2017 ANNUAL REPORT

BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND

Barings Global Short Duration High Yield Fund
c/o Barings LLC
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Suite 2500
Charlotte, NC 28202
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http://www.Barings.com/bgh

ADVISER
Barings LLC
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SUB-ADVISOR
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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
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New York, NY 10112

CUSTODIAN
US Bank
MK-WI-S302
1555 N. River Center Drive
Milwaukee, WI 53212

TRANSFER AGENT & REGISTRAR
U.S. Bancorp Fund Services, LLC
615 E. Michigan St.
Milwaukee, WI 53202

FUND ADMINISTRATION/ACCOUNTING
U.S. Bancorp Fund Services, LLC
615 E. Michigan St.
Milwaukee, WI 53202

BGH
LISTED
NYSE

PROXY VOTING POLICIES & PROCEDURES
The Trustees of Barings Global Short Duration High Yield Fund (the “Fund”) have delegated proxy voting responsibilities relating to the voting of securities held by the Fund to Barings LLC (“Barings”). A description of Barings’ proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 1-866-399-1516; (2) on the Fund’s website at http://www.barings.com/bgh; and (3) on the U.S. Securities and Exchange Commission’s (“SEC”) website at http://www.sec.gov.

FORM N-Q
The Fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. This information is available (1) on the SEC’s website at http://www.sec.gov; and (2) at the SEC’s Public Reference Room in Washington, DC (which information on their operation may be obtained by calling 1-800-SEC-0330). A complete schedule of portfolio holdings as of each quarter-end is available on the Fund’s website at http://www.barings.com/bgh or upon request by calling, toll-free, 1-866-399-1516.

CERTIFICATIONS
The Fund’s President has submitted to the NYSE the annual CEO Certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

LEGAL MATTERS
The Fund has entered into contractual arrangements with an investment adviser, transfer agent and custodian (collectively “service providers”) who each provide services to the Fund. Shareholders are not parties to, or intended beneficiaries of, these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Fund.

Under the Fund’s Bylaws, any claims asserted against or on behalf of the Fund, including claims against Trustees and officers must be brought in courts located within the Commonwealth of Massachusetts.

The Fund’s registration statement and this shareholder report are not contracts between the Fund and its shareholders and do not give rise to any contractual rights or obligations or any shareholder rights other than any rights conferred explicitly by federal or state securities laws that may not be waived.

OFFICERS OF THE FUND

Sean Feeley
President

Carlene Pollock
Chief Financial Officer

Lesley Mastandrea
Treasurer

Michael Freno
Vice President

Scott Roth
Vice President

Melissa LaGrant
Chief Compliance Officer

Janice Bishop
Secretary/Chief Legal Officer

Michele Manha
Assistant Secretary

Kristin Goodchild
Assistant Secretary

Barings Global Short Duration High Yield Fund is a closed-end investment company, first offered to the public in 2012, whose shares are traded on the New York Stock Exchange.

INVESTMENT OBJECTIVE & POLICY

Barings Global Short Duration High Yield Fund (the "Fund") was organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund is registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company with its own investment objective. The Fund's common shares are listed on the New York Stock Exchange under the symbol "BGH".

The Fund's primary investment objective is to seek as high a level of current income as the Adviser (as defined herein) determines is consistent with capital preservation. The Fund seeks capital appreciation as a secondary investment objective when consistent with its primary investment objective. There can be no assurance that the Fund will achieve its investment objectives.

The Fund will seek to take advantage of inefficiencies between geographies, primarily the North American and Western European high yield bond and loan markets and within capital structures between bonds and loans. For example, the Fund will seek to take advantage of differences in pricing between bonds and loans of an issuer denominated in U.S. dollars and substantially similar bonds and loans of the same issuer denominated in Euros, potentially allowing the Fund to achieve a higher relative return for the same credit risk exposure.

Dear Fellow Shareholders,

We are pleased to provide you with the 2017 Annual Report for Barings Global Short Duration High Yield Fund (the "Fund") to recap portfolio performance and positioning. We would like to remind shareholders that our Global High Yield Investments Group is one of the largest teams in the market primarily focused on North American and Western European credits. Utilizing the group's expertise, deep resources and time-tested process, we continue to believe we can provide investors an attractive level of current income by uncovering compelling opportunities across the global high yield market.

The Fund's strategy, primarily focusing on North American and Western European high yield credits, may provide investors with additional benefits compared to a U.S.-only portfolio, such as additional diversification, higher credit quality, increased yield and lower duration. More importantly, the global strategy provides flexibility to dynamically shift the geographical weighting in order to capture what we view are the best risk-adjusted investment opportunities. This strategy also focuses closely on limiting the duration of the Fund while maintaining what we consider a reasonable amount of leverage.

Market Review

Following a strong first half of the year, driven by market technicals and stable corporate fundamentals, the second half of the year experienced similar strength driven by continued improvement in corporate fundamentals, stability in central bank policies and a firm backdrop for commodity prices. The global high yield markets experienced large new issuance volumes throughout the year; however, a large percentage of the new deals were refinancing-related and net new issuance was much more modest. During most of the year, demand outstripped supply and spreads tightened from the beginning of the year.

In the U.S., the high yield bond market was in risk-on mode as investors searched for yield. CCC assets were the main driver of performance for the year while BB assets and B assets also posted positive performance. The transportation and utility sectors finished as the top performing sectors in 2017 by generating double-digit returns. The retail sector was the worst performing sector as the sector continues to adjust to secular changes. New issue activity picked up, with gross new issuance totaling $328 billion and surpassing the levels of the last two years. However, over 63% of new issue activity was refinancing-related, leaving net new issuance at the lowest levels since 2011. U.S. high yield mutual funds ended the year with $20 billion in outflows, capping off a year of weaker retail demand for the asset class. However, retail outflows were more than offset by institutional inflows, adding to the market's technical strength. The overall fundamental and technical picture remained firm with default rates continuing to stay below historical averages.

In Europe, market returns were positive across ratings categories as BB assets slightly outperformed B assets, while CCC assets materially outperformed. From an industry perspective, outside of consumer goods, which was impacted by an idiosyncratic credit event, all sectors saw positive performance led by insurance, energy, and real estate, which all posted double-digit returns. European new issuance surged in the fourth quarter to end the year at €93.7 billion, surpassing the annual record set in 2014. This predominately consisted of B assets and BB assets rated issues with CCC assets only accounting for about 7% of total issuance. Retail flows were negative for the year with €5.9 billion leaving high yield funds in 2017; however, the fundamental picture remains sound in the region as the default rate continued to decline.

Barings Global Short Duration High Yield Fund Overview and Performance

The Fund ended December with a portfolio of 144 issuers, up from 120 issuers at the beginning of the year. A majority of the issuers continue to be domiciled in the U.S. (74.9%) with the U.K. (9.7%) and France (3.6%) representing the next largest country exposures – see Country Composition chart on page 5. From a geographic standpoint, exposure to U.S. domiciled companies increased marginally over the course of the year and exposure to foreign issuers decreased. While we maintain a meaningful presence in the Western European market, finding attractive relative value opportunities in the U.S. market has generally been more favorable due primarily to the larger opportunity set from which to source ideas. While the Western European market has a smaller market size, this region continues to be a core part of the portfolio and offers global diversification, reduced duration and higher quality relative to the U.S., and potentially attractive yield opportunities.

As of December 31, 2017, the Fund remained well-positioned across the credit quality spectrum: 17.8% BB rated assets and above, 57.4% B rated assets, and 15.7% CCC rated assets and below, with over 45% of the portfolio consisting of senior secured corporate obligations. The credit quality of the Fund's underlying holdings changed since the beginning of the year with an increase in BB rated assets and above, an over 10% decrease in B rated assets and a minor pick-up in CCC rated assets and below. Non-publicly rated securities and cash and accrued interest represented 7.0% and 2.2%, respectively.[1]

The Fund paid six consecutive monthly dividend payments of $0.1534 per share in the second half of 2017. In total for 2017, the Fund paid investors $1.84 per share, which we believe is an attractive level of yield for a global short duration high yield bond fund given today's low interest rate environment. It should be noted that a portion of the monthly distributions in 2017 were from a source other than net investment income. The Fund's share price and net asset value ("NAV") ended the reporting period at $19.38 and $20.84, respectively, or at a 7.00% discount to NAV. Based on the Fund's share price and NAV on December 31, 2017, the Fund's market price and NAV distribution rates using the most recent monthly dividend, on an annualized basis, were 9.50% and 8.83%, respectively. Assets acquired through leverage, which represented 25.93% of the Fund's total assets at the end of December, were accretive to net investment income and benefited shareholders.

In January 2018, the Fund announced the monthly dividend would be reduced by $0.0052 to $0.1482 per share. Based on the assessment of current market conditions, the portfolio management team made the decision to recommend a reduction in the Fund's dividend rate that it believes is a better option for Fund shareholders at this time to reduce the risk of returns of capital in the future or increasing the risk profile of the Fund.

On a full year 2017 basis, the NAV total return was +9.40%, outperforming the global high yield bond market as measured by the Bank of America / Merrill Lynch Non-Financial Developed Markets High Yield Constrained Index (HNDC), which returned +7.53%. From a market value perspective, the total return for 2017 was +10.41%.[2]

In Conclusion

As 2018 approaches, the high yield bond markets in both the U.S. and Europe are showing little signs of stress, with most companies generating top and bottom line growth as well as reasonable balance sheet leverage. Global growth, which appears to be synchronized across North America and Europe, remains supportive. Looking into 2018, the fundamental picture should remain sound as corporate balance sheets continue to improve and default rates continue to stay below historical averages.

At Barings, we seek to remain steadfast in our approach to fundamental bottom-up research. By focusing on corporate fundamentals, we primarily seek to preserve investor capital with a value-oriented mindset to opportunistically invest in companies that may be experiencing unnecessary technical pressures through market or economic cycles. We take a long-term view of investing and adhere to a disciplined, repeatable investment process that is deeply rooted across a large research team to help identify unique investment opportunities across the global high yield market.

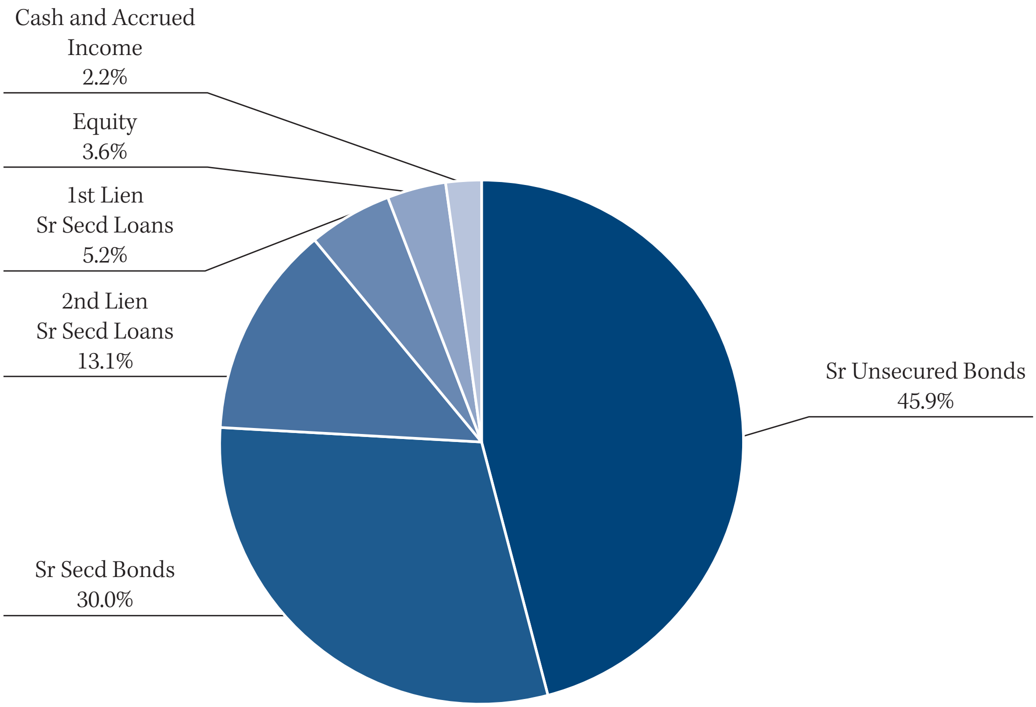
On behalf of the Barings team, we appreciate your continued trust in our ability to help you achieve your long-term investment goals.

