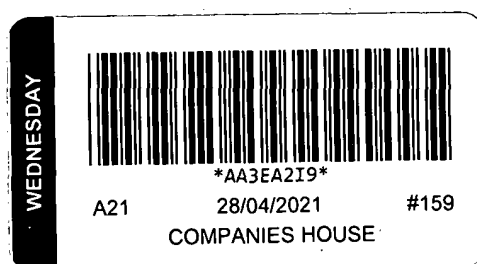


Baring Investment Services Limited

Registration Number: 2259590

**Directors' Report And Financial Statements
For The Year Ended
31 December 2020**



Baring Investment Services Limited

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Baring Investment Services Limited

Company Information

Directors

Baring Asset Management Limited

H Patel

J T Swayne

Secretaries

C DeFrancis

N E Evans

Company Registration Number

2259590

Registered Office

20 Old Bailey

London

EC4M 7BF

Baring Investment Services Limited

Strategic Report

In accordance with Section 414A(1) of the Companies Acts 2006, the directors have prepared a Strategic Report which includes a review of the business of Baring Investment Services Limited ("the Company") and future developments, a description of the principal risks and uncertainties facing Barings Europe Limited and its subsidiary companies ("the Group") and key performance indicators.

Business review and future developments

The profit before taxation for the year was £618,692 (2019: £849,294). The Company acts as the service company for all the UK operations and recovers its costs from the relevant entities. The Company commenced sub-letting half a floor of the London premises in 2020 and the costs with respect to the letting are not recovered from fellow subsidiaries. Due to COVID-19, the uptake of the space has been lower than forecast and consequently the profitability for 2020 has been impacted.

The Group is seeking to grow its assets under management, revenues and profits by delivering superior investment performance over the market cycle, by expanding its distribution capabilities and achieving revenue and cost synergies across the new Barings organisation.

Key performance indicators

The key performance indicators ('KPIs') are reported to management and monitored at the Group level on a monthly basis. The following KPIs relate to the Company only:

	2020	2019
	£	£
Turnover	152,209,336	156,538,103
Profit before taxation	618,692	849,294
Net assets	3,935,165	3,299,288

Principal risks and uncertainties

The principal risk types faced by the Group are in relation to financial instruments, whether held directly on the balance sheet or indirectly through client mandates, and are as follows:

i) Strategic risks

The most significant strategic risks facing the Group are a decline in business due either to:

- External factors, such as a credit risk, market risk and liquidity risk; or
- Internal factors, for example a substantial period of poor investment management performance.

ii) Operational risks

Operational risk: see the Directors' Report for details.

Employees

The Company is committed to equal opportunities with the clear intention that individuals should be judged on their merits and capabilities regardless of sex, age, race, religion, ethnic origin or disability. The Company places considerable emphasis and value on its policy of encouraging internal communication between employees and management. Employees are kept informed on matters which affect them and on the performance of the business as a whole through bulletins, newsletters and briefing sessions.

The Company attaches a high priority to developing the skills of all employees and to their training and, where necessary, their retraining. The performance assessment system assists management in career development and succession planning. Promotion from within the Company is strongly supported. The Company encourages the involvement of all of its employees in its overall performance and profitability through discretionary bonus and profit sharing incentive schemes, which are based on the financial results of the Group and Barings LLC.

Gender Pay Gap

Embracing diversity is embedded in the Company's corporate culture and gender is an important part of its diversity initiatives. The Company's latest gender pay gap report can be found at <https://www.barings.com/gb/institutional/uk-gender-pay-gap-report>.

Baring Investment Services Limited

Strategic Report (continued)

Modern Slavery Statement

The Barings organisation is committed to acting ethically and with integrity in all its business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in its supply chains. The Group's modern slavery statement can be found at <https://www.barings.com/modern-slavery-statement>.

Environment

The Company is a professional and environmentally conscious organisation, which acknowledges the impact that its operations may potentially have on the environment. The clear objective of the Company is to minimise any impact on the environment by:

- Preventing pollution, reducing waste and ensuring that wherever practical, measures are implemented to protect and preserve natural habitats, flora and fauna;
- Considering the effects that its operations may have on the local community;
- Taking action to eliminate or reduce, as far as practicable, any potentially adverse environmental impacts;
- Promoting environmental awareness amongst its suppliers, contractors and partners by implementation of operational procedures;
- Seeking to work in partnership with the community by behaving in a considerate and socially responsible manner; and
- Ensuring effective and expedient incident control, investigation and reporting.

