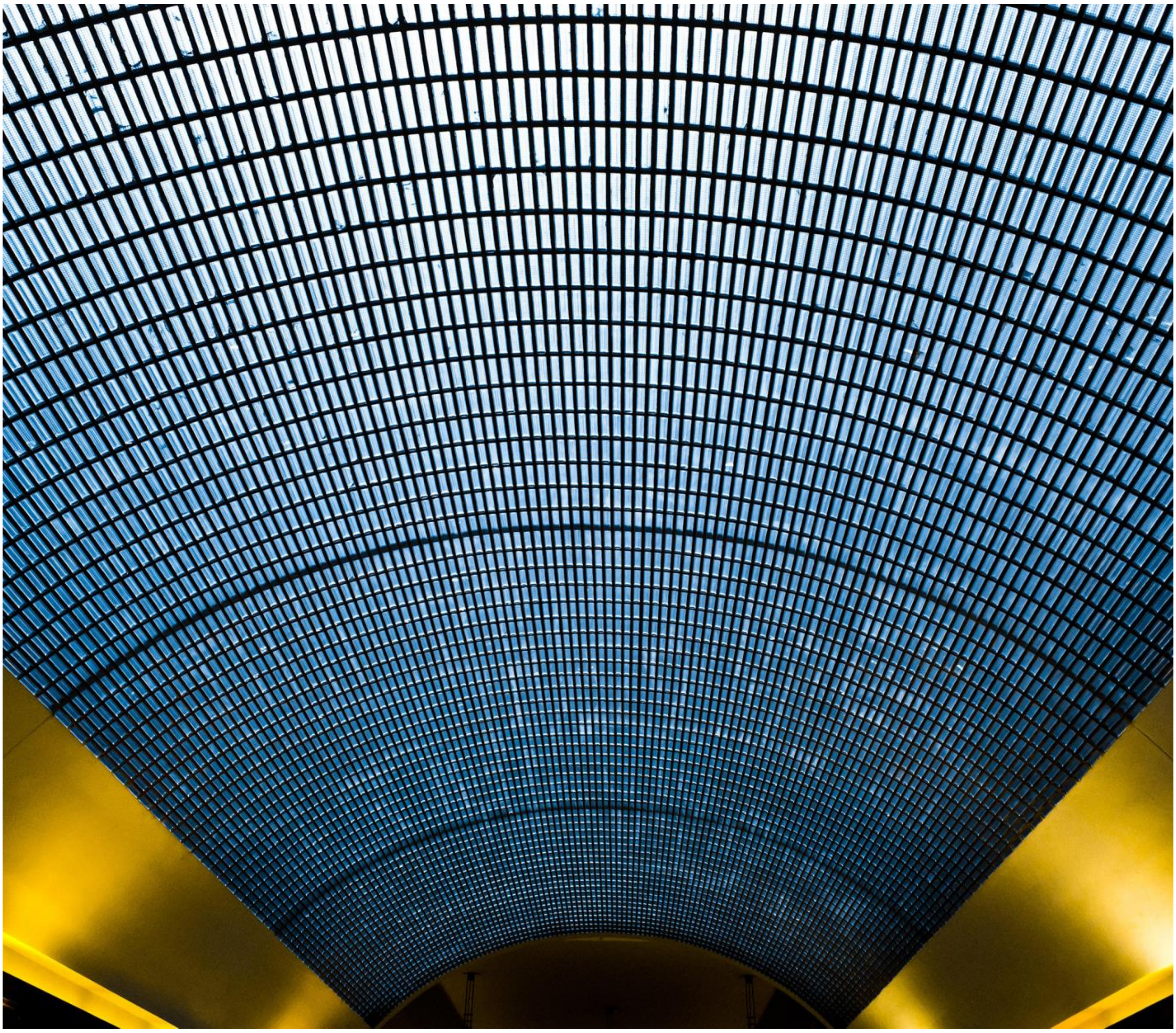
Baillie Gifford

Asia ex Japan Quarterly Update

31 March 2025



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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

Asia ex Japan is a long-term, regional equity strategy adding value through active management by identifying and exploiting inefficiencies in growth companies predominantly listed on the MSCI Asia ex Japan index, or on other exchanges if the company derives most of its revenues from, or have most of their assets in, non-developed markets.

Risk Analysis

Key Statistics	
Number of Holdings	65
Typical number of holdings	50-100
Active Share	69%*
Rolling One Year Turnover	25%

*Relative to MSCI AC Asia ex Japan Index. Source: Baillie Gifford & Co, MSCI.

'Liberation Day' may well cause volatility in Asian markets

Nonetheless, the portfolio is made up of durable and adaptable companies

In a more uncertain world, Asia ex Japan offers useful diversification

Baillie Gifford Key Facts

Assets under management and advice	US$254.3bn
Number of clients	586
Number of employees	1670
Number of investment professionals	372

The global stock market had a turbulent start to 2025, to say the least. I am writing this quarter's commentary amidst the market meltdown post 'Liberation Day' when President Trump announced his first batch of reciprocal tariffs. That means much of what I may write could prove completely obsolete by the time this reaches our clients attention. Given the enormous uncertainty, I thought it is best to start with what has changed in Asian markets rather than guessing what might change in the near future.

