

**Baring Asset Management Limited**  
**Investment Firm Prudential Regime (IFPR)**  
**MiFIDPRU 8 Disclosures**

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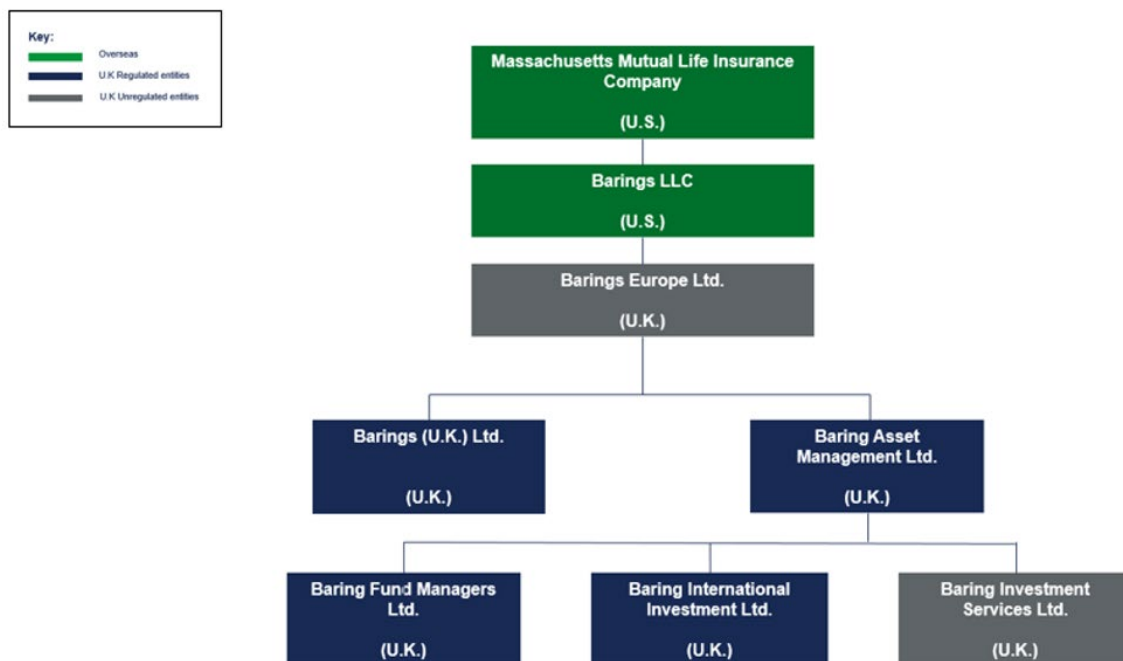
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## Section 1: Introduction

Baring Asset Management Limited (“the Firm” or “BAML”) is a member of the group of entities (“Barings”) which is headed by Barings LLC (“the LLC”), an indirect, fully owned subsidiary of the Massachusetts Mutual Life Insurance Company (“MassMutual”). BAML is a direct subsidiary of Barings Europe Limited (“BEL”), which is the holding company for all Barings’ European entities (BEL and its subsidiaries collectively constitute “the Group”). Barings provides global investment management services across public and private fixed income, real estate, and specialist equity markets. BAML is authorised and regulated by the Financial Conduct Authority (“FCA”) as a UK MiFID Investment Firm, and is therefore subject to the Investment Firms Prudential Regime (“IFPR”) which was implemented by the FCA in January 2022. Under the IFPR, the Firm is categorised as a non-small and non-interconnected (‘Non-SNI’) MiFIDPRU firm. It does not have FCA permissions to deal on its own account or underwrite securities issues.

This document contains the disclosures required in accordance with MiFIDPRU 8 of the FCA Handbook, based on the Firm’s IFPR prudential classification as a Non-SNI firm. In accordance with the provisions of MiFIDPRU 8.1, this disclosure is made on a solo entity basis and has been published on Barings’ website to ensure easy access by the public. The disclosure is made annually when the Firm publishes its financial statements, or more frequently in the event of a material change.

The diagram below provides a simplified overview of the Group structure.



