



**Barings Global Opportunities Umbrella Fund**  
Prospectus

25 November 2019

17 December 2020

Dear Investor,

The availability of the Interim Report and Unaudited Financial Statements of Barings Global Opportunities Umbrella Fund – Barings Asia Balanced Fund (the “Fund”)

In respect of your investment in the Fund, we hereby inform you that the Interim Report and Unaudited Financial Statements (in English only) of the Fund, as of 31 October 2020, is now available via the following website:

<https://www.baring.com/hken/individual/funds/fund-list>

You may also acquire hardcopies of the Interim Report and Unaudited Financial Statements from our office at 35<sup>th</sup> Floor, Gloucester Tower, 15 Queen’s Road Central, Hong Kong.

Address of the sub-investment manager

The address of the sub-investment manager of the Fund, Baring Asset Management (Asia) Limited, is:

**Registered address:**

Room 3401,  
3409-3410 & 35/F Gloucester Tower  
15 Queen’s Road Central  
Hong Kong

**Business address:**

35th Floor, Gloucester Tower  
15 Queen’s Road Central  
Hong Kong

You should contact your financial advisor for any immediate enquiries, or Baring Asset Management (Asia) Limited at +852 2841 1411.

Yours sincerely,

**Baring Asset Management (Asia) Limited**

# **BARINGS GLOBAL OPPORTUNITIES UMBRELLA FUND**

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## **HONG KONG COVERING DOCUMENT** **November 2019**

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## INFORMATION FOR HONG KONG INVESTORS

**Important - If you are in any doubt about the contents of this document or any of the documents accompanying it, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser.**

This Hong Kong covering document (the “**Hong Kong Covering Document**”) is supplemental to, forms part of and should be read in conjunction with the prospectus for Barings Global Opportunities Umbrella Fund (the “**Unit Trust**”) dated 25 November 2019 as supplemented from time to time (the “**Prospectus**”). Unless otherwise provided in this Hong Kong Covering Document, terms defined in the Prospectus have the same meaning in this Hong Kong Covering Document unless the context otherwise requires.

The Directors of Baring International Fund Managers (Ireland) Limited (the “**Manager**”), accept full responsibility for the accuracy of the information contained in the Prospectus, the Hong Kong Covering Document and the Product Key Fact Statement of Barings Asia Balanced Fund (“**KFS**”) and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading.

Barings Global Opportunities Umbrella Fund and the Fund set out below under the section headed “Funds Available in Hong Kong” have been authorised by the Securities and Futures Commission (“**SFC**”) in Hong Kong under Section 104 of the Securities and Futures Ordinance of Hong Kong (“**SFO**”) and are available for sale to the public in Hong Kong. The SFC’s authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Barings Global Opportunities Umbrella Fund was established pursuant to the trust deed dated 26 April 1996 as amended and restated on 21 July 2015 made between Baring International Fund Managers (Ireland) Limited as Manager and Northern Trust Fiduciary Services (Ireland) Limited as Depositary, as amended from time to time.

### FUNDS AVAILABLE IN HONG KONG

**Warning:** In relation to the Funds as set out in the Prospectus, only the following Fund is authorised by the SFC pursuant to Section 104 of the SFO and hence may be offered to the public in Hong Kong:-

- Barings Asia Balanced Fund

Please note that the Prospectus is a global offering document and therefore also contains information of the following Fund which is **not** authorised by the SFC:-

- Barings World Dynamic Asset Allocation Fund

The Prospectus also contains references to the following collective investment schemes managed by the Manager which are **not** authorised by the SFC:-

- Barings Alpha Funds plc
- Barings China A-Share Fund plc
- Barings Component Funds
- Barings Global Investment Funds plc

No offer shall be made to the public of Hong Kong in respect of the above unauthorised Fund and unauthorised collective investment schemes.

The issue of the Prospectus was authorised by the SFC only in relation to the offer of the above SFC-authorised Fund to the public of Hong Kong. Intermediaries should take note of this restriction.

## IMPORTANT INFORMATION

In Hong Kong, distribution of the Prospectus and this Hong Kong Covering Document is not authorised unless accompanied by a copy of the then latest published annual report of the Unit Trust and, if published after such annual report, a copy of the latest semi-annual report. Before investing you must have received and read the KFS.

Units in the Unit Trust are offered only on the basis of the information contained in the Prospectus, the relevant Supplement, this Hong Kong Covering Document, the relevant KFS, the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust. Neither the delivery of the Prospectus or the relevant Supplement or this Hong Kong Covering Document nor the issue of Units shall, under any circumstances, create any implication that the affairs of the Unit Trust have not changed since the respective dates of the documents or that the information contained therein is correct as of any time subsequent to the date of the relevant document.

Notwithstanding any disclosure in the Prospectus, for so long as a Fund is authorised by the SFC, the Unitholder and the Manager agree to submit to the non-exclusive jurisdiction of the Irish courts and the jurisdiction of the courts of Hong Kong shall not be excluded from entertaining an action concerning the Unit Trust and the Fund.

The website [www.barings.com](http://www.barings.com) and other websites (if any) set out in this Hong Kong Covering Document and the Prospectus have not been reviewed by the SFC and may contain information relating to funds which are not authorised in Hong Kong and information which is not targeted at Hong Kong investors.

## DEFINITIONS

<b>“Code”</b>	the Code on Unit Trusts and Mutual Funds issued by the SFC (and applicable to those funds authorised by the SFC pursuant to the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) in respect of a retail offering in Hong Kong) and includes any amendments or substitutions that may from time to time be made thereto.
<b>“Group” or “entities within the same Group”</b>	entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.
<b>“Government And Other Public Securities”</b>	any investment issued by, or the payment of principal and interest on which is guaranteed by a government or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.
<b>“Hong Kong Business Day”</b>	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal business, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Hong Kong Business Day unless the Manager and the Depositary determine otherwise or such other day or days as the Manager and the Depositary may determine.
<b>“Hong Kong Representative”</b>	Baring Asset Management (Asia) Limited.
<b>“Qualified Exchange Traded Funds”</b>	exchange traded funds that are: <ul style="list-style-type: none"><li>(a) authorised by the SFC under 8.6 or 8.10 of the Code; or</li><li>(b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track,</li></ul>

replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the Code.

<b>“REITs”</b>	real estate investment trusts.
<b>“Reverse Repurchase Agreements”</b>	transactions whereby a Fund purchases securities from a counterparty of Sale and Repurchase Transactions and agrees to sell such securities back at an agreed price in the future.
<b>“Repurchase Agreements”</b>	transactions whereby the Fund sells its securities to a counterparty of Reverse Repurchase Transactions and agrees to buy such securities back at an agreed price with a financing cost in the future.
<b>“Securities Financing Transactions”</b>	Transactions relating to Securities Lending, Repurchase Agreements and Reverse Repurchase Agreements.
<b>“Securities Lending”</b>	transactions whereby the Fund lends its securities to a security-borrowing counterparty for an agreed fee.

## **HONG KONG REPRESENTATIVE**

Baring Asset Management (Asia) Limited has been appointed by the Manager as the Hong Kong Representative to represent the Manager in Hong Kong generally in relation to the affairs of the Unit Trust. As part of its function as the Hong Kong representative, it may receive applications for Units from prospective investors in Hong Kong and its localities and deal with redemption and/or conversion requests and other enquiries from Unitholders. The fees of the Hong Kong Representative in relation to the Unit Trust will be borne by the Manager.

Investors may contact the Hong Kong Representative if they have any complaints or enquiries in respect of the Unit Trust. Depending on the subject matter of the complaints or enquiries, these will be dealt with either by the Hong Kong Representative directly, or referred to the Manager/relevant parties for further handling. The Hong Kong Representative will, on a best effort basis, revert and address the investor's complaints and enquiries as soon as practicable. The contact details of the Hong Kong Representative are set out in the section headed “Other Information” below.

## **INVESTMENT MANAGER**

Subject to the Central Bank and the SFC's approval, the Investment Manager may sub-delegate such investment management to other entities including group companies (group companies currently refers to Baring Asset Management Limited and Baring Asset Management (Asia) Limited). Prior approval from the SFC will be sought in relation to (i) any sub-delegation to entities within the group companies listed above; (ii) any change to the list of sub-delegates above; or (iii) any appointment or removal of sub-delegates not being a group company. Except in the case of a sub-delegation to entities within the group companies listed above, one month's prior notice will be given to Unitholders. No prior notice would be given to Unitholders in respect of any sub-delegation to entities within the group companies listed above, however, details of such sub-delegation will be disclosed in the Unit Trust's annual and semi-annual accounts and an up-to-date list of sub-delegates will be available free of charge upon request from the Hong Kong Representative. The fees and expenses of any sub-investment managers appointed by the Investment Manager will be discharged by the Investment Manager. Details of any sub-investment managers appointed to a Fund will be provided to Unitholders upon request and details will also be provided in the periodic reports of the Unit Trust.



## **DEPOSITARY**

The Depositary may not retire voluntarily except upon the appointment of a new depositary approved by the Central Bank and the SFC, acceptable to the Manager and approved by an Extraordinary Resolution of Unitholders. However, the Depositary may, with the prior approval of the Manager, the Central Bank and the SFC, retire in favour of an affiliate of the Depositary.

## **INVESTMENT POLICIES: GENERAL**

The Fund does not currently use total return swaps, Repurchase Agreements, Reverse Repurchase Agreements, buy-sell back or sell-buy back transactions and Securities Lending. In the event that the Fund does propose to utilise such techniques and instruments, Unitholders will be notified and the Hong Kong Covering Document and the Prospectus will be revised in accordance with the requirements of the Central Bank and the SFC. Due notification will be given to Unitholders and prior approval from the SFC (if required) will be sought if a Fund proposes to utilise such techniques and instruments in the future.

## **INVESTMENT OBJECTIVE AND POLICIES**

Unless otherwise specifically disclosed in the investment objectives and policies of a Fund, it is not intended that it will invest, whether directly or indirectly, more than 10% of its Net Asset Value in China A and B shares and/or more than 10% of its Net Asset Value in domestic Chinese bonds (including urban investment bonds). For so long as the Funds remain authorised under the SFO, upon satisfaction of applicable SFC requirements (if any) and providing at least one month's prior notice to investors, a Fund may invest more than 10% of its Net Asset Value in China A and B shares and/or more than 10% of its Net Asset Value in domestic Chinese bonds (including urban investment bonds), and the Prospectus and the Hong Kong Covering Document will be updated accordingly.

A Fund may use other securities and derivatives including warrants, options and futures contracts, as described in the Prospectus. For so long as a Fund is authorised by the SFC, the use of those forms of investment will be subject to certain restrictions including the conditions imposed by the Central Bank relating to the use of efficient portfolio management techniques and restrictions required by the SFC.

The Barings Asia Balanced Fund may use financial derivative instruments for efficient portfolio management purposes only but not for investment purpose. Please refer to the Prospectus for more information concerning financial derivative instruments.

As provided in the Prospectus, the Barings Asia Balanced Fund intends to invest approximately 25% of its assets in fixed income securities denominated in major currencies. Please note that such fixed income securities may include debt instruments with loss absorption features ("LAP") e.g. Additional Tier 1 (AT1), Tier 2, Tier 3, external LAC debt instruments and certain similar debt instruments issued by a holding company of a financial institution which exhibit LAP features) out of which no more than 10% of the Fund's assets may be invested in AT1 securities. LAP is intended to capture debt instruments with features of contingent write-down or contingent conversion to ordinary shares on the occurrence of (a) when a financial institution is near or at the point of non-viability or (b) when the capital ratio of a financial institution falls to meet a specified level.

## **NET DERIVATIVE EXPOSURE**

The net derivative exposure of the Barings Asia Balanced Fund may be up to 50% of its Net Asset Value.

The net derivative exposure is defined in the Code issued by the SFC and is calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time. The net derivative limit set out above may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time.

## INVESTMENT RESTRICTIONS

During such period as Barings Asia Balanced Fund is authorised by the SFC, it shall comply with the investment restrictions and the limits applicable to investment in derivatives set out in the Prospectus or, where more restrictive, Chapter 7 of the Code (save to the extent that any approval, permission or waiver in respect of any of the restrictions imposed by the Code has been obtained from the SFC or otherwise provided under the Code or any handbook, guideline and/or code issued by the SFC from time to time).

The SFC's approval (if required) will be sought prior to any change in the above policy.

1. For so long as the Barings Asia Balanced Fund is authorised by the SFC, in addition to the investment restrictions set out in Appendix I of the Prospectus, the Fund shall comply with the additional requirements prescribed under Chapter 7 of the Code (save to the extent that any approval, permission or waiver in respect of any of the restrictions imposed by the Code has been obtained from the SFC or otherwise provided under the Code or any handbook, guideline and/or code issued by the SFC from time to time), as summarised below:
  - (i) without prejudice to sub-paragraph of 1(i) of Appendix I of the Prospectus, the Fund may not invest more than 15% of the Net Asset Value of the Fund in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a market which is provided for in the Trust Deed and in the Prospectus.
  - (ii) the value of holdings of the Fund in any ordinary shares issued by any single entity (when aggregated with the holdings of such ordinary shares by all other fund(s) authorised by the SFC) shall not exceed 10% of the ordinary shares issued by such entity.
  - (iii) the value of a Fund's total holding of Government and Other Public Securities of the same issue may not exceed 30% of the Net Asset Value of such Fund (save that such Fund may invest all of its assets in Government And Other Public Securities in at least six different issues). For the avoidance of doubt, Government And Other Public Securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.
  - (iv) no investment may be made in any underlying collective investment scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code, and where an underlying collective investment scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation, and the underlying collective investment scheme's objective may not be to invest primarily in other collective investment scheme (s); For the avoidance of doubt, such Fund may invest in underlying collective investment scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under 8.7 of the Code), eligible scheme(s) (as defined in the Code) of which the net derivative exposure does not exceed 100% of the Net Asset Value of such Fund or such other percentage as may be permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time, and Qualified Exchange Traded Funds in compliance with Chapter 7.11 and 7.11A of the Code or such other requirements as may be prescribed by the SFC from time to time.

For the avoidance of doubt:

- (1) unless otherwise provided under the Code, the spread requirements under sub-paragraphs 1(i), 1(ii) and 1(iv) of the Appendix I of the Prospectus and sub-paragraphs 1(i), 1(ii), 1(v) and 1(vi) of the section headed "Investment Restrictions" of this Hong Kong Covering Document do not apply to investments in other underlying collective investment schemes invested by the Fund;
- (2) unless otherwise disclosed in the relevant Supplement of the Fund and/or this Hong Kong Covering Document, the investment by the Fund in a Qualified Exchange Traded Fund will be considered and treated as collective investment schemes for the purposes

of and subject to the requirements in sub-paragraph 1(vii) of the Appendix I of the Prospectus and sub-paragraphs 1(iv) of the section headed “Investment Restrictions” of this Hong Kong Covering Document. Notwithstanding the aforesaid, the investments by the Fund in Qualified Exchange Traded Funds shall, where applicable, be subject to sub-paragraph 1(i) of the Appendix I of the Prospectus and sub-paragraph of 1(i) the section headed “Investment Restrictions” of this Hong Kong Covering Document and the relevant investment limits in Qualified Exchange Traded Funds by the Fund shall be consistently applied; and

- (3) where investments are made in listed REITs, the requirements under sub-paragraph 1(ii) and 1(iv) of the Appendix I of the Prospectus and sub-paragraphs 1(ii), 1(v) and 1(vi) of the section headed “Investment Restrictions” of this Hong Kong Covering Document apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(i) and 1(vii) of the Appendix I of the Prospectus and sub-paragraph of 1(i) the section headed “Investment Restrictions” of this Hong Kong Covering Document apply respectively.
- (v) the aggregate value of the Fund’s investment in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of such Fund:
  - (1) investments in securities issued by that entity;
  - (2) exposure to that entity through underlying assets of financial derivative instruments; and
  - (3) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on a counterparty as set out in sub-paragraph 1(ii) of the Appendix I of the Prospectus and sub-paragraphs 1(v), 1(vi) and 1(viii)(4)(c) of the section headed “Investment Restrictions” of this Hong Kong Covering Document will not apply to financial derivative instruments that are:

- (A) transacted on an exchange where the clearing house performs a central counterparty role; and
- (B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under sub-paragraph 1(v) of the section headed “Investment Restrictions” of this Hong Kong Covering Document will also apply in the case of sub-paragraphs 1(ix)(e) and 1(ix)(j) of the section headed “Investment Restrictions” of this Hong Kong Covering Document.

- (vi) The requirements under sub-paragraph 1(ii) of the Appendix I of the Prospectus concerning exposure to the same Group of issuers will also apply in the case of sub-paragraphs 1(ix)(e) and 1(ix)(j) of the section headed “Investment Restrictions” of this Hong Kong Covering Document.
- (vii) the Fund may not place an amount exceeding 20% of the Net Asset Value of such Fund on cash deposits with the same entity or entities within the same Group provided that the 20% limit may be exceeded in the following circumstances:
  - (1) cash held before the launch of the Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested;
  - (2) cash proceeds from liquidation of investments prior to the merger or termination of the Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interests of investors; or

- (3) cash proceeds received from subscriptions pending investments and cash held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions be unduly burdensome and the cash deposits arrangement would not compromise investors' interests.

For the purposes of this sub-paragraph 1(vii) of the section headed "Investment Restrictions" of this Hong Kong Covering Document, "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Fund and not referable to provision of property or services.

(viii) In respect of the use of financial derivative instruments:

- (1) the Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 1(viii)(1) of the section headed "Investment Restrictions" of this Hong Kong Covering Document, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:
  - (a) they are not aimed at generating any investment return;
  - (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;
  - (c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
  - (d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the Fund to meet its hedging objective in stressed or extreme market conditions.

- (2) the Fund may also acquire financial derivative instruments for non-hedging purposes. The Fund is subjected to a limit of net exposure relating to these financial derivative instruments ("**net derivative exposure**") not exceeding 50% of its Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 1(viii)(1) of the section headed "Investment Restrictions" of this Hong Kong Covering Document will not be counted towards the 50% limit referred to in this sub-paragraph 1(viii)(2) of the section headed "Investment Restrictions" of this Hong Kong Covering Document so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time.
- (3) Subject to sub-paragraphs 1(viii)(2) and 1(viii)(4) of the section headed "Investment Restrictions" of this Hong Kong Covering Document, the Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(ii), 1(vii), 1(xi)(2) of the Appendix I of the Prospectus and sub-paragraphs 1(iii), 1(iv), 1(v), 1(vi), 1(vii) of the section headed "Investment Restrictions" of this Hong Kong Covering Document.
- (4) The financial derivative instruments invested by the Fund shall be either listed/quoted on a stock exchange or dealt in over-the-counter market and comply with the following provisions:

- (a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government And Other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Fund may invest according to its investment objectives and policies. Where the Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraph 1(ii) of the Appendix I of the Prospectus and sub-paragraphs 1(iii), 1(v), 1(vi) and 1(vii) of the section headed "Investment Restrictions" of this Hong Kong Covering Document provided that the index is in compliance with the requirements under 8.6(e) of the Code;
- (b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;
- (c) subject to sub-paragraph 1(ii) of Appendix I of the Prospectus and sub-paragraphs 1(v) and 1(vi) of the section headed "Investment Restrictions" of this Hong Kong Covering Document, the Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its Net Asset Value provided that the exposure of the Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and
- (d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or its nominee(s), agent(s) or delegate(s)(as the case may be) independent of the issuer of the financial derivative instruments through such measures as may be established from time to time after consultation with the Depositary where relevant. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's (following instructions of the Manager) initiative. Further, the calculation agent/Administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

For the purposes of this paragraph, "substantial financial institution" means an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK\$2 billion or its equivalent in foreign currency.

- (5) the Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for non-hedging purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of the Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 1(viii)(5) the section headed "Investment Restrictions" of this Hong Kong Covering Document, assets that are used to cover the Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

- (6) Subject to sub-paragraph 1(viii)(5) of the section headed “Investment Restrictions” of this Hong Kong Covering Document, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of the Fund shall be covered as follows:
  - (a) in the case of financial derivative instruments transactions which will, or may at the Fund’s discretion, be cash settled, the Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
  - (b) in the case of financial derivative instruments transactions which will, or may at the counterparty’s discretion, require physical delivery of the underlying assets, the Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Manager shall apply safeguard measures such as to apply a haircut where appropriate to ensure that such alternative assets held are sufficient to meet the Fund’s future obligations.
- (7) The requirements under sub-paragraphs 1(viii)(1) to 1(viii)(6) of the section headed “Investment Restrictions” of this Hong Kong Covering Document, shall apply to embedded financial derivatives. For the purposes of the section headed “Investment Restrictions” of this Hong Kong Covering Document, an “embedded financial derivative” is a financial derivative instrument that is embedded in another security.
- (ix) In order to limit the exposure to each counterparty as set out in sub-paragraphs 1(viii)(4)(c) of the section headed “Investment Restrictions” of this Hong Kong Covering Document, the Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:
  - (a) Liquidity – the collateral is sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;
  - (b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;
  - (c) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;
  - (d) Haircut – the collateral is subject to a prudent haircut policy;
  - (e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same Group. The Fund’s exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(ii), 1(vii) and 1(xi)(2) of the Appendix I of the Prospectus and sub-paragraphs 1(iii), 1(iv), 1(v), 1(vi) and 1(vii) of the section headed “Investment Restrictions” of this Hong Kong Covering Document;
  - (f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the financial derivative instruments in such a way that would undermine the effectiveness of the collateral. For this purpose, securities issued by the counterparty or the issuer of the financial derivative instruments, or any of their related entities should not be used as collateral;

- (g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;
  - (h) Independent custody – the collateral is held by the Depositary or by its duly appointed nominee, agent or delegate;
  - (i) Enforceability – the collateral is readily accessible or enforceable by the Depositary without further recourse to the issuer of the financial derivative instruments;
  - (j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Fund shall be subject to the following requirements:
    - i. cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;
    - ii. non-cash collateral received may not be sold, re-invested or pledged;
    - iii. the portfolio of assets from re-investment of cash collateral shall comply with the following requirements:
      - (A) the Fund shall maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days (or two years in the case of Government And Other Public Securities); and
      - (B) the Fund must hold at least 7.5% of its Net Asset Value in daily liquid assets and at least 15% of its Net Asset Value in weekly liquid assets.
    - iv. cash collateral received is not allowed to be further engaged in any Securities Financing Transactions;
    - v. when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any Securities Financing Transactions;
  - (k) the collateral is free of prior encumbrances; and
  - (l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.
- (x) A Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in section headed "Net Derivative Exposure" in this Hong Kong Covering Document. The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices. In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the

portfolio level of the relevant Fund are converted into their equivalent positions in their underlying assets.

- (xi) If the name of the Fund indicates a particular objective, investment strategy, geographic region or market, the Fund must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Fund represents.
- (xii) The Manager, in respect of the Fund, shall not be entitled, to apply any part of any Fund (a) in the acquisition of any investment or other property which is for the time being nil or partly paid only unless the Depositary is satisfied that there is sufficient cash or near cash in that Fund to pay up such investment or other property in full whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purpose of sub-paragraphs 1(viii)(5) and 1(viii)(6) of the section headed "Investment Restrictions" of this Hong Kong Covering Document or (b) without prejudice to item (a), except with the consent of the Depositary, in the acquisition of any investment or other property or which is otherwise in the opinion of the Depositary likely to involve the Depositary in any liability (contingent or otherwise) unless according to the terms of the issue thereof or other terms relating thereto the investment or other property will or may at the option of the holder become within one year from the date of its inclusion in the Fund fully paid up and free from such liability as aforesaid.
- (xiii) The Unit Trust may with the prior consent of the SFC beneficially own any entity, including all or part of the issued share capital of any company or companies, which for fiscal or other reasons the Manager considers it necessary or desirable for the Depositary to incorporate or acquire or utilise for the purpose of holding certain of the investments or other property contained in the Unit Trust, provided that all arrangements in connection with the formation and operation thereof shall have been approved by the Depositary and the Central Bank.

