Q1 2024

TT UK EQUITY FUND

THIS IS A MARKETING COMMUNICATION

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	FTSE All Share	Gross Rel.	Net Rel.
March	4.7	4.6	4.8	-0.1	-0.2
Q1	4.3	4.0	3.6	0.7	0.4
1 Year	7.5	6.3	8.4	-0.8	-2.0
3 Year	12.1	10.8	8.0	3.8	2.5
5 Year	13.4	12.1	5.4	7.6	6.3
10 Year	9.7	8.4	5.8	3.7	2.5
Incep.	10.3	9.0	7.2	2.9	1.7

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

Returns are in GBP

Fund Value (GBP mil) 52

Inception 01/04/04

The following information is in addition to, and should be read only in conjunction with, the performance data presented above.

	Fund Gross	Fund Net	FTSE All Share	Rel.	Net Rel.
2014	1.3	0.1	1.2	0.1	-1.1
2015	10.2	8.9	1.0	9.1	7.9
2016	10.7	9.4	16.8	-5.2	-6.3
2017	15.4	14.0	13.1	2.0	0.8
2018	-13.7	-14.7	-9.5	-4.7	-5.8
2019	22.2	20.8	19.2	2.5	1.3
2020	12.6	11.2	-9.8	24.8	23.3
2021	26.5	25.0	18.3	6.9	5.6
2022	5.6	4.3	0.3	5.2	4.0
2023	7.3	6.1	7.9	-0.5	-1.7
2024	4.3	4.0	3.6	0.7	0.4

Q1 2024 Attribution

Sector Allocation	0.9
Security Selection	-0.1
Currency Effect	-0.1
Management Effect	**0.7**

Sector Allocation

Industrials	21.4 ↑
Consumer Discretionary	18.1 ↓
Consumer Staples	14.2 ↓
Health Care	13.5 •
Financials	10.3 ↑

Top Five Active Overweights

Serco Group	2.7
Telecom Plus	2.7
Balfour Beatty	2.5
AstraZeneca	2.3
Beiersdorf	2.2

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

Performance

The fund finished ahead of its benchmark, with outperformance particularly marked in Industrials and Basic Materials.

Market Background

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

Outlook

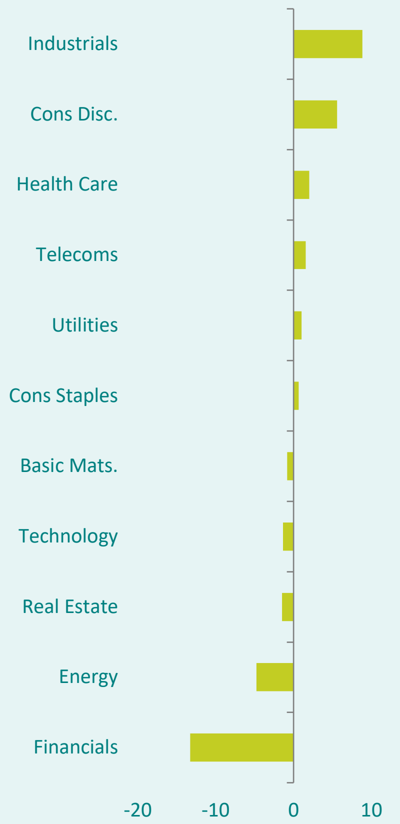
We remain reasonably balanced in terms of outlook and portfolio positioning. While the macro backdrop has been subdued for some time – particularly in the UK and Europe – as the world adjusts to higher levels of interest rates, it is clear that economies thus far have proved to be more resilient than many feared. This has been most evident in the US, where economic growth has continued to be very robust. However, inflation has continued to ease, and while expectations of how quickly US rates will be cut have moderated due to ongoing economic strength, we are still in an environment where major central banks will be cutting rates later this year. That in turn will reduce the pressure on consumers and businesses, and reduce the risk of a more severe and protracted downturn. Indeed, certain forward-looking indicators in the UK and Europe have started to improve in recent months, and attention is beginning to turn to recovery in the second half of this year and into 2025.

Whilst markets have clearly rallied from the lows in October last year, particularly the US, valuations in much of the UK and Europe still remain very depressed. Furthermore, while we are cognisant of geopolitical risks, the backdrop of reasonably resilient growth and falling inflation suggests that markets are likely to remain well supported. Although some near-term consolidation in markets would not be surprising after a strong run, we do not see a catalyst for a substantial correction, absent a negative exogenous event.

