

Barings International Umbrella Fund

Appendix 6 – Sustainability Related Disclosures (Unaudited)

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Barings Hong Kong China Fund Legal entity identifier: 549300BT29YFG8CKKD32

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> Yes	<input type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made sustainable investments with an environmental objective: ___% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It made sustainable investments with a social objective: ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

- To what extent were the environmental and/or social characteristics promoted by this financial product met?**

The environmental and social characteristics promoted by the Fund will be to invest at least 50% of its total assets in equities of companies that exhibit positive or improving environmental ("E"), social ("S") and governance ("G") ("ESG") characteristics.

As at 30 April 2023, the Fund met its environmental and/or social characteristics as the percentage of investments in its portfolio with positive and improving ESG characteristics was 74.89% (excluding cash, cash equivalents and hedging instruments).

- How did the sustainability indicators perform?**

The sustainability indicator used to measure the attainment of the environmental and social characteristics promoted by the Fund was the percentage of the Fund's total assets invested in equities of companies that exhibit positive or improving ESG characteristics. Companies defined as having positive or improving ESG characteristics must be assessed as having a higher than average quality score, and not exceed a maximum adjustment to its Barings ESG cost of equity ("CoE") threshold.

As at 30 April 2023, the Fund's percentage of investments in its portfolio with positive and improving ESG characteristics was 74.89% (excluding cash, cash equivalents and hedging instruments), which was 24.89% above the minimum threshold.

- And compared to previous periods?**

This is the first periodic report prepared for the Fund in accordance with Regulation (EU) 2022/1288.

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- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

Not applicable.

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

Not applicable.

- **How were the indicators for adverse impacts on sustainability factors taken into account?**

Not applicable.

- **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

Not applicable.

The EU Taxonomy sets out a “do no significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

- **How did this financial product consider principal adverse impacts on sustainability factors?**

During the reference period, the Investment Manager considered the following principal adverse impacts (PAIs) of each investment as part of its proprietary investment process: GHG emissions, carbon footprint and GHG intensity of investee companies and exposure to companies active in the fossil fuel, board gender diversity and exposure to controversial weapons. The Investment Manager did not directly invest in companies that violate international conventions on cluster munitions, antipersonnel mines and chemical and biological weapons. The Investment Manager did not knowingly hold securities that are materially involved in the production, stockpiling and use of these weapons at the time of investment.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.



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• What were the top investments of this financial product?*

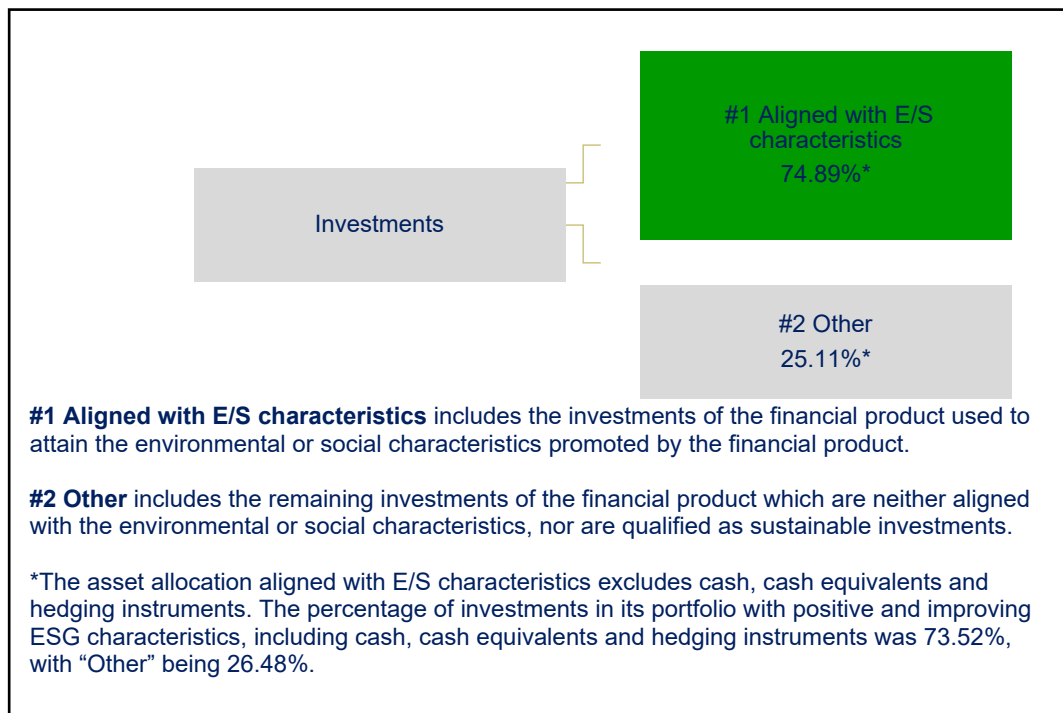
Largest investments	Sector	% Assets	Country
Tencent	Communication Services	9.45%	China
Alibaba	Consumer Discretionary	8.93%	China
Meituan Dianping	Consumer Discretionary	5.26%	China
China Construction Bank 'H'	Financials	4.01%	China
Ping An Insurance Group of China	Financials	3.75%	China
AIA	Financials	2.70%	Hong Kong
Kuaishou Technology	Communications	2.25%	China
China Resources Beer	Consumer Staples	2.24%	China
H World Group Ltd ADR	Consumer Discretionary	2.15%	China
Yum China	Consumer Discretionary	2.08%	China
BYD Company	Consumer Discretionary	1.96%	China
Pinduoduo ADR	Consumer Discretionary	1.92%	China
Taiwan Semiconductor Manufacturing	Information Technology	1.88%	Taiwan
NetEase	Communication Services	1.88%	China
Samsonite	Consumer Discretionary	1.80%	United States

* The listed top investments of the Fund are as at 30 April 2023. The Sector source is the MSCI GICS industry classification.