Sincerely,

Sean Feeley

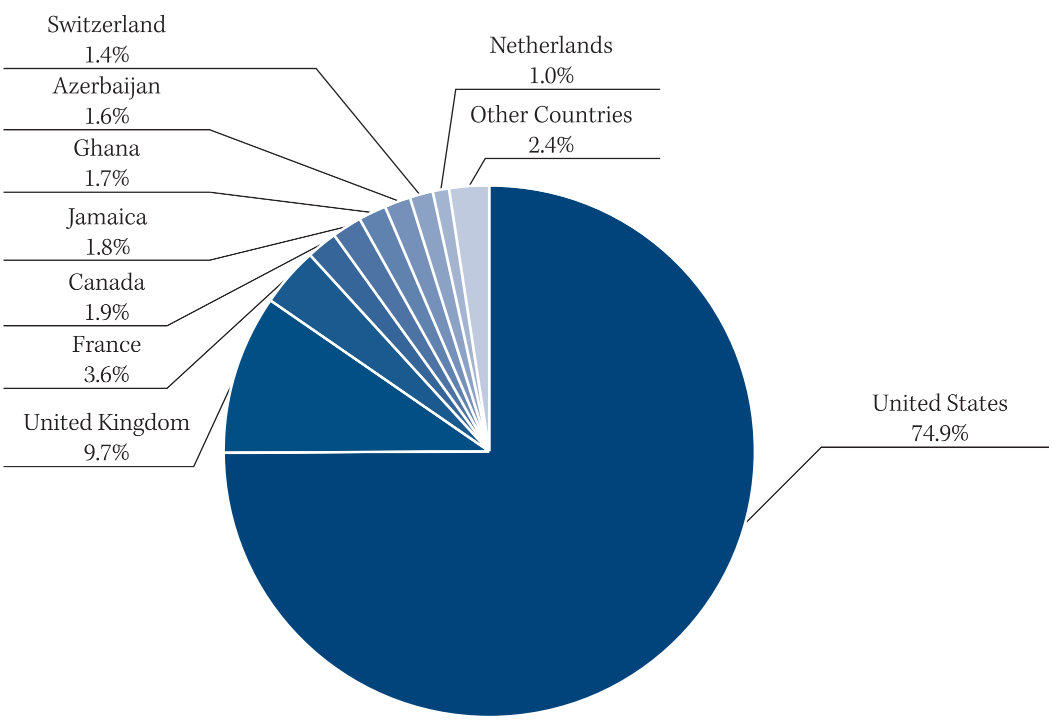
1. Ratings are based on Moody's, S&P and Fitch. If securities are rated differently by the rating agencies, the higher rating is applied and all ratings are converted to the equivalent Moody's major rating category for purposes of the category shown. Credit ratings are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the volatility of a security's market value or of the liquidity of an investment in the security. Ratings of Baa3 or higher by Moody's and BBB- or higher by S&P and Fitch are considered to be investment grade quality.
2. **Past performance is not necessarily indicative of future results. Current performance may be lower or higher.** All performance is net of fees, which is inclusive of advisory fees, administrator fees and interest expenses.

PORTFOLIO COMPOSITION (% OF ASSETS*)



* The percentages shown above represent a percentage of the assets as of December 31, 2017.

COUNTRY COMPOSITION (% OF ASSETS*)



* The percentages shown above represent a percentage of the assets as of December 31, 2017.

FINANCIAL REPORT

STATEMENT OF ASSETS AND LIABILITIES

	DECEMBER 31, 2017
Assets	
Investments, at fair value (cost $575,796,777)	$559,870,097
Cash	7,702,955
Foreign currency, at fair value (cost $500,803)	508,250
Interest receivable	9,436,277
Prepaid expenses and other assets	26,847
Total assets	577,544,426
Liabilities	
Note payable	150,200,000
Dividend payable	3,076,874
Payable for investments purchased	4,598,314
Payable to adviser	484,535
Unrealized depreciation on forward foreign exchange contracts	910,414
Accrued expenses and other liabilities	350,702
Total liabilities	159,620,839
Total net assets	$417,923,587
Net Assets:	
Common stock, $0.00001 par value	$ 201
Additional paid-in capital	468,758,610
Dividends in excess of net investment income	(19,983)
Accumulated net realized loss	(34,009,079)
Net unrealized depreciation	(16,806,162)
Total net assets	$417,923,587
Common shares issued and outstanding (unlimited shares authorized)	20,057,849
Net asset value per share	$ 20.84

See accompanying Notes to the Financial Statements.

STATEMENT OF OPERATIONS

	YEAR ENDED DECEMBER 31, 2017
Investment Income	
Interest income	$49,123,017
Other income	125,808
Total investment income	49,248,825
Operating Expenses	
Advisory fees	5,763,143
Interest expense	3,137,865
Administrator fees	492,235
Professional fees	179,348
Directors' fees	125,913
Printing and mailing expense	92,445
Other operating expenses	160,619
Total operating expenses	9,951,568
Net investment income	39,297,257
Realized and Unrealized Gains (Losses) on Investments	
Net realized gain on investments	822,240
Net realized loss on forward foreign exchange contracts	(6,146,695)
Net realized gain on foreign currency and translation	143,637
Net realized loss on investments	(5,180,818)
Net unrealized appreciation of investments	4,603,723
Net unrealized depreciation of forward foreign exchange contracts	(2,559,555)
Net unrealized appreciation of foreign currency and translation	72,152
Net unrealized appreciation on investments	2,116,320
Net realized and unrealized losses on investments	(3,064,498)
Net increase in net assets resulting from operations	$36,232,759

See accompanying Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2017
Reconciliation of net increase in net assets resulting from operations to net cash provided by operating activities	
Net increase in net assets applicable to common shareholders resulting from operations	$ 36,232,759
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash provided by operating activities:	
Purchases of long-term investments	(212,082,222)
Proceeds from sales of long-term investments	206,361,774
Purchases of foreign currency	(306,298)
Forward currency exchange contracts, net	2,559,555
Net unrealized appreciation	(4,611,279)
Net realized gain	(822,240)
Amortization and accretion	(2,029,025)
Changes in operating assets and liabilities:	
Decrease in interest receivable	680,358
Increase in prepaid expenses and other assets	(12,490)
Decrease in receivable for investments sold	4,203,171
Increase in payable for investments purchased	4,463,866
Increase in payable to Adviser	108,065
Increase in accrued expenses and other liabilities	99,193
Net cash provided by operating activities	**34,845,187**
Cash Flows From Financing Activities	
Advances from credit facility	29,800,000
Repayments on credit facility	(21,500,000)
Distributions paid to common shareholders	(36,922,488)
Net cash used in financing activities	**(28,622,488)**
Net change in cash	6,222,699
Cash beginning of year	1,480,256
Cash end of year	**$ 7,702,955**
Supplemental disclosure of cashflow information	
Income taxes paid	$ —
Interest paid	2,984,602

See accompanying Notes to the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016
Operations		
Net investment income	$ 39,297,257	$ 40,264,312
Net realized loss on investments	(5,180,818)	(30,201,421)
Net unrealized appreciation on investments	2,116,320	75,217,081
Net increase (decrease) in net assets resulting from operations	**36,232,759**	**85,279,972**
Dividends to Common Stockholders		
Net investment income	(32,762,778)	(32,119,057)
Return of capital	(4,159,710)	(4,965,900)
Total dividends to common stockholders	**(36,922,488)**	**(37,084,957)**
Total increase (decrease) in net assets	**(689,729)**	**48,195,015**
Net Assets		
Beginning of year	418,613,316	370,418,301
End of year	**$417,923,587**	**$418,613,316**
Dividends in excess of net investment income	(19,983)	(2,788,527)

See accompanying Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

	YEAR ENDED DECEMBER 31, 2017	YEAR ENDED DECEMBER 31, 2016	YEAR ENDED DECEMBER 31, 2015	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
Per Common Share Data					
Net asset value, beginning of year	$ 20.87	$ 18.47	$ 22.00	$ 25.24	$ 24.30
Income from investment operations:					
Net investment income	1.77	1.57	1.90	2.12	2.05
Net realized and unrealized gains (losses) on investments	0.04	2.68	(3.23)	(2.76)	1.21
Total increase (decrease) from investment operations	**1.81**	**4.25**	**(1.33)**	**(0.64)**	**3.26**
Less dividends to common stockholders:					
Net investment income	(1.63)	(1.60)	(2.20)	(2.56)	(2.01)
Net realized gain	—	—	—	(0.04)	(0.31)
Return of capital	(0.21)	(0.25)	—	—	—
Total dividends to common stockholders	**(1.84)**	**(1.85)**	**(2.20)**	**(2.60)**	**(2.32)**
Net asset value, end of year	$ 20.84	$ 20.87	$ 18.47	$ 22.00	$ 25.24
Per common share market value, end of year	$ 19.38	$ 19.23	$ 16.49	$ 20.19	$ 23.12
Total investment return based on net asset value (1)	**9.40%**	**25.42%**	**(5.57)%**	**(2.25)%**	**14.48%**
Total investment return based on market value (1)	**10.41%**	**29.44%**	**(8.13)%**	**(2.06)%**	**7.20%**
Supplemental Data and Ratios					
Net assets, end of year (000's)	$417,924	$418,613	$370,418	$441,234	$506,197
Ratio of expenses (before reductions and reimbursements) to average net assets	2.33%	2.05%(2)	2.27%	2.20%	2.06%
Ratio of expenses (after reductions and reimbursements) to average net assets	2.33%	1.78%	2.27%	2.20%	2.06%
Ratio of net investment income (before reductions and reimbursements) to average net assets	9.20%	10.68%(2)	9.18%	8.47%	8.20%
Ratio of net investment income (after reductions and reimbursements) to average net assets	9.20%	10.41%	9.18%	8.47%	8.20%
Portfolio turnover rate	36.59%	44.81%	38.13%	63.66%	60.87%

(1) Total investment return calculation assumes reinvestment of dividends at actual prices pursuant to the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(2) The Adviser contractually waived a portion of its management and other fees equal to an annual rate of 0.275% of the Fund's managed assets for a period of one year ended December 31, 2016.

