



Barings Strategic Bond Fund
Interim Report & Unaudited Financial
Statements
for the half year ended 12 January 2019

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* Collectively, these comprise the Manager's report.

Management and professional service details

Manager

Baring Fund Managers Limited

Authorised and regulated by the Financial Conduct Authority ("FCA").

Investment Manager*

Baring Asset Management Limited

20 Old Bailey

London, EC4M 7BF

Authorised and regulated by the FCA.

Directors

C. Biggins (Resigned from the Board on 11 January 2019)

E. Browning (Appointed to the Board on 22 January 2019)

B. Greene

J. Swayne

Registered office

20 Old Bailey

London, EC4M 7BF

Trustee*

NatWest Trustee and Depositary Services Limited

250 Bishopsgate

London, EC2M 4AA

Authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and PRA.

Registrar*

Northern Trust Global Services SE UK Branch

P.O. Box 55736

50 Bank Street

Canary Wharf

London, E14 5NT

Telephone: 0333 300 0372†

Fax: 020 7982 3924

Authorised by the PRA and regulated by the FCA and PRA.

† Telephone calls may be recorded and monitored.

Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh EH3 8EX

* See key changes during the period on page 7.

Introduction

Baring Fund Managers Limited (the “Manager”) has delegated its day-to-day investment management responsibilities in relation to Barings Strategic Bond Fund (the “Fund”) to Baring Asset Management Limited (the “Investment Manager”), which is authorised and regulated by the Financial Conduct Authority (“FCA”).

The Fund invests in high-quality global bond markets on a diversified basis, aiming to generate long-term capital growth together with some income. The Fund will use forward currency contracts to reduce risk as part of this diversification process. As with all funds managed by the Manager, the risk assumed in this portfolio is carefully monitored.

The Report of the Manager reviews the performance of the Fund against the returns of the bond markets in which it is investing and analyses the investment environment that influenced the performance of the Fund over the period under review. The Investment Manager then gives an outlook for the markets and details how the Fund will be invested in order to take full advantage of the foreseen opportunities. Finally, the Report of the Manager gives details of any revenue generated by the Fund.

Investment objective and policy

The investment objective of Barings Strategic Bond Fund (the “Fund”) is to achieve long-term capital growth together with income by investing globally.

The Fund will seek to achieve its investment objective by investing directly and indirectly in fixed-income securities globally, as well as cash, near cash and money market instruments.

While the Fund will aim to diversify its investments, allocation to a single issuer, currency, specific ratings, maturities or durations may be more than 30% of its total assets depending on the Investment Manager’s assessment at different times.

In order to implement the investment policy, the Fund may gain exposure through investment grade, sub-investment grade and unrated bonds issued by governments, sovereigns, supranationals and corporates in developed and emerging markets. The Investment Manager has the ability to invest in debt securities of any maturity, duration or credit rating (including unrated). Forward currency transactions will be used to gain exposure to currencies and may be used to manage currency risk when considered appropriate. The Fund may also invest in collective investment schemes and other transferable securities. It may also use derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management and for investment purposes.

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

How the Fund is managed

The Fund invests in corporate and government bond markets where it is believed that yields are likely to fall and avoids those which are more expensive.

The overall duration, or interest rate sensitivity, of the Fund will fluctuate as expectations for economic developments change, relative to the market. The Manager will also look to add value through foreign exchange management, identifying those markets where currencies are attractive, for example, due to sound economic fundamentals or rising interest rates.

Risk profile

Please see detailed below the key risks applicable to the Fund:

- The rating of a bond is subject to change. There is no guarantee that a bond issuer will pay the interest due or repay the loan, which would result in a loss of income to the Fund, along with its initial investment. Bond values are likely to fall if interest rates rise.
- Where a bond market has a low number of buyers and/or a high number of sellers, it may be harder to sell fund investments at an anticipated price or in a timely manner. This could have a negative impact on the value of your investment. In extreme conditions, this could affect the Fund’s ability to meet investors’ redemption requests.
- Derivative instruments can make a profit or a loss, and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Fund’s value rises and falls and could expose the Fund to losses that are significantly greater than the cost of the derivative, as a relatively small movement may have a larger impact on derivatives than the underlying assets.

Investment objective and policy (continued)

Risk profile (continued)

- Emerging market countries may have less developed regulation and face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.

Please refer to the Prospectus for the full risk profile.

Constitution

The Barings Strategic Bond Fund (the “Fund”) is constituted by a Trust Deed between Baring Fund Managers Limited (the “Manager”) and NatWest Trustee and Depositary Services Limited (the “Trustee”).

Regulatory disclosure

This document has been issued by Baring Fund Managers Limited (the “Manager”), which is authorised and regulated by the Financial Conduct Authority (“FCA”).

Barings Strategic Bond Fund (the “Fund”) is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and has been established as an Undertakings for Collective Investments in Transferable Securities (“UCITS”) scheme.

Past performance is no indication of current or future performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Any references in this report to other investments held within the Fund should not be read as a recommendation to the investor to buy and sell the same but are included as illustration only.

