TT INTERNATIONAL

Q1 2025

TT UK EQUITY FUND

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Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	FTSE All Share	Gross Rel.	Net Rel.
March	-2.7	-2.8	-2.3	-0.5	-0.5
Q1	3.5	3.3	4.5	-1.0	-1.2
1 Year	6.8	5.9	10.5	-3.4	-4.1
3 Year	8.1	7.0	7.2	0.8	-0.2
5 Year	16.1	14.8	12.0	3.6	2.5
10 Year	9.8	8.6	6.2	3.5	2.3
Incep.	10.1	8.8	7.3	2.6	1.4

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

Returns are in GBP

Fund Value (GBP mil) 35

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.
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	7.6	6.6	9.5	-1.7	-2.6
2025	3.5	3.3	4.5	-1.0	-1.2

Q1 2025 Attribution

Sector Allocation	-1.1
Security Selection	0.1
Currency Effect	0.0
Management Effect	**-1.0**

Sector Allocation

Industrials	23.7 ↓
Financials	18.8 •
Consumer Discretionary	15.8 •
Consumer Staples	14.1 ↑
Health Care	8.7 •

Top Five Active Overweights

DCC	2.5
Serco Group	2.1
Kingspan	2.0
Telecom Plus	2.0
Balfour Beatty	2.0

UK equities rallied over the quarter as investors shifted out of the US into markets with more valuation support on concerns over the potential for a policy-induced economic slowdown. The fund saw a positive absolute return, underperforming its benchmark.

Performance

The fund finished behind its benchmark, with outperformance in Financials and Basic Materials more than offset by underperformance in Consumer Discretionary and the impact of being underweight Energy.

Market Background

UK equities rallied over the quarter as investors shifted out of the US into markets with more valuation support on concerns over the potential for a policy-induced economic slowdown.

Outlook

Equity markets have seen some very extreme moves as they try to make sense of the Trump administration's erratic tariff policy and its potential implications. The initial tariff proposals represented a major exogenous shock to the global economy and markets, being orders of magnitude larger than those announced in Trump's first term. This remains the case with the subsequent proposal to further increase tariffs on China, whilst pausing implementation of the full extent of the initial proposals on the rest of the world. Clearly the situation remains fluid and can change very quickly. As such, at this stage it is difficult to accurately quantify the impact, partly because we do not know what the end point of tariffs will be, and partly because of the lack of any modern historical precedent for such an unorthodox policy shift. This uncertainty is exacerbating market volatility and increasing equity risk premia.

Key factors to monitor will be negotiation efforts with various countries, further retaliatory measures from China, as well as any monetary and fiscal easing. Beijing has already announced countermeasures, and is likely willing to take some pain rather than be seen to capitulate to Trump. As it demonstrated through its protracted Covid policies, China has a high threshold for such pain. It also has the ability to stimulate its economy to partially offset the impact of tariffs. With regard to monetary policy, markets began to price in a decidedly dovish response from the Fed, although this is far from certain given that tariffs are likely to increase inflation. On fiscal policy, Trump's administration has talked of passing tax cuts this year to offset some of the tariff headwinds. There may also be further offsets to global consumers to the extent that slower growth results in a falling oil price and lower interest rates.

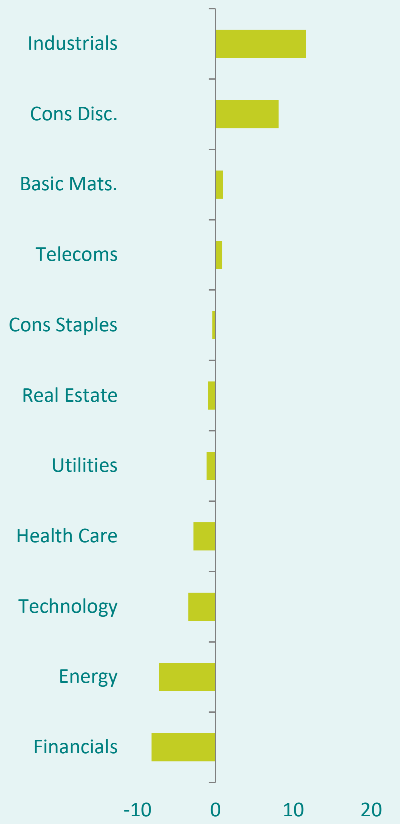
While the tariff situation has certainly added to economic uncertainty globally, we continue to view the UK market as relatively defensive and significantly undervalued. While the US economy has been strong for some time, the UK economy is at a very different starting point, having been very subdued with many areas of activity already at extremely depressed levels and in some cases showing signs of improvement. Moreover, the UK market continues to trade at a very depressed valuation, in contrast to the S&P which still trades on elevated multiples even after recent declines. This valuation difference is even more stark when we look at the cyclically adjusted PE multiple (CAPE), where the US continues to look very elevated versus the UK.

We continue to run a relatively balanced portfolio, with the beta having edged down in recent months, currently sitting just below 1.0 at the time of writing. This is partly as we have been reducing our mid-cap exposure since last October's Budget, after which we became more cautious on domestic cyclicals, given higher national insurance costs, potentially higher inflation, and disruption as companies adjust the size of their workforce to the higher-cost new reality. With this in mind, we sold or reduced Deliveroo, Jet2, Grafton and Watches of Switzerland during Q1, having already taken action in Q4 of last year.

