

FRANKLIN  
TEMPLETON



MARTIN CURRIE

# EUROPEAN AND GLOBAL LONG-TERM UNCONSTRAINED

Scottish Investment Forum & Northern  
Powerhouse  
27 & 28 April 2022

INVESTING TO IMPROVE LIVES™

For Professional Investor use only. Not for distribution to Retail Investors.



## OUTLOOK 2022



Supportive on equities given negative real rates, but risk of economic slowdown is rising



Lower earnings growth environment, with downside revisions risks from Ukraine conflict



Frictional rather than structural inflation, although stronger and longer lasting



Valuation discipline important given market levels



Monetary policies normalising



Focus on companies with structural growth, consistent earnings and pricing power



Expect increased volatility between Value and Growth styles



# RUSSIA/UKRAINE CRISIS



## Geopolitics and increased risk aversion

Situation is unpredictable, could embolden China but they also have a role as mediator. Expect elevated volatility



## Inflation and monetary policy

Inflationary pressures could be higher and last for longer – notably energy and food - will make difficult for central banks to hold off from further tightening



## Macroeconomic outlook

Potential negative impact on economic momentum – could lead to slowdown in cycle. Stagflation still a low probability event



## Corporate earnings and valuations

Downgrades to already low earnings growth expectations likely, so focus on earnings momentum is critical. Valuation spread between US and EU equities likely to widen in the near term



## Implications of sanctions

Increased risk of stranded assets, but financial contagion risk is low. Russia is a low weight for corporate revenues and profits. Energy disruption means EU likely to accelerate energy transition



## Sectors likely to be supported near term



Defence sector



Alternative energy



Oil & gas



Soft commodities, fertilisers and agricultural machinery



Cyber security



## Sectors likely to be pressured near term



Industrial Cyclicals



Luxury goods



Financials



Quality and more defensive areas of the market

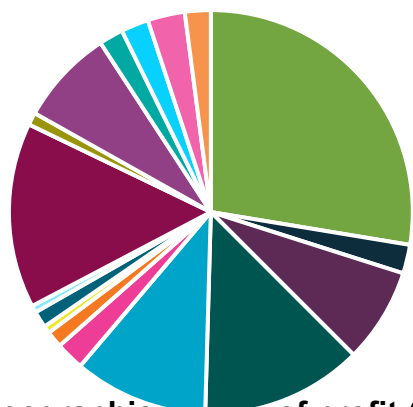


Consistent growth stocks

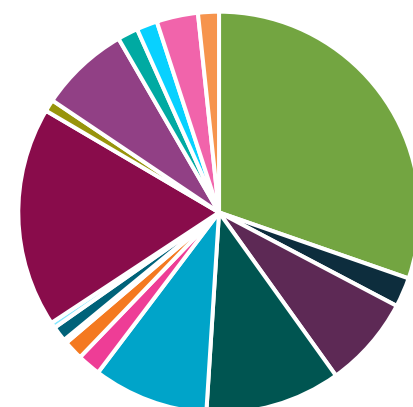


# PORTFOLIO ANALYTICS – GEOGRAPHIC REVENUE AND PROFIT

Geographic source of revenue (%)

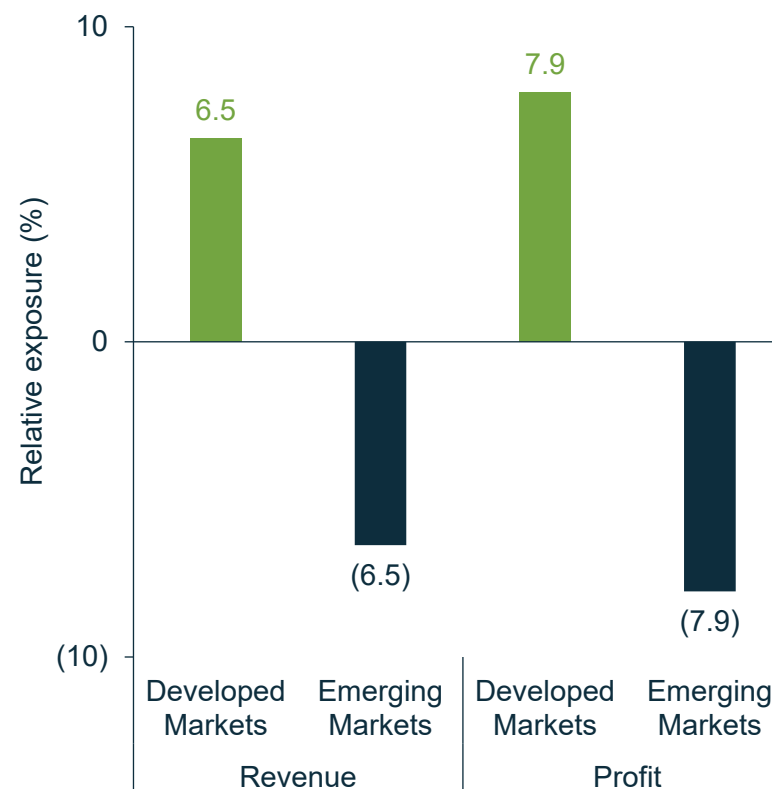


Geographic source of profit (%)



- US
- Canada
- UK
- Western Europe North
- Western Europe South
- Eastern Europe
- Russia
- Turkey
- Middle East
- Africa
- China
- India
- Asia ex Japan, China, India
- Brazil
- Latam ex Brazil
- Japan
- Australia

Source of revenue versus MSCI ACWI

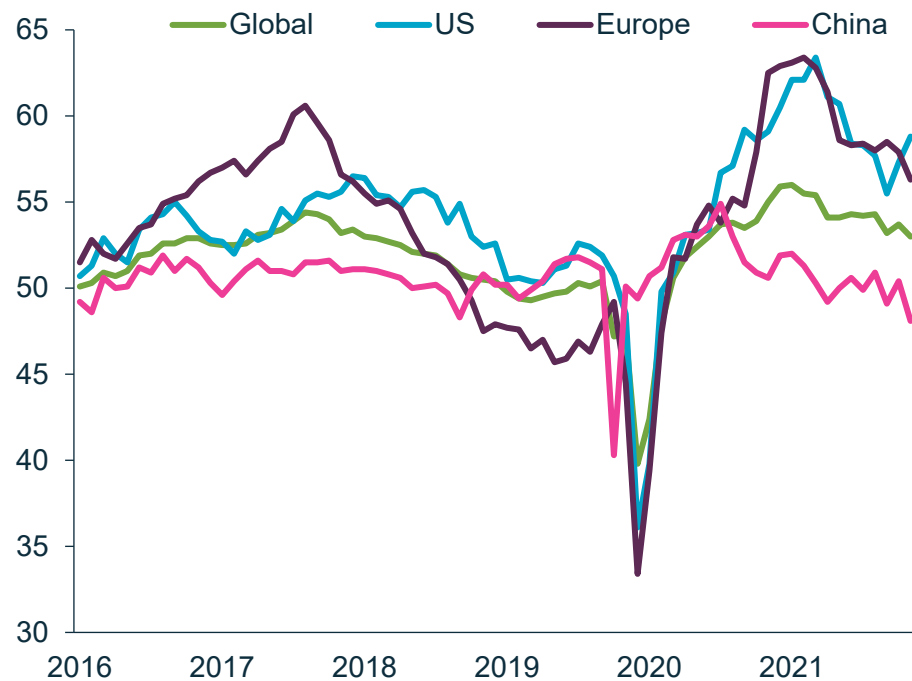




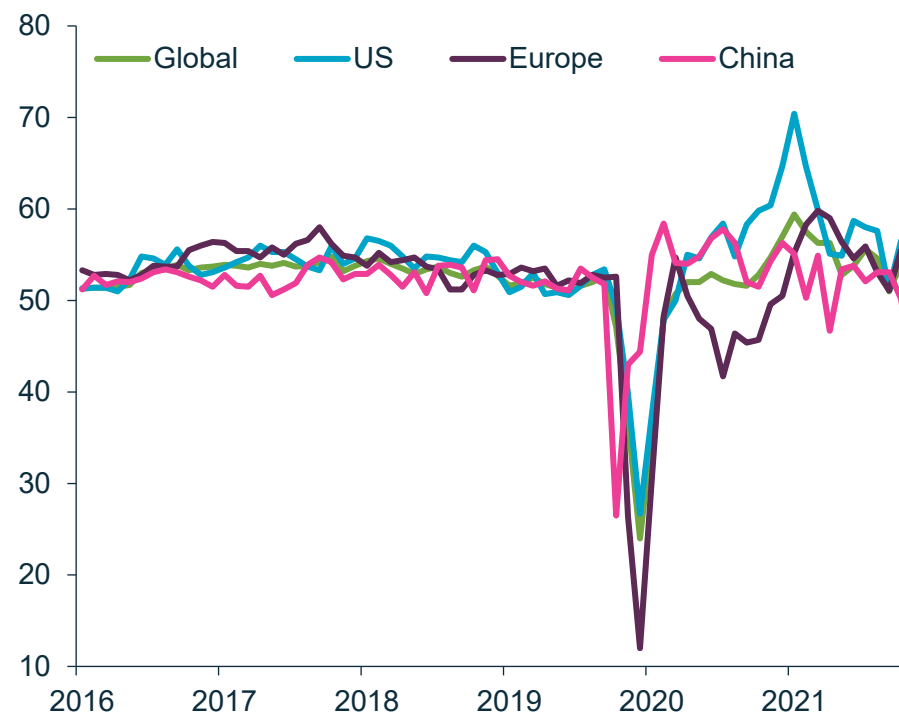
# MACRO – LEADING INDICATORS

## Purchasing Managers' Index (PMI)

### Manufacturing PMIs



### Services PMIs

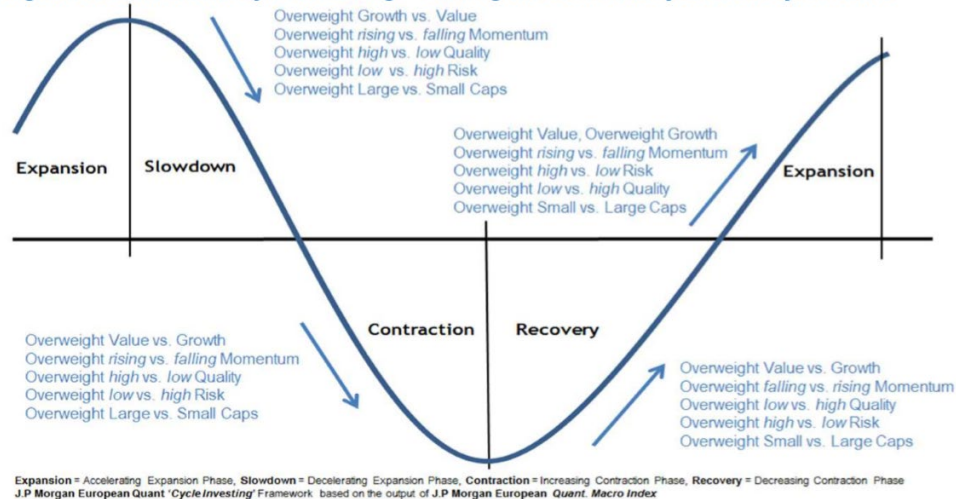




# PHASES OF PERFORMANCE THROUGHOUT THE ECONOMIC CYCLE

## Geopolitical uncertainty could push the economic cycle into slowdown

Figure 27: JPM Quant 'Cycle Investing' – Linking the economic cycle with Style returns



Source: J.P. Morgan Quantitative and Derivatives Strategies

Table 4: Average Excess Monthly Style Returns in different phases of the Economic Cycle

JPMQ CI Phase	Value Good	Growth High	Momentum Rising-Falling	Quality High-Low	Risk High-Low	Size Large-Small
Expansion	0.85	0.44	1.11	-0.85	0.99	-0.32
Slowdown	-0.07	0.33	1.41	0.71	-1.24	0.67
Contraction	0.06	-0.44	0.84	0.89	-1.36	0.33
Recovery	1.65	0.57	-0.64	-0.08	1.62	-2.27

Source: J.P. Morgan Quantitative and Derivatives Strategies

Average monthly Price Returns Jan 1994 to Dec 2014

- Our persistent Quality Growth style means the funds should perform across most of the economic cycle
- Quality and/or Growth perform in Expansion, Slowdown and Contraction phases of the cycle
- Our Quality Growth style will likely underperform during the recovery phase, which is typically short lived and driven by a Value and Low quality rally
- Growth and Quality combined performs in all phases of the cycle as the table shows

**Past performance is not a guide to future returns.**

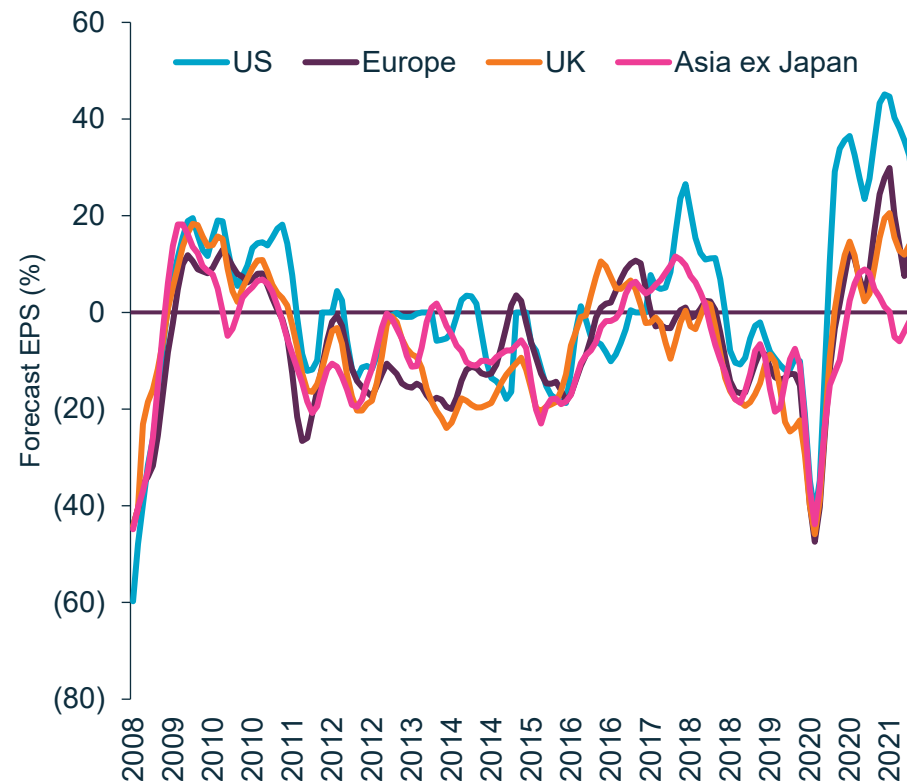
Source: J P Morgan Quantitative & Derivatives Strategy. Average monthly Price Returns – January 1994 to December 2014.



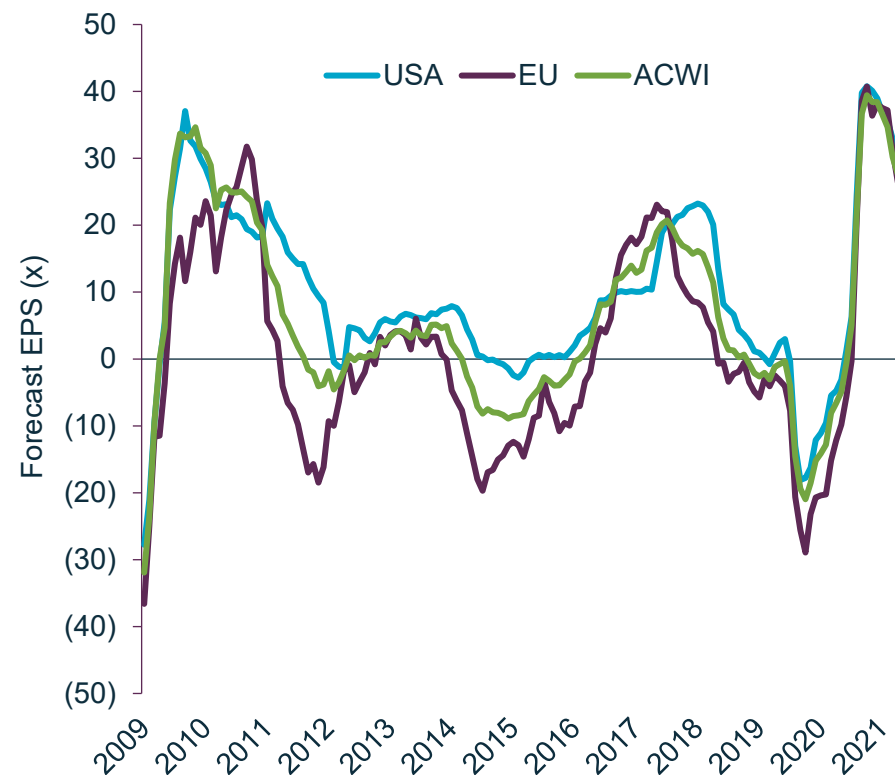
# EARNING REVISIONS – DOWNWARD REVISIONS GLOBALLY

## Earnings momentum

Changes in estimates of following year earnings



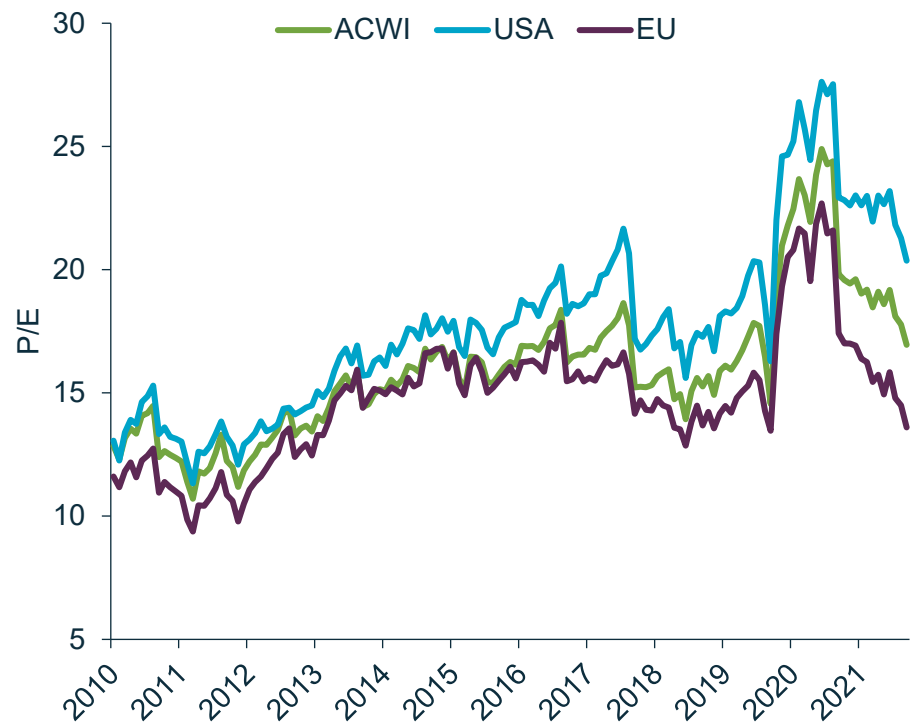
## Forecast EPS growth NTM of given markets



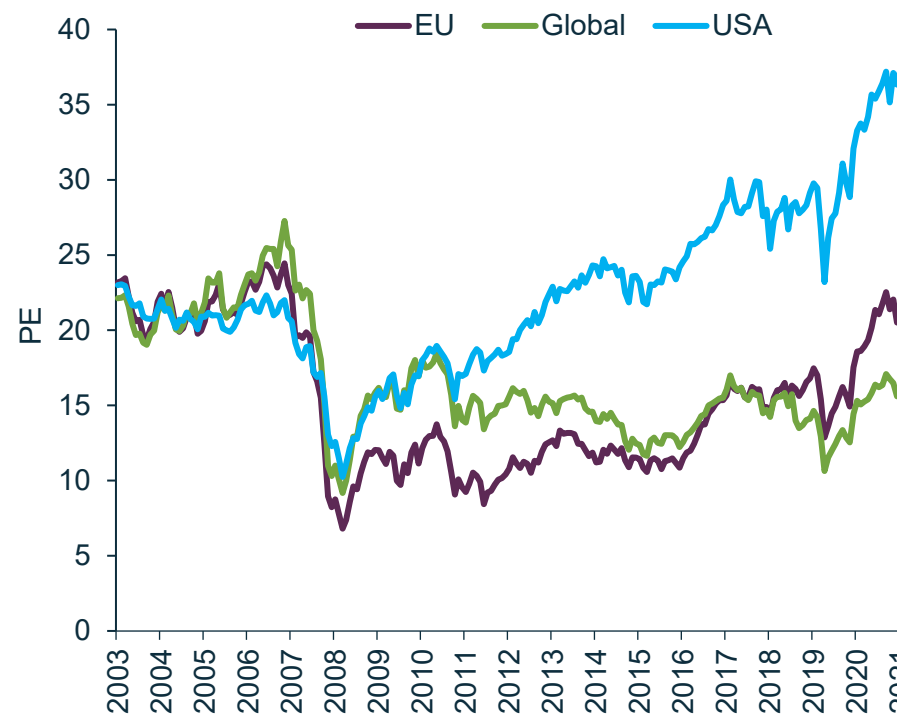


# VALUATIONS

Forward PE (FY1) of given markets



Shiller PE





# STYLE ROTATION

## Value versus Growth spread versus US 10-year Treasury bond yields

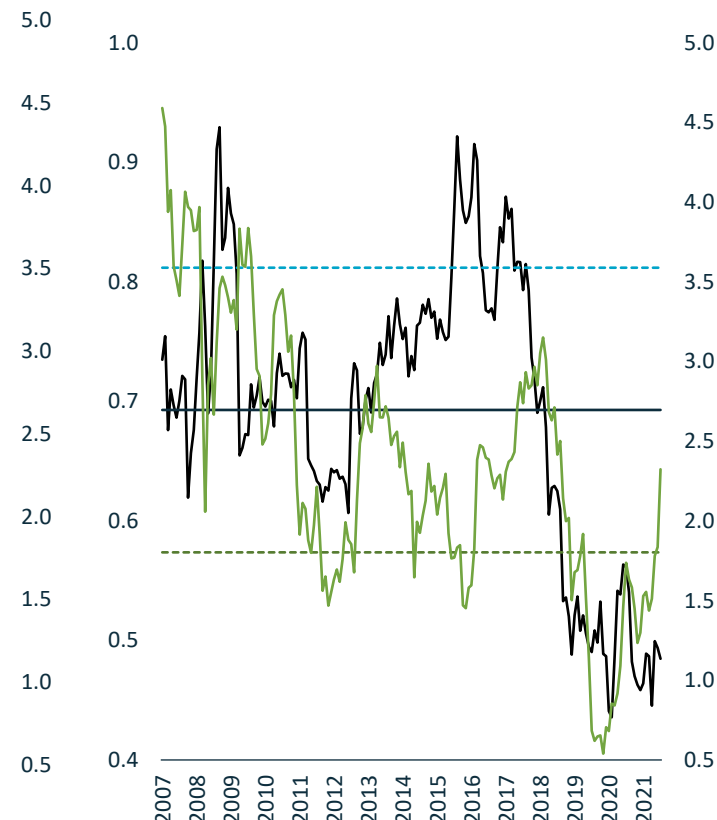
MSCI Europe



MSCI USA



MSCI UK



— Rel price — Average - - - +1 std. dev. - - - -1 std. dev. — US 10Y Bond Yields (rhs)



