Q3 2024

TT EM UNCONSTRAINED FUND

THIS IS A MARKETING COMMUNICATION

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 842,624,589
Strategy: USD 1,361,957,059

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM	Gross Rel.	Net Rel.
September	1.8	1.7	6.7	-4.6	-4.7
Q3	3.9	3.6	8.9	-4.5	-4.8
YTD	14.7	13.7	17.2	-2.2	-3.1
1 Year	24.7	23.2	26.5	-1.4	-2.6
3 Year	-2.4	-3.6	0.8	-3.2	-4.4
5 Year	6.6	5.4	6.1	0.4	-0.7
Incep.	8.2	6.9	4.8	3.3	2.0

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

Returns are in USD

Fund Value (USD mil) 843

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	14.7	13.7	17.2	-2.2	-3.1

EM equities rallied over the quarter as the US and China both announced policy easing. The fund saw a positive absolute return, underperforming its benchmark.

Performance

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

Market Background

EM equities rallied over the quarter as the US and China both announced policy easing.

Outlook

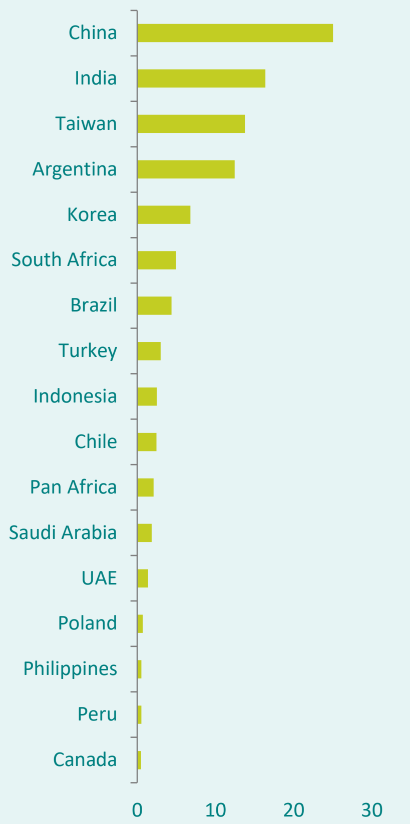
The most significant events in markets over recent weeks have been policy easing in the US and China. The Fed decided to cut by 50bps, which we believe was the correct call, with 3-month rolling underlying inflation already below the central bank's 2% target and rates clearly restrictive at these levels. This decision reinforces our view that there will be a soft landing in the world's largest economy, and we take additional comfort from the fact that the Fed has substantial scope to cut much further. As we have argued previously, these rate cuts should be effective because consumer balance sheets are in reasonably good health across the developed world.

While the Fed's decision was well-telegraphed, policy easing in China caught investors by surprise and catalysed a major relief rally. Key announcements include: cutting the Reserve Requirement Ratio to inject RMB 1 trillion of liquidity into the system; lowering outstanding mortgage rates to ease the mortgage burden for c.150m people; reducing downpayments for second homes; setting up a new swap facility to allow asset managers and insurers to tap at least RMB 500 billion of PBOC liquidity to purchase equities; and providing a further RMB 300 billion of funds to allow banks to lend to corporates for share buybacks. At the time of writing, there is speculation that these measures will be followed up with a series of fiscal announcements, including cash handouts for the poor, and issuing RMB 2 trillion via special bonds to stimulate consumption and help local governments tackle debt problems. These policy changes will surely prolong the glide path to a new 'normal' lower growth environment. However, it remains to be seen whether the measures can help to solve China's structural issues of overinvestment, a weak consumer, and ageing demography.

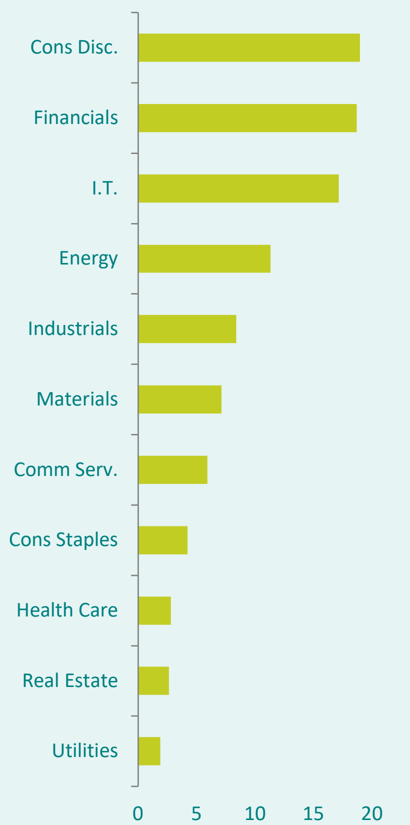
Chinese equities have bounced sharply off the lows, but positioning remains fairly light as starting levels were extremely depressed. The policy measures seem to be intended to stimulate buying from domestic investors, and there are early indications that they are chasing the rally. In fact, order volume in China A-Shares was so large that the Shanghai Stock Exchange experienced a 90-minute malfunction. This stands in stark contrast to the reopening rally or May 2024 rally, when onshore investors did not participate meaningfully. Accounting for 80% of the China market, retail investors will have a key role to play in determining the sustainability of the rally. It is thus important to recognise that there is a wall of excess savings still on the sidelines, while margin financing levels remain below their 4-year average at only RMB 1.4 trillion. However, this must be balanced against the fact that stocks have already moved a long way. Indeed, it is now difficult to argue that China overall is cheap and oversold. MSCI China is very close to its 5- and 10-year median P/E valuations. With all this in mind, we have tactically increased exposure to China, but remain underweight. We have been buying large, liquid consumption plays including PDD, JD, Alibaba, NetEase and Ctrip, as well as stock exchange HKEX. Korea and Taiwan were used as the main funding source as these markets had been the key beneficiaries of inflows from investors amid China weakness in recent years.

