

Baillie Gifford™

# China A Shares

Philosophy and Process



For professional  
use only.

## **Potential for profit and loss**

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research, but is classified as advertising under Art 68 of the Financial Services Act ('FinSA') and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

The images used in this communication are for illustrative purposes only.

|                 |                        |    |
|-----------------|------------------------|----|
| <b>Contents</b> | Introduction           | 02 |
|                 | Philosophy             | 04 |
|                 | Process                | 05 |
|                 | Risk management        | 09 |
|                 | Competitive advantages | 11 |
|                 | People                 | 13 |
|                 | Baillie Gifford        | 18 |

# Introduction

China is now the world's second largest economy and is home to the world's second largest stock market. One in five big winners† comes from China. Yet it is less than 3% of global fund allocations. This doesn't feel right to us and we expect its importance to increase for investors.

China offers the opportunity of persistent growth outperformance, a large and expanding consumer market, continued technological upgrades and rapid digitisation, further opening to foreign investors and domestic reforms, and a large policy toolkit to offset shocks to the economy.

More importantly for us as stock pickers, China has already produced some of the biggest and most innovative companies in the world, and is home to a growing number of exciting opportunities.

The size and scale of the opportunity, and the need for dedicated onshore and offshore resources with a global context and understanding, is asking questions as to the best way to gain exposure to the asset class.

China's stock markets provide inefficiencies borne from the short time horizons of market participants. This leads to high turnover and momentum, an asymmetry of information resulting from a lack of institutional coverage, and a wide dispersion of returns. It has indices which are heavy in old economy sectors, often dominated by the state, where governance structures and decision making are more ambiguous, and where ESG and disclosure standards are weaker.

An active approach to investing is critical. In little more than a decade, China has gone from being a low cost manufacturer to now increasingly leading in sectors that combine to form the infrastructure of the future. Failing to look beyond broad generalisations of geopolitical and governance concerns will prevent an appreciation of how dynamic, innovative and capable many Chinese entrepreneurs are.

We strongly believe that a number of Chinese companies are benefiting from some of the best structural growth opportunities in the world. Our China A Shares Strategy is all about trying to capture these.

## Strategy summary

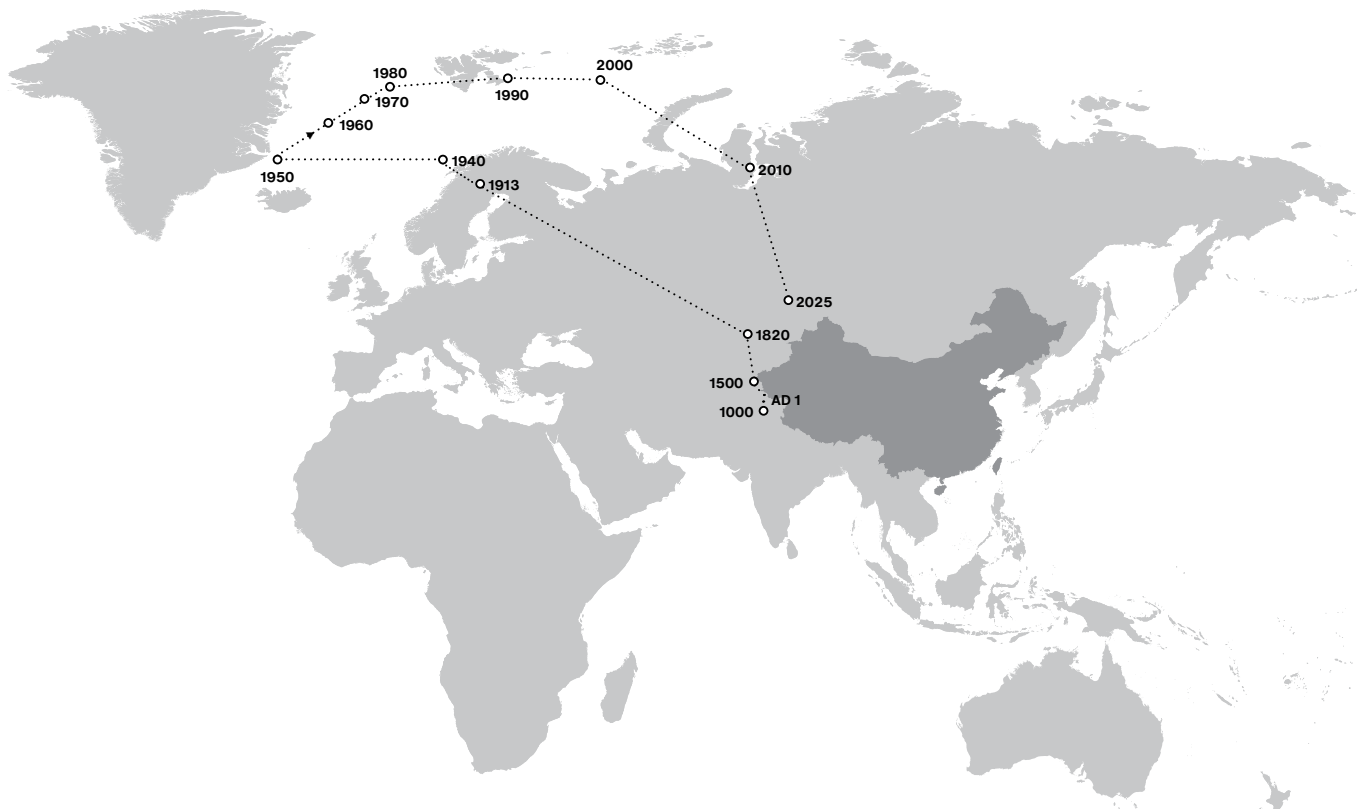
The China A Shares Strategy is a purely stock-driven, unconstrained equity strategy focused on investing in exceptional growth companies listed on the the Shanghai and Shenzhen stock exchanges (known as 'A' shares). It has a concentrated portfolio of 25-40 companies.

