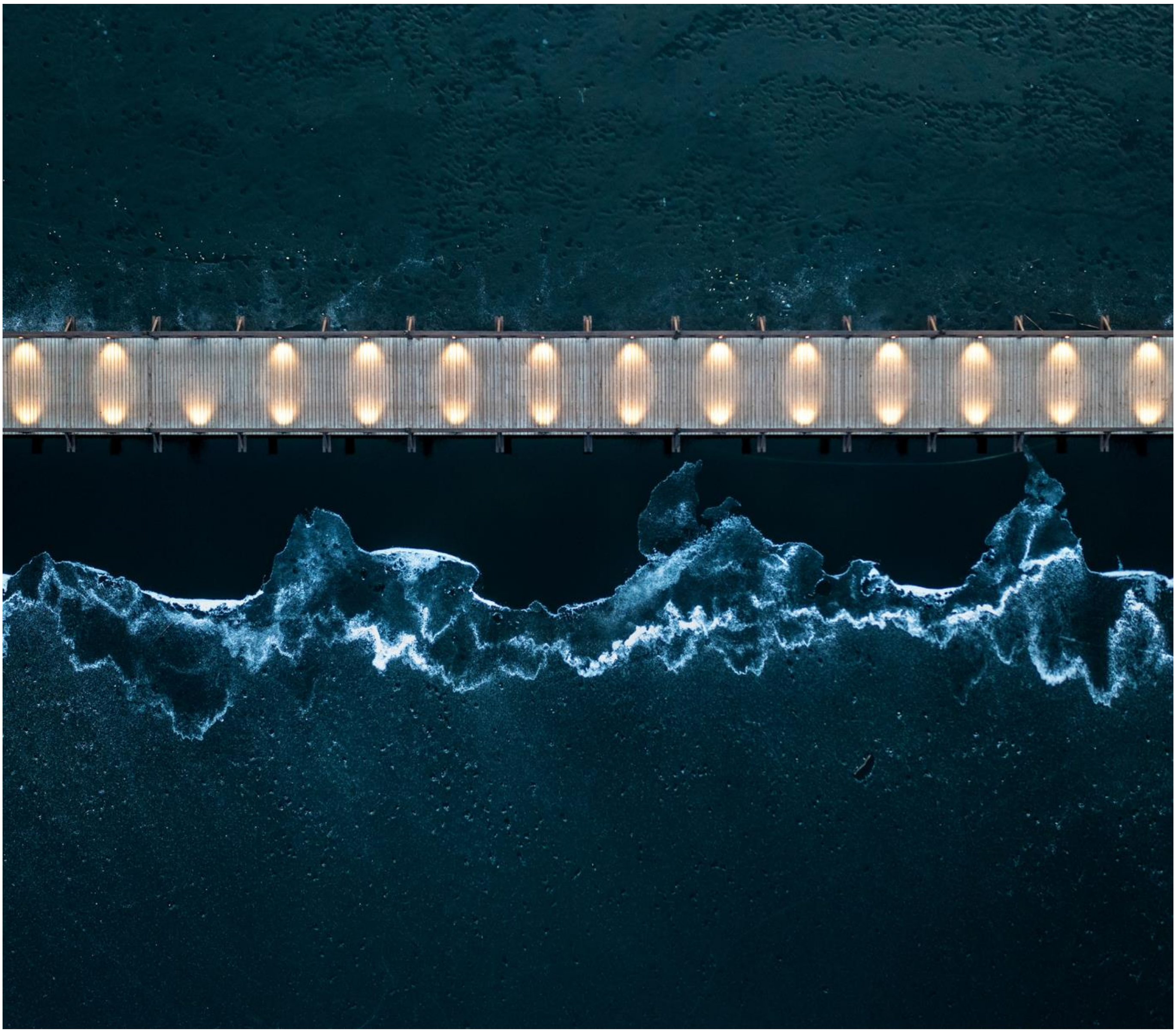
Baillie Gifford

China Quarterly Update

31 December 2023



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Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

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Product Overview

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

Risk Analysis

Key Statistics	
Number of Holdings	57
Typical Number of Holdings	40-80
Active Share	70%*
Rolling One Year Turnover	11%

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

Baillie Gifford Key Facts

Assets under management and advice	US$287.6bn
Number of clients	674
Number of employees	1831
Number of investment professionals	395

For much of 2023, we've taken seats on a ride that promised a lot but barely got going. An unprecedented third year of market falls has resulted in market patience wearing thin. A year ago, the stock market looked set to embrace China's reopening: covid was put in the rear-view mirror, the consumer was expected to bounce back, regulation of big tech was abating, Beijing was rolling out measures to restore confidence in the property sector and Biden's meeting with Xi in Bali held hopes that geopolitics would deliver glimpses of cooperation in amongst the evident competitive challenges.