More generally, we were already bullish on the outlook for EM equities into 2025 as we believe the era of dollar weakness has begun, with the Fed likely to cut rates quite aggressively amid well-controlled inflation. Since the turn of the century, there has been 87% positive correlation between a weak dollar and EM equity outperformance versus Developed Markets. The main caveat to this positive outlook had been concerns over weakness in China. Clearly a massive stimulus drive in the largest emerging market helps to alleviate these concerns and should set up EM equities for a strong period of performance.

Absolute Country Weights %



Absolute Sector Weights %



Portfolio Positioning

Late in the quarter we increased exposure to China. We have been buying large, liquid consumption plays including PDD, JD, Alibaba, NetEase and Ctrip, as well as stock exchange HKEX. Korea and Taiwan were used as the main funding source as these markets had been the key beneficiaries of inflows from investors amid China weakness in recent years.

We also added to Financials in deficit countries that should be key beneficiaries of a lower rate environment. These include Bank Rakyat in Indonesia, ABSA in South Africa, and Credicorp in Peru.

Elsewhere we bought InterGlobe Aviation, an Indian low-cost airline. It is the country's largest airline by passengers carried and fleet size, with a domestic market share of over 60%. The company is looking to grow its current aircraft fleet of 367 to 600 by 2030, a CAGR of around 9%. In addition, because the planes being added are of a larger size, Available Seats Per Kilometre growth should be in the low double digits, whilst revenue growth is expected to be around 15%. Despite this attractive growth, on our numbers InterGlobe trades at around 16.5x earnings and 7x EBITDAR in FY26. We see this as compelling, particularly against a backdrop where finding liquid, structural stories in India that have yet to re-rate to a new valuation framework is increasingly difficult.

Conversely, we took some profits in Hanwha Aerospace, and completely exited Mexico by selling the remaining positions in Alfa and BBB Foods. The government has been pushing market-unfriendly reforms, including judicial changes that allow it to elect judges, while a decelerating US economy is a further headwind.

Stocks

Below we highlight a major winner and a major loser:

Galicia

Galicia is Argentina's largest private sector bank. Credit penetration is just 8% percent of GDP, compared to an average of over 40% in Latin America, and over 80% in countries such as Chile. There has been large-scale crowding out of the private sector by the government, but as this normalises, banks such as Galicia should enjoy rapid growth. Indeed, many Argentinian banks are hinting at loan growth of 40-50% next year in real terms. When we bought the stock it was trading around book value. Although it has rallied along with other Argentinian stocks on generally improving sentiment, we still see it as extremely attractively valued for the growth potential on offer. We continue to constructive on Argentina in general. Inflation is gradually falling, and the political backdrop remains stable. Bond markets have performed well, and we believe that equities will follow.

SK Square

95% of SK Square's NAV is its holding in SK Hynix, the global leader in High Bandwidth Memory (HBM), with a c.50% market share. Demand for HBM is growing rapidly due to its use in AI servers, and it is expected to represent 30% of global DRAM value by 2025. Moreover, SK Square has announced a significant share buyback programme. Trading at a 64% discount to NAV, any buyback that SK Square does will clearly be very accretive to NAV per share. The shares have corrected, partly as Korea was used as a funding source for inflows into China, but also because investors are concerned that memory price growth is slowing. Whilst we agree that conventional memory prices have begun to show signs of weakness, we believe that demand for HBM memory will continue to outstrip supply for a long period of time, supporting prices. We have therefore concentrated our memory exposure in SK Square and SK Hynix, while substantially cutting exposure to Samsung Electronics, which is a leader in conventional memory but lags in HBM.