The Company complies with the duties placed upon it within the requirements of Statutory Legislation, whilst at all times complying with, as a matter of best practice, the requirements and duties set out within Approved Guidance as issued by the Environment Agency and other organisations. The Company takes all practical steps to ensure that potential hazards and risks to the environment are identified and that suitable and effective prevent and control measures are implemented. The directors have overall responsibility for all environmental matters.

Responsibilities of Directors under Section 172 of the Companies Act 2006 ("Sn 172")

The directors are committed to holding themselves to the highest possible standards of conduct, and implicit in this is the recognition and understanding that the Company has a responsibility to a wide range of stakeholders as detailed below:

- **The Group's customers** - the Group's success depends on its ability to provide the highest possible levels of service and investment performance to its customer base. Barings is dedicated to meeting the evolving investment and capital needs of its customers and regularly reviews the nature of its operations and the manner in which it engages with clients to ensure it is servicing them to the best of its ability. A recent example of this has been the development of the firm's 'multi-entry model' to ensure that clients are provided with multiple touchpoints within the organisation across the sales, product management and client service teams.
- **The Company's shareholders** - the Company is an indirect, wholly owned subsidiary of Barings LLC, the parent entity of the broader Barings group which sets the strategy for the firm as a whole. Accordingly, the Company has a responsibility to execute the firm's strategic plan to the best of its ability as well as generating the financial returns that Barings LLC requires of its operating subsidiaries. Some of these financial goals are in turn driven by the requirements of Barings' ultimate owner, MassMutual. Barings relationship with MassMutual is necessarily close as MassMutual is also Barings' largest single client and accordingly Barings has responsibility for ensuring it delivers on MassMutual's investment objectives for the portfolios it manages as well as ensuring it satisfies the broader requirements of the MassMutual corporate group.
- **The Company's employees** - the firm places a high priority in ensuring all members of staff are treated fairly and are provided with appropriate support and training to develop in their roles and maximise their full potential. In particular, over the last year the firm has made a significant effort to try and ensure that any staff whose mental well-being has suffered during lockdown have been provided with appropriate support. Over the last twelve months, the firm has also fostered the creation of a number of Employee Resource Groups to help engender a diverse, inclusive workplace aligned with the firm's values, goals and business practices. It is currently in the process of consulting with all staff to understand their preferred style of working once existing lockdown measures are eased, so that these views can be taken into account in determining the firm's ongoing remote working policy.

Baring Investment Services Limited

Strategic Report (continued)

Responsibilities of Directors under Section 172 of the Companies Act 2006 (“Sn 172”) (continued)

- **The Company’s suppliers** - Barings relies on a number of key suppliers in order to operate effectively. In particular, the firm has strategic partnerships with a few organisations to whom it has outsourced parts of its operations, including fund administration and certain middle and back office services. The firm has a formal vendor management program to ensure that appropriate oversight is performed on vendors based on the nature of their activities and their importance to Barings as a whole. For all vendors irrespective of size however, Barings is committed to paying invoices on time and resolving any issues that may arise on a fair and equitable basis. As detailed above the Group has established systems and controls to ensure slavery and human trafficking are not taking place within its supply chains.
- **The Environment** - Barings believes that by incorporating information on sustainability into its business practices and investment decisions, it can help create sustainable benefits for the economy, the environment and society. Its most recent sustainability policy published in 2020 focused on four key areas:
 - Collaborating with the firm's analysts, investors and the industry on sustainable best practice
 - Engaging with the entities in which the firm invests to try to improve ESG disclosure and responsible behaviour
 - Reducing the adverse environmental impacts of—and contributing to environmental regeneration through—the firm's global operations.
 - Measuring the impact of the firm's sustainability efforts and communicating these to stakeholders.Reflecting the firm’s commitment to responsible investing, Barings has been a signatory to the United Nations’ Principles of Responsible Investment (“PRI”) initiative since January 2014. The PRI, launched in 2006 by the United Nations Environment Programme Finance Initiative and the United Nations Global Compact, is the world’s leading proponent of responsible investment. In addition, the firm supports collective action on sustainability through a number of forums. Barings works to tackle climate change alongside other investors through its public support of the Task Force on Climate-Related Financial Disclosures, as well as through its participation in the collaborative engagements of Climate Action 100+. Barings’ membership of the Investor Forum further enhances the firm’s collaborative engagement capabilities. Barings was also an important participant in the Catalytic Finance Initiative, a collective commitment of \$8 billion to high-impact environmentally sustainable projects, alongside institutions such as the European Investment Bank and the International Finance Corporation, a member of the World Bank Group.
- **The local community** - as a global firm with local roots, Barings is passionate about supporting the communities in which its associates work and live. This is evidenced by the Barings Social Impact initiative which was launched in 2019 and puts the power to effect change in the hands of Barings’ associates through mentoring, service and financial giving. In 2020 Barings committed to invest \$250,000 in organisations that are dedicated to advocating for equality and social justice, including the Aleto Foundation, the East London Business Alliance and the Amos Bursary. In the last year, Barings has also provided support to those groups within the firm's local communities that have been hit hard by the COVID-19 pandemic. In particular, the London office has worked with its catering partner Thomas Franks to create the “Feeding Communities” initiative, which has provided 40,000 free meals for individuals and is supported by 30 organisations across the capital.
- **The Group’s regulators** - the firm works with industry bodies to ensure that it understands and contributes to evolving regulatory requirements. Senior management are regularly kept apprised by compliance and the project management team of key regulatory developments and the firm’s preparedness for any forthcoming changes. Recently in the UK, this has included a fair value assessment for its authorised funds and the application of the Senior Managers and Certification Regime.

