

## Shareholders' Rights Directive (SRDII) Report to 31 December 2025 FTF ClearBridge Smaller Companies Fund

April 2026

### 1. Introduction

As investment managers, we are stewards of our clients' capital — our clients rely on us to responsibly manage their capital to create sustainable long-term value and to minimize related risks. Environmental, social, and governance (ESG) factors are increasingly material to investment decisions and stewardship responsibilities. Engagements are an important part of long-term equity ownership and being responsible stewards of our clients' capital. We engage with our portfolio companies to maintain a dialogue on material topics and provide feedback on their strategy and performance, often requested by the senior management. This helps improve our understanding of a business and its potential for long-term success, and it leads to companies' improved performance on financial and ESG topics, which can lead to positive business outcomes and results.

We take a partnership approach toward driving improvement within corporations, focusing on the impact we can have during our conversations with CEOs, CFOs and corporate sustainability teams over long periods of time. As a firm, ClearBridge conducts over 1,000 company meetings every year, many of which are focused around ESG topics. The frequency with which we engage with a given company can vary as needed. ESG engagement generally has two overlapping objectives:

1. **Research:** Gaining a better understanding of the ESG topics at a company that could impact our investment thesis.
2. **Impact:** Encouraging specific improvements at a company that could lead to positive business outcomes and results.

Company engagements, often consisting of long-term dialogues with company management on relevant material issues, provide valuable insights into topics that frequently appear in shareholder proposals. Company engagements and proxy voting are thus linked aspects of ClearBridge's long-term approach to public equity ownership.

Proxy votes are cast by the portfolio managers of each ClearBridge strategy. In voting proxies, we are guided by ClearBridge Proxy Voting Policies and Procedures, which include proxy guidelines for ESG proposals, and by general fiduciary principles. Our goal is to act prudently and solely in the best interest of the beneficial owners of the accounts we manage. We attempt to provide for the consideration of all factors that could affect the value of the investment and will vote proxies in the manner we believe will be consistent with efforts to support shareholder value.

## 2. Portfolio Commentary

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

The ClearBridge 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 ESG factors, in order to assess the attractiveness of an investment idea and analyse the risk/reward profile of a company. The Team seeks to identify financially robust companies with attractive long-term prospects, sustainable business models and sound governance structures aligned with stakeholders. Any potential exposure to sustainability and governance risks is examined as this may impact long-term performance. Actions taken by management to address those risks, if any, are also assessed. The investment approach followed by the team also involves a notable degree of engagement with company management on key topics, and the consistent exercise of proxy voting aimed at influencing and representing what the team views as being in the best long-term interest of shareholders.

The portfolio is managed in accordance with the investment objectives and policies, as detailed in the policy documentation. As an integral part of the investment process, investment goals, eligible/permissible instruments, exposure to market cap segments and cash limits, are all captured and reflected in the fund during the portfolio construction phase. Moreover, portfolio holdings and characteristics are continuously monitored by the team, as well as ClearBridge'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 experience demonstrates that ESG integration adds value to our own investment process while helping to mitigate risk and identify new opportunities. ClearBridge remains at the forefront among asset managers in promoting and communicating the benefits of integrating ESG factors into our fundamental analysis and stock selection and assigning proprietary ESG ratings to our investments. We also seek to improve the risk and return profile with our portfolio companies through our engagements and deep expertise on ESG best practices.

ClearBridge integrates ESG factors and materiality weightings into our fundamental research process using a proprietary framework that identifies key ESG considerations for each sector and subsector we invest in.

The top five holdings in the fund on an absolute basis are as follows:

Stock name	Sector	Fund Weight %
BOKU, Inc	Financials	4.9
DFS Furniture PLC	Consumer Discretionary	4.0
Foxtons Group Plc	Real Estate	3.8
Bloomsbury Publishing plc	Communication Services	3.8
Mears Group PLC	Industrials	3.8

Source: ClearBridge Investments as at 31 December 2025. Data shown for the FTF ClearBridge Smaller Companies Fund.