The universe of China A shares has over 5,000 companies. Over half of these are eligible to be bought via Hong Kong stock-connect. The MSCI China A Onshore Index is the broadest and most representative index.

The portfolio is benchmark agnostic. The companies which we invest in are expected to benefit from, and contribute to, China's economic, societal and cultural development, and be capable of growing to a multiple of their current size. We take a long-term approach with an expected investment horizon of five plus years. Our aim is to identify the exceptional growth businesses in China and hold them for long enough that the advantages of their business models and strength of their cultures become dominant drivers of their stock prices.

Our timeframe for analysis and ownership, as well as our upside focus, require a different approach and perspective. It is the stability and culture provided by our firm's partnership structure that allow us to pursue truly long-term, active, growth investing.

## The real case for China



Source: McKinsey Global Institute.  
 Calculated by weighting national GDP by each nation's geographic centre of gravity; a line drawn from the centre of the earth through the economic centre of gravity locates it on the earth's surface.

**12%**

of global market cap\*

**19%**

of global GDP by purchasing power

**26%**

of listed stocks\*

**23%**

of big winners†

Source: FactSet, Worldscope.  
 \*In MSCI investable indices as at 31 December 2021.  
 †Stocks delivering 15% p.a. or better on average for the five years to end 2022. US dollars. Based on a global universe filtered by five year cumulative return. Data includes secondary listings.

# Philosophy

The China A Shares Strategy is a purely stock-driven, unconstrained equity strategy investing in exceptional growth companies listed on the domestic markets in China. The concentrated portfolio of 25-40 stocks is benchmark agnostic. We take a long-term approach with an expected investment horizon of five-to-ten years. Our aim is to identify a small number of exceptional growth businesses in China and hold them for long enough that the advantages of their business models and the strength of their cultures become dominant drivers of their share prices.

## Our guiding principles are:

**The importance of outlier upside:** statistics in developed markets show that the majority of stock market returns have been disproportionately generated by a small number of companies. The history of the China A shares market is not long enough for a similar statistical analysis yet. However, several things lead us to the expectation that the same pattern shall hold in the decades to come: China's sheer size allows big winners to emerge - increasing urban density, a huge middle-class population, strong R&D and leading infrastructure development for the future (in 5G and green technology for example). It's also a country that is more used to economical and societal changes than anywhere else - which makes the barriers of adopting new products and services low. We believe the speed and scale at which innovation and development are taking place in China create big potential for future outliers to drive portfolio returns.

**Embracing asymmetry of return:** we found this works very well in the Chinese stock market, however, it requires patience to let winners win, and accepting the fact that growth will not come in a straight line. Highly successful companies will be subject to significant price volatility. When looking at rolling 10-year performance historically, many great growth companies in the A share market have experienced large share price drawdowns during the period, while delivering substantial total returns. We believe the upside offered by those truly successful companies compensates long-term investors adequately for the volatility.

Why active and growth? On one hand, China remains a great place to hunt for growth opportunities, and increasingly so in a global context. On the other hand, the A shares market is poorly researched and dominated by short-termism with large return dispersions, which makes it an exciting one for patient, curious stock pickers. Finally, we expect that the continued institutionalisation of China's stock market will further enhance the correlation between fundamentals and stock returns. China's stock market is expected to benefit from a multi-year transition in wealth, away from property and into financial assets. This is also in line with China's long-term goals of 1) cultivating a stable wealth-building pension system for an ageing population and 2) utilising financial markets (instead of banking system) to allocate capital towards expanding businesses that really need it.

# Process

Our investment process can be broken down into three parts: idea generation, research and portfolio construction. We are also aware that a fourth part, 'ownership', is typically the longest part of our process. The ongoing research, engagement and understanding gained through this period is a critical part of our investment approach.

## Idea generation

There is no silver bullet to adequately describe exactly where ideas will come from. Our approach is multi-fold, and attempts to cast the net wide, often beyond traditional financial sources. Our objective is discovery not coverage. We are willing to look in different places to better understand the risks and opportunities of investing in China, and focus our research on a small number of companies with sustainable growth potential. Our philosophy, time frame of analysis and long investment time horizons require a different approach. In particular, we find that relationships with industry thought leaders, academics and unlisted companies provide a valuable flow of ideas, and often a genuinely differentiated perspective. We also benefit from working alongside other investors within Baillie Gifford who also research Chinese companies. All bring a truly long-term, active, growth mindset. By feeding into broader strategies, our Shanghai investors are an important part of discussions about global opportunities and local innovation, which often lead to new ideas for research.

## Investment research

Fundamental research sits at the heart of our process and is the source of added value for our clients. We are interested in detailed, differentiated, proprietary research focused on the long-term outlook for companies and industries. Every new idea to the portfolio must be passed through our research framework to ensure long term fundamentals are thoroughly analysed. This also provides a consistent and replicable process.

The research process comprises two parts. First is a 10-question stock research framework which contemplates the scale of the opportunity and focuses predominantly on the upside investment case. Second is a due diligence checklist which is more focused on downside risk management, including ESG factors.

