Q1 2024

TT EM UNCONSTRAINED FUND

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Fund Information

Portfolio Managers
Robert James | Diego Mauro

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

Comparative Benchmark
MSCI Emerging Markets Index

Typical Tracking Error
6-10%

Fund Inception
June-2015

Assets under management
Fund: USD 858,307,334
Strategy: USD 1,347,068,659

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM	Gross Rel.	Net Rel.
March	4.4	4.3	2.5	1.8	1.7
Q1	4.8	4.5	2.4	2.3	2.0
1 Year	10.6	9.3	8.6	1.9	0.6
3 Year	-7.6	-8.7	-4.7	-3.1	-4.2
5 Year	4.4	3.1	2.6	1.7	0.5
Incep.	7.6	6.2	3.5	4.0	2.7

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

Returns are in USD

Fund Value (USD mil) 858

Inception 26/06/15

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.
2015	-9.1	-9.7	-18.3	11.3	10.6
2016	25.6	23.9	11.6	12.5	11.0
2017	42.0	40.1	37.8	3.1	1.7
2018	-16.6	-17.7	-14.2	-2.7	-4.0
2019	28.7	27.1	18.9	8.2	6.9
2020	28.5	26.9	18.7	8.2	7.0
2021	-1.8	-3.0	-2.2	0.4	-0.7
2022	-25.2	-26.1	-19.7	-6.8	-8.0
2023	10.3	9.0	10.3	0.0	-1.2
2024	4.8	4.5	2.4	2.3	2.0

EM equities rallied in Q1 amid general risk-on sentiment. The fund saw a positive absolute return, substantially outperforming its benchmark.

Performance

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

Market Background

EM equities rallied in Q1 amid general risk-on sentiment.

Outlook

We continue to be very bullish on several themes running through the portfolio. Perhaps the most important is Technology, as evidenced by our major overweights in memory, logic and advanced packaging. We believe the world is entering a powerful semiconductor cycle as structural growth from new applications such as AI and high-performance computing meets a cyclical upturn in demand following a period of destocking. The recovery cycle should be particularly strong in memory semiconductors. Having already owned the likes of Samsung Electronics, over the quarter we bought SK Square, a Korean holding company that controls the world's second-largest memory chipmaker SK Hynix. It also has the potential to be a key beneficiary of the Corporate Value-up Program that is being introduced by the Korean government. This program has parallels with Japan, where a push for corporate reform has been one of the key drivers behind a powerful market rally. That said, the holding company structures in Korea are quite different. In contrast to Japan's true corporations, Korea has far more family-controlled chaebols. Because of Korea's very high and strictly imposed inheritance taxes, families use a system where they maintain relatively small stakes in a holding company, which in turn owns an operating company, thereby allowing a family to maintain control of the latter whilst minimising their inheritance tax. These families have little incentive to increase the holding company share price and pay more tax. Meaningful reforms could therefore meet stubborn resistance in the absence of inheritance tax changes. Thankfully, the government has intimated that it will reduce inheritance tax after the mid-term elections, should it be successful. There are structural reasons to believe that this is more than just cheap talk. Indeed, Korean retail investors now outnumber its homeowners, meaning that the stock market will be a more important factor driving wealth creation moving forwards. Meanwhile, Korea's pension system needs higher equity markets as it is seeing more outflows than inflows due to an aging population.

Another major overweight is Argentina, where Milei's economic shock treatment appears to be progressing faster than the market expected. The President's achievements in terms of fiscal consolidation and tackling inflation have thus far been impressive. Month-on-month inflation has fallen from 25-30% to the low-teens, and is predicted to move into single digits soon. Importantly, the majority of the population remain supportive of his actions and seemingly understand that a degree of pain will be required in order to break hyperinflation. It is also encouraging that the bond market has performed very well as it tends to lead equity markets in Argentina. We still see substantial upside, despite strong performance. Having recently returned from a field visit to Vaca Muerta, we were struck by the vast scale of the opportunity for operators such as Vista Energy and YPF. For example, Vista has drilled only 9% of its current reserves, the number of which is itself growing. It was a privilege to be the very first investors in the world to meet the new CEO of YPF, Horacio Marín, who was extremely impressive. The company has both conventional and unconventional oil production. Marín is looking to divest 60% of YPF's conventional oil production, and 40% of its conventional gas this year. These assets generate less than 1% of the company's EBITDA, but require $800 million of capex every year. Clearly, spending 16% of total capex on assets that produce almost no return is unsustainable. In our view the sell-side has so far failed to adequately appreciate the opportunity for both revenue growth and cost cutting at YPF.

