

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"/> Yes | <input checked="" type="radio"/> <input 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.



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

The Fund will invest at least 50% of its Net Asset Value in assets which exhibit positive or improving environmental ("E") and/or social ("S") characteristics.

As at 30 April 2024, the Fund met its environmental and/or social characteristics as the percentage of its Net Asset Value in assets which exhibit positive and improving environmental and/or social characteristics was 66.72%.

- 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 Net Asset Value invested in equities of issuers that exhibit positive or improving ESG characteristics. Issuers 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 2024, the Fund's percentage of Net Asset Value invested in equities of issuers that exhibit positive or improving ESG characteristics was 66.72%, which was 16.72% above the minimum threshold.

- And compared to previous periods?**

The sustainability indicator has been redefined in the Prospectus since last year. Last year the percentage was calculated on the portfolio whereas this year it is on Net Asset Value. 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.

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

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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 issuers and exposure to issuers active in the fossil fuel, board gender diversity and exposure to controversial weapons. The Investment Manager did not directly invest in issuers 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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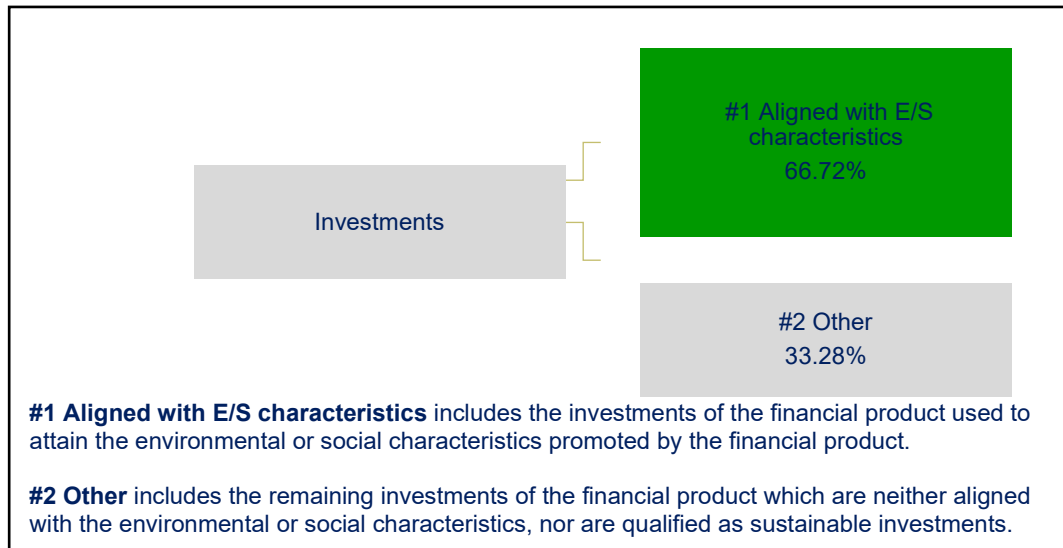
• What were the top investments of this financial product?*

| Largest investments | Sector | % Assets | Country |
|------------------------------------|------------------------|----------|---------|
| Tencent | Communication Services | 10.02% | China |
| Alibaba | Consumer Discretionary | 7.39% | China |
| China Construction Bank 'H' | Financials | 4.41% | China |
| Meituan Dianping | Consumer Discretionary | 4.36% | China |
| Pinduoduo ADR | Consumer Discretionary | 4.27% | China |
| NetEase | Communication Services | 3.92% | China |
| Taiwan Semiconductor Manufacturing | Information Technology | 2.89% | Taiwan |
| Zijin Mining | Materials | 2.67% | China |
| JD.com | Consumer Discretionary | 2.57% | China |
| BYD Company | Consumer Discretionary | 2.54% | China |
| Ping An Insurance Group of China | Financials | 2.36% | China |
| Trip.com | Consumer Discretionary | 2.36% | China |
| China Merchants Bank | Financials | 2.14% | China |
| Li Auto | Consumer Discretionary | 2.12% | China |
| PetroChina | Energy | 2.11% | China |

* The listed top investments of the Fund are as at 30 April 2024. The Sector source is the MSCI GICS industry classification.



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



The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is as at 30 April 2024.

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 as at 30 April 2024.

| Sector | % of Investments |
|------------------------|------------------|
| Consumer Discretionary | 35.38% |
| Communication Services | 18.31% |
| Financials | 12.13% |
| Information Technology | 11.00% |
| Energy | 5.57% |
| Industrials | 4.87% |
| Consumer Staples | 4.03% |
| Materials | 3.90% |
| Health Care | 2.42% |
| Real Estate | 1.60% |
| Utilities | 0.77% |

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:

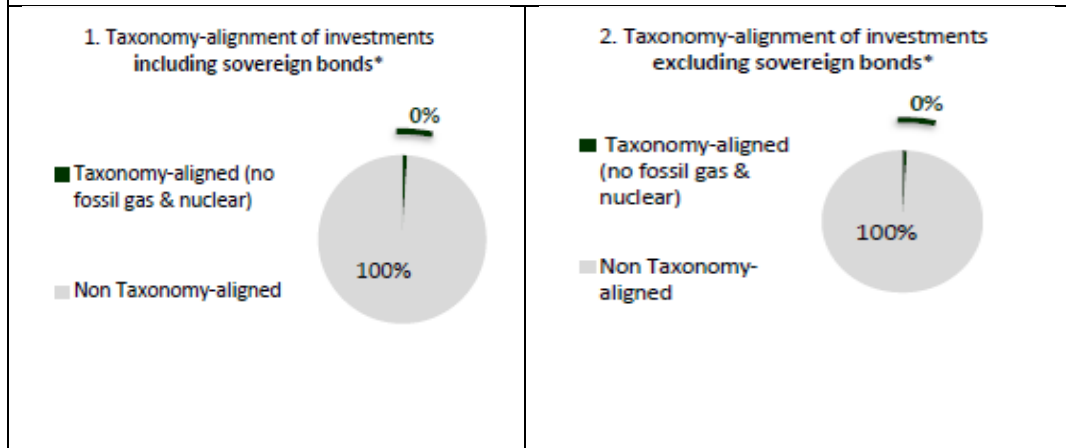
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

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To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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



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

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 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 issuers 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 issuer's strategy and the potential to improve returns and grow earnings. However, the Investment Manager divested from and did not invest in issuers 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 ESG risks.



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 issuers 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%. Where the Fund fell below this threshold, due to market movements or because the issuers it held no longer met the criteria of a “green” investment, then the passive breach was 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 an issuer'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.

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

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- *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.