Performance Attribution Q3 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	Galicia	Argentina	Financials	0.84	√
	Hanwha Aerospace	Korea	Industrials	0.43	√
	Entero Healthcare Solutions	India	Health Care	0.32	√
	MercadoLibre	Brazil	Consumer Discretionary	0.28	√
	Sabesp	Brazil	Utilities	0.24	√
Top Detractors	Alibaba	China	Consumer Discretionary	-0.59	√
	SK Square	Korea	Industrials	-0.54	√
	SK Hynix	Korea	Information Technology	-0.49	√
	Akbank	Turkey	Financials	-0.46	√
	Meituan Dianping	China	Consumer Discretionary	-0.40	´

Highlights

- The fund finished behind its benchmark, with outperformance in Brazil and Argentina more than offset by underperformance in China, Korea and Taiwan.
- Galicia performed well as sentiment towards Argentina continued to gradually improve.
- Sabesp rallied in Brazil. We bought in a placement, which came at a big discount to the prevailing price as the lead industrial buyer set the price. Allocations were difficult to come by, but we managed to secure some because of our strong relationship with the company.
- Chinese stocks rallied sharply after the government announced a series of easing measures. This detracted from performance as the fund was underweight.
- Semiconductor positions in Korea and Taiwan were used as a major funding source for the rotation into China, hurting the fund.

TT INTERNATIONAL

Q3 2024

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Portfolio Breakdown (%)

	TT EM Unconstrained		MSCI EM
	30 Jun	30 Sep	30 Sep
Czech Republic			0.1
Egypt			0.1
Greece			0.5
Hungary			0.2
Kuwait			0.7
Pan Africa	2.2	2.1	
Poland	0.7	0.7	0.9
Qatar			0.8
Saudi Arabia	1.3	1.8	3.8
South Africa	1.6	4.9	3.1
Turkey	3.1	3.0	0.6
UAE	2.1	1.4	1.2
EMEA	**11.0**	**13.9**	**11.9**
China	9.2	25.0	27.8
India	22.5	16.4	19.5
Indonesia	1.0	2.5	1.6
Korea	16.8	6.8	10.4
Malaysia			1.5
Philippines	0.6	0.5	0.6
Taiwan	17.4	13.8	17.6
Thailand			1.5
Emerging Asia	**67.4**	**65.1**	**80.6**
Argentina	11.1	12.4	
Brazil	5.9	4.4	4.8
Chile	2.8	2.5	0.4
Colombia			0.1
Mexico	1.3		1.9
Peru		0.5	0.3
Latin America	**21.0**	**19.8**	**7.5**
Other	**0.5**	**0.5**	**0.0**
Cash	0.1	0.7	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT EM Unconstrained		MSCI EM
	30 Jun	30 Sep	30 Sep
Communication Services	4.4	5.9	9.4
Consumer Discretionary	8.3	19.0	14.0
Consumer Staples	3.2	4.2	5.2
Energy	12.8	11.3	4.8
Financials	17.2	18.7	22.8
Health Care	4.5	2.8	3.6
Industrials	11.5	8.4	6.8
Information Technology	28.8	17.2	22.2
Materials	6.0	7.1	6.6
Real Estate	2.4	2.6	1.6
Utilities	0.9	1.9	2.9
Cash	0.1	0.7	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

June 30, 2024

Security	Country	Weight %
TSMC	Taiwan	9.9
Samsung Electronics	Korea	7.7
YPF	Argentina	3.4
ASE Technology	Taiwan	2.9
SK Hynix	Korea	2.8
Capstone Copper Corp	Chile	2.8
Vista Energy	Argentina	2.6
Kotak Mahindra Bank	India	2.6
Hanwha Aerospace	Korea	2.4
SK Square	Korea	2.4
Top 10 Positions		39.4
Top 20 Positions		60.9
No. of stocks		65

September 30, 2024

Security	Country	Weight %
TSMC	Taiwan	8.3
Tencent	China	4.4
Alibaba	China	3.7
YPF	Argentina	3.4
Vista Energy	Argentina	2.5
Capstone Copper Corp	Chile	2.5
Pinduoduo	China	2.5
Akbank	Turkey	2.4
Anglogold Ashanti	South Africa	2.4
SK Square	Korea	2.3
Top 10 Positions		34.4
Top 20 Positions		53.2
No. of stocks		75

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)	Oct 23 - Sep 24	Oct 22 - Sep 23	Oct 21 - Sep 22	Oct 20 - Sep 21	Oct 19 - Sep 20
Gross of fees	24.7	11.8	-33.4	27.6	16.4
Net of fees	23.2	10.5	-34.2	26.1	15.0
Index	26.5	12.2	-27.8	18.6	10.9
Relative (gross)	-1.4	-0.3	-7.8	7.6	4.9
Relative (net)	-2.6	-1.5	-8.9	6.3	3.7

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.