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REPORT TO 31 DECEMBER 2021

FTF Martin Currie Emerging Markets Fund

MARTIN CURRIE

MARCH 2022

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 and ESG 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 Global Emerging Markets investment team

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

We manage high-conviction equity portfolios for our clients and seek opportunities for growth across the emerging markets of Asia, Europe, Latin America and the Middle East & Africa.

We believe that superior performance in emerging markets can be achieved by actively managing portfolios constructed exclusively from stocks where the underlying company's long-term growth prospects are not yet reflected in its stock price.

Our primary investment belief is that over the long term, share prices are chiefly determined by cash earnings. By understanding how a company generates its earnings and successfully forecasting how these will grow in the long term, we believe we can identify that company's inherent value. We put our philosophy into practice through a disciplined and sustainable investment process.

We seek to generate the majority of outperformance from our bottom-up, research-driven approach. We are long-term investors and can look through short-term market volatility.

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 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

All of our work on ESG/Governance and Sustainability is focused ultimately on the economic success of the underlying business – essentially understanding how these factors may influence the ability of the company to generate sustainable returns (over the long term). We also express these views in our Governance and Sustainability ratings.

We assess the material Governance and Sustainability issues at an individual holding and fund level using a combination of primary research and secondary resources which can be both qualitative and numerical.

In assessing Governance and Sustainability risks, we consider the materiality of identified issues, their impact on a company, and management actions (taken and proposed) to address them.

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

Stock name	Sector	Fund weight %	Index weight %	Active Weight %	Governance Score	Sustainability Score
TSMC	Technology	9.76	6.97	2.79	1.45	1.25
Samsung Electronics	Technology	8.17	4.00	4.17	2.50	2.50
Tencent Holdings	Technology	6.65	4.30	2.35	2.25	2.50
Alibaba Group Holding	Consumer Services	3.45	2.95	0.50	2.20	3.00
EPAM Systems	Technology	3.38	0.00	3.38	1.70	2.25

Source: Martin Currie as at 31 December 2021. FTF Martin Currie Emerging Markets Fund. Index: MSCI Emerging Markets (Net Div). 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 fund where we feel warranted.

Taiwan Semiconductor Manufacturing Company. TSMC is the largest semiconductor foundry in the world with its primary business in the manufacture and market of integrated circuits used in computer, communications, consumer electronics, automotive and industrial equipment industries. The growth of fabless semiconductor design has been a major tailwind and TSMC has been taking 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 roughly 88%. The main development in 2021 for the company was industry-wide; supply chain issues driven by the global pandemic impacted the market outlook for the company and its competitors. The supply chain pressures have since eased though we continue to monitor the situation closely.

Samsung Electronics. Samsung Electronics is one of the world's leading semiconductor and consumer electronics brands, including smartphones and display technologies. Following the boom in smartphones at the beginning of this decade, Samsung earned significant returns from memory semiconductors, where it benefits from an oligopolistic market structure with substantial entry barriers. The company is well positioned to benefit from the growth of AI, cloud computing and 5G technology. There are several sustainability risks which we have identified in relation to the company and we are seeing progress on these fronts through our engagements. The risks include its governance profile, geopolitical risks and labour relations. Progress on the ESG

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 security transactions discussed here were or will prove to be profitable.

front has been made by splitting the CEO/Chairman role, revamping the board, identifying material sourcing and lowering water consumption per unit. A key area of focus is with regards to labour conditions. Although there has also been progress with better labour workforce monitoring, it is non-unionised and remains a priority area of engagement for further improvement. The ESG rating of the company was upgraded in June from BBB to A by the MSCI. In the technology hardware segment, MSCI has not rated any companies AAA so this means that Samsung Electronics has entered into the top third of firms in its industry segment.

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 an increasingly challenging 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 and the influence of this factor has escalated over the past year. 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 and these were further 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.

