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

FTGF Martin Currie Improving Society Fund

MARTIN CURRIE
A Franklin Templeton Company

MARCH 2024

1. Introduction

As an active manager of long-term concentrated portfolios, stewardship sits at the heart of our approach. We are motivated by a belief that this helps to both protect and enhance the risk-adjusted return on our clients' capital. Ultimately, we want to ensure that the interests of company management teams 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 policies and 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 Stewardship, Sustainability and Impact investment team

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

The Martin Currie socially focused-impact strategy aims to positively address the problem of human inequity while delivering long-term capital growth. We do this by investing and engaging to improve fair treatment, access, opportunity, and advancement for all people.

The Improving Society strategy can help deliver this by both supporting those companies delivering the most meaningful impact, and actively engaging with them to accelerate the delivery of these ambitions. We invest on a long-term, global basis in 20-35 publicly listed companies whose products or services, (i) improve wellbeing, (ii) improve inclusion, and (iii) support a just transition. Firms providing solutions to facilitate improvements in human equity can meaningfully narrow the equality gap and make a real, measurable difference to society.

Our philosophy is that impactful companies can deliver exceptional long-term returns. We believe that impact and financial performance are interrelated: creating impactful and innovative products that address the unmet societal needs of consumers, businesses and governments offers attractive growth opportunities.

Research responsibility is split by Sustainable Development Goals (SDGs) key to the portfolio's objectives of positive social impact and long-term financial returns. This allows us to develop deep familiarity with the conditions necessary to achieve the SDGs and how individual company impact can facilitate this. Our business analysis is focused on finding exceptional companies that can create social impact. We look for a series of key characteristics for each company that prioritise business quality, competitive position, duration of growth and quality of management. By looking at companies in this way we can find those with the best combination of impact and business fundamentals. As opportunities become better appreciated by investors more widely, this will drive further flows to these companies, lowering cost of capital and supporting valuations that better reflect the company fundamentals and growth opportunities available.

Our conclusions from the business and impact analysis are used as a basis for our position sizing. We build the portfolio with equal consideration to delivering both long-term returns from robust business models and generating a positive societal impact.

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

Martin Currie uses an investment restriction system (Bloomberg CMGR) to control portfolios. The system includes hard and soft limits and applies these on both a pre-trade and post-trade basis. This provides ongoing assurance around the use of permitted instruments and exposures.

Automated pre-trade checks are performed via Bloomberg CMGR, the investment restriction arm of our order management system, to ensure portfolios investments are in line with mandate and regulatory requirements.

All end of day rules coded into Bloomberg are tested daily using updated positional data following the upload of the overnight feed. This enables automated post trade analysis of each portfolio to ensure compliance with client, regulatory and in-house restrictions. All exceptions are reviewed and escalated by Compliance, daily pre-trade overrides occur when a Portfolio Manager (PM) place an order that triggers CMGR coded restrictions. If the rule is coded as 'Trade Override' or VMGR Approval > PM (soft coded), the system allows the restriction to be overridden and passed on to Traders Desk. This requires PM to review the rule and override with an explanation in the comment field. Only when a trade is fully authorized, can it pass through to our centralized trading desk via Bloomberg AIM, the order management system (OMS). Independent Oversight of Guideline Compliance.

The compliance team provides independent oversight to ensure client assets are being managed appropriately and in line with client, regulatory and internal guidelines. Any prescribed client or regulatory limits are monitored on an ongoing basis.

We also employ an internal risk framework to ensure products are run in line with objectives, risk appetite, and in accordance with the stated investment process. The framework includes limits on exposures, risk metrics, and liquidity. The function includes monitoring adherence to various risk limits and escalation of any issues or concerns.

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 Risk Rating	Sustainability Risk Rating
Intuitive Surgical	Health Care	6.5	0.0	6.5	2.3	2.0
Xylem	Industrials	6.2	0.0	6.2	1.2	2.1
HDFC Bank	Consumer Discretionary	6.0	0.0	6.0	1.6	1.4
Novonesis	Materials	5.6	0.0	5.6	2.7	2.4
MercadoLibre	Materials	5.2	0.0	5.2	1.8	1.8

Source: Martin Currie as at 31 December 2023. FTGF Martin Currie Improving Society Fund. FTGF Martin Currie Improving Society Fund. MSCI All Countries World Index (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).

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Below we summarise the key ESG risks across the top five holdings and provide further commentary from the fund where we feel warranted.

