SHAREHOLDERS' RIGHTS DIRECTIVE (SRDII)
REPORT TO 31 DECEMBER 2022

FTF Martin Currie Asia Unconstrained Fund

MARTIN CURRIE
A Franklin Templeton Company

MARCH 2023

1. Introduction

As an active manager of long-term concentrated portfolios stewardship sits at the heart of our approach to investment. We are motivated by a belief that this both helps protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to ensure that the interests of company managements are aligned with their shareholders (our clients), and that the former take this into account when making decisions. We place a particular emphasis on governance, strategy and capital allocation, and pay significant attention to material 'sustainability' (environmental or social) issues that might influence long term value creation. Our stewardship activity manifests itself principally in monitoring and engagement – both privately or in collaboration with other investors – and our voting activity. With regards to the former we build strong relationships with investee companies, ensuring that our engagement is not constrained by our clients' minority-shareholder status. Nonetheless, we will join collaborative efforts, particularly when deemed likely to be more efficacious than acting alone. Our voting policy is determined by our internal guidelines, with an expectation that companies will comply with (local) best practice or explain why this is not the case. Where clients assign us proxies we will vote with their best interests in mind. When voting against management we endeavour to inform them of our rationale for doing so in advance of the vote so as to allow due time for a response. All resolutions are reviewed in this context, with the responsibility for initial proposals residing with the investment team with oversight by our independent Stewardship, Sustainability & Impact team. As well as our internal research, we utilise the services of proxy advisor Institutional Shareholder Services (ISS), which provides its own research on resolutions presented for company meetings. We use their platform to instruct the votes. Our governance and oversight documents, which apply across all regions, are reviewed annually, to ensure that we stay abreast of developments and best practice.

2. Portfolio commentary – Martin Currie Asia investment team

How do the main elements of the investment strategy contribute to the medium to long-term performance?

Asia is a dynamic region with GDP growth rates which exceed those available globally. This strategy seeks to capture nominal Asia ex Japan GDP growth, which is not always reflected in stock market returns.

This is done by investing in businesses that are able to grow with the region, but which more importantly can translate that growth into good returns for shareholders when acquiring them on a reasonable valuation, based on an in-depth assessment of their long-term potential.

These opportunities are scarce and when we find one, we aim to make a long-term capital commitment to minimise costs and maximise the positive effect of compounding high returns from good businesses.

The strategy is unconstrained by any benchmark and typically consists of between 20-40 high quality stocks held for the long term.

Governance and sustainability analysis is integrated into our approach with our analysis focusing on those factors that are potentially material to the investment case. We conduct a detailed accounting review for companies held so as to gain assurance over the returns and governance profiles we are attracted to.

We engage with companies both to build our understanding and to focus on change where we identify potential risks or an opportunity for improvement.

This strategy aims to generate significant real returns over the longer term and is unsuitable for investors who want short-term outperformance relative to an index.

How is the Fund managed in-line with the Prospectus?

The investment team maintains a strong understanding of their mandates and prospectus investment guidelines, and they are the first line of defence in our 'three lines of defence' model. The second line of defence is our Risk and Compliance team which uses a monitoring system called Bloomberg CMGR to code investment guidelines where possible. The third line of defence is internal audit which conducts periodic review and assessment of mandate compliance controls within the first and second lines. Portfolio managers receive regular daily portfolio positioning data generated from Bloomberg AIM, allowing them to monitor compliance with fund investment restrictions.

2.1. Commentary on specific Fund investments

Our aim when producing our proprietary governance and sustainability risk ratings is to provide fundamental insight into material ESG issues that can influence long-term returns for companies, to assess where the companies in which we invest can have a material impact on key common ESG issues such as climate change, human rights, cyber security and workers' rights and to highlight potential areas for engagement. The level of research and engagement varies depending on region, sector and, critically, the materiality of the issues in question. The overarching aim is to assess the extent to which ESG factors will contribute to, or detract from, the long-term value creation of a firm.

The top five holdings in the fund on an absolute basis and their respective Governance and Sustainability risk ratings are as follows:

Stock name	Sector	Fund weight %	Index weight %	Active Weight %	Governance Risk Rating	Sustainability Risk Rating
Tencent Holdings	Technology	6.33	4.78	1.55	2	3
HDFC Bank	Financials	5.88	0.00	5.88	1	2
AIA Group	Financials	5.68	2.37	3.31	1	1
TSMC	Technology	5.27	6.42	-1.15	1	3
United Overseas Bank	Financials	4.86	0.48	4.38	1	1

Source: Martin Currie as at 31 December 2022. FTF Martin Currie Asia Unconstrained Fund. Index: MSCI AC Asia ex-Japan Index (Net) (GBP). We use a range of quantitative and qualitative inputs to identify each company's potential exposure to ESG risks as well as its management of ESG risks. This ESG risk analysis helps us form a company specific rating for Governance and Sustainability (environmental and social) respectively. We apply a risk rating from 1 (low risk) to 5 (high risk).

