Q2 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.
June	0.0	-0.1	0.5	-0.5	-0.6
Q2	7.4	7.2	4.4	2.9	2.7
YTD	11.2	10.8	9.1	1.9	1.5
1 Year	11.2	10.4	11.2	0.0	-0.7
3 Year	10.0	8.9	10.7	-0.6	-1.6
5 Year	14.4	13.1	10.8	3.2	2.1
10 Year	10.4	9.2	6.8	3.4	2.3
Incep.	10.3	9.1	7.5	2.7	1.5

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

Returns are in GBP

Fund Value (GBP mil) 39

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	11.2	10.8	9.1	1.9	1.5

Q2 2025 Attribution

Sector Allocation	2.2
Security Selection	0.6
Currency Effect	0.1
Management Effect	**2.9**

Sector Allocation

Industrials	22.1 ↓
Financials	18.0 •
Consumer Discretionary	16.9 ↑
Consumer Staples	11.9 ↓
Health Care	11.7 ↑

Top Five Active Overweights

DCC	2.2
Serco Group	2.1
Lloyds Banking Group	2.1
Telecom Plus	2.0
Experian	2.0

Equities generally experienced a relief rally over the quarter as Trump postponed many of his tariff threats. The fund saw a positive absolute return, significantly outperforming its benchmark.

Performance

The fund finished significantly ahead of its benchmark, with outperformance notable in Consumer Discretionary, Energy and Industrials.

Outlook

We continue to think the UK market looks attractive in absolute terms and in a global equity context. Valuations remain very low, as evidenced by a market-implied cost of capital that is much higher than other equity markets, and a sector-adjusted PE multiple that is close to a 40-year low relative to global equities. Also, while the UK economy has been subdued for some time, with many areas of activity at extremely depressed levels, there are some signs of green shoots appearing. Real wage growth remains strong, and interest rates have started to come down, the benefit of which will start to feed through to the economy. Indeed, relative to the concerns following the Budget last Autumn, the UK economy has proved more resilient than many feared, with the Citigroup Economic Surprise Index in the UK having risen steadily over the first half of the year. And we are starting to see evidence of this improving backdrop coming through at a corporate level, with industries and areas of activity that have been declining in recent years starting to stabilise before inflecting positively.

So far this year we have seen some reallocation within global equities away from the US to Europe, with the latter seeing significantly positive net inflows through the first half. And while the UK specifically has yet to see the benefit of positive flows, we think the overall dynamic is a positive, and indeed the UK market has been outperforming global equities in dollar terms over the first half of the year.

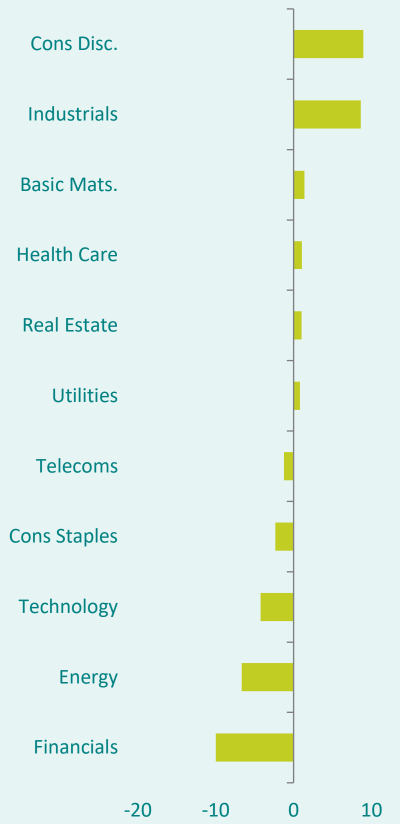
The second quarter began with some extreme volatility for global equities caused by the Trump Administration’s erratic and at times extreme tariff policies. But since then equity markets have regathered their poise, as proposed tariffs have been delayed and watered down. That said, the backdrop remains uncertain with many risk factors to contend with, including stretched government finances in many major economies and elevated geopolitical tensions in many parts of the world. Again, in this context we think the UK offers significant relative appeal, with low valuations, a relatively defensive equity market and a domestic economy starting to improve from very depressed levels.

Against this backdrop, we continue to run a relatively balanced portfolio with a beta of around 1. Through Q4 and the beginning of this year, we had reduced our mid-cap exposure, recognising that risks in some domestic UK names had risen following the Budget. However, during Q2 we started to add back to that mid-cap exposure as the domestic economy was proving to be resilient. And whilst mid-cap stocks underperformed their large-cap counterparts in Q4 and Q1, they now appear to have turned a corner and have been outperforming, which has been a tailwind for the fund’s performance in Q2.

Our additions to mid-caps have been skewed to domestic UK stocks, where there are strong stock specific investment cases supported by a macro backdrop that has been more resilient than feared, including companies such as Shaftesbury, Greencore and Howden. We also took advantage of weakness to add to Marks & Spencer following a cyber incident. It is in the process of ramping up the business again, particularly in online clothing, which saw the greatest disruption. Looking through short-term weakness, we see an excellent valuation opportunity, particularly as underlying operating momentum was very strong prior to the incident.

