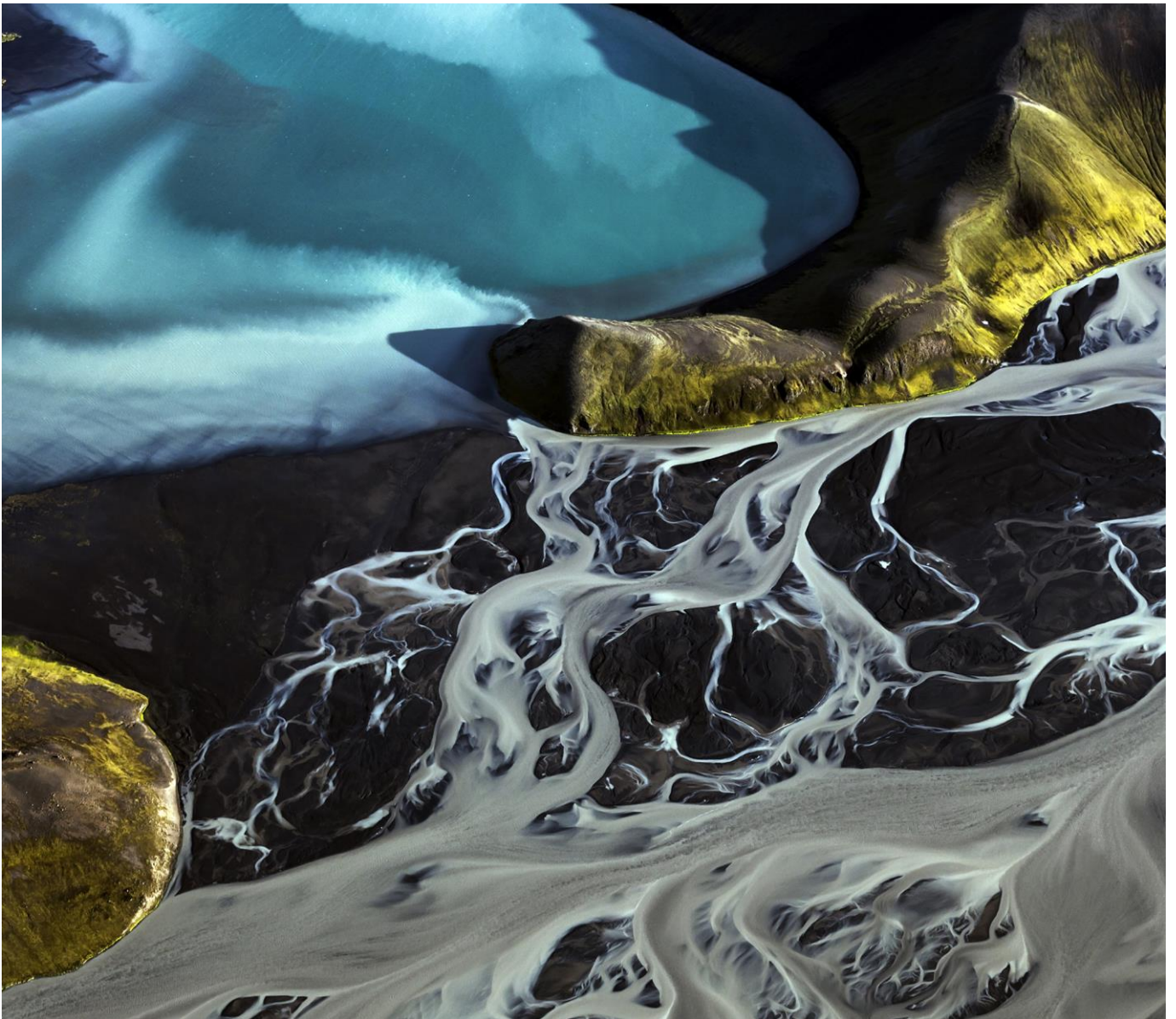


China A Shares Quarterly Update

30 June 2024



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Past Performance

Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document are gross of fees unless otherwise stated and reflect the reinvestment of dividends and interest.

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.

