



**Barings Global Investment
Funds 2 Plc**

(an open-ended umbrella investment company with variable capital and segregated liability between sub-funds with registration number 529930)

**Annual Report & Audited Financial
Statements**

for the financial year ended 31 December 2019

Barings Global Investment Funds 2 Plc

Annual Report and Audited Financial Statements

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For the financial year ended 31 December 2019

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Barings Global Investment Funds 2 Plc

Directors and Other Information

Directors

Mr. Alan Behen (Irish)**
Mr. Peter Clark (British)
Mr. James Cleary (Irish)*
Mr. David Conway (Irish)*
Ms. Barbara Healy (Irish)*
Mr. Timothy Schulze (United States)
Mr. Paul Smyth (Irish)**
Mr. Julian Swayne (British)

*Non-executive Directors independent of the Investment Managers.

**Alan Behen and Paul Smyth were appointed as Directors of the Company with effect from 11 September 2019.

Registered Office

70 Sir John Rogerson's Quay
Dublin D02 R296
Ireland

Investment Manager***

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

Sub-Investment Manager

(up to 17 January 2019)
Barings (U.K.) Limited
20 Old Bailey
London EC4M 7BF
United Kingdom

(with effect from 18 January 2019)
Baring International Investment Limited
20 Old Bailey
London EC4M 7BF
United Kingdom

Custodian

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

Administrator, Registrar and Transfer Agent

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

Distributors

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

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

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

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

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

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

Baring France SAS
10, rue des Pyramides
75001 Paris
France

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

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

Baring (Japan) Limited
7F Kyobashi Edogrand
2-2-1, Kyobashi
Chuo-ku
Tokyo 104-0031
Japan

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

Barings Global Investment Funds 2 Plc

Directors and Other Information (continued)

Distributors (continued)

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

Independent Auditor

KPMG
Chartered Accountants
1 Harbourmaster Place
IFSC
Dublin D01 F6F5
Ireland

Legal Advisers and Sponsoring Broker

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

Company Secretary

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

Barings Global Investment Funds 2 Plc

Introduction

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

The Company is structured in the form of an umbrella fund with segregated liability between funds. The Company may offer separate funds and each fund will have a distinct portfolio of investments. As at 31 December 2019, the Company had three active funds, (the "Funds").

The registered office of the Company is 70 Sir John Rogerson's Quay, Dublin, D02 R296, Ireland.

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

The Funds are managed by Barings LLC (the "Investment Manager") and Barings International Investment Limited (the "Sub-Investment Manager") (together the "Investment Managers").

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

Details of the Funds as at 31 December 2019 are as follows:

Fund Name	Subsidiary Name	Launch Date	Functional Currency	Active Share Classes
Barings Global High Yield Credit Strategies Fund	Barings Global High Yield Credit Strategies Limited	23 July 2013	US\$	24*
Barings Investment Grade CLO Fund	n/a	18 March 2014	US\$	9*
Global Multi-Credit Strategy Fund 3	Barings Global Multi-Credit Strategy 3 Limited	22 February 2016	GBP	1

*These share classes were listed on the Global Exchange Market of Euronext Dublin as at 31 December 2019.

Barings Global Investment Funds 2 Plc

Investment Objective and Policy

Barings Global High Yield Credit Strategies Fund

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

Barings Investment Grade CLO Fund

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

Global Multi-Credit Strategy Fund 3

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

Please refer to the Prospectus for the full investment objective and policy.

Barings Global Investment Funds 2 Plc

Directors' Report

For the financial year ended 31 December 2019

The Directors present to the shareholders their annual report together with the audited financial statements of the Company for the financial year ended 31 December 2019.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable Irish law and regulations. Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable law.

Under Irish company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act, 2014. The Directors have appointed State Street Fund Services (Ireland) Limited (the "Administrator") to keep adequate accounting records which are located at the offices of the Administrator at 78 Sir John Rogerson's Quay, Dublin D02 HD32, Ireland.

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

The financial statements are published at: www.baring.com. The Directors together with the Investment Managers are responsible for the maintenance and integrity of the website as far as it relates to Barings Funds. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Business review and future developments

A detailed review of the business and future developments and KPI's are included in the Investment Managers' Reports.

Results and Distributions

The results of operations for the financial year are set out in the Statement of Comprehensive Income. The Directors declared distributions during the financial year as set out in Note 9.

Risk management objectives and policies

An investment in the Company involves a high degree of risk, including, but not limited to, the risks as outlined below. An investment in the Company is only suitable for investors who are in a position to take such risks. There can be no assurance that the Company will achieve its objectives, and the value of shares can go down as well as up. The principal risks and uncertainties faced by the Company are market price risk, foreign currency risk, liquidity risk, credit risk and interest rate risk, which are outlined in Note 12 to these financial statements.

Barings Global Investment Funds 2 Plc

Directors' Report (continued)

For the financial year ended 31 December 2019

Directors

The names and nationalities of persons who were Directors at any time during the financial year ended 31 December 2019 are set out below:

Mr. Alan Behen (Irish) (appointed 11 September 2019)
Mr. Peter Clark (British)
Mr. James Cleary (Irish)*
Mr. David Conway (Irish)*
Ms. Barbara Healy (Irish)*
Mr. Timothy Schulze (United States)
Mr. Paul Smyth (Irish) (appointed 11 September 2019)
Mr. Julian Swayne (British)

Unless stated otherwise, the Directors served for the entire financial year.

*Non-executive Directors independent of the Investment Managers.

Directors' and Company Secretary's interests

None of the current Directors, Matsack Trust Limited (the "Company Secretary") or their families hold or held any beneficial interest in the shares of the Company during the financial year ended 31 December 2019 (31 December 2018: Nil).

Transactions involving Directors

Other than as stated in Note 10 and Note 11 there were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act 2014, at any time during the financial year ended 31 December 2019 (31 December 2018: None).

Mr. Julian Swayne is an employee of Baring Asset Management Limited, a distributor for the Company. Mr. Peter Clark is an employee of Barings (U.K.) Limited. Mr. Timothy Schulze is an employee of Barings LLC, the Investment Manager. Mr. Alan Behen and Mr. Paul Smyth are employees of Barings International Fund Managers (Ireland) Limited, a distributor for the Company. Mr. Alan Behen and Mr. Paul Smyth are also Directors of the Subsidiaries.

Significant events during the financial year

The Prospectus of the Company was updated on 18 January 2019. A revised Prospectus was issued on 15 November 2019. The material changes to the Prospectus are outlined in Note 20.

With effect from 18 January 2019, the Company appointed Baring International Investment Limited as Sub-Investment Manager.

Effective 11 September 2019, Mr. Alan Behen and Mr. Paul Smyth were appointed as Directors to the Company.

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

Barings Global Investment Funds 2 Plc

Directors' Report (continued)

For the financial year ended 31 December 2019

Significant events since the financial year end

Covid-19

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting. There was no impact to the Company's financial statements as of 31 December 2019. Performance data for the Funds for the period from 31 December 2019 to 17 April 2020 is disclosed in Note 22.

Distributions were declared by the Barings Global High Yield Credit Strategies Fund subsequent to the financial year end. Details of which are outlined in Note 22.

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

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

Brexit

The United Kingdom (the "UK") held a referendum on 23 June 2016 on whether to leave or remain in the European Union (the "EU"). The outcome of the referendum was in favour of leaving the EU. The UK officially withdrew from the EU on 31 January 2020 but will continue to follow all of the EU rules and its trading relationship will remain the same until the end of the transitional period ending on 31 December 2020.

There are a number of uncertainties in connection with the future of the UK and its relationship with the EU, including the terms of the agreement it reaches in relation to its withdrawal from the EU and any agreements it reaches in relation to its future relationship with the EU and Barings continues to plan for a number of possible scenarios. Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit.

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

Barings Global Investment Funds 2 Plc

Directors' Report (continued)

For the financial year ended 31 December 2019

Accounting records

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

Corporate Governance Statement

The Company is not subject to the European Communities (Takeover Bids (Directive 2004/25/EC) Regulation 2006 and therefore is not required to include information relating to voting rights and other matters required by those Regulations and specified by the Companies Act 2014.

General Principles

The Company is subject to compliance with the requirements of the Companies Act, 2014. The Irish Funds ("IF") in consultation with the CBI has published a corporate governance code (the "IF Code") that may be adopted on a voluntary basis by Irish authorised collective investment schemes. The Directors voluntarily adopted the IF Code. The Board of Directors (the "Board") has reviewed and assessed the measures included in the IF Code and considers its corporate governance practices and procedures since the adoption of the IF Code to 31 December 2019, as consistent therewith.

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

- (i) The Companies Act which is available for inspection at the registered office of the Company; and may also be obtained at: - <http://www.irishstatutebook.ie/home.html>;
- (ii) The Articles of Association of the Company which are available for inspection at the registered office of the Company at 70 Sir John Rogerson's Quay, Dublin D02 R296, Ireland and at the Companies Registration Office in Ireland; and
- (iii) Euronext Dublin through the Euronext Dublin Code of Listing Requirements and Procedures which can be obtained from the Euronext Dublin's website at: <https://www.ise.ie/Products-Services/Investment%20Funds/List-a-Fund/#fundlistingrules>

Internal Control and Risk Management Systems in Relation to Financial Reporting

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

The Board has procedures in place to ensure that all relevant books of account are properly maintained and are readily available; including the production of annual financial statements. The Board has appointed State Street Fund Services (Ireland) Limited (the "Administrator") (who is independent from the Board and the Investment Managers) to maintain the books and records of the Company.

The Administrator is authorised and regulated by the CBI and must comply with the rules imposed by the CBI. From time to time, the Board examines and evaluates the Administrator's financial accounting and reporting routines. The annual financial statements are produced by the Administrator and reviewed by the Investment Managers. The financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted in the EU, and the Administrator uses various internal controls and checklists to ensure that the financial statements include complete and appropriate disclosures required under IFRS and relevant legislation. They are required to be approved by the Board and the annual financial statements are required to be filed with the CBI and Euronext Dublin.

Barings Global Investment Funds 2 Plc

Directors' Report (continued)

For the financial year ended 31 December 2019

Corporate Governance Statement (continued)

Internal Control and Risk Management Systems in Relation to Financial Reporting (continued)

During the financial year of these financial statements, the Board was responsible for the review and approval of the annual financial statements as set out in the Statement of Directors' Responsibilities. The statutory financial statements are required to be audited by independent auditors who report annually to the Board on their findings. The Board monitors and evaluates the independent auditor's performance, qualifications and independence. As part of its review procedures, the Board receives presentations from relevant parties including consideration of International Accounting Standards and their impact on the annual financial statements, and presentations and reports on the audit process. The Board evaluates and discusses significant accounting and reporting issues as the need arises.

Dealings with shareholders

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

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

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

Board composition and activities

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

The business of the Company is managed by the Directors, who exercise all such powers of the Company as required by the Companies Act, 2014 or by the Articles of Association of the Company.

The Board is responsible for the Company's overall direction and strategy and to this end it reserves the decision making power on issues such as the determination of medium and long-term goals, review of managerial performance, organisational structure and capital needs and commitments to achieve the Company's strategic goals. To achieve these responsibilities, the Board meets on a quarterly basis to review the operations of the Company, address matters of strategic importance and to receive reports from the Administrator, Depositary and the Investment Managers. However, a Director may, and the Company Secretary on the requisition of a Director will, at any time summon a meeting of the Directors and ad hoc meetings in addition to the four meetings that are convened as required.

Questions arising at any meeting of the Directors are determined by the Chairman. In the case of an equality of votes, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote. The quorum necessary for the transaction of business at a meeting of the Directors is two.

Connected persons transactions

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

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

Barings Global Investment Funds 2 Plc


Directors' Report (continued)


For the financial year ended 31 December 2019

Independent auditor

The Auditors, KPMG, Chartered Accountants and Registered Auditors, were appointed statutory auditor on 1 January 2013 and have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act, 2014.

On behalf of the Board of Directors

Director: 

Director: 

Date: 27 April 2020

Barings Global Investment Funds 2 Plc

Custodian's Report to the Shareholders

For the financial year ended 31 December 2019

Report of the Custodian to the Shareholders

We have enquired into the conduct of Barings Global Investment Funds 2 Plc (the "Company") for the financial year ended 31 December 2019, in our capacity as Custodian to the Company.

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

Responsibilities of the Custodian

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

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

Basis of Custodian opinion

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

Opinion

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

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



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

Date: 27 April 2020

Barings Global Investment Funds 2 Plc

Independent Auditor's Report

For the financial year ended 31 December 2019

Report on the audit of the financial statements

1 Opinion

We have audited the financial statements of Barings Global Investment Funds 2 plc ('the Company') for the year ended 31 December 2019, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its changes in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

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

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

2 Key Audit matters: our assessment of risks of material misstatement

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

Barings Global Investment Funds 2 Plc

Independent Auditor's Report (continued)

For the financial year ended 31 December 2019

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

In arriving at our audit opinion above, the key audit matters are as follows:

Valuation of Investments \$4,247,763,787 (31 December 2018 - \$3,605,727,545)

Refer to note 2(e) (accounting policy) and note 12 (financial disclosures)

The Key Audit Matter

The Company's investment portfolio comprises of investments in Subsidiaries, forward currency contracts, collateralised loan obligations and short term investments ("the investments").

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

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

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

There is a significant risk relating to the valuation of the investments given the judgemental nature of the matters that require consideration by the Investment Managers and Board of Directors.

How the matter was addressed in our audit

We addressed the key audit matters as follows:

- we obtained and documented our understanding of the investment valuation process and assessed the design and implementation of the controls which included inspecting the latest report on the administrator's controls related to the Company's investment transactions issued by its auditor in accordance with ISAE 3402 "Assurance Reports on Controls at a Service Organisation";
- we compared the Company's investments in its Subsidiaries against the balances within the audited financial statement of the Subsidiaries;
- we inspected the audited financial statements of the Subsidiaries for indication of any issues that may impact the value of the Company's investments in those Subsidiaries;
- we engaged our valuation specialist team, who agreed short term investments, collateralised loan obligations and the forward currency contracts at Company level to independently priced sourced;
- we further engaged our valuation specialist team, who agreed 98.2% of the Subsidiaries' investment portfolio to independently sourced prices;
- for the valuation of the remaining 1.8% of the Subsidiaries' investment portfolio:
 - ◊ we agreed the NAV per share of 100% of the subsidiaries' investments in the collective investment schemes to independently obtained confirmations for the administrator of the collective investment schemes.
 - ◊ there were certain unquoted investments in the portfolios as at 31 December 2019 over which the Investment Managers was appointed as a competent person. These securities are generally illiquid and hard to value due to there being no readily available market prices and are therefore subject to valuation techniques by the Investment Managers which incorporate certain assumptions, judgements and uncertainties. For material positions, we obtained the supporting documentation from the Investment Managers to support their pricing judgements and this documentation was reviewed by the pricing specialist for reasonableness.
- in addition, we considered the appropriateness, in accordance with relevant accounting standards, of the disclosures relating to unquoted investments

We noted no material exceptions arising from our testing.

Barings Global Investment Funds 2 Plc

Independent Auditor's Report (continued)

For the financial year ended 31 December 2019

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

Materiality for the group financial statements as a whole was set at US\$42m (31 December 2018: US\$36m) determined with reference to a benchmark of Net Assets (of which it represents 1% (31 December 2018: 1%)).

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

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

4 We have nothing to report on going concern

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

5 Other information

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

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

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

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

6 Opinions on other matters prescribed by the Companies Act 2014

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

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

7 Matters on which we are required to report by exception

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

Barings Global Investment Funds 2 Plc

Independent Auditor's Report (continued)

For the financial year ended 31 December 2019

8 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on IAASA's website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

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

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



Jorge Fernandez Revilla

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

International Financial Services Centre

Dublin D01 F6F5

Date: 27 April 2020

Barings Global Investment Funds 2 Plc

Investment Managers' Report

For the financial year ended 31 December 2019

Barings Global High Yield Credit Strategies Fund

Performance

Barings Global High Yield Credit Strategies Fund (the "Fund") generated a gross return of 10.76% on the Tranche S USD Accumulation and over performed against the performance comparator with a return of 7.47%* during the reporting period. The Fund generated a net return of 10.34% on the Tranche S USD Accumulation.

The global high yield markets saw strong performance during the year driven by a stable economic outlook, accommodative central bank policies, and a strong technical backdrop as investors searched for yield. While performance was positive across asset classes, bonds saw the most significant gains followed by CLOs and global loans. Defaults were up modestly, concentrated in sectors that have been well documented, however, in general, U.S. and European high yield issuers reported stable corporate fundamentals and the economic picture remained supportive for borrowers.

Despite heightened volatility in the global economic and political backdrop, the U.S. high yield bond market saw the strongest performance in three years, generating double-digit returns in 2019. Performance was highly bifurcated across quality tiers with double-B returns almost twice that of CCC rated holdings while single-Bs were only modestly lagging. All industry sectors were up during the year and almost all in double-digit territory. The Retail and Automotive sectors were the top performers while the Energy sector was the notable laggard. The option adjusted spread and yield-to-worst tightened considerably from the widening at the end of 2018, ending the year at 367 basis points ("bps") and 5.48%, respectively. Notably, this was the lowest month-end yield-to-worst since August 2014. Gross U.S. high yield new issuance totaled US\$274.1 billion across 118 bonds during the year, up from US\$168.8 billion in 2018. Issuance net of refinancing totaled US\$88.9 billion. This new issuance was well absorbed as U.S. high yield bond mutual funds reported a net inflow of US\$18.0 billion, the highest reported net inflow since 2012. Default activity was up with the par-weighted U.S. high yield default rate ending the year at 2.63%. This compared to 1.81% at year end 2018 was driven primarily by the Energy and Metals & Mining sectors, however, it remained below the long-term average of 3.44%.