Below we summarise the key ESG risks across the top five holdings and provide further commentary from the portfolio where we feel warranted.

Tencent Holdings. Tencent is a leading Chinese internet company with long-term growth opportunities across its product portfolio. It has a significant global video game business, one of the largest social media networks in the world as well as offering leading domestic payment and cloud infrastructure. Despite a strict regulatory backdrop, the company has thrived through continuous innovation and the strategic pivot towards enterprise solutions is the next step in that journey. As an internet services provider, Tencent relies on highly skilled employees and thus faces high exposure to operational risks linked with talent recruitment and retention. Tencent offers strong employee benefits packages, including various share option or bonus schemes which are open to virtually all its employees. Regulatory risk remains the primary risk for the company. The gaming sector in China has been subject to regulatory changes in recent years. Most notably, the approval process for games has been overhauled and there are restrictions around what type of content is suitable for gamers. Furthermore, gambling proxy games do not fill the criteria for approval any longer. There is also sensitivity in China around the risks of gaming addiction for minors. As a result, the government has mandated curfews, time limits and spending limits for young gamers. Tencent had already implemented similar rules of its own ahead of these restrictions, which were tightened in 2021. They have also added underage modes to key apps and parental guidance controls across the ecosystem to limit screen time and advertising exposure to youngsters as well as increasing the portion of educational videos shown. Tencent has made notable improvements to its internal data security controls in order to mitigate its high risks associated with privacy and data security issues. This has included employee training and acquisition of certification for select business lines. On the environmental side, it has increased its commitments, including the duel target of carbon neutrality by 2030 and the utilisation of green power for all of its electricity usage. It has also recently committed to the Science Based Targets Initiative (SBTi).

HDFC Bank. HDFC Bank is a leading private sector Indian bank and has been gaining market share in new loans due to struggles at India's poorly capitalised public-sector banks. It has a strong retail deposit base giving it low funding costs compared with peers and its relatively low non-performing loan balance underlines the quality of its lending. Sector-leading operating efficiency metrics should persist as the bank continues to enjoy the benefits of its expanding scale and also leverages its digital banking infrastructure. HDFC Bank had three IT issues in three years which led to intervention from the Reserve Bank of India (RBI) in Dec 2020 via the imposition of curbs on the sourcing of new credit card customers and new product/service launches under the bank's 'Digital 2.0' programme. While these issues have now been resolved and the related restrictions lifted, the episode serves as a reminder of the importance of managing regulatory risk, a key sustainability risk for all banks. Additional ESG risk areas to monitor include increased linkage of ESG goals to compensation and widening the scope of/introducing more hard goals on the governance side.

AIA Group. AIA is a Hong Kong-listed life insurer with a mix of profitable businesses that can generate capital to fund growth throughout Asia. AIA's distribution capabilities, capital strength, brand and strong balance sheet make it well placed to take advantage of Asia's underpenetrated life-insurance market. The core products meet a social need and the company has a "shared value" concept (AIA Vitality) where customers are rewarded for healthier lifestyles. AIA has a strong management framework and risk culture. Management have been actively promoting diversity. 59%* of its employees and 52%* of managers are female. Key sustainability issues relate to increased links between management compensation and specific ESG targets, board level diversity and further commitment to targets around emissions. We have seen progress on management compensation and disclosure around a range of items, however we would look for commitment to hard targets linked to ESG goals. Board level gender diversity is improving, now 82%* male, previously 90%*. In December 2021 AIA adopted net-zero targets. Going forward we will look for targets around operational emissions and its investment portfolio.

*Source: Company data and MSCI as at 22 February 2023.

Taiwan Semiconductor Manufacturing Company. TSMC is the largest semiconductor foundry in the world with its primary business being the manufacture of integrated circuits used in computer, communications, consumer electronics, automotive and industrial equipment industries. Demand for semiconductors has been strong and TSMC has been gaining market share at each new technology node. The company has been able to use this enviable market position to price its services appropriately to make a good return on capital. TSMC should benefit from the continued growth of the semiconductor market, especially the requirement for faster and less power-hungry chips. The most material ESG risk for TSMC is environmental – water scarcity. Fresh water is a key element in the semiconductor manufacturing process and therefore availability is crucial. TSMC has in place industry leading water recycling and conservation programmes. It is reducing consumption of water per unit manufactured, and its recycling rate of water is 85.4%*. In 2022 TSMC published its Task Force on Climate-related Financial Disclosures, in which it pledged to reach net zero emissions by 2050. This builds on what TSMC had previously committed to, having joined the RE100 in 2020 which pledges the use of 100% renewable energy and zero direct CO_2 emissions from electricity consumption by 2050. We continue to engage with the company on next steps and monitor their progress.

