Q1 2022

TT NON-US EQUITY STRATEGY

Fund Performance

	Fund Gross	MSCI ACWI ex-US
March	-1.9	0.2
Q1	-6.3	-5.3
Incep. (ann)	-11.4	-6.6

Returns are gross of fees in USD

Fund Value (USD mil) 10

Inception 01/09/21

Q1 2022 Attribution

Region Allocation	-0.9
Security Selection	0.1
Currency Effect	-0.2
Management Effect	**-1.1**

Markets

Source: MSCI. Returns are Gross Total Returns in local currency terms for the corresponding MSCI country/region index.

Asset Allocation

Europe	64.1 ↑
Emerging Markets	20.3 ↓
Japan	7.6 ↓
Canada	1.4 ↑
Cash	6.7 ↑

Top Five Securities %

Shell	UK	4.8
AstraZeneca	UK	4.2
Roche	Switzerland	3.2
Alibaba Group	China	3.0
Nexans	France	2.9

Global equities sold off as Russia invaded Ukraine, sending commodity prices soaring. The fund saw a negative absolute return, underperforming its benchmark.

Performance

The fund finished behind its benchmark, with outperformance in Europe more than offset by underperformance in Emerging Markets, Canada and Japan.

Market Background

Global equities sold off as Russia invaded Ukraine, sending commodity prices soaring.

Outlook

It has been a tumultuous first quarter for equity markets, with Russia committing the biggest act of aggression on European soil since the Second World War. As Lenin famously remarked: "There are decades where nothing happens; and there are weeks where decades happen." Russia's invasion of Ukraine has turbocharged the spike in commodity prices across the board and already appears to have catalysed a momentous shift in global energy policy. The inflation genie may finally be out of the bottle, with central banks scrambling to shift their monetary policy stance in an attempt to regain control. Recessionary indicators are flashing red, most notably the inversion of the 2y-10y yield curve, and there is a growing risk that central banks commit a policy error by overtightening.

Chinese equities in particular experienced a perfect storm in Q1 due to the prospect of widening lockdowns to contain COVID, concerns over potential further regulation in the Tech sector, and fears about whether China's response to Russia's invasion of Ukraine would lead to it being partially implicated. This led to almost unprecedented panic selling and mass liquidation. Chinese equities then rallied sharply after Beijing encouraged regulators to issue market-friendly policies to "invigorate the economy". The extent of the relief rally suggests that markets are interpreting the Chinese State Council's comments as similar to Mario Draghi's watershed "whatever it takes" speech that saved the euro.

With so many powerful crosscurrents battering investors, global equity market volatility is likely to remain elevated in the near term. Against this backdrop, we have been positioning the fund more defensively, reducing beta and raising cash. This is ultimately to give us dry powder to deploy when we find stocks that we believe have strong long-term growth opportunities, but which have become overly discounted in the present volatility.

Thematically we remain exposed to the 'reopening' trade, albeit in a more nuanced way, recognising that some of these companies, particularly in the travel space, have large energy costs. UK hospitality company Whitbread is an example of a stock that we continue to like in the space. It offers exposure to the reopening thematic, yet has minimal energy costs and the bulk of its market cap is underpinned by the NAV of its property assets.

Similarly, we retain selective exposure to the renewables theme. Many of these stocks have rallied on the assumption that the war in Ukraine will accelerate the green transition as the west looks to wean itself off Russian energy. However, with the ongoing malaise in supply chains and cost structures, it is far from clear that additional growth will equate to additional profitability for clean tech companies. We have therefore been using recent strength to take profits in names such as Vestas. However, we maintain positions in companies such as electrical cabling producer Nexans, which benefits from electrification trends, and should be able to pass on higher costs to its customers with relative ease.

We also retain exposure to Energy and Materials, given the surge in commodity prices following Russia's invasion. We believe that the supply impact of the green energy transition is exacerbating the fundamental tightness in the oil market, meaning that prices should remain elevated. Many oil companies are actively encouraged by investors to return capital or invest in renewable energy rather than drilling for more oil. Consequently, non-OPEC oil supply appears to be peaking, while OPEC is delivering below its quota. We are therefore seeing spare capacity fall and inventories drawing down at a time of the year time when they are usually increasing. We have made Shell one of the largest positions in the fund.