The U.S. loan market finished 2019 with a higher than normal positive return the full year. This was in spite of steady outflows by retail fund investors (approximately US\$37 billion for the full year) as retail investors interest in the asset class had decreased with declining short term interest rates. Issuance of new CLO vehicles on the other hand remained healthy and provided support for secondary market prices. Focusing on just new CLO vehicles, 2019 new issuance reached US\$119 billion. Also providing support for trading levels in the secondary market was manageable loan new issue activity. For the full year, institutional loan new issuance was US\$309 billion which was over US\$100 billion lower than the prior year. While performance for the market as a whole for the year was positive, there were a few months with negative monthly returns as well as certain segments of the market that underperformed. During the year there was a clear investor bias towards loans with higher ratings as the double-B rating category outperformed lower rated segments. Also, the commodity related sectors (Metals/Minerals) underperformed the other industry sectors for the year. As mentioned though, the market finished the year with a healthy return that included a positive contribution from both interest income as well as price appreciation. The average secondary market price finished the year at 96.5% of par which compares to 94.1% at the end of 2018 and the average credit spread (as represented by the 3-year discount margin) tightened by 90 bps to 461 bps. Defaults in the market remained limited during the year with the trailing twelve month default rate finishing the year at 1.2%.

The European high yield bond market saw its strongest annual performance since 2014, as a relatively stable macro-economic environment and dovish central bank actions supported fixed income markets and the market recovered from the volatility seen in late 2018. From a rating's perspective CCC bonds materially outperformed relative to higher rated double-B and single-B bonds which performed in line with the broader market. The option adjusted spread tightened by 201 bps over the course of the year to end at 323 bps. All sectors saw positive returns for the year. For the full year of 2019, issuance totaled €74 billion, the second highest year for issuance in the decade after 2017. The proportion of European supply which was senior secured increased from 2018, with 51% of full year issuance being senior secured (per S&P LCD).

Barings Global Investment Funds 2 Plc

Investment Managers' Report (continued)

For the financial year ended 31 December 2019

Barings Global High Yield Credit Strategies Fund (continued)

Market & Outlook

The European loan market saw positive returns over the year, although returns were more modest than seen in other risk assets that rebounded strongly following the more volatile 2018. Returns in the European loan market were driven by income rather than capital appreciation with the average price only increasing marginally to end the year at 98.18 up from 97.19. With the exception of the Energy sector, performance across industries was positive for the year with Consumer Durables notably outperforming the wider market. Robust CLO issuance, was supportive to the loan market, as CLO liability spreads tightened, most particularly towards the end of the year. With a significant number of CLO warehouses currently open, the demand for loans is set to continue into 2020. European loan issuance totaled €69.5 billion in 2019 down from the €76.4 billion of issuance seen in 2018.

The Fund over performed its performance comparator in 2019. The Fund over performed its performance comparator on a since inception annualised basis.

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

Barings LLC

Baring International Investment Limited

January 2020

Barings Global Investment Funds 2 Plc

Investment Managers' Report (continued)

For the financial year ended 31 December 2019

Barings Investment Grade CLO Fund

Performance

Barings Investment Grade CLO Fund (the "Fund") generated a gross return of 6.68% and a net return of 6.37% on the Tranche A USD Accumulation during the reporting period.

The fourth quarter was a roller coaster for investors across credit risk markets. The quarter began with a decidedly negative tone as investors were on high alert amid concerns over global growth and trade tensions with China and such concerns were exacerbated by a multitude of negative headlines in the press. A general "risk-off" sentiment clouded the market and investors fled to higher quality credits and market segments. As such, we experienced a substantial sell-off in riskier assets and sectors as the market became increasingly bifurcated. Market sentiment started to improve by mid-November before ending the quarter on a positive note with most risk markets finishing the period higher than they started. While economic growth is still slowing in the U.S., leading indicators for manufacturing helped temper fears of further downside risks and were a key driver of the market's resiliency. Global leading indicators ticked higher in November, moving above the expansion/contraction line for the first time since April. Positive macro-economic data in conjunction with the emergence of a path to the solution of the two biggest political risks hanging over the global economy, a trade deal between the U.S. and China, and Brexit, helped restore global investor confidence. While progress has been made on these two major policy fronts, uncertainties continue to weigh on the outlook for global growth, and the newfound optimism could be tempered as details of each plan unfolds. For now, risk assets are benefitting from lower risk premiums, steeper yield curves and additional central bank liquidity. Monetary policy remains biased toward easing as global central banks generally cite concern over downside risks to the growth outlook. With global inflation data in developed and emerging markets continuing to come in below consensus estimates, central banks should find ample policy flexibility to adjust monetary settings.

Both the Dow Jones Industrial Average ("DJIA") and S&P 500 Index recorded positive performance in the fourth quarter, proving consistent with the risk-on sentiment and resiliency of the market. The DJIA ended the fourth quarter at 26,916, up 6.02%, while the S&P 500 ended the quarter at 3,231, up 8.89%. The Volatility ("VIX") Index which signals implied market volatility and is also referred to as the "fear index" finished the fourth quarter at 13.78, down 15.15% from the previous quarter. After three 25 bps rate cuts this year, the Federal Reserve ("Fed") is signaling that it will remain on hold for the near term, with the yield curve steepening over the past months, and the 2s/10s U.S. Treasury ("UST") spread now at 25 bps. Most measures of global core inflation remain below 2%, indicating price pressures are largely absent and central banks have room to adjust rates further if needed. Finally, 3-month LIBOR began October at 2.09%, then on the continued accommodative sentiment from global banks, ended the quarter lower at 1.91%.

The BAML High Yield index finished the quarter to yield 6.00% vs. 6.30% during the previous quarter, returning 2.61% over the period¹. The S&P Leverage Loan 100 Index ended the fourth quarter at 98.38% vs. 97.54% at the end of the third quarter, with spreads tighter over the period at 354 bps (3-yr call) compared to 399 bps (3-yr call) on the previous quarter end². The end of December marked the 15th consecutive month for retail fund outflows with -\$6.9 billion over the fourth quarter, compared to -\$9.4 billion during the third quarter. Despite consistent outflows throughout the year, the S&P Leverage Loan 100 Index recorded a 2019 return of 10.65%. The U.S. leveraged loan default rate ended the quarter at 1.2%, up from 1.0% at the end of the third quarter³. Defaults for the quarter included: Deluxe Entertainment, Indra Holdings, and 4L Technologies⁴.

While the fourth quarter began with the JP Morgan CLOIE index returning -0.22% in October, the performance across ratings classes was quite divergent. The CLOIE AAA and AA indices posted positive returns (0.14% and 0.07%, respectively) for the month while mezzanine tranches sold off among heightened macro-economic concerns and negative headlines. The CLOIE BBB, BB and B indices posted returns of -1.10%, -2.21% and -11.07%, respectively for the first month of the quarter. The weak start to the fourth quarter gave way to a reversal of sentiment as the market's fears were eased and resulted in positive returns for the CLOIE across all ratings classes for the months of November and December. Overall for the fourth quarter, the CLOIE index returned 1.04% with all ratings classes posting positive performance except for single-Bs which returned -2.82%. The JP Morgan CLOIE AAA and AA indices returned 0.79% and 1.11%, respectively, while the BBB and BB CLOIE indices returned 2.27% and 3.04%, respectively, for the fourth quarter of 2019⁵. While spreads rallied in the second half of the quarter, the market remains bifurcated. Particularly in the mezzanine portion of the capital structure, market participants continue to have a strong bid for top-tier managers with strong collateral portfolios as evidenced by market value coverage. The market has not bounced back so quickly for deals that have larger tail risk exposures.

Barings Global Investment Funds 2 Plc

Investment Managers' Report (continued)

For the financial year ended 31 December 2019

Barings Investment Grade CLO Fund (continued)

Market & Outlook

We expect spreads across CLO tranches to tighten in the first part of 2020 on the heels of moderate new issue supply due to the challenging arbitrage environment for CLO equity. CLO liabilities remain relatively wide compared to loan spreads and loan portfolios are experiencing high volumes of repricings. While market participants continue to focus on both macro-economic risks and idiosyncratic risks in portfolios, the all-in yields for CLO debt tranches remain attractive relative to other asset classes. The market is likely to remain bifurcated as there is stronger demand for new issue CLOs with less risk in the underlying credit portfolios, and for shorter-dated seasoned deals with contained risks. The looming U.S. presidential election in November could put pressure on spreads in the second half of the year, depending on which candidate emerges as the Democratic nominee.

¹ "LLI Discounted Spreads.xls," S&P/LCD, 31 December 2019

² Ibid. 31 December 2019

³ "Trailing 12-Month Par Default Rate," Credit Suisse, 31 December 2019

⁴ "Recent US Loan Defaults", Credit Suisse, 31 December 2019

⁵ JP Morgan CLOIE Index, as of 31 December 2019

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Baring International Investment Limited

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Barings Global Investment Funds 2 Plc

Investment Managers' Report (continued)

For the financial year ended 31 December 2019

Global Multi-Credit Strategy Fund 3

Performance

Global Multi-Credit Strategy Fund 3 (the "Fund") generated a gross return of 9.02% and net return of 8.33% on the Tranche T GBP Accumulation and over performed against the performance comparator with a return of 5.85%* during the reporting period.

The global high yield markets saw strong performance during the year driven by a stable economic outlook, accommodative central bank policies, and a strong technical backdrop as investors searched for yield. While performance was positive across asset classes, bonds saw the most significant gains followed by CLOs and global loans. Defaults were up modestly, concentrated in sectors that have been well documented, however, in general, U.S. and European high yield issuers reported stable corporate fundamentals and the economic picture remained supportive for borrowers.

Despite heightened volatility in the global economic and political backdrop, the U.S. high yield bond market saw the strongest performance in three years, generating double-digit returns in 2019. Performance was highly bifurcated across quality tiers with double-B returns almost twice that of CCC rated holdings while single-Bs were only modestly lagging. All industry sectors were up during the year and almost all in double-digit territory. The Retail and Automotive sectors were the top performers while the Energy sector was the notable laggard. The option adjusted spread and yield-to-worst tightened considerably from the widening at the end of 2018, ending the year at 367 bps and 5.48%, respectively. Notably, this was the lowest month-end yield-to-worst since August 2014. Gross U.S. high yield new issuance totaled US\$274.1 billion across 118 bonds during the year, up from US\$168.8 billion in 2018. Issuance net of refinancing totaled US\$88.9 billion. This new issuance was well absorbed as U.S. high yield bond mutual funds reported a net inflow of US\$18.0 billion, the highest reported net inflow since 2012. Default activity was up with the par-weighted U.S. high yield default rate ending the year at 2.63%. This compared to 1.81% at year end 2018 was driven primarily by the Energy and Metals & Mining sectors, however, it remained below the long-term average of 3.44%.

The U.S. loan market finished 2019 with a higher than normal positive return the full year. This was in spite of steady outflows by retail fund investors (approximately US\$37 billion for the full year) as retail investors interest in the asset class had decreased with declining short term interest rates. Issuance of new collateralised loan obligation ("CLO") vehicles on the other hand remained healthy and provided support for secondary market prices. Focusing on just new CLO vehicles, 2019 new issuance reached US\$119 billion. Also providing support for trading levels in the secondary market was manageable loan new issue activity. For the full year, institutional loan new issuance was US\$309 billion which was over US\$100 billion lower than the prior year. While performance for the market as a whole for the year was positive, there were a few months with negative monthly returns as well as certain segments of the market that underperformed. During the year there was a clear investor bias towards loans with a higher ratings as the double-B rating category outperformed lower rated segments. Also, the commodity related sectors (Metals/Minerals) underperformed the other industry sectors for the year. As mentioned though, the market finished the year with a healthy return that included a positive contribution from both interest income as well as price appreciation. The average secondary market price finished the year at 96.5% of par which compares to 94.1% at the end of 2018 and the average credit spread (as represented by the 3-year discount margin) tightened by 90 bps to 461 bps. Defaults in the market remained limited during the year with the trailing twelve month default rate finishing the year at 1.2%.

The European High Yield bond market saw its strongest annual performance since 2014, as a relatively stable macro-economic environment and dovish central bank actions supported fixed income markets and the market recovered from the volatility seen in late 2018. From a rating's perspective CCC bonds materially outperformed relative to higher rated double-B and single-B bonds which performed in line with the broader market. The option adjusted spread tightened by 201 bps over the course of the year to end at 323 bps. All sectors saw positive returns for the year. For the full year of 2019, issuance totaled €74 billion, the second highest year for issuance in the decade after 2017. The proportion of European supply which was senior secured increased from 2018, with 51% of full year issuance being senior secured (per S&P LCD).

Barings Global Investment Funds 2 Plc

Investment Managers' Report (continued)

For the financial year ended 31 December 2019

Global Multi-Credit Strategy Fund 3 (continued)

Market & Outlook

The European loan market saw positive returns over the year, although returns were more modest than seen in other risk assets that rebounded strongly following the more volatile 2018. Returns in the European loan market were driven by income rather than capital appreciation with the average price only increasing marginally to end the year at 98.18 up from 97.19. With the exception of the Energy sector, performance across industries was positive for the year with Consumer Durables notably outperforming the wider market. Robust CLO issuance, was supportive to the loan market, as CLO liability spreads tightened, most particularly towards the end of the year. With a significant number of CLO warehouses currently open, the demand for loans is set to continue into 2020. European Loan issuance totaled €69.5 billion in 2019 down from the €76.4 billion of issuance seen in 2018.

The Fund over performed its performance comparator in 2019. The Fund over performed its performance comparator on a since inception annualised basis.

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

Barings LLC

Baring International Investment Limited

January 2020

Barings Global Investment Funds 2 Plc

Statement of Financial Position

As at 31 December 2019

		Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Assets	Note				
Financial assets at fair value through profit or loss:	12				
- Collateralised loan obligations		-	502,154,152	-	502,154,152
- Loans to subsidiaries	4	3,448,404,016	-	190,578,733	3,700,844,569
- Short term investments		-	23,979,824	-	23,979,824
- Forward foreign exchange contracts	12	18,887,075	3,017,958	-	21,905,033
Other receivables	6	-	4,225,085	-	4,225,085
Cash and cash equivalents	3	-	1,216,859	-	1,216,859
Total assets		3,467,291,091	534,593,878	190,578,733	4,254,325,522
Liabilities					
Financial liabilities held for trading:					
- Forward foreign exchange contracts	12	(136,747)	(983,044)	-	(1,119,791)
Income distribution payable		-	(1,746,138)	-	(1,746,138)
Other payables and accrued expenses	7	(1,868,143)	(147,236)	(98,043)	(2,145,247)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(2,004,890)	(2,876,418)	(98,043)	(5,011,176)
Net assets attributable to holders of redeemable participating shares	13	3,465,286,201	531,717,460	190,480,690	4,249,314,346

On behalf of the Board of Directors:

Director:

Director:

Date: 27 April 2020

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

Barings Global Investment Funds 2 Plc

Statement of Financial Position

As at 31 December 2018

		Barings Global High Yield Credit Strategies Fund 31 December 2018 US\$	Barings Investment Grade CLO Fund 31 December 2018 US\$	Global Multi-Credit Strategy Fund 3 31 December 2018 GBP	Barings Global Investment Funds 2 Plc 31 December 2018 US\$
	Note				
Assets					
Financial assets at fair value through profit or loss:	12				
- Collateralised loan obligations		-	501,945,630	-	501,945,630
- Loans to subsidiaries	4	2,893,366,496	-	175,928,570	3,117,605,012
- Forward foreign exchange contracts	12	886,887	70,159	-	957,046
Receivables for shares sold		302,724	-	-	302,724
Other receivables	6	-	4,303,262	-	4,303,262
Cash and cash equivalents	3	-	706,988	-	706,988
Total assets		2,894,556,107	507,026,039	175,928,570	3,625,820,662
Liabilities					
Financial liabilities held for trading:					
- Forward foreign exchange contracts	12	(12,245,424)	(2,534,719)	-	(14,780,143)
Income distribution payable		-	(1,710,561)	-	(1,710,561)
Payable for shares repurchased		(45,696)	-	-	(45,696)
Other payables and accrued expenses	7	(1,571,822)	(138,792)	(92,253)	(1,828,200)
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		(13,862,942)	(4,384,072)	(92,253)	(18,364,600)
Net assets attributable to holders of redeemable participating shares	13	2,880,693,165	502,641,967	175,836,317	3,607,456,062

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

Barings Global Investment Funds 2 Plc

Statement of Comprehensive Income

For the financial year ended 31 December 2019

		Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
	Note				
Income					
Net change from Subsidiaries at fair value through profit or loss	2	321,382,286	-	15,718,713	341,494,833
<i>Income from investments and derivatives</i>					
- Realised gain on investments and other derivative contracts		313,588,757	82,793,426	-	396,382,183
- Realised (loss) on investments and other derivative contracts		(276,170,643)	(50,878,100)	-	(327,048,743)
- Change in unrealised gain on investments and derivative contracts		18,000,188	2,810,987	-	20,811,175
- Change in unrealised (loss) on investments and derivative contracts		12,108,677	9,280,575	-	21,389,252
- Net gain on foreign exchange		-	4,168	-	4,168
Net income		388,909,265	44,011,056	15,718,713	453,032,868
Expenses					
Investment manager fees		(17,155,989)	(1,093,700)	(921,208)	(19,428,402)
Administration and custodian fees		(1,826,365)	(296,544)	(110,121)	(2,263,813)
Operating expenses	8	(98,840)	(108,128)	(43,011)	(262,003)
Total operating expenses		(19,081,194)	(1,498,372)	(1,074,340)	(21,954,218)
Net profit before finance costs		369,828,071	42,512,684	14,644,373	431,078,650
Finance costs					
Interest expense		-	(1,819)	-	(1,819)
Distribution costs	9	(48,427,511)	(6,994,913)	-	(55,422,423)
Withholding tax		-	(11,279)	-	(11,279)
Total finance costs		(48,427,511)	(7,008,011)	-	(55,435,521)
Change in net assets attributable to holders of redeemable participating shares		321,400,560	35,504,673	14,644,373	375,643,129