## Section 2: Overview of the Firm

BAML is the Group's UK designated investment management firm. In this capacity, it undertakes portfolio management for two key client groups:

1. Affiliate entities (representing approximately 86% of the Firm's income based on 2023 audited figures); and
2. Third party separate account mandates (representing approximately 14% of the Firm's income based on 2023 audited figures).

All the Firm's clients are institutional, and the Firm does not have permission to hold client money or assets.

BAML has low fixed costs as it does not directly employ any staff or rent premises and is instead recharged these costs through a variable fee charged by the Group's service entity, Baring Investment Services Ltd (see Group structure chart in Sn 1). Recharges are also made between the Firm and other Barings' entities to reflect the cost of business development teams located in each region which are supporting broader global business initiatives, and between the Firm and certain affiliate entities in Continental Europe which operate on a cost-plus floor basis.

BAML therefore has a significant exposure to the financial performance of other Barings' entities, both in terms of the revenues it earns and the costs it is charged. Its risk profile is therefore aligned to that of Barings as a whole.

## Section 3: Governance

Each Barings entity within the Group (including BEL) has its own board, (“the **Management Body**”) which defines, oversees and is accountable for the implementation of appropriate governance arrangements for each firm.

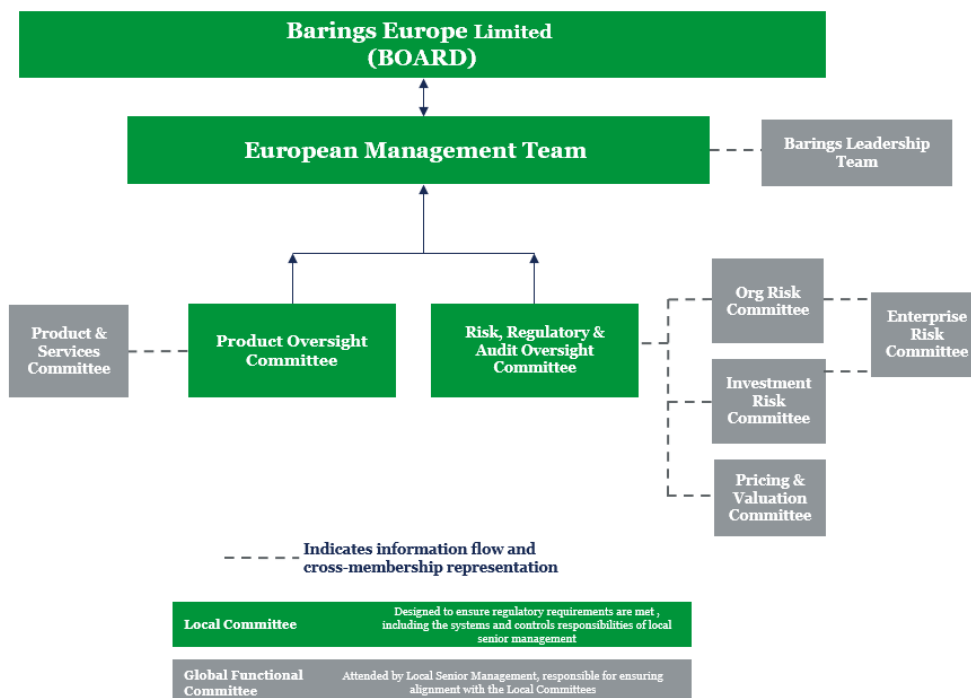
Each Management Body has implemented a Terms of Reference, which sets out its duties and responsibilities. Management Bodies may delegate various duties to the Barings European Management team (“**EMT**”, the formal committee for each of the boards) and those duties are documented in the Terms of Reference of the EMT. Barings has a committee structure in place to ensure appropriate reporting and information is submitted to each Management Body to ensure effective and prudent management of each regulated entity.