- What was the proportion of sustainability-related investments?
- What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



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- In which economic sectors were the investments made?**

The following table details the economic sectors that the Fund was exposed to during the reference period (30 April 2023).

Sector	% of Investments
Consumer Discretionary	34.46%
Financials	12.92%
Communication Services	12.71%
Information Technology	7.48%
Consumer Staples	6.84%
Industrials	5.72%
Energy	5.15%
Health Care	5.11%
Real Estate	3.89%
Communications	2.28%
Utilities	1.94%
Materials	1.50%

The Sector source is the MSCI GICS industry classification.



- To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

0% of the Fund's investments are sustainable investments with an environmental objective that align with the EU Taxonomy.

- Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

Yes:
 In fossil gas **In nuclear energy**
 No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

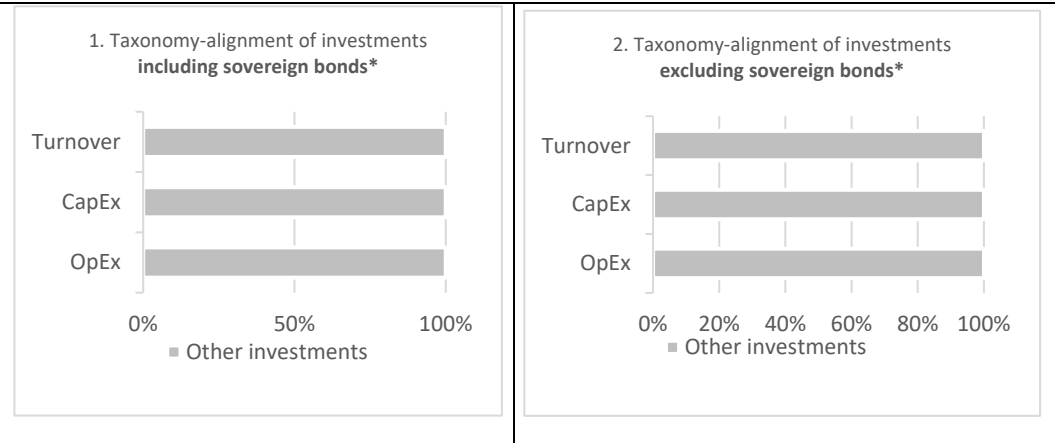
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

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The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

- **What was the share of investments made in transitional and enabling activities?**

The Fund did not make sustainable investments with an environmental objective aligned with the EU Taxonomy during the reference period.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

Not applicable



Sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable.



What was the share of socially sustainable investments?

Not applicable.

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What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The investments included under "Other" comprise of Companies which do not exhibit positive or improving E and / or S characteristics but are included in the Fund where the Investment Manager, after conducting proprietary fundamental analysis and taking into account portfolio construction considerations, identified mispriced investment opportunities on a longer term basis, centred on the Investment Manager's understanding of the company's strategy and the potential to improve returns and grow earnings. However, the Investment Manager divested from and did not invest in companies which have a quality score of 5 – the worst level on the Investment Manager's scale of 1 to 5 – and an ESG-related modification to the discount rate of +2%.

Additionally, the investments included under "Other" were cash, cash equivalents and hedging instruments. Cash and cash equivalents do not affect the promoted environmental and / or social characteristics of the Fund. The assessment of issuers and of counterparties for cash and hedging instruments focusses on the creditworthiness of these parties, which can be impacted by sustainability risks.

Within the "What was the asset allocation" section of Appendix 6, the Investment Manager has disclosed both the percentage of "Other" when cash, cash equivalents and hedging instruments are considered, and when only portfolio investments are considered.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The Investment Manager monitored the environmental and/or social characteristics of the Fund's portfolio during the reference period. The Investment Manager's investment decisions were based on internal research, which encompass both its proprietary financial forecasts and ESG assessment. The Investment Manager aimed to meet with all companies in which it sought to invest at least annually and discuss a range of topics including ESG issues with management. The Investment Manager, through access to third party ESG research providers (where coverage allowed) such as MSCI, Sustainalytics and Bloomberg ESG, also sought to understand market consensus on the ESG profile of each issuer. Pre- and post-trade checks were carried out on a daily basis to ensure the Fund continued to meet the minimum threshold of 50%. If the Fund fell below this threshold, due to market movements or because the companies it held no longer met the criteria of a “green” investment, then the passive breach is corrected at the earliest opportunity. The Investment Manager believes that equity markets contain unrecognised growth potential and sought to identify this through the analysis of a company's business model whilst incorporating wider ESG trends often referred to as fundamental analysis. ESG trends may evolve over time and may include environmental footprint, societal impact of products/services and effectiveness of supervisory/management boards. The Investment Manager adopted an active management policy in relation to ESG topics and also focused on engagement to improve issuer disclosure or behaviour. Engagements were undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure. Through engagement, the Investment Manager aimed to enhance the performance of its investments, for the benefit of investors in line with its stewardship responsibility.



• How did this financial product perform compared to the reference benchmark?

Not applicable.

• How does the reference benchmark differ from a broad market index?

Not applicable.

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Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- *How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?*

Not applicable.

- *How did this financial product perform compared with the reference benchmark?*

Not applicable.

- *How did this financial product perform compared with the broad market index?*

Not applicable.