

Questions and Answers about Barings' Plans to Implement a Side Pocket Arrangement for the Barings Eastern Europe Fund

Summary

Barings Global Umbrella Fund - Barings Eastern Europe Fund (the "Fund") was suspended on 1 March 2022 due to the effects of the ongoing conflict in Ukraine, including, but not limited to, restrictions in the markets in which the investments of the Fund were listed or dealt and issues with the availability of reliable valuations of Fund assets.

Given that there is currently no likely end in sight for the conflict, global sanctions imposed on Russia have severely hindered any near-term prospect for the market to return to normality and for the Fund to re-open. In light of this, Barings has prioritised seeking solutions to re-establish a degree of liquidity for the Fund.

To tackle this issue, Barings is seeking a side pocket solution, whereby the non-impacted assets of the Fund will be transferred to a new fund (the "New Fund"), leaving only the affected Ukrainian, Belarusian and Russian securities (the "Impacted Assets") in the suspended Fund. This will allow:

- existing investors to have access to the liquid portion of their investment, while retaining rights to any trading resumption of the currently illiquid Impacted Assets that remain in the side pocket, and
- the New Fund to continue to invest and to accept new investors, unencumbered by exposure to Impacted Assets.

The New Fund has been set up with similar investment objective and characteristics as the Fund (as described in more detail in the Extraordinary General Meeting (EGM) circular as provided to all Unitholders on 6 April 2023 (the "Circular")), thereby maintaining continuity of the strategy.

Further information is set out herein. Should you require any additional information, please reach out to your usual Barings contact for more information at any time.

Unless otherwise defined in this document, capitalised terms shall have the meanings attributed to them in the relevant prospectus or the Circular.

Throughout this document, references to the “Base Fund” means the Fund after the Transaction has taken place where only the Impacted Assets remain. References to the Funds means the Base Fund and the New Fund collectively.

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1. Why is a side pocket being created?

a) Why do you believe the side pocketing arrangement will be of benefit to the investors?

The interests of our investors and the impact of this initiative on them are key considerations for the decision to segregate the Impacted Assets from the other assets of the Fund. We are committed to making every effort to ensure that the project runs as smoothly as possible.

The benefit of this side pocket arrangement is that the New Fund and the Base Fund continue to have the same investment objective. Notwithstanding some drafting differences between the investment strategies and policies of the Base Fund and the New Fund, the New Fund will have the same features and risk profile as the Base Fund. The side pocket arrangement enables unitholders to resume dealing with respect to their interests in the Liquid Assets whilst retaining (through the Base Fund) an interest in the Impacted Assets should their value return in the future.

We have analysed the different options that may be available to remedy the suspension and consider this to be the best option available, in terms of benefit to the investor, feasibility to implement and speed to establish.

b) Why is it only the Liquid Assets to transfer? Is it possible to transfer the Impacted Assets into a new fund , or retain the Liquid Assets in the old fund?

The Fund's Administrator and Trustee advised that transferring the Impacted Assets would be a breach of the sanctions rules to which those assets are subject and as such is not a permissible course of action.

In any event, the side pocketing guidance issued by the Central Bank of Ireland (the "Irish Regulator"), confirmed that "Affected Securities which have become illiquid or difficult to value remain in the original UCITS" in order to be a permissible side pocket arrangement.

2. What is the process for establishing the side pocket?

Full details of the side pocketing process are described in the Circular. If you have misplaced your copy of the Circular, please contact the Hong Kong Representative, by telephone on (852) 2841 1411, by e-mail at Hk.wealth.retail@barings.com,

We suggest all investors review the Circular carefully, paying particular attention to the subheading 'Action to be taken'.

a) Is investor approval required for the Transaction?

Yes. In order to process the Transaction (as defined in the Circular), an investor approval vote is necessary via EGM.

b) When will the Transaction take place?

*Subject to investor approval, the side pocketing and opening of the New Fund is expected to take effect on **21 July 2023** (the "Effective Date").*

c) How would side pocketing work?

