

**Baillie Gifford™**

Baillie Gifford Worldwide China A Shares Growth Fund

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Shareholder Rights Directive Annual Disclosure  
for the period 01 January 2023 to 31 December 2023



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

The China A share strategy is a purely stock-driven equity strategy focused on investing in exceptional growth companies listed on the domestic stock markets in China (known as 'A' shares). The portfolio holds 25-40 companies listed on the Shanghai and Shenzhen stock exchanges

The aim of the China A Shares investment process is to produce above average long-term returns. We take a long-term approach with an expected investment horizon of 5+ years. Our aim is to identify the exceptional growth businesses and hold them for long enough that the advantages of their business models and strength of their cultures become dominant drivers of their stock price.

This enables us to produce what we believe is a highly committed portfolio of Chinese companies with exceptional growth prospects, which is benchmark agnostic, and should add considerable value for clients over time.

## How We Make Investment Decisions

The China A shares team comprises investors based in Edinburgh and Shanghai. While all members of the team contribute ideas and views to the discussion, the Edinburgh based managers are responsible for stock selection and portfolio construction.

Portfolio Construction Process - The China A-share team meets weekly for formal stock discussions, alongside sharing ongoing research and threads of exploration. The investors meet quarterly to discuss the overall composition of the portfolio. This is in addition to the many ad hoc discussions that occur between the team in Edinburgh and Shanghai and our wider investment colleagues.

Our buy and sell discipline is based on the fundamental characteristics of individual companies. We use our 10-question research framework to reassess the strength of the investment case on an ongoing basis.

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

## 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.

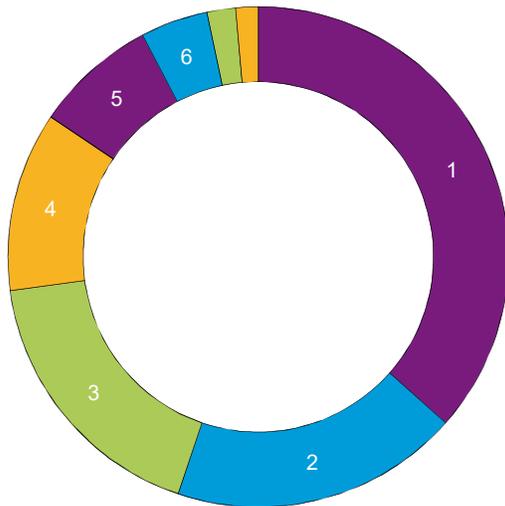
## Portfolio Composition

The 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 portfolio holds 25-40 companies listed on the Shanghai and Shenzhen stock exchanges. The portfolio is benchmark agnostic. The companies which we invest in are expected to benefit from, and contribute to, China's economic, societal and cultural development, and be capable of growing to a multiple of their current size. We take a long-term approach with an expected investment horizon of 5+ years.

## Top Ten Holdings

Asset Name	% of Portfolio
Sanhua Intelligent Controls 'A'	7.4
Kweichow Moutai 'A'	7.0
Shenzhen Inovance 'A'	6.2
Midea Group 'A'	6.2
CATL 'A'	5.7
Asymchem Laboratories 'A'	4.6
Ping An Insurance 'A' - Stock Connect	4.4
Guangzhou Kingmed 'A'	3.4
Proya Cosmetics 'A'	3.3
Sinocare 'A'	3.3

## Sector Analysis of Total Assets



	%
1 Industrials	36.5
2 Information Technology	18.7
3 Health Care	17.6
4 Consumer Staples	11.6
5 Consumer Discretionary	7.9
6 Financials	4.4
7 Materials	1.8
8 Cash	1.5

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

## Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	10

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	0.07
Implicit transaction costs	0.03

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	Centre Testing International Group Co. Ltd., Contemporary Ampere Technology Co., Limited, Dongguan Yiheda Automation Co., Ltd, Jafron Biomedical Co.,Ltd., Midea Group Co., Ltd., S.F. Holding Co., Ltd., Shenzhen Inovance Technology Co.,Ltd
Social	S.F. Holding Co., Ltd., SG Micro Corp, Sungrow Power Supply Co., Ltd.
Governance	Beijing United Information Technology Co.,Ltd., Centre Testing International Group Co. Ltd., Contemporary Ampere Technology Co., Limited, Dongguan Yiheda Automation Co., Ltd, Guangzhou Kingmed Diagnostics Group Co., Ltd., Jafron Biomedical Co.,Ltd., Kweichow Moutai Co., Ltd., LONGi Green Energy Technology Co., Ltd., SG Micro Corp, WuXi AppTec Co., Ltd., Zhejiang Sanhua Intelligent Controls Co.,Ltd, iFLYTEK CO.,LTD

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies	39 Companies	14 Companies
Resolutions	1007 Resolutions	26 Resolutions

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Dongguan Yiheda Automation Co 'A'	EGM 09/02/23 Resolution(s): 13	This proposal is a shareholder proposal by technicality only, as it was raised by a controlling shareholder and has been endorsed by the board of directors. As management is barred from adding agenda items once proxy materials have been released, it is not uncommon in China for a major shareholder to propose additional agenda items. They are usually presented with consent of and at the request of management. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Wuxi Lead Intelligent Equip. 'A'	EGM 15/02/23 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% opposition.

## Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
Foshan Haitian Flavouring 'A' - Stock Connect	AGM 16/05/23 Resolution(s): 7	We opposed the resolution to approve remuneration as non-executive directors are eligible to receive performance-based pay, which may compromise their independence and prevent them to act in the best interests of shareholders. This resolution is significant because we opposed remuneration.
Iflytek 'A' - Stock Connect	EGM 16/01/23 Resolution(s): 5.6	We opposed the election of an executive director who sits on the Audit Committee as we believe that this Committee should be comprised entirely of independent directors. This resolution is significant because we opposed the election of a director.

Company	Meeting Details	Voting Rationale
Kweichow Moutai 'A'	AGM 13/06/23 Resolution(s): 10	We opposed the investment in the industrial development funds as we find that the proposed investment is a high-risk venture that lacks a clear strategic purpose and exposes the company to unnecessary risks. This resolution is significant because it received greater than 20% opposition.
Longshine Technology 'A' - Stock Connect	EGM 04/05/23 Resolution(s): 1-3	We opposed three resolutions relating to the employee equity plan due to the deep discount price available. This resolution is significant because we opposed remuneration.
Longshine Technology 'A' - Stock Connect	EGM 04/05/23 Resolution(s): 4-6	We oppose three resolutions relating to the incentive plan due to the deep discount price available. This resolution is significant because we opposed remuneration.
Sanhua Intelligent Controls 'A'	AGM 19/05/23 Resolution(s): 9	We opposed the re-appointment of the auditors due to concerns over a controversy involving the signing audit partner. This resolution is significant because we opposed the election of auditors.
WuXi AppTec 'A' - Stock Connect	AGM 31/05/23 Resolution(s): 10	We opposed the remuneration for directors due to a significant increase in base salary for the CEO/Chair without an accompanying rationale. This resolution is significant because we opposed remuneration.
Yonyou 'A'	EGM 15/09/23 Resolution(s): 1-3	We opposed three resolutions to approve the employee share purchase plan due to shares being issued at a significant discount to current market price. This resolution is significant because we opposed remuneration.

### 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.