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

**BOKU Inc:** Boku is a global payments technology company enabling alternative payment methods for merchants and consumers. From a governance perspective, the Board is majority independent and benefits from a mix of founder, fintech and international payments experience. The management team is strong and led by CEO Stuart Neal, who has extensive experience in fintech and payments, including prior senior roles at Visa Europe and as CFO of Boku. From an environmental perspective, disclosure levels represent the most material ESG risk, with no Scope 3 emissions reporting or decarbonisation targets currently in place, leaving Boku a laggard versus AIM-listed peers of similar market capitalisation. Nonetheless, we view environmental risk as low overall, reflecting Boku's software-led business model and limited direct emissions, with voluntary Scope 1 and 2 disclosure viewed positively. We would expect disclosure and target-setting to improve as the company continues to scale. Social risks are moderate and are primarily centred on maintaining strong market conduct, data security and labour standards across a global footprint.

**DFS Furniture:** DFS is a British furniture retailer with a vertically integrated manufacturing and delivery model. From a governance perspective, long-standing executive leadership has demonstrated effective stewardship of the business, particularly through recent supply chain disruption, although the Group remains highly exposed to UK consumer demand. From an environmental perspective, the most material ESG risks relate to supply chain sustainability and decarbonisation, given reliance on a concentrated supplier base and the use of materials such as leather and timber. Encouragingly, DFS has made good progress in recent years, with SBTi-validated near and long-term emissions targets, enhanced sustainable sourcing policies and increasing integration of ESG metrics into remuneration. Social risks are relatively well managed, with a strong focus on employee wellbeing, health and safety, and customer satisfaction. Overall, DFS demonstrates improving sustainability momentum although execution remains partly dependent on supplier alignment and broader UK economic conditions.

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

**Bloomsbury Publishing:** Bloomsbury Publishing is a leading independent publishing house known for its diverse range of fiction and non-fiction books. From a governance perspective, we have identified minimal risk. CEO Nigel Newton has a significant stake in the business from a shareholdings perspective, helping align management's interests with our own and mitigate potential risk of shareholder vs stakeholder conflict. From an environmental risk perspective, the Group is minimally exposed to carbon

pricing risk, and has already achieved its SBTi-approved Scope 1 and 2 emissions reduction target for 2030. We do not feel the Group's sustainability strategy or credentials are inhibiting its ability to grow.

**Mears Group:** Mears is a UK-based provider of housing services, primarily to public sector clients, with a focus on social housing maintenance and accommodation services. From a governance perspective, the Board has an independent majority and appropriate oversight structures in place, with no significant governance concerns identified. From an environmental perspective, ESG risks are relatively low, with Mears well positioned to benefit from the decarbonisation of housing through its ambition to be a sector-leading provider of carbon reduction solutions, supported by net zero targets across Scopes 1, 2 and 3, albeit pending SBTi validation. Social risks are the most material for the Group, reflecting its exposure to social housing conditions and asylum seekers' accommodation services, where reputational risk, duty of care and regulatory scrutiny are heightened. Social value creation and employee engagement are embedded into remuneration and strategy which we look positively upon, although greater clarity around the measurement of social value would be beneficial. Overall, Mears demonstrates strong sustainability momentum relative to its size, however we remain cognisant of the ongoing political, contractual and reputational sensitivities inherent in its business model.

***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 ClearBridge. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style.***

### 3. Fund review of turnover and turnover costs

<b>Annual turnover %</b>	38.6	<i>Lesser of (purchases or sales)/Average fund size x 100</i>
<b>Portfolio transaction costs (GBP)</b>	182,280	<i>Total brokerage and execution charges</i>

Source: ClearBridge Investments as at 31 December 2025. FTF ClearBridge Smaller Companies Fund.

### 4. Proxy voting

Proxy votes are cast by the portfolio managers of each ClearBridge strategy. In voting proxies, we are guided by the ClearBridge Proxy Voting Policy and by general fiduciary principles. Our goal is to act prudently and solely in the best interest of the beneficial owners of the accounts we manage. We attempt to consider all factors that could affect the value of the investment and will vote proxies in the manner we believe will be consistent with efforts to support shareholder value.

We use an external service provider, ISS, to provide us with proxy vote information and/or a recommendation in accordance with our voting policy, but we are not required to follow any such recommendations. The use of an external service provider does not discharge our responsibility for the proxy vote, and we retain full responsibility for voting decisions.

Our Proxy Committee periodically reviews these advisors' conflict management policies and ensures their recommendations are not followed mechanically. This oversight safeguards the independence of ClearBridge's stewardship practices and ensures that third-party services support, rather than substitute, our responsibilities.