In Beijing, the Year of the Snake began with a resolve to rekindle growth. At the March National People's Congress, China's government reaffirmed a ~5% GDP growth target for 2025 and unveiled its most expansionary fiscal plans in decades. The official budget deficit was raised to around 4% of GDP – the highest in over 30 years – as authorities prepared to spend big on shoring up demand. Industrial output surprised the upside, rising 5.9% year-over-year and beating expectations. Notably, high-tech manufacturing led the charge – production of industrial robots jumped 27%, and service robots 35%, underscoring China's drive to lead in AI and automation.

While the Tech-heavy MSCI China Index rose throughout the quarter, including the likes of Tencent and Meituan in the portfolio, the A-share markets had a roller-coaster quarter as domestic hopes ran up against geopolitical anxieties. Investors drew parallels to 2017 – the first year of Trump's earlier term – when, after initial dips, China's market went on to soar 56% for the year. Whether 2025 will echo that historical rhyme remains to be seen, but bargain valuations (Chinese stocks entered the year at multi-year low price-to-earnings multiples) and policy backstops may limit the downside. On fundamentals alone, a larger overweight in the portfolio is warranted, but the geopolitical risk of sanctions (rather than tariffs) makes a small overweight position appropriate.

India entered 2025 determined to shake off a late 2024 slump. The fiscal year concluding in March 2025 is on track to grow about 6.4%, a four-year low by government estimates, as high inflation and external headwinds tempered the post-pandemic boom. In February, the Reserve Bank of India delivered its first interest rate cut in nearly five years, trimming the repo rate by 25 bps to 6.25%. The Union Budget unveiled in early February leaned moderately expansionary with a mix of populism and pragmatism. Notably, the government cut personal income taxes for lower-income brackets putting a bit more disposable income in the hands of consumers. At the same time, the budget sustained India's infrastructure drive, allocating funding to railways, roads, and energy projects in a bid to crowd in investment and generate jobs.

In the opening weeks of 2025, the Indian market mood was guarded – even gloomy. The benchmark Nifty 50 index had fallen 14% from its peak by February, after logging five consecutive months of losses (the longest losing streak since 1996). A wave of foreign investor selling – over $25 billion in outflows since October 2024 – and a weakening rupee (hitting record lows repeatedly) had compounded the downturn, turning India from Asia's top-performing market to one of its weakest in a span of months. Rich valuations were a culprit; mid-cap stocks in particular remain expensive, despite the correction. Accordingly, holdings such as Reliance Industries were weaker over the quarter, while the Indian bank stocks in the portfolio performed better in anticipation of interest rate cuts. While India remains one of the best long-term stories in the region, we await more reasonable valuations before closing the underweight position in the portfolio.

During 2024, AI was a big driver of stock returns, no more so than Taiwan's TSMC which hit all-time highs. It reported very strong results in 4Q24 with notably strong margins. Moving into 2025, the Chinese startup DeepSeek sparked a wave of discussions with its open-source, cost-effective AI models. This caused challenges for the global semiconductor industry, primarily around whether the handful of leading 'hyperscalers' with vast capex and computational advantage can keep their moats in the AI race.

However, we've seen in technological revolutions in the past that increased capabilities and decreased pricing often increase demand rather than curtail it. This is termed the 'Jevons Paradox' and has the opposite implication than the drop in valuations would suggest. Hardware manufacturing moats take considerable time to establish, and we are confident that leading semiconductor companies in Taiwan and South Korea, which dominate the global production of both logic and memory chips, have the ability to navigate this short-term cyclicality. Alongside this, there are ongoing concerns around US trade tensions and geopolitical risk. TSMC has recently expanded into the U.S, as well as new foundries in Japan and Germany, in an attempt to mitigate this risk and diversify its revenue.

Our two portfolio managers visited Vietnam recently. We know that the recently announced US tariffs are severe, so we are taking the time to digest their impact. Meanwhile, we were extremely impressed by what we saw on the ground. The domestic cycle is turning, Vietnam is experiencing a major political and economic shift towards growth, with a focus on the private sector and substantial government reforms. This will create a very favourable backdrop for doing business in the country. It is worth noting that Vietnam is not just an 'assembling branch' of Chinese manufacturers – a study has shown that Vietnam's own produced value in its exports has been steadily increasing. We see huge potential for Vietnam as a low-cost, globally competitive manufacturing base and Korean and Taiwanese companies are moving production there aggressively.

Performance

The MSCI Asia ex-Japan index was muted during the quarter, and the portfolio underperformed the index marginally. We acknowledged that shorter-term relative performance (1-year and 3-year) is weak but encouragingly, longer-term return over 5-year and 10-year remains healthy.

In terms of performance attribution, while our moderate overweight in China has added from an allocation perspective, not owning Alibaba and Xiaomi in China has detracted performance both last and this quarter.