The Fund at a glance on 12 January 2019

Total Fund size:	£40.90 million	
OCF*:	12/01/2019	12/07/2018
Barings Strategic Bond Fund - Class A GBP Inc	1.40%	1.38%
Barings Strategic Bond Fund - Class I GBP Inc	0.80%	0.78%
Initial charge:		
Barings Strategic Bond Fund - Class A GBP Inc		up to 5%
Barings Strategic Bond Fund - Class I GBP Inc		Nil
Annual charge:		
Barings Strategic Bond Fund - Class A GBP Inc		1.25%
Barings Strategic Bond Fund - Class I GBP Inc		0.65%
Annualised net yield**:		
Barings Strategic Bond Fund - Class A GBP Inc		1.08%**
Barings Strategic Bond Fund - Class I GBP Inc		1.55%**
Minimum initial investment:		
Barings Strategic Bond Fund - Class A GBP Inc		£1,000
Barings Strategic Bond Fund - Class I GBP Inc		£10,000,000
Minimum subsequent investment:		
Barings Strategic Bond Fund - Class A GBP Inc		£500
Barings Strategic Bond Fund - Class I GBP Inc		£500
Revenue available per unit:		
Barings Strategic Bond Fund - Class A GBP Inc		0.6229p
Barings Strategic Bond Fund - Class I GBP Inc		0.9009p

Regulatory disclosure (continued)

Price per unit	Mid-price (pence per unit)
Barings Strategic Bond Fund - Class A GBP Inc	115.50
Barings Strategic Bond Fund - Class I GBP Inc	116.00

* The Ongoing Charge Figure (“OCF”) reflects the payments and expenses which cover aspects of operating the Fund and is deducted from the assets over the period. It includes fees paid for investment management, trustee and general charges.

** Calculated based on mid-price.

Revenue allocations and reports

The distribution payment date for the current period is 6 March. Subsequent to this, the payment dates will be 31 October (final) and 30 April (interim)*. The annual report and financial statements for the year ended 12 July 2018, and an interim report and financial statements for the period ended 12 January 2019 will be available on the Baring Asset Management Limited website at www.barings.com.

*See key changes during the period on page 7.

Prospectus and Manager’s Reports

Copies of the Prospectus, the Key Investor Information Document(s) (“KIID(s)”), and the most recent annual or interim report and financial statements are available to all persons free of charge from the Manager upon request.

Copies of the Prospectus, KIID(s), and annual or interim report and financial statements are also available in French, where applicable.

PricewaterhouseCoopers LLP (the “Independent Auditor”) expresses its opinion on the English version of the annual report and financial statements and accepts no responsibility for any translations of those financial statements.

Market timing

Repeatedly purchasing and selling units in the Fund in response to short-term market fluctuations — known as ‘market timing’ — can disrupt the Manager’s investment strategy and increase the Fund’s expenses to the prejudice of all unitholders.

The Fund is not intended for market timing or excessive trading. To deter these activities, the Manager may refuse to accept an application for units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Fund.

The Manager also reserves the right to redeem units which it reasonably believes have been purchased by unitholders engaged in market timing.

Publication of prices

The prices of units are published on the Barings website at www.barings.com and on the “Daily Fund Prices” page of the Investment Association website at www.theinvestmentassociation.org. You can also obtain prices by telephone by calling +44 (0) 333 300 0372.

Dealing basis

The Manager’s basis for dealing in purchases and sales of the Fund’s units is “forward”. This means that the price used for any deal will be calculated at the next valuation point following receipt of the investor’s instruction.

Fees and expenses

The Manager’s periodic charge is calculated on each business day, based on the value of the property of the Fund on the immediately preceding business day, and is paid to the Manager monthly, in arrears, on the first business day of the calendar month immediately following. The current periodic charge is 1.25% per annum for Class A GBP Inc, and 0.65% per annum in respect of Class I GBP Inc.

Regulatory disclosure (continued)

Key changes during the period

- With effect from 8 October 2018, the name of the Administrator changed from Northern Trust Global Services Limited to Northern Trust Global Services SE UK Branch.
- With effect from 15 October 2018, the registered address for Baring Fund Managers Limited and Baring Asset Management Limited changed from:
155 Bishopsgate
London, EC2M 3XY
United Kingdom
to:
20 Old Bailey
London, EC4M 7BF
United Kingdom
- With effect from 28 November 2018, the Trustee changed from National Westminster Bank plc to NatWest Trustee and Depositary Services Limited.
- C. Biggins resigned as a Director of the Manager on 11 January 2019.
- E. Browning was appointed as a Director of the Manager on 22 January 2019.
- With effect from 31 August 2019, the annual accounting date of the Fund is changing to 31 August of each year, and subsequent interim period ends are changing to the last day of February of each year.
- The FCA has issued a guideline for asset managers to have a provision for the compulsory conversion of unit classes when the conversion is in the best interest of investors. This flexibility is included in the prospectus. Any such conversion will require a 60 days' notice to investors before the conversion takes place and there are no plans for any in the foreseeable future.

Securities Financing Transaction Regulation (“SFTR”) disclosure

The SFTR applies to the Manager as a UCITS management company and requires the Manager to comply with a series of obligations. In particular, the Manager will be required to provide investors with information on the use of securities financing transactions (“SFTs”) and total return swaps (“TRSs”) by the Fund in all interim and annual reports published from 13 January 2017.

During the period 13 July 2018 to 12 January 2019, the Fund did not enter into SFTs and TRSs. Should this change in the future, the interim and annual reports for the Fund will disclose all required information on the use of SFTs and TRSs.

