

# BARINGS

## Barings Developed & Emerging Markets High Yield Bond Fund



### **The Asset Triple A Awards<sup>1</sup>**

Asset Management Company of the Year,  
Asia—Fixed Income | 2018, 2019, 2020

### **Bloomberg Businessweek (Chinese Edition) Top Fund Awards<sup>3</sup>**

*Best Performer (1 Year)*  
Fixed Income—High Yield Bond | 2021

### **BENCHMARK Fund of the Year Awards<sup>2</sup>**

*Best-in-Class*  
Global Fixed Income | 2021  
House Award—High-Yield Fixed Income | 2019

### **INSURANCEASIA NEWS Institutional Asset Management Awards<sup>4</sup>**

Best Global Fixed income Manager | 2019



AS OF 28 FEBRUARY 2022

1. The Fund is subject to risks relating to investment, credit, interest rate, volatility, liquidity, downgrading, sovereign debt, valuation, credit rating, counterparty, currency risks and the risks of investing in convertible bonds. The Fund's investment in sub-investment grade or unrated debt securities may be subject to higher liquidity, volatility and credit risks than high-rated debt securities.
2. The Fund's investment may be concentrated in specific countries or regions and the value of the Fund may be more volatile. Investment in emerging markets may involve increased risks, including liquidity, currency/currency control, political and economic uncertainties, legal and taxation, settlement, custody, and volatility risks, while investment in certain countries within the Eurozone may involve sovereign debt risks.
3. RMB classes are subject to RMB currency risks. RMB is currently not freely convertible and conversion of RMB is subject to foreign exchange control policies and restrictions. There is no guarantee that RMB will not be subject to depreciation. Under exceptional circumstances, payment of realisation proceeds and/or dividend payment from underlying investments to the Fund in RMB may be delayed.
4. The Fund may invest in derivatives for investment or efficient portfolio management (including hedging) purposes which may involve counterparty/credit, liquidity, valuation, volatility and over-the-counter transaction risks. Exposure to derivatives may lead to a high risk of significant loss by the Fund.
5. The Fund's investment in debt instruments with loss-absorption features ("LAP") are subject to risks of contingent write-down or contingent conversion to ordinary shares upon occurrence of complex and unpredictable trigger events which may result in higher price volatility and total loss of amount invested. LAP may also be exposed to liquidity, valuation and sector concentration risk.
6. Dividends, at the discretion of the Managers, may be paid out of unrealised capital gains and/or gross income while charging all or part of the fees and expenses out of capital (which represent effectively paying dividends out of capital), resulting in an increase in distributable income. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or any capital gains attributable to that original investment and results in an immediate reduction of the Fund's net asset value per unit.
7. Investors may suffer substantial loss of their investments in the Fund.

## WHY BARINGS DEVELOPED AND EMERGING MARKETS HIGH YIELD BOND FUND (THE "FUND")?

### 1. ACCESS TO A DIVERSE AND EVOLVING OPPORTUNITY SET

At close to US\$3 trillion in size, the emerging and developed high yield bond market is a well established asset class. The diverse nature of the asset class, from its sector exposures to idiosyncratic market technicals, offers investors compelling relative value opportunities. Over the last year, sizeable fallen angel activity and robust new bond issuance have materially increased the size of the market and improved the overall credit quality. That said, market uncertainties remain, including most recently China's regulatory crackdowns and their impact on the real estate sector. However, these periods of elevated volatility can provide skilled active managers with a rich environment for potential alpha generation.

### 2. TWO DECADES OF HIGH YIELD EXPERIENCE<sup>6</sup>

Barings benefits from one of the largest global high yield platforms, consisting of 90 investment professionals that underwrite over 2,000 credits globally and have a more than 20-year track record managing high yield bonds. This platform includes over 30 dedicated research analysts who focus solely on high yield corporates. By combining broad industry experience with in-depth asset class knowledge, we aim to offer value to investors by achieving attractive long-term returns through a full market cycle.