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

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

Barings Global Investment Funds 2 Plc

Statement of Comprehensive Income

For the financial year ended 31 December 2018

	Note	Barings Global High Yield Credit Strategies Fund 31 December 2018 US\$	Barings Investment Grade CLO Fund 31 December 2018 US\$	Global Multi-Credit Strategy Fund 3 31 December 2018 GBP	Barings Global Investment Funds 2 Plc 31 December 2018 US\$
Income					
Net change from Subsidiaries at fair value through profit or loss	2	4,785,462	-	(3,242,282)	471,930
<i>Income from investments and derivatives</i>					
- Realised gain on investments and other derivative contracts		137,469,862	25,314,111	-	162,783,973
- Realised loss on investments and other derivative contracts		(330,150,430)	(31,216,324)	-	(361,366,754)
- Change in unrealised gain on investments and derivative contracts		(10,120,941)	(8,531,635)	-	(18,652,576)
- Change in unrealised loss on investments and derivative contracts		(12,135,675)	(17,649,555)	-	(29,785,230)
- Net loss on foreign exchange		-	168,784	-	168,784
Net (expense)/income		(210,151,722)	(31,914,619)	(3,242,282)	(246,379,873)
Expenses					
Investment manager fees		(15,865,655)	(1,057,421)	(981,637)	(18,229,046)
Administration and custodian fees		(1,685,273)	(279,687)	(91,789)	(2,087,076)
Operating expenses	8	(91,018)	(90,937)	(33,274)	(226,224)
Total operating expenses		(17,641,946)	(1,428,045)	(1,106,700)	(20,542,346)
Net profit/(loss) before finance costs		(227,793,668)	(33,342,664)	(4,348,982)	(266,922,219)
Finance costs					
Interest expense		-	(582)	-	(582)
Distribution costs	9	(31,807,955)	(6,735,198)	-	(38,543,152)
Withholding tax		-	(1,458)	-	(1,458)
Total finance costs		(31,807,955)	(6,737,238)	-	(38,545,192)
Change in net assets attributable to holders of redeemable participating shares		(259,601,623)	(40,079,902)	(4,348,982)	(305,467,411)

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

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

Barings Global Investment Funds 2 Plc

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

For the financial year ended 31 December 2019

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Net assets attributable to holders of redeemable participating shares at the beginning of the year	2,880,693,165	502,641,967	175,836,317	3,607,456,062
Change in net assets attributable to holders of redeemable participating shares	321,400,560	35,504,673	14,644,373	375,643,129
Issue of redeemable participating shares during the financial year	826,195,617	114,005	-	826,309,622
Redemption of redeemable participating shares during the financial year	(563,003,141)	(6,543,185)	-	(569,546,326)
Foreign currency translation adjustment	-	-	-	9,451,859
Net assets attributable to holders of redeemable participating shares at the end of the year	3,465,286,201	531,717,460	190,480,690	4,249,314,346

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

Barings Global Investment Funds 2 Plc

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares

For the financial year ended 31 December 2018

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

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

Barings Global Investment Funds 2 Plc

Statement of Cash Flows

For the financial year ended 31 December 2019

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Cash flows from operating activities				
Change in net assets attributable to holders of redeemable participating shares	321,400,560	35,504,673	14,644,373	375,643,129
Adjustments for:				
Net movement on financial assets	(555,037,520)	(24,188,346)	(14,650,163)	(597,971,170)
Unrealised loss on derivatives	(30,108,865)	(4,499,474)	-	(34,608,339)
Distributions	48,427,511	6,994,913	-	55,422,424
Operating cash (outflows)/inflows before movements in working capital	(215,318,314)	13,811,766	(5,790)	(201,513,956)
Movements in receivables	-	78,177	-	78,177
Movements in payables	296,321	8,444	5,790	312,173
Net cash inflows from operating activities	296,321	86,621	5,790	390,350
Financing activities				
Proceeds from issue of redeemable participating shares	825,980,902	2,682	-	825,983,584
Payments on redemptions of redeemable participating shares	(563,048,837)	(6,543,185)	-	(569,592,022)
Distributions to shareholders	(47,910,072)	(6,848,013)	-	(54,758,085)
Net cash inflows/(outflows) from financing activities	215,021,993	(13,388,516)	-	201,633,477
Net increase in cash and cash equivalents	-	509,871	-	509,871
Cash and cash equivalents at beginning of the financial year	-	706,988	-	706,988
Cash and cash equivalents at end of the financial year	-	1,216,859	-	1,216,859
Supplemental information				
Coupon received	-	22,386,114	-	22,386,114
Interest paid	-	(1,819)	-	(1,819)
Taxation paid	-	(78)	-	(78)

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

Barings Global Investment Funds 2 Plc

Statement of Cash Flows

For the financial year ended 31 December 2018

	Barings Global High Yield Credit Strategies Fund 31 December 2018 US\$	Barings Investment Grade CLO Fund 31 December 2018 US\$	Global Multi-Credit Strategy Fund 3 31 December 2018 GBP	Barings Global Investment Funds 2 Plc 31 December 2018 US\$
Cash flows from operating activities				
Change in net assets attributable to holders of redeemable participating shares	(259,601,623)	(40,079,902)	(4,348,982)	(305,467,411)
Adjustments for:				
Net movement on financial assets	(552,452,990)	(37,148,666)	4,273,894	(583,915,667)
Unrealised gains on derivatives	22,256,616	4,056,513	-	26,313,129
Distributions	31,807,955	6,735,198	-	38,543,153
Operating cash outflows before movements in working capital	(757,990,042)	(66,436,857)	(75,088)	(824,526,796)
Movements in receivables	-	(988,417)	-	(988,417)
Movements in payables	306,316	(2,121)	75,088	404,092
Net cash inflows/(outflows) from operating activities	306,316	(990,538)	75,088	(584,325)
Financing activities				
Proceeds from issue of redeemable participating shares	1,196,046,027	68,204,867	-	1,264,250,894
Payments on redemptions of redeemable participating shares	(409,108,453)	-	-	(409,108,453)
Distributions to shareholders	(29,253,848)	(6,588,363)	-	(35,842,211)
Net cash inflows from financing activities	757,683,726	61,616,504	-	819,300,230
Net decrease in cash and cash equivalents	-	(5,810,891)	-	(5,810,891)
Cash and cash equivalents at beginning of the financial year	-	6,517,879	-	6,517,879
Cash and cash equivalents at end of the financial year	-	706,988	-	706,988
Supplemental information				
Coupon received	-	19,495,520	-	19,495,520
Interest paid	-	(582)	-	(582)

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements

For the financial year ended 31 December 2019

1. Basis of measurement

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

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

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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

Except where indicated below, the Company has consistently applied the accounting policies for both periods presented in these financial statements.

These financial statements were prepared on the going concern basis.

The registered number of the Company is 529930.

2. Significant accounting policies

(a) New standards, amendments and interpretations issued and effective for the financial year beginning 1 January 2019

IFRS 16 “Leases” was issued in January 2016 and became effective for periods beginning on or after 1 January 2019. The new standard did not have any impact on the Company’s financial position, performance or disclosures in its financial statements.

IFRIC 23 “Uncertainty over Income Tax Treatments” was issued in June 2017 and became effective for periods beginning on or after 1 January 2019. It clarifies the accounting for uncertainties in income taxes which is applied to the determination of taxable profits (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments in accordance with IAS (International Accounting Standard) 12. It clarifies that the Company should consider whether tax treatments should be considered independently or collectively, whether the relevant tax authority will or will not accept each tax treatment and, the requirement to reassess its judgements and estimates if facts and circumstances change.

The adoption of IFRIC 23 had no material impact on the net assets attributable to holders of redeemable participating shares of the Funds.

There are no other standards, amendments or interpretations to existing standards issued and effective that would be expected to have a significant impact on the Company.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted

IFRS 17 “Insurance Contracts” was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts.

An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2019 and not early adopted (continued)

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

(c) Non-consolidation and inclusion of Subsidiaries at fair value

The objective of IFRS 10 “Consolidated Financial Statements” (“IFRS 10”) is to establish principles for the presentation and preparation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The amendments to IFRS 10 defined an investment entity and introduced an exemption from the consolidation requirements for investment entities. On adoption of IFRS 10, the Company determined that it met the definition of an investment entity.

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

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

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

Investment entity

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

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

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

(d) Foreign currency translation

Functional and presentation currency

The Company’s financial statements are presented in US\$ which is the functional currency (the “functional currency”).

The functional currency and presentation currency of each Fund is the currency noted in its Supplement to the Prospectus and is relevant to the stated investment strategy and results of each Fund. Items included in the individual Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”). Each Fund has adopted its functional currency as the presentation currency. The functional currencies of the Funds is GBP for Global Multi-Credit Strategy Fund 3 and US\$ for Barings Global High Yield Credit Strategies Fund and for Barings Investment Grade CLO Fund.

Transactions and balances

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

Combined totals shown in the financial statements

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

For the purposes of producing the combined totals in the Statement of Financial Position, the Statement of Financial Position of each of the individual Funds are translated to US\$ using the exchange rates as at 31 December 2019.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(d) Foreign currency translation (continued)

Combined totals shown in the financial statements (continued)

For the purpose of producing the combined totals in the Statement of Comprehensive Income and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares from the accounts of the individual Funds, average exchange rates are used. A translation adjustment arises in the combined totals due to this methodology. This adjustment does not have any impact on the Net Asset Value ("NAV") of any individual Fund. For the financial year ended 31 December 2019, this adjustment amounted to US\$9,451,859 (31 December 2018: US\$(13,370,512)).

For the purpose of producing the combined totals in the Statement of Cash Flows, the opening exchange rate is used to convert the Statement of Financial Position balances at 31 December 2018, the average exchange rate is used to convert the Statement of Comprehensive Income amounts for the financial year ended 31 December 2019 and the closing exchange rate is used to convert the Statement of Financial Position balances at 31 December 2019. A translation adjustment arises in the combined totals due to this methodology. This adjustment does not have any impact on the cash flows of any individual Fund. For the financial year ended 31 December 2019, this adjustment amounted to US\$Nil (31 December 2018: US\$Nil).

(e) Financial assets and financial liabilities

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

(a) Classification of financial assets

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

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

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

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

Business model assessment

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

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

(a) Classification of financial assets (continued)

Business model assessment (continued)

The Company has determined that it has two business models:

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

Assessment whether contractual cash flows are SPPI

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

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

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

FVTPL under IFRS 10

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

Reclassifications

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

(b) Subsequent measurement of financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses and foreign exchange gains and losses are recognised in profit or loss in the Statement of Comprehensive Income.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, if any, would be recognised in 'Interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'net gain/loss on foreign exchange' and impairment would be recognised in 'impairment losses on financial instruments' in the Statement of Comprehensive Income. Any gain or loss on derecognition is also recognised in profit or loss.

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

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

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

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

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

Financial liabilities at FVTPL:

- Held-for-trading: derivative financial instruments

Financial liabilities at amortised cost:

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

(iii) Fair value measurement principles

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

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

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

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

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

(iv) Amortised cost measurement principles

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

(v) Impairment

IFRS 9 requires an impairment assessment to be carried out on its financial assets at amortised cost. The Directors consider the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

(vi) Derecognition

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

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

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

(vii) Collateralised Loan Obligations ("CLO")

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(e) Financial assets and financial liabilities (continued)

(viii) Forward foreign exchange contracts

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

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

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

(ix) Investment funds

Collective investment schemes which are traded in active markets are valued using quoted market prices at the Statement of Financial Position date. Investment funds which are not publicly traded are normally valued at the underlying unaudited NAV as advised by the managers or administrators of these Investment Funds, unless the Company is aware of good reasons why such a valuation would not be the most appropriate indicator of fair value.

(x) Cash and cash equivalents

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

(f) Coupon income

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

(g) Interest income and expense

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

(h) Expenses

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

(i) Taxation

The Company is an investment undertaking within the meaning of Section 739B of the Taxes Consolidation Act, 1997 and therefore is not chargeable to Irish tax on its relevant income or relevant gains other than on the occurrence of a chargeable event. The Company is resident for tax purposes in Ireland as it is centrally managed and controlled in Ireland.

Distributions of income and capital gains and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries.

Tax may arise for the Company ("Appropriate Tax") on the happening of a "Chargeable Event" in the Company. A Chargeable Event includes any payments to shareholders by the Company in respect of their shares or any encashment, redemption, cancellation or transfer of shares. On the happening of a Chargeable Event, the Company will deduct the Appropriate Tax on any payment made to the shareholder in respect of the Chargeable Event. On the occurrence of a Chargeable Event where no payment is made, the Company may appropriate or cancel the required number of shares to meet the tax liability.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(i) Taxation (continued)

A Chargeable Event also includes a deemed disposal by a shareholder of their shares at the end of a “relevant period”. A relevant period means a period of eight years beginning with the acquisition of the shares and each subsequent period of eight years beginning immediately after the preceding relevant period.

The Prospectus, dated 15 November 2019, provides a more detailed description of the taxation provisions relating to the Company.

In accounting for uncertainties in income tax, the Investment Manager applies a policy which is based upon the probability and materiality of a tax liability or refund crystallising if the manager were to realise all assets and wind up the fund T+0. The principals of our policy are detailed below.

- If there is a high probability of a tax position arising which represents a material value or devaluation of the investors interest then the manager will accrue for this in the balance sheet.
- If there is a low probability of a tax position arising, but the position would have a material effect on the value of the investors interests , the manager will provide a disclosure in the financial statements so as to ensure that investors are aware of the value at risk to their investment.
- If there is a low probability of a tax position arising and the position would not have a material effect on the value of the investors interests then the manager will not accrue for this in the balance sheet or make a disclosure in the financial statements.

(j) Redeemable participating shares

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

(k) Swing pricing

Swing pricing is applied to a Fund once net subscriptions or redemptions for a Fund relating to a Fund’s NAV for a given dealing day is determined by the Administrator to exceed certain predetermined percentage thresholds. In calculating the swing pricing, the NAV of a Fund is swung by a “swing factor”, the Directors may, in respect of net redemptions, adjust downward the NAV per Share and may also, in respect of net subscriptions, adjust upward the NAV per Share.

In addition, the calculation of such prices and the amount of such adjustment may take into account any provision for the estimated market spreads, duties and charges and other dealing costs related to the adjustment or disposal of investments and to preserve the value of the underlying assets of the relevant Fund. The Directors’ intention is only to exercise this discretion to preserve the value of the holdings of the continuing Shareholders in the event of substantial or recurring net redemptions or subscriptions of Shares in the relevant Fund.

If the NAV of a Fund is swung on a specific dealing day the official price for a Fund will be the derived swing price. In addition, all dealing activity for this dealing day will be dealt at the swing price. Swing pricing applied to a Fund during the financial year is recognised within the share transactions figure on the Statement of Changes in Net Assets Attributable to Redeemable Participating Shares.

Swing pricing is applicable to the following Funds effective from 15 November 2019:

Barings Global High Yield Credit Strategies Fund
Barings Investment Grade CLO Fund

Details of swing pricing during the year are disclosed in Note 5.

(l) Anti-dilution levy

An anti-dilution levy is applied to a Fund on any dealing day where there are net subscriptions or net redemptions, the Directors may determine to add or deduct, as appropriate an anti-dilution levy to or from the subscription or redemption amount on that dealing day in order to cover dealing costs and to preserve the value of the underlying assets of the Fund for existing shareholders.

(m) Duties and charges

Duties and charges is applied to a Fund on any dealing day where there are subscriptions, the Directors may determine to require an applicant to pay to the Company any duties and charges in addition to the subscription amount on that dealing day in order to cover dealing costs such as bid-offer spreads and to preserve the value of the underlying assets of the Fund for existing shareholders.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(n) Distribution policy

Both Distribution Tranche Shares and Accumulation Tranche Shares are available in respect of each Fund.

Distribution Tranche Shares

The Company intends to declare dividends out of the net investment income and, at the discretion of the Directors, net realised and unrealised capital gains of each Fund attributable to the Distribution Tranche Shares, on or about the last day of each calendar quarter. At the discretion of the Directors, dividends may also be declared out of the capital of the relevant Fund for the purposes of income equalisation.

The Funds operates income equalisation in relation to the Distribution Tranche Shares. A Shareholder who has purchased Distribution Tranche Shares during a distribution period will receive a dividend made up of (a) income which has accrued from the date of purchase; and (b) capital which represents the return of the equalisation element calculated by the Administrator on behalf of the Funds. The effect is that income is distributed to Shareholders in proportion to the duration of their ownership of the Distribution Tranche Shares in the relevant distribution period. Such dividends will generally be paid to the Shareholders of Distribution Tranche Shares of record of the relevant Fund within 10 Business Days thereof.

Each dividend declared by a Fund on the outstanding Shares of the Fund will, at the election of each Shareholder, be paid in cash or in additional shares of the Fund. This election should initially be made on a Shareholder's account opening form and may be changed upon written notice to the Fund at any time prior to the record date for a particular dividend or distribution. If no election is made, all dividend distributions will be paid in the form of additional shares. Such reinvestment will be made at the NAV per Share of the Fund as of the dividend reinvestment day.

Upon the declaration of any dividends to the holders of shares of the Funds, the NAV per share of the Distribution Tranche Shares of the Funds will be reduced by the amount of such dividends. Payment of the dividends shall be made as indicated on a Shareholder's account opening form, as amended from time to time, to the address or account indicated on the register of Shareholders.

Any dividend paid on a share of the Fund that has not been claimed within six years of its declaration shall be forfeited and shall be paid for the benefit of the Fund. No interest shall be paid on any dividend.

Accumulation Tranche Shares

The Directors do not currently intend to declare any dividends in respect of the Accumulation Tranche Shares. Accordingly, net investment income on a Fund's investments attributable to the Accumulation Tranche Shares is expected to be retained by the Fund, which will result in an increase in the NAV per share of the Accumulation Tranche Shares.

The Directors nevertheless retain the right to declare dividends in respect of such net investment income on a Fund's investments attributable to the Accumulation Tranche Shares in their sole discretion. In the event that the Directors determine to declare dividends in respect of the Accumulation Tranche Shares in a Fund, Shareholders will be notified in advance of any such change in the dividend policy (including the date by which dividends will be paid and the method by which dividends will be paid) and full details will be disclosed in an updated Prospectus or Supplement.

