

# Barings Developed and Emerging Markets High Yield Bond Fund

April 2024

Baring International Fund Managers (Ireland) Limited

- This statement provides you with key information about Barings Developed and Emerging Markets High Yield Bond Fund (the “Fund”).
- This statement is a part of the offering document.
- You should not invest in the Fund based on this statement alone.

QUICK FACTS			
<b>Fund Manager</b>	Baring International Fund Managers (Ireland) Limited		
<b>Investment Manager</b>	Baring Asset Management Limited (internal delegation, in the United Kingdom) Barings LLC (internal delegation, in the United States)		
<b>Depository</b>	State Street Custodial Services (Ireland) Limited		
<b>Ongoing charges over a year:</b>	<b>Distribution Share Tranches (Classes)</b>		<b>Accumulation Share Tranches (Classes)</b>
	Tranche G AUD Hedged Dist Monthly	1.35%*	Tranche G EUR Hedged Acc 1.35%^
	Tranche G CAD Hedged Dist Monthly	1.35%*	Tranche G CHF Hedged Acc 1.35%*
	Tranche G EUR Unhedged Dist Quarterly	1.34%*	Tranche G USD Acc 1.34%*
	Tranche G EUR Hedged Dist Annually	1.35%*	Tranche I EUR Unhedged Acc 0.69%*
	Tranche G GBP Hedged Dist Quarterly	1.35%*	Tranche I USD Acc 0.68%*
	Tranche G HKD Unhedged Dist Monthly	1.34%*	
	Tranche G NZD Hedged Dist Monthly	1.35%*	
	Tranche G USD Dist Quarterly	1.34%*	
	Tranche G USD Dist Monthly	1.34%*	
	Tranche G RMB Hedged Dist Monthly	1.35%*	
	Tranche I GBP Hedged Dist Quarterly	0.70%*	
	<p>* These Share Tranches are recently launched. The ongoing charges figure is an annualised figure and is based on the ongoing expenses chargeable to the respective Share Tranche in the latest interim financial statements from its launch date to 30 June 2023 (covering the period from 1 January 2023 to 30 June 2023) (if available for the respective Share Tranche) and the latest annual financial statements (covering the period from the respective Share Tranche launch date to 31 December 2022) (if available for the respective Share Tranche) expressed as a percentage of the average net asset value of the respective Share Tranche for the same period. This figure may vary from year to year.</p> <p>^ The ongoing charges figure for this unlaunched or recently launched Share Tranche is an estimate only and is calculated by aggregating all the estimated ongoing fees (expressed as a percentage of the net asset value of the Share Tranche). The actual figures may be different upon actual operation of the Share Tranches and the figures may vary from year to year.</p>		
<b>Dealing frequency</b>	Daily (each day on which banks in Dublin and London and the New York Stock Exchange and London Stock Exchange are open for business)		
<b>Base currency</b>	US Dollar		

<b>Dividend policy</b>	<p>Distribution Share Tranches* – Declared and paid on a discretionary basis.</p> <p>For Accumulation Share Tranches, no dividend will be paid.</p> <p>* The Directors may, at their discretion declare dividends out of net realised and unrealised gains. Payment of distributions out of unrealised gains amounts to distribution out of capital under Hong Kong regulatory disclosure requirements. The Directors may, at their discretion, also declare dividends out of gross investment income while charging some or all fees out of capital (i.e. effectively paying dividends out of capital) and/or out of capital. Payment of dividends out of unrealised gains, effectively out of capital and/or out of capital may result in an immediate reduction of the Fund's Net Asset Value per Share.</p>		
<b>Financial year end</b>	31 December		
<b>Min. investment:</b>		<b>Initial min. investment**:</b>	<b>Subsequent min. investment:</b>
	<b>Distribution Share Tranches</b>		
	Tranche G AUD Hedged Dist Monthly	AUD1,000	Nil
	Tranche G CAD Hedged Dist Monthly	CAD1,000	Nil
	Tranche G EUR Unhedged Dist Quarterly	EUR1,000	Nil
	Tranche G EUR Hedged Dist Annually	EUR1,000	Nil
	Tranche G GBP Hedged Dist Quarterly	GBP1,000	Nil
	Tranche G HKD Unhedged Dist Monthly	HKD10,000	Nil
	Tranche G NZD Hedged Dist Monthly	NZD1,000	Nil
	Tranche G USD Dist Quarterly	USD1,000	Nil
	Tranche G USD Dist Monthly	USD1,000	Nil
	Tranche G RMB Hedged Dist Monthly	RMB10,000	Nil
	Tranche I GBP Hedged Dist Quarterly	GBP1,000	Nil
	<b>Accumulation Share Tranches</b>		
	Tranche G EUR Hedged Acc	EUR1,000	Nil
	Tranche G CHF Hedged Acc	CHF1,000	Nil
	Tranche G USD Acc	USD1,000	Nil
	Tranche I EUR Unhedged Acc	EUR1,000	Nil
	Tranche I USD Acc	USD1,000	Nil
	** Minimum subscription for Tranche G is USD 100,000 (or the currency equivalent) and for Tranche I is USD 1,000,000 (or the currency equivalent). However, the Directors will waive the minimum subscription level to the level set out above if invested through an intermediary or financial institution		

