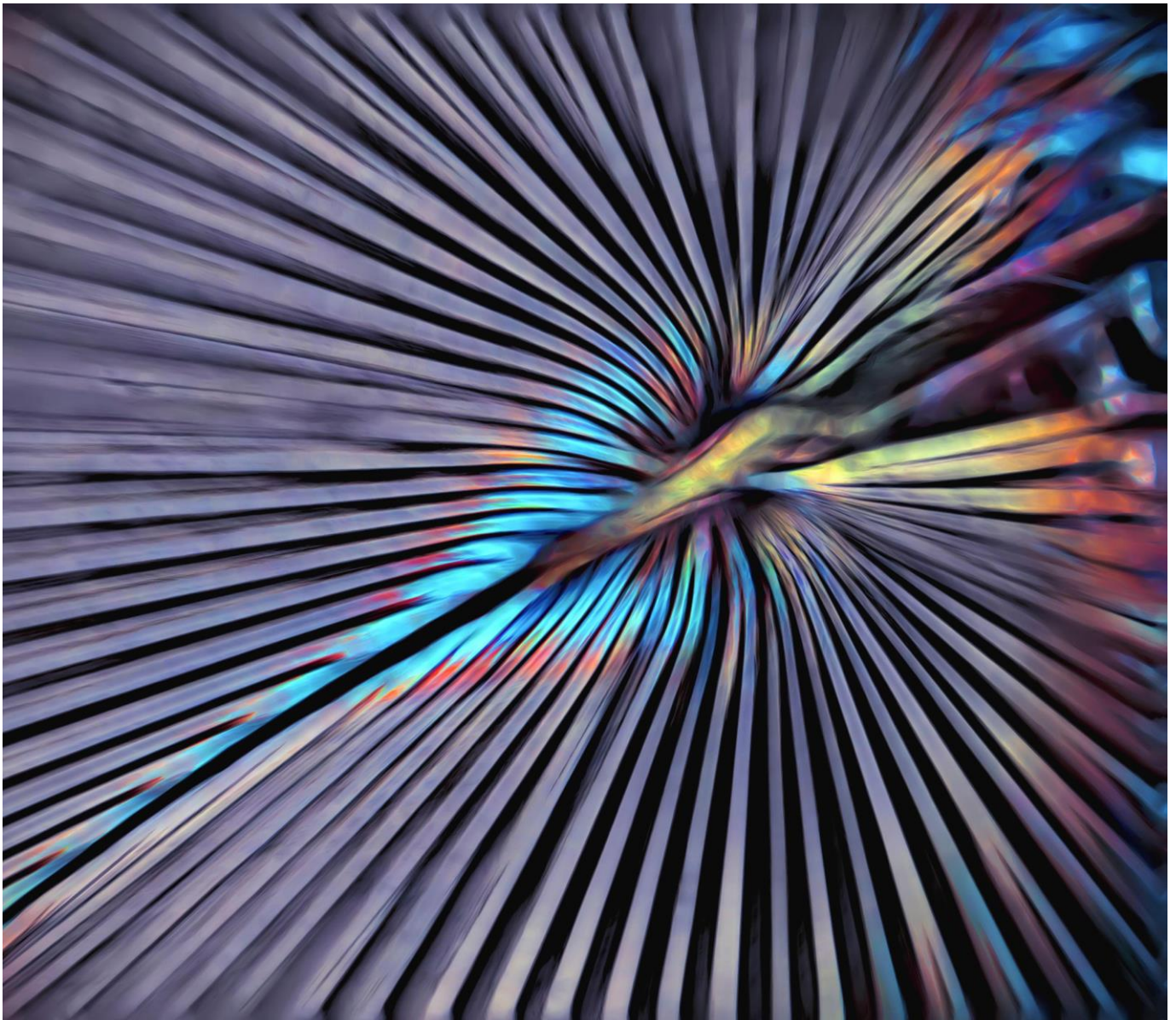


Baillie Gifford™

China Quarterly Update

31 December 2024



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Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that recommendations/ transactions made in the future will be profitable or will equal performance of the securities mentioned.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

Any stock examples, or images, used in this paper are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style. A full list of portfolio holdings is available on request.