The largest overweights in the portfolio are skewed to either highly defensive companies with very little cyclicality, many of which are on very depressed/trough valuations (e.g. DCC, Serco, Telecom Plus) or to companies that do operate in more cyclical end markets, but where those end markets are already at cyclical lows and where the outlook is strong or improving, in some cases underpinned by government infrastructure spending & policy. Again we see these businesses trading at very attractive valuation multiples. Examples include Kingspan, Breedon, Balfour Beatty and Glenveagh.

Furthermore, we have been taking advantage of the opportunities that are being presented by the recent market volatility, deploying some of the cash we had on the sidelines into a number of our preferred names. Given the ongoing macro uncertainty, these additions have been focussed on more defensive names, with strong balance sheets and with valuations that we believe have become even more attractive in this indiscriminate sell off.

Sectors relative to Index %



Portfolio Positioning

We continue to like Consumer Discretionary, particularly Consumer Services, where we added to CVS. The CMA investigation into the company is entering its final stages. We do not believe it will result in draconian measures against the company, and expect the conclusion to function as a clearing event. We are also constructive on Travel and Leisure, where we own the likes of Dalata and Ryanair. Dalata is an Irish & UK hotel company that has recently announced a strategic review which is essentially putting the business up for sale as the board has become understandably frustrated at the continued low valuation the stock market puts on its shares, with the stock trading significantly below asset value. We also bought Ryanair during the quarter as we believe it is well positioned for a strong recovery in pricing this summer after weakness last year, as well as offering a very strong cashflow returns story as it enters a period of very significant cash generation.

In Industrials, our exposure is skewed to defensive growth, including DCC, Serco and Experian, as well as Defence (BAE and Chemring), which we added to this year. Within construction, we maintain exposure to businesses such as Kingspan and Breedon, which operate in cyclical markets that are currently at a low ebb, but where we have started to see earnings upgrades coming through and we still see earnings risk as skewed to the upside.

Another purchase was food manufacturer Cranswick. It is the clear leader in pork processing, with about one-third of the UK market. The two other big players are struggling under heavy debts, meaning Cranswick has continued to gain market share. It is looking to replicate what it has achieved in pork in the growing poultry market. Here it is the number four player, but again two of the top three are in disarray, with too much leverage. Many of the end customers are the same as for pork, most notably the large grocery chains. We therefore see an exciting growth opportunity. Cranswick is currently expanding its existing footprint, adding 20% capacity in poultry, and is also looking to build another major plant, which would represent a step-change in terms of its presence in the industry. It offers very high, stable returns, but has sold off in line with many UK mid-caps, which we believe has presented an opportunity.

We also added to Compass. With 67% of its business being in the US, it has sold off amid dollar weakness and general concerns over the US economy. However, it is important to note that the cyclicality of this business is low. We had a very reassuring meeting with the company, during which it confirmed strong new business growth momentum. As costs continue to rise, more organisations are outsourcing their catering facilities for the first time. Compass has a good win rate, taking the lion's share of these contracts. We see strong growth, high visibility and a margin story.

Conversely, we took profits in Rolls Royce, Unilever and Renewi, the latter of which was bid for. Finally, Glanbia was sold as we saw margin risk due to rising whey prices and had increasing concerns over its ability to maintain market share in certain channels. This decision was vindicated by weak guidance, and a subsequently weak share price, when Glanbia reported its results in February.

Stocks

Below we highlight a major winner and a major loser:

Lloyds

Lloyds Banking Group is a major UK financial services company, offering retail and commercial banking, insurance, and wealth management. It operates well-known brands such as Lloyds Bank, Halifax, Bank of Scotland, and Scottish Widows. Headquartered in London, it is one of the "Big Four" UK banks, serving millions of customers. Lloyds is demonstrating strong operational momentum, and the shares performed well in Q1 after it announced strong results and a positive outlook. Last year it opened up a big discount versus peers because of potential liabilities related to the enquiry into motor policies, with Lloyds expected to be one of the more affected names. However, this discount has started to narrow as investors get more comfortable with the risk.

Smurfit WestRock

Smurfit WestRock provides innovative and ecofriendly packaging solutions for various industries, including e-commerce, food and beverage, and consumer goods. After the merger of Smurfit Kappa and WestRock, around 60% of the company is based in the US. The shares therefore sold off due to concerns over a slowdown in the US economy, as well as slightly cautious Q1 guidance. We continue to like the stock as it offers an idiosyncratic self-help story. For a business that should generate around $5 billion of EBITDA this year, it has $400 million of hard synergies and another $400 million of other operational benefits coming through as a result of the merger. Moreover, the US paper packaging industry is now behaving far more rationally, with many of the major players pursuing a 'value over volume' strategy. This should structurally improve returns for the likes of Smurfit.

