Q2 2024

TT EMERGING MARKETS EQUITY FUND

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Fund Information

Portfolio Managers
Robert James | Diego Mauro

Target Return
3% outperformance per annum on a three-year rolling basis

Comparative Benchmark
MSCI Emerging Markets Index

Typical Tracking Error
4-7%

Fund Inception
March-2011

Assets under management
Fund: USD 248,544,958
Strategy: USD 1,954,365,900

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM	Gross Rel.	Net Rel.
June	4.4	4.3	4.0	0.4	0.3
Q2	5.8	5.5	5.1	0.6	0.4
YTD	12.9	12.3	7.7	4.8	4.3
1 Year	14.7	13.5	13.0	1.5	0.4
3 Year	-8.3	-9.2	-4.7	-3.8	-4.8
5 Year	3.2	2.2	3.5	-0.3	-1.3
10 Year	5.0	3.9	3.2	1.8	0.7
Incep.	4.7	3.5	2.5	2.2	1.0

3, 5, 10 year and Incep. returns are annualised.

Returns are in USD

Fund Value (USD mil) 249

Inception 30/03/11

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 EM	Rel.	Net Rel.
2014	0.1	-1.4	-1.8	1.9	0.4
2015	-9.8	-11.0	-14.6	5.6	4.2
2016	19.6	18.3	11.6	7.2	6.0
2017	46.4	44.9	37.8	6.3	5.2
2018	-18.3	-19.2	-14.2	-4.8	-5.8
2019	25.7	24.5	18.9	5.8	4.7
2020	20.5	19.3	18.7	1.5	0.5
2021	-0.5	-1.5	-2.2	1.8	0.8
2022	-25.7	-26.5	-19.7	-7.4	-8.4
2023	6.9	5.9	10.3	-3.0	-4.0
2024	12.9	12.3	7.7	4.8	4.3

Q2 2024 Attribution

Country Allocation	-0.5
Security Selection	1.4
Currency Effect	-0.2
Management Effect	**0.7**

EM equities rallied in Q2 as softer US macroeconomic data helped ease concerns about the timing of rate cuts. The fund saw a positive absolute return, outperforming its benchmark.

Performance

The fund finished ahead of its benchmark, with outperformance particularly notable in Korea and Saudi Arabia.

Market Background

EM equities rallied in Q2 as softer US macroeconomic data helped ease concerns about the timing of rate cuts.

Outlook

We have written at length about our positivity on Argentina, but of course recognise that the market will be volatile, given the rapid adjustment taking place in the economy. The progress made under Milei's administration has been extremely encouraging, but there are still capital controls in place as the central bank reserves are still running at a low level. This is making investors nervous because previous efforts to control the currency have not been successful. The main difference this time is that previous imbalances are not present because Argentina is running fiscal and external surpluses. Nevertheless, there is still pressure on the currency and this is creating volatility in the equity market. Crucially, we believe the government is doing the right thing, and that volatility will begin to subside over the coming months as the economic adjustment continues to bear fruit. There is also speculation that the government is working on a new IMF programme that would provide funds which could be used to build reserves, allowing the currency to trade freely. If this came to pass it would likely be a major positive catalyst.

Turkey is among the cheapest equity markets in the world, partly due to many years of erratic monetary policy. However, the central bank has now been granted more autonomy to pursue economic orthodoxy, raising rates significantly to tackle inflation. Higher rates are likely to be a near-term headwind for the Turkish consumer, and we therefore own hard discount retailer BIM, which should perform well in this environment. With signs that inflation is beginning to fall rapidly, this may provide scope for some monetary easing towards the end of the year. We therefore also own selected Turkish banks as they are extremely sensitive to rate cuts.

In Brazil the political environment continues to deteriorate. Investors are concerned that Lula may look to regain some popularity by appointing a less orthodox central bank governor and loosening fiscal policy, despite not being on track to hit fiscal targets. This has led to outflows from the market, which we believe are likely to sustain in the near term, and we have therefore been reducing exposure. However, we will continue to monitor the situation as the market could perform well into the next election cycle if investors begin to price in regime change.