The Company may declare dividends out of the net investment income and, at the discretion of the Directors, net realised and unrealised capital gains of the Funds attributable to the distribution classes on or about the last day of each calendar quarter, as detailed, where applicable, in the relevant Supplement to the Prospectus.

The distributions on the redeemable participating shares is recognised as a finance cost in the Statement of Comprehensive Income. Details of distributions paid during the financial year are disclosed in Note 9.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(o) Revolving Credit Facility

There is a revolving credit facility in place between the Company, on behalf of Barings Global High Yield Credit Strategies Fund, its Subsidiary and State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited. Under this agreement credit facilities may from time to time be made available by State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited to the Subsidiary. This is a limited recourse agreement, with recourse being limited to the assets of the Funds' Subsidiary.

There are also security deeds in place between the Subsidiary and State Street Bank and Trust Company, RBC Bank, ScotiaBank and National Australia Bank Limited whereby the Fund acts as Guarantor for any credit facilities extended. On 4 December 2019, the credit facility was renewed for one year. As at 31 December 2019, there was no amount outstanding on this credit facility (31 December 2018: no amount outstanding). Lines were not drawn through 2019. Interest expense on this facility is accounted for on an effective interest rate basis and is included within finance costs on the Statement of Comprehensive Income.

3. Cash and cash equivalents

The cash and cash equivalents are held with the Custodian, State Street Custodial Services (Ireland) Limited. State Street Corporation, the parent company of the Custodian, had a Standard & Poors' credit rating of A as at 31 December 2019 (31 December 2018: A). As at 31 December 2019, the Company held US\$1,216,859 in cash and cash equivalents (31 December 2018: US\$706,988).

4. Subsidiary

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

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

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

5. Subscriber and redeemable participating shares

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

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

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

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

The rights attaching to the redeemable participating shares are as follows:

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

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

The ownership of Funds is concentrated, with a small number of investors holding significant shareholdings. As a result, a redemption request by a significant shareholder may have a significant impact on the liquidity of the Company and its ability to continue as a going concern. See Note 12, Liquidity Risk, for details of how this risk is mitigated.

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

5. Subscriber and redeemable participating shares (continued)

Swing pricing

Please see Note 2 (k) for details of the Company's swing pricing policy. Swing pricing is applicable to the following Funds effective from 15 November 2019:

Barings Global High Yield Credit Strategies Fund
Barings Investment Grade CLO Fund

As at 31 December 2019, no swing pricing was applied to the Funds.

Anti-dilution levy

Please see Note 2(l) for details of the Company's anti-dilution levy. Anti-dilution levy is applicable to the following Funds:

Barings Global High Yield Credit Strategies (up to 15 November 2019)
Barings Investment Grade CLO Fund

Duties and charges

Please see Note 2 (m) for details of the Company's duties and charges policy. Duties and charges applied to Barings Investment Grade CLO Fund up to 15 November 2019.

The movement in the number of redeemable participating shares for the financial year ended as at 31 December 2019 is as follows:

Barings Global High Yield Credit Strategies Fund	Balance at 1 January 2019	Issued	Redeemed	Balance at 31 December 2019
Class A GBP Accumulation	1,519,397.71	-	(95,854.90)	1,423,542.81
Class A GBP Distribution	377,331.19	-	(30,779.48)	346,551.71
Class B GBP Accumulation	8,554,291.57	170,249.76	(1,444,920.69)	7,279,620.64
Class B GBP Distribution	2,932,506.63	3,167,031.63	-	6,099,538.26
Class B USD Accumulation	1,038,488.54	1,894,946.67	(1,038,488.53)	1,894,946.68
Class C CAD Accumulation	190,000.00	-	-	190,000.00
Class C GBP Accumulation	1,602,589.60	427,169.27	(536,210.68)	1,493,548.19
Class C GBP Distribution	2,813,197.52	820,770.66	(135,338.83)	3,498,629.35
Class C USD Accumulation	150,000.00	-	-	150,000.00
Class C USD Distribution	1,092,854.02	-	(789,328.02)	303,526.00
Class D CAD Accumulation	1,000.00	-	-	1,000.00
Class D EUR Accumulation	12,410.25	4,339.90	(16,217.90)	532.25
Class D EUR Distribution	3,000.00	-	-	3,000.00
Class D GBP Accumulation	51,098.59	17,943.35	-	69,041.94
Class D GBP Distribution	21,500.00	69,077.94	-	90,577.94
Class D NOK Accumulation	1,292,354.95	25,988.67	(154,501.63)	1,163,841.99
Class D USD Accumulation	96,769.19	4,011.61	(56,333.53)	44,447.27
Class D USD Distribution	147,043.21	5,166.28	(13,139.87)	139,069.62
Class E EUR Distribution	2,989.65	-	(900.00)	2,089.65
Class E USD Accumulation*	84,410.94	-	(84,410.94)	-
Class E USD Distribution	25,405.60	88,924.54	(91,870.59)	22,459.55
Class F GBP Accumulation	10,164.82	-	-	10,164.82
Class F USD Accumulation	15,338.95	-	-	15,338.95
Class G USD Distribution	217,129.12	-	(20,870.00)	196,259.12
Class S USD Accumulation	44.16	-	-	44.16

*This share class terminated during financial year ended 31 December 2019.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

5. Subscriber and redeemable participating shares (continued)

Barings Investment Grade CLO Fund	Balance at 1 January 2019	Issued	Redeemed	Balance at 31 December 2019
Class A GBP Accumulation	1,649,778.75	-	-	1,649,778.75
Class A GBP Distribution	1,936,280.51	-	-	1,936,280.51
Class A USD Accumulation	4,875.34	10.16	-	4,885.50
Class C GBP Distribution	293,500.00	-	-	293,500.00
Class D CAD Accumulation	2,000.00	-	-	2,000.00
Class D EUR Accumulation	500.00	-	-	500.00
Class D NOK Accumulation	27,000.00	-	-	27,000.00
Class D USD Accumulation	23,806.40	-	(19,310.35)	4,496.05
Class D USD Accumulation	72,462.06	1,087.54	(42,405.08)	31,144.52

Global Multi-Credit Strategy Fund 3	Balance at 1 January 2019	Issued	Redeemed	Balance at 31 December 2019
Class T GBP Accumulation	1,484,543.08	-	-	1,484,543.08

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

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

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

5. Subscriber and redeemable participating shares (continued)

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

6. Other receivables

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Coupon receivable	-	4,225,085	-	4,225,085
	-	4,225,085	-	4,225,085
	-	4,302,956	-	4,302,956
Other receivables	-	306	-	306
	-	4,303,262	-	4,303,262

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

7. Other payables and accrued expenses

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Management and distributor fee payable	(1,620,298)	(96,600)	(81,889)	(1,825,368)
Administration and custodian fee payable	(173,737)	(24,648)	(6,466)	(206,950)
Directors' fee payable	(180)	(297)	(139)	(661)
Audit and tax reporting fee payable	(2,799)	(5,512)	-	(8,311)
Miscellaneous payable	(71,129)	(20,179)	(9,549)	(103,957)
	(1,868,143)	(147,236)	(98,043)	(2,145,247)

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

7. Other payables and accrued expenses (continued)

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

8. Operating expenses

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Global Multi-Credit Strategy Fund 3 31 December 2019 GBP	Barings Global Investment Funds 2 Plc 31 December 2019 US\$
Audit and tax reporting fees	(35,534)	(30,599)	(2,023)	(68,728)
Professional fees	(36,864)	(23,226)	(8,630)	(71,133)
Directors' fees	(5,030)	(5,030)	(3,932)	(15,091)
Other operating expenses	(21,412)	(49,273)	(28,426)	(107,051)
Total expenses	<u>(98,840)</u>	<u>(108,128)</u>	<u>(43,011)</u>	<u>(262,003)</u>

	Barings Global High Yield Credit Strategies Fund 31 December 2018 US\$	Barings Investment Grade CLO Fund 31 December 2018 US\$	Global Multi-Credit Strategy Fund 3 31 December 2018 GBP	Barings Global Investment Funds 2 Plc 31 December 2018 US\$
Audit and tax reporting fees	(12,391)	(37,529)	(2,646)	(53,440)
Professional fees	(55,439)	(21,387)	-	(76,826)
Directors' fees	(3,956)	(3,956)	(2,821)	(11,665)
Other operating expenses	(19,232)	(28,065)	(27,807)	(84,293)
Total expenses	<u>(91,018)</u>	<u>(90,937)</u>	<u>(33,274)</u>	<u>(226,224)</u>

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

9. Distribution costs

The following distributions were declared during the financial year ended 31 December 2019 and 31 December 2018.

Barings Global High Yield Credit Strategies Fund

	31 December 2018*		31 March 2019		30 June 2019		30 September 2019		Total Value US\$
	Value	Per	Value	Per	Value	Per	Value	Per	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Class A GBP Distribution	513,358	1.36	521,648	1.38	501,321	1.38	407,403	1.18	1,943,730
Class B GBP Distribution	4,211,648	1.44	4,282,237	1.46	5,335,877	1.45	7,366,287	1.24	21,196,049
Class C GBP Distribution	4,233,490	1.50	4,315,837	1.53	4,304,228	1.52	4,254,914	1.29	17,108,469
Class C USD Distribution	1,704,940	1.56	1,710,380	1.57	1,757,876	1.61	449,203	1.48	5,622,399
Class D EUR Distribution	2,701	0.90	2,533	0.84	2,612	0.87	1,966	0.66	9,812
Class D GBP Distribution	28,903	1.34	61,740	1.37	105,821	1.36	89,514	1.15	285,978
Class D USD Distribution	225,049	1.53	224,821	1.54	215,453	1.58	199,801	1.45	865,124
Class E EUR Distribution	2,320	0.78	2,174	0.73	2,235	0.75	1,606	0.54	8,335
Class E USD Distribution	34,554	1.36	153,792	1.37	149,830	1.41	32,083	1.28	370,259
Class G USD Distribution	264,956	1.22	257,357	1.23	264,201	1.27	230,842	1.14	1,017,356
	<u>11,221,919</u>		<u>11,532,519</u>		<u>12,639,454</u>		<u>13,033,619</u>		<u>48,427,511</u>

* Dividends were paid 15 January 2019.

Barings Investment Grade CLO Fund

	31 March 2019		30 June 2019		30 September 2019		31 December 2019*		Total Value US\$
	Value	Per	Value	Per	Value	Per	Value	Per	
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
Class A GBP Distribution	1,581,050	0.82	1,518,784	0.78	1,346,848	0.70	1,496,232	0.77	5,942,914
Class C GBP Distribution	233,763	0.80	224,362	0.76	198,553	0.68	220,778	0.75	877,456
Class D USD Distribution	79,105	1.09	33,653	1.10	32,658	1.06	29,127	0.94	174,543
	<u>1,893,918</u>		<u>1,776,799</u>		<u>1,578,059</u>		<u>1,746,137</u>		<u>6,994,913</u>

*Distributions were paid 15 January 2020.

Barings Global High Yield Credit Strategies Fund

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

* Dividends were paid 12 January 2018.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

9. Distribution costs (continued)

Barings Investment Grade CLO Fund

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

* Dividends were paid 15 January 2019.

10. Significant Agreements and fees

Investment Manager

To implement the investment strategies as specified in the Prospectus and the Supplements, the Funds have appointed Barings LLC as Investment Manager and Baring International Investment Limited as Sub-Investment Manager. Barings LLC is an investment management company incorporated in the United States and is registered with the Securities Exchange Commission ("SEC") as an investment advisor. Barings LLC is an indirect subsidiary of Massachusetts Mutual Life Insurance Company and a member of the MassMutual Financial Group. The Investment Manager will pay the fees of the Sub-Investment Manager a fee out of its management fee.

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

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

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

Investment Manager fees of US\$19,428,402 (31 December 2018: US\$18,229,046) have been charged for the financial year ended 31 December 2019, of which US\$1,825,368 (31 December 2018: US\$1,541,870) was still outstanding as at 31 December 2019.

Distributors

The Company has appointed Barings (U.K.) Limited, Barings Australia Pty Limited, Barings Securities LLC, Baring Asset Management Limited, Baring International Fund Managers (Ireland) Limited, Baring SICE (Taiwan) Limited, Baring France SAS, Baring Asset Management GmbH, Baring Asset Management Switzerland S.a.r.l., Baring Asset Management (Japan) Limited and Baring Asset Management (Asia) Limited as Distributors.

There were no Distributor fees for the financial year ended 31 December 2019 (31 December 2018: Nil).

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

10. Significant Agreements and fees (continued)

Administration, Custodian and operating fees

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

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

In the event that such eligible fees and expenses exceed the stated limit per annum of the NAV of the Funds in respect of any period, the Investment Manager has agreed to waive a portion of its investment management fee as is equal to the excess (fund reimbursement). The Investment Manager at its discretion may, in consideration for agreeing to this waiver, in the event that the amount of such eligible fees and expenses actually incurred during a period is less than the stated limits per annum of the NAV of the Funds, the Funds will pay the Investment Manager the difference between the amount of the fees and expenses actually incurred and the stated limits per annum of the NAV of the Funds (administration cap).

Administration and Custodian fees of US\$2,263,813 (31 December 2018: US\$2,087,076) have been charged for the financial year ended 31 December 2019, of which US\$206,950 (31 December 2018: US\$181,808) was still outstanding as at 31 December 2019.

Directors' fees

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

Audit and tax reporting fees

The tables below provide a breakdown of the total fee (inclusive of out of pocket expenses) accrued to the statutory auditor during the financial year ended 31 December 2019 and 31 December 2018.

	Company Total Year ended 31 December 2019 US\$	Company Total Year ended 31 December 2018 US\$
Auditor's fees:		
Statutory audit fee	(59,553)	(52,381)
Tax advisory services	(4,415)	(1,059)
Total fee accrued to statutory auditor	<u>(63,968)</u>	<u>(53,440)</u>

The above audit fees are exclusive of VAT.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

11. Related party transactions

Relationship between Parent and Subsidiary

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

The Company, on behalf of Barings Global High Yield Credit Strategies Fund and Global Multi-Credit Strategy Fund 3 has loan agreements in place with the Subsidiaries. See Note 4 for further details. At 31 December 2019, Barings Global High Yield Credit Strategies Fund had a loan to subsidiary of US\$3,448,404,016 (31 December 2018: US\$2,893,366,496) and Global Multi-Credit Strategy Fund 3 had a loan to subsidiary of GBP190,578,733 (31 December 2018: GBP175,928,570).

Investment by Investment Manager and Sub-Investment Manager

Barings (U.K.) Limited held 100% (31 December 2018: 100%) of the Class F GBP Accumulation of Barings Global High Yield Credit Strategies Fund, representing 0.05% (31 December 2018: 0.05%) of the NAV of the Fund.

Barings LLC, held 100% (31 December 2018: 100%) of the Class F USD Accumulation of Barings Global High Yield Credit Strategies Fund, representing 0.06% (31 December 2018: 0.07%) of the NAV of the Fund.

Barings LLC, held 100% (31 December 2018: 100%) of the Class S USD Accumulation of Barings Global High Yield Credit Strategies Fund, representing 0.00% (31 December 2018: 0.00%) of the NAV of the Fund.

Barings LLC, held 100% (31 December 2018: 100%) of the Class A USD Accumulation of Barings Investment Grade CLO Fund, representing 0.11% (31 December 2018: 0.11%) of the NAV of the Fund.

Baring International Investment Limited and Barings LLC each own one subscriber share in the Company.

Directors' relationships

Mr. Julian Swayne is an employee of Baring Asset Management Limited, a distributor for the Company. Mr. Peter Clark is an employee of Barings (U.K.) Limited. Mr. Timothy Schulze is an employee of Barings LLC, the Investment Manager. Mr. Alan Behen and Mr. Paul Smyth are employees of Barings International Fund Managers (Ireland) Limited, a distributor for the Company. Mr. Alan Behen and Mr. Paul Smyth are also Directors of the Subsidiaries.

Employees

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

Transactions

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

Trade details during the financial year ended 31 December 2019

	Purchases Trade Value	Sales Trade Value
Barings Global High Yield Credit Strategies Fund	97,499	3,203,281

Trade details during the financial year ended 31 December 2018

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks

In accordance with IFRS 7 Financial Instruments: Disclosure, this note details the way in which the Company manages risks associated with the use of financial instruments.

The Funds of the Company are exposed to a variety of financial risks in pursuing their stated investment objectives and policies. These risks include, but are not limited to, credit risk, liquidity risk and market risk (which in turn includes foreign currency risk, interest rate risk and market price risk). The Funds assume exposure to these risks to generate investment returns on their portfolios, although these risks can also potentially result in a reduction in the Funds' net assets.

At 31 December 2019, the Company had three active Funds, Barings Global High Yield Credit Strategies Fund, Barings Investment Grade CLO Fund and Global Multi-Credit Strategy Fund 3. All of the assets (except for forward foreign exchange contracts, if held at the year end) of Barings Global High Yield Credit Strategies Fund and of Global Multi-Credit Strategy Fund 3 were held by a wholly owned subsidiary. Since the Funds control the Subsidiaries all of the risks affecting the Subsidiaries are transferred to the Funds. For a detailed review of the financial instruments and associated risks of the investments held by the Subsidiaries, please refer to the audited financial statements of the Subsidiaries which are attached in the Appendix to this report.

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

The risks faced by the Funds are also transferred to the Company.

The Funds are managed by Barings LLC and Baring International Investment Limited.

Market risk

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

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

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

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

Foreign currency risk

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

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

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

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

The Funds have issued non-base currency share classes, as disclosed in Note 5. The foreign currency risk that exists to investors in these non base currency share classes is mitigated by a share class hedging programme. Forward foreign exchange contracts are outlined in the Schedule of Investments.

Global Multi-Credit Strategy Fund 3 is not exposed to material foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2019 and 31 December 2018.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Foreign currency risk (continued)

The following table sets out the shareholders' total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities as at 31 December 2019. Foreign currency risk that exists at a subsidiary level is hedged by forward foreign exchange contracts eliminating all material foreign currency risk that could impact the fair value of the investments.