**WHAT IS THIS PRODUCT?**

Barings Developed and Emerging Markets High Yield Bond Fund is a sub-fund of Barings Umbrella Fund plc, which is a mutual fund domiciled in Ireland. Its home regulator is the Central Bank of Ireland.

**OBJECTIVES AND INVESTMENT STRATEGY**

The primary investment objective of the Fund is to produce a high level of current income in US dollar terms, commensurate with an acceptable level of risk as determined by the Investment Manager in its reasonable discretion. Any capital appreciation will be incidental.

The Fund will seek to achieve its primary investment objective by investing principally (i.e. at least 70% of the Fund's net asset value) in a portfolio of high yield fixed and floating rate corporate debt Instruments and government debt / sovereign debt instruments globally in developed and emerging/developing markets.

The Investment Manager will not invest more than 5% of the net asset value of the Fund in securities of any one corporate issuer rated sub-investment grade by an internationally recognised rating agency (i.e. BB+ or lower from the ratings agency Standard & Poor's ("S&P") or Fitch, "Ba1" or lower from Moody's Investor Services, or equivalent rating of another internationally recognised rating agency) or assigned an equivalent rating by the Investment Manager. Subject to the foregoing diversification limit in respect of corporate issuers, and in order to achieve a high level of current income, the Investment Manager intends to invest at least 50% of the Fund's net asset value in sub-investment grade securities but rated not lower than B-. The Investment Manager may also invest less than 30% of its net asset value in sub-investment grade securities rated lower than B- .

Where an eligible asset is not rated by an internationally recognised rating agency, the Investment Manager may determine its own assessment of credit quality and assign an agency equivalent rating to the asset.

The Fund may invest less than 30% of its net asset value in debt instruments with loss absorption features ("LAP") (e.g. contingent convertible bonds ("CoCos"), Tier 2, Tier 3, external LAC debt instruments and certain similar debt instruments issued by a holding company of a financial institution which exhibit LAP features) out of which no more than 10% of the Fund's net asset value may be invested in CoCos. LAP is intended to capture debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (a) when a financial institution is near or at the point of non-viability or (b) when the capital ratio of a financial institution falls to meet a specified level.

As part of its investment in emerging or developing markets, the Investment Manager may invest in debt and equity (less than 30% of the Fund's net asset value) securities of any issuer operating in any developing or emerging country which are listed or dealt in on a stock exchange or other regulated market in any such developing or emerging country. Where the country is a Member State of the European Union or the Organisation for Economic Co-Operation and Development ("OECD"), such securities will normally be in the form of Eurobonds which will be listed on the Luxembourg Stock Exchange or dealt in through the markets organised under the rules of the International Securities Market Association. The Fund generally aims to maintain a diversified portfolio and its exposure in securities of issuers operating in each such developing or emerging country, however, investments in securities listed or dealt in on stock exchanges or regulated markets in any such country will be less than 30% of its net asset value.

