TT INTERNATIONAL

Q4 2022

TT CHINA FOCUS FUND

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Fund Information

Portfolio Managers
Marco Li

Target Return
5% outperformance per annum on a three-year rolling basis

Expected Capacity
USD 2bn

Comparative Benchmark
MSCI China

Typical Tracking Error
3-6%

Fund Inception
October-2017

Assets under management
Fund: USD 1,230,367
Strategy: USD 113,039,467

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI China
December	6.2	6.1	5.2
Q4	15.0	14.6	13.5
2022	-26.9	-27.9	-21.8
1 Year	-26.9	-27.9	-21.8
3 Year	-8.5	-9.7	-7.4
5 Year	-4.0	-5.2	-4.4
Incep.	-2.7	-4.0	-3.6

3, 5, year and Incep. returns are annualised.

Returns are in USD

Fund Value (USD mil)	1

Inception 10/10/17

The following information is in addition to, and should be read only in conjunction with, the performance data presented above.

	Fund Gross	Fund Net	MSCI China	Rel.	Net Rel.
2022	-26.9	-27.9	-21.8	-6.5	-7.8
2021	-22.8	-23.8	-21.6	-1.4	-2.7
2020	35.7	34.0	29.7	4.6	3.4
2019	30.4	28.8	23.7	5.5	4.2
2018	-18.4	-19.5	-18.7	0.4	-0.9
2017	6.1	5.7	3.4	2.5	2.2

Q4 2022 Attribution

Sector Allocation	-0.4
Security Selection	2.0
Currency Effect	-0.3
Management Effect	**1.3**

Chinese equities rallied after the government pivoted away from its economically ruinous zero-covid policy. The fund saw a positive absolute return, outperforming its benchmark.

Performance

The fund finished ahead of its benchmark, with outperformance particularly strong in Financials and Consumer Discretionary.

Market Background

Chinese equities rallied after the government pivoted away from its economically ruinous zero-covid policy.

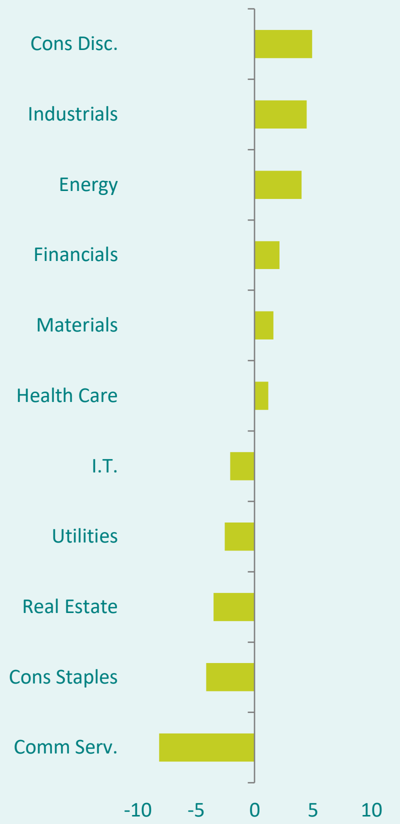
Outlook

There have been several major positive developments in China in recent weeks. If we rewind to early 2022, Shanghai was locked down, geopolitical tensions were flaring up after Putin's invasion of Ukraine, and there was a serious prospect of US-listed Chinese stocks being de-listed. Meanwhile, the Chinese property market was in crisis, and equity markets were at significantly higher levels than they are now. Fast-forward to the present day, and China is now rapidly pivoting away from its zero-covid policy. Sino-US geopolitical tensions have improved slightly, with Presidents Xi and Biden holding a three-hour meeting at the G20, and Chinese officials hinting that Beijing is putting together policies aimed at improving diplomatic ties. In other positive news, the US-based Public Company Accounting Oversight Board announced that it had received all the necessary information to prevent a forced de-listing of US-listed Chinese companies in the near term. At the same time, the real estate sector is now being essentially underpinned by the government, and Chinese equities – despite their recent rally – are trading at a significant discount to other major markets.

Clearly these developments have not escaped the attention of investors; Chinese equities have duly rerated, led by stocks that are seen as the biggest beneficiaries of reopening. We have taken advantage of this rally through holdings such as online travel agent Trip.com, but the speed and scale of the move is now arguably getting ahead of fundamentals, and we are beginning to harvest profits and rotate into more attractively valued second-derivative beneficiaries such as offline businesses that actually require physical traffic to come through the shop door.

Our base case is that, following the rally, there is still significant market upside due to earnings growth and a multiple rerating from still depressed levels. In many ways we expect a year of two halves, with Chinese domestics initially performing well due to reopening, as well as the fact that wage inflation in the developed world looks stubbornly high, which could lead to the Fed leaving rates higher for longer than the market currently expects, weakening the external environment. However, global demand should pick up once the Fed does pivot, providing a tailwind for Chinese exporters later in the year.

Sectors relative to Index %



Portfolio Positioning

As alluded to above, we took early advantage of the reopening trade by adding to the likes of online travel agent Trip.com and internet/e-commerce companies that have significant operational gearing to a recovery in revenues following cost-cutting programmes.

More recently we have harvested some profits in names such as Trip.com and rotated into second-derivative beneficiaries of reopening that are more lowly valued. One example is microfinance provider Lufax, whose SME customers such as restaurants should now enjoy a sharp recovery in footfall.

The sources of funds for the aforementioned purchases were Industrials, where companies could struggle amid a weak external environment, and more defensive sectors such as Consumer Staples. One example of the latter was spirits company Wuliangye Yibin, where we also had concerns that 'common prosperity' could lead to higher alcohol taxes being applied.