The commentary relates to the above mentioned strategy and not all stocks mentioned may be held in the portfolio.

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Product Overview

The China A-shares strategy is a purely stock-driven, unconstrained equity strategy focused on investing in exceptional growth companies listed on the domestic stock markets in China (known as 'A' shares). 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 5+ years.

Risk Analysis

Key Statistics

Number of Holdings	31
Typical Number of Holdings	25-40
Active Share	86%*
Rolling One Year Turnover	20%

*Relative to MSCI China A Onshore Index. Source: Baillie Gifford & Co, MSCI.

Baillie Gifford Key Facts

Assets under management and advice	US\$283.7bn
Number of clients	649
Number of employees	1738
Number of investment professionals	372

Writing quarterly letters over recent years has typically required finding silver linings in amongst the dark clouds. Those clouds began to part in February this year with the government's attempts to stabilise the market and support the property sector, giving rise to an emerging optimism that the worst may be behind us. Over this quarter, that optimism was reflected in a bounce in offshore listed companies, with supportive policy, company's focusing more on shareholder returns and low valuations underpinning a positive return for MSCI China All Shares over the quarter.

Unfortunately, the domestic stock markets seem locked in a cycle of expectation and disappointment, as China's government struggles to restore confidence and get the economy on a solid footing, resulting in more subdued returns from the MSCI China A Onshore index. As a continuation of a theme that has persisted for some time in China's domestic markets, the top performing sectors included energy, utilities and financials, where the portfolio has very little exposure. The portfolio continued to underperform its benchmark against this backdrop.

Economic data has been largely uninspiring, with ongoing weakness in the property sector and household consumption being offset by strength in exports and manufacturing. This year is expected to be one of balance and stability as China continues to tilt its growth model away from traditional drivers towards consumption and high-end manufacturing. All eyes are on the Third Plenum in July for further insight into China's economic playbook.

In the near term, household consumption and the hoped-for pick-up in demand has been held back by persistent worries about the property sector. The government's policy approach in this area has been incremental rather than transformational, including a reduction in down payments for properties, the availability of cheap funds for public housing and the ability for local governments to buy unsold commercial housing and convert it to affordable housing. Each policy, in and of itself, isn't necessarily a game changer, but the hope is that they add up to something that moves the needle. Time will tell. In the interim, policies such as the State Council's trade-in scheme bring fringe benefits to companies that include home appliance manufacturer, Midea, one of the contributors to performance this quarter.

The portfolio has no direct real estate exposure and only Ping An Insurance in the financial sector.

This position in financials has detracted from performance in recent years given typically low valuations and the perception of safety in state-owned banks. This is in spite of a lack of growth, net interest margins hitting record lows, and the likelihood of any solution to the property sector requiring banks being asked to undertake state directed lending towards economically questionable projects. That doesn't strike us as an attractive place to be investing our clients' assets.

On the one hand, China is set to grow its Gross Domestic Product (GDP) by approximately 5% this year, a strong number relative to most countries, let alone for the world's second largest economy. Yet there is also a persistent focus on its domestic consumption challenges and the impact this is having on market confidence. It was interesting to read a comment from one of our global investors, who just back from a trip, noted that China's rise would likely be less evident in economic metrics and more evident in measures of technological power and advanced manufacturing capability. Perhaps coincidentally, but the top two contributors to relative performance this quarter were electronics manufacturer, Anker Innovations, and domestic analogue semi-conductor designer, SG Micro.

Greater technological and manufacturing competitiveness in a global sphere may be a double-edged sword. If policy and property have dominated domestic mindshare, then protectionism has jumped to the fore in the international arena. Perhaps the world is just waking up to just how competitive China has become? Last quarter it was the US Biosecure Act impacting Chinese healthcare companies, which also opened the dialogue to just how critical certain Chinese companies have become. Eli Lilly noted "We, and the pharmaceutical industry generally, depend on China-based partners... Finding alternative suppliers if and as necessary due to geopolitical developments or otherwise may not be feasible or could take a significant amount of time and involve significant expense." Despite this important role, healthcare companies have been hurt by the geopolitical pressure abroad and exacerbated by domestic policy concerns around pricing dynamics. Guangzhou Kingmed and Yifeng Pharma were amongst the biggest detractors to performance over the quarter.

