

Baillie Gifford China Fund

Shareholder Rights Directive Annual Disclosure for the period 01 January 2024 to 31 December 2024



This disclosure is produced to meet our obligation to provide enhanced reporting under the Shareholder Rights Directive (SRD) requirements. It is not marketing material. This document is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

Our Investment Strategy

We are long-term, active, growth investors focused on identifying those companies that can grow their earnings, faster than the market over the long-term. Stock prices are wildly unpredictable in the short-term, however, ultimately, share prices do reflect the earnings capability of a company over the long-term. So, when we find a company that has the potential to grow its profits significantly over time, we must invest with the patience that allows a good decision to prove its worth. To this end, we ask clients to judge us over a 5 year plus time frame, over which period our aim is to outperform the MSCI China All Shares Index, after fees.

How We Make Investment Decisions

All investment ideas, whether existing holdings or new ideas, are discussed by the China Equity Team, at the weekly stock meeting. This is the opportunity to challenge and explore the research, drawing on the collective experience of the team and bring together global perspectives with insights from our Shanghai investors.

The decision as to whether to buy or sell a stock is taken by a smaller portfolio construction group, comprising two experienced investment managers. They typically meet on a monthly basis to discuss portfolio construction. Stock weightings are determined by a combination of the conviction in the investment case, the scale and probability of the relative expected return and the context of the holding in relation to the rest of the portfolio. We use a proprietary 10-question research framework and due diligence checklist to assess the strength of the investment case on an ongoing basis.

Our sell discipline is triggered if a company no longer meets our growth hurdle, if the investment case no longer stands up to scrutiny, if the valuation no longer leaves sufficient upside or if there are significantly better ideas elsewhere.

Key Material Medium to Long Term Risks

Fundamental risk - the permanent loss of capital and the risk of missing out on companies which subsequently post strong returns. We therefore place significant emphasis in our investment management process on understanding the fundamentals of the companies in which we invest, including environmental, social and governance factors (ESG), which may impact the sustainability of future growth.

Portfolio risk - a failure to maintain an appropriate level of diversification at the strategy level. A series of investment guidelines are in place which are intended to ensure that there is a sufficient level of diversification.

Liquidity risk - a failure to maintain appropriate level of liquidity at the strategy level. We have a series of guidelines that ensure the strategy remains sufficiently liquid to enable positions to be exited or client cash flows to be managed with minimal impact.

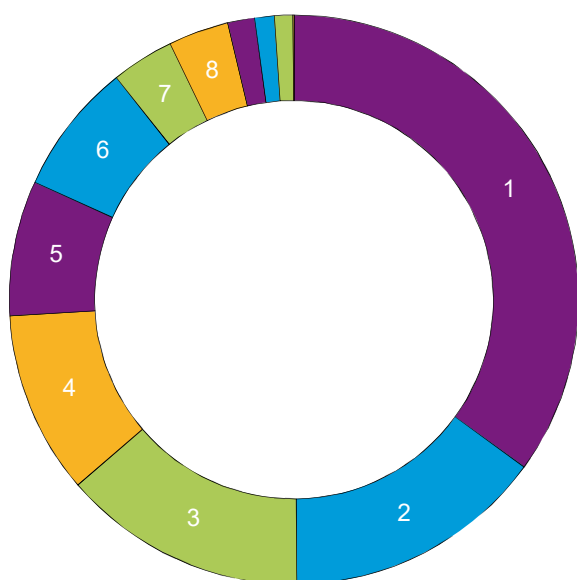
Portfolio Composition

The Fund aims to invest in an actively managed portfolio of Chinese market stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growth. We are looking for significant upside in each stock that we invest in. The process is driven by rigorous, fundamental, bottom-up analysis undertaken by our dedicated Emerging Markets Team. The fund managers draw on this analysis, as well as insights gleaned from discussion with all of Baillie Gifford's global investors, to produce a portfolio that typically holds 40-80 stocks.

Top Ten Holdings

Asset Name	% of Portfolio
Tencent	9.8
Meituan	6.9
Alibaba Group Holding	5.6
Kweichow Moutai 'A'	4.6
Ping An Insurance	4.0
CATL 'A'	4.0
China Merchants Bank 'H'	3.7
PDD Holdings Inc	3.5
Midea Group 'A'	2.9
BYD Company 'H'	2.8

Sector Analysis of Total Assets



	%
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

Source: Baillie Gifford & Co.
Please note that totals may not add due to rounding.

