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REPORT TO 31 DECEMBER 2021

Legg Mason Martin Currie Global Long-Term Unconstrained 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 Long-Term Unconstrained investment team

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

The Martin Currie Global Long-Term Unconstrained (GLTU) strategy targets long-term capital appreciation with outperformance of the MSCI ACWI over rolling five-year periods.

Our investment philosophy is that proprietary fundamental research can identify long term value-creating companies undervalued by the market. We elaborate on this below:

- The market is myopic and fades returns of quality growth companies too fast.
- Our proprietary fundamental research framework is able to identify these companies.
- Value creating companies compound returns over the long-term.

Our objective is long-term capital appreciation, in delivering this return we would expect to outperform the MSCI ACWI over rolling five-year periods.

Returns are driven by stock selection and as an unconstrained strategy we have no limits on regional or country allocations. Risk management is embedded at every stage of the process providing full visibility on all aspects of the portfolio and the delivered outcome.

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
Nvidia Corp	Technology	5.91	1.05	4.86	2.00	2.00
Kingspan Group	Industrials	5.48	0.03	5.45	2.67	2.00
TSMC	Technology	5.36	0.78	4.58	3.00	3.40
Microsoft Corp	Technology	5.31	3.42	1.89	2.33	1.80
Atlas Copco	Industrials	4.44	0.07	4.37	1.67	1.80

Source: Martin Currie as at 31 December 2021. Legg Mason Martin Currie Global Long-Term Unconstrained Fund. Index: MSCI AC World Net Dividends Index (USD). 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.

Nvidia Corp. The company is a computing platform offering the AI hardware, software development kits and applications to its customers. More recently, the company has expanded beyond just core graphic processing units to several acceleration capabilities (including data processing units). We see long-term upside optionality in several secular growth areas, including AI, Cloud and Autonomous Vehicles. Nvidia is an attractive stock, with strong growth and high returns.

Overall, Nvidia rates strongly in our proprietary ESG risk assessment. It is a founder run company, launched in 1993 by current CEO, Jensen Huang and has evolved from a company selling chips for gaming to a platform across the AI solutions stack. As such, the principal areas of focus in our interactions with the company have been around board and management structure including tenure and diversity. We believe the current incentive plan is too short-term geared or at least too fluent, however this is not unusual for a founder run business that is growing fast. We are also seeking to engage on shareholder opposition to the re-election of a board member. Taxation also remains a risk due to potential corporate tax increases from the Biden administration focused on the technology giants.

Kingspan Group. The Irish-based company provides insulating building materials to the construction industry. It is global leader in insulation and building envelope solutions and we believe it is poised to benefit from tighter energy efficiency regulations. The stock fits well into greener buildings initiatives, as a leader in insulation materials for the construction industry.

We bought into the weakness brought by concerns around the Grenfell enquiry in late November/ early December 2020. The Grenfell inquiry brought up some controls and monitoring issues in relation to Kingspan's UK business. Although Kingspan had no role in the design or planning of the cladding system used in the Grenfell tower, its K15 product constituted 5% of the

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rainscreen insulation boards ordered for use on Grenfell Tower. We understand that Kingspan did not have in place any controls or monitoring of where its products were being distributed beyond the Wholesalers it used. Further, Kingspan admitted to "process shortcomings" in the historic testing of K15 and offered a full and sincere apology. We engaged extensively with management are satisfied that the substantial changes they have made – full traceability of products and management change at the UK and executive levels to name a few – are addressed at preventing a repeat of these events. The company also hired external consultants to assess the UK operations' governance and bring additional recommendations to the company. Furthermore, tighter UK regulation requiring more detailed product safety characteristics labelling should also further tackle some of the issues related to fitting wrong products in terms of safety characteristics to specific buildings. With the rapid steps that Kingspan has taken to tackle its governance shortfalls, we took the view that the governance risk is no higher than what we had rated during our initial analysis. In the first quarter of 2021, remediation costs in the UK for poorly fitted insulation were likely to be modest and seen by the executive team as manageable. In same period, Kingspan saw orders up 20% year on year and acquired Logstor, a global supplier or pre-insulated pipes.

TSMC. With the growth of fabless semiconductor design, Taiwan Semiconductor Manufacturing Company (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 and, in particular, the requirement for faster and less power-hungry chips. TSMC currently scores well on our proprietary risk assessment system, with good transparency on overall operations and strong reporting practices. More broadly, the extent to which artificial intelligence is rapidly being adopted to answer many sustainability issues will be beneficial to TSMC as a leading chip manufacturer. Pertinent risks from an ESG perspective include water scarcity – because of the quantities of water required in its production process – as well as exposure to potentially rapidly changing regulatory and geopolitical environments, specifically because of its production base in Taiwan. Elsewhere, the recruitment and retention of a highly skilled workforce and robust protection of intellectual property are also potential ESG-related risks to the investment case.