*Source: TSMC sustainability report, as at 31 December 2021.

United Overseas Bank. United Overseas Bank (UOB) is a Singaporean bank with a long-term mindset that emphasises customer service through a single unified brand across the ASEAN region, combined with a focus on sustainable growth, capital strength and conservative provisioning. It is a proxy for ASEAN economic growth. It is a conservative, well-governed bank with very good stakeholder engagement. The key sustainability issues relate to crude palm oil exposure (no lending to new plantations), increased linkage between compensation and ESG targets, ethical issues (for example, money laundering) and social risks. We have seen progress in terms of compensation linkage, with a 5% ESG weighting in the KPIs of managers in its Wholesale Banking Division to have ESG conversations with clients. Board changes were also announced this year with the appointment of an independent board member with 35 years work experience at UOB's principal regulator, the Monetary Authority of Singapore and who is a sitting member of GIC's Risk Committee and the Council for Board Diversity. Although this did not change the number of independent directors on the board, which remains at 7 out of 10, the new hire joins the risk committee which is now majority independent. Diversity remains a challenge, having added one woman to the board in 2021 no further changes have been made and gender diversity at board level remains low. The company aims to mitigate ethical risks with training and internal processes. Social risks are tough to judge, however UOB has balanced shareholder returns whilst supporting small business owners throughout the pandemic crisis. Good results during 2022 suggest that it is weathering this risk adequately for the present.

3. Fund review of turnover and turnover costs

Annual turnover %	21.67	*Lesser of (purchases or sales)/Average fund size x 100*
Fund transaction costs (GBP)	160,377.62	*Total brokerage and execution charges*

Source: Martin Currie as at 31 December 2022. FTF Martin Currie Asia Unconstrained Fund.

4. Proxy voting

ISS is our proxy voting advisor and provides voting recommendations for Martin Currie in accordance with their own policy which is closely aligned with our internal policy. As appropriate, they engage with public issuers, shareholders, activists, and other stakeholders to seek additional information and to gain insight and context in order to provide informed vote recommendations.

Where clients assign us the proxies Martin Currie's starting point is to act in the best interests of our clients. Our voting decisions are informed by both our own internal work and that of our proxy advisor and specialist governance advisor. We assess voting matters on a case-by-case basis, taking into account a company's circumstances but are guided by our over-arching principles on good corporate governance. The assessment is carried out by the member of the investment team with responsibility for the stock in conjunction with our independent Stewardship, Sustainability & Impact team. We recognise that regulatory frameworks vary across markets and that corporate governance practices vary internationally. Where the recommendations of our advisors, both for and against proposals, are supported by our guidelines and our internal research we will generally vote in accordance with these recommendations.

4.1. Significant votes

Company Name	Tata Consultancy Services	ENN Energy	Jardine Matheson Holdings
Company descriptor	A leading Indian IT service outsourcing company.	Chinese operator of city gas projects. ENN Energy also provides total energy solutions for industrial parks.	JMH is a diversified, Asia focused conglomerate with business interests including property, retailing and automotive industries.
Issue	Weakened Board independence.	A new option scheme which we were concerned could lead to excessive dilution.	Very long audit firm tenure and directors' fees.
Governance, Environmental or Social	Governance	Governance	Governance

The information provided should not be considered a recommendation to purchase or sell any particular strategy/ fund / security. It should not be assumed that any of the securities discussed here were or will prove to be profitable. It is not known whether the stocks mentioned will feature in any future portfolios managed by Martin Currie. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style.