The reappearance of Jack Ma, Alibaba's legendary founder, in President Xi's high-profile meeting with entrepreneurs, was seen as a confidence booster. Apple announced its plan to cooperate with Alibaba on AI functions for its iPhones in China. The company also announced a significant R&D plan on AI and cloud for the next three years. Here, we have taken a more measured approach and remain sceptical about the profitability of China's cloud businesses. Additionally, we take comfort from our large exposures via other platform businesses that we think are in a good position to benefit from cheaper AI adoption in their consumer-facing businesses.

Xiaomi is a consumer electronics company whose main revenue comes from smartphones. Share prices have surged in recent quarters on the back of strong financial results and the promise of a new growth trajectory for Xiaomi in smart electric vehicles. Its highly anticipated Xiaomi SU7 Ultra electric vehicle garnered significant market attention, securing 10,000 locked-in orders within just three days of its release. In addition, Xiaomi's diversified ecosystem showed robust growth across multiple segments. The company's entry into the electric vehicle market has opened up a new growth trajectory, complementing its already strong position in smartphones and smart devices. While we have closely followed Xiaomi's developments and despite strong share price performance, we decided against owning the stock due to valuation concerns.

Accton, a networking solutions provider based in Taiwan, was a performance contributor last quarter but detracted this quarter. As mentioned, the Chinese startup DeepSeek sparked a wave of discussions with its open-source, cost-effective AI models. This caused challenges for the global semiconductor industry, primarily around whether the handful of leading 'hyperscale' with vast capex and computational advantage can keep their moats in the AI race. Accton is a key supplier to Amazon's AI accelerators.

On the other hand, a few key holdings in China added to performance this quarter. Zijin Mining, a Chinese copper and gold miner, detracted last quarter but is a contributor this quarter. With President Trump threatening tariffs on copper, the metal's price has surged by 30% since the beginning of the year, and this has likely benefited Zijin's share prices for the short term. We continue to be impressed by the company's strong financial results in 2024, with net profit rising by 52% year-over-year to a record high.

Luckin Coffee also contributed to this quarter's performance. The company reported a strong 36%/184% increase in revenue/net profit in the fourth quarter of 2024. While the investment case wasn't built on China's overall consumer market recovery (but rather on Luckin's edge in a massive under-penetrated market), policy announcements in March focusing on stimulating domestic consumption might have likely lifted the mood towards consumer stocks.

Out with China, Southeast Asia's eCommerce leader SEA Ltd saw its share price rise on the back of exceptional financial results and strong execution across its core business segments. The company reported a 37% year-over-year increase in Q4 2024 revenue, driven by robust growth in e-commerce, digital financial services, and digital entertainment.

These achievements reflect Sea's ability to balance growth with improving profitability, as evidenced by its second consecutive year of positive adjusted EBITDA across all segments. The company's strategic focus on monetisation, operational efficiency, and market leadership has positioned it as a key player in Southeast Asia's digital economy, driving strong investor confidence and share price appreciation during the quarter.

Outlook

The aftermath of 'Liberation Day' will continue to cloud global markets for the near future. These are obviously uncertain times and drawing any form of definite conclusion is perhaps unwise at this stage. The impact of tariffs on both the macro environment in major Asian economies and the economics of individual holdings depends on many interacting factors: the bilateral negotiations or retaliations from the rest of the world, how much price increase companies could pass onto their customers, how governments in other large countries will react in their own domestic economic policy, and the trajectory of the US dollar.

We expect the global market environment to continue to change, and under such a context, we will need to think well beyond first-order impacts. One of the qualities we look for when evaluating a company is its adaptability and its resilience. We have deliberately invested in adaptable companies that tend to be leaders in their industry; the portfolio has a bias toward companies with stronger financial positions (such as less debt on average than the index). We take comfort from the diverse range of growth drivers that are represented by the holdings in the portfolio, and many of them generate most of their revenue within the region. Whatever comes after the 'Liberation Day' and beyond, the investment cases for many companies in the portfolio will not change overnight.

Performance Objective

To outperform the MSCI AC Asia ex Japan Index.
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 Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	-2.0	-2.2	-1.1	-1.0	-0.9
1 Year	0.2	-0.5	9.5	-10.0	-9.3
3 Year	0.1	-0.6	2.9	-3.5	-2.8
5 Year	12.3	11.5	6.7	+4.7	+5.5
10 Year	10.3	9.5	6.0	+3.5	+4.2
Since Inception	10.3	9.6	7.1	+2.4	+3.2

USD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	1.0	0.8	1.9	-1.1	-0.9
1 Year	2.4	1.7	11.9	-10.2	-9.5
3 Year	-0.6	-1.3	2.2	-3.5	-2.8
5 Year	13.2	12.4	7.6	+4.8	+5.6
10 Year	8.8	8.0	4.6	+3.4	+4.2
Since Inception	9.6	8.9	6.5	+2.4	+3.2

