

# **Barings Global Investment Funds 2 Plc**

**Annual Report and Audited Financial Statements  
for the financial year ended 31 December 2018**

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# Barings Global Investment Funds 2 Plc

## Contents

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	Page
Directors and Other Information	2
Directors' Report	3
Statement of Directors' Responsibilities	8
Custodian's Report to the Shareholders	9
Independent Auditor's Report	10
Investment Managers' Reports	14
Statements of Comprehensive Income	20
Statements of Financial Position	22
Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares	24
Statements of Cash Flows	26
Notes to the Financial Statements	28
Schedule of Investments (Unaudited)	
Barings Global High Yield Credit Strategies Fund	71
Barings Investment Grade CLO Fund	75
Global Multi-Credit Strategy Fund 3	80
Significant Changes in Portfolio Composition (Unaudited)	81
Disclosure of Remuneration (Unaudited)	85
Appendix - Total Expense and Performance Data (Unaudited)	86

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# Barings Global Investment Funds 2 Plc

## Directors and Other Information

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### Directors

Mr. Peter Clark (UK resident, UK national)  
Mr. James Cleary (Irish resident, Irish national)\*  
Mr. Timothy Schulze (US resident, US national)  
Ms. Barbara Healy (Irish resident, Irish national)\*  
Mr. Julian Swayne (UK resident, UK national)  
Mr. David Conway (Irish resident, Irish national)\*

### Registered Office

70 Sir John Rogerson's Quay  
Dublin 2  
D02 R296  
Ireland

### Investment Manager\*\*

Barings LLC  
300 S. Tryon Street  
Suite 2500  
Charlotte  
North Carolina 28202  
United States

### Sub-Investment Manager

Barings (U.K.) Limited  
20 Old Bailey  
London EC4M 7BF  
United Kingdom

### Custodian

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
D02 HD32  
Ireland

### Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin 2  
D02 HD32  
Ireland

### Distributors

Barings (U.K.) Limited  
20 Old Bailey  
London EC4M 7BF  
United Kingdom

Barings Australia Pty Limited  
Level 22, Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Australia

Barings Securities LLC  
Independence Wharf  
470 Atlantic Avenue  
Boston, MA 022210  
United States

### Distributors (continued)

Baring Asset Management Limited  
20 Old Bailey  
London EC4M 7BF  
United Kingdom

Baring International Fund Managers (Ireland) Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
D02 R296  
Ireland

Baring SICE (Taiwan) Limited  
21st Floor, No. 333, Sec. 1 Keelung Road  
Taipei 11012, Taiwan  
Republic of China

Baring France SAS  
10, rue des Pyramides  
75001 Paris  
France

Baring Asset Management GmbH  
Ulmenstraße 37-39  
60325 Frankfurt am Main  
Germany

Baring Asset Management Switzerland S.à r.l.  
Rue du Marché 28  
1204 Geneva  
Switzerland

Baring Asset Management (Japan) Limited  
12/F Sanno Park Tower  
2-11-1 Nagata-cho, Chiyoka-Ku  
Tokyo 100-6166  
Japan

Baring Asset Management (Asia) Limited  
35/F Gloucester Tower  
15 Queen's Road Central  
Hong Kong

### Independent Auditor

KPMG  
Chartered Accountants and Statutory Audit Firm  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1  
D01 F6F5  
Ireland

### Legal Advisers

Matheson  
70 Sir John Rogerson's Quay  
Dublin 2  
D02 R296  
Ireland

### Sponsoring Broker and Company Secretary

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
D02 R296  
Ireland

\*Independent Directors

\*\*Barings Global Investment Funds 2 Plc is not an Authorised Alternative Investment Fund under the Alternative Investment Fund Managers Directive (Directive 2011/01/EU) "AIFMD".

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# Barings Global Investment Funds 2 Plc

## Directors' Report for the financial year ended 31 December 2018

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The Directors present to the shareholders their annual report together with the audited financial statements for the financial year ended 31 December 2018.

### The Company

Barings Global Investment Funds 2 Plc (the "Company") is an open-ended investment company with variable capital organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014, (the "Companies Act"). The Company was incorporated on 8 July 2013 under registration number 529930. Accordingly, the Company is supervised by the Central Bank of Ireland (the "Central Bank").

The Company is structured in the form of an umbrella fund with segregated liability between funds. The Company may offer separate funds and each fund will have a distinct portfolio of investments. As at 31 December 2018, the Company had three active funds, Barings Global High Yield Credit Strategies Fund, Barings Investment Grade CLO Fund and Global Multi-Credit Strategy Fund 3 (together the "Funds").

The investments (except forward foreign exchange contracts as listed in the Schedule of Investments) of Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 are held through wholly owned subsidiaries, Barings Global High Yield Credit Strategies Limited and Barings Global Multi-Credit Strategy 3 Limited respectively (the "Subsidiary" or the "Subsidiaries"). The Subsidiaries are incorporated and tax resident in Ireland. Barings Investment Grade CLO Fund holds its investments directly.

As per the Prospectus, the Company's financial statements are presented in United States Dollars ("US\$"), while the Funds' financial statements are presented in accordance with the functional currencies as set out in the Supplements which are Pound Sterling ("GBP") for Global Multi-Credit Strategy Fund 3 and US\$ for Barings Global High Yield Credit Strategies Fund and for Barings Investment Grade CLO Fund.

Details of the Company as at 31 December 2018 are as follows:

Fund Name	Subsidiary Name	Functional Currency	Active Share Class
Barings Global High Yield Credit Strategies Fund	Barings Global High Yield Credit Strategies Limited	United States Dollar	25*
Barings Investment Grade CLO Fund	n/a	United States Dollar	9*
Global Multi-Credit Strategy Fund 3	Barings Global Multi-Credit Strategy 3 Limited	Pound Sterling	1

\*These share classes were listed on the Global Exchange Market of Euronext Dublin as at 31 December 2018. In March 2018, Euronext completed the purchase of the Irish Stock Exchange ("ISE") and renamed the ISE as Euronext Dublin.

### Investment objectives

#### Barings Global High Yield Credit Strategies Fund

The investment objective of the Fund is to achieve current income, and where appropriate, capital appreciation. The Fund will seek to achieve its objective by investing primarily in a portfolio of high yield fixed and floating rate corporate debt instruments issued by North American and European companies (including those debt instruments issued by issuing entities based in offshore centres, such as the Channel Islands, Cayman Islands, Bermuda and other offshore jurisdictions).

#### Barings Investment Grade CLO Fund

The investment objective of the Fund is to achieve current income, and where appropriate, capital appreciation. The Fund will seek to achieve its objective by investing primarily in a portfolio of debt tranches of cash flow collateralised loan obligations ("CLOs"). CLOs are securitisations issued by bankruptcy-remote, special purpose investment vehicles that are formed to acquire and manage, and are collateralised primarily by, corporate loans that are senior in the underlying obligor's capital structure to other debt issued. The Fund will seek to invest in debt tranches issued by both US and European CLOs. The majority of the US CLOs have issuers domiciled in the Cayman Islands, with a United States domiciled co-issuer. The majority of the European CLOs have issues domiciled in EU countries, typically Ireland, Netherlands and Luxembourg.

#### Global Multi-Credit Strategy Fund 3

The investment objective of the Fund is to achieve current income, and where appropriate, capital appreciation. The Fund will seek to achieve its objective by investing principally in a portfolio of high yield fixed and floating rate corporate debt instruments, focused on instruments issued by North American and European companies (including those debt instruments issued by issuing entities based in offshore centres, such as the Channel Islands, Cayman Islands, Bermuda, and other offshore jurisdictions). The Fund will also invest in structured credit products and securitised assets, including debt and equity tranches of collateralised loan obligations and mortgage backed securities, as well as asset backed securities.

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# Barings Global Investment Funds 2 Plc

## Directors' Report for the financial year ended 31 December 2018 (continued)

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### Business review and future developments

The net assets of the Company attributable to holders of redeemable shares amounted to US\$3,607,456,062 (31 December 2017: US\$3,068,340,409). The Statement of Comprehensive Income is set out on pages 20 and 21. A detailed review of the business and future developments is contained in the Investment Manager's Report on pages 14 to 19. The Directors do not anticipate any change in the structure or investment objective of the Company.

### Brexit

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the remaining member states of the EU27. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds, instability in the equity, debt and foreign exchange markets, including volatility in the value of the pound sterling or the euro.

### Directors

The Directors who served during the financial year were:

Mr. Peter Clark  
Mr. James Cleary  
Mr. Timothy Schulze  
Ms. Barbara Healy  
Mr. Julian Swayne  
Mr. David Conway

### Company Secretary

Matsack Trust Limited acted as Company Secretary for the financial year.

### Directors' and Secretary's interest

Neither the Directors nor the Secretary held any shares in the Company.

Mr. Peter Clark and Mr. Julian Swayne are managing directors of the Sub-Investment Manager. Mr. Timothy Schulze is a managing director of the Investment Manager.

Mr. James Cleary, Ms. Barbara Healy and Mr. David Conway are also Directors of the Subsidiaries.

### Risk management objectives and policies

The principal risks and uncertainties facing the Company are market risk, credit risk and liquidity risk. The Company has maintained its aim of spreading investment risk.

These are explained in Note 11 of the financial statements along with the risk management framework in place to mitigate these risks.

### Distributions

Barings Global High Yield Credit Strategies Fund declared distributions during the financial year ended 31 December 2018 amounting to US\$31,807,955 (31 December 2017: US\$15,583,905).

Barings Investment Grade CLO Fund declared distributions during the financial year ended 31 December 2018 amounting to US\$6,735,198 (31 December 2017: US\$5,746,607).

Global Multi-Credit Strategy Fund 3 declared no distributions during the financial year ended 31 December 2018 (31 December 2017: Nil).

Please see Note 14 for further details.

### Significant events during the financial year

Please see Note 22.

### Significant events after the financial year end

Please see Note 23.

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# Barings Global Investment Funds 2 Plc

## Directors' Report for the financial year ended 31 December 2018 (continued)

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### Accounting records

The Directors ensure compliance with the Company's obligation to maintain adequate accounting records by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited, at 78 Sir John Rogerson's Quay, Dublin D02 HD32, Ireland.

### Corporate Governance Statement

#### General Principles

The Company is subject to compliance with the requirements of the Companies Act. The Irish Funds ("IF") in consultation with the Central Bank has published a corporate governance code (the "IF Code") that may be adopted on a voluntary basis by Irish authorised collective investment schemes. The Directors voluntarily adopted the IF Code. The Board has reviewed and assessed the measures included in the IF Code and considers its corporate governance practices and procedures since the adoption of the IF Code to 31 December 2018, as consistent therewith.

Although there is no specific statutory corporate governance code applicable to Irish collective investment schemes whose shares are admitted to trading on Euronext Dublin, the Company is subject to corporate governance practices imposed by;

(i) The Companies Act which is available for inspection at the registered office of the Company; and may also be obtained at: <http://www.irishstatutebook.ie/home.html>;

(ii) The Articles of Association of the Company which are available for inspection at the registered office of the Company at 70 Sir John Rogerson's Quay, Dublin D02 R296, Ireland and at the Companies Registration Office in Ireland; and

(iii) Euronext Dublin through the Euronext Dublin Code of Listing Requirements and Procedures which can be obtained from the Euronext Dublin's website at: <https://www.ise.ie/Products-Services/Investment%20Funds/List-a-Fund/#fundlistingrules>

The Company has assessed the measures included in the voluntary Corporate Governance Code for Collective Investment Schemes as published by the Irish Funds in December 2011 (the "IF Code"). The Board has adopted the corporate governance practices and procedures in the IF Code with effect from 1 January 2013. The Board considers that the Company has complied with the main provisions contained in the IF Code from the date of adoption to 31 December 2018.

The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006.

#### Internal Control and Risk Management Systems in Relation to Financial Reporting

The Board is ultimately responsible for establishing and maintaining adequate internal control and risk management systems of the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available; including the production of annual financial statements. The Board has appointed the Administrator (who is independent from the Board and the Investment Managers) to maintain the books and records of the Company. The Administrator is authorised and regulated by the Central Bank and must comply with the rules imposed by the Central Bank. From time to time, the Board examines and evaluates the Administrator's financial accounting and reporting routines. The annual financial statements are produced by the Administrator and reviewed by the Investment Managers. They are required to be approved by the Board and the annual financial statements are required to be filed with the Central Bank and Euronext Dublin.

The financial statements are prepared by the Administrator in compliance with International Financial Reporting Standards ("IFRS") as adopted in the EU, and the Administrator uses various internal controls and checklists to ensure that the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation.

The Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

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# Barings Global Investment Funds 2 Plc

## Directors' Report for the financial year ended 31 December 2018 (continued)

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### Corporate Governance Statement (continued)

#### Dealings with shareholders

The convening and conduct of shareholders' meetings are governed by the Articles of Association of the Company and the Companies Act. Although the Board may convene an extraordinary general meeting of the Company at any time, the Board was required to convene the first annual general meeting of the Company within eighteen months of incorporation and fifteen months of the date of the previous annual general meeting thereafter, provided that an annual general meeting is held once in each year within six months of the end of each accounting period of the Company.

At least twenty-one clear days' notice of every annual general meeting and any meeting convened for the passing of a special resolution must be given to shareholders and fourteen days' notice must be given in the case of any other general meeting. Two shareholders holding voting shares present either in person or by proxy constitutes a quorum at a general meeting. The Irish Companies Act and the Articles of Association provide that the quorum for a general meeting convened to consider any alteration to the rights attached to any class of shares, is two or more shareholders present in person or by proxy, holding or representing by proxy at least one third of the issued shares of the relevant class.

Each shareholder is entitled to such number of votes as shall be produced by dividing the aggregate NAV of the shareholder's shareholding by one. The Subscriber shareholders have one vote for each Subscriber share held. On a poll, every shareholder present, in person or by proxy, is entitled to one vote in respect of each share held by him. At any general meeting, a resolution put to the vote of the meeting is decided on a show of hands unless, a resolution is not passed unanimously on such show of hands, in which case such resolution shall be decided on a poll.

#### Board composition and activities

In accordance with the Companies Act and the Articles of Association, unless otherwise determined by an ordinary resolution of the Company in general meeting, the number of Directors may not be less than two. Currently, the Board is comprised of six non-executive Directors, three of whom are independent. Details of the current Directors, including details of the independent Directors, are set out on page 2.

The business of the Company is managed by the Directors, who exercise all such powers of the Company as are not, by the Companies Act, 2014 or by the Articles of Association of the Company, required to be exercised by the Company in general meeting.

A Director may, and the Company Secretary on the requisition of a Director will, at any time summon a meeting of the Directors in addition to the four meetings that are convened as required.

In the case of an equality of votes, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two. There were no sub-committees of the Board in operation during the year or at the year end.

#### Connected persons transactions

The Central Bank of Ireland Non-UCITS Notices, NU 2.10 – 'Dealings by promoter, manager, partner, custodian, investment adviser and group companies' states in paragraph one that any transaction carried out with a collective investment scheme by a promoter, manager, partner custodian, investment adviser and/or associated or group companies of these ("connected persons") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Board of Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in paragraph one of NU 2.10 are applied to all transactions with connected parties; and the Board is satisfied that transactions with connected persons entered into during the year complied with the obligations set out in this paragraph.

#### Independent auditor

The Auditors, KPMG, Chartered Accountants, (the "Auditors"), have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act, 2014.

#### Relevant audit information

As at the date this Directors' Report was approved and signed (set out below), each Director is satisfied that:

- (a) there is no relevant audit information of which the Company's statutory auditors are unaware;
- (b) she or he has taken all the steps that she or he ought to have taken as a Director in order to make herself or himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information; and
- (c) where "relevant audit information" means information needed by the Company's statutory auditors in connection with preparing their report.

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## Barings Global Investment Funds 2 Plc

### Directors' Report for the financial year ended 31 December 2018 (continued)

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#### Audit Committee

The Company has decided that there is no requirement to form an audit committee as there are three independent Directors on the Board. The activities of the company have been delegated to a number of service providers and there is a robust due diligence procedure in place for these service providers.

On behalf of the Board of Directors:

Director:

  
James Cleary

Director:

  
David Conway

Date: 23 April 2019



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## Barings Global Investment Funds 2 Plc

### Statement of Directors' Responsibilities for the financial year ended 31 December 2018

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#### Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable law.

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 assets, liabilities and financial position of the Company and of its changes in net assets attributable to holders of redeemable participating shares for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU;
- 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 cease operations, or have no realistic alternative but to do so.


The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act, 2014.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company. In this regard they have entrusted the assets of the Company to State Street Custodial Services (Ireland) Limited (the "Custodian") for safe-keeping, who have been appointed as Custodian to the Company pursuant to the terms of a Custodian Agreement. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act, 2014.

The Investment Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board of Directors:

Director:

  
James Cleary

Director:

  
David Conway

Date: 23 April 2019

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## Barings Global Investment Funds 2 Plc

### Custodian's Report to the Shareholders for the financial year ended 31 December 2018

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#### Report of the Custodian to the Shareholders

We have enquired into the conduct of Barings Global Investment Funds 2 Plc (the "Company") for the financial year ended 31 December 2018, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the shareholders in the Company as a body, in accordance with the Central Bank's Non-UCITS Notice 7, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

#### Responsibilities of the Custodian

Our duties and responsibilities are outlined in the Central Bank's Non-UCITS Notice 7. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the Non-UCITS Notices. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

#### Basis of Custodian opinion

The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Non-UCITS Notice 7 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

#### Opinion

In our opinion, the Company has been managed during the period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the Central Bank under the powers granted to it by Part 24 of the Companies Act, 2014; and
- (ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association and Part 24 of the Companies Act, 2014.



For and on behalf of  
State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin D02 HD32  
Ireland

Date: 23 April 2019

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# Barings Global Investment Funds 2 Plc

## Independent Auditor's Report to the Members of Barings Global Investment Fund 2 Plc for the financial year ended 31 December 2018

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### Report on the audit of the financial statements

#### 1 Opinion

We have audited the financial statements of Barings Global Investment Funds 2 plc ('the Company') for the ended 31 December 2018, which comprise the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statements of Cash Flows and the related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its changes in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **2 Key audit matters: our assessment of risks of material misstatement**

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## Barings Global Investment Funds 2 Plc

### Independent Auditor's Report to the Members of Barings Global Investment Fund 2 Plc for the financial year ended 31 December 2018 (continued)

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#### 2 Key audit matters: our assessment of risks of material misstatement (continued)

In arriving at our audit opinion above, the key audit matter was as follows:

#### **Valuation of Investments US\$3,605,727,545 (2017 - US\$3,083,086,998)**

Refer to Note 2(d) accounting policy and Note 10 and Note 11 (financial disclosures)

##### **The key audit matter**

The Company's financial instrument portfolio comprises of investments in Subsidiaries, forward currency contracts and investments in collective investment schemes ("the Investments").

The Company's investments in Subsidiaries form the majority of its financial assets at fair value through profit or loss.

The carrying value of the Subsidiaries is calculated by assessing the fair value of the Subsidiaries underlying portfolio of investments.

The Subsidiaries' portfolio of investments comprises of loans, CLOs, equities, collective investment schemes, warrants, bonds and derivatives (including both listed and non-listed investments) which is the key driver of capital and revenue performance.

There is a significant risk relating to the valuation of the Investments given the judgemental nature of the matters that require consideration by the investment manager and Board of Directors.

##### **How the matter was addressed in our audit**

We addressed the key audit matter as follows:

- we obtained and documented our understanding of the investment valuation process and assessed the design and implementation of controls which includes inspecting the latest report on the administrator's controls related to the Company's investment transactions issued by its auditor in accordance with ISAE 3402 "Assurance Reports on Controls at a Service Organisation";
- we compared the Company's investments in its Subsidiaries against the balances within the audited financial statements of the Subsidiaries;
- we inspected the audited financial statements of the Subsidiaries for indication of any issues that may impact the value of the Company's investments in those Subsidiaries;
- we engaged our valuation specialist team who agreed the forward currency contracts at Company level to independently priced sources;
- we agreed the NAV per share of the investments in collective investment schemes at Company level to independently obtained confirmations from the administrator of the collective investment schemes;
- we further engaged our valuation specialists team, who agreed 98.4% of the Subsidiaries' investment portfolio to independently sourced prices;
- for the valuation of the remaining 1.6% of the Subsidiaries' investment portfolio:
- we agreed the NAV per share of 100% of the investments in collective investment schemes to independently obtained confirmations from the administrator of the collective investment schemes.
- there were certain unquoted investments in the portfolios as at 31 December 2018 over which the Investment Manager was appointed as a competent person. These securities are generally illiquid and hard to value due to there being no readily available market prices and are therefore subject to valuation techniques by the Investment Manager which incorporate certain assumptions, judgements and uncertainties. For all these positions, we obtained the supporting documentation from the Investment Manager to support their pricing judgements and this documentation was reviewed by the pricing specialist for reasonableness.
- In addition, we considered the appropriateness, in accordance with relevant accounting standards, of the disclosures relating to unquoted investments.

We noted no material exceptions arising from our testing.

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## **Barings Global Investment Funds 2 Plc**

### **Independent Auditor's Report to the Members of Barings Global Investment Fund 2 Plc for the financial year ended 31 December 2018 (continued)**

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#### **3 Our application of materiality and an overview of the scope of our audit**

Materiality for the Company financial statements as a whole was set at \$36m (2017: \$31m), determined with reference to a benchmark of Net Assets (of which it represents 1% (2017: 1%)).

We consider Net Assets to be the most appropriate benchmark as it is the most widely used benchmark in the funds industry and is the metric that is most important to investors, who would be one of the key users of the Company's financial statements. Subscriptions and redemptions in and out of the fund are transacted at net asset value. Potential investors would also judge how the Company is performing based on its net asset value.

We reported to the Board of Directors any corrected or uncorrected identified misstatements exceeding 5% of materiality of each individual sub-fund, in addition to other identified misstatements that warranted reporting on qualitative grounds

#### **4 We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### **5 Other information**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, custodian's report, investment manager's report, schedule of investments, significant changes in portfolio composition and total expense and performance data. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

#### **6 Our opinions on other matters prescribed the Companies Act 2014**

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

#### **7 Matters on which we are required to report by exception**

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

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## **Barings Global Investment Funds 2 Plc**

### **Independent Auditor's Report to the Members of Barings Global Investment Fund 2 Plc for the financial year ended 31 December 2018 (continued)**

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#### **8 Respective responsibilities and restrictions on use**

##### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using 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.

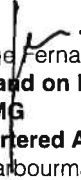
##### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf)

#### **9 The purpose of our audit work and to whom we owe our responsibilities**

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

  
Jorge Fernandez Revilla

**for and on behalf of**

**KPMG**

**Chartered Accountants, Statutory Audit Firm**

1 Harbourmaster Place

International Financial Services Centre

Dublin D01 F6F5

23 April 2019

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## Barings Global Investment Funds 2 Plc

### Investment Managers' Report for the financial year ended 31 December 2018

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#### Barings Global High Yield Credit Strategies Fund

Barings Global High Yield Credit Strategies Fund (the "Fund") generated a gross return of 0.37% on the Share Tranche S USD Accumulation and underperformed against the performance comparator with a return of 7.49%\* during the reporting period.