Barings Global High Yield Credit Strategies Fund

	Financial assets and liabilities at fair value through profit or loss US\$	Cash and cash equivalents US\$	Other assets and liabilities* US\$	Forward foreign exchange contracts** US\$	Net exposure US\$	% of Exposure
CAD	-	-	(15,934,116)	15,883,528	(50,588)	0.00
EUR	-	-	(632,688)	630,105	(2,583)	0.00
GBP	-	-	(3,139,295,690)	3,125,794,639	(13,501,051)	(0.39)
NOK	-	-	(14,673,277)	14,609,459	(63,818)	0.00

Barings Investment Grade CLO Fund

	Financial assets and liabilities at fair value through profit or loss US\$	Cash and cash equivalents US\$	Other assets and liabilities* US\$	Forward foreign exchange contracts** US\$	Net exposure US\$	% of Exposure
CAD	-	-	(165,097)	164,534	(563)	0.00
EUR	88,365,005	17,006	453,329	(89,132,266)	(296,926)	(0.06)
GBP	-	1	(526,940,990)	526,870,790	(70,199)	(0.01)
NOK	-	-	(324,448)	323,366	(1,082)	0.00

*Other assets and liabilities is comprised mainly of trade payables, trade receivables and liabilities to holders of redeemable participating shares.

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

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

Barings Global High Yield Credit Strategies Fund

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Foreign currency risk (continued)

Barings Investment Grade CLO Fund

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

*Other assets and liabilities is comprised mainly of trade payables, trade receivables and liabilities to holders of redeemable participating shares.

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

Sensitivity analysis

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

At 31 December 2019 and 31 December 2018, had the exchange rate increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in the value of the net assets attributable to holders of redeemable participating shares would be as follows:

	Barings Global High Yield Credit Strategies Fund 31 December 2019 US\$	Barings Investment Grade CLO Fund 31 December 2019 US\$	Barings Global High Yield Credit Strategies Fund 31 December 2018 US\$	Barings Investment Grade CLO Fund 31 December 2018 US\$
CAD	(2,529)	(28)	1,838	(2)
EUR	(129)	(14,846)	282	(66,769)
GBP	(675,053)	(3,510)	279,820	(8,623)
NOK	(3,191)	(54)	1,840	7

Interest rate risk

This risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This risk arises on financial instruments whose fair value or future cash flows are affected by changes in interest rates.

Interest rate risks are managed by the Investment Managers, whose management of interest rate risk is monitored through regular performance reviews with senior managers as well as through monthly peer reviews of the Funds' positioning held with senior managers.

The majority of Barings Global High Yield Credit Strategies Fund investments and of Global Multi-Credit Strategy Fund 3 are held by wholly owned Subsidiaries, therefore, the associated risks of the Subsidiaries are currently substantially the same as the risks associated with the Funds. For a detailed review of the financial instruments and associated risks of the investment in the Subsidiaries, please refer to the audited financial statements of the Subsidiaries which are attached in the Appendix to these financial statements.

Barings Investment Grade CLO Fund is exposed to interest rate risk on the loans held and on a look-through basis to the underlying assets in the CLOs.

All other financial assets and financial liabilities held by the Funds, with the exception of cash at bank balances and overdrawn cash, are not directly exposed to interest rate risk. The Funds are exposed to interest rate risk on the interest earned on their cash.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Interest rate risk (continued)

The following tables detail the Fund's exposure to interest rate risks. They include the Fund's assets and trading liabilities at fair value categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2019 and at 31 December 2018:

31 December 2019

Barings Investment Grade CLO Fund	Within 1 year US\$	1-5 years US\$	Greater than 5 years US\$	Non-interest bearing US\$	Total US\$
Assets					
Financial Assets at fair value through profit or loss:					
- Collateralised loan obligations	-	-	502,154,152	-	502,154,152
- Short Term Investments	23,979,824	-	-	-	23,979,824
- Forward foreign exchange contracts	-	-	-	3,017,958	3,017,958
Amortised cost:					
Other receivables	-	-	-	4,225,085	4,225,085
Cash and cash equivalents	1,216,859	-	-	-	1,216,859
Total assets	25,196,683	-	502,154,152	7,243,043	534,593,878
Liabilities					
Financial liabilities held for trading:					
- Forward foreign exchange contracts	-	-	-	(983,044)	(983,044)
Amortised cost:					
- Income distribution payable	-	-	-	(1,746,138)	(1,746,138)
- Other payables and accrued expenses	-	-	-	(147,236)	(147,236)
Total liabilities	-	-	-	(2,876,418)	(2,876,418)
Total interest sensitivity gap	25,196,683	-	502,154,152		

31 December 2018

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Interest rate risk (continued)

Interest rate sensitivity

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

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

Based on the relevant portfolio's composition as at 31 December 2019, the corresponding increase/(decrease) in change in net assets attributable to holders of redeemable participating shares, from an increase/(decrease) in average interest rates would be as follows:

Barings Investment Grade CLO Fund

Interest rate change %	% Effect of NAV 31 December 2019	Interest rate change %	% Effect of NAV 31 December 2019
-0.50	+0.06	+0.50	(0.06)
-0.75	+0.09	+0.75	(0.09)
-1.00	+0.13	+1.00	(0.13)

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

Barings Investment Grade CLO Fund

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

Price risk

Market price risk is defined as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices. The majority of the Funds' financial instruments are carried at fair value on the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

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

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

In accordance with the Funds' policies, the Investment Managers monitor the Funds' positions on a daily basis and reports regularly to the Board of Directors, which reviews the information on the Funds' overall market exposures provided by the Investment Managers at its periodic meetings.

The Investment Managers use three techniques to help in the risk management process: monitoring of compliance and quantitative limits, prevention of limit breaches and trade monitoring. These techniques allow the Investment Managers to ensure that the Funds remain in compliance with the restrictions in the Prospectus.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Price risk (continued)

In addition, the Investment Managers manage the exposure of the portfolio to the risk of adverse changes in the general level of market prices through adhering to its formal risk management process, which includes the use of systems and technology to monitor overall market and position risk on a daily basis. The maximum risk arising from an investment (except for derivatives) is determined by the fair value of the financial instruments. The overall market exposures and concentration of risk can be seen in the Schedule of Investments and the Statement of Financial Position of each Fund.

Sensitivity analysis

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

A 5% increase in investment prices at 31 December 2019, would have increased the value of investments at fair value through profit or loss by US\$210,149,936 (31 December 2018: US\$181,080,394).

Credit risk

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

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

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

Fund	31 December 2019	31 December 2018
Barings Investment Grade CLO Fund	15.21%	16.41%

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

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

As at 31 December 2019, Barings Global High Yield Credit Strategies Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	National Australia Bank Limited	9,769,310	-	-	-	9,769,310
Forward foreign exchange contracts	State Street Bank	9,117,765	(136,747)	-	-	8,981,018
		18,887,075	(136,747)	-	-	18,750,328

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Credit risk (continued)

As at 31 December 2019, Barings Global High Yield Credit Strategies Fund's derivative assets and liabilities are as follows: (continued)

Description	Counterparty	Value of derivative liabilities US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(136,747)	136,747	-	-	-
		<u>(136,747)</u>	<u>136,747</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	886,887	(886,887)	-	-	-
		<u>886,887</u>	<u>(886,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

As at 31 December 2019, Barings Investment Grade CLO Fund's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	3,017,958	(983,044)	-	-	2,034,914
		<u>3,017,958</u>	<u>(983,044)</u>	<u>-</u>	<u>-</u>	<u>2,034,914</u>

Description	Counterparty	Value of derivative liabilities US\$	Financial Instrument US\$	Collateral received US\$	Collateral pledged US\$	Net US\$
Forward foreign exchange contracts	State Street Bank	(983,044)	983,044	-	-	-
		<u>(983,044)</u>	<u>983,044</u>	<u>-</u>	<u>-</u>	<u>-</u>

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Credit risk (continued)

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

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

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

Barings Investment Grade CLO Fund's financial assets exposed to credit risk were concentrated in the following geographical areas as at 31 December 2019 and 31 December 2018:

	% of Market Value 31 December 2019	% of Market Value 31 December 2018
Ireland	12.42	9.22
Netherlands	4.36	5.16
Supra National*	0.81	0.91
United States	82.41	84.71
Total	100.00	100.00

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

At 31 December 2019 and 31 December 2018, Barings Investment Grade CLO Fund held investments with the following publically quoted credit ratings:

	% of Market Value 31 December 2019	% of Market Value 31 December 2018
A2	35.87	39.09
Aa2	23.10	22.06
Aaa	10.91	10.43
Baa1	0.30	0.50
Baa2	2.76	3.89
Baa3	27.06	23.05
BBB	-	0.98
Total	100.00	100.00

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Credit risk (continued)

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

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

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

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

At 31 December 2019 and 31 December 2018, Barings Investment Grade CLO Funds' CLO's consisted of the following:

	31 December 2019	31 December 2018
	US\$	US\$
Senior CLO's	170,723,522	175,770,238
Mezzanine CLO's	331,430,630	326,175,392
Total	502,154,152	501,945,630

As at 31 December 2019, the Company's financial assets exposed to credit risk are as follows:

	Barings Global High Yield Credit Strategies Fund US\$	Barings Investment Grade CLO Fund US\$	Global Multi-Credit Strategy Fund 3 GBP
Loan to Subsidiary	3,448,404,016	-	190,578,733
Collateralised loan obligations	-	502,154,152	-
Short Term Investments	-	23,979,824	-
Forward foreign exchange contracts	18,887,075	3,017,958	-
Other receivables	-	4,225,085	-
Cash and cash equivalents	-	1,216,859	-
Total	3,467,291,091	534,593,878	190,578,733

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Credit risk (continued)

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

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

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

Substantially all of the assets of the Funds (including cash) are held by the Custodian, State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Custodian may cause the Funds' rights with respect to securities held by the Custodian to be delayed or limited. The Funds monitor their risk by monitoring the credit quality and financial positions of the Custodian the Funds use. The long-term credit rating of the parent company of the Custodian, State Street Corporation as at 31 December 2019 was A (31 December 2018: A). The Funds' assets and cash are maintained within the Custodian's custodial network in segregated accounts. The Custodian will ensure that any agent it appoints to assist in safekeeping the assets of the Funds will segregate these assets. Thus in the event of insolvency or bankruptcy of the Custodian, the Funds' assets are segregated and protected and this further reduces counterparty risk.

Liquidity risk

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

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

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

As at 31 December 2019, the Company's financial liabilities are as follows:

Barings Global High Yield Credit Strategies Fund Liabilities	Less than 1 month US\$	1-3 months US\$	Greater than 3 months US\$	Total US\$
Forward foreign exchange contracts	(136,747)	-	-	(136,747)
Other payables and accrued expenses	(1,868,143)	-	-	(1,868,143)
Net assets attributable to holders of redeemable participating shares	-	(3,465,286,201)	-	(3,465,286,201)
	<u>(2,004,890)</u>	<u>(3,465,286,201)</u>	<u>-</u>	<u>(3,467,291,091)</u>

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Liquidity risk (continued)

Barings Investment Grade CLO Fund Liabilities	Less than 1 month US\$	1-3 months US\$	Greater than 3 months US\$	Total US\$
Forward foreign exchange contracts	(983,044)	-	-	(983,044)
Income distribution payable	(1,746,138)	-	-	(1,746,138)
Other payables and accrued expenses	(147,236)	-	-	(147,236)
Net assets attributable to holders of redeemable participating shares	-	(531,717,460)	-	(531,717,460)
	<u>(2,876,418)</u>	<u>(531,717,460)</u>	<u>-</u>	<u>(534,593,878)</u>

Global Multi-Credit Strategy Fund 3 Liabilities	Less than 1 month GBP	1-3 months GBP	Greater than 3 months GBP	Total GBP
Other payables and accrued expenses	(98,043)	-	-	(98,043)
Net assets attributable to holders of redeemable participating shares	-	(190,480,690)	-	(190,480,690)
	<u>(98,043)</u>	<u>(190,480,690)</u>	<u>-</u>	<u>(190,578,733)</u>

The tables below set out the Funds' gross-settled derivative financial instruments at 31 December 2019. The forward foreign exchange contracts held are for share class hedging purposes.

Barings Global High Yield Credit Strategies Fund	Less than 1 month US\$	1-3 months US\$	Greater than 3 months US\$	Total US\$
Asset - Forward foreign exchange contracts	3,138,620,609	-	-	3,138,620,609
Liability - Forward foreign exchange contracts	(3,119,870,281)	-	-	(3,119,870,281)
	<u>18,750,328</u>	<u>-</u>	<u>-</u>	<u>18,750,328</u>

Barings Investment Grade CLO Fund	Less than 1 month US\$	1-3 months US\$	Greater than 3 months US\$	Total US\$
Asset - Forward foreign exchange contracts	614,474,148	-	-	614,474,148
Liability - Forward foreign exchange contracts	(612,439,234)	-	-	(612,439,234)
	<u>2,034,914</u>	<u>-</u>	<u>-</u>	<u>2,034,914</u>

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Liquidity risk (continued)

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

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

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

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

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

Fair value hierarchy

In accordance with IFRS 13 the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Fair value hierarchy (continued)

Valuation Framework

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

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

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

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

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

As at 31 December 2018 and 31 December 2019 there were no Level 3 securities held by any of the Funds.

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

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

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

Other receivables and payables include the contractual amounts for settlement of trades and other obligations due to and by the Company. All receivable and payable balances are categorised as Level 2.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Fair value hierarchy (continued)

Valuation Framework (continued)

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

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

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial year. There were no transfers between Level 1 and Level 2 during the financial year (31 December 2018: none).

The following tables analyse within the fair value hierarchy of the Funds' financial assets and liabilities measured at fair value at 31 December 2019:

Barings Global High Yield Credit Strategies Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Financial assets				
At fair value through profit or loss:				
- Loan to Subsidiary	-	3,448,404,016	-	3,448,404,016
- Forward foreign exchange contracts	-	18,887,075	-	18,887,075
Total assets	-	3,467,291,091	-	3,467,291,091
Financial liabilities				
Held for trading:				
- Forward foreign exchange contracts	-	(136,747)	-	(136,747)
Total liabilities	-	(136,747)	-	(136,747)

Barings Investment Grade CLO Fund

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
Financial assets				
At fair value through profit or loss:				
- Collateralised loan obligations	-	502,154,152	-	502,154,152
- Short Term Investments	-	23,979,824	-	23,979,824
- Forward foreign exchange contracts	-	3,017,958	-	3,017,958
Total assets	-	529,151,934	-	529,151,934
Financial liabilities				
Held for trading:				
- Forward foreign exchange contracts	-	(983,044)	-	(983,044)
Total liabilities	-	(983,044)	-	(983,044)

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Fair value hierarchy (continued) Valuation Framework (continued)

Global Multi-Credit Strategy Fund 3

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total Fair Value GBP
Financial assets				
At fair value through profit or loss:				
- Loan to Subsidiary	-	190,578,733	-	190,578,733
Total assets	-	190,578,733	-	190,578,733

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

Barings Global High Yield Credit Strategies Fund

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

Barings Investment Grade CLO Fund

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Fair value hierarchy (continued)

Valuation Framework (continued)

Global Multi-Credit Strategy Fund 3

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

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

12. Financial instruments and associated risks (continued)

Fair value hierarchy (continued)

Valuation Framework (continued)

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

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

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

At 31 December 2019 no CLOs were categorised as Level 3 (31 December 2018: none). This classification was given to these securities as a result of decreased liquidity in the market and wider spreads that are consequently reflected in a broader spectrum of indicative broker quotes, which are factors that indicate that the broker quotes are not based on observable prices.

13. NAV per redeemable participating share

Net assets attributable to holders of redeemable participating shares

	31 December 2019	31 December 2018	31 December 2017
	US\$	US\$	US\$
Barings Global High Yield Credit Strategies Fund			
Class A GBP Accumulation	238,709,186	226,388,830	242,696,424
Class A GBP Distribution	44,221,930	44,711,168	50,361,501
Class B GBP Accumulation	1,228,396,019	1,283,397,479	1,224,053,355
Class B GBP Distribution	835,759,267	373,096,293	137,092,461
Class B USD Accumulation**	205,154,593	102,056,303	-
Class C CAD Accumulation*	15,840,810	13,784,776	15,142,504
Class C GBP Accumulation	254,476,315	242,933,508	332,789,679
Class C GBP Distribution	510,914,668	381,564,668	183,759,141
Class C USD Accumulation**	16,005,710	14,539,953	-
Class C USD Distribution	31,680,377	110,109,657	117,026,234
Class D CAD Accumulation*	84,927	73,983	81,351
Class D EUR Accumulation	70,281	1,573,238	998,778
Class D EUR Distribution*	333,257	328,552	366,138
Class D GBP Accumulation	11,497,034	7,579,381	9,592,105
Class D GBP Distribution	12,101,671	2,666,963	3,004,385
Class D NOK Accumulation*	14,664,389	15,212,344	9,235,565
Class D USD Accumulation	5,369,818	10,631,607	5,999,171
Class D USD Distribution	14,481,365	14,780,287	11,074,241
Class E EUR Distribution*	228,683	322,632	359,466
Class E USD Accumulation***	-	8,542,526	204,195
Class E USD Distribution	2,228,973	2,434,181	3,162,112
Class F GBP Accumulation	1,734,129	1,533,527	1,648,599
Class F USD Accumulation	2,100,787	1,896,991	1,892,729
Class G USD Distribution**	19,225,452	20,528,376	-
Class S USD Accumulation	6,560	5,942	5,945
Total NAV	3,465,286,201	2,880,693,165	2,350,546,079

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

13. NAV per redeemable participating share (continued)

Net assets attributable to holders of redeemable participating shares (continued)

	31 December 2019	31 December 2018	31 December 2017
Barings Investment Grade CLO Fund	US\$	US\$	US\$
Class A GBP Accumulation*	230,449,487	212,210,575	160,525,066
Class A GBP Distribution	257,686,145	243,008,353	266,154,457
Class A USD Accumulation	589,168	552,465	548,417
Class C GBP Distribution*	38,702,960	36,498,126	39,974,677
Class D CAD Accumulation*	165,053	148,852	162,168
Class D EUR Accumulation*	57,154	56,576	60,617
Class D NOK Accumulation*	324,363	313,662	333,577
Class D USD Accumulation*	489,990	2,441,482	479,431
Class D USD Distribution	3,253,140	7,411,876	6,278,592
Total NAV	531,717,460	502,641,967	474,517,002
	GBP	GBP	GBP
Global Multi-Credit Strategy Fund 3*	GBP	GBP	GBP
Class T GBP Accumulation	190,480,690	175,836,317	180,185,299
Total NAV	190,480,690	175,836,317	180,185,299

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

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

***This share class launched during financial year ended 31 December 2017 and terminated during financial year ended 31 December 2019.