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Product Overview

China is a regional equity strategy that adds value through active management by identifying and exploiting inefficiencies in growth companies.

Risk Analysis

Key Statistics

Number of Holdings	55
Typical Number of Holdings	40-80
Active Share	68%*
Rolling One Year Turnover	30%

*Relative to MSCI China All Shares Index. Source: Baillie Gifford & Co, MSCI.

Baillie Gifford Key Facts

Assets under management and advice	US\$272.3bn
Number of clients	613
Number of employees	1682
Number of investment professionals	375

Not everything in life is black and white. As a Newcastle United football team supporter, I wish it was. But as an investor in China, it is important to see all the shades of grey. A nuanced approach is increasingly important when searching for reality amongst the rhetoric. Over the quarter, the contrast between red and blue was most evident, with conversation largely focused on the elections in the US and the consequent uncertainty as to US policy towards China.

For much of this year, Chinese markets have been locked in a cycle of expectation and disappointment. But in September, the Chinese authorities delivered a coordinated package of monetary, fiscal and regulatory policy which suggested an inflection point in China's economic outlook. The combination of pro-growth economic policy and emerging tailwinds of regulatory support should be positive for markets. Valuations are attractive while the operational results of portfolio companies show how a combination of scale, efficiency and innovation can support significant growth.

Empirically, China's A-share market's performance is correlated with explicit government spending, as the latter drives aggregate demand, and the investor outlook on the economy and policies. The economy finally seems to have some central government support, with the Politburo meeting and Central Economic Work Conference in December pointing to significantly more stimulus in 2025. Macro-economic policy has been dialled up to a more proactive fiscal policy, moderately accommodative monetary policy and strengthened extraordinary counter-cyclical adjustments.

The market's response to the policy announcements was initially positive. According to UBS, almost four million new investors opened an A shares account in October 2024, five-times the average of the first nine months of the year. Retail investors dominate A share turnover and their short-term investment horizons can exacerbate both momentum and volatility. But longer-term excitement is underpinned by the potential upside if excess savings accumulated during the pandemic are released. This is particularly the case if capital markets are seen as a broader channel for wealth creation given the decline in the property sector in recent years. These are longer term possibilities; however, for now, all focus is on consumer and market sentiment. Boosting domestic demand has been elevated to the government's number one priority.

Domestic retail investors have far less of a concern about China's regulatory cycle or international politics. They care about property prices, rising incomes and jobs, and it isn't clear in high-frequency indicators such as property sales, equities prices or bond spreads that the policy shift has drastically or sustainably shifted consumer sentiment. For foreign investors, geopolitics has added an additional layer of concern. President Trump's cabinet has wide and polarised views on China, raising the levels of uncertainty in any future predictions. Tariffs on imports from China could dent China's domestic economic recovery, with the impact dependent on what happens to the currency, to the elasticity of US consumer demand, the ability for Chinese companies to reroute trade via third countries, or simply to find new demand sources as we're increasingly seeing from the 'global south'. However, if it turns out that President-elect Trump uses tariffs as a negotiating tool to support trade developments, the outlook for US-China geopolitics may be far more sanguine than many expect.

This brings implications for China's economy via exports to the US, which will have an impact on the required scale of domestic stimulus and adds an urgency to China's domestic innovation efforts in critical sectors. Under the ideological framework of 'new quality productive forces', Beijing is betting on transformative breakthroughs in frontier technologies such as semiconductors, electric vehicles, artificial intelligence and advanced manufacturing.

The interaction of secular growth opportunities, domestic economic challenges, global geopolitics and market volatility that has led to a pick-up in turnover in the portfolio. Over the last year, we have been reducing exposure to companies with revenues from the US, particularly healthcare and industrials. After sales of pharmaceutical companies Wuxi Apptec and Asymchem Laboratories earlier in the year, we made further reductions to Anker Innovations, Zhejiang Sanhua, Beigene and Fuyao Glass during the quarter. These are still business with exciting long-term opportunities whose share prices have performed well but where geopolitics has lowered the scale of the potential opportunity.

