Q3 2022

TT ASIA EX JAPAN EQUITY FUND

Fund Performance

	Fund Gross	MSCI Asia ex Japan
September	-13.9	-12.7
Q3	-14.8	-13.7
YTD	-34.0	-27.6
1 Year	-36.3	-28.5
3 Year (ann)	-2.2	-1.0
Incep. (ann)	-3.7	-3.1

Returns are gross of fees in USD

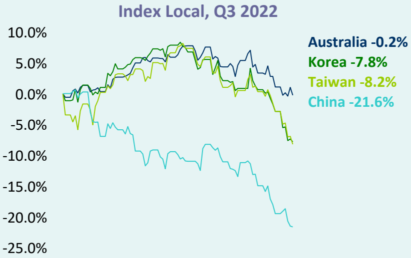
Fund Value (USD mil) 38

Inception 02/05/18

Q3 2022 Attribution

Country Allocation	2.3
Security Selection	-3.3
Currency Effect	-0.2
Management Effect	**-1.3**

Markets



Source: MSCI. Returns are Gross Total Returns in local currency terms for the corresponding MSCI country index.

Asian equities sold off sharply in Q3 amid a perfect storm of Fed rate hikes, dollar strength and global recession fears. The fund produced a negative absolute return, underperforming its benchmark.

Performance

The fund finished behind its benchmark, with outperformance in India more than offset by underperformance in China and Korea.

Market Background

Asian equities sold off sharply in Q3 amid a perfect storm of Fed rate hikes, dollar strength and global recession fears.

Outlook

Asian markets have been very weak amid a deteriorating global macro picture, a decidedly hawkish Fed, and a strong dollar. Added to these global headwinds are Asia-specific risks, most notably China and its property market woes. However, equity markets have fallen a long way, and Asia is far from a homogenous group of countries. We continue to see some excellent opportunities in the region, which we discuss further below.

In the face of rising geopolitical tensions between China and the US, western businesses are increasingly adopting a “China plus one” strategy. More often than not the “one” extra sourcing destination is Vietnam. The country is increasingly becoming a manufacturing export powerhouse, helping to drive growth of over 13% YoY in 3Q22. We have increased our Vietnam overweight at seemingly good levels by adding to Techcombank and Military Bank, whose shares are down -37% and -20% year-to -date at the time of writing. This is despite the fact that earnings are expected to be 20% and 30% higher this year. As a result, both banks are now trading near P/E and P/B troughs. From a long-term perspective we believe Vietnamese banks are very attractive as they generally have high returns on assets and equity. We see significant scope for expansion as Vietnam should have one of the highest nominal GDP growth rates in the region. Similarly, credit-to-GDP has room to grow as Vietnam is not a particularly leveraged economy. Within the banking sector, these two names stand out as they have the leading CASA ratios and the lowest cost of funds, which means that they should be able to earn the best risk-adjusted spreads in the market. They are currently trading around 1x book value, which is very unusual for banks that deliver ROEs in the mid-20s. We believe they can double their book values and their multiples on a 3-4 year view. That is to say, there is potentially 400% upside in these names.