Britain Exiting from the EU (“Brexit”)

Overview

On 31 December 2020, the transition period under the Withdrawal Agreement between the United Kingdom and the European Union ended, and accordingly the UK is now fully a third country, outside the EU’s single market and customs union as well as the political institutions of the EU. A Trade and Cooperation Agreement (the “Agreement”) between the UK and the EU was signed shortly before the end of the Brexit transition period. The agreement did not contain specific measures relating to the provision of financial services between the EU and UK, however in April a Memorandum of Understanding (MoU) is to be signed. The MoU creates the framework for voluntary regulatory cooperation in financial services between the two sides, including the establishment of the Joint UK-EU Financial Regulatory Forum.

Barings has, in the period since the UK gave notice to exit the EU, been planning for the possibility of a “no deal” Brexit and is well prepared for the current situation. Some areas of activity are covered by relevant provisions of temporary permissions regimes in the UK and certain EU member states but otherwise Barings is in the “no deal” scenario that it has planned for. Consequently, the day-to-day business of Barings is expected to continue substantially as at present and in particular it is envisaged that client portfolios will continue to be managed as they are currently. Barings as a whole remains fully committed to its global strategy through which c. US\$334 billion is managed for

Baring Investment Services Limited

Strategic Report (continued)

Overview (continued)

clients globally (as at 31 December 2020) providing institutional quality investment capabilities in fixed income, equities, multi-asset, real assets, real estate and alternatives. Brexit does not change the firm's focus of creating and sustaining a unified global footprint for future growth. Barings remains committed to its global asset management franchise, which includes its business infrastructure in the UK.

Notwithstanding the continuation of day-to-day business however, Barings is aware of the potential challenges posed by Brexit. Many of these result from the firm's UK asset management entities losing the cross-border passport aspects of their regulatory permissions, to the extent that such permissions were derived from EU law (in particular MiFID II, UCITS and AIFMD). The principal aspects of Barings' business which are facing Brexit related challenges are as follows:

- The distribution of Barings' UK domiciled products into EU27
- The distribution of Barings' EU27 domiciled products into the UK
- The marketing of Barings' investment services into EU27
- Delegation of discretionary portfolio management to Barings' UK asset managers
- Retention of (and access to) talent within EU27

The actions Barings has taken to address these challenges are summarised below under "Barings' Brexit Plan."

Barings' Brexit Plan

Barings aims to mitigate the loss of the EU passporting rights held by its UK asset management entities by maintaining regulatory continuity through its existing Irish asset management subsidiary, Baring International Fund Managers (Ireland) Limited ("BIFMI"). This entity is regulated by the Central Bank of Ireland (the "CBI") and is authorised as a UCITS Management Company/AIFM with a MiFID top-up (a Mega Manco). BIFMI manages a variety of products, including Barings' Irish UCITS range, its Qualifying Investor Alternative Investment Funds (QIAIFs) and a Lux-RAIF platform. BIFMI is being used to protect investors and the wider Barings group against potential regulatory or other market access barriers related to Brexit. During 2018, Barings proactively extended BIFMI's regulatory permissions by way of a MiFID top-up to enable BIFMI to take on separate accounts and enable it to act as Barings' sales hub into EU27. BIFMI received its MiFID top-up authorisation on 21 December 2018. In conjunction with its MiFID top-up application, Barings opened an office in Dublin, which is now fully operational with fifteen full time employees. Barings' Irish office is functionally integrated with the Barings team globally.

BIFMI now manages all of Barings' Irish UCITS funds and all of Barings' EU27 AIFs. As a consequence, Barings will be able to use BIFMI's existing marketing permissions to continue to market those products into EU27.

In addition, to facilitate distribution of the firm's products by UK staff, Baring Asset Management Limited (the firm's UK regulated investment advisor) has applied for cross border marketing licenses where available in certain EU countries and intends to take advantage of safe harbour exemptions available in others. The firm also intends to register some of its UK UCITS funds as AIFs so that they can be distributed in selected countries within the EU.