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS

December 31, 2017

	SHARES	COST	FAIR VALUE
Equities — 0.64%*:			
Common Stocks — 0.32%*:			
Sabine Oil & Gas LLC¤	4,262	$248,858	$191,790
Templar Energy LLC¤	86,570	865,704	800,776
Templar Energy LLC¤	135,392	734,072	352,020
Total Common Stocks	226,224	1,848,634	1,344,586
Preferred Stocks — 0.30%*:			
Pinnacle Operating Corp.¤	1,368,352	643,125	1,245,200
Total Preferred Stocks	1,368,352	643,125	1,245,200
Warrants — 0.02%*:			
Sabine Oil & Gas LLC¤	13,512	60,669	87,828
Sabine Oil & Gas LLC¤	2,407	6,547	13,239
Total Warrants	15,919	67,216	101,067
Total Equities	1,610,495	2,558,975	2,690,853

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Fixed Income — 133.32%*:					
Asset-Backed Securities — 4.23%*:					
CDO/CLO — 4.23%*:					
Anchorage Capital CLO LTD 2015-6A^~	7.71%	7/15/2030	600,000	$616,819	$618,177
Anchorage Capital CLO LTD 2016-9A^~	8.61	1/15/2029	1,500,000	1,554,617	1,526,487
Carbone CLO, LTD 2017-1A^~	7.57	1/21/2031	750,000	750,000	752,083
Carlyle Global Market Strategies 2013-3A^~	9.11	10/15/2030	1,000,000	1,000,000	1,003,995
Carlyle Global Market Strategies 2017-5A¤^~	7.03	1/20/2030	700,000	700,000	700,000
Galaxy CLO Ltd 2017-24A^~	7.13	1/15/2031	1,000,000	1,000,000	1,001,835
GoldenTree Loan Opportunities XI Ltd 2015-11A¤^~	6.93	1/18/2031	500,000	500,000	500,000
KKR Financial CLO Ltd 2017-20¤^~	7.22	10/16/2030	1,500,000	1,500,000	1,500,000
Madison Park Funding Ltd 2015-19A^~	7.81	1/22/2028	1,000,000	1,010,668	1,011,164
Madison Park Funding Ltd 2016-22^~	8.02	10/25/2029	1,000,000	1,033,473	1,029,558
Madison Park Funding Ltd 2016-24^~	8.51	1/20/2028	1,000,000	1,046,876	1,044,074
Sound Point CLO LTD 2017-4A¤^~	7.24	1/20/2031	2,000,000	2,000,000	2,000,000
Steele Creek CLO Ltd 2017-1A^~	7.83	1/15/2031	800,000	800,000	802,919
Voya CLO Ltd 2015-1A¤^~	7.15	1/18/2029	1,700,000	1,688,778	1,688,778
Wellfleet CLO Ltd 2017-3A¤^~	7.28	1/17/2031	1,500,000	1,500,000	1,500,000
Wind River CLO Ltd 2017-4A^~	7.31	11/20/2030	1,000,000	1,000,000	1,003,511
Total CDO/CLO			17,550,000	17,701,231	17,682,581
Total Asset-Backed Securities			17,550,000	17,701,231	17,682,581

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Bank Loans§ — 25.18%*:					
Automobile — 0.88%*:					
Fleetpride	5.69%	11/19/2019	800,208	$736,231	$796,007
(3 Month LIBOR USD + 4.000%)					
FleetPride	9.69	5/19/2020	2,983,420	2,953,433	2,904,359
(3 Month LIBOR USD + 8.000%)					
Total Automobile			3,783,628	3,689,664	3,700,366
Beverage, Food and Tobacco — 0.14%*:					
Del Monte Food Consumer Products, Inc.	4.70	2/18/2021	736,900	670,461	585,312
(3 Month LIBOR USD + 3.250%)					
Total Beverage, Food and Tobacco			736,900	670,461	585,312
Broadcasting and Entertainment — 1.08%*:					
Endemol+	7.09	8/11/2021	4,549,876	4,353,846	4,513,477
(3 Month LIBOR USD + 5.750%)					
Total Broadcasting and Entertainment			4,549,876	4,353,846	4,513,477
Chemicals, Plastics and Rubber — 0.45%*:					
Colouroz Investment 2 LLC+	8.61	9/7/2022	2,033,201	2,026,418	1,538,462
(3 Month LIBOR USD + 7.250%)					
Unifrax	8.83	11/7/2025	333,349	331,682	337,516
(1 Month LIBOR USD + 7.500%)					
Total Chemicals, Plastics and Rubber			2,366,550	2,358,100	1,875,978
Diversified/Conglomerate Manufacturing — 2.14%*:					
Commercial Vehicle Group Inc.	7.57	4/12/2023	630,408	618,664	631,984
(1 Month LIBOR USD + 6.000%)					
Pelican Products, Inc.	9.94	4/9/2021	8,344,100	8,349,555	8,302,380
(3 Month LIBOR USD + 8.250%)					
Total Diversified/Conglomerate Manufacturing			8,974,508	8,968,219	8,934,364
Diversified/Conglomerate Service — 2.18%*:					
Cologix	8.55	3/21/2025	1,000,000	990,000	1,005,000
(1 Month LIBOR USD + 7.000%)					
Misys (Almonde Inc.)+	8.57	6/13/2025	8,085,136	8,197,021	8,087,158
(3 Month LIBOR USD + 7.250%)					
Total Diversified/Conglomerate Service			9,085,136	9,187,021	9,092,158
Farming and Agriculture — 1.40%*:					
Allflex Holdings, Inc.	8.73	7/19/2021	5,832,513	5,820,096	5,851,935
(3 Month LIBOR USD + 7.000%)					
Total Farming and Agriculture			5,832,513	5,820,096	5,851,935

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Bank Loans (Continued)					
Finance — 2.00%*:					
Cunningham Lindsey Group, Inc.	5.44%	12/10/2019	114,313	$109,033	$113,856
(3 Month LIBOR USD + 3.750%)					
Cunningham Lindsey Group, Inc.	9.69	6/10/2020	5,504,015	5,506,090	5,416,281
(3 Month LIBOR USD + 8.000%)					
Focus Financial	9.19	5/9/2025	2,800,000	2,859,207	2,824,500
(3 Month LIBOR USD + 7.500%)					
Total Finance			8,418,328	8,474,330	8,354,637
Healthcare, Education and Childcare — 0.72%*:					
Prospect Medical Holdings	7.50	6/30/2022	2,962,406	2,932,782	2,992,030
(6 Month LIBOR USD + 6.000%)					
Total Healthcare, Education and Childcare			2,962,406	2,932,782	2,992,030
Home and Office Furnishings, Housewares, and Durable Consumer Products — 1.41%*:					
AOT Bedding	9.41	11/8/2024	6,933,333	6,889,101	5,893,333
(3 Month LIBOR USD + 8.000%)					
Total Home and Office Furnishings, Housewares, and Durable Consumer Products			6,933,333	6,889,101	5,893,333
Information Technology — 1.24%*:					
Digicert, Inc.	9.38	10/31/2025	5,154,237	5,209,126	5,176,812
(3 Month LIBOR USD + 8.000%)					
Total Information Technology			5,154,237	5,209,126	5,176,812
Insurance — 1.00%*:					
AmWins Group Inc.	8.32	1/24/2025	3,750,000	3,833,657	3,785,625
(1 Month LIBOR USD + 6.750%)					
Higginbotham Insurance Agency, Inc.¤	10.00	5/25/2022	402,337	398,314	398,314
(3 Month LIBOR USD + 9.000%)					
Total Insurance			4,152,337	4,231,971	4,183,939
Mining, Steel, Iron and Non-Precious Metals — 2.80%*:					
Boomerang Tube, LLC¤	19.57	9/1/2018	189,752	189,752	189,752
(1 Month LIBOR USD + 18.000%)					
Boomerang Tube, LLC¤	16.35 PIK	2/1/2019	2,282,971	2,282,971	2,282,971
Boomerang Tube, LLC¤	18.85 PIK	2/1/2019	1,951,650	1,951,650	214,681
Boomerang Tube, LLC¤	19.57	9/1/2018	189,752	189,752	189,752
(1 Month LIBOR USD + 18.000%)					
Boomerang Tube, LLC¤	15.00	8/1/2018	1,550,482	1,551,218	1,550,482
Boomerang Tube, LLC¤	20.00 PIK	2/1/2022	860,715	813,891	774,643
Boomerang Tube, LLC¤	19.57	9/1/2018	189,752	189,752	189,752
(1 Month LIBOR USD + 18.000%)					

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Bank Loans (Continued)					
Mining, Steel, Iron and Non-Precious Metals (Continued)					
Murray Energy Corp.	8.94% (3 Month LIBOR USD + 7.250%)	4/15/2020	7,212,924	$6,986,378	$6,329,341
Total Mining, Steel, Iron and Non-Precious Metals			14,427,998	14,155,364	11,721,374
Oil and Gas — 7.74%*:					
Caelus Energy Alaska	9.10 (3 Month LIBOR USD + 7.500%)	4/2/2021	17,863,828	17,460,357	15,809,488
Fieldwood Energy LLC	8.69 (3 Month LIBOR USD + 7.000%)	8/31/2020	5,651,171	5,204,507	5,086,054
Fieldwood Energy LLC	8.82 (3 Month LIBOR USD + 7.125%)	9/30/2020	8,925,706	7,301,294	2,863,634
Fieldwood Energy LLC	8.82 (3 Month LIBOR USD + 7.125%)	10/2/2020	7,481,592	6,119,694	5,137,385
Gulf Finance, LLC	6.95 (3 Month LIBOR USD + 5.250%)	8/25/2023	3,867,158	3,731,371	3,462,731
Total Oil and Gas			43,789,455	39,817,223	32,359,292
Total Bank Loans			121,167,205	116,757,304	105,235,007
Corporate Bonds — 103.91%*:					
Aerospace and Defense — 1.39%*:					
Swissport Investments^+	6.75	12/15/2021	950,000	1,040,150	1,184,959
Triumph Group, Inc.^	7.75	8/15/2025	1,289,000	1,289,000	1,367,951
VistaJet Malta Finance PLC#^	7.75	6/1/2020	3,510,000	3,241,614	3,264,300
Total Aerospace and Defense			5,749,000	5,570,764	5,817,210
Automobile — 3.71%*:					
International Automotive Components Group, S.A.#^	9.13	6/1/2018	8,125,000	8,140,942	8,043,750
J.B. Poindexter & Co. Inc.#^	9.00	4/1/2022	7,209,000	7,459,467	7,479,338
Total Automobile			15,334,000	15,600,409	15,523,088
Beverage, Food and Tobacco — 3.28%*:					
Boparan Finance plc^+	5.50	7/15/2021	2,600,000	3,155,417	3,166,225
Carrols Corp.#	8.00	5/1/2022	709,000	726,670	746,223
JBS USA LLC#^	8.25	2/1/2020	6,000,000	5,993,535	6,018,000
Manitowoc Foodservice#	9.50	2/15/2024	1,074,000	1,074,000	1,223,018
Premier Foods Finance^+	6.50	3/15/2021	1,850,000	2,661,918	2,541,483
Total Beverage, Food and Tobacco			12,233,000	13,611,540	13,694,949
Broadcasting and Entertainment — 4.96%*:					
Arqiva Finance#^+	9.50	3/31/2020	5,000,000	7,801,520	7,007,655
Clear Channel Worldwide Holdings Inc.#	7.63	3/15/2020	8,165,000	7,922,562	7,991,494
Clear Channel Worldwide Holdings Inc.#	7.63	3/15/2020	1,277,000	1,277,000	1,251,460

