SHAREHOLDERS' RIGHTS DIRECTIVE (SRDII)
REPORT TO 31 DECEMBER 2024

MARTIN CURRIE
A Franklin Templeton Company

FTF Martin Currie UK Smaller Companies Fund

MARCH 2025

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. We are willing to collaborate with other investors when this is in our clients' best interest, particularly in relation to systemic issues. 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 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 conducting our proprietary governance and sustainability risk analysis 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
Alpha Group	Financials	5.27	–	5.27	1.8	2.7
Foxtons	Real Estate	3.86	0.14	3.72	2.3	1.5
Chemring	Industrials	3.45	0.65	2.80	2.2	2.5
Urban Logistics	Real Estate	3.42	–	3.42	2.8	2.5
Bloomsbury Publishing	Consumer Discretionary	3.31	0.39	2.92	1.9	1.7

Source: Franklin Templeton as at 31 December 2024. FTF Martin Currie UK Smaller Companies fund. Numis Smaller Companies (Ex. IT) 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.

Alpha Group is a global provider of financial solutions for corporate and institutional clients, operating across currency management, global accounts, and mass payments. The business has delivered exceptional growth since IPO in 2017 and moved to a Main Market Premium Listing in 2024. The move into the FTSE 250 has ensured governance practices are robust, given stricter listing rules and the requirement to comply with the UK Corporate Governance Code, which AIM-listed companies are not required to do. As shareholders, we have increased opportunity to vote for governance-related items at the AGM due to this move. The business is low risk from an environmental and social standpoint, but as the business grows in size and has moved to the Main Market, requirements for climate-related disclosures will increase for the coming year, increasing operating costs for the Group. We feel the business is well prepared for this move.

Foxtons Group plc is a prominent London-based estate agency specializing in property sales, lettings, and mortgage broking. Foxtons has a strong market presence and continues to expand its services within London. As an estate agency rather than an owner of assets, we have identified minimal environmental and social risks to the business. From a governance perspective, the core risk is around diversity of thought and experience on the Board. The Board does not meet the board diversity recommendations of the FCA Listing Rules for main market listings, which we deem best practice. We also see more scope for share ownership by the executive management team, however we are cognisant they have only been in their roles for 2 years.

Chemring is a global business which provides technology solutions to the aerospace and defence markets. Particularly important for Chemring is monitoring and responding to geopolitics, as geopolitics and conflicts in specific regions have influence over national defence spending and subsequently the size of the Group's target addressable market. Given the classified nature of some of the products and services Chemring provide to highly important customer groups, the threats from cyber attacks are especially hightened versus some of the other names in the portfolio. Investment in cyber security may impact profitability, but could also be seen as an investment in future revenue opportunities, if the reliability of the Group helps win new contracts with new and existing clients.

Urban Logistics is a REIT investing in warehouses across the UK. Management of the Group and its assets is externalised, in the hands of Pacific Capital Partners Limited led by Richard Moffitt and also provides all the finance capability for the Group too. The management team has a depth of experience in logistics, having lived and breathed the sector for most of their professional careers, which works to their favour when seeking opportunities for acquisitions. 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 rating of C or higher for any new commercial lettings by 2027, and B or higher by 2030. As at March 2024, 60% of assets had EPC ratings of A or B vs 52% in March 2023 and 27% in March 2022, thus Urban Logistics are making strong progress in this area and are in a good position to be able to comply with changes to MEES.

Bloomsbury Publishing is a leading independent publishing house known for its diverse range of fiction and non-fiction books. From a governance perspective, we have identified minimal risk. CEO Nigel Newton has a significant stake in the business from a shareholdings perspective, helping align management's interests with our own and mitigate potential risk of shareholder vs stakeholder conflict. From an environmental risk perspective, the Group is minimally exposed to carbon pricing risk, and has already achieved its SBTi-approved Scope 1 and 2 emissions reduction target for 2030. We do not feel the Group's sustainability strategy or credentials are inhibiting its ability to grow.