The 10-question framework encourages us to consider the scale of the opportunity for the company over the next five-to-ten years along with the cultural and financial factors which will allow the company to capitalise on this opportunity. It is predominantly focused on upside potential. When conducting research, we will draw heavily on the Shanghai research platform which provides closer access to visionary management teams, independent academics and industry leaders in China. We aim to marry this local insight with the broader understanding and global context provided by Baillie Gifford's wider connections and the stock research of Baillie Gifford's global and regional investment teams.

We use the answers to the questions to help us construct a range of outcomes, which look at the long-term scenarios for the value of a company and the likelihood of success.

Our long investment horizon means that the sustainability of a business is central to our analytical work. When owning a company for five plus years rather than parking the money on its share price for a few months, we ask different questions. While our objective remains resolutely in maximising long-term investment return, helping the portfolio's companies push toward industry best practices in all aspects of their corporate behaviour should be entirely consistent with this aim.

We focus on ESG factors that are of investment relevance in the long term. These are built into our 10-question research framework. In addition, we have a proprietary due diligence checklist which looks further into ESG, management ownership, financials and previous history. This may be supplemented by third party forensic analysis through our long-term relationships with these independent due-diligence experts as and when required.

Ultimately, the decision to buy or sell a stock is taken by the portfolio construction group which comprises Linda Lin, Sophie Earnshaw and John MacDougall.

We believe that exceptional growth companies are rare. We adopt a concentrated portfolio approach of 25–40 holdings. This enables us to focus our efforts on companies that we think are truly exceptional and to own them in such size that the impact of each will be meaningful to clients. The weight of any new holding will be aligned with the enthusiasm for the stock among the group, and reflective of both its potential upside, the probability we associate with this, and the competition for capital among other holdings within the portfolio. Individual stocks are selected on their own merits with no regard for their weights in an underlying index.

The China Team meets weekly for formal stock discussions, alongside sharing ongoing research and threads of exploration. The portfolio construction group meets quarterly to discuss the overall composition of the portfolio, aided by quarterly ESG and risk reviews. This is in addition to the many ad hoc discussions that occur between the team and our wider investment colleagues.



Once a company has been assessed through our 10-question fundamental research framework, the investment managers are responsible for making the ultimate decision on its inclusion (or otherwise) in the portfolio. There does not need to be consensus for a new idea to be bought for the portfolio. Strong emphasis is placed on backing individual enthusiasms rather than attempting to achieve consensus. The most rewarding investment ideas can be both controversial and highly uncertain to start with, and we believe requiring consensus on decision making would reduce our likelihood of buying such companies.

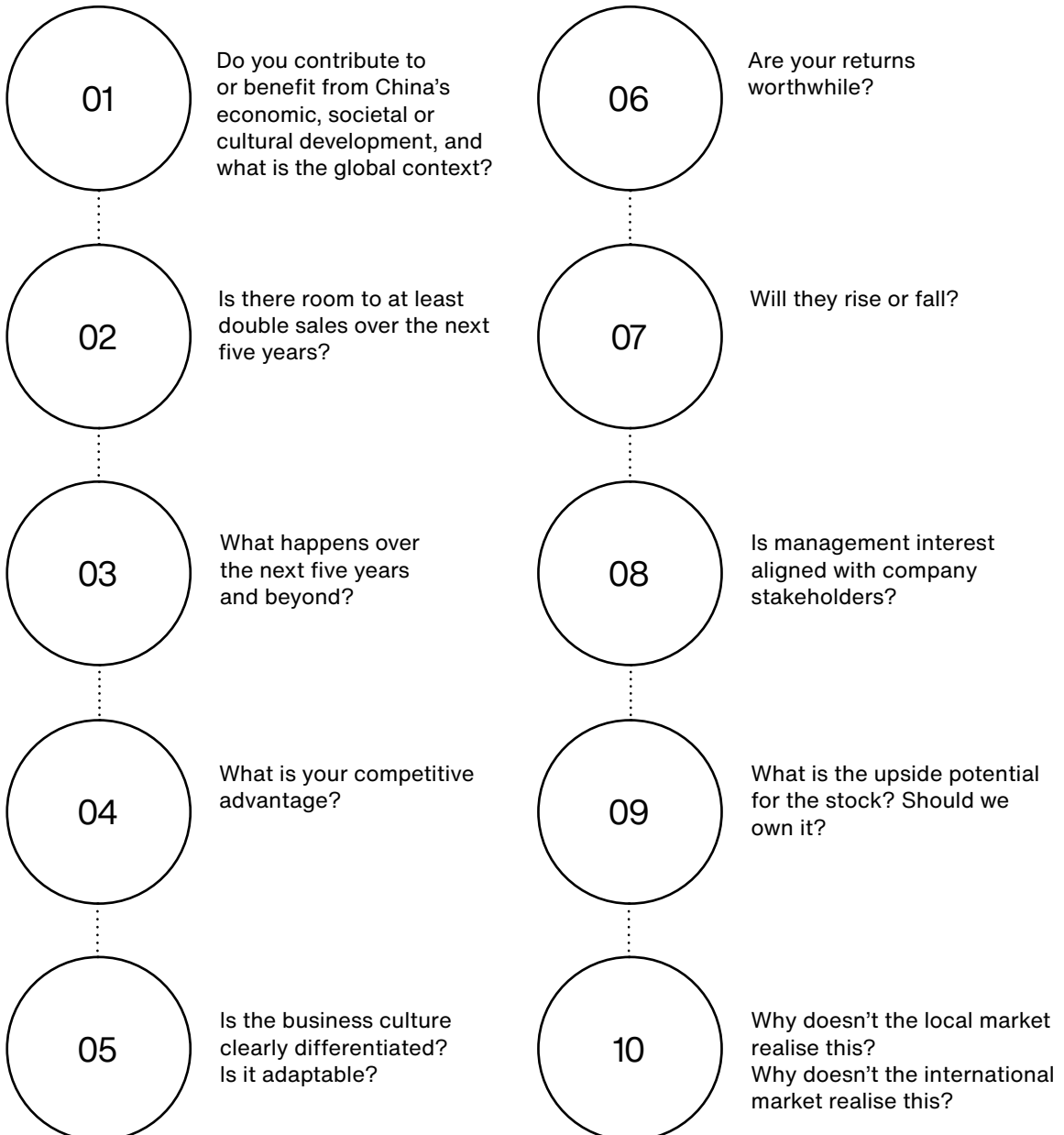
Given our long investment horizon, 'ownership' is actually the longest part of our process, including ongoing research, engagement and portfolio management. The understanding gained through this period is a critical part of our investment approach.

