

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

FTF Martin Currie US 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 Global Long-Term Unconstrained investment team

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

The US Long-Term Unconstrained strategy targets long-term capital appreciation 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

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

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 Score	Sustainability Score
Estée Lauder	Consumer Goods	8.51	0.17	8.34	3.17	2.00
Resmed Inc	Health Care	8.32	0.09	8.23	2.17	2.00
Nvidia Corp	Technology	6.85	1.07	5.78	2.00	2.00
Microsoft Corp	Technology	6.81	5.01	1.80	2.33	1.80
Linde	Materials	6.12	0.48	5.64	2.67	3.20

Source: Martin Currie as at 31 December 2022. FTF Martin Currie US Unconstrained Fund. Index: MSCI USA Net Div 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 fund where we feel warranted.

Estée Lauder. Estée Lauder is a global leader in prestige beauty through a diversified portfolio of 30 brands. It is benefitting from multiple structural growth drivers including the rise of the Chinese consumer and the expansion of e-commerce. Notably, as a pure play on prestige we see it as uniquely positioned to capture growth from global premiumisation trends, supported by a growing middle class, and the desire for higher-quality products. These trends enable the brands to grow revenue sustainably at 6-8%+ per year (compared with the global beauty industry growth of ~3-5%). Furthermore, the migration from bricks and mortar channels to online provides a favourable profitability mix and supports the long-term expansion of group operating margins. However, the move to digital also creates threats. Store closures are a recurring theme in developed markets while there is a debate around whether barriers to entry have increased or decreased as brands move online. E-commerce has fuelled the boom in Chinese consumption over recent years and the longevity of this growth remains to be seen. Estee Lauder embeds sustainability into the business with a focus on climate (in 2020 it joined the CDP's climate A-list), sustainable packaging, ingredient transparency, and diversity and inclusion. From an ESG perspective, we have previously applied greater focus to governance, due to the Lauder family controlling voting rights and a history of high executive compensation.

Resmed Inc. The company is a global leader in the development of medical devices and cloud-based software applications that diagnose, treat, and manage respiratory disorders including sleep disordered breathing (more commonly known as sleep apnea), asthma and chronic obstructive pulmonary disorder (COPD). The company has a very attractive long-term revenue growth outlook. It is estimated that more than 424 million individuals globally have moderate to severe sleep apnea, with the percentage diagnosed below 20%* and the percentage treated by ResMed below 3%*, despite the company being market leader. The combined potential patient base including asthma and COPD numbers in excess of 1 billion globally. We have continued to

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.

engage with management to gain comfort with board structure and composition, given the presence of the current CEO and previous CEO (and founder). We see this as having been substantially addressed with several recent additions bringing diversity, relevant experience in technology, route to market and local emerging markets, and the decision in 2022 to declassify the board. Cybersecurity is an area we continue to monitor given the company's position as a connected device manufacturer with data on millions of active patients and clinical trial participants. One ongoing point of focus is the use of plastics in disposable components contributing to an increased environmental footprint, although this must be weighed up in the context of superior healthcare outcomes, lower costs, the reduced carbon emission and waste because of a reduction in hospital visits. We also have had an ongoing dialogue with management on remuneration since they have moved away from a relative total shareholder return (TSR) scheme due to a lack of suitable peers towards absolute return and an absolute earnings figure. It is important if using absolute metrics that ambitious but achievable targets are set, and while operational performance has been strong and we see targets as reasonable, we continue to communicate that we think the compensation plan can be improved from here.

*Source: company data as at June 08, 2022.

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.

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 cognisant 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.