#### 4.1 Significant votes

<b>Company name</b>	LBG Media	Tatton Asset Management	Foresight Group
---------------------	-----------	-------------------------	-----------------

<b>Company descriptor</b>	Digital entertainment company	Asset manager	Alternative asset manager
<b>Issue</b>	Re-elect Dave Wilson as Director.	Approve Remuneration Report.	Approve Waiver of Rule 9 of the Takeover Code.
<b>Governance, Environmental or Social</b>	Governance	Governance	Governance
<b>Objective</b>	<p>ISS research raised concerns related to Dave Wilson's time commitments, given his role as Executive Chair of the Company alongside his position as Non-Executive Chair at another publicly listed company, which ISS considered could compromise his ability to dedicate sufficient time to LBG Media. ISS also raised concerns that, as an Executive Director, Dave Wilson is a member of the Audit and Remuneration Committees, which is not aligned with UK best practice recommendations. We support board structures that ensure effective oversight, appropriate time commitment from directors, and progressive alignment with governance best practice, while recognising the practical realities faced by smaller companies.</p>	<p>ISS research cited concerns that the Executive Directors received significant base salary increases during the year under review without a sufficiently compelling rationale. We support remuneration outcomes that are aligned with performance, competitive relative to peers, and supportive of long-term value creation.</p>	<p>ISS raised concerns that approval of the waiver could result in the concert party gaining creeping control of the Company, particularly if the Company were to repurchase and cancel shares under the authority sought in the related resolution to authorise market purchases of ordinary shares. We support governance arrangements that protect minority shareholders while remaining proportionate and consistent with the Company's ownership structure and capital management strategy.</p>

<p><b>Scope &amp; process (of relevant engagement)</b></p>	<p>The CFO stepped down from the business in January 2025 for personal reasons, which were explained to us and understood in an engagement meeting. In the interim, Dave Wilson stepped up to act as Executive Chair, which triggered ISS concerns regarding overboarding. We do not consider Dave Wilson’s chairmanship at Knights plc to be an obstacle to his ability to perform his role at LBG Media, nor has it previously impeded his effectiveness as a Non-Executive Chair.</p> <p>The search for a new CFO is underway and, once appointed, will reduce Dave Wilson’s responsibilities. We also recognise the independence concerns relating to Audit Committee composition and the Company’s current non-compliance with certain QCA Code recommendations. In our most recent meeting with management and the Company’s house brokers, it was confirmed that the Board intends to appoint an additional non-executive director, increasing Board size to six and providing a pathway to improved QCA Code compliance. Given our engagement and the steps being taken to address these issues, we were</p>	<p>While the Executive Directors received significant increases to base salary, which in turn increased total remuneration opportunity, overall pay levels remain low relative to peers. We view the increases as a catch-up towards market rates, reflecting strong business performance. Tatton Asset Management was one of only two asset managers in its peer group to deliver net inflows during the year, demonstrating market-leading performance.</p> <p>Our peer analysis showed that, even following the increases, total remuneration opportunity for Tatton executives remained materially below that of comparable asset managers, including Liontrust, Investec, Aberdeen, Ashmore, Ninety One and Jupiter.</p> <p>In this context, we did not consider the revised remuneration outcomes to be excessive and viewed them as appropriately aligned with business performance and shareholder outcomes.</p>	<p>ISS has raised similar concerns regarding the Takeover Code waiver at the last three AGMs. We note that concert party holdings have decreased since 2023, from 35.7% to 35.1%. ISS remains concerned that concert party holdings could increase above current levels if shares are repurchased and cancelled, given that a Rule 9 waiver removes the requirement for shareholders exceeding 30% ownership to make a mandatory offer.</p> <p>We do not share this concern, as management shareholdings are spread across multiple parties and the Executive Chairman, Bernard Fairman, holds approximately 29% of the issued share capital. In this context, we do not believe there is a meaningful risk of creeping control. We also consider it inconsistent to support share repurchases while opposing a Takeover Code waiver that facilitates the effective operation of that capital management authority. We first engaged with the Board on this issue once it arose in 2023.</p>
--	--	--	--

	supportive of Dave Wilson's re-election.		
<b>(Voting) outcome</b>	We voted in favour of the proposal and against our proxy advisor ISS' recommendation to Abstain. 99.6% of votes cast were in support of the Dave Wilson's re-election.	We voted in favour of the proposal and against our proxy advisor ISS' recommendation. 90.6% of votes cast were in support of the Remuneration Report.	We voted in line with management and against our proxy advisor ISS' recommendation. 74.76% of votes cast were in support of the Waiver of Rule 9 of the Takeover Code.