## RISKS FOR INVESTORS IN 2022



Policy mistakes  
around initiatives



Localised pandemic  
relapse risk



Lower long term  
growth outlook



Monetary policies  
hiccup



Style rotations could  
remain omnipresent



Tax rates  
increasing



Stronger and more  
prolonged inflationary  
pressures



Margin pressure from  
higher inflation



Geopolitical tensions  
become more open



# MEDIUM-TERM OPPORTUNITIES

INVESTING TO IMPROVE LIVES™





# MEDIUM-TERM OPPORTUNITIES



Future of  
Technology



Resource  
Scarcity

Green & Alternative Energy



Future of  
Technology



Resource  
Scarcity

Energy-efficient Infrastructure



Future of  
Technology



Resource  
Scarcity

Electric transportation – High Speed Railways & Electric Vehicles



Future of  
Technology



Resource  
Scarcity

5G Telephony



Future of  
Technology



Demographic  
Changes

Healthcare Infrastructure



Future of  
Technology

Cloud Computing & Cyber Security



Future of  
Technology



Resource  
Scarcity

Robotics & Automation

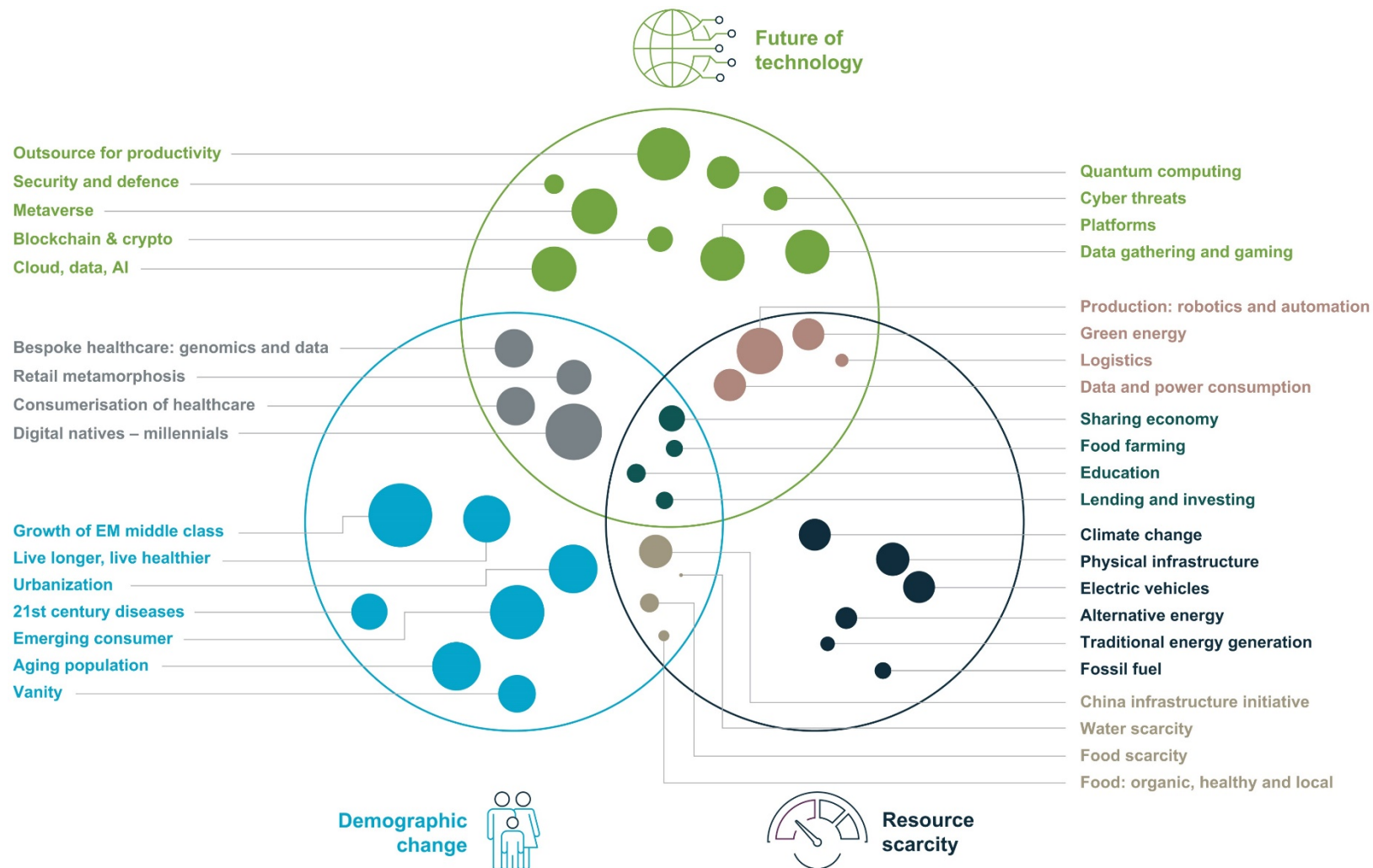


Future of  
Technology

Metaverse & Quantum Computing

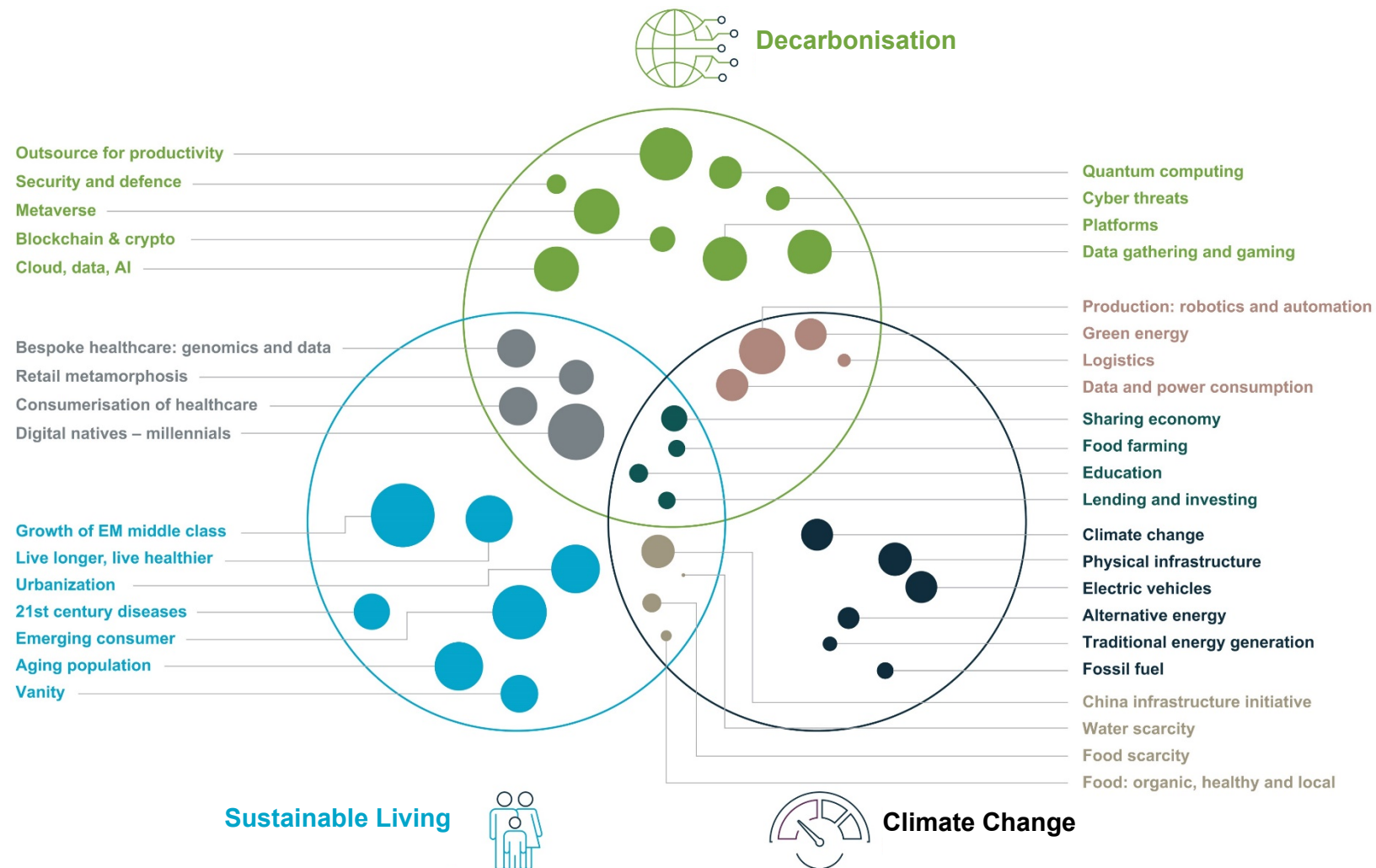


# THEMATIC EXPOSURES



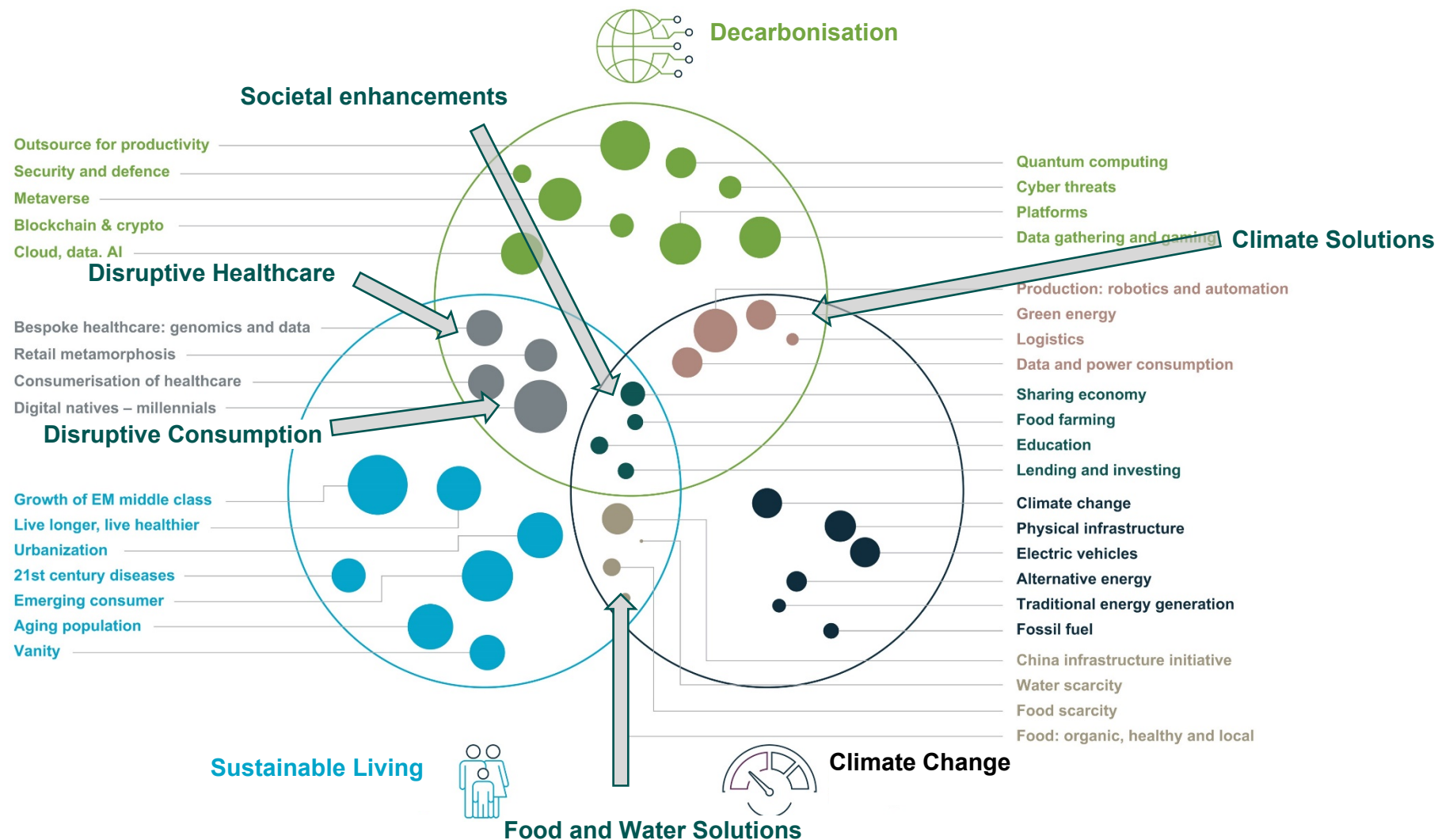


# THEMATIC EXPOSURES





# THEMATIC EXPOSURES







# INVESTMENT PHILOSOPHY AND PROCESS

INVESTING TO IMPROVE LIVES™



# DEDICATED AND EXPERIENCED DEVELOPED MARKETS TEAM

Focused on excellence to deliver a better investment outcome



**Zehrid Osmani**

Head of Global Long-Term Unconstrained  
24 years



Head of Team, Overall Processes  
Portfolio Construction



**Technology, Media  
and Telecoms,  
Financials**



**Consumer**



**Healthcare**



**Industrials, Materials,  
Energy, Utilities, Autos**



**Yulia Hofstede**  
Portfolio Manager  
13 years



Thematics



**Amanda Whitecross, ASIP**  
Portfolio Manager  
27 years



Investment Process



**Sam Cottrell, CFA®**  
Portfolio Manager  
7 years



Data Analytics



**Ken Hughes, CFA®**  
Portfolio Manager  
28 years



Research



**Jonathan Regan, CFA®**  
Investment Analyst  
6 years



Data Analytics



**Robbie McNab, CFA®**  
Portfolio Manager  
14 years



Research



**Anna Shevkunova, CA**  
Investment Analyst  
4 years



Accounting Analytics



**Zoe Hutchison, CFA®**  
Investment Analyst  
6 years



Communications



**Jackie Cui, CA**  
Investment Analyst  
6 years



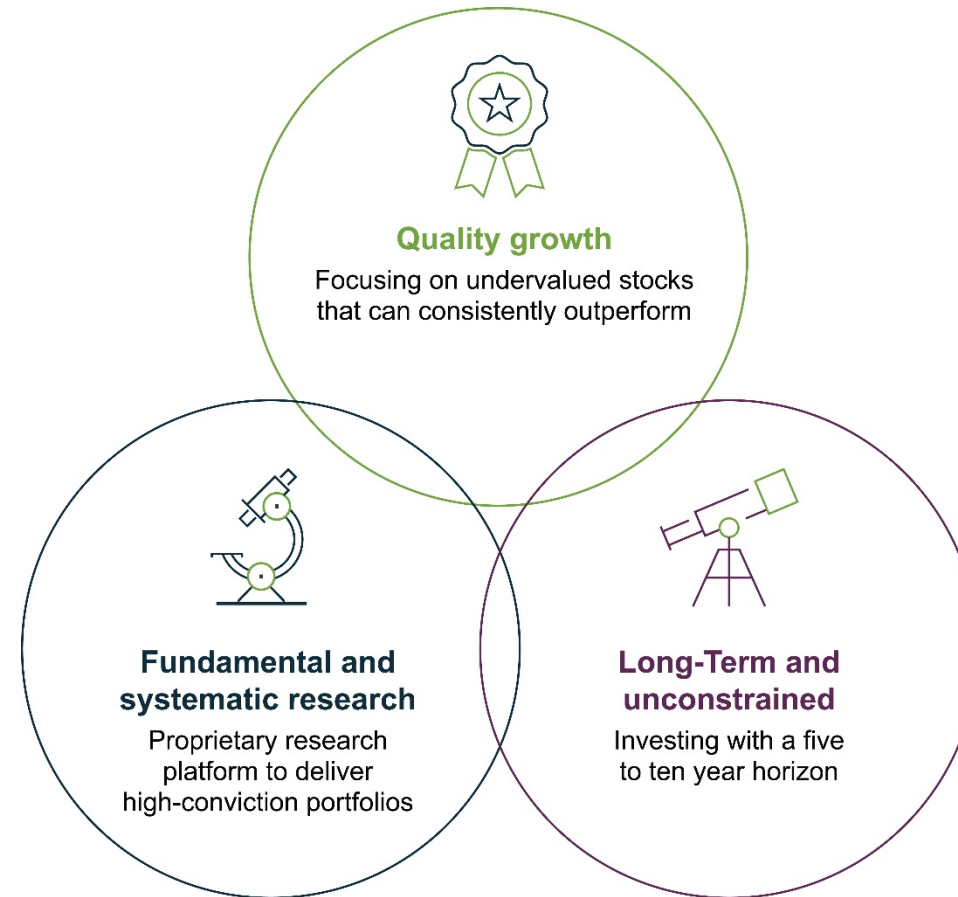
Accounting Analytics



Process accountability



# MARTIN CURRIE FOR LONG-TERM EQUITIES



**Generating long-term risk adjusted excess alpha**



# STRUCTURED FUNDAMENTAL RISK ASSESSMENT

## Systematic risk assessment across four key areas



Industry risks

	1	2	3	4	5
Competition					
New entrant risk					
Customer power					
Supplier power					
Disruption risk					
Pricing power					
Supply chain dependency					



Company risks

	1	2	3	4	5
Financial Leverage					
Regulatory					
Accounting					
Cost Base Inflation					
FX Mismatch					
Political / Country					
Tax Rate					
Acquisitiveness					
Industry Leadership					
Innovation Risk					
Workforce Risk					



Governance and sustainability risks

	1	2	3	4	5
Environmental					
Social					
Governance					
Remuneration					
Ownership					
Customer trust					



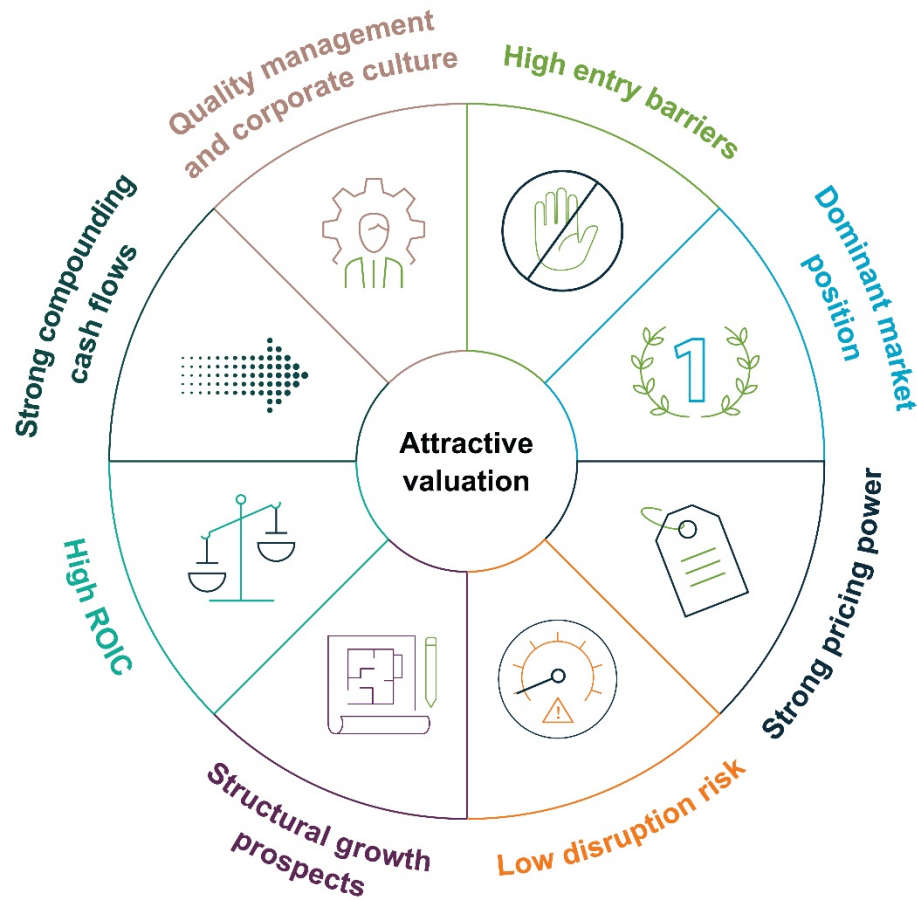
Portfolio risks

	1	2	3	4	5
EPS Momentum					
Bid Target					
Cyclicality					
Diversification					
ROIC Quintile					
NOPAT Quintile					
Asset Turn Quintile					
Upside Quintile					
Degree of Consensus					
Dividend Sustainability					
Liquidity Risk					

The framework ensures we focus on the stock’s risk reward potential across all relevant fields




# CHARACTERISTICS OF A LTU STOCK



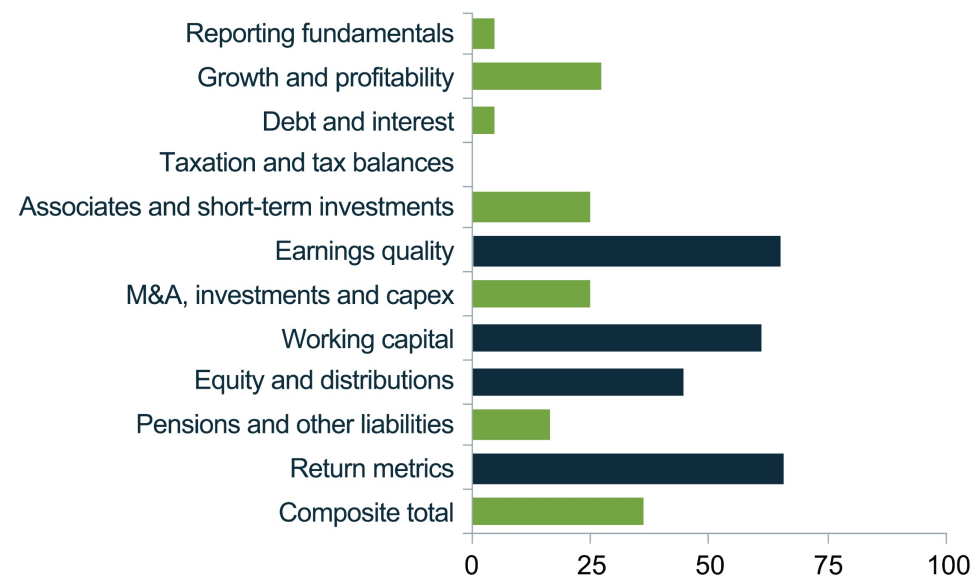
Combining strong industry, financial and governance attributes at the right valuation



# ACCOUNTING FOCUS AND EXPERTISE



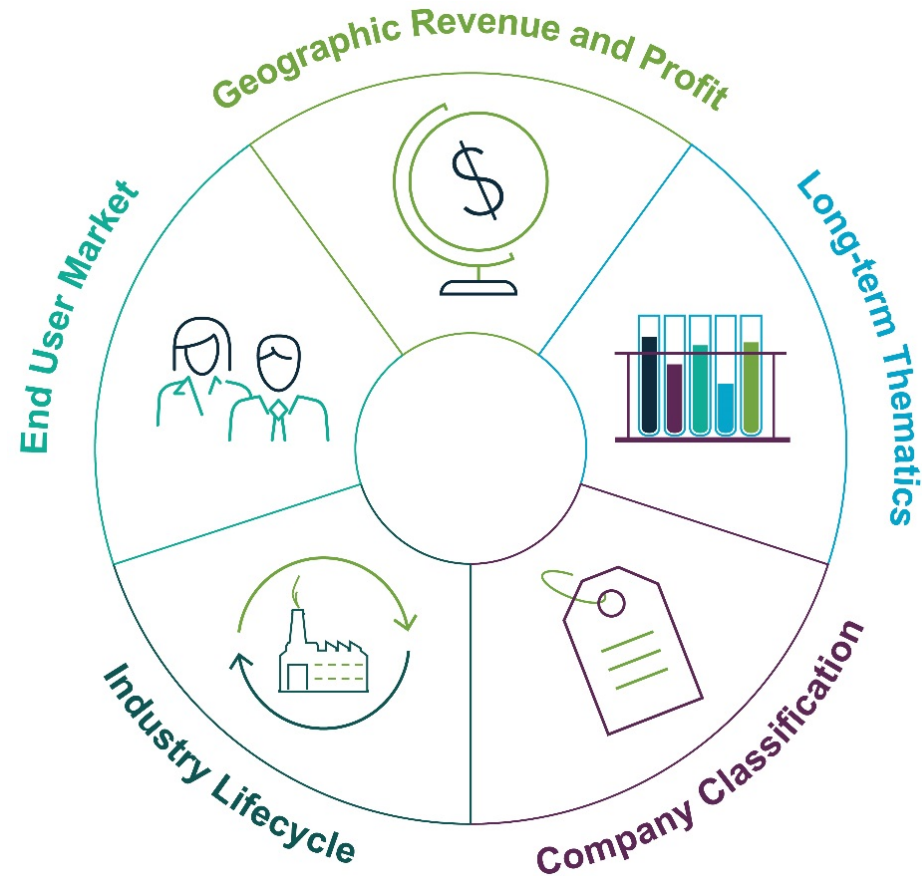
## Proprietary accounting assessment



**Accounting risk assessment: 2**



## PORTFOLIO CONSTRUCTION – HIGH CONVICTION AND DIVERSIFIED



**Full visibility of exposures ensures no unintended portfolio risks**



## A HIGH CONVICTION LONG-TERM APPROACH



**Aiming to deliver consistent long-term risk adjusted alpha**





# PROPRIETARY ESG INTEGRATION

INVESTING TO IMPROVE LIVES™



# PROPRIETARY ESG ANALYSIS INTEGRATED THROUGHOUT PROCESS

## ESG risk framework

Stocks risk assessed across each material factor



Captures the complexity of the ESG risks facing a company's long-term outlook and sustainability

Builds our management engagement agenda

Feeds into our portfolio analytics

### Governance

Board assessment  
Management score  
Remuneration  
Culture  
Stake vs Shareholders conflict  
Governance Momentum

### Board assessment

Board quality  
Board independence  
Board diversity, age and tenure  
Board oversight  
Board competence  
Board accessibility  
Chairperson quality  
Audit Committee  
Significant votes against  
Shareholder rights alignment

### Management

Management Quality  
Management breadth  
Management depth  
Management Competence  
Management accessibility  
Accounting practices / quality  
Crisis management

### Remuneration

Remuneration alignment  
Remuneration transparency  
Remuneration appropriateness  
Remuneration disparity  
Remuneration benchmark

### Culture

Corporate Culture  
Sustainability focus  
Diversity  
Integrity & ethics  
Relationship with stakeholders

2.3

		3		
	2			
		3		
		3		
1				
	2			

2.5

		3		
		3		
	2			
		3		
		3		
	2			
			4	
1				
1				
		3		

2.3

		3		
		3		
	2			
	2			
1				
	2			
		3		

2.4

		3		
1				
			4	
1				
		3		

2.6

		3		
		3		
		3		
	2			
	2			

### Sustainability

Environmental risks  
Social risks  
Understanding and integration  
Common Factors risks  
Sustainability momentum

2.0

1				
1				
	2			
		3		
		3		

1.4

1				
1				
1				
	2			
	2			

2.2

	2			
	2			
1				
	2			
		3		
		3		

2.2

	2			
	2			
	2			
1				
		3		
		3		

2.2

1				
		3		
		3		
	2			
	2			

### Environmental risks

Carbon footprint  
Pollution risk  
Resources risk  
Supply chain  
Environmental momentum

### Social risks

Social Impact  
Social improvements  
Exploitation risk  
Political lobbying  
Overall involvement  
Social momentum

### Understanding and integration

Understanding of material risks and opps  
Management of risks and opps  
Highest level of ownership  
Integration into strategy  
Integration into remuneration  
Integration into reporting

### Common Factors

Climate Change  
Cyber Security  
Human Capital  
Customer Trust  
Taxation

Ensuring we invest in sustainable business models



# SOCIAL EXPLOITATION RISK

## Detailed assessment

Social Exploitation Risk	2.4			
Production geographic footprint risk	2			
Country exposure risk (prevalence risk, vulnerability risk)		3		
Country Exposure human rights risks		3		
Country Labour rights risk		3		
Supply chain fragmentation risk		3		
Supply chain knowledge	1			
Supply chain reporting process		2		
Supply chain monitoring process		2		
Active involvement in improving supply chain		2		
Wage exploitation risk		2		
Age exploitation risk	1			
Gender exploitation risk			3	
Racial/Ethnic/Religious exploitation risk			3	
Working conditions risks (accidents, fatalities, safety)		2		
Labour captivity risk			3	
Freedom of Association risk		2		
Staff turnover in lower wage group			3	
Degree of skilled labour (1-high, 5-low)			3	
Degree of unionised workforce in supply chain (1-high, 5-low)			3	
Overall Momentum in exploitation risk		2		

ESG template is populated with example data.