In contrast, we've been adding to companies benefiting from China's domestic environment, increasing exposure to ecommerce company PDD after significant due diligence that involved wide-ranging discussions with the platform's merchants, customers and regulators. Its share price has been weak despite reporting strong operational growth. We also bought a new holding

in Haidilao, a hot-pot restaurant business, as well as three semiconductor companies: AMEC, Naura and Zhongji Innolight.

Developments in China's semiconductor industry could have significant global ramifications. Progress in China since the implementation of US sanctions has been substantial. Huawei is using domestically produced 7nm chips in its mobile phones and YMTC, the domestic leader in NAND, is back to full production only two years after sanctions were thought to have crippled the company irreparably. China has a three-decade history of throwing money at the semiconductor industry with disappointing results. What might be different this time round? Ironically, the imposition of sanctions, which is forcing a new collaborative model between large, sophisticated customers and equipment players. We now expect domestic semiconductor equipment manufacturing companies Naura and AMEC to have significant opportunities ahead.

China has long-term challenges: a declining population, the need to shift the economy from investment to consumption while balancing local government debts and issues in the property sector, and its rising position in global economics and politics will bring inevitable strains. Despite this, China's rising global competitiveness has become increasingly apparent, making remarkable progress in its technological, industrial and manufacturing capabilities, and transforming from a producer of cheap, low-quality goods to a major economic power leading in a number of globally critical areas.

While macro-economic challenges are much talked about, it is also worth remembering the real-world forces that haven't changed and which we would argue, can be far more impactful: renewable energy cost will continue to fall, battery chemistry will improve, factories will become more automated; Gen Z will become the major consumption force. We could go on. We believe it is these structural trends which deliver the opportunity for growth that should drive returns over the long term.

There is no shortage of companies with growth potential in China. In fact, if you take all companies in the MSCI ACWI forecast to grow 20% a year over the next three years, almost one third are from China. That's a significant anomaly given that China represents less than 3% of that index. While many commentators are eager to depict these new global dynamics in black-and-white terms, such over-simplification risks distracting

investors from assessing opportunities on their own merits in the day-to-day, complex and nuanced world in which Chinese companies do business.

Performance

Over the quarter, the Fund underperformed the MSCI China All Shares index which delivered negative absolute returns. While the funds positioning in industrials contributed to performance, this was offset by strong performance of financials, a sector in which the fund is significantly underweight. At a stock level, the top contributors to performance were Shenzhen Megmeet, Pop Mart and Sunny Optical.

Shenzhen Megmeet makes power supply and electric automation products for both industrial and consumer electronics clients. The company recently announced that it had been selected as a supplier to Nvidia which contributed to the strong share price.

Pop Mart is a character-based entertainment company. It has a strong, and growing, line up of product aimed directly at the younger generations, a cohort with increasing consumption power and radically different tastes to their elders. This has contributed to strong operational results both domestically and overseas.

Sunny Optical designs and manufactures optical related products and is the global number one producer for vehicle lens sets. After a challenging 2023, its operational performance has bounced back, supported by the stable growth of the global auto market and continued adoption of new energy vehicles and smart auto technologies.

The top detractors from performance were not owning Xiaomi, a consumer electronics manufacturer that is a large index constituent which performed well), alongside poorer performance from Beigene and Zhongji Innolight.

Beigene is a leading cancer drug development company caught in a battle between strong operational performance and the challenges its Chinese identity brings in the current geopolitical environment. It was a top performer over the previous quarter, and one we believe requires a long-term approach.

Zhongji Innolight is a new purchase for the portfolio. It manufactures optical transceivers which are crucial components in AI chip training clusters used in data centres. The investment case is based on the growth in global AI-related capex and datacentre build out, as well as the potential uptick in Chinese AI capex. We recognise this will bring a cyclical element to short term share price performance but prefer to focus on the long-term opportunity.

As we look forward to a new year, it is one which starts with significant uncertainty. Will the Chinese government continue to provide the necessary stimulus required to boost consumer confidence, underpin the property sector and restart the domestic economy? What does a Trump government in the US mean for global geopolitics and the prospect for either tariffs on China or greater trade with China? Having spent thirty years investing in Chinese companies at Baillie Gifford, we focus our efforts not on the big picture stories that are often in the news, but on the often-overlooked long-term trends which underpin opportunities for companies' growth. And it is clear Chinese companies are important to many of the biggest global trends we expect to see in coming years.