***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 ClearBridge. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style.***

## 5. Conflicts of Interest

ClearBridge recognizes that conflicts of interest may occasionally arise between the firm, its clients, employees and other stakeholders. In accordance with applicable laws, regulations and internal policies, ClearBridge is committed to identifying, preventing and managing conflicts of interest proactively and fairly.

A conflict of interest is defined as a situation in which the interests of an individual or entity diverge from those of a client, ClearBridge or another party to whom a fiduciary duty is owed, potentially leading to an adverse outcome. To address such situations, ClearBridge has established compliance policies and procedures to address various conflicts of interest that may arise.

There were no conflicts of interest in relation to this fund during 2025.

## 6. Securities Lending Policy

Certain clients of ClearBridge, such as an institutional client or a mutual fund for which ClearBridge acts as a sub-adviser, may engage in securities lending with respect to the securities in their accounts. ClearBridge typically does not direct or oversee such securities lending activities. To the extent feasible and practical under the circumstances, ClearBridge will request that the client recall shares that are on loan so that such shares can be voted if ClearBridge believes that the expected benefit to the client of voting such shares outweighs the detriment to the client of recalling such shares (e.g., foregone income). The ability to timely recall shares for proxy voting purposes typically is not entirely within the control of ClearBridge and requires the cooperation of the client and its other service providers. Under certain circumstances, the recall of shares in time for such shares to be voted may not be possible due to applicable proxy voting record dates and administrative considerations.

## **Important information**

This information is issued and approved by ClearBridge Investment Management Limited ('CIML'), 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.

The information contained in this document has been compiled with considerable care to ensure its accuracy. However, no representation or warranty, express or implied, is made to its accuracy or completeness. ClearBridge Investments has procured any research or analysis contained in this document for its own use. It is provided to you only incidentally and any opinions expressed are subject to change without notice.

This document may not be distributed to third parties. It is confidential and intended only for the recipient. The recipient may not photocopy, transmit or otherwise share this document, or any part of it, with any other person without the express written permission of ClearBridge Investment Management Limited.

This document is intended only for a wholesale, institutional or otherwise professional audience. ClearBridge Investment Management Limited does not intend for this document to be issued to any other audience and it should not be made available to any person who does not meet this criteria. ClearBridge Investments accepts no responsibility for dissemination of this document to a person who does not fit this criteria.

The document does not form the basis of, nor should it be relied upon in connection with, any subsequent contract or agreement. It does not constitute, and may not be used for the purpose of, an offer or invitation to subscribe for or otherwise acquire shares in any of the products mentioned.

### **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.

This is a sub-fund of Franklin Templeton Funds ICVC ('the Company'), an umbrella investment company with variable capital, authorised in the UK by the Financial Conduct Authority as an undertaking for collective investment in transferable securities ('UCITS'). Before investing you should read the application form, Prospectus and KIID (and accompanying Supplementary Information Document).

These and other relevant documents may be obtained free of charge in English from Franklin Templeton Fund Management, 78 Cannon Street, London EC4N 6HL or from [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk)

**For the purposes of the UK Sustainability Disclosure Requirements, a sustainable investment label helps investors find funds that have a specific sustainability objective. This Fund does not have a UK sustainable investment label because it does not have a specific sustainability objective.**

The views expressed are opinions of the portfolio managers as of the date of this report and are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. These opinions are not intended to be a forecast of future events, research, a guarantee of future results or investment advice.

Please note the information within this report has been produced internally using unaudited data and has not been independently verified. Whilst every effort has been made to ensure its accuracy, no guarantee can be given.

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

**It is not known whether the stocks mentioned will feature in any future portfolios managed by ClearBridge Investments. Any stock examples will represent a small part of a portfolio and are used purely to demonstrate our investment style. Holdings are subject to change.**

**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.

**ClearBridge Investment Management Limited**, registered in Scotland (no SC066107), 5 Morrison Street, Edinburgh, EH3 8BH. Authorised and regulated by the Financial Conduct Authority. Tel: 44 (0) 131 229 5252 Fax: 44 (0) 131 228 5959 [www.clearbridgeinvestments.co.uk](http://www.clearbridgeinvestments.co.uk). Please note that calls to the above number and any other communications may be recorded.