## **BORROWINGS AND LEVERAGE**

For so long as the Barings Asia Balanced Fund is authorised by the SFC, the borrowing limit of the Barings Asia Balanced Fund shall be reduced to a maximum of 10% of its net assets.

## **COLLATERAL VALUATION AND MANAGEMENT POLICY**

In accordance with the requirements of the Central Bank, the Investment Manager will employ a collateral management policy for and on behalf of the Unit Trust and each Fund in respect of collateral received in respect of OTC financial derivative transactions whether used for investment or for efficient portfolio management purposes and for repurchase agreements, reverse repurchase agreements and/or securities lending agreements (if applicable for the relevant fund/sub-fund).

The collateral management policy employed by the Investment Manager in respect of the Funds provides that cash and highly liquid assets which meet with the regulatory criteria in respect of valuation, issue credit quality, correlation and collateral diversification will be permitted collateral for each proposed financial derivative transaction. The collateral received other than cash, will be highly liquid and trade on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise of government or corporate bonds whether investment grade, long / short term bonds, listed or traded in any regulated markets. Collateral will be valued daily by the counterparty and the Investment Manager (or any parties which are appointed by the aforesaid parties, including valuation agent or an entity that is independent from the counterparty) at mark-to-market prices and daily variation margin will be used if the value of the collateral falls below coverage requirements. Collateral received will be issued by an entity that is independent from the counterparty and is not expected to display a high correlation with the performance of the counterparty. Collateral will be sufficiently diversified in terms of country, markets and issuers and shall be subject to the investment restrictions set out in the section headed "Investment Restrictions" of this Hong Kong Covering Document.



The collateral policy operated by the Investment Manager will set appropriate levels of collateral required by the Investment Manager in respect of derivative transactions. The Investment Manager will also employ a clear haircut policy (i.e. a policy in which a pre-determined percentage will be subtracted from the market value of an asset that is being used as collateral) for each class of assets received as collateral taking account of the characteristics of the assets received as collateral such as the credit standing or the price volatility and the outcome of any liquidity stress testing policy.

Up to 100% of cash collateral received for and on behalf of a Fund may be re-invested. Invested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral and may not be placed on deposit with the counterparty or a related entity.

**Counterparties selection:** The counterparties that a Fund may only enter into OTC derivatives and repurchase/reverse repurchase agreements with are entities with legal personality typically located in OECD jurisdictions. A Fund may only enter into OTC derivatives, repurchase/reverse repurchase agreements and securities lending arrangements (if applicable for the relevant fund/sub-fund) with counterparties in accordance with the requirements of the AIFM Regulations where a credit assessment has been undertaken. Where the counterparty is subject to a credit rating by any agency registered and supervised by the European Securities and Markets Authority (ESMA), that rating shall be taken into account in the credit assessment. Where a counterparty is downgraded to A2 or below (or comparable rating) by such a credit rating agency, a new credit assessment in respect of the counterparty will be undertaken without delay.

**Valuation of collateral:** Collateral that is received by a Fund will be valued on at least a daily basis and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place. The non-cash collateral received by a Fund will be at mark to market given the required liquid nature of the collateral.

**Safe-keeping of collateral received by a Fund:** Collateral received by a Fund on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary of the Depositary. For other types of collateral arrangements, the collateral can be held by the Depositary, a duly appointed sub-depositary of the Depositary or by a third party custodian which is subject to prudential supervision and which is unrelated to the provider of the collateral.

**Posting of collateral by a Fund:** Collateral provided by a Fund to a counterparty shall be agreed with the relevant counterparty and may comprise of cash or any types of assets held by the relevant Fund in accordance with its investment objective and policies and shall, where applicable, comply with the requirements of European Market Infrastructure Regulation (EMIR). Collateral may be transferred by a Fund to a counterparty on a title transfer basis where the assets are passed outside of the custody network and are no longer held by the Depositary or its sub-depositary. In such circumstances, subject to the requirements of Securities Financing Transactions Regulations (SFTR) the counterparty to the transaction may use those assets in its absolute discretion. Where collateral is posted by a Fund to a counterparty under a security collateral arrangement where title to the relevant securities remains with the relevant Fund, such collateral must be safe-kept by the Depositary or its sub-depositary, however, subject to the requirements of SFTR, such assets may be subject to a right of re-use by the counterparty. Risks associated with re-use of collateral are set down in "Risk Considerations: Operational Risk linked to Management of Collateral".

A description of collateral holdings of the Fund will be disclosed in its interim and annual financial reports as required under the Code.

## **RISK CONSIDERATIONS**

Investors should refer to the section headed "Risk Considerations" of the Prospectus and the following additional information in respect of the risks associated with investing in the Fund.

Notwithstanding the statement in the section headed "Risk Considerations" in the Prospectus that "The following Risk Considerations detail particular risks associated with an investment in the Unit Trust, which investors are encouraged to discuss with their professional advisers. It does not purport to be a comprehensive summary of all of the risks associated with an investment in the Unit Trust or an individual

Fund.” To the best of the knowledge and belief of the Directors of the Manager, the Prospectus and the Hong Kong Covering Document contain explanations of the risks that may apply to the relevant Fund and that investors should be aware of as at the date of the Prospectus and the Hong Kong Covering Document. Investors should note that the Fund is exposed to various risks depending on their respective investment policies. Investors should be aware that in a changing environment the Fund may be exposed to risks that were not envisaged as at the date of the Prospectus and the Hong Kong Covering Document. Potential investors should consider the risks involved prior to investing in the Fund to determine whether an investment in the Fund is suitable to them.

### ***Risk of investing in other collective investment schemes***

In addition to the risks set out under the risk factor headed “Investment in Collective Investment Schemes” in the Prospectus, Investors should note that the underlying collective investment schemes in which a Fund may invest may not be regulated by the SFC.

### **Distribution out of unrealised capital gains and/or out of capital**

The Barings Asia Balanced Fund may pay dividends out of net income, realised and unrealised capital gains (less realised and unrealised losses), capital and/or gross investment income while charging some or all fees and expenses out of capital (i.e. effectively paying dividends out of the Fund’s capital).

Payment of distributions out of the Fund’s capital and/or payment of distributions effectively out of the Fund’s capital amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Fund’s net asset value per Unit. Please refer to the section headed “Distribution Policy” in this Hong Kong Covering Document for further details.

Separately, where insufficient income is available, the Manager may also pay some or all of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses.

Where the management fee and other fees and expenses are deducted from the Fund’s capital rather than income generated by the Fund this may constrain growth and could erode capital, as the capital of the Fund available for investment in the future and for capital growth may be reduced.

### **Risks associated with investments in debt instruments with loss-absorption features (LAP)**

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

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

The Fund may invest in contingent convertible debt securities (e.g. AT1 securities) which are highly complex and are of high risk. Upon the occurrence of the trigger event, contingent convertible debt securities may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on contingent convertible debt securities are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

The Fund may invest in senior non-preferred debts (e.g. Tier 3 securities). While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

## **Risk associated with urban investment bonds**

Domestic Chinese bonds includes urban investment bonds, which are bonds issued by local government financing vehicles (“LGFVs”). Where a Fund invests in urban investment bonds, such Fund may be subject to risks presented by such bonds. Urban investment bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interests of the urban investment bonds, the Fund could suffer substantial loss and the Net Asset Value of such Fund could be adversely affected.

## **Conflicts of Interest**

Transactions between a Fund and the Manager, the Investment Manager, the Depositary, the Administrator or related entities of the Manager, the Investment Manager, the Depositary or the Administrator (or the respective officers, directors or executives) as principal may only be made with the prior written consent of the Depositary.

## **DISTRIBUTION POLICY**

The Manager may distribute, from any distributing Fund or Class, in respect of each Accounting Period out of net income represented by the distributions and interest received for each Fund to the holders of Units of the relevant Class, after charging expenses and various other items, as set out under “Charges and Expenses”, as are attributable to the income of that Fund (in any such case so far as such fees and expenses has been paid or is payable out of the income of that Fund). In addition, the Manager may distribute to the holders of Units of the relevant Fund or Class such part of any realised and unrealised capital gain (less realised and unrealised losses) attributable to the relevant Fund or out of the capital of the relevant Fund as, in their opinion, is appropriate to maintain a satisfactory level of distribution. The Manager may also declare dividends out of gross investment income while charging some or all fees and expenses out of capital attributable to the relevant Class (which would result in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively paying dividends out of capital).

Investors should note that payment of distributions out of unrealised capital gains amounts to payment of distributions out of capital under Hong Kong regulatory disclosure requirements. Payment of distributions out of capital, and/or out of unrealised capital gains (which mean effectively paying dividends out of capital), and/or effectively out of the Fund’s capital amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of that Fund’s Net Asset Value per Unit. In such circumstances, distributions made during the lifetime of the relevant Fund must be understood as a type of capital reimbursement.

For Funds which are authorised by the SFC, such Funds may amend the above policy subject to obtaining the SFC’s prior approval (if required) and by giving not less than one month’s prior notice to affected Hong Kong investors.

The composition of the dividends (i.e. the relative amounts paid out of net distributable income and capital) for the last 12 months can be obtained either through the Hong Kong Representative’s website at [www.baring.com](http://www.baring.com) or from the Hong Kong Representative on request.

## **AVAILABLE UNITS IN HONG KONG**

As at the date of this Hong Kong Covering Document, Units of the following Fund which are being offered to the public of Hong Kong are set out below. Please refer to the Prospectus for further information relating to the Unit Classes.

### **Barings Asia Balanced Fund**

Class A USD Acc

Class C USD Acc

Class A USD Inc

Other Classes of Units which are not mentioned above are not available to the public in Hong Kong.

Accumulation Units are accumulating and will therefore not pay any distributions. Accumulation Units are identified by the reference “Acc” in the name of the Class.

Under the Trust Deed the Manager is given the exclusive right to effect for the account of the Unit Trust the issue of Units of any Class and to create, subject to the requirements of the SFC (and other relevant authorities) (if any), new Classes and has absolute discretion to accept or reject in whole or in part any application for Units.

## **SUBSCRIPTIONS, REDEMPTIONS AND CONVERSION OF UNITS BY HONG KONG INVESTORS**

The below sets out the subscription, redemption and conversion procedures for Hong Kong investors. Full details of subscription, redemption and conversion procedures, all charges payable and other important information concerning the subscription, redemption and conversion of Units are set out in the Prospectus; and Hong Kong investors should read the relevant sections carefully in conjunction with this Hong Kong Covering Document.

Investors should note that different distributor(s) may impose different dealing cut-off times before the dealing deadlines for receiving instructions for subscription, redemption and/or conversion and may have different dealing arrangements/procedures. Before placing your subscription, redemption and/or conversion orders, please check with your distributor for the distributor’s internal dealing deadline (which may be earlier than the Fund’s dealing deadline) and the distributor’s dealing arrangements/procedures.

### ***Application Procedures***

Initial subscriptions should be made by completing the Account Opening Form and the Subscription Form, together with the supporting documents in relation to anti-money laundering requirements and the originals submitted to the Hong Kong Representative by 5 p.m. Hong Kong time for onward transmission to the Manager c/o the Administrator on a Dealing Day.

Subsequent subscriptions may be made in writing by submitting the signed originals of the Subscription Form to the Hong Kong Representative for onward transmission to the Manager c/o the Administrator or directly to the Manager c/o the Administrator. Subsequent subscriptions may also be made in writing by completing the Subscription Form and submitted by facsimile directly to the Manager c/o the Administrator. In addition, Hong Kong investors can, with the agreement of the Manager (or the Hong Kong Representative) and the Administrator, submit the subscription applications via electronic messaging services such as SWIFT, or via other means as agreed by the Manager or the Hong Kong Representative from time to time. Both the Account Opening Form and the Subscription Form may be obtained from the Hong Kong Representative.

Units of each Class may be issued with effect from each Dealing Day pursuant to applications received by the Hong Kong Representative by 5 p.m. Hong Kong time or received by the Manager by 12 noon Irish time on that Dealing Day. The dealing price at which Units will be issued, after the initial issue, is calculated by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day. Applications received by the Manager after 12 noon Irish time on a Dealing Day will be treated as having been received on the following Dealing Day. Notwithstanding the aforesaid, any subscription applications received by the Hong Kong Representative after 5 p.m. Hong Kong time on a Hong Kong Business Day or treated as having been received by the Hong Kong Representative on a Dealing Day which is not a Hong Kong Business Day will be deemed to have been received by the Hong Kong Representative on the next Hong Kong Business Day that is also a Dealing Day.

If any of the details that are provided in respect of an application for Units change, including your address, other contact details (e.g. telephone number, email address) or bank account details, please inform the Hong Kong Representative or the Administrator immediately by letter. Failure to do so may cause a delay in processing any subsequent orders.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 (dealing in securities) regulated activities under Part V of the Securities and Futures Ordinance.

Payment is normally due in the currency of the relevant Class of the relevant Fund. Should investors prefer to make payment in any currency other than the currency of the relevant Class they are advised to make direct contact with the Hong Kong Representative or with the Manager c/o the Administrator.

As provided in the section headed "Subscription of Units" in the Prospectus, the calculation of the Net Asset Value per Unit may be suspended when the right of Unitholders to require the redemption of Units is suspended as detailed in section headed "Redemption of Units" in the Prospectus and in the section headed "Redemption of Units" of this document. Any such suspension will be notified to the SFC without delay and where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

Please refer to the Prospectus for further details relating to the application of Units.

### ***Redemption of Units***

Redemption requests may be made in writing by submitting the signed originals to the Hong Kong Representative for onward transmission to the Manager c/o the Administrator or directly to the Manager c/o the Administrator. Redemption requests may also be made in writing and submitted by facsimile directly to the Manager c/o the Administrator.

In addition Hong Kong investors can, with the agreement of the Manager (or the Hong Kong Representative) and the Administrator, submit the redemption applications via electronic messaging services such as SWIFT, or via other means as agreed by the Manager or the Hong Kong Representative from time to time. No redemption payments shall be made until the original Account Opening Form (and upon completion of any applicable identification procedures in relation to the Unitholder pursuant to any statutory and regulatory obligation from time to time) has been received by the Hong Kong Representative for onward transmission to the Manager c/o the Administrator. The redemption form may be obtained from the Hong Kong Representative.

Applications for the redemption of Units received by the Hong Kong Representative prior to 5 p.m. Hong Kong time or received by the Manager prior to 12 noon Irish time on a Dealing Day will, subject as mentioned in the section headed "Redemption of Units" in the Prospectus, be dealt with by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day. Redemption applications received by the Manager after 12 noon Irish time will be treated as having been received on the following Dealing Day. Notwithstanding the aforesaid, any redemption applications received by the Hong Kong Representative after 5 p.m. Hong Kong time on a Hong Kong Business Day or treated as having been received by the Hong Kong Representative on a Dealing Day which is not a Hong Kong Business Day will be deemed to have been received by the Hong Kong Representative on the next Hong Kong Business Day that is also a Dealing Day.

Arrangements can be made for Unitholders wishing to redeem their Units to receive payment in currencies other than the currency of the relevant Class of Unit. In such circumstances the Unitholder is advised to make direct contact with the Hong Kong Representative or Manager c/o the Administrator in order to facilitate payment. The cost of currency conversion and other administrative expenses, including electronic transfers, may be charged to the Unitholder.

Partial redemptions of holdings are permitted provided that this will not result in the Unitholder holding an amount which is less than the Minimum Holding.

### ***Temporary Suspension of Redemptions***

As provided in the Prospectus, the calculation of the Net Asset Value per Unit may be suspended when the right of Unitholders to require the redemption of Units is suspended as detailed in section headed "Redemption of Units" in the Prospectus. Any such suspension will be notified to the SFC without delay and where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible. In addition, the fact that dealing has been suspended will be published immediately and thereafter at least once a month during the period of suspension in an appropriate manner (including via the Manager's website [www.barings.com](http://www.barings.com)).

### ***In Specie Redemption***

As provided in the Prospectus, the Manager has the discretion to satisfy the redemption request by a distribution of investments in specie. For so long as a Fund is authorised by the SFC, a redemption in specie will only be effected with the prior consent of the redeeming Unitholder.

Please refer to the Prospectus for further details relating to the redemption of Units.

### **Conversion of Units**

Unitholders will be able to apply to convert on any Dealing Day all or part of their holding of Units of any Class (the “**Original Class**”) into Units of another Class of the same Fund or in another Fund, which are being offered at that time (the “**New Class**”). Conversion applications may be made in writing by submitting the signed originals to the Hong Kong Representative for onward transmission to the Manager c/o the Administrator or directly to the Manager c/o the Administrator. Conversion requests may also be made in writing and submitted by facsimile directly to the Manager c/o the Administrator.

In addition, Hong Kong investors can, with the agreement of the Manager (or the Hong Kong Representative) and the Administrator, submit the conversion applications via electronic messaging services such as SWIFT, or via other means as agreed by the Manager or the Hong Kong Representative from time to time. The general provisions and procedures relating to redemption set out above and in the Prospectus will apply equally to conversions. The conversion form may be obtained from the Hong Kong Representative. No conversion will be made if it would result in the Unitholder holding an amount of either the Original Class or the New Class of a value which is less than the Minimum Holding for the relevant Class.

Please refer to the Prospectus for further details relating to the conversion of Units.

### **CHARGES AND EXPENSES**

Details of the fees and expenses relating to the Unit Trust are set out in the section headed “Charges and Expenses” in the Prospectus. The attention of prospective investors is in particular drawn to the information relating to fees and expenses set out therein.

The maximum Management Fee in respect of each Fund is 2% of the Net Asset Value of the relevant Fund and any increase in the maximum permitted rate will only be implemented with the approval of Unitholders of the relevant Fund by way of Extraordinary Resolution.

The Manager currently charge a management fee for the Barings Asia Balanced Fund at a rate of 1% per annum of the value of the net assets of the Fund attributable to each Class. This rate may be increased to an amount not exceeding 2% per annum of the value of the net assets of the Fund attributable to each Class on giving not less than three months’ notice to Unitholders, provided that the overall Management Fee (including Depositary and Administration fees noted in the Prospectus) does not exceed 2% per annum.

The Manager is entitled under the Trust Deed, in calculating the Net Asset Value per Unit, to deduct for the account of the relevant Fund a charge (not exceeding 1% of such Net Asset Value per Unit) to meet duties and charges incurred in realising assets to provide monies to meet the redemption request. It is not the intention of the Manager to make any deduction in respect of such duties and charges in normal circumstances, other than in respect of Class C Units for which a charge of up to 1% of the Net Asset Value per Unit may be applied at the discretion of the Manager or its delegate. Prior notice of at least one month will be given to affected Unitholders should the Managers decide to make such deduction.

For so long as the Unit Trust and the Fund are authorised in Hong Kong, no sales commissions, advertising or promotional expenses shall be charged to such Fund.

#### *Charges deducted from Capital*

The Barings Asia Balanced Fund normally pays its management fee and other fees and expenses out of income (in accordance with Irish accounting guidelines). However, where insufficient income is available, investors should note that the Manager may provide for the Barings Asia Balanced Fund to pay some or all

of its management fee and other fees and expenses out of capital and out of both realised and unrealised capital gains less realised and unrealised capital losses.

For further information, please also refer to the section headed "Distribution Policy".

## **LIQUIDITY RISK MANAGEMENT**

The Manager has established a liquidity management policy which enables it, through the investment risk management team of the Investment Managers which is functionally independent from the Investment Managers' portfolio investment team, to identify, monitor and manage the liquidity risks of the Unit Trust and to ensure the liquidity profile of the investments of each Fund will facilitate compliance with the Fund's underlying obligations. Any deterioration in liquidity profile is communicated to the portfolio managers and the appropriate oversight committee.

Details of the redemption rights of Unitholders, including redemption rights of Unitholders in normal and exceptional circumstances and existing redemption arrangements are set out above or in the Prospectus. More particularly, the tools which may be used to manage liquidity risk include the following:

- (a) The Manager may with the approval of the Depositary limit the number of Units which may be redeemed on any Dealing Day to 10% of the total number of Units in issue of that Fund. If such limitation is imposed, this would restrict the ability of a Unitholder to redeem in full the Units he intends to redeem on a particular Dealing Day.
- (b) At the request or with the consent of the redeeming Unitholder wishing to redeem Units representing 5% or more of the Net Asset Value of a Fund on a single Dealing Day, a distribution in respect of redemptions may be made in specie at the discretion of the Manager. Unless such Unitholder requests the Manager to sell the relevant assets in writing, the redeeming Unitholder will receive redemption proceeds in the form of securities instead of in cash.
- (c) The Manager may, with the approval of the Depositary, value the assets of the Fund (1) at the lowest market dealing bid prices where on any Dealing Day, the value of all redemption requests received exceeds the value of all application for Units, or (2) at the highest market dealing offer prices where on any Dealing Day the value of all applications for Units received for that Dealing Day exceeds the value of all redemption requests received on that Dealing Day. For details, please refer to the "Dilution Adjustment" under the section headed "Determination of Net Asset Value". As a result of such adjustment, the Net Asset Value per Unit will be higher or lower than the Net Asset Value per Unit which otherwise would be if such adjustment has not been made.
- (d) A Fund may borrow up to 25% (or 10% in the case of a Fund investing primarily in deposits and debt securities) of its net assets for liquidity purposes. For so long as the Barings Asia Balanced Fund is authorised by the SFC, the borrowing limit of the Barings Asia Balanced Fund shall be reduced to a maximum of 10% of its net assets. There can be no assurance that the relevant Fund will be able to borrow on favourable term.
- (e) The Manager may, with the approval of the Depositary, temporarily suspend the redemption of Units in the Fund during certain circumstances as set out in the section headed "Temporary Suspension of Redemptions" of the Prospectus. During such period of suspension, Unitholders would not be able to redeem their investments in the relevant Fund.

## **CALCULATION OF NET ASSET VALUE**

The Net Asset Value per Unit is calculated by dividing the value of the assets of the Fund, less its liabilities, by the total number of Units in issue as at that Dealing Day. The Net Asset Value per Unit is the resulting sum adjusted to two decimal places (5 up 4 down).

## AVAILABILITY OF THE NET ASSET VALUE PER UNIT

Except where the redemption of Units of a Fund has been suspended, in the circumstances described in the Prospectus, the Net Asset Value per Unit of each Class shall be available on the Barings website at [www.baring.com](http://www.baring.com) or any appropriate manner and will be updated on each Dealing Day. Such prices can also be ascertained from the offices of the Hong Kong Representative.

## REPORTS AND ACCOUNTS

The audited accounts and a report on the Unit Trust and the unaudited semi-annual report will be available in English only. The Manager will notify Unitholders where the annual report and audited accounts can be obtained (in printed and electronic forms), and where the unaudited semi-annual accounts can be obtained (in printed and electronic forms) within the timeframe set out in the section headed "Reports and Accounts" in the Prospectus.

Once issued, copies of the latest annual and semi-annual accounts may also be obtained at the office of the Manager, Investment Manager and the Hong Kong Representative.

## TAXATION IN HONG KONG

The following is a summary of certain Hong Kong tax consequences of the purchase, ownership and disposal of Units. The summary of Hong Kong taxation is of a general nature, is for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of the Units. Potential investors in Units should consult their own advisors as to the Hong Kong or other tax consequences of the purchase, ownership and disposal of Units.

During such period as the Unit Trust is authorised by the SFC then, under present Hong Kong law and practice:—

- (a) The Unit Trust is not expected to be subject to Hong Kong tax in respect of any of its authorised activities;
- (b) No tax will be payable by Unitholders in Hong Kong in respect of any capital gains arising on a sale, redemption or other disposal of Units in the Unit Trust, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong; and
- (c) No tax should generally be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of the Unit Trust.