Performance Objective

Long-term capital appreciation, outperform the Index after fees over rolling three year periods.

The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.9	-0.3	-2.6
1 Year	11.8	18.8	-7.0
3 Years	-11.5	-5.0	-6.5
5 Years	-2.3	-0.5	-1.8
10 Years	6.3	5.4	0.9
Since Inception	8.1	7.3	0.8
USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-9.3	-6.9	-2.4
1 Year	9.8	16.7	-6.9
3 Years	-13.8	-7.5	-6.3
5 Years	-3.4	-1.6	-1.8
10 Years	4.0	3.1	0.9
Since Inception	6.2	5.5	0.8
EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.3	0.3	-2.6
1 Year	17.1	24.5	-7.3
3 Years	-11.1	-4.6	-6.5
5 Years	-1.8	0.0	-1.8
10 Years	5.6	4.7	0.9
Since Inception	7.0	6.2	0.8
CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-3.5	-0.9	-2.6
1 Year	19.8	27.3	-7.5
3 Years	-10.0	-3.4	-6.6
5 Years	-1.4	0.5	-1.8
10 Years	6.3	5.3	0.9
Since Inception	7.6	6.8	0.8
AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.6	4.3	-2.7
1 Year	21.0	28.6	-7.6
3 Years	-9.1	-2.4	-6.7
5 Years	-0.9	0.9	-1.8
10 Years	6.9	6.0	0.9
Since Inception	7.3	6.5	0.8

Annualised periods ended 31 December 2024. 3 Month & 1 Year figures are not annualised.

Inception date: 28 February 2006

Figures may not sum due to rounding.

Benchmark is MSCI China All Shares Index (MSCI All China Index prior to 27 November 2019, MSCI Golden Dragon Index to 02 May 2019).

Source: FE, Revolution, MSCI.

The China composite is more concentrated than the MSCI China All Shares Index.

Discrete Performance

GBP	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	55.9	-17.4	-18.5	-24.0	11.8
Benchmark (%)	29.5	-12.0	-13.8	-16.4	18.8
USD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	60.8	-18.2	-27.7	-19.4	9.8
Benchmark (%)	33.6	-12.8	-23.5	-11.4	16.7
EUR	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	47.5	-12.0	-22.9	-22.1	17.1
Benchmark (%)	22.6	-6.2	-18.5	-14.4	24.5
CAD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	58.0	-18.9	-22.4	-21.6	19.8
Benchmark (%)	31.3	-13.5	-17.9	-13.7	27.3
AUD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	46.5	-13.2	-22.4	-19.9	21.0
Benchmark (%)	21.7	-7.5	-17.9	-11.9	28.6

Benchmark is MSCI China All Shares Index.

Source: FE, Revolution, MSCI.

The China composite is more concentrated than the MSCI China All Shares Index

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2024

Stock Name	Contribution (%)
Shenzhen Megmeet Electrical	1.4
Pop Mart International Group L	0.7
China Merchants Bank	0.3
Sunny Optical Technology	0.3
Anker Innovations Technology	0.3
Estun Automation 'A' - Stock C	0.2
Jiangsu Azure Corp	0.2
CATL	0.2
JD.com	0.2
Fuyao Glass Industry Grp 'H'	0.2
Xiaomi Corporation	-0.8
Proya Cosmetics 'A'	-0.4
China Construction Bank Corp	-0.4
PDD Holdings	-0.4
Zijin Mining Group Co Ltd 'H'	-0.3
BeiGene HK Line	-0.3
Zhongji Innolight 'A' - Stock Connect	-0.3
Centre Testing	-0.2
lcbc	-0.2
KE Holdings (HK Line)	-0.2