EUR	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	-3.2	-3.4	-2.3	-1.0	-0.9
1 Year	2.4	1.7	11.9	-10.2	-9.5
3 Year	0.4	-0.3	3.2	-3.5	-2.8
5 Year	13.5	12.7	7.9	+4.8	+5.6
10 Year	8.7	7.9	4.5	+3.4	+4.2
Since Inception	9.8	9.1	6.7	+2.4	+3.2

CAD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net(%)	Difference Gross (%)
3 Months	1.1	0.9	2.0	-1.1	-0.9
1 Year	8.9	8.1	19.0	-10.9	-10.1
3 Year	4.3	3.5	7.2	-3.6	-2.9
5 Year	13.4	12.6	7.8	+4.8	+5.6
10 Year	10.2	9.4	5.9	+3.5	+4.2
Since Inception	10.3	9.6	7.1	+2.4	+3.2

AUD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	0.3	0.2	1.2	-1.1	-0.9
1 Year	7.2	6.5	17.2	-10.7	-9.9
3 Year	5.8	5.1	8.8	-3.7	-2.9
5 Year	12.8	12.0	7.2	+4.8	+5.6
10 Year	11.0	10.2	6.7	+3.5	+4.3
Since Inception	10.3	9.6	7.2	+2.4	+3.2

Annualised periods ended 31 March 2025. 3 Month & 1 Year figures are not annualised.
Inception date: 31 December 1989
Figures may not sum due to rounding.
Benchmark is MSCI AC Asia ex Japan Index (MSCI AC Far East ex Japan Index prior to 31 January 2011).
Source: Revolution, MSCI.
The Asia ex Japan composite is more concentrated than the MSCI AC Asia ex Japan Index.

Discrete Performance

GBP	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24	31/03/24-31/03/25
Composite Net (%)	88.0	-6.8	-9.4	9.0	-0.5
Benchmark (%)	41.8	-10.3	-2.6	2.1	9.5

USD	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24	31/03/24-31/03/25
Composite Net (%)	109.2	-11.0	-14.9	11.3	1.7
Benchmark (%)	57.8	-14.4	-8.5	4.4	11.9

EUR	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24	31/03/24-31/03/25
Composite Net (%)	95.3	-6.0	-12.9	12.0	1.7
Benchmark (%)	47.3	-9.6	-6.3	5.0	11.9

CAD	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24	31/03/24-31/03/25
Composite Net (%)	84.8	-11.6	-7.8	11.3	8.1
Benchmark (%)	39.3	-14.9	-0.9	4.4	19.0

AUD	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24	31/03/24-31/03/25
Composite Net (%)	68.1	-9.8	-4.6	14.3	6.5
Benchmark (%)	26.8	-13.2	2.5	7.1	17.2

Benchmark is MSCI AC Asia ex Japan Index (MSCI AC Far East ex Japan Index prior to 31 January 2011).
Source: Revolution, MSCI.
The Asia ex Japan composite is more concentrated than the MSCI AC Asia ex Japan Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2025

Stock Name	Contribution (%)
Luckin Coffee	0.5
Sea Limited	0.5
ZiJin Mining	0.4
TSMC	0.4
Tencent	0.3
Hon Hai Precision	0.2
Koh Young Technology	0.2
Kuaishou Technology	0.2
Equinox India Developments	0.2
Infosys Limited	0.2
Alibaba	-1.3
Accton Technology	-0.7
PB Fintech	-0.5
Xiaomi Corporation	-0.4
DLF	-0.4
Chroma	-0.3
HDBank	-0.3
Delhivery	-0.3
BYD	-0.3
Equinox India Developments	-0.2

One Year to 31 March 2025

Stock Name	Contribution (%)
Sea Limited	1.4
Luckin Coffee	0.5
JD.com	0.4
Ping An Insurance	0.3
PB Fintech	0.3
Accton Technology	0.2
Samsung	0.2
Midea Group	0.2
Equinox India Developments	0.2
LG Chemical	0.2
Samsung Electronics	-1.8
Alibaba	-1.5
Eo Technics	-1.0
Xiaomi Corporation	-0.9
Jio Financial Services	-0.8
DLF	-0.8
Reliance Industries	-0.7
Kaspi Bank	-0.7
Bank Rakyat Indonesia	-0.7
Delhivery	-0.7

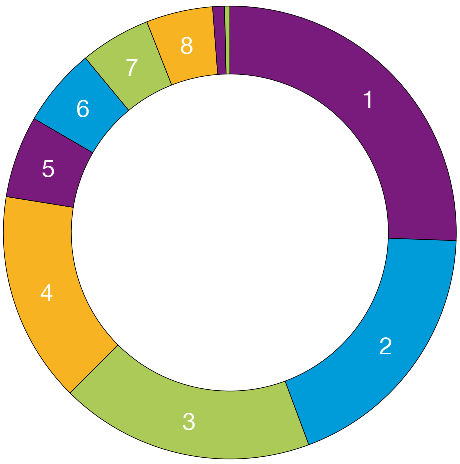
Source: Revolution, MSCI. Asia ex Japan composite relative to MSCI AC Asia ex Japan Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions 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	9.0
TSMC	Semiconductor manufacturer	8.2
Samsung Electronics	Producer of consumer and industrial electronic equipment	5.4
Meituan	Chinese online services platform	3.8
Sea Limited	E-commerce, gaming and fintech platform	3.6
CNOOC	Chinese oil and gas explorer and producer	3.3
Zijin Mining	Chinese mining company	2.6
MMG Limited	Chinese mining company	2.5
SK Hynix	Korean manufacturer of electronic components and devices	2.4
PDD Holdings	Chinese e-commerce platform focused on social commerce	2.2
Total		42.9

Totals may not sum due to rounding.

