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

MARTIN CURRIE
A Franklin Templeton Company

FTF Martin Currie UK Mid Cap 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 UK investment team

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

The Martin Currie UK Equities Team (the 'Team') expects long-term performance of its investment strategies to be driven primarily by stock selection decisions made by the portfolio managers. Stock selection is the result of an active and disciplined investment approach, based on bottom-up fundamental research and stock valuations.

The Team's bottom-up approach includes a rigorous financial analysis, as well as the consideration of governance and sustainability factors, in order to assess the attractiveness of an investment idea and analyse the risk/reward profile of a company. The Team seeks to identify financially robust companies with attractive long-term prospects, sustainable business models, clear ownership and sound governance structures aligned with stakeholders. Any potential exposure to sustainability and governance risks is examined as this may impact long-term performance. Actions taken by management to address those risks, if any, are also assessed. The investment approach followed by the team also involves a notable degree of engagement with company management on key topics, and the consistent exercise of proxy voting aimed at influencing and representing what the team views as being in the best long-term interest of shareholders.

The portfolio is managed in accordance with the investment objectives and policies, as detailed in the policy documentation. As an integral part of the investment process, investment goals, eligible/permissible instruments, exposure to market cap segments and cash limits, are all captured and reflected in the fund during the portfolio construction phase. Moreover, portfolio holdings and characteristics are continuously monitored by the team, as well as Martin Currie's investment risk oversight function, ensuring that all portfolio holdings and characteristics are in-line with the IMA guidelines.

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

The investment team maintain a strong understanding of their mandates and prospectus investment guidelines. 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 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
Serco	Industrials	4.39	0.78	3.62	1.8	2.7
Grainger	Real Estate	4.38	0.86	3.52	2.0	2.2
Cranswick	Consumer Staples	4.36	0.90	3.46	1.6	2.3
JTC	Financials	4.18	0.53	3.65	1.2	2.1
Vesuvius	Industrials	3.99	0.45	3.53	2.6	2.9

Source: Franklin Templeton as at 31 December 2023. Data shown for the FTF Martin Currie UK Mid Cap Fund. FTSE 250 (ex-ITs) Index used as benchmark.
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.

Serco is an outsourcing partner, delivering services to governments and other institutions across Europe, North America, and Asia Pacific in five main areas - defence, immigration, transport, health, and citizen services. The management team joined in 2014 and since then has made great progress from a governance perspective, keeping tight control over aspects such as risk management, bidding, and cost control. For example, there is strong executive representation on their investment committee which oversees all bids and investments. Naturally, governments are progressing their environmental and sustainability agenda across the globe so Serco as an outsourcing provider are contracting on an increasing volume of projects that include specific ESG targets. Serco's medium-term target for a 34% reduction in Scope 1 and 2 emissions by 2030 (vs 2022 baseline) and longer-term target for net zero across its Scope 1, 2 and 3 emissions by 2050, reduce the business' exposure to environmental risks. Given the nature of Serco's business, we do acknowledge an arguably heightened risk to threats such as cyber security relative to businesses operating in other sectors, as well as the enhanced scrutiny that public/government services may come under.

Grainger is a FTSE 250 listed market-leader in UK rental housing, and the UK's largest listed residential landlord with over 10,000 rental homes. Fully integrated, the business employs experts to originate and develop land/property, invest in attractive property, and operate and manage properties for customers. We are supportive of management who have successfully grown the PRS division of the business, and we view the governance structure as appropriate and progressive in achieving best practice. A key risk for the Group is the cost and technological implications of meeting new environmental regulations, including the Minimum Energy Efficiency Standard (MEES) which, under current government proposals, are to be upgraded to a requirement for EPC (Energy Performance Certificate) rating of C or higher for any new lettings by 2025. Grainger is focused on mapping out a pathway to achieve a minimum EPC rating of C for the remaining 9% of its PRS portfolio which is not yet at this standard by 2025.

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Understanding customers' needs and delivering excellent customer service is integral to the success of the business. To ensure high customer satisfaction remains, in FY22 the Group launched a new resident app for PRS customers and invested in customer service training for all colleagues. In FY23, the average length of stay for PRS customers was 32 months, 9/10 PRS customers surveyed said they 'Really Like' their Grainger home, and the PRS Customer Net Promoter Score increased by 20% to +43 points. We believe the Group are taking the necessary steps to ensure customer satisfaction remains high, reducing exposure to social risk.

Cranswick is a UK producer of fresh meat, premium convenience, and gourmet products. We were encouraged by what we view as a well invested asset base and market leading proposition. Moreover, we were attracted by the company's focus and investment into technology and modern production techniques in an industry where others have instead refrained to spend money. The company has demonstrated the highest level of animal welfare standards, with 100% of pork and poultry on Cranswick-owned farms certified to Red Tractor Standards, limiting exposure to social risks. Whilst meeting management they explained how Second Nature, the Group's sustainability strategy, is ingrained in the group's main commercial strategy and how it seeks to address environmental and sustainability issues in the way the company operates. Cranswick's ambitious targets to reduce absolute operational greenhouse gas emissions (Scope 1 and 2) by at least 90% by 2040 against 2019/20 baseline and reduce relative Scope 3 greenhouse gas emissions by 50% by 2030 against a 2019/20 baseline, are an important part of this strategy.

