TT INTERNATIONAL

Q4 2024

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.
December	-2.4	-2.5	-1.2	-1.3	-1.4
Q4	-3.0	-3.2	-0.4	-2.7	-2.9
2024	7.6	6.6	9.5	-1.7	-2.6
1 Year	7.6	6.6	9.5	-1.7	-2.6
3 Year	6.8	5.7	5.8	0.9	-0.2
5 Year	11.7	10.4	4.8	6.5	5.3
10 Year	9.9	8.7	6.2	3.5	2.3
Incep.	10.0	8.8	7.2	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.
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	7.6	6.6	9.5	-1.7	-2.6

Q4 2024 Attribution

Sector Allocation	-0.8
Security Selection	-1.9
Currency Effect	0.0
Management Effect	**-2.7**

Sector Allocation

Industrials	26.1	↑
Financials	18.2	↑
Consumer Discretionary	16.2	•
Consumer Staples	12.5	•
Health Care	8.1	↓

Top Five Active Overweights

Glencore	2.4
Serco Group	2.3
DCC	2.3
Balfour Beatty	2.1
Telecom Plus	2.1

The UK equity market was broadly stable over the quarter, with domestically-focussed stocks struggling as the market digested the increase in costs announced in the Budget at the end of October, whilst companies with international operations benefited from the weakness in Sterling. The fund saw a negative absolute return, underperforming its benchmark.

Performance

The fund finished behind its benchmark, with outperformance in Utilities and Real Estate more than offset by underperformance in Industrials and Financials.

Outlook

Whilst Q4 was stable for the UK market, recent uncertainty surrounding the outlook for the UK has resulted significant volatility at the start of 2025. This volatility is creating many opportunities, with valuations even more compelling, and we believe we are very well placed as a dynamic active manager to take advantage of these.

The UK Budget was a noteworthy development during Q4. Whilst increases in taxation were well telegraphed, in the event they were bigger than expected, with domestic employers bearing much of the burden through increased national insurance contributions. For many UK domestically-exposed companies, this has caused downward revisions to earnings estimates, as those exposed have mostly quantified the incremental cost, without being able to be specific about how much of the extra cost they will be able to mitigate. However, there certainly will be some mitigation as companies will try to offset the additional costs through higher prices and cost efficiencies. Whilst several portfolio names have been impacted by this additional cost, we have continued to focus on the businesses where operational momentum and pricing power is strongest, as these companies are best placed to pass on and absorb the costs without impacting earnings forecasts. The prospect of potentially higher inflation has caused some weakness in both bond and equity markets, particularly in domestically-focussed mid-caps, as well as weakness in Sterling. The moves in the bond market have eaten into some of the fiscal headroom that the Chancellor was looking to create with the Budget, raising the prospect of further tax rises and potentially spending cuts.

With inflation potentially set to be more sticky, expectations for rate cuts have reduced, making us slightly more cautious on the domestic cyclical exposure we had in the portfolio, in particular where falling rates were a relevant part of the investment case. With that in mind, during Q4 we reduced exposure to retail and housing themes, including taking profits in M&S, Grafton, Just Eat Takeaway and Rightmove. That said, we do continue to see very significant value in UK equities, particularly in the mid-cap space, and this has become even more extreme with the indiscriminate sell-off we have seen at the beginning of January. This latest bout of weakness has been very macro driven, rather than based on company fundamentals, and as such has seen nearly all mid-caps being sold off, irrespective of whether they are cyclical or defensive, domestic or international, or long or short duration. This dislocation is presenting some very attractive opportunities in our view. Having reduced domestic cyclical exposure in Q4, we are increasingly focussing our mid-cap exposure on more defensive businesses and/or companies with significant exposure outside the UK, with the largest mid-cap positions being Serco (non-cyclical outsourcing business with significant overseas operations), Telecom Plus (defensive and fast growing UK multi-utility business), Glenveagh (Irish housebuilder exposed to the very positive structural trends in Irish housing, which are very different to the much weaker trends in the UK) and Balfour Beatty. The latter is an infrastructure construction and investments company, with exposure to the UK, US and Hong Kong. The company's UK construction activities are entirely focussed on defensive and well-supported infrastructure projects linked to areas such as the energy transition & security (grid, nuclear power, carbon capture), transport (rail & road) and defence. Its other main construction business is in the US, which is benefiting from strong trends in infrastructure and reshoring, with these drivers likely to remain well supported under a Trump administration. The valuation is also very substantially underpinned by a highly defensive infrastructure investments portfolio and a significant cash pile, which combined account for the majority of the enterprise value, implying a very low valuation for the operating businesses.