The global high yield markets were producing positive returns through the first three quarters of 2018. Loans were out performing bonds, and the United States ("U.S.") was outperforming Europe. During the fourth quarter the global high yield markets sold off mostly due to technical pressures as retail fund flows turned materially negative. In our opinion, this does not reflect any change in the outlook for defaults, which are widely expected to remain low, but rather investor sentiment resulting from the many geopolitical headwinds throughout 2018. For the full year, loans were one of the few assets classes to produce positive returns, while high yield bonds (due to the fourth quarter sell off) ended up with negative returns for the full year.

The U.S. high yield market experienced a period of higher than normal volatility in the fourth quarter which resulted in 2018 ending with a negative return. Negative investor sentiment as a result of geopolitical headwinds, trade tensions and a sell-off in equity markets brought about risk-aversion in the market which led to significant spread-widening and underperformance during the year. As the market became more risk-off, this led to more significant underperformance of the lower end of the ratings spectrum with triple-Cs underperforming the broader market followed by double-Bs and single-Bs. Returns were generally negative across industries most notably within the Automotive and the Energy sectors which saw more significant declines during the year. The Healthcare, the Telecommunications, and the Utility sectors ended modestly positive. The option adjusted spread and the yield-to-worst widened by 168 basis points ("bps") and 208 bps to end at 540 bps and 8.01%, respectively. U.S. high yield bond new issuance was fell to a post-crisis low in 2018 with US\$168.3 billion pricing bringing issuance net of refinancing activity to US\$64.1 billion. U.S. high yield retail mutual fund outflows totals US\$35.0 billion. Default activity in the U.S. high yield bond market remained at historic lows throughout 2018, ending the year at 1.87%, up slightly from 1.28% at the end of 2017.

The U.S. loan market finished the year with a positive return despite considerable volatility in the final two months of the year. There was a notable difference between performance in the market during the first three quarters compared to the fourth quarter. Through the first three quarters the market had returned +4.36% with almost all of the return coming from the return from interest income. During the fourth quarter the market experienced a technically driven drawdown of -3.08% which was largely the result of selling pressure from retail fund outflows. Net flows for loan retail funds in the U.S. had an inflow of US\$15.9 billion through the first three quarters, before turning materially negative starting at the end of October and finishing the year with a net outflow of US\$4.3 billion. The average price in the secondary market was largely range bound between the end of 2017 (97.63% of par) and September month-end (98.52%) before declining to 94.09% at the end of December. Even with the decline in prices late in the year, the interest income generated by the loans in the market was enough for the market to finish with a positive result. It is worth highlighting that short-term Libor rates continued to increase during the year and as a result of floating rate coupon for the asset class, the overall interest income level increased during the year as well. The average coupon for the market increased by 110 bps during the year to reach 6.12% by the end of the year. After tightening earlier in the year, the average credit spread as represented by the 3-year discount margin finished the year 134 bps wider than the prior year-end at 550 bps. From an industry perspective, all industry sectors posted a negative return in the final two months of the year which resulted in a range of positive and negative returns for the full year. The Retail sector outperformed for the full year after recouping some of the price declines in the prior year, although the sector continues to face secular headwinds. Notwithstanding the decline in sentiment from retail investors in the fourth quarter, demand for U.S. loans was healthy overall in 2018, driven by issuance of Collateralised Loan Obligations ("CLOs"). Gross CLO issuance was strong at US\$278 billion and excluding transactions that do not increase outstanding balances (ex. refinance, re-issue and reset transactions) issuance was still US\$130 billion which is a calendar year record. We viewed the sell-off as being more technical in nature and expect near-term default rates will remain below long term historical levels.

European High Yield bonds returned negatively in 2018 mainly driven by the recent macro volatility and technical factors (significant sell-off in the Equity market) rather than any specific deterioration in the quality of the underlying issuers. From a rating's perspective, single-B bonds materially underperformed the higher rated BB portion of the market during the year 2018 while triple C were the main detractor of the yearly performance. The option adjusted spread widened for the third consecutive month to end at 524 bps, the highest since April 2016. It should be noted that single-B rated bond are trading with an OAS of 717 bps, which we feel is providing a significant risk premium relative to the risk in the underlying market. All sectors except Healthcare and Technology & Electronics posted negative returns for the year. For the full year of 2018, we did see the proportion of senior secured supply rise as a percentage of overall issuance in Europe, with 46% of the full year issuance being senior secured (per JP Morgan).

\*The Fund return uses the close New York prices, whereas the return of the performance comparator is calculated using global close prices.

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## **Barings Global Investment Funds 2 Plc**

### **Investment Managers' Report for the financial year ended 31 December 2018 (continued)**

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#### **Barings Global High Yield Credit Strategies Fund (continued)**

The European loan market held up better than many other risk asset classes in face of broader market volatility in 2018. With the majority of risk asset classes producing negative returns in 2018, European loans were one of the few asset classes that actually generated a positive return over the year. Performance across industries was generally positive while some notable laggards such as Consumer Durables and Retail detracted the overall return. CLO activity was muted through December, as the volatility and sell-off across the wider high yield markets also had an impact on structured credit markets. Rapidly widening CLO liability spreads will most likely result in a temporary pause of new CLO issuance due to challenged arbitrage, albeit over the medium term we would expect the yields/spreads on both assets and liabilities to stabilise. It is worth noting that volumes do typically reduce throughout December and it is difficult to infer market movements in the month into longer term trends. From a sponsor-backed perspective, the activity in the European loan market hit €76.4bn from 157 deals in 2018 versus €78.95bn from 205 deals recorded in 2017.

The Fund underperformed its benchmark in 2018. Since its inception in May 2013, the Fund has underperformed its benchmark.

**Barings LLC**

**Barings (U.K.) Limited**

**April 2019**



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## Barings Global Investment Funds 2 Plc

### Investment Managers' Report for the financial year ended 31 December 2018 (continued)

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#### Barings Investment Grade CLO Fund

Barings Investment Grade CLO Fund (the "Fund") generated a gross return of 0.82% on the Share Tranche A USD Accumulation.

#### Markets

The fourth quarter of 2018 will be remembered as a test of credit market liquidity amid a storm of whirling macroeconomic forces. These forces drove a broad sell off in equity and credit markets over the last two months of the year. Monetary policy changes by the US Federal Reserve (the "FED"), international trade confrontations induced by President Trump, increasing Brexit-related risk and fears of recession exacerbated by headlines about loose lending terms in corporate credit markets were the strongest forces in the storm. The sell-off was most pronounced in December as we came to the close of a very busy year. Despite the steep sell-off across risk assets, most of the fundamental economic data remained strong. Apart from some weakness in US housing, employment and wage numbers were strong, corporate and household balance sheets remained solid, loan defaults were at 14 month lows (1.63%) and leading economic indicators still signaled expansion.

Both the Dow Jones Industrial Average ("DJIA") and S&P 500 index gave back all positive returns for the year and ended 2018 in negative territory. The DJIA ended the year at 23,327, down 5.63% for the full year 2018. The S&P 500 ended the year at 2,507, down 6.25% for the full year 2018. In the treasury market, yields compressed as investors looked for a port in the storm. The benchmark 10 year treasury began October yielding 3.06% and ended the fourth quarter yielding 2.69%. Finally, 3-month Libor ended 2018 at 2.81% on the heels of rate hikes, up from 1.69% at the end of 2017.

The BAML High Yield index gapped wider to yield 8.01% at December year end versus 6.15% at the end of 2017. Price movements were heightened by outflows of over US\$20 billion from high yield bond funds over the last quarter of the year. After holding in for most of the fourth quarter, loans prices took a dive over the last few weeks of the year. The S&P Leverage Loan 100 Index ended the year at 93.72% with spreads widening to 526.33 bps. The changing expectations for 2019 FED rate increases as well as late credit cycle risk aversion drove the redemptions primarily from retail mutual funds. Also, many managers sold extra loans in early December to fund expected redemptions later in the month, when they knew liquidity conditions would be at their worst, given the holiday period. Indeed, in the first few days of 2019 we have seen stability return. Despite the backdrop of bleeding markets, the U.S. leveraged loan default rate ended the year at 1.63%, down 2.0% to start the year. Defaults for the 4th quarter were largely concentrated within the retail sector and included: Mattress Firm, Dixie Electric, Sears Holdings, Full Beauty Brands, David's Bridal and Catalina Marketing.

#### CLO Performance

CLO spreads gapped wider as bank loan prices fell and bid/ask spreads widened as the calendar counted down and many market participants stepped back with a few sticking around to prey on any forced sellers. For most of 2018, CLO spread movements were largely range-bound and driven by the new issue and refinancing supply calendar. However, the general risk-off sentiment in the markets exacerbated by significant outflows in the loan market during the fourth quarter (and December in particular) caused CLO spreads to gap wider even as new issue supply fell. According to Nomura, AAA-rated tranche spreads in the US secondary market widened by 20 bps over the quarter. AA-rated tranches, single-A rated tranches, and BBB-rated tranches widened by 55 bps, 80 bps and 85 bps, respectively. It is not surprising that BB-rated tranches (which are leveraged exposure to leveraged loans) sold off the most with a widening of 195 bps. The market had not experienced a price movement of this proportion since the energy crisis of 2015 and 2016. Given that the last two weeks of December are perhaps the poorest for liquidity, given the holidays, we expect prices to bounce back as the market searches for the new clearing levels for new issue CLOs and the new supply calendar builds. Overall, we expect the "buyer's market" conditions to continue but with more variety as both the secondary and new issue markets should provide attractive opportunities.

Despite the volatility, the trend of strong new issue and refinanced CLO volumes held through November and the year ended with a second straight year of record volumes. 56 new CLOs priced in the US and 16 in Europe for a total of US\$35.6 billion for the 4th quarter. Excluding refinancing, true new issuance totaled 243 US CLOs for US\$129.7 billion and 65 new EUR CLOs for US\$31.8 billion. These are record volume numbers for both the US and Europe. Further, 106 different US CLO managers (40 in Europe) priced transactions during 2018 which is higher than the 99 that came to market in 2017. The CLO managers with the most issuance according to Creditflux were: GSO, PGIM, CSAM and CIFC.

Given the spread widening experienced at the end of the year, CLOs had their worst quarter of performance in over two years. Most of the negative return contributions came in December and were driven by mezzanine tranches: BBB-rated tranches returned -3.91% for the month, BB-rated tranches returned -3.84% and single-B rated tranches returned -5.67%. Even with the negative performance in the fourth quarter, CLOs outperformed other fixed income sectors for full year 2018. The return on the Total CLOIE was 1.27% for the year compared to -2.97% for Global Corps, -2.92% for Investment Grade Corps, -3.01% for HY and 0.95% for Securitized according to JP Morgan. CLO performance for the year was led by the single-B tranche at 2.93%, followed by the AAA tranche at 1.66%.

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## **Barings Global Investment Funds 2 Plc**

### **Investment Managers' Report for the financial year ended 31 December 2018 (continued)**

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#### **Barings Investment Grade CLO Fund (continued)**

##### **Outlook**

Looking ahead, we are expecting a healthy new supply pipeline given the number of CLO transactions delayed until 2019, as well as the number of new warehouses created to take advantage of lower loan prices. The supply could keep pressure on spreads in the first quarter with the longer term outlook still subject to macroeconomic trends, particularly the FED monetary policy changes, stricter US trade policies and Brexit. The direction of the markets will largely be driven by the outcome of these issues and their impact on global growth.

##### **Barings LLC**

##### **Barings (U.K.) Limited**

**April 2019**

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## Barings Global Investment Funds 2 Plc

### Investment Managers' Report for the financial year ended 31 December 2018 (continued)

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#### Global Multi-Credit Strategy Fund 3

Global Multi-Credit Strategy Fund 3 (the "Fund") generated a gross return of -1.77% on the Share Tranche T GBP Accumulation and underperformed against the performance comparator with a return of 5.79%\* during the reporting period.

The global high yield markets were producing positive returns through the first three quarters of 2018. Loans were outperforming bonds, and the U.S. was outperforming Europe. During the fourth quarter the global high yield markets sold off mostly due to technical pressures as retail fund flows turned materially negative. In our opinion, this does not reflect any change in the outlook for defaults, which are widely expected to remain low, but rather investor sentiment resulting from the many geopolitical headwinds throughout 2018. For the full year, loans were one of the few assets classes to produce positive returns, while high yield bonds (due to the fourth quarter sell off) ended up with negative returns for the full year.

The U.S. high yield market experienced a period of higher than normal volatility in the fourth quarter which resulted in 2018 ending with a negative return. Negative investor sentiment as a result of geopolitical headwinds, trade tensions and a sell-off in equity markets brought about risk-aversion in the market which led to significant spread-widening and underperformance during the year. As the market became more risk-off, this led to more significant underperformance of the lower end of the ratings spectrum with triple-Cs underperforming the broader market followed by double-Bs and single-Bs. Returns were generally negative across industries most notably within the Automotive and the Energy sectors which saw more significant declines during the year. The Healthcare, the Telecommunications, and the Utility sectors ended modestly positive. The option adjusted spread and the yield-to-worst widened by 168 bps and 208 bps to end at 540 bps and 8.01%, respectively. U.S. high yield bond new issuance fell to a post-crisis low in 2018 with US\$168.3 billion pricing bringing issuance net of refinancing activity to US\$64.1 billion. U.S. high yield retail mutual fund outflows totals US\$35.0 billion. Default activity in the U.S. high yield bond market remained at historic lows throughout 2018, ending the year at 1.87%, up slightly from 1.28% at the end of 2017.

The U.S. loan market finished the year with a positive return despite considerable volatility in the final two months of the year. There was a notable difference between performance in the market during the first three quarters compared to the fourth quarter. Through the first three quarters the market had returned +4.36% with almost all of the return coming from the return from interest income. During the fourth quarter the market experienced a technically driven drawdown of -3.08% which was largely the result of selling pressure from retail fund outflows. Net flows for loan retail funds in the U.S. had an inflow of US\$15.9 billion through the first three quarters, before turning materially negative starting at the end of October and finishing the year with a net outflow of US\$4.3 billion. The average price in the secondary market was largely range bound between the end of 2017 (97.63% of par) and September month-end (98.52%) before declining to 94.09% at the end of December. Even with the decline in prices late in the year, the interest income generated by the loans in the market was enough for the market to finish with a positive result. It is worth highlighting that short-term Libor rates continued to increase during the year and as a result of floating rate coupon for the asset class, the overall interest income level increased during the year as well. The average coupon for the market increased by 110 bps during the year to reach 6.12% by the end of the year. After tightening earlier in the year, the average credit spread as represented by the 3-year discount margin finished the year 134 bps wider than the prior year end at 550 bps. From an industry perspective, all industry sectors posted a negative return in the final two months of the year which resulted in a range of positive and negative returns for the full year. The Retail sector outperformed for the full year after recouping some of the price declines in the prior year, although the sector continues to face secular headwinds. Notwithstanding the decline in sentiment from retail investors in the fourth quarter, demand for U.S. loans was healthy overall in 2018, driven by issuance of CLOs. Gross CLO issuance was strong at US\$278 billion and excluding transactions that do not increase outstanding balances (ex. refinance, re-issue and reset transactions) issuance was still US\$130 billion which is a calendar year record. We viewed the sell-off as being more technical in nature and expect near-term default rates will remain below long term historical levels.

European High Yield bonds returned negatively in 2018 mainly driven by the recent macro volatility and technical factors (significant sell-off in the Equity market) rather than any specific deterioration in the quality of the underlying issuers. From a rating's perspective, single-B bonds materially underperformed the higher rated BB portion of the market during the year 2018 while triple C were the main detractor of the yearly performance. The option adjusted spread widened for the third consecutive month to end at 524 bps, the highest since April 2016. It should be noted that single-B rated bond are trading with an OAS of 717 bps, which we feel is providing a significant risk premium relative to the risk in the underlying market. All sectors except Healthcare and Technology & Electronics posted negative returns for the year. For the full year of 2018, we did see the proportion of senior secured supply rise as a percentage of overall issuance in Europe, with 46% of the full year issuance being senior secured (per JP Morgan).

\*The Fund return uses the close New York prices, whereas the return of the performance comparator is calculated using global close prices.

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## **Barings Global Investment Funds 2 Plc**

### **Investment Managers' Report for the financial year ended 31 December 2018 (continued)**

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#### **Global Multi-Credit Strategy Fund 3 (continued)**

The European loan market held up better than many other risk asset classes in face of broader market volatility in 2018. With the majority of risk asset classes producing negative returns in 2018, European loans were one of the few asset classes that actually generated a positive return over the year. Performance across industries was generally positive while some notable laggards such as Consumer Durables and Retail detracted the overall return. CLO activity was muted through December, as the volatility and sell-off across the wider high yield markets also had an impact on structured credit markets. Rapidly widening CLO liability spreads will most likely result in a temporary pause of new CLO issuance due to challenged arbitrage, albeit over the medium term we would expect the yields/spreads on both assets and liabilities to stabilise. It is worth noting that volumes do typically reduce throughout December and it is difficult to infer market movements in the month into longer term trends. From a sponsor-backed perspective, the activity in the European loan market hit €76.4bn from 157 deals in 2018 versus €78.95bn from 205 deals recorded in 2017.

The Fund underperformed its benchmark in 2018. Since its inception in February 2016, the Fund has outperformed its benchmark.

#### **Barings LLC**

#### **Barings (U.K.) Limited**

**April 2019**

## Barings Global Investment Funds 2 Plc

### Statements of Comprehensive Income for the financial year ended 31 December 2018

	Note	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
Net gain/(loss) from Subsidiaries at fair value through profit or loss	2	4,785,462	-	(3,242,282)	471,930
<i>Income from investments and derivatives</i>					
- Realised gain on investments and other derivative contracts		137,469,862	25,314,111	-	162,783,973
- Realised loss on investments and other derivative contracts		(330,150,430)	(31,216,324)	-	(361,366,754)
- Change in unrealised gain on investments and derivative contracts		(10,120,941)	(8,531,635)	-	(18,652,576)
- Change in unrealised loss on investments and derivative contracts		(12,135,675)	(17,649,555)	-	(29,785,230)
- Net loss on foreign exchange		-	168,784	-	168,784
<b>Net operating expense</b>		<b>(210,151,722)</b>	<b>(31,914,619)</b>	<b>(3,242,282)</b>	<b>(246,379,873)</b>
Operating expenses	8	(17,641,946)	(1,429,503)	(1,106,700)	(20,543,804)
<b>Loss from operations before finance costs</b>		<b>(227,793,668)</b>	<b>(33,344,122)</b>	<b>(4,348,982)</b>	<b>(266,923,677)</b>
<b>Finance costs</b>					
Interest expense		-	(582)	-	(582)
Distribution costs	14	(31,807,955)	(6,735,198)	-	(38,543,152)
<b>Total finance costs</b>		<b>(31,807,955)</b>	<b>(6,735,780)</b>	<b>-</b>	<b>(38,543,734)</b>
<b>Change in net assets attributable to holders of redeemable shares</b>		<b>(259,601,623)</b>	<b>(40,079,902)</b>	<b>(4,348,982)</b>	<b>(305,467,411)</b>

There are no recognised gains or losses in the financial year other than those dealt with in the Statement of Comprehensive Income. All results are from continuing activities.

The accompanying notes are an integral part of these financial statements.

## Barings Global Investment Funds 2 Plc

### Statements of Comprehensive Income for the financial year ended 31 December 2017

		Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
	<b>Note</b>				
Net gain from Subsidiaries at fair value through profit or loss	2	133,748,422	-	13,400,314	151,192,338
<i>Income from investments and derivatives</i>					
- Realised gain on investments and other derivative contracts		184,756,164	34,121,555	-	218,877,719
- Realised loss on investments and other derivative contracts		(79,674,848)	(3,421,061)	-	(83,095,909)
- Change in unrealised gain on investments and derivative contracts		10,997,071	8,348,536	-	19,345,607
- Change in unrealised loss on investments and derivative contracts		24,175,703	6,031,797	-	30,207,500
- Net loss on foreign exchange		-	(190,672)	-	(190,672)
<b>Net operating income</b>		<b>274,002,512</b>	<b>44,890,155</b>	<b>13,400,314</b>	<b>336,336,583</b>
Operating expenses	8	(11,538,190)	(1,219,274)	(960,364)	(14,007,622)
<b>Profit from operations before finance costs</b>		<b>262,464,322</b>	<b>43,670,881</b>	<b>12,439,950</b>	<b>322,328,961</b>
<b>Finance costs</b>					
Interest expense		-	(3,733)	-	(3,733)
Distribution costs	14	(15,583,905)	(5,746,607)	-	(21,330,512)
<b>Total finance costs</b>		<b>(15,583,905)</b>	<b>(5,750,340)</b>	<b>-</b>	<b>(21,334,245)</b>
<b>Change in net assets attributable to holders of redeemable shares</b>		<b>246,880,417</b>	<b>37,920,541</b>	<b>12,439,950</b>	<b>300,994,716</b>

There are no recognised gains or losses in the financial year other than those dealt with in the Statement of Comprehensive Income. All results are from continuing activities.

The accompanying notes are an integral part of these financial statements.

## Barings Global Investment Funds 2 Plc

### Statements of Financial Position as at 31 December 2018

	Note	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
<b>Assets</b>					
Financial assets at fair value through profit or loss:	11				
- Collateralised loan obligations		-	501,945,630	-	501,945,630
- Loan to Subsidiary	4	2,893,366,496	-	175,928,570	3,117,605,012
- Forward foreign exchange contracts	11	886,887	70,159	-	957,046
Receivables for fund shares sold		302,724	-	-	302,724
Other receivables	5	-	4,303,262	-	4,303,262
Cash and cash equivalents	3	-	706,988	-	706,988
<b>Total assets</b>		<b>2,894,556,107</b>	<b>507,026,039</b>	<b>175,928,570</b>	<b>3,625,820,662</b>
<b>Liabilities</b>					
Financial liabilities held for trading:					
- Forward foreign exchange contracts	11	(12,245,424)	(2,534,719)	-	(14,780,143)
Income distribution payable		-	(1,710,561)	-	(1,710,561)
Payable for fund shares repurchased		(45,696)	-	-	(45,696)
Other payables and accrued expenses	6	(1,571,822)	(138,792)	(92,253)	(1,828,200)
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>(13,862,942)</b>	<b>(4,384,072)</b>	<b>(92,253)</b>	<b>(18,364,600)</b>
<b>Represented by:</b>					
<b>Net assets attributable to holders of redeemable shares</b>	13	<b>2,880,693,165</b>	<b>502,641,967</b>	<b>175,836,317</b>	<b>3,607,456,062</b>

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors:

Director:   
James Cleary

Director:   
David Conway

Date: 23 April 2019

## Barings Global Investment Funds 2 Plc

### Statements of Financial Position as at 31 December 2017

	Note	Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
<b>Assets</b>					
Financial assets designated at fair value through profit or loss:	11				
- Collateralised loan obligations		-	486,382,957	-	486,382,957
- Loan to Subsidiary	4	2,340,913,506	-	180,202,464	2,584,214,009
Financial assets held for trading:					
- Forward foreign exchange contracts	11	11,007,828	2,251,824	-	13,259,652
Other receivables	5	-	3,314,845	-	3,314,845
Cash and cash equivalents	3	-	6,517,879	-	6,517,879
<b>Total assets</b>		<b>2,351,921,334</b>	<b>498,467,505</b>	<b>180,202,464</b>	<b>3,093,689,342</b>
<b>Liabilities</b>					
Financial liabilities held for trading:					
- Forward foreign exchange contracts	11	(109,749)	(659,871)	-	(769,620)
Income distribution payable		-	(1,563,726)	-	(1,563,726)
Payable for investments purchased		-	(21,585,993)	-	(21,585,993)
Other payables and accrued expenses	6	(1,265,506)	(140,913)	(17,165)	(1,429,594)
<b>Total liabilities (excluding net assets attributable to holders of redeemable shares)</b>		<b>(1,375,255)</b>	<b>(23,950,503)</b>	<b>(17,165)</b>	<b>(25,348,933)</b>
<b>Represented by:</b>					
<b>Net assets attributable to holders of redeemable shares</b>	13	<b>2,350,546,079</b>	<b>474,517,002</b>	<b>180,185,299</b>	<b>3,068,340,409</b>

The accompanying notes are an integral part of these financial statements.