The structural opportunity for India over the next decade is arguably the best in Emerging Markets. In many ways the country resembles China in the early 2000s. The perennial challenge is to find stocks where this is not reflected in the valuation, and there are undoubtedly pockets of the market that are simply too expensive. However, a recent correction in many Indian banks and some smid-cap stocks has presented us with an opportunity to make some exciting purchases. There have been mounting concerns about Indian private-sector banks as loan-to-deposit ratios have increased, meaning tighter liquidity, and potentially slower growth for these banks. We do not disagree with this analysis, but would argue that these businesses are not priced to carry on growing at their recent rates in perpetuity. Thus, a marginal slowdown is not a huge concern for us. We used recent weakness to buy HDFC Bank, the leading private-sector bank in India. Following its merger with HDFC Ltd, it has a lot of higher-cost wholesale borrowing, which over time is being replaced with lower cost deposits. Over the medium term, this trend will be very accretive to net interest margins, but in the shorter term it means that loans will grow slower than deposits. Given these dynamics, HDFC Bank was hit particularly hard after the merger, providing an attractive entry point in our view. Indeed, on most metrics the shares are as cheap as they have ever been over the past 20 years. The investment thesis is based on sustained loan growth (in the low-teens whilst the bank shifts its liability mix, accelerating to mid-teens thereafter) and improving profitability as net interest margins pick up and cost-to-income falls. There could also be a rerating from current low levels versus both history and peers.

We also added more generally to our Indian smid-cap exposure. There have been concerns about valuations in the space following extremely strong performance last year. This is supported by research from Bernstein, which found that the proportion of Indian smid-cap stocks trading below 20x earnings has shrunk from around 70% in FY07-FY13 to just 25% today. However, this must be caveated by noting that earnings revisions in India have been much better post-COVID, particularly in the smid-caps. We would also note that smid-caps have been generally growing faster than large-caps in India. Much more importantly, when we look at our own holdings, we find valuations are very reasonable. This is exemplified by Samhi

Outlook Continued

Hotels and Ujjivan Financial Services. Hotel stocks tend to be valued on EV/EBITDA rather than P/E, and with good reason. A new hotel will have higher depreciation than an old one. All else being equal, it will have lower net profit, but as a new hotel that net profit will require less capex to sustain than would be the case for an old hotel. Samhi currently trades on just 13.5x FY25 EV/EBITDA. By contrast, large-cap peer India Hotels trades on 33.7x EV/EBITDA. Samhi's valuation even appears to be good value in a global context, given that Indian consumer stocks tend to trade at a premium to Developed Market stocks due to their higher growth potential. Ujjivan Financial Services is the holding company of Ujjivan Small Finance Bank. The two entities will be merging this month, with the merger ratios already agreed. Ujjivan Financial Services trades at a 10% discount to Ujjivan Small Finance Bank, offering compelling near-term upside in our view. But much more importantly, Ujjivan Small Finance Bank, which we will ultimately own after the merger, trades on less than 8x FY25 earnings and just 1.6x book value. This looks extremely cheap for a bank that should be able to sustainably grow assets at more than 20% per year and deliver an ROE in the mid-20s.

Finally, although the Chinese macro backdrop and general sentiment appear to be improving at the margin, we continue to see opportunities elsewhere as cleaner, without the geopolitical risk. The government is likely to achieve its stated growth rate, but it's not clear to us that Beijing is addressing the structural imbalances in the economy. Moreover, as we move closer to the US elections, bipartisan anti-China rhetoric is likely to be stepped up, which could weigh on already fragile sentiment. Of course, China is a continent-sized market and there will always be opportunities, irrespective of the macro backdrop. Our overarching thesis in the country has been to concentrate capital in companies that are not simply generating growth, but also are focused on shareholder returns. This seems to be bearing fruit, with companies that are returning cash being rewarded by the market. For example, Qifu Tech offers double-digit returns to shareholders through its dividend and buyback programme. It has been a strong contributor to performance this year, as have the likes of PetroChina and CMOC for similar reasons.

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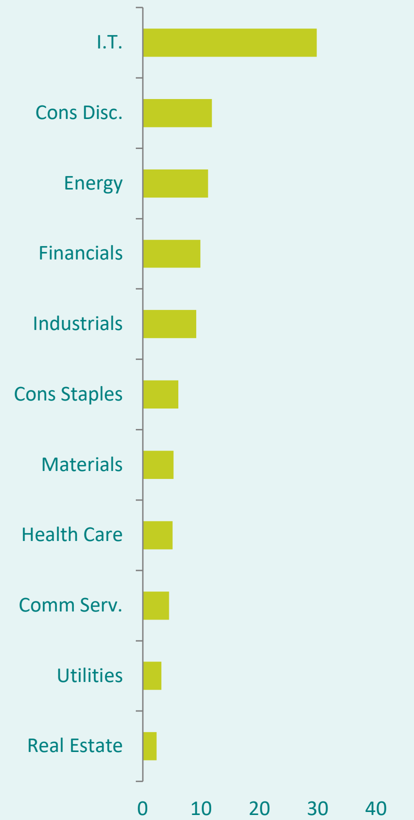
Absolute Country Weights %