This quarter, it was Chinese electric vehicles (EV) being hit with protectionist measures. China is reshaping the global EV industry through its leadership in technology and manufacturing. In the

US, approximately one in ten cars sold is an EV, in Europe, the figure is one in four, and in China, EVs are nearing half of all new car sales. China's scale, industrial policy and supply chain strengths have allowed it to leapfrog other nations in being able to deliver better quality cars at lower prices. BYD, owned in the portfolio, launched a hybrid model in May which can achieve 2100km on a full tank of petrol – and it costs US\$13,500! This brings global opportunities and challenges.

How countries respond to China's growing industrial competitiveness is likely to determine their own economics. Many, particularly emerging economies, are expected to import cheaper Chinese goods and allow consumers the benefit. Others may choose the inflationary impacts of protectionism as a cost to either to shut out Chinese players, as in the US, or in return for warding off deindustrialisation and ensuring the green transition generates economic dividends rather than displacement in Europe. But this marks an interesting turning point in global economics for most of us whose careers have been dominated by the idea of the western world taking walls down not putting them up.

This is all reinforcing Beijing's desire for self-sufficiency in key industries and technologies, a trend we think important in providing opportunities for the portfolio in coming years. While bank lending to property has collapsed, bank lending to industry has made up for this – in EVs, batteries, solar, nuclear power, high speed rail, telecoms switches – in industry after industry, China is making big strides.

Its renewed focus on industrial policy and “new productive forces” is particularly relevant to the portfolio, where a number of holdings should benefit, over time, from proposals to consolidate and expand China's leading position in intelligent connected NEVs, accelerate the development of emerging sectors such as hydrogen energy, new materials, and innovative pharmaceuticals. For the digital economy, China will deepen research and application of big data, artificial intelligence, and other technologies. It will also promote digital transformation in the manufacturing and service industry, and support platform economy companies to play a significant role in promoting innovation, increasing employment, and competing internationally.

This brings us back to our core philosophy and process of investing in the best growth companies in China's domestic markets, not in investing in its

broad economy. Our research agenda is currently focused on four key areas of potential opportunity.

- AI and Semiconductors – despite market hype over many US listed names, the Asian companies making the ‘picks and shovels’ will be key to growth over the medium term. China's attempts to secure self-sufficiency in semi-conductors will continue to push for localised supply chains with national players. We already own analogue semiconductor companies SG Micro, but what can we find when we extend the net more broadly, and how do we navigate geopolitics both as a driver of opportunity for Chinese companies whilst also being a potential restraint on clients' ability to own these?
- Going Overseas – China's high-value manufacturing companies benefiting from cost competitiveness in sectors ranging from EVs to home appliances to grid infrastructure to transformers and more. We own companies such as BYD, CATL and Midea, but are we missing others?
- Consumption Polarisation – Focus on the very high end and the value end. Is the trading up story broken while property drags on the economy and consumers seek greater value for money? We own Moutai at one end and Proya at the other.
- Resource Scarcity – looking at the energy transition through a different lens. China's traditional energy companies still offer strong production growth. Aluminium companies offer a proxy to coal in a supply constrained environment. We haven't got any of these companies into the portfolio, but it's a helpful challenge. We do own Zijin mining, which continues to report record copper production, critical in solutions to the climate challenges in coming decades.

A full research agenda and a number of new ideas challenging to get into the portfolio suggest that the opportunity for finding growing companies in China remains strong, even if the macro-economic and geopolitical backdrop will likely provide headwinds at times to the broader asset class. We are being asked to pay very low multiples for what appear to be solid growth opportunities. Some will be ephemeral because of the competitive jungle that China represents but for the long-term winners it appears that the rewards on offer to patient investors will be outsize and the risks are worth taking.

