TT INTERNATIONAL

Q4 2023

TT EMERGING MARKETS EQUITY FUND

THIS IS A MARKETING COMMUNICATION

Fund Information

Portfolio Managers
Robert James | Diego Mauro | Niall Paul

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 252,187,559
Strategy: USD 2,583,111,559

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM	Gross Rel.	Net Rel.
December	3.7	3.6	3.9	-0.2	-0.3
Q4	8.8	8.5	7.9	0.8	0.5
2023	6.9	5.9	10.3	-3.0	-4.0
1 Year	6.9	5.9	10.3	-3.0	-4.0
3 Year	-7.5	-8.5	-4.7	-3.0	-3.9
5 Year	3.7	2.6	4.1	-0.4	-1.4
10 Year	4.5	3.3	3.0	1.4	0.3
Incep.	3.9	2.7	2.0	1.9	0.7

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

Returns are in USD

Fund Value (USD mil) 252

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.
2013	8.0	6.4	-2.3	10.5	8.9
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

Q4 2023 Attribution

Country Allocation	2.9
Security Selection	-2.0
Currency Effect	-0.1
Management Effect	**0.8**

EM equities rallied in Q4 as investors grew more optimistic about potential rate cuts in 2024. The fund saw a positive absolute return, outperforming its benchmark.

Performance

The fund finished ahead of its benchmark, with outperformance particularly marked in Mexico, Korea and Argentina.

Market Background

EM equities rallied in Q4 as investors grew more optimistic about potential rate cuts in 2024.

Outlook

With real rates in much of EM at anomalously high levels and inflation falling in many countries across Latam and Asia, we continue to be positioned for EM central banks to lead the upcoming easing cycle. From an individual market perspective, LatAm is our key overweight, most notably Brazil, Mexico and Argentina.

Real rates in Brazil remain extremely elevated. With Fed rate hikes likely to be finished, this should refocus the market's attention on Brazil's capacity to cut. The central bank has started the process, but we expect another 300-400bps in cuts over the next year or so. Importantly, we believe that the Brazilian currency will be resilient in the face of such cuts, partly because it is extremely undervalued on a Real Effective Exchange Rate basis, and the carry remains high. The currency should also be supported by a positive inflection in Brazil's trade balance. Export volumes of agricultural commodities and oil have been growing rapidly over the past 10-15 years, and such volume growth is now being combined with a strong pricing environment. This terms-of-trade improvement means that Brazil's trade balance is currently running at almost $10 billion per month. On an annualised basis this equates to nearly 6% of GDP – close to twice the level of previous peaks. Over time this could transform Brazil's current account, potentially leading to structurally lower interest rates. Whilst our primary motivation for overweight exposure in Brazil is a cyclical rebound from heavily depressed valuations as the cost of capital normalises, we also believe that this structural element is underappreciated by the market. We therefore continue to own companies that should benefit from a normalisation in the cost of capital, particularly in the mid-cap space, where many rate-sensitive companies appear to offer compelling deep-value opportunities. However, in recent weeks we have been using strength to take some profits in Brazil and have generally been looking to improve the quality of the portfolio there. It is a similar story in Mexico, where we have been locking in some profits, but retain exposure to beneficiaries of nearshoring-related investments, most notably selected banks.

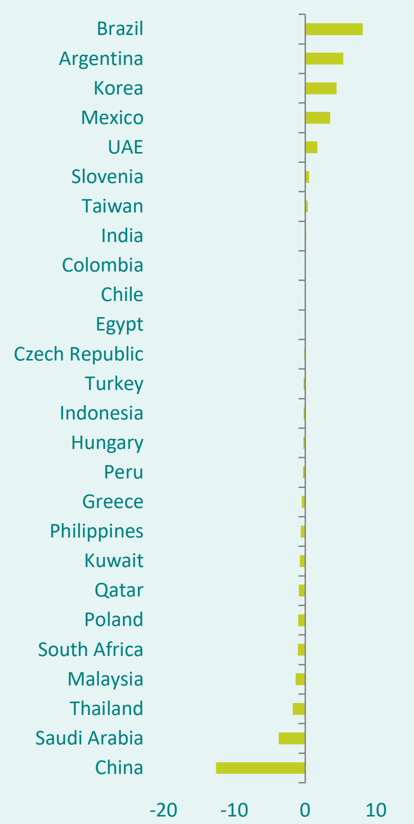
The decision to elect radical libertarian Javier Milei changes Argentina's political and economic landscape significantly. Milei has proposed to substantially reduce state interventionism and chronic fiscal deficits. Given the scale of the challenges, Milei's inexperience, and the limited amount of political capital available to spend, successfully implementing his macro-orthodox adjustment plan comes with a high degree of execution risk. Whilst we are in 'wait-and-see' mode with regard to the broader Argentinian economy, we continue to have high conviction in the potential of its oil and gas sector. Regardless of who is leading the country, hydrocarbons are seen by all parties as Argentina's main get out of jail card. The country is home to Vaca Muerta, the world's largest shale oil and gas deposit outside the US. Developing this world-class asset should result in record oil production for Argentina over the next decade. In 2022 the Oil & Gas sector (direct and indirect) accounted for 11% of GDP, which is anticipated to rise to 19% by 2030. Meanwhile, the country's energy balance of trade is expected to inflect from a $5bn deficit in 2022 to a $20-25bn surplus by 2030. This should enable the country to move to a current account surplus, which is key for economic stability. Politicians across the spectrum understand this, and unsurprisingly the sector was already being supported under the previous administration. Such support may even increase under Milei's free-market-leaning presidency as he has stated that he aims to deregulate domestic energy prices and let them converge with export parity, while privatising oil producer YPF.