Intuitive Surgical is a global technology leader and pioneer in robotic-assisted, minimally invasive surgery. Intuitive Surgical develops, manufactures, and markets the da Vinci and Ion robotic surgical systems. The company strives to make surgery more effective, less invasive and easier on surgeons, with benefits of improved patient outcomes, shorter hospital stays and lower physician stress. The primary sustainability risks for Intuitive are reduced capital expenditure by hospitals on surgical equipment, and negative sentiment towards robot-assisted surgery. Both factors may inhibit the adoption of the company's products and impact their ability to invest in R&D for other potential advances in medical treatment, especially if economic conditions in their major markets continue to weaken and big purchases are delayed by months or years. Another area where we see capacity for improved practice is on environmental disclosure and target setting. 2023 saw progress in this area with the company reporting to CDP and also the development of a carbon plan that seeks to deliver a decarbonisation target set in alignment with industry standard carbon reduction setting principles. Other identified areas of risk include water efficiency and waste management. Although the company is in a relatively low-carbon industry, they remain fourth-quartile emitters, so we would like to see improvement in this area and will be engaging with them on the subject including on setting science-based targets. In terms of opportunities, the products and services offered by Intuitive have a direct, positive social impact by offering robotic surgical systems and tooling kits which allow more surgeries to be done laparoscopically which reduces complications and infection, allows delicate, difficult procedures such as lung biopsies to be undertaken more successfully given the enhanced precision, viewing, and control the robotic system provides. The additional impact this can have on surgeons themselves, through less labour-intensive surgeries, may also lead to faster, more frequent surgeries with fewer complications, which means that the positive outcomes will reach more and more patients and families.

Xylem is an American water company which supplies products and services across the entire water cycle, including water infrastructure measurement and control solutions, and applied water. Products and services revolve around three main long-term global trends to ensure adequate supply, the protection and improvement of water infrastructure, and decreasing wasted water. These trends provide the opportunity for the company to become a leader to many of its end markets and provide sustained demand for its solutions in the future. They already demonstrate leadership from a carbon emissions perspective through announcing science-based targets and committing to net zero emissions by 2050. They were the first in the water industry to do so and have been vocal in calling out competitors to commit to meaningful climate targets as well. Given the nature of water infrastructure being publicly funded in many nations, the company is at risk of changes in government and local authority spending in this area. However, the scale of the challenges in our view represents a significant growth opportunity for the business. There are still millions of people without access to a safe, affordable water supply and sanitation. Those who do have access to water and sanitation are often served by outdated infrastructure that generates waste and may not be fit for purpose as climate change creates new and sustained usage and weather challenges. Xylem's products and services provide end-to-end solutions throughout the water cycle through delivery, treatment, and monitoring/QC stages. The company also helps customers improve the capabilities and useful life of water infrastructure to improve resiliency in the face of a changing climate and prevent loss through leakage and unauthorised usage.

HDFC Bank HDFC is a leading private sector bank in India. It has a strong retail franchise, boasting a robust retail deposit base, which has contributed to its competitive edge through low funding costs relative to peers. Furthermore, its prudent management is evidenced by its relatively low non-performing loan balance, underscoring the quality of its lending practices. With a focus on operational efficiency, HDFC Bank continues to set industry benchmarks, fuelled by its expanding scale and robust digital banking infrastructure. This strategic advantage is poised to further enhance its operational performance in the foreseeable future. Along with other large Indian banks, HDFC Bank is required to dedicate a certain amount of the total loan book to priority sectors in India such as education, housing, infrastructure, renewable energy, and agriculture. There are penalties for any shortfall and the commitments are meaningful. This means that Indian banks' loan books are richer in terms of ESG opportunities around these sectors than virtually all emerging market peers. However, the bank faces notable ESG risks, particularly concerning environmental management, with specific emphasis on inventorying and managing financed emissions. While HDFC Bank has committed to achieving carbon neutrality by 2032 for scope 1 and 2 emissions, it has yet to disclose its financed emissions (Scope 3 – Category 15). Moving forward, we remain committed to engaging with HDFC Bank on this topic, as well as assisting them in setting Net Zero targets in alignment with their sustainability objectives.