Stock Focus

Lufax (Financials)

Lufax is a microlender that is similar to 360 Digitech in that it targets underserved parts of the market, but focuses more on SME loans rather than consumer finance. Its loans also tend to be larger at RMB30k-400k, and longer duration at up to 22 months. Lufax also has less of an online presence than 360, preferring to have premises that are situated in various parts of the country, most notably Shanghai. Covid lockdowns clearly caused massive disruption to SMEs such as restaurants as people weren't allowed to go out. Inevitably this has had an impact on Lufax, and the stock derated from over 1x P/B before covid to 0.3x P/B when we initiated the position. Whilst it will take time for Lufax to work through the bad credit from covid, we believe that the business deserves to trade on more than cash value, particularly as its key SME customers should be some of the biggest beneficiaries of the rapid reopening that is taking place.

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Performance Attribution Q4 2022

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

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**-0.4**	**2.0**	**-0.3**	**1.3**
Equities	**-0.3**	**2.0**	**-0.4**	**1.2**
Financials	0.1	2.1	-0.1	2.1
Consumer Discretionary	0.1	1.9	0.0	2.0
Utilities	0.1	0.2	0.0	0.3
Information Technology	0.1	0.0	0.0	0.2
Consumer Staples	0.4	-0.2	0.0	0.2
Real Estate	0.2	-0.1	0.0	0.1
Communication Services	-0.5	0.4	0.0	-0.1
Materials	-0.2	0.1	-0.1	-0.1
Health Care	-0.2	-0.2	-0.1	-0.4
Energy	-0.6	0.1	0.0	-0.6
Industrials	0.0	-2.2	-0.1	-2.3
Non Equity	**-0.1**	**0.0**	**0.1**	**0.0**
Cash	0.1	0.0	0.1	0.2
Futures	-0.2	0.0	0.0	-0.2

Highlights

- The fund finished ahead of its benchmark, with outperformance particularly strong in Financials and Consumer Discretionary.
- 360 Digitech bounced from heavily oversold levels as it is a beneficiary of Chinese reopening. 360 is an unsecured lender that should see a decline in non-performing loans and a reacceleration in growth as China's economy opens up.
- Macao casino operator Melco also performed well due to reopening. Macao hotels are reporting that occupancy rates for Chinese New Year are already back to 85% of 2019 levels, and gaming revenues are expected to follow.
- LK Technology struggled over the quarter. It makes Giga Press aluminium die-casting machines for Tesla, which has suffered production delays. This has led to concerns over slowing demand for LK Technology's products.
- Yantai Jereh Oil suffered as the oil price fell due to fears about a recession in the developed world.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	360 Digitech	China	Financials	1.44	√
	Jinxin Fertility Group	China	Health Care	0.57	√
	Melco	Hong Kong	Consumer Discretionary	0.57	√
	Nio	China	Consumer Discretionary	0.55	´
	Melco	Hong Kong	Consumer Discretionary	0.44	√
Top Detractors	Yantai Jereh Oil	China	Energy	-0.81	√
	LK Technology Holdings Ltd	Hong Kong	Industrials	-0.63	√
	Shenzhen Mindray	China	Health Care	-0.55	√
	Yijiahe Technology	China	Industrials	-0.54	√
	Jia Yuan	China	Industrials	-0.34	√

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Sector Allocation (%)

	TT China Focus		MSCI China
	30 Sep	31 Dec	31 Dec
Communication Services	9.1	10.4	18.6
Consumer Discretionary	29.1	35.2	30.3
Consumer Staples	3.2	1.6	5.8
Energy	4.7	6.5	2.5
Financials	13.9	17.9	15.7
Health Care	5.4	7.4	6.2
Industrials	15.2	10.0	5.6
Information Technology	3.2	3.6	5.7
Materials	2.8	5.1	3.5
Real Estate	3.1		3.5
Utilities	2.7		2.6
Cash	6.4	2.2	
Futures	1.3		
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

September 30, 2022			December 31, 2022		
Security	**Country**	**Weight %**	**Security**	**Country**	**Weight %**
Alibaba Group	China	9.4	Tencent	China	9.7
Tencent	China	9.1	Alibaba Group	China	9.0
China Merchants Bank	China	5.6	JD.com Inc	China	6.9
Meituan Dianping	China	5.4	China Merchants Bank	China	6.4
JD.com Inc	China	4.6	Meituan Dianping	China	5.7
360 Digitech	China	3.4	360 Digitech	China	4.3
Wuliangye Yibin	China	3.2	Ping An Insurance	China	4.0
Wuxi Biologics	China	2.9	Pinduoduo	China	3.8
Sinopec	China	2.9	Sinopec	China	3.8
China Three Gorges New Energy	China	2.7	Wuxi Biologics	China	3.4
Top 10 Positions		49.1	Top 10 Positions		57.0
Top 20 Positions		70.1	Top 20 Positions		77.0
No. of stocks		40	No. of stocks		41

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Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)

	Jan 22 - Dec 22	Jan 21 - Dec 21	Jan 20 - Dec 20	Jan 19 - Dec 19	Jan 18 - Dec 18
Gross of fees	-26.9	-22.8	35.7	30.4	-18.4
Net of fees	-27.9	-23.8	34.0	28.8	-19.5
Index	-21.8	-21.6	29.7	23.7	-18.7
Relative (gross)	-6.5	-1.4	4.6	5.5	0.4
Relative (net)	-7.8	-2.7	3.4	4.2	-0.9

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.

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Switzerland: Prospectus, Key Investor Information Documents, Articles of Association, annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss Representative (First Independent Fund Services AG, Klausstrasse 33, 8008 Zurich) and Paying Agent (NPB New Private Bank Ltd, Limmatquai 1, CH-8024 Zurich).

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.