Asides from the meeting destination switching from Bali to San Francisco, it feels like de-ja-vu.

So what happened? The consumer, largely shell-shocked from covid-lockdowns and witnessing challenges in the property sector, has been cautious with the large cash pile it built up during those lockdowns. The service sector has perked up as travel and entertainment comes back, but the expected consumption 'boom' has been far more gradual in nature. Markets seeking catalysts don't like gradual. The private sector, seeing a weaker domestic economy and reeling from the memory of regulatory headwinds and a lack of trust in government and credibility in its policymaking, has been slow to invest and employ; weaker income growth did little to help the consumption recovery. And the global backdrop has meant for subdued export data.

Yet the world's second largest economy is still set to grow far in excess of advanced economies, with interest rates not far off 20-year lows, a stabilising property sector and consumption gradually returning. Things are neither so good to excite the market nor so bad to have to bust out the bazooka.

Stimulus measures have been incremental rather than transformational. This quarter has seen incremental policy developments, including bond issuance to support disaster recovery spending, relaxation of policy in the property sector, measures to boost capital markets and, for the fourth time this year, the Party issued a special notice vowing to support the private sector. At times, it has just felt like fiddling at the edges; the market's disappointing response suggests an ongoing scepticism about the government's handling of its economic issues.

On the geopolitical front, Xi's visit to the US and meeting with Biden brought with it a helpful change in tone, leaving behind the more aggressive discussion of containment and suppression from earlier in the year in favour of mutual respect, peaceful coexistence and finding areas for cooperation. This is clearly a positive development, sufficient to warrant a standing ovation from attending American business leaders, but we're aware that 2024 brings elections in both Taiwan and the US: the geopolitical rollercoaster is likely to continue, with western media no doubt greasing the wheels.

As the risk premia attached to China has gone up on the back of the interplay of regulatory uncertainty, policy risk and geopolitical challenges, the investment case for China requires that the returns for investing are sufficient to offset that risk. That can be tougher to present when speaking only in broad brush terms about China's macro-economy and politics, but far easier when focused solely on a bottom-up, company by company basis.

There are companies out there who are involved in long-term structural growth themes that are largely independent of what happens to China's macro environment. While investor sentiment and flows have driven a large portion of the share price performance in recent times, and share prices have diverged from their fundamentals, it is those fundamentals that we remain focused on, for it is a company's operational progress over the long-term that will deliver outsize returns.

A glance across the portfolio delivers a far more positive story than the one painted by broad discussions of China's macroeconomic background. Many of the headwinds discussed above have been reflected in valuations, resulting in a derating of the portfolio over the year. However, this has obscured the fact that the portfolio companies have delivered significant growth; particularly impressive in a difficult trading environment.

Many of the bearish narratives on China's economic outlook fail to appreciate the drive for innovation and its importance to long-term sustainable growth. Nor do the ideological discussions pay credence to the importance of the private sector to growing the economy and improving domestic livelihoods, both critical factors in maintaining the legitimacy of the Party.

The combination of an ambitious entrepreneurial culture and bold top-down policies with the sheer scale of China's markets provides a unique opportunity. According to the Australian Strategic Policy Institute, China's global lead extends to 37 of the 44 critical technologies it tracks. It was little more than a decade ago that there was widespread scepticism of China's plans for its own 4G technology, yet today it has more 5G base stations than the rest of the world put together – not a bad platform for generating a new generation of winners. Similar global leadership is found across renewable energy technology in areas such as solar and batteries. And with Huawei's new P60 phone using a chip produced domestically using 7-nanometre technology, China's attempts to deliver self-sufficiency in semi-conductors has taken an unexpected jump forward.

The portfolio has notable exposure to growth areas that include the rise of domestic brands, the energy transition, advanced manufacturing and automation, and to platform companies where the headwinds of regulatory pressure have been abating. Our understanding of the latter was helped by an interesting discussion with Alibaba's chairman during his visit to our Edinburgh office this quarter.

