TT INTERNATIONAL

Q3 2024

TT EMERGING MARKETS EX-CHINA FUND

THIS IS A MARKETING COMMUNICATION

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 ex-China Index

Typical Tracking Error
4-7%

Fund Inception
June-2023

Assets under management
Fund: USD 9,068,139
Total EM Strategies: USD 3,353,463,521

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM ex China	Gross Rel.	Net Rel.
September	-0.6	-0.7	1.3	-1.9	-2.0
Quarter	1.7	1.4	4.1	-2.3	-2.6
1 Year	36.1	34.4	28.0	6.4	5.0
Incep.	23.3	21.8	17.7	4.8	3.5

Returns are in USD

Fund Value (USD mil) 9.1

Inception 23/06/23

Q3 2024 Attribution

Country Allocation	1.1
Security Selection	-2.7
Currency Effect	-0.7
Management Effect	**-2.3**

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 Argentina and Brazil more than offset by underperformance in Taiwan and Korea.

Market Background

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

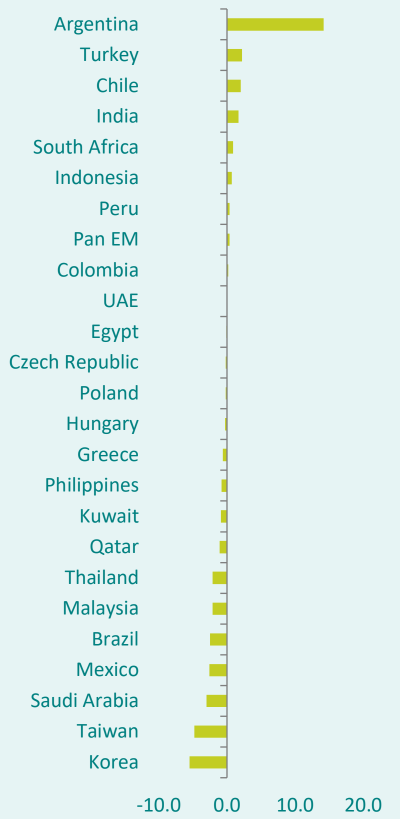
Outlook

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.

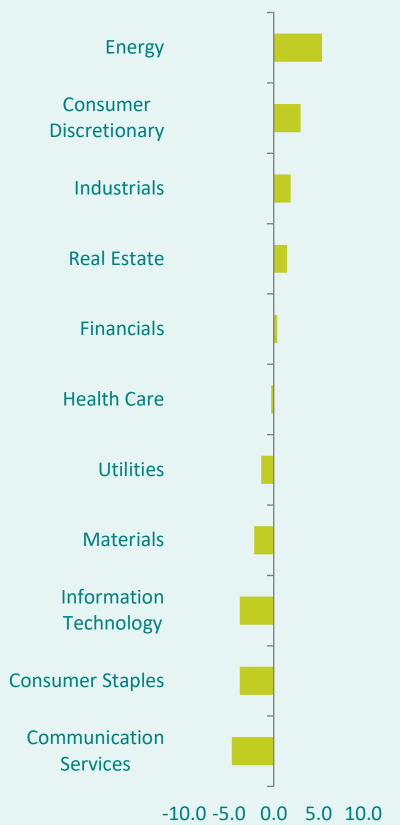
While the Fed's decision was well-telegraphed, policy easing in China caught investors by surprise and catalysed a major relief rally. Key announcements include: cutting the Reserve Requirement Ratio to inject RMB 1 trillion of liquidity into the system; lowering outstanding mortgage rates to ease the 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, meaning that equity markets could be more buoyant in the coming months. 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.

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.

Country relative to Index %



Sectors relative to Index %



Portfolio Positioning

Over the quarter, we 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 sold HDFC Bank as we have higher conviction in other Indian Financials.

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.