We continue to be constructive on India, focusing our exposure on areas where we believe we can access strong growth at reasonable valuations. One example is our overweight in Financials, where we recently bought Kotak Mahindra Bank. It used to be among the most expensive banks in India, trading at 3.5-4x book value. However, the stock price has treaded water in recent years while the bank has continued to grow, meaning that today it trades on less than 2x book value. This appears very attractive for a bank that we believe can grow at around 20% per year.

Our view on China is that the much-needed rebalancing from investment to consumption has stalled. It appears that the country is still relying on the investment-led growth model, but that the engine has shifted from real estate to advanced manufacturing. Here China is looking to add significant capacity in areas such as EVs to deflate costs and export these goods. However, this model is not only bad for domestic consumption, but it also faces risks in the form of more hawkish governments in Europe and the US, particularly if Trump is re-elected.

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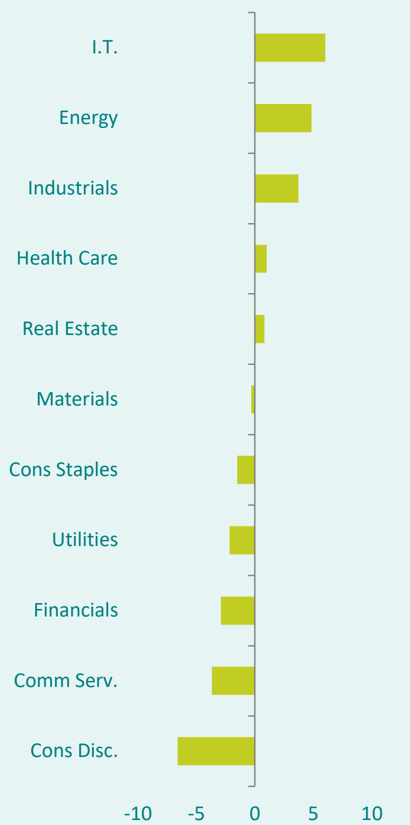
Country relative to Index %

Sectors relative to Index %



Portfolio Positioning

Over the quarter we bought Akbank. After many years of erratic monetary policy in Turkey, the central bank has been granted more autonomy to pursue economic orthodoxy, raising rates significantly to tackle inflation. We believe that inflation will fall rapidly from here, providing scope for some monetary easing towards the end of the year. Turkish banks are extremely sensitive to lower rates, and we expect to see a rapid expansion in margins and profitability.

Another purchase was TAL Education. The Chinese education segment was hit hard by a regulatory crackdown several years ago. With firm boundaries having now been set, specifically not teaching the regular curriculum, these companies are once again free to operate and are back to growing at 40% per annum. There is clearly strong demand for the product, and we believe that by 2027, TAL will be back to peak revenues, but with superior margins. Despite having almost half its market cap in cash, it is currently trading on around 10x earnings 2 years out, having previously traded on 20x earnings. We believe there could be as much as 100% upside, based on both earnings growth and a multiple rerating.

Elsewhere we added to MediaTek. It designs and manufactures a range of semiconductor products, providing chips for wireless communications and consumer electronic devices. A new and underappreciated area of growth for the company is Application-Specific Integrated Circuits (ASICs), which can be programmed to carry out a particular function extremely efficiently. As MediaTek moves towards providing ASICs for AI data centres, where demand is growing rapidly, we believe it will see an expansion in both earnings and valuation multiples.

We also added to ASE Technology, which is part of our constructive thesis on advanced packaging. Achieving processing performance improvements via advances in chip design is becoming prohibitively expensive as chips approach the practical limitations of physics. Multi-chip packaging enables combinations of smaller, cost- and performance-optimised chips, extending Moore's Law significantly. ASE is beginning to receive advanced packaging order workflow from TSMC. On our numbers, it is trading around 10x 2025 earnings, but we believe it can rerate to 15x as advanced packaging becomes a more meaningful driver of growth.

Conversely, we took profits in Hong Kong Exchanges following a rally. We also took profits in Banorte due to increasing concerns over political noise surrounding the elections in Mexico and the US.