The Firm is not required to have its own Risk, Remuneration and Nomination Committees as it falls below the thresholds specified in MiFIDPRU 7.1.4. However, as explained in more detail below, BAML’s management is supported by a number of specialist committees, including the Risk, Regulatory and Audit Oversight Committee (or “**RRAOC**”) which reports directly to the EMT on behalf of each European entity, including the Firm. The Management Body for each entity as well as the EMT receives appropriate reporting and material to consider.

Examples of information considered by each Management Body include, but are not limited to:

- Policies
- Departmental reports and updates
- Risk data
- Audit information
- Regulatory updates
- Legal updates
- Project plans and updates
- Potential conflicts of interest, including mitigations to prevent conflicts arising.

The diagram below provides an overview of the Group’s governance structure, (excluding remuneration which has a separate governance structure as described in Section 7.3)



Each Management Body is made up of members who bring a varied skillset to the board. All members have a deep level of knowledge and experience from a variety of disciplines and devote the necessary time to their roles. This

results in a collective group who ensure each firm acts in a manner that promotes the integrity of the market and the interests of clients.

BAML's directors do not hold any additional directorships which require disclosure as they are only directors of other Barings entities or entities in which Barings has a qualifying holding.

The Barings Global statement on Diversity which covers the Management Bodies can be found on the Diversity Equity and Inclusion page of the Barings website at the following [link](#).

## Section 4: Risk Management

### 4.1 Risk Appetite

Barings defines risk appetite as the level of risk that the Group is prepared to sustain whilst pursuing its business activities and objectives. The key risks identified for BAML are conduct, operational and business risks: the risk appetite guidelines and escalation protocols have been purposefully aligned to the Firm's business activities and the material risks it faces.

The Organisational Risk team facilitates workshops and discussions with senior management to determine an impact and likelihood rating for each key risk. This is recorded in a grid which then provides a view of the residual risk profile for each key risk. Key risks are plotted against the risk materiality grid to determine the residual risk profile for each key risk against the risk appetite.

In simple terms, BAML has a low appetite for residual risk and seeks to maintain a control environment that is designed to keep residual risk at acceptable levels. BAML's risk appetite for financial risk is also low. BAML seeks to take little/no risk in respect to its own assets and does not engage in proprietary trading. It maintains a significant capital buffer to protect against possible operating losses that may arise and seeks to hedge (where possible) the currency and market exposure of its seed investments in funds.

### 4.2 Risk Management Objectives & Policies

The Firm's Internal Capital Adequacy and Risk Assessment ("ICARA") has been designed to ensure that BAML has sufficient financial resources to remain financially viable on both a short term (liquidity) and long term (own funds) basis. This analysis has been performed by considering the potential material harms that may result from the Firm's ongoing activities, and the expected costs that are likely to be incurred in conducting an orderly wind-down of the business.

The main driver of BAML's Own Funds Requirement is its Fixed Overhead Requirement (see table in Section 6 for breakdown). As the Firm does not deal on its own account, the most likely causes of a breach of financial resources are either 1) an increase in the fixed cost base of the Firm, or 2) a decrease in Own Funds due to operating losses. BAML's board look to minimise the risk of any such breach occurring through careful management of its fixed cost base and maintenance of a significant capital buffer, which was £4.44 million (12.2%) as at 31 December 2023.

As BAML does not operate a trading book, the provisions of MiFIDPRU 5.3-5.10 regarding concentration risk do not apply. The Firm's exposure to market risk is limited to certain seed investment positions in Barings funds and accordingly, its main concentration risk relates to trade debtors, and particularly intra-group debtors arising from BAML's role as sub-manager to other affiliate entities. The Firm continually monitors these balances and tries to minimise them as much as possible through prompt settlement of invoices.

The Firm seeks to mitigate its liquidity risk by holding, (in a separate account from its other cash and cash equivalent balances), an amount of Core Liquid Assets equal to or greater than its Basic Liquid Asset Requirement.

The key risks faced by the Firm as described in the ICARA are summarised in Section 4.5.

### 4.3 Risk Management Framework

Barings's risk management framework is designed at the overall Barings enterprise level rather than by individual legal entity. The LLC Board is accountable for risk and oversight of the risk management process at Barings. Non-executive oversight of the risk management process with respect to standards of integrity, risk management and internal control is exercised through the Audit Committee of the LLC Board.