However, the poor communication around a draft proposal for further regulation of the online gaming industry, which was released late in the quarter, only serves to highlight the inherent challenges in China's governance structure, reinforcing an existing scepticism amongst foreign investors as to the government's agenda. It is reported that the official responsible for the draft is no longer in his job, and the regulator was quick to address the damage to share prices at companies such as Tencent and Netease, by issuing licences for new games.

The low turnover of the portfolio represents ongoing conviction in its current positioning and a confidence in the operational strengths of companies we're invested in. One of the biggest challenges in investment is the difficult art of doing nothing. Patience, conviction and courage are required to focus on individual companies and their growth opportunities and not get lost within broad brush statements and macro-economic discussions. This is particularly the case when performance is challenged. The rewards may take time but finding the small number of companies best set to maximise these opportunities is what has consumed us for decades and continues to drive our enthusiasm today.

Performance

The market fell during the quarter and the portfolio slightly underperformed. Contributors and detractors were largely driven by stock-specific factors. PDD and Sinocare were among the top contributors.

PDD is a fast-growing eCommerce platform that aims to serve China's huge untapped population in lower tier cities. Despite being founded just eight years ago, it now boasts over 900 million users. Amid the weak consumer confidence, PDD has been winning over shoppers with discounts and more "affordable substitutes", and growing rapidly internationally with its Temu app. The company reported +94% year-over-year revenue growth in the third quarter.

Sinocare is China's market leader in blood glucose monitoring in what is the largest diabetes market in the world, which has seen an improvement in the domestic pricing environment on medical consumables and exciting developments in its continuous glucose monitoring business. Having launched domestic products for the first time in April this year, it then received regulatory approvals in Europe and the US last quarter, which should help expand its addressable markets over the medium-term.

On the other hand, the share price of domestic sportswear brand Li Ning remained under pressure. Li Ning has been hit hard this year with a poor macro background, inventory challenges and a lack of product launches. An announcement of acquiring a new headquarters in Hong Kong during the quarter was also taken poorly. While we don't see major brand or business model issues with Li Ning, and the company remains a leading domestic brand with deep-rooted China-sports DNA, its execution over coming quarters will be key to watch.

Ping An Insurance also detracted from performance amid a weaker than expected domestic economic recovery and a change in tone from the government towards regulation of the private financial sector. While the structural demand for life insurance and healthcare protection remains given China's rising middle-class population, this longer-term opportunity needs to be balanced with the rising risks. The position in Ping An Insurance was reduced during the quarter.

More broadly in the portfolio, we reviewed conviction levels across our autos and related supply chain holdings given an increase in the competitive intensity of the new energy vehicle market and have sold Geely as a result. In contrast, we have been steadily adding to the holding in BYD in recent months, taking advantage of a volatile share price. Outside the auto sector, we also sold Hangzhou Tigermed given rising regulatory threats. An underweight in the financial sector has been painful at a time when others are hiding in large state-owned enterprises, but we continue to fear the strengthening of regulatory oversight and ongoing governance challenges of a state-dominated sector. The sales proceeds were used to add to existing holdings in consumer electronics manufacturer, Anker Innovations, and clean energy distributor, ENN Energy. This is a company that has been a holding since the inception of the strategy since 2006!

A long-term investment horizon continues to underpin our efforts as we seek to find the companies in China with the best sustainable growth outlook, regardless of their size, sector or position in an index. On the macro-economic front, there's hope that 2024 delivers what was expected in 2023, but we'll refrain from joining the crowd and watching quarterly gross domestic product (GDP) announcements and continue to focus on a small number of companies we believe are best placed to benefit from China's numerous opportunities.