## Barings Global Investment Funds 2 Plc

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares for the financial year ended 31 December 2018

	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
<b>Balance at 1 January 2018</b>	<b>2,350,546,079</b>	<b>474,517,002</b>	<b>180,185,299</b>	<b>3,068,340,409</b>
Change in net assets attributable to holders of redeemable shares	(259,601,623)	(40,079,902)	(4,348,982)	(305,467,411)
Issue of redeemable shares during the financial year	1,198,902,858	68,204,867	-	1,267,107,725
Redemption of redeemable shares during the financial year	(409,154,149)	-	-	(409,154,149)
Foreign exchange loss on translation	-	-	-	(13,370,512)
<b>Balance at 31 December 2018</b>	<b>2,880,693,165</b>	<b>502,641,967</b>	<b>175,836,317</b>	<b>3,607,456,062</b>

The accompanying notes are an integral part of these financial statements.

## Barings Global Investment Funds 2 Plc

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares for the financial year ended 31 December 2017

	Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
<b>Balance at 1 January 2017</b>	<b>1,105,731,699</b>	<b>235,624,337</b>	<b>167,745,349</b>	<b>1,548,085,369</b>
Change in net assets attributable to holders of redeemable shares	246,880,417	37,920,541	12,439,950	300,994,716
Issue of redeemable shares during the financial year	1,025,163,884	204,876,250	-	1,230,040,134
Redemption of redeemable shares during the financial year	(27,229,921)	(3,904,126)	-	(31,134,047)
Foreign exchange gain on translation	-	-	-	20,354,237
<b>Balance at 31 December 2017</b>	<b>2,350,546,079</b>	<b>474,517,002</b>	<b>180,185,299</b>	<b>3,068,340,409</b>

The accompanying notes are an integral part of these financial statements.

## Barings Global Investment Funds 2 Plc

### Statements of Cash Flows for the financial year ended 31 December 2018

	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
<b>Cash flows from operating activities</b>				
<b>Change in net assets attributable to holders of redeemable shares</b>	(259,601,623)	(40,079,902)	(4,348,982)	(305,467,411)
Adjustments for:				
Net movement on financial assets	(552,452,990)	(37,148,666)	4,273,894	(583,915,667)
Unrealised gains on derivatives	22,256,616	4,056,513	-	26,313,129
Distributions	31,807,955	6,735,198	-	38,543,153
<b>Operating cash outflows before movements in working capital</b>	<b>(757,990,042)</b>	<b>(66,436,857)</b>	<b>(75,088)</b>	<b>(824,526,796)</b>
Movements in receivables	-	(988,417)	-	(988,417)
Movements in payables	306,316	(2,121)	75,088	404,092
<b>Net cash inflows/(outflows) from operating activities</b>	<b>306,316</b>	<b>(990,538)</b>	<b>75,088</b>	<b>(584,325)</b>
<b>Financing activities</b>				
Proceeds from subscriptions	1,196,046,027	68,204,867	-	1,264,250,894
Payments on redemptions	(409,108,453)	-	-	(409,108,453)
Distributions paid to shareholders	(29,253,848)	(6,588,363)	-	(35,842,211)
<b>Net cash inflows from financing activities</b>	<b>757,683,726</b>	<b>61,616,504</b>	<b>-</b>	<b>819,300,230</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>(5,810,891)</b>	<b>-</b>	<b>(5,810,891)</b>
<b>Cash and cash equivalents at 1 January 2018</b>	<b>-</b>	<b>6,517,879</b>	<b>-</b>	<b>6,517,879</b>
<b>Cash and cash equivalents at 31 December 2018</b>	<b>-</b>	<b>706,988</b>	<b>-</b>	<b>706,988</b>

The accompanying notes are an integral part of these financial statements.

## Barings Global Investment Funds 2 Plc

### Statements of Cash Flows for the financial year ended 31 December 2017

	Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
<b>Cash flows from operating activities</b>				
<b>Change in net assets attributable to holders of redeemable shares</b>	246,880,417	37,920,541	12,439,950	300,994,716
Adjustments for:				
Net movement on financial assets	(1,205,318,439)	(227,072,840)	(12,372,737)	(1,448,497,542)
Unrealised gains on derivatives	(35,172,774)	(6,935,018)	-	(42,107,792)
Distributions	15,583,905	5,746,607	-	21,330,512
<b>Operating cash (outflows)/inflows before movements in working capital</b>	<b>(978,026,891)</b>	<b>(190,340,710)</b>	<b>67,213</b>	<b>(1,168,280,106)</b>
Movements in receivables	-	(2,107,431)	-	(2,107,431)
Movements in payables	679,890	48,035	(67,213)	640,430
<b>Net cash inflows/(outflows) from operating activities</b>	<b>679,890</b>	<b>(2,059,396)</b>	<b>(67,213)</b>	<b>(1,467,001)</b>
<b>Financing activities</b>				
Proceeds from subscriptions	1,025,563,884	204,876,482	-	1,230,440,366
Payments on redemptions	(32,632,978)	(3,904,126)	-	(36,537,104)
Distributions paid to shareholders	(15,583,905)	(5,083,247)	-	(20,667,152)
<b>Net cash inflows from financing activities</b>	<b>977,347,001</b>	<b>195,889,109</b>	<b>-</b>	<b>1,173,236,110</b>
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>3,489,003</b>	<b>-</b>	<b>3,489,003</b>
<b>Cash and cash equivalents at 1 January 2017</b>	<b>-</b>	<b>3,028,876</b>	<b>-</b>	<b>3,028,876</b>
<b>Cash and cash equivalents at 31 December 2017</b>	<b>-</b>	<b>6,517,879</b>	<b>-</b>	<b>6,517,879</b>

The accompanying notes are an integral part of these financial statements.

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# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018

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### 1. General information

Barings Global Investment Funds 2 Plc (the “Company”) is an open-ended investment company with variable capital incorporated under the laws of Ireland as a public limited company pursuant to the Companies Act, 2014. The Company was incorporated on 8 July 2013 under registration number 529930. Accordingly, the Company is supervised by the Central Bank.

The Company is structured in the form of an umbrella fund with segregated liability between funds. The Company may offer separate funds, each fund will have a distinct portfolio of investments. As at 31 December 2018, the Company had three active funds, Barings Global High Yield Credit Strategies Fund, Barings Investment Grade CLO Fund and Global Multi-Credit Strategy Fund 3 (together the “Funds”).

The investments of Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 are held through wholly owned subsidiaries, Barings High Yield Credit Strategies Limited and Barings Global Multi-Credit Strategy 3 Limited respectively (the “Subsidiary” or the “Subsidiaries”). The Subsidiaries are incorporated and tax resident in Ireland. Barings Investment Grade CLO Fund holds its investments directly.

The Funds are managed by Barings LLC and Barings (U.K.) Limited. The following notes refer to the Investment Managers but does not distinguish between them.

### 2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with European Union (“EU”) endorsed International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”) and the Companies Act, 2014, applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through profit or loss.

As explained below the Company qualifies as an investment entity and is therefore only required to prepare individual financial statements under IFRS as adopted by the EU. For the purpose of complying with Irish Company Law’s group financial statement requirement such financial statements are identical to these financial statements, as the Company is permitted by IFRS (as adopted by the EU) to include its subsidiary at fair value through profit or loss.

This is the first set of the Company’s annual financial statements in which IFRS 9 Financial Instruments has been applied. Changes to significant accounting policies are described in Note 2a.

Details of the Company’s accounting policies are included in Note 2b.

#### 2a. Changes in significant accounting policies

The Company has initially applied IFRS 9 from 1 January 2018. IFRS 15 Revenue from Contracts with Customers is also effective from 1 January 2018 but does not have a material effect on the Company’s financial statements.

As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not been restated to reflect the requirements of the standard.

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 2b to all periods presented in these financial statements.

#### IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred. The Company has no such losses to report.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 2a. Changes in significant accounting policies (continued)

#### IFRS 9 Financial Instruments (continued)

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the net assets attributable to holders of redeemable shares of the Funds.

#### (a) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 2b.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

<b>Financial assets</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>
Collateralised loan obligations	Designated at FVTPL	FVTPL
Loans to Subsidiaries*	Designated at FVTPL	FVTPL
Derivative financial instruments	Held-for-trading	Mandatorily at FVTPL
Receivable for fund shares sold	Loans and receivables	Amortised cost
Receivable for investments sold	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

\*Refer to Note 4 for details regarding the classification of Loans to Subsidiaries at FVTPL under IFRS 10.

<b>Financial liabilities</b>	<b>Original classification under IAS 39</b>	<b>New classification under IFRS 9</b>
Derivative financial instruments	Held-for-trading	Held-for-trading
Income distribution payable	Amortised cost	Amortised cost
Payable for fund shares repurchased	Amortised cost	Amortised cost
Other payables and accrued expenses	Amortised cost	Amortised cost
Net assets attributable to holders of redeemable shares	Amortised cost	Amortised cost

#### (b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

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# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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### 2a. Changes in significant accounting policies (continued)

#### (c) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets attributable to holders of redeemable shares as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39. There is no material impact to the financial statements as a result of this.

The Company has used the exemption not to restate comparative periods. The amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest method' as a separate line item in the statement of comprehensive income. No reclassifications are required.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

### 2b. Significant accounting policies

#### (a) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted

IFRS 16 "Leases" was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have any impact on the Company's financial position, performance or disclosures in its financial statements.

IFRS 17 "Insurance Contracts" was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

#### (b) Non-Consolidation and inclusion of Subsidiaries at fair value

The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments to IFRS 10 define an investment entity and introduce an exemption from the consolidation requirements for investment entities. On adoption of IFRS 10, the Company has determined that it meets the definition of an investment entity.

The Company has determined that it meets the definition of an investment entity as it displays the following characteristics:

- obtains funds from multiple investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

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# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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### 2b. Significant accounting policies (continued)

#### (b) Non-Consolidation and inclusion of Subsidiaries at fair value (continued)

As part of its assessment of IFRS 10, the Company has determined that the Subsidiaries continue to meet the definition of a subsidiary under the provisions of IFRS 10. Subsidiaries are entities under the Company's control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity and this is deemed to be the case here.

#### Investment entity

The Investment Managers of the Company have determined that the Subsidiaries:

- do not provide services that relate to the Company's investment activities; and
- have mainly been set up for tax purposes.

As detailed above, the Subsidiaries are accounted for at fair value through profit or loss.

#### (c) Foreign currency translation

##### Functional and presentation currency

The functional currency and presentation currency of each Fund is the currency noted in its Supplement to the Prospectus and is relevant to the stated investment strategy and results of each Fund. The functional currencies of the Funds are GBP for Global Multi-Credit Strategy Fund 3 and US\$ for Barings Global High Yield Credit Strategies Fund and for Barings Investment Grade CLO Fund.

##### Transactions and balances

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of financial year end/period end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the period in which they arise. Foreign exchange gains and losses on financial assets and liabilities at fair value through profit or loss are recognised together with other changes in fair value. Net foreign exchange gains/(losses) on non-monetary and monetary financial assets and liabilities other than those classified as at fair value through profit or loss are included in the Statement of Comprehensive Income.

##### Combined totals shown in the financial statements

The financial statements of the Company are measured in the currency of the primary economic operating environment in which the Company operates. The Company has adopted US\$ as the presentation currency of the combined totals shown in the financial statements.

For the purposes of producing the combined totals in the Statements of Financial Position, the Statements of Financial Position of each of the individual Funds are translated to US\$ using the exchange rates as at 31 December 2018.

For the purpose of producing the combined totals in the Statements of Comprehensive Income and the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares from the accounts of the individual Funds, average exchange rates are used. A translation adjustment arises in the combined totals due to this methodology. This adjustment does not have any impact on the Net Asset Value ("NAV") of any individual Fund. For the financial year ended 31 December 2018, this adjustment amounted to US\$(13,370,512) (31 December 2017: US\$20,354,237).

For the purpose of producing the combined totals in the Statements of Cash Flows, the opening exchange rate is used to convert the Statements of Financial Position balances at 31 December 2017, the average exchange rate is used to convert the Statements of Comprehensive Income amounts for the financial year ended 31 December 2018 and the closing exchange rate is used to convert the Statements of Financial Position balances at 31 December 2018. A translation adjustment arises in the combined totals due to this methodology. This adjustment does not have any impact on the cash flows of any individual Fund.



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## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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#### 2b. Significant accounting policies (continued)

##### (d) Financial assets and liabilities

###### (i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised at fair value through profit or loss on the Company's Statement of Financial Position on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised at the date they are originated. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the Statement of Comprehensive Income

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

###### (ii) Classification and subsequent measurement

###### (a) Classification of financial assets – Policy applicable from 1 January 2018

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVPTL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVPTL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

All other financial assets of the Company are measured at FVTPL.

##### *Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held the Company considers all of the relevant information about how the business is managed, including:

- The documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, receivables for fund shares sold, receivables for investments sold and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes investments in investment funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

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## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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#### 2b. Significant accounting policies (continued)

##### (d) Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

(a) Classification of financial assets – Policy applicable from 1 January 2018 (continued)

##### *Assessment whether contractual cash flows are SPPI*

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features; and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9, see Note 2a.

##### *FVTPL under IFRS 10*

As explained further in Note 4, loans to subsidiaries are carried at fair value through profit or loss under IFRS 10.

##### *Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Company were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(b) Classification of financial assets – Policy applicable before 1 January 2018

The Fund classified financial assets into the following categories.

##### *Financial assets at FVTPL:*

- Held for trading: derivative financial instruments
- Designated at FVTPL: loans to subsidiaries and collateralised loan obligations.

Financial assets at amortised cost:

- Loans and receivables: cash and cash equivalents, receivables for fund shares sold, receivables for investments sold and other receivables.

A financial asset was classified as held-for-trading if:

- It was acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition, it was part of a portfolio that was managed together and for which there was evidence of a recent pattern of short-term profit taking; or
- It was a derivative, other than a designated and effective hedging instrument.

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## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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#### 2b. Significant accounting policies (continued)

##### (d) Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

(b) Classification of financial assets – Policy applicable before 1 January 2018 (continued)

The Company designated all investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

A non-derivative financial asset with fixed or determinable payments could be classified as a loan and receivable unless it was quoted in an active market or was an asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IAS 39, see Note 2a.

(c) Subsequent measurement of financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses and foreign exchange gains and losses are recognised in profit or loss in 'Income from investments and derivatives' in the statement of comprehensive income.

Financial assets at amortised cost (2017: loans and receivables)

These assets are subsequently measured at amortised cost using the effective interest method. Foreign exchange gains and losses are recognised in 'net gain/loss on foreign exchange' and impairment would be recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents, receivables for fund shares sold, receivables for investments sold and other receivables are included in this category.

(d) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at FVTPL:

- Held-for-trading: derivative financial instruments

Financial liabilities at amortised cost:

- This includes payable for fund shares repurchased, other payables and accrued expenses, income distribution payable and redeemable shares.

(iii) Fair value measurement principles

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Funds have access to at that date. The fair value of a liability reflects its non-performance risk.

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## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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#### 2b. Significant accounting policies (continued)

##### (d) Financial assets and liabilities (continued)

###### (iii) Fair value measurement principles (continued)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If a quoted price is not available from a recognised market, or is unrepresentative in the opinion of the Directors or their delegate, such a security shall be valued, by estimating with care and in good faith the probable realisation value of the investment, by the Directors or their delegate or a competent person, which may be the Investment Managers (appointed by the Directors and each approved for the purpose by the Depositary) or valued at the probable realisation value estimated with care and in good faith by any other means, provided that the value is approved by the Depositary.

The value of any security, including debt and equity securities which is not normally quoted, listed or traded on or under the rules of a recognised exchange will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the Statement of Financial Position date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

###### (iv) Amortised cost measurement principles

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

###### (v) Impairment

IFRS 9 requires an impairment assessment to be carried out on its financial assets. The Directors have assessed that impairment does not apply to financial assets classified as fair value through profit or loss. The Directors consider the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

###### (vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Company uses the average cost method to determine realised gains and losses on derecognition.

###### (vii) Collateralised Loan Obligations ("CLO")

A CLO is a pooled investment vehicle which invests in a diversified group of loan assets. To finance its investments the vehicle issues bonds/notes to investors. The servicing and repayment of these notes is linked directly to the performance of the underlying assets.

###### (viii) Forward foreign exchange contracts

Forward foreign exchange contracts are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All forward foreign exchange contracts are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in fair value are recognised in the Statements of Comprehensive Income.

The fair value of forward foreign exchange contracts that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the financial year end date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Specifically, the fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date. The unrealised gain or loss on open forward foreign exchange contracts is calculated as the difference between the contract price and the forward price.

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## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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#### 2b. Significant accounting policies (continued)

##### (d) Financial assets and liabilities (continued)

(viii) Forward foreign exchange contracts (continued)

The best evidence of fair value of a derivative at initial recognition is the transaction price. Subsequent changes in the fair value of any derivative instrument are recognised immediately in the Statements of Comprehensive Income.

(ix) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are measured at amortised cost.

##### (e) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information on estimates and judgements used by the Directors are disclosed in Note 10 of the financial statements.

##### (f) Coupon income

Coupon income on financial assets at fair value through profit or loss is included in realised gain on investments in the Statement of Comprehensive Income. Income not yet received is included in Coupon receivable in the Statement of Financial Position. Income which suffers a deduction of tax at source is shown gross of withholding tax. Non-recoverable withholding tax is disclosed separately in the Statement of Comprehensive Income.

##### (g) Interest income and expense

Interest income and expense is recognised in the Statement of Comprehensive Income using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest basis.

##### (h) Expenses

All expenses, including management fees, administration fees and depositary fees, are recognised in the Statements of Comprehensive Income on an accruals basis.

##### (i) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities.

##### (j) Redeemable shares

All redeemable shares issued by the Company provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the relevant Fund's net assets at the redemption date. In accordance with IAS 32, such instruments give rise to a financial liability for the present value of the redemption amount on the reporting date.

##### (k) Dividend policy

The Company may declare dividends out of the net investment income and, at the discretion of the Directors, net realised and unrealised capital gains of the Funds attributable to the distribution classes on or about the last day of each calendar quarter, as detailed, where applicable, in the relevant Supplement to the Prospectus. The dividend distribution on the redeemable shares is recognised as a finance cost in the Statement of Comprehensive Income.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 2b. Significant accounting policies (continued)

#### (I) Revolving Credit Facility

The Subsidiary, Global High Yield Credit Strategies Fund has entered into a base currency revolving credit facility with State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited. Under this agreement a credit facility may from time to time be made available by State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited to the Subsidiary. This is a limited recourse agreement, with recourse being limited to the assets of the Fund Subsidiary. There is also security deed in place between the Subsidiary and State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited whereby the appropriate Fund acts as Guarantor for the credit facility extended. On 5 December 2018, the credit facility was renewed for one year and increased. As at 31 December 2018, there was no amount outstanding on this credit facility (31 December 2017: no amount outstanding). Lines were not drawn through 2018. Interest expense on this facility is accounted for on an "Effective Interest Rate" basis and is included within the "finance costs" line item on the Statements of Comprehensive Income.

### 3. Cash and cash equivalents

The cash and cash equivalents are held with the Custodian, State Street Custodial Services (Ireland) Limited. State Street had a Standard & Pooors' credit rating of A as at 31 December 2018 (31 December 2017: A). As at 31 December 2018, the Company held US\$706,988 in cash and cash equivalents (31 December 2017: US\$6,517,879).

### 4. Subsidiary

As detailed in Note 2, the Company has determined that Barings Global High Yield Credit Strategies Limited and Barings Global Multi-Credit Strategy 3 Limited meet the definition of a subsidiary under the provisions of IFRS 10. Subsidiaries are entities under the Company's control. The Company controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Name of Subsidiary	Place of incorporation and operation	Proportion of ownership	Proportion of voting power	Method used to account for investment
Barings Global High Yield Credit Strategies Limited	Ireland	100%	100%	Fair value through profit or loss
Barings Global Multi-Credit Strategy 3 Limited	Ireland	100%	100%	Fair value through profit or loss

The Company, on behalf of Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 has loan agreements in place with the Subsidiaries whereby the Company agrees to make loans to the relevant Subsidiary from time to time in such currencies as may be agreed between the Company, on behalf of Barings Global High Yield Credit Strategies Fund or of Global Multi-Credit Strategy Fund 3 and the Subsidiary, respectively, during the period from the date of the loan agreement until such date as may be agreed. Each loan is repayable on demand. The loans from the Company are secured by the assignment of a fixed first charge of the Subsidiary's rights, title and interest on investments.

All of the income earned by the Company from the relevant Subsidiary represents all of the net income of the relevant Subsidiary for the financial year, except for an immaterial amount per financial year which is recorded in the relevant Subsidiary as profit before tax.

### 5. Other receivables

	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
Coupon receivable	-	4,302,956	-	4,302,956
Other receivables	-	306	-	306
	-	4,303,262	-	4,303,262

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 5. Other receivables (continued)

	Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
Coupon receivable	-	3,314,845	-	3,314,845
	-	3,314,845	-	3,314,845

#### 6. Other payables and accrued expenses

	Barings Global High Yield Credit Strategies Fund 31 Dec 2018 US\$	Barings Investment Grade CLO Fund 31 Dec 2018 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2018 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2018 US\$
Investment manager fee payable	(1,350,417)	(94,046)	(76,422)	(1,541,870)
Administration and custodian fee payable	(150,649)	(23,545)	(5,973)	(181,808)
Directors' fee payable	(278)	-	-	(278)
Audit and tax reporting fee payable	(5,901)	(7,718)	(6,430)	(21,815)
Miscellaneous payable	(64,577)	(13,483)	(3,428)	(82,429)
	(1,571,822)	(138,792)	(92,253)	(1,828,200)

	Barings Global High Yield Credit Strategies Fund 31 Dec 2017 US\$	Barings Investment Grade CLO Fund 31 Dec 2017 US\$	Global Multi-Credit Strategy Fund 3 31 Dec 2017 GBP	Barings Global Investment Funds 2 Plc 31 Dec 2017 US\$
Investment manager fee payable	(1,032,458)	(86,868)	(4,340)	(1,125,185)
Administration and custodian fee payable	(160,953)	(35,248)	(10,093)	(209,828)
Directors' fee payable	(517)	(517)	(330)	(1,480)
Audit and tax reporting fee payable	(579)	(747)	-	(1,326)
Professional fee payable	(2,679)	(4,451)	(530)	(7,846)
Miscellaneous payable	(68,320)	(13,082)	(1,872)	(83,929)
	(1,265,506)	(140,913)	(17,165)	(1,429,594)

#### 7. Subscriber and redeemable shares

##### Authorised

The authorised share capital of the Company is 500,000,000,000 shares of no par value.