Our buy and sell discipline is based on the fundamental characteristics of individual companies. Given our long holding period, ongoing research is an important part of the investment process. Being able to identify new growth engines and prospects for a company is important, as well as understanding where growth is slowing and why. Ongoing engagement with company leaders is important. We use our 10-question research framework to reassess the strength of the investment case on an ongoing basis. The inputs that these answers provide are then used to create a new set of long-term growth scenarios with their associated probability. This allows us to assess whether the investment's upside remains attractive.

Should the return no longer be sufficient to deserve a holding in the portfolio we will sell the holding. We do not have any triggers for automatic sales. The principal reason for a sale would be that the company answered the 10 questions less convincingly than before. Examples of situations that might lead to the sale of a stock include:

- An adverse change in the fundamentals of the business (e.g. deteriorating demand or evidence that a company's competitive edge was not as strong as we thought).
- A loss of confidence in management (e.g. where there are unexpected or poorly explained changes in management or where their actions are inconsistent with the long-term objectives).
- A situation whereby a company's shares have performed well to the extent that the scope for substantial upside has reduced, and there are better opportunities elsewhere.

## 10 question framework



# Risk management

We believe that the main risk to clients who invest in the Chinese equity market is the failure in long-term wealth generation, not how close the portfolio is to an index. In our opinion, long-term success in equity investing requires risk taking and ambition, not excessive caution and downside risk aversion. We have a strong conviction that our China A share portfolios should be concentrated and focused on the long term, with portfolio positioning reflecting the upside potential we see in individual companies, rather than market capitalisation or any other benchmark-based metrics. It is the perceived uncertainty in an investment case that allows for the existence of substantial upside, and it is only through genuine and material differences to indices that we can hope to do a truly admirable job for our clients.

To this end, we believe many of the traditional risk tools are unhelpful. We do not intend to measure tracking error and we eschew the underlying assumption that the benchmark is a risk-free option for equity investors.

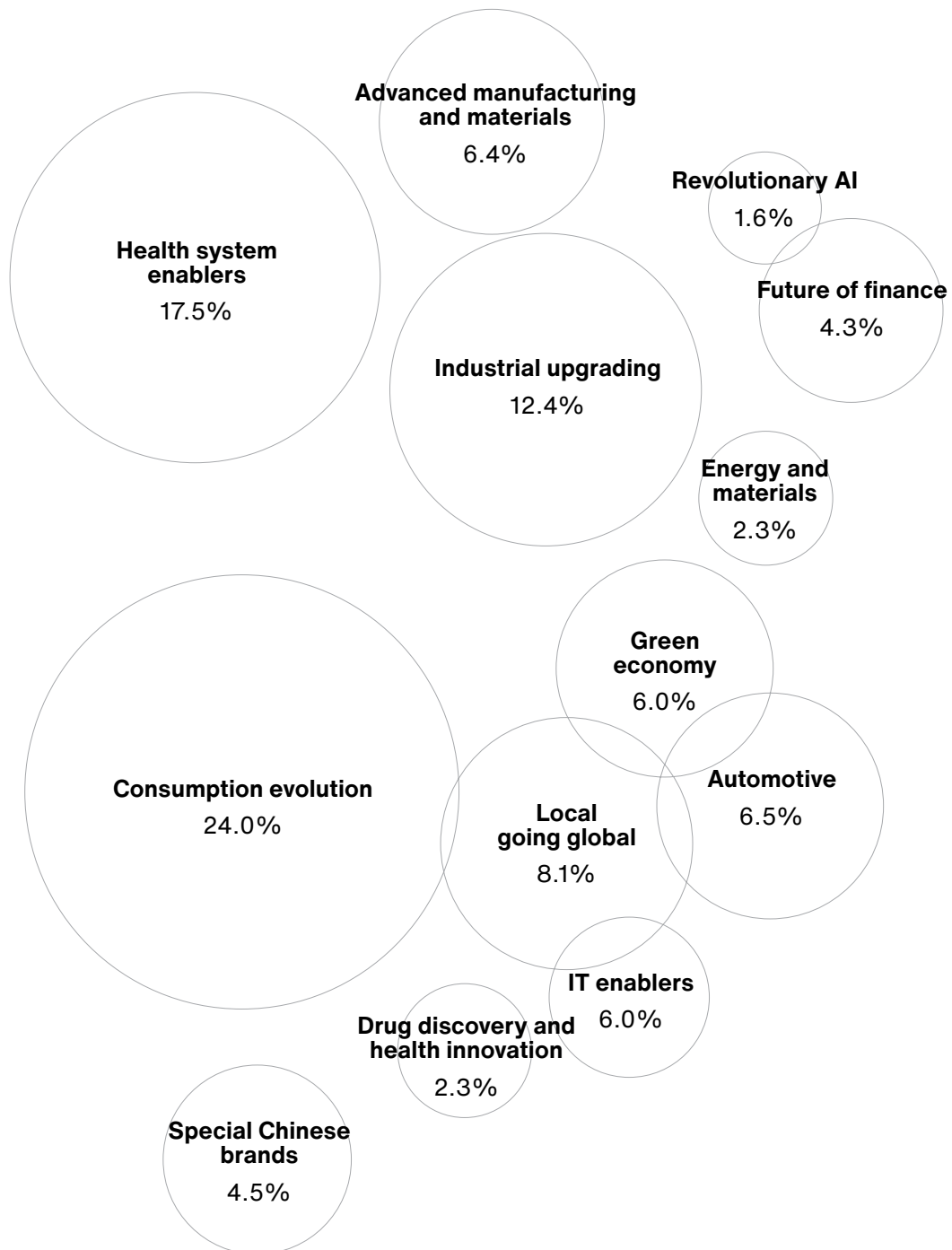
We also find MSCI-based sectors unhelpful as a risk management tool as they are often poor descriptors of a business and its risk profile. They are often broad and not reflective of an underlying commonality. This is particularly the case in China where the speed of development and addition of companies to indices are rapid and constantly changing. The large number of state-owned enterprises in the index and state involvement across a range of sectors also require an additional lens in terms of analysis of both opportunities and risks.