### Sustainability

2.0				
Environmental risks	1			
Social risks	1			
Understanding and integration		2		
Common Factors risks			3	
Sustainability momentum			3	
Environmental risks				
2.2				
Carbon footprint	1			
Pollution risk	1			
Resources risk	1			
Supply chain		2		
Environmental momentum		2		
Social risks				
2.2				
Social Impact		2		
Social improvements		2		
Exploitation risk	1			
Political lobbying		2		
Overall involvement			3	
Social momentum			3	
Understanding and integration				
2.2				
Understanding of material risks and opps		2		
Management of risks and opps		2		
Highest level of ownership		2		
Integration into strategy	1			
Integration into remuneration			3	
Integration into reporting			3	
Common Factors				
2.2				
Climate Change	1			
Cyber Security			3	
Human Capital			3	
Customer Trust		2		
Taxation		2		



# PORTFOLIO ANALYTICS – UN SDGS PROPRIETARY RISK ASSESSMENT

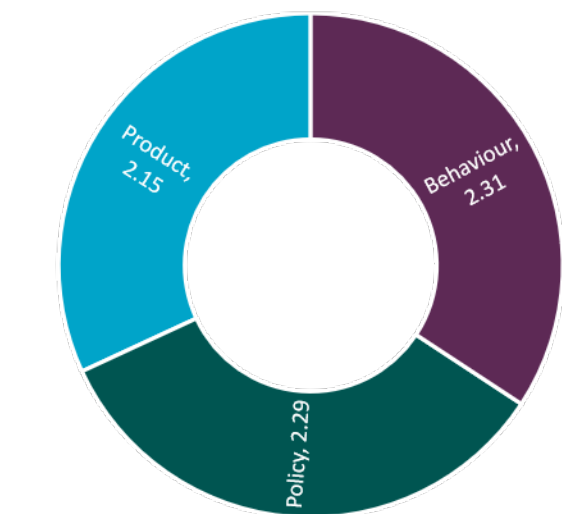
## Applied across the 17 SDG goals

Provides framework to understand areas of highest potential risk

Assessed across three broad categories

1 = strong positive contribution

5 = strong negative contribution







# PORTFOLIOS

INVESTING TO IMPROVE LIVES™



## FUND RISKS

### FTF Martin Currie European Unconstrained Fund

**Investment in company shares:** The fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

**Geographical focus:** This fund invests primarily in Europe, which means that it is more sensitive to local economic, market, political or regulatory events in Europe, and will be more affected by these events than other funds that invest in a broader range of regions.

**Concentrated fund:** The fund invests in fewer companies than other funds which invest in shares usually do. This means that the fund does not spread its risk as widely as other funds and will therefore be affected more if an individual company has significant losses.

**Fund currency:** Changes in exchange rates between the currencies of investments held by the fund and the fund's base currency may negatively affect the value of an investment and any income received from it.

**Derivatives:** The use of derivatives can result in greater fluctuations of the fund's value and may cause the fund to lose as much as or more than the amount invested.

**Fund operations:** The fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets.



### FTF Martin Currie Global Unconstrained Fund

**Investment in company shares:** The fund invests in shares of companies, and the value of these shares can be negatively affected by changes in the company, its industry or the economy in which it operates.

**Emerging markets investment:** The fund may invest in the markets of countries which are smaller, less developed and regulated, and more volatile than the markets of more developed countries.

**Concentrated fund:** The fund invests in fewer companies than other funds which invest in shares usually do. This means that the fund does not spread its risk as widely as other funds and will therefore be affected more if an individual company has significant losses.

**Fund currency:** Changes in exchange rates between the currencies of investments held by the fund and the fund's base currency may negatively affect the value of an investment and any income received from it.

**Derivatives:** The use of derivatives can result in greater fluctuations of the fund's value and may cause the fund to lose as much as or more than the amount invested.

**Fund operations:** The fund is subject to the risk of loss resulting from inadequate or failed internal processes, people or systems or those of third parties such as those responsible for the custody of its assets, especially to the extent that it invests in developing countries



# MARTIN CURRIE GLOBAL PORTFOLIO TRUST RISKS

## Risk factors

The following statement cannot disclose all the risks and other significant aspects of designated investments or the investment strategy. The risks associated with different types of investment can vary significantly. The Manager does not actively manage each risk described below, but rather focuses the risk management of the Company's strategy on those risks it deems most relevant at any given time. In addition, over time, the risks may evolve or change, with new risks appearing and some risks ceasing to be applicable. Therefore, you should be aware of the nature of an investment in the Company and the extent of your exposure to risk. You should also be satisfied that an investment in the Company is suitable for you in light of your circumstances and financial position, and be prepared to accept the risk of losing all or part of your investment.

## General

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. The shares are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation of the Company's investments will occur and therefore investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met. **The past performance of the Company is not a guide to the future performance of the Company.**

**A full breakdown of the risk warnings can be found here [MCGPT-Investor-Disclosure-August-2021.pdf \(martincurrie.com\)](#) covering:**

- Economic conditions
- The Shares
- Borrowing
- Dividends
- Investment objective and strategy
- Market price risk
- Interest rate risk
- Foreign currency risks
- Discount and premium management
- Market liquidity
- Counterparty and operational risk
- Cessation of Investment Trust status
- Tax and accounting
- Regulation
- Derivatives
- Professional negligence liability risks



# PERFORMANCE SUMMARY

Rolling 12 month performance (%)	1 Apr 2021 - 31 Mar 2022	1 Apr 2020 - 31 Mar 2021	1 Apr 2019 - 31 Mar 2020	1 Apr 2018 - 31 Mar 2019	1 Apr 2017 - 31 Mar 2018
<b>FTF Martin Currie European Unconstrained Fund (X Acc GBP)<sup>2</sup></b>	<b>0.0</b>	<b>41.6</b>	<b>3.5</b>	<b>5.8</b>	<b>3.2</b>
MSCI Europe ex UK (Net Dividend)	5.5	33.5	(8.3)	2.2	3.0
IA Europe ex UK Comparator Peer Group	4.7	37.7	(8.5)	(0.9)	5.3
<b>FTF Martin Currie Global Unconstrained Fund (X Acc GBP)<sup>1</sup></b>	<b>1.1</b>	<b>26.4</b>	<b>(6.2)</b>	<b>10.8</b>	<b>(2.4)</b>
MSCI ACWI (Net Dividend)	12.4	38.9	(6.7)	10.5	2.4
IA Global Comparator Peer Group	7.2	39.5	(6.0)	8.3	2.2
<b>Martin Currie Global Portfolio Trust NAV TR</b>	<b>(0.9)</b>	<b>32.0</b>	<b>3.5</b>	<b>17.5</b>	<b>0.5</b>
Martin Currie Global Portfolio Trust Share Price TR	0.8	32.4	3.8	17.8	(0.7)
MSCI ACWI	12.4	38.9	(5.7)	11.1	2.6

**Past performance is not a reliable indicator of future results.** As at 31 March 2022. <sup>1</sup>Prior to 27 Nov 2020, the fund was named the Legg Mason IF Martin Currie Global Equity Income Fund. The objective and investment policy of the Fund also changed at that time. Therefore, performance prior to 27 November 2020 was achieved under circumstances that no longer apply. <sup>2</sup>Prior to 17 Dec 2018, the fund was named the Legg Mason IF Martin Currie European Equity Income Fund. The objective and investment policy of the Fund also changed at that time. Therefore, performance prior to 17-Dec-2018 was achieved under circumstances that no longer apply.

Source for performance figures - Franklin Templeton. Performance is calculated on a NAV to NAV basis, with gross income reinvested without initial charges but reflecting annual management fees. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance is calculated using estimated dividends, and is revised (downward or upward) when the actual dividend differs from the estimated dividend. Revised performance returns may not be available until the next reporting period. Comparisons to relevant indexes and peer groups are included as a standard against which the performance of a fund can be measured. Returns of the indexes and peer groups do not reflect any fees, expenses or sales charges. An investor cannot invest directly in an index or peer group. Performance prior to the share class inception date noted has been simulated by using the performance of another share class of the same fund, which had higher fees but no longer exists. These Fund may not be exchangeable with other Franklin Templeton managed funds. Please see the Funds' offering documents or contact your service agent for more information.

Source for sector average (mean) performance: Copyright - © Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For more information, visit [www.morningstar.co.uk](http://www.morningstar.co.uk).

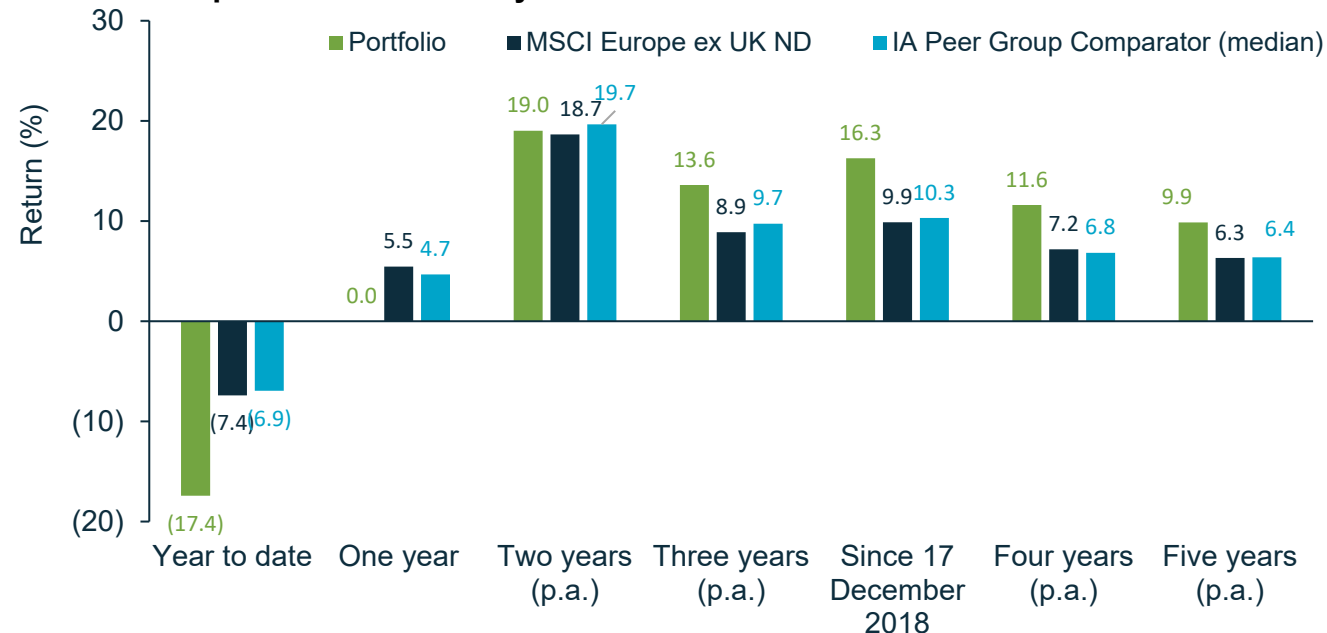
**Global Portfolio Trust:** Source: Martin Currie and Morningstar as at 31 March 2022. Bid to bid basis with net income reinvested over the periods shown in £. On 1 February 2020, the company's benchmark changed from the FTSE World to the MSCI ACWI. These figures do not include the costs of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.



# PERFORMANCE

## FTF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND

### Annualised performance – Five years



### IA Europe ex UK

	Quartile	Percentile
Year to date	4	100
One year	4	92
Two years	3	66
Three years	1	11
Since 18/12/2018	1	9
Four years	1	8
Five years	1	8











**Past performance is not a guide to future returns. The return may increase or decrease as a result of currency fluctuations. On the 18 December 2018 the fund changed its objective and investment policy from a Europe ex UK equity income mandate to the FTF Martin Currie European Unconstrained Fund, a Europe ex UK equity growth mandate.**

Source for performance figures - Franklin Templeton as at 31 March 2022. Performance is calculated on a NAV to NAV basis, with gross income reinvested without initial charges but reflecting annual management fees. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance is calculated using estimated dividends, and is revised (downward or upward) when the actual dividend differs from the estimated dividend. Revised performance returns may not be available until the next reporting period. Comparisons to relevant indexes and peer groups are included as a standard against which the performance of a fund can be measured. Returns of the indexes and peer groups do not reflect any fees, expenses or sales charges. An investor cannot invest directly in an index or peer group. Source for sector median performance: Copyright - © Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For more information, visit [www.morningstar.co.uk](http://www.morningstar.co.uk)

Please note that this fund is unconstrained by any benchmark. We show it against the MSCI Europe ex UK (Net) (GBP) (Net Dividend) for illustrative purposes only. Prior to 7 August 2021, the Fund was named the Legg Mason IF Martin Currie European Unconstrained Fund. Prior to 17 December 2018, the Fund was named the Legg Mason IF Martin Currie European Income Fund. The objective and investment policy of the Fund also changed at that time. Therefore, performance prior to 18 December 2018 was achieved under circumstances that no longer apply. The sector against which the Fund is compared is the IA Europe ex UK Sector.



## FTF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND TOP 10 HOLDINGS

Stock	Sector	Country	Weight (%)
ASML	Information Technology		9.3
Ferrari	Consumer Discretionary		6.5
Moncler	Consumer Discretionary		6.3
Hexagon	Information Technology		5.4
Mettler-Toledo	Health Care		5.3
Linde	Materials		5.1
Kingspan	Industrials		4.9
Dassault Systemes	Information Technology		4.8
Sartorius Stedim	Health Care		4.8
Kering	Consumer Discretionary		4.7

**The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.**

Source: Martin Currie as at 31 March 2022. FTF Martin Currie European Unconstrained Fund shown.

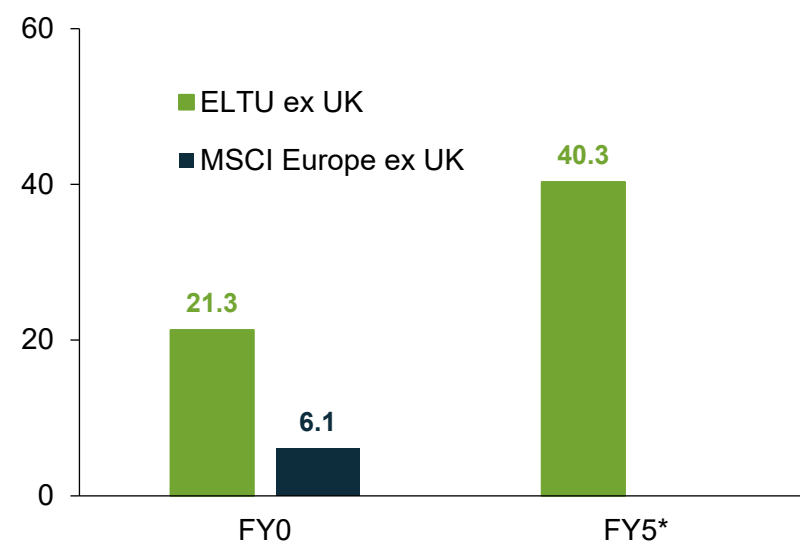


# FTF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND

## FUNDAMENTAL DATA – QUALITY GROWTH PORTFOLIO

	Portfolio	Index
Price Earnings (NTM)	31.8	14.6
EV/EBITDA	20.9	9.6
Net debt/EBITDA	0.5	1.2
Revenue growth (N5Y CAGR)	13%	4%
EBIT growth (N5Y CAGR)	14%	6%
EPS growth (N5Y CAGR)	14%	7%
DPS growth (N5Y CAGR)	14%	6%
Free cash flow growth (N5Y CAGR)	12%	6%

Portfolio ROIC versus index

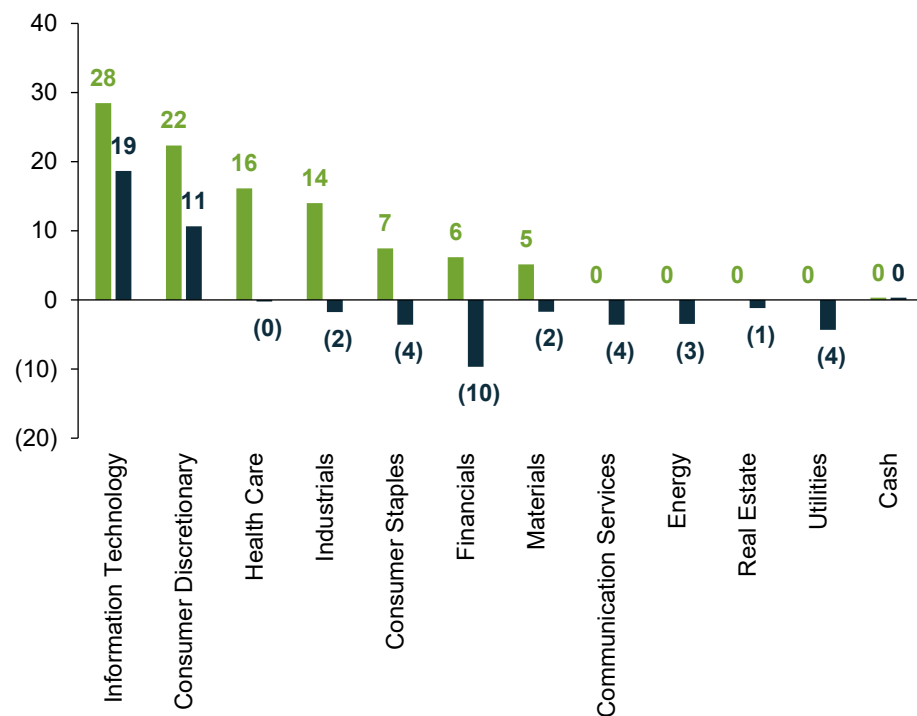




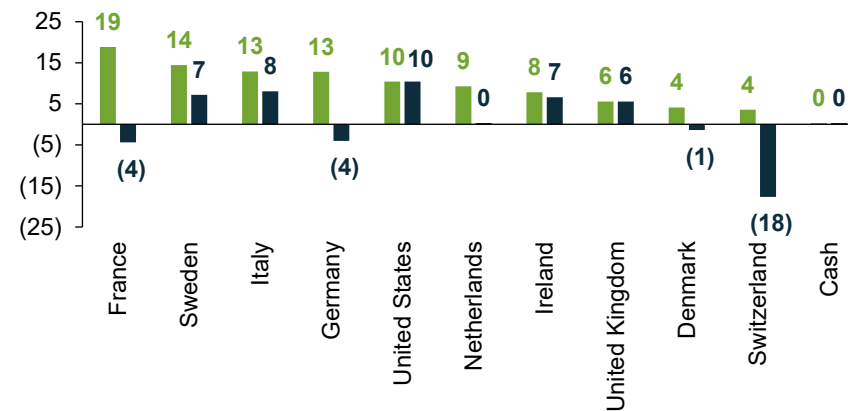
# FTF MARTIN CURRIE EUROPEAN UNCONSTRAINED FUND PORTFOLIO EXPOSURES

■ Portfolio weight ■ Active weight

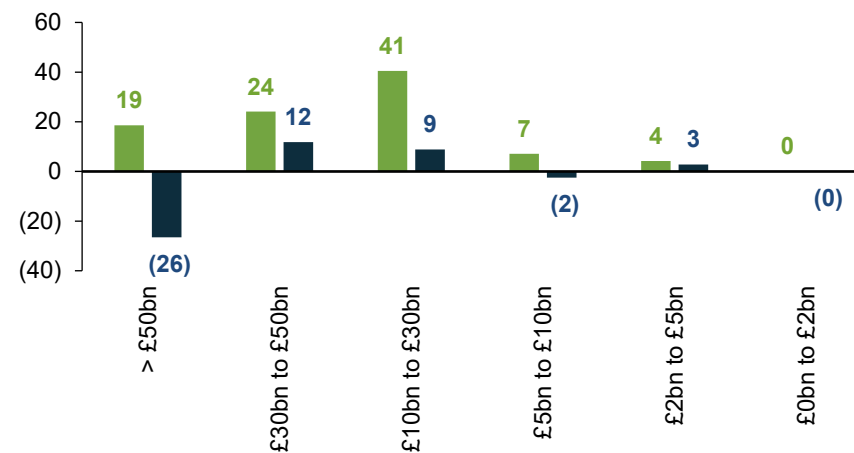
## Sector exposure (%)



## Country exposure (%)



## Market cap exposure (%)



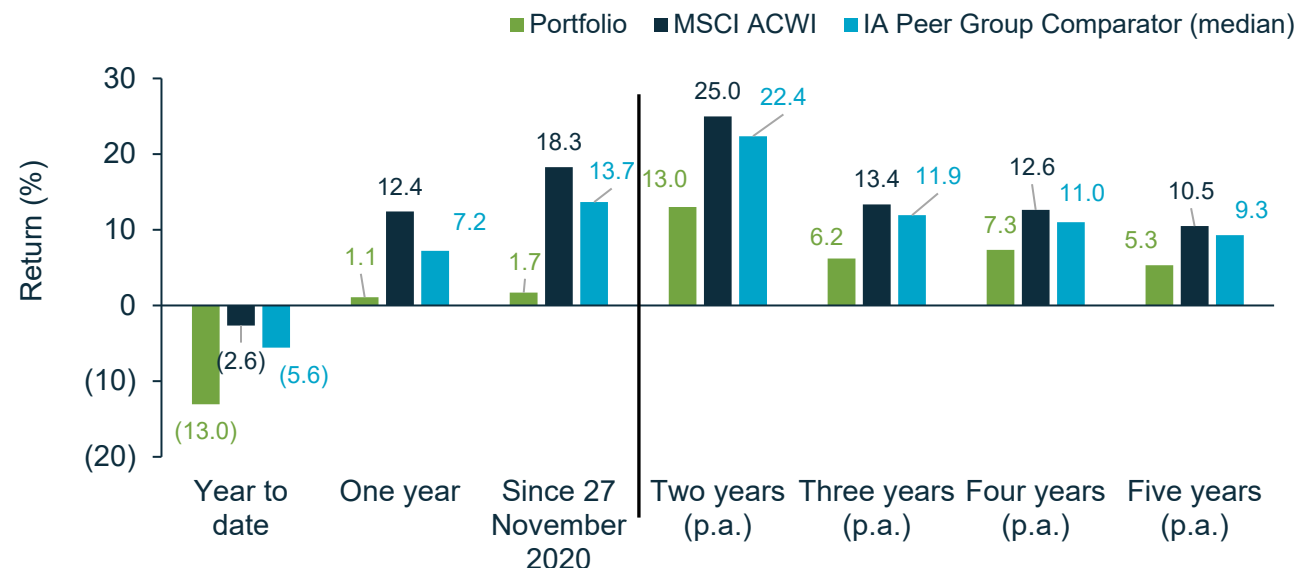


# PERFORMANCE

## FTF MARTIN CURRIE GLOBAL UNCONSTRAINED FUND



### Annualised Performance – Five years



### IA Peer Group Comparator: Global

	Quartile	Percentile
Year to date	4	91
One year	4	82
Since 27/11/20	4	88
Two years	4	97
Three years	4	94
Four years	4	85
Five years	4	90

**Past performance is not a guide to future returns. The return may increase or decrease as a result of currency fluctuations. On the 27 November 2020 the fund changed its objective and investment policy from a global equity income mandate to the FTF Martin Currie Global Unconstrained Fund, a global equity growth mandate.**

Source for performance figures - Franklin Templeton as at 31 March 2022. Performance is calculated on a NAV to NAV basis, with gross income reinvested without initial charges but reflecting annual management fees. Sales charges, taxes and other locally applied costs to be paid by an investor have not been deducted. Performance is calculated using estimated dividends, and is revised (downward or upward) when the actual dividend differs from the estimated dividend. Revised performance returns may not be available until the next reporting period. Comparisons to relevant indexes and peer groups are included as a standard against which the performance of a fund can be measured. Returns of the indexes and peer groups do not reflect any fees, expenses or sales charges. An investor cannot invest directly in an index or peer group. Source for sector median performance: Copyright - © Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. For more information, visit [www.morningstar.co.uk](http://www.morningstar.co.uk)

Please note that this fund is unconstrained by any benchmark. We show it against the MSCI AC World (Net) (GBP) (Net Dividend) for illustrative purposes only. Inception 26 June 2015. Prior to 7 August 2021, the Fund was named the Legg Mason IF Martin Currie Global Unconstrained Fund. Prior to 27 November 2020, the Fund was named the Legg Mason IF Martin Currie Global Equity Income Fund. The objective and investment policy of the Fund also changed at that time. Therefore, performance prior to 27 November 2020 was achieved under circumstances that no longer apply. The sector against which the Fund is compared is the IA Global Sector. Prior sector data was for the IA Global Equity Income Sector, which corresponded to the Fund's investment objective prior to 27 November 2020.