To facilitate distribution of its EU27 funds into the UK after Brexit, Barings has entered them into the FCA's Temporary Permissions Regime ("TPR"). On 30 December 2020, the TPR notification window closed. Products in the TPR may continue to be distributed in the UK. Other products which have not been entered into the TPR on or prior to 30 December 2020 may be marketed to institutional investors via the UK's National Private Placement regime (NPPR).

Further to an analysis of the investor base, Barings created "mirror" funds on its Irish UCITS platform for certain of its UK unit trusts (namely, Barings German Growth Trust and Barings Europe Select Trust). The "mirror" funds have substantially the same investment guidelines as the corresponding UK unit trusts. "Mirror" funds also exist on the Barings Irish UCITS platform for certain other Barings UK unit trusts (including Barings Eastern Trust and Barings European Growth Trust). The depositaries/custodians and administrators of such funds are also EU27 entities.

Following Brexit, Barings' EU27 platforms will continue to delegate portfolio management to its UK asset management entities.

Baring Investment Services Limited

Strategic Report (continued)

Barings' Brexit Plan (continued)

Barings believes that a diverse workforce is a key contributor to the firm's success and continues to monitor the changing immigration situation. The UK government has set up a scheme enabling EU27 nationals in the UK to apply for "Settled Status" or "Pre-Settled Status" to secure their residency rights in the UK, and the deadline for applications is 30 June 2021. Longer term, the UK government has announced it will introduce an Immigration Bill based on an Australian style points system for all migrants. In the meantime, Barings will try and support its employees who are EU27 nationals as much as possible.

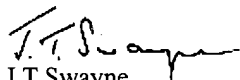
Impact of Brexit on the Company

As the designated service company to the other Barings entities in the UK, the Company's performance is closely linked to that of the Barings franchise as a whole and accordingly it should benefit from the Brexit plans described above. Nonetheless, it is the case that from a standalone perspective, Brexit presents the Company with certain risks and challenges that are to some extent specific to its own operations. In particular, as the employer of all UK staff and the contracting entity for the majority of the firm's UK operations, it is exposed to the risk of potential disruption were issues to arise either in relation to the ability of EU 27 staff to continue to work in the UK or in the event that third party firms used by the Company were to experience Brexit related problems of their own. The number of EU staff employed by the Company in the UK is however relatively small and even in the event of a hard Brexit, these staff should be able to take advantage of the government's EU Settlement Scheme to continue living in the UK. The Company has arranged for legal advice to be provided to all staff who may be affected by this issue so that they are fully aware of the steps they may need to take to ensure continued residence in the UK. The Company operates a vendor oversight programme to ensure potential supplier issues of any type are identified as soon as possible. Nothing has arisen from this work that indicates the Company is likely to experience significant disruption to its operations as a consequence of Brexit. The directors do not therefore believe that Brexit prejudices the Company's ability to continue to trade as a going concern.

Conclusion

Barings remains committed to protecting its clients and global franchise from any adverse impact from Brexit. Barings believes that the implementation of its Brexit strategy achieves those objectives. As noted above, the relationship between the UK and the EU remains subject to negotiation and Barings therefore continues to monitor developments and will make such adjustments to its Brexit strategy as may prove necessary or desirable from time to time.

By order of the Board



J T Swayne
20 Old Bailey
London
EC4M 7BF
Director
19 April 2021

Baring Investment Services Limited

Directors' Report

The directors present the annual strategic report, directors' report and financial statements of Baring Investment Services Limited (the 'Company'), registration number 2259590, for the year ended 31 December 2020.

The Company has chosen to set out information relating to the business review and future developments, key performance indicators, principle risks and uncertainties, employees and environmental policies and responsibilities under s172 of the Companies Act 2006 within the Strategic Report.

Principal activity

The principal activity of the Company is, and will continue to be, the provision of administrative services to other Group companies.

Going concern

At 31 December 2020 the Company had net assets of £3.9m (2019: £3.3m) and net current liabilities of £6.6m (2019: £8.8m). The Company's parent has agreed to provide financial support to the Company for at least twelve months from the date of signing the financial statements and accordingly the directors have deemed it appropriate to prepare the accounts on a going concern basis.

The Board of Directors has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility in global equity and bond markets. The Company acts as the designated service company to the other Barings entities in the UK and its performance is closely linked to that of the Barings franchise as a whole. The Company successfully transitioned to remote working in March 2020 and expects these arrangements to continue over the medium term. The main risk resulting from COVID-19 for the Group is the impact on the valuation of assets under management and the associated effect on revenues. Nonetheless from a standalone perspective the pandemic presents the Company with risks and challenges. The Board of Directors has considered the overall COVID-19 impact on the Company across a range of forecast scenarios and does not consider there to be any significant impact on the going concern basis of preparation that has been adopted in preparing the annual financial statements.