In addition to thinking carefully about the fundamental case for each individual investment in the portfolio, we manage the overall portfolio within a series of investment guidelines which are intended to ensure that there is a sufficient level of diversification in the portfolio. We believe that these controls are prudent in the context of the portfolio's overall objective of maximising returns over periods of five years and beyond.

## Key characteristics

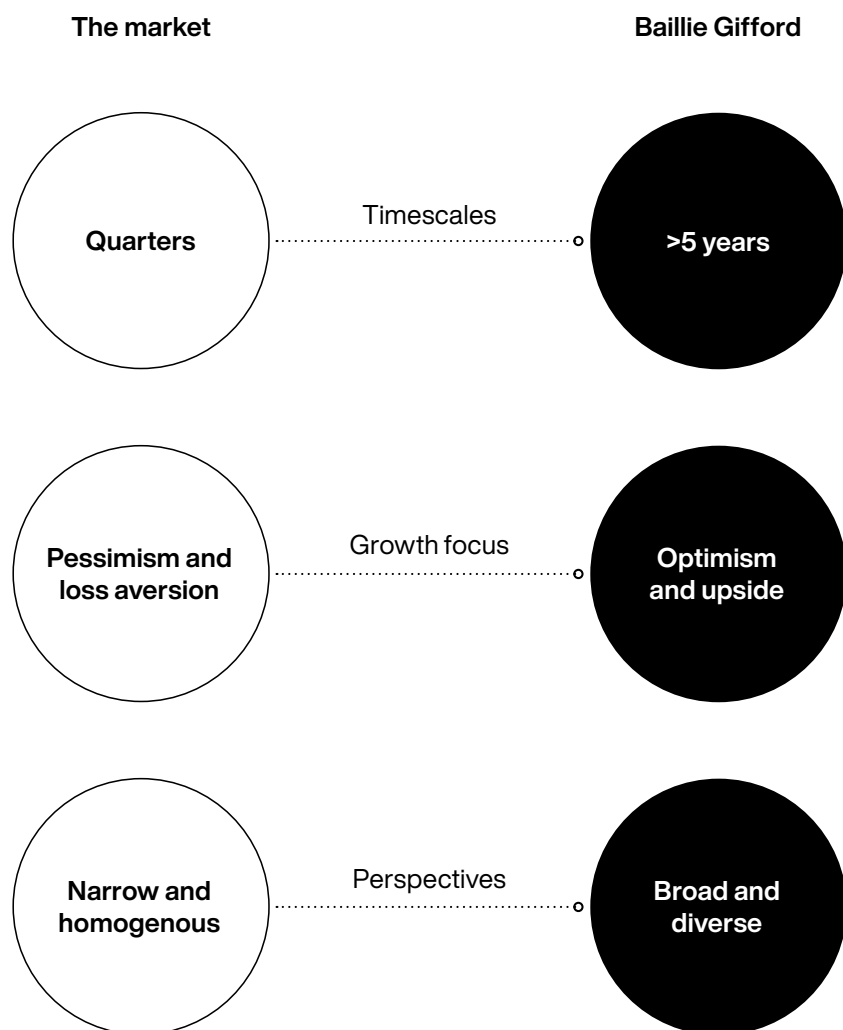
|                                  |   |
|----------------------------------|---|
| <b>Benchmark</b>                 | MSCI China A Onshore Index  |
| <b>Number of holdings</b>        | 25–40   |
| <b>Maximum stock positions</b>   | Max 8% at time of purchase,<br>15% absolute for segregated mandates,<br>10% absolute for UCITs vehicle<br>(5/10/40 rules apply) |
| <b>Minimum number of sectors</b> | 5 (with a minimum of 5% in at least five)   |
| <b>Thematic risk analysis</b>    | 25% in one category triggers annual thematic review   |
| <b>Liquidity</b>                 | US\$1bn market cap or above<br>(at time of purchase)  |

We group stocks by the long-term growth drivers we have identified in our investment research, which is a subjective process. We believe that the real risk in the portfolio lies in the growth opportunities identified for individual companies not playing out, rather than how index providers choose to classify the companies in the indices. These thematic concentrations are expressed in the following Euler diagram.



Based on representative portfolio as at 31 December 2023.