## FTF MARTIN CURRIE GLOBAL UNCONSTRAINED FUND TOP 10 HOLDINGS

Stock	Sector	Country	Weight (%)
Nvidia	Information Technology		6.5
TSMC	Information Technology		6.3
Microsoft	Information Technology		5.8
Kingspan	Industrials		5.4
Linde	Materials		4.6
ResMed	Health Care		4.3
Atlas Copco	Industrials		4.0
L'Oreal	Consumer Staples		4.0
Hexagon	Information Technology		3.9
Mastercard	Information Technology		3.8

**The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.**

Source: Martin Currie as at 31 March 2022. FTF Martin Currie Global Unconstrained Fund shown.

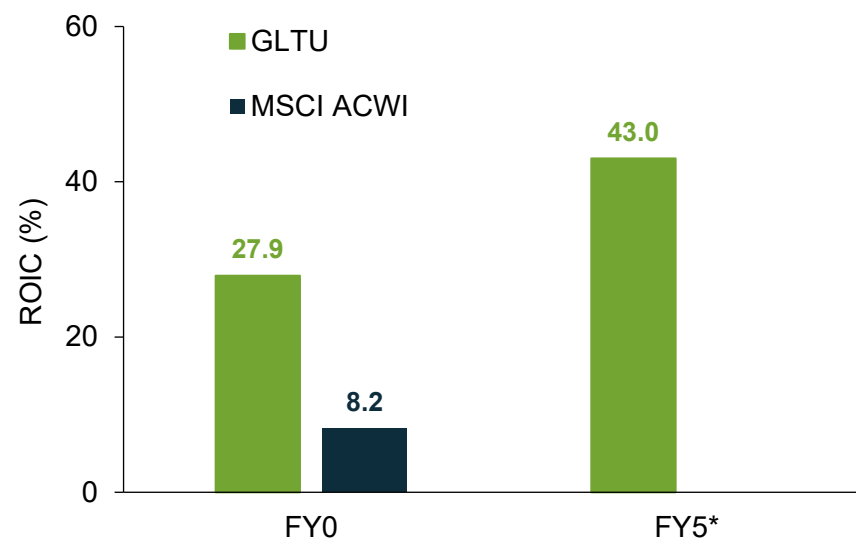


# FTF MARTIN CURRIE GLOBAL UNCONSTRAINED FUND

## FUNDAMENTAL DATA – QUALITY GROWTH PORTFOLIO

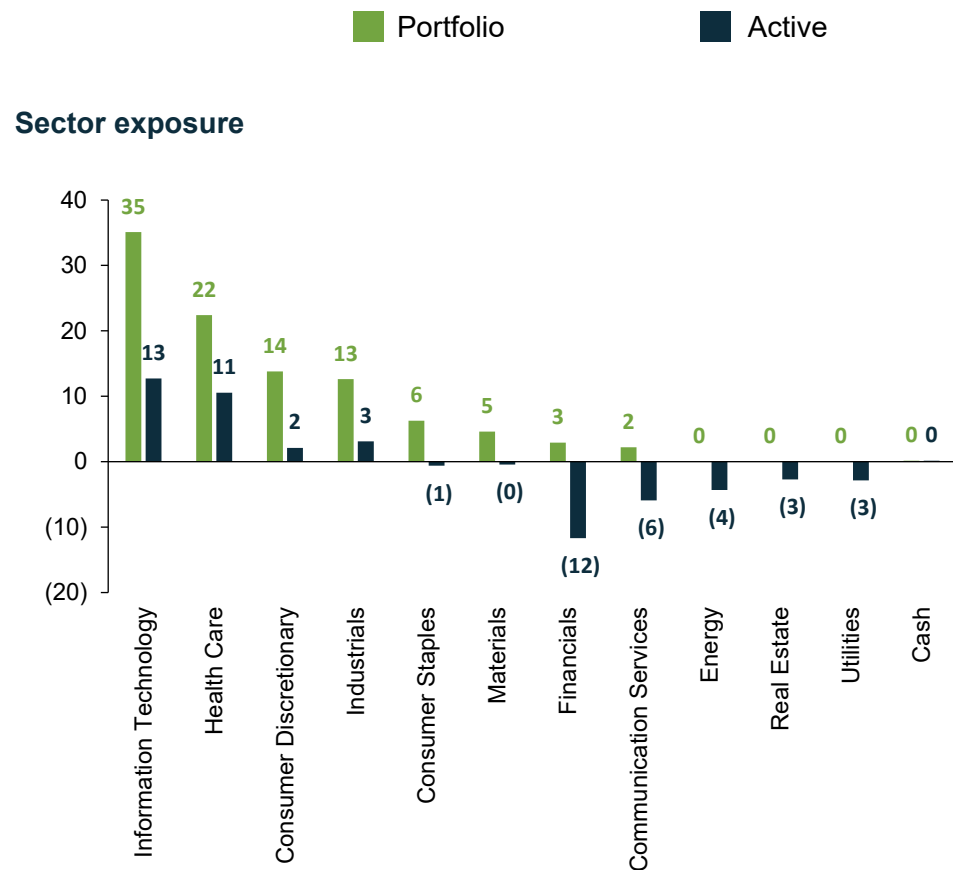
	Portfolio	Index
Price Earnings (NTM)	32.4	16.8
EV/EBITDA	22.8	11.5
Net debt/EBITDA	(0.0)	1.2
Revenue Growth (N5Y CAGR)	13%	6%
EBIT Growth (N5Y CAGR)	16%	8%
EPS growth (N5Y CAGR)	13%	8%
DPS growth (N5Y CAGR)	13%	6%
Free cash flow growth (N5Y CAGR)	13%	7%

Portfolio ROIC versus index

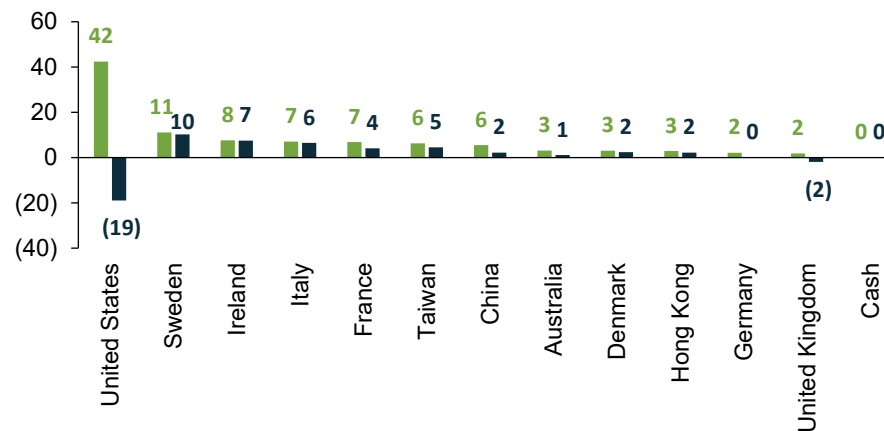




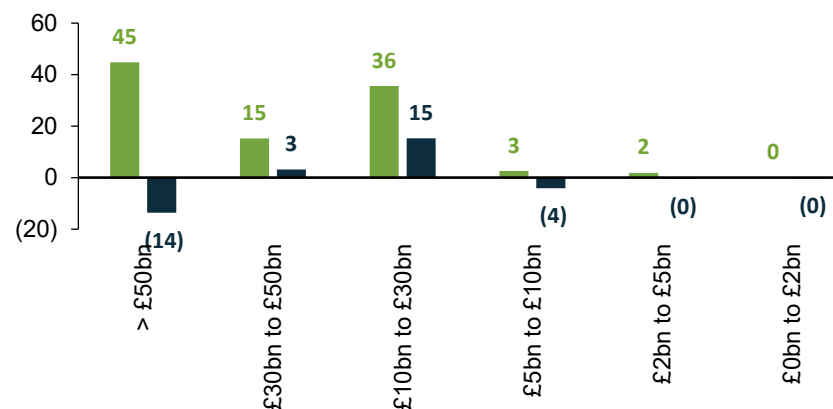
# FTF MARTIN CURRIE GLOBAL UNCONSTRAINED FUND PORTFOLIO EXPOSURES



## Country exposure



## Market cap exposure

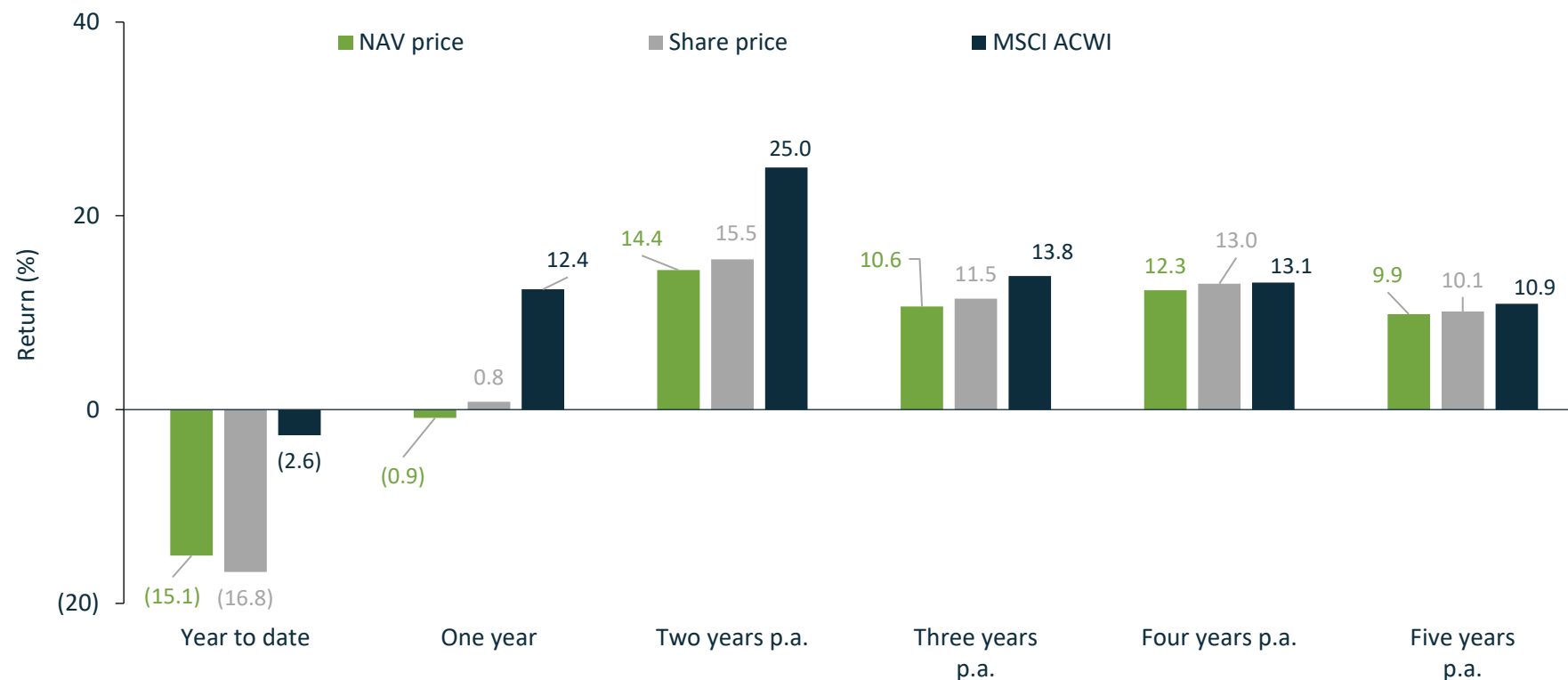




# PERFORMANCE

## MARTIN CURRIE GLOBAL PORTFOLIO TRUST

### Martin Currie Global Portfolio Trust



**Past performance is not a guide to future returns. The return may increase or decrease as a result of currency fluctuations.**

Source: Martin Currie and Morningstar as at 31 March 2022. Bid to bid basis with net income reinvested over the periods shown in £. On 1 February 2020, the company's benchmark changed from the FTSE World to the MSCI ACWI. These figures do not include the costs of buying and selling shares in an investment trust. If these were included, performance figures would be reduced.





# THEMATIC CASE STUDY

INVESTING TO IMPROVE LIVES™



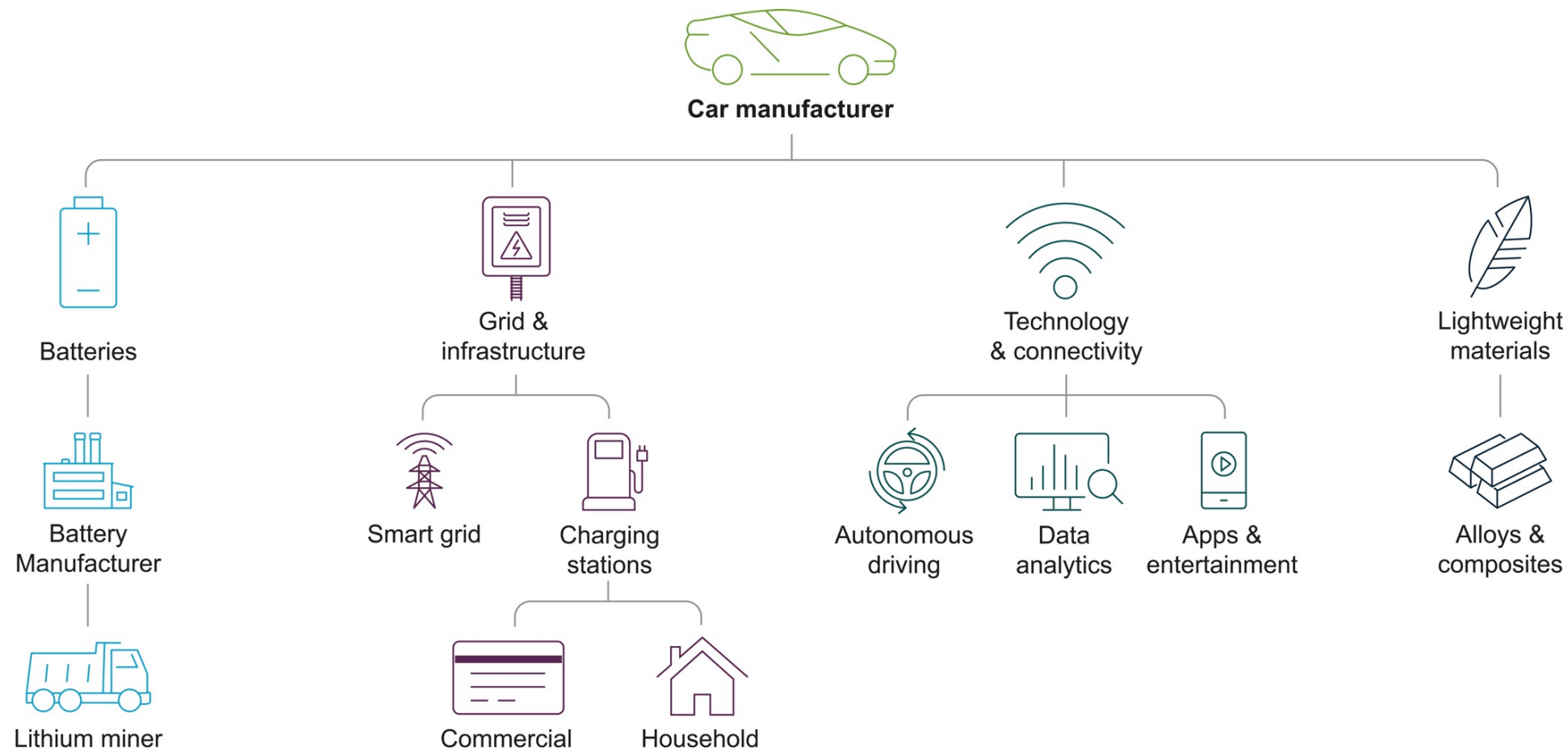
# THE ELECTRIC VEHICLE ECOSYSTEM OPPORTUNITIES



MARTIN CURRIE

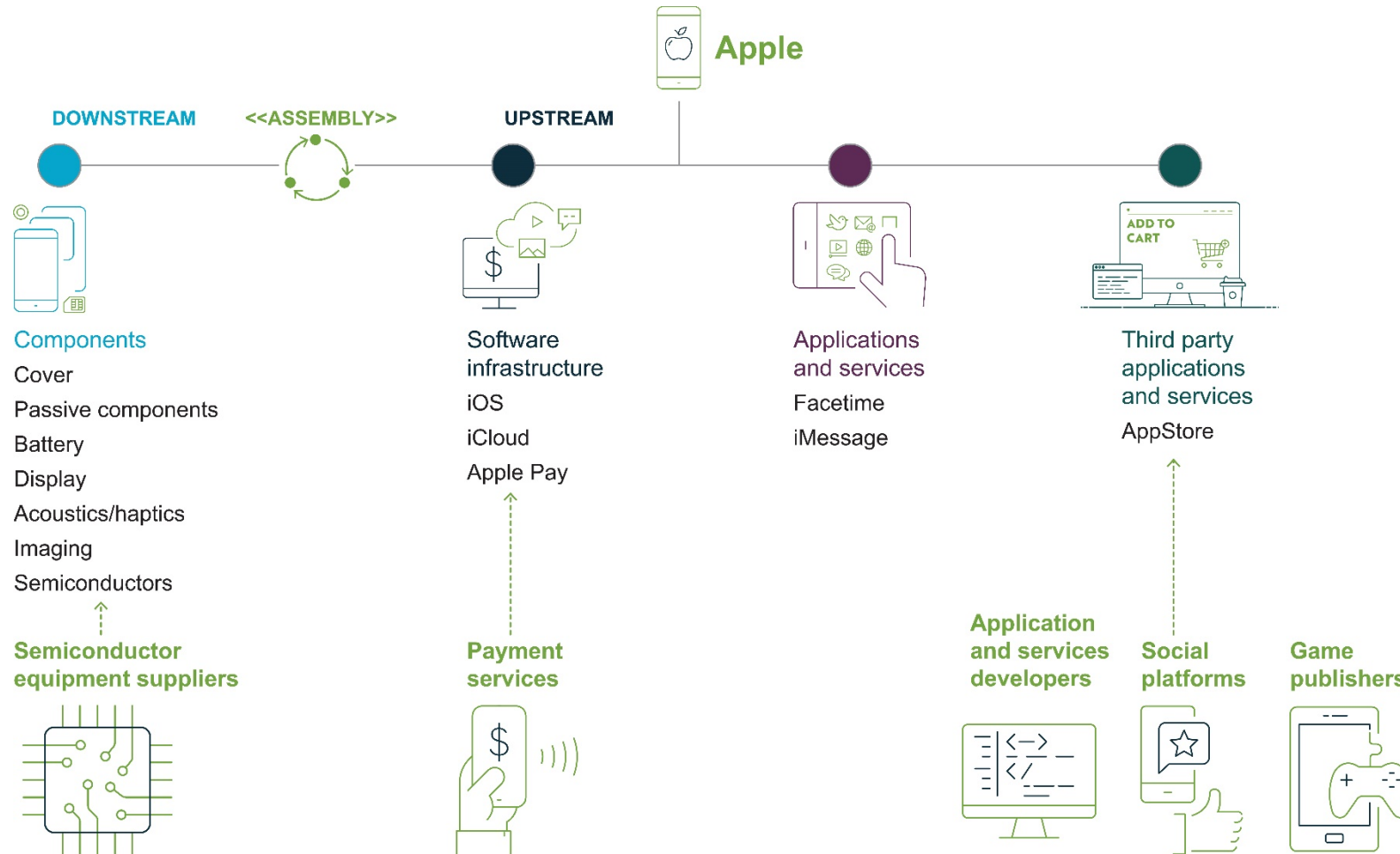
**Opportunities exist beyond the car manufacturer....**

**... we select the most attractive companies to gain exposure to this theme, where there is the most value-add across the value-chain**





# IPHONE ECOSYSTEM

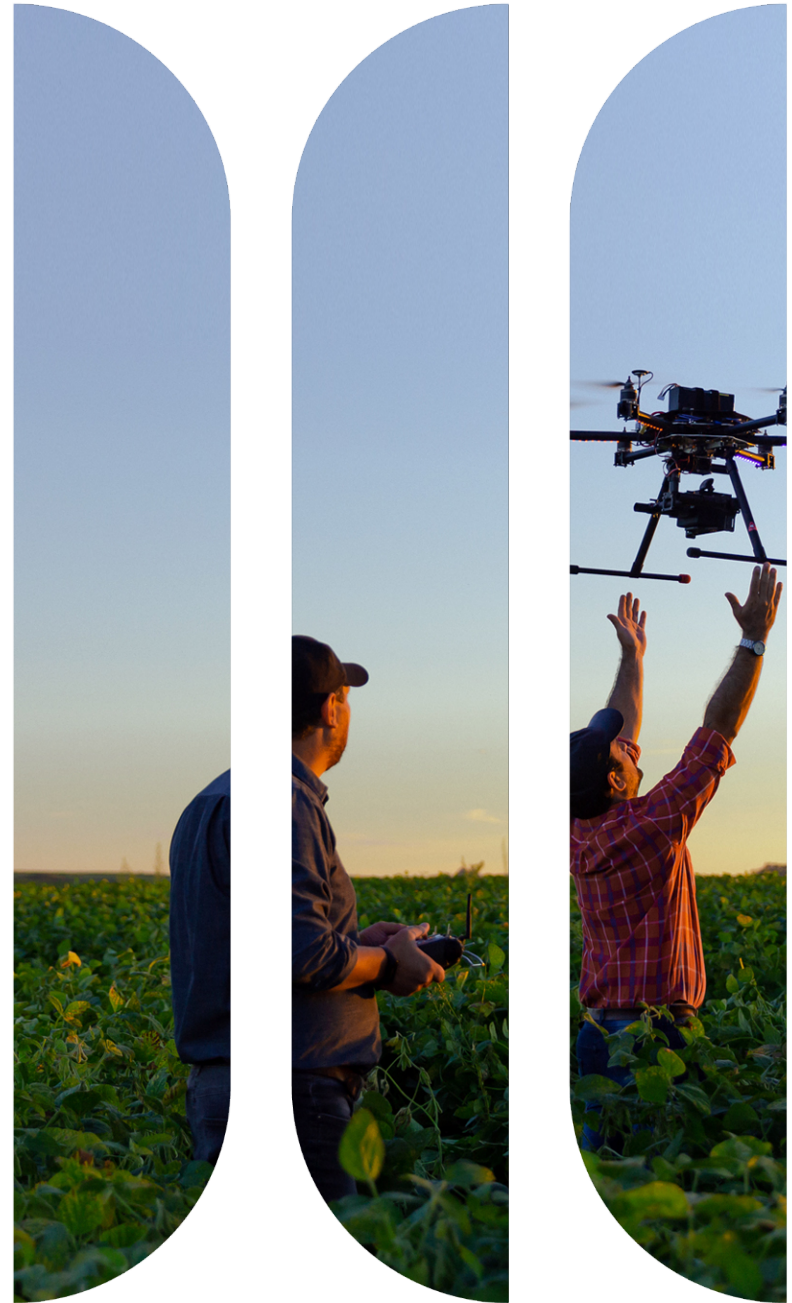


The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.