Risk Management is an independent function of Barings with specialised, independent teams responsible for investment risk, counterparty risk, model risk, organisational risk and business resiliency. The function is headed by the Chief Risk Officer who reports to Barings' Chief Administrative and Legal Officer.

Barings operates under a three lines of defence model. It is the responsibility of all employees to uphold the control culture of Barings.

The first line of defence against undesirable outcomes is the business functions and the line managers across investment and operations. Heads of each business area take the lead role with respect to identifying potential risks in their area and implementing and maintaining appropriate controls to mitigate the risks.

Line management is supplemented by the control and oversight functions, including Risk Management, Compliance, Legal, Governance, Finance, Tax and Human Resources, which constitute the second line of defence. The compliance monitoring and surveillance programs review the effective operation of relevant key processes against regulatory requirements.

Internal Audit provides independent assurance over the operation of controls and forms the third line of defence. The internal audit program includes reviews of risk management processes and recommendations to improve the control environment, supplemented by external assurance from external auditors.

The effectiveness of the Firm's risk management framework and processes is reviewed by the Management Body, based on reporting of key management information metrics reported by the RRAOC.

#### **4.4 Risk Oversight**

The committee responsible for overseeing the application of the Group's risk management framework to each European entity is the RRAOC. This committee is chaired by the Head of Organisation Risk and comprises membership from all key operational departments representing Middle and Back Office functions. The RRAOC proposes the population of "Top Risks" for the Firm and establishes a continuous process of monitoring that ensures all Top Risks receive regular reviews both from a bottom-up basis (using KRIs, incident data and other sources) and a top-down process which looks to determine the future risk trend. The population of Top Risks proposed by the RRAOC is approved by the EMT. A formal risk report is presented to the Management Bodies on a quarterly basis.

#### **4.5 Key Risks**

The list below summarises the key risks faced by the Firm as detailed in its ICARA, together with the controls and processes put in place to mitigate these risks. A capital requirement has been calculated for any item where residual risk remains and has been included in the Firm's Ongoing Operations Own Funds Requirement (see table in Section 6), either as part of the K-factor calculation (where it has been possible to map the risk) or as an additional amount for risks not covered by K factors requirement.

The key risks overseen by the RRAOC and assessed as part of the ICARA process include,

- Business Change and Execution
- Business Resilience
- Data
- Information Security
- People & Talent
- Process
- Sustainability, Climate and ESG
- Technology
- Third Party
- Credit & Market
- Analytics
- Model
- Valuation & Pricing



## Section 5: Own Funds

As required by MIFIDPRU 8.4, BAML has prepared the reconciliation of own funds in line with the MIFIDPRU 8 Annex 1. As at 31 December 2023, BAML held capital resources of £40.716 million, comprised solely of core Tier 1 capital after deductions.

Composition of Regulatory Own Funds at 31 December 2023			
	Item	Amount (£'000s)	Balance Sheet Reference from Audited Financial Statements
1.	OWN FUNDS	40,716	
2.	TIER 1 CAPITAL	40,716	
3.	COMMON EQUITY TIER 1 CAPITAL	40,716	
4.	Fully Paid-Up Capital Instruments	40,000	Share Capital
5.	Share Premium	520	Share Premium
6.	Retained Earnings	912	Profit & Loss Account
7.	Accumulated Other Comprehensive Income	N/A	
8.	Other reserves	N/A	
9.	Adjustments to CET 1 due to prudential filters	N/A	
10.	Other Funds	N/A	
11.	TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(716)	Deferred Tax Asset
19.	CET 1: Other capital elements, deductions & adjustments	N/A	
20.	ADDITIONAL TIER 1 CAPITAL	N/A	
21.	Fully Paid Up, Directly Issued Capital Instruments	N/A	
22.	Share Premium	N/A	
23.	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	N/A	
24.	Additional Tier 1: Other capital elements, deductions & adjustments	N/A	
25.	TIER 2 CAPITAL	N/A	
26.	Fully Paid Up, Directly Issued Capital Instruments	N/A	
27.	Share Premium	N/A	
28.	(-) TOTAL DEDUCTIONS FROM TIER 2	N/A	
29.	Tier 2: Other capital elements, deductions & adjustments	N/A	