Meanwhile, Korea stands out as the cheapest market in Asia, trading at 0.8x trailing P/B and 8x forward P/E. Korea is traditionally regarded as a cyclical play on the global economy, and with a high degree of export dependency that view is valid. However, we also believe that Korea is favourably exposed to one of the most attractive structural opportunities globally, namely the EV battery sector. Korea is home to three of the leading four EV battery manufacturers outside of China. The presence of these producers has enabled Korea to build up a component supply chain, with some of the leading players in EV battery cathode, anode, separator, electrolyte and copper foil all present in the country. Our Korean investments are heavily focused on the EV battery supply chain. We have exposure to LG Chemical, SK Innovation and Hansol Chemical, a leading manufacturer of anode binder and battery tape. Recently we added a position in SKC, the leading producer of EV battery grade copper foil outside of China. Valuations within the EV battery supply chain have become increasingly attractive in our view. The market fears that cyclical headwinds will scupper the secular growth opportunity, but we are more sanguine. We note that auto volumes have been constrained over the past few years by a lack of supply. Inventories are low, and this should limit the degree to which overall auto volumes fall from here. Meanwhile, governments and auto OEMs remain committed to the phasing out of internal combustion engines. Consequently, the model choice available to those who may wish to purchase an EV will grow substantially over the coming years. Indeed, there are 201 EV models expected to be launched in 2023 versus 129 in 2021. This would represent 44% of new auto models globally as opposed to 30% in 2021. Each progressive iteration of battery technology will bring greater range and faster charging, enhancing the core appeal of owning an EV. For example, battery makers will seek to improve fast charging through using silicon anode material. Both Hansol Chemical and SKC aim to profit from this trend by selling such material. Elsewhere in Korea, we are adding to our memory exposure as we see the recently announced capex cuts from Micron as a strong indication of supply discipline in the market. We are already overweight Hynix and are adding to our position in Samsung, which has around one-third of its market cap in net cash. Given the defensiveness of its balance sheet, and with valuations near trough, we see Samsung as the type of cyclical stock that should be able perform, regardless of overall market direction from here.

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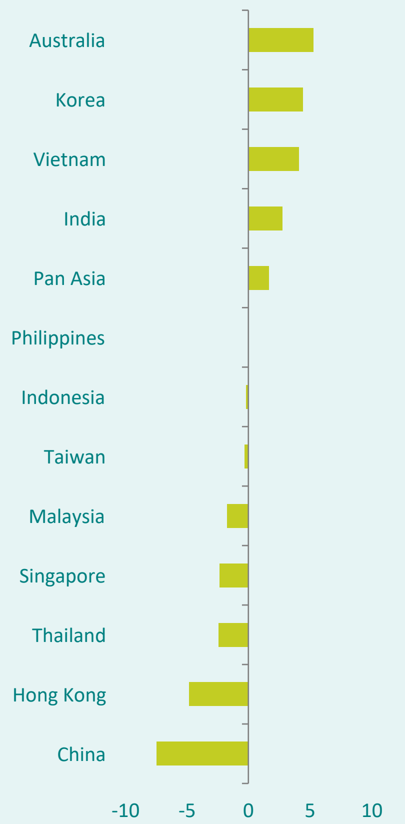
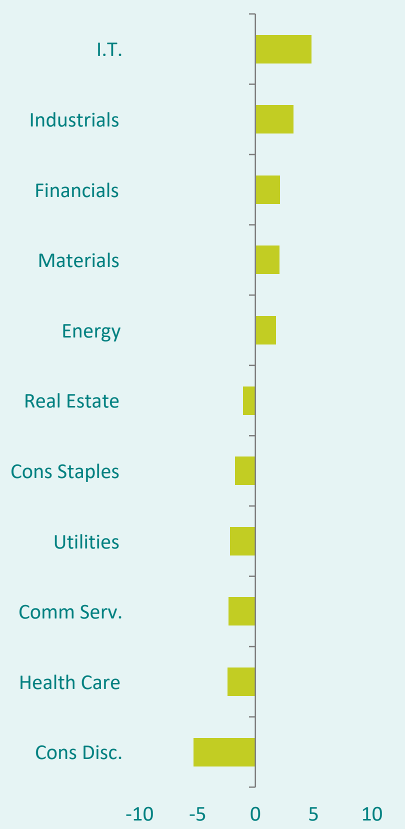
Country relative to Index %



Sectors relative to Index %



Portfolio Positioning

As discussed above, we took advantage of weakness in the Vietnamese market to add to our exposure. Vietnam looks compelling from a top-down perspective owing to improvements in its export market share and a buoyant economy.

In Korea we bought SKC, which intends to grow its copper foil capacity 5x over the next three years.

Another purchase was JD Logistics, the cost centre for JD.com that was spun out in an IPO in 2021. It is now transitioning into a revenue centre as its business expands to third party clients and utilisation improves. Tight Covid controls in China benefit JD Logistics as more clients need delivery, warehousing and logistics services, but look to cut costs by employing larger operators with scale benefits. Since its IPO last year, JD Logistics has already transitioned from a loss-making entity to one that is generating profits, and should continue to grow the bottom line as its scale ramps up.

