Baillie Gifford™

China Strategy webinar

November 2024

Investment manager Sophie Earnshaw and investment specialist Qian Zhang give an update on the China Strategy including the macro backdrop of investing in Chinese companies, portfolio changes, and some of the key risks and opportunities on our radar.

Your capital is at risk. Past performance is not a guide to future returns.

Qian Zhang (QZ): Hello, everybody. Thank you for joining the webinar today, on Baillie Gifford's China Strategy. My name is Qian Zhang, I'm an investment specialist in the team, and I'm joined today by Sophie Earnshaw, the lead manager for our China Strategy.

It has been quite an eventful quarter for Chinese equities, and we are aware that our clients have many questions regarding China's policy direction, the potential upside or downside of the market, as well as how we are positioned under the current environment. We will first spend 15 to 20 minutes trying to address these key topics first, and then we'll go to Q&A. As we speak, please feel free to submit your questions using the Q&A box, and we'll try to answer them as soon as we can.

So let's start with policy, Sophie, first, which is at the centre of the discussion at this juncture. It seems that policymakers in Beijing have swung from a stance of doing the minimum for the economy, which has been the case in the past year or so, to a full-on supportive mode now. At end of September, Chinese equities posted the biggest weekly rally since 2008, and since then the market has been moving a bit sideways. So can you talk us through this, Sophie, what's actually going on?

Sophie Earnshaw (SE): Sure, Qian. I think context is important, first of all. So, 2021 really marked the peak of the Chinese equity market. We then had three consecutive years of drawdowns, which was unprecedented. There was really a perfect storm, so a real estate crash, which resulted in weak consumer spending, we had a regulatory crackdown, which affected some of the biggest tech holdings in China, and then we had geopolitics.

Initially, policymakers in Beijing responded with stabilisation rather than stimulus, and there's a very good reason for that. What the policymakers are trying to do is wean China off its old growth model,

125926 10051282
Copyright © Baillie Gifford & Co 2024.

which was property-led, and encourage a new innovation and productivity-driven growth model. Remember, China's long-term goal by 2035 is to be an innovation-driven economy.

Now, we've seen a pivot to a more accommodative model, and that pivot really began in September. What we saw was the central bank and other financial regulators, they announced measures in a coordinated manner, so we saw rate cuts, we saw an out-of-cycle politburo meeting focused on the economy, headed by Xi. And out of that, the readout, we saw calls for more fiscal and monetary support focused on property and on consumption, plus some special facilities for listed companies and non-financial institutions, allowing them to buy domestic A-shares, so equity market stimulus.

The result, I think this was a good first step and, as you say, it resulted in an equity market rally, but what's next? I think what's next to watch is really the fiscal stimulus, the size of that, and indeed how that's been prioritised, what that's being spent on.

QZ: So what is the expected size of the package we're talking about?

SE: There are a number of predictions in the market, ranging from ¥2tn, ¥3tn to ¥10tn, roughly. I don't think we've got any insight in really predicting these numbers, and actually the devil will be in the detail, so how this money is spent. And the hope is that it will be spent on demand-side rather than supply-side stimulus, or indeed on direct stimulus to consumers.

I think what's striking, though, about the measures already announced is their coordination, and that's what's really been quite unusual, and that's why the market's become quite excited, because it really indicates that the top leadership are behind this and are really approving and pushing for more pro-growth policies.

QZ: So it sounds like a relatively more constructive sign on the policy front, and many of our clients would ask is this showing a buy signal for Chinese equities?

SE: Right, so timing is obviously very difficult, and it's not really an area of Baillie Gifford's expertise, but what I can say is that the problem with the Chinese equity market historically hasn't been growth in terms of absolute corporate profits, which have grown relatively well. The issue has been with valuation swings. So starting point typically matters in this market. And where are we today in terms of starting point? Well, despite the recent rally, valuations are still low relative to history, so well below their 2021 peak, and at a discount to the US, that's actually the widest discount to the US market in history.