### 3. LONG-TERM INVESTMENT OPPORTUNITY

The high yield asset class has delivered attractive risk-adjusted returns over a long period of time. Additionally, we believe that the compelling current income generation coupled with the relatively low sensitivity to interest rate moves and large opportunity set, warrants a strategic asset allocation consideration. A developed and emerging market global high yield allocation also provides a well-diversified geographical universe of investible opportunities to select from.

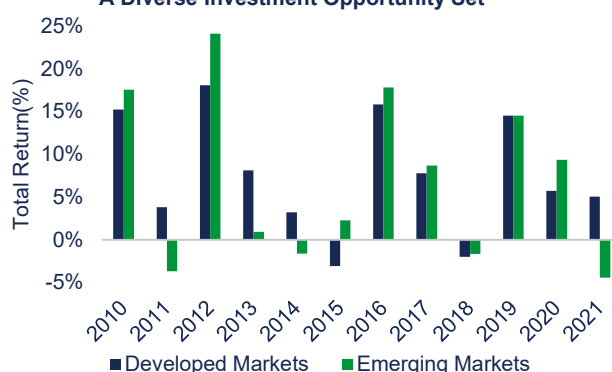
### 4. SUPPORTIVE TECHNICAL AND FUNDAMENTALS

The current low-yield environment—brought about by accommodative measures by global central banks—should continue to sustain the search for yield, providing strong demand for high yield and emerging markets debt. Corporate earnings, revenues and cash flows are also expected to remain well-supported by the resurgence in consumer demand. We anticipate an increased potential for credit rating upgrades and rising star activity, which should reverse some of the sizeable rating downgrades observed in 2020.

High Yield Markets Have Delivered Attractive Risk-Adjusted Returns (January 2010–December 2021)<sup>8</sup>



A Diverse Investment Opportunity Set<sup>9</sup>



# Barings Developed & Emerging Markets High Yield Bond Fund

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## FUND OBJECTIVES<sup>10</sup>

The Barings Developed and Emerging Markets High Yield Bond Fund ("The Fund") seeks to produce a high level of current yield in dollar terms, commensurate with an acceptable level of risk, as determined by the portfolio managers. Any capital appreciation will be incidental.

## PERFORMANCE<sup>13</sup>

Cumulative Performance (%) <sup>11</sup>	YTD	1 Year	3 Years	5 Years	
	-6.31	-3.25	+11.15	+17.58	
Calendar Year Performance (%) <sup>11</sup>	2021	2020	2019	2018	2017
	+6.00	+4.34	+13.13	-4.31	+7.29

## AVAILABLE SHARE CLASS

	Class A USD Inc	Class A USD Inc Monthly	Class A AUD Hedged Inc Monthly	Class A CAD Hedged Inc Monthly	Class A EUR Inc
ISIN	IE0000835953	IE0032158457	IE00B881PF08	IE00B7YBBB53	IE0004851808
	Class A EUR Hedged Inc	Class A GBP Hedged Inc	Class A HKD Inc Monthly	Class A NZD Hedged Inc Monthly	Class A RMB Hedged Inc Monthly
ISIN	IE0032158341	IE0033156484	IE00B62P4Q86	IE00B8GQ7V76	IE00B7S9S037

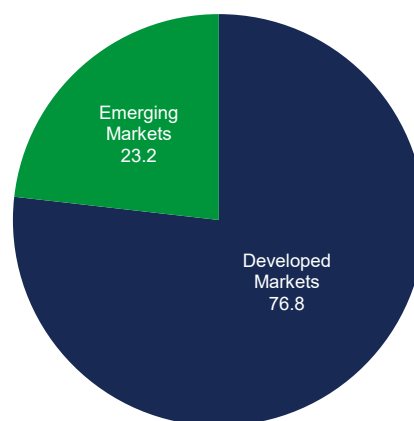
## FUND DETAILS<sup>7</sup>

Fund Manager	Scott Roth, Sean Feeley, Craig Abouchar, Chris Sawyer, Natalia Krol, Omotunde Lawal
Fund Size	US\$493.6Million
Inception Date of Primary Share Class <sup>11</sup>	19 July 1993
Base Currency	USD
NAV Price <sup>11</sup>	US\$8.53
Minimum Investment	US\$5,000 or HKD, CAD, NZD, RMB Equivalent, €3,500, £2,500, AU\$6,000
Initial Charge	Up to 5.00%
Management Fee	1.00% p.a.