In addition to evolving our view on UK rates, we have also tempered our view about the degree of rate cuts in the US, where robust growth and the potentially inflationary policies of the Trump administration could see inflation being sticky. One relative beneficiary of fewer rate cuts on both sides of the Atlantic is the banking sector, and with this in mind we increased our weighting here, primarily through increasing exposure to more international earnings and sensitivity to US$ rates. A final dynamic worthy of mention is the recent weakness in Sterling, which will benefit much of the UK stock market, which has very significant overseas earnings.

As we mentioned above, we believe that recent volatility is creating many opportunities for dynamic active managers to capitalise on. Valuations in many high-quality UK mid-caps with strong outlooks have become even more compelling in recent weeks, and indeed the outlook for many of these stocks has improved as a result of the decline in Sterling. As well as companies taking advantage of low valuations by increasing share buybacks, we are also seeing increasing signs of a pick-up in bids for UK-listed companies, as buyers are drawn to the compelling valuations on offer, and this trend is likely to accelerate, given the low valuations and weakness in Sterling.

To conclude, we believe the UK market continues to offer a very attractive investment opportunity, with extremely attractive valuations and resilient end markets. As such, we look forward to the current year with optimism.

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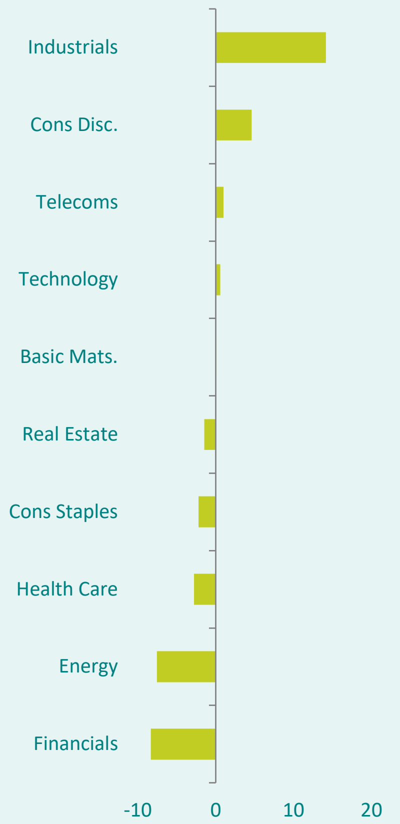
Sectors relative to Index %



Portfolio Positioning

As mentioned, we increased exposure to banks during Q4, given our view that the pace of rate cuts appears to be decelerating in the UK and US. As part of this move, we switched from AIB to other names. The stock had performed well, but it is exposed to EU rates, which are likely to be cut far more rapidly and to a lower terminal rate than in the UK and US, which will weigh on profitability. We increased our international exposure by topping up HSBC and buying Barclays. Barclays' domestic bank has a similarly strong outlook to Natwest. However, it has more non-UK exposure, principally through its US consumer bank and the global investment bank, with the outlook for investment bank activity generally looking brighter under a Trump administration. Barclays continues to trade on a substantial discount to a growing book value, despite an improving return on equity. HSBC has exposure to the dollar and dollar rates, both of which are positive. We see an undemanding valuation and significant shareholder distributions, including the dividend and share buyback.