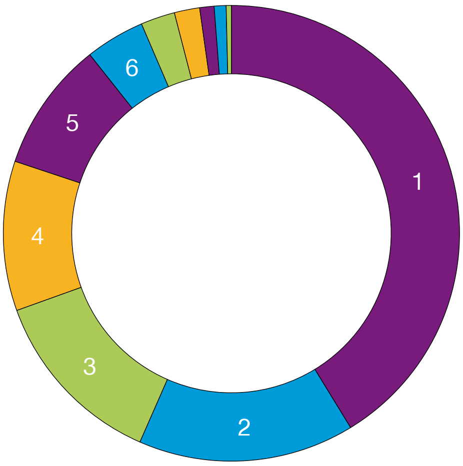
Sector Weights



		%
1	Information Technology	25.8
2	Financials	18.9
3	Consumer Discretionary	18.3
4	Communication Services	15.2
5	Materials	5.9
6	Real Estate	5.6
7	Industrials	5.1
8	Energy	4.8
9	Consumer Staples	0.9
10	Health Care	0.0
11	Cash	-0.4

Totals may not sum due to rounding

Geographical Location Weights



		%
1	China	41.6
2	India	15.4
3	Taiwan	13.0
4	South Korea	10.7
5	Vietnam	9.3
6	Singapore	4.2
7	Indonesia	2.4
8	Kazakhstan	1.8
9	Hong Kong	1.0
10	Thailand	0.8
11	Cash	-0.4

Voting Activity

Votes Cast in Favour	
Companies	16
Resolutions	93

Votes Cast Against	
Companies	5
Resolutions	7

Votes Abstained/Withheld	
Companies	3
Resolutions	6

Company Engagement

Engagement Type	Company
Environmental	Coupang, PDD Holdings, Reliance Industries Limited
Social	Coupang, PDD Holdings, Zijin Mining Group Company Limited
Governance	Advanced Micro-Fabrication Equipment Inc. China, Brilliance China Automotive Holdings Limited, Kaspi.kz Joint Stock Company JSC, PDD Holdings, PT Bank Mandiri (Persero) Tbk, Reliance Industries Limited, Samsung Electronics Co., Ltd.
Strategy	Reliance Industries Limited, Samsung Electronics Co., Ltd., Zijin Mining Group Company Limited

Company	Engagement Report
Coupang	Objective: We met with the Investor Relations team to discuss two key issues: scope 1 and 2 emissions disclosure and the approach to worker rights and working conditions. Discussion: Coupang has been receptive to discussions on emissions disclosures but remains hesitant to disclose publicly. They cited wanting to provide both the absolute numbers but also the context about trends and initiatives; awaiting regulatory requirements which might make current disclosures obsolete and a clear benchmark against peers. On workforce issues, we discussed Coupang's shift from its initial public offering (IPO) commitment to directly hire drivers to a more flexible model. The change in approach seems to have been one of reality and practicality to maintain operational sustainability and meet employee expectations specifically regarding earnings potential. They have low union representation, which they view as a positive sign of employee satisfaction. They stressed that safety is most critical to the company and is considered non-negotiable. The company takes pride in its role as a major employer and economic contributor and recognises the need to be a responsible employer and maintain a positive public image. Outcome: The meeting continued previous discussions. While progress on emissions disclosures and workforce transparency is ongoing, the dialogue reinforced the importance of aligning company policies with business growth potential and employee satisfaction. They appear willing to consider publishing health and safety statistics, such as long-term injury frequency rates (LTIFR) and are open to exploring benchmarking against peers. Future discussions will focus on supporting Coupang's narrative development for climate disclosures.
PDD Holdings	Objective: To better assess the company's variable interest entity (VIE) structure and encourage improvements in sustainability disclosures. Discussion: PDD is one of China's largest e-commerce platforms and has experienced remarkable growth. It has relatively poor disclosures and communications. Investors in Baillie Gifford's Shanghai office undertook an in-depth review looking at consumer and merchant feedback, management background and financials. One area we wanted to follow up on was the variable interest entity structure that PDD uses. VIEs are common in China and allow companies to comply with Chinese regulations on foreign ownership in specific sectors while maintaining control over Chinese operations. We wanted to better understand the rationale behind some of the VIE aspects unique to PDD and an investor met with the company and other stakeholders in Shanghai. Management noted that ownership structures could be adjusted if necessary, with three additional co-founders potentially assuming ownership responsibilities Unlike some other companies, PDD's VIE structure remains relatively straightforward as it focuses exclusively on e-commerce. The company emphasised its focus on organic growth and minimal shareholder dilution. During a call in December, we reiterated concerns about PDD's lack of sustainability disclosures. Management confirmed they are working with a third party to meet regulatory requirements, focusing initially on scope 1 and 2 emissions. Management communicated challenges in their scope 3 emissions and raised concerns about the data. We discussed opportunities in a wider merchant ecosystem and they highlighted some of their merchant support initiatives, including the elimination of transhipment fees for orders to Western China to improve access to underserved markets. Outcome: These engagements provided some insights into PDD's governance structure and sustainability approach. We are glad to see the company making efforts, including seeking external advice, to enhance its disclosure in accordance with the regulation, but understand there is more to do here. We will keep monitoring how the VIE structure will evolve going forward in the best interests of the company and shareholders.