##### Subscriber shares

Subscriber shares issued amount to US\$2, being 2 subscriber shares of US\$1 each. These subscriber shares were issued for the purposes of the incorporation of the Company. Both shares are held by Barings (U.K.) Limited and Barings LLC. The subscriber shares entitle the holders to attend and vote at all meetings of the Company but do not entitle the holders to participate in the dividends or net assets of any Fund. The subscriber shares do not form part of the NAV of the Company and are thus disclosed in the financial statements by way of this note only.

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 7. Subscriber and redeemable shares (continued)

##### Redeemable shares

The issued redeemable share capital is at all times equal to the net assets attributable to holders of redeemable shares. Redeemable shares are redeemable at the shareholders' option and are classified as financial liabilities.

The Funds' capital is represented by the redeemable shares outstanding. The Funds do not have any externally imposed capital requirements.

The rights attaching to the redeemable shares are as follows:

- Redeemable shares may be redeemed on the last business day of each calendar month or such other date or dates as the Board of Directors shall from time to time determine at the applicable NAV per share prevailing on the dealing day on which the redemption is effective.
- Redeemable shares entitles the holder to attend or vote at any general meeting of the Company. The holders are entitled to receive all dividends declared in the relevant share class and paid by the Funds. Upon winding up, the holders are entitled to a return of capital based on the NAV per share of the Funds.
- The Directors may determine to apply an anti-dilution levy to net subscriptions on any dealing day. Anti-dilution levy applied is included within with Statement of changes in net assets attributable to holders of redeemable shares.
- Distribution classes may earn dividends as detailed in Note 2.

The movement in the number of redeemable shares for the financial year ended as at 31 December 2018 is as follows:

Barings Global High Yield Credit Strategies Fund	Balance at 1 Jan 2018	Issued	Redeemed	Balance at 31 Dec 2018
Class A GBP Accumulation Shares	1,508,571.07	10,826.64	-	1,519,397.71
Class A GBP Distribution Shares	377,331.19	-	-	377,331.19
Class B GBP Accumulation Shares	7,551,467.84	2,140,198.24	(1,137,374.51)	8,554,291.57
Class B GBP Distribution Shares	956,901.28	1,976,940.30	(1,334.95)	2,932,506.63
Class B USD Accumulation Shares*	-	1,038,488.54	-	1,038,488.54
Class C CAD Accumulation Shares	190,000.00	-	-	190,000.00
Class C GBP Accumulation Shares	2,030,262.58	740,474.12	(1,168,147.10)	1,602,589.60
Class C GBP Distribution Shares	1,202,833.20	1,615,761.47	(5,397.15)	2,813,197.52
Class C USD Accumulation Shares*	-	150,000.00	-	150,000.00
Class C USD Distribution Shares	1,092,854.02	-	-	1,092,854.02
Class D CAD Accumulation Shares	1,000.00	-	-	1,000.00
Class D EUR Accumulation Shares	7,285.25	5,125.00	-	12,410.25
Class D EUR Distribution Shares	3,000.00	-	-	3,000.00
Class D GBP Accumulation Shares	59,725.84	21,980.86	(30,608.11)	51,098.59
Class D GBP Distribution Shares	21,500.00	-	-	21,500.00
Class D NOK Accumulation Shares	730,830.92	605,231.65	(43,707.62)	1,292,354.95
Class D USD Accumulation Shares	54,347.45	45,682.06	(3,260.32)	96,769.19
Class D USD Distribution Shares	103,664.61	55,798.59	(12,419.99)	147,043.21
Class E EUR Distribution Shares	2,989.65	-	-	2,989.65
Class E USD Accumulation Shares	2,000.00	234,830.94	(152,420.00)	84,410.94
Class E USD Distribution Shares	31,053.71	-	(5,648.11)	25,405.60
Class F GBP Accumulation Shares	10,164.82	-	-	10,164.82
Class F USD Accumulation Shares	15,338.95	-	-	15,338.95
Class G USD Accumulation Shares**	-	80,208.75	(80,208.75)	-
Class G USD Distribution Shares*	-	229,792.34	(12,663.22)	217,129.12
Class S USD Accumulation Shares	44.16	-	-	44.16

\*These share classes launched during the financial year ended 31 December 2018.

\*\*These share classes launched and terminated during the financial year ended 31 December 2018.



## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 7. Subscriber and redeemable shares (continued)

##### Redeemable Shares (continued)

Barings Investment Grade CLO Fund	Balance at 1 Jan 2018	Issued	Redeemed	Balance at 31 Dec 2018
Class A GBP Accumulating Shares	1,164,530.30	485,248.45	-	1,649,778.75
Class A GBP Distribution Shares	1,936,280.51	-	-	1,936,280.51
Class A USD Accumulation Shares	4,865.20	10.14	-	4,875.34
Class C GBP Distribution Shares	293,500.00	-	-	293,500.00
Class D CAD Accumulating Shares	2,000.00	-	-	2,000.00
Class D EUR Accumulating Shares	500.00	-	-	500.00
Class D NOK Accumulating Shares	27,000.00	-	-	27,000.00
Class D USD Accumulating Shares	4,695.40	19,111.00	-	23,806.40
Class D USD Distribution Shares	59,331.27	13,130.79	-	72,462.06
<b>Global Multi-Credit Strategy Fund 3</b>	<b>Balance at 1 Jan 2018</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Balance at 31 Dec 2018</b>
Class T GBP Accumulation Shares	1,484,543.08	-	-	1,484,543.08

The movement in the number of redeemable shares for the financial year ended as at 31 December 2017 is as follows:

Barings Global High Yield Credit Strategies Fund	Balance at 1 Jan 2017	Issued	Redeemed	Balance at 31 Dec 2017
Class A GBP Accumulation Shares	1,330,290.29	225,672.35	(47,391.57)	1,508,571.07
Class A GBP Distribution Shares	320,206.09	57,125.10	-	377,331.19
Class B GBP Accumulation Shares	4,449,653.57	3,101,814.27	-	7,551,467.84
Class B GBP Distribution Shares	326,997.52	629,903.76	-	956,901.28
Class C CAD Accumulation Shares*	-	190,000.00	-	190,000.00
Class C GBP Accumulation Shares	919,459.16	1,212,182.37	(101,378.95)	2,030,262.58
Class C GBP Distribution Shares	101,710.56	1,101,122.64	-	1,202,833.20
Class C USD Distribution Shares	515,857.00	595,758.75	(18,761.73)	1,092,854.02
Class D CAD Accumulation Shares*	-	1,000.00	-	1,000.00
Class D EUR Accumulation Shares	11,165.00	532.25	(4,412.00)	7,285.25
Class D EUR Distribution Shares*	-	3,000.00	-	3,000.00
Class D GBP Accumulation Shares	32,545.10	29,117.72	(1,936.98)	59,725.84
Class D GBP Distribution Shares	21,500.00	-	-	21,500.00
Class D NOK Accumulation Shares*	-	739,507.29	(8,676.37)	730,830.92
Class D USD Accumulation Shares	22,556.36	31,791.09	-	54,347.45
Class D USD Distribution Shares	100,070.50	5,094.11	(1,500.00)	103,664.61
Class E EUR Distribution Shares*	-	2,989.65	-	2,989.65
Class E USD Accumulation Shares*	-	2,000.00	-	2,000.00
Class E USD Distribution Shares	2,000.00	29,053.71	-	31,053.71
Class F GBP Accumulation Shares	10,164.82	-	-	10,164.82
Class F USD Accumulation Shares	12,451.45	2,887.50	-	15,338.95
Class S USD Accumulation Shares	44.16	-	-	44.16

\*These share classes launched during the financial year ended 31 December 2017.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 7. Subscriber and redeemable shares (continued)

#### Redeemable Shares (continued)

Barings Investment Grade CLO Fund	Balance at	Issued	Redeemed	Balance at
	1 Jan 2017			31 Dec 2017
Class A GBP Accumulation Shares*	-	1,164,530.30	-	1,164,530.30
Class A GBP Distribution Shares	1,837,251.00	99,029.51	-	1,936,280.51
Class A USD Accumulation Shares	4,855.11	10.09	-	4,865.20
Class C GBP Distribution Shares*	-	293,500.00	-	293,500.00
Class D CAD Accumulation Shares*	-	2,000.00	-	2,000.00
Class D EUR Accumulation Shares*	-	500.00	-	500.00
Class D GBP Distribution Shares**	30,000.00	-	(30,000.00)	-
Class D NOK Accumulation Shares*	-	27,000.00	-	27,000.00
Class D USD Accumulation Shares*	-	4,695.40	-	4,695.40
Class D USD Distribution Shares	42,405.08	16,926.19	-	59,331.27

Global Multi-Credit Strategy Fund 3	Balance at	Issued	Redeemed	Balance at
	1 Jan 2017			31 Dec 2017
Class T GBP Accumulation Shares	1,484,543.08	-	-	1,484,543.08

\*These share classes launched during the financial year ended 31 December 2017.

\*\*This share class terminated during the financial year ended 31 December 2017.

#### Capital Management

The capital of the Company is represented by the net assets attributable to holders of redeemable participating shares. The amount of net assets attributable to holders of redeemable participating shares can change significantly on a daily basis, as the Company is subject to daily subscriptions and redemptions at the discretion of the shareholders.

The ownership of Funds is concentrated, with a small number of investors holding significant shareholdings. As a result, a redemption request by a significant shareholder may have a significant impact on the liquidity of the Company and its ability to continue as a going concern. See Note 11 Liquidity Risk for details of how this risk is mitigated.

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to achieve its overall objective of long-term capital growth and to maintain a strong capital base to support the development of its investment activities.

The Investment Manager monitors capital on the basis of the value of net assets attributable to holders of redeemable participating shares.

### 8. Operating expenses

		Barings Global High Yield Credit Strategies Fund 31 Dec 2018	Barings Investment Grade CLO Fund 31 Dec 2018	Global Multi-Credit Strategy Fund 3 31 Dec 2018	Barings Global Investment Funds 2 Plc 31 Dec 2018
	Note	US\$	US\$	GBP	US\$
Investment manager fees	9	(15,865,655)	(1,057,421)	(981,637)	(18,229,046)
Administration and custodian fees	9	(1,685,273)	(279,687)	(91,789)	(2,087,076)
Audit and tax reporting fees		(9,844)	(37,529)	(2,646)	(50,893)
Professional fees		(55,439)	(21,387)	-	(76,826)
Directors' fees		(3,956)	(3,956)	(2,821)	(11,665)
Other operating expenses		(21,779)	(29,523)	(27,807)	(88,298)
Gross expenses		(17,641,946)	(1,429,503)	(1,106,700)	(20,543,804)
<b>Net expenses</b>		<b>(17,641,946)</b>	<b>(1,429,503)</b>	<b>(1,106,700)</b>	<b>(20,543,804)</b>

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 8. Operating expenses (continued)

		Barings Global High Yield Credit Strategies Fund 31 Dec 2017	Barings Investment Grade CLO Fund 31 Dec 2017	Global Multi-Credit Strategy Fund 3 31 Dec 2017	Barings Global Investment Funds 2 Plc 31 Dec 2017
	Note	US\$	US\$	GBP	US\$
Investment manager fees	9	(9,847,684)	(806,359)	(802,369)	(11,698,530)
Administration and custodian fees	9	(1,617,131)	(330,261)	(115,975)	(2,098,363)
Audit and tax reporting fees		(16,931)	(25,634)	(997)	(43,863)
Professional fees		(32,809)	(23,149)	(7,829)	(66,149)
Directors' fees		(4,727)	(4,727)	(3,528)	(14,047)
Other operating expenses		(18,908)	(29,144)	(29,666)	(86,670)
Gross expenses		(11,538,190)	(1,219,274)	(960,364)	(14,007,622)
<b>Net expenses</b>		<b>(11,538,190)</b>	<b>(1,219,274)</b>	<b>(960,364)</b>	<b>(14,007,622)</b>

The below audit fees are exclusive of VAT.

The tables below provide a breakdown of the total fee (inclusive of out of pocket expenses) accrued to the statutory auditor during the financial year ended 31 December 2018 and 31 December 2017.

		Company Total Year ended 31 Dec 2018 US\$	Company Total Year ended 31 Dec 2017 US\$
Auditor's fees:			
Audit work	– statutory audit	(52,381)	(43,863)
	– audit related services	-	-
Non audit work	– taxation services	(1,059)	(854)
	– other consultancy	-	-
Total fee accrued to statutory auditor		(53,440)	(44,717)

### 9. Related party transactions

#### Relationship between Parent and Subsidiary

All of the Barings Global High Yield Credit Strategies Fund's investments (except forward foreign exchange contracts) are held through its Subsidiary, Barings Global High Yield Credit Strategies Limited and all investments of the Global Multi-Credit Strategy Fund 3 are held through its Subsidiary, Barings Global Multi-Credit Strategy 3 Limited.

The Company, on behalf of Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 has loan agreements in place with the Subsidiaries. See Note 4 for further details. At 31 December 2018, Barings Global High Yield Credit Strategies Fund had a loan to subsidiary of US\$2,895,423,738 (31 December 2017: US\$2,340,913,506) and Global Multi-Credit Strategy Fund 3 had a loan to subsidiary of GBP175,928,570 (31 December 2017: GBP180,202,464).

#### Investment by Investment Manager and Sub-Investment Manager

Barings (U.K.) Limited, the Sub-Investment Manager and a Distributor to the Company, held 100% (31 December 2017: 100%) of the Class F GBP Accumulation shares in issuance of Barings Global High Yield Credit Strategies Fund, representing 0.05% (31 December 2017: 0.07%) of the NAV of the Fund.

Barings LLC, the Investment Manager to the Company, held 100% (31 December 2017: 100%) of the Class F USD Accumulation shares in issuance of Barings Global High Yield Credit Strategies Fund, representing 0.07% (31 December 2017: 0.10%) of the NAV of the Fund.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 9. Related party transactions (continued)

#### Investment by Investment Manager and Sub-Investment Manager (continued)

Barings LLC, the Investment Manager to the Company, held 100% (31 December 2017: 100%) of the Class S USD Accumulation shares in issuance of Barings Global High Yield Credit Strategies Fund, representing 0.00% (31 December 2017: 0.00%) of the NAV of the Fund.

Barings LLC, the Investment Manager to the Company, held 100% (31 December 2017: 100%) of the Class A USD Accumulation shares in issuance of Barings Investment Grade CLO Fund, representing 0.11% (31 December 2017: 0.15%) of the NAV of the Fund.

#### Investment Manager

To implement the investment strategies as specified in the Prospectus and the Supplements, the Funds have appointed Barings LLC as Investment Manager. Barings LLC is an investment management company incorporated in the United States and is registered with the Securities Exchange Commission "SEC" as an investment advisor. Barings LLC is an indirect subsidiary of Massachusetts Mutual Life Insurance Company and a member of the MassMutual Financial Group.

The Investment Manager is entitled to receive out of the assets of the Funds fees equivalent to a percentage of the relevant share class as follows:

	<b>Investment Management Fee</b>
	<b>% of NAV</b>
<b>Barings Global High Yield Credit Strategies Fund</b>	
Class A Shares	0.45%
Class B Shares	0.525%
Class C Shares	0.60%
Class D Shares	0.70%
Class E Shares	1.10%
Class F Shares	0.00%
Class G Shares	1.60%
Class S Shares	0.30%
<b>Barings Investment Grade CLO Fund</b>	
Class A Shares	0.21%
Class C Shares	0.25%
Class D Shares	0.30%
<b>Global Multi-Credit Strategy Fund 3</b>	
Class T Shares	0.55%*

\*Up to and including GBP150,000,000; 0.50% in excess of GBP150,000,000.

Please refer to Note 8 for details of these fees charged to the Funds.

#### Administration, Custodian and Operating fees

The aggregate fees and expenses of the Administrator and the Custodian, as defined in the Supplements cannot exceed the following amounts:

<b>Fund</b>	
Barings Global High Yield Credit Strategies Fund	0.20% of the NAV per annum
Barings Investment Grade CLO Fund	0.15% of the NAV per annum
Global Multi-Credit Strategy Fund 3	higher of US\$ 160,000 or 0.075% of the NAV per annum

In the event that such eligible fees and expenses exceed the stated limit per annum of the NAV of the Funds in respect of any period, the Investment Manager has agreed to waive a portion of its investment management fee as is equal to the excess (fund reimbursement). The Investment Manager at its discretion may, in consideration for agreeing to this waiver, in the event that the amount of such eligible fees and expenses actually incurred during a period is less than the stated limits per annum of the NAV of the Funds, the Funds will pay the Investment Manager the difference between the amount of the fees and expenses actually incurred and the stated limits per annum of the NAV of the Funds (administration cap). The Investment Managers fees will accrue monthly and are payable in arrears. Investment Manager's fees of US\$18,229,046 (31 December 2017: US\$11,698,530) have been charged for the financial year ended 31 December 2018, of which US\$1,541,870 (31 December 2017: US\$1,125,185) was still outstanding as at 31 December 2018.

Administration and Custodian fees of US\$2,087,076 (31 December 2017: US\$2,098,363) have been charged for the financial year ended 31 December 2018, of which US\$181,808 (31 December 2017: US\$209,828) was still outstanding as at 31 December 2018.

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# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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### 9. Related party transactions (continued)

#### Directors' fees

The total Directors' fees are disclosed in Note 8. All of these fees were emoluments in respect of services to the Company. The listing of the members of the Board of Directors is shown on page 2. Mr. Timothy Schulze, Mr. Peter Clark and Mr. Julian Swayne have agreed to waive their entitlement to be paid a Director's fee. While these Directors don't receive fees from the Company directly for their role as Directors, they are paid in their role as managing directors for the Investment Manager and Sub-Investment Manager. The Investment Manager receives fees as outlined in Note 9.

#### Directors' relationships

Mr. Peter Clark and Mr. Julian Swayne are managing directors of Barings (U.K.) Limited, the Sub-Investment Manager and a Distributor for the Company, and Baring Asset Management Limited, a Distributor for the Company. Mr. Timothy Schulze is a managing director of Barings LLC, the Investment Manager. Mr. James Cleary, Ms. Barbara Healy and Mr. David Conway are also Directors of the Subsidiaries.

#### Employees

There were no direct employees of the Company for the financial year under review.

#### Transactions

The following related party transactions took place with other funds managed by the Investment Managers whereby the Funds within the Company bought assets from other funds managed by the Investment Manager. These transactions were not within the umbrella of the Company and therefore they were not eliminated on consolidation.

#### Trade details during the financial year ended 31 Dec 2018

	Purchases Trade Value	Sales Trade Value
Barings Global High Yield Credit Strategies Fund	5,850,975	228,909

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

### 10. Fair value hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market price in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

#### Valuation Framework

The Company has an established control framework with respect to measurement of fair values. This framework includes a Valuations Committee, which is independent of front office management and reports to the Board of Directors, who have overall responsibility for fair value measurements. Specific controls include:

- Verification of observable pricing inputs;
- A review and approval process for changes to pricing models;
- Review of unobservable inputs and valuation adjustments; and
- Review of independent third party pricing sources.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on observable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 10. Fair value hierarchy (continued)

#### Valuation Framework (continued)

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The CLO's fair value have been determined using independent broker quotes based on observable inputs and were classified as Level 2. Where this cannot be verified, the CLO's would fall into Level 3.

The loans to the Subsidiaries are classified as Level 2, reflecting the observable inputs used in valuing the underlying portfolios of the unconsolidated Subsidiaries. Please refer to the audited financial statements of each Subsidiary included in the Appendix to these financial statements.

As at 31 December 2018 there were no Level 3 securities held by any of the Funds. Barings Investment Grade CLO Fund was the only Fund that held Level 3 securities at 31 December 2017.

If a quoted price is not available from a recognised market, or is unrepresentative in the opinion of the Directors or their delegate, such a security shall be valued, by estimating with care and in good faith the probable realisation value of the investment, by the Directors or their delegate or a competent person, which may be one of the Investment Managers (appointed by the Directors and each approved for the purpose by the Custodian) or valued at the probable realisation value estimated with care and in good faith by any other means provided that the value is approved by the Custodian.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and they are categorised as Level 1.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of each Fund within the Company in accordance with the Funds' offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Funds at any dealing date for cash/assets equal to a proportionate share of the Fund's NAV attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares held.

All forward foreign exchange contracts are classified as Level 2 since they are valued using observable inputs but are not quoted in an active market.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial year. There were no transfers between Level 1 and Level 2 during the financial year (31 December 2017: none).

The following tables analyse within the fair value hierarchy of the Funds' financial assets and liabilities measured at fair value at 31 December 2018:

#### Barings Global High Yield Credit Strategies Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets</b>				
At fair value through profit or loss:				
- Loan to subsidiary	-	2,893,366,496	-	2,893,366,496
- Forward foreign exchange contracts	-	886,887	-	886,887
<b>Total assets</b>	-	2,894,253,383	-	2,894,253,383
<b>Financial liabilities</b>				
At fair value through profit or loss:				
- Forward foreign exchange contracts	-	(12,245,424)	-	(12,245,424)
<b>Total liabilities</b>	-	(12,245,424)	-	(12,245,424)

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 10. Fair value hierarchy (continued)

##### Barings Investment Grade CLO Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets</b>				
At fair value through profit or loss:				
- Collateral loan obligations	-	501,945,630	-	501,945,630
- Forward foreign exchange contracts	-	70,159	-	70,159
<b>Total assets</b>	-	502,015,789	-	502,015,789
<b>Financial liabilities</b>				
At fair value through profit or loss:				
- Forward foreign exchange contracts	-	(2,534,719)	-	(2,534,719)
<b>Total liabilities</b>	-	(2,534,719)	-	(2,534,719)

##### Global Multi-Credit Strategy Fund 3

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total Fair Value GBP
<b>Financial assets</b>				
At fair value through profit or loss:				
- Loan to subsidiary	-	175,928,570	-	175,928,570
<b>Total assets</b>	-	175,928,570	-	175,928,570

The following tables analyse within the fair value hierarchy of the Funds' financial assets and liabilities measured at fair value at 31 December 2017:

##### Barings Global High Yield Credit Strategies Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets</b>				
Designated at fair value through profit or loss:				
- Loan to subsidiary	-	2,340,913,506	-	2,340,913,506
Held for trading:				
- Forward foreign exchange contracts	-	11,007,828	-	11,007,828
<b>Total assets</b>	-	2,351,921,334	-	2,351,921,334
<b>Financial liabilities</b>				
Held for trading:				
- Forward foreign exchange contracts	-	(109,749)	-	(109,749)
<b>Total liabilities</b>	-	(109,749)	-	(109,749)

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 10. Fair value hierarchy (continued)

Barings Investment Grade CLO Fund	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets</b>				
Designated at fair value through profit or loss:				
- Collateral loan obligations	-	463,545,457	22,837,500	486,382,957
Held for trading:				
- Forward foreign exchange contracts	-	2,251,824	-	2,251,824
<b>Total assets</b>	-	465,797,281	22,837,500	488,634,781
<b>Financial liabilities</b>				
Held for trading:				
- Forward foreign exchange contracts	-	(659,871)	-	(659,871)
<b>Total liabilities</b>	-	(659,871)	-	(659,871)
<b>Global Multi-Credit Strategy Fund 3</b>	<b>Level 1 GBP</b>	<b>Level 2 GBP</b>	<b>Level 3 GBP</b>	<b>Total Fair Value GBP</b>
<b>Financial assets</b>				
Designated at fair value through profit or loss:				
- Loan to subsidiary	-	180,202,464	-	180,202,464
<b>Total assets</b>	-	180,202,464	-	180,202,464

The following table reconciles fair value changes in the Barings Investment Grade CLO Fund's Level 3 holdings for the year ended 31 December 2018:

	31 Dec 2018 US\$
Balance 31 December 2017	22,837,500
Purchases	-
Realised gains and losses	(10,220)
Movement in unrealised gains and losses	(745,850)
Transfers out of Level 3	(20,691,650)
Sales	(1,389,780)
Balance 31 December 2018	-
Total unrealised losses recognised in the Statement of Comprehensive Income for assets held at the end of the financial year:	
- Included within unrealised loss on investments	-



# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 10. Fair value hierarchy (continued)

The following table reconciles fair value changes in the Barings Investment Grade CLO Fund's Level 3 holdings for the year ended 31 December 2017:

	<b>31 Dec 2017</b>
	<b>US\$</b>
Balance 31 December 2016	26,470,722
Purchases	22,837,500
Realised gains and losses	278,713
Movement in unrealised gains and losses	23,799
Transfers out of Level 3	(24,365,421)
Sales	(2,407,813)
	<hr/>
Balance 31 December 2017	22,837,500
	<hr/> <hr/>
Total unrealised losses recognised in the Statement of Comprehensive Income for assets held at the end of the financial year:	
- Included within unrealised loss on investments	23,799
	<hr/> <hr/>

The Company determines the fair value for CLO instruments using independent, unadjusted indicative broker quotes. A broker quote is generally not a binding offer. The categorisation of CLO instruments is dependent if the broker quotes reflect actual current market conditions, or if they are indicative prices based on brokers' valuation models, depending on the significance and observability of the inputs to the model.

