



**Barings European Loan Limited**  
(a private limited liability company incorporated in Ireland  
under registration number 470783)

**Annual Report & Audited Financial  
Statements**

for the financial year ended 31 December 2019

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# Barings European Loan Limited

## Annual Report and Audited Financial Statements Contents

For the financial year ended 31 December 2019

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# Barings European Loan Limited

## Directors and Other Information

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### Directors

Mr. Alan Behen (Irish)\*\*  
Mr. James Cleary (Irish)\* †  
Mr. David Conway (Irish)\* †  
Ms. Barbara Healy (Irish)\* †  
Mr. Paul Smyth (Irish)\*\*

### Registered Office

70 Sir John Rogerson's Quay  
Dublin D02 R296  
Ireland

### Manager and Alternative Investment Fund Manager

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

### Investment Managers

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

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

### Depository

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

### Independent Auditor

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin D01 F6F5  
Ireland

### Irish Legal Advisers to the Company

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

\* Resigned as Directors of the Company with effect from 14 November 2019.

\*\* Appointed as Directors of the Company with effect from 14 November 2019.

† Non-executive Directors independent of the Investment Manager

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# Barings European Loan Limited

## **Introduction**

For the financial year ended 31 December 2019

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Barings European Loan Limited (the "Company") is a private limited liability company incorporated in Ireland under the registration number 575367. The Company is a subsidiary of Barings European Loan Fund (the "Parent"). The Parent is a fund of an Irish incorporated umbrella fund, Barings Global Investment Funds Plc, which is the ultimate parent of the Company (the "Ultimate Parent") which is listed on the Global Exchange Market of the Euronext Dublin. As at 31 December 2019, the Company held investments to the value of €4,541,194,253 (31 December 2018: €5,131,117,411). The Company financed its purchases of investments by way of a loan provided by the Ultimate Parent, on behalf of its fund, the Parent.

The Company is managed by Baring International Fund Managers (Ireland) Limited (the "Manager"). Baring Asset Management Limited and Barings LLC (the "Investment Managers") act as Investment Managers to the Company. The following report refers to the Investment Managers but does not distinguish between them.

### **Company objective**

The Company's objective is to hold investments on behalf of its Parent.

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# Barings European Loan Limited

## Directors' Report

For the financial year ended 31 December 2019

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

### Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable 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 judgements 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 "Depositary") for safe-keeping, who have been appointed as Depositary to the Company pursuant to the terms of a Depositary 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](http://www.baring.com). The Directors together with Baring International Fund Managers (Ireland) Limited (the "Manager") and 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

The Directors do not anticipate any change in the structure or investment objectives of the Company.

### Directors

The Directors who served during the financial year were:

Mr. Alan Behen (Irish) (appointed 14 November 2019)  
Mr. James Cleary (Irish) (resigned 14 November 2019)\*  
Mr. David Conway (Irish) (resigned 14 November 2019)\*  
Ms. Barbara Healy (Irish) (resigned 14 November 2019)\*  
Mr. Paul Smyth (Irish) (appointed 14 November 2019)

\* Non-executive Directors independent of the Investment Manager.

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

### Directors' and 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).

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# Barings European Loan Limited

**Directors' Report** (continued)  
For the financial year ended 31 December 2019

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## 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.

## Transactions involving Directors

Other than as stated in Note 9 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).

All of the Directors are also Directors of the Ultimate Parent. Mr. Alan Behen and Mr. Paul Smyth are employees of Baring International Fund Managers (Ireland) Limited, a Distributor to the Ultimate Parent.

## 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 10 to these financial statements.

## Results and distributions

The results of operations for the financial year are set out in the Statement of Comprehensive Income. No dividends are recommended by the Directors in respect of the financial year ended 31 December 2019 (31 December 2018: Nil).

## 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 (the "Administrator"), 78 Sir John Rogerson's Quay, Dublin D02 HD32.

## 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. In this regard, Baring International Fund Managers (Ireland) Limited ("BIFMI"), will continue as the Manager of the Company and the Sub-Funds will continue to be registered for distribution into relevant jurisdictions in the EU and elsewhere. Portfolio management in respect of European investments will continue to be delegated to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The depositaries and administrators of the Funds are also EU entities. In addition, BIFMI has enhanced its presence in Dublin and recruited locally at all levels to staff its new office, reflecting the increased significance of BIFMI's role within the Barings business.

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.

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# Barings European Loan Limited

**Directors' Report** (continued)  
For the financial year ended 31 December 2019

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## Significant events during the financial year

On 18 January 2019, Baring International Investment Limited replaced Barings (U.K.) Limited as Sub-Investment Manager to the Company.

Mr. Alan Behen and Mr. Paul Smyth were appointed as Directors of the Company with effect from 14 November 2019.

Mr. James Cleary, Mr. David Conway and Ms. Barbara Healy resigned as Directors of the Company with effect from 14 November 2019.

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

## Significant events after 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.

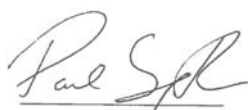
There were no significant events affecting the Company since the financial year end date, which require adjustment to, or disclosure in the financial statements.

### Independent auditor

The Auditors, KPMG, Chartered Accountants and Registered Auditors, 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:   
Alan Behen

Director:   
Paul Smyth

Date: 27 April 2020

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# Barings European Loan Limited

## **Independent Auditor's Report** For the financial year ended 31 December 2019

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS EUROPEAN LOAN LIMITED**

#### **1 Report on the audit of the financial statements**

##### ***Opinion***

We have audited the financial statements of Barings European Loan Limited ("the Company") for the year ended 31 December 2019, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, 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 profit 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.

##### ***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.

##### ***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, schedule of investments and the significant changes in portfolio composition. 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; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

##### ***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.



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# Barings European Loan Limited

**Independent Auditor's Report** (continued)  
For the financial year ended 31 December 2019

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS EUROPEAN LOAN LIMITED (continued)**

### ***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.

### **2 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 4, 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](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

#### ***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 1


27 April 2020


# Barings European Loan Limited

## Statement of Financial Position For the financial year ended 31 December 2019

		31 December 2019	31 December 2018
	Note	€	€
<b>Assets:</b>			
Financial assets at fair value through profit or loss:			
- Investments	10	4,541,194,253	5,131,117,411
- Forward foreign exchange contracts	10	12,010,863	9,894,287
Other receivables	5	37,018,179	46,032,519
Receivable for investments sold		60,250,041	132,706,578
Cash and cash equivalents	3	76,697,492	128,078,050
<b>Total assets</b>		<b>4,727,170,828</b>	<b>5,447,828,845</b>
<b>Liabilities:</b>			
Financial liabilities designated at fair value through profit or loss:			
- Loan and coupon payable from the Ultimate Parent	9	(4,655,617,401)	(5,312,988,365)
Financial liabilities held for trading:			
- Forward foreign exchange contracts	10	(156,909)	(216,677)
Payable for investments purchased		(71,268,995)	(134,495,412)
Other payables and accrued expenses	6	(125,262)	(126,317)
<b>Total liabilities</b>		<b>(4,727,168,567)</b>	<b>(5,447,826,771)</b>
<b>Net assets</b>		<b>2,261</b>	<b>2,074</b>
<b>Equity</b>			
Share capital	4	100	100
Retained earnings		2,161	1,974
<b>Total equity</b>		<b>2,261</b>	<b>2,074</b>

On behalf of the Board of Directors:

Director:   
Alan Behen

Director:   
Paul Smyth

Date: 27 April 2020

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

**BARINGS**

# Barings European Loan Limited

## Statement of Comprehensive Income For the financial year ended 31 December 2019

		31 December 2019	31 December 2018
	Note	€	€
<b>Income</b>			
Net change on financial assets at fair value through profit or loss	8	251,428,093	47,324,846
Net change on financial liabilities at fair value through profit or loss	9	(250,084,416)	(45,618,653)
<i>Other income</i>			
- Net gain on foreign exchange		783,090	758,265
<b>Net operating income</b>		<b>2,126,767</b>	<b>2,464,458</b>
<b>Expenses</b>			
Depositary fee		(1,221,243)	(1,571,262)
Directors' fee	9	(3,273)	(3,718)
Professional fees		(9,705)	-
Audit and tax reporting fee	6	(32,500)	(57,850)
Miscellaneous fee		(42,804)	(58,835)
<b>Total operating expenses</b>		<b>(1,309,525)</b>	<b>(1,691,665)</b>
<b>Net profit before finance costs</b>		<b>817,242</b>	<b>772,793</b>
<b>Finance costs</b>			
Interest expense		(816,992)	(772,543)
<b>Profit before income tax for the financial year</b>		<b>250</b>	<b>250</b>
Tax on ordinary activities	14	(63)	(63)
<b>Profit after tax</b>		<b>187</b>	<b>187</b>

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 the financial statements.

**BARINGS**

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# Barings European Loan Limited

## Statement of Changes in Equity For the financial year ended 31 December 2019

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### Financial year ended 31 December 2019

	Share Capital €	Retained Earnings €	Total €
Balance at beginning of the financial year	100	1,974	2,074
Profit for the financial year	-	187	187
<b>Balance at end of the financial year</b>	<b>100</b>	<b>2,161</b>	<b>2,261</b>

### Financial year ended 31 December 2018

	Share Capital €	Retained Earnings €	Total €
Balance at beginning of the financial year	100	1,787	1,887
Profit for the financial year	-	187	187
<b>Balance at end of the financial year</b>	<b>100</b>	<b>1,974</b>	<b>2,074</b>

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

# Barings European Loan Limited

## Statement of Cash Flows

For the financial year ended 31 December 2019

	31 December 2019	31 December 2018
	€	€
<b>Cash flows for operating activities</b>		
Profit after income tax	187	187
Adjustments for:		
Net movement on financial assets	599,153,278	207,900,467*
Unrealised gain/(loss) on derivatives	(2,176,344)	19,633,434
Coupon expense on loan from Ultimate Parent	250,084,416	45,618,653
<b>Operating cash inflows before movements in working capital</b>	<b>847,061,537</b>	<b>273,152,741</b>
Movement in other receivables	9,014,340	(9,659,805)
Movement in other payables	(1,055)	(35,428)
<b>Cash generated by/(used in) working capital</b>	<b>9,013,285</b>	<b>(9,695,233)</b>
<b>Net cash inflows from operating activities</b>	<b>856,074,822</b>	<b>263,457,508</b>
<b>Financing activities</b>		
Proceeds from loan from the Ultimate Parent	396,855,565	1,145,903,646
Repayment of loan to the Ultimate Parent	(1,304,310,945)	(1,429,106,370)*
<b>Net cash outflows from financing activities</b>	<b>(907,455,380)</b>	<b>(283,202,724)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(51,380,558)</b>	<b>(19,745,216)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>128,078,050</b>	<b>147,823,266</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>76,697,492</b>	<b>128,078,050</b>
<b>Supplemental information</b>		
Coupon received	257,636,903	264,377,457
Tax paid	(63)	(63)

\*On 25 May 2018, the Company delivered, by way of an inspecie transaction, assets amounting to €598,912,993 in exchange for a repayment of loan from the Parent. The total assets delivered by way of an inspecie transaction included non-cash amounts, which have been excluded from the line items highlighted above.