One Year to 31 December 2024

Stock Name	Contribution (%)
Meituan	1.6
Pop Mart International Group L	1.4
Shenzhen Megmeet Electrical	1.3
Brilliance China Automotive	0.8
China Merchants Bank	0.8
CATL	0.7
Midea Group	0.4
Baidu.com Group Holding	0.4
Fuyao Glass Industry Grp 'H'	0.4
Ping An Insurance	0.3
Guangzhou Kingmed Diagnostic	-1.2
PDD Holdings	-1.1
XIAOMI CORPORATION - B	-0.9
Sanhua Intelligent Controls	-0.9
Sinocera Material	-0.8
Kweichow Moutai	-0.8
Shenzhou International Group H	-0.6
Yonyou	-0.6
Proya Cosmetics 'A'	-0.6
China Construction Bank Corp	-0.5

Source: Revolution, MSCI. China composite relative to MSCI China All Shares Index.

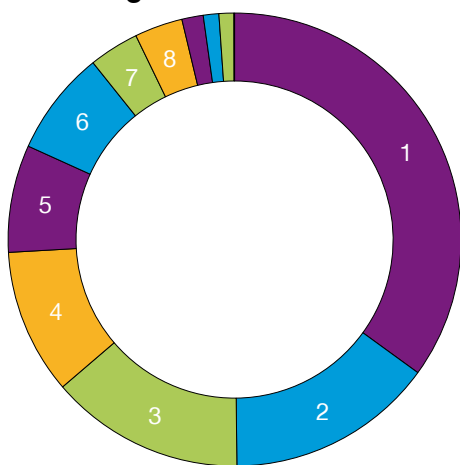
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole period. All attribution figures are calculated gross of fees, relative to the index from stock level up, based on closing prices. As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Tencent	Technology conglomerate	9.8
Meituan	Chinese online services platform	6.9
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	5.6
Kweichow Moutai	Chinese spirits manufacturer	4.6
Ping An Insurance	Provides insurance services in China	4.0
CATL	Battery manufacturer	4.0
China Merchants Bank	Chinese bank	3.7
PDD Holdings	Chinese e-commerce platform focused on social commerce	3.5
Midea	Household appliance manufacturer	2.9
BYD Company	Manufactures and sells automobiles.	2.8
Total		47.7

Totals may not sum due to rounding.

Sector Weights



	%
1 Consumer Discretionary	35.0
2 Industrials	14.9
3 Communication Services	13.9
4 Information Technology	10.4
5 Financials	7.7
6 Consumer Staples	7.5
7 Materials	3.6
8 Health Care	3.4
9 Real Estate	1.5
10 Utilities	1.1
11 Energy	1.1
12 Cash	0.0

Totals may not sum due to rounding

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	15	Companies	None	Companies	None
Resolutions	155	Resolutions	None	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	PDD Holdings Inc., Ping An Insurance (Group) Company of China, Ltd., Tencent Holdings Limited, Zijin Mining Group Company Limited
Social	Guangzhou Kingmed Diagnostics Group Co., Ltd., PDD Holdings Inc., Ping An Insurance (Group) Company of China, Ltd., Tencent Holdings Limited, Zijin Mining Group Company Limited
Governance	Guangzhou Kingmed Diagnostics Group Co., Ltd., Horizon Robotics, Kweichow Moutai Co., Ltd., Ping An Insurance (Group) Company of China, Ltd., SG Micro Corp, Zijin Mining Group Company Limited
Strategy	Guangzhou Kingmed Diagnostics Group Co., Ltd., Horizon Robotics, Ping An Insurance (Group) Company of China, Ltd., Tencent Holdings Limited, Zijin Mining Group Company Limited