Performance Objective

Long-term capital appreciation, outperform the Index after fees over rolling five 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	-8.1	-2.5	-5.5
1 Year	-28.5	-9.9	-18.6
3 Year	-24.2	-12.1	-12.1
5 Year	-1.4	-0.3	-1.2
Since Inception	0.7	1.0	-0.3
USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-8.0	-2.5	-5.5
1 Year	-28.9	-10.4	-18.5
3 Year	-26.4	-14.7	-11.7
5 Year	-1.6	-0.4	-1.2
Since Inception	-0.2	0.1	-0.3
EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-7.3	-1.7	-5.6
1 Year	-27.6	-8.8	-18.9
3 Year	-23.9	-11.7	-12.1
5 Year	-0.4	0.8	-1.2
Since Inception	0.9	1.2	-0.3
CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-7.0	-1.4	-5.6
1 Year	-26.5	-7.3	-19.2
3 Year	-23.9	-11.8	-12.1
5 Year	-0.6	0.5	-1.2
Since Inception	0.5	0.8	-0.3
AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-10.1	-4.7	-5.4
1 Year	-29.1	-10.7	-18.5
3 Year	-23.4	-11.3	-12.2
5 Year	-0.6	0.6	-1.2
Since Inception	1.0	1.3	-0.3

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.

Inception date: 28 February 2019

Figures may not sum due to rounding.

Benchmark is MSCI China A Onshore Index.

Source: Revolution, MSCI.

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

Discrete Performance

GBP	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Composite Net (%)	56.1	36.8	-12.9	-29.9	-28.5
Benchmark (%)	15.8	25.6	-2.0	-23.1	-9.9
USD	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Composite Net (%)	51.6	52.9	-23.5	-26.7	-28.9
Benchmark (%)	12.4	40.4	-13.8	-19.5	-10.4
EUR	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Composite Net (%)	53.7	44.8	-13.2	-29.7	-27.6
Benchmark (%)	14.0	33.0	-2.3	-22.9	-8.8
CAD	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Composite Net (%)	58.0	39.0	-20.3	-24.8	-26.5
Benchmark (%)	17.2	27.7	-10.3	-17.5	-7.3
AUD	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Composite Net (%)	54.5	40.2	-16.4	-24.2	-29.1
Benchmark (%)	14.6	28.8	-5.9	-16.9	-10.7

Benchmark is MSCI China A Onshore Index.

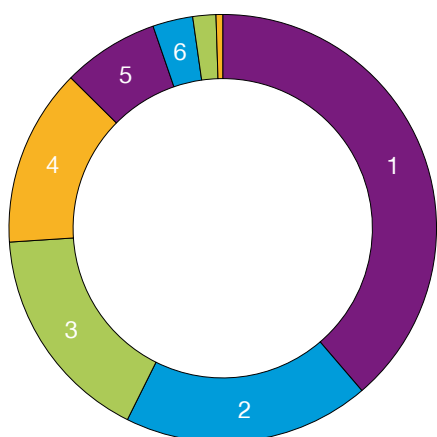
Source: Revolution, MSCI.

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

Top Ten Holdings

Stock Name	Description of Business	% of Portfolio
CATL	Battery manufacturer	9.0
Midea	Household appliance manufacturer	8.9
Kweichow Moutai	Spirits manufacturer	8.4
Shenzhen Inovance Technology	Industrial machinery manufacturer	6.2
Zhejiang Sanhua Intelligent Controls	Appliance part manufacturer	5.8
Anker Innovations	Electronics manufacturer	4.9
Proya Cosmetics	Chinese cosmetics	4.5
Shenzhen Megmeet Electrical	Provider of industrial automation tools	3.4
Sinocare	Chinese manufacturer of biosensor products	3.4
SG Micro	Chinese semiconductors	3.2
Total		57.6

Sector Weights



	%
1 Industrials	38.7
2 Consumer Staples	18.6
3 Information Technology	16.6
4 Consumer Discretionary	13.5
5 Health Care	7.3
6 Financials	3.0
7 Materials	1.7
8 Cash	0.5

Figures may not sum due to rounding.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	34	Companies	8	Companies	6
Resolutions	562	Resolutions	16	Resolutions	6

Company Engagement

Engagement Type	Company
Environmental	3Peak Incorporated, Guangzhou Kingmed Diagnostics Group Co., Ltd., Sinocare Inc.
Social	3Peak Incorporated, Anker Innovations Limited
Governance	3Peak Incorporated, Anker Innovations Limited, Guangzhou Kingmed Diagnostics Group Co., Ltd., Sinocare Inc.

