

# STRATEGY GUIDE

Global Long-Term Unconstrained



MARTIN CURRIE

A Franklin Templeton Company

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## Long-term alpha generation from the world's strongest companies

The Martin Currie Global Long-Term Unconstrained (GLTU) strategy invests in 20-40 quality growth companies and aims to provide long-term growth over a 5-10-year investment horizon.



### Alpha generation

Investing in the world's strongest companies



### Quality growth companies

Sustainable growth and resilience to economic uncertainty



### Highest conviction ideas

Every position makes a meaningful contribution



### A focus on long-term growth

Three long-term mega trends drive our fundamental research



### Differentiated portfolio construction

Diversification from index-based strategies with diverse global revenues and companies



ESG analysis fully integrated



All Martin Currie portfolios focus on Stewardship



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# The strategy offers



## Alpha generation

The Martin Currie Global Long-Term Unconstrained strategy seeks to generate long-term alpha for investors. An unconstrained global mandate provides the ability to invest in the world's best companies most capable of delivering this.



## Quality growth companies

Quality growth companies offer investors the reduced risk of permanent capital loss and sustainable returns from their compounding potential. They have hard to replicate competitive advantages as defined by low disruption risk, pricing power, strong ESG credentials and high management quality – offering resilience to market shocks and uncertain economic backdrops.



## Highest conviction ideas

We seek to generate long-term outperformance of the market by only holding our highest conviction ideas. In our portfolio of 20-40 stocks every position makes a meaningful contribution to returns.



## A focus on long-term growth

Investors need to meet long-term growth requirements and we invest with a multi-decade investment horizon. Three long-term mega trends of demographic change, the future of technology and resource scarcity guide our research and are incorporated within our fundamental company research.



## Differentiated portfolio construction

The strategy offers diversification from index-based strategies. Companies are selected for their growth potential from diverse geographic revenues, maturities and exposure to long-term investment themes – not country or sector weightings.



## All Martin Currie portfolios fully integrate Environmental, Social and Governance (ESG) analysis into their investment process

We systematically consider ESG factors that we believe could have a material impact on the ability of a company to generate sustainable returns. We actively engage with corporate management, motivated by a firm belief that this both helps protect and enhance the risk-adjusted return on our clients' capital.

The analysis of Environmental, Social and Governance (ESG) factors forms an important part of the investment process and helps inform investment decisions. The strategy does not necessarily target particular sustainability outcomes.



## How we identify opportunities

### Repeatable results to build long-term conviction

The investment universe consists of companies with a combination of sustainable growth and quality

We identify quality growth ideas by looking for companies that can generate sustained profits, demonstrated by an ability to consistently generate a Return on Invested Capital (ROIC) in excess of their Weighted Average Cost of Capital (WACC). On the quality side we want those with healthy balance sheets, identified by low gearing and the level of goodwill.

### We establish the quality and sustainability of the business model

We aim to be highly efficient in our research, so we use eight criteria to examine quality and sustainability of the business model – of these, valuation is considered the most important. This allows us to focus on the strongest ideas when conducting our in-depth fundamental research.



### The proprietary research platform generates maximum insight without compromising on quality

Our research templates systematically risk assess a company against four categories - industry dynamics, company risks, governance & sustainability and portfolio risks. This allows for effective comparisons across different companies and provides a framework for the team to build their conviction. The quality of the data inputs are key and fundamentally derived by the team. Alongside analysis of a company's published financial information we use accounting diagnostics, scenario and company lifecycle analysis.



#### Industry risks

	1	2	3	4	5
Competition					
New entrant risk					
Customer power					
Supplier power					
Disruption risk					
Pricing power					
Supply chain dependency					



#### Company risks

	1	2	3	4	5
Financial Leverage					
Regulatory					
Accounting					
Cost Base Inflation					
FX Mismatch					
Political / Country					
Tax Rate					
Acquisitiveness					
Industry Leadership					
Innovation Risk					
Workforce Risk					



#### Governance and sustainability risks

	1	2	3	4	5
Environmental					
Social					
Governance					
Remuneration					
Ownership					
Customer trust					



#### Portfolio risks

	1	2	3	4	5
EPS Momentum					
Bid Target					
Cyclicality					
Diversification					
ROIC Quintile					
NOPAT Quintile					
Asset Turn Quintile					
Upside Quintile					
Degree of Consensus					
Dividend Sustainability					
Liquidity Risk					