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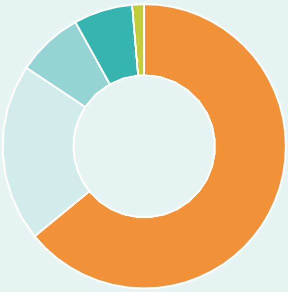
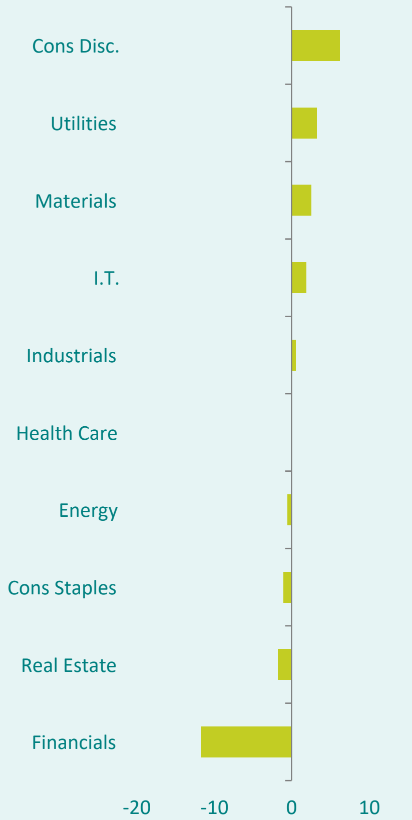
Allocation



- Europe (64.1%)
- Emerging Markets (20.3%)
- Japan (7.6%)
- Cash (6.7%)
- Canada (1.4%)

Sectors relative to Index %



Portfolio Positioning

In recent weeks we have been positioning the fund more defensively to account for the increasingly challenging macro backdrop. With this in mind we bought Spanish Utility Iberdrola, German Consumer Staples company Beiersdorf and French distiller Pernod-Ricard, which has a strong net cash balance sheet.

We also bought Knorr-Bremse as we feel there has been an improvement in the outlook for the rail business, yet the shares have corrected sharply.

Elsewhere we purchased Alibaba. Chinese Internet companies have been hit by a perfect storm of regulatory tightening and a slowing economy. However, recent comments from Beijing suggest that the government intends to stabilise growth and ease its regulatory stance. At the same time, many of these companies have announced measures to rationalise costs. In our view the stars are now aligning for significant outperformance from Chinese Internet companies as a stronger economy should lead to higher topline growth, the effect of which will likely be magnified in the bottom line due to cost cutting measures, while less intervention from Beijing should catalyse a re-rating from very depressed levels. Indeed, on our numbers Alibaba is trading on close to 5x core earnings.

Conversely, we took some or all profits in Weir Group, Glencore and Reckitt Benckiser.

Stocks

Below we highlight a major winner and a major loser:

Weir

Weir is a Scotland-based engineering company that specialises in manufacturing mining equipment, as well as the servicing and maintenance thereof. Essentially the business drives higher efficiency in mines, as well as making them more environmentally friendly and less damaging to the surrounding communities in which they operate. It has very high market share and profitability. Management expect medium-term EBIT levels to be 17%, and we believe this may even be too conservative, having assessed the cost structure and growth outlook. Management also expect to produce a 90% cash conversion rate on EBIT, which should see the business delever rapidly and ultimately return capital to shareholders. We used recent strength to lock in profits, but would certainly consider adding again at more favourable levels.

Flutter

Flutter is a holding company for some of the world’s most successful gambling brands including Sky Bet, Paddy Power, PokerStars, Betfair, FanDuel and FOXbet. It has the market leading online sports book and casino operator in the rapidly expanding US market. Despite this, the stock has sold off in recent months due to regulatory uncertainty, particularly in the UK where there has been ministerial change. The underlying strength of Flutter’s brands and operations, alongside a cheap valuation for a high-quality outfit, mean that we continue to be constructive on the stock, albeit at a smaller position size to reflect the increased regulatory risk.

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Performance Attribution Q1 2022

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

Regional Selection (%)

Region	Region Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**-0.9**	**0.1**	**-0.2**	**-1.1**
Equity	**-1.0**	**0.1**	**-0.9**	**-1.8**
Europe	-0.2	3.7	-0.3	3.2
Pacific ex Japan	-0.4	0.0	-0.3	-0.7
Japan	-0.1	-0.8	0.1	-0.8
Canada	-0.6	-0.1	-0.2	-0.9
Emerging Markets	0.4	-2.6	-0.3	-2.5
Non Equity	**0.1**	**0.0**	**0.6**	**0.7**
Foreign Exchange	0.0	0.0	0.5	0.5
Cash	0.1	0.0	0.2	0.3

Highlights

- The fund finished behind its benchmark, with outperformance in Europe more than offset by underperformance in Emerging Markets, Canada and Japan.
- The war in Ukraine has turbocharged commodity price spikes across the board. The fund's holdings in OCI, Glencore and Shell all performed well against this backdrop.
- Bank of Ireland performed well as it is a beneficiary of rising rates and released strong results.
- Energy storage system provider Pylon struggled due to concerns around rising raw material costs pressuring margins.
- Japanese chemical business Toyo Gosei sold off at the start of the quarter. As a small-cap company with a multiple that reflects its extremely strong growth prospects, Toyo Gosei is an example of a long duration growth stock that will tend to underperform as discount rates rise.