		Balance Sheet Per Audited Financial Statements (£'000s)	Under regulatory scope of consolidation (£'000s)	Cross reference to template OF1
		31 December 2023	31 December 2023	
<b>Assets</b>				
1	Fixed Asset Investments	9,923	9,923	
2	Deferred tax asset	716	716	Box 11
3	Debtors	46,241	46,241	
4	Current asset investments & other financial assets	37,581	37,581	
5	Cash and cash equivalents	55,585	55,585	
	<b>Total Assets</b>	<b>150,046</b>	<b>150,046</b>	
<b>Liabilities</b>				
6	Amounts owed to group entities	105,503	105,503	
7	Accrual and deferred income	2,558	2,558	
8	Other creditors including taxation & social security	533	533	
9	Provisions for liabilities & charges	20	20	
	<b>Total Liabilities</b>	<b>108,614</b>	<b>108,614</b>	
<b>Shareholders' equity</b>				
10	Share capital	40,000	40,000	Box 4
11	Share premium	520	520	Box 5
12	Profit & loss account	912	912	Box 6
	<b>Total shareholders' equity</b>	<b>41,432</b>	<b>41,432</b>	

Instruments issued by the Firm and included in Own Funds comprise 40,000,001 fully paid ordinary £1 shares, which were issued at a premium of £519,840.

## Section 6: Own Funds Requirement

The table below provides a breakdown of BAML's Own Funds Requirement as at 31 December 2023 in accordance with the requirements of MIFIDPRU 8.5. The Firm met its Own Funds Requirement throughout the entire financial year.

<b>Own Funds Requirement at 31 December 2023</b>		<b>£ '000</b>
<b>A</b>	<b>Permanent Minimum Requirement</b>	<b>75</b>
<b>Ongoing Operations Own Funds Requirement</b>		
	K - AUM	1,175
	K-COH	68
	K-DTF	71
	Additional amount for risks not covered by K factors requirement	27,338
<b>B</b>	<b>Total Ongoing Operations Own Funds Requirement</b>	<b>28,652</b>
I)	Wind Down Calculation	36,275
II)	Fixed Overhead Requirement	33,093
<b>C</b>	<b>Wind Down Requirement [higher of I) &amp; II)]</b>	<b>36,275</b>
<b>Own Funds Requirement</b>		
	<b>Higher of A, B &amp; C</b>	<b>36.275</b>

BAML's ICARA details a number of approaches that the Firm has used to ensure that it remains compliant with the overall financial adequacy rule under MIFIDPRU 7.4.7R, both in terms of own funds and liquidity resources. In particular, the Firm has:

- Taken a conservative approach to assessing which key risks could reasonably be seen to already be covered by the K-factor calculations, and consequently a number of these risks have been deemed to be incremental to the basic K factor figure as indicated in the table above;
- Completed a series of stress tests across a range of plausible but severe scenarios to determine whether the Firm's Own Funds figure is sufficient; and
- Performed a detailed assessment of the capital required to affect an orderly wind down of the business. The assumptions used for the wind down analysis were developed in conjunction with the broader business and reflect a prudent analysis of the potential costs that might be incurred.

## Section 7: Remuneration

### 7.1 Philosophy

Barings promotes an equitable and structured approach to compensation that reinforces our values and culture, is aligned with stakeholders and supports pay-for-performance practices that attract and retain top talent in a competitive market.

### 7.2 Approach

BAML's remuneration policy ("the Remuneration Policy") is determined at the Group level and is designed to ensure that staff are compensated in a manner that is consistent with and promotes sound and effective risk management and is competitive in the markets in which it operates. In accordance with SYSC 19G.3, BEL's Board has overall responsibility for overseeing the implementation of the Remuneration Policy in conjunction with the Management Body of each its MiFID subsidiaries, and accordingly the Remuneration Policy is submitted to BEL's Board annually for review and approval.