In Asia we continue to be constructive on India as we expect a turn in the investment cycle, continued government investment, and increased investment from multinationals to capture India's domestic market and diversify their manufacturing bases away from China. However, our Indian exposure is tempered by valuations, which remain rich in many sectors.

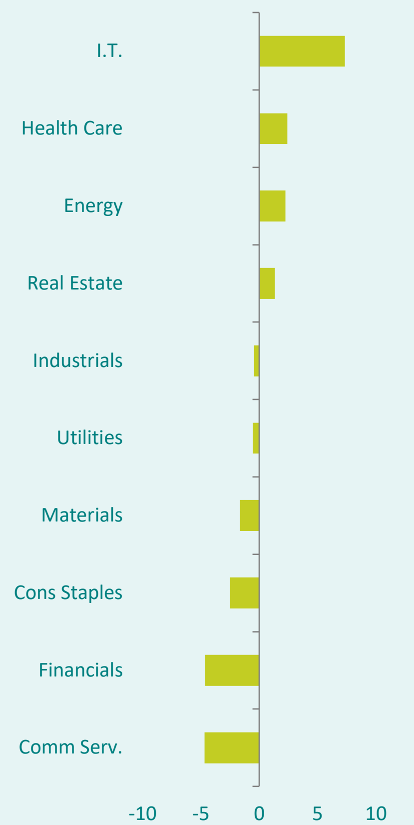
Elsewhere we see an extremely attractive structural growth opportunity in both logic and memory semiconductors, driven by rapidly increasingly demand from a range of new applications, most notably High-Performance Computing and AI. Digitalisation had already been accelerating for some time, but this has now been turbocharged by AI. At the same time, we are emerging from a cyclical trough, where semiconductor inventories have been run down substantially. We believe this powerful combination of structural and cyclical drivers as well as attractive valuations should result in a period of outsized returns for shareholders. We therefore own a number of semiconductor/memory plays in Taiwan and Korea.

Finally, China remains our key underweight. We believe that the country's high-savings, high-investment model has reached its limit, and for sustainable future growth, the economy must become far more consumption-driven. This ultimately means that demand must now catch up with supply. However, this is no mean feat as the country faces multiple drags on consumption, including a youth unemployment rate of 20%, a falling working-age population, negative wealth effects from a weaker housing market, and a lacklustre post-covid reopening.

Country relative to Index %



Sectors relative to Index %



Portfolio Positioning

Over the quarter we bought Equatorial Energia, a Brazilian Utility that we had been monitoring for some time. We regard it as one of the highest quality companies in the country, yet it is trading at just 12x earnings. This is despite the fact that it should be a key beneficiary of falling interest rates and a strong pipeline of privatisation projects in Brazil.

Another purchase was Amkor Technology, a leading Outsourced Semiconductor Assembly and Test company. We believe its advanced packaging business will become an increasingly important driver of growth. As Moore's Law approaches its limits in terms of performance, power and scaling, it is becoming increasingly challenging to improve chip performance at a reasonable cost. However, by pulling high-speed chips such as processor cores into leading-edge nodes, and keeping the rest of the chips at other nodes, such heterogenous constructions can be 'packaged' together to make them more powerful, as well as cheaper and quicker to produce. Advanced packaging is therefore pushing system performance boundaries and helping to drive AI chip capabilities. We believe the demands from AI and Machine Learning will usher in a new era for advanced packaging.

Meanwhile we added to Anglogold based on our view that bond yields will trend lower, making non-yielding assets such as gold more attractive.