## OECD COMMON REPORTING STANDARD

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions ("**FI**") in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department ("**IRD**") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement ("**CAA**"); however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Unit Trust or the relevant Fund and/or continuing to invest in the Unit Trust or the relevant Fund through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.



Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Unit Trust through FIs in Hong Kong.

## **COMPLIANCE WITH US REPORTING AND WITHHOLDING REQUIREMENTS**

As at the date of this Hong Kong Covering Document, Baring Asset Management Limited, the Investment Manager, has registered as a “sponsoring entity” and agreed to perform, on behalf of the sponsored investment entities (including the Unit Trust and/or its Fund), all due diligence, reporting and other relevant FATCA requirements. The Investment Manager has a GIIN of HU7DQI.00000.SP.826. The Unit Trust and/or each Fund will be classified as a “sponsored investment entity” and will be a non-reporting financial institution treated as a registered deemed-compliant foreign financial institution.

## **KEY INFORMATION DOCUMENTS**

Notwithstanding the references to the Key Information Documents in the Prospectus, the Key Information Documents are not intended to be, and shall not in any event be interpreted as, an offering document of the Unit Trust in Hong Kong and is not distributed to investors in Hong Kong.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be obtained or inspected free of charge at the offices of the Hong Kong Representative set out below:

- the Trust Deed (as amended)
- the Administration Agreement
- the Investment Management Agreement
- the agreement between the Hong Kong Representative and the Manager
- the latest annual and half yearly reports and accounts (the annual and half yearly reports are available in English only)

Investors may also contact the Hong Kong Representative for information on the Investment Manager’s Best Execution Policy, the Investment Manager’s Proxy Voting Policy, and up-to-date information on the Depositary’s list of delegates and sub-delegates and any conflicts of interest that may arise from such delegation.

## **OTHER INFORMATION**

### **Hong Kong Representative**

Baring Asset Management (Asia) Limited  
*Registered address:*

Room 3401, 3409-3410 & 35/F  
Gloucester Tower  
15 Queen's Road Central  
Hong Kong

*Business address and contact details:*

35th Floor, Gloucester Tower  
15 Queen's Road Central  
Hong Kong

Telephone: 852-2841 1411  
Facsimile: 852-2845 9050

### **Legal Advisers as to matters of Hong Kong law**

Deacons  
5<sup>th</sup> Floor  
Alexandra House  
18 Chater Road  
Central  
Hong Kong

### **Directors of the Manager**

Peter Clark  
James Cleary  
David Conway  
Barbara Healy  
Timothy Schulze  
Julian Swayne  
Alan Behen  
Paul Smyth

c/o Baring International Fund Managers  
(Ireland) Limited, 70 Sir John Rogerson's Quay  
Dublin 2, Ireland

# **PROSPECTUS**

## **Barings Global Opportunities Umbrella Fund**

(an umbrella fund constituted as an open-ended unit trust established pursuant to the Unit Trusts Act, 1990,)

The Directors of Baring International Fund Managers (Ireland) Limited (the "Manager"), whose names appear under the heading "Directors of the Manager" in the Directory section, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

## Important Information

**If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

### Authorisation by the Central Bank of Ireland

The Unit Trust has been authorised by the Central Bank of Ireland (the "Central Bank") as a retail investor alternative investment fund ("RIAIF"). The Unit Trust has been authorised as a RIAIF pursuant to the AIFM Regulations. **The Central Bank shall not be liable by virtue of its authorisation of this Unit Trust as a RIAIF or by reason of its exercise of the functions conferred on it by legislation in relation to this Unit Trust for any default of the Unit Trust.** Please see below for additional restrictions applicable to investors in particular jurisdictions.

**Authorisation by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Funds and the Central Bank shall not be liable for the performance or default of the Funds. Authorisation of the Unit Trust does not constitute a warranty by the Central Bank as to the creditworthiness or financial standing of the various parties to the Unit Trust.**

**Authorisation by the Central Bank is not an endorsement or guarantee of the Unit Trust nor is the Central Bank responsible for the contents of this Prospectus.**

This Prospectus (which term shall include a reference to any Supplement herein or hereto) provides information about the Unit Trust and the Funds. Prospective investors are required as part of the Account Opening Form to confirm they have read and understood it. It contains information which prospective investors ought to know before investing in the Unit Trust and should be retained for future reference. Further copies may be obtained from the Manager or from a distributor. Copies of the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust are available free of charge on request.

Units in the Unit Trust are offered only on the basis of the information contained in this Prospectus, the relevant Supplement, the relevant Key Information Document, the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorised to give any information or to make any representation other than those contained in this Prospectus, each relevant Supplement, Key Information Document, the most recent annual report and, if subsequently published, the semi-annual report of the Unit Trust and, if given or made, such information or representation must not be relied upon as having been authorised. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any such Units other than the Units to which it relates or an offer to sell or the solicitation of an offer to buy such Units by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this Prospectus or the relevant Supplements nor the issue of Units shall, under any circumstances, create any implication that the affairs of the Unit Trust have not changed since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Manager has taken reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which makes misleading any statement herein, whether of fact or opinion. The Manager accepts responsibility accordingly. This Prospectus and any Supplements may be translated into other languages. Any such translation shall only contain the same information and have the same meaning as the English language Prospectus and Supplements. To the extent that there is any inconsistency between the English language Prospectus and Supplements and the Prospectus/Supplements in another language, the English language Prospectus/Supplements will prevail, except to the extent (but only to the extent) required by the laws of any jurisdiction including the regulations or requirements of the financial regulator of such jurisdiction where the Units are sold, that in any action based upon disclosure in the Prospectus/Supplement in a language other than English, the language of the Prospectus/Supplement on which such action is based shall prevail.

The Unit Trust is an "umbrella fund" enabling investors to choose between one or more investment objectives by investing in one or more separate trust funds (a "Fund") offered by the Unit Trust. Under the Trust Deed, the assets and liabilities attributable to each Fund established by the Unit Trust, will be segregated by the Depositary. A separate pool of assets will not be maintained for each Class. As of the date of this Prospectus, the Unit Trust is offering Units in the Funds described in the most recent Supplements in force at the date of this Prospectus. The Manager may from time to time decide to offer, with the prior approval of the Central Bank, additional separate Funds and, with prior notice to and clearance from the Central Bank, additional Classes in existing Fund(s). In such an event, this Prospectus will be updated and amended so as to include detailed information on the new Funds and/or Classes, and/or a separate Supplement or addendum with respect to such Funds and/or Classes will be prepared. Such updated and amended Prospectus or new separate Supplement or addendum will not be circulated to existing Unitholders except in connection with their subscription for Units of such Funds.

Investors may, subject to applicable law, invest in any Fund offered by the Unit Trust. Investors should choose the Fund that best suits their specific risk and return expectations as well as their diversification needs and are encouraged to seek independent advice in that regard. A separate pool of assets will be maintained for each Fund and will be invested in accordance with the investment policy applicable to the relevant Fund in seeking to achieve its investment objective. The Net Asset Value and the performance of the Units of the different Funds and Classes thereof are expected to differ. **It should be remembered that the price of Units and the income (if any) from them may fall as well as rise and there is no guarantee or assurance that the stated investment objective of a Fund will be achieved.** Investors should note that, if specified in a Fund's Supplement as applicable, a Redemption Charge of up to 1% of the Net Asset Value of the Units being redeemed may be chargeable in respect of that Fund. An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Please refer to the "Risk Considerations" section of the Prospectus for further details.

Unitholders should note that some or all of the dividends, management fees and other fees and expenses of a Fund may be paid from capital where there is insufficient income available. Thus, on redemption of holdings, Unitholders may not receive back the full amount invested. The policy of paying dividends from, or charging fees and expenses to capital will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth.

Investors should be aware that the Manager may declare dividends out of capital in respect of certain Classes and that in the event that they do, the capital of such Classes will be eroded. Such distributions will be achieved by forgoing the potential for future capital growth and that this cycle may be continued until all capital in respect of the Units is depleted. Distributions out of capital may result in the value of future returns being diminished. Unitholders should also be aware that the payment of distributions out of capital may have different tax implications for them compared to distributions of income and you are therefore recommended to seek tax advice in this regard. Investors should be aware that distributions out of capital are a type of capital reimbursement.

## GENERAL NOTICE

Potential subscribers of Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units. Potential subscriber's attention is drawn to the risk factors described under the heading "Risk Considerations" within this Prospectus.

EACH PURCHASER OF UNITS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH UNITS OR POSSESSES OR DISTRIBUTES THE PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF UNITS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE MANAGER, THE INVESTMENT MANAGER (OR ANY OF ITS AFFILIATES), THE DEPOSITARY OR THE ADMINISTRATOR SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

## US

THE UNITS OFFERED HEREBY HAVE NOT BEEN RECOMMENDED, APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES REGULATORY AUTHORITY OR COMMISSION, NOR HAS ANY SUCH AUTHORITY OR COMMISSION PASSED ON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR ANY U.S. STATE OR FOREIGN SECURITIES LAWS. THE OFFERING OF UNITS CONTEMPLATED HEREIN (THE "OFFERING") WILL BE MADE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE 1933 ACT AND THE REGULATIONS PROMULGATED THEREUNDER FOR AN OFFER AND SALE OF SECURITIES THAT DOES NOT INVOLVE A PUBLIC OFFERING. THERE WILL BE NO PUBLIC MARKET FOR THE UNITS. THE UNITS ARE BEING OFFERED ONLY TO "ACCREDITED INVESTORS" AS SUCH TERM IS DEFINED IN REGULATION D UNDER THE 1933 ACT AND EACH U.S. PURCHASER OF UNITS OFFERED HEREBY MUST BE AN "ACCREDITED INVESTOR" WITHIN THE MEANING OF REGULATION D. EACH UNITED STATES PERSON WILL ALSO BE REQUIRED TO REPRESENT, AMONG OTHER THINGS, THAT IT IS ACQUIRING THE UNITS PURCHASED BY IT FOR INVESTMENT AND NOT WITH A VIEW TO RESALE OR DISTRIBUTION.

THE UNIT TRUST WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT"), IN RELIANCE UPON AN EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED IN SECTION 3(C)(7) THEREOF, WHICH REQUIRES THAT EACH UNITED STATES PERSON BE A "QUALIFIED PURCHASER" AS DEFINED IN THE 1940 ACT AND THAT THE ISSUER DOES NOT MAKE OR PROPOSE TO MAKE A PUBLIC OFFERING OF ITS SECURITIES. ACCORDINGLY, EACH UNITED STATES PERSON MAY BE REQUIRED TO REPRESENT, AMONG OTHER THINGS, THAT IT MEETS THE QUALIFICATIONS OF A "QUALIFIED PURCHASER." THE UNIT TRUST WILL BE SUBJECT TO SIGNIFICANTLY LESS REGULATION AND SUPERVISION THAN REGISTERED INVESTMENT COMPANIES.

WHILE THE FUNDS MAY TRADE COMMODITY FUTURES AND/OR COMMODITY OPTIONS CONTRACTS, THE INVESTMENT MANAGER IS EXEMPT FROM REGISTRATION WITH THE COMMODITY FUTURES TRADING COMMISSION (THE "CFTC") AS A COMMODITY POOL OPERATOR ("CPO") UNDER CFTC RULE 4.13(A)(3). THEREFORE, THE INVESTMENT MANAGER IS NOT REQUIRED TO DELIVER A CFTC COMPLIANT DISCLOSURE DOCUMENT OR CERTIFIED ANNUAL REPORTS THAT SATISFY THE REQUIREMENTS OF THE CFTC RULES. THE FUNDS DO, HOWEVER, INTEND TO PROVIDE INVESTORS WITH ANNUAL AUDITED FINANCIAL STATEMENTS. TO THE EXTENT A FUND IN THE FUTURE MAY NOT RELY ON THE RULE 4.13(A)(3) EXEMPTION, IT WILL COMPLY WITH APPLICABLE CFTC RULES AND REGULATIONS OR RELY ON AN APPROPRIATE EXEMPTION FROM SUCH RULES AND REGULATIONS.

THE CFTC EXEMPTION RULES REQUIRE, AMONG OTHER THINGS, THAT EACH PROSPECTIVE INVESTOR SATISFY CERTAIN SOPHISTICATION CRITERIA, OR OTHERWISE BE AN ELIGIBLE INVESTOR SPECIFIED IN THE RULE. SUCH RULES ALSO REQUIRE THAT UNITS BE EXEMPT FROM REGISTRATION UNDER THE 1933 ACT AND BE OFFERED AND SOLD WITHOUT MARKETING TO THE PUBLIC IN THE UNITED STATES. THIS PROSPECTUS HAS NOT BEEN REVIEWED OR APPROVED BY THE CFTC.

THE UNITS HELD BY UNITED STATES PERSONS WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE 1933 ACT AND APPLICABLE U.S. STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. ACCORDINGLY, UNITED STATES PERSONS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE

FINANCIAL RISKS AND LACK OF LIQUIDITY OF AN INVESTMENT IN THE UNIT TRUST FOR AN INDEFINITE PERIOD OF TIME. THERE WILL BE NO PUBLIC MARKET FOR THE UNITS, NO SUCH MARKET IS EXPECTED TO DEVELOP IN THE FUTURE AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE UNITS UNDER THE 1933 ACT OR ANY U.S. STATE SECURITIES LAWS. INVESTMENT IN THE UNIT TRUST INVOLVES CERTAIN SIGNIFICANT INVESTMENT RISKS, INCLUDING LOSS OF AN INVESTOR'S ENTIRE VALUE OF INVESTMENT OR OTHER AMOUNT OF CAPITAL.

INVESTORS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THIS PROSPECTUS AND TO REVIEW, IN PARTICULAR, THE SPECIAL CONSIDERATIONS SET FORTH UNDER THE HEADING "RISK CONSIDERATIONS" HEREIN.

THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), IMPOSES CERTAIN LIMITATIONS ON THE INVESTMENT BY CERTAIN PENSION AND OTHER EMPLOYEE BENEFIT PLANS IN INVESTMENTS SUCH AS THE UNIT TRUST. THEREFORE, ANY PENSION OR OTHER EMPLOYEE BENEFIT PLAN CONSIDERING AN INVESTMENT IN THE UNIT TRUST SHOULD CONSULT ITS OWN COUNSEL AS TO THE LEGAL EFFECTS OF SUCH INVESTMENT. NOTHING SET FORTH IN THIS PROSPECTUS, TOGETHER WITH ANY AMENDMENTS AND SUPPLEMENTS AND ANY OTHER INFORMATION (WHETHER PROVIDED ORALLY OR IN WRITING) CONSTITUTES A RECOMMENDATION THAT ANY PERSON TAKE OR REFRAIN FROM TAKING ANY COURSE OF ACTION WITHIN THE MEANING OF U.S. DEPARTMENT OF LABOR REGULATION §2510.3-21(B)(1).

THIS PROSPECTUS, TOGETHER WITH ANY AMENDMENTS AND SUPPLEMENTS AND ANY OTHER INFORMATION THAT MAY BE FURNISHED TO PROSPECTIVE INVESTORS BY THE UNIT TRUST, CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF THE UNITED STATES FEDERAL SECURITIES LAWS. FORWARD-LOOKING STATEMENTS ARE THOSE THAT PREDICT OR DESCRIBE FUTURE EVENTS OR TRENDS AND THAT DO NOT RELATE SOLELY TO HISTORICAL MATTERS. FOR EXAMPLE, FORWARD-LOOKING STATEMENTS MAY PREDICT FUTURE ECONOMIC PERFORMANCE, DESCRIBE PLANS AND OBJECTIVES OF MANAGEMENT FOR FUTURE OPERATIONS AND MAKE PROJECTIONS OF REVENUE, INVESTMENT RETURNS OR OTHER FINANCIAL ITEMS. A PROSPECTIVE INVESTOR CAN GENERALLY IDENTIFY FORWARD-LOOKING STATEMENTS AS STATEMENTS CONTAINING THE WORDS "WILL," "BELIEVE," "EXPECT," "ANTICIPATE," "INTEND," "CONTEMPLATE," "ESTIMATE," "ASSUME" OR OTHER SIMILAR EXPRESSIONS. SUCH FORWARD-LOOKING STATEMENTS ARE INHERENTLY UNCERTAIN, BECAUSE THE MATTERS THEY DESCRIBE ARE SUBJECT TO KNOWN (AND UNKNOWN) RISKS, UNCERTAINTIES AND OTHER UNPREDICTABLE FACTORS, MANY OF WHICH ARE BEYOND THE MANAGER'S CONTROL. NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF SUCH FORWARD-LOOKING STATEMENTS. MANY RELEVANT RISKS ARE DESCRIBED UNDER THE HEADING "RISK CONSIDERATIONS" HEREIN, AND A PROSPECTIVE INVESTOR SHOULD CONSIDER THE IMPORTANT FACTORS LISTED THEREIN AS SUCH PROSPECTIVE INVESTOR READS THIS PROSPECTUS AND CONSIDERS AN INVESTMENT IN THE UNIT TRUST.

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFER AND SALE OF UNITS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY IN ANY UNITED STATES STATE OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE OR JURISDICTION. THIS PROSPECTUS IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT, AND THE OFFERING CONTEMPLATED IN THIS PROSPECTUS IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, A PUBLIC OFFERING OF THE UNITS. THIS PROSPECTUS IS FOR THE CONFIDENTIAL USE OF ONLY THOSE PERSONS TO WHOM IT IS TRANSMITTED IN CONNECTION WITH THIS OFFERING.

## **JAPAN**

THE UNITS HAVE NOT BEEN AND WILL NOT BE REGISTERED PURSUANT TO ARTICLE 4, PARAGRAPH 1 OF THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED) AND, ACCORDINGLY, NONE OF THE UNITS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT, OF ANY JAPANESE PERSON OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO ANY JAPANESE PERSON EXCEPT UNDER CIRCUMSTANCES WHICH WILL RESULT IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND GUIDELINES PROMULGATED BY THE RELEVANT JAPANESE GOVERNMENTAL AND REGULATORY AUTHORITIES AND IN EFFECT AT THE RELEVANT TIME. FOR THIS PURPOSE, A "JAPANESE PERSON" MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANISED UNDER THE LAWS OF JAPAN.

# Directory

## **MANAGER AND AIFM**

### **Baring International Fund Managers (Ireland) Limited**

Registered Office:  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## **DIRECTORS OF THE MANAGER:**

Peter Clark  
James Cleary  
David Conway  
Barbara Healy  
Timothy Schulze  
Julian Swayne  
Alan Behen  
Paul Smyth

## **INVESTMENT MANAGER**

### **Baring Asset Management Limited**

20 Old Bailey  
London EC4M 7BF  
UK

## **DEPOSITARY**

### **Northern Trust Fiduciary Services (Ireland) Limited**

Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

## **ADMINISTRATOR**

### **Northern Trust International Fund Administration Services (Ireland) Limited**

Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

## **LEGAL ADVISERS**

### **IRISH LAW**

#### **Matheson**

70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## **AUDITORS**

### **PricewaterhouseCoopers**

Chartered Accountants  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

Please refer to the section "Manager, Investment Manager, Depositary and Administrator" within this Prospectus for more details.



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## Definitions

<b>“Accounting Date”</b>	30 April of each year by reference to which annual accounts for the Unit Trust are prepared or such other date as the Manager may from time to time decide.
<b>“Accounting Period”</b>	a period ending on an Accounting Date and commencing on the day following expiry of the last Accounting Period.
<b>“Account Opening Form”</b>	any initial application to be completed by investors as prescribed by the Manager from time to time.
<b>“Act”</b>	Unit Trusts Act, 1990 or any amendment thereto for the time being in force.
<b>“Administrator”</b>	Northern Trust International Fund Administration Services (Ireland) Limited or any other person or persons for the time being duly appointed by the Manager as administrator of the Unit Trust in succession thereto with the prior approval of the Central Bank.
<b>“Administration Agreement”</b>	the Administration Agreement made between the Manager, the Depositary and the Administrator, as may be amended or supplemented from time to time.
<b>“AIF”</b>	an alternative investment fund as defined in Regulation 5(1) of the AIFM Regulations.
<b>“AIFM”</b>	Baring International Fund Managers (Ireland) Limited an alternative investment fund manager as defined in Regulation 5(1) of the AIFM Regulations.
<b>“AIFMD”</b>	the Alternative Investment Fund Managers Directive (Directive 2011/61/EU) as amended and any regulations issued thereunder.
<b>“AIFM Regulations”</b>	European Union (Alternative Investment Fund Managers) Regulations 2013.
<b>“AIF Rulebook”</b>	the rulebook issued by the Central Bank as may be amended from time to time which sets out the Central Bank’s regulatory regime for AIFs and other the relevant entities that fall to be regulated under the AIFM Regulations.
<b>“AUD”</b>	the currency of Australia.
<b>“Base Currency”</b>	the currency of account of a Fund as specified in the Prospectus.
<b>“Bond Connect”</b>	the initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China.
<b>“Business Day”</b>	in relation to a Fund any day other than Saturday or Sunday on which banks in both Ireland and the United Kingdom are open for business.
<b>“CCDC”</b>	the China Central Depository & Clearing Co., Ltd.
<b>“Central Bank”</b>	the Central Bank of Ireland or its successor entity.
<b>“China Interbank Bond Market”</b>	the Mainland China interbank bond markets.
<b>“CIBM Initiative”</b>	the regime launched in February 2016 for foreign institutional investors to invest in the China Interbank Bond Market.
<b>“Class”, “Classes”</b>	a particular division of Units in a Fund.

<b>“Class Currency”</b>	the currency in which a Class is designated.
<b>“CMU”</b>	the Central Moneymarkets Unit, an organisation established by the Hong Kong Monetary Authority to provide CMU members with securities transfer services.
<b>“Collection Account”</b>	the account operated by the Administrator into which all subscription monies are received and from which all redemption and distribution proceeds are paid as described under the heading <b>“Collection Account”</b> .
<b>“CSRC”</b>	the China Securities Regulatory Commission.
<b>“Data Protection Legislation”</b>	(i) the Data Protection Acts 1988 and 2003 or any other legislation or regulations implementing Directive 95/46/EC, (ii) the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011, (iii) the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016) and any consequential national data protection legislation and (iv) any guidance and/or codes of practice issued by the Irish Data Protection Commissioner or other relevant supervisory authority, including without limitation the European Data Protection Board.
<b>“Dealing Day”</b>	every Business Day and/or such other day or days as may be determined from time to time by the Manager, with the approval of the Depositary, and notified to Unitholders in advance, provided that there is at least one Dealing Day in each month.
<b>“Declaration”</b>	a valid declaration in a form prescribed by the Irish Revenue Commissioners for the purposes of Section 739D of the Taxes Consolidation Act of Ireland.
<b>“Depositary”</b>	Northern Trust Fiduciary Services (Ireland) Limited or any other person or persons for the time being duly appointed as depositary of the Unit Trust in succession thereto with the prior approval of the Central Bank.
<b>“Directors”</b>	the directors of the Manager or any duly authorised committee or delegate thereof.
<b>“ESMA Guidelines”</b>	the European Securities and Markets Authority’s Final report – Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (ESMA/2016/411).
<b>“Euro”, “EUR”</b>	the currency of certain member states of the European Union.
<b>“Euronext Dublin”</b>	the Irish Stock Exchange plc trading as Euronext Dublin.
<b>“European Economic Area (EEA)”</b>	the countries which as at the date of this Prospectus are members of the EEA and such other states which may join the EEA from time to time and excluding such states which may leave the EEA.
<b>“Exempt Investor”</b>	Irish Residents who are permitted (whether by legislation or by express concession of the Irish Revenue Commissioners to hold Units in the Unit Trust without requiring the Unit Trust to deduct or account for Irish tax as more fully described in the section of the Prospectus entitled <b>“Taxation”</b> .
<b>“Extraordinary Resolution”</b>	a resolution proposed as such and passed as such by a majority consisting of 75%, or more of the total number of votes of those present and entitled to vote in person or by proxy at a duly convened meeting of Unitholders or, as the case may require, Unitholders of a particular Class, held in accordance with the provisions contained in the Trust Deed.
<b>“FCA”</b>	the Financial Conduct Authority of the United Kingdom.