Stocks

Below we highlight a major winner and a major loser:

Mercadolibre

Mercadolibre is the largest ecommerce player in Brazil, Mexico and Argentina. Ecommerce infrastructure is far less developed in LatAm than in Asia, and we see a compelling opportunity to capture the rising middle-class and its increasing purchasing power. Mercadolibre has grown Gross Merchandise Value at 20-40%, depending on the market, and we believe that such expansion is sustainable, given the underpenetrated nature of ecommerce across LatAm. The company also has further scope for growth in its FinTech division, mostly notably opportunities in consumer credit and unsecured lending to SMEs. We see it as a strong compounder that trades at a very large discount to its own history and peers. The shares rebounded from oversold levels over the quarter.

Samsung Electronics

Samsung Electronics is a leading producer of consumer electronics, semiconductors, telecommunications equipment and home appliances. Its semiconductor division is one of the largest in the world and plays a crucial role in powering digital devices. Many memory stocks have rallied substantially, but as yet Samsung Electronics has not participated to the fullest degree and indeed sold off in Q2. Many investors including us are particularly optimistic over High Bandwidth Memory, for which demand is growing rapidly due to its use in AI servers. Samsung is playing catchup to SK Hynix (which we also own) in this technology. However, as the largest player in the memory space with the biggest R&D and capex budgets, we believe it will catch up quickly. Moreover, we expect the general memory upcycle to lift both High Bandwidth Memory and conventional DRAM memory, and therefore believe that investors are being overly pessimistic about Samsung.

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Performance Attribution Q2 2024

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	**-0.5**	**1.4**	**-0.2**	**0.7**
Equity	**-0.3**	**1.4**	**-0.3**	**0.7**
Top/Bottom 5 EM Countries	**0.1**	**0.0**	**-0.4**	**-0.3**
Saudi Arabia	0.5	0.0	0.0	0.5
Korea	-0.1	0.6	-0.1	0.4
Indonesia	0.3	0.0	0.0	0.3
Turkey	0.0	0.2	0.0	0.2
Thailand	0.1	0.0	0.0	0.1
South Africa	0.0	0.0	-0.1	-0.1
Taiwan	-0.3	0.1	0.0	-0.2
Brazil	-0.1	-0.2	-0.1	-0.4
India	-0.1	-0.4	0.0	-0.5
China	-0.2	-0.3	-0.2	-0.6
Rest of World	**-0.5**	**1.4**	**0.1**	**1.0**
Non Equity	**-0.1**	**0.0**	**0.1**	**-0.1**
Cash	-0.1	0.0	0.0	-0.1

Highlights

- The fund finished ahead of its benchmark, with outperformance particularly notable in Korea and Saudi Arabia.
- SK Square was a major winner as investors grew increasingly optimistic that the current memory upcycle could be the strongest in over a decade.
- BIM rallied on optimism over macroeconomic normalisation in Turkey.
- Mercadolibre rebounded from oversold levels.
- Delhivery sold off after releasing weak results.

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**0.0**	**0.8**	**-0.2**	**0.6**
Equities	**0.2**	**0.8**	**-0.3**	**0.7**
Financials	0.1	0.6	-0.1	0.6
Consumer Staples	0.1	0.5	-0.1	0.5
Materials	0.0	0.2	0.1	0.3
Energy	0.0	0.1	0.2	0.3
Communication Services	0.0	0.1	0.0	0.1
Real Estate	0.0	0.1	0.0	0.1
Industrials	0.0	0.1	-0.1	0.0
Consumer Discretionary	0.1	-0.2	-0.1	-0.1
Health Care	-0.1	0.1	-0.2	-0.2
Utilities	0.0	-0.2	-0.1	-0.3
Information Technology	0.2	-0.5	0.0	-0.4
Non Equity	**-0.1**	**0.0**	**0.1**	**-0.1**
Cash	-0.1	0.0	0.0	-0.1