The Liquid Assets of the Fund will be transferred into the New Fund, which will be specifically launched for the purposes of receiving the non-Impacted Assets. The New Fund has been created as a sub-fund of a different umbrella (Barings International Umbrella Fund), of which Barings International Fund Managers (Ireland) Limited also acts as Manager. The Impacted Assets will remain in the Base Fund.

Subject to investor approval, the transfer of the Liquid Assets will take place on the Effective Date.

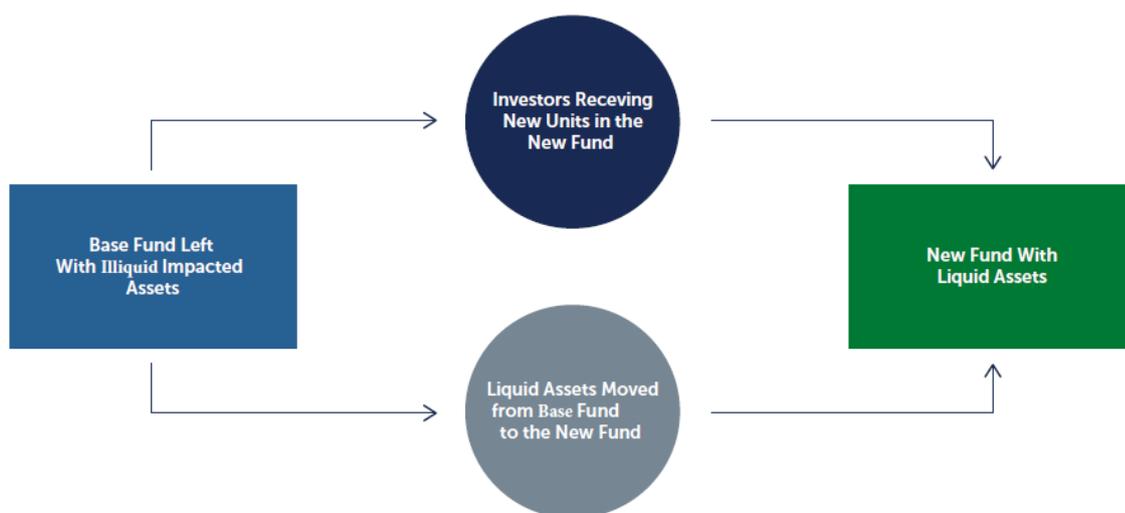
Unitholders will receive units in the New Fund having an equivalent value to the value of the holding of existing units (excluding the Impacted Assets) on the Effective Date, resulting in an exchange ratio of 1:1.

Following the Effective Date, the Base Fund will be renamed as "Barings Eastern Europe (SP) Fund" to differentiate itself from the New Fund.

Please refer to the Circular for more details on the fund features, including classes and fund characteristics together with further details on the specific timelines.

d) **What will the new structure look like?**

What will the new structure look like?



e) **Will the ISIN and other vendor codes such as Sedol of the Units Classes be changing?**

No, the current ISIN and the other vendor codes of the relevant Unit Class will be the ISIN and other vendor codes* of the equivalent Unit Class for the New Fund. Therefore new ISIN codes will be applied to the Base Fund from 21 July 2023 onwards, please refer to the below table.*

**except Lipper codes, the new codes will be advised in due course*

Barings Global Umbrella Fund – Barings Eastern Europe (SP) Fund (from 21 July 2023 onwards)	New ISIN Code
CLASS A EUR ACC	IE0004QAHMM1
CLASS A EUR INC	IE000MQMMUD1
CLASS A GBP INC	IE0007XS80G8
CLASS A USD ACC	IE000LKBCGY5
CLASS A USD INC	IE000OKSBXA0
CLASS I EUR ACC	IE000UQ9SZU2
CLASS I GBP ACC	IE000TZ9X6S9
CLASS I USD ACC	IE0001MOJDK6

f) Will the Fund's track records be carried over into the New Fund?

The side pocketing will have no material impact on the Funds' investment strategy or performance. Please refer to the Product Key Facts Statement (KFS) for the past performance of the Fund.

g) Will the base currency of the New Fund be different to the Base Fund?