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

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# Barings European Loan Limited

## Notes to the Financial Statements For the financial year ended 31 December 2019

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### 1. Basis of measurement

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), 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.

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

The financial statements are presented in Euro ("€") and rounded to the nearest €.

These financial statements were prepared on a going concern basis.

The registered number of the Company is 470783.

### 2. Significant accounting policies

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

FRS 16 "Leases" was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have a significant 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 has no material impact on the net assets attributable to holders of redeemable shares of the Company.

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 yet effective for the financial year beginning on or after 1 January 2018 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.

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) Foreign currency translation

Functional and presentation currency

The functional currency and presentation currency of the Company is Euro ("€").

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# Barings European Loan Limited

## Notes to the Financial Statements For the financial year ended 31 December 2019

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### 2. Significant accounting policies (continued)

#### (c) Foreign currency translation (continued)

##### 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.

#### (d) Financial assets and 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

##### Classification of financial assets and financial liabilities

IFRS 9 contains three principle classification categories for financial instruments: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification (and subsequent measurement) of a financial instrument is based on the business model in which the financial instrument is managed, and where relevant, its cash flow characteristics. Since the Company manages and evaluates the performance of all of its financial instrument on a fair value basis in accordance with a documented investment strategy it must classify its financial assets as FVTPL. Loan from the Ultimate Parent and coupon payable on loan from the Ultimate Parent are recorded at fair value and are classified as liabilities at FVTPL when they either eliminate or significantly reduce an accounting mismatch.

##### Subsequent measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss were measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Assets and liabilities not carried at fair value were carried at amortised cost; their carrying values were a reasonable approximation of fair value.

##### (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 Sub-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.

However, this does not impact on the profit for this financial year or the comparative financial year as any change is effectively transferred to the Parent, via the loans obtained from the Ultimate Parent. Under the loan agreement, all of the Company's profit or loss (except for a yearly profit of €250) is incorporated into the value of the outstanding loan. Accordingly any additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

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# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

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### 2. Significant accounting policies (continued)

#### (d) Financial assets and liabilities (continued)

##### (iii) Fair value measurement principles (continued)

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 Baring Asset Management Limited and Barings LLC (the "Investment Managers") (appointed by the Directors and each approved for the purpose by the Depositary) or valued at the probable realisable value estimated with care and in good faith by any other means, provided that the value is approved by the Depositary.

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. The Directors have assessed that impairment does not apply to financial assets classified as fair value through profit or loss. 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. Additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

##### (vii) 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 fair value is positive and as liabilities when fair value is negative. Any changes 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 this 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 is recognised immediately in the Statement of Comprehensive Income.

##### (viii) Collective Investment Schemes ("CIS")

Financial assets include investments in open-ended investment funds. Fair value is based on the underlying fund administrator's calculation of the net asset value per share as the best approximation of fair value (market value of the fund's assets less liabilities divided by the number of shares) which will be the latest NAV published by the collective investment schemes, taking into account any adjustments that may be required to account for illiquidity, low trading volumes or any such factors that may indicate that the NAV may not be fair value.



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# Barings European Loan Limited

## Notes to the Financial Statements (continued) For the financial year ended 31 December 2019

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### 2. Significant accounting policies (continued)

#### (d) Financial assets and liabilities (continued)

##### (viii) Collective Investment Schemes ("CIS") (continued)

The net asset values at 31 December 2019 provided by the administrators of the underlying funds may subsequently be adjusted when audited financial statements for the underlying funds become available. The Board of Directors and the Managers will consider from time to time other factors that may have an impact on the Net Asset Value per share of the underlying funds and may consider adjusting its price to reflect a more appropriate fair value of a collective investment scheme. There have been no such adjustments at 31 December 2019 (31 December 2018: Nil).

##### (ix) Cash and cash equivalents

Cash comprises of 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.

#### (e) Income

##### *Coupon income from financial assets at fair value through profit or loss*

Coupon income on financial assets at fair value through profit or loss is included in net change on financial assets at fair value through profit or loss in the Statement of Comprehensive Income. Income not yet received is included in other receivables 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 is disclosed separately in the Statement of Comprehensive Income.

##### *Bank interest and interest expense*

Bank interest and interest expense is recognised on an effective interest method and includes interest income and expense from cash and cash equivalents. Bank interest income and expense is included in net change on financial assets at fair value through profit or loss and interest expense in the Statement of Comprehensive Income, respectively. Bank interest income not yet received is included in other receivables in the Statement of Financial Position on an accruals basis.

#### (f) Miscellaneous income

Miscellaneous income is comprised of various fees received relating to the loans held in the Company's portfolio of investments e.g. extension fees and prepayment fees. It is recognised in the Statement of Comprehensive Income on an accruals basis.

#### (g) Net change on financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any coupon or dividend income, realised and unrealised gains/losses, are recognised in the Statement of Comprehensive Income.

#### (h) Net change on financial liabilities at fair value through profit or loss

Loans from the Ultimate Parent are recorded at fair value and are classified as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch. The coupon expense on the loan from the Ultimate Parent is dependent on the financial performance of the Company and is recognised in the Statement of Comprehensive Income on an accrual basis.

#### (i) Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

#### (j) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities.

The Company is a Qualifying Company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits of the Company are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

In accounting for uncertainties in income tax, the Investment Managers apply 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.

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 2. Significant accounting policies (continued)

#### (j) Taxation (continued)

- 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.

#### (k) Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent amounts receivable and payable respectively, for transactions contracted for but not yet delivered at the end of the financial year. These amounts are recognised initially at fair value and subsequently at amortised cost.

### 3. Cash and cash equivalents

Cash and cash equivalents are held with the Depositary. State Street Corporation, the parent company of the Depositary, had a Standard & Poor's ("S&P") credit rating of A (31 December 2018: A) as at 31 December 2019. As at 31 December 2019, the Company held €76,697,492 (31 December 2018: €128,078,050) in cash and cash equivalents. Cash and cash equivalents are measured at amortised cost.

### 4. Share capital

#### Authorised

The authorised share capital of the Company is €1,000 divided into 1,000 shares of €1.00 each.

#### Issued and fully paid

The issued and paid up share capital is €100 of which €99 is held by the Depositary. €1 is held by TMF Management (Ireland) Limited as trustee on behalf of one or more trusts with charitable purposes.

The Company does not have any externally imposed capital requirements.

### 5. Other receivables

	31 December 2019	31 December 2018
	€	€
Coupon receivable on loan investments	24,794,593	27,981,043
Principal receivable on loan investments	943,719	1,201,383
Coupon receivable on bonds	11,278,265	16,848,490
Other receivables	1,602	1,603
	<u>37,018,179</u>	<u>46,032,519</u>

### 6. Other payables and accrued expenses

	31 December 2019	31 December 2018
	€	€
Depositary fee payable	(114,601)	(121,181)
Directors' fee payable	(328)	(337)
Miscellaneous payable	(10,333)	(4,799)
	<u>(125,262)</u>	<u>(126,317)</u>

The table below outlines the Statutory audit fees and tax advisory and compliance services fees charged (exclusive of VAT) for the financial years ended 31 December 2019 and 31 December 2018:

	31 December 2019	31 December 2018
	€	€
Statutory audit	(32,500)	(47,500)
Tax advisory and compliance services	-	(10,350)
Total	<u>(32,500)</u>	<u>(57,850)</u>

**BARINGS**

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 7. Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2019 (31 December 2018: Nil)

### 8. Net gain/(loss) on financial assets at fair value through profit or loss

	31 December 2019	31 December 2018
	€	€
Coupon income from financial assets designated at fair value through profit or loss	248,870,228	273,491,852
<i>Income from investments</i>		
- Realised loss on investments	(25,373,477)	(20,860,179)
- Unrealised net change on investments	112,278,156	(151,702,661)
- Realised loss on derivatives	(86,529,826)	(33,972,939)
- Unrealised net change on derivatives	2,183,012	(19,631,227)
	<u>251,428,093</u>	<u>47,324,846</u>

### 9. Related party transactions

#### Loan from the Ultimate Parent

The Company is a subsidiary of Barings European Loan Fund (the "Parent"), which is a fund of Barings Global Investment Funds Plc (the "Ultimate Parent"). The Company is funded for its acquisition of investments on behalf of the Parent by way of loans from the Ultimate Parent, which are granted pursuant to a loan agreement and repayable on demand. The obligations of the Company to the Parent shall be limited recourse obligations payable solely from the portfolio held by or on behalf of the Company after satisfying in full all senior obligations. Net gain/loss of the loan (coupon charged on loan) will be dependent on the profit of the Company.

The carrying amount of the Loan and coupon payable from the Ultimate Parent, designated at fair value through profit or loss as at 31 December 2019 was €4,655,617,401 (31 December 2018: €5,312,988,365). The net change on financial liabilities at fair value through profit or loss for the year ended 31 December 2019 was €250,084,416 (31 December 2018: €45,618,653).

In the event that accumulated losses prove not to be recoverable during the life of the Company, this will reduce the obligation to the loans from the Parent (i.e. contractual amounts at maturity by an equivalent amount).