General information for overseas investors (Austria, France, Germany, Luxembourg and Switzerland)

Austrian paying agent

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Wien
Austria

French paying agent

BNP Paribas Securities Services
9 Rue du Débarcadère
93 761 Pantin Cedex
France

German paying and information agent

Deutsche Bank AG
Global Transaction Banking
Issuer Services - Global Securities Services
Post IPO Services
Taunusanlage 12
60325 Frankfurt am Main
Germany

Further German information agent

Baring Asset Management Limited GmbH
Guillettstraße 54
60325 Frankfurt am Main
Germany

Luxembourg paying and information agent

Northern Trust Global Services SE
6, rue Lou Hemmer
L-1748 Senningerberg
Grand-Duchy of Luxembourg

Swiss paying agent

BNP Paribas Securities Services, Paris
Succursale de Zurich
Selnaustrasse 16
8002 Zurich
Switzerland

The Prospectus, the Key Investor Information Document(s) (“KIID(s)”), a list of portfolio changes, the Trust Deed as well as the annual and the interim reports and financial statements are available on www.barings.com, or via the office of the Austrian, French, German, Luxembourg, and Swiss paying agents.

General information for overseas investors (Austria, France, Germany, Luxembourg and Switzerland) (continued)

Information for investors in Switzerland

The Manager has appointed BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland, as representative and paying agent for Switzerland. Units are distributed in Switzerland by BNP Paribas (Switzerland) Limited at the above address. Investors can obtain free of charge the Prospectus, KIID(s), the last annual and interim reports, copies of the Trust Deed (and any amendments thereto) and the list of the purchases and sales made on behalf of Barings Strategic Bond Fund (the "Fund"), in French, from the representative at the above address. Official publications for the Fund are found on the internet at www.fundinfo.com. Unit prices (Net Asset Value with the words "plus commissions") are published daily on the internet at www.fundinfo.com.

Important information concerning the performance tables on page 10

The value of an investment can fall as well as rise as a result of market fluctuations, and investors may not get back the amount originally invested. Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units, nor the effect of the Manager's preliminary charge.

In conformity with a guideline of the Swiss Funds Association ("SFA") dated 16 May 2008, the Manager is providing the below additional information regarding performance.

Total Expense Ratio ("TER")

Following a Guideline of the SFA dated 16 May 2008, the Manager is required to publish a total expense ratio ("TER") for the Fund for the first part of the current accounting period and the second part of the previous accounting period. The TER has been established by the Manager and draws upon the data contained in the "Statement of total return" (Manager's management fee, registration fees, trustee fees, safe custody charges, audit fees, Financial Conduct Authority ("FCA") and other regulatory fees and taxation fees as well as any further fees and costs listed in the "Statement of total return" account which do not form part of the aforementioned categories). It is calculated with reference to these numbers and in conformity with the above guideline.

The TERs for each class for the period ended 12 January 2019 and year ended 12 July 2018 are as follows:

	TER 12/01/2019 %	TER 12/07/2018 %
Barings Strategic Bond Fund - Class A GBP Inc	1.40	1.38
Barings Strategic Bond Fund - Class I GBP Inc	0.80	0.78

Trailer fees and reimbursements

Trailer fees (Bestandespflegekommissionen) may only be paid to the sales agents/partners indicated below:

- authorised sales agents (distributors) within the meaning of Article 19, Para 1, Collective Investment Schemes Act ("CISA");
- sales agents (distributors) exempted from the authorisation requirement within the meaning of Article 19, Para 4, Collective Investment Schemes Act ("CISA");
- sales partners who place fund units exclusively with institutional investors with professional treasury facilities; and/or
- sales partners who place fund units with their clients exclusively on the basis of a written commission-based asset management mandate.

General information for overseas investors (Austria, France, Germany, Luxembourg and Switzerland) (continued)

Trailer fees and reimbursements (continued)

Reimbursements (Rückvergütungen) may only be paid to the institutional investors detailed below who from a commercial perspective are holding the fund units for third parties:

- life insurance companies (in respect of fund units held for the account of insured persons or to cover obligations towards insured persons), pension funds and other retirement provision institutions (in respect of fund units held for the account of beneficiaries);
- investment foundations (in respect of fund units held for the account of in-house funds);
- Swiss fund management companies (in respect of fund units held for the account of the funds managed); and
- foreign fund management companies and providers (in respect of fund units held for the account of managed funds and investing unitholders).

Performance record to 12 January 2019 (including distribution payments where applicable)

	13/07/2018 - 12/07/2019 %	13/07/2017 - 12/07/2018 %	13/07/2016 - 12/07/2017 %	13/07/2015 - 12/07/2016 %	13/07/2014 - 12/07/2015 %
Barings Strategic Bond Fund – Class A GBP Inc (GBP terms)	0.14	(0.68)	0.48	0.54	4.70
Barings Strategic Bond Fund – Class I GBP Inc (GBP terms)	0.42	0.00	1.09	1.24	5.21

Performance figures are shown net of fees and charges, on a published NAV per unit basis (mid-price), with gross revenue reinvested.

Source: Morningstar/Barings

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Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units. Please note that changes in the rates of exchange may have an adverse effect on the value, price or income of an investment.