So moreover, this comes at a time when, as we've just talked about, policy is becoming more supportive, earnings growth of listed Chinese companies remains relatively strong, and we're seeing a marked increase in buybacks and dividends from those listed companies, so also positive for total shareholder return.

QZ: So how is your strategy positioned under this context? And any change you have implemented post the more announcements from the policy front?

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

SE: Yes, as you know, we're long-term stock-pickers. Our investment horizon is typically five years or longer. We're looking to buy and then hold in size 40-80 of the best Chinese growth companies on offer. Our portfolio is therefore quite naturally biased to a more pro-growth environment in China and, as a result, relatively high beta. And as you know, one of the reasons that we underperformed in the down market of the last two to three years was due to this exposure to high-growth, lower-dividend-paying stocks, and that exposure hasn't changed. So we didn't need to really make many changes to the portfolio around this announcement. At the margin, what we've done is shifted a bit of the portfolio into A-shares, which we think will more directly benefit from the domestic stimulus, so we've added a few A-share listed companies in the semiconductor space.

QZ: Can you elaborate a bit more on that, on the semiconductor scene? And also, I suppose that expands to the research of AI-related companies as well?

SE: Yes. Background first on semiconductors. There are really two reasons the government is keen to develop self-sufficiency in semiconductors in China. The first, the import bill for the semiconductors is the second-largest for the country as a whole, second only to oil. In 2022, it was around 15 per cent of total imports, so it's a big import bill. Second reason, because semiconductors are integral, obviously, to economic and technological development. And as I said earlier, China aims to be an innovative nation, have an innovative economic growth model by 2035, so semiconductors are also key from that perspective.

Now, the government has been throwing money at the semiconductor industry really for the last 30 years, with very little positive coming back out of that, but what could be different this time round? Well, ironically, it may be US sanctions. What we're seeing on the ground as a result of import restrictions and sanctions is a new collaborative model between Chinese semiconductor manufacturers and customers, and a degree of enforced creativity. So could both of these factors lead to breakthroughs in semiconductors that were previously thought impossible? Well, perhaps. We already own analogue semiconductor companies SG Micro and Silergy in the strategy, but we recently added a few semiconductor equipment manufacturers, so NAURA, for example, which is listed in the A share market.

Now, in terms of AI, as you know, China already dominates global research production publications on AI, and actually some of the biggest tech companies in China, so Alibaba, Tencent, ByteDance, appear to be making actual, real headway in large language models. And as you know, we own a number of these companies already in the portfolio.

QZ: So there's a bit more force on the self-sufficiency and also there are some push, external factor push, to coordination along the semiconductor supply chains and related companies, which is a theme as well. You've been spending quite some time in China this year, and I know you're going again next week to meet companies, together with our Shanghai colleagues. Any interesting findings on the ground?

Copyright © Baillie Gifford & Co 2024.

SE: A couple of things. I'd say one thing that's worth highlighting is that a lot of the companies we've been meeting as a team are actually doubling down on going global, which is quite counterintuitive given that the narrative in the West is typically deglobalisation. But in reality, when you look at EM countries, they're actually trading more with each other than ever before, so China now trades more with ASEAN countries than with the US. So that's the first point to note.

I don't think we should underestimate Chinese companies' competitiveness globally, especially in industries where we've seen top-down industrial policies met by bottom-up private-led innovation. I think BYD, one of our holdings, is a good example here. It's a leading global electric vehicle producer, it's a tech leader, actually, so its hybrid model, for example, can achieve 2,000km on a full battery and full tank. So that's really unprecedented in terms of fuel efficiency.

The other point I'd note is I guess it's also worth noting that Western markets are completely closed to all Chinese companies. When we look at Tencent for example, their international gaming business continues to grow well. PDD, its Temu platform, that's actually one of the most downloaded apps in the US. We have consumer electronics maker Anke, another long-term holding, this is Amazon's number one electronics or charging brand. And then another holding in the strategy, Pop Mart, so that's a toy collectables designer. They're actually planning to open around 200 shops in the US.