#### Revolving credit facility and security deed

There is a revolving credit facility in place between the Ultimate Parent, on behalf of its fund, the Parent, and State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC whereby credit facilities may from time to time be made available by State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC to the Subsidiary of the Parent, the Company. There is also a security deed in place between the Ultimate Parent, on behalf of its fund, the Parent, and State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC whereby the Parent acts as Guarantor for any credit facilities extended to the Company. The credit facilities were not used during the financial year ended 31 December 2019 or 31 December 2018.

#### Investment Managers

The Company is managed by Baring International Fund Managers (Ireland) Limited. Baring Asset Management Limited and Barings LLC act as Investment Managers to the Company. The Investment Managers implement the investment strategy as specified in the Prospectus and Supplements. The Investment Managers are paid by the Parent.

On 25 May 2018, the Company delivered, by way of an in specie transaction, assets amounting to €598,912,993 to a designated activity company managed by Barings Global Advisers Limited, in exchange for a repayment of loan from the Parent.

#### Directors' and Secretary's interests

Directors' fees for the financial year amounted to €3,273 (31 December 2018: €3,718) of which €328 (31 December 2018: €337) was payable at the financial year end.

All of the Directors are also Directors of the Ultimate Parent. Mr. Alan Behen and Mr. Paul Smyth are also Directors of the Ultimate Parent. The independent non-executive Directors were also Directors of the Ultimate Parent. Mr. Alan Behen and Mr. Paul Smyth are employees of Baring International Fund Managers (Ireland) Limited, the Manager and Alternative Investment Fund Manager to the Ultimate Parent.

Neither the Directors nor the Company Secretary held any shares in the Company.

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks

The Company is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

#### (a) 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 Company's 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 Company invests in.

The Company's market risk is managed on a daily basis by the Managers in accordance with policies and procedures in place. The Company's 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 profit or loss, all changes in market conditions will directly impact the Company's results.

#### (i) Foreign currency risk

The Company uses forward foreign exchange contracts to hedge against foreign exchange risks on a portion of its portfolio. The Company does not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio being hedged. The hedging transactions may result in a poorer overall performance for the Company than if it had not engaged in such hedging transactions. Since the characteristics of many securities change as markets change, the success of the Company's hedging strategy is also subject to the Company's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. The Company does not regard the probability of foreign exchange risk occurring to be significantly high as to justify the cost of the hedge. The Investment Managers implement and manage this process through the use of various counterparties. The Investment Managers regularly review such positions to ensure that they are in line with the Company's investment policies.

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2019:

	Financial assets and liabilities at fair value through profit or loss	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net Exposure	% of Total assets
	€	€	€	€	€	%
GBP	769,819,079	9,308,874	4,374,536	(781,010,014)	2,492,475	0.05
USD	600,733,034	15,934,737	3,104,399	(611,349,461)	8,422,709	0.18

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2018:

	Financial assets and liabilities at fair value through profit or loss	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net Exposure	% of Total assets
	€	€	€	€	€	%
GBP	739,756,494	15,455,716	5,772,679	(774,868,001)	(13,883,112)	(0.25)
USD	607,382,811	41,713,806	2,088,143	(649,980,416)	1,204,344	0.02

\* Other assets and liabilities are comprised mainly of trade payables and receivables.

#### 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.

The Company is exposed to foreign currency risk, however the risk is effectively transferred to the Parent, via the loans obtained from the Ultimate Parent, since under the loan agreement, all of the Company's profit or loss (except for a yearly profit of €250) will be incorporated into the value of the outstanding loans (please see Note 9). Accordingly any additional gains or losses arising from changes in foreign currency rates will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (a) Market risk (continued)

##### (i) Foreign currency risk (continued)

###### Sensitivity analysis (continued)

As at 31 December 2019, 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 Company's investments, denominated in currencies other than the base currency of the Company, would be as follows:

	31 December 2019	31 December 2018
	€	€
GBP	124,624	(694,156)
USD	421,135	60,217

##### (ii) Interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. The Company's investments which are subject to interest rate risk are bonds and loans. The loans have a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3M LIBOR or EURIBOR, reset on a quarterly or semi-annual basis. Changes in interest rates can also have an effect on the valuation of financial asset and liability instruments held by the Company.

Other than the loan from the Ultimate Parent, the Company has no liabilities as at 31 December 2019 and 31 December 2018 that are exposed to changes in interest rates.

The following table details the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair values, categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2019:

	Within one year	1 - 5 years	Greater than 5 years	Non-interest bearing	Total
	€	€	€	€	€
<b>Assets</b>					
At fair value through profit or loss:					
- Investments	149,326,521	2,691,902,346	1,560,870,221	139,095,165	4,541,194,253
- Forward foreign exchange contracts	-	-	-	12,010,863	12,010,863
Other receivables	-	-	-	37,018,179	37,018,179
Receivable for investments sold	-	-	-	60,250,041	60,250,041
Cash and cash equivalents	76,697,492	-	-	-	76,697,492
<b>Total assets</b>	<b>226,024,013</b>	<b>2,691,902,346</b>	<b>1,560,870,221</b>	<b>248,374,248</b>	<b>4,727,170,828</b>
<b>Liabilities</b>					
Designated at fair value through profit or loss:					
- Loan and coupon payable from Ultimate Parent	(4,655,617,401)	-	-	-	(4,655,617,401)
Held for trading:					
- Forward foreign exchange contracts	-	-	-	(156,909)	(156,909)
Payable for investments purchased	-	-	-	(71,268,995)	(71,268,995)
Other payables and accrued expenses	-	-	-	(125,262)	(125,262)
<b>Total liabilities</b>	<b>(4,655,617,401)</b>	<b>-</b>	<b>-</b>	<b>(71,551,166)</b>	<b>(4,727,168,567)</b>
<b>Total interest sensitivity gap</b>	<b>(4,429,593,388)</b>	<b>2,691,902,346</b>	<b>1,560,870,221</b>		

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (a) Market risk (continued)

#### (ii) Interest rate risk (continued)

The following table details the Company's exposure to interest rate risks. It includes the Company's assets and trading liabilities at fair values, categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2018:

	Within one year €	1 - 5 years €	Greater than 5 years €	Non-interest bearing €	Total €
<b>Assets</b>					
Designated at fair value through profit or loss:					
- Investments	1,271,674	2,619,864,950	2,276,871,697	233,109,090	5,131,117,411
- Forward foreign exchange contracts	-	-	-	9,894,287	9,894,287
Other receivables	-	-	-	46,032,519	46,032,519
Receivable for investments sold	-	-	-	132,706,578	132,706,578
Cash and cash equivalents	128,078,050	-	-	-	128,078,050
<b>Total assets</b>	<b>129,349,724</b>	<b>2,619,864,950</b>	<b>2,276,871,697</b>	<b>421,742,474</b>	<b>5,447,828,845</b>
<b>Liabilities</b>					
Designated at fair value through profit or loss:					
- Loan and coupon payable from Ultimate Parent	(5,312,988,365)	-	-	-	(5,312,988,365)
Held for trading:					
- Forward foreign exchange contracts	-	-	-	(216,677)	(216,677)
Payable for investments purchased	-	-	-	(134,495,412)	(134,495,412)
Other payables and accrued expenses	-	-	-	(126,317)	(126,317)
<b>Total liabilities</b>	<b>(5,312,988,365)</b>	<b>-</b>	<b>-</b>	<b>(134,838,406)</b>	<b>(5,447,826,771)</b>
<b>Total interest sensitivity gap</b>	<b>(5,183,638,641)</b>	<b>2,619,864,950</b>	<b>2,276,871,697</b>		

#### 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.

The interest rate risks of the Company are effectively transferred to the Parent via the loans obtained from the Ultimate Parent on behalf of its fund, the Parent. Accordingly any additional gains or losses arising from changes in interest rates will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

It should be noted that a change in the EURIBOR or LIBOR interest rates may affect the fair value of the loan from the Ultimate Parent as follows (assuming negligible duration on floating rate instruments):

Interest rate change %	% Effect on Loan Fair Value 31 December 2019	Interest rate change %	% Effect on Loan Fair Value 31 December 2019
(0.50)	+0.21	+0.50	(0.21)
(0.75)	+0.32	+0.75	(0.32)
(1.00)	+0.43	+1.00	(0.42)
Interest rate change %	% Effect on Loan Fair Value 31 December 2018	Interest rate change %	% Effect on Loan Fair Value 31 December 2018
(0.50)	+0.19	+0.50	(0.19)
(0.75)	+0.29	+0.75	(0.28)
(1.00)	+0.38	+1.00	(0.37)

#### (iii) Price risk

All of the Company's financial investments (loans, bonds, equities, collective investment schemes and forward foreign exchange contracts) are carried at fair value on the Statement of Financial Position. Usually the fair value of the investments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables, interest receivable on bank, receivable for investments sold, payable for investments purchased other payables and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.



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# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

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### 10. Financial instruments and associated risks (continued)

#### (a) Market risk (continued)

#### (iii) Price risk (continued)

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.

#### *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 €227,059,713 (31 December 2018: €256,555,871) and it would have also increased the value of the loans from the Ultimate Parent by an equal amount. The net impact on the net assets of the Company would be Nil (31 December 2018: Nil).

#### (b) 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 Company resulting in a financial loss to the Company. The Company may invest in investments such as loans which are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans.

The Company's credit risk concentration is spread between a number of counterparties. The top ten holdings in the Company represented 15.60% (31 December 2018: 13.86%) of the market value of the Company's assets.

Furthermore, where exposure to loans is gained by purchase of Sub-Participations, there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Company for monies received in respect of loans directly held by it. In analysing each loan or sub-participation, the Managers will compare the relative significance of the risks against the expected benefits of the investment.

In purchasing sub-participations, the Company generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a sub-participation. As a result, the Company will assume the credit risk of both the obligor and the institution selling the sub-participation.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the financial year end date. The Managers through their investment strategy will endeavour to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst various fixed income asset classes and to take advantage of episodes of market mid-pricing.

The Company may utilise different financial instruments to seek to hedge against declines in the value of the Company's positions as a result of changes in currency exchange rates. The Company is exposed to credit risk associated with the forward currency 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.