Fund information

Change in net assets per unit	Barings Strategic Bond Fund - Class A GBP Inc			Barings Strategic Bond Fund - Class I GBP Inc		
	12/01/2019 (p)	12/07/2018 (p)	12/07/2017 (p)	12/01/2019 (p)	12/07/2018 (p)	12/07/2017 (p)
Opening net asset value per unit	115.24	116.98	117.21	115.38	117.13	117.36
Return before operating charges	0.81	0.89	1.94	0.82	0.89	1.90
Operating charges (calculated at average price)	(0.81)	(1.62)	(1.62)	(0.46)	(0.92)	(0.93)
Return after operating charges	0.00	(0.73)	0.32	0.36	(0.03)	0.97
Distributions on income units	(0.62)	(1.01)	(0.55)	(0.90)	(1.72)	(1.20)
Closing net asset value per unit	114.62	115.24	116.98	114.84	115.38	117.13
After direct transaction costs*	-	-	-	-	-	-
Return						
Return after charges	0.00%	(0.62%)	0.27%	0.31%	(0.03%)	0.83%
Other information						
Closing net asset value ('000)	19,586	21,098	25,615	21,312	22,341	25,328
Closing number of units	17,088,039	18,308,693	21,896,411	18,558,794	19,363,550	21,623,982
Operating charges	1.40%	1.38%	1.39%	0.80%	0.78%	0.79%
Direct transaction costs	-	-	-	-	-	-
Prices**						
Highest unit price	115.60	118.10	124.00	116.00	118.50	114.83
Lowest unit price	112.00	115.40	115.28	112.30	115.90	118.41

* Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as, dealing spread and underlying costs with regard to Investment Fund holdings, which will also have reduced the Fund and unit class returns before operating charges.

** High/low prices included in the table above are for the period from 13 July 2018 to 12 January 2019 and the years from 13 July 2017 and 2016 to 12 July 2018 and 2017, respectively.

Fund information (continued)

Other relevant published prices

Accounting period		Barings Strategic Bond Fund - Class A GBP Inc		
		Offer price (pence per unit)	Bid price (pence per unit)	Mid-price (pence per unit)
04/02/1991	Launch date	50.00	47.62	N/A*
12/01/2019	Financial statements date	N/A*	N/A*	115.50
28/02/2019	Latest date	N/A*	N/A*	117.30

Accounting period		Barings Strategic Bond Fund - Class I GBP Inc		
		Offer price (pence per unit)	Bid price (pence per unit)	Mid-price (pence per unit)
11/09/2012	Launch date	118.30	118.20	N/A*
12/01/2019	Financial statements date	N/A*	N/A*	116.00
28/02/2019	Latest date	N/A*	N/A*	117.70

* The Fund converted from dual to single pricing on Monday 12 December 2016, and, therefore, offer price and bid price are not applied from/after the date of conversion.

Report of the Investment Manager

The risk and reward profile

	SRRRI risk category* 12/01/2019	SRRRI risk category* 12/07/2018
Barings Strategic Bond Fund - Class A GBP Inc	3	3
Barings Strategic Bond Fund - Class I GBP Inc	3	3

* The Synthetic Risk and Reward Indicator ("SRRRI") is not a measure of the risk of capital loss, but a measure of the Fund's price movement over time; the higher the number, the greater the price movement both up and down. It is based on historical data and is not a reliable indication of the future risk profile of the Fund. The risk category shown is in line with the Key Investor Information Document ("KIID") at period-end, is not guaranteed, and may change over time. The risk categories are measured from 1 to 7 (1 measuring typically lower risk/rewards and 7 measuring typically higher risk/rewards). The lowest category does not mean a risk-free investment. The Fund is classified in the category indicated due to past movements in the Fund's price. There is no capital guarantee. The value of investments and the income from them may go down as well as up and investors may not get back the amount they invest. The SRRRI figures shown did not change during the period.

Performance

Over the period, the Barings Strategic Bond Fund (the "Fund") produced a return net of fees with gross income reinvested for the Class A GBP Inc unit class of +0.14%. Over the third quarter of 2018, the biggest performance detractors were the long positions in US treasuries, Emerging Markets (bonds and currencies) and Scandinavian currencies. US treasuries and Emerging Market assets were impacted by US Federal Reserve (the "Fed") implementing a more restrictive monetary policy. Our view then was that the Fed would respond by slowing the pace of tightening, hence we had maintained the positions. We cut the long positions in US treasuries and Emerging Markets at the start of the fourth quarter of 2018, but maintained the long Scandinavian currency positions. The Fund also had long positions in Eurozone peripheral bonds, namely Portugal, Spain, Italy and Greece.

Later in the period, following the Fed rate hike in September, we bought back US treasuries as 10 year bond yields approached our fair value yield level of 3.25%. We also believed then that investors were optimistic on the outlook for the US economy and any slowdown would be positive for US treasuries. We also reduced some of our long positions in US and Eurozone peripheral bonds in Portugal and Spain, taking profits following strong outperformance. We used some of the proceeds from selling Spanish and Portuguese bonds to add to Italy, including via bond futures.

In the fourth quarter of 2018, we saw attractive opportunities and added significantly in Credit and Emerging Market assets. These assets had sold off significantly through the quarter on rising US interest rates and a strong US dollar. Given our long term view on the US, i.e. slowing growth (but no recession) and the Fed shifting into a neutral stance on interest rates, the outcome would be positive for riskier assets.