4.1. Significant votes (cont)

Company Name	Tata Consultancy Services	ENN Energy	Jardine Matheson Holdings
Objective	To improve Board independence, we voted against the re-election of an executive director (the COO) to the Board. Increasingly long tenure of an existing, independent non-executive director (INED) had weakened Board independence. Voting against reappointment of the COO to his Board seat to address this issue. He was also a relative of the Chairman.	To ensure long-term shareholder interests and ENN's new management incentive scheme were aligned. After analysis we concluded that the ten year scheme was not excessive. While maximum potential dilution was 5.7% (combined with existing schemes), (1) only 20% is allocated to ENN's executive, with 80% for middle management – an allocation we approve of, (2) it takes at least four years of vesting for grantees to exercise all options granted to them, (3) due to the wide distribution it is not practical to disclose all performance criteria and (4) likely dilution will be less (under the prior scheme the lapse rate was approximately one third).	We believed the audit committee of JMH was insufficiently independent. Additionally, while there has been engagement partner rotation, we discourage overly long audit firm tenures (20+ years in JMH's case), even for complex business structures such as conglomerates. A vote against auditor reappointment was an effective way of expressing this. JMH's disclosure on director remuneration has been unsatisfactory and ISS recommended a vote against approval of directors fees in response. However, JMH was looking to recruit additional INEDs and we believed their appointment would address other governance concerns, hence a vote against approving an increase in aggregate director remuneration was inappropriate.
Scope and process (of relevant engagement)	The company is aware of our perspective, which was also consistent with the view of ISS. However, as far as the company is concerned, based on local (SEBI) regulations, the INED in question can still be counted as independent.	We analysed the scheme in detail then engaged with ENN for further clarification on the proposed distribution of the awards, vesting and related performance targets.	We have engaged in person and via email with the company on these matters. In our engagements with JMH we strongly encourage improving governance practices (which have been improving over time), including publication of a breakdown of individual director remuneration and full audit committee independence.
(Voting) outcome	Voted against management, in line with ISS.	Voted with management, against ISS recommendation.	Voted against management re ratification of the external auditor for another term, but voted in favour of approving director fees, against the recommendation of ISS.

5. Conflicts of interest

A fundamental ethical principle of Martin Currie is to pay due regard to the interests of our clients and to manage potential conflicts of interest fairly. We take a holistic view of conflict risk and conflict mitigation and have policies, systems and controls in place to identify such potential conflicts between ourselves and our clients, as well as between one client and another, to achieve consistent treatment of conflicts of interest throughout the business. We aim to manage any conflicts of interest that may arise and to ensure, as far as practicable, that such conflicts do not adversely affect the interests of our clients. A robust conflict management process is in place which is owned by the Executive Risk Group (ERG). Activities which could create a potential conflict of interest are recorded on the conflicts register and are reviewed by the business regularly to ensure that controls in place remain adequate to mitigate any risk of a conflict arising. The output of this review is reviewed by the ERG. There were no conflicts of interest in relation to this fund during 2022.

6. Securities lending policy

We do not participate in security lending for this fund.

Important information

This information is issued and approved by Martin Currie Investment Management Limited ('MCIM'), authorised and regulated by the Financial Conduct Authority. It does not constitute investment advice. Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested.

The information contained in this document has been compiled with considerable care to ensure its accuracy. However, no representation or warranty, express or implied, is made to its accuracy or completeness. Martin Currie has procured any research or analysis contained in this document for its own use. It is provided to you only incidentally and any opinions expressed are subject to change without notice.

This document may not be distributed to third parties. It is confidential and intended only for the recipient. The recipient may not photocopy, transmit or otherwise share this [document], or any part of it, with any other person without the express written permission of Martin Currie Investment Management Limited.

This document is intended only for a wholesale, institutional or otherwise professional audience. Martin Currie Investment Management Limited does not intend for this document to be issued to any other audience and it should not be made available to any person who does not meet this criteria. Martin Currie accepts no responsibility for dissemination of this document to a person who does not fit this criteria

The document does not form the basis of, nor should it be relied upon in connection with, any subsequent contract or agreement. It does not constitute, and may not be used for the purpose of, an offer or invitation to subscribe for or otherwise acquire shares in any of the products mentioned.

Past performance is not a guide to future returns.

The distribution of specific products is restricted in certain jurisdictions, investors should be aware of these restrictions before requesting further specific information.

The views expressed are opinions of the portfolio managers as of the date of this document and are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. These opinions are not intended to be a forecast of future events, research, a guarantee of future results or investment advice.

Please note the information within this report has been produced internally using unaudited data and has not been independently verified. Whilst every effort has been made to ensure its accuracy, no guarantee can be given.

The information provided should not be considered a recommendation to purchase or sell any particular strategy/ fund / security. It should not be assumed that any of the securities discussed here were or will prove to be profitable.

It is not known whether the stocks mentioned will feature in any future portfolios managed by Martin Currie. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style.

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

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.

MARTIN CURRIE
A Franklin Templeton Company

Martin Currie Investment Management Limited, registered in Scotland (no SC066107)
Martin Currie Inc, incorporated in New York and having a UK branch registered in Scotland (no SF000300), 2nd Floor, 5 Morrison Street, Edinburgh EH3 8BH

Tel: (44) 131 229 5252 Fax: (44) 131 228 5959 **www.martincurrie.com**