Risk management

The Group manages its risks on a group-wide basis and in accordance with a risk framework approved by the Risk, Regulatory & Audit Oversight Committee ('RR&AOC'). The RR&AOC, which derives its delegated authorities from the Barings Europe Limited Board, is responsible for the design and implementation of the Group's risk management processes and controls.

The Organisational Risk function, reporting to the Chief Risk Officer - Europe, supports the RR&AOC in the identification, assessment, management and monitoring of risks within the Group's global operations.

The principal risk types are set out in the Strategic report. The Group's approach to managing each of these risks is set out below:

i) Strategic risks

The Group manages these risks by offering a widely distributed range of products, both by asset class and geographical spread, by changing or adapting its product offering to meet market conditions and needs, and by monitoring and reviewing investment performance on a regular ongoing basis.

ii) Operational risks

The Group manages its operational risks, including strategic, business, reputational and regulatory risks, under the umbrella of 'organisational risk'. To ensure that these risks are effectively and consistently managed, the Group has implemented a framework of processes which are set out in the Group's Organisational Risk Management Policy. This includes processes for:

- Reporting and analysis of loss events and near misses;
- Periodic risk assessments;
- Analysis of key risk indicators.

The Group manages the business through a committee structure. The principal committee is the European Management Team ("EMT") and it is responsible for the effective management and co-ordination of the Group's business and organisational affairs. Members of the EMT and senior line managers are responsible for ensuring that effective risk management exists within their areas. Local line management is responsible for the day-to-day management of risks and for the effective operation of risk controls where appropriate.

Baring Investment Services Limited

Directors' Report (continued)

Risk management (continued)

ii) Operational risks (continued)

The EMT and senior line managers regularly consider the most significant organisational risks facing the Group. These risks are identified, assessed, monitored and reported from a top-down perspective. The potential for the occurrence of a risk event is assessed in conjunction with the analysis of internal and external data. The analysis of emerging risks, industry trends and other environmental factors is also considered to facilitate proactive, forward-looking risk identification. Particularly for strategic risks, management expertise and experience is as important as empirical data in identifying and assessing risk. The Group's Significant Risk Profile is defined by the EMT and senior line managers. The Significant Risk Profile is reviewed at each EMT meeting and formally assessed by an annual full top-down review and update.

Dividends

The directors did not declare a 2020 interim dividend for the Company during the year (2019: nil). The directors do not recommend the payment of a final dividend (2019: £nil).

Directors and Company Secretary

The directors shown on page 2 served throughout the year.

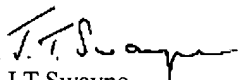
Insurance for directors

Barings LLC has purchased directors' and officers' insurance in respect of directors of all Group companies.

Donations

Donations to charity and community projects made by the Company during the year amounted to £279,765 (2019: £113,520). No political contributions were made by the Company (2019: £nil).

By order of the Board



J T Swayne

Director

20 Old Bailey

London

EC4M 7BF

19 April 2021

Baring Investment Services Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

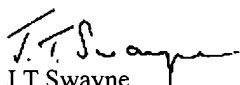
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The member, in accordance with section 476 of the Companies Act 2006, has not required the Company to obtain an audit of its accounts for the year ended 31 December 2020.

By order of the Board



J T Swayne
Director
20 Old Bailey
London
EC4M 7BF
19 April 2021

Baring Investment Services Limited

**Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2020**

	Notes	2020	2019
		£	£
Turnover	2	152,209,336	156,538,103
Administrative expenses	3	<u>(151,415,981)</u>	<u>(156,018,028)</u>
Operating profit		793,355	520,075
Interest receivable and similar income	4	—	332,415
Interest payable and similar charges	5	<u>(174,663)</u>	<u>(3,196)</u>
Profit on ordinary activities before taxation		618,692	849,294
Tax on profit on ordinary activities	8	<u>17,185</u>	<u>202,928</u>
Profit for the financial year		<u>635,877</u>	<u>1,052,222</u>

The notes on pages 14 to 21 form part of these financial statements.

There is no Other Comprehensive Income.

All the results arise from continuing operations.