Company	Engagement Report
3Peak	<p>Objective: To establish a connection with the company specific to ESG-related opportunities and risks, delve into 3Peak's strategies concerning attracting and retaining human capital, and follow up with suggestions on ESG management.</p> <p>Discussion: 3Peak's approach to talent management is rigorous and strategic, focusing on attracting top-tier talent with competitive compensation packages while maintaining a high-performance culture by dismissing employees not meeting performance KPIs. This practice underscores a dynamic and competitive company culture supported by a relatively young employment base, which is pivotal for innovation and long-term growth. Following our meeting, we penned a letter to 3Peak, outlining our expectations for enhanced transparency on several fronts. These included a call for more detailed disclosure on the company's long-term ESG strategy as formulated at the board level, the integration of ESG performance targets within senior executive compensation, and exploring carbon reduction opportunities through green R&D and clean technology initiatives. Additionally, we emphasised the importance of an enhanced climate reporting framework and a more detailed sustainable supply chain strategy, building on the company's existing disclosures.</p> <p>Outcome: Our engagement with 3Peak was met with appreciation, particularly our suggestions for improved disclosure on specified topics. This interaction highlights our proactive stance on ESG considerations and reinforces our role in encouraging holding companies to adopt more transparent and sustainable practices. We now have more confidence in 3Peak's R&D power and long-term growth in China. The in-person meeting was a valuable step towards a good relationship with 3Peak ESG-wise, and we expect to see an enhanced ESG report next year.</p>
Anker Innovations	<p>Objective: To better understand the company's approach to a product recall in 2023, its strategic investments in energy storage, and its data security measures for security cameras.</p> <p>Discussion: Anker was not proud of its vacuum product recall in 2023, analogising it to "a pupil attending a college entrance exam." The recall of the X8 model was attributed to an ambitious leap into the high-end market without adequate preparation, resulting in a low Net Promoter Score (NPS). However, Anker has taken this as a learning curve, leading to the development of the X10 model, which has shown promising pre-sale numbers and a significantly higher NPS, indicating a strong customer endorsement.</p> <p>Most of the discussion revolved around Anker's investment in energy storage, a sector it is keen to develop. The company has increased its R&D team for energy storage from just over ten in 2021 to approximately a hundred within one year and has kept hiring in recent years. This move signifies Anker's commitment to innovation and sustainability, aiming to establish a distinct brand presence in the energy storage market.</p> <p>Data security, especially concerning security cameras, was another critical topic. Anker employs a terminal-to-terminal data transmission method for outdoor cameras, ensuring no data is stored on the cloud and minimising potential data leakage. This approach, however, contrasts with its indoor cameras, which still rely on cloud storage. The discussion revealed some uncertainty regarding the specifics of its cloud storage provider, with speculation about a partnership with Amazon Cloud Technology. This area highlighted a need for more transparent communication and understanding within Anker regarding its data security protocols.</p> <p>Outcome: The meeting was insightful, shedding light on Anker Innovations' proactive measures in addressing product recalls, its strategic focus on energy storage, and its efforts to enhance data security. The company said it was its first time receiving a question on product recall, and it appreciated us starting the conversation, allowing the company to share what it has learned. We will continue to engage with Anker on its cloud storage partnership and relevant measures on data protection.</p>