As alluded to above, we have continued to run the portfolio in a balanced way, with a beta currently just below 1.0. That said, over the course of the year we have added to areas of cyclicality, as well as mid-cap exposure. Mid-caps in the UK, as in other markets, continue to look extremely attractive after a period of significant underperformance, which has left valuations in many smaller companies at compelling levels in our view. Indeed, UK mid-caps are trading at more than one standard deviation 'cheap' versus a wider UK market that is itself trading at the biggest discount to global equities in over 30 years, on a sector-neutral basis. A significant driver of mid-cap underperformance has been the combination of a weak macro backdrop coupled with rising bond yields. The underperformance of mid-caps versus large-caps is closely correlated with rising bond yields, and it is notable that mid-caps stopped underperforming when the US 10-year yield peaked in October last year. From here we believe the backdrop of more stable bond yields and falling short-term interest rates should not only improve risk appetite and therefore accelerate a mid-cap re-rating, but also boost M&A as the cost of capital comes down. In fact, we have already started to see this. The prospect of improving leading indicators for the UK and European economies should also be supportive for mid-caps, which over-index to more cyclical companies, both domestic and international. These companies will be key beneficiaries of any improvement in economic growth into next year. We believe this confluence of factors provides a very attractive alpha opportunity in the mid-cap space. Crucially, it is not just in cyclical mid-caps where we find compelling valuations; we have also seen a similar de-rating in many more defensive mid-cap names, and we are pro-actively taking advantage of these opportunities across a range of sectors.

From a sector perspective, we remain overweight Industrials, with a mix of defensive growth, including Defence, and more cyclical sub-sectors such as Construction, with a skew to infrastructure and Paper & Packaging. Another overweight is Consumer Discretionary, spanning a range of sub-sectors from Travel & Leisure to UK domestic recovery names, as well as more defensive growth names. We are also overweight Healthcare, which we see as very attractively valued at present. Recently we have moved overweight the Mining sector, increasing exposure to both gold and base metals, where the free cash flow yields are extremely attractive in our view, at a time when commodity prices are inflecting more positively. Finally, we continue to have an overweight in Consumer Staples, but skewed to mid-cap names for the reasons discussed above.

Sectors relative to Index %



Portfolio Positioning

During the first few months of the year we have increased exposure to the Mining sector and are now overweight. We continue to be relatively cautious on iron ore, but have become more constructive on base metals such as copper, where demand is structurally growing due to the ongoing electrification of the world's economies, as well the increasing adoption of AI and associated growth in datacentres. This acceleration in demand growth is meeting a relatively flat supply outlook stretching to the end of the decade, which should lead to a significant shortage of supply and therefore higher prices. We have expressed this increased optimism by substantially raising our position in Glencore, as well as adding to Anglo American, both of which have significant copper exposure. Even after strong performance of late, on spot metrics Glencore still trades on a free cash flow yield of c.12%, which is materially better than any of the other majors. Once it completes the acquisition of Teck's metallurgical coal business later this year, the balance sheet is likely to be well capitalised, potentially allowing Glencore to return substantial capital to shareholders. We also added to our gold mining exposure during the quarter by starting a position in Centamin, whose main asset is a tier-1 gold mine in Egypt that has a very strong outlook following a recently restructured life of mine plan, and where the valuation looks compelling against a backdrop of a rising and well-supported gold price.

We also bought Trainline, the UK's leading independent digital rail ticketing platform. The shift from physical to digital tickets is a market penetration story that still has a long way to run in our view. Trainline holds a very significant market share, owing to its superior user experience and money-saving features such as SplitSave. There is also an interesting international angle as Trainline has a business in Europe that is currently lossmaking, but which is seeing very strong growth as rail markets such as Spain liberalise and deregulate, opening up rail routes to more competition as part of an environmentally driven agenda to encourage rail travel. This is leading to rapid adoption of Trainline's services as consumers use aggregators to find the best-value services.

We also bought London Stock Exchange Group. In line with company guidance, we expect an acceleration in revenue growth and increasing visibility as the business continues to shift from a traditional exchange to more of a data and analytics company. Revenues should be accelerated further by the partnership with Microsoft, enabling LSE Group to start cross selling more data analytics products to Microsoft's customer base. Despite the prospect of a structural acceleration in growth, the stock continues to trade at a large discount to peers, particularly in the US.

Conversely, we took some profits in Compass as the shares have performed well and we believe that the business will continue to see some normalisation from very strong post-Covid growth rates.

Meanwhile Rentokil was exited due to concerns that issues in the US market could be more enduring than initially expected, risking further downgrades.

Finally, we switched some of the position in Shell into BP for relative valuation reasons.

Stocks

Below we highlight a major winner and a major loser:

Serco

Serco is a global outsourcing company providing essential services to governments and private sector clients. With operations in over 30 countries, it offers services in defence, justice, immigration, healthcare and transport. Serco issued a strong trading statement in December, which set the tone for continued positive earnings momentum. When its results were released in February, they were at the top end of the guidance range, with cash flow particularly strong. Serco also came out with a larger than expected share buyback. We expect further upgrades as the year goes on, and even after the strong share price move, we believe that the valuation still looks very cheap, with the shares trading on c.11x earnings and offering a c.9% free cash flow yield. Part of the reason for this is that Serco had some large contracts that were up for renewal. However, it is progressing through these renewals, the last of which is an Australian immigration contract that is due to be decided in the first half of this year. We see a good chance that Serco retains the contract, which should allow the shares to push on further. Finally, we see scope for Serco to undertake accretive acquisitions, which would help to maintain the positive earnings momentum.

