-0.43

Performance by Stock

- JD Sports rallied on signs of a modest improvement in the sportswear market.
- Hansol Chemical struggled due to weakness in the EV battery and hydrogen peroxide markets.

Fund 12-Month Discrete Periods (%)

Additional Fund Performance Information:

	Oct 23 -Sep 24	Oct 22 - Sep 23	Oct 21 - Sep 22	Oct 20 - Sep 21	Oct 19 - Sep 20
Gross of fees	29.5				
Net of fees	28.2				
Index	26.1				

TT INTERNATIONAL

Q3 2024

TT GLOBAL SMID-CAP FUND

Regional Allocation (%)

	TT GLOBAL SMID-CAP FUND 30 Jun	TT GLOBAL SMID-CAP FUND 30 Sep	MSCI AC WORLD SMID-CAP 30 Sep
North America	27.6	30.3	56.1
Developed Europe	33.5	33.4	15.0
Dev Pacific ex Japan	2.1	2.0	4.6
Japan	3.7	4.1	9.1
EM Asia ex China	29.7	27.6	8.6
China			2.0
EMEA			2.6
Latin America			1.1
Middle East	2.8	1.7	0.9
Cash	0.6	0.9	
Total	**100.0**	**100.0**	**100.0**

Theme Allocation (%)

	TT GLOBAL SMID-CAP FUND 30 Jun	TT GLOBAL SMID-CAP FUND 30 Sep
Healthcare	8.3	9.4
Travel & Leisure	8.4	6.6
Wealth Management	3.3	4.1
Wellness	10.5	9.3
Demographic & Sociological	**30.5**	**29.5**
Clean Energy	3.2	3.3
Clean Transport	4.5	6.7
Electrification, Industrial & Energy Efficiency	6.8	5.9
Environmental	**14.5**	**16.0**
India	16.3	15.4
Indonesia	1.0	
Reshoring, Nearshoring and Friendshoring	7.8	7.2
Vietnam	4.0	4.1
Macro	**29.1**	**26.7**
AI data centre	7.2	11.0
Blue-Collar Automation	1.5	1.9
Cybersecurity	2.8	1.7
Digital Consumer	1.8	2.1
Fintech	1.2	0.7
Improving Education	2.0	
Knowledge Is Power	6.7	6.6
White-Collar Automation	2.1	2.9
Technology	**25.3**	**26.9**
Cash	0.6	0.9
Total	**100.0**	**100.0**

Top 10 Stocks

June 30, 2024			September 30, 2024		
Security	**Country**	**Weight %**	**Security**	**Country**	**Weight %**
Cadeler	Norway	3.2	Cadeler	Norway	3.3
Gerresheimer	Germany	3.1	Icon	Ireland	3.0
Vertiv Holdings	United States	2.9	Accor	France	2.9
Cyberark Software	Israel	2.8	Dynatrace	United States	2.9
Icon	Ireland	2.6	Vertiv Holdings	United States	2.8
Accor	France	2.6	Vita Coco Co	United States	2.8
Glanbia	Ireland	2.6	Gerresheimer	Germany	2.8
Herc Holdings	United States	2.5	Allfunds Group	Netherlands	2.7
Samhi Hotels	India	2.5	Topbuild Corp	United States	2.6
Allfunds Group	Netherlands	2.3	Glanbia	Ireland	2.5
Top 10 Positions		27.2	Top 10 Positions		28.2
Top 20 Positions		48.7	Top 20 Positions		50.0
No. of stocks		56	No. of stocks		52

Important Information:

Shareholder Rights

A Prospectus is available for the Fund and Key Investor Information Documents (KIIDs) are available for each share class of each the sub-funds of the Fund.
The Fund's Prospectus can be obtained from www.ttint.com/fund-documentation/ and is available in English.
The KIIDs can be obtained from www.ttint.com/fund-documentation 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 (the UCITS Directive).
In addition, a summary of investor rights is available from www.ttint.com/fund-documentation . The summary is available in English.
The sub-funds of the Fund are currently notified for marketing into a number of EU Member States under the UCITS Directive. The Fund can terminate such notifications for any share class and/or sub-fund of the Fund at any time using the process contained in Article 93a of the UCITS Directive.

Additional risks

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.
For more information on these and other risk factors that apply to the Fund, see the section entitled "Risk Factors" in the Prospectus.