<b>“FSMA”</b>	the Financial Services and Markets Act, 2000 of the United Kingdom.
<b>“Fund”, “Funds”</b>	a sub-fund of the Unit Trust the proceeds of issue of which are pooled separately and invested in accordance with the investment objective and policies applicable to such sub-fund and which is established by the Manager from time to time with the approval of the Central Bank.
<b>“GBP”, “£”</b>	the currency of the United Kingdom.
<b>“Hedged Class”</b>	the relevant Classes which have been indicated as hedged Classes in the relevant Supplement and in respect of which currency hedging will be implemented.
<b>“HKD”</b>	the currency of Hong Kong.
<b>“Intermediary”</b>	a person who: <ul style="list-style-type: none"> <li>(a) carries on a business which consists of, or includes, the receipt of payments from a regulated investment undertaking resident in Ireland on behalf of other persons; or</li> <li>(b) holds units in such an investment undertaking on behalf of other persons.</li> </ul>
<b>“Investable Countries or Regions”</b>	the countries and regions in which a Fund may trade.
<b>“Investment Management Agreement”</b>	the investment management agreement between the Manager and Baring Asset Management Limited, as amended.
<b>“Investment Manager”</b>	Baring Asset Management Limited or any other person or persons for the time being duly appointed as investment manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
<b>“Investor Money Regulations”</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers.
<b>“Ireland”</b>	the Republic of Ireland.
<b>“Irish Resident”</b>	unless otherwise determined by the Manager, any company resident, or other person resident or ordinarily resident, in Ireland for the purposes of Irish tax. Please see the <b>“Taxation”</b> section below.
<b>“Irish Revenue Commissioners”</b>	the Irish authority responsible for taxation and customs duties.
<b>“Key Information Document”</b>	a key information document pursuant to requirements of Regulation (EU) 1286/2014 of the European Parliament and of the Council on Key Information Documents for Packaged Retail and Insurance-Based Investment Products.
<b>“Korean Won”, “KRW”</b>	the currency of South Korea.
<b>“Manager”</b>	Baring International Fund Managers (Ireland) Limited or any other person or persons for the time being duly appointed as manager of the Unit Trust in succession thereto in accordance with the requirements of the Central Bank.
<b>“Minimum Investment”</b>	such amount in respect of initial and/or subsequent subscriptions as may be specified in the Prospectus or as the Manager may determine and notify to investors in advance.

<b>“Minimum Holding”</b>	the minimum number or value of Units which must be held by Unitholders as specified in the Prospectus.
<b>“Money Market Instruments”</b>	instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time. Examples of such Money Market Instruments include certificates, deposits and listed short-term fixed and floating rate securities (including government and corporate notes and bonds).
<b>“Net Asset Value”</b>	the net asset value of a Fund or a relevant Class, as the case may be, determined in accordance with the principles set out in the section <b>“Determination of Net Asset Value”</b> within this Prospectus.
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development. The thirty-six following countries are members of the OECD as of the date of this Prospectus: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.
<b>“Ordinary Resolution”</b>	a resolution proposed as such at a meeting of Unitholders of the Unit Trust, a Fund or, as the case may require, Unitholders of a particular Class convened and held in accordance with the provisions of the Trust Deed and passed as such at such meeting by a simple majority of the total number of votes cast for and against such resolution.
<b>“PRC”, “Mainland China”</b>	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this Prospectus.
<b>“Preliminary Charge”</b>	a fee charged on subscriptions as specified in this Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
<b>“Privacy Statement”</b>	the privacy statement adopted by the Manager in respect of the Unit Trust, as amended from time to time. The current version is available via the website <a href="http://www.barings.com">www.barings.com</a> .
<b>“Prospectus”</b>	this document as may be amended, supplemented or modified from time to time.
<b>“QFII”</b>	Qualified Foreign Institutional Investor.
<b>“QFII Regulations”</b>	the measures issued by the relevant authorities in the PRC with respect to the QFII.
<b>“Redemption Charge”</b>	a percentage of the Net Asset Value per Unit as specified in the Prospectus or such higher amount as may be approved by an Extraordinary Resolution.
<b>“Renminbi”, “RMB”</b>	the currency of the PRC.
<b>“RIAIF”</b>	a retail investor AIF as defined in the AIF Rulebook.
<b>“RQFII”</b>	Renminbi Qualified Foreign Institutional Investor.
<b>“RQFII Regulations”</b>	the measures issued by the relevant authorities in the PRC with respect to the RQFII.
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong
<b>“Semi-Annual Accounting Date”</b>	31 October in each year.

<b>“Settlement Date”</b>	three Business Days following the relevant Dealing Day (or such other day or days as the Manager may from time to time determine in respect of any Class of Units).
<b>“SHCH”</b>	the Shanghai Clearing House, a financial market infrastructure approved and directed by the People’s Bank of China, is a qualified central counterparty accepted by the People’s Bank of China and also one of the central securities depositories in Mainland China.
<b>“Specified US Person”</b>	(i) a US citizen or resident individual, (ii) a partnership or corporation organized in the United States or under the laws of the United States or any State thereof (iii) a trust if (a) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (b) one or more United States persons have the authority to control all substantial decisions of the trust, or an estate of a decedent that is a citizen or resident of the United States or (iv) an estate of a decedent that is a citizen or resident of the US; excluding (1) a corporation the stock of which is regularly traded on one or more established securities markets; (2) any corporation that is a member of the same expanded affiliated group, as defined in section 1471(e)(2) of the US Internal Revenue Code, as a corporation described in clause (i); (3) the United States or any wholly owned agency or instrumentality thereof; (4) any State of the United States, any US Territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing; (5) any organisation exempt from taxation under section 501(a) or an individual retirement plan as defined in section 7701(a)(37) of the US Internal Revenue Code; (6) any bank as defined in section 581 of the US Internal Revenue Code; (7) any real estate investment trust as defined in section 856 of the US Internal Revenue Code; (8) any regulated investment company as defined in section 851 of the US Internal Revenue Code or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. 80a-64); (9) any common trust fund as defined in section 584(a) of the US Internal Revenue Code; (10) any trust that is exempt from tax under section 664(c) of the US Internal Revenue Code or that is described in section 4947(a)(1) of the US Internal Revenue Code; (11) a dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any State; or (12) a broker as defined in section 6045(c) of the US Internal Revenue Code. This definition shall be interpreted in accordance with the US Internal Revenue Code.
<b>“Subscription Form”</b>	the subscription form to be completed by an investor or Unitholder in the Unit Trust in such form as prescribed by the Manager from time to time.
<b>“Supplement”</b>	any supplement issued by the Manager in connection with a Fund from time to time which is appended to the Prospectus or which takes the form of a separate document and which, in either case, forms part of the Prospectus.
<b>“Taiwanese Dollar”, “TWD”</b>	refers to the currency of Taiwan.
<b>“Trust Deed”</b>	the Trust Deed made between Baring International Fund Managers (Ireland) Limited as Manager and Northern Trust Fiduciary Services (Ireland) Limited as Depositary, as amended from time to time.
<b>“UK”</b>	the United Kingdom.
<b>“Unit”, “Units”</b>	an undivided share in the assets of a Fund.
<b>“United States”, “US”, “U.S.”</b>	the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico).

**“United States Person”,  
“US Person”**

any citizen or resident of the United States, any corporation, trust, partnership or other entity created or organised in or under the laws of the United States, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term **“US Person”** under Regulation S promulgated under the United States Securities Act of 1933.

**“Unitholder”**

a person who is registered as a holder of Units in the Register of Unitholders for the time being kept by or on behalf of the Unit Trust.

**“Unit Trust”**

Barings Global Opportunities Umbrella Fund.

**“US Dollar”, “USD”, “US\$”**

the currency of the United States of America.

**“Valuation Point”**

12 noon (Irish time) on every Dealing Day. The Manager may change the Valuation Point of a Fund upon giving reasonable advance notice to Unitholders provided that in any event, dealing will always be on a forward pricing basis.

## Introduction

Barings Global Opportunities Umbrella Fund is a unit trust managed by Baring International Fund Managers (Ireland) Limited (the “Manager”) and is designed to give both individual and institutional investors the benefit of experienced professional portfolio management. The Unit Trust was established pursuant to a Trust Deed as amended and restated from time to time made between Baring International Fund Managers (Ireland) Limited as Manager and Northern Trust Fiduciary Services (Ireland) Limited as Depositary.

The Unit Trust is classified as a RIAIF and organised as an umbrella fund. The Trust Deed provides that the Unit Trust may offer separate Funds. Each Fund will have a distinct portfolio of investments. The Unit Trust has obtained the approval of the Central Bank for the establishment of the Funds set out below. Information specific to a Fund will be set out in each Supplement.

### **Funds of the Unit Trust**

<b>Barings Asia Balanced Fund</b>
<b>Barings World Dynamic Asset Allocation Fund</b>

With the prior approval of the Central Bank, the Manager from time to time may create an additional Fund or Funds, the investment policies and objectives for which shall be outlined in a Supplement, together with details of the initial offer period, the initial subscription price for each Unit and such other relevant information in relation to the additional Fund or Funds as the Manager deems appropriate, or the Central Bank requires, to be included. Each Supplement shall form part of, and should be read in conjunction with, this Prospectus, whether or not it is contained therein as one document. In addition, the Manager may create additional Classes within a Fund to accommodate different charges and/or fees provided that the Central Bank is notified in advance, and gives prior clearance, of the creation of any such additional Class.

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## Allocation of Assets and Liabilities

Under the Trust Deed, the Depositary is required to establish a separate Fund with separate records in the following manner:

- (a) records and accounts of each Fund shall be maintained separately and in such currency as the Manager and the Depositary shall from time to time determine;
- (b) the proceeds from the issue of each Class of Unit (excluding the Preliminary Charge) shall be applied to the Fund established for that Class of Unit, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Trust Deed;
- (c) where any asset is derived from another asset, the derived asset shall be applied to the same Fund as the assets from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- (d) in the case of any asset which the Depositary does not consider as attributable to a particular Fund or Funds, the Depositary shall have discretion, subject to the approval of the Manager and the auditors, to determine the basis upon which any such asset shall be allocated between Funds, and the Depositary shall have power at any time and from time to time, subject to the approval of the Manager and the auditors, to vary such basis provided that the approval of the Manager and of the auditors shall not be required in any case where the asset is allocated between all Funds pro rata to their Net Asset Values at the time when the allocation is made;
- (e) the Depositary shall have discretion, subject to the approval of the Manager and the auditors, to determine the basis upon which any liability shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, provided that the approval of the Manager and the auditors shall not be required in any case where a liability is allocated to the Fund or Funds to which in the opinion of the Depositary it relates or if in the opinion of the Depositary it does not relate to any particular Fund or Funds, between all the underlying Funds pro rata to their Net Asset Values;



- (f) subject to the approval of the Manager and the auditors, the Depositary may transfer any assets to and from Funds if, as a result of a creditor proceeding against certain of the assets of the Unit Trust or otherwise, a liability would be borne in a different manner from that in which it would have been borne under paragraph (e) above or in any similar circumstances; and
- (g) subject to paragraph (f) above, the assets of each Fund shall belong exclusively to that Fund, shall be segregated from other Funds and shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund and shall not be available for any such purpose.

## **Investment Objective and Policies**

The Funds will invest in assets in the manner specified in the relevant Supplement and in accordance with the “Investment Restrictions” set out at Appendix I.

Investors' attention is particularly drawn to the fact that the portfolio for each Fund may, in addition to any investments referred to below, include deposits, instruments with floating interest rates and short-term paper including treasury bills, certificates of deposit and bankers' acceptances and other ancillary liquid assets. Unless part of the specific investment policies of a Fund, the Manager does not expect to retain substantial amounts of assets in this form except if they consider such investments to be in the best interests of Unitholders.

The Manager may also seek to fulfil the investment objective of each Fund and to gain exposure to relevant markets by investing the assets of each Fund in the shares or units of other collective investment undertakings, including collective investment undertakings managed by the Manager or related companies, subject in each case to the limits and restrictions set out below under “Investment Restrictions”. Such investment may be made in both closed-ended and open-ended schemes.

The investment objective and policies of a Fund are set out in the Supplement for that Fund. The investment objective of each Fund will not at any time be altered without the approval of an Ordinary Resolution. Changes to investment policies which are material in nature may only be made with the approval of an Ordinary Resolution to which the changes relate. A change would be material if, were it to be made, would alter significantly the asset type, credit quality, borrowing limits or risk profile of the relevant Fund. In the event of a change of investment objective and/or a material change in investment policy a reasonable notification period will be provided by the Manager and the Manager will provide facilities to enable Unitholders to redeem their Units prior to implementation of these changes.

A Fund may invest in China A shares, China B shares and/or domestic Chinese bonds provided that such investment is in accordance with the requirements of the Central Bank and the relevant regulatory authorities in the PRC. Unless otherwise specified in the relevant Supplement of a Fund, it is not intended that it will invest, whether directly or indirectly, more than 10% of its Net Asset Value in China A and China B shares and/or more than 10% of its Net Asset Value in domestic Chinese bonds. Should this intention be changed, at least one month's prior notice will be given to investors of the relevant Fund and the Prospectus will be updated accordingly.

Notwithstanding anything to the contrary in this Prospectus, the Funds do not currently use total return swaps, repurchase agreements, reverse repurchase agreements, buy-sell back or sell-buy back transactions and securities lending. Should the Manager elect to change this policy in the future, due notification will be given to the Unitholders and this Prospectus will be updated accordingly.

### **Efficient Portfolio Management Techniques**

Each Fund may employ various investment techniques and instruments for efficient portfolio management (including warrants, exchange traded futures and options, currency forward contracts, swap agreements, contracts for differences, index-linked notes and share and commodity index futures contracts) and hedging purposes as described below. Investors should also refer to the section entitled “Risk Considerations” for the risks associated with the use of efficient portfolio management techniques, which include counterparty risk and conflict of interest risk. There can be no assurance that the Investment Manager will be successful in employing these techniques.

Each of the Funds may use the techniques and instruments for efficient portfolio management which are set out in the relevant Supplement. The efficient portfolio management purposes for which the Investment Manager intends to employ derivatives and investment techniques described below are reduction of risk, reduction of cost and the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund.

Any direct operational costs and/or fees which arise as a result of the use of efficient portfolio management techniques which may be deducted from the revenue delivered to a Fund shall be at normal commercial rates and shall not include any hidden revenue. Such direct costs and fees will be paid to the relevant counterparty of the transaction. All of the revenues arising from the use of efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which any direct and indirect costs and fees are paid will be disclosed in the periodic reports of the Unit Trust and will indicate if these are parties related to the Manager, the Investment Manager or the Depositary.

#### Use of Derivatives

Investors should note that the Funds may engage in transactions in financial derivative instruments principally for efficient portfolio management, investment and/or for hedging purposes subject to the limits laid down by the Central Bank.

Derivative instruments may be used (i) for hedging purposes and/or (ii) for investment purposes in accordance with the requirements of the Central Bank. For example, a Fund may use derivatives (which will be based only on underlying assets or sectors which are permitted under the investment policy of a Fund) (i) to hedge a currency exposure, (ii) as a substitute for taking a position in the underlying asset where the Investment Manager feels that a derivative exposure to the underlying asset represents better value than a direct exposure, (iii) to tailor a Fund's interest rate exposure to the Investment Manager's outlook for interest rates, and/or (iv) to gain an exposure to the composition and performance of a particular index which are consistent with the investment objective and policies of the Fund.

The Investment Manager may decide not to use any of these instruments or strategies. In addition, the Investment Manager may decide to use instruments other than those listed above, in accordance with the requirements of the Central Bank.

#### *Futures and Options*

Where eligible, certain Funds may use security, index, currency and interest rate futures. The sale of a futures contract creates an obligation by the seller to deliver the type of financial instrument called for in the contract in a specified delivery month for a stated price. The purchase of a futures contract creates an obligation by the purchaser to pay for and take delivery of the type of financial instrument called for in the contract in a specified delivery month, at a stated price.

Where eligible, certain Funds may use options on equity indices, futures, swaps and currencies. A call option (which may be covered or uncovered) on an investment is a contract under which the purchaser, in return for a premium paid, has the right to buy the securities underlying the option at the specified exercise price at any time during the term of the option. A put option (which may be covered or uncovered) is a contract that gives the purchaser, in return for a premium paid, the right to sell the underlying securities at the specified exercise price during the term of the option. An option is uncovered where the party writing the option does not hold the underlying security which may be purchased (called) or sold (put) pursuant to the option.

Futures and options, as set out above, may be used by certain Funds to hedge interest rate risk, to balance duration, and to synthetically create exposure to certain securities. The underlying assets for futures and options shall be instruments in which the Fund can invest directly in accordance with its investment objective and policy i.e. transferable securities, collective investment schemes (including ETFs), money market instruments, stock or commodity indices, foreign exchange rates and currencies.

#### *Swaps*

Where eligible, certain Funds may use swap agreements (including total return swaps and contracts for difference) with respect to currencies, interest rates and securities.

In respect of currencies, a Fund may utilise currency swap contracts where the Fund may exchange currencies at a fixed rate of exchange for currencies at a floating rate of exchange or currencies at a floating rate of exchange for currencies at a fixed rate of exchange. These contracts allow a Fund to manage its exposures to currencies in which it holds investment. For these instruments the Fund's return is based on the movement of currency exchange rates relative to a fixed currency amount agreed by the parties.

In respect of interest rates, a Fund may utilise interest rate swap contracts where the Fund may exchange floating interest rate cash flows for fixed interest rate cash flows or fixed interest rate cash flows for floating interest rate cash flows. These contracts allow a Fund to manage its interest rate exposures. For these instruments the Fund's return is based on the movement of interest rates relative to a fixed rate agreed by the parties.

In respect of securities and securities indices, a Fund may utilise total return swap contracts where the Fund may exchange floating interest rate cash flows for fixed cash flows based on the total return of an equity or fixed income instrument or a securities index or fixed cash flow based on total return of an equity or fixed income instrument or a securities index for floating interest rate cash flows. These contracts allow a Fund to manage its exposures to certain securities or securities indexes. For these instruments the Fund's return is based on the movement of interest rates relative to the return on the relevant security or index. Details in respect of the counterparties to such swap contracts are set out below.

A Fund may also use credit default swaps ("CDS"). CDS are swap contracts which are designed to transfer the credit exposure between counterparties. CDS may be used by a Fund inter alia to hedge against specific country risk. The buyer of a CDS receives the credit protection while the seller of a CDS effectively guarantees the creditworthiness of the underlying fixed income instrument. By doing so, the risk of default on the underlying fixed income instrument is transferred from the holder of the fixed income instrument to the seller of the CDS.

The counterparties to all swap transactions will be institutions subject to prudential supervision and belonging to categories approved by the Central Bank and will not have discretion over the assets of the Fund. Subject to compliance with those conditions, the Investment Manager has full discretion as to the appointment of counterparties when entering into a swap in furtherance of the Fund's investment objective and policies. It is not possible to comprehensively list all the counterparties as they have not, as of the date of issue of the Prospectus, been selected and they may change from time to time.

The underlying assets for swaps shall be instruments in which a Fund can invest directly in accordance with its investment objective and policy.

#### *Currency Forward Contracts*

Currency forward contracts are agreements to exchange one currency for another - for example, to exchange a certain amount of Euro for a certain amount of US Dollars - at a future date. The date (which may be any agreed-upon fixed number of days in the future), the amount of currency to be exchanged and the price at which the exchange will take place are negotiated and fixed for the term of the contract at the time that the contract is entered into. Currency forward contracts may be bought or sold in either deliverable or non-deliverable form.

A Fund may also utilise non-deliverable forwards. A non-deliverable forward is a bilateral financial futures contract on an exchange rate between a strong currency and an emerging currency. At maturity, there will be no delivery of the emerging currency; instead there is a cash settlement of the contract's financial result in the strong currency.

#### *Convertible Instruments*

Convertible instruments, (meaning convertible bonds, mandatory convertible bonds, convertible preferred stock and equity linked notes), are ordinary long-term debt obligations of the issuer convertible at a stated exchange rate into common stock of the issuer. As with all debt securities, the market value of convertible instruments tends to decline as interest rates increase and, conversely, to increase as interest rates decline.

Convertible instruments are securities which have the right to convert into a fixed number of shares. Convertible instruments therefore have debt and equity like features. When the equity value of the convertible is low, the convertible's value behaves like a debt instrument. As the equity value goes up, the convertible's value behaves more like equity. Positions in convertible instruments may embed options (details of which are set out above) but will not create material leverage.

#### *Warrants*

Warrants are used to gain investment exposure to a particular asset class. A warrant is a derivative that confers the right, but not the obligation, to buy or sell a security at a certain price before expiration. A Fund may purchase warrants to provide an efficient, liquid mechanism for taking position in securities without the need to purchase and hold the security.

The limits applicable to a Fund's derivative usage are set out in Appendix I.

#### Derivative Risk Management

Leverage may arise through the use of derivatives.

The maximum levels of leverage for each Fund are as follows:

- (a) under the Gross Method: 100% of each Fund's Net Asset Value;

- (b) under the Commitment Method 20% of each Fund's Net Asset Value.

The Trust Deed provides that the assets of the relevant Fund may be charged or pledged as security for any such borrowings and the Central Bank has given its approval to the charging or pledging of assets for this purpose.

Back-to-back borrowing of currencies other than the Base Currency of the relevant Fund to the extent such borrowing is less than or equal in value to deposits in the Base Currency of the Fund will not be regarded as borrowings for the purpose of the foregoing limit.

Information on changes to the maximum level of leverage calculated in accordance with the gross and commitment methods and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be disclosed without undue delay and shall include:

- (a) the original and revised maximum level of leverage calculated in accordance with the relevant provisions of the AIFMD, whereby the level of leverage shall be calculated as the relevant exposure divided by the Net Asset Value of a Fund;
- (b) the nature of the rights granted for the reuse of collateral;
- (c) the nature of guarantees granted; and
- (d) details of changes in any service providers which relating to one of the items above.

### **Currency Hedging**

The Manager may from time to time in its sole discretion, and without notice to the Unitholders, issue Hedged Classes which are denominated in a currency other than the Base Currency of a Fund. The foreign currency exposure of such Classes will usually be hedged into the Base Currency. Although hedging strategies may not necessarily be used in relation to each Class within a Fund (e.g., Class with a Class Currency that is the same as the Base Currency), the financial instruments used to implement such strategies shall be assets/liabilities of the relevant Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class. The Investment Manager will limit hedging to the extent of the Hedged Class Units' currency exposure and the Investment Manager shall seek to ensure such hedging shall not exceed 105% of the Net Asset Value of each relevant Class and shall not be below 95% of the Net Asset Value attributable to the relevant Class. The Investment Manager will monitor hedging in order to ensure that such hedging is close to 100% and will review such hedging with a view to ensuring that positions materially in excess of 100% of the Net Asset Value of the relevant Class are not carried over from month to month. Over-hedged and under-hedged positions may arise due to factors outside of the control of the Manager. Counterparty exposure in respect of foreign exchange hedging shall at all times comply with the requirements of the Central Bank. Classes denominated in a currency other than the Base Currency are generally not expected to be leveraged as a result of hedging strategies and Class hedging transactions shall not be used for speculative purposes. The currency exposure of a Fund arising from the assets held by a Fund and also any currency transactions entered into by a Fund (other than with respect to a Class) will not be allocated to separate Classes and will be allocated pro rata to all Classes of such Fund. Where currency hedging transactions are entered into in respect of a Class (regardless of whether such exposure is attributable to transactions entered into at the Class or Fund level), the currency exposure arising from such transactions will be for the benefit of that Class only and may not be combined with or offset against the currency exposure arising from transactions entered into in respect of other Class. The audited financial statements of each Fund will indicate how hedging transactions have been utilised.