# APPENDIX

INVESTING TO IMPROVE LIVES™

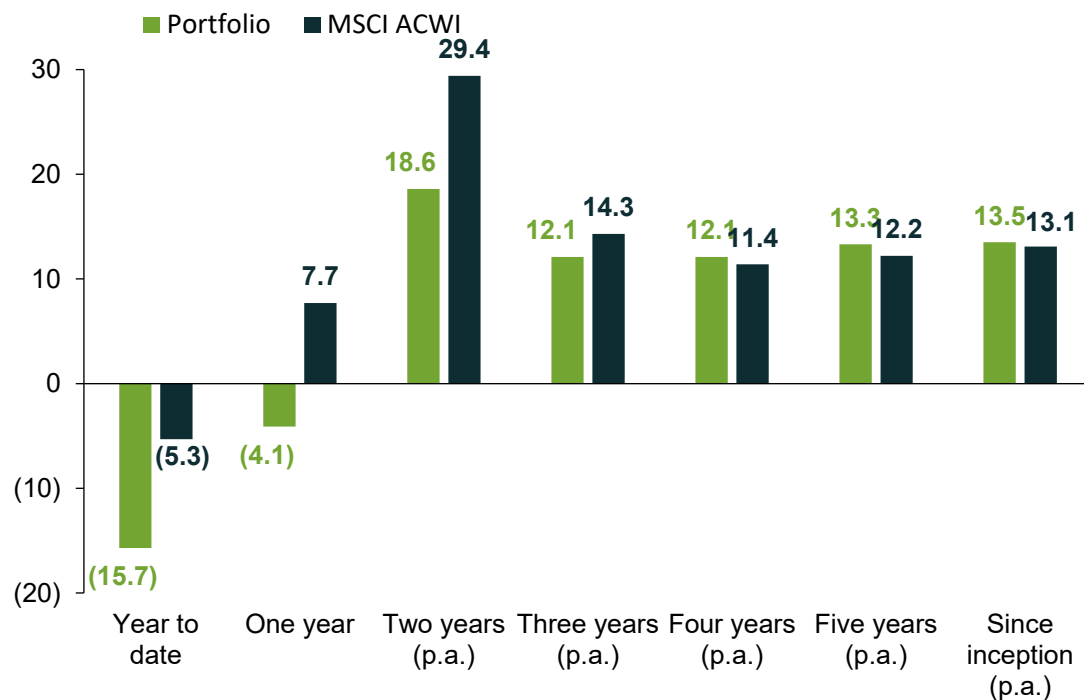




# GLTU – PERFORMANCE

## Outperformance of the index

Global Long-Term Unconstrained performance since inception



## Outperformance of peers

eVestment Equity Global All Cap Core Equity

	Quartile	Percentile
One year	4 <sup>th</sup>	87
Two years	2 <sup>nd</sup>	38
Three years	1 <sup>st</sup>	15
Four years	1 <sup>st</sup>	12
Five years	1 <sup>st</sup>	10
Since inception	1 <sup>st</sup>	13

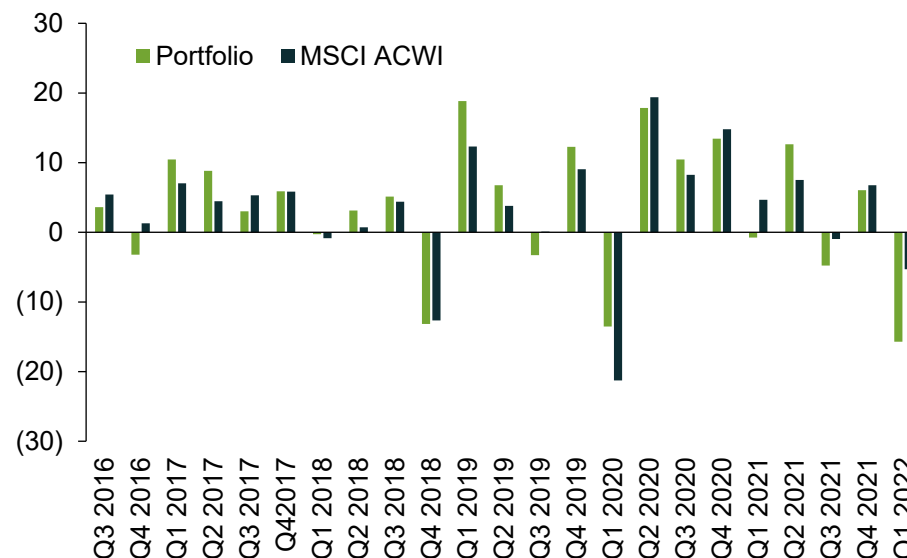
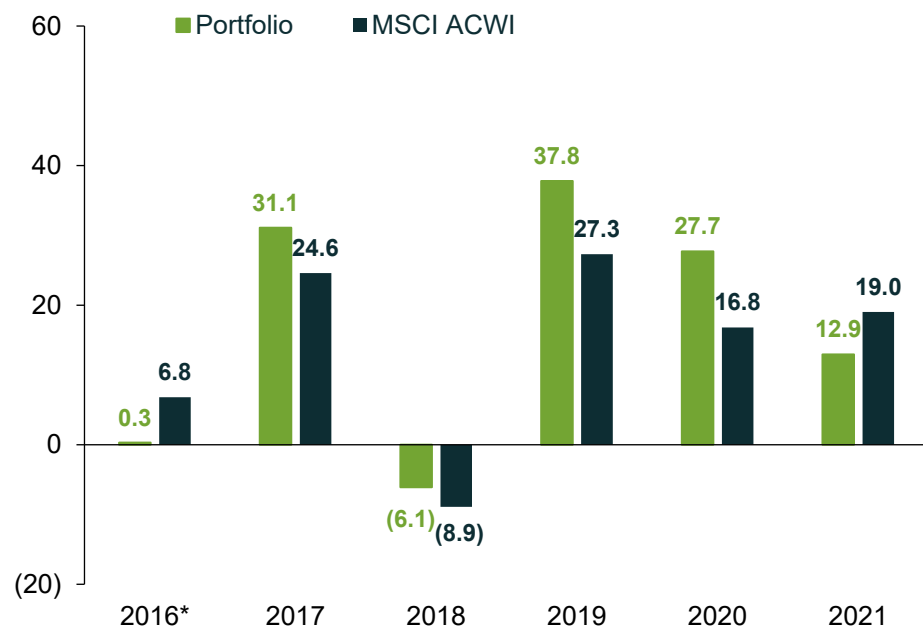
**Past performance is not a guide to future returns. The return may increase or decrease as a result of currency fluctuations.**

Source: Martin Currie, performance data in chart is shown to 31 March 2022. eVestment data shown to 31 December 2021. All data presented is the Martin Currie Global Long-Term Unconstrained US\$ composite. Figures are quoted gross of fees. If the effect of fees and other such expenses were included, performance would be reduced. The figures provided include the re-investment of dividends. Inception: 30 June 2016. Please note that this strategy is unconstrained by any benchmark. We show it against the MSCI ACWI for illustrative purposes only. eVestment peer group is the Equity Global All Cap Core Equity. Performance displayed is supplementary to the GIPS compliant information at the end of this presentation.



# GLTU PERFORMANCE CALENDAR YEARS AND QUARTERS

## Global Long-Term Unconstrained calendar year and rolling quarters performance



**Past performance is not a guide to future returns. The return may increase or decrease as a result of currency fluctuations.**

Source: Martin Currie over periods shown to 31 March 2022. All data presented is the Martin Currie Global Long-Term Unconstrained US\$ composite. Figures are quoted gross of fees. If the effect of fees and other such expenses were included, performance would be reduced. The figures provided include the re-investment of dividends. \*Inception: 30 June 2016. Please note that this strategy is unconstrained by any benchmark. We show it against the MSCI ACWI for illustrative purposes only. Performance displayed is supplementary to the GIPS compliant information at the end of this presentation. The performance record noted above is clear representation of the strategy's performance over the period shown.



# INVESTMENT PHILOSOPHY

Proprietary fundamental research can identify long-term value-creating companies undervalued by the market.



The **market is myopic**  
and fades returns of  
quality companies too  
fast



Our **proprietary fundamental  
research framework** is able to  
identify these companies

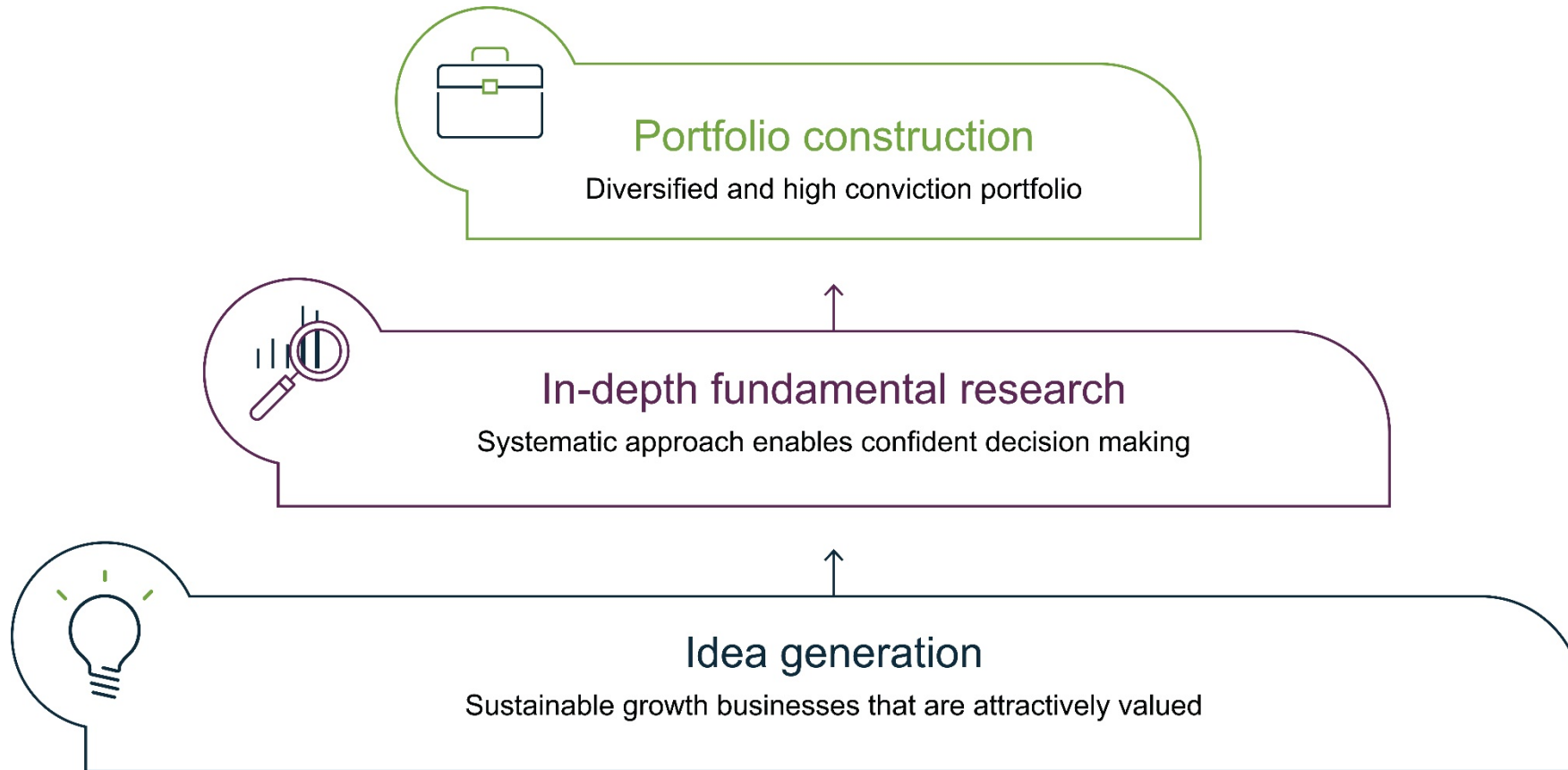


Value creating companies  
**compound returns over the  
long-term**

‘We believe that markets are myopic, and undervalue the compounding characteristics of quality growth companies. Our fundamental analysis identifies these companies, which helps us generate alpha with a lower risk profile over the long-term.’



# IDENTIFYING LONG-TERM VALUE CREATION



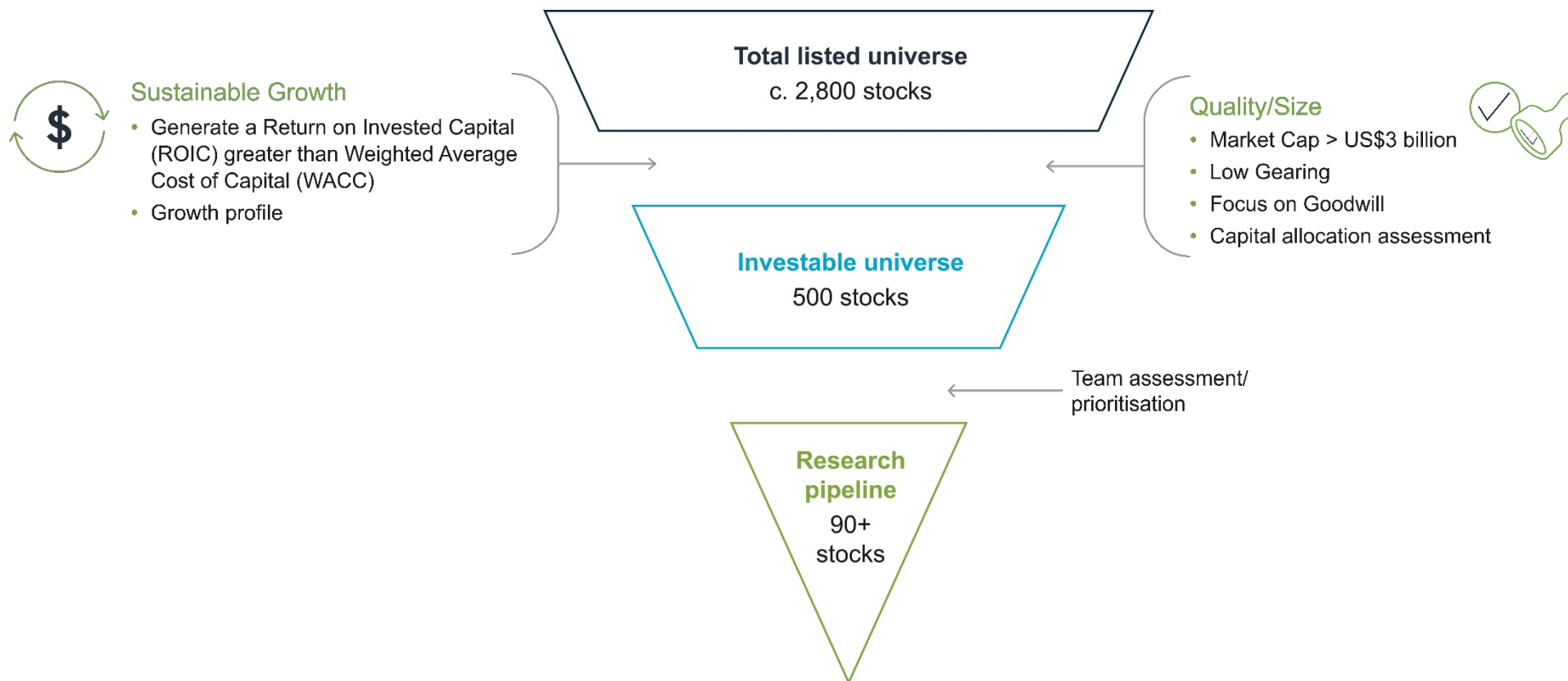
**Our systematic three step process builds conviction at each stage**



# IDEA GENERATION

Identify companies with a combination of quality, sustainable growth and attractive valuation

## Proprietary Screens



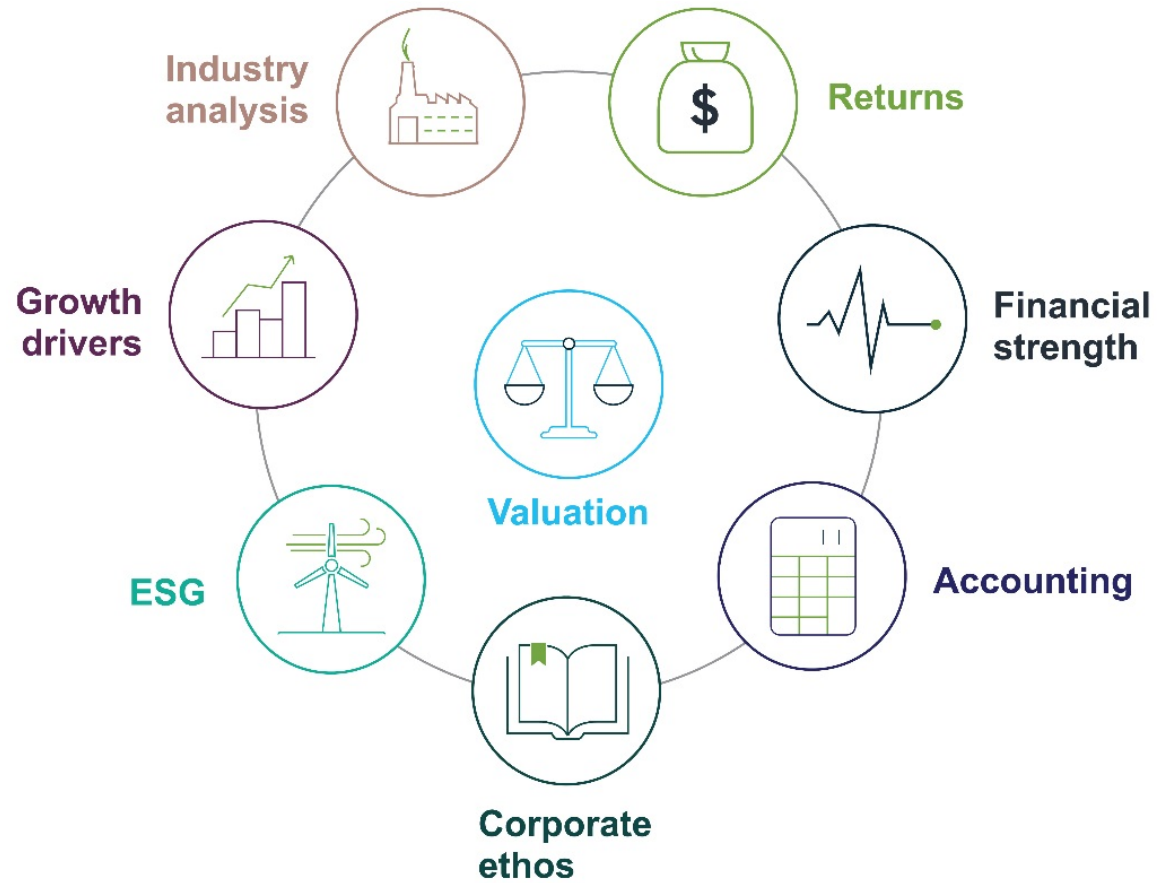


# FOUNDATION OF OUR FUNDAMENTAL ANALYSIS



MARTIN CURRIE

Fundamental analysis is based on eight key criteria



Examines the sustainability and quality of the business model



# MEASURING OUR ESG INTEGRATION – THE MSCI LENS

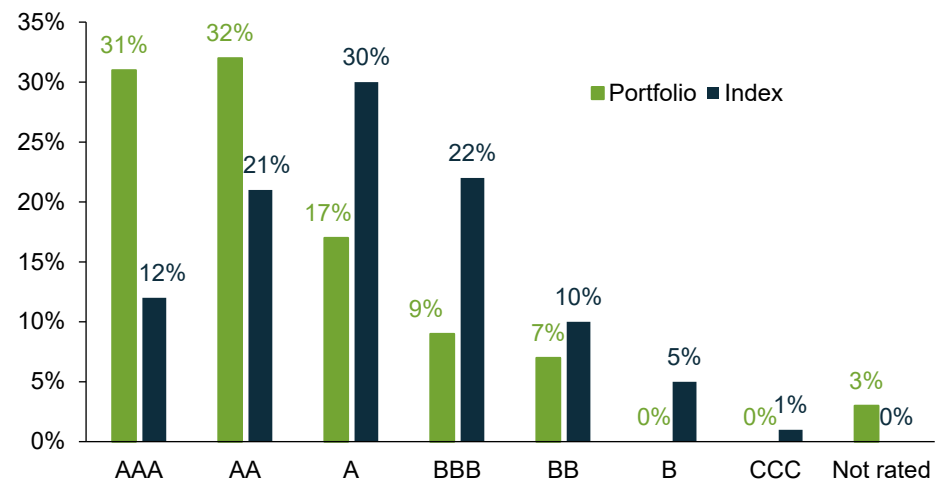
## Scores strongly across all pillars

### MSCI ESG Scores

	ESG Quality	Environmental	Social	Governance
<b>Portfolio</b>	<b>9.5</b>	<b>6.1</b>	<b>5.8</b>	<b>5.6</b>
Index	7.8	6.0	5.1	4.9

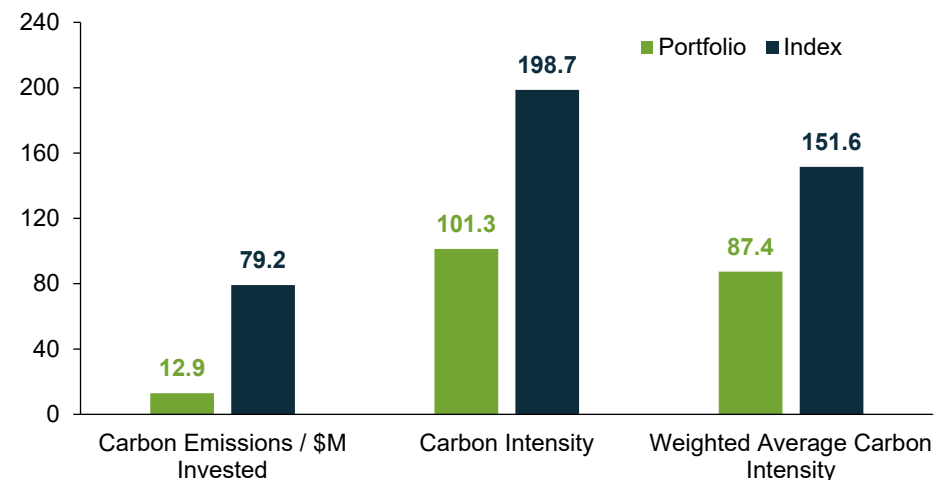
## Bias towards stocks with high ESG ratings...

### ESG Rating Distribution



## ...With a low carbon footprint

### Carbon Footprint Metrics



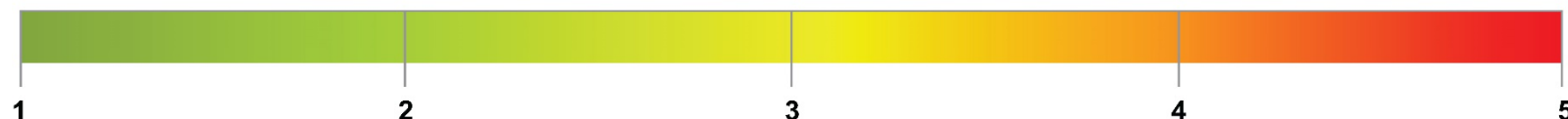


# OUR ESG ANALYSIS

## GLTU ESG risk assessment – proprietary fundamental ESG analysis

### Consistent, structured and detailed

Stock ranked 1 (lowest risk) to 5 (highest risk)



### Granular

Qualitative insight – stocks risk assessed across each of the most material factors

#### Governance



##### Board assessment

Quality, independence, capital allocation



##### Management

Breadth, competence, accounting practices



##### Remuneration

Alignment, transparency, appropriateness



##### Culture

Sustainability focus, diversity, ethics

#### Sustainability



##### Environmental risks

Carbon footprint, pollution & waste, resource access



##### Social risks

Product liability, supply chain, human rights



##### Understanding, integration and ambition

Management of risks and opportunity, integration into strategy



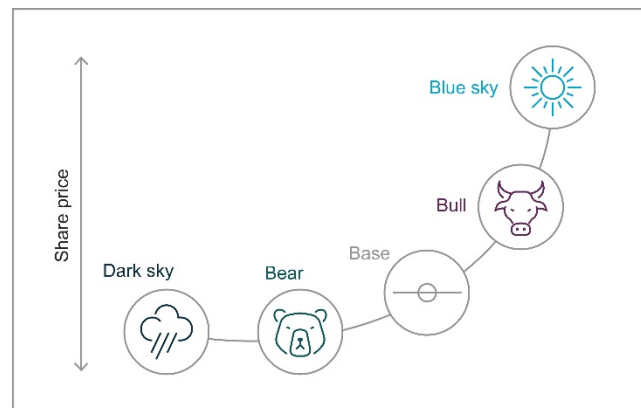
##### Common factors

Climate change, cyber security, human capital



# LONG-SIGHTED AND STRUCTURED APPROACH TO VALUATION

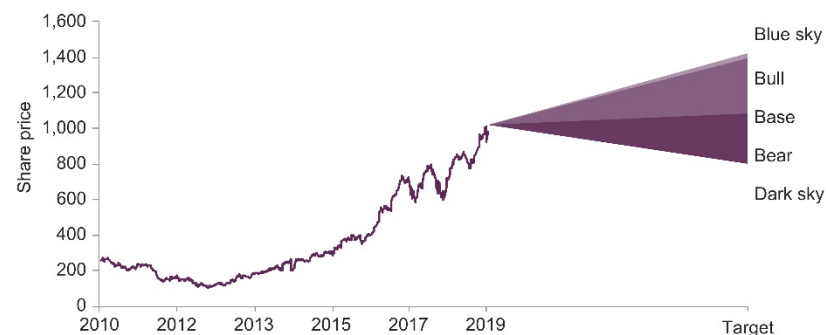
## Scenario analysis reflects the evolution of returns



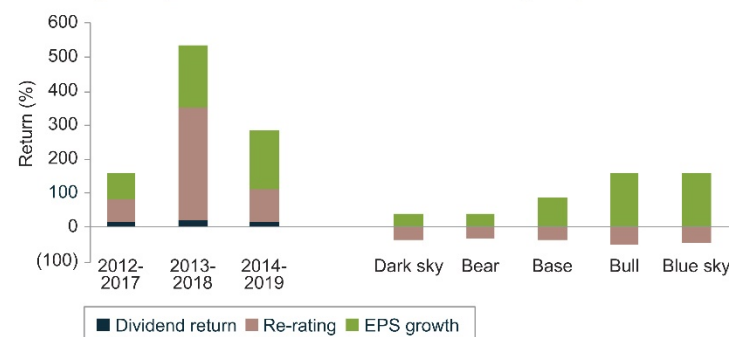
### Blended target price methodology

- 50% Discounted Cash Flow
- 25% ROIC/WACC = EV/IC
- 25% Target multiples: year 5
  - EV/Sales
  - EV/EBITDA
  - P/E

### Historic share price and scenario target price decomposition



### Rolling five-year total shareholder returns (TSR)



**Our investment process assesses valuation upside potential in the long term**

**Past performance is not a guide to future returns. The data supplied is used for illustrative purposes only to demonstrate our valuation model.**

Source: Martin Currie, template is populated with example data.