Report of the Investment Manager (continued)

Performance (continued)

The top ten purchases and sales during the period were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Deutsche Bundesrepublik Inflation Linked Bond 0.10% 15/04/2023	8,579	United Kingdom Gilt 4.50% 07/03/2019	10,646
United Kingdom Gilt 4.50% 07/03/2019	6,069	United States Treasury Note/Bond 1.75% 30/11/2021	5,260
United States Treasury Bill 0.00% 23/05/2019	4,133	United States Treasury Bill 0.00% 23/05/2019	3,987
United States Treasury Note/Bond 3.625% 15/02/2020	3,936	United States Treasury Note/Bond 3.625% 15/02/2020	3,945
Italy Buoni Poliennali Del Tesoro 3.75% 01/08/2021	3,453	United States Treasury Inflation Indexed Bonds 2.375% 15/01/2025	3,364
Republic of Italy Government International Bond 6.875% 27/09/2023	2,992	United Kingdom Gilt 1.25% 22/07/2018	3,300
Russian Foreign Bond - Eurobond 2.875% 04/12/2025	2,544	Italy Buoni Poliennali Del Tesoro 4.75% 01/09/2028	3,054
Mexican Bonos 7.50% 03/06/2027	2,406	United States Treasury Inflation Indexed Bonds 1.125% IL 15/01/2021	2,741
United States Treasury Note/Bond 1.50% 30/11/2019	2,316	United States Treasury Note/Bond 1.50% 30/11/2019	2,342
United States Treasury Note/Bond 2.50% 31/01/2025	2,209	United States Treasury Note/Bond 2.50% 31/01/2025	2,336

Market outlook

Globally, incoming economic data has been weaker than we anticipated. However, even the most pessimistic prints of economic sentiment still point to expansion. For example the latest US Institute for Supply Management (ISM) Purchasing Managers' Index (PMI) reading, released in early January, was recorded at 54.1. While lower than a few months back, this still points to an expansion.

a.) For Treasuries

The drop in oil prices and the moderation in global growth have been matched by falling future inflation expectations. This has led to lower yields and higher prices for 10 year US treasuries. With the yield on US 10 year treasuries declining from 3.2% to 2.6%, we do not believe that this market represents value. However, our outlook for benign US and global growth environment and modest inflation outturns means US bond yields are unlikely to break materially higher.

b.) For the US dollar

We have high conviction that the US dollar has peaked and is likely to weaken from here. This will be driven by falling real yields, a rising US deficit, benign US rates, and the Federal Reserve turning neutral on interest rates.

c.) For credit (emerging debt & high yield)

As highlighted above, the sell-off in credit and emerging markets assets has created very attractive value, and likely to outperform through 2019 on range-bound US treasury yields and a weak US dollar. We therefore saw index level yields of 7% on US dollar-based emerging debt or 7.9% for US high yield corporate debt as an opportunity to build significant long positions.

Baring Asset Management Limited

Baring Asset Management Limited (the "Investment Manager") gives its portfolio managers full authority to manage their funds as they see fit, within the established guidelines set down. This includes the views that managers may take of the markets and sectors they invest in, which may differ from the views of other Barings portfolio managers.

Report of the Investment Manager (continued)

Revenue

	Revenue available per unit as at 12/01/2019	Revenue available per unit as at 12/07/2018	Annualised net yield as at 12/01/2019	Annualised net yield as at 12/07/2018
Barings Strategic Bond Fund - Class A GBP Inc	0.6229p	0.7614p	1.08%	0.87%
Barings Strategic Bond Fund - Class I GBP Inc	0.9009p	1.1847p	1.55%	1.38%

Post balance sheet events

After the period-end, market fluctuations resulted in changes to the published prices. These are shown in the "Other relevant published prices" table on page 12.

Portfolio information

Major holdings - % of total net assets

Top ten holdings	12/01/2019 %	12/07/2018 %
Deutsche Bundesrepublik Inflation Linked Bond 0.10% 15/04/2023	15.79	-
Italy Buoni Poliennali Del Tesoro 3.75% 01/08/2021	8.44	-
Republic of Italy Government International Bond 6.875% 27/09/2023	7.18	-
Russian Foreign Bond - Eurobond 2.875% 04/12/2025	6.21	-
Mexican Bonos 7.50% 03/06/2027	5.97	-
Mexico Government International Bond 3.60% 30/01/2025	5.04	-
Mexico Government International Bond 1.75% 17/04/2028	4.99	-
Indonesia Government International Bond 3.75% 14/06/2028	4.33	-
Brazilian Government International Bond 2.625% 05/01/2023	4.08	1.77
Hungary Government International Bond 5.75% 22/11/2023	4.03	-

Currency breakdown - % of total net assets

Country	12/01/2019 %	12/07/2018 %
Australian Dollar	(0.01)	-
Brazilian real	(0.02)	3.91
Canadian dollar	0.08	0.06
Chilean peso	0.03	-
Colombian peso	(0.13)	1.58
Euro	42.37	20.27
Indonesian rupiah	3.33	0.98
Japanese yen	-	0.06
Malaysian ringgit	(0.04)	-
Mexican peso	9.70	-
Polish zloty	(0.01)	3.60
Pound sterling	0.58	18.15
Russian Ruble	3.70	2.79
South African rand	(0.48)	6.46
US dollar	33.66	38.17