### **Currency Agent**

The Investment Manager may appoint a third party to act as the currency agent (the "Currency Agent") on behalf of the Investment Manager. The Currency Agent(s) will implement a currency hedging programme, instructed by the Investment Manager, at the portfolio and/or at the Hedged Class level. The Investment Manager may also elect to perform the hedging functions itself or appoint other parties to act as the Currency Agent(s) in the future.

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## Risk Considerations

There can be no assurance that a Fund's investments will be successful or that the investment objectives of a Fund will be achieved. **A Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Unit Trust may suffer losses. There is no guarantee of the repayment of principal.**

An investment in Units of a Fund does not constitute a complete investment programme. Investors may wish to complement an investment in a Fund with other types of investments. **An investment in a Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.**

**The difference at any one time between the sale and redemption price of Units in a Fund means that the investment should be viewed as medium to long term.**

Whilst some risks will be more relevant to certain Funds, investors should ensure that they understand all the risks discussed in this Prospectus, insofar as they may relate to that Fund. In addition, the relevant Supplement provides more information on the specific risks associated with individual Funds, where relevant.

Investors should read all the Risk Considerations to determine applicability to a specific Fund in which the investor intends to invest.

The following Risk Considerations detail particular risks associated with an investment in the Unit Trust, which investors are encouraged to discuss with their professional advisers. It does not purport to be a comprehensive summary of all of the risks associated with an investment in the Unit Trust or an individual Fund.

### **Charges Deducted from Capital**

Each Fund normally pays its management fee and other fees and expenses out of income. However, where insufficient income is available, the Manager may pay some or all of its management fee and other fees and expenses out of realised capital gains or, if needs be, out of capital. Where the management fee and other fees and expenses are deducted from a Fund's capital rather than income generated by the relevant Fund this may constrain growth and could erode capital, as the capital of the relevant Fund available for investment in the future and for capital growth may be reduced, although this may also result in income being increased for distribution of dividends. Thus, on redemption of holdings, Unitholders may not receive back the full amount invested. The policy of charging fees and expenses to capital will also have the effect of lowering the capital value of your investment and constraining the potential for future capital growth. As fees and expenses may be charged to capital, investors should note the greater risk of capital erosion given the lack of potential capital growth and the likelihood that due to capital erosion, the value of future returns in the Fund could be diminished. Accordingly, distribution of dividends made during the lifetime of the Fund must be understood as a type of capital reimbursement. The rationale for the charging of fees and expenses in this manner is that it will have the effect of increasing the distributable income of the Fund.

The distribution amount and Net Asset Value of the Hedged Class may be adversely affected by differences in the interest rates of the reference currency of the Hedged Class and the Fund's Base Currency resulting in an increase in the amount of distribution that is paid out of capital gains and hence a greater erosion of capital than other non-hedged Classes.

### **Conflicts of Interest**

The Manager and delegates of the Manager which are associated companies of the Manager may deal in securities and other investments for the Unit Trust through or with any associated company of the Manager.

In addition, any cash of the Unit Trust may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 2010, with the Depositary or any associated company of the Depositary or invested in certificates of deposit or banking instruments issued by the Depositary or any associated company of the Depositary. Banking and similar transactions may also be undertaken with or through the Depositary or any other associated company of the Depositary.

There is no prohibition on dealings in the assets of a Fund by the Manager, the Investment Manager, the Administrator, the Depositary or entities related to the Manager, the Investment Manager, the Administrator or the Depositary or to their respective officers, directors or executives, provided that the transaction is negotiated at arm's length. Such transactions must be consistent with the best interests of the Unitholders.

There will be no obligation on the part of the Manager, the Investment Manager, the Administrator, the Depositary or entities related to the Manager, the Investment Manager, the Administrator or the Depositary or their respective officers, directors or executives to account to the Unitholders for any benefits so arising and any such benefits may be retained by the relevant party provided that:

- (i) a person approved by the Depositary (or in the case of a transaction involving the Depositary, the Manager) as independent and competent certifies the price at which the transaction is effected is fair; or
- (ii) the execution of the transaction is on best terms on an organised investment exchanges under its rules; or
- (iii) where the conditions set out in (i) or (ii) above are not practical, the Depositary (or in the case of a transaction involving the Depositary, the Manager) is satisfied that such transaction conforms with the principle that it is negotiated at arm's length and is in the best interest of Unitholders.

The Investment Manager is acting for the Manager in relation to this Prospectus and matters relating thereto and it or any of its associates may have an interest or position in Units in the Unit Trust. It is not acting for, or advising, or treating as its customer, any other person (unless other arrangements apply between the Investment Manager and such person) in relation to investment in the Unit Trust and will not be responsible for providing to any such other person best execution or any other of the protections afforded to its customers.

### **Counterparty Risk**

Counterparty risk, otherwise known as default risk, is the risk that an organisation does not pay out on a bond or other trade or transaction when it is supposed to. If a counterparty fails to honour its obligations in a timely manner and the Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and/or incur costs associated with asserting its rights.

### **Credit Risk – General**

Funds may be exposed to credit / default risk of issuers of debt securities that a Fund may invest in. When a Fund invests in a security or other instrument which is guaranteed by a bank or other type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

### **Downgrading Risk**

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

### **Currency Risk**

The underlying investments of a Fund may be denominated in currencies other than the Base Currency of the Fund. Also, a Class of a Fund may be designated in a currency other than the Base Currency of the Fund. The Net Asset Value of the Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls. Unless the Class is specifically described as a Hedged Class, no steps are taken to mitigate the effects of exchange rate fluctuations between the currency of denomination of the Units and the Base Currency.

### **Cyber Security Risk**

The Manager and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (i.e. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption.

Cyber attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the Manager, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the Administrator's ability to calculate the Net Asset Value; impediments to trading for the relevant Funds' portfolio; the inability of Unitholders to transact business with the Manager in respect of the Unit Trust;

violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Manager invests, counterparties with which the Manager engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans including the possibility that certain risks have not been identified.

### **Fund Termination Risk**

In the event of the early termination of a Fund, the Manager would have to distribute to the Unitholders their pro rata interest in the assets of a Fund. It is possible that at the time of such a sale or distribution, certain investments held by a Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Unitholders. Moreover, any organisational expenses with regard to a Fund that had not yet become fully amortised would be debited against a Fund's capital at that time. The circumstances under which a Fund may be terminated are set out under the heading "Duration of the Unit Trust".

### **Inflation Risk**

A Fund's assets or income from a Fund's investments may be worth less in real terms in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio will decline unless it grows by more than the rate of inflation.

### **Volatility and Liquidity Risk**

Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the amount of a transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives, structured products etc.), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price. In addition, debt instruments in certain markets may be subject to higher volatility and lower liquidity when compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. Further, the bid and offer spreads of the price of such securities or instruments may be large and a Fund may incur significant trading costs.

### **Investment in Specific Countries, Regions and Sectors**

A Fund's investments may be concentrated in specific industry sectors, instruments, countries or regions. In such cases, the value of a Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of a Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the specific country or region market.

### **Investment in Europe – European Sovereign Debt Crisis**

A Fund may invest substantially in Europe. In light of the fiscal conditions and concerns on sovereign debt of certain European countries, the Eurozone crisis continue to raise uncertainty with some or no clarity on an enduring solution. Any adverse events, such as the downgrading of the credit rating of a European country, the default or bankruptcy of one or more sovereigns within the Eurozone, the departure of some, or all, relevant EU Member States from the Eurozone, or any combination of the above or other economic or political events may have a negative impact on the value of the Fund. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, a Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks associated with investments in Europe.

If certain countries cease to use Euro as their local currency, the transition by an EU Member State away from the Euro or the dissolution of the Euro may require the redenomination of some, or all, Euro-denominated sovereign debt, corporate debt and securities (including equity securities). This may have an adverse impact on the liquidity of a Fund's Euro-denominated assets and on the performance of the Fund which hold such assets. A Eurozone break-up or exit from the Euro might also lead to additional performance, legal and operational risks to the Fund and may cause uncertainty as to the operation of certain terms of agreements that are governed by the law of an exiting EU Member State.

While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address the current fiscal conditions, there are concerns that these measures may not have the desired effect and the future stability and growth of Europe remains uncertain. If a crisis occurs, economic

recovery may take some time and future growth will be affected. The performance and value of the Funds may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that may adversely affect the performance and value of the Funds. It is also possible that a large number of investors could decide to redeem their investments in the Fund at the same time. Investors also need to bear in mind that the events in Europe may spread to other parts of the world, affecting the global financial system and other local economies, and ultimately adversely affecting the performance and value of a Fund.

### **Investment in Collective Investment Schemes**

A Fund may invest in other collective investment schemes and therefore will be subject to the risks associated with the underlying collective investment schemes. A Fund does not have control of the investments of the underlying collective investment schemes and there is no assurance that the investment objective and strategy of the underlying collective investment schemes will be successfully achieved which may have a negative impact on the Net Asset Value of the Fund.

There may be additional costs involved when investing into these underlying collective investment schemes. There is also no guarantee that the underlying collective investment schemes will always have sufficient liquidity to meet the Fund's redemption requests as and when made.

### **Market Disruption Risk**

The Fund may be exposed to the risk of incurring large losses in the event of disrupted markets. Disruptions can include the suspension or limit on trading of a financial exchange and disruptions in one market sector can have an adverse effect on other market sectors. If this happens, the risk of loss to a Fund can be increased because many positions may become illiquid, making them difficult to sell. Finance available to a Fund may also be reduced which can make it more difficult for a Fund to trade.

### **No Investment Guarantee**

**Investment in a Fund is not of the same nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in a Fund is subject to fluctuations in value and you may get back less than you invest.**

### **Suspension of Trading**

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. The government or the regulators may also implement policies that may affect the financial markets. A suspension could render it impossible for the Investment Manager or an underlying fund manager to liquidate positions and thereby expose a Fund to losses and may have a negative impact on a Fund.

### **Taxation**

Any change in the taxation legislation or the interpretation thereof in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, and consequently the value of the Fund's investments in the affected jurisdiction, the Fund's ability to achieve its investment objective and/or to alter the post tax returns to Unitholders.

A Fund may be subject to withholding or other taxes on income and/or gains arising from its investments. Certain investments may themselves be subject to similar taxes on the underlying investments that they hold. Any investment in either developed or emerging markets, may be subject to new taxes or the rate of tax applicable to any income arising or capital gains may increase or decrease as a result of any prospective or retrospective change in applicable laws, rules or regulations or the interpretation thereof. It is possible that a Fund may or may not be able to benefit from relief under a double tax agreement between Ireland and the country where an investment is resident for tax purposes.

Certain countries may have a tax regime that is less well defined, may be subject to unpredictable change and may permit retroactive taxation thus the Funds could become subject to a local tax liability that had not reasonably been anticipated. Such uncertainty could necessitate significant provisions being made by any relevant Fund in the Net Asset Value per Unit calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made.

Consequently, where through fundamental uncertainty as to the tax liability, or the lack of a developed mechanism for practical and timely payment of taxes, a Fund pays taxes relating to previous years, any related costs will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to a Fund at the point the decision to accrue the liability in the Fund's accounts is made.



As a result of the situations referred to above, any provisions made by the Funds in respect of the potential taxation of and returns from investments held at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors in a Fund may be advantaged or disadvantaged when they subscribe or redeem their Units in the Fund.

Unitholders and potential investors' attention is drawn to the taxation risks associated with investing in a Fund. Please refer to the section headed "TAXATION".

### **Foreign Account Tax Compliance Act**

The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 which apply to certain payments are essentially designed to require reporting of Specified US Person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service ("IRS"), with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard the Irish and US Governments signed an intergovernmental agreement ("Irish IGA") with respect to the implementation of FATCA (see section entitled "Compliance with US reporting and withholding requirements" for further detail) on 21 December 2012.

Under the Irish IGA (and the relevant Irish regulations and legislation implementing same), foreign financial institutions (such as the Unit Trust) should generally not be required to apply 30% withholding tax. To the extent the Unit Trust. However suffers US withholding tax on its investments as a result of FATCA, or is not in a position to comply with any requirement of FATCA, the Administrator acting on behalf of the Unit Trust may take any action in relation to a Unitholder's investment in the Unit Trust to redress such non-compliance and/or to ensure that such withholding is economically borne by the relevant Unitholder whose failure to provide the necessary information or to become a participating foreign financial institution or other action or inaction gave rise to the withholding or non-compliance, including compulsory redemption of some or all of such Unitholder's holding of Units. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds, and pursuant to applicable laws and regulations.

Unitholders and prospective investors should consult their own tax advisor with regard to US federal, state, local and non-US tax reporting, the possible implications of FATCA on them and the Unit Trust and certification requirements associated with an investment in the Unit Trust.

### **Common Reporting Standard**

The OECD developed the Common Reporting Standard ("CRS") to address the issue of offshore tax evasion on a global basis. The CRS provides a common standard for due diligence, reporting and exchange of financial account information. Pursuant to the CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence and reporting procedures. Ireland has legislated to implement the CRS. As a result the Unit Trust will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Unitholders may be required to provide additional information to the Unit Trust to enable the Unit Trust to satisfy its obligations under the CRS. Failure to provide requested information may subject an investor to liability for any resulting penalties or other charges and/or compulsory redemption of its Units in the relevant Fund.

Unitholders and prospective investors should consult their own tax advisor with regard to with respect to their own certification requirements associated with an investment in the Unit Trust.

### **Potential Implications of Brexit**

On 23 June 2016 the United Kingdom held a referendum and voted to leave the European Union. This has led to volatility in the financial markets of the United Kingdom and more broadly across Europe and may also lead to weakening in consumer, corporate and financial confidence in such markets. The extent and process by which the United Kingdom will exit the European Union, and the longer term economic, legal, political and social framework to be put in place between the United Kingdom and the European Union are unclear at this stage and are likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This mid to long term uncertainty may have an adverse effect on the economy generally and on the ability of the Unit Trust and its investments to execute their respective strategies and to receive attractive returns.

Leaving the European Union may also result in significant changes to law and regulation in the United Kingdom. It is not currently possible to assess the effect of these changes on the Unit Trust, its investments or the position of the Unitholders.

Investors should be aware that these and other similar consequences following from the referendum result may adversely affect the value of the Units and the Unit Trust's performance.

### **Valuation Risk**

Valuation of a Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of a Fund.

### **Depository Risk**

Assets of the Unit Trust that are financial instruments/securities are held in custody by the Depository. Such assets of the Unit Trust will be identified in the Depository's books as belonging to the Unit Trust at all times and will be segregated from other assets of the Depository. The Depository will be liable for any loss of assets held in custody unless it can prove that the loss has arisen as a result of an external event beyond its reasonable control the consequences of which would have been unavoidable despite reasonable efforts to the contrary. The Depository's liability will not be affected by the fact that it has entrusted to a third party/sub-custodian all or some of its custody tasks and the Depository will remain liable for the loss of such assets, even where the loss occurred at the level of the third party/sub-custodian. In the event of such a loss (and the absence of proof of the loss being caused by such an external event), the Depository is required to return identical assets or a corresponding amount to the Unit Trust without undue delay.

For non-custody assets such as cash, the Depository is not required to segregate these assets and is only required to verify the Unit Trust's ownership of such non-custody assets and to maintain a record of such assets. The Depository will only be liable for the loss of those assets if a loss is suffered as a result of its negligent or intentional failure to properly verify the Unit Trust's ownership of such non-custody assets. Cash of the Unit Trust is held with a third party bank on deposit. In the event of insolvency of the third party, in accordance with standard banking practice, the Unit Trust will rank as an unsecured creditor. The Depository, in such instance, may not be liable to return such cash.

In the event of insolvency of the Depository, Unitholders are exposed to the risk of the Depository not being able to fully meet its obligations to reconstitute in a short time frame all of the assets of the Unit Trust. No segregation applies to cash which means there is an increase in the risk of non-restitution in the case of insolvency. Unitholders may be exposed to the risk of insolvency of third party/sub-custodians in certain circumstances and may suffer loss as a result.

### **FUND SPECIFIC RISKS**

#### **Hedged Classes**

Hedged Classes aim to mitigate the effect of fluctuations in the exchange rate of the currency of the relevant Hedged Unit Class relative to the Base Currency of the Fund. The Manager aims to mitigate this risk by using financial instruments such as those described under the risk factor heading "Investment in Derivatives", provided that such instruments shall not result in hedged positions exceeding 105% or falling below 95% of the Net Asset Value attributable to the relevant Class of the Fund.

Currency hedging also has potential downsides. Hedging techniques have transaction costs which are borne by the Hedged Unit Class. In addition it is unlikely that the Manager will be able to achieve a perfect currency hedge, so there is no guarantee that a currency hedge will be entirely effective. Investors should also be aware that this strategy may substantially limit Unitholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency in which assets of the Fund are denominated.

The Investment Manager may buy foreign exchange contracts known as 'Non Deliverable Forwards' (NDF) for currency hedging. These contracts are cash-settled, short-term forward contracts where the profit or loss at the time at the settlement date is calculated by taking the difference between the agreed upon exchange rate and the spot rate (the current exchange rate) at the time of settlement. The cost of the NDF contracts is the contract premium and this is paid by the Fund or Unit Class. This will reduce the returns you may receive.

#### **Liability of a Fund**

Unitholders of the relevant Hedged Class of a Fund may be exposed to fluctuations in the Net Asset Value per Unit reflecting the gains/losses on and the costs of the relevant financial instruments. However, the financial instruments used to implement such strategies shall be assets/liabilities of the Fund as a whole.

#### **RMB Hedged Unit Class Risk**

RMB is subject to a managed floating exchange rate based on market supply and demand with reference to a basket of currencies. Currently, the RMB is traded in two markets: onshore RMB (CNY) in Mainland China and offshore RMB (CNH)

primarily in Hong Kong. Onshore RMB (CNY) is not freely convertible and is subject to exchange controls and certain requirements by the government of PRC. Offshore RMB (CNH), on the other hand, is freely tradable. The exchange rate used for the RMB Hedged Unit Classes is the offshore RMB (CNH). The value of offshore RMB (CNH) could differ, perhaps significantly from that of the onshore RMB (CNY) due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions. Accordingly, RMB Hedged Unit Classes may be exposed to greater foreign exchange risks. There is no assurance that RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop.

### **Investment in Agricultural and Soft Commodities**

Natural events such as fire, drought, unseasonal rain, disease, flood, pests as well as human error and interruptions to the water supply may have adverse impact on the agricultural and soft commodities markets. They may also fluctuate significantly with prices rising or falling sharply due to, for example, changing market supply and demand relationships.

### **Investment in Commodities / Natural Resources**

The value of commodities (which includes but is not limited to gold and natural resources) and the companies involved can be significantly affected (both negatively and positively) by world events, trade controls, worldwide competition, political and economic conditions, international energy conservation, the success of exploration projects, tax and other government regulations.

### **Segregated Liability Risk**

The Unit Trust is an umbrella trust with segregated liability between Funds. As a result, as a matter of Irish law, any liability attributable to a particular Fund may only be discharged out of the assets of that Fund and the assets of other Funds may not be used to discharge that liability. In addition, any contract entered into by the Manager will, by operation of law include an implied term to the effect that the counterparty to the contract may not have any recourse to the assets of any of the Funds, other than the Fund in respect of which the contract was entered into. These provisions are binding on creditors and a liquidator in the event of insolvency. However, this will not prevent the application of any rule of law which would require the application of the assets of any Fund on the grounds of fraud or misrepresentation. In addition, these provisions have not been tested in other jurisdictions, and these remain a possibility that a creditor might seek to attach or seize assets of one Fund in satisfaction of an obligation owing to another Fund in a jurisdiction which would not recognise the principle of segregation of liability.

### **Marketing Outside the EU**

The Unit Trust is domiciled in Ireland and Unitholders should note that all the regulatory protections provided by their local regulatory authorities may not apply. In addition, the Funds will be registered in non-EU jurisdictions. As a result of such registrations, Unitholders should be made aware that the Funds may be subject to further restrictive regulatory regimes. In such circumstances the Funds will abide by these more restrictive requirements, which may prevent the Funds from making the fullest possible use of the investment limits.

## **EQUITY RISKS**

### **Investment in Equities**

A Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. When the equity markets are extremely volatile a Fund's Net Asset Value may fluctuate substantially.

### **Investment in Equity-Related Securities**

A Fund may invest in equity-related securities. These are usually issued by a broker, an investment bank or a company and are therefore subject to the risk of insolvency or default of the issuer. If there is no active market in these instruments, this may lead to liquidity risk. Further, investment in equity-linked securities may lead to dilution of performance of a Fund when compared to the other funds which invest directly in similar underlying assets due to fees embedded in these instruments. The aforesaid circumstances may adversely affect the net asset value per share of a Fund.

### **Convertible Bonds**

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than

straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

### **Investment in Small Capitalisation / Mid-Capitalisation Companies**

The stock of small-capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. Risks include economic risks, such as lack of product depth, limited geographical diversification and increased sensitivity to the business cycle. They also include organisational risk, such as concentration of management and shareholders and key-person dependence. Where smaller companies are listed on 'junior' sections of the stock exchange, they may be subject to a lighter regulatory environment. Furthermore, the shares in smaller companies can be more difficult to buy and sell, resulting in less flexibility, and sometimes higher costs, in implementing investment decisions.

### **FIXED INCOME SECURITIES RISKS**

#### **Investment in Fixed Income Securities**

Investment in bonds or fixed income securities is subject to liquidity, interest rate and credit risks (i.e. the risk of default). The value of a bond will fall if an issuer defaults.

Fixed income securities are often rated by credit rating agencies. Credit ratings indicate the probability that an issuer will fail to make timely payment of capital and / or interest that is due to be paid to investors under the terms of the security i.e. the risk of default.

Certain credit rating agencies are designated by the US Securities and Exchange Commission as Nationally Recognized Statistical Rating Organizations (NRSROs). Each NRSRO has an alpha or alphanumerical scale that expresses their ratings. An example of an NRSRO is Standard and Poor's, their rating scale (expressed here in increasing order of default risk) is; AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-, CCC+, CCC, CCC-, CC, C. The identifier D is also used, in order to signify that a security has already defaulted.

Securities rated between the AAA rating level and the BBB- rating level are commonly referred to as 'investment grade'. These securities would be expected to have a very low risk of default.

Securities with ratings of BB+, and lower, are commonly referred to as 'sub-investment grade'. These securities would be expected to have a higher risk of default, and a greater sensitivity to economic conditions, than 'investment grade' securities.

A Fund may in accordance with its investment policy only be permitted to invest in securities / investments of a certain credit rating. Credit ratings may however not always be an accurate or reliable measure of the strength of the securities / investments being invested in. Credit ratings assigned by rating agencies are also subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. Where such credit ratings prove inaccurate or unreliable, losses may be incurred by any Fund which has invested in such securities / investments.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

#### **Credit Risk – Fixed Income**

A Fund may invest in fixed income securities which have low credit status which may represent a higher credit risk than funds which do not invest in such securities. Investment in securities issued by corporations may also represent a higher credit risk than investment in securities issued by governments.

There can be no assurance that the issuers of fixed income securities in which a Fund may invest will not be subject to credit difficulties, leading to either the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in or payments due on such securities or instruments.

#### **Interest Rate Risk**

The fixed income securities in which a Fund may invest are interest rate sensitive and subject to interest rate risk, which means that their value and, consequently, the Net Asset Value of a Fund will fluctuate as interest rates fluctuate. An increase in interest rates will generally reduce the value of the fixed income securities, whilst their value will generally rise

with a decrease in interest rates. A Fund's performance, therefore, will depend in part on its ability to anticipate and respond to such fluctuations in market interest rates and to utilise appropriate strategies to maximise returns to the Fund while attempting to minimise the associated risks to its investment capital.