# Competitive advantages



## What makes this strategy unique?

We believe that this strategy is unique in three key ways:

### 01

#### Timescales

In contrast to the short-termism of the average domestic market participant, it has exceptionally long holding periods.

### 02

#### Growth focus

Its core philosophy is centred on the asymmetry of stock returns and focuses on the upside of an investment case. We seek companies who have the potential for five times returns. This requires a long-term focus and an ability to be imaginative about the potential for China's best businesses.

### 03

#### Perspectives

It benefits from both global and local perspectives, as well as insights from academia, industry experts and visionary founders, with a long-term thinking framework beyond the traditional financial analysis.

Baillie Gifford was founded in Edinburgh during the late Qing Dynasty (1908). For over a century, we have focused on investing in a truly active, long-term and patient way on behalf of our clients.

Over the last 40 years, China has undergone an unparalleled period of economic growth and created some of the most exciting companies in the world. China's domestic stock-exchanges, known as the A share market, were (re)established in 1990. The first overseas listing of a Chinese company in New York was in 1992 and Hong Kong in 1993.

At Baillie Gifford, we have brought an active and long-term approach to investing in Chinese companies since 1994. We have had a dedicated China Equities Strategy since 2006. And with the greater accessibility of China's domestic markets offering an exciting opportunity in this large but under-represented and under-researched universe, we launched a dedicated China A Shares Strategy in 2019.

We believe our advantage is derived from bringing together global and local insights with an investment philosophy that seeks above average returns by participating in disruptive and secular trends. These play out over years, not quarters. This is why the size of China's markets and the speed of its growth and innovation make it an exciting market for fundamental, alpha-searching stock pickers. Our long-term approach is reinforced by an alignment of incentives that matches this time frame and focuses us on the growth upside and differentiated insights that are rarely captured in today's share prices.

This shift from a poor developing country to a major economic power in just a few decades has been spectacular. It has forced other countries to ask how China's rise may impact their economic interests and global influence over the next century. China's inclusion in global bond and equity indices has also shone a light on the ongoing capital market reform process and the opening of its domestic markets to the world. We believe the speed and scale at which innovation and development have taken place cannot be overlooked. China has already produced some of the biggest and most innovative companies in the world.

This is why we at Baillie Gifford remain excited as long-term investors. We believe a poorly researched market dominated by short-termism with large return dispersions is an exciting one for patient, curious stock pickers.

# People

We have a dedicated China Team with experienced decision makers, bringing together onshore and offshore investors that balance local insights with global perspectives. All of our investment team are first and foremost analysts. We also benefit from Baillie Gifford's broader investment teams who research Chinese companies in the context of global and international strategies.

The portfolio construction group and the investment specialists for the strategy sit outside of China. Baillie Gifford has the majority of its investment managers and analysts based in its Edinburgh office. The breadth of our research spans the listed and unlisted universe in China, providing insight into major long-term trends, disruptive opportunities and areas of proactive and positive governance.

This approach has fostered relationships with company founders, industry specialists and academics who think in timescales aligned with our clients' interest, instead of the short-term focus of the modern financial world. When coupled with the wider perspective of a global approach that links to worldwide experiences and insight, our China A Share Strategy seeks to identify and own only those exceptional companies with the industry background, competitive advantages and quality of management to be positive outliers over the long term.

## Shanghai research platform

Baillie Gifford's Shanghai office provides an on-the-ground presence which helps overcome the challenges provided by language and location when it comes to engagement and insight, while retaining the lens of Baillie Gifford's long-term investment philosophy within a notoriously short-term market.

It allows us to deepen our long-standing relationships with existing holdings, identify the next generation of exceptional companies at an earlier stage, better understand societal and cultural developments, and forge partnerships with academics and industry specialists in the region. Our investment team also includes a dedicated ESG analyst.

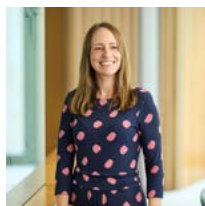
Research conducted in Shanghai is used by investment managers in the construction of the portfolio, and also feeds different perspectives into our broader investment strategies.

## China Team



**Linda Lin\***

10 (14) years' experience



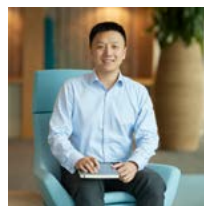
**Sophie Earnshaw**

14 (14) years' experience



**John MacDougall\***

24 (24) years' experience



**Rio Tu**

10 (10) years' experience



**Louise Lin**

10 (10) years' experience



**Tony Wang**

4 (8) years' experience



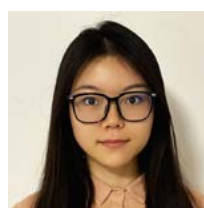
**Freddy Zhu**

4 (6) years' experience



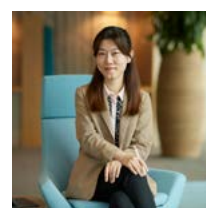
**Clark Ren**

2 (3) years' experience



**Doris Gu**

Joined in 2023



**Lin Qin†**

2 (4) years' experience

\*Partner

† ESG Analyst

Years at Baillie Gifford (years experience).

As at 31 January 2024.

The China A Shares Strategy decision makers are Linda Lin, Sophie Earnshaw and John MacDougall.