Absolute Sector Weights %



Portfolio Positioning

Over the quarter we bought SK Square, an SK Group intermediate holding company whose main asset is SK Hynix (accounting for c.95% of SK Square's NAV.) We are very constructive on the outlook for memory generally, and at the time we initiated the position, SK Square was trading at a 70% discount to the value of its holding in SK Hynix. Consequently, we believe that it could be a key beneficiary of the Corporate Value-up Program to be initiated by the Korean government.

Elsewhere we bought Nu Holdings, which we see as one of the most interesting stories in EM. It has over 90 million clients in Brazil, or almost 60% of the adult population. As a pure digital bank, it does not have any legacy businesses, so its systems are state of the art. Moreover, having no physical presence means that it only needs around 10% of the employee count of traditional banks to operate. As a result, its cost to serve a client is just 15% of that of Itau or Bradesco, and its ROE in Brazil is 50-60%. We still see scope for growth in Brazil as it moves into new products such as unsecured lending and payroll loans. We also see a major opportunity as it enters Mexico, where over 60% of the population is non-banked/unbanked.

We also increased our exposure to Indian smid-caps through the purchase of Cera, a leading producer of sanitary- and faucet-ware products such as sinks, taps and toilets. We see it as a strong play on the Indian property market, which has shown remarkable strength in recent years and offers an excellent opportunity over the coming decade in our view. As India's wealth levels increase, the demand for higher-quality housing stock should surge, creating tens of millions of new homes. Since COVID, property pre-sale numbers have been very strong – a clear indication of future demand for building materials. However, given the length of development projects, completions are yet to show the same acceleration. Materials used earlier in the project cycle, such as cables and wires, have exhibited rapid growth in recent quarters. Looking ahead, products used closer to completion should enjoy similar growth. Cera should be a major beneficiary at this point in the cycle. The investment thesis is therefore one of sustained mid-teens (or better) revenue growth, compounded by margin improvement, partly as a result of premiumisation. When comparing Cera's valuation to its peer group, we believe it stands out as a compelling long-term opportunity to capture India's housing boom.

Finally, we bought hard discount retailer BBB Foods, which we see as one of the best ways to play consumption growth in Mexico.

Conversely, Alibaba and Petrobras were exited due to changes in strategy. In the case of Alibaba, Chinese consumption continues to be weak, and the company has decided to become more aggressive on pricing to gain market share, which will impact margins. Meanwhile, Petrobras is pivoting away from dividends into capex and M&A, which will harm shareholder returns.

Finally, we took some profits in Banorte, Reliance and ICICI Bank.

Stocks

Below we highlight a major winner and a major loser:

Capstone Copper

Capstone is 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. Capstone's Mantoverde Development Project is now in the commissioning phase. The first ore has been fed through the primary crushing circuit, with Capstone providing cost guidance of $1.45-$1.75/lb for 2H24 – well below the rest of the portfolio. At the time of writing, Capstone trades at CAD8.72. Assuming a copper price of $4/lb (versus $4.21 today), we forecast just over $1bn of annualised EBITDA by 2025, giving us an equity value of CAD10.6 using a conservative 6x EV/EBITDA multiple. All else being equal, at $4.5/lb copper our target price would improve to CAD13.5. It is also worth noting that Capstone's management team are particularly impressive, with the CEO having over 30 years of operational and investment experience in the metals and mining sector. The shares rallied due to strength in the copper price, as well as a successful ramp up of the Mantoverde Development Project.

Mercadolibre

Mercadolibre is the largest ecommerce player in Brazil, Mexico and Argentina. Ecommerce infrastructure is less developed in Latam than in Asia, and we therefore see a general penetration opportunity. In the case of Mercadolibre specifically, its competitive environment in key markets is improving and it is continuing to gain market share. The company has grown Gross Merchandise Value at 20-40% depending on the market, and we believe that such expansion is sustainable. It also has further opportunities for growth in its FinTech division, mostly notably credit payments. Despite enjoying strong topline growth, the shares struggled after Mercadolibre reported margins that were slightly lower than expected. We used weakness to add as we believe the issues are transient in nature, since the business has been investing in logistics, and ran a promotion that proved more popular than anticipated.

