TT INTERNATIONAL

Q2 2023

TT EMERGING MARKETS EQUITY FUND

THIS IS A MARKETING COMMUNICATION

Fund Information

Portfolio Managers
Robert James | Diego Mauro | Niall Paul

Target Return
3% outperformance per annum on a three-year rolling basis

Expected Capacity
USD 6bn + USD 1bn for existing clients

Comparative Benchmark
MSCI Emerging Markets Index

Typical Tracking Error
4-7%

Fund Inception
March-2011

Assets under management
Fund: USD 525,538,894
Strategy: USD 3,690,587,794

Fund Performance

Past performance does not predict future returns

	Fund Gross	Fund Net	MSCI EM	Gross Rel.	Net Rel.
June	5.4	5.4	3.9	1.4	1.4
Q2	2.0	1.8	1.0	0.9	0.7
YTD	5.3	4.9	5.1	0.2	-0.2
1 Year	-0.5	-1.5	2.2	-2.7	-3.6
3 Year	2.5	1.6	2.7	-0.2	-1.1
5 Year	1.3	0.3	1.3	-0.1	-1.0
10 Year	5.4	4.2	3.3	2.0	0.9
Incep.	3.9	2.7	1.7	2.2	1.0

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

Returns are in USD

Fund Value (USD mil) 526

Inception 30/03/11

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

	Fund Gross	Fund Net	MSCI EM	Rel.	Net Rel.
2013	8.0	6.4	-2.3	10.5	8.9
2014	0.1	-1.4	-1.8	1.9	0.4
2015	-9.8	-11.0	-14.6	5.6	4.2
2016	19.6	18.3	11.6	7.2	6.0
2017	46.4	44.9	37.8	6.3	5.2
2018	-18.3	-19.2	-14.2	-4.8	-5.8
2019	25.7	24.5	18.9	5.8	4.7
2020	20.5	19.3	18.7	1.5	0.5
2021	-0.5	-1.5	-2.2	1.8	0.8
2022	-25.7	-26.5	-19.7	-7.4	-8.4
2023	5.3	4.9	5.1	0.2	-0.2

Q2 2023 Attribution

Country Allocation	1.1
Security Selection	-1.3
Currency Effect	1.0
Management Effect	**0.9**

EM equities edged higher in Q2, with optimism around a Fed policy pause largely offset by concerns over a spluttering recovery in China. The fund saw a positive absolute return, outperforming its benchmark.

Performance

The fund finished ahead of its benchmark, with outperformance particularly marked in Brazil.

Market Background

EM equities edged higher in Q2, with optimism around a Fed policy pause largely offset by concerns over a spluttering recovery in China.

Outlook

For several months our key thesis in Brazil has been that rates are too high and will fall as inflation comes down. Positioning has therefore been concentrated in stocks that will benefit from rate cuts, including hospital chains, utilities and financial exchanges. It is important to highlight the extreme valuation opportunities that these stocks were offering when we bought them. Many stocks in Brazil were trading at two or three standard deviations ‘cheap’ relative to their history, which are once-in-a-decade type anomalies. Today stocks are still screening as very attractive relative to their historical valuations, but have re-rated to about one standard deviation ‘cheap’. From here we believe that Brazil will be more of a stock picker’s market; although there is still a lot of value to be captured, we expect more differentiation between names. In aggregate, whilst we anticipate that the market will re-rate back to median valuations over the next 9-to-12 months, we do not expect more of the extreme moves that have already taken place. Consequently, we have been selectively taking profits in names where the upside has diminished following strong performance.

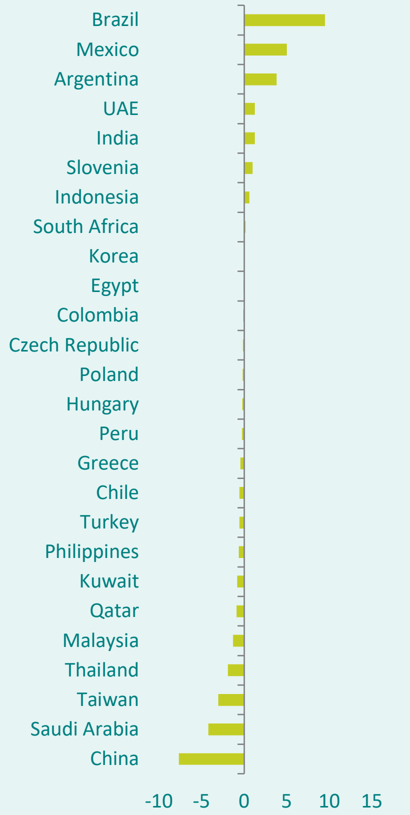
We believe Mexico will be the biggest winner of the ongoing divorce between the US and China, given its location, trade-agreements, economic stability and low-cost labour pool. Indeed, Mexican wages in the manufacturing sector are now roughly one-third of those in China. Based on FDI investments that have already been announced, we expect Mexican exports to the US to increase by $150bn, which equates to 10% of GDP. The majority of this investment is likely to flow into the north of the country. We therefore own banks, airport operators and airlines that have significant exposure to this area.