Highlights

- At the sector level, outperformance was particularly marked in Financials and Consumer Staples.
- Indian Financials including Axis Bank rebounded after an election-related sell-off.
- Samsung Electronics continues to lag the likes of SK Hynix because it is slightly behind its competitors in the development of High Bandwidth Memory. However, as the largest player in the memory space with the biggest R&D and capex budgets, we expect it to catch up quickly.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	SK Square	Korea	Industrials	0.35	√
	BIM	Turkey	Consumer Staples	0.31	√
	MercadoLibre	Brazil	Consumer Discretionary	0.27	√
	Hanwha Aerospace	Korea	Industrials	0.27	√
	Axis Bank	India	Financials	0.22	√
Top Detractors	Samsung Electronics	Korea	Information Technology	-0.53	√
	Delhivery	India	Industrials	-0.43	√
	TAL Education Group	China	Consumer Discretionary	-0.37	√
	Vamos	Brazil	Industrials	-0.34	√
	Hon Hai Precision Industry	Taiwan	Information Technology	-0.28	

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Portfolio Breakdown (%)

	TT GEMS		MSCI EM
	31 Mar	30 Jun	30 Jun
Czech Republic			0.1
Egypt			0.1
Greece		0.5	0.5
Hungary			0.2
Kuwait			0.7
Poland		1.0	1.0
Qatar			0.8
Saudi Arabia			3.9
Slovenia	0.7	0.8	
South Africa	0.6	1.7	3.0
Turkey	0.8	3.6	0.8
UAE	2.4	2.3	1.1
EMEA	**4.5**	**9.9**	**12.1**
China	14.1	13.9	25.1
India	15.6	19.3	19.2
Indonesia			1.6
Korea	17.8	19.4	12.2
Malaysia			1.4
Philippines			0.5
Taiwan	18.7	17.1	19.4
Thailand			1.3
Emerging Asia	**66.1**	**69.7**	**80.6**
Argentina	5.9	9.4	
Brazil	12.3	5.8	4.2
Chile	2.3	2.7	0.4
Colombia			0.1
Mexico	5.7	1.1	2.1
Peru			0.3
Latin America	**26.2**	**19.0**	**7.2**
Other	**0.0**	**0.6**	**0.0**
Cash	3.1	0.9	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT GEMS		MSCI EM
	31 Mar	30 Jun	30 Jun
Communication Services	5.8	5.2	8.9
Consumer Discretionary	11.3	5.6	12.3
Consumer Staples	5.5	3.6	5.2
Energy	8.6	10.1	5.2
Financials	12.8	19.0	21.9
Health Care	4.7	4.2	3.2
Industrials	5.7	10.6	6.9
Information Technology	31.7	31.1	25.1
Materials	6.6	6.6	6.9
Real Estate	2.4	2.3	1.5
Utilities	1.7	0.8	3.0
Cash	3.1	0.9	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

March 31, 2024

Security	Country	Weight %
TSMC	Taiwan	9.6
Samsung Electronics	Korea	7.8
MercadoLibre	Brazil	4.8
Tencent	China	3.6
YPF	Argentina	3.5
SK Hynix	Korea	2.8
Delhivery	India	2.5
EMAAR Properties	UAE	2.4
Capstone Copper Corp	Chile	2.3
Axis Bank	India	2.2
Top 10 Positions		41.6
Top 20 Positions		61.3
No. of stocks		55

June 30, 2024

Security	Country	Weight %
TSMC	Taiwan	9.8
Samsung Electronics	Korea	8.8
HDFC Bank	India	4.0
YPF	Argentina	3.7
Tencent	China	3.4
ASE Technology	Taiwan	3.1
SK Hynix	Korea	2.9
Capstone Copper Corp	Chile	2.7
Galicia	Argentina	2.6
Delhivery	India	2.6
Top 10 Positions		43.5
Top 20 Positions		65.9
No. of stocks		52

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)

	Jul 23 - Jun 24	Jul 22 - Jun 23	Jul 21 - Jun 22	Jul 20 - Jun 21	Jul 19 - Jun 20
Gross of fees	14.7	-0.5	-32.4	60.4	-5.2
Net of fees	13.5	-1.5	-33.1	58.8	-6.2
Index	13.0	2.2	-25.0	41.4	-3.0
Relative (gross)	1.5	-2.7	-9.9	13.4	-2.3
Relative (net)	0.4	-3.7	-10.8	12.4	-3.3

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.

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.