Company	Engagement Report
<p>Guangzhou Kingmed Diagnostics Group</p>	<p>Objective: To understand the rationale behind Kingmed's revised carbon target, a noteworthy increase in employee turnover and the ramifications of the anti-corruption campaign within the healthcare sector.</p> <p>Discussion: Kingmed's journey towards sustainability has seen a significant pivot: the carbon peaking target set for 2028 was withdrawn in favour of a more immediate goal - a 15 per cent reduction in carbon intensity by 2025 from the 2020 baseline. This adjustment, as explained by the Investor Relations team, stems from uncertainty in business operations, rendering a long-term climate strategy challenging to maintain. Despite the perceived moderation in its carbon reduction ambitions, there's optimism that actual results could surpass expectations.</p> <p>The conversation also shed light on the broader industry context, particularly the anti-corruption campaign's peak in the third quarter of last year, which, paradoxically, could spell positive developments for Kingmed. The campaign's rigorous enforcement has inadvertently provided opportunities for Kingmed to foster compliant relationships with hospitals, which they did not use to have. However, this silver lining is not without its clouds. The staff turnover jumped to 33 per cent in 2023 from 17 per cent in the preceding year. This upheaval is attributed to the dual pressures of a slowdown in Covid-related activities for which Kingmed hired a few thousand in 2021 and 2022 and the intensifying anti-corruption measures, prompting Kingmed to streamline its laboratory staff. With advancements in automation on the horizon, further workforce optimisation is anticipated.</p> <p>Outcome: The discussion provided valuable insights into Kingmed's strategic adjustments in response to evolving business landscapes and regulatory environments. We now understand the recalibration of its carbon target, yet we suggested the company consider more ambitious targets once the current ones are achieved. We hope to see more resilient approaches in staff retention afterwards and the potential for long-term growth in the face of adversity reinforced.</p>
<p>Sinocare</p>	<p>Objective: To understand what the company sees as the most material sustainable topics that could impact the business and financial returns in coming years.</p> <p>Discussion: Sinocare's ESG disclosure strategy reveals significant areas for enhancement, notably the absence of a comprehensive materiality matrix for ESG topics. Our dialogue with the company unveiled several high-material ESG topics, including green production, patent research and development, product quality control and enhanced governance. Sinocare acknowledges the disposable nature of most of its materials and is contemplating future recycling initiatives. However, details remain sparse, with the company citing scale-up as a prerequisite for recycling and anticipating higher costs due to material disinfection. On green production, Sinocare also highlighted the low carbon emissions of its operations. The company strongly emphasises patent R&D, recognising its critical role in sustaining innovation and maintaining competitive advantage. It also prioritises high standards for product quality control to ensure customer trust and regulatory compliance.</p> <p>Outcome: Our discussions underscored the importance of enhanced ESG disclosure. Sinocare's topics align with those we had previously identified. We encouraged the company to improve its ESG disclosures, providing a clearer picture of its strategies and performance in these key areas. We promised to offer support whenever needed.</p>

Votes Cast in Favour

Companies	Voting Rationale
3Peak 'A' - Stock Connect, Anker Innovations 'A', Beijing United IT 'A', Byd Company 'A' - Stock Connect, CATL 'A', Centre Testing 'A' - Local, Centre Testing 'A' - Stock Connect, Dongguan Yiheda Automation Co 'A', Glodon 'A', Guangdong KinLong Hardware 'A', Guangzhou Kingmed 'A', Hangzhou Tigermed Consulting 'A', Hefei Meyer Optoelectronic 'A' - Stock Connect, Iflytek 'A' - Stock Connect, Jiangsu Azure Corp 'A', Kweichow Moutai 'A', LONGi Green Energy Technology 'A', Longshine Technology 'A' - Stock Connect, Midea Group 'A', Oppein Home Group Inc, Ping An Insurance 'A' - Stock Connect, Proya Cosmetics 'A', Quectel Wireless Solutions Co 'A' Stock Connect, SF Holding 'A' - Stock Connect, SG Micro 'A', Sanhua Intelligent Controls 'A', Shanxi Xinghuacun Fen Wine 'A' - Stock Connect, Shenzhen Inovance 'A', Shenzhen Megmeet Electrical 'A', Sinocare 'A', Sinocera Material 'A', Sungrow Power Supply 'A' - Stock Connect, Yifeng Pharmacy Chain 'A' - Stock Connect, Yonyou 'A'	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Anker Innovations 'A'	AGM 15/05/24	10, 10	We opposed the approval regarding the company's use of its idle own funds as we don't believe that the company has not yet recovered the principal and financial returns and if the company continues to engage in high-risk investments in the future, it will expose shareholders of the Company to additional and unnecessary market risks.
Anker Innovations 'A'	AGM 15/05/24	7, 7	We opposed the provision of guarantees because the level of guarantees to be provided to the Company's subsidiaries is disproportionate to the company's level of ownership, with no counter-guarantee, and therefore could expose the company to inappropriate risk.
Byd Company 'A' - Stock Connect	AGM 06/06/24	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.
Hangzhou Tigermed Consulting 'A'	AGM 24/05/24	12	We opposed the amendments to the articles of association because it is proposed to delete provisions related to the special procedures for convening class meetings and voting at class meetings. This change could be detrimental to the ability of minority shareholders to object to changes which impact them.
Hangzhou Tigermed Consulting 'A'	AGM 24/05/24	13	We opposed the amendments to the rules of procedure for shareholder meetings because it is proposed to delete provisions related to the special procedures for convening class meetings and voting at class meetings. This change could be detrimental to the ability of minority shareholders to object to changes which impact them.