Baring Investment Services Limited

Balance Sheet

for the year ended 31 December 2020

	Notes	2020 £	2019 £
Non current assets			
Tangible fixed assets	9	25,297,127	28,743,843
Deferred tax asset	10	2,396,412	2,475,627
Current assets			
Debtors	11	55,700,615	49,306,382
Deferred tax asset	10	798,805	825,210
Cash at bank		5,238,894	2,565,618
		<u>61,738,314</u>	<u>52,697,210</u>
Creditors: Amount falling due within one year	12	<u>(68,341,897)</u>	<u>(61,464,812)</u>
Net current liabilities		<u>(6,603,583)</u>	<u>(8,767,602)</u>
Total assets less current liabilities		21,089,956	22,451,868
Non Current Liabilities			
Creditors	12	<u>(17,154,791)</u>	<u>(19,152,580)</u>
Total net assets		<u>3,935,165</u>	<u>3,299,288</u>
Capital and reserves			
Called up share capital	14	200	200
Share Premium		3,368,926	3,368,926
Profit and loss account		<u>566,039</u>	<u>(69,838)</u>
Shareholders' funds		<u>3,935,165</u>	<u>3,299,288</u>

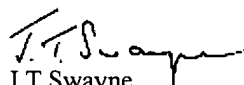
The notes on pages 14 to 21 form part of these financial statements.

For the year ended 31 December 2020, the Company was entitled to exemption under section 479a of the Companies Act 2006.

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements were approved by the Board of Directors and signed on its behalf by:



J T Swayne

Director

19 April 2021

Company registration number: 2259590

Baring Investment Services Limited

Statement of Changes in Equity

	Called up share capital £	Share Premium £	Profit and loss account £	Total equity £
For the year ended 31 December 2019				
Balance at 1 January 2019	200	3,368,926	(1,122,060)	2,247,066
Total comprehensive income for the year				
Profit	—	—	1,052,222	1,052,222
Balance at 31 December 2019	200	3,368,926	(69,838)	3,299,288
For the year ended 31 December 2020				
Balance at 1 January 2020	200	3,368,926	(69,838)	3,299,288
Total comprehensive income for the year				
Profit	—	—	635,877	635,877
Balance at 31 December 2020	200	3,368,926	566,039	3,935,165

The notes on pages 14 to 21 form part of these financial statements.

Baring Investment Services Limited

Notes to the Financial Statements

1. Accounting policies

Basis of preparation

Baring Investment Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

The financial statements are prepared in pound sterling, which is the functional currency of the Company.

The Company is included in the consolidated financial statements of Barings Europe Limited, which are prepared in accordance with FRS 102 and so the Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. In preparing the financial statements of the Company, advantage has been taken of the exemptions available under FRS 102 to not prepare a Cash Flow Statement.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currencies

Transactions effected in foreign currencies are translated into pounds sterling using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated, using the contracted rate or the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. In addition the Directors' Report states how the Group manages its risks.

The ultimate responsibility for managing capital lies with the Board of Directors. The Company and the Group have considerable financial resources.

Although the Company had net current liabilities at the year end, the Company received assurances from its parent that it will continue to have financial support for at least twelve months from the date of the signing of the financial statements.

The Board has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks and significant levels of volatility in global equity and bond markets. The Company acts as the designated service company to the other Barings entities in the UK and its performance is closely linked to that of the Barings franchise as a whole. The main risk resulting from COVID-19 for the Group is the impact on the valuation of assets under management and the associated effect on revenues. Nonetheless from a standalone perspective the pandemic presents the Company with risks and challenges. The Board has considered the overall COVID-19 impact on the Company across a range of forecast scenarios and does not consider there to be any significant impact on the going concern basis of preparation that has been adopted in preparing the annual financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is provided on a straight-line basis to spread the cost of fixed assets over their expected useful lives as follows:

Leasehold property	Not depreciated if the lease is greater than 100 years; over the remainder of the lease term if shorter
Leasehold improvements	10 years; or over the remainder of the lease term if shorter
Furniture & fittings	5 years; except paintings, which are not depreciated
Computer equipment	3-4 years; except for software below the Sterling equivalent of US\$250,000, which is expensed

Baring Investment Services Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Research and development

Where it is considered that expenditure on research and development will bring an on-going benefit to the Company, the expenditure is capitalised and amortised to the profit and loss account over four years. All other expenditure on research and development is written off to the profit and loss account in the year it is incurred.

Basic financial instruments

Trade and other debtors are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument at the transaction price less the attributable transaction costs.

Trade and other creditors are recognised initially at the transaction price plus the attributable transaction costs.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the liability is discharged.

Cash at bank comprises cash balances.

Turnover

Turnover relates mainly to the recovery of costs incurred and is accounted for on an accruals basis.