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Performance Attribution Q1 2024

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

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Capstone Copper Corp	Chile	Materials	0.74	√
	Vista Energy	Argentina	Energy	0.71	√
	CMOC Group Ltd	China	Materials	0.48	√
	TSMC	Taiwan	Information Technology	0.47	√
	YPF	Argentina	Energy	0.42	√
Top Detractors	Entero Healthcare Solutions	India	Health Care	-0.48	√
	Hapvida	Brazil	Health Care	-0.43	√
	Vamos	Brazil	Industrials	-0.41	√
	Wuxi Biologics	China	Health Care	-0.40	√
	Dada Nexus	China	Consumer Staples	-0.31	√

Highlights

- The fund finished significantly ahead of its benchmark, with outperformance particularly marked in Argentina, Korea and Taiwan.
- Argentinian oil stocks rallied after the government allowed prices at the pump to move in line with import parity.
- SK Hynix performed well due to twin tailwinds of optimism over the memory cycle and the Corporate Value-Up Program in Korea.
- TSMC traded higher on optimism around AI.
- Our Brazilian rate-sensitive names struggled as the timing of US rate cuts was pushed out.
- At the sector level, outperformance was led by I.T., Materials and Energy.
- Capstone Copper rallied due to strength in the copper price, as well as a successful ramp up of the Mantoverde Development Project.
- Wuxi Biologics sold off as investor fears grew over a US draft bill targeting Chinese biotech giants.

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Portfolio Breakdown (%)

	TT EM Unconstrained 31 Dec	TT EM Unconstrained 31 Mar	MSCI EM 31 Mar
Czech Republic			0.1
Egypt			0.1
Greece			0.5
Hungary			0.2
Kuwait			0.8
Pan Africa	2.4	2.3	
Poland			1.0
Qatar			0.8
Saudi Arabia	1.1	0.7	4.2
South Africa	1.2		2.8
Turkey	0.4	0.7	0.7
UAE	2.9	1.7	1.2
EMEA	**8.0**	**5.3**	**12.5**
China	16.2	13.2	25.1
India	15.0	18.0	17.7
Indonesia	2.1	1.1	1.9
Korea	12.7	14.5	12.8
Malaysia			1.4
Philippines			0.6
Taiwan	15.8	16.9	17.6
Thailand			1.5
Vietnam		1.0	
Emerging Asia	**61.7**	**64.6**	**78.7**
Argentina	6.7	7.9	
Brazil	12.4	12.6	5.2
Chile	0.6	2.9	0.5
Colombia			0.1
Mexico	7.5	5.3	2.7
Peru			0.3
Latin America	**27.2**	**28.6**	**8.9**
Cash	3.0	1.4	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT EM Unconstrained 31 Dec	TT EM Unconstrained 31 Mar	MSCI EM 31 Mar
Communication Services	3.8	4.5	8.6
Consumer Discretionary	11.7	11.9	12.4
Consumer Staples	4.7	6.1	5.6
Energy	10.2	11.2	5.3
Financials	14.0	9.9	22.4
Health Care	5.0	5.1	3.5
Industrials	10.1	9.2	7.0
Information Technology	26.5	29.8	23.7
Materials	4.7	5.3	7.2
Real Estate	3.7	2.4	1.5
Utilities	2.5	3.2	2.8
Cash	3.0	1.4	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

December 31, 2023

Security	Country	Weight %
TSMC	Taiwan	9.6
Samsung Electronics	Korea	7.7
Axis Bank	India	3.5
Banorte	Mexico	3.1
EMAAR Properties	UAE	2.9
MercadoLibre	Brazil	2.8
Tencent	China	2.8
ICICI Bank	India	2.7
Savannah Energy	Pan Africa	2.4
Alibaba Group	China	2.3
Top 10 Positions		39.8
Top 20 Positions		59.8
No. of stocks		61

March 31, 2024

Security	Country	Weight %
TSMC	Taiwan	9.6
Samsung Electronics	Korea	7.6
MercadoLibre	Brazil	4.8
YPF	Argentina	3.6
Tencent	China	3.1
Capstone Copper Corp	Chile	2.9
Delhivery	India	2.4
Savannah Energy	Pan Africa	2.3
SK Hynix	Korea	2.2
Hapvida	Brazil	2.1
Top 10 Positions		40.5
Top 20 Positions		57.6
No. of stocks		63

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Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)

	Apr 23 - Mar 24	Apr 22 - Mar 23	Apr 21 - Mar 22	Apr 20 - Mar 21	Apr 19 - Mar 20
Gross of fees	10.6	-12.1	-18.9	93.4	-18.8
Net of fees	9.3	-13.1	-19.9	91.2	-19.8
Index	8.6	-10.3	-11.1	58.9	-17.4
Relative (gross)	1.9	-2.0	-8.8	21.7	-1.7
Relative (net)	0.6	-3.2	-9.9	20.3	-2.9

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.

Disclaimer

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.