Linde. A global leader in industrial gas production was established in 2018 from the merger of Germany's Linde AG with the US's Praxair. A resilient and geographically diverse business, it has high exposure to fast-growing emerging markets, largely inherited from the German entity, combined with a solid base in the Americas. Linde exerts strong pricing power from its leading positions in the regions in which it operates. A major player across the entire hydrogen value chain, Linde looks ideally positioned as its customers seek low carbon energy sources. This is a long-term opportunity, likely to meaningfully impact Linde's business in the late 2020s. As the opportunities will be capital-intensive, forming partnerships will be the key to success. Most of the world's hydrogen is produced using the carbon-intensive Steam Methane Reforming (SMR) method. Indeed, Linde uses SMR in its hydrogen production. Increasingly hydrogen production by SMR is being replaced by the green hydrogen method. This is produced using electrolysis technology powered by renewable energy sources, for example, wind or solar. Linde claims to be the largest operators of green hydrogen, with 80 hydrogen electrolyzers in a joint venture with ITM Power. While the aim is to phase out SMRs over time, for now, for every ton of CO₂ emitted by Linde, its customers avoid emitting more than two tons*. CEO Sanjiv Lamba set 2021-28 sustainability targets for the company. Linde aims to reduce GHG emissions intensity by 25% and to double its annual purchase of low carbon (solar, wind, hydro, nuclear) energy in that time frame. The recent establishment of a Sustainability Committee to provide oversight on environmental matters is welcome, and at the 2022 AGM, sustainability targets were embedded into financial incentives for management.

*Source: company supplied information in meeting on 3rd September 2021.

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.

3. Fund review of turnover and turnover costs

Annual turnover %	1.84	Lesser of (purchases or sales)/Average fund size x 100
Fund transaction costs (GBP)	15,388.48	Total brokerage and execution charges

Source: Martin Currie as at 31 December 2021. FTF Martin Currie US 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	Masimo	Ansys	Estée Lauder
Company descriptor	Medical technology firm	US simulation software	Global Beauty firm
Issue	CEO remuneration and board oversight	Proposal to stagger board member elections (classify the board)	Re-election of directors
Governance, Environmental or Social	Governance	Governance	Governance
Objective	Understand components of the CEO remuneration package	Protecting shareholder rights by opposing staggered board elections	The re-election of William Lauder and Richard Parsons due to their participation on key committees

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	Masimo	Ansys	Estée Lauder
Scope and process (of relevant engagement)	<p>Our proxy voting advisor recommended voting against the CEO remuneration package on the inclusion of double/modified single trigger cash severance clause, should the CEO leave. The policy itself is unchanged aside from adding a death and disability clause, which is common practice. We have engaged with management, but have fed back that our support is conditional on the following expectations in 2023. A board member with consumer expertise appointed, to see sufficient compensation metrics that capture the Sound United acquisition, and that achievements versus target in the long-term incentives should be disclosed at least ex-post.</p>	<p>Not having annual elections for all board members can provide companies some defence to hostile takeover bids, however this can reduce the accountability of individual directors. We voted in line with our proxy voting advisor, and against management to support the proposal to declassify the board - that is to have annual elections. We believe a declassified board enhances shareholder rights and allows for shareholders to have a more meaningful voice by being able to vote on board members elections on an annual basis. We believe that a declassified board structure remains best practice and in shareholders' best interests and were therefore in support of the proposal. We will continue to engage with Ansys' management on this issue.</p>	<p>We abstained from voting on the election of William Lauder and Richard Parsons, with both sitting on the Nominations and Governance committees, with Richard additionally on the Governance committee. In our view, it is best practice that these committees are fully independent. It is also worth highlighting the dual share structure which gives the family control. While we believe both board members bring valuable experience to the board, we have discussed with the company that the board is somewhat entrenched, and a vote for all the other directors is warranted. Additionally, while we supported the vote on executive pay, this has been an ongoing engagement issue, as we believe a number of elements could be stronger including time rather than performance based long-term incentives.</p>
(Voting) outcome	<p>We voted in line with management and against our proxy voting advisor to support the CEO remuneration package.</p>	<p>We voted against management on both items opposing the election of Mr Sekri and supporting the change to special meeting vote threshold.</p>	<p>We abstained from the vote on the election of William Lauder and Richard Parsons.</p>

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.

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.

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 SCo66107)

Martin Currie Inc, incorporated in New York and having a UK branch registered in Scotland (no SFO00300),
2nd Floor, 5 Morrison Street, Edinburgh EH3 8BH

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

Both companies are authorised and regulated by the Financial Conduct Authority. Martin Currie Inc, 280 Park Avenue New York, NY 10017 is also registered with the Securities Exchange Commission. Please note that calls to the above number and any other communications may be recorded.

© 2023 Martin Currie Investment Management Limited.