No, the base currency of the New Fund will remain the same.

h) How will investors be informed of the implementation of the side pocket?

Documentation with details of new holdings will be sent to investors within 1-2 Business Day of the Effective Date.

i) Who will be the service providers to the New Fund and will there be any change to the contacts for investor queries as a result of the Transaction?

The Administrator will remain as Northern Trust International Fund Administration Services (Ireland) Limited. As a result, there will be no change to the day-to-day contact points for investor queries. The Depositary will remain as Northern Trust Fiduciary Services (Ireland) Limited.

j) Has there been any change to the investment objectives of the Funds?

The investment objective of the Funds will not change.

k) Will the Transaction result in expenses being incurred by the Funds? If yes, who will bear them?

The costs associated with the Transaction will be borne by Barings and not by the Funds.

l) Will there be an increase to the ongoing charges applicable to my holding?

No, the ongoing charges applicable to your holding will not be increased due to the Transaction. Please refer to the Circular for further details. The ongoing charges are displayed on the KFS.

3. Impact on the Base Fund

a) Is dealing allowed in the Base Fund?

The Fund is currently suspended, and dealings are not permitted. After the side pocketing, the Base Fund will remain suspended.

b) What will be the fees and charges for the Base Fund?

From the date of suspension of the Fund to the Effective Date, management fees are only chargeable on the portion of Liquid Assets. Upon the Transaction taking effect, management fees of the Base Fund will be waived. Separately, the Manager will bear all the ongoing operation costs and expenses of the Base Fund upon the Transaction taking effect, until the Impacted Assets are able to be disposed of and the Base Fund can be terminated.

c) What is the plan for the Base Fund?

The Manager will continue to provide updates from time to time and keep Base Fund Unitholders informed of any material developments relating to the Base Fund. Upon the re-establishment of the market mechanism, the assets will be sold over a reasonable period of time and eventually the Manager will look to wind up the Base Fund in accordance with the terms of the Constitutional Document of the Base Umbrella and the Base Fund, and the requirements of the respective regulators.

d) How frequently will the Base Fund be valued?

The Base Fund will not be valued until it is possible to reliably value the Impacted Assets.

e) Will the Impacted Assets ever recover their value?

The sanctions posed on Russian and Russian related entities and key industries could dent any prospects of near-term recoveries from capital losses and the price of the relevant stocks may never rise back to pre-war levels. It's still possible that some affected companies may still find

alternative export markets after losing access to North American and European territories, but it is difficult to anticipate due to the control on capital flows.

4. Impact on investors

a) Will the investor account numbers change?

There will be no change to investor account numbers.

b) Will investors have to take any action or provide any additional documentation?

Existing investors of the Fund are not required to provide any further documentation due to the Transaction. The Transaction requires investor approval, as set out in question 2a).

c) Where should dealing requests be sent for the Fund before the Transaction?

The contact points for dealing purposes will remain unchanged.

d) Where should dealing requests be sent for the Funds after the Transaction?

The contact points for dealing purposes will remain unchanged.

e) Will the dealing cut-off point change in the New Fund?

No, the dealing cut-off point shall remain the same (12 noon Irish time).

f) Will the settlement period for investor dealing change in the New Fund?

No, the settlement period will remain as three Business Days following the relevant Dealing Day for both subscriptions and redemptions.

g) Will this be a taxable event for investors?

The Transaction will not have any tax impact on the Funds itself.

In relation to investors, as tax laws differ widely from country to country, it is recommended that investors seek specific tax advice and consult their tax advisers as to the tax implications of the Transaction in their individual cases.

h) Will the changes have any effect on the value of investors' investments?

The Transaction itself will not result in any dilution in the value of investors' investment. After the Transaction, the New Fund will be subject to the usual market movements, and therefore the value of investors' investments may fall as well as rise.

i) Who should I contact if I have a question about the Transaction?

If you have any queries in relation to the Transaction, please contact Barings the Hong Kong Representative, by telephone on (852) 2841 1411, by e-mail at Hk.wealth.retail@barings.com,