Subject to the foregoing, the policy of the Investment Manager is to maintain diversification in terms of the countries to which investment exposure is maintained and there is no general limit to the proportion of the assets which may be invested in any one country or region, and the Fund may invest in any country and in securities issued by companies of any market size, of any industry or sector (as the case may be) and in securities denominated or settled in any currency in such proportions as the Investment Manager deems appropriate.

The Fund is not expected to invest more than 10% of its net asset value in securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority of that country) which is rated sub-investment grade.

The Fund may also invest in units and/or shares in collective investment schemes (subject to a limit of 10% of net asset value) where such investment is consistent with the investment objective of the Fund.

The Fund may engage in transactions in financial derivative instruments ("FDI") principally for investment, efficient portfolio management and/or for hedging purposes subject to the limits laid down by the Central Bank of Ireland. The Fund may use futures, options, warrants, currency forward contracts, total return swaps and credit default swaps.

Under extraordinary market conditions (which includes, for example, economic conditions, political risks or world events, high downside risks during uncertainties, or closure of relevant market(s) due to unexpected events, such as political unrest, war or bankruptcy of large financial institutions), investment may be made into asset classes other than those in which the Fund is normally invested in order to mitigate the Fund's exposure to market risk. During such periods, the Fund may temporarily invest up to 100% of its net asset value in cash, deposits, treasury bills, government bonds or short-term money market instruments or have substantial holdings in cash and cash equivalents. The Fund may make investments in money market instruments pending investment of subscription monies or payment of redemption proceeds.

**USE OF DERIVATIVES**

The Fund's net derivative exposure may be up to 50% of the Fund's Net Asset Value.

**WHAT ARE THE KEY RISKS?**

Investment involves risks. Please refer to the offering document for details including the risk factors.

**1. Investment risk**

- The Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. The Fund is an investment fund and is not in the nature of a bank deposit. There is no guarantee of repayment of principal.

**2. Concentration risk in sub-investment grade debt instruments**

- The Fund's investments are concentrated in sub-investment grade debt instruments such as high yield bonds, which carry greater credit risk and lower liquidity than investment grade instruments.
- Sub-investment grade debt instruments are subject to the increased risk of loss of principal and interest due to an issuer's inability to meet principal and interest obligations than higher-rated debt securities.
- These instruments may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the financial markets generally and less secondary market liquidity.

**3. Credit risk and counterparty risk**

- The Fund is exposed to the credit/default risk of issuers of debt securities that the Fund may invest in.

**4. Risks of interest rate fluctuations**

- Investment in the Fund is subject to risks of interest rate fluctuations. In general, when interest rates decline, the value of fixed income securities generally can be expected to rise and vice versa.

**5. Volatility and liquidity risk**

- The debt securities in emerging/developing markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Fund may incur significant trading costs.

**6. Downgrading risk**

- The credit rating of a debt instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Fund may be adversely affected. The Fund Manager or the Investment Manager may or may not be able to dispose of the debt instruments that are being downgraded.

**7. Sovereign debt risk**

- A Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Fund to participate in restructuring such debts. The Fund may suffer significant losses when there is a default of sovereign debt issuers.

**8. Valuation risk**

- Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Fund.

**9. Credit rating risk**

- Credit ratings assigned by rating agencies are also subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

**10. Emerging/developing market risk**

- The Fund invests in securities of issuers operating in emerging/developing markets. Investing in emerging/developing markets may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

**11. Eurozone risk**

- In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events,

such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Fund.

## **12. Risks associated with derivative instruments**

- The Fund may have exposure to derivatives for investment, efficient portfolio management and/or for hedging purposes. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Fund. Exposure to derivatives may lead to a high risk of significant loss by the Fund.