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (b) Credit risk (continued)

At 31 December 2019, the Company's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets €	Financial instruments €	Collateral received €	Net €
Forward foreign exchange contracts	National Australia Bank Limited	5,407,507	-	-	5,407,507
	State Street Bank	6,603,356	(156,909)	-	6,446,447
		12,010,863	(156,909)	-	11,853,954

Description	Counterparty	Value of derivative liabilities €	Financial instruments €	Collateral pledged €	Net €
Forward foreign exchange contracts	State Street Bank	(156,909)	156,909	-	-
		(156,909)	156,909	-	-

At 31 December 2018, the Company's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets €	Financial instruments €	Collateral received €	Net €
Forward foreign exchange contracts	National Australia Bank Limited	4,713,462	-	-	4,713,462
	State Street Bank	5,180,825	(216,677)	-	4,964,148
		9,894,287	(216,677)	-	9,677,610

Description	Counterparty	Value of derivative liabilities €	Financial instruments €	Collateral pledged €	Net €
Forward foreign exchange contracts	State Street Bank	(216,677)	216,677	-	-
		(216,677)	216,677	-	-

The Company's financial assets exposed to credit risk were concentrated in the following geographical areas:

Country	% of Market Value 31 December 2019	% of Market Value 31 December 2018
Austria	0.1	0.4
Belgium	0.7	0.8
Canada	0.1	0.9
Denmark	-	0.8
Finland	1.0	-
France	8.5	9.3
Germany	19.3	21.1
Hong Kong	0.7	0.6
Ireland	2.0	2.5
Italy	2.6	3.8
Luxembourg	2.8	3.7
Netherlands	7.9	9.7
Portugal	0.2	1.1
Spain	5.1	3.3
Sweden	2.6	2.4
Switzerland	1.8	2.3
United Kingdom	26.1	21.9
United States	18.5	15.4
	100.0	100.0



# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (b) Credit risk (continued)

The Company held investments in bonds and loans with the following publically quoted credit ratings:

Moody's Rating	% of Market Value 31 December 2019	% of Market Value 31 December 2018
Ba3	4.4	2.4
B1	12.5	17.5
B2	36.8	38.7
B3	20.4	15.3
Ca	0.3	-
Caa1	4.1	3.4
Caa2	3.2	4.1
Caa3	2.3	1.6
Not publicly rated	16.0	17.0
	<u>100.0</u>	<u>100.0</u>

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Company monitors 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-publicly 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.

At the reporting date, the Company's financial assets exposed to credit risk are as follows:

	31 December 2019	31 December 2018
	€	€
Investments at fair value	4,537,144,701	5,084,611,092
Derivative financial assets	12,010,863	9,894,287
Other receivables	37,018,179	46,032,519
Receivables for investments sold	60,250,041	132,706,578
Cash and cash equivalents	76,697,492	128,078,050
<b>Total</b>	<u><b>4,723,121,276</b></u>	<u><b>5,401,322,526</b></u>

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

Substantially all of the non-loan assets of the Company (including cash) are held by the Depository, State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Depository may cause the Company's rights with respect to securities held by the Depository to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the Depository the Company uses. The S&P credit rating of State Street as at 31 December 2019 was A (31 December 2018: A). The S&P credit rating of National Australia Bank Limited as at 31 December 2019 was AA- (31 December 2018: AA-).

All of the loan assets of the Company have agent banks, and are not safeguarded within the Depository's network. Bankruptcy or insolvency of an agent bank may cause the Company's rights with respect to amounts held by the agent bank (on behalf of the associated loan) to be delayed or limited.

The Company's Managers analyse credit concentration based on the counterparty, industry and geographical location of the financial assets that the Company holds.

# Barings European Loan Limited

## Notes to the Financial Statements (continued) For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (b) Credit risk (continued)

The Company's financial assets exposed to credit risk were concentrated in the following industries:

Industry	% of Market Value 31 December 2019	% of Market Value 31 December 2018
Aerospace and Defence	0.3	1.4
Automobile	4.1	1.8
Beverage, Food and Tobacco	2.4	3.8
Broadcasting and Entertainment	8.0	6.3
Buildings and Real Estate	0.3	1.6
Cargo Transport	0.7	0.1
Chemicals, Plastics and Rubber	6.8	6.7
Containers, Packaging and Glass	1.4	1.0
Diversified / Conglomerate Manufacturing	5.0	4.5
Diversified / Conglomerate Service	9.7	7.4
Ecological	1.0	1.5
Electronics	4.6	5.7
Finance	5.4	7.0
Healthcare, Education and Childcare	18.3	17.7
Home and Office Furnishings, Housewares and Durable Consumer Products	1.7	2.1
Hotels, Motels, Inns and Gaming	7.6	5.6
Leisure, Amusement, Entertainment	2.9	2.9
Machinery Non-Agriculture, Non-Construction, Non-Electronic	1.4	1.8
Mining, Steel, Iron and Non Precious Metals	0.0	0.2
Mutual Funds	3.0	3.6
Oil and Gas	1.9	2.4
Personal and Non Durable Consumer Products	0.3	0.2
Personal, Food and Miscellaneous	0.0	0.1
Personal Transportation	0.5	0.5
Printing and Publishing	1.7	2.1
Retail Stores	5.0	6.5
Telecommunications	5.4	5.3
Utilities	0.6	0.2
	100.0	100.0

The above information is based on Moody's industry classifications.

Credit risk also incorporates counterparty risk which covers the likelihood of a counterparty failing which would principally arise on transactions with brokers that are awaiting settlement. As at 31 December 2019, the Company had trade receivables of €60,250,041 (31 December 2018: €132,706,578) and trade payables of €71,268,995 (31 December 2018: €134,495,412) of which none of the receivables (31 March 2019: Nil) and US\$7,101,504 of the payables (31 March 2019: Nil) remained outstanding at 31 March 2020, all other amounts have been settled. Risk relating to unsettled transactions is considered small due to the approval process of the brokers used and an active weekly settlement process employed from the outset by the Managers.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company 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 Company.

The loan from the Ultimate Parent is repayable at any moment in time. However, the amount repayable shall be an amount equal to the relevant assets in the same currency as the loan.

No other assets will be available to the Ultimate Parent and the obligation to make payments shall be reduced accordingly (if necessary). Therefore, liquidity risk in relation to repayment of the loan from the Ultimate Parent is reduced.

The Company may invest in investments such as loans which are below investment grade, which as a result carry greater liquidity risk than investment grade sovereign or corporate bonds or loans.

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (c) Liquidity risk (continued)

Due to the unique and customised nature of loan agreements evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as publicly traded securities. Although the range of investors in private debt has broadened in recent years, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. In addition, the terms of these assets may restrict their transferability without borrower consent. The Investment Managers will consider any such restriction, along with all other factors, in determining whether or not to advise the Company to acquire participation in each asset.

The requirement to sell investments quickly may result in an adverse impact on the value of holdings as forced sales will potentially be made below the fair value of investments. The Company may have to execute forced sales to satisfy large redemption requests in the Parent. However, to mitigate this risk, the Prospectus of the Ultimate Parent and the Supplement for the Parent provide for the restrictions in repurchasing redeemable shares. These restrictions will influence how quickly the Company's assets could be liquidated, if necessary, and include satisfying a repurchase of redeemable shares request of less than 5% of the Net Asset Value ("NAV") of the Parent by a distribution of investments in specie.

The Company must generate sufficient cash to satisfy redemption requests in the Parent. The Parent's constitutional documentation makes provision for a range of measures to assist with the management of liquidity on an ongoing basis, including, for example, the deferral of redemption applications exceeding 10% of the NAV of the Parent. The Company is typically managed with a small 'buffer' of cash (to minimise the cash drag impact on returns for investors) but also typically has investments in senior secured public floating rate notes whose settlement period (T+2 through Euroclear) permits more rapid sale where this might be required for liquidity purposes.

There is a revolving credit facility in place between the Ultimate Parent, on behalf of its fund, the Parent, and the Depositary whereby subject to the terms of the agreement credit facilities may from time to time be made available by the Depositary to the Company for short term liquidity purposes. The main purpose of this facility is to enable the Company to finance redemption requests and hedging requirements at short notice. This facility was not used during the financial year ended 31 December 2019 or 31 December 2018.

All of the Company's financial liabilities as at 31 December 2019 and 31 December 2018 were payable within three months.

The table below sets out the Fund's gross-settled derivative financial instruments at 31 December 2019. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	€	€	€	€
Asset - Forward foreign exchange contracts	1,434,004,508	-	-	1,434,004,508
Liability - Forward foreign exchange contracts	(1,422,150,554)	-	-	(1,422,150,554)
	<u>11,853,954</u>	<u>-</u>	<u>-</u>	<u>11,853,954</u>

The table below sets out the Fund's gross-settled derivative financial instruments at 31 December 2018. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	€	€	€	€
Asset - Forward foreign exchange contracts	1,558,283,233	-	-	1,558,283,233
Liability - Forward foreign exchange contracts	(1,548,605,623)	-	-	(1,548,605,623)
	<u>9,677,610</u>	<u>-</u>	<u>-</u>	<u>9,677,610</u>

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (d) Fair value hierarchy

##### Valuation Framework

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- 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.

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. Specific controls include:

- Review and approval of valuation methodologies;
- A review and approval process for changes to pricing models;
- Review of unobservable inputs and valuation adjustments;
- Review of independent third party pricing sources; and
- Review of prices where no third party pricing source is available.

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 unobservable 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 majority of holdings as at 31 December 2019 and 31 December 2018 were based on broker quotes received from Markit Group Limited. The remainder were priced from market makers and other pricing providers providing quotes directly to the Investment Managers or the Administrator and were classified as Level 2. Single broker quotes are classified as Level 2 and Level 3 holdings depending on trading and inputs into the price. The Investment Managers independently review the prices received as single broker quotes and ensure that they are in line with expectations.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, (i.e., an exit price) reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Where other pricing models are used, inputs are based on market data at the financial year end date.

Fair value for unquoted equity investments is estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer. 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 realisable value of the investment, by the Directors or their delegate or a competent person, which may be the Managers (appointed by the Directors and approved for the purpose by the Depositary) 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 Depositary.

#### Security type categorised as Level 3:

	Fair Value	Fair value
	31 December 2019	31 December 2018
	€	€
Equities	41,681	39,266
Loans	151,602,310	165,769,983
	<u>151,643,991</u>	<u>165,809,249</u>

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (d) Fair value hierarchy (continued)

##### Valuation Framework (continued)

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 market and the value of loans and sub-participations in loans will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

Please refer to the Schedule of Investments for the fair value of individual investments which were classified as Level 3.