QZ: Yes, I remember I saw quite a long queue outside their new flagship store in Oxford street in London as well. Staying with the consumer theme, it's been clearly weak recently, due to low confidence and people just save more than spending, is there a catalyst to how this could change?

SE: Yes, consumption is a really interesting topic. I think the first point just to highlight, Linda, my co-manager on the strategy, she was recently in China, she travelled around seven to eight cities, covering tier one, tier two, but also tier three to tier five, interviewing consumers and entrepreneurs. And what she found was that in tier one and tier two, what you describe is correct, so low confidence, saving rather than spending. And it's understandable, right? Because wealthy consumers are really those that have been in tier one, tier two cities, those that have been hardest hit by the property market crash, that negative wealth effect.

But she found something quite different in tier three to tier five cities, where low property prices were actually seen as something of a boon, something that could be taken advantage of, whilst employment in those cities was much better, or at least much better matched to expectation. So there was more optimism in those tier three to five cities.

What would be the catalyst in a shift in tier one, tier two? I think property prices stabilising, greater private sector investment, and therefore better employment prospects. What I would say from a portfolio perspective, though, is that consumption volume growth is only one part of the story. We're much more interested in structural changes in consumption patterns, and then the investment opportunities that they're creating. So within the portfolio, we've got exposure to, I would call it, consumption polarisation. So we own companies like Kweichow Moutai at the very highest end. The really wealthiest consumers in China appear to be relatively immune to the

Copyright © Baillie Gifford & Co 2024.

slowdown. And then we own companies at the bottom end of the spectrum, so companies like Proya cosmetics, or indeed PDD, that are catering more towards lower-tier consumers, or indeed some middle-class consumers that are trading down.

QZ: So just for the benefit of our audience here, when we talk about tier one, tier two cities in China, tier one would be Beijing, Shanghai, Guangzhou, Shenzhen, the megacities with 20 million, 30 million residents. Tier two would be the capital of a particular province, especially the richer ones along the eastern south coast. Tier three and four cities would probably be tiers after the provincial capitals with 500,000 up to 1 million people. By Chinese standards, those are not big cities, but this is for the benefit of the context here. Thanks for that, on the consumer trend. The strategy also invests in both traditional energy and green energy-related companies. Can you elaborate on the thinking behind those?

SE: Yes. The thesis is relatively simple. As developing countries grow, what we've seen historically is that energy intensity increases. So even today, for example, America's energy consumption per capita is around two to three times that of China's, so we believe that a successful energy transition is likely to require a wider set of companies and resources than we'd initially thought.

So we retain our holdings in green power companies like, for example, CATL in batteries, or Sungrow in solar, but we also own mining companies, so we own Zijin Mining which continues to report record high copper production. Copper's obviously critical in solutions to climate challenges. And then, meanwhile, we've also increased our exposure at the margin to traditional energy companies, as an acknowledgement that oil is likely to remain part of the energy mix, even as we transition away from it.

QZ: Thank you. So that's quite clear in terms of the four areas. You just talked about domestic semiconductors and AI, advanced manufacturers that are going global, consumption polarisation as you call it, and resource scarcity, so that's quite clear. I don't think we can finish the webinar without mentioning that, in a few hours' time, US election polls will open and there's a lot of debate around the impact for China's economy, Chinese export, etc. Any thoughts on that you could share?

SE: Yes. It appears that no matter who wins the election, the geopolitical tensions are likely to remain a factor that both businesses and investors need to adapt to. Trump has talked quite extensively about higher tariffs on Chinese goods, which isn't great, but we'd also recognise that China's share in global export has continued to rise over the past few years, despite tariffs. And as I referred to earlier, actually there's a very large market outside of the West, or outside of the US, that China continues to tap into. So as I mentioned earlier, China now trades more with ASEAN countries than it does with the US.

Outwith that, I'd probably also note that, in terms of our portfolio exposure, we have some companies that are very much exposed to going global, particularly outside of the US, but we've also got a good chunk of the portfolio, indeed around 85 per cent, that is very much geared into domestic Chinese growth and domestic consumption innovation, etc.

Copyright © Baillie Gifford & Co 2024.