Performance Objective

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

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-9.2	-7.9	-1.3
1 Year	-24.0	-16.4	-7.6
3 Years	-20.0	-14.1	-6.0
5 Years	0.5	-0.8	1.3
10 Years	6.2	5.0	1.2
Since Inception	7.9	6.7	1.2

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-5.1	-3.8	-1.3
1 Year	-19.4	-11.4	-8.1
3 Years	-21.9	-16.1	-5.8
5 Years	0.5	-0.8	1.3
10 Years	3.5	2.3	1.2
Since Inception	6.0	4.9	1.2

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-9.1	-7.8	-1.3
1 Year	-22.1	-14.4	-7.8
3 Years	-19.2	-13.1	-6.0
5 Years	1.2	-0.1	1.3
10 Years	5.8	4.6	1.2
Since Inception	6.5	5.3	1.2

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-7.5	-6.2	-1.3
1 Year	-21.6	-13.7	-7.9
3 Years	-21.0	-15.1	-5.9
5 Years	-0.2	-1.5	1.3
10 Years	5.7	4.5	1.2
Since Inception	6.9	5.7	1.2

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-10.3	-9.0	-1.2
1 Year	-19.9	-11.9	-8.0
3 Years	-18.6	-12.5	-6.1
5 Years	1.2	-0.2	1.3
10 Years	6.3	5.1	1.2
Since Inception	6.5	5.4	1.2

Annualised periods ended 31 December 2023. 3 Month & 1 Year figures are not annualised.
Inception date: 28 February 2006
Figures may not sum due to rounding.
Benchmark is MSCI China All Shares Index (MSCI All China Index prior to 27 November 2019, MSCI Golden Dragon Index to 02 May 2019).
Source: Revolution, MSCI.
The China composite is more concentrated than the MSCI China All Shares Index.

Discrete Performance

GBP	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Composite Net (%)	28.7	55.9	-17.4	-18.5	-24.0
Benchmark (%)	16.8	29.5	-12.0	-13.8	-16.4

USD	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Composite Net (%)	33.9	60.8	-18.2	-27.7	-19.4
Benchmark (%)	21.5	33.6	-12.8	-23.5	-11.4

EUR	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Composite Net (%)	36.4	47.5	-12.0	-22.9	-22.1
Benchmark (%)	23.7	22.6	-6.2	-18.5	-14.4

CAD	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Composite Net (%)	27.1	58.0	-18.9	-22.4	-21.6
Benchmark (%)	15.3	31.3	-13.5	-17.9	-13.7

AUD	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Composite Net (%)	34.1	46.5	-13.2	-22.4	-19.9
Benchmark (%)	21.7	21.7	-7.5	-17.9	-11.9

Benchmark is MSCI China All Shares Index.
Source: Revolution, MSCI.
The China composite is more concentrated than the MSCI China All Shares Index

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2023

Stock Name	Contribution (%)
PDD Holdings	0.7
Silergy	0.5
Weichai Power	0.3
SG Micro	0.3
ZiJin Mining	0.3
Wuxi Biologics	0.2
Sinocare	0.2
Shenzhou	0.2
Kingdee International Software	0.2
Sunny Optical Technology	0.2
Li Ning	-0.5
Ping An Insurance	-0.5
Meituan	-0.4
China Merchants Bank	-0.3
Shenzhen Megmeet Electrical	-0.3
Xiaomi	-0.2
Beijing United Information Technology	-0.2
Sinocera Material	-0.2
Asymchem Laboratories	-0.2
CATL	-0.2

One Year to 31 December 2023

Stock Name	Contribution (%)
Sanhua Intelligent Controls	1.0
PDD Holdings	0.8
ZiJin Mining	0.7
Brilliance China Automotive	0.5
Midea Group	0.4
Weichai Power	0.4
Fuyao Glass Industry	0.4
Wuxi Biologics	0.4
China Intl Travel Group	0.3
Kweichow Moutai	0.3
Li Ning	-1.7
JD.com	-1.3
Meituan	-1.0
China Merchants Bank	-0.8
Glodon	-0.7
Beijing United Information Tecnology	-0.7
Ping An Insurance	-0.5
Topchoice Medical Investment	-0.5
Guangdong KinLong	-0.4
ENN Energy	-0.4

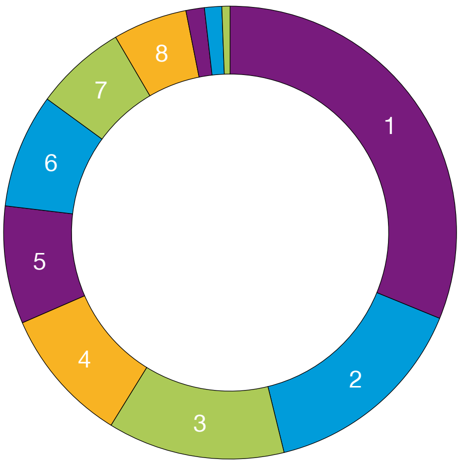
Source: Revolution, MSCI. China composite relative to MSCI China All Shares Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions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