Elsewhere in LatAm we are overweight Argentina, with a position in Vaca Muerta shale oil play YPF. Vaca Muerta is now the most prolific shale oil basin on the planet, with some of the lowest lifting and development costs, resulting in new wells generating a 70-80% return on invested capital. The concern, as is often the case, has been Argentinian politics. Thankfully, with each week that goes by, there is more encouraging news about the direction of travel there. Many provinces that have been controlled by the Peronists for decades are now kicking them out. Not only are we optimistic about the political outlook for Argentina, but we are also constructive on its export engine. El Niño should be a big positive for Latin American soft commodities, whilst Argentina is also moving to become a net exporter of crude oil, and lithium production is due to grow tenfold over the next 5-to-10 years, providing another major revenue stream.

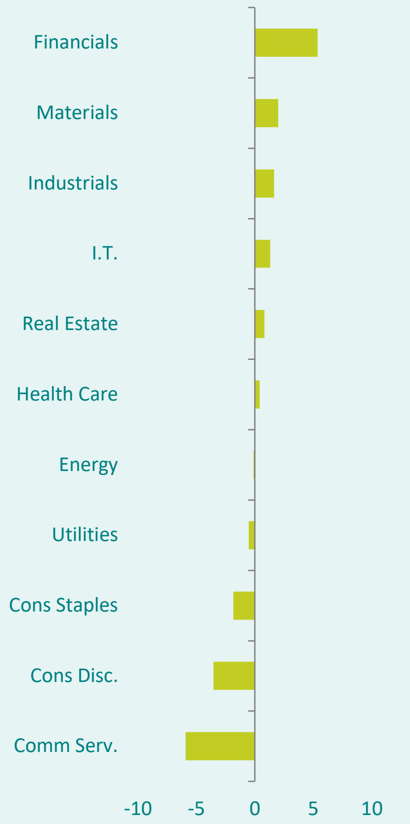
We believe that Asian economies with strong domestic markets are very well placed as rate hikes in the developed world come to an end. The likes of India and Indonesia have historically been high inflation economies, meaning that current levels of inflation and indeed interest rates are broadly in line with their long-term averages. Thus, there has been less of an interest rate shock there. With inflation now falling in these economies, there is scope for monetary easing, and we therefore continue to favour stocks with exposure to domestic demand in these markets.

Finally in Asia, we have moved underweight China due to a combination of the country’s deteriorating macroeconomic outlook, persistent geopolitical tensions, and the fact that we needed a funding source for exciting ideas in the likes of Brazil, Mexico, Argentina, India and Indonesia. However, we retain exposure to A-share companies operating in sectors that are aligned with government priorities, with growing total addressable markets, and where domestic champions will be encouraged to take market share from foreign players.

Country relative to Index %



Sectors relative to Index %



Portfolio Positioning

After decades of research, generative AI has gone mainstream and the hype appears to be justified. Language is fundamentally a shared representation of the world, and by recognising patterns to identify relationships between words, AI can learn a usable model of the world. Whilst being able to pass the Turing Test and appear to demonstrate human-like intelligence is impressive, the real reason that Large Language Models are so profoundly transformative is that, by understanding the nature of language, they understand the world. This powerful technology could automate between 15-50% of work tasks in today's economy. Clearly this will be hugely disruptive, with a total addressable market of somewhere between massive and revolutionary. We have a high conviction view that the value created from applying AI will be enormous. How that value is shared between corporate customers, workers and tech vendors is more uncertain. From an investment perspective, at this nascent stage we believe the safest plays are the "picks and shovels" of this theme. With this in mind, over the quarter we bought Taiwan-based Delta Electronics, a leading power supply company for all things electrical. It has increasing exposure to EV batteries and data centre power supplies. AI data centres need around eight times the amount of power supply that a traditional data centre requires. Another purchase was ABF substrate producer Unimicron. ABF substrate is used in advanced packaging for semiconductors, which will feature heavily in powerful AI chips.

In Indonesia we bought Bank Rakyat as regulatory changes should allow it to expand its most profitable lines of business, enabling it to increase margins and returns over the next 2-3 years.