Company	Meeting Details	Resolution(s)	Voting Rationale
Hangzhou Tigermed Consulting 'A'	AGM 24/05/24	7	We opposed the appointment of the audit firm because one of the signing certified public accountants has provided services to the company for five continuous years. The company will breach local regulations if this individual continues to provide services as proposed.
Hangzhou Tigermed Consulting 'A'	CLS 24/05/24	1	We opposed the amendments to the articles of association because it is proposed to delete provisions related to the special procedures for convening class meetings and voting at class meetings. This change could be detrimental to the ability of minority shareholders to object to changes which impact them.
Hefei Meyer Optoelectronic 'A' - Stock Connect	AGM 23/04/24	10	We opposed the re-appointment of the auditors due to concerns over long tenure and professional suitability of the main signing audit partner.
Iflytek 'A' - Stock Connect	AGM 13/05/24	9	We opposed the provision of guarantees because the level of guarantees to be provided to the Company's subsidiaries is disproportionate to the company's level of ownership, with no counter-guarantee, and therefore could expose the company to inappropriate risk.
Ping An Insurance 'A' - Stock Connect	AGM 30/05/24	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.
Ping An Insurance 'A' - Stock Connect	AGM 30/05/24	7.7	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.
Quectel Wireless Solutions Co 'A' Stock Connect	AGM 16/05/24	12	We opposed the application of credit lines as we have concerns over the size of the proposed borrowing.
Sungrow Power Supply 'A' - Stock Connect	AGM 28/05/24	6, 8	We opposed the provision of guarantees because the level of guarantees to be provided to the Company's subsidiaries is disproportionate to the company's level of ownership, with no counter-guarantee, and therefore could expose the company to inappropriate risk.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Dongguan Yiheda Automation Co 'A'	AGM 13/05/24	5	We abstained on the financial budget report as this was not disclosed ahead of the voting deadline.
Glodon 'A'	AGM 24/04/24	11	We abstained on the appointment of the audit firm due to concerns over the cumulative tenure of the lead audit partner, which could impair their independence.
Kweichow Moutai 'A'	AGM 29/05/24	11	We abstained on the independent director system as the details were not disclosed.
Quectel Wireless Solutions Co 'A' Stock Connect	AGM 16/05/24	4	We abstained on the financial budget as the report was not disclosed ahead of our voting deadline.