Centrica

Centrica provides electricity, natural gas, and energy-related services to millions of customers in the UK and North America. It is one of the largest energy suppliers in the UK and is involved in various aspects of the energy value chain, including generation, trading and distribution. Additionally, Centrica offers home services such as boiler installation, maintenance, and smart home solutions. Having owned the shares last year, we sold them at a good level in September. Since we sold our position, the shares have been weak and had fallen back to levels where we saw good upside again. After reinitiating a position, Centrica has continued to drift. This is despite the company releasing a good set of results, with free cash flow particularly strong. We believe the drift is largely because of negative sentiment around electricity pricing, even though Centrica's power output is well hedged for this year and much of next year. There has also been a slight lack of news on what the company will do with its excess cash, which has been a big part of the investment case for many. The current share buyback scheme runs until July. As we move towards that date, we expect additional clarity on the excess cash to catalyse renewed share price strength.

TT INTERNATIONAL

Q1 2024

TT UK EQUITY FUND

THIS IS A MARKETING COMMUNICATION

Performance Attribution Q1 2024

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

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**0.9**	**-0.1**	**-0.1**	**0.7**
Equities	**0.9**	**-0.1**	**-0.2**	**0.6**
Industrials	0.5	0.3	0.0	0.8
Basic Materials	0.4	0.0	0.0	0.3
Consumer Staples	0.0	0.4	-0.1	0.3
Health Care	0.1	0.2	0.0	0.2
Financials	-0.1	0.3	0.0	0.2
Real Estate	0.1	0.0	0.0	0.0
Utilities	-0.1	-0.3	0.0	-0.4
Consumer Discretionary	0.1	-0.9	0.0	-0.8
Non Equity	**0.0**	**0.0**	**0.1**	**0.1**
Foreign Exchange	0.0	0.0	0.1	0.1

Highlights

- The fund finished ahead of its benchmark, with outperformance particularly marked in Industrials and Basic Materials.
- Serco performed well following positive results, with cash flow particularly strong.
- Glanbia was strong after reporting good full-year results, which have led to further upgrades.
- Novo Nordisk also performed well following strong results and guidance, as well as an upbeat Capital Markets Day.
- The fund benefitted from not owning Rio Tinto, which struggled as the iron ore price fell
- Watches of Switzerland was the biggest detractor after announcing a profit warning due to weaker trading over Christmas, particularly in the UK.
- CVS fell sharply after the CMA announced that it is proposing to launch a formal investigation into overcharging in the UK veterinary market. We do not believe CVS has a material case to answer as its price rises have been lower than general inflation in recent years.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Rio Tinto	UK	Basic Materials	0.37	´
	Glanbia	Ireland	Consumer Staples	0.32	√
	Serco Group	UK	Industrials	0.31	√
	Hiscox	UK	Financials	0.30	√
	BAE Systems	UK	Industrials	0.28	√
Top Detractors	Watches of Switzerland	UK	Consumer Discretionary	-0.82	√
	CVS Group	UK	Consumer Discretionary	-0.49	√
	UK Industrial	UK	Industrials	-0.38	√
	Puma	Germany	Consumer Discretionary	-0.37	√
	Centrica	UK	Utilities	-0.23	√

Sector Allocation (%)

	TT UK		FTSE All Share
	31 Dec	31 Mar	31 Mar
Basic Materials	4.4	5.9	6.7
Consumer Discretionary	19.9	18.1	12.5
Consumer Staples	15.4	14.2	13.6
Energy	6.9	6.2	11.0
Financials	8.8	10.3	23.6
Health Care	13.9	13.5	11.4
Industrials	19.9	21.4	12.5
Real Estate	1.5	1.1	2.6
Technology			1.4
Telecommunications	2.6	2.7	1.1
Utilities	4.0	4.5	3.5
Cash	2.8	2.0	
Total	**100.0**	**100.0**	**100.0**

Top 10 Active Overweights

December 31, 2023 Security	Absolute Position %	Active Weight %	March 31, 2024 Security	Absolute Position %	Active Weight %
AstraZeneca	9.5	2.7	Serco Group	2.8	2.7
Telecom Plus	2.6	2.6	Telecom Plus	2.7	2.7
Compass Group	3.7	2.1	Balfour Beatty	2.6	2.5
BAE Systems	3.5	2.0	AstraZeneca	9.0	2.3
RELX	4.3	1.8	Beiersdorf	2.2	2.2
Unilever	5.2	1.1	DCC	2.4	2.2
GSK	2.7	0.2	Glanbia	2.1	2.1
BP	2.9	-0.4	Ryanair	2.0	2.0
HSBC	3.6	-1.8	Hiscox	2.1	1.9
Shell	3.8	-3.6	Howden Joinery	1.7	1.7
Top 10 Positions		41.7	Top 10 Positions		40.2
Top 20 Positions		63.5	Top 20 Positions		62.5
No. of stocks		48	No. of stocks		51

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	7.5	10.1	19.0	40.3	-5.1
Net of fees	6.3	8.8	17.6	38.6	-6.2
Index	8.4	2.9	13.0	26.7	-18.5
Relative (gross)	-0.8	7.0	5.3	10.7	16.4
Relative (net)	-2.0	5.7	4.0	9.4	15.0

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.