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Corporate Bonds (Continued)					
Broadcasting and Entertainment (Continued)					
Dish DBS Corp.#	7.75%	7/1/2026	3,094,000	$3,127,977	$3,252,568
Entertainment One Ltd.^+	6.88	12/15/2022	850,000	1,282,365	1,234,845
Total Broadcasting and Entertainment			18,386,000	21,411,424	20,738,022
Buildings and Real Estate — 1.41%*:					
Beazer Homes USA Inc.#	8.75	3/15/2022	3,198,000	3,253,387	3,525,475
CD&R Waterworks Merger^	6.13	8/15/2025	94,000	94,000	95,410
Cemex S.A.B. de C.V.#^+	7.75	4/16/2026	602,000	601,916	681,765
Keystone Financing^+	9.50	10/15/2019	1,140,684	1,733,660	1,586,295
Total Buildings and Real Estate			5,034,684	5,682,963	5,888,945
Cargo Transport — 7.56%*:					
Direct ChassisLink Inc.#^	10.00	6/15/2023	7,894,000	8,055,456	8,782,075
Kenan Advantage Group, Inc.#^	7.88	7/31/2023	10,000,000	10,064,756	10,350,000
World Flight Services, Inc.^+	9.50	7/15/2022	5,650,000	6,240,044	7,225,538
XPO Logistics, Inc.#^	6.50	6/15/2022	5,000,000	4,881,468	5,218,750
Total Cargo Transport			28,544,000	29,241,724	31,576,363
Chemicals, Plastics and Rubber — 6.83%*:					
Chemours Co.#	7.00	5/15/2025	5,962,000	5,566,564	6,468,770
Consolidated Energy Finance S.A.#^	6.75	10/15/2019	3,198,000	3,137,211	3,253,965
Consolidated Energy Finance S.A.^	6.88	6/15/2025	1,779,000	1,770,105	1,885,740
CVR Partners LP#^	9.25	6/15/2023	6,213,000	6,136,921	6,686,741
Pinnacle Operating Corp.#^	9.00	5/15/2023	1,993,613	1,993,613	1,854,060
TPC Group, Inc.#^	8.75	12/15/2020	8,398,000	8,407,401	8,398,000
Total Chemicals, Plastics and Rubber			27,543,613	27,011,815	28,547,276
Containers, Packaging and Glass — 6.00%*:					
Ardagh Packaging^+	6.75	5/15/2024	3,550,000	4,093,559	4,684,037
Coveris Holdings S.A.#^	7.88	11/1/2019	11,530,000	11,527,353	11,443,525
Horizon Holdings^+	7.25	8/1/2023	2,000,000	2,195,510	2,540,675
Onex Wizard Acquisition Co^+	7.75	2/15/2023	5,100,000	5,753,071	6,384,913
Total Containers, Packaging and Glass			22,180,000	23,569,493	25,053,150
Diversified/Conglomerate Manufacturing — 1.42%*:					
Appvion Inc.#^	9.00	6/1/2020	13,200,000	13,322,596	1,980,000
FXI Holdings Inc.^	7.88	11/1/2024	1,000,000	990,000	997,800
StoneMor Partners L.P.#	7.88	6/1/2021	3,000,000	2,944,275	2,940,000
Total Diversified/Conglomerate Manufacturing			17,200,000	17,256,871	5,917,800
Diversified/Conglomerate Service — 5.31%*:					
Carlson Travel Holdings Inc.^	9.50	12/15/2024	1,305,000	1,305,000	1,050,525
CSVC Acquisition Corp.#^	7.75	6/15/2025	5,197,000	5,187,000	4,963,135

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Corporate Bonds (Continued)					
Diversified/Conglomerate Service (Continued)					
Loxam^+	6.00%	4/15/2025	800,000	$861,763	$1,043,471
Prime SEC SVCS Borrower LLC/SR SEC GLBL 23#^	9.25	5/15/2023	8,255,000	8,633,598	9,163,050
Zachry Holdings Inc.#^	7.50	2/1/2020	5,875,000	5,853,041	5,963,125
Total Diversified/Conglomerate Service			21,432,000	21,840,402	22,183,306
Diversified Natural Resources, Precious Metals and Minerals — 0.49%*:					
IAMGOLD Corporation^+	7.00	4/15/2025	2,000,000	2,000,000	2,065,000
Total Diversified Natural Resources, Precious Metals and Minerals			2,000,000	2,000,000	2,065,000
Electronics — 2.12%*:					
Microsemi Corporation#^	9.13	4/15/2023	691,000	691,000	777,375
TIBCO Software, Inc.#^	11.38	12/1/2021	2,915,000	3,147,146	3,175,542
Western Digital Corporation#	10.50	4/1/2024	4,224,000	4,336,956	4,894,560
Total Electronics			7,830,000	8,175,102	8,847,477
Finance — 4.69%*:					
Galaxy Finco Ltd.^+	7.88	11/15/2021	3,900,000	6,351,439	5,272,156
GFKL Financial Services^+	8.50	11/1/2022	3,975,000	5,711,081	5,608,343
GFKL Financial Services^+	11.00	11/1/2023	1,600,000	2,229,894	2,320,244
Icahn Enterprises#	6.75	2/1/2024	3,000,000	2,996,250	3,082,500
Virtu Financial LLC^	6.75	6/15/2022	3,132,000	3,132,000	3,296,430
Total Finance			15,607,000	20,420,664	19,579,673
Healthcare, Education and Childcare — 9.98%*:					
CHS/Community Health Systems, Inc.	6.25	3/31/2023	685,000	685,000	616,500
Cognita Financing^+	7.75	8/15/2021	2,200,000	3,433,054	3,072,800
Endo International^	6.00	2/1/2025	1,500,000	1,358,476	1,162,500
Horizon Pharma plc#^	8.75	11/1/2024	1,595,000	1,597,336	1,684,719
IDH Finance PLC^+	6.25	8/15/2022	1,150,000	1,506,794	1,419,829
Kindred Healthcare, Inc.#	8.75	1/15/2023	3,998,000	4,045,897	4,230,384
Regionalcare Hospital Partners, Inc.#^	8.25	5/1/2023	9,996,000	10,095,601	10,545,780
Tenet Healthcare Corporation#	8.13	4/1/2022	4,700,000	4,677,652	4,782,250
Valeant#^	6.13	4/15/2025	7,006,000	6,348,391	6,410,490
Valeant#^	7.50	7/15/2021	3,260,000	3,260,000	3,317,050
Valeant^	9.00	12/15/2025	2,945,000	2,931,874	3,069,279
Valeant^	6.50	3/15/2022	488,000	488,000	512,400
Valeant^	7.00	3/15/2024	831,000	831,000	889,170
Total Healthcare, Education and Childcare			40,354,000	41,259,075	41,713,151
Hotels, Motels, Inns and Gaming — 0.82%*:					
TVL Finance Plc^+	8.50	5/15/2023	2,340,000	3,329,945	3,434,207
Total Hotels, Motels, Inns and Gaming			2,340,000	3,329,945	3,434,207

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Corporate Bonds (Continued)					
Insurance — 1.19%*:					
Onex York Acquisition Corp.#^	8.50%	10/1/2022	5,102,000	$5,013,438	$4,974,450
Total Insurance			5,102,000	5,013,438	4,974,450
Leisure, Amusement, Motion Pictures and Entertainment — 2.12%*:					
Perform Group^+	8.50	11/15/2020	2,400,000	3,134,178	3,337,564
WMG Acquisition Group#^	6.75	4/15/2022	5,299,000	5,170,220	5,537,455
Total Leisure, Amusement, Motion Pictures and Entertainment			7,699,000	8,304,398	8,875,019
Machinery (Non-Agriculture, Non-Construct, Non-Electronic) — 3.32%*:					
Apex Tool Group LLC#^	7.00	2/1/2021	4,896,000	4,505,525	4,712,400
Park-Ohio Holdings Corp.	6.63	4/15/2027	808,000	808,000	870,620
Xerium Technologies#	9.50	8/15/2021	8,200,000	8,277,832	8,302,500
Total Machinery (Non-Agriculture, Non-Construct, Non-Electronic)			13,904,000	13,591,357	13,885,520
Mining, Steel, Iron and Non-Precious Metals — 7.49%*:					
Allegheny Technologies Inc.#	7.88	8/15/2023	3,000,000	3,114,458	3,241,860
Alliance Resources Partners, L.P.^	7.50	5/1/2025	823,000	823,000	874,438
Big River Steel LLC#^	7.25	9/1/2025	1,547,000	1,547,000	1,635,953
Consol Energy Inc.^	11.00	11/15/2025	3,491,000	3,491,000	3,665,550
Hecla Mining Company#	6.88	5/1/2021	5,888,000	5,719,382	6,035,200
Kissner Milling Company Limited#^	8.38	12/1/2022	6,475,000	6,467,984	6,539,750
Northwest Acquisitions ULC^+	7.13	11/1/2022	411,000	406,738	424,357
SunCoke Energy Inc.#^	7.50	6/15/2025	2,743,000	2,702,212	2,866,435
TMS International Corp.#^	7.25	8/15/2025	2,250,000	2,250,000	2,351,250
United States Steel Corp.#	6.88	8/15/2025	2,093,000	2,093,000	2,184,673
Warrior Met Coal Inc.^	8.00	11/1/2024	914,000	914,000	943,705
Zekelman Industries Inc.^	9.88	6/15/2023	489,000	489,000	550,125
Total Mining, Steel, Iron and Non-Precious Metals			30,124,000	30,017,774	31,313,296
Oil and Gas — 15.14%*:					
CITGO Holding Inc.#^	10.75	2/15/2020	8,584,000	8,493,496	9,206,340
Covey Park Energy LLC^	7.50	5/15/2025	397,000	397,000	413,753
EP Energy#	9.38	5/1/2020	7,375,000	4,846,925	6,231,875
EP Energy#^	8.00	2/15/2025	5,055,000	4,962,456	3,690,150
Ferrellgas Partners LP#	8.63	6/15/2020	8,060,000	8,006,334	6,871,150
Ferrellgas Partners LP	8.63	6/15/2020	1,254,000	1,216,869	1,069,035
Globe Luxembourg SA^+	9.88	4/1/2022	400,000	394,940	424,000
Jonah Energy LLC^	7.25	10/15/2025	2,214,000	2,214,000	2,230,605
Jupiter Resources Inc.#^+	8.50	10/1/2022	13,375,000	11,965,175	8,292,500
Kosmos Energy Ltd.#^+	7.88	8/1/2021	3,984,000	3,876,864	4,073,640
Kosmos Energy Ltd.#^+	7.88	8/1/2021	5,164,000	4,901,386	5,280,190

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Corporate Bonds (Continued)					
Oil and Gas (Continued)					
Pbf Holding Company LLC	7.00%	11/15/2023	1,000,000	$997,500	$1,040,000
Pbf Logistics LP#	6.88	5/15/2023	1,117,000	1,117,000	1,150,510
Topaz Marine SA#^+	9.13	7/26/2022	8,500,000	8,500,000	8,781,588
Welltec^+	9.50	12/1/2022	4,513,000	4,469,043	4,535,565
Total Oil and Gas			70,992,000	66,358,988	63,290,901
Personal and Non Durable Consumer Products — 0.92%*:					
High Ridge Brands Co.^	8.88	3/15/2025	2,982,000	2,982,000	2,653,980
Mattel Inc.^	6.75	12/31/2025	1,169,000	1,169,000	1,184,723
Total Personal and Non Durable Consumer Products			4,151,000	4,151,000	3,838,703
Personal Transportation — 1.87%*:					
Hertz Corporation	7.38	1/15/2021	2,000,000	1,905,433	2,020,000
Hertz Corporation	6.25	10/15/2022	2,000,000	1,744,125	1,930,000
Hertz Corporation#^	7.63	6/1/2022	3,678,000	3,672,435	3,852,705
Total Personal Transportation			7,678,000	7,321,993	7,802,705
Retail Store — 1.62%*:					
HSS Financing PLC^+	6.75	8/1/2019	816,000	1,240,099	1,013,582
Maxeda DIY^+	6.13	7/15/2022	750,000	855,530	905,086
Travelex^+	8.00	5/15/2022	4,000,000	4,421,260	4,861,778
Total Retail Store			5,566,000	6,516,889	6,780,446
Telecommunications — 8.41%*:					
Altice S.A.#^+	7.75	5/15/2022	3,240,000	3,240,000	3,191,400
Altice S.A.#^+	7.50	5/15/2026	2,622,000	2,670,512	2,792,430
Altice S.A.#^+	7.63	2/15/2025	2,976,000	3,071,804	2,849,520
Cincinnati Bell Inc.^	7.00	7/15/2024	2,150,000	2,150,000	2,133,875
Digicel Limited#^+	6.00	4/15/2021	4,000,000	3,602,352	3,937,040
Digicel Limited^+	8.25	9/30/2020	6,000,000	5,896,617	5,902,740
GTT Communications^	7.88	12/31/2024	3,044,000	3,116,397	3,211,420
Hughes Satellite Systems Corp	6.63	8/1/2026	3,000,000	2,924,904	3,142,500
Numericable-SFR#^+	7.38	5/1/2026	3,183,000	3,206,421	3,266,554
Sprint Corp.#	7.88	9/15/2023	4,428,000	4,309,176	4,715,820
Total Telecommunications			34,643,000	34,188,183	35,143,299
Textiles & Leather — 0.56%*:					
Perry Ellis International Inc#	7.88	4/1/2019	2,334,000	2,357,127	2,334,000
Total Textiles & Leather			2,334,000	2,357,127	2,334,000