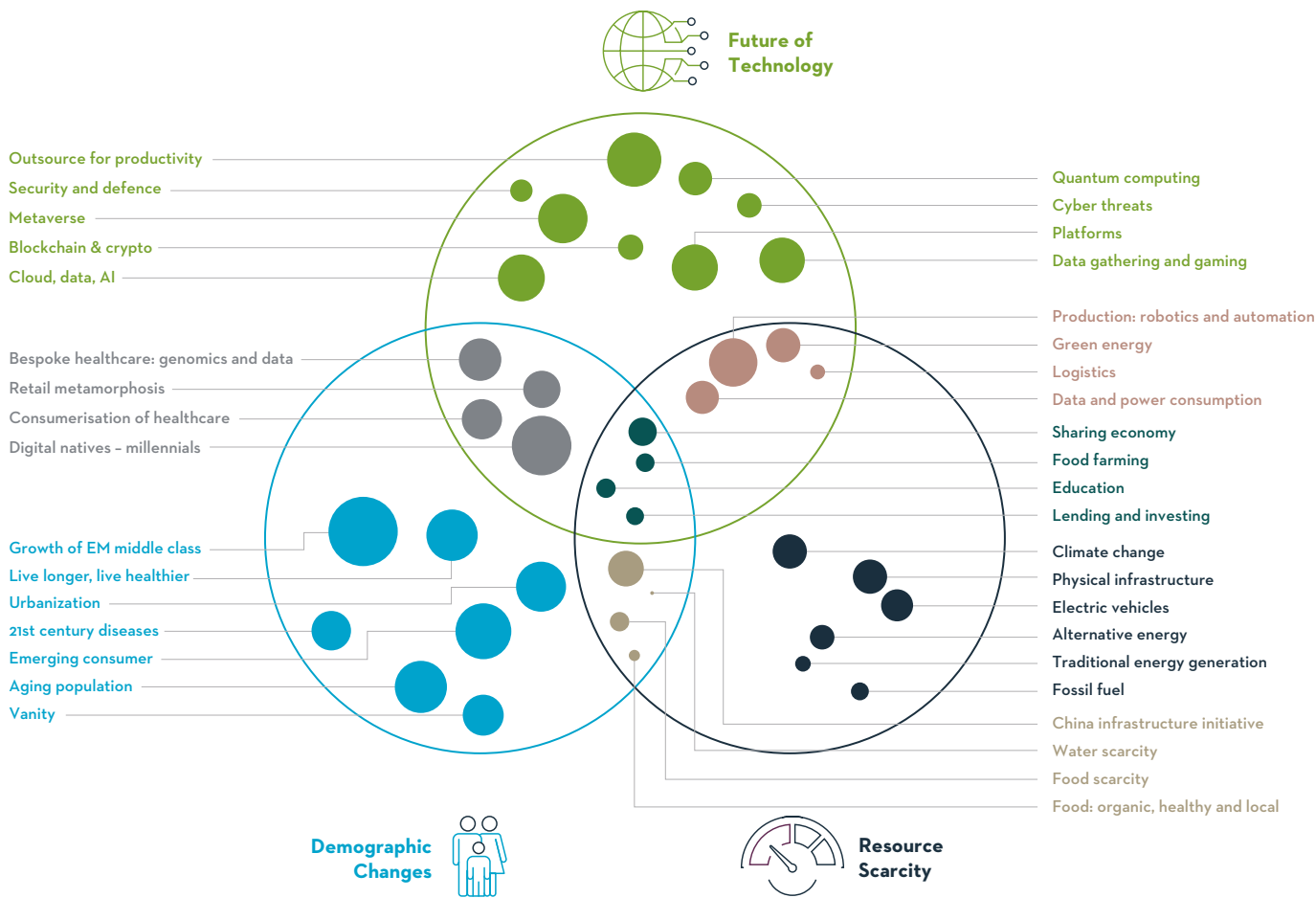
ESG is integrated throughout the process

Analysis of ESG factors is integral to the strategy, as illustrated above, it forms part of our analysis to establish the quality and sustainability of the business. Our research templates have a dedicated section for qualitative ESG analysis and include our proprietary ESG risk assessment. We consistently assess 52 criteria to capture the complexity of the ESG risks facing a company's long-term sustainability outlook – each criteria reflecting what we believe are the most universal material ESG factors. This is supported by further 20 focused on social exploitation risk. This is a key part of how we build the investment case for the stock, allows for effective peer review and builds our management engagement agenda.

Thematic analysis is used to identify long-term structural growth

We want to identify multi-decade returns so we incorporate thematic analysis into our fundamental company research. This focuses on three mega-trends – **Demographic Change**, **Future of Technology** and **Resource Scarcity**.

Demographic change encapsulates areas such as growth in the emerging markets middle-class, healthy living, or ageing populations. In Future of technology, we capture themes such as outsourcing, artificial intelligence and cyber-security. While in Resource scarcity, we see opportunities emerging in electric vehicles, climate change, and energy saving.



Source: Martin Currie. Populated with example data to illustrate our thematic analysis.

# The GLTU portfolio

## Built for long-term returns

We consider portfolio construction with equal importance to the research process. The high-quality fundamental data that we generate in our research work is employed throughout the portfolio construction process to enhance fundamental risk analytics. This aids our understanding of the portfolio's diversity and allows us through appropriate stock weightings to effectively manage risk and ensure we are positioned to capture long-term growth. We aim to avoid any unintended risks exposures or blind spots in building and managing the portfolio.