We also bought Indian automotive producer Mahindra & Mahindra, whose focus on SUVs has led to significant gains in market share. Despite ROE and capital allocation visibility being better than at any time in the recent past, the stock trades at a significant discount to peers.

Finally we started to add back to Turkey through the purchase of Akbank. We are encouraged by the direction of travel in terms of economic policy normalisation, with the central bank recently hiking interest rates to 42.5%. Akbank trades on extremely attractive valuations in our view.

Conversely, we have been taking advantage of recent strength in Brazil and Mexico, trimming or selling the likes of Atacadao, Sendas and Banorte.

Stocks

Below we highlight a major winner and a major loser:

Banorte

Banorte is a large commercial bank in Mexico. In our view it remains one of the best ways to play a strong Mexican economy. We expect Banorte to generate low-teens loan growth and double-digit EPS growth. In addition to this attractive growth, the stock offers a dividend yield of 8-9% as Banorte's strong capital position enables a payout ratio of 85%. There have been some concerns that falling rates will lead to net interest margin compression. However, Banorte has been focused on shifting from floating- to fixed-rate loans, which should mitigate this. Indeed, management have guided for very limited net interest margin contraction on the back of rate cuts. The stock traded higher due to increasing optimism over nearshoring in Mexico. As a key beneficiary of this trend, Banorte is attracting growing interest from giant global fund managers.

Delhivery

Delhivery is a leading provider of logistics in India. The company specialises in e-commerce fulfilment, where it has the number one market share. It operates through a technology-driven platform offering an end-to-end solution for the entire logistics value chain. India is exceptionally underpenetrated in terms of e-commerce parcels per capita. We estimate that the country has just over 2 parcels per capita currently, whilst China has around 80. As more of India's population gain access to online shopping and urbanisation continues, we expect the growth rate of parcels to average almost 20% for the next decade. By focusing our exposure on the leading logistics player, we aim to capture structural growth in Indian e-commerce without taking on the additional risk of predicting the eventual winners at this early stage. As the company with the biggest scale, Delhivery is the natural lowest-cost provider, enabling it to control pricing in the market. The company prices in such a way that allows it to be profitable, but also pressures its peers and dissuades others from entering the market. Over time as its market share expands further, we expect parcel pricing to move higher, boosting margins. The stock struggled over the month after one of the largest shareholders sold a portion of their stake.

Performance Attribution Q4 2023

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	**2.9**	**-2.0**	**-0.1**	**0.8**
Equity	**3.2**	**-2.0**	**-0.1**	**1.1**
Top/Bottom 5 EM Countries	**2.7**	**-2.6**	**0.1**	**0.1**
Mexico	0.4	0.3	0.0	0.7
Korea	0.0	0.6	0.0	0.6
Argentina	0.8	-0.3	-0.2	0.3
China	1.3	-1.2	0.2	0.2
Turkey	0.0	0.1	0.0	0.1
Brazil	0.4	-0.4	0.1	0.0
Saudi Arabia	-0.1	-0.1	0.1	-0.1
Poland	0.0	-0.2	0.0	-0.3
Taiwan	-0.1	-0.3	0.0	-0.4
India	0.1	-1.1	0.0	-1.0
Rest of World	**0.6**	**0.6**	**-0.2**	**1.0**
Non Equity	**-0.3**	**0.0**	**0.0**	**-0.3**
Foreign Exchange	0.0	0.0	-0.1	-0.1
Cash	-0.3	0.0	0.1	-0.3

Highlights

- The fund finished ahead of its benchmark, with outperformance particularly marked in Mexico, Korea and Argentina.
- Banorte traded higher due to increasing optimism over nearshoring in Mexico. As a key beneficiary of this trend, it is attracting growing interest from giant global fund managers.
- Hansol Chemical performed well in Korea on the back of an improving outlook for memory, with double-digit increases in DRAM pricing seen over the past 6 weeks.
- YPF rallied following Milei's victory. The new president has talked about normalising domestic prices, which are currently capped, so that they converge with export prices. This would boost YPF earnings by some $2bn. He has also intimated that he wants to privatise YPF, which would be another positive catalyst for the stock.