Another purchase was Reckitt Benckiser. It has underperformed over the past year due to litigation involving infant nutrition for very premature babies. Sadly, there are very limited alternatives to providing such nutrition because these babies cannot be breast fed, but it does increase the risk of them developing serious gastrointestinal problems. At Reckitt's half year results, it announced a strategic review, which consisted of it selling off its non-core household care brands and launching a strategic review of its infant nutrition business, which will likely lead to a disposal. It also announced a significant cost restructuring, which will reduce fixed costs by 300bps. The result should be a much more focussed consumer health and hygiene business with better growth and improved profitability, trading on a significant discount to history and peers. Whilst the litigation will take some time to be resolved, we believe the market implied liability is excessive and as such we expect the significant discount to close over time. We reduced Unilever to fund this purchase, with the stock having performed very well.

Within our construction exposure, we sold Grafton, having had the positive catalyst of it announcing an acquisition, and added to Kingspan, where weakness in the shares in the second half of 2024 has led to a compelling level to add to this quality structural growth compounder in our view. We also added to Balfour Beatty, where we continue to see a very attractive and low risk investment case.

In Healthcare, we added back to AstraZeneca. Having reduced the position in the summer as the stock approached our price target, the shares were weak through the Autumn, which we felt offered an attractive level to buy back into the stock.

Within Consumer Discretionary, we reduced exposure to UK retail, including taking profits in M&S. Meanwhile in Travel & Leisure, we bought a new position in SSP. After a long period of weakness in the shares, the catalyst for us buying back into the story was the company pivoting its strategy to focus more on return on capital and growing in a more measured fashion, as well as restructuring its problematic Continental European business. We expect this to lead to a troughing in earnings expectations and an improvement in FCF and ROCE. The company has also announced an IPO of its Indian JV on the Indian stock market, which we think will highlight significant undervaluation in the shares.

Stocks

Below we highlight a major winner and a major loser:

Jet2

Jet2 is a leisure travel group that specialises in providing affordable holiday packages and flights to destinations across Europe and beyond. The shares performed well after Jet2 released strong results, confirming that trading continued to be strong following the all-important summer season. We believe this is an example of a company that has emerged out of the pandemic in a far stronger competitive position, with a number of rivals forced to retreat or exit the market altogether. This has given the remaining operators such as Jet2 an enhanced competitive position and increased pricing power. We continue to like the shares, as even after a strong Q4 the valuation continues to look very undemanding, trading on a significant discount to its long-term average, despite the strengthened competitive position and exciting growth outlook, funded by a very strong balance sheet.

Serco

Serco is a leading global provider of public services, partnering with governments and other organisations to deliver essential operations across a range of sectors. Headquartered in the UK, Serco operates in over 20 countries, employing approximately 50,000 people worldwide. It specialises in managing complex operations and providing outsourced services in key sectors, including: defence, justice and immigration, healthcare, and transport. The shares sold off sharply in Q4 as Serco lost an Australian immigration contract it was expected to retain during a re-tender. It is also a big UK employer and will therefore be impacted by the hike in employer national insurance contributions. We believe the sell-off was an overreaction, particularly as it gave no credit for the company being able to mitigate the cost increase in time. Serco released a positive trading statement in December, raising its cashflow guidance for 2024, and providing comfort on 2025 earnings, with guidance slightly ahead of consensus. The stock has subsequently started to recover, but still trades on a very low valuation. The shares currently trade on < 10x earnings, with a high single digit Free Cash Flow yield, despite offering solid mid-term organic growth and having significant balance sheet optionality, with the company set to move into a net cash position in 2026 in the absence of more share buybacks and M&A, both of which are likely.

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Performance Attribution Q4 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	**-0.8**	**-1.9**	**0.0**	**-2.7**
Equities	**-0.8**	**-1.9**	**-0.1**	**-2.7**
Utilities	0.0	0.6	0.0	0.6
Real Estate	0.1	0.2	0.0	0.3
Health Care	0.3	-0.2	0.0	0.0
Consumer Discretionary	0.2	-0.1	0.0	0.0
Technology	0.1	-0.3	0.0	-0.2
Energy	-0.2	-0.1	0.0	-0.2
Basic Materials	-0.1	-0.3	0.0	-0.4
Consumer Staples	0.0	-0.9	0.0	-0.9
Financials	-0.8	-0.1	0.0	-1.0
Industrials	-0.3	-0.7	0.0	-1.0
Non Equity	**0.0**	**0.0**	**0.1**	**0.0**
Foreign Exchange	0.0	0.0	0.1	0.1