Company	Engagement Report
Reliance Industries	Objective: To learn more about Reliance Industries' progress in their New Energy business and further plans for emissions disclosure. Discussion: Reliance is an Indian conglomerate whose quest to make India energy-sufficient has resulted in it becoming one of the largest oil and gas players in the country. From here, their future financial outlook in part depends on their execution in building the most comprehensive ecosystem for new energy and new materials in India. We met with the investor relations team and staff focussed on sustainability. Management reiterated the company's ambitious renewable energy strategy across three value chains: integrated solar, battery storage, and green hydrogen. Their target remains 100GW of solar installation by 2030, with a 20GW solar panel manufacturing facility under development in Jamnagar. Despite some delays, the first phase aims to deliver 10GW by 2026, scaling to 20GW thereafter. Progress on their battery gigafactory is underway with plans for the first phase of battery pack integration to commence within months. For batteries, the company is first prioritising LFP technology while also investing in the development of sodium-ion batteries. Management acknowledged that their initial green hydrogen target was very ambitious and there are still some hurdles to overcome with regards to electrolysers. Of the USD 10 billion committed to New Energy, USD 3 billion has been spent thus far, including acquisitions of REC Solar and European battery companies. A significant proportion of its new energy capacity will be used internally to enable the company to meet its decarbonisation targets. In relation to their decarbonisation targets and emissions disclosures, we discussed the gap in their reporting on Scope 3 emissions and reiterated our expectations. They are undertaking work to prepare their own supply chain but will not report until they are confident in the data. The meeting also provided an opportunity to hear about the updates to the board, how the company assesses the independence of directors and their adherence to SEBI guidelines. Outcome: The meeting contributed to our understanding of the plans and ambition for New Energy alongside the company's decarbonisation targets and gaps in emissions disclosures.
Samsung Electronics	Objective: We spoke with Samsung Electronics ahead of the annual general meeting (AGM) to discuss governance, leadership and organisational updates. Discussion: Samsung Electronics is one of the world's most innovative companies. It has faced several challenges in recent years, particularly in its semiconductor division, which has led to a number of changes to its management structure. The meeting was an opportunity to hear about the proposed new board members ahead of the AGM and the strengths they will bring to the business. We spoke to the president of business strategy for the device solutions (DS) division. The DS division includes the memory and foundry businesses and has undergone significant restructuring. Dr. Young-Hyun Jun was appointed DS division head with oversight of both the memory business and Samsung Advanced Institute of Technology (SAIT). The company has restructured its foundry operations under Han Jin-man, former DS America head while creating a new foundry chief technology officer (CTO) position filled by Nam Seok-woo. In operational terms, we now expect to see foundry capex declining as the company reassesses competition at the leading edge, but reassuringly and more importantly we see no signs of structural deterioration in Samsung's competitiveness in the core memory division, and suspect any evidence that the company is refocusing here would be taken well by the market. The ongoing legal proceedings involving chairman JY Lee continue to create some uncertainty despite acquittals in both district and high courts. We discussed potential implications for strategic decision-making. Management reflected on the difficulty of quantifying this impact but acknowledged that organisational silos and cultural challenges have affected business performance, particularly in foundry operations where customer trust needs rebuilding. Outcome: The discussion provided additional insight into Samsung's efforts to strengthen governance through leadership restructuring and operational changes. We will continue to monitor the impact of these governance changes and the capital allocation intentions of the business.

Company	Engagement Report
Zijin Mining Group Company Limited	Objective: The primary aim was to discuss updates regarding Zijin's recent addition to the Uyghur Forced Labor Prevention Act (UFLPA) List and to understand the company's actions and expectations moving forward. Discussion: We spoke to Zijin's senior environmental, social and governance (ESG) manager about list inclusion. Zijin is actively seeking legal recourse and has requested clarification from U.S. Homeland Security regarding the criteria for their inclusion. Despite the slow response expected from the U.S. government, Zijin's internal legal team and external American law firm are working to engage with U.S. authorities. The impact on Zijin's operations appears minimal, as the company has no direct business ties with the U.S., and its downstream clients have already adjusted their supply chains to avoid politically sensitive areas like Xinjiang. Consequently, Zijin has not faced additional due diligence requests from partners, and the listing has not affected its supply chain. Zijin also clarified that the UFLPA designation does not extend to its subsidiaries, such as Zijin Serbia, unless expressly named. The main concern is reputational damage, which Zijin addresses by enhancing its risk control systems and ensuring compliance in all projects. During the call, we also highlighted the EU's recent regulation update against forced labour, which Zijin replied that they would keep a close eye on. We believe the company could mitigate the risks by publicising its auditing results from certified third parties, and we continue to push for this. Outcome: The meeting was valuable in confirming that Zijin's operations remain largely unaffected by the UFLPA listing while identifying areas for improvement in regulatory compliance. We will continue to monitor Zijin's ESG practices and seek further disclosures on social responsibility audits at high-risk sites.