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.

Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

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.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Payable for investments purchased and other payables and accrued expenses represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. All receivable and payable balances are categorised as Level 2.

The majority of investments held by the Company as at 31 December 2019 and 31 December 2018 were classified as Level 2 and were classified as Level 2 since the date of purchase. The loan and the coupon payable on the loan from the Ultimate Parent is classified as Level 2 since its value is based on the underlying investments, the majority of which are classified as Level 2.

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.

The following is a summary of the inputs used as of 31 December 2019 in valuing the Company's financial assets and liabilities carried at fair value:

	Level 1	Level 2	Level 3	Total
	€	€	€	Fair Value
	€	€	€	€
<b>Assets</b>				
- Investments	139,053,484	4,250,496,778	151,643,991	4,541,194,253
- Forward foreign exchange contracts	-	12,010,863	-	12,010,863
<b>Total assets</b>	<b>139,053,484</b>	<b>4,262,507,641</b>	<b>151,643,991</b>	<b>4,553,205,116</b>
<b>Liabilities</b>				
- Loan and coupon payable from the Ultimate Parent	-	(4,655,617,401)	-	(4,655,617,401)
- Forward foreign exchange contracts	-	(156,909)	-	(156,909)
<b>Total liabilities</b>	<b>-</b>	<b>(4,655,774,310)</b>	<b>-</b>	<b>(4,655,774,310)</b>

The following is a summary of the inputs used as of 31 December 2018 in valuing the Company's assets and liabilities carried at fair value:

	Level 1	Level 2	Level 3	Total
	€	€	€	Fair Value
	€	€	€	€
<b>Assets</b>				
- Investments	233,069,825	4,732,238,337	165,809,249	5,131,117,411
- Forward foreign exchange contracts	-	9,894,287	-	9,894,287
<b>Total assets</b>	<b>233,069,825</b>	<b>4,742,132,624</b>	<b>165,809,249</b>	<b>5,141,011,698</b>
<b>Liabilities</b>				
- Loan and coupon payable from the Ultimate Parent	-	(5,312,988,365)	-	(5,312,988,365)
- Forward foreign exchange contracts	-	(216,677)	-	(216,677)
<b>Total liabilities</b>	<b>-</b>	<b>(5,313,205,042)</b>	<b>-</b>	<b>(5,313,205,042)</b>

# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

### 10. Financial instruments and associated risks (continued)

#### (d). Fair value hierarchy (continued)

##### Valuation Framework (continued)

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). Transfers between Level 2 and Level 3 are discussed after the Level 3 reconciliation tables below, where relevant.

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2019 and 31 December 2018:

	Financial assets at fair value through profit or loss 31 December 2019	Financial assets at fair value through profit or loss 31 December 2018
	€	€
Opening balance	165,809,249	260,471,739
Net (loss)/gain on investments	(9,668,803)	2,387,263
Purchases	46,408,128	111,062,643
Sales	(7,668,645)	(177,392,084)
Transfers out of Level 3	(132,904,001)	(82,905,269)
Transfer into Level 3	89,668,063	52,184,957
Closing balance	<u>151,643,991</u>	<u>165,809,249</u>
Total unrealised gains or losses recognised in the Statement of Comprehensive Income for assets held at the end of the reporting financial period:		
- Included within unrealised loss on investments	<u>(13,866,517)</u>	<u>(3,887,821)</u>

The table below sets out information about significant unobservable inputs used at 31 December 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value €	Unobservable Inputs	Ranges	Weighted Average
Equities	41,681	EBITDA Multiples/Recent Sales	0.00-0.81	0.01
Loans	151,602,310	Broker Quotes/Recent Sales	48.00-100.88	89.00

The table below sets out information about significant unobservable inputs used at 31 December 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value €	Unobservable Inputs	Ranges	Weighted Average
Equities	39,266	EBITDA Multiples/Recent Sales	0.00-0.76	0.01
Loans	165,769,983	Broker Quotes/Recent Sales	57.50-100.00	97.29

#### Sensitivity of Level 3 asset measured at fair value to changes in assumptions.

The results of using reasonably possible alternative assumptions for valuing the Level 3 asset may result in the fair value estimate and recoverability of the asset being subject to uncertainty and a range of possible outcomes are likely. Such differences, if any, would not have a material effect on the overall portfolio as at 31 December 2019 or as at 31 December 2018.

If the value of level 3 securities increased/(decreased) by 5%, the effect on the NAV would be €7,582,200 (31 December 2018: €8,290,462).



# Barings European Loan Limited

## Notes to the Financial Statements (continued) For the financial year ended 31 December 2019

### 11. 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.

Below is a summary of the Company's holdings in non-subsiary unconsolidated structured entities as at 31 December 2019:

Structured Entity ("SE")	Line item in Statement of Financial Position	No. of Investments	Total Net Assets of the underlying Structured Entity* €	Carrying amount included in 'Financial assets at fair value through profit or loss' €	% of Total Net Assets**
CIS	Financial assets at fair value through profit or loss	3	21,242,981,467	135,045,613	2.91

Below is a summary of the Company's holdings in non-subsiary unconsolidated structured entities as at 31 December 2018:

Structured Entity ("SE")	Line item in Statement of Financial Position	No. of Investments	Total Net Assets of the underlying Structured Entity* €	Carrying amount included in 'Financial assets at fair value through profit or loss' €	% of Total Net Assets**
CIS	Financial assets at fair value through profit or loss	3	25,381,110,000	186,196,115	3.52

\*Based on the latest available Net Assets of the Structured Entities.

\*\*% of Total Net Assets refers to the Net Assets of the Parent.

### 12. Exchange rates

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

	31 December 2019	31 December 2018
Australian Dollar (AUD)	0.6256	0.6148
Great British Pound (GBP)	1.1809	1.1125
United States Dollar (USD)	0.8915	0.8728

### 13. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2019 or 31 December 2018.

### 14. Taxation

	31 December 2019 €	31 December 2018 €
Current financial year tax	63	63
Reconciliation of tax charge to profit before tax:		
Profit before tax	250	250
Corporation tax at 25%	63	63

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# Barings European Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2019

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### 15. Ultimate Parent undertaking and Parent undertaking of larger groups

The Company's Ultimate Parent undertaking is Barings Global Investment Funds Plc, a company incorporated in Ireland.

The immediate Parent of Barings European Loan Limited is Barings European Loan Fund.

### 16. Charges

The loans from the Ultimate Parent on behalf of the Parent are secured by the assignment of a fixed first charge of the Company's rights, title and coupon on debt investments.

### 17. Significant events during the financial year

On 18 January 2019, Baring International Investment Limited replaced Barings (U.K.) Limited as Sub-Investment Manager to the Company.

Mr. Alan Behen and Mr. Paul Smyth were appointed as Directors of the Company with effect from 14 November 2019.

Mr. James Cleary, Mr. David Conway and Ms. Barbara Healy resigned as Directors of the Company with effect from 14 November 2019.

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

### 18. Significant events after the financial year end

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. In this regard, Baring International Fund Managers (Ireland) Limited ("BIFMI"), will continue as the Manager of the Company and the Sub-Funds will continue to be registered for distribution into relevant jurisdictions in the EU and elsewhere. Portfolio management in respect of European investments will continue to be delegated to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The depositaries and administrators of the Funds are also EU entities. In addition, BIFMI has enhanced its presence in Dublin and recruited locally at all levels to staff its new office, reflecting the increased significance of BIFMI's role within the Barings business.

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.

There were no significant events affecting the Company since the financial year end date, which require adjustment to, or disclosure in the financial statements.

### 19. Comparative financial year

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

### 20. Approval of financial statements

The Directors approved these financial statements on 27 April 2020.



# Barings European Loan Limited

## Schedule of Investments (Unaudited)

As at 31 December 2019

Loans Country	Industry	Obligor	Fair Value €	% of Net Assets*
Austria	Diversified / Conglomerate Manufacturing	Al Alpine AT Bidco GmbH 2018 EUR Term Loan B	4,214,387	0.09
Belgium	Aerospace and Defence	CEP IV Investment 16 S.a.r.l. EUR Term Loan B**	12,352,000	0.27
Finland	Diversified / Conglomerate Manufacturing	Amer Sports Oyj EUR Term Loan B	45,780,621	0.98
France	Broadcasting and Entertainment	Technicolor SA 2017 EUR Term Loan B	23,454,298	0.51
	Buildings and Real Estate	Technicolor SA EUR Term Loan B LSF10 Impala Investments S.a r.l. 2018 EUR 2nd Lien Term Loan	23,600,211 12,550,000	0.51 0.27
	Chemicals, Plastics and Rubber	Novacap S.A. 2017 Incremental Term Loan B3 Novacap S.A. EUR Term Loan B1	1,657,850 39,130,298	0.04 0.84
	Containers, Packaging and Glass	Albea Beauty Holdings S.A 2018 USD Term Loan B2	12,690,268	0.27
	Diversified / Conglomerate Manufacturing	Averys 2018 EUR 2nd Lien Term Loan**	12,900,000	0.28
	Diversified / Conglomerate Service	ACG Holding SAS EUR Term Loan A AL-Fin SAS EUR Term Loan B	637,932 273,399	0.01 0.01
	Healthcare, Education and Childcare	Cerba Healthcare S.A.S. EUR Term Loan B Curium BidCo S.a r.l. USD Term Loan B	25,282,365 11,669,016	0.55 0.25
		Financiere Mendel SAS 2019 EUR Term Loan B	32,505,900	0.70
		Orphea Limited GBP Term Loan	41,394,098	0.89
	Hotels, Motels, Inns and Gaming	Casper BidCo SAS 2019 EUR Term Loan B1A Casper BidCo SAS EUR 2nd Lien Term Loan 1A	20,606,003 20,781,875	0.44 0.45
	Leisure, Amusement, Entertainment	European Camping Group SAS GBP Term Loan B** European Camping Group SAS GBP Term Loan B3** Vacalians Group EUR Term Loan B	36,262,263 7,482,094 15,144,818	0.78 0.16 0.33
Germany	Retail Stores	Thom Europe S.A.S EUR Term Loan B	21,044,288	0.45
	Broadcasting and Entertainment	Tele Columbus AG 2018 EUR Term Loan A2	5,166,338	0.11
	Chemicals, Plastics and Rubber	Azelis Finance S.A. 2018 EUR Term Loan B1 Colouroz Investment 1 GmbH EUR Term Loan Colouroz Investment 1 GmbH EUR Term Loan B3 Colouroz Investment 2 LLC USD 2nd Lien Term Loan B2 Flint Group GmbH 2017 EUR Incremental B6 Flint Group GmbH 2017 EUR Incremental B7	19,432,688 31,059,228 1,889,402 8,386,013 1,800,442 3,252,453	0.42 0.67 0.04 0.18 0.04 0.07

\* % of Net Assets refers to the Net Assets of the Parent.