Portfolio information (continued)

Asset type breakdown - % of total net assets

Asset type	12/01/2019 %	12/07/2018 %
Bonds	93.70	96.23
Credit default swaps	1.14	-
Forward currency contracts	(1.96)	(0.20)
Futures contracts	(0.14)	-
Interest rate swaps	0.02	-
Net other assets	7.24	3.97

Directors' statement

The financial statements on pages 24 to 26 were approved by Baring Fund Managers Limited (the "Manager") and signed on its behalf by:

B. GREENE Director

J. SWAYNE Director

London 04 March 2019

Portfolio statement

as at 12 January 2019

Holdings	Investments	Bid-market Value (£)	Percentage of total net assets (%)
	Bonds: 93.70% (96.23%)		
	Brazilian real: 0.00% (3.91%)		
	Colombian peso: 0.00% (1.58%)		
	Euro: 43.14% (20.31%)		
EUR 6,300,000	Deutsche Bundesrepublik Inflation Linked Bond 0.10% 15/04/2023	6,459,318	15.79
EUR 1,800,000	Indonesia Government International Bond 3.75% 14/06/2028	1,770,267	4.33
EUR 3,588,000	Italy Buoni Poliennali Del Tesoro 3.75% 01/08/2021	3,450,041	8.44
EUR 2,390,000	Mexico Government International Bond 1.75% 17/04/2028	2,041,503	4.99
EUR 2,800,000	Russian Foreign Bond - Eurobond 2.875% 04/12/2025	2,540,257	6.21
EUR 1,500,000	Turkey Government International Bond 5.125% 18/05/2020	1,384,454	3.38
		17,645,840	43.14
	Indonesian rupiah: 3.33% (0.98%)		
IDR 25,000,000,000	Indonesia Treasury Bond 7.00% 15/05/2022	1,361,306	3.33
	Mexican peso: 9.70% (0.00%)		
MXN 35,000,000	Mexican Bonos 10.00% 05/12/2024	1,523,120	3.73
MXN 64,281,900	Mexican Bonos 7.50% 03/06/2027	2,443,314	5.97
		3,966,434	9.70
	Polish zloty: 0.00% (3.60%)		
	Pound sterling: 0.00% (18.22%)		
	Russian ruble: 3.70% (2.79%)		
RUB 135,000,000	Russian Federal Bond 7.00% 16/08/2023	1,511,803	3.70
	South African rand: 0.00% (6.42%)		
	US dollar: 33.83% (38.42%)		
USD 2,250,000	Brazilian Government International Bond 2.625% 05/01/2023	1,669,316	4.08
USD 1,954,000	Hungary Government International Bond 5.75% 22/11/2023	1,649,548	4.03
USD 1,930,000	Indonesia Government International Bond 5.875% 15/01/2024	1,620,884	3.96
USD 2,735,000	Mexico Government International Bond 3.60% 30/01/2025	2,058,980	5.04
USD 1,000,000	Mexico Government International Bond 3.50% 21/01/2021	777,637	1.90
USD 1,947,000	Portugal Government International Bond 5.125% 15/10/2024	1,594,946	3.90
USD 3,442,000	Republic of Italy Government International Bond 6.875% 27/09/2023	2,934,626	7.18
USD 1,755,000	Turkey Government International Bond 7.00% 05/06/2020	1,388,947	3.40
USD 181,000	United States Treasury Bill 0.00% 23/05/2019	139,887	0.34
		13,834,771	33.83

Portfolio statement (continued)

as at 12 January 2019

Holdings	Investments	Bid-market Value (£)	Percentage of total net assets (%)
	Credit Default Swaps: 1.14% (0.00%)		
	Euro: 0.76% (0.00%)		
(4,933,300)	CDX Citigroup 5.00% 20/12/2023	310,063	0.76
	US dollar: 0.38% (0.00%)		
(10,200,000)	CDX Citigroup 5.00% 20/12/2023	156,229	0.38
	Futures contracts: -0.14% (0.00%)		
	Euro: -0.19% (-0.10%)		
5	Future Euro Buxl Eux Mar 2019	(3,597)	(0.01)
(72)	Future Euro Bobl Eux Mar 2019	(40,138)	(0.10)
35	Future Euro Btp Eux Mar 2019	(5,251)	(0.01)
(45)	Future Euro Bund Eux Mar 2019	(29,267)	(0.07)
		(78,253)	(0.19)
	Pound sterling: 0.06% (0.00%)		
(40)	Future Long Gilt Mar 2019	25,280	0.06
	US dollar: -0.01% (0.10%)		
(75)	Future US 10 Year note CBT Mar 2019	(3,198)	(0.01)
	Options: 0.02% (0.00%)		
	US dollar: 0.02% (0.00%)		
200	Option US 10 Year Note CBT 22/02/2019	7,311	0.02
	Forward currency contracts: -1.96% (-0.20%)		
GBP (1,750,738)	Sold GBP, bought ZAR 33,275,600 for settlement 30/01/2019 (Northern Trust)	122,447	0.30
USD (2,569,859)	Sold USD, bought BRL 10,061,000 for settlement 20/03/2019 (Standard Chartered Bank)	105,540	0.26
USD (1,967,424)	Sold USD, bought ZAR 28,800,000 for settlement 30/01/2019 (Northern Trust)	88,363	0.22
USD (2,570,000)	Sold USD, bought MXN 51,678,192 for settlement 20/03/2019 (Northern Trust)	84,974	0.21
USD (2,570,000)	Sold USD, bought ZAR 36,979,000 for settlement 20/03/2019 (Northern Trust)	67,227	0.16
GBP (1,837,300)	Sold GBP, bought SEK 21,500,000 for settlement 30/01/2019 (State Street)	53,696	0.13
USD (4,787,600)	Sold USD, bought GBP 3,773,680 for settlement 30/01/2019 (State Street)	43,521	0.11
GBP (2,167,947)	Sold GBP, bought EUR 2,447,200 for settlement 30/01/2019 (State Street)	33,586	0.08
EUR (1,620,000)	Sold EUR, bought AUD 2,647,063 for settlement 30/01/2019 (State Street)	33,558	0.08
CAD (2,450,000)	Sold CAD, bought USD 1,898,365 for settlement 30/01/2019 (State Street)	32,271	0.08