## **13. Currency risk**

- The underlying investments of the Fund may be denominated in currencies other than the base currency of the Fund. Also, a tranche of shares of the Fund may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

## **14. Risks associated with instruments with loss-absorption features**

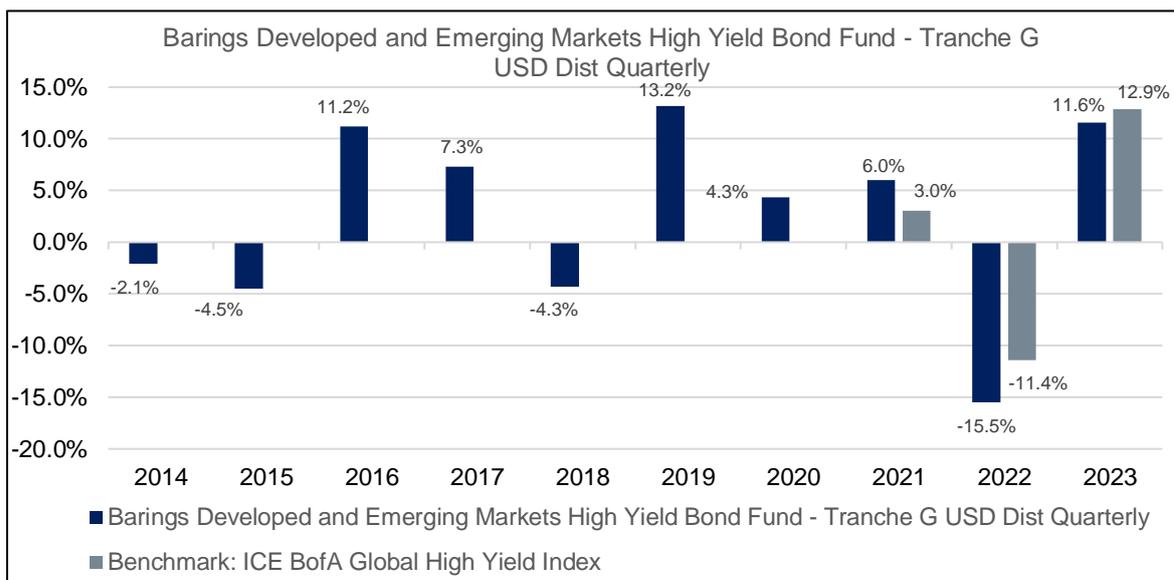
- Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of certain trigger event(s) (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.
- In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

## **15. Charges deducted from capital/Risks relating to distribution**

- The Fund may, at the discretion of the Directors, distribute dividends out of net realised and unrealised gains of the Fund attributable to the Distribution Share Tranches. Payment of dividends out of unrealised gains amounts to distribution out of capital under Hong Kong regulatory disclosure requirements. The Directors may also declare dividends out of capital and/or declare dividends out of gross investment income while charging some or all fees and expenses out of capital. Payment of dividends out of gross investment income while charging some or all fees and expenses out of capital resulting in an increase in distributable income for the payment of dividends by the Fund mean the Fund may effectively pay dividends out of capital. Payment of distributions out of capital and/or effectively out of capital amount to a return or withdrawal of part of an investor's original investment or from any gains attributable to that original investment. Any distributions involving payment of unrealised gains as dividends (which mean effectively paying dividend out of capital), payment of dividends effectively out of the Fund's capital and/or payment of dividends out of capital may result in an immediate reduction of the Fund's net asset value per share.
- The distribution amount and net asset value of the Hedged Tranche(s) may be adversely affected by differences in the interest rates of the reference currency of the Hedged Tranche and the Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged tranches.

## **16. RMB tranches related risk**

- RMB is currently not freely convertible and is subject to exchange controls and restrictions.
- Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
- Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
- Non-RMB based investors in share tranches denominated in RMB may have to convert HKD or other currency(ies) into RMB when investing in share tranches denominated in RMB and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to HKD or such other currency(ies). Investors will incur currency conversion costs and you may suffer losses depending on the exchange rate movements of RMB relative to HKD or such other currencies.
- Under exceptional circumstances, payment of realisation proceeds and/or dividend payment from underlying investments to the Fund in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