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**0.0**	**0.7**	**0.0**	**0.8**
Equities	**0.4**	**0.7**	**0.0**	**1.1**
Financials	0.0	0.7	-0.1	0.6
Consumer Staples	0.0	0.4	0.0	0.4
Energy	0.0	0.5	-0.1	0.4
Materials	0.0	0.3	0.0	0.4
Consumer Discretionary	0.0	0.2	0.0	0.3
Real Estate	0.0	0.1	0.0	0.0
Industrials	0.0	0.0	0.0	-0.1
Utilities	-0.1	0.0	0.0	-0.1
Information Technology	0.2	-0.5	0.2	-0.1
Communication Services	0.3	-0.4	0.0	-0.2
Health Care	0.0	-0.5	0.0	-0.5
Non Equity	**-0.3**	**0.0**	**0.0**	**-0.3**
Foreign Exchange	0.0	0.0	-0.1	-0.1
Cash	-0.3	0.0	0.1	-0.3

Highlights

- At the sector level, outperformance was particularly significant in Financials and Consumer Staples.
- Our Mexican banking holdings led outperformance in the Financials sector.
- The fund lost out by not owning Pinduoduo, which rallied on optimism that its low-cost e-commerce business Temu could take on Amazon.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Banorte	Mexico	Financials	0.58	√
	MercadoLibre	Brazil	Consumer Discretionary	0.54	√
	YPF	Argentina	Energy	0.49	√
	Hansol Chemical	Korea	Materials	0.35	√
	Kia Corp	Korea	Consumer Discretionary	0.30	√
Top Detractors	Pinduoduo	China	Consumer Discretionary	-0.34	
	Wuxi Biologics	China	Health Care	-0.32	√
	Delhivery	India	Industrials	-0.30	√
	Baidu	China	Communication Services	-0.24	√
	Alibaba Group	China	Consumer Discretionary	-0.21	√

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Portfolio Breakdown (%)

	TT GEMS		MSCI EM
	30 Sep	31 Dec	31 Dec
Czech Republic			0.2
Egypt			0.1
Greece			0.5
Hungary			0.3
Kuwait			0.8
Poland	0.4		1.0
Qatar			0.9
Saudi Arabia		0.4	4.2
Slovenia	0.7	0.5	
South Africa	1.6	2.0	3.1
Turkey	0.7	0.4	0.6
UAE	2.0	3.0	1.3
EMEA	**5.5**	**6.4**	**12.7**
China	18.9	14.0	26.5
India	18.1	16.9	16.7
Indonesia	2.9	1.7	1.9
Korea	10.5	17.4	13.0
Malaysia			1.3
Philippines			0.6
Taiwan	14.3	16.4	16.0
Thailand			1.8
Emerging Asia	**64.8**	**66.3**	**77.8**
Argentina	2.6	5.4	
Brazil	14.8	13.9	5.8
Chile	0.3	0.4	0.5
Colombia			0.1
Mexico	10.0	6.3	2.7
Peru			0.3
Latin America	**27.7**	**26.0**	**9.5**
Cash	2.1	1.3	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT GEMS		MSCI EM
	30 Sep	31 Dec	31 Dec
Communication Services	4.2	4.1	8.8
Consumer Discretionary	12.7	12.8	12.8
Consumer Staples	7.0	3.5	6.0
Energy	6.9	7.4	5.1
Financials	23.4	17.7	22.3
Health Care	5.2	6.2	3.8
Industrials	7.2	6.3	6.8
Information Technology	22.5	29.5	22.1
Materials	6.0	6.2	7.9
Real Estate	2.0	3.0	1.6
Utilities	0.8	2.1	2.7
Cash	2.1	1.3	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

September 30, 2023

Security	Country	Weight %
TSMC	Taiwan	9.4
Samsung Electronics	Korea	5.3
Axis Bank	India	5.3
Banorte	Mexico	4.6
Alibaba Group	China	3.3
ICICI Bank	India	3.0
MercadoLibre	Brazil	2.5
Hapvida	Brazil	2.3
Bank Mandiri	Indonesia	2.2
Reliance Industries	India	2.2
Top 10 Positions		40.0
Top 20 Positions		59.6
No. of stocks		59

December 31, 2023

Security	Country	Weight %
TSMC	Taiwan	9.9
Samsung Electronics	Korea	7.9
Axis Bank	India	4.3
Banorte	Mexico	3.6
ICICI Bank	India	3.1
EMAAR Properties	UAE	3.0
MercadoLibre	Brazil	2.8
Tencent	China	2.6
Unimicron Technology	Taiwan	2.5
Reliance Industries	India	2.3
Top 10 Positions		42.1
Top 20 Positions		63.2
No. of stocks		57

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)

	Jan 23 - Dec 23	Jan 22 - Dec 22	Jan 21 - Dec 21	Jan 20 - Dec 20	Jan 19 - Dec 19
Gross of fees	6.9	-25.7	-0.5	20.5	25.7
Net of fees	5.9	-26.5	-1.5	19.3	24.5
Index	10.3	-19.7	-2.2	18.7	18.9
Relative (gross)	-3.0	-7.4	1.8	1.5	5.8
Relative (net)	-4.0	-8.4	0.8	0.5	4.7

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.