### **Downgrading Risk**

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

### **Zero Coupon Risk**

Relative to interest paying securities of similar maturity, the market prices of securities structured as zero coupon are generally affected to a greater extent by interest rate changes. These securities tend to be more volatile than securities which pay interest periodically.

### **Sovereign Debt Risk**

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

A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government entity's policy towards the International Monetary Fund and the political constraints to which a government entity may be subject. Government entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. Such commitments may be conditioned on a government entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

### **Investment in Sub-Investment Grade and/or Unrated Debt Securities**

A Fund may invest in debt securities rated sub-investment grade (e.g. with a credit rating of less than BBB- on the Standard & Poor's scale or as equivalent in respect of other internationally recognised credit rating agencies) and/or unrated. Such securities are generally subject to greater credit risk or risk of loss of principal and interest due to an issuer's inability to meet principal and interest obligations than higher-rated debt securities. The risk of loss due to default by such issuers is significantly greater because sub-investment grade securities generally are unsecured and are lower in the hierarchy of creditors.

Sub-investment grade debt securities and unrated debt securities may also be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of the financial markets generally and less secondary market liquidity. The market value of sub-investment grade corporate debt instruments tends to reflect individual corporate developments to a greater extent than that of higher rated instruments which react primarily to fluctuations in the general level of interest rates. As a result, where the Fund invests in such instruments its ability to achieve its investment objective may depend to a greater extent on the Investment Manager's judgement concerning the creditworthiness of issuers than funds which invest in higher-rated instruments. The Investment Manager will consider both credit risk and market risk in making investment decisions for the Fund.

To the extent that a default occurs with respect to any sub-investment grade securities and a Fund sells or otherwise disposes of its exposure of such an instrument, it is likely that the proceeds will be less than the unpaid principal and interest. Even if such instruments are held to maturity, recovery by the Fund of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for sub-investment grade debt instruments and/or unrated debt instruments may be concentrated in relatively few market makers and is dominated by institutional investors, including mutual funds, insurance companies and other financial institutions. Accordingly, the secondary market for such instruments is subject to lower liquidity, and is more volatile than, the secondary market for higher-rated instruments. In addition, market trading volume for high yield instruments is generally lower and the secondary market for such instruments could contract under adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer.

There are fewer investors in sub-investment grade securities and it may be harder to sell such securities. Market quotations may not be available for high yield debt securities, and judgment plays a greater role in valuing high yield corporate debt securities than is the case for securities for which more external sources for quotations and last sale information is available.

### **Investment in Asset Backed Securities and Mortgage Backed Securities**

A Fund may invest in asset-backed securities and/or mortgage-backed securities, which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. An asset-backed security is a security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets. The pool of assets is typically a group of small and illiquid assets that are unable to be sold individually. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can include common payments from credit cards, auto loans, and mortgage loans, to esoteric cash flows from aircraft leases, royalty payments and movie revenues.

The value and the quality of such securities depends on the value and the quality of the underlying assets against which such securities are backed.

Issuers of asset-backed and mortgage-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default. Changes in interest rates may have a significant effect on investments in asset-backed securities and mortgage-backed securities. The return on, for example, holdings of mortgage-backed securities can reduce if the owners of the underlying mortgages repay their mortgages sooner than anticipated when interest rates go down. Investment in asset-backed and mortgage-backed securities are often subject to extension and prepayment risk, which are both a type of interest rate risk, and risks that the payment obligations relating to the underlying assets are not met which may adversely impact the returns of the securities. Like mortgage-backed securities, asset-backed securities generally decrease in value when interest rates increase.

Asset-backed securities and mortgage-backed securities may also be less liquid than other securities.

### **EMERGING MARKETS RISKS**

#### **Investment in Emerging Markets**

Where a Fund invests in emerging markets it may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. High market volatility and potential settlement difficulties in certain markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of a Fund. Currency conversion and repatriation of investment income, capital and proceeds of sale by a Fund may be limited or require governmental consents. A Fund could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference.

#### **Political, Social and Economic instability**

Some countries have a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on a Fund's investments in those countries. Developing countries can be subject to a higher than usual risk of political change, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of such countries and thus a Fund's investments in those countries. Furthermore, it may be difficult for a Fund to obtain effective enforcement of its rights in certain developing countries.

#### **Market Liquidity and Foreign Investment Infrastructure**

Trading volume on the stock exchange of most developing countries can be substantially less than in the leading stock markets of the developed world, so that the purchase and sale of holdings may take longer. Volatility of prices can be greater than in the developed world. This may result in considerable volatility in the value of a Fund and, if sales of a significant amount of securities have to be effected at short notice in order to meet redemption requests, such sales may have to be effected at unfavourable prices which could have an adverse effect on the value of a Fund and therefore the Net Asset Value per Unit.

In certain developing countries, portfolio investment by foreign investors (such as the Funds) may require consent or be subject to restrictions. These restrictions and any further restrictions introduced in the future could limit the availability to the Funds of attractive investment opportunities.

#### Corporate Disclosure, Accounting and Regulatory Standards

Companies in developing countries are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in the developed world. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies in most developing countries than in countries with more advanced securities markets. As a result, there may be less information available publicly to investors in developing country securities; such information as is available may be unreliable.

#### Availability and Reliability of Official Data

Less statistical data is available in relation to the securities markets of developing countries relative to the securities markets in, for example, the United Kingdom; such data as is available may be unreliable.

#### Legal Risk

Many laws in developing countries are new and largely untested. As a result a Fund may be subject to a number of risks, including but not limited to inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, lack of established avenues for legal redress and a lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain countries in which assets of a Fund are invested.

#### Taxation

Taxation of dividends, interest and capital gains received by foreign investors varies among developing countries and, in some cases, is comparatively high. In addition, certain developing countries are amongst those countries that have less well defined tax laws and procedures and such laws may permit retroactive taxation so that a Fund investing in such a country could in the future become subject to a local tax liability that could not have been reasonably anticipated. Such uncertainty could necessitate significant provisions for foreign taxes being made by a Fund in its Net Asset Value calculations. The making and potential impact of such provisions is considered further under the risk factor headed "Taxation" above.

#### Settlement and Custody Risk

Certain Funds may invest in markets where the trading, settlement and custodial systems are not fully developed, there is an increased risk of the assets of a Fund which are traded in such markets being lost through fraud, negligence, oversight or catastrophe such as a fire. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of legislation, the Funds may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Fund may find it impossible to enforce its right against third parties.

Risks include but are not limited to:

- (i) A non-true delivery versus payment settlement, which could increase the credit risk with the counterparty. Delivery versus payment is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security;
- (ii) a physical market (as opposed to electronic book keeping of records) and, as a consequence, the circulation of forged securities;
- (iii) poor information in regards to corporate actions;
- (iv) registration process that impacts the availability of the securities;
- (v) lack of appropriate legal/fiscal infrastructure advices;
- (vi) lack of compensation/risk fund with a central depository.

#### **Risks Relating to Investments in China**

Certain Funds may make investments that are tied economically to issuers from the PRC. Investing in the Chinese securities markets is subject to both emerging market risks as well as country specific risks. Political changes, restrictions on currency exchange, exchange monitoring, taxes, limitations on foreign capital investments and capital repatriation can also affect investment performance.

Investment in Chinese securities may involve certain custodial risks. For example, the evidence of title of exchange traded securities in the PRC consists only of electronic book-entries in the depository and/or registry associated with the relevant

exchange. These arrangements of the depositories and registries may not be fully tested with regard to their efficiency, accuracy and security.

Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government's control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which a Fund invests. In addition, Chinese accounting standards may differ from international accounting standards. RMB is currently not a freely convertible currency and is subject to exchange control policies and restrictions. The value of the assets of a Fund as measured in the Base Currency of such Fund may be affected unfavourably by fluctuations in currency rates and exchange control regulations. There can be no assurance that the RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a Fund. Although offshore RMB ("CNH") and onshore RMB ("CNY") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. However, there is a possibility that the tax laws, regulations and practice in the PRC may be subject to change and that such changes may have retrospective effect. There is no assurance that tax incentives currently offered to foreign companies will not be abolished in the future. In addition, by investing in Chinese securities including China A shares, China B shares, and Chinese domestic bonds (including indirectly through investment in other CIS or participation notes), a Fund may be subject to withholding and other taxes imposed in the PRC which cannot be eliminated by any applicable double taxation treaty and/or any applicable tax exemptions. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains and/or interest/dividends realised from investments of a Fund made via the Shanghai Hong Kong Stock Connect Scheme or the Shenzhen Hong Kong Stock Connect Scheme (together the "Connect Schemes"), RQFII quota, the CIBM Initiative and/or Bond Connect, or any other initiative which provides a Fund with access to the PRC financial markets and/or exposure to PRC issuers. There is also no specific written guidance by the PRC tax authorities on the treatment of income tax and other tax categories payable in respect of trading in China Interbank Bond Market by eligible foreign institutional investors. Hence it is uncertain as to a Fund's tax liabilities in respect of any investments in PRC securities. Any increased tax liabilities may adversely affect a Fund's Net Asset Value. Such uncertainty could necessitate tax provisions being made in the Net Asset Value per Unit calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made. With the potential uncertainty concerning the tax treatment of investments in Chinese securities, the possibility of tax rules being changed and the possibility of taxes or tax liabilities being applied retroactively, any provisions for taxation made by the relevant Funds at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors may be advantaged or disadvantaged depending on the position of the Chinese tax authorities in the future and the level of tax provisions proving to be either excessive or inadequate either when they subscribed or redeemed their Units in the relevant Funds. In the event that tax provisions are made, any shortfall between the provision and the actual tax liabilities, which will be debited from a Fund's assets, will adversely affect such Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

Currently, foreign investors may only invest in China A shares, China domestic bonds and the PRC domestic securities market(s); (1) through quotas approved under the QFII Regulations and/or RQFII Regulations; (2) through the Connect Schemes; (3) as a strategic investor under applicable PRC regulations; and/or (4) through the Foreign Access Regime (as defined below). Foreign investors may invest in China B shares directly. It is possible that there will be other means approved by the relevant regulators to permit direct investment in China A shares and/or Chinese domestic bonds in the future. Where consistent with and within a Fund's investment objective and strategy, it is anticipated that a Fund may obtain direct exposure to China A shares and/or Chinese domestic bonds via the applicable means set out above, subject to obtaining appropriate licences, registration and/or quotas where necessary. It may also be possible to obtain indirect exposure to China A shares, China B shares and/or domestic Chinese bonds through investment in other eligible collective investment schemes or participation notes.

#### Connect Schemes and Related Risks

The Connect Schemes are securities trading and clearing linked programmes developed by the Stock Exchange of Hong Kong ("SEHK"), Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE")/ Shenzhen Stock Exchange ("SZSE") (as the case may be) and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with the aim to achieve mutual stock market access between Mainland China and Hong Kong.

Under the Northbound Shanghai Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by the SEHK, may be able to trade China A shares listed in the SSE ("SSE Securities"), subject to the rules of the Shanghai Hong Kong Stock Connect Scheme. SSE Securities, as of the date of this Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c)



China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in currencies other than RMB (ii) they are not under risk alert.

Similarly, under the Northbound Shenzhen Trading Link, through their Hong Kong brokers and a securities trading service company established by SEHK, Hong Kong and overseas investors may be able to trade China A shares listed in the SZSE ("SZSE Securities"), subject to the rules of the Shenzhen Hong Kong Stock Connect Scheme. SZSE Securities, as of the date of the Prospectus, include (a) all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and (b) China A shares listed on the SZSE which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SZSE in currencies other than RMB (ii) they are not under risk alert or under delisting arrangement. At the initial stage of the Shenzhen Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations, including each relevant Fund.

SEHK may include or exclude securities as SSE Securities/ SZSE Securities and may change the eligibility of shares for trading on the Northbound Shanghai Trading Link/ Northbound Shenzhen Trading Link (as the case may be). When a stock is recalled from the scope of eligible stocks for trading via the Connect Schemes, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of a Fund, for example, when a Fund wishes to purchase a stock which is recalled from the scope of eligible stocks.

It is contemplated that SEHK and SSE/SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary to ensure an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator(s) would be sought before a suspension is triggered. Where a suspension in the Northbound trading is affected, the ability of certain Funds to access the China A share market through Connect Schemes will be adversely affected.

Differences in trading days between the PRC stock markets and days on which the Connect Schemes operate may also result in a Fund being subject to risk of price fluctuation and may negatively impact the Net Asset Value of a Fund. Investors should also note that the relevant rules and regulations on Connect Schemes are subject to change which may have potential retrospective effect; additional rules and regulations relating to the Connect Schemes may also be promulgated in the future. The Connect Schemes are subject to quota limitations. Where a suspension in the trading through the programme is effected, a Fund's ability to invest in China A shares or access the PRC market through the programme will be adversely affected. In such event, a Fund's ability to achieve its investment objective could be negatively affected.

The SSE Securities and SZSE Securities in respect of a Fund are held by the Depositary in accounts in the Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited ("HKSCC") as central securities depositary in Hong Kong. HKSCC in turn holds the SSE Securities and SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Connect Schemes. While the relevant CSRC regulations and ChinaClear rules generally provide for the concept of a "nominee holder", Hong Kong and overseas investors (such as the Unit Trust and the Funds) would be recognised as having beneficial ownership in the SSE Securities and SZSE Securities. The precise nature and rights of a Fund as the beneficial owner of the SSE Securities and SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of a Fund under PRC law is uncertain. Further, how an investor, such as a relevant Fund, as the beneficial owner of SSE Securities and SZSE Securities under the stock connect structure, exercises and enforces its right in the PRC courts are yet to be tested. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it may not be possible to say with certainty if the SSE Securities and SZSE Securities will be regarded as held for the beneficial ownership of a Fund or as part of the general assets of HKSCC available for general distribution to its creditors.

Funds which invest in stocks listed on Small and Medium Enterprise Board of the SZSE ("SME Board") and/or ChiNext Board may be subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("Main Board"). Stocks listed on SME Board and/or ChiNext Board may be overvalued and may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares. The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board. It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on a Fund if the companies that it invests in are delisted. Investments in the SME Board and/or ChiNext Board may result in significant losses for a Fund and its investors.

Investments through the Connect Schemes are also subject to additional risks such as registration/default risk, regulatory risk and risks relating to other China specific investment requirements/rules/regulations (e.g. short swing profit rule and foreign holding restrictions), currency risks, possibility of more limited participation in corporate actions and shareholders' meeting, operational risk relating to the systems of market participants, risks relating to the requirement of front-end monitoring. As a result, a Fund's ability to access the China A share market (and hence to pursue its investment strategy) may be adversely affected and/or a Fund's Net Asset Value may be negatively impacted. It should also be noted that a

Fund's investments through Northbound trading under Connect Scheme will not benefit from any local investor compensation schemes nor will they be covered by Hong Kong's Investor Compensation Fund.

There are various rules and regulations relating to the operation of the Connect Schemes, including the trading arrangements, clearing, settlement and depositary arrangements, investor and participant eligibility etc. Further information may be obtained via the following: [https://www.hkex.com.hk/Mutual-Market/Stock-Connect?sc\\_lang=en](https://www.hkex.com.hk/Mutual-Market/Stock-Connect?sc_lang=en)

#### Foreign Access Regime (as defined below and related risks)

A Fund can invest in the China Interbank Bond Market via the CIBM Initiative, Bond Connect and subject to any other rules and regulations and administrative procedures as promulgated by the Mainland Chinese authorities ("Foreign Access Regime").

Under the prevailing regulations in the PRC, foreign institutional investors who wish to invest directly in China Interbank Bond Market may do so via an onshore settlement agent (as in CIBM Initiative) or offshore custody agent (as in Bond Connect) and such agent will carry out the relevant filings and account opening with the relevant authorities. There is no quota limitation. As such, relevant Funds may be subject to the risks of default or errors on the part of such agents.

The Foreign Access Regime rules and regulations are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, a Fund's ability to invest in the China Interbank Bond Market will be adversely affected. In such event, a Fund's ability to achieve its investment objective will be negatively affected.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of such securities to fluctuate significantly. A Fund investing in such securities is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and a Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such securities.

To the extent that a Fund transacts in the China Interbank Bond Market, a Fund may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with a Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

Investment in the PRC bond market may also be subject to credit rating risks. The PRC domestic credit rating regime has yet to be reconciled with international standards. Other than certain bonds issued by the governmental entities, large banks and enterprises which are rated by international credit standards, most bond credit evaluations are still based on ratings given by domestic credit rating agencies. This may create difficulties for a Fund to correctly assess the credit quality and credit risk of its bond investment. Domestic Chinese bonds invested in by a Fund may be rated below investment grade or may not be rated by any rating agency of an international standard. Such securities are generally subject to a higher degree of credit risk and a lower degree of liquidity, which may result in greater fluctuations in value. The value of these securities may also be more difficult to ascertain and thus the Net Asset Value of a Fund which invests in such securities may be more volatile. Investors should therefore be aware that an investment in such a Fund is subject to higher volatility, price fluctuations and risks than an investment in bond products in more developed markets.

Investing in domestic Chinese bonds via CIBM Initiative and/or Bond Connect is also subject to regulatory risks. The relevant rules and regulations of these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the China Interbank Bond Market, or recall any types of bond products from the scope of investable bonds, a Fund's ability to invest in domestic Chinese bonds will be adversely affected. In such event, a Fund's ability to achieve its investment objective will be negatively affected and, after exhausting other trading alternatives, such Fund may suffer substantial losses as a result.

The CIBM Initiatives require a Fund investing through such initiatives to appoint an onshore custodian/agent bank. In the case where such custodian/agent bank refuses to act in accordance with the instructions of the Fund or in the rare case where the custodian/agent itself is insolvent, the enforcement of the trading documents and against the underlying assets may be subject to delay and uncertainty. Under PRC law, in case of liquidation or bankruptcy, although the assets kept in the custody of the PRC custodian banks in favour of the Fund are ring-fenced from the proprietary assets of the custodian, the retrieval of custodian assets may be subject to various legal procedures that are time-consuming.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fail to function properly, trading through Bond Connect may be disrupted. A Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where a Fund invests in the China Interbank Bond Market through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

Under the Bond Connect, a trading order can only be executed with onshore market makers approved by the Chinese regulators as the counterparty. The debt securities purchased through Bond Connect generally may not be sold, purchased or otherwise transferred other than through Bond Connect in accordance with applicable rules. This may expose the Fund

to settlement risks if its counterparty defaults and limit the Fund's ability to execute trades with different counterparties.

Debt securities purchased via Bond Connect will be held in the name of CMU. The Fund's ownership in those debt securities may not be reflected directly in record entry with CCDC/SHCH and will instead be reflected on the record of CMU. The Fund may therefore depend on CMU's ability or willingness as the record holder of debt securities purchased under Bond Connect to enforce the ownership rights on behalf of and for the benefit of the Fund. If the Fund wishes to enforce directly its ownership rights or creditor rights against the bond issuers, there lacks judicial precedents in China whether such an action will be recognised and enforced by the Chinese courts.

#### QFII Regime and Related Risks

The QFII regime, which allows qualifying foreign investors to invest directly in certain securities in Mainland China, is governed by rules and regulations promulgated by the relevant authorities in Mainland China, including the CSRC, the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC") and/or other relevant authorities. Investments through the QFII regime are required to be made through holders of QFII licence and appropriate investment quota. Certain investment managers that meet the relevant prescribed eligibility requirements under the QFII Regulations may in the future apply to be granted a QFII licence and quota. Should the required QFII licence and investment quota be obtained in the future, certain Funds may invest directly in Mainland China via the QFII regime.

In the event that a Fund invests via the QFII regime in the future, investors should note that a Fund's ability to make such investments or to fully implement or pursue its investment objective and strategy are subject to the applicable laws, rules and regulations (including the then prevailing exchange controls and other prevailing requirements of the PRC including rules on investment restrictions and repatriation and remittance of principal and profits) in the PRC, which are subject to change and any such changes may have potential retrospective effect.

In addition, there can be no assurance that the QFII Regulations will not be abolished. A Fund, which invests in the PRC markets through the QFII regime, may be adversely affected as a result of such changes.

Where a Fund invests in China A shares or other securities in the PRC through the QFII regime, such securities will be held by a local custodian ("QFII Custodian") appointed by the QFII in accordance with QFII Regulations. The QFII Custodian may open one or more securities account(s) in the name of the QFII licence holder for the account of the relevant Fund in accordance with PRC laws and a Fund may be subject to custodial risk. If the QFII Custodian defaults, a Fund may suffer substantial losses. In the event of liquidation of the QFII Custodian, relevant PRC laws will apply and cash deposited in the cash account of the relevant Fund with the QFII Custodian will form part of its assets in the PRC and a Fund will become an unsecured creditor for such amount.

A Fund investing via the QFII regime may also incur losses due to a default, act or omission of the QFII Custodian or PRC brokers in the execution or settlement of any transaction or in the transfer of any funds or securities. In such event, a Fund investing via the QFII regime may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

The QFII Regulations currently sets out certain requirements relating to repatriation of funds and the process of repatriation may be delayed due to completion of any such requirements. The SAFE may also implement measures to administer the repatriation of funds by QFIIs depending on the PRC's economic and financial trends, the demand and supply of the foreign exchange market and the balance of international payments. In such event, a Fund's ability to meet redemption requests may be impacted.

Further, the QFII licence of a QFII licence holder may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the QFII licence holder or for any other reasons.

There are rules and restrictions under QFII Regulations, including rules on remittance of principal, investment restrictions and repatriation of funds which will apply to the QFII licence holder as a whole and not simply apply to the investment made for the account of a Fund. As the QFII quota of the QFII licence holder may also be utilised by parties other than a Fund, investors should be aware that violations of the QFII Regulations on investments arising out of activities of such other parties could result in the revocation of or other regulatory action in respect of the QFII quota of the QFII licence holder as a whole, including any portion utilised by a Fund. Hence, the ability of a Fund to make investments may be adversely affected by other funds or clients investing through the same QFII licence holder.

Investors should note that there can be no assurance that the QFII licence holder will continue to make available its QFII quota, or a Fund will be allocated a sufficient portion of QFII quota to meet proposed investments of a Fund. A Fund may suffer losses if there is insufficient QFII quota allocated to it to make investments, the approval of the QFII is being revoked/terminated or otherwise invalidated as a Fund may be prohibited from trading of relevant securities, or if any of the key operators or parties (including QFII Custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

## RQFII Regime and Related Risks

The RQFII regime, which allows Renminbi qualified foreign investors to invest Renminbi raised outside of Mainland China directly in certain securities in Mainland China, is governed by rules and regulations as promulgated by the relevant authorities in the PRC, including the CSRC, the SAFE and the PBOC and/or other relevant authorities.

Certain investment managers that meet the relevant prescribed eligibility requirements under the RQFII Regulations may in the future apply to be granted a RQFII license and quota (each a “Barings RQFII, together “Barings RQFIIs”).

As the RQFII Regulations have a relatively short history and their application and interpretation remain relatively untested, there is uncertainty as to how they will be applied and interpreted by the PRC authorities or how regulators may exercise the wide discretionary powers given to them thereunder in future. A Fund’s ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. Any changes to the relevant rules may have a material adverse impact on Unitholders’ investment in a Fund. A Fund’s ability to invest in Mainland China via the RQFII regime is also subject to a Barings RQFII having sufficient RQFII quota being allocated to such Fund.