### 7.3 Governance

As part of Barings' remuneration framework, the Management Body of each Barings' MiFID entity (including BAML) has delegated implementation of the Remuneration Policy to a remuneration panel ("the Remuneration Panel"), which is chaired by LLC's Chief Human Resources Officer and comprises the Global Head of Compensation and Benefits together with the Senior Director from the compensation team. The Remuneration Panel is responsible for implementing the Remuneration Policy, reviewing and approving compensation proposals and such other human resources and compensation matters as maybe referred to it from time to time, including but not limited to matters relating to:

- risk management
- company retirement plans
- regulatory compliance
- culture & conduct
- malus and clawback

If any of the Group employees are among Barings' top ten highest paid executives or highest paid investment professionals, their proposed compensation awards are also reviewed by Barings LLC's Human Resources Committee, which comprises Barings' Chief Executive Officer, Barings' Chief Human Resources Officer, the Chief Executive Officer of MassMutual and the Chief Financial Officer of MassMutual.

### 7.4 Risk Management and Conflicts of Interest

The policy is designed to:

- ensure that risk-taking by staff in the course of their business does not exceed the level of risk tolerated by Barings;
- contain measures to avoid conflicts of interest;
- encourage responsible business conduct; and
- promote risk awareness and prudent risk taking.

Investment risk is generally assumed by Barings on an agency basis for clients, rather than on a principal basis for its own balance sheet. Staff are required to take investment decisions in compliance with the investment guidelines and the process is overseen and monitored by the Risk Management and Compliance teams. These two teams are functionally and hierarchically separate from the portfolio management teams and the operating departments that support the portfolio management teams. The remuneration of investment personnel is determined in a manner which is designed to ensure the independence of their respective judgments in performing their duties. The

remuneration of the Risk Management and Compliance teams is not directly linked to the performance of any portfolio management team. The remuneration of the senior officers in risk management and compliance functions is directly overseen by the Remuneration Panel.

As part of the annual compensation awards and promotions process, the Remuneration Panel will consider any relevant information received in respect of risk or compliance behaviour (e.g. complaints, conduct breaches etc.).

Variable remuneration is not paid to members of the Firms' management bodies who do not perform an executive function.

## 7.5 Material Risk Takers

Material Risk Takers ("MRTs") are identified annually (and as appropriate for new joiners). Each MRT is notified of their classification and the implications of their status as such. An MRT register is provided to both the Remuneration Panel and BEL at least annually.

The types of staff identified as Material Risk Takers ("MRTs") include:

- All members of management bodies (executive and non-executive)
- Members of Senior Management
- Staff who have managerial responsibilities for control functions including Risk, Compliance (including the prevention of money laundering), Audit and IT, information security and outsourcing of critical functions
- Staff with managerial responsibilities for investment management
- Staff with responsibility for a high proportion of revenues
- Staff in other roles who are considered to have a material impact on the risk profile of the Firm.
- Staff with the authority to approve or veto new products.

## 7.6 Performance Measurement

MRT performance-related variable remuneration is based on a combination of the assessment of the performance of the individual, the business unit concerned and the overall results of the Firm.

The assessment of MRT performance is part of a multi-year framework that ensures:

- the assessment of performance is based on longer-term performance; and
- the payment of performance-based remuneration is spread over a period that takes account of the business cycle of the firm and its business risks.

For all staff, when assessing individual performance to determine the amount of variable remuneration to be paid to an individual, the Firm takes into account financial as well as non-financial criteria, including but not limited to achieving targets relating to environmental, social and governance factors and conduct.

Appraisals of employees are conducted annually, with less formal quarterly check-ins. Final ratings and promotion recommendations are evaluated and reported to the Remuneration Panel. These ratings direct compensation decisions which are impacted by business results and market practices. The process is iterative, since individual awards are positioned as pool sizes are finalised.

Reference is also made to the outcome of the annual Fitness and Propriety and Certification Process under the Senior Managers & Certification Regime. Any issues regarding the fitness and propriety or knowledge and competence of relevant staff will be taken into account, as appropriate, when determining remuneration.