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Tencent	Technology conglomerate	9.2
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	6.8
Kweichow Moutai	Spirits manufacturer	5.5
PDD Holdings	Chinese e-commerce platform focused on social commerce	5.2
Meituan	Chinese online services platform	3.0
Zijin Mining	Chinese mining company	2.9
Zhejiang Sanhua Intelligent Controls	Appliance part manufacturer	2.8
Ping An Insurance	Provides insurance services in China	2.7
China Merchants Bank	Chinese bank	2.7
BeiGene	Chinese biotech	2.4
Total		43.0

Totals may not sum due to rounding.

Sector Weights



		%
1	Consumer Discretionary	31.5
2	Industrials	15.2
3	Communication Services	12.8
4	Information Technology	9.8
5	Health Care	8.5
6	Consumer Staples	8.2
7	Financials	6.6
8	Materials	5.4
9	Real Estate	1.3
10	Utilities	1.2
11	Cash	-0.6

Totals may not sum due to rounding

*As well as cash in the bank, this balance includes unsettled cash flows arising from both shareholder flows and outstanding trades. Therefore, a negative balance may arise from timing differences between shareholder flows and security trading and does not necessarily represent a bank overdraft.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	24	Companies	4	Companies	2
Resolutions	191	Resolutions	5	Resolutions	10

Site visits to one of Zijin's mines and to CATL's net-zero battery factory allowed for deeper engagement around the environmental and social implications of their operations

A joint trip between Shanghai and Edinburgh based enviornmental, social and governance (ESG) analysts provided the opportunity for broader thinking and extending relationships with industry peers and portfolio companies

A meeting with Sustainalytics helped us further understand the rating agency's assessment of portfolio company Li Ning, which was upgraded to United Nations Global Compact (UNGC) Compliant recently

Company Engagement

Engagement Type	Company
Environmental	BYD Company Limited, Brilliance China Automotive Holdings Limited, Contemporary Amperex Technology Co., Limited, Medlive Technology Co., Ltd., Midea Group Co., Ltd., Tencent Holdings Limited, Zijin Mining Group Company Limited
Social	BYD Company Limited, Sungrow Power Supply Co., Ltd., Tencent Holdings Limited, Zijin Mining Group Company Limited
Governance	Alibaba Group Holding Limited, BYD Company Limited, Brilliance China Automotive Holdings Limited, Contemporary Amperex Technology Co., Limited, Fuyao Glass Industry Group Co., Ltd., KE Holdings Inc., LONGi Green Energy Technology Co., Ltd., Medlive Technology Co., Ltd., Tencent Holdings Limited, Zhejiang Sanhua Intelligent Controls Co.,Ltd, Zijin Mining Group Company Limited
Strategy	BYD Company Limited, Brilliance China Automotive Holdings Limited, Zijin Mining Group Company Limited