A Fund may suffer losses if there is insufficient RQFII quota allocated for such Fund to make investments, the approval of a Barings RQFII is being revoked/terminated or otherwise invalidated as the relevant Fund may be prohibited from trading of relevant securities and repatriation of such Fund’s monies, or if any of the key operators or parties (including RQFII Custodian (as defined below)/PRC brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

A Fund may be impacted by the rules and restrictions under the RQFII Regulations (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. Repatriations by RQFIIs in respect of an open-ended RQFII fund (as defined under RQFII Regulations), are currently not subject to repatriation restrictions or prior approval. There is no assurance, however, that RQFII Regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation may impact on the relevant Fund’s ability to meet redemption requests. In extreme circumstances, the relevant Funds may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to RQFII investment restrictions, illiquidity of the PRC’s securities market, and delay or disruption in execution of trades or in settlement of trades.

Where a Fund invests in Mainland China through the RQFII regime, such securities will be held by a local custodian (the “RQFII Custodian”) pursuant to PRC regulations. Cash shall be maintained in a cash account with the RQFII Custodian. Cash deposited in the cash account of the relevant Funds with the RQFII Custodian will not be segregated but will be a debt owing from the RQFII Custodian to the relevant Funds as a depositor. Such cash will be co-mingled with cash belonging to other clients of the RQFII Custodian. In the event of bankruptcy or liquidation of the RQFII Custodian, the relevant Funds will not have any proprietary rights to the cash deposited in such cash account, and the relevant Funds will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the RQFII Custodian. The relevant Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Fund will suffer losses.

Also, a Fund may incur losses due to the acts or omissions of the RQFII Custodian or PRC brokers in the execution or settlement of any transaction or in the transfer of any funds or securities. In such event, the relevant Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

## Investment in Korea

The risks inherent in Korean securities are of a nature and degree not typically encountered in investment in securities of listed companies on other major securities markets. Due to the outbreak of natural calamities, wars, conflict of arms or grave and sudden changes in domestic or foreign economic circumstances or other equivalent situations, the Ministry of Finance and Economy (MOFE) may temporarily suspend payment, receipt of transactions to which the relevant Foreign Exchange Transactions laws and regulations apply, or impose an obligation to safekeep, deposit or sell means of payment in or to certain Korean governmental agencies or financial institutions.

If the international balance of payments and international finance are likely to be confronted with serious difficulty or the movement of capital between Korea and abroad is likely to bring about serious obstacles in carrying out Korean government’s currency policies, exchange rate policies and other macroeconomic policies, the MOFE may require any person who intends to perform capital transactions to obtain permission or to deposit part of the payments

In certain developing countries, portfolio investment by foreign investors (such as the Funds) may require consent or be subject to restrictions. These restrictions and any further restrictions introduced in the future could limit the availability to the Funds of attractive investment opportunities.

## **INVESTMENT IN DERIVATIVES RISKS**

### **Investment in Derivatives**

Investments of a Fund may be composed of securities with varying degrees of volatility and may comprise, from time to time, financial derivative instruments. Since financial derivative instruments may be geared instruments, their use may result in greater fluctuations of the Net Asset Value of the Fund concerned. Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by a Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by a Fund.

A Fund may use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments or, if disclosed in relation to any Fund, financial derivative instruments may be used as part of the principal investment policies and strategies. Such strategies might be unsuccessful and incur losses for the Fund, due to market conditions. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in financial derivative instruments are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of financial derivative instruments involves special risks, including: 1. dependence on the Investment Manager's ability to accurately predict movements in the price of the underlying security; 2. imperfect correlation between the movements in securities or currency on which a financial derivative instruments contract is based and movements in the securities or currencies in the relevant Fund; 3. the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Fund to liquidate a financial derivative instrument at an advantageous price; 4. due to the degree of leverage inherent in derivatives contracts, a relatively small price movement in a contract may result in an immediate and substantial loss to a Fund; and 5. possible impediments to efficient portfolio management or the ability to meet redemption requests or other short term obligations because a percentage of a Fund's assets may be segregated to cover its obligations.

### **Forward Foreign Exchange Transactions**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis, and therefore have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of the unrealised profit.

### **Futures Contracts**

A futures contract is a standardised contract between two parties to exchange a specified asset of standardized quantity and quality for a price agreed today (the futures price or the strike price) with delivery occurring at a specified future date, the delivery date. The contracts are normally traded on a futures exchange. The amount of loss (as well as profit) is unlimited.

For example, where the underlying specified asset is a commodity, the futures contract may be illiquid because certain commodity exchanges limit fluctuations in certain future contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to affect trades at or within the limit.

A Fund may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions and may bear the risk of counterparty default. A Fund may be invested in certain futures contracts which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

### **Options**

Transactions in options may also carry a high degree of risk. For purchased positions the risk to the option holder is limited to the purchase cost of establishing the position. Out of the Money (OTM) positions will see the value of the options position decrease, especially as the position nears expiry.

### **Swap Agreements**

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund's

exposure to strategies, long term or short term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Fund.

### **Hedging Technique**

A Fund may utilise a variety of financial instruments, such as options, interest rate swaps, futures and forward contracts, etc to seek to hedge against declines in the values of the Fund's positions as a result of changes in currency exchange rates, equity markets, market interest rates and other events. Hedging against a decline in the value of a Fund's positions will not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but it does establish other positions designed to gain from those same developments, thus reducing the decline in the Fund's value. However, such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all or the Investment Manager may choose not to. Furthermore, there is no guarantee that a Fund's use of financial derivatives for hedging will be entirely effective and in adverse situations, where the use of financial derivatives becomes ineffective, a Fund may suffer significant loss.

### **Leverage Risk**

When a Fund purchases a security, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps or options, that Fund's liability may be potentially unlimited until the position is closed.

### **Over the Counter (OTC) Transactions**

An OTC transaction takes place when a financial instrument is traded directly between two parties rather than through a stock exchange. Where a Fund acquires securities through an OTC transaction, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity.

### **Absence of Regulation**

In general, there is less regulation and supervision of OTC transactions than for transactions entered into on some stock exchanges. In addition, many of the protections afforded to participants on some stock exchanges might not be available in connection with OTC transactions.

### **Counterparty Default**

A Fund may also have credit exposure to counterparties by virtue of positions in swap agreements, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. OTC transactions are executed in accordance with an agreed terms and conditions drawn up between the Fund and the counterparty. If the counterparty experiences credit issues and therefore defaults on its obligation and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income, and incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures a Fund may implement to reduce counterparty risk, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

### **Taxation**

Where a Fund invests in derivatives, the issues described in the "General Risks – Taxation" section may also apply to any change in the taxation legislation or interpretation thereof of the governing law of the derivative contract, the derivative counterparty, the market(s) comprising the underlying exposure(s) of the derivative or the markets where a Fund is registered or marketed

### **Legal Risks**

OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Swaps and Derivatives Association for derivatives master agreements which are negotiated by the parties. The use of such

contracts may expose a Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

#### Operational Risk linked to Management of Collateral

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested, in accordance with the conditions imposed by the Central Bank, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

The management of operational risk is established through policies set by the risk committee of the Investment Manager. These policies set standards for the high level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.

#### Credit Linked Securities

A credit linked security is a debt instrument which assumes both credit risk of the relevant reference entity (or entities) and the issuer of the credit linked note. The note pays coupons (interest) and there is also a risk associated with the coupon payment; if a reference entity in a basket of credit linked notes suffers a credit event, the coupon will be re-set and is paid on the reduced nominal amount. Both the residual capital and coupon are exposed to further credit events. In extreme cases, the entire capital may be lost. There is also the risk that a note issuer may default.

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## **Borrowings and Leverage**

The Trust Deed enables borrowings to be undertaken for the account of any Fund up to a limit of 25% (or 10% in the case of a Fund investing primarily in deposits and debt securities) of the net assets of that Fund. However, the Fund may be subject to a lower regulatory limit, which the Fund is required to comply with as a result of its registration in other jurisdictions (the Barings Asia Balanced Fund is registered in Hong Kong and is currently subject to a regulatory limit of 10%). The Manager intends that borrowing will only be undertaken for liquidity purposes. The Manager may also use leverage in respect of a Fund.

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## **Trust Deed**

Copies of the Trust Deed may be obtained from the Manager, the Depositary or the Investment Manager or may be inspected during normal working hours at the offices of the Manager, the Depositary or the Investment Manager free of charge.

Subject to the prior approval of the Central Bank, the Depositary and the Manager may modify or add to the provisions of the Trust Deed if the Depositary is satisfied that the modification or addition (a) does not materially prejudice the interests of the Unitholders, does not operate to release to any material extent the Depositary or the Manager or any other person from any liability to the Unitholders and (with the exception of preparing and executing the relevant supplemental deed) will not increase the costs and charges which will be payable out of the assets of any Fund and borne by the holders of the Units of the Class relating to that Fund which are in issue at the time the modification or amendment takes effect or (b) is necessary for compliance with any fiscal or other statutory, regulatory or official requirements or (c) is necessary to correct a manifest error or (d) is solely for the purpose of revising or extending the list of markets on which the property of the Unit Trust or a Fund may be invested.

Any other modification or addition requires, in addition, the approval of an Extraordinary Resolution (as described under "Meetings of Unitholders") of a meeting of Unitholders or of the relevant Class of Unitholders. Unitholder liability shall be limited to the amount contributed by him or her for the subscription of Units and no further liability can be imposed on a Unitholder in respect of the Units for which they hold. No modification or addition may impose on any Unitholder any obligation to make a further payment or to accept any liability in respect of his Units.

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## **Charges and Expenses**

The following fees and expenses are applicable to each Fund.

## **Fund Charges and Expenses**

### **Manager**

The Manager is entitled under the Trust Deed to charge a management fee at the rates per annum specified in the relevant Supplement (the “Management Fee”). The Management Fee is payable monthly in arrears and will be calculated by reference to the Net Asset Value of each Fund attributable to the relevant Class as at each day as at which the Net Asset Value of the relevant Fund and the relevant Class is calculated. The maximum Management Fee in respect of each Fund is 2% of the Net Asset Value of the relevant Fund and any increase in the maximum permitted rate will only be implemented with the approval of Unitholders of the relevant Fund.

### **Investment Management**

The Manager will discharge the fees and expenses of the Investment Manager for the discretionary management of the assets of the Fund out of its Management Fee.

### **Depositary Fee**

Unless otherwise specified in the Supplement or the Trust Deed, the Depositary is entitled to receive a depositary fee of up to 0.025% per annum of the NAV of each Fund. Such fees are payable out of the assets of each Fund and are paid monthly in arrears and accrued based on the Net Asset Value of each Fund on each Dealing Day.

In addition, the Depositary will also charge transaction fees, safekeeping fees and account maintenance charges out of the assets of each Fund which shall be at normal commercial rates. The Depositary is entitled to be reimbursed all fees and charges of sub-custodians appointed by it and all other out of pocket expenses incurred by it. Any sub-custodian fees will be charged at normal commercial rates.

### **Administration Fee**

The Manager is entitled to receive an administration fee (in addition to the management fee) at the rates per annum specified in the relevant Supplement (the “**Administration Fee**”). The Administration Fee is paid monthly in arrears and accrued based on the Net Asset Value of each Fund on each Dealing Day. The Manager will pay the fees of the Administrator out of the Administration Fee.

The Administrator is also entitled to receive any out of pocket expenses incurred by it in the course of providing its duties.

### **Distributor Fee**

Class C Units of a Fund shall also pay a distributor fee of up to 1% per annum of the Net Asset Value of the relevant Class. The distributor fee shall be accrued daily and is payable quarterly in arrears.

### **General Expense**

The Depositary will pay out of the assets of the Unit Trust the above fees and expenses, stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, listing fees and legal expenses of the Manager and the cost of obtaining authorisation for, maintaining and registering the Unit Trust and the Units with any governmental or regulatory authority or with any regulated market deemed appropriate by the Manager from time to time. The costs of printing, distributing and translating reports, accounts, and any Prospectus, Key Information Document, publishing prices and any costs incurred as a result of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any code relating to unit trusts, whether or not having the force of law) will also be paid out of the assets of the Unit Trust.

Expenses will be charged to the Fund in respect of which they were incurred or, where an expense is not considered by the Depositary to be attributable to any one Fund, the expense will normally be allocated by the Depositary to all Funds pro rata to the Net Asset Value of the relevant Funds.

### **Commissions / Brokerage**

The Manager and any duly appointed delegate of the Manager may charge commissions and/or brokerage on transactions effected by them as agents for the Unit Trust and accept payment of and retain for their own account all commissions and brokerages which they derive from or in connection with purchases or sales of investments, whether or not such commissions or brokerages would otherwise form part of the assets of the relevant Fund or fall to be treated as such.



Where the Manager or any duly appointed delegate of the Manager successfully negotiates the recapture of a portion of the commissions charged by brokers or dealers in connection with the purchase and/or sale of securities for a Fund, the rebated commission shall be paid to the Fund. The Fund will generally pay brokerage at customary institutional brokerage rates. Transactions of the Fund may be entered into through associates of the Manager.

The Manager and its associates will not receive cash or other rebates from brokers or dealers in respect of transactions for the Fund. Execution of transactions for the Fund will be consistent with best execution standards.

#### Charges Deducted from Capital

Some or all of the Management Fee and other fees and expenses of a Fund may be paid out of capital. The rationale for the payment of such fees and expenses in this manner is that it will have the effect of increasing the distributable income of the Fund.

#### Unitholder Fees

The Manager reserves the right to impose, at its absolute discretion, a minimum transaction fee of US\$50 in respect of any application for Units received from an investor, the value of which is less than the foreign currency equivalent of US\$500 or such other amounts as may be determined by the Manager from time to time. Similarly, in the event that the Manager receives a request to redeem Units with a value of less than US\$500 the Manager may, in its absolute discretion, impose a transaction fee of US\$50 to cover the costs of such redemption or such other amounts as may be determined by the Manager from time to time.

#### Preliminary Charge

The Manager may impose a Preliminary Charge not exceeding 5% of Net Asset Value per Unit, which will be retained by the Manager and out of which the Manager may pay commission to authorised agents. No Preliminary Charge shall be levied in respect of subscriptions for Class C Units, Class I Units or Class X Units.

The Manager is also entitled to add to the Net Asset Value per Unit, for their own account, a charge sufficient to cover amounts paid by them on account of stamp duties and taxation in respect of the issue of Units and may also add a charge (not exceeding 1% of the Net Asset Value per Unit) for the account of the relevant Fund in respect of fiscal and purchase charges. It is not, however, the intention of the Manager to make any such additions in normal circumstances. Prior notice will be given to Unitholders should the Manager decide to make such additions.

#### Redemption Charge

The Manager is entitled under the Trust Deed, in calculating the Net Asset Value per Unit, to deduct for the account of the appropriate Fund a charge (not exceeding 1% of such Net Asset Value per Unit) to meet duties and charges incurred in realising assets to provide monies to meet the redemption request. It is not the intention of the Manager to make any deduction in respect of such duties and charges in normal circumstances, other than in respect of Class C Units for which a charge of up to 1% of the Net Asset Value per Unit may be applied at the discretion of the Manager or its delegate. Prior notice will be given to Unitholders should the Manager decide to make such deduction.

#### Conversion Charge

The Preliminary Charge and any other charges normally made on the issue of Units will not normally be made on a conversion but the Manager is entitled to make any such charges at their discretion.

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## **Administration of the Unit Trust**

### **Determination of Net Asset Value**

The Net Asset Value per Unit is calculated by dividing the value of the assets of the Fund, less its liabilities, by the total number of Units in issue as at that Dealing Day. The Net Asset Value per Unit is the resulting sum adjusted to the number of decimal places as the Manager may determine in accordance with the provisions of the Trust Deed.

The method of establishing the Net Asset Value of any Fund is set out in the Trust Deed and summarised below.

The Net Asset Value of each Fund shall be calculated in the Base Currency of the Fund by valuing the assets of the Fund in accordance with the valuation rules set out in the Trust Deed and summarised below and deducting the liabilities of the Fund. However, in respect of certain Funds where different Classes are available, the Net Asset Value of the Fund is

calculated as set out below and is allocated between each Class in accordance with their respective values. The portion of the Net Asset Value allocated to each Class is divided by the number of Units of the relevant Class then in issue and the resultant amount is the Net Asset Value of the relevant Class.

In summary, quoted investments are valued at their last traded price (or, if no last traded price is available, at mid-market prices) and unquoted investments are valued on the probable realisable value estimated with care and in good faith by the Manager or a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved for the purposes by the Depositary. Cash deposits and similar investments shall normally be valued at face value (together with accrued interest); certificates of deposit shall be valued by reference to the best bid price for certificates of deposit of like maturity, amount and credit risk on the relevant Dealing Day; and treasury bills and bills of exchange shall be valued with reference to prices ruling in the appropriate markets for such instruments of like maturity, amount and credit risk on the relevant Dealing Day. Collective investment schemes are valued, where appropriate, on the basis of the last published net asset value per share, or the last published bid price per share excluding any preliminary charges. Interest and other income and liabilities are, where practicable, accrued from day-to-day. Forward foreign exchange contracts shall be valued with reference to the freely available market quotations. Derivatives traded on a regulated market shall be valued at the settlement price as determined by the market. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by the Manager or a competent person, firm or corporation (including the Investment Manager) selected by the Manager and approved for the purposes by the Depositary. OTC derivative contracts will be valued daily either (i) on the basis of a quotation provided by the relevant counterparty and such valuation shall be approved or verified at least weekly by a party who is approved for the purpose by the Depositary and who is independent of the counterparty (the "Counterparty Valuation"); or (ii) using an alternative valuation provided by a competent person appointed by the Manager or the Manager and approved for the purpose by the Depositary (the "Alternative Valuation"). Where such Alternative Valuation method is used the Manager will follow international best practice and adhere to the principles on valuation of OTC instruments established by bodies such as the International Organization of Securities Commissions (IOSCO) and the Alternative Investment Management Association (AIMA) and will be reconciled to the Counterparty Valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained.

A specific asset may be using an alternative method of valuation if the Manager deems it necessary and the alternative method is approved by the Depositary following a consultation.

Where the value of investment is not ascertainable as described above, the value shall be the probable realisation value estimated by the Manager with care and good faith or by a competent person appointed by the Manager and approved for the purposes by the Depositary. The Trust Deed also provides that notwithstanding the above, the Manager may with the prior consent of, and in consultation with, the Depositary adjust the value of any Investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof. A description of fair value pricing and the circumstances where it may be applied is set out below.

### **Fair Value Pricing**

Fair value pricing (FVP) may be defined as the application of the Manager's best estimate of the amount a Fund might receive on a sale, or expect to pay on a purchase, of one or more securities or even an entire portfolio of securities, at the time of the Fund's Valuation Point, with the intention of producing a fairer dealing price, thereby protecting ongoing, incoming and outgoing investors.

In the opinion of the Manager, where market conditions may be such that the last applicable real time quoted price or the Valuation Point does not capture the best reflection of the buying and selling price of a stock, FVP may be applied. Due to the time differences between the closing of the relevant securities exchanges and the time of the Fund's Valuation Point, a Fund may apply FVP on its investments more frequently than it does on other securities and on some Funds this may occur on a daily basis. The Manager has determined that movements in relevant indices or other appropriate market indicators, after the close of the securities exchanges, may demonstrate that market quotations are unreliable and may trigger fair value pricing for certain securities. Therefore the fair values assigned to a Fund's investments may not be the quoted or published prices of the investments on their primary markets or exchanges. By fair valuing a security which is suspended for trading, for example, because of financial irregularities, or whose price may have been affected by significant events or by news after the last market pricing of the security, the Funds attempt to establish a price that they might reasonably expect to receive upon the current sale of that security. It may also be necessary to use FVP in the event of a market remaining closed unexpectedly due to a force majeure event.

Suspended securities may provide an exception to this general policy. When individual securities are suspended for trading, for example, because of financial irregularities, the Investment Manager will suggest what it believes to be a reasonable price for that security. This is normally, but not always, achieved by applying a percentage discount to the last traded price prior to suspension, and which will be justified to the Manager.

### **Dilution Adjustment**

In determining the Net Asset Value of the Unit Trust and each Fund, the Manager may with the approval of the Depositary:

- (i) value the assets at the lowest market dealing bid prices where on any Dealing Day, the value of all redemption requests received exceeds the value of all applications for Units, or;
- (ii) at the highest market dealing offer prices where on any Dealing Day the value of all applications for Units received for that Dealing Day exceeds the value of all redemption requests received on that Dealing Day,

provided that in each case, the valuation policy by the Manager shall be applied consistently through the various categories of assets and will be applied consistently (with effect from the date of this Prospectus) through the lifetime of the Unit Trust or each Fund, for as long as the Unit Trust or each Fund is operated on a going concern basis.

The calculation of such prices may take into account any provision for market spreads (bid/offer spread of underlying securities), duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the adjustment or disposal of investments and to preserve the value of the underlying assets of the relevant Fund. The application of the foregoing pricing methodology will comply with the requirements of the Central Bank.

The Manager's intention is only to exercise this discretion to preserve the value of the holdings of continuing Unitholders in the event of substantial or recurring net redemptions or subscriptions.

### **Availability of the Net Asset Value per Unit**

Except where the redemption of Units of a Fund has been suspended, in the circumstances described in the section headed "Temporary Suspension of Redemptions", the Net Asset Value per Unit of each Class shall be available on the Barings website at [www.baring.com](http://www.baring.com).

Prices can also be ascertained at the registered office of the Manager and from the offices of the Investment Manager. Such information will relate to the Net Asset Value per Unit for the previous Dealing Day and is made available for information purposes only. It is not an invitation to subscribe for or redeem Units at that Net Asset Value per Unit.

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## **Distribution Policy**

The Manager may distribute, from any distributing Fund or Class, in respect of each Accounting Period out of net income represented by the distributions and interest received for each Fund to the holders of Units of the relevant Class, after charging expenses and various other items, as set out under "Charges and Expenses", as are attributable to the income of that Fund (in any such case so far as such fees and expenses has been paid or is payable out of the income of that Fund).

In addition, the Manager may distribute to the holders of Units of the relevant Fund or Class such part of any realised and unrealised capital gains (less realised and unrealised losses) attributable to the relevant Fund or out of the capital of the relevant Fund as, in their opinion, is appropriate to maintain a satisfactory level of distribution.

The Manager may, at its discretion, declare additional distribution payment dates in respect of any distributing Fund or Class. It is intended that distributions, if any, in relation to the Funds of the Unit Trust will be paid to the relevant Class with suffix "Inc" as set out in the relevant Fund's Supplement.

Any distributions remaining unclaimed after a period of six years will lapse and such distributions will be transferred to the relevant Fund.

Subject to the Manager's policy as mentioned under "Reinvestment of Income Distributions" below, payment of distributions will be made by electronic transfer in the relevant currency of the relevant Class and sent, at the risk of persons entitled thereto, to the account set out in the Unitholder's Account Opening Form. If investors wish to make any change in the payment instructions, such change must be by written notice to the Manager signed by the sole Unitholder or all joint Unitholders. Any charges incurred in making payment by electronic transfer may be payable by the Unitholder. Payment may, however, be made in any other major currency if requested by the Unitholder, or Unitholders in the case of any joint holding, in writing to the Manager, but such payment will be arranged at the expense and risk of the Unitholders.

Equalisation arrangements will be effected by the Manager with a view to ensuring that the level of distributions payable on any Class of Unit is not affected by the issue, conversion or redemption of Units of that Class during the relevant Accounting Period.

### **Reinvestment of Income Distributions**

The Manager will automatically re-invest any distribution entitlements in further Units of the relevant Fund for the account of the Unitholder entitled to the income distribution:

- (i) unless instructions in writing to the contrary are received from the Unitholder at least 21 days prior to the relevant distribution date; or
- ii) in all cases where the Unitholder's anti-money laundering documentation is incomplete or has not been completed to the satisfaction of the Administrator and/or the Unitholder has not provided an original Account Opening Form.