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

	EFFECTIVE INTEREST RATE ‡	DUE DATE	PRINCIPAL	COST	FAIR VALUE
Corporate Bonds (Continued)					
Utilities — 1.30%*:					
NRG Energy#	7.25%	5/15/2026	5,000,000	$4,975,929	$5,443,700
Total Utilities			5,000,000	4,975,929	5,443,700
Total Corporate Bonds			428,960,297	438,779,267	434,261,656
Total Fixed Income			567,677,502	573,237,802	557,179,244
Total Investments			569,287,997	575,796,777	559,870,097
Other assets and liabilities — (33.96)%					(141,946,510)
Net Assets — 100%					$417,923,587

‡ The effective interest rates are based on settled commitment amount.
* Calculated as a percentage of net assets applicable to common shareholders.
¤ Value determined using significant unobservable inputs, security is categorized as Level 3.
^ Security exempt from registration under Rule 144a of the Securities Act of 1933. These securities may only be resolved in transactions exempt from registration, normally to qualified institutional buyers.
~ Variable rate security. The interest rate shown is the rate in effect at December 31, 2017.
§ Bank loans are exempt from registration under the Securities Act of 1933, as amended, but contain certain restrictions on resale and cannot be sold publicly. These loans pay interest at rates which adjust periodically. The interest rates shown for bank loans are the current interest rates at December 31, 2017. Bank loans are also subject to mandatory and/or optional prepayment which cannot be predicted. As a result, the remaining maturity may be substantially less than the stated maturity shown.
\+ Foreign security.
\# All or a portion of the security is segregated as collateral for the credit facility. See Note 8 to the Financial Statements for further disclosure.

Distributions of investments by country of risk. Percentage of assets are expressed by market value excluding cash and accrued income as of December 31, 2017.

United States	74.9%
United Kingdom	9.7%
France	3.6%
Canada	1.9%
Jamaica	1.8%
Ghana	1.7%
Azerbaijan	1.6%
Switzerland	1.4%
Netherlands	1.0%
(Individually less than 1%)	2.4%
	100.0%

See accompanying Notes to the Financial Statements.

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2017

A summary of outstanding derivatives at December 31, 2017 is as follows:

Schedule of Open Forward Currency Contracts

December 31, 2017

COUNTERPARTY OF CONTRACT	FORWARD SETTLEMENT DATE	CURRENCY TO BE RECEIVED	AMOUNT OF CURRENCY TO BE RECEIVED IN LOCAL CURRENCY	CURRENCY TO BE DELIVERED	AMOUNT OF CURRENCY TO BE DELIVERED IN LOCAL CURRENCY	UNREALIZED APPRECIATION (DEPRECIATION)
JP MORGANCHASE SECURITIES INC.	1/16/2018	USD	29,642,949	EUR	(25,157,201)	(575,754)
MORGANSTANLEY & CO. INCORPORATED	1/16/2018	USD	41,756,499	GBP	(31,155,812)	(334,660)
						(910,414)

See accompanying Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1. Organization

Barings Global Short Duration High Yield Fund (the "Fund") was organized as a business trust under the laws of the Commonwealth of Massachusetts on May 20, 2011, and commenced operations on October 26, 2012. The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a diversified, closed-end management investment company.

Barings LLC (the "Adviser"), a wholly-owned indirect subsidiary of Massachusetts Mutual Life Insurance Company, is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and serves as investment adviser to the Fund.

Barings Global Advisers Limited (the "Sub-Adviser"), an indirect wholly-owned subsidiary of the Adviser, serves as sub-adviser with respect to the Fund's European investments.

The Fund's primary investment objective is to seek as high a level of current income as the Adviser determines is consistent with capital preservation. The Fund seeks capital appreciation as a secondary investment objective when consistent with its primary investment objective. There can be no assurance that the Fund will achieve its investment objectives. The Fund seeks to take advantage of inefficiencies between geographies, primarily the North American and Western European high yield bond and loan markets and within capital structures between bonds and loans. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in bonds, loans and other income-producing instruments that are, at the time of purchase, rated below investment grade (below Baa3 by Moody's Investors Service, Inc. ("Moody's") or below BBB- by either Standard & Poor's Rating Services, a division of the McGraw-Hill Company, Inc. ("S&P") or Fitch, Inc. ("Fitch"), or unrated but judged by the Adviser or Sub-Adviser to be of comparable quality).

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed consistently by the Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies.

A. Valuation of Investments

The Fund's investments in fixed income securities are generally valued using the prices provided directly by independent third party services or provided directly from one or more broker dealers or market makers, each in accordance with the valuation policies and procedures approved by the Fund's Board of Trustees (the "Board").

The pricing services may use valuation models or matrix pricing, which consider yield or prices with respect to comparable bond quotations from bond dealers or by reference to other securities that are considered comparable in such characteristics as credit rating, interest rates and maturity date, to determine the current value. The closing prices of domestic or foreign securities may not reflect their market values at the time the Fund calculates its NAV if an event that materially affects the value of those securities has occurred since the closing prices were established on the domestic or foreign exchange market, but before the Fund's NAV calculation. Under certain conditions, the Board has approved an independent pricing service to fair value foreign securities. This is generally accomplished by adjusting the closing price for movements in correlated indices, securities or derivatives. Fair value pricing may cause the value of the security on the books of the Fund to be different from the closing value on the non-U.S. exchange and may affect the calculation of the Fund's NAV. The Fund may fair value securities in other situations, for example, when a particular foreign market is closed but the Fund is pricing their shares.

The Fund's investments in bank loans are normally valued at the bid quotation obtained from dealers in loans by an independent pricing service in accordance with the Fund's valuation policies and procedures approved by the Board.

A Valuation Committee, made up of officers of the Fund and employees of the Adviser, is responsible for determining, in accordance with the Fund's valuation policies and procedures approved by the Board: (1) whether market quotations are readily available for investments held by the Fund; and (2) the fair value of investments held by the Fund for which market quotations are not readily available or are deemed not reliable by the Adviser. In certain cases, authorized pricing service vendors may not provide prices for a security held by the Fund, or the price provided by such pricing service vendor is deemed unreliable by the

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Adviser. In such cases, the Fund may use market maker quotations provided by an established market maker for that security (i.e. broker quotes) to value the security if the Adviser has experience obtaining quotations from the market maker and the Adviser determines that quotations obtained from the market maker in the past have generally been reliable (or, if the Adviser has no such experience with respect to a market maker, it determines based on other information available to it that quotations obtained by it from the market maker are reasonably likely to be reliable). In any such case, the Adviser will review any market quotations so obtained in light of other information in its possession for their general reliability.

Bank loans in which the Fund may invest have similar risks to lower-rated fixed income securities. Changes in the financial condition of the borrower or economic conditions or other circumstances may reduce the capacity of the borrower to make principal and interest payments on such instruments and may lead to defaults. Senior secured bank loans are supported by collateral; however, the value of the collateral may be insufficient to cover the amount owed to the Fund. By relying on a third party to administer a loan, the Fund is subject to the risk that the third party will fail to perform its obligations. The loans in which the Fund will invest are largely floating rate instruments; therefore, the interest rate risk generally is lower than for fixed-rate debt obligations. However, from the perspective of the borrower, an increase in interest rates may adversely affect the borrower's financial condition. Due to the unique and customized nature of loan agreements evidencing loans and the private syndication thereof, loans are not as easily purchased or sold as publicly traded securities. Although the range of investors in loans has broadened in recent years, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. In addition, the terms of the loans may restrict their transferability without borrower consent. These factors may have an adverse effect on the market price and the Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for the Fund to obtain precise valuations of the high yield loans in its portfolio.

The Fund may invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs") and collateralized loan obligations ("CLOs"). CBOs and CLOs are types of asset-backed securities. A CDO is an entity that is backed by a diversified pool of debt securities (CBOs) or syndicated bank loans (CLOs). The cash flows of the CDO can be split into multiple segments, called "tranches," which will vary in risk profile and yield. The riskiest segment is the subordinated or "equity" tranche. This tranche bears the greatest risk of defaults from the underlying assets in the CDO and serves to protect the other, more senior, tranches from default in all but the most severe circumstances. Since it is shielded from defaults by the more junior tranches, a "senior" tranche will typically have higher credit ratings and lower yields than their underlying securities, and often receive investment grade ratings from one or more of the nationally recognized rating agencies. Despite the protection from the more junior tranches, senior tranches can experience substantial losses due to actual defaults, increased sensitivity to future defaults and the disappearance of one or more protecting tranches as a result of changes in the credit profile of the underlying pool of assets.

Fair value is defined as 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. A three-tier hierarchy is utilized to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. For example, market participants would consider the risk inherent in a particular valuation technique used to measure fair value, such as a pricing model, and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

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Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a summary of the inputs used as of December 31, 2017 in valuing the Fund's investments:

DESCRIPTION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL INVESTMENTS
Assets:				
Equities:				
Common Stocks	$ –	$ –	$ 1,344,586	$ 1,344,586
Preferred Stocks	–	–	1,245,200	1,245,200
Warrants	–	–	101,067	101,067
Total Equities:	–	–	2,690,853	2,690,853
Fixed Income:				
Asset-Backed Securities	$ –	$ 9,793,803	$ 7,888,778	$ 17,682,581
Bank Loans	–	99,444,660	5,790,347	105,235,007
Bonds	–	434,261,656	–	434,261,656
Total Fixed Income	$ –	$543,500,119	$13,679,125	$557,179,244
Total Assets	$ –	$543,500,119	$16,369,978	$559,870,097
Liabilities:				
Foreign Exchange Contracts	$ –	$ 910,414	$ –	$ 910,414
Total Liabilities:	$ –	$ 910,414	$ –	$ 910,414

The following table is a summary of quantitative information about significant unobservable valuation inputs for Level 3 fair value measurement for investments held as of December 31, 2017:

TYPE OF ASSETS	FAIR VALUE AS OF DECEMBER 31, 2017	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUT
Equities			
Pinnacle Operating Corp.	$1,245,200	Broker Quote	$91.00; pricing source depth of 1.
Sabine Oil & Gas, LLC	$ 191,790	Broker Quote	$45.00; pricing source depth of 1.
Sabine Oil & Gas, LLC	$ 87,828	Broker Quote	$6.50; pricing source depth of 1.
Sabine Oil & Gas, LLC	$ 13,239	Broker Quote	$5.50; pricing source depth of 1.
Templar Energy LLC	$ 800,776	Broker Quote	$9.25; pricing source depth of 1.
Templar Energy LLC	$ 352,020	Broker Quote	$2.60; pricing source depth of 1.

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TYPE OF ASSETS	FAIR VALUE AS OF DECEMBER 31, 2017	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUT
Asset-Backed Securities			
Carlyle Global Market Strategies 2017-5A	$ 700,000	Broker Quote	$100.00; pricing source depth of 1.
GoldenTree Loan Opportunities XI Ltd 2015-11A	$ 500,000	Broker Quote	$100.00; pricing source depth of 1.
KKR Financial CLO Ltd 2017-20	$1,500,000	Broker Quote	$100.00; pricing source depth of 1.
Sound Point CLO Ltd 2017-20	$2,000,000	Broker Quote	$100.00; pricing source depth of 1.
Voya CLO Ltd 2015-1A	$1,688,778	Broker Quote	$99.34; pricing source depth of 1.
Wellfleet CLO Ltd 2017-3A	$1,500,000	Broker Quote	$100.00; pricing source depth of 1.
Second Lien Term Loans			
Boomerang Tube, LLC	$1,550,482	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$ 774,643	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$ 189,752	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$ 214,681	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$ 189,752	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$2,282,971	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Boomerang Tube, LLC	$ 189,752	Discounted Cash Flow	Average Enterprise Valuation Multiple: 5.5x; EBITDA: $38.8 million; Discount rate: 10%.
Higginbotham Insurance Agency, Inc.	$ 398,314	Valued at Cost	$99.00; pricing source depth of 1.