Sub-letting income

The Company has entered into an agreement with a non Group company where the third party manages the sub-letting of part of the Company's premises. The revenue earned from the subletting is split between the two parties in accordance with an agreed waterfall. The Company has accrued for rent that will be earned in future periods in order that the expected profit to be made over the minimum life of the agreement, namely 5 years, is earned evenly over this period. The rent, and thus the profit, that will be earned in the future periods is dependent on the ability to sublet the premises and therefore has been estimated.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term, unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Post-retirement benefits

Defined contributions, in respect of all eligible employees, are charged to profits in respect of the current accounting period. The assets resulting from the contributions are held separately from those of the Company in Self Invested Personal Pensions.

Deferred compensation

The Company makes deferred compensation awards to some senior members of staff. The deferred compensation awards are expensed over the period from the date that the award is granted to the date the award is paid. Deferred compensation awards are based on Group and Barings LLC profitability.

Interest receivable and interest payable

Interest receivable and similar income includes net foreign exchange gains that are recognised in the profit and loss account (see foreign currencies accounting policy). Interest payable and similar expense includes net foreign exchange losses. Interest income and interest expense are recognised in profit and loss as they accrue.

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Baring Investment Services Limited

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not

recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or relieved on differences between the amount at which an asset or liability is recognised in the Company and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Turnover

	2020	2019
	£	£
Recovery of costs incurred on behalf of Group undertakings	150,687,568	156,537,416
Other income	1,521,768	687
	<u>152,209,336</u>	<u>156,538,103</u>

Other income comprises rental income from sub letting one of the floors of the Company's premises.

3. Administrative expenses

	2020	2019
	£	£
Depreciation	4,406,133	4,428,820
Operating lease rentals (note 13)	7,402,442	7,092,736
Other operating expenses	139,607,406	144,496,472
	<u>151,415,981</u>	<u>156,018,028</u>

4. Interest receivable and similar income

	2020	2019
	£	£
Exchange Gain	—	332,415
	<u>—</u>	<u>332,415</u>

5. Interest payable and similar charges

	2020	2019
	£	£
Interest payable	950	3,196
Exchange loss	173,713	—
	<u>174,663</u>	<u>3,196</u>

Baring Investment Services Limited
Notes to the Financial Statements (continued)

6. Employees

The aggregate remuneration of all employees was:

	2020 £	2019 £
Salaries	94,423,054	95,295,927
Social security costs	13,133,199	13,616,069
Other pension costs	5,062,024	5,174,376
	<u>112,618,277</u>	<u>114,086,372</u>
	2020	2019
Average number of employees	<u>479</u>	<u>506</u>

7. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	339,021	362,827
Amounts receivable under long-term incentive schemes	56,460	71,173
Company contribution to money purchase pension schemes	19,650	19,501
Highest paid director		
Director's emoluments	235,800	217,807
Amounts receivable under long-term incentive schemes	18,139	7,723
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1

Baring Investment Services Limited

Notes to the Financial Statements (continued)

8. Taxation

a) Total tax credit recognised in the profit and loss account, other comprehensive income and equity

	2020	2019
	£	£
<i>Current tax</i>		
UK corporation tax on income for the period	(104,818)	(302,074)
Adjustments in respect of prior periods	(89,029)	798,240
Total current tax	(193,847)	496,166
<i>Deferred tax (see note 10)</i>		
Origination and reversal of timing differences:		
Current year	158,854	591,466
Prior year	17,808	(1,290,560)
Total deferred tax	176,662	(699,094)
Total tax credit	(17,185)	(202,928)

All of the tax credit is recognised in the profit and loss account.

b) Reconciliation of effective tax rate

The tax credit for the year is lower (2019: lower) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

Reconciliation of effective tax rate

	2020	2019
	£	£
Profit for the year excluding taxation	618,692	849,294
Tax using the UK corporation tax rate of 19%	117,551	161,366
Non deductible expenses	357,169	310,536
Non taxable income	(59,368)	(112,926)
Effect of measurement of deferred tax at future rate of UK corporation tax	(361,316)	(69,584)
Over provided in prior years	(71,221)	(492,320)
Total tax credit included in profit and loss	(17,185)	(202,928)

c) Factors that may affect future, current and total tax charges

On 3 March 2021, the UK Government announced a proposal to increase the rate of UK corporation tax from 19% to 25% with effect from 1 April 2023. Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and the effective tax rate in the future when the change is substantively enacted. The Company expects that, in line with the rate increase proposed, there will be an increase to the effective tax rate for periods from 2023 onwards. The impact on the deferred tax asset if the proposal had been substantively enacted at the current balance sheet date is estimated to be an increase of £505,000. It is considered that there will not be a significant impact on the deferred tax liability as a result of this proposal.