# STRUCTURED SELL DISCIPLINE



MARTIN CURRIE



Fundamental research

## Conviction ratings



Ensures focus on the highest conviction names



Lower conviction names are focus of urgent research work

## Stock sell decision based on 3 reasons:



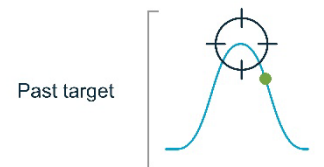
### Stock nearing price target

- switch into stock on reserve list that offers more upside and better risk/reward



### Stock reaches price target

- no more upside potential





# BEHAVIOURAL ANALYSIS OPTIMISES DECISION MAKING

We assess the quality of our research debates to avoid ‘group think’ and behavioural biases

## Innovating in behavioural analytics



Structured assessment of research debates



Aiming for optimal decision making



Ensuring full awareness of behavioural biases



Constant learning and improvement

## Research presentation quality assessment

	1	2	3	4	5
Debate on the investment case		2			
Debate on the risks to the investment case		2			
Debate on the valuation analysis		2			
Degree of pushback			3		
Degree of devil's advocate approach		2			
Degree of lateral thinking in the discussion	1				
Degree of capture of variety of opinions		2			
Risk of Group Think behaviour		2			
Risk of overconfidence bias in the discussion	1				
Risk of loss-aversion bias in the discussion	1				
Risk of affinity bias in the discussion		2			
Risk of confirmation bias in the discussion		2			

**Focused on excellence in our investment decision making**



# PORTFOLIO CONSTRUCTION – POSITION SIZE



Each position is weighted appropriately to ensure a meaningful contribution

## Industry, Company and Governance & Sustainability risks

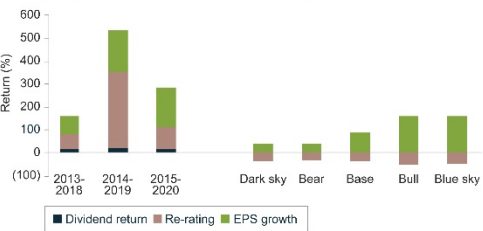
Industry risks	1.9	Company risks	2.1	Governance & sustainability risks	2.7
Competition	2	Financial Leverage	1 2	Environmental	3
New entrant risk	2	Regulatory	2	Social	2 3
Customer power	2	Accounting	2	Governance	3
Supplier power	2	Cost Base Inflation	2	Remuneration	3
Disruption risk	2	FX Mismatch	4	Ownership	3
Pricing power	1	Political/Country	3	Customer trust	2
Supply chain dependency	2	Tax Rate	2		
		Acquisitiveness	2		
		Industry Leadership	2		
		Innovation Risk	1		
		Workforce Risk	2		

## Contribution to portfolio risks

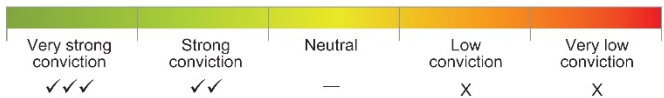
Portfolio risks	2.3
EPS Momentum	2
Bid Target	2
Cyclicality	4
Diversification	3
ROIC Quintile	2
NOPAT Quintile	2
Asset Turn Quintile	2
Upside Quintile	2
Degree of Consensus	3
Dividend Sustainability	1
Liquidity Risk	3

## Upside to fair value and upside/downside risk analysis

Rolling five-year total shareholder returns (TSR)

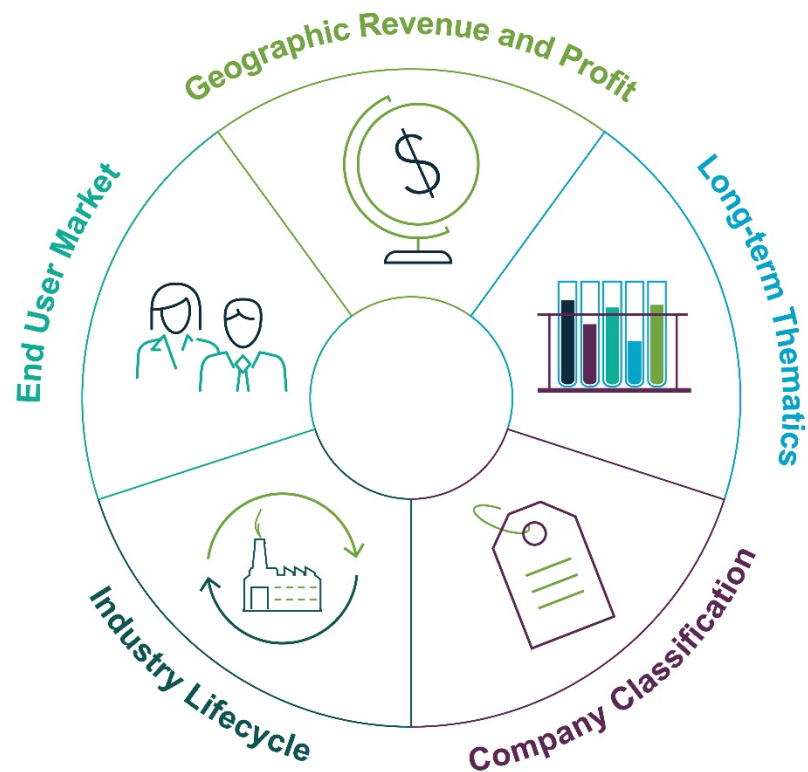


## Conviction rating on the stock

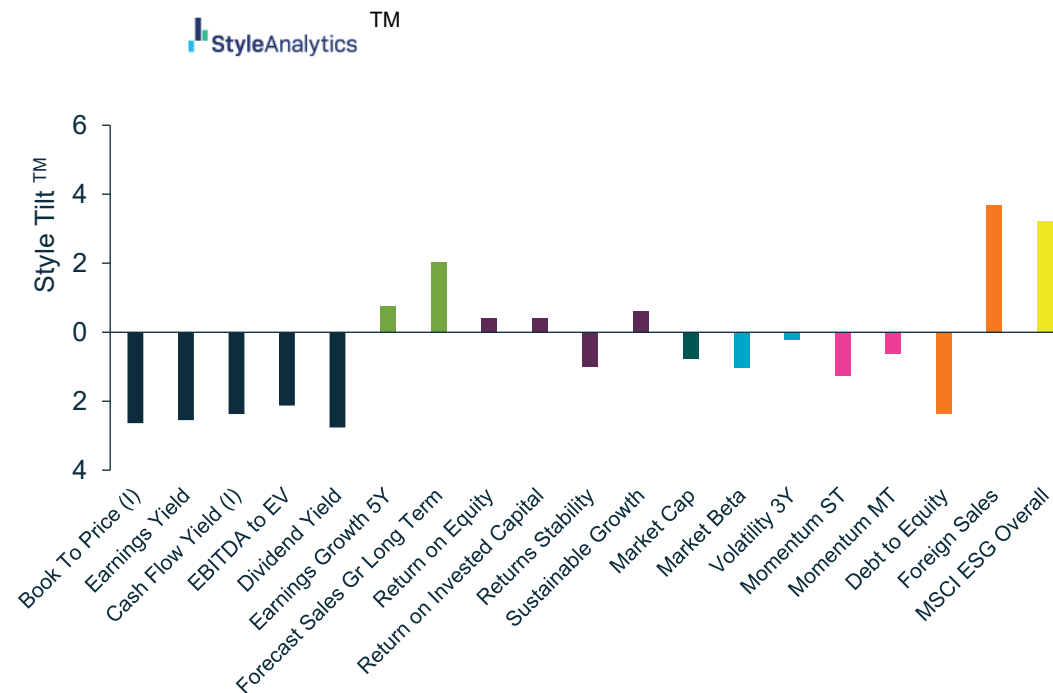




# PORTFOLIO CONSTRUCTION – HIGH CONVICTION AND DIVERSIFIED



## Style skyline versus MSCI ACWI



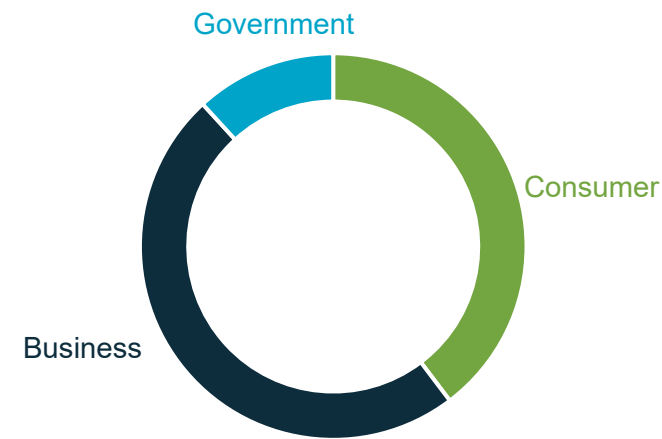
## Full visibility of exposures ensures no unintended portfolio risks

Source: Martin Currie and Style Research as at 31 December 2021. Representative Martin Currie Global Long-Term Unconstrained account shown. Please note that this strategy are unconstrained by any benchmark. We show it against the MSCI ACWI for illustrative purposes only. The company trademark shown is not in any way associated or to be deemed to be associated with Martin Currie or its group companies

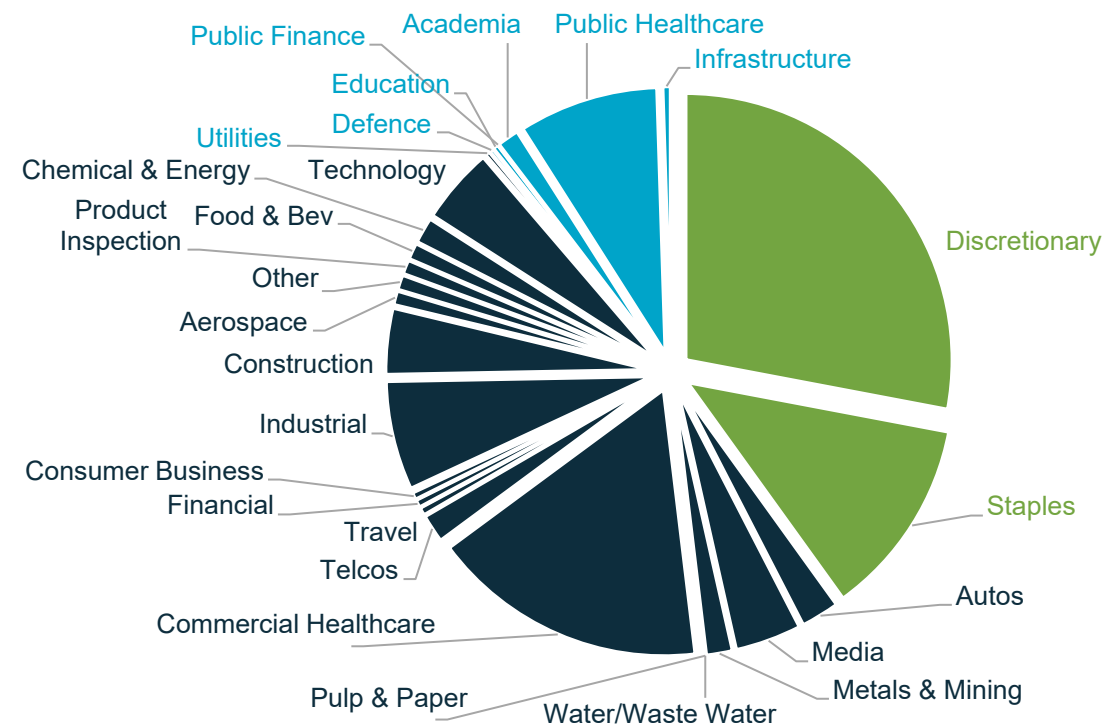


# PORTFOLIO ANALYTICS – END USER MARKET EXPOSURE

Level one analysis



Level two analysis



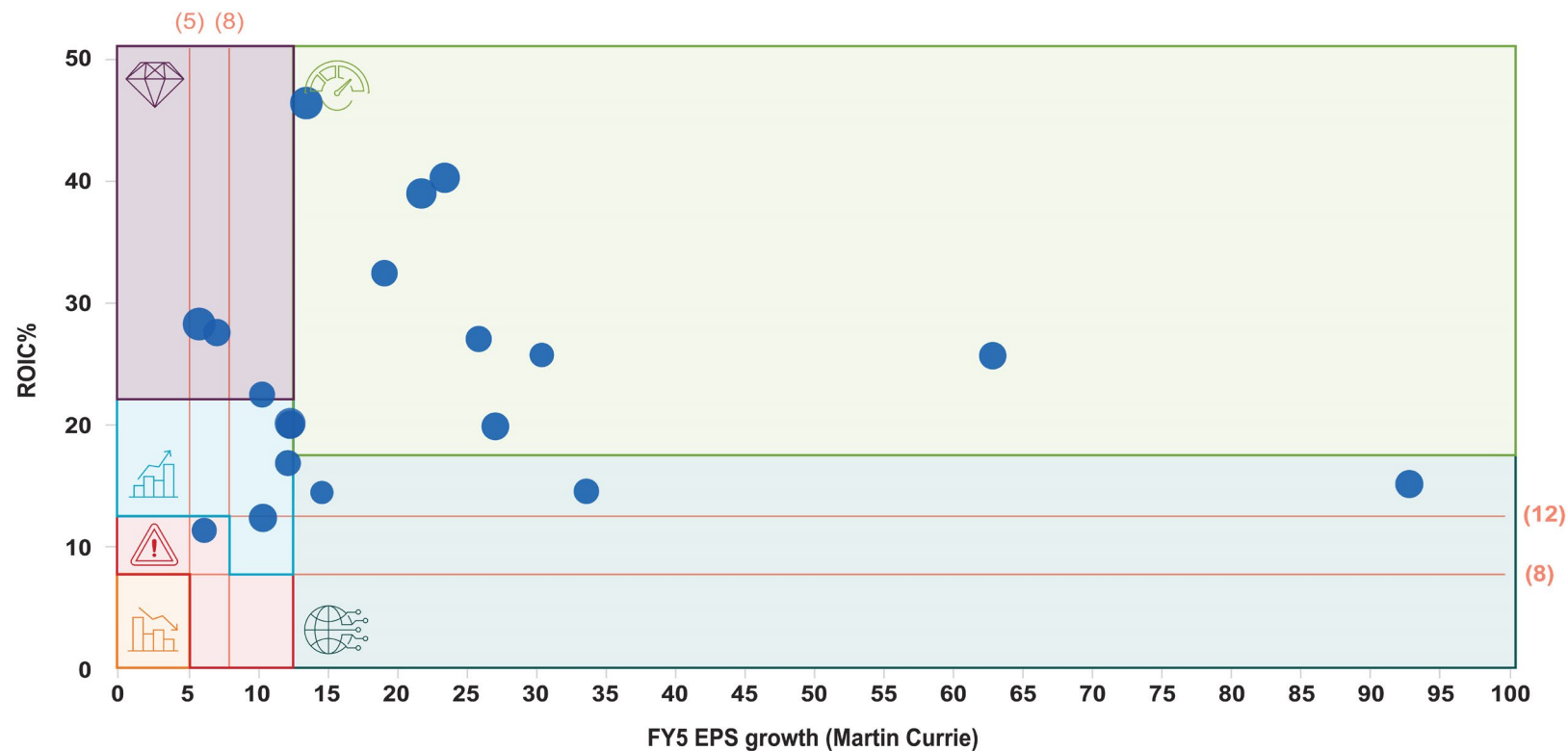
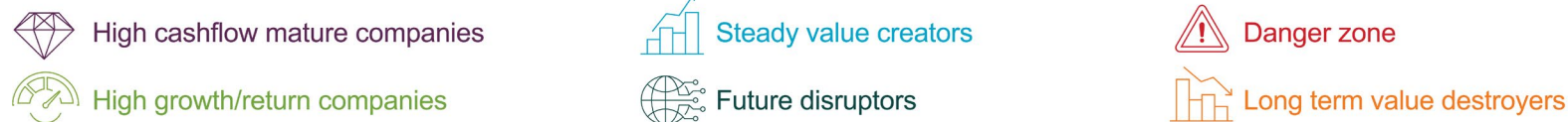
Source: Martin Currie and FactSet as at 31 December 2021. Representative Martin Currie Global Long-Term Unconstrained account shown.



# IDENTIFYING LONG-TERM VALUE CREATION

## Company classifications – Quality versus growth

Companies are categorised as:





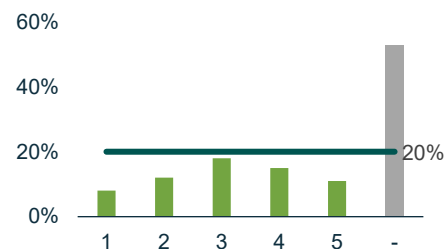
# PORTFOLIO ANALYTICS – ADDITIONAL PORTFOLIO ANALYSIS

## Aggregate Portfolio risk assessment

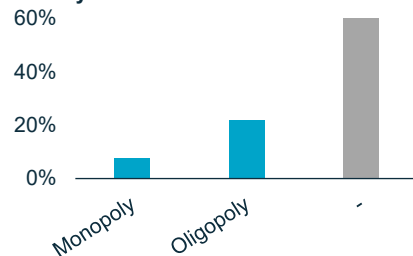
From our company classification research we can look at the portfolio's aggregate exposure to:

-  **Cyclicality**
-  **Industry structure**
-  **Industry lifecycle**

Cyclicality buckets



Industry structure



Industry lifecycle

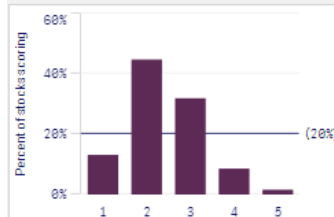


## Aggregate Portfolio ESG assessment

Governance score

Weighted average for selection

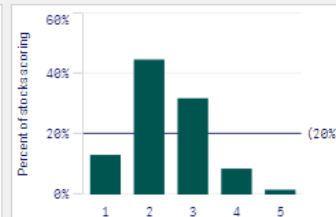
2.5



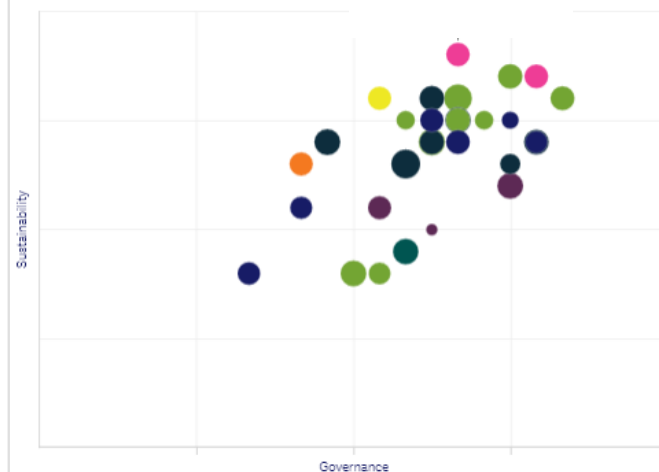
Sustainability score

Weighted average for selection

2.3

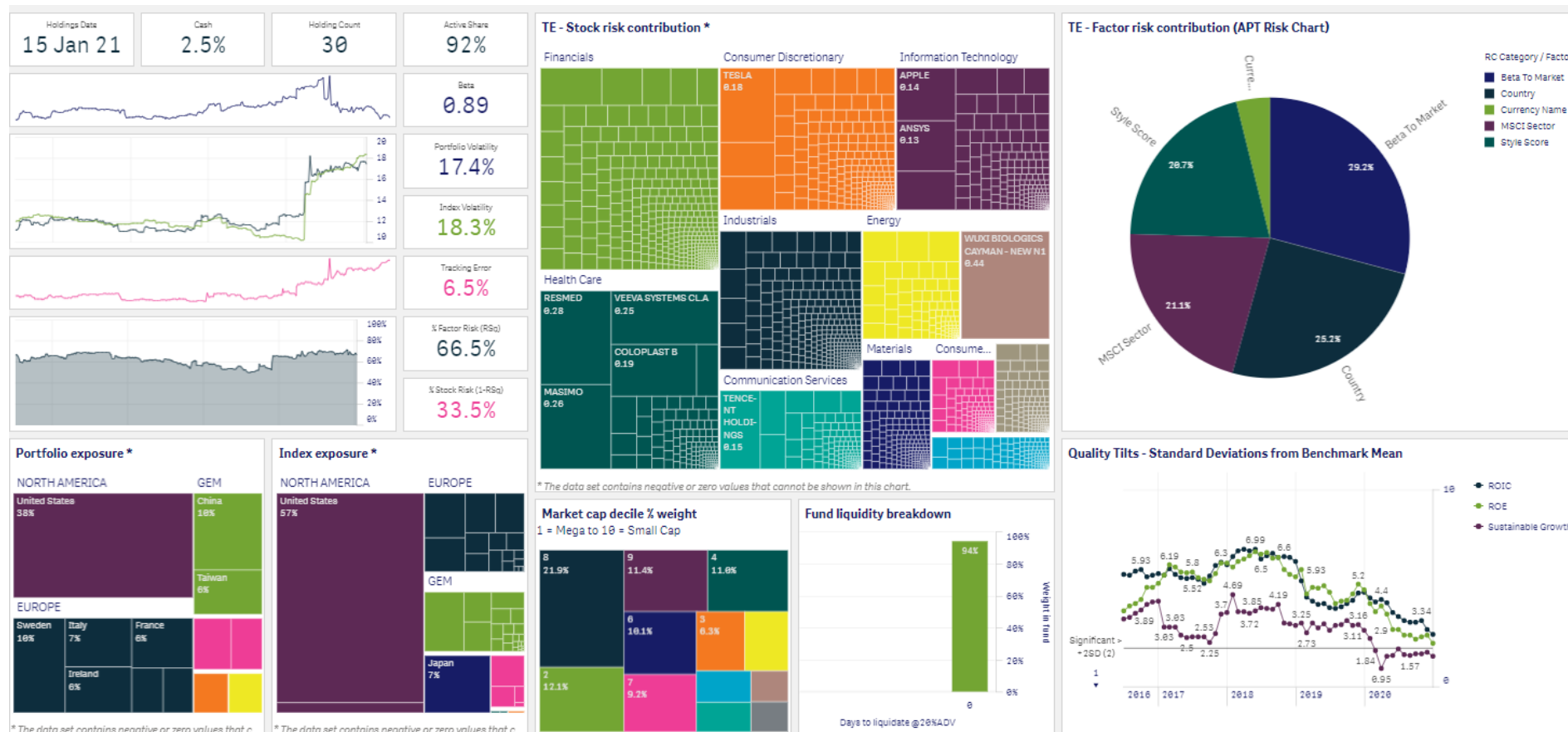


Plot of actual scores





# PORTFOLIO ANALYTICS – SOPHISTICATED RISK ANALYTICS



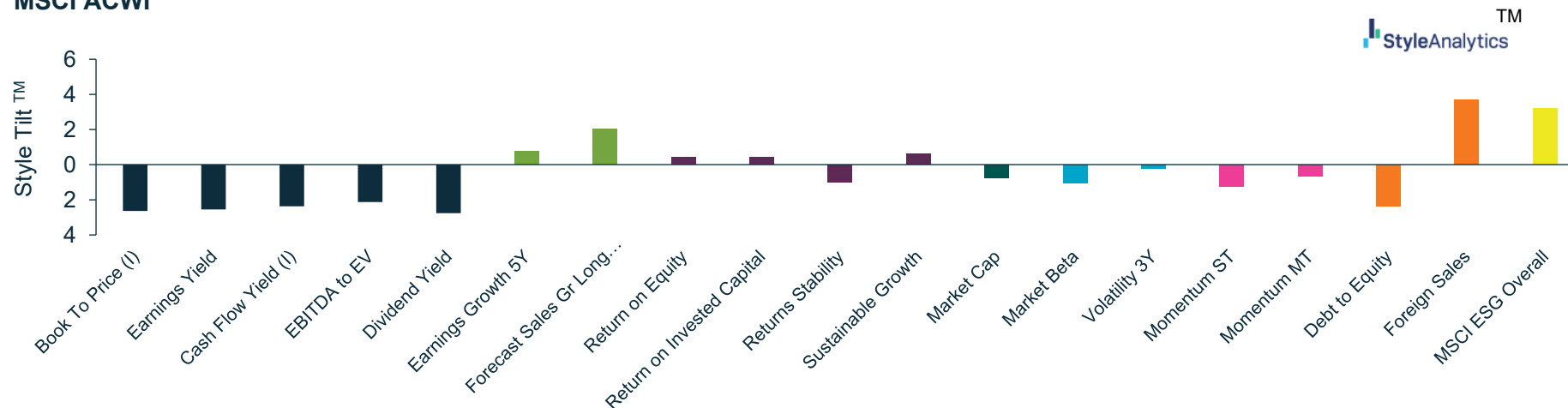
The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.

Source: Martin Currie and FactSet as at 15 January 2021. All data presented is the Martin Currie Global Long-Term Unconstrained representative account.