For CLO instruments that have been categorised as Level 2, fair value has been determined using independent broker quotes based on observable inputs. If it could not be verified that the valuation is based significantly on observable inputs, then the investments would fall into Level 3.

The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

At 31 December 2018 no CLOs were categorised as Level 3 (31 December 2017: fair value of US\$22,837,500). This classification was given to these securities as a result of decreased liquidity in the market and wider spreads that are consequently reflected in a broader spectrum of indicative broker quotes, which are factors that indicate that the broker quotes are not based on observable prices.

The table below sets out information about significant unobservable inputs used at 31 December 2017 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

<b>Asset Class</b>	<b>Fair Value</b>	<b>Unobservable</b>	<b>Ranges</b>	<b>Weighted</b>
	<b>US\$</b>	<b>Inputs</b>		<b>Average</b>
Collateralised Loan Obligations	22,837,500	Broker Quotes	100.00	100.00

#### *Sensitivity of Level 3 assets measured at fair value to changes in assumptions*

The results of using reasonably possible alternative assumptions for valuing the Level 3 assets may result in the fair value estimate and recoverability of the assets being subject to uncertainty and a range of possible outcomes are likely. Such differences, if any, may have had a material effect on the overall portfolio as at 31 December 2017.

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# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

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### 11. Financial instruments and associated risks

At 31 December 2018, the Company had three active funds, Barings Global High Yield Credit Strategies Fund, Barings Investment Grade CLO Fund and Global Multi-Credit Strategy Fund 3.

As at 31 December 2018, all of the assets (except for forward foreign exchange contracts) of the Barings Global High Yield Credit Strategies Fund and of the Global Multi-Credit Strategy Fund 3 were held by wholly owned subsidiary. Since the Funds control the Subsidiaries all of the risks affecting the Subsidiaries are transferred to the Funds. For a detailed review of the financial instruments and associated risks of the investments held by the Subsidiaries, please refer to the audited financial statements of the Subsidiaries which are attached in the Appendix to this report.

Barings Investment Grade CLO Fund invests primarily in CLOs which are subject to credit, liquidity and interest rate risks. The portfolio investments in which the Fund invests are subject to changes in the financial condition of an obligor of the collateral underlying the CLO.

The risks faced by the Funds are also transferred to the Company. The Funds were exposed to market risk, credit risk and liquidity risk arising from the financial instruments they hold.

The Funds are managed by Barings LLC and Barings (U.K.) Limited.

#### Market risk

Market risk embodies the potential for both losses and gains and includes foreign currency risk, interest rate risk and price risk, which are discussed in detail under separate headings within this note.

The Funds' exposure to market risk is that the value of assets will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans that the Funds invest in.

The Funds' market risk is managed on a daily basis by the Investment Managers in accordance with policy and procedures in place. The Funds' overall market positions are reported to the Board of Directors on a quarterly basis.

As the majority of the financial instruments are carried at fair value through the profit or loss, all changes in market conditions will directly impact the net assets of the Funds.

#### Foreign currency risk

Foreign currency risk, as defined by IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk, not currency risk.

The Company's financial statements are denominated in US\$ though investments are made and realised in other currencies. Changes in rates of exchange may have an adverse effect on the value, price or income of the investments of the Company.

The Investment Managers use rolling spot and forward foreign exchange contracts to manage foreign currency risk.

The Funds enter into forward foreign exchange contracts to hedge non-base denominated assets and liabilities back into the base currency. The Investment Managers implement and manages this process. The Investment Managers regularly review such positions to ensure that they are in line with the Funds' investment policies.

The Funds have issued non-base currency share classes, as disclosed in Note 7. The foreign currency risk that exists to investors in these non base currency share classes is mitigated by a share class hedging programme. Forward foreign exchange contracts are outlined in the Schedule of Investments.

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 11. Financial instruments and associated risks (continued)

##### Foreign currency risk (continued)

The following table sets out the shareholders' total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2018. Foreign currency risk that exists at a subsidiary level is hedged by forward foreign exchange contracts eliminating all material foreign currency risk that could impact the fair value of the investments.

##### Barings Global High Yield Credit Strategies Fund

	Financial assets and liabilities at fair value through profit or loss US\$	Cash and cash equivalents US\$	Other assets and liabilities* US\$	Forward foreign exchange contracts** US\$	Net exposure US\$	% of Exposure
CAD	-	-	(13,876,097)	13,912,855	36,758	0.00
EUR	-	-	(2,227,314)	2,232,948	5,634	0.00
GBP	-	-	(2,566,897,085)	2,572,493,494	5,596,409	0.19
NOK	-	-	(15,232,588)	15,269,388	36,800	0.00

##### Barings Investment Grade CLO Fund

	Financial assets and liabilities at fair value through profit or loss US\$	Cash and cash equivalents US\$	Other assets and liabilities* US\$	Forward foreign exchange contracts** US\$	Net exposure US\$	% of Exposure
CAD	-	-	(148,894)	148,850	(44)	(0.00)
EUR	76,726,142	225	193,663	(78,255,403)	(1,335,373)	(0.27)
GBP	-	1	(491,814,709)	491,642,243	(172,465)	(0.03)
NOK	-	-	(313,748)	313,615	(133)	(0.00)

\*Other assets and liabilities is comprised mainly of trade payables, trade receivables and liabilities to holders of Redeemable Shares.

\*\*The forward foreign contracts held are for share class hedging purposes.

Global Multi-Credit Strategy Fund 3 is not exposed to material foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2018.

The following table sets out the shareholders' total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2017. Foreign currency risk that exists at a subsidiary level is hedged by forward foreign exchange contracts eliminating all material foreign currency risk that could impact the fair value of the investments.

##### Barings Global High Yield Credit Strategies Fund

	Financial assets and liabilities at fair value through profit or loss US\$	Cash and cash equivalents US\$	Other assets and liabilities* US\$	Forward foreign exchange contracts** US\$	Net exposure US\$	% of Exposure
CAD	-	-	(15,226,930)	15,199,874	(27,056)	(0.00)
EUR	-	-	(1,726,053)	1,719,304	(6,749)	(0.00)
GBP	-	-	(2,185,975,128)	2,176,326,158	(9,648,970)	(0.41)
NOK	-	-	(9,241,008)	9,202,886	(38,122)	(0.00)

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Foreign currency risk (continued)

##### Barings Investment Grade CLO Fund

	Financial assets and liabilities at fair value through profit or loss	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts**	Net exposure	% of Exposure
	US\$	US\$	US\$	US\$	US\$	
CAD	-	-	(162,210)	161,735	(475)	(0.00)
EUR	53,724,632	601	(11,904,917)	(42,130,294)	(309,978)	(0.07)
GBP	-	1	(468,257,951)	466,089,619	(2,168,331)	(0.46)
NOK	-	-	(333,665)	331,830	(1,835)	(0.00)

\*Other assets and liabilities is comprised mainly of trade payables, trade receivables and liabilities to holders of Redeemable Shares.

\*\*The forward foreign contracts held are for share class hedging purposes.

Global Multi-Credit Strategy Fund 3 is not exposed to material foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2017.

#### Sensitivity analysis

The following currency sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future rate movements and correlations between currencies could vary significantly from those experienced in the past.

At 31 December 2018, had the exchange rate increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in the value of the shareholders' investments, denominated in currencies other than the base currency of the relevant Fund, attributable to holders of redeemable shares and the change in net assets attributable to holders of redeemable shares per the Statement of Comprehensive Income would be as follows:

	Barings Global High Yield Credit Strategies Fund	Barings Investment Grade CLO Fund	Barings Global High Yield Credit Strategies Fund	Barings Investment Grade CLO Fund
	31 Dec 2018	31 Dec 2018	31 Dec 2017	31 Dec 2017
	US\$	US\$	US\$	US\$
CAD	1,838	(2)	(1,353)	(24)
EUR	282	(66,769)	(337)	(15,499)
GBP	279,820	(8,623)	(482,449)	(108,417)
NOK	1,840	7	(1,906)	(92)

#### Interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. The majority of Barings Global High Yield Credit Strategies Fund investments and of Global Multi-Credit Strategy Fund 3 are held by wholly owned Subsidiaries, therefore, the associated risks of the Subsidiaries are currently substantially the same as the risks associated with the Funds. For a detailed review of the financial instruments and associated risks of the investment in the Subsidiaries, please refer to the audited financial statements of the Subsidiaries which are attached in the Appendix to these financial statements.

Barings Investment Grade CLO Fund is exposed to interest rate risk on the loans held and on a look-through basis to the underlying assets in the CLOs. The following tables detail the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2018 and at 31 December 2017:

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 11. Financial instruments and associated risks (continued)

##### Interest rate risk (continued)

31 December 2018

##### Barings Investment Grade CLO Fund

	Within 1 year US\$	1-5 years US\$	Greater than 5 years US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Financial Assets at fair value through profit or loss					
- Collateral loan obligations	-	-	501,945,630	-	501,945,630
- Forward foreign exchange contracts	-	-	-	70,159	70,159
Amortised cost:					
Receivable for fund investment sold	-	-	-	306	306
Other receivables	-	-	-	4,302,956	4,302,956
Cash and cash equivalents	706,988	-	-	-	706,988
<b>Total assets</b>	<u>706,988</u>	<u>-</u>	<u>501,945,630</u>	<u>4,373,421</u>	<u>507,026,039</u>
<b>Liabilities</b>					
Held for trading:					
- Forward foreign exchange contracts	-	-	-	(2,534,719)	(2,534,719)
Amortised cost:					
- Payable for fund shares redeemed	-	-	-	(1,710,561)	(1,710,561)
- Income Distribution Payable	-	-	-	(138,792)	(138,792)
- Other payables and accrued expenses	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,384,072)</u>	<u>(4,384,072)</u>
<b>Total interest sensitivity gap</b>	<u>706,988</u>	<u>-</u>	<u>501,945,630</u>		

31 December 2017

##### Barings Investment Grade CLO Fund

	Within 1 year US\$	1-5 years US\$	Greater than 5 years US\$	Non-interest bearing US\$	Total US\$
<b>Assets</b>					
Financial assets at fair value through profit or loss:					
- Collateral Loan Obligations	20,085,709	-	466,297,248	-	486,382,957
Held for trading:					
- Forward foreign exchange contracts	-	-	-	2,251,824	2,251,824
Cash and cash equivalents	6,517,879	-	-	-	6,517,879
Other receivables	-	-	-	3,314,845	3,314,845
<b>Total assets</b>	<u>26,603,588</u>	<u>-</u>	<u>466,297,248</u>	<u>5,566,669</u>	<u>498,467,505</u>
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss:					
Held for trading:					
- Forward foreign exchange contracts	-	-	-	(659,871)	(659,871)
Income Distribution Payable	-	-	-	(1,563,726)	(1,563,726)
Payable for investments purchased	-	-	-	(21,585,993)	(21,585,993)
Other payables and accrued expenses	-	-	-	(140,913)	(140,913)
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,950,503)</u>	<u>(23,950,503)</u>
<b>Total interest sensitivity gap</b>	<u>26,603,588</u>	<u>-</u>	<u>466,297,248</u>		

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Interest rate risk (continued)

##### *Interest rate sensitivity*

The below interest rate sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future interest rate movements could vary significantly from those experienced in the past.

Interest rate risk sensitivity is only included below for the Barings Investment Grade CLO Fund as Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Fund 3 have subsidiaries and therefore they are not subject to interest rate risk.

Based on the relevant portfolio's composition as at 31 December 2018, the corresponding increase/(decrease) in change in net assets attributable to holders of redeemable shares, from an increase/(decrease) in average interest rates would be as follows:

#### Barings Investment Grade CLO Fund

Interest rate change %	% Effect of NAV 31 Dec 2018	Interest rate change %	% Effect of NAV 31 Dec 2018
-0.50	+0.06	+0.50	(0.06)
-0.75	+0.09	+0.75	(0.09)
-1.00	+0.13	+1.00	(0.13)

Based on the relevant portfolio's composition as at 31 December 2017, the corresponding increase/(decrease) in change in net assets attributable to holders of redeemable shares, from an increase/(decrease) in average interest rates would be as follows:

#### Barings Investment Grade CLO Fund

Interest rate change %	% Effect of NAV 31 Dec 2017	Interest rate change %	% Effect of NAV 31 Dec 2017
-0.50	+0.06	+0.50	(0.06)
-0.75	+0.09	+0.75	(0.09)
-1.00	+0.12	+1.00	(0.12)

#### Price risk

The majority of the Funds' financial instruments are carried at fair value on the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all of the Funds' financial assets and financial liabilities at the financial year end date approximated their fair values.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g., interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision.

#### **Sensitivity analysis**

The below price sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements could vary significantly from those experienced in the past.

A 5% increase in investment prices at 31 December 2018, would have increased the value of investments at fair value through profit or loss by US\$181,080,394 (31 December 2017: US\$153,529,848).

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds.

The Funds' Investment Managers analyse credit concentration based on the counterparty, industry and geographical location of the financial assets that the Funds hold. Barings Global High Yield Credit Strategies Fund exposure and Global Multi-Credit Strategy Fund 3 exposure are viewed on a look through basis of the holding of their Subsidiaries. Details are included in the audited financial statements of the Subsidiaries which are attached in the Appendix to this report. The credit risk concentration of Barings Investment Grade CLO Fund is spread between a number of counterparties.

The top ten holdings represent the following percentage of the respective portfolio:

Fund	31 Dec 2018	31 Dec 2017
Barings Investment Grade CLO Fund	16.41%	13.70%

The Funds may utilise forward foreign exchange contracts to seek to hedge against declines in the value of the Funds' positions as a result of changes in foreign currency exchange rates. The Funds are exposed to credit risk associated with the forward foreign exchange contract counterparties with whom it trades and will also bear the risk of settlement default.

None of the financial assets and financial liabilities are offset in the Statement of Financial Position. The Company's financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. While the terms and conditions of these agreements may vary, all transactions under any such agreement constitute a single contractual relationship. Each party's obligation to make any payments, deliveries or other transfers in respect of any transaction under such an agreement may be netted against the other party's obligations under such agreement. A default by a party in performance with respect to one transaction under such an agreement would give the other party the right to terminate all transactions under such agreement and calculate one net amount owed from one party to the other. The following tables present information about the offsetting of derivative instruments.

As at 31 December 2018, Barings Global High Yield Credit Strategies Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	886,887	(886,887)	-	-	-
		886,887	(886,887)	-	-	-
<hr/>						
Description	Counterparty	Value of derivative liabilities US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(12,245,424)	886,887	-	-	(11,358,537)
		(12,245,424)	886,887	-	-	(11,358,537)

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 11. Financial instruments and associated risks (continued)

##### Credit risk (continued)

As at 31 December 2017, Barings Global High Yield Credit Strategies Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	National Australia Bank Limited	6,651,380	-	-	-	6,651,380
	State Street Bank	4,356,448	(109,749)	-	-	4,246,699
		11,007,828	(109,749)	-	-	10,898,079

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(109,749)	109,749	-	-	-
		(109,749)	109,749	-	-	-

As at 31 December 2018, Barings Investment Grade CLO Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	70,159	(70,159)	-	-	-
		70,159	(70,159)	-	-	-

Description	Counterparty	Value of derivative liabilities US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(2,534,719)	70,159	-	-	(2,464,560)
		(2,534,719)	70,159	-	-	(2,464,560)



## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 11. Financial instruments and associated risks (continued)

##### Credit risk (continued)

As at 31 December 2017, Barings Investment Grade CLO Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	2,251,824	(659,871)	-	-	1,591,953
		<u>2,251,824</u>	<u>(659,871)</u>	<u>-</u>	<u>-</u>	<u>1,591,953</u>
Description	Counterparty	Value of derivative liabilities US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(659,871)	659,871	-	-	-
		<u>(659,871)</u>	<u>659,871</u>	<u>-</u>	<u>-</u>	<u>-</u>

Barings Investment Grade CLO Fund's financial assets exposed to credit risk were concentrated in the following geographical areas as at 31 December 2018 and 31 December 2017:

	% of Market Value 31 Dec 2018	% of Market Value 31 Dec 2017
Ireland	9.22	5.99
Netherlands	5.16	4.06
Supra National*	0.91	1.00
United Kingdom	-	0.21
United States	84.71	88.74
<b>Total</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

\*Supra National is what the Investment Manager uses for Euro deals since there is significant exposure to several countries.

At 31 December 2018 and 31 December 2017, Barings Investment Grade CLO Fund held investments with the following publically quoted credit ratings:

	% of Market Value 31 Dec 2018	% of Market Value 31 Dec 2017
A1	-	1.40
A2	39.09	34.21
Aa1	-	2.38
Aa2	22.06	20.68
Aaa	10.43	12.35
Baa1	0.50	0.93
Baa2	3.89	8.23
Baa3	23.05	19.82
BBB	0.98	-
<b>Total</b>	<b><u>100.00</u></b>	<b><u>100.00</u></b>

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Credit risk (continued)

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Funds monitor the credit rating and financial positions of the brokers used to mitigate this risk. The Investment Managers also monitor the settlement process on a regular basis.

The nature of the non-publically rated assets is entirely consistent with the loan market. The Investment Managers undertake extensive due diligence on all deals before initial investment. Post initial approval by the credit committee and throughout the holding period of the investment, the Investment Managers continually evaluate the investment's performance including such measures as reviewing pricing levels, monthly accounts, budgets and meeting management, where appropriate.

Investments in CLOs are dependent on the Investment Manager's credit analysis, the Investment Manager employs its own credit research and analysis, which includes a study of existing debt, capital structure, ability to service debt and to pay dividends, the issuer's sensitivity to economic conditions, its operating history and the current trend of earnings.

CLO's generally are subordinated to certain other obligations of the issuer. CLO issuers may acquire interests in loans and other debt obligations by way of sale, assignment or participation.

At 31 December 2018 and 31 December 2017, Barings Investment Grade CLO Funds' CLO's consisted of the following:

	31 Dec 2018 US\$	31 Dec 2017 US\$
Senior CLO's	175,770,238	165,082,716
Mezzanine CLO's	326,175,392	301,214,532
Equity CLO's	-	20,085,709
<b>Total</b>	<b>501,945,630</b>	<b>486,382,957</b>

As at 31 December 2018, the Company's financial assets exposed to credit risk are as follows:

	Barings Global High Yield Credit Strategies Fund US\$	Barings Investment Grade CLO Fund US\$	Global Multi-Credit Strategy Fund 3 GBP
Loan to Subsidiary	2,893,366,496	-	175,928,570
Investments	-	501,945,630	-
Forward foreign exchange contracts	886,887	70,159	-
Other receivables	302,724	4,303,262	-
Cash and cash equivalents	-	706,988	-
<b>Total</b>	<b>2,894,556,107</b>	<b>507,026,039</b>	<b>175,928,570</b>

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Credit risk (continued)

As at 31 December 2017, the Company's financial assets exposed to credit risk are as follows:

	Barings Global High Yield Credit Strategies Fund US\$	Barings Investment Grade CLO Fund US\$	Global Multi-Credit Strategy Fund 3 GBP
Investments	2,340,913,506	486,382,957	180,202,464
Forward foreign exchange contracts	11,007,828	2,251,824	-
Other receivables	-	3,314,845	-
Cash and cash equivalents	-	6,517,879	-
<b>Total</b>	<b>2,351,921,334</b>	<b>498,467,505</b>	<b>180,202,464</b>

Amounts in the above tables are based on the carrying value of the financial assets as at the financial year/period end date.

Substantially all of the assets of the Funds (including cash) are held by the Custodian, State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Custodian may cause the Funds' rights with respect to securities held by the Custodian to be delayed or limited. The Funds monitor their risk by monitoring the credit quality and financial positions of the Custodian the Funds use. The long-term credit rating of the parent company of the Custodian, State Street Corporation as at 31 December 2018 was A (31 December 2017: A). The Funds' assets and cash are maintained within the Custodian's custodial network in segregated accounts. The Custodian will ensure that any agent it appoints to assist in safekeeping the assets of the Funds will segregate these assets. Thus in the event of insolvency or bankruptcy of the Custodian, the Funds' assets are segregated and protected and this further reduces counterparty risk.

#### Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner that is disadvantageous to the Funds.

The Funds' constitutional documentation makes provision for a range of measures to assist with the management of liquidity on an on-going basis, including, for example, the deferral of redemption applications. The Funds are typically managed with a small 'buffer' of cash (to minimise the cash drag impact on returns for investors at the subsidiary level) but also typically have investments in senior secured public fixed or floating rate notes whose settlement period (T+3 through Euroclear) permits more rapid sale where this might be required for liquidity purposes.

Due to liquidity constraints in the structured credit market, where a Fund receives substantial redemption requests, the Investment Manager may be obliged to dispose of investments of that Fund in advance of the relevant Dealing Day. Any sale of a particular Fund's assets prior to the relevant Dealing Day could have a negative impact on the performance of that Fund, as the Fund will not be pursuing its investment objective in respect of the portion of its assets held in cash or other liquid assets pending the redemption of shares. Each Fund will seek to be well diversified. However, in the event of a material demand for redemptions, a Fund could be forced to sell liquid positions resulting in an over-weighting in a small number of illiquid investment. In such circumstances, the aggregate return of the relevant Fund may be substantially and adversely affected by the unfavourable performance of a single investment. The Funds' restriction of redemptions of shares in excess of fifteen per cent of the total Net Asset Value of the relevant Fund on any one Dealing Day may mitigate this risk should these circumstances arise.