Elsewhere we bought Longi, the world's largest solar wafer and module manufacturer. Solar projects have been put on pause due to a high polysilicon price. However, with the supply of polysilicon likely up 80% YoY in 2023, we believe the price will fall substantially, releasing the pent-up demand for solar installations and benefitting Longi.

Meanwhile we purchased KEI, a cable and wire manufacturer in India. Historically the company focused more on the institutional market, but has moved aggressively into the retail market over the past few years. Retail has higher margins and better working capital requirements. This transition has already enabled KEI to turn net cash, and in our meeting with the CEO he claimed that the company is unlikely to ever require having debt again. We see it as an attractive play on the Indian capex and property cycles, which we expect to enjoy an upturn.

Conversely, we reduced Santos and added to Karoon Energy. During September there was a positive catalyst for Karoon in the form of its successful workover programme, whilst there was a negative catalyst for Santos as it was asked to halt drilling in one of its fields after failing to sufficiently consult with the local indigenous population.

We also took some profits in IndusInd, Ujjivan and Max Healthcare, and reduced the position in Johnson Electric due to the weaker macro environment and disappointing guidance on margins.

Stock Focus

SKC (Korea, Materials)

SKC is the global leader in copper foil from the perspective of technology, market share and customer mix. Though copper foil content within an EV battery will reduce in terms of overall weight, this will be achieved by using thinner copper foil, for which producers will receive a higher processing fee, meaning that copper foil value should grow roughly in line with the EV market. SKC aims to maintain a 50% share of the ex-China market. It has also simplified its structure and improved its balance sheet. Moreover, in the long term it has further growth potential in glass substrate and silicon anode. Although sizing these opportunities is difficult at this early stage, little appears to be priced into the shares in this regard. SKC sold off due to concerns over margin pressure in the chemical business. We see such weakness as an opportunity, given that our investment case for the stock rests on its copper foil business.

TT INTERNATIONAL

Q3 2022

TT ASIA EX JAPAN EQUITY FUND

Performance Attribution Q3 2022

On this page we identify where your portfolio added or subtracted value, relative to the benchmark.

Country Selection (%)

Country	Country Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**2.3**	**-3.3**	**-0.2**	**-1.3**
Equity	**2.2**	**-3.3**	**-0.4**	**-1.5**
India	0.5	1.7	0.0	2.3
Australia	0.7	0.2	-0.2	0.8
Philippines	0.0	0.1	0.0	0.1
Indonesia	0.1	0.0	0.0	0.1
Vietnam	-0.1	0.0	0.0	0.0
Hong Kong	0.3	-0.3	-0.1	-0.1
Taiwan	0.0	-0.1	0.0	-0.1
Malaysia	-0.1	0.0	0.0	-0.1
Thailand	-0.3	0.0	0.1	-0.3
Singapore	-0.3	-0.2	0.0	-0.5
Korea	0.1	-0.8	-0.2	-0.9
China	1.1	-3.8	0.0	-2.7
Other	**0.2**	**-0.1**	**0.0**	**0.0**
Non Equity	**0.1**	**0.0**	**0.2**	**0.3**
Foreign Exchange	0.0	0.0	0.2	0.2
Cash	0.1	0.0	0.0	0.1

Highlights

- The fund finished behind its benchmark, with outperformance in India more than offset by underperformance in China and Korea.
- Our Indian Financials performed well due to accelerating loan growth and benign credit costs.
- Our Chinese property management companies struggled amid ongoing stress for Chinese developers.