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	30

Rolling One Year Turnover is calculated as the lesser of the sum of all purchases and the sum of all sales in each month divided by the monthly average market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Transaction costs:	%
Explicit transaction costs	0.10
Implicit transaction costs	0.17

Explicit costs are directly observable and include broker commissions and transaction taxes and fees. Implicit costs are the indirect costs associated with buying and selling of securities. Specifically, implicit costs represent the differential between the actual transaction price (excluding taxes and commissions) and the mid-market price of the asset when the order to transact was transmitted to a third-party. Due to the methodology used, overall transaction costs may be 'negative' if individual securities are purchased below the prevailing mid-price or conversely sold above the mid-price. Current MiFID II guidance requires us to disclose these costs, even if they result in a negative figure (i.e. an implicit gain to the investor).

Our Governance and Sustainability Approach

We look beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on their long-term prospects, including material governance and sustainability factors which we believe will positively or negatively affect the financial returns of an investment. In keeping with our decentralised and autonomous culture, we are comfortable with our various investment strategies taking different approaches to reach the same goal of properly assessing and weighing up governance and sustainability considerations in the investment process. Further information regarding our approach is detailed in our Governance and Sustainability Principles and Guidelines available in the About Us section of our website.

Our Approach to Voting and Engagement

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource the responsibility of voting to third-party suppliers. We utilise research from proxy advisers for information only. Additionally, Baillie Gifford does not lend securities on behalf of our clients. Where a client chooses to lend securities, we may consider requesting that clients recall any securities on loan to enable us to vote if we deem a meeting to be significant or contentious.

We engage regularly with management and board members to identify and understand issues and to monitor performance. Analysts from the Governance and Sustainability team regularly join our investors for these meetings, in addition to meetings that they will arrange directly with company representatives to discuss specific issues. Further details of Baillie Gifford's approach to voting and engagement is outlined in our Governance and Sustainability Principles and Guidelines document available in the About Us section of our website.

Detailed below are the engagements and the most significant votes we have carried out.

Company Engagement

Engagement Type	Company
Environmental	BYD Company Limited, CNOOC Limited, Contemporary Amperex Technology Co., Limited, Guangzhou Kingmed Diagnostics Group Co., Ltd., HUAYU Automotive Systems Company Limited, PDD Holdings Inc., Ping An Insurance (Group) Company of China, Ltd., Sinocare Inc., Tencent Holdings Limited, Zijin Mining Group Company Limited

Social	Anker Innovations Limited, BYD Company Limited, CNOOC Limited, Contemporary Amperex Technology Co., Limited, 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	Anker Innovations Limited, BYD Company Limited, CNOOC Limited, China Merchants Bank Co., Ltd., Contemporary Amperex Technology Co., Limited, Dongguan Yiheda Automation Co., Ltd, Guangzhou Kingmed Diagnostics Group Co., Ltd., HUAYU Automotive Systems Company Limited, Hangzhou Robam Appliances Co., Ltd., Horizon Robotics, Kingdee International Software Group Company Limited, Kingsoft Corporation Limited, Kweichow Moutai Co., Ltd., Li Ning Company Limited, Medlive Technology Co., Ltd., Midea Group Co., Ltd., NetEase, Inc., PDD Holdings Inc., Ping An Insurance (Group) Company of China, Ltd., Pop Mart International Group Limited, Proya Cosmetics Co.,Ltd., SG Micro Corp, Shanxi Xinghuacun Fen Wine Factory Co.,Ltd., Sinocare Inc., Sungrow Power Supply Co., Ltd., Weichai Power Co., Ltd., Yifeng Pharmacy Chain Co., Ltd., Zijin Mining Group Company Limited
Strategy	Guangzhou Kingmed Diagnostics Group Co., Ltd., Horizon Robotics, Kingdee International Software Group Company Limited, PDD Holdings Inc., Ping An Insurance (Group) Company of China, Ltd., Silergy Corp., Tencent Holdings Limited, Zijin Mining Group Company Limited

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	60	Companies	12	Companies	10
Resolutions	1274	Resolutions	25	Resolutions	18

Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
BeiGene HK Line	AGM 05/06/24 Resolution(s): 9, 10	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Brilliance China Automotive	AGM 25/06/24 Resolution(s): 2B, 4A, 4C	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
BYD Company 'H'	AGM 06/06/24 Resolution(s): 9-11	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Fuyao Glass Industry Grp 'H'	AGM 25/04/24 Resolution(s): 12, 13	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Haier Smart Home 'H'	AGM 20/06/24 Resolution(s): 13	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Kingsoft Corp Ltd	AGM 23/05/24 Resolution(s): 5, 7, 10	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Li Ning	AGM 13/06/24 Resolution(s): 3.IC	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.

