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

MARTIN CURRIE
A Franklin Templeton Company

FTF Martin Currie UK Managers' Focus 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 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
Serco	Industrials	2.95	0.08	2.87	1.8	2.7
DiscoverIE	Telecommunications	2.91	0.03	2.88	1.9	2.0
Vesuvius	Industrials	2.87	0.04	2.83	2.6	2.9
Derwent London	Real Estate	2.82	0.11	2.70	2.5	2.0
Bellway	Consumer Discretionary	2.81	0.13	2.68	2.2	2.4

Source: Franklin Templeton as at 31 December 2023. Data shown for the FTF Martin Currie UK Managers' Focus Fund. FTSE All-Share 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.

DiscoverIE Group is a group of business that designs and manufactures specialised electronic components used in industrial applications. We feel the management team is strong and capable, thus have minimal reservations about their ability to deliver over the medium-term. The business, under the leadership of Nick Jefferies, has transitioned from a Distributor based model, whereby competition is high and barriers to entry and profitability low, to a specialist design and manufacturer which contracts with some of the largest global OEMs (Original Equipment Manufacturer) in very attractive end markets. In regard to diversity, the Board adopt a policy target a minimum 40% female board representation which has yet to be reached with current female board representation at 29%, however we are monitoring progress towards this target. The environmental and social risks which the Group is exposed to are minimal, and the Group is in the process of advancing its long-term sustainability strategy.

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.

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.

Derwent London is a property investment and development business with the largest London office-focused portfolio. The management team's shareholdings exceed the shareholding requirements, ensuring management have close alignment with shareholder interests. 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. At the end of FY22, 85.7% of the portfolio by ERV had EPC ratings of 'B' vs 78.1% at the end of FY21, thus Derwent are making strong progress in this area and are in a good position to be able to comply with MEES in 2027. Derwent are further making progress in decarbonising their operations and are rebasing their existing SBTi validated targets to be aligned to a 1.5°C climate warming scenario, which will further align with the UK Green Building Council targets. We see this as best practice and look positively on Derwent's commitment to minimising its environmental impact.

Bellway is a UK housebuilder, led by long-standing management team Jason Honeyman, CEO, and Keith Adey, CFO. We believe the CEO and CFO have been effective stewards of the business, astutely purchasing land and presiding over new, profitable growth drivers in the business. We do not have any undue concerns over management's delivery or capability to date however we continue to consider their ability to navigate what is set to be quite a difficult consumer backdrop in the UK over 2022 and 2023. Unlike other housebuilders, complying with the Minimum Energy Standards is of minimal risk to Bellway, given that 99% of Bellway's homes achieve an EPC (Energy Performance Certificate) rating of A or B (higher than the 'C' required by 2025). Where Bellway has been greater exposed historically is in response to regulation around cladding and fire safety, given the higher proportion of apartments to peers. As long-term holders, we have monitored the progress of Bellway's sustainability strategy over the recent years and recognised the growth in capabilities and sustainability momentum.

3. Fund review of turnover and turnover costs

Annual turnover %	-9.58	*Lesser of (purchases or sales)/Average fund size x 100*
Portfolio transaction costs (GBP)	398,779.27	*Total brokerage and execution charges*

Source: Franklin Templeton as at 31 December 2023. Data shown for the FTF Martin Currie UK Managers' Focus 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	Unilever	ST James's Place	Spirent
Company descriptor	Fast-moving consumer goods company including personal care, nutrition and hygiene products	Wealth management and financial planning services provider	Multinational telecommunications testing company
Issue	Remuneration	Remuneration	Remuneration
Governance, Environmental or Social	Governance	Governance	Governance
Objective	No company engagement, our voting decision was made considering our internal research and information received from our proxy advisor ISS.	No company engagement, our voting decision was made considering our internal research and information received from our proxy advisor ISS.	To understand CEO remuneration.
Scope and process (of relevant engagement)	No company engagement, our voting decision was made considering our internal research and information received from our proxy advisor ISS.	No company engagement, our voting decision was made considering our internal research and information received from our proxy advisor ISS.	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.

4.1. Significant votes (cont)

Company Name	Unilever	ST James's Place	Spirent
(Voting) outcome	We voted with management and against our proxy advisor ISS recommendation. 41.97% of votes cast were in support of the Remuneration Report.	We voted with management, against ISS recommendation. 77.85% of votes cast were in support of the Remuneration Report.	We voted for 'Approve Remuneration Report' at the 2023 AGM, overriding ISS. 69.78% of votes cast supported management.

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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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 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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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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