Boomerang Tube, LLC restructured its debt securities on February 2, 2016. The Fund subsequently received new debt securities, all of which are considered Level 3.

Sabine Oil & Gas, LLC restructured its Second Lien Term Loan on August 12, 2016. The Fund subsequently received new equity securities, all of which are considered Level 3.

Templar Energy, LLC restructured its Second Lien Term Loan on September 14, 2016. The Fund subsequently received new equity securities, all of which are considered Level 3.

Although the Fund believes the valuation methods described above are appropriate, the use of different methodologies or assumptions to determine fair value could result in different estimates of fair value at the reporting date.

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The Fund discloses transfers between levels based on valuations at the end of the reporting period. The following is a reconciliation of Level 3 investments based upon the inputs used to determine fair value:

	BALANCE AT DECEMBER 31, 2016	TRANSFERS INTO LEVEL 3	TRANSFERS OUT OF LEVEL 3	PURCHASES	SALES	ACCRETION OF DISCOUNT	REALIZED GAIN LOSS	CHANGE IN UNREALIZED	BALANCE AT DECEMBER 31, 2017	CHANGE IN UNREALIZED APPRECIATION / DEPRECIATION FROM INVESTMENTS HELD AS OF DECEMBER 31, 2017
Equities										
Common Stocks	$2,001,569	$0	$0	$ 19,024	$0	$ 0	$0	($ 676,007)	$ 1,344,586	($ 676,007)
Preferred Stocks	0	0	0	643,125	0	0	0	602,075	1,245,200	602,075
Warrants	109,026	0	0	0	0	0	0	(7,959)	101,067	(7,959)
Total Equities	$2,110,595	$0	$0	$ 662,149	$0	$ 0	$0	($ 81,891)	$ 2,690,853	($ 81,891)
Fixed Income										
Asset-Backed Securities	$ 0	$0	$0	$ 7,888,778	$0	$ 0	$0	$ 0	$ 7,888,778	$ 0
Bank Loans	3,871,669	0	0	2,294,833	0	6,045	0	(382,200)	5,790,347	(382,200)
Total Fixed Income	$3,871,669	$0	$0	$10,183,611	$0	$6,045	$0	($ 382,200)	$13,679,125	($ 382,200)
Total	$5,982,264	$0	$0	$10,845,760	$0	$6,045	$0	($ 464,091)	$16,369,978	($ 464,091)

B. Cash and Cash Equivalents

Cash and cash equivalents consist principally of short term investments that are readily convertible into cash and have original maturities of three months or less. At December 31, 2017, all cash and cash equivalents are held by U.S. Bank, N.A.

C. Investment Transactions, Related Investment Income and Expenses

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method.

Interest income from securitized investments in which the Fund has a beneficial interest, such as the "equity" security class of a CLO vehicle (typically in the form of income or subordinated notes), is recorded upon receipt. The accrual of interest income related to these types of securities is periodically reviewed and adjustments are made as necessary.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

Expenses are recorded on the accrual basis as incurred.

D. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Federal Income Taxation

The Fund has elected to be taxed as a Regulated Investment Company ("RIC") under sub-chapter M of the U.S. Internal Revenue Code of 1986, as amended, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders.

F. Dividends and Distributions

The Fund declares and pays dividends monthly from net investment income. To the extent that these distributions exceed net investment income, they may be classified as return of capital. The Fund also pays a distribution at least annually from its net realized capital gains, if any. Dividends and distributions are recorded on the ex-dividend date. All common shares have equal dividend and other distribution rights. A notice disclosing the source(s) of a distribution will be provided if payment

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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is made from any source other than net investment income. Any such notice would be provided only for informational purposes in order to comply with the requirements of Section 19(a) of the 1940 Act and not for tax reporting purposes. The tax composition of the Fund's distributions for each calendar year is reported on Internal Revenue Service Form 1099-DIV.

Dividends from net investment income and distributions from realized gains from investment transactions have been determined in accordance with Federal income tax regulations and may differ from net investment income and realized gains recorded by the Fund for financial reporting purposes. These differences, which could be temporary or permanent in nature may result in reclassification of distributions; however, net investment income, net realized gains and losses, and net assets are not affected.

G. Derivative Instruments

The following is a description of the derivative instruments that the Fund utilizes as part of its investment strategy, including the primary underlying risk exposures related to the instrument.

Forward Foreign Exchange Contracts – The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund transacted in and currently holds forward foreign exchange contracts to hedge against changes in the value of foreign currencies. The Fund entered into forward foreign exchange contracts obligating the Fund to deliver or receive a currency at a specified future date. Forward foreign exchange contracts are valued daily and unrealized appreciation or depreciation is recorded daily as the difference between the contract exchange rate and the closing forward rate applied to the face amount of the contract. A realized gain or loss is recorded at the time the forward contract expires. Credit risk may arise as a result of the failure of the counterparty to comply with the terms of the contract. The Fund considers the creditworthiness of each counterparty to a contract in evaluating potential credit risk quarterly. The Fund is also subject to credit risk with respect to the counterparties to the derivative contracts which are not cleared through a central counterparty but instead are traded over-the-counter between two counterparties. If a counterparty to an over-the-counter derivative becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter derivative transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. In addition, in the event of a bankruptcy of a clearing house, the Fund could experience a loss of the funds deposited with such clearing house as margin and any profits on its open positions. The counterparty risk to the Fund is limited to the net unrealized gain, if any, on the contract.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's investment securities; however, it does establish a rate of exchange that can be achieved in the future. The use of forward foreign exchange contracts involves the risk that anticipated currency movements will not be accurately predicted. A forward foreign exchange contract would limit the risk of loss due to a decline in the value of a particular currency; however, it would also limit any potential gain that might result should the value of the currency increase instead of decrease. These contracts may involve market risk in excess of the amount of receivable or payable reflected on the Statement of Assets and Liabilities.

The Fund recognized a liability of $910,414 on the Statement of Assets and Liabilities as a result of forward foreign exchange contracts with J.P. Morgan and Morgan Stanley. The Fund's policy is to recognize an asset equal to the net value of all forward foreign exchange contracts with an unrealized gain and a liability equal to the net value of all forward foreign exchange contracts with an unrealized loss. Outstanding forward foreign exchange contracts as of December 31, 2017 are indicative of the volume of activity during the period.

For the year ended December 31, 2017, the Fund's direct investment in derivatives consisted of forward foreign exchange contracts.

The following is a summary of the fair value of derivative instruments held directly by the Fund as of December 31, 2017. These derivatives are presented in the Schedule of Investments.

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Fair values of derivative instruments on the Statement of Assets and Liabilities as of December 31, 2017:

DERIVATIVES	STATEMENT OF ASSETS AND LIABILITIES LOCATION	FAIR VALUE
Liability Derivatives		
Forward Foreign Exchange Contracts	Unrealized Depreciation	$910,414
Total Liability Derivatives		$910,414

The effect of derivative instruments on the Statement of Operations for the year ended December 31, 2017:

Amount of Realized Gain/(Loss) on Derivatives

	FORWARD FOREIGN EXCHANGE CONTRACTS
Derivatives	
Forward Foreign Exchange Contracts	$(6,146,695)
Total	$(6,146,695)

Change in Unrealized Appreciation/(Depreciation) on Derivatives

	FORWARD FOREIGN EXCHANGE CONTRACTS
Derivatives	
Forward Foreign Exchange Contracts	$(2,559,555)
Total	$(2,559,555)

H. Offsetting of Financial and Derivative Assets and Liabilities

The following is a summary by counterparty of the fair value of derivative investments subject to Master Netting Agreements and collateral pledged (received), if any, as of December 31, 2017.

	J.P. MORGAN	MORGAN STANLEY
Assets:		
Forward foreign exchange contracts	$ –	$ –
Total Assets	$ –	$ –

	J.P. MORGAN	MORGAN STANLEY
Liabilities:		
Forward foreign exchange contracts	$ 575,754	$ 334,660
Total Liabilities	$ 575,754	$ 334,660
Net Exposure	$(575,754)	$(334,660)

I. Foreign Securities

Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and the U.S. government. These risks include valuation of currencies and adverse political and economic developments. Moreover, securities of many foreign companies, foreign governments, and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government.

J. Foreign Currency Translation

The books and records of the Fund are maintained in U.S. dollars. Foreign currency transactions are translated into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the daily rates of exchange, and (ii) purchases and sales of investment securities, dividend and interest income and certain expenses at the rates of exchange prevailing on the respective dates of such transactions. For financial reporting purposes, the Fund does not isolate changes in the exchange rate of investment securities from the fluctuations arising from changes in the market prices of securities. However, for Federal income tax purposes, the Fund does isolate and treat as ordinary income the effect of changes in foreign exchange rates on realized gain or loss from the sale of investment securities and payables and receivables arising from trade-date and settlement-date differences.

K. Counterparty Risk

The Fund seeks to manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations. The Adviser monitors the financial stability of the Fund's counterparties.

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L. New Accounting Pronouncements

In March 2017, the FASB issued Accounting Standards Update ("ASU") 2017-08 ("ASU 2017-08"), Receivables — Nonrefundable Fees and Other Costs (Subtopic 310-20): *Premium Amortization on Purchased Callable Debt Securities*, which amends the amortization period for certain purchased callable debt securities. Under ASU 2017-08, the premium amortization of purchased callable debt securities that have explicit, non-contingent call features and are callable at fixed prices will be amortized to the earliest call date. ASU 2017-08 will be applied on a modified retrospective basis and is effective for fiscal years, and their interim periods, beginning after December 15, 2018. Management is currently evaluating the impact of this guidance to the Fund.

In October 2016, the SEC adopted new rules and forms and amended other rules to enhance the reporting and disclosure of information by registered investment companies. As part of these changes, the SEC amended Regulation S-X to standardize and enhance disclosures, particularly the presentation of derivative investments, in investment company financial statements. The compliance date for the amendments to Regulation S-X was August 1, 2017 for reporting periods ended on or after that date, and the Fund's financial statements are in compliance with those amendments.

3. Advisory Fee

The Fund has entered into an Investment Management Agreement (the "Agreement") with the Adviser, a related party. Pursuant to the Agreement, the Fund has agreed to pay the Adviser a fee payable at the end of each calendar month, at an annual rate of 1.00% of the Fund's average daily managed assets during such month. Managed assets are the total assets of the Fund, which include any assets attributable to leverage, such as assets attributable to reverse repurchase agreements, or bank loans, minus the sum of the Fund's accrued liabilities (other than liabilities incurred for the purpose of leverage).

Subject to the supervision of the Adviser and the Board, the Sub-Adviser manages the investment and reinvestment of a portion of the assets of the Fund, as allocated from time to time. As compensation for its services, the Adviser (not the Fund) pays the Sub-Adviser a portion of the investment management fees it receives from the Fund, in an amount in U.S. dollars equal to 35% of such investment management fees ("Sub-Advisory Fees").

4. Administrator Fee

The Fund has engaged U.S. Bancorp Fund Services, LLC ("US Bank") to serve as the Fund's administrator, fund accountant, and transfer agent. The Fund has engaged U.S. Bank, N.A. to serve as the Fund's custodian. The Fund has agreed to pay US Bank a fee payable at the end of each calendar month, at an annual rate of 0.075% of the Fund's average daily managed assets.

5. Income Taxes

It is the Fund's intention to qualify as a RIC under sub-chapter M of the Internal Revenue Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The tax character of dividends paid to shareholders during the tax year ended in 2017, as noted below, was as follows:

ORDINARY INCOME	NET LONG TERM CAPITAL GAINS	RETURN OF CAPITAL	TOTAL DISTRIBUTIONS PAID
$32,762,778	$ –	$4,159,710	$36,922,488

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP. On December 31, 2017, undistributed net investment income was increased by $393,774, net accumulated net realized gain was increased by $3,765,935, and paid-in capital was decreased by $4,159,709. This reclassification has no effect on the net assets of the Fund.