**Linda Lin**  
Investment Manager

Linda is the head of the China Equities Team, and a decision maker on our All China and China A share strategies. She is also a member of the Long Term Global Growth (LTGG) Team. Linda joined Baillie Gifford in September 2014 and worked in Edinburgh until relocating to Shanghai in 2019 as Head of the Investment Team. She became a partner of the firm in May 2022 and is now based in Edinburgh. Prior to joining Baillie Gifford, Linda spent four years as a global equity analyst with Aubrey Capital and two years in real estate investment in China. She graduated BComm in Accounting and Finance from the University of Auckland, New Zealand in 2007 and MSc in Finance and Investment from the University of Edinburgh in 2011. Linda is a native Mandarin speaker.



**Sophie Earnshaw**  
Investment Manager

Sophie is an investment manager in the China Equities Team. She is a decision maker on our All China Strategy, which she has managed since 2014, and on our A Share Strategy since its inception in 2019. She also provides China insight to the Emerging Markets Leading Companies and International All Cap portfolio construction groups. She is a CFA Charterholder and graduated MA in English literature from the University of Edinburgh in 2008 and MPhil in eighteenth century and romantic literature from the University of Cambridge in 2009.



**John MacDougall**  
Investment Manager

John is an investment manager and decision maker in the Long Term Global Growth (LTGG) Team. He is also a member of the China A Share portfolio construction group. John has been a partner in the firm since 2016. He joined Baillie Gifford in 2000 as an investment graduate. Prior to his current roles, he worked in the North American, Japan and Global Discovery equity teams. John graduated MA in Ancient & Modern History from the University of Oxford in 2000.



**Rio Tu**  
Investment Manager

Rio is an investment manager in the China Equities Team, and Head of Investments based in Shanghai. He joined Baillie Gifford in September 2014 and moved to Shanghai in 2019. He previously worked in the Global Income Growth and Emerging Markets equities teams. Rio is a CFA Charterholder. He graduated MA (Hons) and MEng in Engineering from the University of Cambridge in 2008, after which he remained at the University, working as a research student in the Department of Engineering. Rio is a native Mandarin speaker.



**Louise Lin**  
Investment Manager

Louise is an investment manager in the China Equities Team, and Head of Research based in Shanghai. She joined Baillie Gifford in September 2014 and moved to Shanghai in 2021. She previously worked in the Japanese and Global Discovery equities teams. Louise is a CFA Charterholder and graduated MMath in Mathematics from the University of Oxford in 2013. Louise is a native Mandarin speaker.



**Tony Wang**  
Investment Manager

Tony is an investment manager in the China Equities Team. He joined Baillie Gifford in 2020 and is based in our Shanghai office. Before joining Baillie Gifford, Tony spent four years as an investment analyst at CIC in Beijing. He graduated MA in Financial Mathematics from Columbia University and BSc in Applied Mathematics at Tsinghua University. Tony is a native Mandarin speaker.



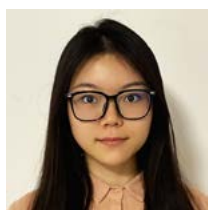
**Freddy Zhu**  
Investment Manager

Freddy is an investment manager in the China Equities Team. He joined Baillie Gifford in 2020 and is based in our Shanghai office. Before joining Baillie Gifford, Freddy spent two years as an investment analyst at CICC focusing primarily on the energy sector. He graduated MA in Energy and Environment from Johns Hopkins University, MA in International Relations from Tsinghua University, and BA in Economics and Finance from Tsinghua University. Freddy is a native Mandarin speaker.



**Clark Ren**  
Investment Analyst

Clark is an investment analyst in the China Equities Team. He joined Baillie Gifford in 2022 and is based in our Shanghai office. He graduated from Cornell University in 2021 with an MS in Applied Economics Management and completed a BSc in Finance and Business Analytics from Indiana University Bloomington. Clark is a native Mandarin speaker.



**Doris Gu**  
Investment Analyst

Doris is an investment analyst in the China Equities Team. She joined Baillie Gifford in 2023 and is based in our Shanghai office, where she was an intern in 2020 and 2022. She graduated from Renmin University of China in 2023 with a MA in Finance and completed a BA in Biology from Tsinghua University. Doris is a native Mandarin speaker.



**Lin Qin**  
ESG Analyst

Lin is an ESG analyst in the China Equities Team. She joined Baillie Gifford in 2021 and is based in our Shanghai office. Before joining Baillie Gifford, Lin spent two years as a climate change consultant at the World Bank in Washington D.C. She graduated MA in Energy and Environment from Johns Hopkins University, MA in International Relations from Tsinghua University, and BA in English Language and Literature from Tsinghua University. Lin is a native Mandarin speaker.

## Clients Department

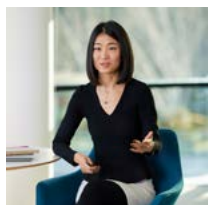


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**Ben Buckler**  
Investment  
Specialist

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Ben is an investment specialist and he chairs the China Product Group. He joined Baillie Gifford on the Investment Management Graduate Scheme in 2001 and was an investment manager in our Emerging Markets Equity Team until 2008, when he relocated to China. Ben worked in Hong Kong for six years as an executive director in the Asian Equities business at UBS. He returned to Baillie Gifford in 2018. Ben graduated MA in Geography from Mansfield College, Oxford in 2001, holds an MBA from the University of Oxford and is a CFA Charterholder.



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**Qian Zhang**  
Investment  
Specialist

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Qian joined Baillie Gifford in 2021 as an investment specialist in the Emerging Markets Client Team. Previously, Qian worked as a senior client portfolio manager covering Emerging Markets strategies at Pictet Asset Management and JPMorgan Asset Management. She began her career at Merrill Lynch in 2008. Qian graduated MSc in Mathematical Risk Management from Georgia State University and BSc in Economics and Statistics from Peking University. Qian is a native Mandarin speaker and a CFA Charterholder.