3. Fund review of turnover and turnover costs

Annual turnover %	44.74	*Lesser of (purchases or sales)/Average fund size x 100*
Portfolio transaction costs (GBP)	206,059.83	*Total brokerage and execution charges*

Source: Franklin Templeton as at 31 December 2024. FTF Martin Currie UK Smaller Companies fund.

4. Proxy voting

When voting, 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. 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.

ISS is our proxy voting advisor and provides voting research and 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.

We recognise that regulatory frameworks vary across markets and that corporate governance practices vary internationally. Where the recommendations of our advisor, 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	Foresight Group Holdings Ltd.	Speedy Hire Plc	Devolver Digital
Company descriptor	Private equity and venture capital business	Tool and equipment hire provider	Video game developer
Issue	Concert Party Shareholding The Concert Party owns 34.2% of the Company's issued share capital and there is a risk of the Concert Party gaining creeping control of the Company if the company repurchases and cancels shares. The waiver of the takeover code means that if holders above 30% increase their stake they are not required to make a bid for the company.	Remuneration – One-Off PSP Awards The Company proposed to grant one-off PSP awards in FY2024/25 of 300% of salary to each of the Board Executives (combining the normal FY2024/25 and FY2025/26 grants of 150% each). ISS raised further concern around the share price used and stretch of targets.	External Auditor Fees Not Disclosed
Governance, Environmental or Social	Governance	Governance	Governance
Objective	To support the executive team's shareholding in the business and the business' proposal to repurchase shares.	To encourage the Remuneration Policy to be aligned with the goals of the Velocity strategy.	To encourage disclosure of auditor fees.

4.1. Significant votes (cont)

Company Name	Foresight Group Holdings Ltd.	Speedy Hire Plc	Devolver Digital
Scope and process (of relevant engagement)	ISS raised there was significant shareholder dissent on this resolution last year, with only 52% support, and is concerned about creeping control, thus recommended voting against. As the management stakes are shared across multiple parties with Executive Chair Bernard Fairman having 27.9% of the issued shares we are not concerned about creeping control of the business. We also support the repurchase of shares and it would be inconsistent to vote against a waiver of the takeover code in this respect.	As part of the shareholder consultation on Remuneration Policy, we were invited to put forward our views on the proposed new Policy. We engaged with the Board on this matter in May 2024. Based on our analysis, the front-loading of the PSP award does not impact quantum over the long term, as grants are combined into one year rather than spread evenly over 2 years. We also recognise the CEO chose to forgo base salary increases in the last year along with a reduced annual bonus opportunity. Our analysis further evidenced that based on consensus estimates for 2027, the proposed targets are stretching, contrary to ISS' perspective. We find it important for the business to be aligned to its long-term Velocity strategy and do not feel the policy will lead to excessive quantum, thus opted to override ISS. We consider our engagement to be complete as the Company has addressed the issue.	We engaged with the CFO via email in June 2024 to encourage the disclosure of auditor fees. We feel there is limited reason for not disclosing auditor fees. We escalated our engagement through proxy voting.
(Voting) outcome	We voted in line with management and against our proxy advisor ISS' recommendation. We also voted this way in the 2023 AGM. 70.2% of votes cast were in support of this resolution.	We voted in line with management and against our proxy advisor ISS' recommendation. 80.3% of votes cast were in support of the Remuneration Policy.	We voted against management and in line with our proxy advisor ISS' recommendation. 86.9% of votes cast were in support of the resolution 'Authorise Board to Fix Remuneration of Auditors'.

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 2024.

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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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.

For UK domiciled funds: This is a sub-fund of Franklin Templeton Funds ICVC ('the Company'), an umbrella investment company with variable capital, authorised in the UK by the Financial Conduct Authority as an undertaking for collective investment in transferable securities ('UCITS'). Before investing you should read the application form, Prospectus and KIID (and accompanying Supplementary Information Document). These and other relevant documents may be obtained free of charge in English from Franklin Templeton Fund Management, 78 Cannon Street, London EC4N 6HL or from www.franklintempleton.co.uk.

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.

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.

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