BARINGS

Portfolio statement (continued)

as at 12 January 2019

Holdings	Investments	Bid-market Value (£)	Percentage of total net assets (%)
	Forward currency contracts: -1.96% (-0.20%) (continued)		
USD (2,752,701)	Sold USD, bought PEN 9,300,000 for settlement 30/01/2019 (Standard Chartered Bank)	22,288	0.05
GBP (1,429,169)	Sold GBP, bought CAD 2,450,000 for settlement 30/01/2019 (State Street)	17,631	0.04
USD (2,600,898)	Sold USD, bought COP 8,237,043,000 for settlement 20/03/2019 (State Street)	12,867	0.03
AUD (2,565,688)	Sold AUD, bought EUR 1,620,000 for settlement 30/01/2019 (Standard Chartered Bank)	12,275	0.03
EUR (2,000,000)	Sold EUR, bought SEK 20,594,640 for settlement 30/01/2019 (State Street)	12,141	0.03
USD (938,064)	Sold USD, bought MYR 3,900,000 for settlement 30/01/2019 (State Street)	11,336	0.03
USD (1,093,700)	Sold USD, bought GBP 863,316 for settlement 30/01/2019 (State Street)	11,183	0.03
CLP (1,840,000,000)	Sold CLP, bought USD 2,746,269 for settlement 30/01/2019 (Standard Chartered Bank)	10,867	0.03
EUR (2,447,200)	Sold EUR, bought GBP 2,209,968 for settlement 30/01/2019 (State Street)	8,435	0.02
USD (1,365,901)	Sold USD, bought BRL 5,100,000 for settlement 30/01/2019 (Standard Chartered Bank)	7,904	0.02
GBP (2,647,660)	Sold GBP, bought USD 3,407,600 for settlement 30/01/2019 (State Street)	7,300	0.02
USD (684,000)	Sold USD, bought GBP 539,543 for settlement 30/01/2019 (State Street)	6,619	0.02
EUR (1,860,000)	Sold EUR, bought PLN 8,023,866 for settlement 30/01/2019 (State Street)	5,407	0.01
USD (2,027,702)	Sold USD, bought AUD 2,814,000 for settlement 30/01/2019 (State Street)	5,115	0.01
USD (1,369,348)	Sold USD, bought NOK 11,580,200 for settlement 20/03/2019 (State Street)	3,434	0.01
USD (1,361,540)	Sold USD, bought CAD 1,799,000 for settlement 20/03/2019 (State Street)	2,722	0.01
USD (1,360,719)	Sold USD, bought MYR 5,575,000 for settlement 20/03/2019 (State Street)	1,577	–
PEN (9,300,000)	Sold PEN, bought USD 2,780,934 for settlement 30/01/2019 (Standard Chartered Bank)	(291)	–
SEK (21,500,000)	Sold SEK, bought GBP 1,890,491 for settlement 30/01/2019 (Northern Trust)	(506)	–
USD (1,362,994)	Sold USD, bought COP 4,281,163,000 for settlement 20/03/2019 (Standard Chartered Bank)	(2,010)	(0.01)

Portfolio statement (continued)