The following information is provided on a tax basis as of December 31, 2017:

Cost of investments	$575,387,167
Unrealized appreciation	19,882,657
Unrealized depreciation	(35,801,890)
Net unrealized appreciation (depreciation)	(15,919,233)
Undistributed ordinary income	–
Undistributed long term gains	–
Distributable earnings	–
Other accumulated gain/(loss)	(34,915,991)
Total accumulated gain/(loss)	(50,835,224)

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The capital loss carryforward is available to offset future taxable income. The Fund has the following capital loss amounts:

EXPIRING DECEMBER 31,				
2017	2018	2019	UNLIMITED – SHORT TERM	UNLIMITED – LONG TERM
$ –	$ –	$ –	$12,752,324	$22,167,169

Under current tax rules, regulated investment companies can elect to treat certain late-year ordinary losses incurred and post-October capital losses (capital losses realized after October 31) as arising on the first day of the following taxable year. At December 31, 2017, the Fund deferred, on a tax basis, late-year December losses of $19,983.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on U.S. tax returns and state tax returns filed since inception of the Fund. No income tax returns are currently under examination. The tax years since 2014 remain subject to examination by the tax authorities in the United States. Due to the nature of the Fund's investments, the Fund may be required to file income tax returns in several states. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

6. Investment Transactions

For the year ended December 31, 2017, the Fund purchased (at cost) and sold securities in the amount of $212,082,222 and $206,361,774 (excluding short-term debt securities), respectively.

7. Credit Facility

On November 8, 2012, the Fund entered into a $200,000,000 credit facility with BNP Paribas Prime Brokerage International, Ltd ("BNP"). The credit facility previously had a variable annual interest rate equal to three-month LIBOR plus 0.90 percent. On January 6, 2014, the Fund entered into an amended agreement with a variable annual interest rate of three-month LIBOR plus 0.80 percent. Unused portions of the credit facility will accrue a commitment fee equal to an annual rate of 0.65 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized for the year ended December 31, 2017 was approximately $149,300,000 and 2.06 percent, respectively. At December 31, 2017, the principal balance outstanding was $150,200,000 at an interest rate of 2.49 percent.

8. Securities Lending

Through an agreement with the Fund, BNP may lend out securities the Fund has pledged as collateral on the note payable. In return, the Fund receives additional income that is netted against the interest charged on the outstanding credit facility balance. As of December 31, 2017, the total amount of income netted against the interest expense is $125,808.

9. Common Stock

The Fund has unlimited shares authorized and 20,057,849 shares outstanding at December 31, 2016 and December 31, 2017.

10. Aggregate Remuneration Paid to Officers, Trustees and Their Affiliated Persons

For the year ended December 31, 2017, the Fund paid its Trustees aggregate remuneration of $112,563. During the year, the Fund did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Fund. The Fund classifies Mr. Finke as an interested person of the Fund.

All of the Fund's officers are employees of the Adviser. Pursuant to the Agreement, the Fund does not compensate its officers who are employees of the Adviser (except for the Chief Compliance Officer of the Fund unless assumed by the Adviser). For the year ended December 31, 2017, the Adviser paid the compensation of the Chief Compliance Officer of the Fund.

The Fund did not make any payments to the Adviser for the year ended December 31, 2017, other than the amounts payable to the Adviser pursuant to the Agreement.

11. Subsequent Events

The Fund has evaluated the possibility of subsequent events existing in this report through the date that the financial statements were issued. The Fund has determined that there were no material events that would require recognition or disclosure in this report through this date.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Trustees of Barings Global Short Duration High Yield Fund

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Barings Global Short Duration High Yield Fund (the "Fund"), including the schedule of investments, as of December 31, 2017, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets and the financial highlights for each of the two years in the period then ended, and the related notes to the financial statements. The financial highlights for each of the three years in the period ended December 31, 2015 were audited by other auditors whose report, dated February 29, 2016, expressed an unqualified opinion on those financial highlights. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations and its cash flows for the year then ended, and the changes in its net assets and the financial highlights for each of the two years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian, brokers and agent banks; when replies were not received from brokers and agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

New York, NY
February 28, 2018

We have served as the auditor of one or more Barings LLC investment companies since 2013.

RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders ("Annual Meeting") was held on Thursday, August 3, 2017. The shareholders were asked to elect as Trustee Thomas W. Okel for a three-year term. The shareholders approved the proposal. The results of shareholder voting are set forth below:

SHARES FOR	WITHHELD	TOTAL	% OF SHARES VOTED FOR
Thomas W. Okel			
18,446,591	188,345	18,634,936	98.99%

The Fund's other Trustees Rodney J. Dillman, Bernard A. Harris, Jr., Thomas M. Finke and Martin A. Sumichrast continued to serve their respective terms following the Annual Meeting.

INTERESTED TRUSTEE

NAME (AGE), ADDRESS	POSITION(S) WITH THE TRUST	OFFICE TERM AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OTHER DIRECTORSHIPS HELD BY DIRECTOR
Thomas M. Finke (53) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee	Trustee since 2013	Chairman and Chief Executive Officer (since 2008), Member of the Board of Managers (since 2006), President (2007-2008), Managing Director (2002-2008), Barings; Chief Investment Officer and Executive Vice President (2008-2011), Massachusetts Mutual Life Insurance Company.	9	Trustee (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Chairman (2012-2015), Director (since 2008), Barings (U.K.) Limited (investment advisory firm); Director (since 2008), Barings Guernsey Limited (holding company); Vice Chairman and Manager (since 2011), MM Asset Management Holding LLC (holding company); Director (since 2004), Jefferies Finance LLC (finance company); Chairman and Director (2012-2015), Barings Global Advisers Limited (investment advisory firm); Manager (2011-2016), Wood Creek Capital Management, LLC (investment advisory firm); Chairman and Manager (2007-2016), Barings Real Estate Advisers LLC (real estate advisory firm); Manager (2007-2015), Credit Strategies Management LLC (general partner of an investment fund); Manager (since 2005), Loan Strategies Management, LLC (general partner of an investment fund); Manager (since 2005), Jefferies Finance CP Funding LLC (investment company).

INDEPENDENT TRUSTEES

NAME (AGE), ADDRESS	POSITION(S) WITH THE TRUST	OFFICE TERM AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OTHER DIRECTORSHIPS HELD BY DIRECTOR
Rodney J. Dillman (65) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee, Chairman	Trustee since 2012	Retired (since 2012); Deputy General Counsel (2011-2012), Senior Vice President (2008-2012), Vice President (2000-2008), Massachusetts Mutual Life Insurance Company; Member of the Board of Directors and President (2008-2011), MassMutual International LLC; General Counsel (2006-2008), Babson Capital Management LLC (currently known as Barings LLC).	9	Trustee (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Director (2016-2017), Social Reality, Inc. (digital platform technology and management software company for internet advertising).
Bernard A. Harris, Jr. (61) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee	Trustee since 2012	Chief Executive Officer and Managing Partner (since 2002), Vesalius Ventures, Inc.; Director and President (since 1998), The Space Agency; President (since 1999), The Harris Foundation; Clinical Scientist, Flight Surgeon and Astronaut (1986-1996), NASA.	9	Trustee (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Director (since 2016), AIMIS, Inc. (American Institute of Minimally Invasive Surgery, an educator of advanced surgical techniques for women's health specialists); Trustee (since 2011), Salient Midstream & MLP Fund and Salient MLP & Energy Infrastructure Fund; Trustee (since 2010), Salient Absolute Return Fund; Director (since 2009), Monebo Technologies Inc. (medical technology design company); Director (since 2009), The Endowment Funds (TEF); Director (since 2008), US Physical Therapy (USPH); Director (since 2012), E-Cardio, Inc. (provides services for cardiac monitoring).
Thomas W. Okel (55) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee	Trustee since 2012	Executive Director (since 2011), Catawba Lands Conservancy; Global Head of Syndicated Capital Markets (1998-2010), Bank of America Merrill Lynch.	9	Trustee (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Trustee (since 2015), Horizon Funds (mutual fund complex).
Cynthia R. Plouché (61) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee	Trustee since August 2017	Assessor (since 2014), Moraine Township (property assessment); Senior Portfolio Manager (2006-2012), Williams Capital Management, LLC (asset management).	9	Trustee (since August 2017), Barings Funds Trust (open-end investment company advised by Barings); Trustee (since 2014), Northern Trust Funds (mutual fund complex); Trustee (2001-2017), AXA VIP Trust (mutual fund complex).

INDEPENDENT TRUSTEES (CONTINUED)

NAME (AGE), ADDRESS	POSITION(S) WITH THE TRUST	OFFICE TERM AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS	PORTFOLIOS OVERSEEN IN FUND COMPLEX	OTHER DIRECTORSHIPS HELD BY DIRECTOR
Martin A. Sumichrast (51) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Trustee	Trustee since 2012	Chairman and Chief Executive Officer (since 2016), Level Brands, Inc.; Managing Partner and Principal (since 2013), Stone Street Partners, LLC (merchant banking); Managing Director (since 2012), Washington Capital, LLC (family office); Managing Director (2002-2012), Lomond International (business advisory firm).	9	Trustee (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Chairman and Director (since 2014), Kure Corp. (retail); Director (since 2014), Jadeveon Clowney Help-In-Time Foundation; Director (since 2015), Social Reality, Inc. (digital platform technology and management software company for internet advertising); Chairman and Chief Executive Officer (since 2016), Director (since 2015), Level Brands, Inc. (a retail/ e-commerce beauty investment/ management company).

OFFICERS OF THE TRUST

NAME (AGE), ADDRESS	POSITION(S) WITH THE TRUST	OFFICE TERM* AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Sean Feeley (50) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	President	Since 2017	Vice President (2012-2017), Barings Global Short Duration High Yield Fund; Managing Director (since 2003), Barings; Vice President (since 2011), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust.
Carlene Pollock (50) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Chief Financial Officer	Since 2016	Assistant Treasurer (2015-2016), Barings Global Short Duration High Yield Fund; Director (since 2015), Barings; Director (2013-2015), Corrum Capital Management (investment adviser); Vice President (2008-2013), Bank of New York Mellon (third party administrator); Chief Financial Officer (since 2016), Assistant Treasurer (2015-2016), Barings Funds Trust (open-end investment company advised by Barings).
Lesley Mastandrea (40) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Treasurer	Since 2016	Managing Director (since 2014), Director (2007-2014), Associate Director (2006-2007), Barings; Treasurer (since 2016), Barings Funds Trust (open-end investment company advised by Barings).
Michael Freno (42) 550 South Tryon Street Charlotte, NC 28202	Vice President	Since 2012	Head of Global Fixed Income and Multi Assets Groups (since 2017); Head of U.S. High Yield Investments Group (2015-2017), Managing Director (since 2010), Member of the High Yield Investment Committee (since 2010), Director (2007-2009), Associate Director (2005-2006), Barings.
Scott Roth (48) 550 South Tryon Street Charlotte, NC 28202	Vice President	Since 2012	Managing Director (since 2010), High Yield Team Leader (since 2010), Director (2002-2010), Barings.
Melissa LaGrant (44) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Chief Compliance Officer	Since 2012	Managing Director (since 2005), Barings; Chief Compliance Officer (since 2013), Barings Finance LLC; Chief Compliance Officer (since 2006), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Chief Compliance Officer (since 2013), Barings Funds Trust (open-end investment company advised by Barings).
Janice M. Bishop (53) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Vice President, Secretary and Chief Legal Officer	Since 2012	Senior Counsel and Managing Director (since 2014), Counsel (2007-2014), Barings; Vice President, Secretary and Chief Legal Officer (since 2015), Associate Secretary (2008-2015), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Vice President, Secretary and Chief Legal Officer (since 2013), Barings Funds Trust (open-end investment company advised by Barings); Vice President and Secretary (since 2015), Assistant Secretary (2008-2015), CI Subsidiary Trust and PI Subsidiary Trust.