QZ: Thank you very much. Overall outlook for the asset class itself?

SE: I'd reiterate that despite the fact that we're yet to see the size of the fiscal stimulus, we are seeing a number of supportive factors aligning for the equity market. So policy tone is much more pro-growth-positive. Despite that, the market is still trading at around a 50 per cent discount to the US market, and this is in the context of still being forecast to deliver one of the highest earnings growth rates among major equity markets. So I do think that the starting point today is actually pretty optimistic.

QZ: That's a good point to end, thank you very much. Let's try to answer some of the questions raised from our audience here. I'd probably package them in a few areas. The first two would be related to policies. Obviously, the first one is if the Chinese are trying to do equalisation of wealth, why should they encourage stock market returns and stock market investment from domestic retail investors?

SE: Interesting question. Equalisation of wealth, I think what the Chinese government is trying to do is to avoid a sort of economic growth model that results in incredibly large income disparity, so a very large Gini coefficient, like you see in the US or in other Western markets like the UK for example. What they're hoping to do is to push forward a more inclusive model of growth, which is really what Common Prosperity is all about, and a more high-tech manufacturing-oriented model of growth, which is why they tend to look at Germany as a very good example.

So I wouldn't necessarily call it equalisation of wealth, just a more inclusive growth model. And I think in terms of why are they prioritising the domestic equity market, well, the domestic equity market is 98 per cent owned by domestic investors, so domestic consumers within China, and the hope would be that a sustained rally in the domestic equity market would result in a certain amount of positive wealth effect, and that would then have trickle-down effects or knock-on effects in consumption, in employment, and so that would trickle through into the real economy.

I think that's why there's this two-pronged approach. One is focused on rates, on fiscal stimulus, on the real economy, and the other is focused on the domestic equity market as a potential catalyst for a positive wealth effect in the absence of property. So I think it's a relatively smart policy, actually.

QZ: I think maybe one word on the context here, developing capital market, as in the bond or domestic equity market, is also a part of a bigger, long-term development agenda as well, because historically household wealth is more stored in the property market, which is on a structural downturn. Then, you need corresponding other investment tools to store the domestic wealth. So a proper equity market is a part of that. Staying within the policy theme, what is the timeline for getting clarity on physical stimulus?

SE: It should hopefully be in the next month, sometime in the next month. There are a number of important meetings coming up that should hopefully give us some clarity on the exact amount of fiscal stimulus coming, and then, crucially, how that's spent. And as I said in the presentation, what

Copyright © Baillie Gifford & Co 2024.

we're really looking for is more of a focus on demand-side stimulus or consumption or, indeed, potentially direct hand-outs to consumers, as opposed to supply-side stimulus, and it's really supply-side stimulus that the government has focused on historically and seems to be moving away from, as supply-side stimulus hasn't really worked so far. So hopefully in the next month we should have some clarity.

QZ: You mentioned several times about share buybacks, and there's always a big contrast to that, the share buybacks have been very big in the US market, historically in recent years. Do you think Chinese companies are serious and care about share price and return to equity at all?

SE: Yes, I think so. But obviously, and again China is a very large equity market with over 5,000, 6,000 listed companies, and individual management teams and types of company within that can have very different attitudes to shareholder returns. Some can be very dismissive, and others can be very positive. But I think the key change was really in January, when we saw a new head of the CSRC. The CSRC is a regulator of the Chinese A-share market. We say basically the firing of the previous head, and this was at a time when the equity market was really at its lowest point, so we saw a new head put in place. And it was from that point on that this new head of the CSRS really started to talk up and really push for a greater focus on shareholder returns.

So we've seen, basically, from the top a push for companies and management teams to think about total shareholder returns, so buybacks, dividends, and we've seen that across the board, actually. State-owned enterprises historically, in general, not too bothered about private investors, we've seen them start to aggressively increase their dividends, increase buybacks, and we've seen private companies do exactly the same. So I think companies are being told, actually, to be serious about this, and they are following through.