### Geographic revenue and profit – exposure to the world's growth markets

Breaking down the portfolio by the geographic source of revenue provides greater insight than constructing the portfolio based on a stock's country of listing. In an increasingly globalised and connected world, companies, regardless of market cap are growing or are more dependent on overseas revenues.

### Long-term thematic – investing in the drivers of structural growth

Within our three mega trends: Demographic change, Future of technology and Resource scarcity, we have 38 specific subthemes, some of which overlap between two or three of the megatrends. Importantly these trends are measurable within an individual company, using our thematic framework, we can build a picture of the portfolio's overall exposure to these growth drivers.

### Company classification – ensuring a diversity of business models

We invest in quality growth companies, but our classifications allow us to maintain a diversity of business models that can either offer more defensive or outright growth characteristics to deliver a more consistent return profile.

### Industry lifecycles – understanding business maturity

We assess where a company is in its industry lifecycle through six key stages from early stage and accelerating growth through to decline and renewal. Each phase offers different characteristics in growth and generation of cashflow. This is important in terms of balancing growth drivers and risk management - seeking to avoid companies entering the decline phase.

### End-user markets – seeking attractive sectors and industries

An aggregation of our portfolio holdings' end customers. As with our analysis of geographic revenues and profit, this provides a more intuitive breakdown than a company's sector listing. We can understand if companies are operating in attractive sectors or areas where we see future growth potential.



## The Global Long-Term Unconstrained investment team

The team is led by Zehrid Osmani who works alongside portfolio managers, Ken Hughes, Amanda Whitecross, Yulia Hofstede, Robbie McNab, Sam Cottrell, Jonathan Regan and investment analysts Jackie Cui and Anna Shevkunova.

Head of team, Zehrid Osmani has extensive experience of managing high conviction, unconstrained portfolios and developing and implementing proprietary research platforms. He is backed by a diverse team who combine investment management and long-term sector research expertise backgrounds.

The team also benefits from the additional insights of the wider investment floor based in Edinburgh, Melbourne and Singapore.



**Zehrid Osmani**  
Head of Global Long-Term  
Unconstrained



**Amanda Whitecross**  
Portfolio Manager



**Ken Hughes**  
Portfolio Manager



**Yulia Hofstede**  
Portfolio Manager



**Robbie McNab**  
Portfolio Manager



**Johnathan Regan**  
Portfolio Manager



**Sam Cottrell**  
Portfolio Manager



**Anna Shevkunova**  
Investment Analyst



**Jackie Cui**  
Investment Analyst



## Key facts

<b>Objective</b>	Outperform MSCI ACWI Index over rolling five-year periods
<b>Universe</b>	Global listed equities (also available as an ex Australian equity mandate)
<b>Benchmark</b>	Unconstrained – MSCI ACWI used for performance comparison only
<b>Market capitalisation</b>	All-Cap
<b>Country limit</b>	Unconstrained
<b>Sector limit</b>	Unconstrained
<b>Security limit</b>	10%
<b>Number of stocks</b>	20-40
<b>Portfolio turnover</b>	< 25% p.a.
<b>Forecast tracking error</b>	N/A
<b>Inception date</b>	GLTU 28 June 2016, GLTU ex Australia 17 December 2015
<b>How to access</b>	Investors can access our strategies through a segregated account or a range of pooled vehicles.

Investment vehicles only available in certain jurisdictions. The characteristics shown are guidelines only and are not hard risks limits.

## About Martin Currie

 <p>Over <b>140 years</b> of investment experience</p>	 <p><b>FRANKLIN TEMPLETON</b></p> <p>Specialist investment manager of <b>Franklin Resources Inc.</b></p>	 <p>Market leading <b>ESG credentials</b></p>
 <p>Team of <b>51 investors</b> managing high-conviction portfolios</p>	 <p>Offices located in <b>Melbourne, Edinburgh, Leeds, London, New York &amp; Singapore</b></p>	 <p>Total AUM <b>US\$21.8 billion</b></p>

Source: Martin Currie; as of 31 March 2023.

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**Risk warnings – Investors should also be aware of the following risk factors which may be applicable to the strategy shown in this document.**

- Investing in foreign markets introduces a risk where adverse movements in currency exchange rates could result in a decrease in the value of your investment.
- This strategy may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the strategy's value than if it held a larger number of investments.
- Smaller companies may be riskier and their shares may be less liquid than larger companies, meaning that their share price may be more volatile.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Accordingly, investment in emerging markets is generally characterised by higher levels of risk than investment in fully developed markets.
- The strategy may invest in derivatives (Index futures and FX forwards) to obtain, increase or reduce exposure to underlying assets. The use of derivatives may result in greater fluctuations of returns due to the value of the derivative not moving in line with the underlying asset. Certain types of derivatives can be difficult to purchase or sell in certain market conditions.

### **For institutional investors in the USA:**

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