Company	Meeting Details	Resolution(s)	Voting Rationale
Shanxi Xinghuacun Fen Wine 'A' - Stock Connect	AGM 17/05/24	10	We abstained on the rules related to manage related-party transactions due to a lack of disclosure.
Yifeng Pharmacy Chain 'A' - Stock Connect	EGM 25/06/24	3.1	We abstained on the election of one director as they sit on the compensation committee while being an executive, thus resulting in concerns over the potential conflict of interest.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
BYD Company	<p>BYD is the leading electric vehicle (EV) maker in China and number one worldwide in terms of EV sales volume. It sold over 3m NEVs in 2023. The company is expected to benefit from, and contribute to, the worldwide energy transition which will last for a decade and beyond. BYD adopts an integrated model to produce most EV parts in-house, including batteries. This gives it a significant cost advantage over peers which is hard for others to replicate in a short period of time. Global NEV penetration was just 16% in 2023 and that number still has big growth potential both in the domestic and global markets. BYD is seeing triple-digit export growth and deploying capital to build factories overseas. As the lowest-cost player, we believe the company is well positioned to capture that growth opportunity.</p>
Yifeng Pharmacy Chain	<p>Yifeng is a leading pharmacy chain selling over-the-counter and prescription drugs through directly-owned and franchised stores. It has a leading market position in Central-South and Eastern China with strong local economics including high store efficiency relative to peers. The market outside of Central and Eastern China is large and fragmented and Yifeng is currently expanding here organically and via acquisition. The long-term growth opportunity for this company is very large given pharmacies are under-penetrated in China, whilst Yifeng should also benefit from the government's drive to encourage more sales of prescription drugs through retail pharmacies as opposed to hospitals. The company is run by a founder family management team with a strong track record and good alignment. We do not believe the valuation captures the scale of the growth opportunity or the quality of the business.</p>

Complete Sales

Stock Name	Transaction Rationale
Asymchem Laboratories	We have sold the holding in Asymchem Laboratories given concerns regarding its ability to retain/gain US and EU customers. There is clearly a groundswell of noise around US protectionism and national security concerns. The recently introduced Biosecure Act being discussed in US Congress does not explicitly name Asymchem, but we believe the direction of travel of the US government is clear: a re-shoring of drug manufacturing at the expense of leading Chinese players like Asymchem is likely. Asymchem generates the majority of its revenues from outside China. The US is the world's largest pharmaceutical market and a key market for European as well as US pharmaceutical companies. We worry that developed market companies will be reluctant to use a Chinese manufacturer such as Asymchem if access to the US market is jeopardised. As such, we believe that Asymchem's growth opportunity may have been materially curtailed.
Beijing United	Beijing United Information Technology (BUI) is a B2B ecommerce platform for industrial products. While the company has delivered solid growth in revenues and earnings over the period it has been held, it has seen a significant valuation derating given a regulatory investigation that has questioned the credibility of its reporting. Despite uncovering little of concern throughout numerous meetings with the company, our own internal research and various third party forensic analysis we had commissioned, the impact of regulatory scrutiny could severely impact the companies ability to finance its future growth and significantly distorts the investment case. There is a chance that BUI is a test case for the new head of the Chinese Securities Regulator who is keen to flex his regulatory muscles by penalising small-to-mid size companies. We have little insight into how the regulatory investigation will play out, nor how long it may take. This shift in expected outcomes and the lack of visibility has led us to sell the holding.
Centre Testing International	We sold the small holding in the Centre Testing local line of stock, which had been used to access the stock at a time when foreign ownership limits prevented us from using Stock Connect. This was no longer needed. We continue to hold the primary line of stock.
Glodon	Glodon is a leading cost estimation software provider to the construction industry with a historically attractive return and cash generation profile. However, real estate accounts for approximately half of its core business; this has already been painful and we are concerned that a significant decline in volume for this business is likely over our investment horizon. With the company already dominating the market, it is unlikely that market share gains can compensate for this loss. More recently, Glodon has resorted to price increases to try and mitigate the fall in revenue but we believe this is an unsustainable strategy longer term. Whilst the shares have been weak, we do not believe the valuation captures the extent to which Glodon's growth opportunity has been curtailed, and have sold the shares.
Jafron Biomedical	Jafron is a leading player in China's blood purification industry whose core product is used in the treatment of those with late-stage kidney disease. Jafron retains an effective monopoly in its niche area of hemoperfusion, a technique used to remove toxins from the blood. Whilst China's patient population continues to grow, healthcare reform has made it unlikely that Jafron's core product will increase penetration to the degree we had previously envisaged. The reason is that the government is implementing a cap on the amount that it reimburses hospitals for uremia, the disease that Jafron's products most commonly treat. This problem outweighs Jafron's otherwise bright prospects: the growing number of people undergoing kidney dialysis and the product's recent inclusion in provincial government catalogues that amount to a stamp-of-approval for medical procedures. Given the curtailment of the growth opportunity, we have decided to sell the shares.

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