Company	Engagement Report
Alibaba	Objective: We held several engagements with Alibaba, the Chinese e-commerce platform, to discuss progress and next steps in its organisational restructuring. Our most recent engagement with the company sought to understand management's rationale for (a) cancelling the IPO for its cloud business and (b) founder Jack Ma's structured share sale plan. Discussion: In a meeting with Chairman Joe Tsai at our Edinburgh offices, we were told about the Alibaba partnership's reasons for reorganising the company. In their view, the new governance structure created divisional CEOs for faster and nimbler decision-making to compete more effectively with fast-moving competitors. The company also shed some of its non-core businesses (e.g. gradually withdrawing from India and selling stakes in other businesses) and split its assets into six business units to allow for better alignment, improved operational efficiency, an easing of the regulatory burden, and potentially some de-risking of the company from possible US sanctions. In this context, we met separately with the CEO and CFO of Cainiao, Alibaba's logistics business (which may be one of the first units to IPO), to delve into its domestic and overseas market opportunities and its competitive edge. Following these engagements, we then learned of the cancellation of the public listing of the cloud business, Alibaba Cloud, in the context of the US announcing that it would expand its restrictions on China's access to semiconductors. If such a spin-out were to occur, management believes that it could result in competition between Alibaba and Alibaba Cloud for domestic computing resource for artificial intelligence. While Alibaba may lead a domestic alternative solution, manufacturing will be the main bottleneck. The timing of the IPO cancellation was unfortunate in that it coincided with an announcement that founder Jack Ma's family had entered a pre-structured share sale plan earlier in 2023, giving them the ability to sell stock over a one-year period beginning in November 2023. We were informed the sale is with a view to raise funds to invest in agriculture and charitable endeavours, and shares included in the plan represent 8 per cent of Ma's and his affiliates' total ownership. Outcome: Our engagements in recent months have helped us evaluate scenarios for Alibaba's future growth following the company's restructuring. It also confirmed the lack of correlation between the IPO cancellation and founder Jack Ma's share sale plan.
Brilliance China Automotive	Objective: To hear updates and share perspectives on the long-term strategy of the business, commitments to China's dual carbon goals and corporate governance improvements. Discussion: Following the March 2021 suspension from the stock exchange, the company put the required measures in place in line with the guidance issued by the Hong Kong Stock Exchange. This meeting was a follow up to previous meetings and to hear about how governance changes have been implemented in recent years. The company noted that the independent report and third-party review helped them to assess root causes, and a range of new controls have since been put in place. Anecdotal examples of culture change were also provided. We encouraged the company to take steps to continue to build trust with investors, including a meeting with board members. The meeting also provided the opportunity to hear about the strategy in relation to electric vehicles (EV) and internal combustion engines (ICE), along with future strategic opportunities as well as operational environmental targets. Brilliance manufactures and sells BMW vehicles and components in China. BMW has increased its stake in the joint venture to 75 per cent (from 50 per cent). Brilliance noted continued emphasis on electric vehicles for specific models. The board is also thinking about other potential opportunities. Brilliance provides some information on its environmental priorities but directed us to BMW Group China's specific disclosures for further detailed information. Outcome: We are pleased with the progress being made but would like to see the company take further steps to rebuild trust and will continue to monitor progress.

Company	Engagement Report
CATL	Objective: To deepen our understanding of CATL's pathway towards its newly released carbon-neutral targets through a visit to a net zero factory in Yibin, Sichuan province, the first zero-carbon battery factory in the world. Discussion: We have long been monitoring CATL's net zero path, not only because it is a large greenhouse gas emitter but also because of its potential on the battery supply chain to unlock a meaningful energy transition. Interestingly, we were one of only two investors invited on the trip, with the group of 20 attendees predominantly made up of companies in its supply chain who are directly implicated in CATL's net zero transition or journalists. The person in charge of the zero-carbon factory development at Sichuan CATL thoroughly discussed its methods for reducing scope 1 and 2 emissions. We learned more details, for example, on how CATL works with its natural gas providers for carbon-neutral gas and whether the measures can be replicated in other factories. We also touched upon CATL's contribution to the global battery passport rulemaking and the acknowledgement of green energy under the new EU Batteries Regulation. The company also answered questions from upstream material suppliers on the verification of carbon-neutral products during the discussion. Outcome: The trip provided us with a better sense of how CATL is making net zero efforts in its factories and throughout the value chain. It strengthened our conviction in the important role that CATL will play over the next decade and its commitment to mitigate the inevitable environmental and social impacts of battery making. Given the challenges brought out in meetings on the trip, we believe the company should reinforce supplier training and communication through the procurement department to have a real net zero impact on the supply chain. We look forward to the unfolding of digital battery passports and the resulting enhanced transparency on the carbon footprint.
Sungrow Power Supply	Objective: As part of the ongoing monitoring of developments to Sungrow's supply chain management, we followed up with the board secretary a year after our last discussion. Discussion: Sungrow was developing an ESG evaluation management system for all existing and potential suppliers when we last engaged. The system is now complete and has been put into use. Four on-site audits were conducted in Q4 2022. Over twenty on-site audits have been carried out based on the system this year. They focused on new key material suppliers. Five more are in the pipeline before the end of the year. Sungrow also highlighted that it requires all suppliers and manufacturers to sign the Supplier Code of Conduct (SCOC). The document will be available on the new website once it is revamped. Outcome: We are pleased to learn that the internal supplier auditing is strengthened based on the new ESG evaluation system. From previous engagements, we understand that the details and the results of the audits are viewed as internal information and not to be disclosed. However, we appreciate the company's swift reply showing the audits are carefully tracked. We will gradually urge for more relevant disclosure in future reports. We will also look out for the disclosure of SCOC. It will ideally add more transparency to the company's supply chain risk-mitigating efforts.