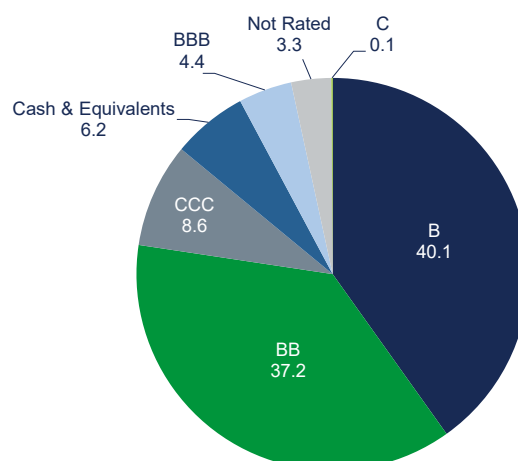
## TOP ISSUERS (% OF NAV)<sup>7</sup>

Occidental Petroleum Corp.	2.18
Energy Transfer Operating LP	1.66
Avolon Holdings Limited	1.54
Bausch Health Companies Inc.	1.41
Carnival	1.36

## Geographical Weighting (% MV)<sup>7,12</sup>



## Credit Rating (% NAV)<sup>7,12</sup>



## Sources:

1. Barings was awarded Asset Management Company of the Year, Asia—Fixed Income in The Asset Triple A Awards 2018, 2019 and 2020, based on Barings' performance over the preceding calendar year.
2. Barings was awarded Global Fixed Income—Best-in-Class in BENCHMARK Fund of the Year Awards 2021, based on the annualized return, sortino ratio and ESG (Environmental, Social, and Governance) score over the one-year and three-year periods performances to 30 September 2021. House Award—High-Yield Fixed Income—Best-in-Class in BENCHMARK Fund of the Year Awards 2019 was based on the qualitative methodology and tools determined by BENCHMARK.
3. Barings was awarded Fixed Income—High Yield Bond —Best Performer (1 Year) in Bloomberg Businessweek (Chinese Edition) Top Fund Awards 2021, based on the performance over the one-year period to 30 September 2021.
4. Barings was awarded Best Global Fixed Income Manager in InsuranceAsia News Institutional Asset Management Awards 2019, based on the performance over the three-year period 30 September 2018.
5. Overall Morningstar rating as of 28 February 2022 (Global High Yield Bond Category). Rating is for Class A USD Inc Share only, other classes may have different performance characteristics.
6. Barings, as of 31 January 2022.
7. Barings, as of 28 February 2022. Credit rating based on S&P methodology.
8. ICE BofA Non-Financial Developed Markets High Yield Constrained Index (USD Hedged), Credit Suisse Leveraged Loan Index, Credit Suisse Western European Leveraged Loan Index (USD Hedged), JP Morgan EMBI Global Diversified Index, JP Morgan CEMBI Broad Diversified Non-Investment Grade Index, MSCI World Equity Index and JP Morgan GBI-EM Global Diversified Index (USD Unhedged). As of December 2021. All returns in USD. Risk-Adjusted Returns are calculated as  $(\text{Annualized Returns} - \text{Risk Free Rate}) / \text{Standard Deviation}$ , Risk Free Rate for Sharpe Ratio and Risk-Adjusted Return calculation is the Bloomberg Barclays U.S. Treasury Bellwethers 3-Month Total Return Index. \*EM denotes Emerging Markets.
9. ICE BofA Global High Yield Index. As of December 2021.
10. A full copy of the investment objective can be obtained from the Manager. The fund name was changed as of 23 February 2017. The investment objective of the Fund remains unchanged.
11. Based on Class A USD Inc Share.
12. Numbers may not add up due to rounding.
13. Data as at 28 February 2022. Performance Source—© 2022 Morningstar, Inc. All Rights Reserved. The information contained herein: (i) is proprietary to Morningstar and/or its content providers; (ii) may not be copied or distributed; and (iii) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.** Investment return in denominated currency of the respective share class on a NAV per unit basis, with gross income reinvested.

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