JTC is a provider of fund administration services and a constituent of the FTSE 250 index. We feel the business is well governed, and the CEO has a long tenure, running an employee focused organisation which emphasises employee ownership. This somewhat unique structure, has enabled a collective sense of togetherness and we believe, contributes to the success and outperformance of the business over its multi-decade history. JTC operates an extremely capital light business model as it is a fund administrator. With this business model it is a predominantly intangible asset company with very little by way of tangible assets on the balance sheet, minimising exposure to environmental risk. Retention of employees is key to the business' success, hence Employee Turnover Rate is one of the business' 8 KPIs. JTC's culture of 'shared ownership' helps mitigate the social risk around employee turnover rates.

Vesuvius is a global leader in metal flow engineering and technology, providing engineering services to the steel and foundry industries. The Group has undergone significant restructuring under existing management, closing multiple plants but enhancing efficiencies such that capacity is not compromised. We believe that Vesuvius is a good business that generally has very strong market positions/technology versus its peers but operates in markets that have large customers and demand cyclicality. Whilst the board of directors and key committees are in line with the recommendations of the UK Corporate Governance Code, we would support enhanced executive stock ownership to strengthen alignment with shareholders. With net zero targets in place, Vesuvius is well placed to minimise its exposure to environmental risks, whilst capitalising on opportunities to help steel and foundry customers drive improvements in their environmental performance. Due to the nature of the manufacturing at Vesuvius, employee health and safety is a prominent social risk, thus the business is focused on providing a safer work environment and reducing the Lost Time Injury Frequency Rate on site as part of its strategy.

3. Fund review of turnover and turnover costs

Annual turnover %	-27.44	*Lesser of (purchases or sales)/Average fund size x 100*
Portfolio transaction costs (GBP)	175,032.69	*Total brokerage and execution charges*

Source: Franklin Templeton as at 31 December 2023. Data shown for the FTF Martin Currie UK Mid Cap 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	Spirent	RS Group	Vesuvius
Company descriptor	Multinational telecommunications testing company	Industrial and electrical product distributor	Materials engineering company principally supplying steelmakers, foundries and the glass/solar industry
Issue	Remuneration	Remuneration	Remuneration
Governance, Environmental or Social	Governance	Governance	Governance
Objective	To understand CEO remuneration.	To participate in the shareholder consultation on the new Remuneration Policy.	CEO Remuneration. ISS are concerned that the CEO's salary increase, alongside an increase in bonus opportunity, has a sufficiently compelling rationale.

4.1. Significant votes (cont)

Company Name	Spirent	RS Group	Vesuvius
Scope & process (of relevant engagement)	We engaged with the Board prior to the AGM, which provided clarity on the CEO's appointment. The appointment of Eric Updyke was as an unproven CEO (previously senior management at Amdocs), but he is now a proven CEO. When appointed we were aware that there was a disparity in UK vs US (where he is based) remuneration. Now, however, being US-based places him closer to industry and clients but his salary remains out of sync with the US and even the median of FTSE 250. To ensure retention, the Remuneration Committee should make the award to secure Eric and if potential successors are US-based they need to be seen as competitive. Furthermore, the company is 80% bigger than when he joined, reflecting the positive impact he has made. This led us to voting for 'Approve Remuneration Report' at the 2023 AGM.	We participated in the shareholder consultation on the Remuneration Policy prior to the 2022 AGM, where the J2G award was introduced. The proposed J2G award at RS Group is a one off, long-term award, vesting over a 3 years period and subject to a 2 year post vesting holding period (until 2027). We voted for the Remuneration Policy at the 2022 AGM, and have continued to vote for the Remuneration Report in 2023. Regarding David Egan's exit arrangements, we are satisfied that his remuneration is in line with the Remuneration Policy. We received a letter from the Remuneration Committee Chair providing additional information, and it is clear David Egan did not retain any incentive award beyond what had already been earned through performance. We are comfortable with this. Regarding David Egan's exit arrangements, we are satisfied that his remuneration is in line with the Remuneration Policy. We received a letter from the Remuneration Committee Chair providing additional information, and it is clear David Egan did not retain any incentive award beyond what had already been earned through performance. We are comfortable with this.	We have received sufficient justification from the Board on changes to the CEO's remuneration package – a 12% increase in base salary and increase in STIP opportunity to max 175% vs 150% of salary. In 2022, the Group were unable to retain its CFO and Head of Advanced Refractories. In addition, the Group has transitioned to a new Chairman. As a result, the Board have focused on the importance of retaining CEO Patrick Andre who has led the business for over 5 years. We concur with the view that retention of the CEO is paramount given the recent changes in the wider leadership team. We note that the wider workforce received a 9% pay increase in 2022 vs the 12% increase that has been provided to the CEO.
(Voting) outcome	We voted for 'Approve Remuneration Report' at the 2023 AGM, overriding ISS. 69.78% of votes cast supported management.	We voted for 'Approve Remuneration Report', against ISS recommendation. 61.59% of votes cast were in support of management.	We voted with management, against ISS recommendation. 82.20% of votes cast were in support of the Remuneration Report.

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.

MARTIN CURRIE
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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**