Company	Engagement Report
Zijin Mining	Purpose: To further assess Zijin's strategy and performance on material environmental and social topics. Discussion: Following the September visit to the Ashele copper mine, we met with the management and one of the directors with oversight for ESG at the Shanghang headquarters and visited the Zijinshan copper-gold mine. We visited the open pit mine adjacent to a tailings site and various facilities around the mine, including one of the plants, the restored grounds, and the waterway. The visit provided an opportunity to better understand how the company implements its environmental and biodiversity policy and to discuss other topics such as assurance for their human rights due diligence. Whereas the Ashele site visit focussed more on social performance, the Zijinshan site visit was an opportunity for the company to share some of their environmental practices. The Zijinshan site now seeks to be a testbed for practices they can use elsewhere, including monitoring of pollution (monitors on vehicles, etc); recovery and rehabilitation of land while developing; creating a green working environment; and onsite supervision of water quality. It is clear that a significant amount of investment has gone into rebuilding trust in the mine following the 2010 waste spill. The company shared examples of what 'green mining' means to them, how they seek to showcase sustainable mining and how they are innovating in relation to their decarbonisation targets. Outcome: We continue to be encouraged by the company's willingness to communicate with investors. The importance the company has placed on environmental innovation and local social issues appears to be positive, and we believe will contribute to its long-term success.

Votes Cast in Favour

Companies	Voting Rationale
Asymchem Laboratories 'A', Centre Testing 'A' - Local, Centre Testing 'A' - Stock Connect, Dongguan Yiheda Automation Co 'A', Geely Automobile Holdings, Glodon 'A', Glodon 'A' - Local, Huayu Auto Systems 'A', Jiangsu Azure Corp 'A', Kweichow Moutai 'A', LONGi Green Energy Technology 'A', Midea Group 'A', Minth Group, Ping An Bank 'A', Proya Cosmetics 'A', Robam Appliances 'A', Sanhua Intelligent Controls 'A', Shenzhen Megmeet Electrical 'A', Sinocare 'A', Sinocera Material 'A', Sungrow Power Supply 'A' - Stock Connect, Weichai Power 'H', Yunnan Energy New Material 'A', Zijin Mining Group Co Ltd 'H'	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
LONGi Green Energy Technology 'A'	EGM 25/12/23	3, 3	We opposed the provision of guarantees. The guarantee amounts are not in proportion with the company's shareholding in the guaranteed entity and therefore brings upon the company an inappropriate level of risk.
Sungrow Power Supply 'A' - Stock Connect	EGM 22/12/23	7	We opposed the provision of guarantees. The guarantee amounts are not in proportion with the company's shareholding in the guaranteed entity and therefore brings upon the company an inappropriate level of risk.
Yunnan Energy New Material 'A'	EGM 19/10/23	1	We opposed a related party transaction due to a lack of disclosure provided by the company.
Zijin Mining Group Co Ltd 'H'	EGM 08/12/23	10	We opposed the resolution to approve development of futures and derivative trading businesses of its subsidiaries as we find that the futures and derivatives trading activities are high-risk investments, and futures and derivatives trading whose purpose is not hedging will expose shareholders to additional and unnecessary market risks.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Robam Appliances 'A'	EGM 29/12/23	1-9	We abstained on 9 resolutions relating to the amendment of bylaws due to a lack of disclosure of these changes ahead of the meeting.
Sungrow Power Supply 'A' - Stock Connect	EGM 22/12/23	6	We abstained on the establishment of a joint affiliate due to the lack of a clear strategic rationale.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Anker Innovations	We have purchased a holding in Anker, a Chinese consumer electronics company. Their track record of making quality products at fair prices has earned them a valuable brand reputation amongst their mainly Western customers. Our Shanghai office has worked over the past year to understand the company's strategy and the motivations of the founder, which has given us greater confidence in their ability to continue to grow profitably and broaden their product offerings.

Complete Sales

Stock Name	Transaction Rationale
Geely Automobile	Geely has historically offered an attractive combination of traditional vehicle OEM competence, combined with a flexible approach to hybrid and battery EV model development. However, we believe that competitive intensity in the new energy vehicle segments is increasing. With the founder's alignment having shifted given substantial investments outside the listed entity, our confidence in Geely navigating this change to its own benefit has decreased, and so we have sold the holding.

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