NAV per Redeemable Participating Share

	NAV Per Share 31 December 2019	Published NAV 31 December 2019	NAV Per Share 31 December 2018	Published NAV 31 December 2018	NAV Per Share 31 December 2017	Published NAV 31 December 2017
Barings Global High Yield Credit Strategies Fund						
Class A GBP Accumulation	£126.59	£126.59	£116.90	£116.98	£119.16	£119.16
Class A GBP Distribution	£96.34	£96.34	£92.96	£93.03	£98.85	£98.85
Class B GBP Accumulation	£127.39	£127.39	£117.71	£117.79	£120.06	£120.06
Class B GBP Distribution	£103.44	£103.44	£99.82	£99.89	£106.11	£106.11
Class B USD Accumulation**	US\$108.26	US\$108.26	US\$98.27	US\$98.34	-	-
Class C CAD Accumulation*	CAD108.26	CAD108.26	CAD99.05	CAD99.12	CAD100.18	CAD100.18
Class C GBP Accumulation	£128.63	£128.63	£118.93	£119.01	£121.40	£121.41
Class C GBP Distribution	£110.25	£110.25	£106.41	£106.49	£113.15	£113.15
Class C USD Accumulation**	US\$106.70	US\$106.70	US\$96.93	US\$97.00	-	-
Class C USD Distribution	US\$104.37	US\$104.37	US\$100.75	US\$100.83	US\$107.08	US\$107.08
Class D CAD Accumulation*	CAD110.28	CAD110.28	CAD101.00	CAD101.07	CAD102.26	CAD102.26
Class D EUR Accumulation	€117.72	€117.72	€110.64	€110.72	€114.26	€114.26
Class D EUR Distribution*	€99.03	€99.03	€95.59	€95.65	€101.72	€101.72
Class D GBP Accumulation	£125.72	£125.72	£116.37	£116.46	£118.95	£118.95
Class D GBP Distribution	£100.86	£100.86	£97.32	£97.39	£103.50	£103.50
Class D NOK Accumulation*	NOK110.62	NOK110.62	NOK101.78	NOK101.85	NOK103.76	NOK103.76
Class D USD Accumulation	US\$120.81	US\$120.81	US\$109.87	US\$109.94	US\$110.39	US\$110.39
Class D USD Distribution	US\$104.13	US\$104.13	US\$100.52	US\$100.59	US\$106.83	US\$106.83
Class E EUR Distribution*	€97.56	€97.56	€94.19	€94.26	€100.21	€100.21
Class E USD Accumulation***	-	-	US\$101.20	US\$101.27	US\$102.10	US\$102.10
Class E USD Distribution	US\$99.24	US\$99.24	US\$95.81	US\$95.88	US\$101.83	US\$101.83
Class F GBP Accumulation	£128.79	£128.79	£118.36	£118.45	£120.12	£120.13
Class F USD Accumulation	US\$136.96	US\$136.96	US\$123.67	US\$123.76	US\$123.39	US\$123.39
Class G USD Distribution**	US\$97.96	US\$97.96	US\$94.54	US\$94.61	-	-
Class S USD Accumulation	US\$148.56	US\$148.56	US\$134.55	US\$134.64	US\$134.63	US\$134.63

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

13. NAV per redeemable participating share (continued)

NAV per Redeemable Participating Share (continued)

	NAV Per Share	Published NAV	NAV Per Share	Published NAV	NAV Per Share	Published NAV
	31 December 2019	31 December 2019	31 December 2018	31 December 2018	31 December 2017	31 December 2017
Barings Investment Grade CLO Fund						
Class A GBP Accumulation*	£105.45	£105.45	£100.92	£100.92	£102.10	£102.10
Class A GBP Distribution	£100.47	£100.47	£98.46	£98.46	£101.81	£101.81
Class A USD Accumulation	US\$120.60	US\$120.60	US\$113.32	US\$113.32	US\$112.72	US\$112.72
Class C GBP Distribution*	£99.55	£99.55	£97.56	£97.56	£100.88	£100.88
Class D CAD Accumulation*	CAD107.17	CAD107.17	CAD101.61	CAD101.61	CAD101.92	CAD101.92
Class D EUR Accumulation*	€101.91	€101.91	€98.76	€98.76	€101.04	€101.04
Class D NOK Accumulation*	NOK105.47	NOK105.47	NOK100.45	NOK100.45	NOK101.44	NOK101.44
Class D USD Accumulation*	US\$108.98	US\$108.98	US\$102.55	US\$102.55	US\$102.11	US\$102.11
Class D USD Distribution	US\$104.45	US\$104.45	US\$102.29	US\$102.29	US\$105.82	US\$105.82
Global Multi-Credit Strategy Fund 3						
Class T GBP Accumulation	£128.31	£128.31	£118.44	£118.44	£121.38	£121.38

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

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

***This share class launched during financial year ended 31 December 2017 and terminated during financial year ended 31 December 2019.

The difference between the NAV per the financial statements and the published NAV is due to adjustments required to conform with the principles of IFRS.

14. Interests in other entities

Interests in Unconsolidated Structured Entities

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

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

Involvement with Unconsolidated Structured Entities

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

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

Investment entity

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

Subsidiary

As at 31 December 2019, the company had two Subsidiaries, Barings Global High Yield Credit Strategies Limited and Barings Global Multi-Credit Strategy 3 Limited, which are investments in unconsolidated structured entities and they are 100% owned Subsidiaries of Barings Global Investment Funds 2 plc. As detailed in Note 2, the Company has determined that the Subsidiaries continue to meet the definition of a subsidiary under the provisions of IFRS 10. Subsidiaries are entities under the Company's control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity which is the case in this instance.

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

14. Interests in other entities (continued)

Involvement with Unconsolidated Structured Entities (continued)

Interest in unconsolidated structured entity subsidiary as at 31 December 2019:

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
Barings Global High Yield Credit Strategies Limited	Financial assets at fair value through profit or loss	1	3,448	3,448	99.46	3,448
Barings Global Multi-Credit Strategy 3 Limited	Financial assets at fair value through profit or loss	1	191	191	100.00	191

Unconsolidated structured entity (non-subsidiary) as at 31 December 2019:

Barings Investment Grade CLO Fund

Structured Entities ("SE")	Line item in Statement of Financial Position	No of Investments	Range of the size of SEs Notional in US\$m	Average Notional of SEs in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
CDO/CLO	Financial assets at fair value through profit or loss	153	7 - 355	51	502	94.90	502

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

Structured Entity ("SE")	Line item in Statement of Financial Position	No of Investments	Size of SEs Notional in US\$m	Barings's Holding Fair Value in US\$m	% of Total Financial Assets at Fair Value through Profit or Loss	Maximum exposure to losses in US\$m
Barings Global High Yield Credit Strategies Limited	Financial assets at fair value through profit or loss	1	2,893	2,893	99.96	2,893
Barings Global Multi-Credit Strategy 3 Limited	Financial assets at fair value through profit or loss	1	176	176	100.00	176

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

14. Interests in other entities (continued)

Involvement with Unconsolidated Structured Entities (continued)

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

Barings Investment Grade CLO Fund

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

15. Exchange rates

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

Currency	31 December 2019	31 December 2018
CAD	0.7701	0.7325
EUR	1.1217	1.1457
GBP	1.3246	1.2746
NOK	0.1139	0.1157

Income and expenses were converted (against US\$) at an average rate for the financial year ended 31 December 2019:

	Average exchange rates for the year 1 January 2019 to 31 December 2019	Average exchange rates for the year 1 January 2018 to 31 December 2018
GBP	1.2795	1.3304

16. Soft commissions

There were no soft commission arrangements entered into by the Investment Managers on behalf of the Company during the financial year ended 31 December 2019 or 31 December 2018.

17. Contingent liabilities

There are no contingent liabilities as at 31 December 2019 or 31 December 2018.

18. Taxation

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

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

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

18. Taxation (continued)

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

19. Revolving Credit Facilities

The Company, on behalf of Barings Global High Yield Credit Securities Limited and the Subsidiary have entered into the following revolving credit facilities with State Street Bank and Trust Company, RBC Bank, Scotia Bank and National Australia Bank Limited.

The borrower is the Subsidiary of the Fund. The Fund guarantees the loan on behalf of its Subsidiary. The credit facility is base currency (US\$). Borrowing is at 1.25% over the relevant index. There is a commitment fee of 0.250% (31 December 2018: 0.325%) per annum on the unused amount.

As at 31 December 2019

Borrower	Guarantor	Old amount	New amount
		US\$ millions	Effective 4 December 2019 US\$ millions
Barings Global High Yield Credit Strategies Limited	Barings Global High Yield Credit Strategies Fund	180	195

On 4 December 2019, the facility was increased and renewed until 2 December 2020.

20. Prospectus

The Prospectus of the Company was updated on 18 January 2019. Details of the material changes to the Prospectus are listed below.

- For Barings Global High Yield Credit Strategies Fund dealing cycle, subscription cut-off will move from 5pm (Irish time) on T-1 to Midday (Irish time) on T and redemption cut-off will move from 5pm (Irish time) 30 calendar days before T to Midday (Irish time) 30 calendar days before T.
- The Sub-Investment Manager changed from Barings (U.K.) Limited to Baring International Investment Limited.

The Prospectus of the Company was further updated on 15 November 2019. A revised Supplement to the Prospectus was also issued for Barings Global Multi-Credit Strategy Fund 3. Details of the material changes to the Prospectus are listed below.

- Removal of selling restriction to the People's Republic of China;
- Swing pricing replaced anti-dilution levy or Duties and Charges for the Barings Global High Yield Credit Strategies Fund and Barings Investment Grade CLO Fund only. Swing pricing is effective from 15 November 2019;
- Preliminary charges may be applied on share exchanges into Tranche G Shares of Barings Global High Yield Credit Strategies Fund;
- The distribution policy was updated to provide for dividends to be declared out of capital of the relevant Fund with the purposes of income equalisation only (effective 2 January 2020). This applies to Barings Global High Yield Credit Strategies Fund and Barings Investment Grade CLO Fund only;
- Clarification that share exchanges are permitted between Tranches within the same Fund but not between different Funds of the Company.

There are other immaterial changes to the Prospectus that are not listed above.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

21. Significant events during the financial year

The Prospectus of the Company was updated on 18 January 2019. A revised Prospectus was issued on 15 November 2019. The material changes to the Prospectus are outlined in Note 20.

With effect from 18 January 2019, the Company has appointed Baring International Investment Limited as Sub-Investment Manager.

The Barings Global High Yield Credit Strategies Fund terminated a share class during the financial year:

Share Class	Termination Date
Class E USD Accumulation	28 January 2019

Effective 11 September 2019, Mr. Alan Behen and Mr. Paul Smyth were appointed as Directors to the Company.

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

22. Significant events since the financial year end

Brexit

The United Kingdom (the "UK") held a referendum on 23 June 2016 on whether to leave or remain in the European Union (the "EU"). The outcome of the referendum was in favour of leaving the EU. The UK officially withdrew from the EU on 31 January 2020 but will continue to follow all of the EU rules and its trading relationship will remain the same until the end of the transitional period ending on 31 December 2020.

There are a number of uncertainties in connection with the future of the UK and its relationship with the EU, including the terms of the agreement it reaches in relation to its withdrawal from the EU and any agreements it reaches in relation to its future relationship with the EU and Barings continues to plan for a number of possible scenarios. Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit.

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

Covid-19

The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company is actively monitoring the extent of the impact to its operations, financial accounting and reporting. There was no impact to the Company's financial statements as of 31 December 2019.

The performance data for the Funds for the period from 31 December 2019 to 17 April 2020 is as follows:

Fund	Class	Net Return %
Barings Global High Yield Credit Strategies Fund	Class S USD Accumulation	-13.87%
Barings Investment Grade CLO Fund*	Class A USD Accumulation	-13.19%
Global Multi-Credit Strategy 3*	Class T GBP Accumulation	-17.41%

*Performance is to 31 March 2020 as these Funds are valued monthly.

Barings Global Investment Funds 2 Plc

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

22. Subsequent events (continued)

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

Barings Global High Yield Credit Strategies Fund

	31 December 2019	31 December 2019
	Value	Per Share
	US\$	US\$
Class A GBP Distribution	490,754	1.42
Class B GBP Distribution	9,116,866	1.49
Class C GBP Distribution	5,476,720	1.57
Class C USD Distribution	445,032	1.47
Class D EUR Distribution	2,475	0.82
Class D GBP Distribution	126,673	1.40
Class D USD Distribution	199,778	1.44
Class E EUR Distribution	1,468	0.70
Class E USD Distribution	28,503	1.27
Class G USD Distribution	221,612	1.13
	<hr/>	
	16,109,881	
	<hr/> <hr/>	

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

23. Charges

The loans to the Subsidiaries are secured by the assignment of a fixed first charge of the Company's rights, title and interest on debt investments.

24. Comparative financial year

The comparative amounts in these financial statements are for the financial year ended 31 December 2018.

Certain restatements have been made to the prior year financial statements to conform to the current year presentation.

25. Approval of the financial statements

The Board of Directors approved these financial statements on the 27 April 2020.

Barings Global Investment Funds 2 Plc
Barings Global High Yield Credit Strategies Fund

Schedule of Investments (Unaudited)

As at 31 December 2019

Loan to Subsidiary

Country	Industry	Obligor	Fair Value US\$	% of Net Assets
Ireland	Finance	Barings Global High Yield Credit Strategies Limited	3,448,404,016	99.51
Total Loan (31 December 2018: US\$2,893,366,496)			3,448,404,016	99.51

Forward Foreign Exchange Contracts

Maturity	Counterparty	Currency	Amount		Unrealised Gain US\$	% of Net Assets
			Bought	Sold		
15/01/2020	State Street Bank	CAD	559	USD 424	6	0.00
15/01/2020	State Street Bank	CAD	626	USD 476	6	0.00
15/01/2020	State Street Bank	CAD	632	USD 480	7	0.00
15/01/2020	State Street Bank	CAD	104,368	USD 79,279	1,100	0.00
15/01/2020	State Street Bank	CAD	144,965	USD 110,269	1,376	0.00
15/01/2020	State Street Bank	CAD	108,578	USD 82,110	1,512	0.00
15/01/2020	State Street Bank	CAD	119,879	USD 90,760	1,564	0.00
15/01/2020	State Street Bank	CAD	20,220,068	USD 15,290,907	281,602	0.01
15/01/2020	State Street Bank	EUR	23	USD 26	-	0.00
15/01/2020	State Street Bank	EUR	120	USD 133	2	0.00
15/01/2020	State Street Bank	EUR	425	USD 476	2	0.00
15/01/2020	State Street Bank	EUR	221	USD 245	3	0.00
15/01/2020	State Street Bank	EUR	371	USD 413	3	0.00
15/01/2020	State Street Bank	EUR	1,400	USD 1,566	6	0.00
15/01/2020	State Street Bank	EUR	2,017	USD 2,255	9	0.00
15/01/2020	State Street Bank	EUR	1,108	USD 1,232	12	0.00
15/01/2020	State Street Bank	EUR	1,051	USD 1,167	13	0.00
15/01/2020	State Street Bank	EUR	1,759	USD 1,960	14	0.00
15/01/2020	State Street Bank	EUR	61,549	USD 68,317	774	0.00
15/01/2020	State Street Bank	EUR	199,434	USD 221,363	2,508	0.00
15/01/2020	State Street Bank	EUR	291,844	USD 323,936	3,671	0.00
15/01/2020	State Street Bank	GBP	8,057	USD 10,509	166	0.00
15/01/2020	State Street Bank	GBP	48,892	USD 64,538	247	0.00
15/01/2020	State Street Bank	GBP	49,012	USD 64,544	400	0.00
15/01/2020	National Australia Bank	GBP	49,012	USD 64,543	401	0.00
15/01/2020	State Street Bank	GBP	61,245	USD 80,575	578	0.00
15/01/2020	State Street Bank	GBP	45,029	USD 58,821	845	0.00
15/01/2020	State Street Bank	GBP	55,360	USD 72,215	1,140	0.00
15/01/2020	State Street Bank	GBP	294,321	USD 387,592	2,401	0.00
15/01/2020	National Australia Bank	GBP	294,321	USD 387,584	2,409	0.00
15/01/2020	State Street Bank	GBP	324,329	USD 427,110	2,646	0.00
15/01/2020	National Australia Bank	GBP	324,329	USD 427,101	2,654	0.00
15/01/2020	State Street Bank	GBP	132,894	USD 172,169	3,922	0.00
15/01/2020	State Street Bank	GBP	203,407	USD 265,337	4,190	0.00
15/01/2020	National Australia Bank	GBP	590,539	USD 778,027	4,472	0.00
15/01/2020	State Street Bank	GBP	597,982	USD 787,844	4,517	0.00
15/01/2020	State Street Bank	GBP	1,280,000	USD 1,691,045	5,031	0.00
15/01/2020	State Street Bank	GBP	1,033,296	USD 1,363,968	5,211	0.00
15/01/2020	State Street Bank	GBP	1,252,201	USD 1,649,026	10,215	0.00
15/01/2020	National Australia Bank	GBP	1,252,201	USD 1,648,992	10,248	0.00
15/01/2020	State Street Bank	GBP	2,080,135	USD 2,745,812	10,491	0.00
15/01/2020	State Street Bank	GBP	3,605,826	USD 4,759,747	18,185	0.00
15/01/2020	State Street Bank	GBP	1,097,993	USD 1,432,288	22,618	0.00
15/01/2020	State Street Bank	GBP	1,165,815	USD 1,520,759	24,015	0.00
15/01/2020	State Street Bank	GBP	5,298,806	USD 6,994,508	26,723	0.00
15/01/2020	National Australia Bank	GBP	3,534,796	USD 4,657,047	26,766	0.00
15/01/2020	State Street Bank	GBP	3,583,161	USD 4,720,832	27,068	0.00