Novozymes (Now renamed to Novonesis A/S following completion of merger with Cristian Hansen) Novozymes is the global market leader in biological solutions, producing a wide range of industrial enzymes and microorganisms to help improve the efficiency and resiliency of industrial processes. They operate in a variety of end markets such as food and beverages, human health, agriculture, grain processing, and bioenergy, which allows for the transformation of food systems to enable healthier lives. Novozymes is well-placed to benefit from the global social trend toward healthy living and better awareness of the impact consumers have on the natural world – its biosolutions help improve the taste, shelf life, nutritive value, and performance of end products while also allowing industrial producers to do more with less raw materials and energy inputs. This helps to shore up the resiliency of production processes in the face of uncertainties created by climate change and enables customers to meet the needs of a growing population while reducing the stress their products place on the natural world. As a biological manufacturing company, Novozymes does have relatively high emissions, and this remains an area of risk. However, the company was an early adopter of science-based climate targets and has recently had these targets validated by the Science-Based Targets initiative (SBTi). We continue to monitor progress in this area toward climate goals and we will engage if slippage occurs. A similarly key risk for the industry in which it operates is around the impact on nature, and we are comfortable that the company has established stringent targets to address this, specifically relating to water pollution and renewable energy. We will monitor these closely too and engage where necessary.

MercadoLibre began as an online marketplace in Latin America. It has since expanded to become a driving force behind the digitalisation of commerce in the region. With small and medium-sized enterprises (SMEs) representing approximately 90% of businesses in the region, the broader economy is dependent on the health of local enterprises. The rise of e-commerce and the importance of local enterprises in the region are key themes which we expect to continue and MercadoLibre is well placed to facilitate this through its dominance in the region. As a business empowering previously underserved parts of the economy with a very diversified customer and merchant base the sustainability characteristics of the business are sound. There remain a few key risks however, including: appropriate controls on lending prices and practices in the small and medium enterprise market, a complex regulatory landscape given the multitude of jurisdictions in which they operate and the broad exposure across small merchants and consumers which may be areas of higher regulatory scrutiny, prohibitive interest rate environment or human rights-related risks. Furthermore, as a marketplace and e-commerce/fintech business, a big issue is with data privacy. As the credit business increases in scale it may attract more regulatory scrutiny. There have been historical data breaches and some included personal identification data. In 2022 there was a breach affecting 300,000 customers, although no evidence of was found that passwords/payment details were obtained. It remains an ongoing risk which we monitor closely.

3. Fund review of turnover and turnover costs

Annual turnover %	3.94	*Lesser of (purchases or sales)/Average fund size x 100*
Fund transaction costs (GBP)	(7,736.09)	*Total brokerage and execution charges*

Source: Martin Currie as at 31 December 2023. FTGF Martin Currie Improving Society Fund. Data shown is since inception: 20 June 2023.

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	Airtel Africa	Vistry Group	Stride
Company descriptor	Airtel Africa plc is a UK-based company, which is a provider of telecommunications and mobile money services into African markets.	Vistry Group is a UK-based housebuilder with a partenership-focussed operating model.	Stride Inc is a US-based provider of virtual and blended school solutions.
Issue	There was a lack of adequate explanation to justify proposed changes to the company's remuneration policy.	The updated structure of the revised remuneration policy was not, in our opinion, the best way to align the interests of management with that of the company shareholders.	There were concerns among shareholders that there was a lack of transparency from the company with regard to its lobbying payments and related policy, so there was a shareholder proposal requesting them to report on it annually.
Governance, Environmental or Social	Governance	Governance	Social
Objective	While the overall quantum of compensation raised in the proposal would not be excessive, we determined that the rationale for doing so was not adequately explained. In addition we do not support the one-time element of this without adequate rationale provided.	While we agree with managements analysis on the increase in complexity for the business as a whole, our view is that the best way to align the long-term interests of shareholders to management is through a long-term incentive plan (LTIP) rather than through increasing the short-term bonus opportunity for the CEO.	We determined that the proposal would be overly burdensome for the company, considering the amount of lobbying it conducted compared to its size. As well as this, we were comfortable that the company complied with the required publicly available disclosures.
Scope and process (of relevant engagement)	We emailed the company ahead of the meeting outlining our intentions and rationale for our vote.	We emailed the company ahead of the meeting outlining our intentions and rationale for our vote.	This was not determined to be a material topic of engagement.
(Voting) outcome	Voted against management, in line with our proxy advisor, ISS. This motion was passed with a vote against management of c.10%.	Voted against management, in line with our proxy advisor, ISS. The vote to approve the remuneration policy was passed but with a significant c.45% vote against management.	We voted against the recommendation of our proxy advisor ISS, and in line with management's recommendation. The proposal was not successful, but there was a significant vote c.49% against management recommendation.

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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 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 report 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.

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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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