as at 12 January 2019

Holdings	Investments	Bid-market Value (£)	Percentage of total net assets (%)
	Forward currency contracts: -1.96% (-0.20%) (continued)		
PLN (8,023,866)	Sold PLN, bought EUR 1,863,398 for settlement 30/01/2019 (Northern Trust)	(2,350)	(0.01)
GBP (1,077,675)	Sold GBP, bought USD 1,380,000 for settlement 30/01/2019 (Northern Trust)	(2,476)	(0.01)
BRL (5,100,000)	Sold BRL, bought USD 1,364,950 for settlement 30/01/2019 (Standard Chartered Bank)	(8,645)	(0.02)
USD (2,610,000)	Sold USD, bought GBP 2,021,491 for settlement 30/01/2019 (State Street)	(12,036)	(0.03)
USD (2,750,209)	Sold USD, bought CLP 1,840,000,000 for settlement 30/01/2019 (State Street)	(13,937)	(0.03)
USD (743,980)	Sold USD, bought GBP 563,802 for settlement 30/01/2019 (Northern Trust)	(15,854)	(0.04)
MYR (3,900,000)	Sold MYR, bought USD 931,677 for settlement 30/01/2019 (State Street)	(16,312)	(0.04)
AUD (2,814,000)	Sold AUD, bought USD 2,013,085 for settlement 30/01/2019 (State Street)	(16,504)	(0.04)
GBP (2,416,358)	Sold GBP, bought NOK 26,000,000 for settlement 30/01/2019 (Northern Trust)	(18,250)	(0.04)
COP (8,237,043,000)	Sold COP, bought USD 2,550,168 for settlement 20/03/2019 (Standard Chartered Bank)	(52,299)	(0.13)
ZAR (13,525,600)	Sold ZAR, bought GBP 709,027 for settlement 30/01/2019 (Northern Trust)	(52,371)	(0.13)
USD (6,640,000)	Sold USD, bought EUR 5,681,358 for settlement 30/01/2019 (State Street)	(62,393)	(0.15)
USD (2,400,000)	Sold USD, bought GBP 1,806,631 for settlement 30/01/2019 (State Street)	(63,279)	(0.15)
ZAR (28,800,000)	Sold ZAR, bought USD 1,997,174 for settlement 30/01/2019 (Northern Trust)	(65,184)	(0.16)
ZAR (19,750,000)	Sold ZAR, bought GBP 1,033,183 for settlement 30/01/2019 (Standard Chartered Bank)	(78,605)	(0.19)
USD (20,250,000)	Sold USD, bought GBP 15,239,418 for settlement 30/01/2019 (State Street)	(537,946)	(1.32)

Portfolio statement (continued)

as at 12 January 2019

Holdings	Investments	Bid-market Value (£)	Percentage of total net assets (%)
	Forward Currency Contracts: -1.96% (-0.20%) (continued)		
EUR (30,250,000)	Sold EUR, bought GBP 26,608,460 for settlement 30/01/2019 (State Street)	(604,838)	(1.48)
		(801,802)	(1.96)
	Portfolio of investments	37,935,784	92.76
	Net other assets	2,962,109	7.24
	Net assets	40,897,893	100.00

Note: Securities shown on the portfolio statement are ordinary shares admitted to official stock exchange listings or traded on a regulated market, unless otherwise stated.

Comparative figures shown in brackets relate to 12 July 2018.

Debt security allocation is as follows:

Percentage of debt securities above investment grade	88.41%
Percentage of debt securities below investment grade (sub BBB or unrated)	11.59%
	100.00%

Statement of total return

for the period ended 12 January 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(312)		229
Revenue	607		585	
Expenses	(229)		(267)	
Interest payable and other similar charges	(26)		(111)	
Net revenue before taxation	<u>352</u>		<u>207</u>	
Taxation	-		-	
Net revenue after taxation		<u>352</u>		<u>207</u>
Total return before distributions		40		436
Distributions		<u>(284)</u>		<u>(167)</u>
Change in the net assets attributable to unitholders from investment activities		<u>(244)</u>		<u>269</u>

Statement of change in net assets attributable to unitholders

for the period ended 12 January 2019

	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders*		43,439		50,943
Amounts receivable on issue of units	611		471	
Amounts payable on cancellation of units	<u>(2,909)</u>		<u>(4,233)</u>	
		(2,298)		(3,762)
Change in the net assets attributable to unitholders from investment activities		(244)		269
Unclaimed distributions		<u>1</u>		<u>2</u>
Closing net assets attributable to unitholders		<u>40,898</u>		<u>47,452</u>

* The opening net assets attributable to unitholders for 2019 differs from the closing position in 2018 by the change in net assets attributable to unitholders for the second half of the comparative financial period.

Balance sheet

as at 12 January 2019

	12/01/2019	12/07/2018
	£'000	£'000
Assets		
Investments	39,644	41,946
Current assets:		
Debtors	496	1,989
Cash and bank balances	2,984	2,917
Total assets	<u>43,124</u>	<u>46,852</u>
Liabilities		
Investment liabilities	(1,708)	(230)
Creditors:		
Distribution payable on income units	(274)	(369)
Other creditors	(244)	(2,814)
Total liabilities	<u>(2,226)</u>	<u>(3,413)</u>
Net assets attributable to unitholders	<u>40,898</u>	<u>43,439</u>

Note to the financial statements

for the period ended 12 January 2019

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 12 July 2018. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (the "IMA SORP 2014"). The financial statements have been prepared on a going-concern basis.

Distribution tables

Group 1: units purchased prior to 13 July 2018

Group 2: units purchased on or after 13 July 2018

Interim distribution - Class A GBP Inc (in pence per unit)

Group	Net Revenue	Equalisation	2019 Distribution paid	2018 Distribution paid
1	0.6229	0.0000	0.6229	0.2535
2	0.3010	0.3219	0.6229	0.2535

Interim distribution - Class I GBP Inc (in pence per unit)

Group	Net Revenue	Equalisation	2019 Distribution paid	2018 Distribution paid
1	0.9009	0.0000	0.9009	0.5397
2	0.3791	0.5218	0.9009	0.5397

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Important information:

This document is approved and issued by Baring Asset Management Limited.

Disclosure:

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The logo for Barings, featuring the word "BARINGS" in a bold, blue, sans-serif font. A horizontal line is positioned below the text, with a green segment on the left and a blue segment on the right.