\*\* This is a Level 3 security.

# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Loans (continued) Country	Industry	Obligor	Fair Value €	% of Net Assets*
		Flint Group GmbH EUR 2nd Lien Term Loan	1,408,873	0.03
		Flint Group GmbH EUR Add on Term Loan B4	15,310,992	0.33
		Flint Group GmbH EUR Term Loan B5	8,536,094	0.18
		Flint Group GmbH USD Term Loan C	5,881,351	0.13
		Flint Group US LLC USD 1st Lien Term Loan B2	35,577,350	0.77
	Diversified / Conglomerate Manufacturing	LSF10 XL Bidco S.C.A. EUR Term Loan B3	52,466,861	1.13
		PCF GmbH EUR Term Loan	17,004,459	0.37
		SGB-SMIT Management GmbH EUR Term Loan B	19,306,613	0.42
	Diversified / Conglomerate Service	AVS Holding GmbH EUR Term Loan	8,686,000	0.19
		HSE24 Finance & Service GmbH EUR Term Loan B3	2,475,000	0.05
		HSE24 Finance & Service GmbH EUR Term Loan C	17,615,935	0.38
	Healthcare, Education and Childcare	Aenova Holding GmbH EUR 2nd Lien Term Loan	17,555,174	0.38
		Aenova Holding GmbH EUR Term Loan B Aenova	39,744,760	0.86
		Aenova Holding GmbH EUR Term Loan B DRAG	16,726,992	0.36
		Aenova Holding GmbH EUR Term Loan B SCH	10,884,807	0.23
		Aenova Holding GmbH EUR Term Loan B Temmler	12,240,606	0.26
		GHD GesundHeits GmbH Deutschland 2019 EUR Term Loan B	7,102,875	0.15
		Nidda Healthcare Holding AG EUR Delayed Draw Term Loan B2	4,187,515	0.09
		Nidda Healthcare Holding AG EUR Term Loan B1	7,227,712	0.16
		Nidda Healthcare Holding AG EUR Term Loan C	13,531,671	0.29
		Nidda Healthcare Holding AG GBP Term Loan C	26,456,660	0.57
		Riemser Pharma GmbH EUR Term Loan B	35,417,426	0.76
		Rodenstock GmbH 2019 EUR Term Loan B	26,250,000	0.57
	Hotels, Motels, Inns and Gaming	Alpha Group SARL EUR Term Loan B	23,859,217	0.51
		Tackle S.A.R.L 2017 EUR Term Loan	8,202,557	0.18
		Tackle S.A.R.L EUR Incremental Term Loan B	43,913,484	0.95
	Machinery Non- Agriculture, Non- Construction, Non- Electronic	Alison Bidco S.a.r.l. EUR 1st Lien Term Loan B1	11,935,158	0.26
		Alison Bidco S.a.r.l. USD 1st Lien Term Loan B1	13,037,900	0.28
		Alison Bidco S.a.r.l. USD 1st Lien Term Loan B2	13,037,900	0.28
	Printing and Publishing	Springer Nature Deutschland GmbH EUR Term Loan B15	46,629,582	1.01
		Springer Nature Deutschland GmbH USD Term Loan B16	31,178,660	0.67
	Retail Stores	Kirk Beauty One GmbH 2017 EUR Term Loan B1	12,742,958	0.27
		Kirk Beauty One GmbH 2017 EUR Term Loan B2	7,299,433	0.16
		Kirk Beauty One GmbH 2017 EUR Term Loan B3	13,329,192	0.29

\*% of Net Assets refers to the Net Assets of the Parent.

# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Loans (continued)			Fair Value	% of Net
Country	Industry	Obligor	€	Assets*
		Kirk Beauty One GmbH 2017 EUR Term Loan B4	8,683,906	0.19
		Kirk Beauty One GmbH 2017 EUR Term Loan B5	2,597,822	0.06
		Kirk Beauty One GmbH 2017 EUR Term Loan B6	9,568,660	0.21
		Kirk Beauty One GmbH 2017 EUR Term Loan B7	6,629,415	0.14
		Kirk Beauty One GmbH 2017 EUR Term Loan B8	5,701,951	0.12
Hong Kong	Finance	Stiphout Finance LLC EUR 1st Lien Term Loan	30,370,520	0.65
		Stiphout Finance LLC EUR 2nd Lien Term Loan	910,951	0.02
		Stiphout Finance LLC USD 2nd Lien Term Loan**	878,200	0.02
Ireland	Beverage, Food and Tobacco	Valeo F1 Company Limited (Ireland) 2017 EUR Term Loan B	3,023,340	0.07
Italy	Healthcare, Education and Childcare	Affidea B.V. EUR Term Loan	13,295,700	0.29
	Home and Office Furnishings, Housewares and Durable Consumer Products	Global Garden Products C S.a.r.l. (LUX) 2017 EUR Term Loan B	33,260,196	0.72
Luxembourg	Chemicals, Plastics and Rubber	Allnex (Luxembourg) & Cy S.C.A. 2016 EUR Term Loan B1	49,145,289	1.06
	Finance	Saphilux S.a.r.l. 2018 GBP 2nd Lien Term Loan**	2,338,154	0.05
Netherlands	Beverage, Food and Tobacco	Sunshine Investments B.V. EUR Term Loan B1	12,879,009	0.28
		Sunshine Investments B.V. GBP Term Loan B2	12,359,763	0.27
	Broadcasting and Entertainment	AP NMT Acquisition BV EUR 1st Lien Term Loan	22,427,396	0.48
		AP NMT Acquisition BV GBP 1st Lien Term Loan	15,874,627	0.34
		AP NMT Acquisition BV USD 1st Lien Term Loan	39,764,722	0.86
		AP NMT Acquisition BV USD 2nd Lien Term Loan	77,667,394	1.67
	Chemicals, Plastics and Rubber	Starfruit Finco B.V 2018 EUR Term Loan B	24,408,362	0.53
	Diversified / Conglomerate Service	TMF Group Holding B.V. 2018 EUR 2nd Lien Term Loan	13,230,276	0.29
		TMF Group Holding B.V. 2018 EUR Term Loan B	12,688,297	0.27
	Electronics	UNIT4 N.V. 2019 EUR Term Loan B	45,733,908	0.99
	Hotels, Motels, Inns and Gaming	Rouge Beachhouse B.V. 2018 EUR Term Loan B	23,937,000	0.52
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	Ammeraal Beltech Holding B.V. 2018 EUR 1st Lien Term Loan	9,833,350	0.21
Spain	Telecommunications	Ziggo B.V. 2019 EUR Term Loan H	16,120,265	0.35
	Beverage, Food and Tobacco	Deoleo, S.A. EUR 2nd Lien Term Loan	165,687	0.00
		Deoleo, S.A. EUR Perfected 1st Lien Term Loan**	4,646,004	0.10
		Deoleo, S.A. EUR Unperfected Term Loan**	11,050,191	0.24
	Broadcasting and Entertainment	Imagina Media Audiovisual, S.L. 2018 EUR 2nd Lien Term Loan	34,205,900	0.74
		Imagina Media Audiovisual, S.L. 2018 EUR Term Loan B1	17,275,833	0.37

\*% of Net Assets refers to the Net Assets of the Parent.

\*\* This is a Level 3 security.

# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Loans (continued) Country	Industry	Obligor	Fair Value €	% of Net Assets*
		Imagina Media Audiovisual, S.L. 2018 EUR Term Loan B2	10,356,116	0.22
	Cargo Transport	Boluda Corporacion Maritima S.L. EUR Term Loan B	32,292,480	0.70
	Hotels, Motels, Inns and Gaming	HNVR Holdco Limited EUR 2017 Term Loan B2	9,713,318	0.21
	Leisure, Amusement, Entertainment	HNVR Holdco Limited EUR Term Loan B	21,635,067	0.47
		Dorna Sports, S.L. 2017 USD Term Loan B	5,914,762	0.13
	Telecommunications	International Park Holdings B.V. EUR Term Loan B	20,606,394	0.44
		Parques Reunidos SAU 2019 EUR Term Loan B1	13,601,318	0.29
		Masmovil Holdphone SA EUR Term Loan B1	22,722,066	0.49
Sweden	Diversified / Conglomerate Service	Masmovil Holdphone SA EUR Term Loan B2	3,635,531	0.08
		Verisure Holding AB EUR Term Loan B1E	93,446,941	2.01
	Home and Office Furnishings, Housewares and Durable Consumer Products	Hilding Anders International AB EUR 2017 Term Loan B	25,281,438	0.55
Switzerland	Chemicals, Plastics and Rubber	Archroma Finance Sarl EUR 2017 Term Loan B1	22,042,165	0.48
	Healthcare, Education and Childcare	Sunshine Luxembourg VII SARL EUR 1st Lien Term Loan	7,967,901	0.17
		Sunshine Luxembourg VII SARL USD 1st Lien Term Loan	15,273,345	0.33
	Personal and Non Durable Consumer Products	Unilabs Holding AB EUR 2017 Term Loan B2	22,903,492	0.49
	Automobile	Breitling Financing Sarl EUR Term Loan B1	15,234,200	0.33
United Kingdom		BCA Marketplace PLC GBP Term Loan B1	40,517,171	0.87
	Beverage, Food and Tobacco	Amphora Finance Limited 2018 GBP Term Loan B	38,197,604	0.82
	Chemicals, Plastics and Rubber	INEOS Enterprises Holdings Limited EUR Term Loan B	13,044,470	0.28
		Roy Bidco ApS EUR Term Loan B	14,913,212	0.32
	Containers, Packaging and Glass	Roy Bidco ApS GBP Term Loan B2	1,150,024	0.02
		Capri Finance LLC USD 2017 1st Lien Term Loan	19,825,390	0.43
	Diversified / Conglomerate Service	IRIS Bidco Limited 2018 GBP Term Loan B	22,780,472	0.49
	Ecological	PHS Group Limited 2016 GBP Term Loan A1	36,033,893	0.78
		Healthcare, Education and Childcare	Advanz Pharma Corp 2018 EUR Exit Term Loan B	63,660,025
	Healthcare, Education and Childcare	Advanz Pharma Corp 2018 USD Exit Tern Loan B	20,716,612	0.45
		Antigua Bidco Limited EUR Term Loan B	18,819,719	0.41
	Healthcare, Education and Childcare	Elysium Healthcare Holdings 3 Limited 2018 GBP Term Loan B1	39,570,883	0.85
		Fugue Finance B.V. EUR Term Loan	10,001,550	0.22

\*% of Net Assets refers to the Net Assets of the Parent.

# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Loans (continued) Country	Industry	Obligor	Fair Value €	% of Net Assets*
		Lernen Bidco Limited 2018 EUR 2nd Lien Term Loan**	59,415,376	1.28
		Tunstall Group Holdings Limited EUR Term Loan B	36,956,160	0.80
		Tunstall Group Holdings Limited GBP Term Loan B	13,610,998	0.29
	Hotels, Motels, Inns and Gaming	Compass IV Limited 2018 EUR 2nd Lien Term Loan	31,162,867	0.67
		Compass IV Limited 2018 EUR Term Loan B	44,028,383	0.95
		Richmond UK Bidco Limited 2017 GBP Term Loan B	53,041,967	1.14
	Leisure, Amusement, Entertainment	Vue International Bidco p.l.c. 2019 EUR Delayed Draw Term Loan B	45,261	0.00
		Vue International Bidco p.l.c. 2019 EUR Term Loan B	27,332,329	0.59
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	Doncasters Finance US LLC GBP Term Loan C	17,313,107	0.37
	Oil and Gas	KCA Deutag Alpha Limited 2018 Term Loan B	19,492,917	0.42
	Retail Stores	AS Adventure B.V. 2015 EUR Term Loan B	8,373,163	0.18
		EG Group Limited 2018 EUR Term Loan B1	14,200,704	0.31
		EG Group Limited 2018 GBP Term Loan B	8,883,005	0.19
		Lion Adventure B.V. GBP Term Loan**	4,278,028	0.09
		THG Operations Holdings Limited EUR Term Loan B	21,199,375	0.46
	Telecommunications	Virgin Media SFA Finance Limited EUR Term Loan O	15,556,188	0.34
		Virgin Media SFA Finance Limited GBP Term Loan M	49,658,218	1.07
United States	Automobile	DexKo Global Inc. 2018 EUR Term Loan B1	17,786,103	0.38
		DexKo Global Inc. 2018 EUR Term Loan B2	7,250,586	0.16
		DexKo Global Inc. 2019 EUR Incremental Term Loan	12,283,963	0.26
		Gates Global LLC 2017 EUR Repriced Term Loan B	16,212,382	0.35
	Chemicals, Plastics and Rubber	Diamond (BC) B.V. EUR Term Loan	23,616,685	0.51
		Diamond (BC) B.V. USD Term Loan	2,178,087	0.05
	Containers, Packaging and Glass	Trident TPI Holdings, Inc. 2017 EUR Term Loan B2	17,426,976	0.38
		Trident TPI Holdings, Inc. 2017 USD Term Loan B1	1,948,940	0.04
	Diversified / Conglomerate Service	Almonde, Inc. USD 1st Lien Term Loan	24,007,769	0.52
		Almonde, Inc. USD 2nd Lien Term Loan	26,827,841	0.58
		Element Materials Technology Group US Holdings Inc. 2017 EUR Term Loan B	5,178,129	0.11
		Element Materials Technology Group US Holdings Inc. 2017 GBP Term Loan B	8,159,129	0.18
		Financial & Risk US Holdings, Inc. 2018 EUR Term Loan	36,182,224	0.78
		Helios Software Holdings, Inc. EUR Term Loan	32,019,750	0.69
		I-Logic Technologies Bidco Limited 2018 EUR Term Loan	9,358,242	0.20
	Ecological	ERM Emerald US Inc. USD 2nd Lien Term Loan	7,577,784	0.16

\*% of Net Assets refers to the Net Assets of the Parent.

\*\* This is a Level 3 security.

# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Loans (continued)			Fair Value	% of Net
Country	Industry	Obligor	€	Assets*
	Electronics	EXC Holdings III Corp. EUR 2017 1st Lien Term Loan	5,593,848	0.12
		EXC Holdings III Corp. USD 2017 2nd Lien Term Loan	4,323,794	0.09
		Veritas Bermuda Ltd. EUR Repriced Term Loan B	118,842,652	2.55
	Finance	PI Lux Finco S.a r.l. 2018 EUR 2nd Lien Term Loan	9,766,192	0.21
	Healthcare, Education and Childcare	Auris Luxembourg III S.a.r.l. EUR Term Loan B1A	33,948,032	0.73
		Beaver-Visitec International, Inc. EUR Term Loan B	24,067,750	0.52
		Indivior Finance S.a.r.l. USD 2017 Term Loan B	25,853,861	0.56
		Lifescan Global Corporation 2018 1st Lien Term Loan	68,027,433	1.47
	Oil and Gas	Seadrill Partners Finco LLC Term Loan B	30,352,086	0.65
	Telecommunications	Banff Merger Sub Inc 2018 EUR Term Loan B	20,005,971	0.43
		Banff Merger Sub Inc 2018 USD Term Loan B	26,579,146	0.57
		GTT Communications, Inc. 2018 EUR Term Loan	5,777,939	0.12
		ION Trading Technologies S.a.r.l. EUR Incremental Term Loan B	78,447,482	1.69
<b>Total Loans (31 December 2018: €3,761,289,259)</b>			<b>3,485,840,784</b>	<b>75.15</b>

Bonds				Fair Value	% of Net
Country	Industry	Holding	Details	€	Assets*
Belgium	Home and Office Furnishings, Housewares and Durable Consumer Products	20,547,270	LSF9 Balta Issuer SARL, 7.750%, due 15/09/2022	19,704,832	0.42
France	Diversified / Conglomerate Service	16,723,000	Algeco Global Finance Plc, 6.250%, due 15/02/2023	16,442,723	0.35
		6,700,000	Algeco Global Finance Plc, 6.500%, due 15/02/2023	6,716,750	0.14
Germany	Oil and Gas	2,034,000	CGG Holding US Inc, 7.875%, due 01/05/2023	2,169,485	0.05
	Broadcasting and Entertainment	57,925,000	Tele Columbus AG, 3.875%, due 02/05/2025	56,772,293	1.23
	Diversified / Conglomerate Manufacturing	3,371,100	Galapagos SA, 4.337%, due 15/06/2021**	-	0.00
		504,900	Galapagos SA, 5.375%, due 15/06/2021**	-	0.00
		49,717,339	Mangrove Luxco III Sarl, 7.775%, due 09/10/2025	47,480,059	1.02
	Retail Stores	41,702,000	Takko Luxembourg 2 SCA, 5.375%, due 15/11/2023	40,961,810	0.88
Ireland	Utilities	11,464,000	Viridian Group FinanceCo PLC / Viridian Power & Energy, 4.750%, due 15/09/2024	13,789,275	0.30
		11,515,000	Viridian Group FinanceCo PLC / Viridian Power & Energy, 4.000%, due 15/09/2025	11,937,197	0.26

\*% of Net Assets refers to the Net Assets of the Parent.

\*\* This is a Level 3 security.



## Barings European Loan Limited

### Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Bonds (continued)			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
Italy	Containers, Packaging and Glass	3,065,000 Bormioli Pharma Bidco SpA, 3.500%, due 15/11/2024	2,763,711	0.06
	Diversified / Conglomerate Manufacturing	18,988,000 Fabric BC SpA, 4.125%, due 30/11/2024	19,066,800	0.41
	Diversified / Conglomerate Service	22,960,000 TeamSystem SpA, 4.000%, due 15/04/2023	23,102,122	0.50
	Healthcare, Education and Childcare	5,740,000 Limacorporate SpA, 3.750%, due 15/08/2023	5,769,992	0.12
		13,400,000 Rossini Sarl, 3.875%, due 30/10/2025	13,659,625	0.29
Netherlands	Retail Stores	7,367,000 Marcolin SpA, 4.125%, due 15/02/2023	7,427,115	0.16
	Diversified / Conglomerate Manufacturing	8,150,000 Trivium Packaging Finance BV, 3.750%, due 15/08/2026	8,440,153	0.18
	Retail Stores	22,665,000 Maxeda DIY Holding BV, 6.125%, due 15/07/2022	22,097,468	0.48
Portugal	Telecommunications	7,690,000 Altice Financing SA, 6.625%, due 15/02/2023	6,989,934	0.15
Spain	Personal Transportation	12,250,000 Naviera Armas SA, 6.500%, due 31/07/2023	9,555,194	0.21
		17,996,000 Naviera Armas SA, 4.250%, due 15/11/2024	12,732,170	0.27
United Kingdom	Automobile	1,600,000 AA Bond Co Ltd, 2.875%, due 31/01/2022	1,878,599	0.04
		41,454,000 AA Bond Co Ltd, 5.500%, due 31/07/2022	42,216,592	0.91
		6,584,000 AA Bond Co Ltd, 2.750%, due 31/07/2023	7,455,916	0.16
		5,835,000 AA Bond Co Ltd, 4.875%, due 31/07/2024	7,046,103	0.15
		6,689,000 RAC Bond Co PLC, 5.000%, due 06/11/2022	7,108,834	0.15
		15,000,000 RAC Bond Co PLC, 4.565%, due 06/05/2023	17,996,332	0.39
	Beverage, Food and Tobacco	22,327,000 Premier Foods Finance PLC, 5.725%, due 15/07/2022	26,504,062	0.57
	Broadcasting and Entertainment	5,300,000 Entertainment One Ltd, 4.625%, due 15/07/2026	6,776,459	0.15
		4,950,000 Pinewood Finance Co Ltd, 3.250%, due 30/09/2025	6,005,257	0.13
	Finance	19,613,000 Arrow Global Finance PLC, 5.125%, due 15/09/2024	23,641,303	0.51
		15,728,000 Arrow Global Finance PLC, 2.875%, due 01/04/2025	15,636,542	0.34
		23,412,000 Arrow Global Finance PLC, 3.750%, due 01/03/2026	23,670,703	0.51
		6,250,000 Cabot Financial Luxembourg II SA, 6.375%, due 14/06/2024	6,511,094	0.14
		9,469,000 Cabot Financial Luxembourg SA, 7.500%, due 01/10/2023	11,651,166	0.25
		4,000,000 Garfunkelux Holdco 3 SA, 7.500%, due 01/08/2022	4,012,000	0.09
35,479,000 Garfunkelux Holdco 3 SA, 8.500%, due 01/11/2022		41,552,055	0.90	
50,903,000 Garfunkelux Holdco 3 SA, 4.500%, due 01/09/2023		46,385,359	1.00	
20,971,000 Jerrold Finco Plc, 6.125%, due 15/01/2024		25,677,547	0.55	
Healthcare, Education and Childcare	10,292,000 Advanz Pharma Corp Ltd, 8.000%, due 06/09/2024	8,716,591	0.19	

\*% of Net Assets refers to the Net Assets of the Parent.