Baring Investment Services Limited

Notes to the Financial Statements (continued)

9. Fixed assets

	Leasehold Property & Improvement £	Furniture & Fittings £	Computer Equipment £	Research & development £	Total £
Cost					
At 1 January 2020	28,085,413	3,408,643	3,040,726	2,117,849	36,652,631
Additions	494,017	18,270	447,130	—	959,417
Disposals	—	—	—	(1,196,153)	(1,196,153)
December 31, 2020	28,579,430	3,426,913	3,487,856	921,696	36,415,895
Depreciation					
At 1 January 2020	3,227,785	724,394	2,201,329	1,755,280	7,908,788
Charge for the year	2,769,437	607,300	750,949	278,447	4,406,133
Disposals	—	—	—	(1,196,153)	(1,196,153)
December 31, 2020	5,997,222	1,331,694	2,952,278	837,574	11,118,768
Net Book Value					
1 January 2020	24,857,628	2,684,249	839,397	362,569	28,743,843
December 31, 2020	22,582,208	2,095,219	535,578	84,122	25,297,127

10. Deferred taxation

The deferred tax asset and liability are attributable to:

	Asset		Liability		Net	
	2020	2019	2020	2019	2020	2019
Difference between accumulated depreciation and capital allowances		—	(282,880)	(211,838)	(282,880)	(211,838)
Other timing differences	3,195,217	3,300,837	—	—	3,195,217	3,300,837
Total deferred tax asset	3,195,217	3,300,837	(282,880)	(211,838)	2,912,337	3,088,999

The deferred tax asset and liability expected to reverse in 2021 are respectively £798,805 and £134,422. The reversals relate to timing differences. The asset is primarily due to the recognition of expenses for tax purposes and the liability due to tax allowances for qualifying fixed asset expenditure being expected to be less than the depreciation accounted for on these assets in the year.

11. Debtors

	2020 £	2019 £
Amounts receivable from Group undertakings	46,040,477	42,137,286
Other debtors	5,722,931	2,517,643
Prepayments and accrued income	3,937,207	4,651,453
	55,700,615	49,306,382

All debtors are due within one year.

Baring Investment Services Limited

Notes to the Financial Statements (continued)

12. Creditors

	2020	2019
	£	£
Current		
Amounts payable to Group undertakings	1,885,596	415,773
Taxation and social security	8,616,692	8,560,828
Other creditors	55,072,021	49,329,290
Accruals and deferred income	2,767,588	3,158,921
	<u>68,341,897</u>	<u>61,464,812</u>
Non-Current		
Taxation and social security	1,205,412	1,273,830
Other Creditors	15,949,379	17,878,750
	<u>17,154,791</u>	<u>19,152,580</u>

Current and non-current other creditors relate predominantly to incentive compensation payable and deferred rent.

In the prior year financial statements, a proportion of the deferred rent free liability at December 2019 that should have been classified as non-current, was classified as current. The comparatives for the creditors have been updated and £10,039,280 of the balance previously disclosed under current other creditors has been disclosed as non-current.

13. Operating leases

	2020	2019
	£	£
Non-cancellable operating lease rentals are payable as follows:	Total	Total
Not later than one year	8,737,709	4,178,409
Later than one year and not later than five years	34,950,838	33,739,230
Later than five years	58,006,745	64,247,309
	<u>101,695,292</u>	<u>102,164,948</u>

During the year £7,256,519 was recognised as an expense in the profit and loss account in respect of operating leases (2019: £7,216,014).

14. Share capital

	2020	2019
	£	£
Issued and fully paid:		
200 ordinary shares of £1 each	<u>200</u>	<u>200</u>

15. Pension scheme

The total defined contribution pension cost for the Company in respect of 2020 was £5,062,024 (2019: £5,174,376).

Baring Investment Services Limited

Notes to the Financial Statements (continued)

16. Related parties

The Company is a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company which prepares consolidated financial statements. It has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not separately disclosed transactions or balances with entities which form part of the Massachusetts Mutual Life Insurance Group.

17. Ultimate parent company

The Company's immediate parent company is Baring Asset Management Limited and ultimate parent company is Massachusetts Mutual Life Insurance Company. The ultimate controlling party is Massachusetts Mutual Life Insurance Company.

The largest group in which the results of the Company are consolidated is that headed by Massachusetts Mutual Life Insurance Company. The consolidated financial statements of Massachusetts Mutual Life Insurance Company can be found on their website.

The smallest group in which the results are consolidated is that headed by Barings Europe Limited. The financial statements of Barings Europe Limited can be obtained from the Company's registered office at 20 Old Bailey, London, EC4M 7BF.

18. Subsequent events

There are no subsequent events that have occurred up until the date that the financial statements were available to be issued that the Company believes necessitates disclosure or adjustment.