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 11. Financial instruments and associated risks (continued)

##### Liquidity risk (continued)

As at 31 December 2018, the Company's financial liabilities are as follows:

<b>Barings Global High Yield Credit Strategies Fund Liabilities</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Forward foreign exchange contracts	(12,245,424)	-	-	(12,245,424)
Other payables and accrued expenses	(1,617,518)	-	-	(1,617,518)
Net assets attributable to holders of redeemable shares	-	(2,880,693,165)	-	(2,880,693,165)
	<u>(13,862,942)</u>	<u>(2,880,693,165)</u>	<u>-</u>	<u>(2,894,556,107)</u>
	<u><u>(13,862,942)</u></u>	<u><u>(2,880,693,165)</u></u>	<u><u>-</u></u>	<u><u>(2,894,556,107)</u></u>

<b>Barings Investment Grade CLO Fund Liabilities</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Forward foreign exchange contracts	(2,534,719)	-	-	(2,534,719)
Income distribution payable	(1,710,561)	-	-	(1,710,561)
Other payables and accrued expenses	(138,792)	-	-	(138,792)
Net assets attributable to holders of redeemable shares	-	(502,641,967)	-	(502,641,967)
	<u>(4,384,072)</u>	<u>(502,641,967)</u>	<u>-</u>	<u>(507,026,039)</u>
	<u><u>(4,384,072)</u></u>	<u><u>(502,641,967)</u></u>	<u><u>-</u></u>	<u><u>(507,026,039)</u></u>

<b>Global Multi-Credit Strategy Fund 3 Liabilities</b>	<b>Less than 1 month GBP</b>	<b>1-3 months GBP</b>	<b>Greater than 3 months GBP</b>	<b>Total GBP</b>
Other payables and accrued expenses	(92,253)	-	-	(92,253)
Net assets attributable to holders of redeemable shares	-	(175,836,317)	-	(175,836,317)
	<u>(92,253)</u>	<u>(175,836,317)</u>	<u>-</u>	<u>(175,928,570)</u>
	<u><u>(92,253)</u></u>	<u><u>(175,836,317)</u></u>	<u><u>-</u></u>	<u><u>(175,928,570)</u></u>

The tables below set out the Funds' gross-settled derivative financial instruments at 31 December 2018. The forward foreign exchange contracts held are for share class hedging purposes.

<b>Barings Global High Yield Credit Strategies Fund</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Asset - Forward foreign exchange contracts	34,263,689	2,821,020,387	-	2,855,284,076
Liability - Forward foreign exchange contracts	(34,731,007)	(2,831,911,606)	-	(2,866,642,613)
	<u>(467,318)</u>	<u>(10,891,219)</u>	<u>-</u>	<u>(11,358,537)</u>
	<u><u>(467,318)</u></u>	<u><u>(10,891,219)</u></u>	<u><u>-</u></u>	<u><u>(11,358,537)</u></u>

<b>Barings Investment Grade CLO Fund</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Asset - Forward foreign exchange contracts	80,314,685	545,311,909	-	625,626,594
Liability - Forward foreign exchange contracts	(80,524,133)	(547,567,021)	-	(628,091,154)
	<u>(209,448)</u>	<u>(2,255,112)</u>	<u>-</u>	<u>(2,464,560)</u>
	<u><u>(209,448)</u></u>	<u><u>(2,255,112)</u></u>	<u><u>-</u></u>	<u><u>(2,464,560)</u></u>

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Liquidity risk (continued)

As at 31 December 2017, the Company's financial liabilities are as follows:

<b>Barings Global High Yield Credit Strategies Fund Liabilities</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Forward foreign exchange contracts	(109,749)	-	-	(109,749)
Other payables and accrued expenses	(1,265,506)	-	-	(1,265,506)
Net assets attributable to holders of redeemable shares	-	(2,350,546,079)	-	(2,350,546,079)
	<u>(1,375,255)</u>	<u>(2,350,546,079)</u>	<u>-</u>	<u>(2,351,921,334)</u>
<b>Barings Investment Grade CLO Fund Liabilities</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Forward foreign exchange contracts	(659,871)	-	-	(659,871)
Income distribution payable	(1,563,726)	-	-	(1,563,726)
Other payables and accrued expenses	(21,726,906)	-	-	(21,726,906)
Net assets attributable to holders of redeemable shares	-	(474,517,002)	-	(474,517,002)
	<u>(23,950,503)</u>	<u>(474,517,002)</u>	<u>-</u>	<u>(498,467,505)</u>
<b>Global Multi-Credit Strategy Fund 3 Liabilities</b>	<b>Less than 1 month GBP</b>	<b>1-3 months GBP</b>	<b>Greater than 3 months GBP</b>	<b>Total GBP</b>
Other payables and accrued expenses	(17,165)	-	-	(17,165)
Net assets attributable to holders of redeemable shares	-	(180,185,299)	-	(180,185,299)
	<u>(17,165)</u>	<u>(180,185,299)</u>	<u>-</u>	<u>(180,202,464)</u>

The tables below set out the Funds' gross-settled derivative financial instruments at 31 December 2017. The forward foreign exchange contracts held are for share class hedging purposes.

<b>Barings Global High Yield Credit Strategies Fund</b>	<b>Less than 1 month US\$</b>	<b>1-3 months US\$</b>	<b>Greater than 3 months US\$</b>	<b>Total US\$</b>
Asset - Forward foreign exchange contracts	2,251,062,067	-	-	2,251,062,067
Liability - Forward foreign exchange contracts	(2,240,163,988)	-	-	(2,240,163,988)
	<u>10,898,079</u>	<u>-</u>	<u>-</u>	<u>10,898,079</u>

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 11. Financial instruments and associated risks (continued)

#### Liquidity risk (continued)

Barings Investment Grade CLO Fund	Less than 1 month US\$	1-3 months US\$	Greater than 3 months US\$	Total US\$
Asset - Forward foreign exchange contracts	515,488,218	-	-	515,488,218
Liability - Forward foreign exchange contracts	(513,896,265)	-	-	(513,896,265)
	<u>1,591,953</u>	<u>-</u>	<u>-</u>	<u>1,591,953</u>

### 12. Interests in other entities

#### Interests in Unconsolidated Structured Entities

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

#### Involvement with Unconsolidated Structured Entities

The Company has concluded that the CLOs in which Barings Investment Grade CLO Fund invests, but does not consolidate meets the definition of structural entities because:

- the voting rights in the CLOs are not the dominant rights in deciding who controls them, as they relate to administrator tasks only;
- Each CLOs activities are restricted by its Prospectus; and
- The CLOs have narrow and well defined objectives to provide investment opportunities to investors.

#### *Investment entity*

To comply with the amendment to IFRS 10 and to be exempt from preparing consolidated financial statements, the Company must meet the definition of an investment entity. The Company is satisfied that it meets both the required criteria and typical characteristics of an investment entity as specified in Note 2.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 12. Interests in other entities (continued)

#### Involvement with Unconsolidated Structured Entities (continued)

##### Subsidiary

As at 31 December 2018, the company had two Subsidiaries, Barings Global High Yield Credit Strategies Limited and Barings Global Multi-Credit Strategy 3 Limited, which are investments in unconsolidated structured entities and they are 100% Subsidiaries of Barings Global Investment Funds 2 plc. As detailed in Note 2, the Company has determined that the Subsidiaries continue to meet the definition of a subsidiary under the provisions of IFRS 10. Subsidiaries are entities under the Company's control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity which is the case in this instance.

Therefore the Subsidiary is treated as a simple investment and is measured at fair value through profit or loss.

Interest in unconsolidated structured entity subsidiary as at 31 December 2018:

#### Barings Global High Yield Credit Strategies Fund

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
Barings Global High Yield Credit Strategies Limited	Financial assets at fair value through profit or loss	1	2,893	2,893	100.00	2,893

#### Global Multi-Credit Strategy Fund 3

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in GBPm	Barings's Holding Fair Value in GBPm	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in GBPm
Barings Global Multi-Credit Strategy 3 Limited	Financial assets at fair value through profit or loss	1	176	176	100.00	176

Unconsolidated structured entity (non-subsidiary) as at 31 December 2018:

#### Barings Investment Grade CLO Fund

Structured Entities ("SE")	Line item in Statement of Financial Position	No of Investments	Range of the size of SEs Notional in US\$m	Average Notional of SEs in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
CDO/CLO	Financial assets at fair value through profit or loss	163	7-355	47	502	100.00	502

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 12. Interests in other entities (continued)

##### Involvement with Unconsolidated Structured Entities (continued)

Interest in unconsolidated structured entity subsidiary as at 31 December 2017:

##### Barings Global High Yield Credit Strategies Fund

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
Barings Global High Yield Credit Strategies Limited	Financial assets at fair value through profit or loss	1	2,341	2,341	100.00	2,341

##### Global Multi-Credit Strategy Fund 3

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in GBPm	Barings's Holding Fair Value in GBPm	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in GBPm
Barings Global Multi-Credit Strategy 3 Limited	Financial assets at fair value through profit or loss	1	180	180	100.00	180

Unconsolidated structured entity (non-subsidiary) as at 31 December 2017:

##### Barings Investment Grade CLO Fund

Structured Entities ("SE")	Line item in Statement of Financial Position	No of Investments	Range of the size of SEs Notional in US\$m	Average Notional of SEs in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
CDO/CLO	Financial assets at fair value through profit or loss	173	7-832	58	486	100.00	486



## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 13. NAV and NAV per redeemable share.

The following tables detail the NAV of each tranche in each Fund as at 31 December 2018, 31 December 2017 and 31 December 2016:

	NAV 31 Dec 2018 US\$	NAV 31 Dec 2017 US\$	NAV 31 Dec 2016 US\$
<b>Barings Global High Yield Credit Strategies Fund</b>			
Class A GBP Accumulation Shares	226,388,830	242,696,424	183,544,438
Class A GBP Distribution Shares	44,711,168	50,361,501	38,555,824
Class B GBP Accumulation Shares	1,283,397,479	1,224,053,355	619,067,396
Class B GBP Distribution Shares	373,096,293	137,092,461	42,274,553
Class B USD Accumulation Shares*****	102,056,303	-	-
Class C CAD Accumulation Shares*****	13,784,776	15,142,504	-
Class C GBP Accumulation Shares	242,933,508	332,789,679	129,436,145
Class C GBP Distribution Shares**	381,564,668	183,759,141	14,017,080
Class C USD Accumulation Shares*****	14,539,953	-	-
Class C USD Distribution Shares*	110,109,657	117,026,234	54,463,739
Class D CAD Accumulation Shares*****	73,983	81,351	-
Class D EUR Accumulation Shares	1,573,238	998,778	1,274,484
Class D EUR Distribution Shares*****	328,552	366,138	-
Class D GBP Accumulation Shares	7,579,381	9,592,105	4,493,503
Class D GBP Distribution Shares***	2,666,963	3,004,385	2,710,710
Class D NOK Accumulation Shares*****	15,212,344	9,235,565	-
Class D USD Accumulation Shares*	10,631,607	5,999,171	2,318,305
Class D USD Distribution Shares	14,780,287	11,074,241	10,540,421
Class E EUR Distribution Shares*****	322,632	359,466	-
Class E USD Accumulation Shares*****	8,542,526	204,195	-
Class E USD Distribution Shares*	2,434,181	3,162,112	201,166
Class F GBP Accumulation Shares	1,533,527	1,648,599	1,407,813
Class F USD Accumulation Shares	1,896,991	1,892,729	1,420,609
Class G USD Distribution Shares*****	20,528,376	-	-
Class S USD Accumulation Shares	5,942	5,945	5,513
<b>Total Net Asset Value</b>	<b>2,880,693,165</b>	<b>2,350,546,079</b>	<b>1,105,731,699</b>
	NAV 31 Dec 2018 US\$	NAV 31 Dec 2017 US\$	NAV 31 Dec 2016 US\$
<b>Barings Investment Grade CLO Fund</b>			
Class A GBP Accumulating Shares*****	212,210,575	160,525,066	-
Class A GBP Distribution Shares*	243,008,353	266,154,457	226,989,516
Class A USD Accumulation Shares	552,465	548,417	522,484
Class C GBP Distribution Shares*****	36,498,126	39,974,677	-
Class D CAD Accumulating Shares*****	148,852	162,168	-
Class D EUR Accumulating Shares*****	56,576	60,617	-
Class D GBP Distribution Shares*****	-	-	3,697,796
Class D NOK Accumulating Shares*****	313,662	333,577	-
Class D USD Accumulating Shares*****	2,441,482	479,431	-
Class D USD Distribution Shares**	7,411,876	6,278,592	4,414,541
<b>Total Net Asset Value</b>	<b>502,641,967</b>	<b>474,517,002</b>	<b>235,624,337</b>

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 13. NAV and NAV per redeemable share (continued)

	NAV 31 Dec 2018 GBP	NAV 31 Dec 2017 GBP	NAV 31 Dec 2016 GBP
<b>Global Multi-Credit Strategy Fund 3****</b>			
Class T GBP Accumulation Shares	175,836,317	180,185,299	167,745,349
<b>Total Net Asset Value</b>	<u>175,836,317</u>	<u>180,185,299</u>	<u>167,745,349</u>

\*These share classes launched during the financial year ended 31 December 2016.

\*\*These share classes re-launched during the financial year ended 31 December 2016.

\*\*\*These share classes terminated and re-launched during the financial year ended 31 December 2016.

\*\*\*\*This fund launched during the financial year ended 31 December 2016.

\*\*\*\*\*These share classes launched during the financial year ended 31 December 2017.

\*\*\*\*\*This share class terminated during the financial year ended 31 December 2017.

\*\*\*\*\*This share class launched during the financial year ended 31 December 2018.

The following tables detail the NAV per share of each Fund as at 31 December 2018, 31 December 2017 and 31 December 2016. For information purposes, the published NAV as at 31 December 2018, 31 December 2017 and 31 December 2016 is also detailed below. The difference between the NAV per the financial statements ("FS") and the published NAV is due to adjustments required to conform with the principles of IFRS.

Barings Global High Yield Credit Strategies Fund	NAV Per Share 31 Dec 2018	Published NAV 31 Dec 2018	NAV Per Share 31 Dec 2017	Published NAV 31 Dec 2017	NAV Per Share 31 Dec 2016	Published NAV 31 Dec 2016
Class A GBP Accumulation Shares	£116.90	£116.98	£119.16	£119.16	£111.95	£111.96
Class A GBP Distribution Shares	£92.96	£93.03	£98.85	£98.85	£97.70	£97.71
Class B GBP Accumulation Shares	£117.71	£117.79	£120.06	£120.06	£112.89	£112.89
Class B GBP Distribution Shares	£99.82	£99.89	£106.11	£106.11	£104.90	£104.90
Class B USD Accumulation Shares*****	US\$98.27	US\$98.34	-	-	-	-
Class C CAD Accumulation Shares****	CAD99.05	CAD99.12	CAD100.18	CAD100.18	-	-
Class C GBP Accumulation Shares	£118.93	£119.01	£121.40	£121.41	£114.23	£114.23
Class C GBP Distribution Shares**	£106.41	£106.49	£113.15	£113.15	£111.82	£111.83
Class C USD Accumulation Shares*****	US\$96.93	US\$97.00	-	-	-	-
Class C USD Distribution Shares*	US\$100.75	US\$100.83	US\$107.08	US\$107.08	US\$105.58	US\$105.58
Class D CAD Accumulation Shares****	CAD101.00	CAD101.07	CAD102.26	CAD102.26	-	-
Class D EUR Accumulation Shares	€110.64	€110.72	€114.26	€114.26	€108.44	€108.44
Class D EUR Distribution Shares*****	€95.59	€95.65	€101.72	€101.72	-	-
Class D GBP Accumulation Shares	£116.37	£116.46	£118.95	£118.95	£112.03	£112.04
Class D GBP Distribution Shares***	£97.32	£97.39	£103.50	£103.50	£102.30	£102.31
Class D NOK Accumulation Shares****	NOK101.78	NOK101.85	NOK103.76	NOK103.76	-	-
Class D USD Accumulation Shares*	US\$109.87	US\$109.94	US\$110.39	US\$110.39	US\$102.78	US\$102.78
Class D USD Distribution Shares	US\$100.52	US\$100.59	US\$106.83	US\$106.83	US\$105.33	US\$105.33
Class E EUR Distribution Shares****	€94.19	€94.26	€100.21	€100.21	-	-
Class E USD Accumulation Shares****	US\$101.20	US\$101.27	US\$102.10	US\$102.10	-	-
Class E USD Distribution Shares*	US\$95.81	US\$95.88	US\$101.83	US\$101.83	US\$100.58	US\$100.59
Class F GBP Accumulation Shares	£118.36	£118.45	£120.12	£120.13	£112.38	£112.38
Class F USD Accumulation Shares	US\$123.67	US\$123.76	US\$123.39	US\$123.39	US\$114.09	US\$114.09
Class G USD Distribution Shares*****	US\$94.54	US\$94.61	-	-	-	-
Class S USD Accumulation Shares	US\$134.55	US\$134.64	US\$134.63	US\$134.63	US\$124.83	US\$124.85

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 13. NAV and NAV per redeemable share (continued)

	NAV Per Share 31 Dec 2018	Published NAV 31 Dec 2018	NAV Per Share 31 Dec 2017	Published NAV 31 Dec 2017	NAV Per Share 31 Dec 2016	Published NAV 31 Dec 2016
<b>Barings Investment Grade CLO Fund</b>						
Class A GBP Accumulation Shares*****	£100.92	£100.92	£102.10	£102.10	-	-
Class A GBP Distribution Shares*	£98.46	£98.46	£101.81	£101.81	£100.25	£100.26
Class A USD Accumulation Shares	US\$113.32	US\$113.32	US\$112.72	US\$112.72	US\$107.62	US\$107.62
Class C GBP Distribution Shares****	£97.56	£97.56	£100.88	£100.88	-	-
Class D CAD Accumulation Shares*****	CAD101.61	CAD101.61	CAD101.92	CAD101.92	-	-
Class D EUR Accumulation Shares*****	€98.76	€98.76	€101.04	€101.04	-	-
Class D GBP Distribution Shares*****	-	-	-	-	£100.02	£100.02
Class D NOK Accumulation Shares*****	NOK100.45	NOK100.45	NOK101.44	NOK101.44	-	-
Class D USD Accumulation Shares*****	US\$102.55	US\$102.55	US\$102.11	US\$102.11	-	-
Class D USD Distribution Shares**	US\$102.29	US\$102.29	US\$105.82	US\$105.82	£104.10	£104.11
	NAV Per Share 31 Dec 2018	Published NAV 31 Dec 2018	NAV Per Share 31 Dec 2017	Published NAV 31 Dec 2017	NAV Per Share 31 Dec 2016	Published NAV 31 Dec 2016
<b>Global Multi-Credit Strategy Fund 3****</b>						
Class T GBP Accumulation Shares	£118.44	£118.44	£121.38	£121.38	£112.99	£113.00

\*These share classes launched during the financial year ended 31 December 2016.

\*\*These share classes re-launched during the financial year ended 31 December 2016.

\*\*\*These share classes terminated and re-launched during the financial year ended 31 December 2016.

\*\*\*\*This fund launched during the financial year ended 31 December 2016.

\*\*\*\*\*This share class launched during the financial year ended 31 December 2017.

\*\*\*\*\*This share class terminated during the financial year ended 31 December 2017.

\*\*\*\*\*This share class launched during the financial year ended 31 December 2018.

#### 14. Distribution costs

The following distributions were declared during the financial year ended 31 December 2018 and 31 December 2017.

##### Barings Global High Yield Credit Strategies Fund

	31 Dec 2017*		31 March 2018		30 June 2018		30 Sept 2018		Total
	Value	Per Share	Value	Per Share	Value	Per Share	Value	Per Share	Value
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Class A GBP Distribution Shares	568,560	1.51	476,374	1.26	521,203	1.38	529,400	1.40	2,095,537
Class B GBP Distribution Shares	1,521,517	1.59	3,881,707	1.33	4,273,805	1.46	4,342,159	1.48	14,019,188
Class C GBP Distribution Shares	2,004,330	1.67	1,671,404	1.39	1,836,481	1.53	1,867,592	1.55	7,379,807
Class C USD Distribution Shares	1,666,292	1.52	1,523,576	1.39	1,692,738	1.55	1,724,877	1.58	6,607,483
Class D EUR Distribution Shares	3,024	1.01	2,306	0.77	2,650	0.88	2,747	0.92	10,727
Class D GBP Distribution Shares	32,004	1.49	26,553	1.24	29,264	1.36	29,784	1.39	117,605
Class D USD Distribution Shares	154,860	1.49	143,305	1.37	142,376	1.52	224,282	1.55	664,823
Class E EUR Distribution Shares	2,602	0.87	1,912	0.64	2,253	0.75	2,352	0.79	9,119
Class E USD Distribution Shares	40,997	1.32	34,412	1.20	37,796	1.35	36,266	1.37	149,471
Class G USD Distribution Shares	-	-	224,827	1.07	253,251	1.20	276,117	1.23	754,195
	5,994,186		7,986,376		8,791,817		9,035,576		31,807,955

\* Distributions were paid 12 January 2018.

## Barings Global Investment Funds 2 Plc

### Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

#### 14. Distribution costs (continued)

##### Barings Global High Yield Credit Strategies Fund

	31 Dec 2016*		31 March 2017		30 June 2017		30 Sept 2017		Total Value US\$
	Per		Per		Per		Per		
	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	
Class A GBP Distribution Shares	531,502	1.66	489,192	1.53	506,280	1.58	501,490	1.57	2,028,464
Class B GBP Distribution Shares	574,773	1.76	1,355,656	1.62	1,402,404	1.67	1,388,226	1.65	4,721,059
Class C GBP Distribution Shares	187,929	1.85	413,850	1.70	822,912	1.75	1,697,654	1.74	3,122,345
Class C USD Distribution Shares	839,838	1.63	1,011,417	1.51	1,510,910	1.54	1,514,346	1.52	4,876,511
Class D EUR Distribution Shares	-	-	3,192	1.06	3,429	1.14	3,451	1.15	10,072
Class D GBP Distribution Shares	35,660	1.66	32,670	1.52	33,778	1.57	33,381	1.55	135,489
Class D USD Distribution Shares	159,878	1.60	149,888	1.48	154,647	1.51	152,428	1.49	616,841
Class E EUR Distribution Shares	-	-	942	0.94	1,011	1.01	1,014	1.01	2,967
Class E USD Distribution Shares	3,400	1.70	7,872	1.22	27,587	1.33	31,298	1.32	70,157
	<u>2,332,980</u>		<u>3,464,679</u>		<u>4,462,958</u>		<u>5,323,288</u>		<u>15,583,905</u>

\* Distributions were paid 13 January 2017

##### Barings Investment Grade CLO Fund

	31 March 2018		30 June 2018		30 Sept 2018		31 Dec 2018*		Total Value US\$
	Per		Per		Per		Per		
	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	
Class A GBP Distribution Shares	1,092,116	0.56	1,556,082	0.80	1,575,066	0.81	1,425,503	0.74	5,648,767
Class C GBP Distribution Shares	159,991	0.55	229,735	0.78	232,689	0.79	210,297	0.72	832,712
Class D USD Distribution Shares	50,857	0.86	63,674	1.07	64,427	1.08	74,761	1.03	253,719
	<u>1,302,964</u>		<u>1,849,491</u>		<u>1,872,182</u>		<u>1,710,561</u>		<u>6,735,198</u>

\* Distributions were paid 15 January 2019

##### Barings Investment Grade CLO Fund

	31 March 2017		30 June 2017		30 Sept 2017		31 Dec 2017**		Total Value US\$
	Per		Per		Per		Per		
	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	Value US\$	Share US\$	
Class A GBP Distribution Shares	1,249,567	0.68	1,161,721	0.63	1,098,610	0.57	1,318,905	0.68	4,828,803
Class C GBP Distribution Shares	194,098	0.66	180,038	0.61	161,030	0.55	193,977	0.66	729,143
Class D GBP Distribution Shares	19,508	0.65	-	-	-	-	-	-	19,508
Class D USD Distribution Shares	32,577	0.77	43,854	0.74	41,878	0.71	50,844	0.86	169,153
	<u>1,495,750</u>		<u>1,385,613</u>		<u>1,301,518</u>		<u>1,563,726</u>		<u>5,746,607</u>

\*\* Distributions were paid 12 January 2018

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 15. Exchange rates

The following exchange rates (against US\$) were used in the Statement of Financial Position to translate foreign currency amounts, investments and other assets and liabilities denominated in currencies other than US\$:

Currency	31 Dec 2018	31 Dec 2017
CAD	0.7325	0.7955
EUR	1.1457	1.1998
GBP	1.2746	1.3502
NOK	0.1157	0.1218

Income and expenses were converted (against US\$) at an average rate for the financial year ended 31 December 2018:

	Average exchange rates for the year 1 January 2018 to 31 December 2018	Average exchange rates for the period 1 January 2017 to 31 December 2017
GBP	1.3304	1.3018

### 16. Prospectus

There were no material changes to the Supplement or Prospectus during the financial year.