Finally, we purchased Brazilian truck rental company Vamos Locacao de Caminhoes. It is by far the largest player in a rapidly growing market, with around 45,000 trucks and associated equipment versus about 5,000 for its nearest competitor. It is a key beneficiary of falling interest rates, with a 1% cut in rates translating into a 5% increase in EPS. In addition, it has assumed an 8% annual depreciation rate for its fleet, but because of elevated inflation, depreciation rates are only running at around 3%, meaning that its book value is substantially under-reported. This will translate into outsized profits over the next 5 years as it recycles its fleet with new vehicles. Vamos trades at less than half the multiple of car rental peer Localiza, despite the latter operating in a far more mature market. Elsewhere in Brazil we took some profits in names such as Lojas Renner, where the upside has diminished following very strong rallies.

We also sold China Construction Bank due to the deteriorating macro picture in China and the fact that further rate cuts will be unhelpful for net interest margin. Additionally, we are concerned about the growing challenges for Chinese local government financing vehicles. Large state-owned banks may be asked to perform 'national service' to support these vehicles that are essentially bankrupt.

Stocks

Below we highlight a major winner and a major loser:

Hapvida

Hapvida is a Brazilian healthcare company that operates a network of hospitals, clinics, and laboratories across the country. The company is quite highly levered with floating rate debt. Hapvida should therefore see a boost to earnings, not only from successfully pushing through higher prices, but also from falling financing costs as rates come down. It currently trades at 8.8x EV/EBITDA on 2024 consensus earnings, and 0.55x P/BV, with a 9% FCF yield. We believe this significantly undervalues the earnings power of the business, and therefore have over 70% upside to its current share price.

Qifu Technology

Qifu Technology is China's leading unsecured digital lender, which has navigated a number of very serious credit cycles with aplomb. At around 4x earnings and less than 1x book value, the stock continues to trade at very attractive multiples, particularly as we continue to expect an inflection in lending to materialise in the second half of this year. The biggest headwind for the stock has been the fact that it is a US-listed ADR. Although we expect geopolitical tensions to persist, we think that Qifu can start to outperform on the back of strong operational performance, accelerating loan growth, and an increasing payout ratio.

Performance Attribution Q2 2023

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

Country Selection (%)

Country	Country Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**1.1**	**-1.3**	**1.0**	**0.9**
Equity	**1.2**	**-1.3**	**1.0**	**0.9**
Top/Bottom 5 EM Countries	**1.5**	**-0.5**	**0.5**	**1.5**
Brazil	0.8	1.4	0.4	2.7
UAE	0.0	0.3	0.0	0.3
Argentina	0.4	0.2	-0.3	0.3
Thailand	0.1	0.0	0.1	0.2
Malaysia	0.1	0.0	0.1	0.1
Saudi Arabia	-0.2	0.0	0.0	-0.2
Poland	0.0	-0.2	0.0	-0.2
South Africa	0.0	-0.2	-0.1	-0.3
Korea	-0.1	-0.2	0.0	-0.3
China	0.3	-1.7	0.3	-1.2
Rest of World	**-0.3**	**-0.7**	**0.5**	**-0.5**
Non Equity	**-0.1**	**0.0**	**0.1**	**0.0**
Foreign Exchange	0.0	0.0	0.2	0.1
Cash	-0.1	0.0	-0.1	-0.2

Highlights

- The fund finished ahead of its benchmark, with outperformance particularly marked in Brazil.
- Our key call in Brazil has been that rates will fall from elevated levels. This is starting to play out, with sequentially lower inflation prints prompting the market to begin pricing in rate cuts. Beneficiaries such as Hapvida, Lojas Renner and XP featured amongst the fund's top winners over the quarter.
- Axis Bank continued to perform well after releasing strong results.
- Chinese equities generally struggled amid concerns over the country's spluttering recovery and ongoing geopolitical tensions. Notable examples include Alibaba and Beijing Oriental Yuhong.

Sector Selection (%)

Sector	Sector Allocation	Security Selection	Currency Effect	Management Effect
Total Portfolio	**0.3**	**-0.4**	**1.1**	**0.9**
Equities	**0.4**	**-0.4**	**1.0**	**0.9**
Health Care	0.0	0.9	0.1	1.0
Real Estate	0.0	0.5	0.0	0.5
Financials	0.0	-0.1	0.5	0.4
Utilities	0.0	0.3	0.1	0.4
Communication Services	0.5	-0.2	0.0	0.2
Energy	0.0	0.4	-0.2	0.2
Consumer Discretionary	-0.1	-0.2	0.2	0.0
Consumer Staples	0.1	-0.3	0.1	-0.2
Materials	-0.1	-0.2	0.0	-0.3
Information Technology	0.1	-0.7	0.0	-0.6
Industrials	0.0	-0.8	0.2	-0.6
Non Equity	**-0.1**	**0.0**	**0.1**	**0.0**
Foreign Exchange	0.0	0.0	0.2	0.1
Cash	-0.1	0.0	-0.1	-0.2

Highlights

- At the sector level, outperformance was particularly strong in Health Care and Real Estate.
- Hapvida led outperformance in Health Care, whilst Emaar performed well in Real Estate. Global investors are slowly realising the extreme value opportunity that Emaar represents, trading around 7x earnings and 0.75x price-to-book, with no leverage.
- L&F sold off due to fears that Chinese EV battery manufacturers may be able to get a foothold in the US EV production network. We remain sceptical as the US has been clear in its policy actions that it is looking to prioritise manufacturers in other countries such as Korea.