And I think this relates, as Qian was explaining earlier, the fact that the government is very keen to establish another store of wealth for Chinese consumers, so they're trying to encourage a shift from property into another area that could deliver positive returns, and that is the equity market. So it's very coordinated, this shift from property to innovation, the shift for consumers from property to, potentially, the equity market. And then the CSRC telling companies to be more mindful of private investors and the returns that they're able to deliver. So yes, it's a very coordinated policy.

QZ: You mentioned there are 6,000 or more listed companies, apparently we only invest in 40 to 80 of them, and I'm sure shareholder alignment is one of the things that you focus very much on in your stock selection.

SE: Exactly, yes. When you're holding a company for five years or longer, alignment in terms of the management team, how they allocate capital, how they think about total shareholder return, is absolutely crucial. So we have a 10 question framework that we utilise, a number of those questions are focused on management alignment with minority shareholders. And the culture of the company, is it adaptable, can it operate well over the next five to ten years? And then, we also have a checklist that we complete on every single company that, again, focuses on management team background, red flags, etc., to really try and answer that question, are the management team

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

aligned with us and are returns going to be positive over the next five to ten years? So it's a question that we take very, very seriously. But I would say that this change in the CSRC head, and this push from the top, it's positive for, I think, the whole equity market, actually.

QZ: The next couple of questions would be more regarding the portfolio. When we look at top-ten holdings, obviously more bigger companies, mega-caps, any of the more exciting multi-baggers which are small, medium-cap in your portfolio or in your research pipeline you could share with us?

SE: I guess just the first context point to note, what we're trying to do is really invest in the best 40-80 growth companies regardless of size, and regardless of listing location in China. And I would say that in terms of our top ten, some of these larger companies we think represent exceptional value and growth potential. So I wouldn't underestimate the potential return from those companies, despite the fact that they're relatively large, particularly given it's some of these larger companies that really have large cash balances and are only now starting to really utilise those to either increase dividends or increase buybacks. So we're very positive on those larger-cap names.

In terms of exciting smaller-cap names, there are a lot of those within the portfolio as well. I think the semiconductor companies that we just bought are potential multi-baggers. There's a lot of uncertainty around those companies, but, I think, if successful, they could be potential multi-baggers. They're operating in markets where, in the main, foreign companies still dominate, so still take sort of 80 per cent, 70 per cent of the market. But these companies are starting to see real breakthroughs in their technological capabilities, which is leading them to take much greater market share, which is leading to 50 per cent, 60 per cent revenue growth per annum. So that's a really exciting part of the portfolio.

I'd then say some of the consumption downgrade names, relatively small but again are delivering fantastic growth. So Proya Cosmetics, as I mentioned earlier, they're, again, operating in a market that is still, in the main, dominated by foreign companies, the top-end Japanese or Korean companies, Shiseido for example, and the mid-end, L'Oréal, and they're really benefiting from this change in consumption patterns, Chinese consumers being much more willing to buy local, and then also these companies benefiting from that middle-class down-trade, as their products tend to be cheaper than, for example, a L'Oréal. So I think there are lots of areas within the portfolio that are pretty exciting.

QZ: Cool. You shared several themes that you're focusing on, any sectors that you avoid or historically haven't been the focus for the strategy?

SE: We've typically tended to avoid those sectors that don't offer growth. So we have large underweight positions in utilities, for example, in financials. And then we've also tended to, where we've been selling names over the past six months or so, it's really been in the healthcare space, really, where geopolitics, we think, has overwhelmed the positive structural story for some of the companies that we owned. So, for example, we sold companies like WuXi AppTec, Asymchem and Tigermed. They were three contract research organisations in the healthcare space that, again, because they were so technologically advanced and successful, they'd managed to win the majority

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

of their revenue from outside of China, so typically US pharma companies, and there, with things like the US Biosecure Act, we became concerned of their ability to keep those customers, and even winning new customers in the long run would be impacted by that. So we've sold out of those names. We had a large overweight in healthcare which has come down quite substantially.