Country Selection (%)

Country	Country Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**1.1**	**-2.7**	**-0.7**	**-2.3**
Equity	**1.2**	**-2.7**	**-0.7**	**-2.2**
Top/Bottom 5 EM Countries	**1.2**	**-2.4**	**-0.4**	**-1.6**
Argentina	1.7	-0.4	-0.3	1.0
Brazil	0.0	0.5	0.0	0.5
Mexico	-0.1	0.0	0.3	0.2
Poland	0.0	0.0	0.0	0.0
Peru	0.1	-0.1	0.0	0.0
Turkey	-0.3	0.1	-0.2	-0.3
Thailand	-0.2	0.0	-0.2	-0.4
India	0.0	-0.6	0.0	-0.6
Korea	-0.3	-0.7	0.0	-0.9
Taiwan	0.2	-1.2	0.0	-1.1
Rest of World	**0.0**	**-0.3**	**-0.3**	**-0.6**
Non Equity	**-0.1**	**0.0**	**0.0**	**-0.1**
Foreign Exchange	0.0	0.0	0.0	0.0
Cash	-0.1	0.0	0.0	-0.1

Highlights

- The fund finished behind its benchmark, with outperformance in Argentina and Brazil more than offset by underperformance in Taiwan and Korea.
- 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.
- Semiconductor positions in Korea and Taiwan were used as a major funding source for the rotation into China, hurting the fund.
- Lemon Tree Hotels struggled after data showed a moderation in Average Daily Rate growth.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Galicia	Argentina	Financials	1.04	√
	Hanwha Aerospace	Korea	Industrials	0.49	√
	Entero Healthcare	India	Health Care	0.35	√
	Embraer	Brazil	Industrials	0.31	√
	Mercadolibre	United States	Consumer Discretionary	0.30	√
Top Detractors	SK Square	Korea	Industrials	-0.66	√
	Alchip Technologies	Taiwan	Information Technology	-0.42	√
	SK Hynix	Korea	Information Technology	-0.38	√
	Akbank	Turkey	Financials	-0.36	√
	Mediatek	Taiwan	Information Technology	-0.35	

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Portfolio Breakdown (%)

	TT EM ex China		MSCI EM ex China
	30 Jun	30 Sep	30 Sep
Czech Republic			0.2
Egypt			0.1
Greece			0.6
Hungary			0.3
Kuwait			0.9
Poland	0.9	1.0	1.2
Qatar			1.1
Saudi Arabia	1.3	2.2	5.3
South Africa	1.7	5.2	4.3
Turkey	3.2	3.1	0.9
UAE	2.4	1.6	1.6
EMEA	**9.5**	**13.1**	**16.5**
India	26.7	28.7	27.0
Indonesia	1.5	2.9	2.3
Korea	20.5	9.0	14.5
Malaysia			2.1
Philippines	1.1		0.8
Taiwan	19.1	19.5	24.3
Thailand			2.1
Emerging Asia	**68.9**	**60.2**	**73.1**
Argentina	12.3	14.2	
Brazil	4.2	4.2	6.7
Chile	2.7	2.6	0.6
Colombia		0.3	0.1
Mexico			2.6
Peru		0.8	0.4
Latin America	**19.2**	**22.2**	**10.4**
Pan Emerging Markets	**0.7**	**0.4**	
Cash	1.7	4.1	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT EM ex China		MSCI EM ex China
	30 Jun	30 Sep	30 Sep
Communication Services			4.7
Consumer Discretionary	8.6	10.0	7.0
Consumer Staples	2.5	1.7	5.6
Energy	10.5	10.8	5.4
Financials	19.6	25.6	25.2
Health Care	4.6	3.2	3.5
Industrials	11.6	9.4	7.5
Information Technology	32.2	24.8	28.6
Materials	6.2	5.8	8.0
Real Estate	2.6	2.9	1.4
Utilities	0.0	1.7	3.1
Cash	1.7	4.1	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

June 30, 2024

Security	Country	Weight %
TSMC	Taiwan	10.0
Samsung Electronics	Korea	9.3
ASE Technology Holdings	Taiwan	3.7
YPF	Argentina	3.7
SK Square	Korea	3.6
Mediatek	Taiwan	2.9
SK Hynix	Korea	2.9
Hanwha Aerospace	Korea	2.8
Vista Energy	Argentina	2.8
Capstone Copper	Chile	2.7
Top 10 Positions		44.5
Top 20 Positions		66.9
No. of stocks		51

September 30, 2024

Security	Country	Weight %
TSMC	Taiwan	9.6
YPF	Argentina	3.4
ASE Technology Holdings	Taiwan	3.1
Five-Star Business	India	2.9
SK Square	Korea	2.9
Vista Energy	Argentina	2.7
SK Hynix	Korea	2.6
Capstone Copper	Chile	2.6
Mediatek	Taiwan	2.5
Anglogold Ashanti	South Africa	2.4
Top 10 Positions		34.7
Top 20 Positions		55.1
No. of stocks		62

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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	36.1				
Net of fees	34.4				
Index	28.0				
Relative (gross)	6.4				
Relative (net)	5.0				

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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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.