Stock Selection (%)

	Stock	Country	Sector	Management Effect (%)	TT Held
Top Contributors	XP Inc	Brazil	Financials	0.99	√
	Hapvida	Brazil	Health Care	0.95	√
	Lojas Renner	Brazil	Consumer Discretionary	0.57	√
	Axis Bank	India	Financials	0.50	√
	Eletrobras	Brazil	Utilities	0.40	√
Top Detractors	Alibaba Group	China	Consumer Discretionary	-0.67	√
	Oriental Yuhong	China	Materials	-0.33	√
	Anglogold Ashanti	South Africa	Materials	-0.31	√
	Mingyang	China	Industrials	-0.28	√
	Qifu Technology	China	Financials	-0.26	√

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Portfolio Breakdown (%)

	TT GEMS		MSCI EM
	31 Mar	30 Jun	30 Jun
Czech Republic			0.2
Egypt			0.1
Greece			0.5
Hungary			0.2
Kuwait			0.8
Poland	0.5	0.7	0.8
Qatar			0.9
Saudi Arabia			4.2
Slovenia	0.8	1.0	
South Africa	3.9	3.4	3.2
Turkey			0.6
UAE	2.0	2.6	1.3
EMEA	**7.1**	**7.6**	**12.8**
China	31.7	21.9	29.5
India	12.1	15.9	14.6
Indonesia	1.6	2.6	2.0
Korea	10.5	12.3	12.3
Malaysia			1.3
Philippines			0.6
Taiwan	10.6	12.5	15.6
Thailand			1.9
Emerging Asia	**66.7**	**65.2**	**78.0**
Argentina	1.8	3.8	
Brazil	8.8	15.1	5.5
Chile	0.4		0.5
Colombia			0.1
Mexico	5.5	7.8	2.8
Peru			0.3
Latin America	**16.6**	**26.7**	**9.3**
Cash	9.6	0.5	
Total	**100.0**	**100.0**	**100.0**

Sector Allocation (%)

	TT GEMS		MSCI EM
	31 Mar	30 Jun	30 Jun
Communication Services	5.6	3.8	9.8
Consumer Discretionary	15.1	9.6	13.2
Consumer Staples	1.7	4.5	6.4
Energy	4.0	4.9	5.0
Financials	20.6	27.3	21.9
Health Care	3.8	4.2	3.8
Industrials	4.7	8.0	6.3
Information Technology	21.7	22.5	21.2
Materials	9.4	10.1	8.1
Real Estate	2.0	2.6	1.7
Utilities	1.7	2.1	2.6
Cash	9.6	0.5	
Total	**100.0**	**100.0**	**100.0**

Top 10 Stocks

March 31, 2023

Security	Country	Weight %
TSMC	Taiwan	8.9
Samsung Electronics	Korea	6.3
Alibaba Group	China	6.2
Banorte	Mexico	3.5
Axis Bank	India	3.2
Anglogold Ashanti	South Africa	2.7
Tencent	China	2.4
Reliance Industries	India	2.2
ICICI Bank	India	2.2
Qifu Technology	China	2.2
Top 10 Positions		39.8
Top 20 Positions		57.0
No. of stocks		60

June 30, 2023

Security	Country	Weight %
TSMC	Taiwan	9.7
Samsung Electronics	Korea	6.0
Axis Bank	India	4.6
Banorte	Mexico	3.9
Alibaba Group	China	3.6
Reliance Industries	India	3.4
ICICI Bank	India	2.8
EMAAR Properties	UAE	2.6
Banco Bradesco	Brazil	2.3
Hapvida	Brazil	2.3
Top 10 Positions		41.1
Top 20 Positions		59.7
No. of stocks		61

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Additional Fund Performance Information:

Fund 12-Month Discrete Periods (%)

	Jul 22 - Jun 23	Jul 21 - Jun 22	Jul 20 - Jun 21	Jul 19 - Jun 20	Jul 18 - Jun 19
Gross of fees	-0.5	-32.4	60.4	-5.2	4.2
Net of fees	-1.5	-33.1	58.8	-6.2	3.1
Index	2.2	-25.0	41.4	-3.0	1.6
Relative (gross)	-2.7	-9.9	13.4	-2.3	2.5
Relative (net)	-3.6	-10.8	12.4	-3.3	1.5

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.

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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.