# Baillie Gifford

## Clients

We are immensely proud of our supportive client base. Without them, our business could not exist.

Our primary goal is to build long-term relationships with aligned, like minded, clients. Our longest client relationship dates back to the early 1900s.

A core principle we have always upheld is prioritising our clients' interests above the firm's. In an industry that often puts financial gain over client outcomes, this focus is crucial. We aspire to be seen as more than merely the 'hired help', and aim to be recognised as a trusted, long-term partner, who can be relied on to give honest and objective advice at all times.

We are research-driven, patient and prepared to stand apart from the crowd. And because we're an independent partnership without outside shareholders, the long-term goals of our clients are genuinely our priority.

## Partnership

Stability matters.

Since its inception in 1908, Baillie Gifford has proudly remained a private partnership. We have no intention of changing this. We have never had a merger or made an acquisition, nor do we seek to in the future. This is a rare level of stability in financial services.

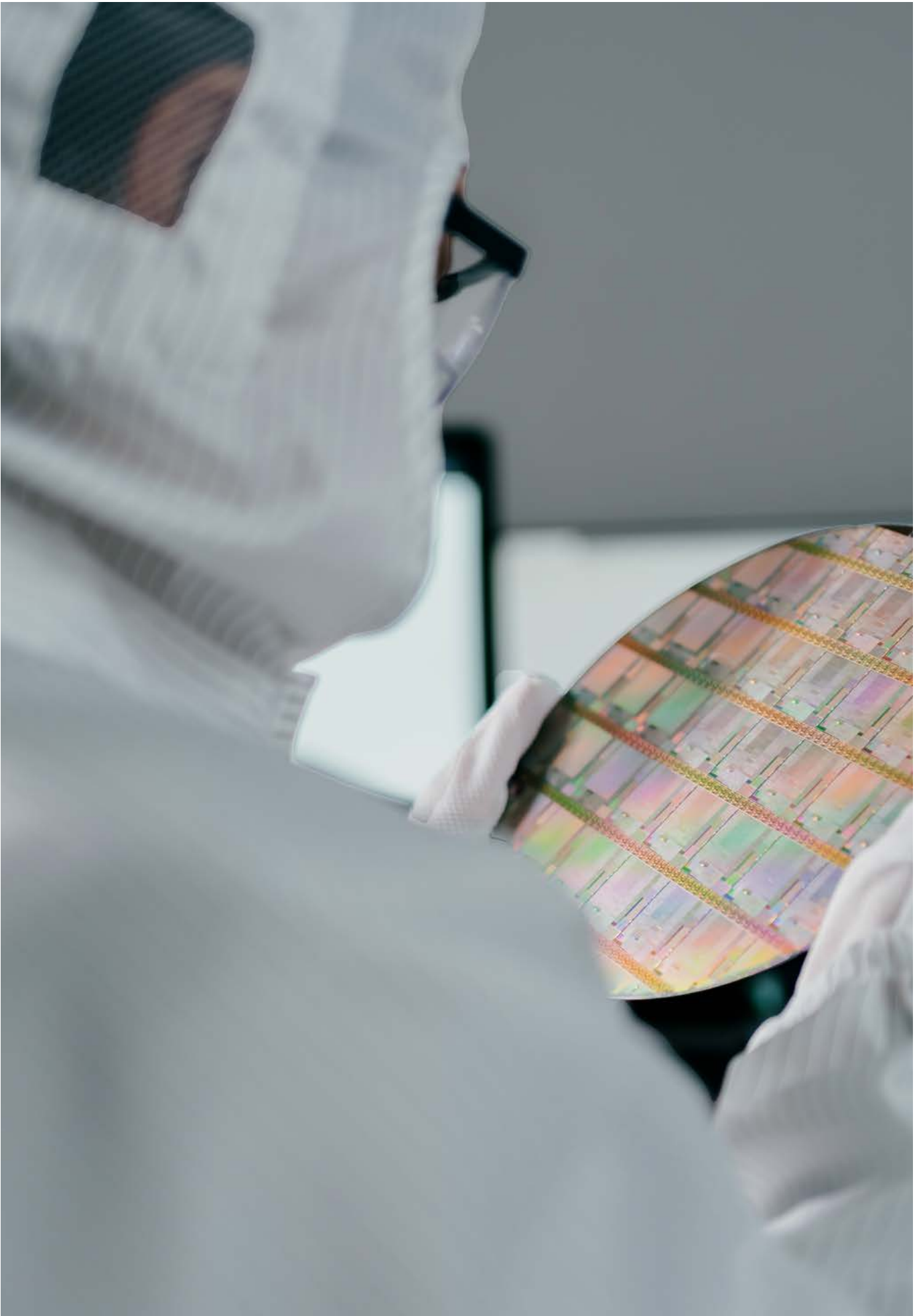
All of our partners work within the firm which provides a unique level of alignment between them as owners, and our clients. This is a key differentiator in comparison to a lot of our peers.

## Focus

We have a clear unity of purpose – excellent long-term investment returns and unparalleled client service. Our interests and long-term objectives are completely aligned with those of our clients.

We are not short-term speculators, rather we deploy client's capital to run truly active portfolios that give exposure to exciting and lasting growth companies. We would argue that it is visionary entrepreneurs and company leaders that generate long-term profits and share price increases, not stock markets or indices.

When active management is done well it can add material value over the long term. We need to be willing to take a differentiated view. This is not easy. It requires dedication, independent thought and a long-term perspective. Our whole firm is built around this, and we will always remain resolutely investment and client outcome driven in our outlook.



## Important information

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