Highlights

- The fund finished behind its benchmark, with outperformance in Utilities and Real Estate more than offset by underperformance in Industrials and Financials.
- Renewi rallied after being bid for by Australia-based Macquarie, reinforcing the notion that international investors are finding value in UK stocks.
- Jet2 reported strong results and upgraded its guidance.
- Centrica had a solid trading statement and announced an additional share buyback.
- Serco sold off after losing an Australian immigration contract that it was expected to retain. It is also a big UK employer and will therefore be impacted by the hike in employer national insurance contributions.
- Glencore struggled against general weakness in the Mining sector, as well as more specific concerns that it might bid for Anglo American.
- The fund lost out by being underweight HSBC, which is a beneficiary of a stronger dollar because of the HKD peg.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	Renewi	UK	Utilities	0.26	√
	Jet2	UK	Consumer Discretionary	0.25	√
	GSK	UK	Health Care	0.25	ˊ
	Rio Tinto	UK	Basic Materials	0.25	ˊ
	St James's Place	UK	Financials	0.23	√
Top Detractors	HSBC	UK	Financials	-0.73	√
	Glencore	UK	Basic Materials	-0.48	√
	Serco Group	UK	Industrials	-0.37	√
	Heineken	Netherlands	Consumer Staples	-0.28	√
	Barclays	UK	Financials	-0.28	√

Sector Allocation (%)

	TT UK		FTSE All Share
	30 Sep	31 Dec	31 Dec
Basic Materials	8.3	6.2	6.2
Consumer Discretionary	17.1	16.2	11.6
Consumer Staples	12.7	12.5	14.8
Energy	2.5	1.9	9.4
Financials	14.1	18.2	26.5
Health Care	9.2	8.1	10.9
Industrials	24.8	26.1	11.9
Real Estate	1.1	0.9	2.4
Technology	4.1	1.9	1.4
Telecommunications	2.1	2.1	1.1
Utilities	3.0	3.8	3.8
Cash	1.1	1.9	
Total	**100.0**	**100.0**	**100.0**

Top 10 Active Overweights

September 30, 2024 Security	Absolute Position %	Active Weight %	December 31, 2024 Security	Absolute Position %	Active Weight %
Glencore	4.9	2.7	Glencore	4.2	2.4
Serco Group	2.8	2.7	Serco Group	2.4	2.3
Marks & Spencer	2.5	2.2	DCC	2.5	2.3
Experian	3.4	1.9	Balfour Beatty	2.2	2.1
Lloyds Banking Group	3.0	1.5	Telecom Plus	2.1	2.1
UK Industrial	3.3	1.4	Kingspan	2.0	2.0
Natwest Group	2.2	1.3	Glenveagh Properties	2.0	2.0
Unilever	5.9	0.9	Jet2	2.0	2.0
London Stock Exchange	2.3	0.2	Deliveroo	1.9	1.9
AstraZeneca	6.3	-0.9	Experian	3.2	1.8
Top 10 Positions		36.5	Top 10 Positions		34.8
Top 20 Positions		56.5	Top 20 Positions		55.5
No. of stocks		55	No. of stocks		55

Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)					
	Jan 24 - Dec 24	Jan 23 - Dec 23	Jan 22 - Dec 22	Jan 21 - Dec 21	Jan 20 - Dec 20
Gross of fees	7.6	7.3	5.6	26.5	12.6
Net of fees	6.6	6.1	4.3	25.0	11.2
Index	9.5	7.9	0.3	18.3	-9.8
Relative (gross)	-1.7	-0.5	5.2	6.9	24.8
Relative (net)	-2.6	-1.7	4.0	5.6	23.3

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.

Switzerland: Prospectus, Key Investor Information Documents, Articles of Association, annual and semi-annual reports of the Fund may be obtained free of charge from the Swiss Representative (First Independent Fund Services AG, Klausstrasse 33, 8008 Zurich) and Paying Agent (NPB New Private Bank Ltd, Limmatquai 1, CH-8024 Zurich).

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.