## 7.7 Performance and Variable pay

Remuneration structures are designed to support and further the Firms' business strategy, objectives, values and long-term interests (as required by SYSC 19G.2.9 R). Packages aim to facilitate the retention of existing employees and attract high calibre new employees to achieve the best results for the Firm and its clients.

In accordance with 19G.4.1, a clear distinction is made between criteria for setting fixed and variable remuneration.

Remuneration arrangements for employees currently comprise some or all the following components:

- fixed salary (fixed remuneration);
- benefits – e.g. private medical insurance cover, life assurance cover, personal accident insurance cover, pensions etc. (fixed remuneration);
- awards under the short term incentive scheme (“STI”) (variable remuneration);
- awards under the long term incentive scheme (“LTI”) (variable remuneration); and/or
- share of carried interest in certain funds (“Carried Interest”) variable remuneration.

The Firm ensures that:

- the fixed and variable components of total remuneration are appropriately balanced; and
- the fixed component represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible policy on variable remuneration, including the possibility of paying no variable remuneration component.

The Firm has set an appropriate ratio between the variable and fixed components of total remuneration for their MRTs.

## 7.8 Performance Adjustment

Any variable remuneration awards granted to MIFIDPRU MRTs are subject to malus and clawback requirements. Malus will apply where the MRT:

- participated in or was responsible for conduct which resulted in significant losses to the firm or relevant business unit;
- failed to meet appropriate standards of fitness and propriety; and/or
- participated in or was responsible for conduct which resulted in a material failure of risk management at the level of the firm or relevant business unit.

Malus will apply from the date of grant of an award of variable remuneration to the point of vesting, for any equity-based compensation, and to the point of payment for any cash award payments. Clawback may apply if an MRT:

- participated in or was responsible for conduct which resulted in significant losses to the firm; and/or
- failed to meet appropriate standards of fitness and propriety.

Clawback will apply for a period of three years from the date of vesting, for equity-based compensation, and from the point of payment for any cash award payments.

## 7.9 Severance Pay

Severance pay (other than for contractually mandated notice periods) for MRTs will only be made at the absolute discretion of the Remuneration Panel who will seek any additional approvals required in accordance with internal documentation.

Any payments related to early termination of an MRT employment contract will reflect performance achieved over time and will be designed in a way which does not reward failure or misconduct.

## 7.10 Guaranteed Variable Remuneration

Barings’ general policy is not to offer any form of guaranteed variable remuneration (a sign-on bonus, “golden handshake” or lost opportunity award) to staff. The principal exception to this is in the context of the hiring of a new employee. Generally, such a guarantee would be limited to the amount of any compensation that would otherwise have been due from a previous employer (but was being forfeited on account of the employee joining Barings) and would not be more generous in relation to its other terms.

## 7.11 Quantitative Remuneration Disclosures

The table below provides details of the aggregate remuneration for the Firm for the year ended 31 December 2023 as required under MiFIDPRU 8.6.8.

BAML had twenty-seven MRTs during the year, of whom twenty-four were members of senior management. Of the three non-senior management roles, two performed non-executive roles for the Firm and were not remunerated by the Group, leaving one non-senior management individual whose compensation is included in the table below.

The Firm has taken advantage of the exemption available under MiFIDPRU 8.6.8.R(7)b) not to separately disclose the remuneration of this individual in order to maintain confidentiality. Similarly, it has not separately disclosed the total severance payments or guaranteed variable remuneration awarded during the year to MRTs, in order to prevent identification of information relating to specific individuals.

<b>£'000s</b>	<b>MRTs</b>	<b>Other Staff</b>	<b>Total</b>
Fixed remuneration awarded	7,245	51,929	59,174
Variable remuneration awarded	28,490	33,327	61,817
Total remuneration awarded	35,735	85,256	120,991

## **Section 8: Investment Policy**

The Firm is not required to provide disclosures under MiFIDPRU 8.7 as it meets the conditions specified in MiFIDPRU 7.1.4R.