QZ: Thank you. Maybe one last question coming a bit back to the asset class level. At the very beginning, you gave that context to us, the past three years have been absolutely brutal, investing in China, and many clients, unfortunately, did lose quite a bit of money if they stayed invested or became investors at the peak of 2021.

Many clients find it's too risky to invest in China. What do you think? Comparing the risks that we were facing in the middle of 2021, and the risks that inherently still exist in the market facing the asset class today, how do you compare today with three years ago?

SE: I think, relative to three years ago, we're in a much better position, for a couple of reasons. I think, firstly, the big risks around the asset class are much better understood, so geopolitics now I think is a very well-understood, highly-reported-on risk for Chinese equities. And then I'd also say that the difficulties that you can face in China with regard to regulation or changes in government policy I think are much better understood now.

And those two things, much better understood, what does that mean? Well, they're much more clearly reflected already in valuations, and that's what's important. As I said earlier, the issue with this market hasn't been growth in terms of the underlying companies, it's been those really big valuation swings that you've seen.

So where are we today in terms of starting point? I think we're in a much better starting point than we were in 2021. Risks, much better understood, awareness on those risks much higher, valuations much, much lower. And what hasn't changed is the growth on offer from the companies that you can potentially own in that market. So I would say starting point today is pretty optimistic.

QZ: Good, got that message, thank you very much. Thank you for joining us. And if I haven't answered your question in detail, we will try to get back offline. Thank you very much for joining, and have a good rest of your day.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

China

Annual past performance to 30 September each year (net%)

	2020	2021	2022	2023	2024
China Composite	51.9	2.5	-38.4	-4.1	14.9
MSCI China All Shares*	32.4	1.4	-31.6	0.6	20.6

Annualised returns to 30 September 2024 (net%)

	1 year	5 years	10 years
China Composite	14.9	1.1	5.2
MSCI China All Shares*	20.6	2.2	4.3

*(MSCI All China prior to 27/11/19, MSCI Golden Dragon Prior to 02/05/19)
Source: Revolution, MSCI. US dollars. Returns have been calculated by reducing the gross return by the highest annual management fee for the composite. 1 year figures are not annualised.

Past performance is not a guide to future returns.

Legal notice: MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Risk factors

The views expressed should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

This communication was produced and approved in November 2024 and has not been updated subsequently. It represents views held at the time and may not reflect current thinking.

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research, but is classified as advertising under Art 68 of the Financial Services Act ('FinSA') and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

Important information

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Persons resident or domiciled outside the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Financial intermediaries

This communication is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

Europe

Baillie Gifford Investment Management (Europe) Ltd (BGE) is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. BGE also has regulatory permissions to perform Individual Portfolio Management activities. BGE provides investment management and advisory services to European (excluding UK) segregated clients. BGE has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. BGE is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Hong Kong

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 license from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Telephone +852 3756 5700.

South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Copyright © Baillie Gifford & Co 2024.

Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited (‘MUBGAM’) is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a “wholesale client” within the meaning of section 761G of the Corporations Act 2001 (Cth) (“Corporations Act”). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this material be made available to a “retail client” within the meaning of section 761G of the Corporations Act.

This material contains general information only. It does not take into account any person’s objectives, financial situation or needs.

South Africa

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North America

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited (‘BGE’) relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Israel

Baillie Gifford Overseas Limited is not licensed under Israel’s Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This material is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
Copyright © Baillie Gifford & Co 2024.

Singapore

Baillie Gifford Asia (Singapore) Private Limited is wholly owned by Baillie Gifford Overseas Limited and is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence to conduct fund management activities for institutional investors and accredited investors in Singapore. Baillie Gifford Overseas Limited, as a foreign related corporation of Baillie Gifford Asia (Singapore) Private Limited, has entered into a cross-border business arrangement with Baillie Gifford Asia (Singapore) Private Limited, and shall be relying upon the exemption under regulation 4 of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 which enables both Baillie Gifford Overseas Limited and Baillie Gifford Asia (Singapore) Private Limited to market the full range of segregated mandate services to institutional investors and accredited investors in Singapore.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

Copyright © Baillie Gifford & Co 2024.