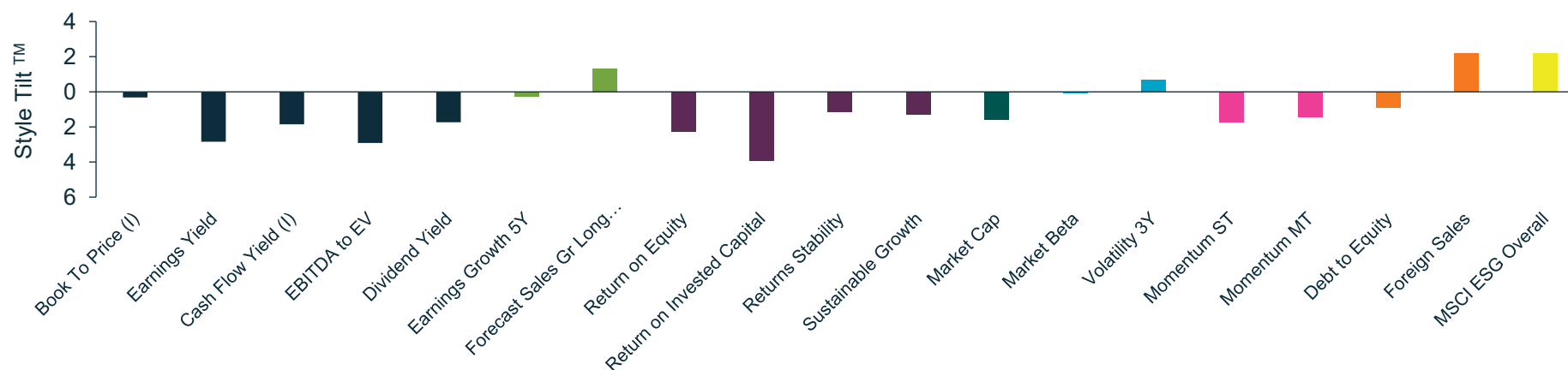


# A PORTFOLIO FOCUSED ON QUALITY

## MSCI ACWI



## MSCI ACWI Quality



Source: Style Research as at 31 December 2021. Representative Martin Currie Global Long-Term Unconstrained account shown. Please note that this fund is unconstrained by any benchmark. We show it against the MSCI ACWI and MSCI ACWI Quality for illustrative purposes only. The company trademark shown is not in any way associated or to be deemed to be associated with Martin Currie or its group companies.



## ZEHRID OSMANI



### **Zehrid Osmani**

#### **24 years investment experience**

Zehrid is Martin Currie's Head of Global Long-Term Unconstrained. He was previously a Managing Director and Head of European Equities Research at BlackRock for 10 years, latterly becoming Head of Global Investment Process

### **Proven track record in:**

#### **Unconstrained investing**

He had a specific focus on managing unconstrained, high conviction mandates

#### **Fundamental research**

The European equity research platform Zehrid built was rolled out across all BlackRock's fundamental strategies

#### **Developing a franchise**

Grew the BlackRock European equity business to scale



PROPRIETARY RESEARCH TEMPLATE

LONG TERM UNCONSTRAINED RESEARCH REPORT

Ferrari NV

In Pole Position

Div. Yield

0.8%

Price (actual)

184.15

Price (target)

198.38

% Diff.

+8%

Recommendation

1. Strong buy

Category

High growth/return company

Total Score

2.3

INDUSTRY RISKS

1.7

COMPANY RISKS

2.3

GOVERNANCE & SUSTAINABILITY

2.5

PORTFOLIO RISKS

2.7

PE (FY1) Absolute and relative (to MSCI ACWI)

Decomposition of returns

ROIC

Investment thesis:

1. Investment case 1. Strong buy

2. Key thesis indicators

3. Risk to recommendation

4. Revenue and Profit outlook

5. Cash flow and Balance Sheet

6. Valuation

SWOT Analysis :

Strengths:

Weaknesses:

Opportunities:

Threats:

Key debates and business risks:

Active Ownership engagement, milestones and outcomes:

Next steps:

Method	% Attrib.	TP	% upside	Imp Yrs PE	Thematic Exposure	Related Mega Theme						
DCF	50%	181.1	(2%)	21x	Theme	Demographic Transformation						
EV/IC	25%	171.3	(7%)	20x	Electric Vehicles	Resource Scarcity						
Target multiples	25%	260.0	+41%	30x	Electric Vehicles	Demographic Transformation						
Target Price	100%	188.4	+8%	23x	Electric Vehicles	Demographic Transformation						
Divisional analysis												
Division	% of sales	Market share	Market position	Largest 5 owners:	Consensus	Ratio (%)						
Cars and spare parts	83%	25%		Shareholder	Rating	20%						
Engines	3%	25%	1	T. Rowe Price Associates, Inc. (Investment Management)	5.3	Buy						
Sponsorship	11%	25%	1	Capital Research & Management Co. (Global Investors)	4.7	Hold						
Other	2%	25%	1	The Vanguard Group, Inc.	1.5	Sell						
				Covest Financial Services	1.5	Sell						
				WCM Investment Management LLC	1.4	Total Ratings						
						20						
Income statement												
Sales - MC	12/2016	12/2017	12/2018	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	LSY CAGR	NSY CAGR
Revenue	3,165	3,417	3,420	3,767	3,460	3,169	4,253	4,929	5,588	6,348	+4%	+13%
EBITDA - MC	739	934	1,116	1,271	1,157	1,030	1,446	1,725	2,068	2,539	+9%	+17%
EBIT - MC	595	774	827	919	730	558	1,033	1,324	1,647	2,088	+9%	+23%
Profit before tax	567	746	803	875	667	502	976	1,289	1,582	2,024	+9%	+20%
Net income	410	549	617	629	619	619	827	1,052	1,301	1,750	+22%	+17%
EPS - MC	2.11	2.82	4.14	3.71	3.28	2.30	3.95	5.13	6.43	8.77	+17%	+22%
DPS	0.46	0.64	0.71	1.03	1.13	1.13	1.24	1.43	1.64	1.89	-	+11%
Payout ratio	22%	23%	17%	28%	34%	49%	31%	28%	28%	22%		(9%)
Cash flow statement							12/2022	12/2023	12/2024	12/2025	LSY CAGR	NSY CAGR
CF from operations	1,005	663	934	1,306	124	913	1,083	1,321	1,583	2,044	+3%	+20%
CF from financing	(302)	(379)	(637)	(701)	(708)	(317)	(425)	(581)	(871)	(762)	+2%	+1%
CF from investment	(341)	(391)	(637)	(701)	(708)	(317)	(425)	(581)	(871)	(762)	+2%	+1%
Change in cash	272	154	63	24	(221)	387	438	465	607	801		
Closing cash	458	648	784	888	1,382	1,749	2,187	2,652	3,259	4,190		
FCF	663	271	296	600	125	696	668	730	912	1,282		
Balance sheet							12/2022	12/2023	12/2024	12/2025	LSY CAGR	NSY CAGR
Cash and equivalents	468	669	800	907	1,401	1,788	2,225	2,690	3,287	4,229	+34%	+25%
Other current assets	863	875	1,087	1,468	1,616	1,930	2,348	2,846	3,461	4,382	+4%	+13%
Current assets	1,331	1,534	1,887	2,375	2,416	2,718	3,473	4,136	4,937	6,081	+18%	+20%
Fixed assets	2,318	2,607	2,999	2,491	3,848	3,891	3,703	3,894	4,143	4,454	+9%	+9%
Total assets	3,650	4,141	4,886	4,866	6,264	6,609	7,176	8,030	9,080	10,546	+10%	+15%
Current liabilities	1,177	1,080	1,139	1,275	1,736	1,665	1,930	2,095	2,257	2,443		
Long-term liabilities	2,342	2,277	2,359	2,585	2,585	2,737	2,737	2,737	2,737	2,737		
Total liabilities	3,520	3,357	3,498	3,860	4,471	4,402	4,667	4,832	4,994	5,180		
Shareholders' equity	325	779	1,349	1,491	1,785	2,092	2,500	3,189	4,075	5,322		
Gross debt	1,848	1,808	1,927	2,090	2,725	2,725	2,725	2,725	2,725	2,725		
(Cash)	(468)	(659)	(800)	(907)	(1,401)	(1,788)	(2,225)	(2,690)	(3,287)	(4,229)		
Net debt / (cash)	1,147	1,147	1,127	1,183	1,324	1,324	1,324	1,324	1,324	1,324		
Net debt / EBITDA	1.5x	1.2x	1.0x	0.9x	1.1x	0.9x	0.9x	0.9x	0.9x	0.9x		
Growth							12/2022	12/2023	12/2024	12/2025	LSY CAGR	NSY CAGR
Sales	+9%	+10%	+0%	+10%	(8%)	(8%)	+34%	+16%	+13%	+14%	+4%	+13%
EBITDA	(1%)	+20%	+19%	+14%	(9%)	(11%)	+40%	+19%	+20%	+23%	+9%	+17%
EBIT	+26%	+30%	+7%	+11%	(21%)	(24%)	+85%	+28%	+24%	+27%	+9%	+23%
Profit before tax	+21%	+32%	+4%	+9%	(24%)	(27%)	+95%	+30%	+23%	+25%	+9%	+20%
EPS	+39%	+34%	+47%	(10%)	(12%)	(30%)	+72%	+30%	+29%	+37%	+17%	+22%
PSPS	+89%	(59%)	+5%	+105%	(75%)	(378%)	+15%	+5%	+25%	+41%	(18%)	+59%
DPS		+12%	+45%	+10%		+10%	+15%	+15%	+15%	+15%		+11%
Profitability							12/2022	12/2023	12/2024	12/2025	LSY CAGR	NSY CAGR
GM												
EBITDA	23.8%	27.3%	32.6%	33.7%	33.4%	32.5%	34.0%	35.0%	37.0%	40.0%		
EBIT	19.2%	22.7%	24.2%	24.4%	21.1%	17.6%	24.3%	25.9%	28.9%	32.9%		
Profit before tax	18.3%	21.8%	23.8%	23.2%	19.3%	15.8%	23.0%	25.7%	28.8%	32.7%		
Net income	13.2%	16.0%	20.8%	22.0%	23.6%	19.9%	19.9%	21.3%	23.3%	27.0%		
Capital Intensity / Returns							12/2022	12/2023	12/2024	12/2025	5Y Average	10Y Average
ROIC	11.0%	11.6%	18.7%	18.7%	20.6%	10.0%	10.0%	12.0%	12.0%	12.0%	13.1	16.1
Capex / depreciation (x)	2.6x	2.7x	4.1x	3.7x	3.3x	1.3x	1.3x	2.2x	2.4x	2.6x		
FCF/E, Adj. net income	162.0%	49.2%	32.2%	72.9%	15.3%	96.3%	80.7%	69.4%	70.7%	73.1%		
ROCE	27.2%	27.6%	31.2%	24.2%	19.8%	12.7%	19.0%	21.2%	22.6%	25.6%		
ROIC	21.3%	27.4%	34.6%	26.8%	21.6%	15.0%	24.6%	30.5%	35.1%	43.7%		
CFP/IC	32.4%	19.3%	24.4%	28.8%	15.6%	15.6%	17.6%	19.6%	21.0%	23.8%		
ROE	286.0%	97.0%	73.8%	49.2%	37.2%	22.5%	32.6%	33.4%	32.6%	34.5%		
Debt / (Debt+Equity)	61.0%	68.6%	58.6%	58.6%	62.7%	62.7%	62.7%	62.7%	62.7%	62.7%		
Valuation							12/2022	12/2023	12/2024	12/2025	5Y Average	10Y Average
P/E - MC est.	26.2x	30.3x	20.8x	39.4x	57.3x	79.9x	45.5x	35.8x	28.6x	20.9x	25.9x	29.6x
P/E - core est.												
EV/EBITDA - MC est.	16.1x	19.3x	16.0x	22.9x	31.7x	42.6x	39.1x	34.0x	28.3x	20.9x	16.2x	16.2x
EV/EBITDA - core est.												
EV/EBIT - MC est.	22.3x	20.7x	30.9x	49.5x	62.6x	82.6x	33.4x	25.7x	20.3x	15.5x	22.5x	22.5x
EV/Sales - MC est.	5.0x	5.0x	5.0x	7.5x	11.0x	8.1x	6.5x	6.5x	6.5x	6.5x	5.1x	5.1x
FCF/E - MC est.	1.7%	1.8%	2.2%	0.4%	1.8%	2.0%	2.1%	2.7%	3.8%	2.3%	2.3%	2.3%
Dividend Yield - MC est.	0.7%	0.8%	0.7%	0.7%	0.8%	0.8%	0.7%	0.8%	0.9%	1.0%	1.0%	1.0%
Geographic revenue							12/2022	12/2023	12/2024	12/2025	5Y Average	10Y Average
Developing	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Europe	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Asia	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
North America	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Geographic profit							12/2022	12/2023	12/2024	12/2025	5Y Average	10Y Average
Developing	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5	25.5
Europe	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Asia	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
North America	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

The data supplied is used for illustrative purposes only to demonstrate our research model.

Source: Martin Currie and FactSet. The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.



# RESEARCH TEMPLATE – SYSTEMATIC RISK ASSESSMENT

## Ferrari NV

Div. Yield	Price (local)	Price (target)	% Diff.	Recommendation	Category	Total Score
0.8%	184.15	198.38	+8%	1. Strong buy	High growth/return company	2.3

*In Pole Position*

### INDUSTRY RISKS 1.7

Competition		2			
New entrant risk	1				
Customer power	1				
Supplier power		2			
Disruption risk			3		
Pricing power	1				
Supply chain depend		2			

### COMPANY RISKS 2.3

Financial Leverage		2			
Regulatory			4		
Accounting		2			
Cost base inflation		2			
FX Mismatch			3		
Political / Country	1				
Tax Rate		2			
Acquisitiveness	1				
Disruptor/Defender			3		
Innovation Risk			3		

### GOVERNANCE & SUSTAINABILITY 2.5

Environmental			3		
Social		2			
Governance			3		
Remuneration			3		
Ownership			3		
Customer Trust	1				

### PORTFOLIO RISKS 2.7

EPS Momentum		2			
Bid Target			4		
Cyclicality			3		
Diversification			3		
ROIC Quintile			3		
NOPAT Quintile		2			
Asset Turn Quintile			3		
Upside Quintile	1				
Degree of consensus			4		
Div. Sustainability		2			

**The data supplied is used for illustrative purposes only to demonstrate our research model. The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.**

Source: Martin Currie and FactSet.



# UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

**Each of our holding's exposures has been mapped to the 17 SDG and our proprietary risk assessment applied**





# TARGETED ENGAGEMENT AND RISK MANAGEMENT



**Monitor** the portfolio's percentage of negative contributions (4 and 5) against each goal



**Target** our engagement with the companies with areas of higher risk

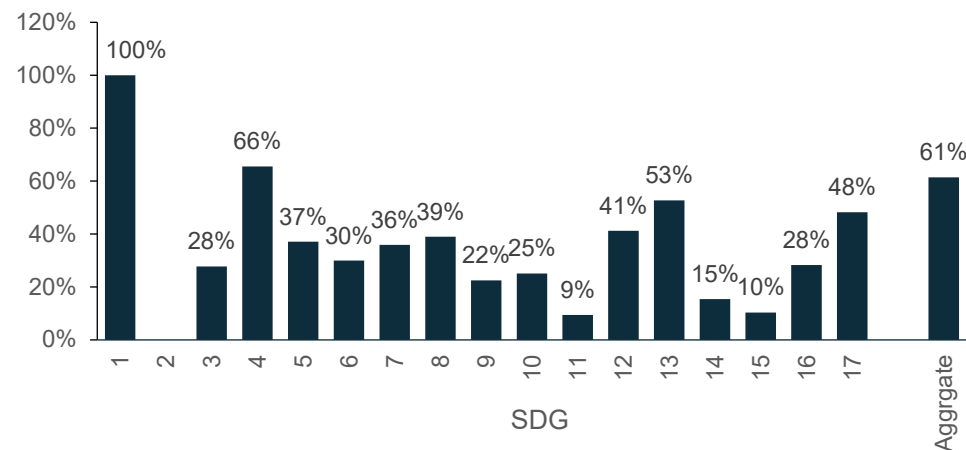


**Complement** our proprietary ESG risk assessment and thematic research

GLTU - % of SDG's rated 4 or 5



% of SDG's assessed by corporates vs portfolio (Scaled)

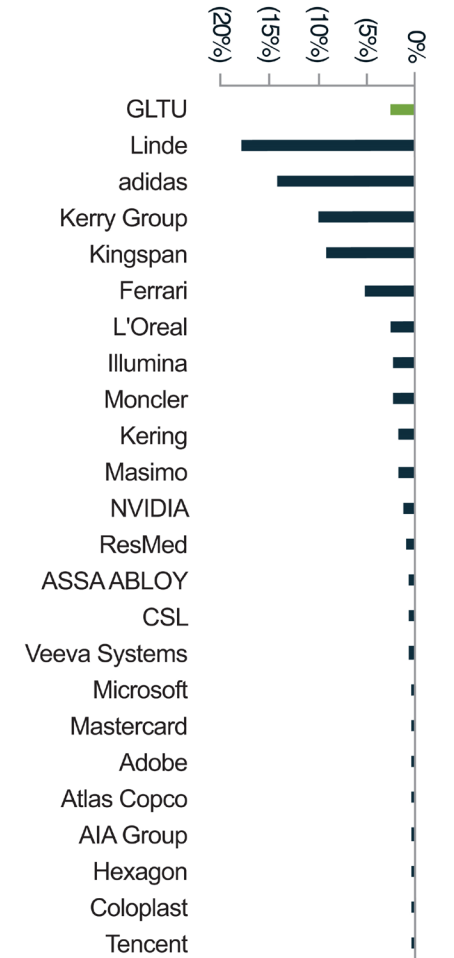


**Constructively engaging and driving positive change**

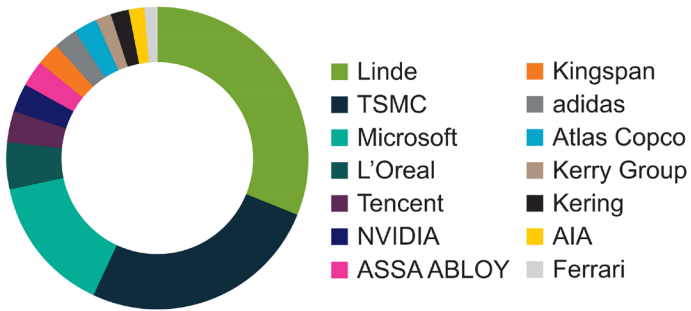


# PORTFOLIO ANALYTICS - PROPRIETARY CARBON INTENSITY ANALYSIS

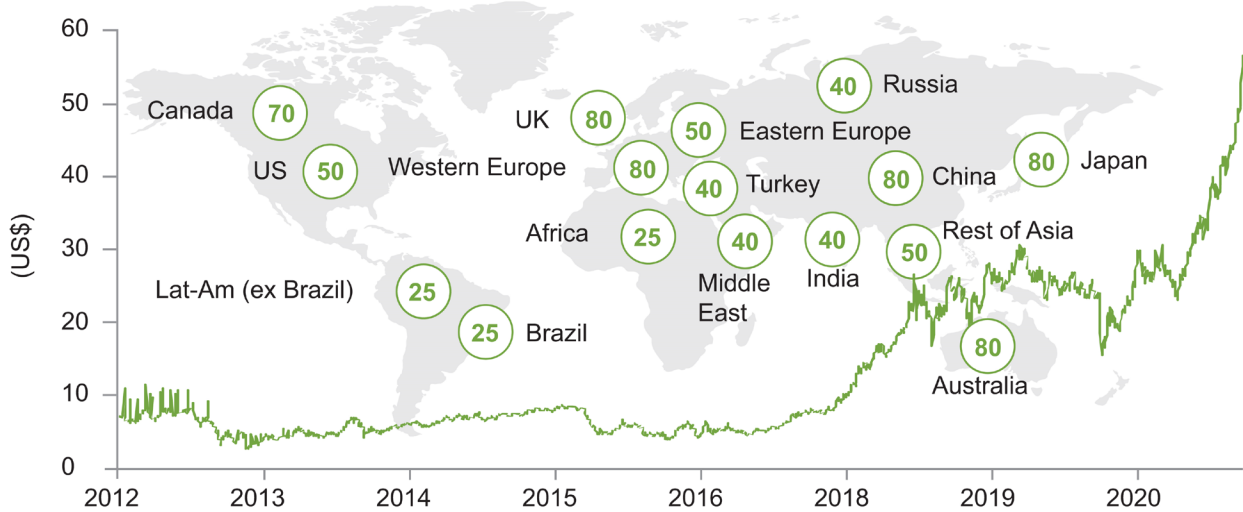
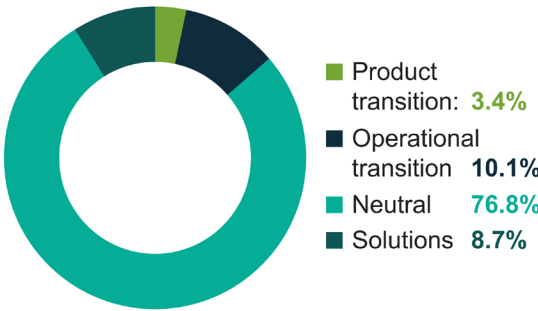
EBIT Impact From Carbon (%)



Contribution to Total Carbon Cost by holding (%)



Distribution of Pass Through Ability



Source: Martin Currie and FactSet as at 15 January 2022. Data shown for the representative Martin Currie Global Long-Term Unconstrained account shown. Not all totals sum to 100% due to rounding.



# ACTIVE OWNERSHIP – THE HEART OF OUR APPROACH

## GLTU team company interaction

Over **700** interactions with companies with  
are invested in or on our bench



**495** company meetings last year and c. **220**  
earnings calls

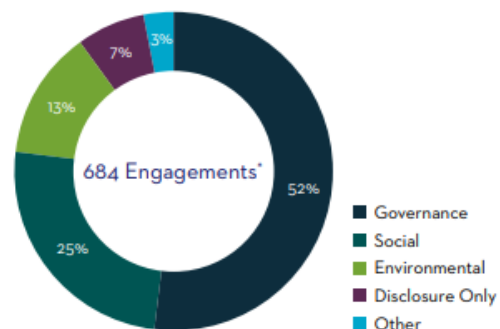
## Martin Currie engagements

### NUMBER OF ENGAGEMENTS

**681:** NUMBER OF PRIVATE  
ENGAGEMENTS

**3:** NUMBER OF STRUCTURED  
ENGAGEMENT PROGRAMMES

### ENGAGEMENTS BY THEME



Building partnerships through  
collaborative engagements



Climate change



Employee relations



Fracking



Cyber security



Tax reform



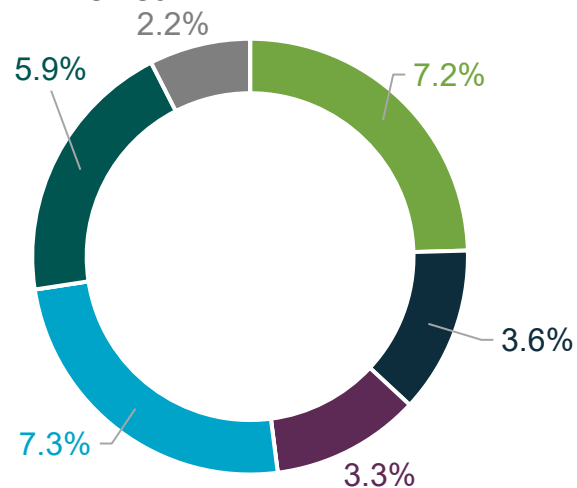
Water risks

**Top A+ PRI rating for Active Ownership four years in a row**

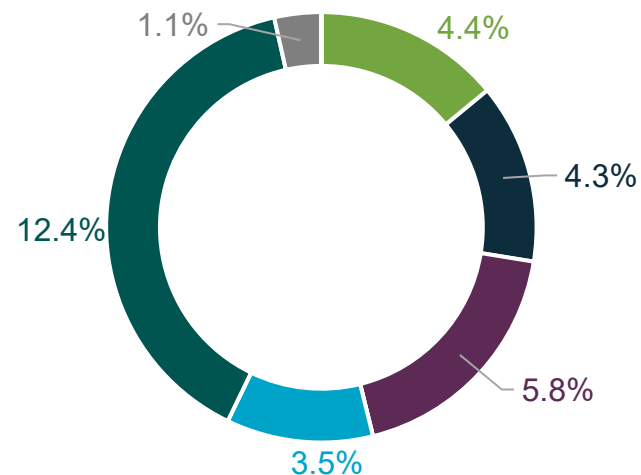


## GEOGRAPHIC REVENUE BY SECTOR

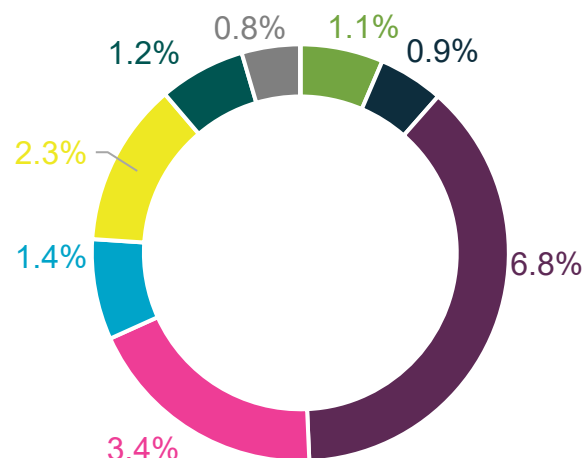
### North America



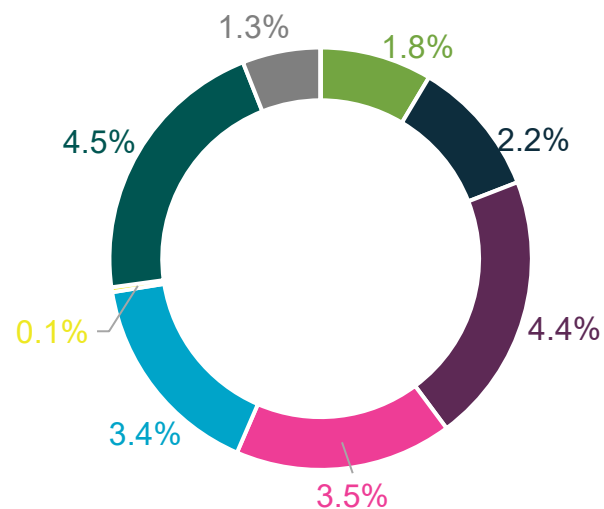
### Europe (including UK)



### China



### Rest of world



- Health Care
- Consumer Staples
- Consumer Discretionary
- Financials
- Information Technology
- Communication Services
- Industrials
- Materials
- Energy
- Real Estate
- Utilities



# PROPRIETARY ACCOUNTING ASSESSMENT



## Scaling

10-year factor	0.33
5-year factor	0.66

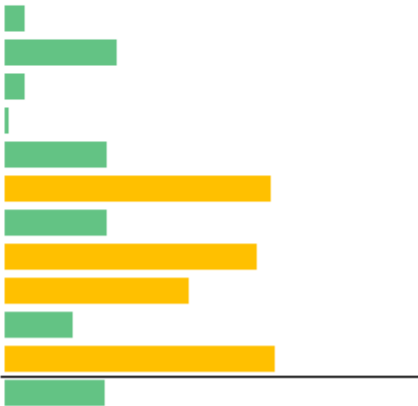
## Select peers

Ref	Input ticker	Name
Peer 1		
Peer 2		
Peer 3		

## Summary of screen

	Result	Weight
Reporting fundamentals	5.0%	7.5%
Growth and profitability	27.5%	5.0%
Debt and interest	5.0%	10.0%
Taxation and tax balances	0.0%	5.0%
Associates and short-term investments	25.0%	2.5%
Earnings quality	65.0%	17.5%
M&A, investments and capex	25.0%	15.0%
Working capital	61.3%	17.5%
Equity and distributions	45.0%	7.5%
Pensions and other liabilities	16.7%	7.5%
Return metrics	66.0%	5.0%
Composite	36.6%	100.0%
"Accounting score"	2	

## Accounting screen



The data supplied is used for illustrative purposes only to demonstrate our research model.