OFFICERS OF THE TRUST (CONTINUED)

NAME (AGE), ADDRESS	POSITION(S) WITH THE TRUST	OFFICE TERM* AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Michelle Manha (45) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Assistant Secretary	Since 2012	Associate General Counsel and Managing Director (since 2014), Counsel (2008-2014), Barings; Assistant Secretary (since 2013), Barings Funds Trust (open-end investment company advised by Barings).
Kristin Goodchild (33) 300 South Tryon Street Suite 2500 Charlotte, NC 28202	Assistant Secretary	Since 2015	Counsel (since 2016), Senior Paralegal (2013-2016), Paralegal (2008-2012), Barings; Assistant Secretary (since 2015), Barings Funds Trust (open-end investment company advised by Barings); Associate Secretary (since 2015), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Assistant Secretary (since 2015), CI Subsidiary Trust and PI Subsidiary Trust.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUB-ADVISORY AGREEMENT

The Investment Company Act of 1940 (the "1940 Act") requires that both the full Board of Trustees and a majority of the Trustees who are not interested persons of Barings Global Short Duration High Yield Fund (the "Fund"), as defined under the 1940 Act ("Independent Trustees"), voting separately, annually approve the continuation of the Investment Management Agreement (the "Management Agreement") between the Fund and Barings LLC ("Barings") and the Sub-Advisory Agreement (the "Sub-Advisory Agreement" and together with the Management Agreement, the "Agreements") between Barings and Barings Global Advisers Limited ("BGA"). The Trustees considered matters bearing on the Fund and the Agreements at their meetings throughout the year, including a review of the Fund's performance at each regular meeting. In addition, the Trustees met at in-person meetings held on May 4, 2017 and August 3, 2017 (the "Meetings") for the specific purpose of considering whether to approve the continuation of the Agreements for the Fund. The Trustees' review process and considerations in approving the Agreements are summarized below.

Prior to the Meetings, the Trustees requested and received from Morgan, Lewis & Bockius LLP, independent legal counsel to the Independent Trustees, a memorandum describing the Trustees' legal responsibilities in connection with their review and approval of the Agreements. The Independent Trustees met prior to the August Board meeting with independent legal counsel to discuss their duties, the memorandum and the Agreements. The Trustees also requested and received from Barings extensive written and oral information regarding various matters including: the principal terms of the Agreements; Barings and its personnel; the Fund's investment performance, including comparative performance information; the nature and quality of the services provided by Barings to the Fund; the financial strength of Barings; the Fund's fee and expense information, including comparative fee and expense information; the profitability of the advisory arrangement to Barings; and the "fallout" benefits to Barings resulting from the Agreements.

The Trustees' conclusion as to the continuation of the Agreements was based on a comprehensive consideration of all information provided to the Board and not the result of any single issue. Some of the more significant factors that influenced the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the Board's review of the Agreements is the result of ongoing review and discussion, rather than a single discussion. The Trustees' conclusions may be based, in part, on their consideration of these arrangements throughout the year and in prior years.

The Trustees considered the terms of the Agreements, including the scope of the advisory and non-advisory services provided under the Agreements or otherwise. In evaluating the nature, scope and quality of the services provided by Barings and BGA to the Fund, the Trustees considered the specific responsibilities of Barings and BGA in the day-to-day management of the Fund, the qualifications, experience and responsibilities of the portfolio managers and other key personnel that are involved in the day-to-day management of the Fund, the ability of Barings and BGA to attract and retain high-quality personnel, and the organizational depth and stability of Barings and BGA. The Trustees also considered the trading capabilities of Barings and BGA.

Based on information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and Barings, the Trustees reviewed the Fund's net total return investment performance, as well as the performance of peer groups of funds, over various time periods. The net total return performance of the Fund ranked, respectively, in the 1st quintile, 1st quintile, 4th quintile and 3rd quintile of the Broadridge performance universe for the one-year, two-year, three-year and four-year periods ended March 31, 2017 (the 1st quintile being the best performers and the 5th quintile being the worst performers). Given the size of the Broadridge performance universe and information provided by Barings regarding the differences between the Fund and other funds in its Broadridge performance universe, the Trustees also reviewed the Fund's performance in comparison to a custom peer group developed by Barings comprised of nine (including the Fund) high-yield closed-end funds that employ generally similar investment strategies and invest in the same asset classes as the Fund. Relative to the custom peer group, the net total return performance of the Fund ranked, respectively, 2nd, 2nd and 4th out of nine funds for the one-year, two-year and three-year periods ended March 31, 2017. In the course of their deliberations, the Trustees also took into account information provided by Barings during investment review meetings conducted with portfolio management personnel during the course of the year. After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with Barings' and BGA's responses and efforts relating to investment performance.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUB-ADVISORY AGREEMENT (CONTINUED)

The Trustees considered the investment management fee paid by the Fund to Barings pursuant to the Management Agreement. The Trustees noted that Barings (and not the Fund) pays BGA its sub-advisory fee under the Sub-Advisory Agreement. In assessing the reasonableness of the fee paid by the Fund under the Management Agreement, the Trustees considered, among other information, the Fund's management fee and the total expense ratio for the Fund's shares as a percentage of net asset value and the advisory fee and total expense ratios of peer groups of funds based on information provided by Broadridge. The Trustees considered that, according to the Broadridge data, the Fund's actual management fee (which includes Barings' advisory fee and Fund administration fees) and total expense ratio were each higher than the Broadridge expense group median for common and leverage assets. The Trustees also reviewed the Fund's advisory fee and total expense ratio in comparison to a custom peer group developed by Barings comprised of nine (including the Fund) high-yield closed-end funds that employ generally similar investment strategies and invest in the same asset classes as the Fund. The Trustees considered that, according to the custom peer group data, the contractual advisory fee of the Fund ranked tied for 5th out of nine funds. The Trustees also reviewed materials provided by Barings describing fees paid by other similar accounts managed by Barings, noting that Barings typically charges higher fees on its global accounts than on accounts that are invested primarily in domestic securities.

The Board noted that, because the Fund is closed-end and does not continue to offer its securities, its size was relatively stable and it was unlikely that Barings would realize economies of scale from the Fund's growth other than through capital gains.

The Trustees reviewed information prepared by Barings regarding Barings' costs of managing the Fund, and the profitability of the Management Agreement to Barings. In considering the profitability to Barings, the Board noted that BGA is an affiliate of Barings and is paid by Barings, and, therefore, did not consider its profitability separately.

The Trustees also considered the character and amount of other incidental benefits received by Barings and BGA. Additionally, the Trustees considered so-called "fall-out benefits" to Barings and BGA such as reputational value derived from serving as investment manager to the Fund. The Trustees also considered costs incurred by Barings in connection with the organization and initial offering of the Fund.

On the basis of the information provided, the Trustees concluded, within the context of their overall review of the Agreements, that the management fees charged to the Fund and the sub-advisory fee paid by Barings to BGA represent reasonable compensation in light of the services being provided by Barings and BGA to the Fund.

Based on their evaluation of factors that they deemed material, including those factors described above, the Board of Trustees, including the Independent Trustees, concluded that the Fund's Management Agreement with Barings and Sub-Advisory Agreement with BGA should be continued for an additional one-year period through August 2018.

FUND DIVIDEND REINVESTMENT PLAN

The Fund offers a Dividend Reinvestment Plan (the "Plan"). The Plan provides a simple way for shareholders to add to their holdings in the Fund through the reinvestment of dividends in additional common shares of the Fund. Shareholders will have all dividends, including any capital gain dividends, reinvested automatically in additional shares of the Fund by U.S. Bancorp Fund Services, LLC, as Plan Agent, unless a shareholder elects to receive cash instead. An election to receive cash may be revoked or reinstated at the option of the shareholder. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor's behalf) will receive dividends and distributions in cash.

Whenever the Fund declares a dividend payable in cash or shares, the Plan Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value per Fund share is equal to or less than the market price per Fund share plus estimated brokerage commissions as of the payment date for the dividend.

When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the dollar amount of the cash dividend by the net asset value per Fund share as of the dividend payment date or, if greater than the net asset value per Fund share, 95% of the closing share price on the payment date. Generally, if the net asset value per Fund share is greater than the market price per Fund share plus estimated brokerage commissions as of the dividend payment date, the Plan Agent will endeavor to buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any Federal, state or local tax. For Federal income tax purposes, the amount reportable in respect of a dividend received in shares of the Fund will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains. Investors should consult with their own tax advisors for further information about the tax consequences of dividend reinvestment.

There is no brokerage charge for the reinvestment of dividends in additional Fund shares; however, all participants pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There is no direct service charge to participants in the Plan, though the Fund reserves the right to amend the Plan to include a service charge payable by participants.

Additional information about the Plan may be obtained from, and any questions regarding the Plan should be addressed to, U.S. Bancorp Fund Services, Plan Agent for Barings Global Short Duration High Yield Fund's Dividend Reinvestment Plan, P.O. Box 701, Milwaukee, WI 52301.

This privacy notice is being provided on behalf of Barings LLC and its affiliates: Barings Securities LLC; Barings Australia Pty Ltd; Barings Advisers (Japan) KK; Barings Investment Advisers (Hong Kong) Limited; Barings Funds Trust; Barings Global Short Duration High Yield Fund; Barings Corporate Investors and Barings Participation Investors (together, for purposes of this privacy notice, "Barings").

When you use Barings you entrust us not only with your hard-earned assets but also with your personal and financial data. We consider your data to be private and confidential, and protecting its confidentiality is important to us. Our policies and procedures regarding your personal information are summarized below.

We may collect non-public personal information about you from:

- Applications or other forms, interviews, or by other means;
- Consumer or other reporting agencies, government agencies, employers or others;
- Your transactions with us, our affiliates, or others; and
- Our Internet website.

We may share the financial information we collect with our financial service affiliates, such as insurance companies, investment companies and securities broker-dealers. Additionally, so that we may continue to offer you products and services that best meet your investment needs and to effect transactions that you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, such as transfer agents, custodian banks, service providers or printers and mailers that assist us in the distribution of investor materials or that provide operational support to Barings. These companies are required to protect this information and will use this information only for the services for which we hire them, and are not permitted to use or share this information for any other purpose. Some of these companies may perform such services in jurisdictions other than the United States. We may share some or all of the information we collect with other financial institutions with whom we jointly market products. This may be done only if it is permitted by the state in which you live. Some disclosures may be limited to your name, contact and transaction information with us or our affiliates.

Any disclosures will be only to the extent permitted by federal and state law. Certain disclosures may require us to get an "opt-in" or "opt-out" from you. If this is required, we will do so before information is shared. Otherwise, we do not share any personal information about our customers or former customers unless authorized by the customer or as permitted by law.

We restrict access to personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards that comply with legal standards to guard your personal information. As an added measure, we do not include personal or account information in non-secure e-mails that we send you via the Internet without your prior consent. We advise you not to send such information to us in non-secure e-mails.

This joint notice describes the privacy policies of Barings, the Funds and Barings Securities LLC. It applies to all Barings and the Funds accounts you presently have, or may open in the future, using your social security number or federal taxpayer identification number – whether or not you remain a shareholder of our Funds or as an advisory client of Barings. As mandated by rules issued by the Securities and Exchange Commission, we will be sending you this notice annually, as long as you own shares in the Funds or have an account with Barings.

Barings Securities LLC is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Investors may obtain information about SIPC including the SIPC brochure by contacting SIPC online at www.sipc.org or calling (202)-371-8300. Investors may obtain information about FINRA including the FINRA Investor Brochure by contacting FINRA online at www.finra.org or by calling (800) 289-9999.

January 2017

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BARINGS

BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND

2017 ANNUAL REPORT