### 17. Contingent liabilities

There are no contingent liabilities as at 31 December 2018 or 31 December 2017.

### 18. Revolving Credit Facilities

The Subsidiary has entered into the following revolving credit facility with State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited.

The borrower is the Subsidiary of the Fund. The Fund guarantees the loan on behalf of its Subsidiary. The credit facility is base currency (US\$). Borrowing is at 1.25% over the relevant index. There is a commitment fee of 0.325% per annum on the unused amount.

#### As at 31 December 2018

Borrower	Guarantor	Old amount US\$ millions	New amount Effective 5 December 2018 US\$ millions
1) Barings Global High Yield Credit Strategies Limited	Barings Global High Yield Credit Strategies Fund	115	180

On 5 December 2018 the facility was renewed for one year and increased.

### 19. Soft commissions

There were no soft commission arrangements entered into by the Investment Managers on behalf of the Company during the financial year ended 31 December 2018 or 31 December 2017.

### 20. Taxation

Under current Irish law and practice the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act, 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp, transfer or registration tax is payable in Ireland on the issue, redemption or transfer of shares in the Company. Distributions and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between Ireland and other countries. The Company may not, therefore, be able to reclaim withholding tax suffered by it in particular countries.

# Barings Global Investment Funds 2 Plc

## Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)

### 20. Taxation (continued)

To the extent that a chargeable event arises in respect of a shareholder, the Company may be required to deduct tax in connection with that chargeable event and pay the tax to the Irish Revenue Commissioners. A chargeable event can include dividend payments to shareholders, appropriation, cancellation, redemption, repurchase or transfer of shares, or a deemed disposal of shares every 8 years beginning from the date of acquisition of those shares. Certain exemptions can apply. To the extent that shareholders have appropriate tax declarations in place with the Company there may be no requirement to deduct tax.

The Barings Global High Yield Credit Strategies Fund and the Global Multi-Credit Strategy Fund 3 hold their investments through their Subsidiaries, which are Irish residents and are qualifying companies for the purposes of Section 110 of the Taxes Consolidation Act, 1997, as amended. The Subsidiary is subject to corporation tax in Ireland on its profits computed as though they were carrying on a trade. However, as the Subsidiary is financed by borrowing, the cost of this finance is deductible and accordingly their profits for tax purposes will not be material. Interest payable by the Subsidiaries to the Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 can be paid free of any Irish withholding tax.

### 21. Comparative financial year

The comparative amounts in these financial statements are for the financial year ended 31 December 2017.

### 22. Significant events during the financial year

The Barings Global High Yield Credit Strategies Fund launched share classes during the financial year:

Share Class	Launch Date
Class G USD Accumulation Shares*	09 February 2018
Class G USD Distribution Shares	09 February 2018
Class B USD Accumulation Shares	11 May 2018
Class C USD Accumulation Shares	01 July 2018

\*This share class was redeemed during the year ended 31 December 2018.

There were no other significant events during the financial year, which require adjustment to, or disclosure in the financial statements.

### 23. Subsequent events

The following distributions were declared by the funds subsequent to the financial year end:

#### Barings Global High Yield Credit Strategies Fund

	31 Dec 2018 Value US\$	31 Dec 2018 Per Share US\$
Class A GBP Distribution Shares	513,358	1.36
Class B GBP Distribution Shares	4,211,648	1.44
Class C GBP Distribution Shares	4,233,490	1.50
Class C USD Distribution Shares	1,704,940	1.56
Class D EUR Distribution Shares	2,701	0.90
Class D GBP Distribution Shares	28,903	1.34
Class D USD Distribution Shares	225,049	1.53
Class E EUR Distribution Shares	2,320	0.78
Class E USD Distribution Shares	34,554	1.36
Class G USD Distribution Shares	264,956	1.22
	<hr/>	
	11,221,919	
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## **Barings Global Investment Funds 2 Plc**

### **Notes to the Financial Statements for the financial year ended 31 December 2018 (continued)**

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#### **23. Subsequent events (continued)**

##### **Brexit**

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the remaining member states of the EU27. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds, instability in the equity, debt and foreign exchange markets, including volatility in the value of the pound sterling or the euro.

There were no other subsequent events affecting the Funds after the financial year end.

#### **24. Approval of the financial statements**

The Board of Directors approved these financial statements on the 23 April 2019.

**Barings Global Investment Funds 2 Plc**  
**Barings Global High Yield Credit Strategies Fund**  
Schedule of Investments (Unaudited)  
as at 31 December 2018

**Loan to Subsidiary**

Country	Industry	Obligor	Fair Value US\$	% of Net Assets
Ireland	Finance	Barings Global High Yield Credit Strategies Limited	2,893,366,496	100.44
<b>Total Loan (31 December 2017: US\$2,340,913,506)</b>			<b>2,893,366,496</b>	<b>100.44</b>

**Forward Foreign Exchange Contracts**

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Gain US\$	% of Net Assets
15/01/2019	State Street Bank and Trust Company	EUR	290,785	USD	332,196	1,302	0.00
15/01/2019	State Street Bank and Trust Company	EUR	296,001	USD	338,155	1,326	0.00
15/01/2019	State Street Bank and Trust Company	EUR	307,609	USD	349,936	2,857	0.00
15/01/2019	State Street Bank and Trust Company	EUR	1,100,499	USD	1,257,221	4,929	0.00
14/02/2019	State Street Bank and Trust Company	GBP	237,990	USD	303,400	570	0.00
14/02/2019	State Street Bank and Trust Company	GBP	13,400,000	USD	16,951,871	163,058	0.01
14/02/2019	State Street Bank and Trust Company	GBP	19,900,000	USD	25,119,969	296,977	0.01
15/01/2019	State Street Bank and Trust Company	USD	573	CAD	777	4	0.00
15/01/2019	State Street Bank and Trust Company	USD	405	CAD	542	8	0.00
15/01/2019	State Street Bank and Trust Company	USD	440	CAD	584	12	0.00
15/01/2019	State Street Bank and Trust Company	USD	1,910	CAD	2,552	41	0.00
15/01/2019	State Street Bank and Trust Company	USD	106,528	CAD	144,297	795	0.00
15/01/2019	State Street Bank and Trust Company	USD	75,316	CAD	100,672	1,549	0.00
15/01/2019	State Street Bank and Trust Company	USD	81,272	CAD	107,936	2,182	0.00
15/01/2019	State Street Bank and Trust Company	USD	355,896	CAD	475,367	7,572	0.00
14/02/2019	State Street Bank and Trust Company	USD	8,236	GBP	6,433	19	0.00
14/02/2019	State Street Bank and Trust Company	USD	29,139	GBP	22,790	31	0.00
14/02/2019	State Street Bank and Trust Company	USD	15,170	GBP	11,851	34	0.00
14/02/2019	State Street Bank and Trust Company	USD	43,113	GBP	33,679	97	0.00
14/02/2019	State Street Bank and Trust Company	USD	46,809	GBP	36,476	221	0.00
14/02/2019	State Street Bank and Trust Company	USD	81,223	GBP	63,293	383	0.00
14/02/2019	State Street Bank and Trust Company	USD	249,250	GBP	194,708	562	0.00
14/02/2019	State Street Bank and Trust Company	USD	230,833	GBP	179,877	1,089	0.00
14/02/2019	State Street Bank and Trust Company	USD	1,262,041	GBP	985,878	2,845	0.00



**Barings Global Investment Funds 2 Plc**  
**Barings Global High Yield Credit Strategies Fund**  
Schedule of Investments (Unaudited) (continued)  
as at 31 December 2018

**Forward Foreign Exchange Contracts (continued)**

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Gain US\$</b>	<b>% of Net Assets</b>
14/02/2019	State Street Bank and Trust Company	USD	1,450,172	GBP	1,132,842	3,269	0.00
14/02/2019	State Street Bank and Trust Company	USD	1,976,704	GBP	1,544,156	4,456	0.00
14/02/2019	State Street Bank and Trust Company	USD	2,092,618	GBP	1,634,706	4,717	0.00
14/02/2019	State Street Bank and Trust Company	USD	1,362,266	GBP	1,061,546	6,424	0.00
14/02/2019	State Street Bank and Trust Company	USD	7,057,875	GBP	5,513,452	15,909	0.00
14/02/2019	State Street Bank and Trust Company	USD	6,897,896	GBP	5,375,186	32,528	0.00
14/02/2019	State Street Bank and Trust Company	USD	8,442,948	GBP	6,579,168	39,814	0.00
14/02/2019	State Street Bank and Trust Company	USD	10,049,204	GBP	7,830,844	47,388	0.00
14/02/2019	State Street Bank and Trust Company	USD	11,359,380	GBP	8,851,798	53,566	0.00
14/02/2019	State Street Bank and Trust Company	USD	38,312,308	GBP	29,854,871	180,666	0.01
15/01/2019	State Street Bank and Trust Company	USD	83,007	NOK	711,165	713	0.00
15/01/2019	State Street Bank and Trust Company	USD	87,924	NOK	744,871	1,729	0.00
15/01/2019	State Street Bank and Trust Company	USD	422,444	NOK	3,588,024	7,245	0.00
<b>Total unrealised gain on forward foreign exchange contracts (31 December 2017: US\$11,007,828)</b>						<b>886,887</b>	<b>0.03</b>

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Loss US\$</b>	<b>% of Net Assets</b>
15/01/2019	State Street Bank and Trust Company	CAD	19,714,188	USD	14,700,923	(255,429)	(0.01)
15/01/2019	State Street Bank and Trust Company	CAD	105,818	USD	78,909	(1,371)	(0.00)
14/02/2019	State Street Bank and Trust Company	GBP	1,037,080,395	USD	1,330,340,803	(5,746,951)	(0.19)
14/02/2019	State Street Bank and Trust Company	GBP	307,488,142	USD	394,438,102	(1,703,937)	(0.06)
14/02/2019	State Street Bank and Trust Company	GBP	299,697,546	USD	384,444,520	(1,660,765)	(0.06)
14/02/2019	State Street Bank and Trust Company	GBP	200,909,235	USD	257,721,343	(1,113,333)	(0.04)
14/02/2019	State Street Bank and Trust Company	GBP	186,567,635	USD	239,324,298	(1,033,859)	(0.04)
14/02/2019	State Street Bank and Trust Company	GBP	36,846,554	USD	47,265,838	(204,184)	(0.01)
14/02/2019	State Street Bank and Trust Company	GBP	6,247,810	USD	8,014,534	(34,622)	(0.00)
14/02/2019	State Street Bank and Trust Company	GBP	2,198,423	USD	2,820,082	(12,183)	(0.00)
14/02/2019	State Street Bank and Trust Company	GBP	1,263,228	USD	1,620,438	(7,000)	(0.00)

**Barings Global Investment Funds 2 Plc**  
**Barings Global High Yield Credit Strategies Fund**  
Schedule of Investments (Unaudited) (continued)  
as at 31 December 2018

**Forward Foreign Exchange Contracts (continued)**

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Loss US\$</b>	<b>% of Net Assets</b>
15/01/2019	State Street Bank and Trust Company	NOK	138,427,336	USD	16,259,363	(240,821)	(0.01)
15/01/2019	State Street Bank and Trust Company	USD	6,508	EUR	5,725	(58)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	12,922	EUR	11,313	(52)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	9,230	EUR	8,071	(26)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	6,955	EUR	6,084	(22)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	1,751	EUR	1,540	(16)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	1,741	EUR	1,531	(16)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	3,492	EUR	3,057	(14)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	3,415	EUR	2,990	(14)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	2,483	EUR	2,171	(7)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	2,467	EUR	2,157	(7)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	1,895	EUR	1,657	(6)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	1,871	EUR	1,636	(6)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	6,654,697	GBP	5,259,142	(62,455)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	9,723,559	GBP	7,653,676	(51,973)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,973,078	GBP	1,559,304	(18,518)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,933,071	GBP	1,527,687	(18,141)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	2,913,751	GBP	2,293,492	(15,573)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	2,799,448	GBP	2,203,521	(14,963)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,286,414	GBP	1,016,640	(12,073)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,194,355	GBP	943,887	(11,209)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,824,752	GBP	1,436,312	(9,753)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,694,889	GBP	1,334,093	(9,059)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	235,882	GBP	186,415	(2,214)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	334,736	GBP	263,480	(1,789)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	40,308	GBP	31,855	(378)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	57,165	GBP	44,996	(306)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	24,244	GBP	19,157	(224)	(0.00)

**Barings Global Investment Funds 2 Plc**  
**Barings Global High Yield Credit Strategies Fund**  
Schedule of Investments (Unaudited) (continued)  
as at 31 December 2018

**Forward Foreign Exchange Contracts (continued)**

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Loss US\$</b>	<b>% of Net Assets</b>
14/02/2019	State Street Bank and Trust Company	USD	14,183	GBP	11,209	(133)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	20,115	GBP	15,833	(108)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	7,973	GBP	6,301	(75)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	11,328	GBP	8,916	(61)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	285	GBP	225	(2)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	118,025	NOK	1,029,898	(1,152)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	45,722	NOK	400,000	(566)	(0.00)
<b>Total unrealised loss on forward foreign exchange contracts (31 December 2017: (US\$109,749))</b>						<b>(12,245,424)</b>	<b>(0.42)</b>
<b>Net loss on forward foreign exchange contracts (31 December 2017: US\$10,898,079)</b>						<b>(11,358,537)</b>	<b>(0.39)</b>
<b>Summary</b>						<b>Fair Value US\$</b>	<b>% of Net Assets</b>
Total investments at fair value through profit or loss						2,893,366,496	100.44
Net loss on forward foreign exchange contracts						(11,358,537)	(0.39)
Other net liabilities						(1,314,794)	(0.05)
<b>Total Net Assets</b>						<b>2,880,693,165</b>	<b>100.00</b>

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
Schedule of Investments (Unaudited)  
as at 31 December 2018

**Collateralised Loan Obligations**

Country	Holding	Details	Fair Value US\$	% of Net Assets	
Ireland	3,000,000	Adagio VI CLO DAC	3,279,892	0.65	
	2,200,000	Arbour CLO IV DAC	2,521,135	0.50	
	2,500,000	Avoca Capital CLO X Ltd	2,864,606	0.57	
	3,500,000	Avoca CLO XIX DAC	3,937,509	0.78	
	1,750,000	Bain Capital Euro CLO 2018-1 DAC	1,960,165	0.39	
	3,250,000	Bain Capital Euro CLO 2018-2 DAC	3,645,966	0.73	
	1,500,000	Cadogan Square CLO VIII DAC	1,699,222	0.34	
	4,305,000	Cadogan Square CLO XII DAC	4,817,635	0.96	
	700,000	Carlyle Global Market Strategies Euro CLO 2014-2 Ltd	789,198	0.16	
	4,000,000	CVC Cordatus Loan Fund IX DAC	4,522,013	0.90	
	3,000,000	CVC Cordatus Loan Fund X DAC	3,266,315	0.65	
	3,000,000	CVC Cordatus Loan Fund XII DAC	3,413,944	0.68	
	2,000,000	OAK Hill European Credit Partners VI DAC	2,208,309	0.44	
	3,000,000	OAK Hill European Credit Partners VI DAC	3,313,714	0.66	
	Netherlands	2,000,000	ALME Loan Funding IV BV	2,206,446	0.44
		4,000,000	Avoca CLO XIII DAC	4,524,561	0.90
		1,900,000	Avoca CLO XIV DAC	2,134,372	0.42
2,500,000		Cairn CLO VIII BV	2,802,865	0.56	
5,700,000		Cairn CLO X BV	6,410,253	1.28	
3,450,000		Dryden 56 Euro CLO 2017 BV	3,821,069	0.76	
Supra National	3,600,000	Dryden 66 EURO CLO 2018 BV	4,005,293	0.80	
	2,000,000	BlackRock European CLO II DAC	2,266,153	0.45	
	3,700,000	BlackRock European CLO VII DAC	4,030,121	0.80	
United States	2,000,000	Carlyle Global Market Strategies Euro CLO 2013-1 BV	2,285,388	0.45	
	1,500,000	AIMCO CLO Series 2015-A	1,402,338	0.28	
	3,000,000	AIMCO CLO Series 2018-A	2,784,258	0.55	
	2,687,500	Allegro CLO VI Ltd	2,464,857	0.49	
	2,500,000	ALM VII Ltd	2,504,548	0.50	
	2,500,000	Anchorage Capital CLO 2013-1 Ltd	2,456,770	0.49	
	1,200,000	Anchorage Capital CLO 1-R Ltd	1,088,544	0.22	
	1,500,000	Anchorage Capital CLO 7 Ltd	1,409,378	0.28	
	1,000,000	Antares CLO 2017-2 Ltd	966,283	0.19	
	2,500,000	Antares CLO 2017-2 Ltd	2,444,687	0.49	
	2,850,000	Apidos CLO XXVI	2,810,003	0.56	
	3,200,000	Ares XXVII CLO Ltd	3,116,698	0.62	
	1,500,000	Ares XXXVIII CLO Ltd	1,391,382	0.28	
	3,500,000	Atlas Senior Loan Fund III Ltd	3,365,089	0.67	
	2,100,000	Atlas Senior Loan Fund Ltd	2,059,329	0.41	
	2,150,000	Atlas Senior Loan Fund Ltd	2,114,099	0.42	
	5,000,000	Atlas Senior Loan Fund Ltd	4,977,325	0.99	
	1,500,000	Atlas Senior Loan Fund XI Ltd	1,392,213	0.28	
	1,000,000	Avery Point VI CLO Ltd	961,633	0.19	
	2,300,000	Bain Capital Credit CLO 2017-2	2,230,869	0.44	
	2,500,000	Bain Capital Credit CLO 2017-2	2,469,913	0.49	
3,250,000	Bain Capital Credit CLO 2017-2	3,250,167	0.65		
4,000,000	Bain Capital Credit CLO 2018-1	3,745,472	0.74		
5,000,000	Bain Capital Credit CLO 2018-2	4,901,675	0.98		
3,000,000	Ballyrock CLO 2016-1 Ltd	2,992,406	0.60		
2,000,000	Ballyrock CLO 2018-1 Ltd	1,854,486	0.37		
3,000,000	Ballyrock CLO 2018-1 Ltd	2,923,599	0.58		
1,550,000	Benefit Street Partners CLO VIII Ltd	1,411,012	0.28		
2,000,000	Benefit Street Partners CLO VIII Ltd	1,868,374	0.37		
2,500,000	Benefit Street Partners CLO XII Ltd	2,367,288	0.47		
1,000,000	BlueMountain CLO 2016-2 Ltd	997,281	0.20		
5,000,000	BlueMountain CLO XXIII Ltd	4,950,815	0.98		
7,000,000	BlueMountain CLO XXIII Ltd	6,761,930	1.34		
2,500,000	BlueMountain Fuji US Clo II Ltd	2,378,260	0.47		

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
**Schedule of Investments (Unaudited) (continued)**  
**as at 31 December 2018**

**Collateralised Loan Obligations (continued)**

<b>Country</b>	<b>Holding</b>	<b>Details</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
United States	1,500,000	Carbone Clo Ltd	1,397,727	0.28
(continued)	1,350,000	Carlyle Global Market Strategies CLO 2013-2 Ltd	1,241,669	0.25
	1,350,000	Carlyle Global Market Strategies CLO 2016-3 Ltd	1,352,059	0.27
	3,300,000	CBAM 2017-2 Ltd	3,203,053	0.64
	4,000,000	Cedar Funding VIII	3,877,752	0.77
	18,250,000	CIFC Funding 2014-V Ltd	18,033,737	3.59
	3,000,000	CIFC Funding 2017-IV Ltd	2,846,517	0.57
	3,600,000	CIFC Funding 2017-IV Ltd	3,536,186	0.70
	1,500,000	CIFC Funding 2018-I Ltd	1,353,822	0.27
	1,000,000	Crestline Denali CLO XIV Ltd	944,236	0.19
	7,800,000	Crestline Denali CLO XIV Ltd	7,616,543	1.51
	3,100,000	Crestline Denali CLO XVI Ltd	2,872,910	0.57
	4,000,000	Crestline Denali CLO XVII Ltd	3,859,196	0.77
	2,100,000	Deer Creek Clo Ltd 2017-1	1,952,607	0.39
	1,560,000	Denali Capital CLO XI Ltd	1,485,438	0.30
	5,000,000	Dryden XXVIII Senior Loan Fund	4,944,050	0.98
	2,000,000	Flatiron CLO 2015-1 Ltd	1,958,012	0.39
	1,500,000	Galaxy XIX CLO Ltd	1,450,220	0.29
	5,000,000	Galaxy XIX CLO Ltd	4,913,810	0.98
	500,000	Galaxy XXVI CLO Ltd	478,672	0.10
	1,450,000	Gallatin CLO VIII 2017-1 Ltd	1,373,684	0.27
	2,250,000	Gallatin CLO VIII 2017-1 Ltd	2,239,016	0.44
	5,000,000	Goldentree Loan Management US Clo 2 Ltd	4,719,525	0.94
	2,000,000	Goldentree Loan Management US CLO 1 Ltd	1,958,352	0.39
	1,000,000	Greywolf CLO IV Ltd	984,622	0.20
	4,230,000	Greywolf CLO IV Ltd	4,229,600	0.84
	3,250,000	Greywolf CLO VI Ltd	3,181,279	0.63
	2,000,000	Grippen Park Clo Ltd	1,946,630	0.39
	2,000,000	Highbridge Loan Management 3-2014	1,947,178	0.39
	2,500,000	Highbridge Loan Management 3-2014	2,430,575	0.48
	2,000,000	HPS Loan Management 11-2017 Ltd	1,946,914	0.39
	3,370,000	HPS Loan Management 13-2018 Ltd	3,133,665	0.62
	2,340,000	KKR Clo 19 Ltd	2,157,489	0.43
	2,300,000	KKR CLO 23 Ltd	2,141,068	0.43
	7,000,000	KKR CLO 9 Ltd	6,964,488	1.38
	1,500,000	KKR Financial CLO 2013-1 Ltd	1,449,236	0.29
	1,000,000	LCM XIII LP	1,000,072	0.20
	4,000,000	LCM XV LP	3,991,064	0.79
	1,100,000	LCM XXV Ltd	1,073,884	0.21
	2,500,000	Madison Park Funding X Ltd	2,500,204	0.50
	3,450,000	Madison Park Funding XI Ltd	3,335,046	0.66
	1,200,000	Madison Park Funding XIV Ltd	1,159,067	0.23
	2,600,000	Madison Park Funding XIV Ltd	2,443,961	0.48
	4,000,000	Madison Park Funding XV Ltd	3,954,042	0.79
	3,000,000	Madison Park Funding XVII Ltd	2,974,920	0.59
	2,500,000	Madison Park Funding XXII Ltd	2,511,366	0.50
	4,000,000	Madison Park Funding XXIV Ltd	3,994,100	0.79
	6,000,000	Madison Park Funding XXIX Ltd	5,798,057	1.15
	2,000,000	Madison Park Funding XXVII Ltd	1,837,146	0.36
	2,500,000	Madison Park Funding XXVII Ltd	2,352,435	0.47
	4,000,000	Madison Park Funding XXVIII Ltd	3,916,040	0.78
	2,000,000	Magnetite VIII Ltd	1,896,536	0.38
	1,750,000	Magnetite XIX Ltd	1,709,678	0.34
	2,100,000	Marble Point Clo X Ltd	2,056,704	0.41
	1,500,000	Mill Creek II CLO Ltd	1,502,255	0.30
	2,375,000	Milos CLO Ltd	2,276,568	0.45
	4,000,000	Milos CLO Ltd	3,857,204	0.77