Alibaba Group Holding. Alibaba is the world's largest online retail commerce business in terms of gross merchandise volume (GMV). It primarily operates in China via its online retail businesses Taobao and Tmall. Alibaba also has a growing cloud business, offering a suite of cloud-related services. It holds a 33% equity stake in Ant Financial, which provides financial services to consumers and merchants in China. Its strong ecosystem and large user base provides both a strong moat, as well as excellent future monetisation opportunities. Regulation is a key ESG issue for Alibaba and one which has continued into 2021 after the late 2020 cancellation of Ant Group's IPO and draft paper on internet regulation. Given the scale of Alibaba's reach, regulation around data security/privacy will always be a possible risk, as well as the actual risk of cyber security breaches. The weight of new regulatory issues in the internet/platform sector this year touches on antitrust, data security, social security issues, overseas listings, use of variable interest entities (VIEs), mergers/acquisitions and for-profit education services in core subjects. This has been highly disruptive for the sector and has cast uncertainty over its future. We believe that the Chinese Communist Party has increased the priority of business regulation as a mechanism to reduce inequality and counter abuses of market power. In the long run, a step-up in regulation should foster more sustainable business practice at an industry level. For the most responsible operators in an industry, regulation is likely to improve their competitive advantage and hasten the exit of unscrupulous players. All regulation is intended to protect the consumer, which is no different from elsewhere. For the present, uncertainty remains around which companies emerge and which may not. We believe that Alibaba is well-placed to withstand the disruption and adapt to the changing regulatory environment.

EPAM Systems. EPAM Systems is a leading provider of complex engineering solutions and IT services. Set up in 1993, EPAM remains one of the largest Commonwealth of Independent States (CIS) and Central and Eastern Europe (CEE) offshore developers. Although it is a US-listed company, it was founded in Belarus and its primary business operations are in CEE. EPAM's core business lines are software development, applications maintenance and infrastructure services. The company's development centres are located across CEE and CIS countries (Poland, Hungary, Russia, Belarus and Ukraine) as well as in North America and the Asia Pacific region. EPAM has strong market positioning and its management has a history of successfully generating profitable growth. We believe investors have not fully appreciated EPAM's differentiated service offering around digital and research and development (R&D) within IT services. The most material ESG issue that we identified for EPAM is employee attrition and recruitment – software services is essentially a people business. We have seen good progress in its overall employee programmes and that has been reflected in its attrition rate. This has also been reflected in its operational performance compared with those IT service companies with higher attrition rates. Improvements are needed in its environment policies (targets and dates), although there has been progress as well as better disclosure around pay. Better governance around executive pay disclosure and business ethics policies is an area to monitor. The company has also talked about achieving net zero carbon and zero waste targets, with disclosures anticipated within the next 6-12 months.

3. Fund review of turnover and turnover costs

Annual turnover %	21.8	*Lesser of (purchases or sales)/Average fund size x 100*
Fund transaction costs (GBP)	30,536.51	*Total brokerage and execution charges*

Source: Martin Currie as at 31 December 2021. FTF Martin Currie Emerging Markets 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 and ESG 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	Asian Paints	LG Chem	Prosus
Company descriptor	India's leading manufacturer and distributor of paints, coatings and related services.	Leading Korean specialty chemicals manufacturer.	Emerging markets-focused internet services investor and operator.
Issue	Lack of Board independence.	Lack of Board independence.	Remuneration Committee, misalignment of long-term incentives.
Governance, Environmental or Social	Governance	Governance	Governance
Objective	We voted against the election of two non-independent directors as we believe the board lacks an independent majority. There are two "independents" that have board tenures of over 20 years, so we do not view them as truly independent in the way that the company does. These were not the same two people we voted against.	Ultimately our aim was the appointment of an independent director to the Board.	We voted against the chair of Remuneration Committee with the ultimate aim of achieving greater alignment between long term remuneration and performance.

4.1. Significant votes (cont)

Company Name	Asian Paints	LG Chem	Prosus
Scope and process (of relevant engagement)	Our email correspondence with the company shows that it understands our perspective. The company points to its adherence to SEBI regulations.	We engaged to understand the independence credentials of the board nominee. In our view, the individual qualifies as independent; ISS have a different view. The difference of opinion relates to consulting services provided by the nominee's employer to LG Chem. However, the individual and the department he works in has no connection with the services provided and he is not a partner in the firm.	We have emailed company explaining our view that the link between long-term incentives and performance should be clearer and that the vesting period is too short.
(Voting) outcome	Voted against management, in line with ISS.	Voted with management, against ISS recommendation.	Voted against management, in line with 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 2021.

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'). 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.

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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.

MARTIN CURRIE

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),
Saltire Court, 20 Castle Terrace, Edinburgh EH1 2ES

Tel: (44) 131 229 5252 Fax: (44) 131 222 2532 **www.martincurrie.com**