Votes Cast in Favour

Companies	Voting Rationale
Advanced Micro-Fabrication 'A' - Stock Connect, Bank Mandiri, Bank Rakyat Indonesia, Eo Technics Co Ltd, Equinox India Developments, HDBank, HDFC Bank, Hyundai Motor India, Kaspi.kz ADR, Midea Group 'A', PB Fintech, SK Hynix Inc, SK Square, Samsung Electronics, Vietnam Technological and Commercial Joint Stock B, Yifeng Pharmacy Chain 'A' - Stock Connect	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Bank Mandiri	AGM 25/03/25	3	We opposed the remuneration for the board as independent directors and commissioners receive incentive-based pay which we believe could compromise their objectivity.
Bank Mandiri	AGM 25/03/25	8	We opposed the changes to the composition of the company's management due to lack of disclosure of the changes.
Bank Rakyat Indonesia	AGM 24/03/25	10	We opposed the changes to the composition of the company's management due to lack of disclosure of the changes.
Bank Rakyat Indonesia	AGM 24/03/25	3	We opposed the remuneration for the board as independent directors and commissioners receive incentive-based pay which we believe could compromise their objectivity.
Eo Technics	AGM 28/03/25	1	We opposed the financial statements as the annual report, including the auditor's opinion, was not disclosed ahead of the voting deadline.
JSC Bank for Foreign Trade of Vietnam	EGM 07/03/25	3	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.

Companies	Voting Rationale
HDBank	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Advanced Micro-Fabrication 'A' - Stock Connect	EGM 14/01/25	3.2	We abstained on the election of a non-independent director who is a member of the remuneration committee because we were concerned about the level of independence on the committee. We believe the remuneration committee should be majority independent to ensure objective and impartial oversight.
Advanced Micro-Fabrication 'A' - Stock Connect	EGM 14/01/25	3.4	We abstained on the election of a non-independent director who is a member of the audit committee because we were concerned about the level of independence on the committee. We believe the audit committee should be majority independent to ensure objective and impartial oversight.
Eo Technics	AGM 28/03/25	7	We abstained on the increase to director remuneration because the rationale for the increase was not disclosed.

Company	Meeting Details	Resolution(s)	Voting Rationale
JSC Bank for Foreign Trade of Vietnam	EGM 07/03/25	1, 4	We abstained on two resolutions to elect directors due to the lack of detail.
JSC Bank for Foreign Trade of Vietnam	EGM 07/03/25	2	We abstained on a resolution to dismiss a director due to the lack of detail.

Votes Withheld

We did not withhold any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
Koh Young Technology	We did not vote this meeting as the instrument is no longer held.