Barings Global Investment Funds 2 Plc
Barings Global High Yield Credit Strategies Fund

Schedule of Investments (Unaudited) (continued)

As at 31 December 2019

Forward Foreign Exchange Contracts (continued)

Maturity	Counterparty	Currency	Amount		Currency	Unrealised Gain		% of Net Assets
			Bought			Sold	US\$	
15/01/2020	State Street Bank	GBP	3,925,142		USD	5,171,394	29,652	0.00
15/01/2020	National Australia Bank	GBP	3,925,196		USD	5,171,394	29,723	0.00
15/01/2020	State Street Bank	GBP	2,342,314		USD	3,055,455	48,250	0.00
15/01/2020	State Street Bank	GBP	6,732,625		USD	8,866,207	54,920	0.00
15/01/2020	National Australia Bank	GBP	6,732,625		USD	8,866,025	55,102	0.00
15/01/2020	State Street Bank	GBP	7,621,198		USD	10,036,371	62,168	0.00
15/01/2020	National Australia Bank	GBP	7,621,198		USD	10,036,165	62,374	0.00
15/01/2020	State Street Bank	GBP	3,837,888		USD	5,006,372	79,058	0.00
15/01/2020	State Street Bank	GBP	13,529,320		USD	17,816,789	110,363	0.00
15/01/2020	National Australia Bank	GBP	13,529,320		USD	17,816,423	110,728	0.00
15/01/2020	State Street Bank	GBP	13,829,002		USD	18,211,440	112,807	0.00
15/01/2020	National Australia Bank	GBP	15,076,988		USD	19,863,736	114,167	0.00
15/01/2020	State Street Bank	GBP	15,236,721		USD	20,074,456	115,103	0.00
15/01/2020	State Street Bank	GBP	5,640,880		USD	7,358,303	116,198	0.00
15/01/2020	National Australia Bank	GBP	32,267,671		USD	42,492,490	264,088	0.01
15/01/2020	State Street Bank	GBP	34,124,489		USD	44,938,608	278,363	0.01
15/01/2020	National Australia Bank	GBP	34,124,489		USD	44,937,687	279,285	0.01
15/01/2020	State Street Bank	GBP	81,482,223		USD	107,353,236	615,540	0.02
15/01/2020	National Australia Bank	GBP	81,483,336		USD	107,353,236	617,015	0.02
15/01/2020	National Australia Bank	GBP	86,173,307		USD	113,532,211	652,529	0.02
15/01/2020	State Street Bank	GBP	87,355,698		USD	115,091,569	659,910	0.02
15/01/2020	State Street Bank	GBP	171,494,727		USD	225,945,160	1,295,520	0.04
15/01/2020	State Street Bank	GBP	175,360,963		USD	231,038,946	1,324,727	0.04
15/01/2020	National Australia Bank	GBP	175,363,359		USD	231,038,946	1,327,901	0.04
15/01/2020	National Australia Bank	GBP	400,159,830		USD	527,205,373	3,030,124	0.09
15/01/2020	State Street Bank	GBP	419,857,416		USD	553,164,245	3,171,723	0.09
15/01/2020	National Australia Bank	GBP	419,863,152		USD	553,164,245	3,179,324	0.09
15/01/2020	State Street Bank	NOK	637,441		USD	70,971	1,641	0.00
15/01/2020	State Street Bank	NOK	764,580		USD	85,301	1,794	0.00
15/01/2020	State Street Bank	NOK	755,210		USD	82,589	3,438	0.00
15/01/2020	State Street Bank	NOK	127,813,155		USD	13,987,601	571,758	0.03
15/01/2020	State Street Bank	USD	4,089		GBP	3,061	33	0.00
Total unrealised gain on forward foreign exchange contracts (31 December 2018: US\$886,887)							18,887,075	0.54

Maturity	Counterparty	Currency	Amount		Currency	Unrealised Loss		% of Net Assets
			Bought			Sold	US\$	
15/01/2020	State Street Bank	GBP	4,582,450		USD	6,121,099	(49,081)	(0.00)
15/01/2020	State Street Bank	GBP	3,117,686		USD	4,164,511	(33,393)	(0.00)
15/01/2020	State Street Bank	GBP	1,903,460		USD	2,542,584	(20,387)	(0.00)
15/01/2020	State Street Bank	GBP	1,276,550		USD	1,705,177	(13,673)	(0.00)
15/01/2020	State Street Bank	GBP	891,572		USD	1,190,935	(9,549)	(0.00)
15/01/2020	State Street Bank	GBP	223,065		USD	297,964	(2,389)	(0.00)
15/01/2020	State Street Bank	GBP	56,472		USD	75,434	(605)	(0.00)
15/01/2020	State Street Bank	GBP	8,855		USD	11,828	(95)	(0.00)
15/01/2020	State Street Bank	USD	56,984		CAD	75,355	(1,050)	(0.00)
15/01/2020	State Street Bank	USD	311		CAD	411	(6)	(0.00)
15/01/2020	State Street Bank	USD	18,498		GBP	14,200	(317)	(0.00)
15/01/2020	State Street Bank	USD	13,917		GBP	10,568	(87)	(0.00)
15/01/2020	State Street Bank	USD	2,076		GBP	1,570	(4)	(0.00)

Barings Global Investment Funds 2 Plc
Barings Global High Yield Credit Strategies Fund

Schedule of Investments (Unaudited) (continued)

As at 31 December 2019

Forward Foreign Exchange Contracts (continued)

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Loss US\$	% of Net Assets
15/01/2020	State Street Bank	USD	143,842	NOK	1,300,000	(4,243)	(0.00)
15/01/2020	State Street Bank	USD	45,680	NOK	417,410	(1,868)	(0.00)
Total unrealised loss on forward foreign exchange contracts (31 December 2018: (US\$12,245,424))						(136,747)	(0.00)
Net unrealised gain on forward foreign exchange contracts (31 December 2018: (US\$11,358,537))						18,750,328	0.54
Summary						Fair Value US\$	% of Net Assets
Total investments at fair value through profit and loss						3,448,404,016	99.51
Net unrealised gain on forward foreign exchange contracts						18,750,328	0.54
Other net liabilities						(1,868,143)	(0.05)
Total Net Assets						3,465,286,201	100.00

Barings Global Investment Funds 2 Plc
Barings Investment Grade CLO Fund
Schedule of Investments (Unaudited)
As at 31 December 2019

Collateralised Loan Obligations

Holding	Details	Fair Value US\$	% of Net Assets
Ireland			
3,000,000	Adagio VI CLO DAC	3,274,575	0.62
5,000,000	ALME Loan Funding II DAC	5,589,991	1.05
4,000,000	Avoca CLO XIII DAC	4,448,477	0.84
1,900,000	Avoca CLO XIV Designated Activity Co	2,101,857	0.4
2,500,000	Avoca CLO XIX DAC	2,798,435	0.53
2,340,000	Avoca CLO XVII Designated Activity Co	2,616,253	0.49
3,000,000	Cairn CLO XI DAC	3,363,855	0.63
2,000,000	Crosthwaite Park CLO DAC	2,262,287	0.43
4,000,000	CVC Cordatus Loan Fund IX DAC	4,456,113	0.84
3,000,000	CVC Cordatus Loan Fund X DAC	3,265,272	0.61
3,000,000	CVC Cordatus Loan Fund XII DAC	3,341,140	0.63
4,000,000	Dunedin Park CLO DAC	4,494,472	0.85
4,305,000	Madison Park Euro Funding XII DAC	4,825,132	0.91
1,800,000	Madison Park Euro Funding XIII DAC	2,012,783	0.38
3,000,000	OAK Hill European Credit Partners VI DAC	3,263,212	0.61
4,200,000	RRE 2 Loan Management DAC	4,629,039	0.87
5,000,000	RRE 2 Loan Management DAC	5,618,061	1.06
		62,360,954	11.75
Netherlands			
2,000,000	ALME Loan Funding IV BV	2,194,670	0.41
2,500,000	Cairn CLO BV	2,756,027	0.52
5,700,000	Cairn CLO X BV	6,364,375	1.2
3,450,000	Dryden 56 Euro CLO 2017 BV	3,793,356	0.71
3,600,000	Dryden 66 EURO CLO 2018 BV	4,007,038	0.75
2,500,000	Dryden 69 Euro CLO 2019 BV	2,803,196	0.53
		21,918,662	4.12
Supra National			
3,700,000	Blackrock European CLO VII DAC	4,085,388	0.77
United States			
1,500,000	AIMCO CLO Series 2015-A	1,474,201	0.28
3,000,000	AIMCO CLO Series 2018-A	2,904,342	0.55
2,687,500	Allegro CLO VI Ltd	2,540,631	0.48
2,500,000	Anchorage Capital CLO 2013-1 Ltd	2,494,438	0.47
1,500,000	Anchorage Capital CLO 7 Ltd	1,490,900	0.28
1,200,000	Anchorage Capital CLO Ltd	1,150,428	0.22
2,500,000	Antares CLO 2017-2 Ltd	2,416,060	0.45
1,000,000	Antares CLO 2017-2 Ltd	954,705	0.18
1,500,000	Ares CLO Ltd	1,450,746	0.27
3,200,000	Ares XXVII CLO Ltd	3,200,912	0.6
3,500,000	Atlas Senior Loan Fund III Ltd	3,274,689	0.62
5,000,000	Atlas Senior Loan Fund Ltd	4,999,013	0.94
2,100,000	Atlas Senior Loan Fund Ltd	2,099,867	0.39
1,500,000	Atlas Senior Loan Fund XI Ltd	1,459,176	0.27
3,400,000	Bain Capital Credit CLO 2017-2 Ltd	3,334,876	0.63
4,000,000	Bain Capital Credit CLO 2018-1	3,832,816	0.72
5,000,000	Bain Capital Credit CLO 2018-2	4,925,415	0.93
3,000,000	Bain Capital Credit CLO 2019-1	3,010,471	0.57
4,000,000	Bain Capital Credit CLO 2019-2	4,023,906	0.76
5,000,000	Bain Capital Credit CLO 2019-4 Ltd	5,022,234	0.94
3,000,000	Ballyrock CLO 2018-1 Ltd	2,981,517	0.56
2,000,000	Ballyrock CLO 2018-1 Ltd	1,971,668	0.37

Barings Global Investment Funds 2 Plc
Barings Investment Grade CLO Fund
Schedule of Investments (Unaudited) (continued)
As at 31 December 2019

Collateralised Loan Obligations (continued)

Holding	Details	Fair Value US\$	% of Net Assets
United States (continued)			
1,550,000	Benefit Street Partners CLO VIII Ltd	1,451,152	0.27
2,000,000	Benefit Street Partners CLO VIII Ltd	1,924,082	0.36
2,500,000	Benefit Street Partners CLO XII Ltd	2,453,030	0.46
7,000,000	BlueMountain CLO XXIII Ltd	6,862,471	1.29
5,000,000	BlueMountain CLO XXIII Ltd	4,996,090	0.94
2,500,000	BlueMountain Fuji US CLO II Ltd	2,405,841	0.45
1,750,000	Canyon Capital CLO 2019-2 Ltd	1,757,000	0.33
2,400,000	Canyon Capital CLO 2019-2 Ltd	2,405,784	0.45
1,500,000	Carbone CLO Ltd	1,461,485	0.27
1,350,000	Carlyle Global Market Strategies CLO 2013-2 Ltd	1,245,383	0.23
1,350,000	Carlyle Global Market Strategies CLO 2016-3 Ltd	1,349,961	0.25
4,550,000	CBAM 2017-2 Ltd	4,564,765	0.86
3,150,000	CBAM 2017-3 Ltd	3,142,758	0.59
4,000,000	Cedar Funding Ltd	3,968,092	0.75
13,000,000	CIFC Funding 2014-V Ltd	12,996,125	2.44
3,000,000	CIFC Funding 2017-IV Ltd	2,969,454	0.56
3,600,000	CIFC Funding 2017-IV Ltd	3,585,564	0.67
1,500,000	CIFC Funding 2018-I Ltd	1,452,660	0.27
2,500,000	CIFC Funding 2019-I Ltd	2,515,778	0.47
2,250,000	Clear Creek CLO	2,244,728	0.42
7,800,000	Crestline Denali CLO XIV Ltd	7,788,659	1.46
1,000,000	Crestline Denali CLO XIV Ltd	978,957	0.18
3,100,000	Crestline Denali CLO XVI Ltd	2,961,198	0.56
4,000,000	Crestline Denali CLO XVII Ltd	3,946,008	0.74
2,100,000	Deer Creek CLO, Ltd.	2,073,498	0.39
1,560,000	Denali Capital CLO XI Ltd	1,533,434	0.29
5,000,000	Dryden XXVIII Senior Loan Fund	5,005,885	0.94
1,500,000	Galaxy XIX CLO Ltd	1,481,411	0.28
500,000	Galaxy XXVI CLO Ltd	493,508	0.09
1,450,000	Gallatin CLO VIII 2017-1 Ltd	1,450,018	0.27
5,000,000	Goldentree Loan Management US CLO 2 Ltd	4,906,025	0.92
1,000,000	Goldentree Loan Management US CLO 4 Ltd	1,003,927	0.19
4,000,000	Goldentree Loan Management US CLO 5 Ltd	4,022,470	0.76
2,000,000	Goldentree Loan Management US CLO 1 Ltd	1,983,609	0.37
3,250,000	GREYWOLF CLO VI Ltd	3,246,129	0.61
2,000,000	Grippen Park CLO Ltd	1,988,144	0.37
2,000,000	Highbridge Loan Management 3-2014	1,975,372	0.37
2,500,000	Highbridge Loan Management 3-2014	2,489,081	0.47
2,000,000	Highbridge Loan Management Ltd	1,980,929	0.37
3,370,000	HPS Loan Management 13-2018 Ltd	3,284,645	0.62
7,000,000	HPS Loan Management 14-2019 Ltd	7,006,141	1.32
3,375,000	HPS Loan Management 15-2019 Ltd	3,377,324	0.64
2,340,000	KKR CLO 19 Ltd	2,281,683	0.43
2,300,000	KKR CLO 23 Ltd	2,275,314	0.43
1,500,000	KKR Financial CLO 2013-1 Ltd	1,493,586	0.28
5,000,000	Kkr Financial CLO Ltd	5,000,006	0.94
1,000,000	LCM XIII LP	987,089	0.19
4,000,000	LCM XV LP	3,980,246	0.75
1,100,000	LCM XXV Ltd	1,070,651	0.2
1,200,000	Madison Park Funding XIV Ltd	1,192,487	0.22
2,600,000	Madison Park Funding XIV Ltd	2,553,996	0.48
3,000,000	Madison Park Funding XVII Ltd	3,000,295	0.56
2,500,000	Madison Park Funding XXII Ltd	2,500,757	0.47
6,000,000	Madison Park Funding XXIX LTD	5,990,526	1.13
2,000,000	Madison Park Funding XXVII Ltd	1,901,586	0.36
2,500,000	Madison Park Funding XXVII Ltd	2,415,350	0.45
4,000,000	Madison Park Funding XXVIII Ltd	3,947,092	0.74

Barings Global Investment Funds 2 Plc
Barings Investment Grade CLO Fund
Schedule of Investments (Unaudited) (continued)
As at 31 December 2019

Collateralised Loan Obligations (continued)

Holding	Details	Fair Value US\$	% of Net Assets
United States (continued)			
2,000,000	Magnetite VIII Ltd	1,958,145	0.37
1,750,000	Magnetite XIX Ltd	1,751,321	0.33
2,375,000	Milos CLO Ltd	2,377,610	0.45
4,000,000	Milos CLO Ltd	3,949,316	0.74
4,250,000	Neuberger Berman CLO XXII Ltd	4,098,105	0.77
4,000,000	Neuberger Berman Loan Advisers CLO 31 Ltd	4,011,449	0.75
3,000,000	Neuberger Berman Loan Advisers CLO 34 Ltd	3,032,071	0.57
6,250,000	Neuberger Berman Loan Advisers CLO 35 Ltd	6,257,687	1.18
2,500,000	Newark BSL CLO 1 Ltd	2,500,501	0.47
4,000,000	Newark BSL CLO 2 Ltd	4,000,182	0.75
5,000,000	Newark BSL CLO 2 Ltd	4,939,415	0.93
5,000,000	Oak Hill Credit Partners X-R Ltd	4,937,745	0.93
4,000,000	Oak Hill Credit Partners X-R Ltd	3,944,880	0.74
6,050,000	Oaktree CLO 2018-1 Ltd	6,029,684	1.13
2,650,000	OHA Credit Funding 1 LTD	2,639,286	0.5
4,000,000	OHA Credit Partners XI Ltd	3,939,480	0.74
3,000,000	Race Point VIII CLO Ltd	2,938,275	0.55
1,500,000	Recette CLO Ltd	1,501,968	0.28
6,200,000	Regatta VIII Funding Ltd	6,193,062	1.16
2,650,000	Regatta XIV Funding Ltd	2,657,939	0.5
4,000,000	Regatta XV Funding Ltd	4,000,880	0.75
4,400,000	Riserva CLO Ltd	4,406,532	0.83
7,000,000	Rockford Tower CLO 2017-3 Ltd	6,995,331	1.32
8,000,000	RR 1 LLC	8,026,911	1.51
3,500,000	RR 2 Ltd	3,445,625	0.65
2,000,000	RR 3 Ltd	1,890,070	0.36
2,500,000	RR 3 Ltd	2,387,000	0.45
8,000,000	RR 5 Ltd	7,904,656	1.49
2,000,000	Sound Point CLO II Ltd	1,859,392	0.35
2,000,000	Sounds Point CLO IV-R LTD	1,925,424	0.36
5,000,000	Steele Creek CLO 2015-1 Ltd	4,989,179	0.94
3,600,000	Steele Creek CLO 2017-1 Ltd	3,249,087	0.61
3,000,000	Steele Creek CLO 2018-2 Ltd	2,906,229	0.55
2,000,000	Tci Symphony CLO	2,003,792	0.38
5,000,000	THL Credit Wind River 2016-2 CLO Ltd	4,983,105	0.94
4,500,000	THL Credit Wind River 2017-3 CLO Ltd	4,505,315	0.85
4,000,000	THL Credit Wind River 2018-3 CLO Ltd	3,901,972	0.73
2,900,000	THL Credit Wind River 2019-1 CLO Ltd	2,904,705	0.55
3,000,000	THL Credit Wind River 2019-2 CLO Ltd	3,024,194	0.57
4,000,000	TICP CLO VII Ltd	4,000,153	0.75
2,100,000	VERDE CLO Ltd	2,110,207	0.4
2,225,000	Voya CLO 2017-1 Ltd	2,205,280	0.41
2,000,000	Wellfleet CLO 2017-1 Ltd	1,975,046	0.37
4,600,000	Wellfleet CLO 2017-2 Ltd	4,602,158	0.87
1,000,000	Wellfleet CLO 2017-2 Ltd	983,766	0.19
2,900,000	Wellfleet CLO 2017-2 Ltd	2,806,057	0.53
5,850,000	Wellfleet CLO 2017-2 Ltd	5,791,026	1.09
4,000,000	Wellfleet CLO 2017-3 Ltd	3,824,040	0.72
2,000,000	Wellfleet CLO 2018-2 Ltd	1,974,378	0.37
2,300,000	Wellfleet CLO 2018-3 Ltd	2,217,267	0.42
		413,789,148	77.80
Total Collateralised Loan Obligations (31 December 2018: US\$501,945,630)		502,154,152	94.44