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**1.2**	**-2.2**	**-0.2**	**-1.3**
Equities	**1.1**	**-2.2**	**-0.4**	**-1.5**
Financials	0.1	3.6	-0.2	3.4
Health Care	0.0	0.4	0.0	0.5
Communication Services	0.3	-0.1	0.0	0.2
Utilities	-0.1	0.0	0.0	-0.2
Energy	0.4	-0.3	-0.3	-0.2
Consumer Staples	-0.2	-0.1	0.1	-0.3
Industrials	0.1	-0.7	0.3	-0.3
Materials	0.2	-0.3	-0.2	-0.4
Information Technology	0.1	-0.4	-0.1	-0.4
Consumer Discretionary	0.3	-2.1	0.1	-1.7
Real Estate	-0.1	-2.0	0.0	-2.1
Non Equity	**0.1**	**0.0**	**0.2**	**0.3**
Foreign Exchange	0.0	0.0	0.2	0.2
Cash	0.1	0.0	0.0	0.1

Highlights

- At the sector level, outperformance in Financials and Health Care was outweighed by underperformance in Real Estate and Consumer Discretionary.
- Max Healthcare performed well amid general strength in the Indian market.
- SK Innovation struggled as oil refining margins have fallen from record levels earlier in the year. We believe that margin levels will rebound again, particularly as supply is not increasing due to a lack of investment in refineries as a result of the green energy transition.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	IndusInd Bank	India	Financials	1.03	√
	Equitas	India	Financials	0.88	√
	Ujjivan Financial Services	India	Financials	0.71	√
	Axis Bank	India	Financials	0.61	√
	Karoon Energy	Australia	Energy	0.52	√
Top Detractors	KWG Living Group	China	Real Estate	-0.92	√
	Jinke Smart Services	China	Real Estate	-0.82	√
	A-Living Services	China	Real Estate	-0.81	√
	Yongda Auto	China	Consumer Discretionary	-0.77	√
	Jia Yuan	China	Industrials	-0.76	√

Portfolio Breakdown (%)

	TT Asia ex Japan		MSCI Asia ex Japan
	30 Jun	30 Sep	30 Sep
Emerging Asia	**1.0**	**1.1**	**0.0**
Australia	6.9	5.3	
China	34.2	28.3	35.8
Hong Kong	3.7	2.6	7.4
India	17.8	20.3	17.5
Indonesia	0.7	2.3	2.5
Korea	16.5	16.6	12.2
Malaysia			1.7
Philippines	0.9	0.8	0.8
Singapore	1.6	1.5	3.9
Taiwan	13.2	15.5	15.8
Thailand			2.4
Vietnam	1.8	4.1	
Asia Pacific ex Japan	**96.2**	**96.2**	**100.0**
Pan Asia	**1.3**	**1.7**	**0.0**
Cash	1.5	1.0	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT Asia ex Japan		MSCI Asia ex Japan
	30 Jun	30 Sep	30 Sep
Communication Services	7.0	7.4	9.7
Consumer Discretionary	12.8	9.8	15.1
Consumer Staples	2.5	4.0	5.8
Energy	7.4	5.7	3.9
Financials	17.4	23.2	21.1
Health Care		1.6	3.9
Industrials	11.3	10.0	6.7
Information Technology	25.7	25.6	20.8
Materials	7.1	7.5	5.5
Real Estate	6.3	3.0	4.1
Utilities	1.0	1.1	3.3
Cash	1.5	1.0	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

June 30, 2022

Security	Country	Weight %
TSMC	Taiwan	8.2
Tencent	China	5.4
Alibaba Group	China	4.9
Karoon Energy	Australia	2.8
Samsung Electronics	Korea	2.6
Equitas	India	2.5
Axis Bank	India	2.3
Yongda Auto	China	2.3
SK Hynix	Korea	2.2
Hana Financial Group	Korea	2.1
Top 10 Positions		35.4
Top 20 Positions		53.7
No. of stocks		60

September 30, 2022

Security	Country	Weight %
TSMC	Taiwan	9.5
Tencent	China	5.2
Alibaba Group	China	5.1
Equitas	India	3.3
Axis Bank	India	3.1
Hana Financial Group	Korea	3.0
Samsung Electronics	Korea	2.6
HDFC Bank	India	2.6
SK Hynix	Korea	2.5
Karoon Energy	Australia	2.4
Top 10 Positions		39.2
Top 20 Positions		55.0
No. of stocks		67