In terms of sector positioning, we continue to like Industrials, notably Construction companies and defensive growth names. Elsewhere in Industrials, we have been taking some capital out of Defence after a strong run. Meanwhile, we increased exposure to Mining, where we have been overweight gold and precious metals all year, but have now added to industrial metals. We have also added to Real Estate and Consumer Discretionary. Finally, Health Care exposure has increased, principally through the purchase of Convatec.

Sectors relative to Index %



Portfolio Positioning

Over the quarter we bought Haleon, a leading global consumer healthcare company with strong market positions in a number of key sub-sectors. Its end markets are enjoying structural growth, which is increasingly rare in the context of Consumer Staples, where many traditional business models are under pressure. Haleon recently had a capital markets day that highlighted material upside to its gross margins, which should drive high single digit EBIT growth. Trading on 18x 2026 earnings, we see scope for a rerating, as well as compounding strong earnings growth.

Another purchase was Shaftesbury Capital, a retail, leisure and residential property owner in London. It has a very successful track record of improving the rental base in Covent Garden through upgrading the tenant mix. Shaftesbury plans to continue with this strategy, and apply the same process to the Carnaby Street and Soho estates that it has now acquired. This should generate Estimated Rental Value growth of 5-7%, which in turn should drive very strong NAV growth, particularly if there is some yield compression. Despite this, Shaftesbury trades at an unwarranted 30% discount to NAV, despite the fact that Norges recently purchased 25% of the Covent Garden estate at book value.

Elsewhere we bought Convatec, a medical equipment and devices company. 95% of the business is 'chronic care', with leading positions across a range of end markets such as ostomy, continence, advanced wound care and infusion. Historically the business had under-invested in R&D, leading to little innovation, dwindling market share and falling margins. However, a new management team has turned the business around, significantly increasing investment and building up an innovative pipeline. They are now guiding to 5-7% organic top line growth, as well as renewed margin expansion. The stock trades on 18x 12-month forward earnings, which is a material discount to the sector and its closest peer.

Finally, we bought Greencore, a UK food manufacturing business for major food retailers and other operators. It is aligned with structural growth trends in the industry, notably consumer preferences for convenience and premium private label. After a difficult period during COVID, a new management team is starting to recover margins and grow the top line. Their guidance is for 3-5% top line growth, with margins recovering to their pre-COVID levels of over 7%. Greencore is also buying Bakkavor, a complementary UK food manufacturing business. The combination should generate very significant synergies, and in 2-3 years we expect the company to offer a double-digit free cash flow yield, trading on just 6-6.5x EBIT.

Conversely, we sold Diageo as there has been continued weakness in the spirits market, particularly in the US, which is around half of Diageo's business. Meanwhile, Diageo's market share momentum has stalled. Another major reduction was Smurfit Westrock amid a deteriorating US macro backdrop, whilst we also took profits in Chemring after a strong run.

Stocks

Below we highlight a major winner and a major loser:

Chemring

Chemring is a defence-technology company operating through two tightly focused divisions. Countermeasures & Energetics supplies more than 65% of the world's expendable aerial countermeasures and 85% of NATO air-fleet flares, alongside rocket motors, space-flight actuators and specialised energetic devices. Sensors & Information (centred on the Roke consultancy) provides electronic-warfare systems, cyber-security services and advanced threat-detection sensors for military and national-security customers. Geographic revenue is well diversified, with about half from the UK, 36% from the US and the balance from Europe and other allies, giving Chemring broad exposure to rising NATO defence budgets. Given the more uncertain geopolitical backdrop, demand is robust, with a record order book of £1.3bn. Net debt remains manageable at less than 1× EBITDA, leaving headroom to fund organic projects and bolt-on deals as global spending on advanced munitions, electronic warfare and cyber resilience continues to climb. The shares performed well following reassuring interim results which showed improving trends at Roke, with the rating also being supported by NATO agreeing to increase its defence spending. The UK also finally published is Strategic Defence Review, which is very supportive for the outlook of the company.

Breedon

Breedon Group is a vertically integrated construction materials supplier operating across the UK, Ireland and, since 2024, the US. Through an extensive local network of quarries, asphalt and ready-mixed concrete plants, cement works and surfacing teams, it controls some 1.4 billion tonnes of mineral reserves and resources. Under its "Breedon 3.0" strategy the company aims to keep expanding all three regional platforms, using strong free cash flow to fund bolt-on acquisitions and a progressive dividend. Having performed strongly in Q1, the shares were weak in Q2 as the company highlighted sluggish trading in the UK and Ireland, and poor weather impacting its US business. This has led analysts to modestly trim earnings expectations, causing the shares to fall over 20% from recent highs. We see this as an extreme reaction, with none of the short-term headwinds impacting the medium-term investment case for the business. The shares trade at trough multiples on cyclically depressed earnings with volumes in the UK at very depressed levels, having fallen significantly in recent years. We see significant upside to earnings when volumes recover. As such we have added to the position on weakness.