**HOW HAS THE FUND PERFORMED?**

Source: Barings

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Tranche G USD Dist Quarterly increased or decreased in value during the calendar year being shown. Performance data has been calculated in US dollars, including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Tranche G USD Dist Quarterly is selected as representative share class as it is a share class offered to the public in Hong Kong and is denominated in the Fund's base currency.
- Predecessor fund (Barings Global Umbrella Fund – Barings Developed and Emerging Markets High Yield Bond Fund) inception date: 19 July 1993. The Fund was launched on 2 December 2022 upon the merger of the Barings Global Umbrella Fund – Barings Developed and Emerging Markets High Yield Bond Fund into the Fund. The performance information shown on or before the date of merger has been simulated based on the performance of a unit class of Barings Global Umbrella Fund – Barings Developed and Emerging Markets High Yield Bond Fund with the same investment objectives, risk profiles, and materially the same investment policy and fee structures of Tranche G USD Dist Quarterly of the Fund.
- The predecessor fund and the Fund adopted ICE BofA Global High Yield Index as the benchmark, which is used only for risk management and performance comparison purposes. The Fund is not designed to track the benchmark and its investments are not constrained by the benchmark.
- Since the benchmark has been adopted by the predecessor fund for less than a full calendar year as at the end of 2020, the past performance of the benchmark prior to and including 2020 is not provided.
- Fund launch date: 2 December 2022
- Tranche G USD Dist Quarterly launch date: 2 December 2022

**IS THERE ANY GUARANTEE?**

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

**WHAT ARE THE FEES AND CHARGES?****Charges which may be payable by you**

You may have to pay the following fees when dealing in the shares of the Fund.

Fee	What you pay
<b>Subscription fee (Preliminary charge)</b>	Tranche G: Up to 5% Tranche I: Nil
<b>Switching fee (Conversion fee)*</b>	For switching into Tranche G Shares, up to 5% For switching into Tranche I, Nil
<b>Redemption fee**</b>	Nil

\* Any switching fee/conversion fee charged by the distributors may still apply.

\*\* At least one month's notice will be given to investors should any redemptions fee be charged or increased up to the specified permitted level as set out in the offering document.

#### Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Fund's net asset value ("NAV")), unless otherwise specified
<b>Management fee</b>	For Tranche G, 1.25% of the Fund's NAV attributable to the relevant Tranche For Tranche I, 0.60% of the Fund's NAV attributable to the relevant Tranche
<b>Depository fee</b>	Included in the administration, depository and operating expenses
<b>Performance fee</b>	Not applicable
<b>Administration, depository and operating expenses*</b>	Up to 0.20% of the Fund's NAV attributable to the relevant Tranche
<b>Transaction fee</b>	At normal commercial rates
<b>Hedging expenses</b>	Currently up to 0.0125% of the Fund's NAV of the Hedged Tranches**

\* The administration, depository and operating expenses include the aggregate fees and expenses of the Administrator and Depository and certain other fees and ongoing expenses. Please refer to the offering document for further details.

\*\* At least one month's notice will be given to investors should the current maximum permitted level of hedging expenses be increased up to the specified permitted level as set out in the offering document.

#### Other fees

You may have to pay other fees when dealing in the shares of the Fund. The Fund will also bear the costs which are directly attributable to it, as set out in the offering document.

#### ADDITIONAL INFORMATION

- You generally subscribe and redeem shares at the Fund's next-determined NAV per share attributable to the relevant Share Tranche after your request is received in good order by Baring Asset Management (Asia) Limited, the Fund's Hong Kong Representative, by 5 p.m. Hong Kong time or the Administrator by 12 noon Irish time on any dealing day (please refer to the offering documents for details of the dealing procedures and cut-off time). Before placing your subscription, redemption and/or conversion instructions, please check with your distributor for the distributor's internal dealing deadline (which may be earlier than the Fund's dealing deadline).
- The NAV of the Fund is calculated and the prices of share of the relevant Share Tranches are published for each Dealing Day, and are available online at [www.barings.com](http://www.barings.com)<sup>1</sup>.
- The composition of the dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months can be obtained either through the Hong Kong Representative's website at [www.barings.com](http://www.barings.com)<sup>1</sup> or from the Hong

<sup>1</sup> This website has not been reviewed by the SFC and it may contain information of funds which are not authorised by the SFC.

Kong Representative on request.

- You may obtain the past performance information of other Share Tranches offered to Hong Kong investors from [www.barings.com](http://www.barings.com)<sup>1</sup>.

**IMPORTANT**

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.