New Purchases

Stock Name	Transaction Rationale
Bajaj Finserv	We have taken a new holding in Bajaj Finserv. Its profits are mainly derived from its ownership of Bajaj Finance, though it also has general and life insurance, in partnership with Allianz. Bajaj Finance is India's largest non-bank finance company (NBFC) and is attractive due to its excellent track record of prudent and profitable lending. It pairs the advantages of being on-the-ground for consumer lending in a way that banks and smaller NBFCs cannot manage, but with the scale and diversification of a large institution. The insurance companies appear to be largely overlooked by the market, and Bajaj Finserv trades on a discount to its ownership of its underlying assets. While we have admired the business for many years, it has de-rated over the past few years despite good operational performance. In short, we think the market is offering us a good opportunity to invest in a business with proven growth advantages at an attractive price within the context of Indian market.
Eicher Motors Limited	We have purchased a holding in the manufacturer of Royal Enfield motorcycles, Eicher Motors. These vehicles remain a cultural phenomenon in India, and are one of India's few domestic-owned aspirational brands. While forecasting growth rates is inherently difficult, we believe there is a long-term appeal for these vehicles for the emerging middle class in India and the company has the capacity to surprise positively. It has recently shrugged off new competition from foreign brands such as Harley Davidson, which gave us increased confidence in its brand strength.
Fabrinet	Fabrinet is a Thai Electronic Manufacturing Services company, specialising in optical products such as lasers and related transceivers. This focus - on high complexity, low volume parts - is a strategy that translates into loyal customer relationships, lower levels of competition and better financial returns. Growth has historically compounded at a double-digit rate, and the company has simultaneously managed to keep an unlevered balance sheet. With a healthy tailwind from growing applications for optical data transfer in end markets as diverse as medical and automotive, we expect a mid-teens top-line growth rate going forward, which would be an outcome seemingly overlooked by the market.
FPT	We have broadened the Vietnamese exposure in the portfolio through the addition of FPT Group, the leading IT outsourcer in Vietnam.
Gongniu Group	Gongniu Group (Goneo) manufactures electrical hardware, particularly power strips and home electrical fixtures, with a growing presence in lighting, EV chargers, and power tools. The company has a 70% market share in its core power strip market under the highly-trusted "Bull" brand. The company demonstrates exceptional operational quality, with a 20% return on assets and 30% return on equity. These superior economics stem from the company's market position, strong brand recognition, and significant bargaining power with both suppliers and distributors. While the core electrical business is mature, Goneo is rapidly expanding into EV charging (where it already holds 30% of the consumer market), and international markets (particularly Southeast Asia at present). Their entry into power tools also leverages their existing brand strength and distribution network of 750,000 hardware stores. The founders maintain significant ownership post-IPO and have demonstrated an attractive combination of long-term reinvestment in the business and shareholder-friendly capital allocation through consistent dividends, which is relatively unusual compared to their A-share peers.
Grab Holdings	Grab is Southeast Asia's largest ride-hailing and food-delivery platform. The penetration of its services is low in most regions, and there is scope for it to offer more through its on-demand delivery platform. We have historically been cautious about the competitive environment and the relatively demanding valuation, but the past few years have shown both a more benign competitive environment and operational growth and a broadly flat market capitalisation. With the probability increasing that Grab will become the dominant on-demand consumer services company in the region, we decided now was an opportune time to invest in this regional growth leader.
Haidilao	Haidilao is one of the leading Chinese restaurant chains, specialising in Hot Pot cuisine. This business has the potential for many years of 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 customer experience that makes it a 'go to' eating destination. These factors combine with a very low valuation given the poor sentiment towards the Chinese market. In short, we believe that the 'market' is giving our clients an opportunity to invest in a high-quality franchise at a very attractive price.

InterGlobe Aviation	Indigo is India's leading airline, and has a significant growth opportunity ahead of it as rates of domestic and international air travel increase in the country. Its competitive position has strengthened materially over the pandemic, with smaller private peers pulling back and Air India privatised by the Tata Group. We expect more rational competition going forward. Furthermore, ownership and management of the company have stabilised, and more recent financial results have emphasised the surprising strength of unit economics here. While we are cognisant of the risks in this industry, we assess Indigo's shares are attractive compared to other domestic companies exposed to growth in the Indian middle class.
Kanzhun	Kanzhun operates China's leading recruitment platform, Boss Zhipin. Despite a challenging environment over the past three years for private sector hiring, the company has demonstrated excellent revenue growth, improved operating margins, and proven the value of its two-sided network business model. Having evaluated the growth potential and valuation of Kanzhun relative to its domestic peers and global comparators like Recruit Holdings in Japan, this appears to be a compelling investment from a long-term secular growth perspective. Furthermore, it should be a beneficiary both in terms of revenue growth and re-rating potential should private sector hiring demand improve as well as broader global investor enthusiasm for businesses like this that are tied to the health of the broad Chinese economy.

Complete Sales

Stock Name	Transaction Rationale
Baidu.com Group Holding	We have sold the holding in Baidu as the company continues to disappoint in both its core search and newer areas of AI and autonomous driving. While ambitious and long-term investors, Baidu's failure to maintain leading positions in any of these aspects suggests a cultural or operating weakness that, while difficult to predict with certainty, has led to declining confidence in its success in any of these fields. As such, within this sector, we prefer investment in some of the other technology companies with more proven competitive advantages and consistently higher-performing management teams.
Jio Financial Services	At the time the portfolio first took a holding in Jio Financial Services, the skew of investment outcomes appeared unusually favourable: downside that was limited by the value of their underlying stake in Reliance Industries, alongside the small but intriguing possibility of very substantial upside in the event the company followed through on their nascent but lofty ambition of becoming a substantial disruptive presence in India's consumer finance industry by leveraging off a broader ecosystem that includes hundreds of millions of Reliance's retail and telecoms customers. It has since become clearer that the scale of ambition is not what we hoped and with the shares now appearing more fairly priced, we have sold the holding.
Koh Young Technology	Shares surged recently as the company received FDA approval for its neurosurgical robot. This is clearly welcome news, and we have therefore decided to take profits as. We are relatively sceptical about the size of this opportunity and more broadly the company's historic ability to generate attractive returns on R&D investment.
Li Ning	The secular growth opportunity for domestic sports and activewear in China is still attractive. However, our interactions with the management team and their financial performance have meant that we have declining confidence in the company's incentives to allocate capital, or the ability to build an enduring brand that is not reliant on fashion trends.
Tata Motors	We have sold the investment in Tata Motors. The company's success in revitalising its Land Rover business, as well as a cyclical improvement in its domestic vehicle divisions have permitted both strong earnings growth and for the group to pay down its debt. As a result, the shares have performed very strongly since purchase, and we no longer believe we have a differentiated view relative to the market.

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