SHAREHOLDERS' RIGHTS DIRECTIVE (SRDII)
REPORT TO 31 DECEMBER 2023

MARTIN CURRIE
A Franklin Templeton Company

FTF Martin Currie US Unconstrained Fund

MARCH 2024

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 maintain a strong understanding of their mandates and prospectus investment guidelines. We also use an investment restriction system called Bloomberg CMGR to monitor portfolio compliance with mandate and regulatory restrictions. This includes ongoing assurance around the use of permitted instruments and exposure and is overseen by the compliance team to ensure assets are being managed appropriately. Any prescribed client or regulatory limits are monitored on an ongoing basis. Mandate compliance also forms a key part of our internal risk framework whereby we undertake periodic reviews to ensure products are run in line with objectives, risk appetite, and in accordance with the stated investment process.

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 factors 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 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 governance and sustainability 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
Microsoft	Technology	9.30	6.31	2.99	2.3	1.8
Nvidia	Technology	9.07	2.91	6.17	2.0	2.0
Linde	Materials	7.16	0.48	6.68	2.7	3.0
ResMed	Health Care	6.39	0.06	6.33	2.2	2.0
Illumina	Health Care	6.06	0.05	6.01	2.0	2.2

Source: Martin Currie as at 31 December 2023. 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.

Microsoft 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.

Nvidia 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.

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 operator of green hydrogen, with 80 hydrogen electrolysers in a joint venture with ITM Power. While the aim is to phase out SMRs over time, for now, for every ton of CO_2 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.

ResMed 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 15% and the percentage treated by ResMed below 3%, despite the company being market leader. There are several ongoing areas of monitoring and engagement: 1) cybersecurity given the company's position as a connected device manufacturer with data on millions of active patients; 2) 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 emissions and waste because of a reduction in hospital visits; 3) remuneration as Resmed 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. While operational performance is strong, we think the compensation plan can be improved from here.

Illumina Illumina has developed a near-monopoly in next-generation sequencing (NGS): decreased cost, time and complexity of the historically high-end characterisation methodology means that Illumina NGS should become not only mission critical, but ubiquitous in new multi-sector applications that were historically out of reach. Illumina's business model, arguably, enables greater human benefit than any other company in the next 10-15 years, given it is effectively the upstream enabler of the entire personalised / targeted medicine industry. Illumina takes this responsibility seriously with board level oversight of the ethical challenges faced via a special committee to this end. Illumina has a certain risk in human capital, given its extremely high level of domain expertise (it has effectively seeded the industry with founders and CEO's, e.g. Helix, Guardant & Grail) and because of its strong (apparent) culture. While it is unlikely that unethical uses of a downstream technology are a direct risk to Illumina, they can be a drag on the development of clinical applications which are key to long-term growth. From an environmental standpoint, the products Illumina manufactures have very low risk of potential costs linked to carbon pricing or regulatory caps. However, the disclosure around the environmental and social risks as well as mitigation is a point for improvement.

3. Fund review of turnover and turnover costs

Annual turnover %	21.46	*Lesser of (purchases or sales)/Average fund size x 100*
Fund transaction costs (GBP)	(27,576.72)	*Total brokerage and execution charges*

Source: Martin Currie as at 31 December 2023. FTF Martin Currie US Unconstrained Fund. Index: MSCI USA Net Div GBP.

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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	Estée Lauder	Masimo	Illumina
Company descriptor	Estée Lauder are a leader in prestige beauty with a strong portfolio of brands. Over the long term we see the luxury segment outgrowing the overall beauty market with incremental growth skewing to high margin channels.	Masimo is the leader in connected healthcare technology for hospitals. It has acquired consumer audio hardware business Sound United to use its channel breadth and expertise to accelerate the launch of consumer health products based on the same technologies developed for the core hospital business.	Illumina is the global leader in next generation sequencing (NGS) with 90% share at the high-end and ~75% share overall. It sells instruments and consumables enabling research and clinical applications at the leading edge of therapeutics, diagnostics, and applied fields such as agriculture.
Issue	Two separate issues. Firstly, we withheld our votes on the five directors that were up for re-election due to the dual share class structure. We support policies that align one share to one vote and believe this is best practice. Secondly, we voted against executive compensation due to a wide gap between realised pay and performance. Compensation has been an ongoing discussion with Estée Lauder as we believe several aspects do not align with best practice.	Board nominees. Executive compensation. Board classification.	Board composition. Executive compensation

4.1. Significant votes (cont)

Company Name	Estée Lauder	Masimo	Illumina
Governance, Environmental or Social	Governance	Governance	Governance
Objective	To ensure we continue to push the company towards best practice in board structure and compensation despite the dual class share structure which gives the Lauder family control over the company.	In the context of a proxy battle with Politan Capital, our objective was to 1. continue to drive positive change in the board, including de-classification, increased independence and diversity of candidate profile and skillset. 2. Improve the compensation strucutre, including the metrics used in the LTI and the trigger criteria for CEO Joe Kiani substantial shareholding to vest.	Our objective was to drive accountability for poor TSR and poor decision making around the Grail acquisition, which was arguably the result of poor board oversight and was not reflected in the proposed executive compensation plan which included a large one-off time-based option component to the CEO's LTI package.

4.1. Significant votes (cont)

Company Name	Estée Lauder	Masimo	Illumina
Scope & process (of relevant engagement)	Both of these items reflect ongoing engagements with the company. On this occasion we wrote to the company to explain or voting intentions and rationale. Director Vote – We wrote to the company to inform them of our intention to withhold votes due to the dual class structure. In addition, we took the opportunity to highlight concerns with regards to board entrenchment and a lack of independence on key committees. These are issues that we have previously flagged to the company. In 2022 we abstained on specific director votes due to the lack of independence on key committees. Executive Compensation – We wrote to the company to inform them we would vote against executive compensation. Specifically, we flagged the gap between realised pay and performance. We believe this gap has opened due to specific issues with the compensation structure. We have engaged with the company on compensation in the past, including votes against in 2018 and 2021. We shared our concerns on time-based rewards, high levels of potential pay out, and high levels of perquisites. We also highlighted our monitoring of supplementary awards such as those made in 2016, 2018, and 2021.	We have engaged on these topics with senior management, including the CEO, CFO, board members and with IR, both as part of our research process and related to proxy voting intentions.	We engaged with the company management and IR extensively around the Grail acquisition, governance and oversight, as well as on the specific proposals in question.

4.1. Significant votes (cont)

Company Name	Estée Lauder	Masimo	Illumina
(Voting) outcome	We withheld votes on the directors and voted against on executive compensation. Both votes passed with over 90% approval. Both of these items will be ongoing engagements.	In light of Masimo declassifying the board, a commitment to add 2 diverse board seats with industry specific expertise, adding an rTSR metric to the LTI and the removal of 1 of 2 triggers for the CEO shareholding to vest, we voted with management. This also factored in a view that Politan Capitals board nominees were not of suitable standard, nor did Politan represent the best interest of long-term shareholders. We also fed back some further areas of improvement around disclosure and the removal of the second trigger on the CEO shareholding. Masimo saw 2 directors with significant votes against and therefore Politan Capital gained 2 board seats.	We voted against the re-election of the chairman of the board and against the executive compensation plan. This was consistent with material votes against and as such the chairman of the board lost his board seat and the Advisory say-on-pay failed to pass.

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 2023.

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.

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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/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.

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