Microsoft Corp. Microsoft is set to benefit from an increased share of growing technology intensity and IT spend globally; for example, through integrated offerings such as 'Azure' (preferred in the hybrid environment) and collaboration software 'Teams'. In security, Microsoft is also going for end-to-end user integration. Competitive pressures, however, remain in cloud computing. Generally, the Software as a Service (SaaS) landscape continues to evolve, with new disruptive business models emerging. The market has also been questioning whether a continued margin improvement is going to enhance Microsoft's growth algorithm. Meanwhile, we are cognizant of an M&A risk, for example in the consumer arena, where Microsoft has a mixed track-record and so far, has stayed clear of the social networks. ESG strengths, in our view, are strong management and a relatively diverse board. We note Microsoft's positive contribution to tackling climate change and social issues with such initiatives as 'AI for Earth' and various educational programmes. There has been some incremental positive change to executive compensation, but remuneration and broader human capital management practices are the main ESG risks we continue to monitor.

Atlas Copco. The Swedish industrial tools and equipment manufacturer is very well-run and backed by a strong corporate culture. Atlas Copco's key value proposition is in air compressors, known as the 'fifth utility' critical in powering certain industries, and its vacuum technologies are used in the semiconductor industry, with leadership positions in both areas permitting it to maintain a high market share and a pricing premium. It has a very high-quality management team, maintaining strong oversight of their subsidiaries' environmental management programmes. They have since 2018 established a program of goals and targets covering areas from CO_2 reduction to ethics. There is a large family stake in the business. However, we believe this family ownership is why the company has been well stewarded over time and kept a strong competitive edge. The company sells its industrial equipment to a broad range of end-users, notably the autos, industrials, construction, and semi-conductor industries. This provides us with exposure to many parts of the industrial cycle. Atlas Copco is in our view well placed to harness global infrastructure growth. This is through both direct, and indirect, exposure to green building construction, renewable energy and infrastructure developments for electric transportation, as well as 5G and healthcare infrastructure.

3. Fund review of turnover and turnover costs

Annual turnover %	23.75	*Lesser of (purchases or sales)/Average fund size x 100*
Fund transaction costs (GBP)	233,273.42	*Total brokerage and execution charges*

Source: Martin Currie as at 31 December 2021. Legg Mason Martin Currie Global Long-Term 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 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	Adidas	Coloplast	Microsoft
Company descriptor	German sportswear company	Danish ostomy and urology medical devices firm	US technology company
Issue	Remuneration and board composition	Concerns over benchmarking the remuneration policy and re-election of a long-standing board director	To support shareholder proposals to improve disclosure on ESG issues
Governance, Environmental or Social	Governance and Social	Governance	Social
Objective	Remuneration plan to include a longer vesting period, the removal of special awards and the addition of a new malus clawback provision. Election of Jackie Joyner Kersee to the board.	We wanted to obtain additional disclosure around the peer group benchmarking beyond that detailed in their remuneration report. This included compactor companies and explicit targets in pay benchmarking. We also sought to oppose the re-election of Lars Soren Rasmussen (ex-CEO) as Director on the basis of Mr Rasmussen contributing to the non-independence of the remuneration committee.	The shareholder proposals included improving disclosure on gender and racial pay gaps, and oversight of trade associations and political payments.

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4.1. Significant votes (cont)

Company Name	Adidas	Coloplast	Microsoft
Scope and process (of relevant engagement)	We have previously engaged with Adidas both on the renumeration policy and increasing diversity, for example the increased representation of Black and Latino leaders in the US business. We believe the addition of former US athlete Jackie Joyner-Kersee to the board will bring useful experience at both a professional level and also with regards to racial equality and women's rights.	We fed back to Coloplast that it would be best practice to at least release ex-post achievement against benchmarking targets to allow investors to more rigorously assess pay for performance. In regard to Mr Rasmussen's re-election, we saw Coloplast as having an opportunity to appoint an independent board member to this role. Subsequently, Coloplast reached out to notify us that they intend to amend the composition of this committee, for example by adding a further board member.	We believe improving disclosure on gender and racial pay gaps are important to drive transparency which we believe could increase accountability for the diversity efforts that the group is making.
(Voting) outcome	We voted in line with management on these issues having engaged previously on them.	We voted in line with the new remuneration policy but voted against management in terms of Mr Rasmussen's re-election.	We voted against management in support of the shareholder proposals.

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

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