Company	Meeting Details	Voting Rationale
Mint Group	AGM 31/05/24 Resolution(s): 3, 11, 13	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Ping An Insurance	AGM 30/05/24 Resolution(s): 10	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Sanhua Intelligent Controls 'A'	EGM 06/05/24 Resolution(s): 1, 1, 3-4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Shenzhou International Group Holdings	AGM 28/05/24 Resolution(s): 10, 12	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Silergy	AGM 30/05/24 Resolution(s): 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Sunny Optical Technology	AGM 24/05/24 Resolution(s): 5, 7	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Tencent	AGM 14/05/24 Resolution(s): 5	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Weichai Power 'H'	AGM 10/05/24 Resolution(s): 6, 12	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Zijin Mining Group Co Ltd 'H'	AGM 17/05/24 Resolution(s): 15	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.

Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
BYD Company 'H'	AGM 06/06/24 Resolution(s): 7	We opposed the provision of guarantees because the level of guarantees, as the amount requested is large and exceeds the company's net assets. This resolution is significant because it received greater than 20 per cent opposition.
Guangzhou Kingmed 'A'	EGM 31/01/24 Resolution(s): 5.1	We opposed the election of one director because we have concerns over his suitability to serve on the board as he was criticised by Shanghai Stock Exchange. This resolution is significant because we opposed the election of a director.
Guangzhou Kingmed 'A'	EGM 27/09/24 Resolution(s): 7.2	We opposed the election of one director because we have concerns over his suitability to serve on the board as he was criticised by Shanghai Stock Exchange. This resolution is significant because we opposed the election of a director.

Company	Meeting Details	Voting Rationale
Huayu Auto Systems 'A'	AGM 28/06/24 Resolution(s): 8	We opposed three resolutions to approve related party transactions due to concerns with the fairness and transparency of the proposed transactions, as well as potential risk resulting to existing shareholders resulting from our concerns. This resolution is significant because it received greater than 20 per cent opposition.
Kingsoft Corp Ltd	AGM 23/05/24 Resolution(s): 8, 9	We opposed two resolutions relating to the adoption of the share scheme due to non-executive directors being eligible to participate. We have concerns with the granting of options and performance-based equity to independent directors as it could impact their objectivity. This resolution is significant because we opposed remuneration.
Medlive Technology Co Ltd	AGM 24/05/24 Resolution(s): 3iii	We opposed the election of a director due to concerns with unexplained low attendance at board meetings for the last two years. This resolution is significant because we opposed the election of a director.
NetEase HK Line	AGM 26/06/24 Resolution(s): 1E	We opposed the re-election of one director due to concerns over their ability to carry out their fiduciary duties. This resolution is significant because we opposed the election of a director.
Ping An Insurance	AGM 30/05/24 Resolution(s): 11	We opposed the amendments to the articles of association because one amendment would give the board full discretion to decide on the issuance of shares and convertible bonds. We would prefer that shareholders are able to assess the appropriateness of these issuances on a case-by-case basis. This resolution is significant because it received greater than 20 per cent opposition.
Ping An Insurance	AGM 30/05/24 Resolution(s): 7.07	We opposed the re-election of a non-executive director as he is a shareholder representative and sits on the Audit Committee, which should be comprised entirely of independent directors. This resolution is significant because we opposed the election of a director.
SG Micro 'A'	EGM 19/09/24 Resolution(s): 2.1, 2.1	We opposed the election of one director due to concerns they are not suitably qualified. This resolution is significant because we opposed the election of a director.
Weichai Power 'H'	AGM 10/05/24 Resolution(s): 11	We opposed two resolutions to amend the articles as the proposed changes include the removal of the class meeting requirement for H class holders, which would reduce the safeguards available to our clients and would limit the ability of a particular H class holders to reject proposals. This resolution is significant because it received greater than 20 per cent opposition.
Weichai Power 'H'	AGM 10/05/24 Resolution(s): 7	We opposed the re-appointment of the audit firm due to concerns over the competency and suitability of the lead audit partner. In 2023, they received a warning letter from Liaoning Securities Regulatory Commission due to inadequate assessment of significant misstatement risks. This resolution is significant because we opposed the election of auditors.

Company	Meeting Details	Voting Rationale
Weichai Power 'H'	CLS 10/05/24 Resolution(s): 1, 2	We opposed two resolutions to amend the articles as the proposed changes include the removal of the class meeting requirement for H class holders, which would reduce the safeguards available to our clients and would limit the ability of a particular H class holders to reject proposals. This resolution is significant because it received greater than 20 per cent opposition.

Significant Abstentions

There were no significant abstentions

Conflicts of Interest

Baillie Gifford maintains a firm-wide Conflicts Matrix, which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts. Baillie Gifford's firm wide conflict of interest disclosure is available in the Important Disclosures area of our website

We recognise the importance of managing potential conflicts of interest that may exist when we engage with or vote at a company with whom we have a material business or personal relationship and the Governance and Sustainability team is responsible for monitoring these possible material conflicts of interest.

The Governance and Sustainability team's approach to dealing with conflicts of interest in relation to voting and engagement can be found in our Investment Stewardship Activities report which is available in the Governance and Sustainability area of our website.