TT INTERNATIONAL

Q2 2025

TT UK EQUITY FUND

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Performance Attribution Q2 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	**2.2**	**0.6**	**0.1**	**2.9**
Equities	**2.3**	**0.6**	**0.2**	**3.2**
Energy	1.0	0.0	0.0	1.1
Consumer Discretionary	0.4	0.6	0.1	1.0
Industrials	1.2	-0.6	0.0	0.6
Basic Materials	0.0	0.6	-0.1	0.5
Technology	0.0	0.2	0.0	0.2
Consumer Staples	0.1	-0.1	0.1	0.1
Utilities	0.1	0.1	0.0	0.1
Health Care	0.0	-0.1	0.0	0.0
Telecommunications	-0.1	0.0	0.0	-0.1
Financials	-0.3	0.0	0.1	-0.3
Non Equity	**-0.1**	**0.0**	**-0.1**	**-0.2**
Foreign Exchange	0.0	0.0	-0.1	-0.1
Cash	-0.1	0.0	0.0	-0.1

Highlights

- The fund finished significantly ahead of its benchmark, with outperformance notable in Consumer Discretionary, Energy and Industrials.
- Chemring continued to rally following good results and as NATO agreed to increase its defence spending. The UK also published its Strategic Defence Review, which is very supportive for the outlook of the company.
- The fund benefited from its Energy underweight, with the oil price drifting down over the quarter amid weak demand.
- Serco performed well in Q2 due to strong order momentum and a rerating from depressed levels.
- Jet2 rallied after a reassuring trading statement and announcing a buyback.
- Balfour Beatty performed well amid strong trading and order momentum.
- Conversely, Breedon struggled due to weaker trading conditions in UK and Ireland.
- DCC was also weak as it sold its healthcare business for a price that disappointed the market's high expectations.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Chemring Group	UK	Industrials	0.76	√
	BP	UK	Energy	0.53	´
	Shell	UK	Energy	0.51	√
	Serco Group	UK	Industrials	0.49	√
	Jet2	UK	Consumer Discretionary	0.46	√
Top Detractors	Breedon	UK	Industrials	-0.31	√
	DCC	UK	Industrials	-0.24	√
	British American Tobacco	UK	Consumer Staples	-0.16	´
	Haleon	UK	Health Care	-0.16	√
	Kerry Group	Ireland	Consumer Staples	-0.15	√

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Sector Allocation (%)

	TT UK		FTSE All Share
	31 Mar	30 Jun	30 Jun
Basic Materials	6.5	6.3	5.0
Consumer Discretionary	15.8	16.9	8.0
Consumer Staples	14.1	11.9	14.3
Energy	2.8	2.1	8.7
Financials	18.8	18.0	28.0
Health Care	8.7	11.7	10.6
Industrials	23.7	22.1	13.5
Real Estate	1.4	3.5	2.5
Technology	0.7		4.2
Telecommunications			1.2
Utilities	4.8	4.9	4.1
Cash	2.7	2.6	
Total	**100.0**	**100.0**	**100.0**

Top 10 Active Overweights

March 31, 2025 Security	Absolute Position %	Active Weight %	June 30, 2025 Security	Absolute Position %	Active Weight %
DCC	2.7	2.5	DCC	2.4	2.2
Lloyds Banking Group	3.7	1.9	Serco Group	2.2	2.1
Compass Group	3.5	1.7	Lloyds Banking Group	3.9	2.1
BAE Systems	3.2	1.3	Telecom Plus	2.1	2.0
Experian	2.6	1.3	Experian	3.4	2.0
Glencore	2.6	1.2	Howden	2.2	2.0
AstraZeneca	7.3	0.4	Glenveagh Properties	2.0	2.0
UK Industrial	2.6	0.0	Balfour Beatty	2.1	2.0
HSBC	5.2	-1.2	Kerry Group	2.0	2.0
Shell	2.8	-4.2	Capital & Counties Properties	2.0	1.9
Top 10 Positions		36.4	Top 10 Positions		35.9
Top 20 Positions		57.2	Top 20 Positions		57.1
No. of stocks		51	No. of stocks		54

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)					
	Jul 24 - Jun 25	Jul 23 - Jun 24	Jul 22 - Jun 23	Jul 21 - Jun 22	Jul 20 - Jun 21
Gross of fees	11.2	10.8	8.1	6.0	38.6
Net of fees	10.4	9.5	6.9	4.7	37.0
Index	11.2	13.0	7.9	1.6	21.5
Relative (gross)	0.0	-2.0	0.2	4.3	14.1
Relative (net)	-0.7	-3.1	-0.9	3.0	12.8

Important Information:

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Switzerland

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