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

FTF Martin Currie UK Equity Income Fund (SICAV)

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 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
Shell	Energy	5.02	7.29	-2.26	2.6	3.8
BP	Energy	4.70	3.36	1.34	2.5	3.3
Unilever	Consumer Discretionary	4.63	4.13	0.49	3.0	3.2
AstraZeneca	Healthcare	4.00	6.76	-2.76	2.1	2.7
Rio Tinto	Industrials	3.56	2.76	0.80	2.6	3.3

Source: Franklin Templeton as at 31 December 2023. Data shown for the FTF Martin Currie UK Equity Income Fund (SICAV). 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.

Shell is a multinational oil and gas company which we are long term holders of. In our research, we have identified significant risks to the business related to pollution and oil production. Historically, spills related to sabotage and theft in Nigeria have been an issue for the business, and this is an area with have been engaging with management on. In January 2024, the company announced it agreed to sell its Nigerian onshore subsidiary, de-risking exposure to oil spills onshore and their environmental impacts, which we look positively upon. An area of environmental risk common across oil and gas companies is their ability to align with a 1.5 degrees C world. This is an area of risk we are cognisant of and have attended calls by Shell which have outlined its plans for energy transition - we believe the development of a framework by the Science Based Targets Initiative (SBTi) to validate oil and gas companies' pathways to net zero will support the sector.

BP We are long term holders of BP, a global energy company. The new management team came together in February 2024, uniting former CFO Murray Auchincloss as CEO and Kate Thomson, who has worked at bp for nearly 20 years, as CFO. Over the short term, a key risk to the business is its exposure to carbon pricing due to high greenhouse gas emissions, and over the long term, BP may be impacted by reduced demand for fossil fuels. These risks are being mitigated through targets for net zero across its scope 1-3 emissions by 2050 or sooner, in line with the UK Government's target for net zero by 2050. In tandem with a potential fall in demand for fossil fuels is likely to come a rise in demand for renewable energy generation - an area which bp is building capabilities in.

Unilever is a multinational consumer goods company that provides fast moving consumer goods (FMCG). In recent years, Unilever has made a clear and fundamental shift to incorporating sustainability and governance issues across all areas of the business. This is evident in our dialogue with the company and through investor presentations. In our view the company is exposed to sustainability risks but has strong policies in place to mitigate. The most prominent sustainability risks for Unilever relate to the environmental and social impacts of their products, business ethics and supply chain. A key focus has been increased consumer awareness of plastic pollution and demand for natural and more sustainable products. In 2019, Unilever were quoted as one of nine top global plastic polluters in the Break Free from Plastic report for the second time. Our view is that Unilever is taking aggressive action to reduce the environmental footprint of their packaging, for example it has signed the Ellen Macarthur Foundation's Global Commitment to create a circular economy for plastic, in collaboration with UNEP (UN Environment Programme), has pledged to halve the amount of virgin plastic it uses by 2025, and targets 100% of the plastic packaging it uses to be fully reusable, recyclable, or compostable.

AstraZeneca engages in the research, development, and manufacture of pharmaceutical products. The company has been transformed over the CEO's tenure through acquisition and pipeline development they have become a world leader across various products and therapies. Given his tenure, we have some concern over him leaving the business and whether a suitable replacement who can lead the business will be found. We consider AstraZeneca to be overall moderate sustainability risk as the company operates in an industry with significant risk but this is mitigated by strong policies in place, which we largely agree with. Environmental concerns across the sector are limited. The most material are related to the disposal of effluents and waste which we view as satisfactory given the controls in place. We continue to monitor social issues such as pricing in the US (which accounts for 40% of AstraZeneca's revenue) given the political debate focussed around the sector, and product safety.

Rio Tinto engages in the exploration, mining, and processing of mineral resources. We are conscious of the importance of ESG to the wider resources sector in ensuring companies operating in the sector continue to maintain their social licence to operate and continue to extract resources responsibly. Mining involves environmental risk including pollution and water/land contamination, poor management of which have come under scrutiny in the light of failures of tailings facilities and hazardous waste incidents in recent years. Although Rio Tinto has been implicated in significant environmental controversies in the past (water pollution in Madagascar & smelter clean up in New Zealand in July 2020), the company does have strong policies in place in terms of emissions and waste. In our view, Rio Tinto are making good ground in respect to the environmental impact of their operations and have strict internal standards for practices which in some cases go far beyond what is required of them by regulators. Over the past year, we have engaged with Rio Tinto on its relationships with communities adjacent to mine sites, particularly in Australia and Arizona in the US. Its publication of the Communities and Social Performance Commitments Disclosure Report demonstrates progress in this area.

3. Fund review of turnover and turnover costs

Annual turnover %	-13.63	*Lesser of (purchases or sales)/Average fund size x 100*
Portfolio transaction costs (GBP)	17,885.19	*Total brokerage and execution charges*

Source: Franklin Templeton as at 31 December 2023. FTF Martin Currie UK Equity Income Fund (SICAV). Index: FTSE All Share Index.

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.

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.

4.1. Significant votes

Company Name	Unilever	ST James's Place	LondonMetric Property
Company descriptor	Fast-moving consumer goods company including personal care, nutrition and hygiene products	Wealth management and financial planning services provider	British property company with a portfolio skewed towards urban logistics
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 engage in the shareholder consultation on Remuneration Policy, encouraging a policy which best aligns with the business strategy and shareholder interests.

4.1. Significant votes (cont)

Company Name	Unilever	ST James's Place	LondonMetric Property
Scope & 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.	In December 2022, we participated in LondonMetric Property Plc's shareholder consultation on the Review of Directors' Remuneration Policy for the financial year ending 31 March 2024. In our response to the Chair of the Remuneration Committee, we supported the proposed changes to the Remuneration Policy, emphasising that we think both the CEO and FD are instrumental to the success of LondonMetric having effectively led the company for over 10 years. At the 2023 AGM, ISS recommended voting against the proposal to Approve Remuneration Policy, as the proposed increases to variable pay quantum were not considered by ISS to have been accompanies by sufficiently compelling rationale. However, our investment team's historical engagement with the company led us to override ISS and vote for the proposal to Approve Remuneration Policy at the 2023 AGM and again at the General Meeting in December 2023, supporting the management team. We found our engagement to be meaningful and were able to further this through our voting decisions and demonstrates the importance of building relationships with management teams and addressing ESG risks directly with management.
(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 Policy' at both the 2023 AGM, overriding ISS, and December General Meeting. Item was later withdrawn at 2023 AGM, and 99.37% of votes cast were in support of the Policy at the General Meeting.

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.

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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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