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**-1.2**	**0.4**	**-0.2**	**-1.1**
Equities	**-1.3**	**0.4**	**-0.9**	**-1.8**
Information Technology	-0.6	1.7	-0.3	0.9
Health Care	0.1	0.8	-0.2	0.7
Energy	-0.4	0.6	0.0	0.3
Communication Services	0.1	-0.1	0.0	0.0
Real Estate	0.0	-0.2	0.0	-0.2
Consumer Staples	0.1	-0.3	-0.1	-0.2
Industrials	0.0	-0.4	0.0	-0.5
Consumer Discretionary	-0.8	0.3	0.0	-0.5
Financials	-0.2	-0.3	-0.2	-0.7
Materials	0.3	-1.5	-0.2	-1.4
Non Equity	**0.1**	**0.0**	**0.6**	**0.7**
Foreign Exchange	0.0	0.0	0.5	0.5
Cash	0.1	0.0	0.2	0.3

Highlights

- At the sector level, outperformance in I.T. and Health Care was more than offset by underperformance in Materials and Financials.
- AstraZeneca traded higher over the quarter. There was limited stock-specific news, but the company is a leader in a relatively defensive sector and is therefore attracting investors amid the current volatility.
- Toyo Gosei was a major detractor in the Materials sector.
- Chinese online lender 360 Digitech struggled amid general concerns about ADRs and the Chinese economy.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Glencore	UK	Materials	0.92	√
	OCI	Netherlands	Materials	0.68	√
	Shell	UK	Energy	0.67	√
	AstraZeneca	UK	Health Care	0.62	√
	Bank of Ireland	Ireland	Financials	0.53	√
Top Detractors	Toyo Gosei	Japan	Materials	-0.66	√
	Coca-Cola Hellenic	UK	Consumer Staples	-0.59	√
	Pylon Technologies	China	Industrials	-0.57	√
	360 Digitech	China	Financials	-0.54	√
	Polymetal	Russia	Materials	-0.45	√

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Portfolio Breakdown (%)

	TT Non-US Equity Strategy 31 Dec	TT Non-US Equity Strategy 31 Mar	MSCI ACWI ex-US 31 Mar
Canada	**0.0**	**1.4**	**8.3**
Argentina		1.5	
Brazil	1.0	0.0	1.7
China	7.9	6.7	8.6
India	3.3	1.4	3.7
Korea	7.1	2.6	3.6
Mexico	2.4	2.0	0.7
Taiwan	7.5	6.0	4.6
Emerging Markets	**30.5**	**20.3**	**28.6**
France	5.9	10.9	7.2
Germany	5.9	8.1	5.2
Ireland	7.8	6.4	0.4
Netherlands	1.5	2.3	2.8
Spain		2.0	1.4
Switzerland	3.1	4.3	6.6
UK	27.8	30.1	9.6
Europe	**55.1**	**64.1**	**40.6**
Japan	**12.2**	**7.6**	**14.1**
Cash	2.2	6.7	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT Non-US Equity Strategy 31 Dec	TT Non-US Equity Strategy 31 Mar	MSCI ACWI ex-US 31 Mar
Consumer Discretionary	14.1	17.3	11.1
Consumer Staples	3.0	7.4	8.4
Energy	2.4	4.8	5.4
Financials	17.6	8.9	20.6
Health Care	6.2	9.3	9.4
Industrials	14.4	12.8	12.2
Information Technology	19.5	14.1	12.2
Materials	14.1	11.4	8.9
Real Estate	0.9	0.7	2.5
Utilities	5.6	6.4	3.2
Cash	2.2	6.7	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

December 31, 2021

Security	Country	Weight %
AstraZeneca	UK	3.9
Samsung Electronics	Korea	3.8
Coca-Cola Hellenic	UK	3.0
SBI Holdings	Japan	2.9
Bank of Ireland	Ireland	2.8
CRH	Ireland	2.7
Siemens	Germany	2.7
Veolia	France	2.6
Glencore	UK	2.5
Shell	UK	2.4
Top 10 Positions		29.3
Top 20 Positions		50.9
No. of stocks		55

March 31, 2022

Security	Country	Weight %
Shell	UK	4.8
AstraZeneca	UK	4.2
Roche	Switzerland	3.2
Alibaba Group	China	3.0
Nexans	France	2.9
Glencore	UK	2.9
Pernod-Ricard	France	2.9
Beiersdorf	Germany	2.7
Phoenix Group	UK	2.7
Samsung Electronics	Korea	2.6
Top 10 Positions		31.9
Top 20 Positions		53.4
No. of stocks		52