Barings Global Investment Funds 2 Plc

Barings Investment Grade CLO Fund

Schedule of Investments (Unaudited) (continued)

As at 31 December 2019

Short Term Investments*

Nominal	Security	Coupon Rate	Maturity Date	Fair Value US\$	% of Net Assets
5,000,000	Clorox Company	0.000%	14/01/2020	4,996,389	0.94
3,000,000	General Electric Co	0.000%	30/01/2020	2,994,925	0.56
5,000,000	Dte Capital Corp	0.000%	08/01/2020	4,998,250	0.94
4,000,000	Bemis Company Inc	0.000%	06/01/2020	3,998,889	0.75
5,000,000	Ste Capital Corp	0.000%	24/01/2020	4,993,611	0.94
2,000,000	Stanley Works	0.000%	23/01/2020	1,997,760	0.38

Total Short Term Investments (31 December 2018: Nil)

23,979,824 **4.51**

**Total investments at fair value through profit or loss
(31 December 2018: US\$ 501,945,630)**

526,133,976 **98.95**

Forward Foreign Exchange Contracts

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Gain US\$	% of Net Assets
15/01/2020	State Street Bank	CAD	1,492	USD	1,135	15	-
15/01/2020	State Street Bank	CAD	212,940	USD	161,030	2,966	-
15/01/2020	State Street Bank	EUR	20	USD	23	-	-
15/01/2020	State Street Bank	EUR	356	USD	398	2	-
15/01/2020	State Street Bank	EUR	50,377	USD	55,916	634	-
15/01/2020	State Street Bank	GBP	2,233,228	USD	2,940,943	18,217	-
15/01/2020	State Street Bank	GBP	13,207,131	USD	17,392,497	107,734	0.02
15/01/2020	State Street Bank	GBP	14,868,512	USD	19,580,373	121,287	0.02
15/01/2020	State Street Bank	GBP	26,850,671	USD	35,375,893	202,838	0.04
15/01/2020	State Street Bank	GBP	158,978,090	USD	209,454,429	1,200,966	0.23
15/01/2020	State Street Bank	GBP	178,785,118	USD	235,550,286	1,350,593	0.26
15/01/2020	State Street Bank	NOK	19,535	USD	2,171	54	-
15/01/2020	State Street Bank	NOK	2,828,324	USD	309,526	12,652	-

**Total unrealised gain on forward foreign exchange contracts
(31 December 2018: US\$70,159)**

3,017,958 **0.57**

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Loss US\$	% of Net Assets
15/01/2020	State Street Bank	GBP	1,323,195	USD	1,768,934	(15,621)	-
15/01/2020	State Street Bank	GBP	1,176,521	USD	1,572,849	(13,890)	-
15/01/2020	State Street Bank	GBP	198,075	USD	264,800	(2,338)	-
15/01/2020	State Street Bank	USD	600	CAD	793	(11)	-
15/01/2020	State Street Bank	USD	79,317,198	EUR	71,453,240	(891,741)	(0.17)
15/01/2020	State Street Bank	USD	3,335,921	EUR	3,000,000	(31,692)	(0.01)
15/01/2020	State Street Bank	USD	5,584,978	EUR	5,000,000	(27,710)	(0.01)
15/01/2020	State Street Bank	USD	996	NOK	9,104	(41)	-

**Total unrealised loss on forward foreign exchange contracts
(31 December 2018: US\$(2,534,719))**

(983,044) **(0.19)**

**Net unrealised gain on forward foreign exchange contracts
(31 December 2018: US\$(2,464,560))**

2,034,914 **0.38**

*These Short Term Investments are Commercial Paper.

Barings Global Investment Funds 2 Plc
Barings Investment Grade CLO Fund
Schedule of Investments (Unaudited) (continued)
As at 31 December 2019

Summary	Fair Value US\$	% of Net Assets
Total investments at fair value through profit and loss	526,133,976	98.95
Net unrealised gain on forward foreign exchange contracts	2,034,914	0.38
Other net assets	3,548,570	0.67
Total Net Assets	531,717,460	100.00

Barings Global Investment Funds 2 Plc
Global Multi-Credit Strategy Fund 3
Schedule of Investments (Unaudited)
As at 31 December 2019

Loan to Subsidiary

Country	Industry	Obligor	Fair Value GBP	% of Net Assets
Ireland	Finance	Barings Global Multi-Credit Strategy 3 Limited	190,578,733	100.05
Total Loan			190,578,733	100.05

Summary	Fair Value GBP	% of Net Assets
Total investments at fair value through profit or loss	190,578,733	100.05
Other net liabilities	(98,043)	(0.05)
Total Net Assets	190,480,690	100.00

Barings Global Investment Funds 2 Plc
Barings Global High Yield Credit Strategies Fund
Appendix 1 - Significant Changes in Portfolio Composition (Unaudited)
For the financial year ended 31 December 2019

There were no purchases or sales of securities for the financial year ended 31 December 2019. Purchases and Sales are completed at the Subsidiary level. Please refer to the financial statements of the Subsidiary.

Barings Global Investment Funds 2 Plc
Barings Investment Grade CLO Fund
Appendix 1 - Significant Changes in Portfolio Composition (Unaudited)
For the financial year ended 31 December 2019

Purchases

Issuer	Cost US\$
Walgreens Boots	8,992,639
HPS Loan Management 14-2019 Ltd	7,000,000
Sysco Corporation	6,998,048
Neuberger Berman Loan Advisers CLO 35 Ltd	6,250,000
FMC Tech Inc	5,982,640
RRE 2 Loan Management DAC	5,582,999
ALME Loan Funding II DAC	5,500,248
Bain Capital Credit CLO 2019-4 Ltd	5,000,000
Dte Capital Corp	4,999,297
Nextera Energy Cap Hldgs Inc	4,997,133
Dte Capital Corp	4,997,000
Ei Dupont	4,995,324
Clorox Company The	4,994,722
Dte Capital Corp	4,991,944
Transcanada Pipelines Ltd	4,990,978
Fortive Corporation	4,990,208
American Elec Pwr Inc	4,988,222
VW Cr Inc	4,980,611
VW Cr Inc	4,942,600
RRE 2 Loan Management DAC	4,689,719
Canadian Natural Resou	4,491,875
Dunedin Park CLO DAC	4,462,801
Riserva CLO Ltd	4,400,000
Neuberger Berman Loan Advisers CLO 31 Ltd	4,000,000
Goldentree Loan Management US CLO 5 Ltd	4,000,000
Bain Capital Credit CLO 2019-2	4,000,000
Aviation Capt Grp	3,999,712
Omnicom Cap Inc	3,999,711
Avangrid Inc	3,999,711
Tyco Intl Hldg Sarl	3,999,703
Interpublic Group Cos	3,998,822
Interpublic Group Cos	3,997,978
Relx Inc	3,997,978
Mohawk Industries Inc	3,997,970
Interpublic Group Cos	3,997,900
Bemis Company	3,997,556
Westar Energy Inc	3,997,556
Ameren Corp	3,991,911
Mondelez Intl Inc	3,991,167
Comcast Corp	3,990,872
Parker-Hannifin Corp	3,984,862
Entergy Corporation	3,980,290
HPS Loan Management 15-2019 Ltd	3,375,000
Cairn CLO XI DAC	3,321,299

Barings Global Investment Funds 2 Plc**Barings Investment Grade CLO Fund****Appendix 1 - Significant Changes in Portfolio Composition (Unaudited) (continued)**For the financial year ended 31 December 2019

Sales

Issuer	Proceeds US\$
Walgreens Boots	7,995,987
CIFC Funding 2014-V Ltd	5,242,125
American Elec Pwr Inc	4,995,997
Ocp CLO Ltd	4,976,050
Galaxy CLO Ltd	4,965,000
Vw Cr Inc	4,943,869
Madison Park Funding Ltd	4,008,000
Ameren Corp	3,998,556
Parker-Hannifin Corp	3,990,503
Sound Point CLO Ltd	3,920,000
Oha Loan Funding Ltd	3,700,000
Bain Capital Euro CLO	3,587,983
Fortive Corporation	3,499,537
Madison Park Funding Ltd	3,444,135
Bain Capital Credit CLO Ltd	3,252,145
Ballyrock Ltd	3,001,500
Oha Loan Funding Ltd	3,000,000
Wind River CLO Ltd	2,968,500
Apidos CLO	2,843,417
Avoca CLO	2,797,083
Madison Park Funding Ltd	2,500,000
Bain Capital Credit CLO, Limit	2,453,250
Carlyle Global Market Strategi	2,261,150
Gallatin Loan Management, Llc	2,247,300
OAK Hill European Credit Partners VI DAC	2,205,770
Atlas Senior Loan Fund Ltd	2,125,275
Marble Point CLO X Ltd	2,095,800
Oaktree CLO Ltd	2,010,938
Flatiron CLO Ltd	2,004,420
Palmer Square CLO Ltd	2,000,000
Entergy Corporation	1,999,762
Mohawk Industries Inc	1,999,020
Experian Finance Plc	1,998,966
Rockford Tower CLO 2017-3 Ltd	1,998,000
KKR Financial CLO Ltd	1,994,000
Wind River CLO Ltd	1,982,500
Bain Capital Euro CLO	1,937,066
Steele Creek CLO Ltd	1,843,000
General Electric Co	1,791,838
Madison Park Euro Funding	1,651,200

Listed above are aggregate purchases of securities exceeding 1 per cent of the total value of purchases for the financial year ended 31 December 2019 and aggregate sales greater than 1 per cent of the total value of sales for the financial year ended 31 December 2019.

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

Barings Global Investment Funds 2 Plc
Global Multi-Credit Strategy Fund 3
Appendix 1 - Significant Changes in Portfolio Composition (Unaudited)
For the financial year ended 31 December 2019

There were no purchases or sales of securities for the financial year ended 31 December 2019. Purchases and Sales are completed at the Subsidiary level. Please refer to the financial statements of the Subsidiary.

Barings Global Investment Funds 2 Plc

Appendix 2 - Disclosure of Remuneration (Unaudited)

For the financial year ended 31 December 2019

Remuneration Disclosure

Barings LLC paid the following remuneration to staff in respect of the financial year ending on 31 December 2019 in relation to work on Barings Global Investment Funds 2 Plc and its related Funds:

	31 December 2019 US\$ (000)
Fixed remuneration	654
Variable remuneration	2,074
	<hr/>
Total remuneration	2,728
	<hr/> <hr/>
Number of Beneficiaries:	103

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

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

	US\$ (000) Fixed	US\$ (000) Variable
Barings Global High Yield Credit Strategies Fund	550	1,800
Barings Senior CLO Debt Fund	61	133
Global Multi Credit Strategy Fund 3	43	142
	<hr/>	<hr/>
Total Barings Global Investment Funds 2 Plc remuneration	654	2,075
	<hr/> <hr/>	<hr/> <hr/>

The total remuneration disclosed above relates to the staff of Barings LLC that have worked on the Funds. It has been allocated between the funds under management of Barings LLC in proportion to the income received from the Funds during 2019. However, it is not possible to attribute remuneration paid to individual staff directly to income received from any fund.

Amounts paid to Senior Staff

	US\$ (000)
Aggregate remuneration of senior management	33,883
Aggregate remuneration of employees whose actions have a material impact on the risk profile of the management of the Funds by Barings LLC	34,619

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

Barings Global Investment Funds 2 Plc

Appendix 3 - Total Expense and Performance Data (Unaudited)

Total Expense Ratio ("TER")

The average TER table shows the actual expenses incurred by the Fund, expressed as an annualised percentage of the average ("Avg.") Net Asset Value ("NAV") of the Funds for the financial year ended 31 December 2019.

	Expense % of Avg. NAV 31 December 2019
Barings Global High Yield Credit Strategies Fund	
Tranche A GBP Accumulation	0.55
Tranche A GBP Distribution	0.55
Tranche B GBP Accumulation	0.62
Tranche B GBP Distribution	0.62
Tranche B USD Accumulation	0.61
Tranche C CAD Accumulation	0.70
Tranche C GBP Accumulation	0.70
Tranche C GBP Distribution	0.70
Tranche C USD Accumulation	0.69
Tranche C USD Distribution	0.69
Tranche D CAD Accumulation	0.79
Tranche D EUR Accumulation	0.80
Tranche D EUR Distribution	0.80
Tranche D GBP Accumulation	0.80
Tranche D GBP Distribution	0.80
Tranche D NOK Accumulation	0.80
Tranche D USD Accumulation	0.78
Tranche D USD Distribution	0.79
Tranche E EUR Distribution	1.20
Tranche E USD Distribution	1.18
Tranche F GBP Accumulation	0.10
Tranche F USD Accumulation	0.09
Tranche G USD Distribution	1.69
Tranche S USD Accumulation	0.40
	Expense % of Avg. NAV 31 December 2019
Barings Investment Grade CLO Fund	
Tranche A GBP Accumulation	0.29
Tranche A GBP Distribution	0.29
Tranche A USD Accumulation	0.28
Tranche C GBP Distribution	0.33
Tranche D CAD Accumulation	0.38
Tranche D EUR Accumulation	0.38
Tranche D NOK Accumulation	0.38
Tranche D USD Accumulation	0.37
Tranche D USD Distribution	0.37
	Expense % of Avg. NAV 31 December 2019
Global Multi-Credit Strategy Fund 3	
Tranche T GBP Accumulation	0.64

Barings Global Investment Funds 2 Plc

Appendix 3 - Total Expense and Performance Data (Unaudited) (continued)

Performance Data

Below is the historical performance data for the financial year ended 31 December 2019, 31 December 2018 and 31 December 2017:

	Net Return % 31 December 2019	Net Return % 31 December 2018	Net Return % 31 December 2017
Barings Global High Yield Credit Strategies Fund			
Class A GBP Accumulation	8.22	(1.83)	16.60
Class A GBP Distribution	8.24	(0.42)	16.10
Class B GBP Accumulation	8.15	(1.89)	16.51
Class B GBP Distribution	8.15	(0.48)	16.00
Class B USD Accumulation**	10.09	(1.66)	-
Class C CAD Accumulation*	9.22	(1.06)	2.27
Class C GBP Accumulation	8.08	(1.98)	16.44
Class C GBP Distribution	8.05	(0.61)	15.96
Class C USD Accumulation**	10.00	(3.00)	-
Class C USD Distribution	9.99	(0.16)	7.29
Class D CAD Accumulation*	9.11	(1.16)	3.45
Class D EUR Accumulation	6.32	(3.10)	20.10
Class D EUR Distribution*	6.68	(2.56)	18.96
Class D GBP Accumulation	7.95	(2.09)	16.32
Class D GBP Distribution	7.97	(0.75)	15.83
Class D NOK Accumulation*	8.61	(1.84)	8.43
Class D USD Accumulation	9.89	(0.41)	7.40
Class D USD Distribution	9.89	(0.25)	7.18
Class E EUR Distribution*	6.21	(2.98)	14.20
Class E USD Accumulation***	-	(0.81)	2.15
Class E USD Distribution	9.43	(0.66)	6.78
Class F GBP Accumulation	8.73	(1.40)	17.10
Class F USD Accumulation	10.67	0.30	8.15
Class G USD Distribution**	8.91	(0.67)	-
Class S USD Accumulation	10.34	0.01	7.84
	Net Return %	Net Return %	Net Return %
	31 December 2019	31 December 2018	31 December 2017
Barings Investment Grade CLO Fund			
Class A GBP Accumulation*	4.49	(1.16)	6.96
Class A GBP Distribution	2.04	(0.43)	13.92
Class A USD Accumulation	6.42	0.53	4.43
Class C GBP Distribution*	2.03	(0.48)	11.59
Class D CAD Accumulation*	5.47	(0.30)	(0.08)
Class D EUR Accumulation*	3.19	(2.26)	(0.06)
Class D NOK Accumulation*	5.00	(0.98)	(5.81)
Class D USD Accumulation*	6.27	0.43	1.72
Class D USD Distribution	2.00	0.48	5.13
	Net Return %	Net Return %	Net Return %
	31 December 2019	31 December 2018	31 December 2017
Barings Global Multi-Credit Strategy Fund 3			
Class T GBP Accumulation	8.33	(2.42)	7.41

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

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

***This share class launched during financial year ended 31 December 2017 and terminated during financial year ended 31 December 2019.