## Barings European Loan Limited

### Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Bonds (continued)			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
	Hotels, Motels, Inns and Gaming	39,350,000 TVL Finance PLC, 6.100%, due 15/07/2025	46,758,288	1.01
	Leisure, Amusement, Entertainment	6,056,000 CPUK Finance Ltd, 4.875%, due 28/08/2025	7,419,694	0.16
	Oil and Gas	20,332,000 KCA Deutag UK Finance PLC, 7.250%, due 15/05/2021	12,378,286	0.27
		22,956,000 KCA Deutag UK Finance PLC, 9.875%, due 01/04/2022	13,973,997	0.30
		9,853,000 KCA Deutag UK Finance PLC, 9.625%, due 01/04/2023	5,997,813	0.13
	Retail Stores	22,689,000 House of Fraser Funding PLC, 6.505%, due 15/09/2020	937,759	0.02
		9,679,000 Travelex Financing PLC, 8.000%, due 15/05/2022	9,967,434	0.21
United States	Automobile	8,400,000 Panther BF Aggregator 2 LP / Panther Finance Co Inc, 4.375%, due 15/05/2026	8,838,950	0.19
	Broadcasting and Entertainment	22,900,000 Netflix Inc, 3.625%, due 15/06/2030	23,615,625	0.51
	Containers, Packaging and Glass	13,750,000 Mauser Packaging Solutions Holding Co, 4.750%, due 15/04/2024	14,286,456	0.31
	Diversified / Conglomerate Service	59,264,000 Carlson Travel Inc, 4.750%, due 15/06/2023	59,634,400	1.29
	Electronics	35,131,000 Veritas US Inc / Veritas Bermuda Ltd, 7.500%, due 01/02/2023	34,428,380	0.74

**Total Bonds (31 December 2018: €1,137,125,718)**

**916,258,304      19.75**

Equities			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
Canada	Healthcare, Education and Childcare	1,622,180 Advanz Pharma, Common Stock	4,007,871	0.09
France	Diversified / Conglomerate Service	53,110 Alma Consulting Group, Luxco Shares**	-	0.00
		2,348,902 Alma Consulting Group, Senior Debt PPL**	2	0.00
		127,656 Alma Consulting Group, Senior Equity PPL**	-	0.00
Germany	Automobile	1,120,522 ATU, Common Stock**	1	0.00
United Kingdom	Healthcare, Education and Childcare	39,477 Tunstall, B1 Ordinary Shares**	-	0.00
		26,056 Tunstall, B2 Ordinary Shares**	-	0.00
	Ecological	51,448 Biffa Group Holdings**	41,678	0.00

**Total Equities (31 December 2018: €46,912,975)**

**4,049,552      0.09**

\*% of Net Assets refers to the Net Assets of the Parent.

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# Barings European Loan Limited

## Schedule of Investments (Unaudited) (continued) as at 31 December 2019

Collective Investment Schemes			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
Ireland	Mutual Funds	6,162 Deutsche Global Liquidity Series PLC - Managed Euro Fund	61,385,418	1.33
Luxembourg	Mutual Funds	4,113 JPMorgan Liquidity Funds - EUR Liquidity LVNAV Fund	40,958,346	0.88
		3,283 Morgan Stanley Liquidity Funds - Euro Liquidity Fund	32,701,849	0.70
<b>Total Collective Investment Schemes (31 December 2018: €186,196,115)</b>			<b>135,045,613</b>	<b>2.91</b>

<b>Total investments designated at fair value through profit or loss (31 December 2018: €5,131,524,067)</b>	<b>4,541,194,253</b>	<b>97.90</b>
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### Forward Foreign Exchange Contracts

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Gain	% of Net Assets*
						€	
02/01/2020	State Street Bank	EUR	45,096	USD	50,000	521	0.00
15/01/2020	National Australia Bank Limited	EUR	328,390,103	GBP	276,631,882	1,849,936	0.04
15/01/2020	National Australia Bank Limited	EUR	300,560,436	USD	333,396,965	3,557,572	0.08
15/01/2020	State Street Bank	EUR	457,251,519	GBP	385,176,334	2,583,953	0.06
15/01/2020	State Street Bank	EUR	2,870,628	GBP	2,400,000	37,634	0.00
15/01/2020	State Street Bank	EUR	330,069,641	USD	366,046,572	3,981,247	0.08

<b>Total unrealised gain on forward foreign exchange contracts (31 December 2018: €9,894,287)</b>	<b>12,010,863</b>	<b>0.26</b>
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Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Loss	% of Net Assets*
						€	
15/01/2020	State Street Bank	GBP	2,567,500	EUR	3,049,175	(18,462)	(0.00)
15/01/2020	State Street Bank	USD	622,619	EUR	559,578	(4,926)	(0.00)
15/01/2020	State Street Bank	USD	2,231,051	EUR	2,011,133	(23,627)	(0.00)
15/01/2020	State Street Bank	USD	5,188,490	EUR	4,677,054	(54,947)	(0.00)
15/01/2020	State Street Bank	USD	5,188,490	EUR	4,677,054	(54,947)	(0.00)

<b>Total unrealised loss on forward foreign exchange contracts (31 December 2018: €(216,677))</b>	<b>(156,909)</b>	<b>(0.00)</b>
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<b>Net unrealised gain on forward foreign exchange contracts (31 December 2018: €9,677,610)</b>	<b>11,853,954</b>	<b>0.26</b>
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\*% of Net Assets refers to the Net Assets of the Parent.

# Barings European Loan Limited

## Significant Changes in Portfolio Composition (Unaudited) as at 31 December 2019

### Purchases

Issuer	Cost €
Deutsche Global Liquidity Series PLC - Managed Euro Fund	233,525,601
JPMorgan Liquidity Funds - EUR Liquidity LVNAV Fund	196,370,230
Morgan Stanley Liquidity Funds - Euro Liquidity Fund	152,957,508
LSF10 XL EUR Term Loan B3	70,076,164
Springer Nature EUR Term Loan B15	49,305,803
Amer Sports Oyj EUR Term Loan B	47,442,354
UNIT4 EUR Term Loan B	46,402,612
TVL Finance PLC, 6.160% due 15/07/2025	43,884,412
Tackle EUR Incremental Term Loan B	43,491,000
BCA Marketplace GBP Term Loan B1	38,425,630
Boluda Corporacion Maritima EUR Term Loan B	31,920,000
Helios EUR Term Loan	31,779,000
Financiere Mendel SAS 2019 EUR Term Loan B	31,717,000
Springer Nature USD Term Loan B16	31,356,846
Rodenstock EUR Term Loan B	27,225,625
Vue EUR Term Loan B	27,037,388
Banff Merger Sub USD Term Loan B	26,157,953
Beaver-Visitec EUR Term Loan B	23,694,625
Almonde USD 1st Lien Term Loan	23,454,731
Orpheia Limited GBP Term Loan	23,256,554
Netflix Inc, 3.625%, due 15/06/2030	22,866,413
Masmovil Holdphone EUR Term Loan B1	22,559,052
Thomas Cook Group PLC, 6.250% due 15/06/2022	21,810,025
THG Operations EUR Term Loan B	21,186,000
Casper EUR Term Loan B1A	20,405,196

### Sales

Issuer	Proceeds €
Deutsche Global Liquidity Series Plc - Managed Euro Fund	258,525,601
JPMorgan Liquidity Funds - EUR Liquidity LVNAV Fund	211,370,230
Morgan Stanley Liquidity Funds - Euro Liquidity Fund	120,000,000
Springer Nature EUR Term Loan B14	75,244,920
Tackle EUR Term Loan	57,756,625
Nets A/S EUR Term Loan B1E	57,131,654
Rodenstock EUR Term Loan B2	56,471,403
Wind Tre SpA, 2.750% due 20/01/2024	53,176,204
Xella EUR Term Loan B	52,372,090
Nexi Capital SpA, 3.625% due 01/05/2023	45,613,975
Altice Financing SA, 6.625% due 15/02/2023	45,020,239
Amedes EUR Term Loan B	43,343,830
Morgan Stanley Liquidity Funds - Euro Liquidity Fund	42,957,508
Swissport EUR Term Loan B	42,002,012
Peer Holding III EUR Term Loan B	41,553,318
Labeyrie Fine Foods EUR Term Loan B1	38,237,408
GHD EUR Term Loan B	37,508,784
All3Media International New GBP Term Loan B	37,087,591
UNIT4 N.V. EUR Term Loan B1	35,685,393
Emerald US Term Loan B1	34,898,582
LSF10 Impala EUR Term Loan B	34,400,000
Springer Nature USD Term Loan B13	32,008,976
Thom Europe EUR Term Loan B	31,553,750
Banff Merger Sub Inc, 8.375% due 01/09/2026	27,621,650
Misys Europe EUR 1st Lien Term Loan	25,550,121

Listed above are the aggregate purchases and sales of an investment exceeding 1.00% of the total value of purchases and sales for the financial year ended 31 December 2019 or at least the top 20 purchases and sales.

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