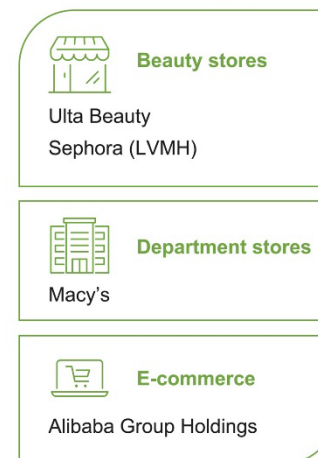
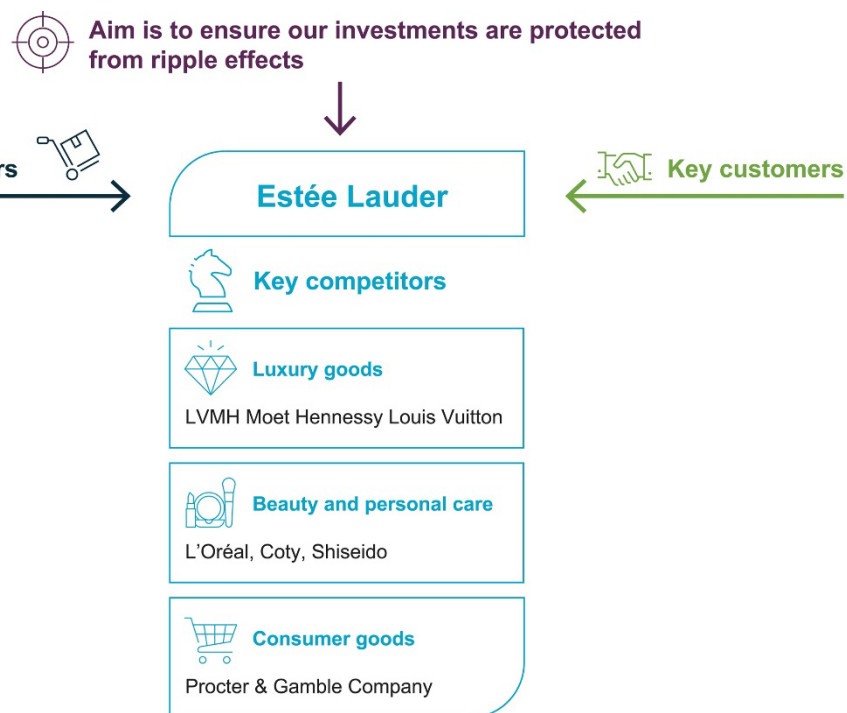
Source: Martin Currie and FactSet.



# SUPPLY CHAIN DATABASE - ASSESSING RISKS ACROSS THE CHAIN

## Risk assessing industry dynamics across the supply chain

Suppliers, Customers and Competitors are monitored for sales, profits and balance sheet risks




Ability to assess early if there are disruptions that could impact our holdings

The information provided should not be considered a recommendation to purchase or sell any particular security. It should not be assumed that any of the security transactions discussed here were, or will prove to be, profitable.




# PORTFOLIO ANALYTICS – INDUSTRY RISKS

## Analysing industry risks at both a stock and portfolio level



The risks from the Industry assessment in the research template are aggregated at a portfolio level



This allows us to drill down and analyse our exposures to areas such as disruption and supply chain risk

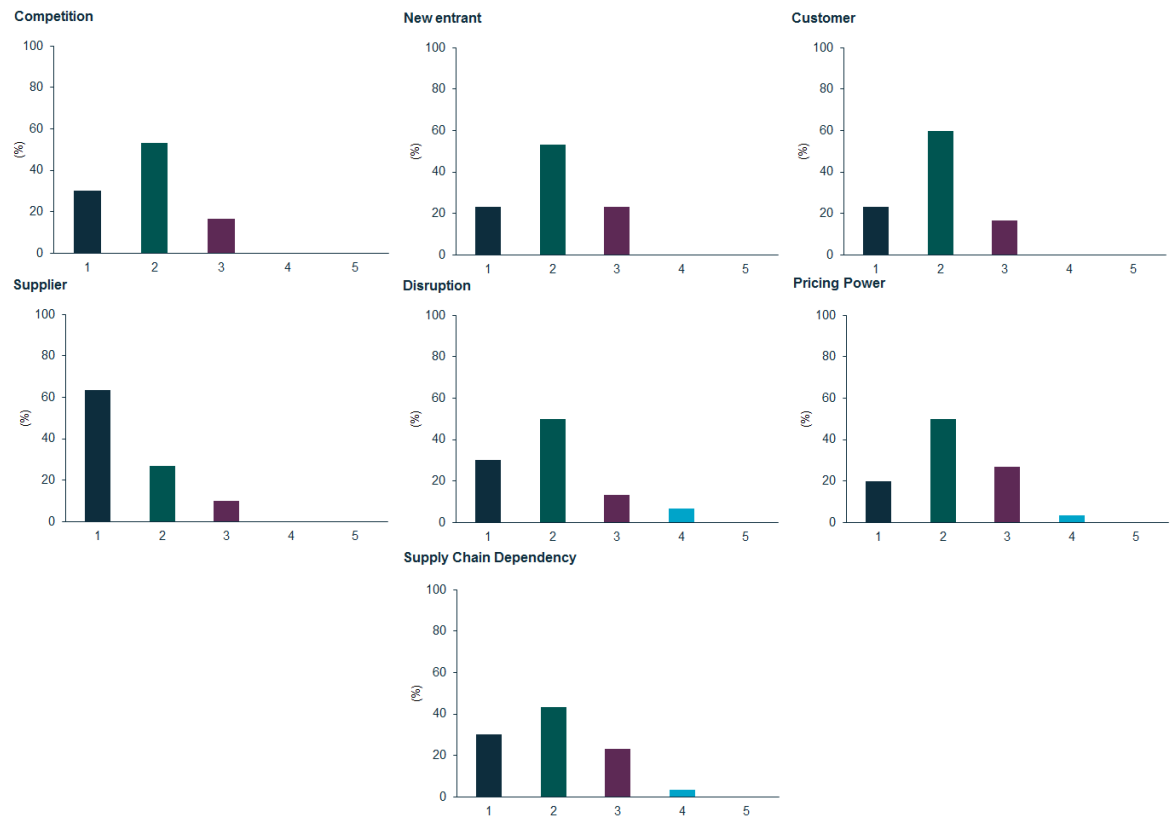


Industry risks

	1	2	3	4	5
Competition					
New entrant risk					
Customer power					
Supplier power					
Disruption risk					
Pricing power					
Supply chain dependency					

The data supplied is used for illustrative purposes  
Source: Martin Currie, template is populated with example data.

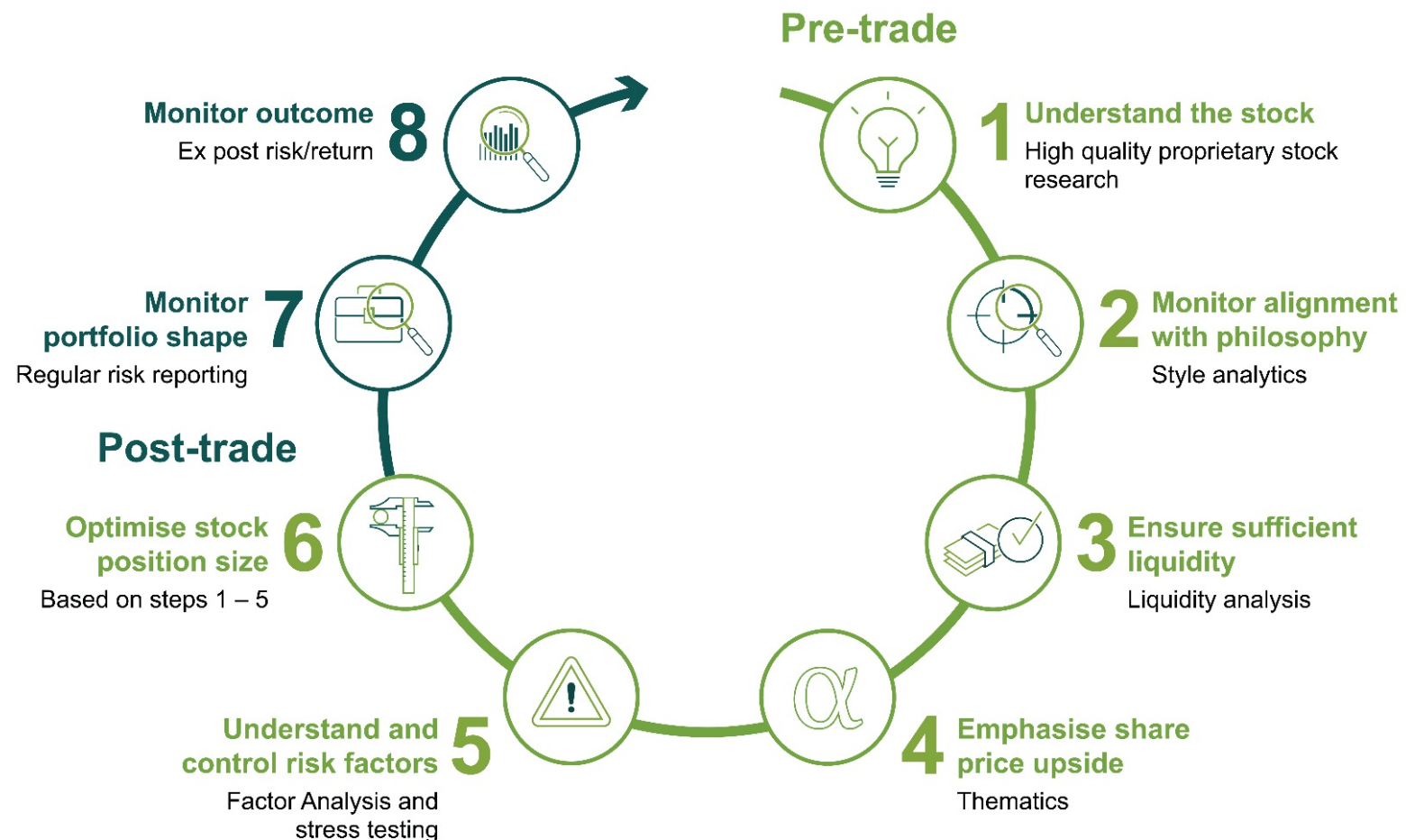
### Portfolio aggregate industry risk assessment





# RISK MANAGEMENT EMBEDDED AT EVERY STAGE

Proprietary insight ensures full visibility on all aspects of the portfolio and the delivered outcome

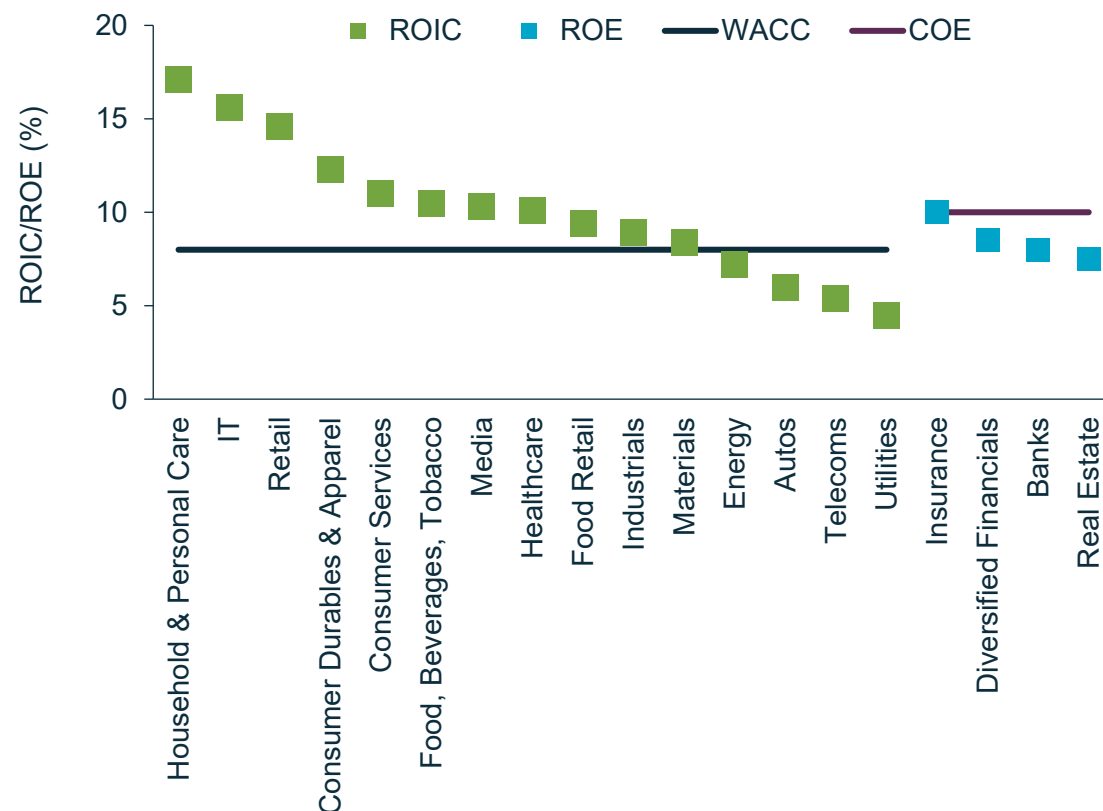




# TOP DOWN ANALYSIS OF ROIC ACROSS SECTORS/INDUSTRIES

Many sectors/industries struggle to meet their cost of capital

ROIC/ROE: sector average



- Top down analysis globally shows sectors that struggle to meet a cost of capital threshold of c.8% (cost of equity c.10% for financials)
- Our research focus is on sectors that generate value-add, i.e. that have a positive ROIC/WACC spread
- We have no exposure to industries that struggle to meet their cost of capital
- Screening focusing on ROIC increases our ability to find sustainable quality growth stocks

**Past performance is not a guide to future returns.**

Source: Martin Currie and FactSet as at 30 June 2019. ROE is used for financial sub sectors and ROIC for non financials.



# GIPS PERFORMANCE DISCLOSURE NOTES

## Gross performance in US\$ - Global Long-Term Unconstrained composite

Martin Currie, the firm, which encompasses Martin Currie Investment Management Ltd and Martin Currie Inc. Martin Currie is a wholly owned subsidiary of Franklin Resources, Inc but operates autonomously, and Martin Currie, as a firm, is held out to the public as a separate entity. Martin Currie claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Martin Currie has been independently verified for the periods April 1996 to December 2019. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. 1. The investment vehicle within the composite, through investing in global equities has the objective of long-term capital appreciation. By delivering this objective the portfolio is expected to deliver a return in excess of MSCI All Countries World Index over rolling five year periods with lower volatility than the index. The investment strategy is unconstrained by any sector or country. The strategy may invest in companies of any size and market capitalisation, but will typically invest in those companies with market capitalisation in excess of \$3 billion. The composite portfolios invest in foreign markets introducing a risk where adverse movements in currency exchange rates could result in a decrease in the value of the investment. The portfolio in the composite may invest in emerging markets countries. The portfolios invest in shares of companies and the value of these shares could be negatively affected by changes in the company or its industry of the economy in which it operates. Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Accordingly, investment in emerging markets is generally characterised by higher levels of risk than investment in fully developed markets. The composite portfolios may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the portfolio's value than if it held a larger number of investments. The composite portfolios typically have an all-cap approach and therefore may invest in some smaller companies which may be riskier and less liquid than larger companies. The composite portfolios may invest in derivatives to obtain, increase or reduce exposure to underlying assets. The use of derivatives may restrict potential gains and may result in greater fluctuations of returns for the portfolios. Certain types of derivatives may become difficult to purchase or sell in such market conditions. 2. The composite was created August 2016. The composite inception date is 1 July 2016. The index used is the MSCI All Countries World Index (gross income). 3. Gross returns are gross of actual investment management fees charged. Net returns are net of actual investment management fees charged. Both gross of fee returns and net of fee returns reflect the reinvestment of interest or other earnings, and dividends and interest are paid net of irrecoverable taxes. Investment management fees will vary depending on the portfolio size and investment mandate. A standard fee schedule has been attached. 4. The three year annualised Standard Deviation results shown are calculated using monthly data. 5. The composite dispersion is represented by the highest and lowest constituent portfolios included the composite for the entire reporting period. 6. Three year annualised standard deviation measure is not presented when there are less than 36 months of data. 7. A complete list and description of composites, broad distribution pooled funds and performance results is available upon request. 8. This composite had a significant cash flow policy from July 2016 to December 2018. Significant cash flow was determined as a cash inflow or outflow of 30% of the portfolio value from July 2016 to December 2016 and 50% of portfolio value from 2017 to 2018. 9. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. 10. Composite Gross returns are applied in the calculation of this GIPS Report's presented risk metrics. 11. A composite material error resulted because a composite constituent was inaccurately classified as non-discretionary and was neglected from the composite for the periods 01/07/2018 to 31/01/2020. This error resulted in the 2018 composite Global Long Term Unconstrained gross return needing to be restated downwards as it exceeded our tolerances (>0.5% per annum), from -4.05% to -6.10%. This error resulted in the 2018 composite Global Long Term Unconstrained market value needing to be restated upwards as it exceeded our tolerances (>15%), from US\$20.579m to US\$274.482m. This error resulted in the 2019 composite Global Long Term Unconstrained gross return needing to be restated upwards as it exceeded our tolerances (>0.5% per annum), from 35.36% to 37.81%. This error resulted in the 2019 composite Global Long Term Unconstrained market value needing to be restated upwards as it exceeded our tolerances (>15%), from US\$66.217m to US\$401.354m.

	Total Return %		Annualised Volatility		Account Performance					Global Long-Term Unconstrained	Fee (%)
	Composite	BMark	Composite	Index	No. of A/Cs	Highest	Lowest	Market Value (Bln)	Total Firm's Assets (Bln)	Pooled funds	
			three years								
2020	27.73	16.82	16.28	18.46	3	27.33	27.19	0.214	11.519	<b>Minimum investment £1m</b>	0.75
2019	37.81	27.30	12.51	11.42	3	38.07	34.77	0.401	8.473	<b>Segregated Mandates</b>	
2018	-6.10	-8.93	N/A	N/A	2	-4.05	-4.05	0.274	7.188	<b>First US\$50m, £40m, €45m</b>	0.70
2017	31.13	24.62	N/A	N/A	1	31.13	31.13	0.022	8.509	<b>Next US\$50m, £40m, €45m</b>	0.60
H2 16	0.30	6.80	N/A	N/A	1	0.30	0.30	0.011	6.672	<b>Next US\$100m, £80m, €90m</b>	0.50
										<b>Next US\$150m, £120m, €135m</b>	0.50
										<b>Next US\$350m, £280m, €315m</b>	0.40



## IMPORTANT INFORMATION

This document is intended to be of general interest only and does not constitute legal or tax advice nor is it an offer for shares or invitation to apply for shares. Nothing in this document should be construed as investment advice. Opinions expressed are the author(s) at publication date and they are subject to change without prior notice. Subscriptions to shares can only be made on the basis of the Investor Disclosure and Key Information Documents, accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter.

The value of shares in, or the income received from them can go down as well as up, and investors may not get back the full amount invested. There is no guarantee the Investment trusts will achieve their objective. Past performance is not an indicator or a guarantee of future performance. Currency fluctuations may affect the value of overseas investments. When investing in an investment company denominated in a foreign currency, your performance may also be affected by currency fluctuations. An investment entails risks. In emerging markets, the risks can be greater than in developed markets. References to industries, sectors or companies are for general information and are not necessarily indicative of the holding at any one time.

For more details of all the risks applicable, please refer to the Key Information Document, Investor Disclosure Document and the risk section in the Annual Report. These documents can be found on our website [www.martincurrieglobal.com](http://www.martincurrieglobal.com) or can be obtained, free of charge from the address below. Shares of GPT are available for sale on the London stock exchange.

Any research and analysis contained in this document has been procured by Franklin Templeton for its own purposes and is provided to you only incidentally. References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. The performance of the index does not include the deduction of expenses and does not represent the performance of any Franklin Templeton fund.

The analysis of Environmental, Social and Governance (ESG) factors forms an important part of the investment process and helps inform investment decisions. The strategies do not necessarily target particular sustainability outcomes.

Investment trusts may borrow money in order to make further investments. This is known as 'gearing' and can enhance shareholder returns in rising markets but, conversely, can reduce them in falling markets.

References to indices are made for comparative purposes only and are provided to represent the investment environment existing during the time periods shown. Indices are unmanaged, and one cannot invest directly in an index. They do not reflect any fees, expenses or sales charges. Important data provider notices and terms are available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com). All MSCI data is provided "as is". The Fund described herein is not sponsored or endorsed by MSCI. In no event shall MSCI, its affiliates or any MSCI data provider have any liability of any kind in connection with the MSCI data or the Fund described herein. Copying or redistributing the MSCI data is strictly prohibited

Issued by Franklin Templeton Investment Management Limited (FTIML) Registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. FTIML is authorised and regulated by the Financial Conduct Authority.



# IMPORTANT INFORMATION



©2022 Franklin Templeton. All rights reserved.

This document is intended to be of general interest only and does not constitute legal or tax advice nor is it an offer for shares or invitation to apply for shares of the sub funds of Franklin Templeton Funds II (“FTF II”), a UK-domiciled OEIC (“the Fund”). Nothing in this document should be construed as investment advice.

Subscriptions to shares of the Fund can only be made on the basis of the current prospectus, the relevant Key Investor Information Document (“KIID”), accompanied by the latest available audited annual report and the latest semi-annual report if published thereafter, which can be found on our website ([www.franklintempleton.co.uk](http://www.franklintempleton.co.uk)) or from the address below. US Persons (as more fully defined in the latest Fund prospectus) are not eligible to invest in the Fund. Shares of the Fund are available for sale and distribution in the UK.

An investment in the Fund entails risks which are described in the Fund’s prospectus and the relevant KIID. **The value of shares in the Fund and any income received from them can go down as well as up, and investors may not get back the full amount invested. Past performance is not an indicator, not a guarantee, of future performance.** Where a fund invests in a specific sector or geographical area, the returns may be more volatile than a more diversified fund.

Opinions expressed are the author’s at the publication date and they are subject to change without prior notice. Given the rapidly changing market environment, Franklin Templeton disclaim responsibility for updating this material. References to particular industries, sectors or companies are for general information and are not necessarily indicative of a fund’s holding at any one time. Any research and analysis contained in this document has been procured by Franklin Templeton for its own purposes and is provided to you only incidentally. Franklin Templeton shall not be liable to any user of this document or to any other person or entity for the inaccuracy of information or any errors or omissions in its contents, regardless of the cause of such inaccuracy, error or omission.

There is no guarantee that the Fund will achieve its objective. For a free copy of the latest prospectus, the relevant KIID, the annual report and semi-annual report, if published thereafter or for more information about any Franklin Templeton fund, UK investors should contact: Franklin Templeton, Telephone: 0800 313 4049, Email: [ftisalessupport@franklintempleton.co.uk](mailto:ftisalessupport@franklintempleton.co.uk) or write to us at the address below. Alternatively, the information can be downloaded from our website [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk).

Issued by Franklin Templeton Investment Management Limited (FTIML) Registered office: Cannon Place, 78 Cannon Street, London EC4N 6HL. FTIML is authorised and regulated by the Financial Conduct Authority.

Franklin Templeton Investment Management Limited (FTIML)  
Cannon Place, 78 Cannon Street,  
London EC4N 6HL.



INVESTING TO IMPROVE LIVES™

[martincurrie.com](http://martincurrie.com)