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Performance Attribution Q1 2025

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	**-1.1**	**0.1**	**0.0**	**-1.0**
Equities	**-1.1**	**0.1**	**0.1**	**-0.9**
Financials	-0.3	1.1	-0.1	0.8
Basic Materials	-0.1	0.4	0.0	0.3
Utilities	0.0	0.1	0.0	0.0
Industrials	0.3	-0.4	0.0	-0.1
Telecommunications	0.1	-0.2	0.0	-0.1
Health Care	-0.1	0.0	0.0	-0.2
Technology	0.0	-0.2	0.0	-0.2
Energy	-0.6	0.0	0.0	-0.6
Consumer Discretionary	-0.3	-0.6	0.0	-0.9
Non Equity	**0.0**	**0.0**	**-0.1**	**-0.1**
Foreign Exchange	0.0	0.0	-0.1	-0.1

Key contributors and detractors

- The fund finished behind its benchmark, with outperformance in Financials and Basic Materials more than offset by underperformance in Consumer Discretionary and the impact of being underweight Energy.
- Lloyds was a key winner after announcing strong results and a positive outlook, and we continue to own the stock.
- St James's Place also rallied on strong inflows and good operational performance. We have taken profits following the strong performance but do still own a small position.
- CCH performed well due to strong operational performance, delivering upgrades and a partial re-rating. We continue to own the stock.
- In Basic Materials our gold miners (Endeavour & Anglogold Ashanti) performed well due to a rising gold price. We continue to hold both as we remain positive on the outlook for gold.
- BAE and Chemring also delivered strong returns as European governments committed to significantly increase defence spending. We have added to both positions during the year.
- Puma struggled after a disappointing update on mid-term guidance. We exited the position.
- Jet2 was weak after a trading statement struck a slightly cautious tone regarding cost pressures. We continue to own the stock, given its strong mid-term prospects and very low valuation.
- The fund lost out by being underweight Big Oil, which hadbeen benefiting from investors shifting into relative safe havens.
- Smurfit WestRock struggled on concerns over a slowdown in the US economy. We continue to own the stock.
- Glencore was also a negative, impacted by overall weakness in the industrial mining sector as well as specific weakness in its commodity mix. We continue to own the shares as we believe the current valuation fails to give credit for the resilient marketing business and the medium-term outlook for commodities.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Anglogold Ashanti	South Africa	ETF	0.50	√
	Lloyds Banking Group	UK	Financials	0.37	√
	Coca-Cola Hellenic	UK	Consumer Staples	0.36	√
	BAE Systems	UK	Industrials	0.22	√
	Endeavour Mining PLC	UK	Basic Materials	0.21	√
Top Detractors	Glencore	UK	Basic Materials	-0.49	√
	Jet2	UK	Consumer Discretionary	-0.47	√
	Puma	Germany	Consumer Discretionary	-0.44	√
	Shell	UK	Energy	-0.42	√
	Smurfit Westrock	United States	ETF	-0.36	√

Sector Allocation (%)

	TT UK		FTSE All Share
	31 Dec	31 Mar	31 Mar
Basic Materials	6.2	6.5	5.5
Consumer Discretionary	16.2	15.8	7.7
Consumer Staples	12.5	14.1	14.5
Energy	1.9	2.8	10.1
Financials	18.2	18.8	27.0
Health Care	8.1	8.7	11.5
Industrials	26.1	23.7	12.0
Real Estate	0.9	1.4	2.3
Technology	1.9	0.7	4.2
Telecommunications	2.1	2.1	1.2
Utilities	3.8	2.7	3.8
Cash	1.9	2.7	
Total	**100.0**	**100.0**	**100.0**

Top 10 Active Overweights

December 31, 2024 Security	Absolute Position %	Active Weight %	March 31, 2025 Security	Absolute Position %	Active Weight %
Glencore	4.2	2.4	DCC	2.7	2.5
Serco Group	2.4	2.3	Serco Group	2.2	2.1
DCC	2.5	2.3	Kingspan	2.0	2.0
Experian	3.2	1.8	Telecom Plus	2.1	2.0
Natwest Group	2.6	1.4	Balfour Beatty	2.1	2.0
UK Industrial	3.4	1.3	Glenveagh Properties	2.0	2.0
Lloyds Banking Group	2.7	1.3	Breedon Group	1.9	1.9
AstraZeneca	7.1	0.5	Lloyds Banking Group	3.7	1.9
Unilever	3.0	-1.7	Compass Group	3.5	1.7
HSBC	3.7	-2.3	Kerry Group	1.6	1.6
Top 10 Positions		34.8	Top 10 Positions		36.4
Top 20 Positions		55.5	Top 20 Positions		57.2
No. of stocks		55	No. of stocks		52

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)					
	Apr 24 - Mar 25	Apr 23 - Mar 24	Apr 22 - Mar 23	Apr 21 - Mar 22	Apr 20 - Mar 21
Gross of fees	6.8	7.5	10.1	19.0	40.3
Net of fees	5.9	6.3	8.8	17.6	38.6
Index	10.5	8.4	2.9	13.0	26.7
Relative (gross)	-3.4	-0.8	7.0	5.3	10.7
Relative (net)	-4.1	-2.0	5.7	4.0	9.4

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.