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
**Schedule of Investments (Unaudited) (continued)**  
**as at 31 December 2018**

**Collateralised Loan Obligations (continued)**

<b>Country</b>	<b>Holding</b>	<b>Details</b>	<b>Fair Value US\$</b>	<b>% of Net Assets</b>
United States	4,250,000	Neuberger Berman CLO XXII Ltd	4,058,801	0.81
(continued)	4,000,000	Oak Hill Credit Partners X-R Ltd	3,869,464	0.77
	5,000,000	Oak Hill Credit Partners X-R Ltd	4,843,880	0.96
	2,000,000	Oaktree CLO 2014-1	1,953,600	0.39
	6,050,000	Oaktree CLO 2018-1 Ltd	5,928,678	1.18
	5,000,000	OCP CLO 2015-10 Ltd	4,823,140	0.96
	750,000	OCP CLO 2017-14 Ltd	700,782	0.14
	2,650,000	OHA Credit Funding 1 Ltd	2,511,779	0.50
	4,000,000	OHA Credit Partners XI Ltd	3,857,436	0.77
	3,000,000	OHA Loan Funding 2012-1 Ltd	3,008,679	0.60
	3,700,000	OHA Loan Funding 2012-1 Ltd	3,700,529	0.73
	2,000,000	Palmer Square CLO 2015-1 Ltd	1,987,468	0.40
	3,000,000	Race Point VIII CLO Ltd	2,909,742	0.58
	1,500,000	Recette Clo Ltd	1,411,515	0.28
	6,200,000	Regatta VIII Funding Ltd	6,110,304	1.22
	2,650,000	Regatta XIV Funding Ltd	2,623,585	0.52
	4,000,000	Regatta XV Funding Ltd	3,777,252	0.75
	9,000,000	Rockford Tower CLO 2017-3 Ltd	8,903,510	1.77
	8,000,000	RR 1 LLC	7,879,944	1.57
	3,500,000	RR 2 Ltd	3,333,547	0.66
	2,000,000	RR 3 Ltd	1,823,550	0.36
	2,500,000	RR 3 Ltd	2,354,325	0.47
	8,000,000	RR 5 Ltd	7,762,623	1.54
	2,000,000	Sound Point CLO II Ltd	1,815,070	0.36
	4,000,000	Sound Point Clo XVI Ltd	3,920,496	0.78
	2,000,000	Sounds Point CLO IV-R Ltd	1,920,708	0.38
	5,000,000	Steele Creek CLO 2015-1 Ltd	4,990,540	0.99
	2,000,000	Steele Creek Clo 2017-1 Ltd	1,862,284	0.37
	3,600,000	Steele Creek Clo 2017-1 Ltd	3,343,471	0.67
	3,000,000	Steele Creek Clo 2018-2 Ltd	2,859,927	0.57
	2,500,000	TCI-Cent Clo 2016-1 Ltd	2,495,743	0.5
	4,000,000	TCI-Cent Clo 2017-1 Income Note Issuer Ltd	3,902,464	0.78
	5,000,000	TCI-Cent Clo 2017-1 Income Note Issuer Ltd	4,853,730	0.97
	2,000,000	TCI-Symphony CLO 2017-1 Ltd	1,941,890	0.39
	3,000,000	THL Credit Wind River 2015-2 CLO Ltd	2,823,933	0.56
	5,000,000	THL Credit Wind River 2016-2 Clo Ltd	4,966,650	0.99
	2,000,000	THL Credit Wind River 2017-2 Clo Ltd	1,957,528	0.39
	4,500,000	THL Credit Wind River 2017-3 Clo Ltd	4,421,943	0.88
	4,000,000	THL Credit Wind River 2018-3 CLO Ltd	3,930,636	0.78
	4,000,000	TICP CLO VII Ltd	3,940,560	0.78
	2,225,000	Voya CLO 2017-1 Ltd	2,155,337	0.43
	2,000,000	Wellfleet CLO 2017-1 Ltd	1,948,504	0.39
	1,000,000	Wellfleet CLO 2017-2 Ltd	964,896	0.19
	2,900,000	Wellfleet CLO 2017-2 Ltd	2,786,796	0.55
	4,600,000	Wellfleet CLO 2017-2 Ltd	4,589,172	0.91
	5,850,000	Wellfleet CLO 2017-2 Ltd	5,679,853	1.13
	4,000,000	Wellfleet CLO 2017-3 Ltd	3,809,192	0.76
	2,000,000	Wellfleet CLO 2018-2 Ltd	1,912,124	0.38
	2,300,000	Wellfleet CLO 2018-3 Ltd	2,217,039	0.44
<b>Total Collateralised Loan Obligations (31 December 2017: US\$486,382,957)</b>			<b>501,945,630</b>	<b>99.86</b>
<b>Total investments at fair value through profit or loss (31 December 2017: US\$486,382,957)</b>			<b>501,945,630</b>	<b>99.86</b>

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
Schedule of Investments (Unaudited) (continued)  
as at 31 December 2018

**Forward Foreign Exchange Contracts**

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Gain US\$</b>	<b>% of Net Assets</b>
15/01/2019	State Street Bank and Trust Company	EUR	50,989	USD	58,250	228	0.00
15/01/2019	State Street Bank and Trust Company	USD	1,144	CAD	1,555	5	0.00
15/01/2019	State Street Bank and Trust Company	USD	2,360	CAD	3,161	44	0.00
15/01/2019	State Street Bank and Trust Company	USD	3,816	CAD	5,097	81	0.00
14/02/2019	State Street Bank and Trust Company	USD	1,098,732	GBP	856,187	5,181	0.00
14/02/2019	State Street Bank and Trust Company	USD	6,354,164	GBP	4,951,483	29,964	0.01
14/02/2019	State Street Bank and Trust Company	USD	7,315,463	GBP	5,700,576	34,498	0.01
15/01/2019	State Street Bank and Trust Company	USD	4,994	NOK	43,055	11	0.00
15/01/2019	State Street Bank and Trust Company	USD	8,556	NOK	72,673	147	0.00
<b>Total unrealised gain on forward foreign exchange contracts (31 December 2017: US\$2,251,824)</b>						<b>70,159</b>	<b>0.02</b>

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Loss US\$</b>	<b>% of Net Assets</b>
15/01/2019	State Street Bank and Trust Company	CAD	212,951	USD	158,798	(2,759)	(0.00)
14/02/2019	State Street Bank and Trust Company	GBP	201,439,139	USD	258,401,091	(1,116,269)	(0.23)
14/02/2019	State Street Bank and Trust Company	GBP	174,886,215	USD	224,339,664	(969,127)	(0.19)
14/02/2019	State Street Bank and Trust Company	GBP	30,253,395	USD	38,808,299	(167,648)	(0.03)
15/01/2019	State Street Bank and Trust Company	NOK	2,846,902	USD	334,391	(4,953)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	66,395,375	EUR	57,982,123	(103,676)	(0.02)
15/01/2019	State Street Bank and Trust Company	USD	7,612,080	EUR	6,699,464	(71,461)	(0.01)
15/01/2019	State Street Bank and Trust Company	USD	4,101,727	EUR	3,600,000	(27,073)	(0.01)
15/01/2019	State Street Bank and Trust Company	USD	884	EUR	776	(6)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	571	EUR	500	(3)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	591	EUR	518	(2)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	430	EUR	376	(1)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	3,729,106	GBP	2,945,931	(33,535)	(0.01)
14/02/2019	State Street Bank and Trust Company	USD	3,237,548	GBP	2,557,608	(29,115)	(0.01)
14/02/2019	State Street Bank and Trust Company	USD	561,494	GBP	443,571	(5,049)	(0.00)

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
Schedule of Investments (Unaudited) (continued)  
as at 31 December 2018

**Forward Foreign Exchange Contracts (continued)**

<b>Maturity</b>	<b>Counterparty</b>	<b>Currency</b>	<b>Amount Bought</b>	<b>Currency</b>	<b>Amount Sold</b>	<b>Unrealised Loss US\$</b>	<b>% of Net Assets</b>
14/02/2019	State Street Bank and Trust Company	USD	1,842,642	GBP	1,444,237	(1,987)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	1,599,730	GBP	1,253,846	(1,725)	(0.00)
14/02/2019	State Street Bank and Trust Company	USD	277,021	GBP	217,125	(299)	(0.00)
15/01/2019	State Street Bank and Trust Company	USD	2,400	NOK	21,011	(31)	(0.00)
<b>Total unrealised loss on forward foreign exchange contracts (31 December 2017: (US\$659,871))</b>						<b>(2,534,719)</b>	<b>(0.51)</b>
<b>Net unrealised loss on forward foreign exchange contracts (31 December 2017: US\$1,591,953)</b>						<b>(2,464,560)</b>	<b>(0.49)</b>
<b>Summary</b>						<b>Fair Value US\$</b>	<b>% of Net Assets</b>
Total investments at fair value through profit or loss						501,945,630	99.86
Net loss on forward foreign exchange contracts						(2,464,560)	(0.49)
Cash and cash equivalents						706,988	0.14
Other net assets						2,453,909	0.49
<b>Total Net Assets</b>						<b>502,641,967</b>	<b>100.00</b>



**Barings Global Investment Funds 2 Plc**  
**Global Multi-Credit Strategy Fund 3**  
Schedule of Investments (Unaudited)  
as at 31 December 2018

**Loan to Subsidiary**

<b>Country</b>	<b>Industry</b>	<b>Obligor</b>	<b>Fair Value GBP</b>	<b>% of Net Assets</b>
Ireland	Finance	Barings Global Multi-Credit Strategy 3 Limited	175,928,570	100.05
<b>Total Loan</b>			<b>175,928,570</b>	<b>100.05</b>
<b>Summary</b>			<b>Fair Value GBP</b>	<b>% of Net Assets</b>
Total investments at fair value through profit or loss			175,928,570	100.05
Other net liabilities			(92,253)	(0.05)
<b>Total Net Assets</b>			<b>175,836,317</b>	<b>100.00</b>

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
**Significant Changes in Portfolio Composition (Unaudited)**  
**for financial year ended 31 December 2018**

**Purchases**

<b>Issuer</b>	<b>Cost US\$</b>
CIFC Funding 2014-V Ltd	18,250,000
RR 5 Ltd	8,000,000
Crestline Denali CLO XIV Ltd	7,800,000
BlueMountain CLO XXIII Ltd	7,000,000
Cairn CLO X BV	6,662,731
Oaktree CLO 2018-1 Ltd	6,050,000
Atlas Senior Loan Fund X Ltd	6,000,000
Madison Park Funding XXIX Ltd	6,000,000
THL Credit Wind River 2016-2 CLO Ltd	5,000,000
BlueMountain CLO XXIII Ltd	5,000,000
Oak Hill Credit Partners X-R Ltd	5,000,000
Bain Capital Credit CLO 2018-2	5,000,000
Cadogan Square CLO XII DAC	4,911,787
Diageo Capital Plc	4,498,700
Mccormick & Company	4,494,304
VF Corp	4,492,206
Brown-Forman Corp	4,491,255
Aon Corp	4,490,925
Rogers Communications	4,490,438
Avangrid Inc	4,487,063

**Barings Global Investment Funds 2 Plc**  
**Barings Investment Grade CLO Fund**  
**Significant Changes in Portfolio Composition (Unaudited) (continued)**  
**for financial year ended 31 December 2018**

**Sales**

<b>Issuer</b>	<b>Proceeds US\$</b>
Atlas Senior Loan Fund X Ltd	6,000,000
Race Point VIII CLO Ltd	5,021,250
ALM VII Ltd	5,000,000
VF Corp	4,497,650
Brown-Forman Corp	4,496,595
CBS Corp	4,494,925
Aon Corp	4,492,760
Hyundai Capital America	4,487,500
Harley-Davidson Fnd Cp	4,485,430
CBAM 2017-3 Ltd	4,263,303
Ares XXXIV CLO Ltd	4,161,248
BlueMountain CLO 2012-2 Ltd	4,010,840
Apidos CLO XI	4,005,240
Regatta IX Funding Ltd	4,004,000
Nbcuniversal Enterprise Inc	3,998,644
Entergy Corp	3,997,450
Telus Corp	3,993,444
CVC Cordatus Loan Fund III DAV	3,449,098
Anchorage Capital CLO 9 Ltd	3,019,530
KKR CLO 16 Ltd	3,019,530
Dryden 36 Senior Loan Fund	3,018,900
BlueMountain CLO 2012-2 Ltd	3,005,730
ALM VII R-2 Ltd	3,004,500
BlueMountain CLO 2013-1 Ltd	3,004,020
THL Credit Wind River 2014-1 CLO Ltd	3,001,500
Benefit Street Partners CLO VII Ltd	3,000,300
Parker-Hannifin Corp	2,998,775
EI DuPont	2,998,270
Reckitt Benckiser Treas	2,997,025
General Electric Co	2,996,500
Marriott Internation	2,996,073
Cairn CLO BV	2,856,764
Carlyle Global Market Strategies CLO 2012-4 Ltd	2,509,525
Keurig Dr Pepper	2,498,425
VW Cr Inc	2,479,909
OCP CLO 2015-8 Ltd	2,200,000

Listed above are aggregate purchases of securities exceeding 1 per cent of the total value of purchases for the financial year ended 31 December 2018 and aggregate sales greater than 1 per cent of the total value of sales for the financial year ended 31 December 2018.

At a minimum, the largest 20 purchases and sales are required to be disclosed, if applicable.

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**Barings Global Investment Funds 2 Plc**  
**Barings Global High Yield Credit Strategies Fund**  
Significant Changes in Portfolio Composition (Unaudited)  
for financial year ended 31 December 2018

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There were no purchases or sales of securities for the financial year ended 31 December 2018. Purchases and Sales are completed at the Subsidiary level. Please refer to the financial statements of the Subsidiary.

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**Barings Global Investment Funds 2 Plc**  
**Global Multi-Credit Strategy Fund 3**  
Significant Changes in Portfolio Composition (Unaudited)  
for financial year ended 31 December 2018

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There were no purchases or sales of securities for the financial year ended 31 December 2018. Purchases and Sales are completed at the Subsidiary level. Please refer to the financial statements of the Subsidiary.

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## Barings Global Investment Funds 2 Plc

### Disclosure of Remuneration (Unaudited) for financial year ended 31 December 2018

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#### Remuneration Disclosure

**Barings LLC paid the following remuneration to staff in respect of the financial year ending on 31 December 2018 in relation to work on Barings Global Investment Funds 2 Plc and its related Funds:**

	31 Dec 2018 US\$ (000)
Fixed remuneration	564
Variable remuneration	1,634
Total remuneration	<u>2,198</u>
Number of Beneficiaries:	89

*The above disclosures reflect the remuneration attributable to the Funds only. For these purposes, the total remuneration attributable to the activities of Barings LLC has been allocated to each fund under management.*

**The total remuneration disclosed above is notionally allocated between the Funds managed by Barings LLC, for disclosure purposes, as follows:**

	Fixed	USD (000) Variable
Barings Global High Yield Credit Strategies Fund	460	1,394
Barings Senior CLO Debt Fund	67	130
Global Multi-Credit Strategy Fund 3	36	110
Total Barings Global Investment Funds 2 Plc remuneration	<u>563</u>	<u>1,634</u>

The total remuneration disclosed above relates to the staff of Barings LLC that have worked on the Funds. It has been allocated between the funds under management of Barings LLC in proportion to the income received from the Funds during 2018. However, it is not possible to attribute remuneration paid to individual staff directly to income received from any fund.

<b>Amounts paid to Senior Staff</b>	<b>US\$ (000)</b>
Aggregate remuneration of senior management	29,756
Aggregate remuneration of employees whose actions have a material impact on the risk profile of the management of the Funds by Barings LLC	32,477

*The remuneration indicated above represents the total remuneration of the relevant Barings LLC staff that worked on the Funds and other senior management employed by Barings LLC, but does not otherwise include remuneration paid to personnel employed by Barings LLC's delegates or other members of the Board not employed by Barings LLC.*

## Barings Global Investment Funds 2 Plc

### Appendix - Total Expense and Performance Data (Unaudited)

#### Total Expense Ratio ("TER")

The average TER table shows the actual expenses incurred by the Fund, expressed as an annualised percentage of the average ("Avg.") Net Asset Value ("NAV") of the Funds for the financial year ended 31 December 2018.

	<b>Expense % of Avg. NAV 31 Dec 2018</b>
<b>Barings Global High Yield Credit Strategies Fund</b>	
Class A GBP Accumulation Shares	0.53
Class A GBP Distribution Shares	0.53
Class B GBP Accumulating Shares	0.61
Class B GBP Distribution Shares	0.61
Class B USD Accumulating Shares	0.60
Class C CAD Accumulating Shares	0.69
Class C GBP Accumulating Shares	0.68
Class C GBP Distribution Shares	0.69
Class C USD Accumulating Shares	0.68
Class C USD Distribution Shares	0.67
Class D CAD Accumulating Shares	0.78
Class D EUR Accumulating Shares	0.78
Class D EUR Distribution Shares	0.79
Class D GBP Accumulating Shares	0.79
Class D GBP Distribution Shares	0.79
Class D NOK Accumulating Shares	0.78
Class D USD Accumulating Shares	0.78
Class D USD Distribution Shares	0.78
Class E EUR Distribution Shares	1.19
Class E USD Accumulating Shares	1.18
Class E USD Distribution Shares	1.18
Class F GBP Accumulating shares	0.09
Class F USD Accumulating shares	0.08
Class G USD Distribution Shares	1.67
Class S USD Accumulating Shares	0.37
	<b>Expense % of Avg. NAV 31 Dec 2018</b>
<b>Barings Investment Grade CLO Fund</b>	
Class A GBP Accumulating Shares	0.29
Class A GBP Distribution Shares	0.28
Class A USD Accumulating Shares	0.28
Class C GBP Distribution Shares	0.32
Class D CAD Accumulating Shares	0.37
Class D EUR Accumulating Shares	0.37
Class D NOK Accumulating Shares	0.37
Class D USD Accumulating Shares	0.36
Class D USD Distribution Shares	0.36
	<b>Expense % of Avg. NAV 31 Dec 2018</b>
<b>Global Multi-Credit Strategy Fund 3</b>	
Class T GBP Accumulating Shares	0.62

## Barings Global Investment Funds 2 Plc

### Appendix - Total Expense and Performance Data (Unaudited) (continued)

#### Performance Data

Below is the historical performance data for the financial year ended 31 December 2018, 31 December 2017 and 31 December 2016:

	Net Return % 31 Dec 2018	Net Return % 31 Dec 2017	Net Return % 31 Dec 2016
<b>Barings Global High Yield Credit Strategies Fund</b>			
Class A GBP Accumulating Shares	(1.83)	16.60	13.61
Class A GBP Distribution Shares	(0.42)	16.10	12.99
Class B GBP Accumulating Shares	(1.89)	16.51	13.53
Class B GBP Distribution Shares	(0.48)	16.00	12.90
Class B USD Accumulation Shares*****	(1.66)	-	-
Class C CAD Accumulation Shares*****	(1.06)	2.27	-
Class C GBP Accumulating Shares	(1.98)	16.44	13.44
Class C GBP Distribution Shares**	(0.61)	15.96	17.01
Class C USD Accumulation Shares*****	(3.00)	-	-
Class C USD Distribution Shares*	(0.16)	7.29	8.98
Class D CAD Accumulation Shares*****	(1.16)	3.45	-
Class D EUR Accumulating Shares	(3.10)	20.10	12.49
Class D EUR Distribution Shares*****	(2.56)	18.96	-
Class D GBP Accumulating Shares	(2.09)	16.32	13.32
Class D GBP Distribution Shares***	(0.75)	15.83	7.61
Class D NOK Accumulation Shares*****	(1.84)	8.43	-
Class D USD Accumulating Shares*	(0.41)	7.40	2.78
Class D USD Distribution Shares	(0.25)	7.18	13.41
Class E EUR Distribution Shares*****	(2.98)	14.20	-
Class E USD Accumulation Shares*****	(0.81)	2.15	-
Class E USD Distribution Shares*	(0.66)	6.78	0.59
Class F GBP Accumulating Shares	(1.40)	17.10	14.13
Class F USD Accumulating Shares	0.30	8.15	14.84
Class G USD Distribution Shares*****	(0.67)	-	-
Class S USD Accumulating Shares	0.01	7.84	14.53
	Net Return % 31 Dec 2018	Net Return % 31 Dec 2017	Net Return % 31 Dec 2016
<b>Barings Investment Grade CLO Fund</b>			
Class A GBP Accumulating Shares*****	(1.16)	6.96	-
Class A GBP Distribution Shares*	(0.43)	13.92	1.04
Class A USD Accumulating Shares	0.53	4.43	4.57
Class C GBP Distribution Shares*****	(0.48)	11.59	-
Class D CAD Accumulating Shares*****	(0.30)	(0.08)	-
Class D EUR Accumulating Shares*****	(2.26)	(0.06)	-
Class D GBP Distribution Shares*****	-	-	3.89
Class D NOK Accumulating Shares*****	(0.98)	(5.81)	-
Class D USD Accumulating Shares*****	0.43	1.72	-
Class D USD Distribution Shares**	0.48	5.13	6.45
	Net Return % 31 Dec 2018	Net Return % 31 Dec 2017	Net Return % 31 Dec 2016
<b>Barings Global Multi-Credit Strategy Fund 3****</b>			
Class T GBP Accumulation Shares	(2.42)	7.41	13.00

\*These share classes launched during the financial year ended 31 December 2016.

\*\*These share classes re-launched during the financial year ended 31 December 2016.

\*\*\*These share classes terminated and re-launched during the financial year ended 31 December 2016.

\*\*\*\*This Fund launched during the financial year ended 31 December 2016.

\*\*\*\*\*This share class launched during the financial year ended 31 December 2017.

\*\*\*\*\*This share class terminated during the financial year ended 31 December 2017.

\*\*\*\*\*These share classes launched during the financial year ended 31 December 2018.