Company	Engagement Report
<p>Guangzhou Kingmed Diagnostics Group Co., Ltd.</p>	<p>Objective: The company approached us for suggestions to incorporate environmental, social and governance (ESG) indicators into business metrics systematically through top-level design.</p> <p>Discussion: We explored several critical areas for Kingmed, focusing on their role as a leading provider of medical diagnostic services. Key topics included enhancing data security, improving talent attraction and retention strategies, ensuring product quality and innovation, and managing medical waste compliantly. Given the healthcare sector's frequent interactions with government officials and hospitals, we stressed the importance of robust business ethics and anti-corruption measures. Establishing effective internal controls is essential to mitigate these risks. We identified inclusive healthcare as a significant area where Kingmed can contribute positively from a social perspective. During the exchanges, we also shared the external rating agencies that we utilise for additional information input sources.</p> <p>Outcome: We are encouraged by Kingmed's attempts to enhance their ESG management practices and integrate these principles into their core business strategies. Their recognition of us as long-term, supportive investors is greatly appreciated, and we are excited to continue providing our insights and expertise to support Kingmed's sustainable journey.</p>
<p>Horizon Robotics</p>	<p>Objective: We met with the co-founders, Kai Yu (chief executive officer) and Annie Tao (chief operating officer), to better understand the long-term competitive environment for autonomous driving software in China, as well as Horizon's overseas ambitions, company culture, and sanctions risk.</p> <p>Discussion: Recognising the importance of software to the consumer experience, Yu suggests Horizon has a competitive edge thanks to its rich data, not simply the strength of its algorithms: Horizon's chips are in 6 million vehicles, covering over 300 models of car. Such data is highly diversified and heterogeneous, even compared to Tesla and Huawei. Tao underlined that Horizon's joint venture with VW is one leg of its overseas strategy; Horizon aspires to be a global company, whereby it aims to become a key supplier in Europe and Japan, as well as the largest supplier to Chinese auto exporters such as BYD. On company culture, we discussed one of Yu's key values: to 'stay lonely'. This means to avoid chasing the low-hanging fruit, and instead always reason from first principles and orient the business accordingly for the next decade and beyond. For example, to create artificial general intelligence in the real world, Yu has invested in building Horizon's deep expertise in certain challenging areas. Finally, on sanctions risk, Yu and Tao built its compliance team five years ago prior to the recent deterioration in geopolitics, while Horizon's joint ventures with international companies (e.g. VW) potentially provide an important defence and additional source of competitive advantage.</p> <p>Outcome: This fact-finding conversation provided us with increased confidence in Horizon's competitive advantage and long-term vision, supported by a differentiated company culture.</p>

Company	Engagement Report
Ping An Insurance (Group) Company of China, Ltd.	<p>Objective: To deepen our understanding of Ping An's sustainability strategies and practices with a focus on its social inclusive finance products.</p> <p>Discussion: We met with Ping An Group's environmental, social and governance (ESG) manager and discussed how they design social inclusive finance into their business lines. We learned that Ping An adopt a dynamic model with careful considerations of the status quo in different cities and update the design of products to accommodate the needs of people in addition to the basic insurance provided by the government. The revitalisation assistance funds of RMB 40 billion are mostly social bank loans provided to rural state-owned enterprises (SOEs) and farmers with Ping An providing additional training to increase their financial literacy. Ping An also shared the latest numbers regarding hospitals and doctors in the health and senior care ecosystem that they have started building since 2014. Other topics we touched upon during the meeting included the impact of digitalisation on agents and business volumes, Ping An's traceability system to alert natural disasters, the disclosure of financed emissions of Ping An Bank, projects financed by Ping An on carbon capture technologies and biodiversity conservation, and the expertise of its supervisory committee.</p> <p>Outcome: We appreciate Ping An's efforts to offer assistance and training to rural recipients by leveraging its financial power. We now have a better understanding of the social welfare system in China and Ping An's role in bringing additional benefits to address the underprivileged groups. Ping An thanked us for our suggestion on disclosing the underperforming data which they found valuable. We believe Ping An's commitment to social and environmental aspects reinforces its long-term financial opportunity by aligning with stakeholders' interests and supporting a sustainable future operating environment.</p>
Tencent Holdings Limited	<p>Objective: To better understand Tencent's updated data management practices and suggest actions to align with the international best practices; to learn the company's signature value-added social projects.</p> <p>Discussion: We continue our dialogue on data management with Tencent as supportive shareholders who are challenged by their non-compliant list status at a third-party environmental, social and governance (ESG) rating agency. We discussed the international norms of data protection and the regulatory landscape of data in the People's Republic of China (PRC). Tencent has made significant progress in making the content policy transparent to its users and disclosing external requests for data for public scrutiny. The company reiterated that as a United Nations Global Compact (UNGC) signatory, it firmly upholds the commitments to data and privacy protection. The next steps will focus on further strengthening the technology power to prevent cybersecurity attacks, especially in gaming and its fintech services. We also discussed the signature projects conducted by Tencent's sustainable social value team. One example highlighted by the company is the cornerstone project with RMB 10 billion funding in to support Chinese young scientists in their fundamental research. Other topics we discussed during the meeting include Tencent's decarbonisation pathway and internal control of the anti-corruption campaign.</p> <p>Outcome: The meeting reassured us about the concrete practices on data protection. We believe the company respect and have sought a good balance between local laws and international norms. They will continue to improve data management as new challenges occur in the cyber world. We appreciate the company's mindset to carry on bigger social responsibility whenever they see a gap and their initiative to solve problems with stakeholders like the government and academia.</p>

Company	Engagement Report
<p>Zijin Mining Group Company Limited</p>	<p>Objective: To re-emphasize our expectations for disclosure on human rights auditing by April 2025 and to understand how Zijin influences overseas mines in which the company does not directly operate.</p> <p>Discussion: In addition to our previous thorough engagement on the Group's domestic sustainability practices, we discussed more about Zijin's overseas social and environmental challenges and how the company is overcoming them. Zijin stressed that community relationship building is and will always be the most material topic to gain the social license to operate and relentless efforts have been dedicated on this front, such as addressing the needs of the surrounding communities and seeking support from the local governments. Zijin is also working with international non-governmental organisations (NGOs) for constructive suggestions and managing its reputation. There are many mining projects globally in which Zijin is a shareholder rather than an operator. Take the Porgera mine in PNG as an example, Zijin has appointed two senior managers to sit on the board to influence the decisions. ESG matters are discussed at the board about twice every quarter. Barrick, the direct operator at the mine, has disclosed a roadmap to eliminate the problematic river tailings disposal method by 2028 partially thanks to Zijin's influence.</p> <p>Outcome: Knowing the details of on-the-ground practices of how Zijin's overseas subsidiaries tackle social and environmental issues is very helpful for us to be more assured that the company is upholding its commitments to sustainable mining. We appreciate the company's proactive approaches to reaching out to external NGOs and agencies for suggestions and reputation management. Zijin is well aware of our expectations for human rights-related disclosure and our timeline for it. The company promised to report once the information is reviewed by its US legal counsels. We will look out for the disclosure in the next year's reporting season</p>

Votes Cast in Favour

Companies	Voting Rationale
Anker Innovations 'A', BYD Company 'H', CATL 'A', China Oilfield Services Ltd 'H', Haier Smart Home 'H', Kweichow Moutai 'A', Midea Group 'A', NAURA Technology Gp 'A' - Stock Connect, PDD Holdings Inc, Sanhua Intelligent Controls 'A', Shanxi Xinghuacun Fen Wine 'A' - Stock Connect, Sinocare 'A', Sungrow Power Supply 'A' - Stock Connect, Weichai Power 'H', Yifeng Pharmacy Chain 'A' - Stock Connect	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Advanced Micro-Fabrication	Advanced Micro-Fabrication Equipment, or AMEC, is one of China's leading semiconductor production equipment suppliers. Its product quality is evidenced by a customer list which includes the world's leading foundry, TSMC. The company is quickly narrowing the technological gap with its global competitors' offerings. As Chinese authorities focus on increasing domestic self-sufficiency, and local sourcing becomes more critical for mainland chip foundries, we expect AMEC to do especially well. Indeed, it has both the financial heft and organisational skill to invest large sums in R&D productively, which is helping it broaden its range of front-end chip fabrication equipment profitably. Given the weakness in the broader Chinese market, the company has seen its valuation de-rate over the past three years, but its operational outlook is still strong. With the scope for renewed enthusiasm by mainland investors, we believe this to be an opportune time to take a new holding.
Haidilao	Haidilao is one of the leading Chinese restaurant chains, specialising in Hot Pot cuisine. This business has the potential for future strong growth, driven by both new store openings and higher average customer spending. Its brand has been proven over a number of years and it has a reputation for delivering a superior customer experience that makes it a 'go to' eating destination for hot pot. These factors combine with a very low valuation given the poor sentiment towards Chinese consumption stocks. In short, we believe that the 'market' is giving us an opportunity to invest in a high quality growing franchise at a very attractive price.
Horizon Robotics	Horizon Robotics is the largest autonomous vehicle chip designer and software provider in China. It delivered approximately 2.2 million chips last year and is growing at a double digit rate. The penetration of level 3 autonomous driving is only around 10% in China but increasing rapidly, whilst there is a longer term possibility that China approves level 4 driving or above. In addition to chip sales, Horizon also has the potential to monetize its software via licensing to third parties. This could also add meaningfully to growth. The company is led by its visionary founder, Dr Yu, and its significant and consistent investment in research and development has resulted in a strong lead within this industry. This is a company that we have known for a long time and have owned privately in some of our funds. We have decided to buy a holding at IPO as we believe that the valuation does not reflect the company's long term growth potential, its edge or the quality of its exceptional management team.
NAURA Technology	Naura is a leading etch and deposition equipment manufacturer in China and a company that is strongly aligned with Beijing's long term goal of self-sufficiency in semiconductors. It operates in a segment of the semiconductor industry that remains dominated by foreign competitors such as Applied Materials. Its technological and innovation capability appears to be accelerating and, as such, we believe it is likely to benefit from growth in the overall market in addition to significant share gain. Growth in the overall market is likely to be driven by artificial intelligence and high performance computing and, in etch and deposition specifically, via increasing intensity of equipment use at lower semiconductor nodes. If successful, we should expect profit and cash flow to grow faster than revenue as the company benefits from significant operating leverage. The company was established in 2001 by Beijing Electronics Holdings and, although it is an SOE, it has a strong track record of good capital allocation and significant investment in research and development. We do not believe the valuation adequately reflects the opportunity on offer and have therefore decided to take a holding.
Zhongji Innolight	Zhongji Innolight manufactures optical transceivers. Its products are a crucial component in AI chip training clusters and are used in hyperscale datacentres and in the training of large language models. The company is likely to continue benefiting from growth in global AI-related capex and datacentre build out. In addition, we believe the potential uptick in Chinese AI-capex is on the horizon and should lead to even stronger growth for the company going forward. Its technological edge has been verified by leading global customers such as Amazon and Google. Indeed, Innolight has a strong first mover advantage and a close working relationship with its customers which helps it retain its technological lead. Whilst pricing is generally deflationary, Innolight has a history of delivering significant technological upgrades with the launch of its new products and thereby an ability to benefit from better pricing, margins and returns. We do not believe the current valuation factors in the long term growth for the company and therefore have decided to take a holding.

Complete Sales

Stock Name	Transaction Rationale
Brilliance China Automotive	<p>It has been a wild ride in Brilliance. Our original investment thesis - that Brilliance represented an attractive way to play BMW's growth in China as the German company's local JV partner - was badly undermined by the suspension of the shares in 2021, following the revelation of serious failures in governance and internal controls relating to debt guarantees that had been made to the company's state-owned parent. Since then, we have engaged with the company and the board to ensure that they implement the necessary remedial measures and improvements to permit a relisting; this was achieved in late 2022, and since then the shares have rebounded very strongly, supplemented by the payout of large special dividends. While we were pleased to have some reward for our patience, we no longer have much faith in the company's capital allocation, and have sold the shares.</p>
Guangdong KinLong Hardware	<p>Kinlong is the largest door and window hardware supplier in China. We bought the company in the expectation that it could displace traditional distributors within the building materials market. It benefited from the largest direct sales network and a leading ecommerce site. However, the downturn in China's real estate market has impacted the demand for its products to a much greater degree than we initially expected, whilst the company has been much slower to take share from competitors than we had hoped. As such, its operational performance has been weak. In the last month, the shares have appreciated by approximately 40% after stimulus measures were announced by Beijing. Whilst a stabilisation in the real estate industry is now much more likely, we believe that the appreciation in the company's shares has largely factored this in, whilst absolute growth will remain somewhat challenging. We have decided to sell the shares.</p>

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