Further Units will be issued on the date of distribution or, if that is not a Dealing Day, on the next following Dealing Day at a price calculated in the same way as for other issues of Units but without incurring any Preliminary Charge. There is, however no minimum number of such further Units which may be so subscribed and fractions of Units will be issued if necessary. Unitholders may also when applying for Units or subsequently, request the Manager in writing to pay them all distributions to which they are entitled. Every such request by a Unitholder will remain effective until countermanded in writing or, if earlier, the person making the request ceases to be a Unitholder.

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## **Subscription of Units**

Units in a Fund may be purchased on any Dealing Day at the Net Asset Value per Unit, as defined under "Determination of Net Asset Value", applicable on the relevant Dealing Day. In the cases of Units in a Class of which there are no Units currently issued, Units will be issued at the initial offer price of 100 in the currency of the relevant Class, or other values as determined by the Manager.

For Units in a Class of which there are no Units currently issued, the initial offer period shall commence at 9.00 am (Irish time) on 26 November 2019 and end at 12 noon (Irish time) on 26 May 2020 or such other date and/or time as the Manager may agree and notify to the Central Bank. Details of the Classes of which there are no Units currently issued are available from the Manager.

Under the Trust Deed, the Manager is given the exclusive right to effect for the account of the Unit Trust the issue of Units of any Class and to create, with the consent of the Depositary and the Central Bank, new Classes and have absolute discretion to accept or reject in whole or in part any application for Units.

### **Account Opening**

Investors subscribing for Units for the first time must complete the Account Opening Form in writing and submit to the Manager c/o the Administrator at the address or fax numbers set out in the Account Opening Form. The Account Opening Form may be obtained from the Manager or the Administrator. The signed original Account Opening Form together with supporting documentation in relation to anti-money laundering requirements must be received before the application will be accepted. If any of the details that are provided change, including your address, other contact details (e.g. telephone number, email address) or bank account details, please inform the Administrator immediately by letter at the address set out in the "Directory" section. Failure to do so may cause a delay in processing any subscription or redemption orders.

Prospective investors should note that by completing an Account Opening Form they are providing the Manager with personal information, which may constitute personal data within the meaning of the Data Protection Legislation. The personal data of prospective investors and registered Unitholders shall be processed in accordance with the Privacy Statement.

The Administrator may and will hold all or part of the data provided in accordance with applicable laws even after the investor has fully redeemed from the Fund.

By signing the Account Opening Form, prospective investors consent to the recording of telephone calls made to and received from investors by the Manager, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes.

## **Application of Units**

Subscription of Units may be made by submitting the completed Subscription Form by fax or by writing to the Manager c/o the Administrator. Investors can, with the agreement of the Manager and the Administrator, subscribe via electronic messaging services such as SWIFT. Applications will be treated by the Manager as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Manager. Completed Subscription Form received by the Manager prior to 12 noon (Irish time) on a Dealing Day will be dealt with by reference to the Net Asset Value per Unit determined as at the Valuation Point on that Dealing Day. Subscription requests received after 12 noon (Irish time) will be treated as having been received on the following Dealing Day.

Subscription monies in cleared funds must be received by the Settlement Date. Payment is normally due in the currency of the relevant Class of the relevant Fund. The Manager may accept payment in other currencies, but such payments will be converted into the currency of the relevant Class and only the proceeds of such conversion at the prevailing exchange rate (after deducting expenses relating to such conversion) will be applied by the Manager towards payment of the subscription monies. The Manager has standing arrangements for subscription monies to be paid by electronic transfer as specified in the Subscription Form.

Payments by electronic transfer should quote the applicant's name, bank, bank account number, Fund name and confirmation note number (if one has already been issued). Any charges incurred in making payment by electronic transfer will be payable by the applicant.

A confirmation note will be sent to each successful applicant. If payment in full in cleared funds has not been received by the Settlement Date, the application may be refused and any allotment or transfer of Units made on the basis thereof cancelled, or, alternatively, the Manager may treat the application as an application for such number of Units as may be purchased or subscribed with such payment. The Manager reserves the right, in the event of non-receipt of cleared funds by the due date and cancellation of a subscription, to charge the applicant for losses accruing. The Manager reserves the right to limit deals without prior receipt of cleared funds. In such an event the investor shall indemnify the Manager, the Administrator, the Depositary, the Unit Trust, the applicable distributor, the Investment Manager and any of their respective affiliates for any and all claims, losses, liabilities or damages (including attorneys' fees and other related out-of-pocket expenses) suffered or incurred by any such person as a result of the investor not remitting the amount of its subscription by the due date for such subscription or otherwise failing to comply with the terms of such Subscription Form.

Units will be issued in registered form. Registration of the Units comprised in the application will normally be effected within twenty-one days of the Manager receiving the relevant registration details. Ownership is recorded by an entry in the Unit register and a personal account number is allocated to the investor which will be shown in a registration advice despatched within twenty-one days of the Manager receiving the relevant registration details. The personal account number must be quoted in all communications relating to the relevant Fund.

The Manager, the Administrator or a distributor may, in their sole discretion, reject any subscription order for Units in whole or in part for any or no reason, including in particular, where the Manager or the Administrator, as appropriate, reasonably believes the subscription order may represent a pattern of excessive trading or market timing activity in respect of a Fund. Where an application for Units is rejected, the subscription monies shall be returned to the applicant within fourteen days of the date of such application at the applicant's cost and risk and no interest or other compensation will be payable in respect of such returned monies.

The Manager shall have an absolute discretion to declare any Fund or Class closed to further subscriptions. Existing Unitholders of the relevant Fund or Class will be provided with prior notification of such closure and the Manager shall also notify distributors and/or placing agents. The Manager may invoke this discretion to close the Fund to further subscriptions where they are satisfied that it will be in the best interests of the Unitholders of a Fund, given the market conditions prevailing at the time. The Manager will have the discretion to re-open the relevant Fund or Class for subscription on any Dealing Day and existing Unitholders will be given advance notification of such re-opening.

Units may not be issued or sold by the Manager during any period when the right of Unitholders to require the redemption of their Units is suspended in the manner described under "Redemption of Units". Applicants for Units will be notified of such postponement or cancellation and, unless withdrawn, their applications will be considered as at the next Dealing Day following the end of such suspension. In such cases where the calculation of the Net Asset Value per Class is suspended, such suspension will be notified to the Central Bank (immediately and in any event within the same Business Day) and Euronext Dublin (if applicable) without delay and where possible all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

## **Types of Units**

Units will be issued in registered form. Unit certificates will not be issued. Fractions of not less than one-thousandth of a Unit may be issued. Application monies representing smaller fractions of a Unit will not be returned to the applicant but will be retained as part of the relevant Fund's assets.

All Units of each Class will rank *pari passu*. Details of the issues of Units in the Funds, including the Minimum Investment / Minimum Holding and Preliminary Charge in respect of each Class, are set out in the relevant Supplement. The Minimum Investment / Minimum Holding in respect of each Class may be waived at the discretion of the Manager.

## **In Specie Subscriptions**

The Trust Deed permits the Manager to issue Units at the Net Asset Value per Unit in consideration of in specie securities or other assets as approved by the Manager and the Depositary which could be acquired by the relevant Fund pursuant to its investment policy and restrictions. The costs associated with such in specie subscriptions shall be borne by the investor. The Manager may decline any request for in specie subscription at its discretion.

## **Anti-Money Laundering and Counter Terrorist Financing Measures**

Measures aimed at the prevention of money laundering and terrorist financing require a detailed verification of the investor's identity and where applicable the beneficial owner on a risk sensitive basis. Politically exposed persons ("PEPs"), an individual who is or has, at any time in the preceding year, been entrusted with a prominent public function, and immediate family member, or persons known to close associates of such persons, must also be identified. By way of example an individual may be required to produce a copy of a passport or identification card together with evidence of his/her address such as a copy of, a utility bill or bank statement and proof of tax residence. In the case of corporate investors, such measures may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and resident and business address of all directors. Depending on the circumstances of each application, a detailed verification might not be required where for example, the application is made through a relevant third party as such term is defined in the Criminal Justice (Money Laundering and Terrorist Financing) Act 2013. This exception will only apply if the relevant third party referred to above is located within a country recognised in Ireland as having equivalent anti-money laundering and counter terrorist financing regulations and satisfies other applicable conditions such as providing a letter of undertaking confirming that it has carried out the appropriate verification checks on the investor and will retain such information in accordance with the required timeframe and will provide such information on request to the Manager or the Administrator.

The details above are given by way of example only and in that regard the Manager and the Administrator each reserve the right to request any such information or documents as is necessary to comply with their obligations under anti-money laundering legislation at the time of application (and also during the business relationship) for Units in the Funds to verify the identity of an investor and where applicable the beneficial owner of an investor. In particular, the Manager and the Administrator each reserve the right to carry out additional procedures in relation to an investor who is classed as a PEP.

Verification of the investor's identity is required to take place before the establishment of the business relationship. In any event, evidence of identity is required for all investors as soon as is reasonably practicable after the initial contact. In the event of delay or failure by an investor or applicant to produce any information required for verification purposes, the Manager or the Administrator may reject the application and subscription monies and return all subscription monies or compulsorily redeem such Unitholder's Units. Further, no redemption proceeds will be paid until the Unitholder provides such information. None of the Manager, the Investment Manager or the Administrator shall be liable to the subscriber or Unitholder where an application for Units is not processed or Units are compulsorily redeemed or payment of redemption proceeds is delayed in such circumstances. If an application is rejected in whole or in part, the Administrator may return application monies or the balance thereof by electronic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the applicant. The Manager or the Administrator will refuse to pay redemption proceeds if the original Account Opening Form has not been received by the Administrator. Any such redemption proceeds will be held in the Collection Account where the requisite information for verification purposes has not been produced by a Unitholder.

For existing Unit holdings which are compulsorily redeemed, the proceeds of redemption will be held in an Umbrella Cash Account until such time as the Manager or the Administrator have verified the Unitholder's identity to its satisfaction.

## **Umbrella Cash Accounts**

In circumstances where Units have been compulsorily redeemed for failure to provide the information required for verification purposes, the proceeds of redemption will be held in an "Umbrella Cash Account" (as described hereafter) and therefore, investors should note that such proceeds shall be treated as an asset of the relevant Fund. An Umbrella Cash

Account is an account opened in the name of the Depositary on behalf of the Unit Trust for the purpose of holding redemption proceeds due to an investor which cannot be transferred to the relevant investor. The relevant investor will rank as an unsecured creditor of the relevant Fund until such time as the Manager or the Administrator are satisfied that its anti-money laundering and counter terrorist financing procedures have been fully complied with, following which redemption proceeds will be released. Any such unclaimed monies following a termination of a Fund will also be held in an Umbrella Cash Account (see section headed "Duration of the Unit Trust").

In the event of an insolvency of the relevant Fund or the Unit Trust, there is no guarantee that the relevant Fund or the Unit Trust will have sufficient funds to pay unsecured creditors in full. Investors due redemption proceeds which are held in an Umbrella Cash Account will rank equally with all other unsecured creditors of the relevant Fund and will be entitled to a pro-rata share of monies which are made available to all unsecured creditors by the insolvency practitioner. Therefore in such circumstances, the investor may not recover all monies originally paid into an Umbrella Cash Account for onward transmission to that investor.

In the event of the insolvency of another Fund, recovery of any amounts to which a Fund is entitled, but which may have transferred to such other Fund as a result of the operation of the Umbrella Cash Account, will be subject to the principles of Irish law and the terms of the operational procedures for the Umbrella Cash Account. There may be delays in effecting and / or disputes as to the recovery of such amounts, and the insolvent Fund may have insufficient funds to repay amounts due to the relevant Fund. Accordingly, there is no guarantee that such Fund or the Unit Trust will recover such amounts. Furthermore, there is no guarantee that in such circumstances such Fund or the Unit Trust would have sufficient funds to repay any unsecured creditors.

Accordingly, investors should ensure that all documentation required by the Manager or Administrator to comply with anti-money laundering and anti-fraud procedures are submitted promptly to the Manager or Administrator when subscribing for Units.

The Manager and the Administrator reserve the right to obtain any additional information or documents from investors, at any point during the business relationship with such investors and may not carry out a service for the investor until the additional information or documentation is obtained to the satisfaction of the Unit Trust. The Manager and the Administrator cannot rely on third parties to meet this obligation, which remains their ultimate responsibility.

#### **Fair Treatment of Unitholders**

The detailed rights and obligations of the Investment Manager, the Depositary and Unitholders are set out in the Trust Deed. The Investment Manager ensures that the Trust Deed is made available for review by each Unitholder as set out in the section headed "Documents Available for Inspection", such that every Unitholder is informed about its rights and obligations under that document.

The Investment Manager will at all times seek the fair treatment of Unitholders in the Unit Trust by complying with the Trust Deed and provisions of applicable law.

In addition, the Investment Manager operates in accordance with the principles of treating customers (including, as appropriate, funds and their investors) fairly. Amongst other things, the principles of treating customers fairly include (i) developing and marketing products responsibly, keeping product ranges under constant review and adapting to changes in markets and regulation; (ii) ensuring that all marketing communications are clear, fair and not misleading and carefully tailored to their intended audience; (iii) ensuring that employees are properly trained and supervised to perform at the appropriate professional standards; and (iv) ensuring that material conflicts of interests are identified, avoided where possible, managed and disclosed to ensure fair outcomes to clients.

Unitholders should note however that fair treatment does not necessarily equate to equal or identical treatment and that, as described in the section entitled "Charges and Expenses", the terms and conditions of any given Unitholder's investments in a Fund may differ to other Unitholders.

In consideration of a waiver of a minimum subscription amount as specified in the Supplements for the Funds for an investor, the Manager may take into account subscriptions from associated entities or affiliated Unitholders of the investor. In addition, the Manager and the Investment Manager may enter into arrangements with certain Unitholders which cover areas such as, inter alia, country-specific regulatory and tax matters.

As of the date of this Prospectus, the Manager has agreed arrangements with institutional investors who administer accounts or provide the Funds to clients through single or multiple distribution channels. These institutional investors have no legal or economic links to the Manager or their affiliates. The terms of these arrangements include differentiating the amount of the Management Fee or other fees and expenses as agreed by the Manager.

## **Collection Accounts**

The Administrator operates the Collection Account in accordance with the Central Bank's Investor Money Regulations for a number of collective investment schemes managed by the Manager. The Collection Account is held at a credit institution as prescribed by the Investor Money Regulations ("Relevant Bank") in the name of the Administrator and is designated as a "Collection Account" or "Coll a/c". All monies in the Collection Account will be held at the Relevant Bank on a segregated basis by the Administrator, in trust for the benefit of the investors and on behalf of, and at the risk of, the investors for whom such investor monies are being held. The Relevant Bank will hold the cash on the Administrator's behalf (for the benefit of the investors on behalf of whom such monies are being held) in an account separate from any money the Relevant Bank holds for the Administrator in its own right. In the event of the insolvency of the Relevant Bank, the Administrator should have a claim against the Relevant Bank on behalf of the investors for whom the monies in the Collection Account are being held. In the event of the insolvency of the Administrator, monies in the Collection Account would not form part of the Administrator's assets.

Any subscription monies which are received by the Administrator prior to investment in a Fund, will be held in a collection account and will not form part of the assets of the relevant fund until such monies are transferred from the Collection Account to the account of the relevant Fund.

Redemption proceeds will be paid into the Collection Account on the Settlement Date and distributions on the relevant distribution payment date, when they will no longer be considered an asset of the relevant Fund. Further, any conversion from one Fund or Class (the "Original Fund") into another Fund or Class (the "New Fund") will be deemed to be a redemption from the Original Fund and a subscription into the New Fund and the relevant proceeds will be held in the Collection Account until transferred to the New Fund.

No interest is payable by the Manager or the Administrator on monies credited to the Collection Account.

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## **Redemption of Units**

Applications for the redemption of Units of a Fund received by the Manager prior to 12 noon (Irish time) on a Dealing Day will be dealt with by reference to the Net Asset Value per Unit, as defined under "Determination of Net Asset Value", applicable on the relevant Dealing Day. Redemption requests received after 12 noon (Irish time) will be treated as having been received on the following Dealing Day.

Requests for the redemption of Units may be made either by fax or in writing to the Manager c/o the Administrator at the address or fax numbers set out in the Subscription Form. All instructions must be signed by the registered Unitholders or where a representative has been appointed following receipt of a completed power of attorney. Requests by fax will be treated by the Manager as definitive orders even if not subsequently confirmed in writing and will not be capable of withdrawal after acceptance by the Manager. In addition, investors can, with the agreement of the Manager and the Administrator, redeem Units via electronic messaging services such as SWIFT. Redemption requests can be processed on receipt of electronic instructions only where payment is made to the account of record.

Partial redemptions of holdings are permitted provided that this will not result in the Unitholder holding an amount which is less than the Minimum Holding. In cases where a Fund is temporarily suspended for redemptions, the redemption request will be processed until the next Dealing Day when the dealing is no longer suspended.

No redemption payments shall be made until the original Account Opening Form (and supporting documentation) has been received by the Manager. Units also need to be fully registered and settled before redemption payments can be made. The Manager and the Administrator will withhold payment of the proceeds of redemption and income on Units and may automatically reinvest distribution entitlements until the original Account Opening Form has been received from the investor and where it is considered necessary or appropriate to carry out or complete identification procedures in relation to the Unitholder pursuant to a statutory, regulatory or European Union obligation.

Payment of redemption proceeds will be made in accordance with initial redemption payment instructions as notified to the Manager, to the registered Unitholder or in favour of the joint registered Unitholders as appropriate. If investors wish to make any change in the redemption payment instructions, such change must be by written notice to the Manager signed by the sole registered Unitholder or all joint registered Unitholders. The Manager will be deemed to be authorised to act on any redemption instruction received from any person purporting to be the Unitholder and reciting the relevant account number.

Payment will normally be made by the Settlement Date (excluding non- Dealing Days and days when due to public holidays in the relevant country, payments in the relevant currency of the Class cannot be settled) or, if later, four Business Days



after receipt by the Manager of a dealing confirmation by fax or in writing (excluding days when due to public holidays in the relevant country, payments in the relevant currency cannot be settled). Delayed payment of redemption proceeds can occur where there is a delay in the settlement of the underlying securities in a particular Fund. Such delay will not exceed 10 Business Days from the date of receipt of the redemption request. Where all relevant documentation and information is held in respect of the Unitholder, the proceeds will be paid to the bank account provided by the Unitholder. Where redemption proceeds are paid but are refused by the Unitholder's receiving bank, the monies will be returned to the Collection Account until valid bank details for the Unitholder are provided.

Subject as mentioned above, the amount due on the redemption of Units will normally be paid in the relevant currency of the Class. Arrangements, however, can be made for Unitholders wishing to redeem their Units to receive payment in currencies other than the relevant currency of the Class by electronic transfer. The cost of currency conversion and other administrative expenses will be charged to the Unitholder.

The Manager may, in its sole discretion, redeem some or all of the Units of a Unitholder where the Unitholder has failed to pay subscription monies by the due date and may apply the redemption proceeds in satisfaction of the Unitholder's liabilities to the Manager, the Investment Manager or any of their respective affiliates pursuant to the indemnity described under "Application of Units" within the "Subscription of Units" section.

### **Redemption Deferral Policy**

The Manager is entitled, with the approval of the Depositary, to limit the number of Units which may be redeemed on any Dealing Day to 10% of the total number of Units in issue of that Fund (the "Redemption Deferral Policy"). The Redemption Deferral Policy will apply pro rata amongst all Unitholders seeking to redeem Units on the relevant Dealing Day, and in such event, the Manager will carry out such redemptions which, in aggregate, amount to 10% of the Units then in issue in the Fund. Where the Manager decides to invoke this Redemption Deferral Policy, the excess of Units above 10% which have not been redeemed will be carried forward until the next Dealing Day and will be redeemed on the next Dealing Day (subject to a further operation of the Redemption Deferral Policy on the next Dealing Day). Requests for redemption of Units carried forward from an earlier Dealing Day shall be dealt with in priority to any redemption requests received subsequently until all Units to which the original request related have been redeemed. If requests for redemption are so carried forward, the Manager will give immediate notice to the Unitholders affected.

### **Temporary Suspension of Redemptions**

In addition, the Manager may at any time, with the approval of the Depositary, suspend temporarily the right of Unitholders to require the redemption of Units of any Class and/or may delay the payment of any monies in respect of any such redemption during:

- (i) any period when any market on which a substantial part of the investments of the relevant Fund are quoted, listed or dealt is closed or when trading on such a market is limited or suspended;
- (ii) any period when dealings on any such market are restricted or suspended;
- (iii) the existence of any state of affairs as a result of which disposal of the investments of the relevant Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interests of Unitholders of that Class;
- (iv) any breakdown in the means of communication normally employed in determining the value of the net assets of the relevant Fund or when, for any other reason, the value of any investments of the relevant Fund cannot be promptly and accurately ascertained;
- (v) any period during which the Depositary is unable to repatriate funds required for making payments due on redemption of Units or during which the realisation of investments or the transfer of funds involved in such redemption cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange; or
- (vi) upon mutual agreement between the Manager and the Depositary for the purposes of terminating the Unit Trust of any Fund.

Unitholders who have requested redemptions of any Units will be notified of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first Dealing Day after the suspension is lifted. Any such suspension will be notified to the Central Bank and Euronext Dublin immediately and in any event, where practicable within the same Business Day and other competent authorities in the Member States in which the Unit Trust is marketed.

### **Liquidity Risk Management**

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Unit Trust and to ensure the liquidity profile of the investments of each Fund will facilitate compliance with the

Fund's underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Unit Trust.

In summary, the liquidity management policy monitors the profile of investments held by the Manager on behalf of the Unit Trust and each Fund and ensures that such investments are appropriate to the redemption policy as stated under "Redemption of Units" above, and will facilitate compliance with each Fund's underlying obligations. Further, the liquidity management policy includes details on periodic stress testing carried out by the Investment Manager to manage the liquidity risk of each Fund in exceptional and extraordinary circumstances.

The Manager seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy of the Unit Trust will be considered to be aligned when investors have the ability to redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the Manager's redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the Manager shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

Details of the redemption rights of Unitholders, including redemption rights of Unitholders in normal and exceptional circumstances and existing redemption arrangements are set out above in this section.

### **In Specie Redemptions**

The Manager may at its discretion, satisfy any redemption request by in-specie distribution in circumstances where a Unitholder wishes to redeem Units representing 5% or more of the Net Asset Value of a Fund, on a single Dealing Day and where the Unitholder either requests in specie distribution or has consented to such in specie redemption. Any such in specie redemption will be valued at the redemption price for the Units redeemed as if the redemption proceeds were paid in cash less any redemption charge and other expenses of the transfer as the Manager may determine. The assets for distribution will be selected in consultation with and subject to the approval of the Depositary on such basis as the Manager deems equitable and so that there is no prejudice to the interests of remaining Unitholders. Where a redeeming Unitholder has elected or has consented to receive redemption proceeds by an in specie distribution of stock of Units representing 5% or more of the Net Asset Value of any Fund, the Units settled in-specie will not be included in the calculation of the percentage of the Units for which redemption requests have been received for the purpose of determining whether the Redemption Deferral Policy may be invoked on a particular Dealing Day. Where a Unitholder has elected or consented to receive part or all of the redemption proceeds in-specie, the Manager shall advise the Unitholder that a Redemption Deferral Policy may operate if cash settlement is requested.

Unitholders will bear any risks of the distributed securities and may be required to pay a brokerage commission or other costs in order to dispose of such securities. The Unitholder may, by notice in writing to the Manager, require the Manager to sell such investments on their behalf and to pay them the proceeds of sale less any costs incurred in connection with such sale. The Manager may decline any request for in specie redemption at their discretion. Any distribution of assets in specie will not be materially prejudicial to the rights of the remaining Unitholders.

### **Compulsory Redemption of Units**

The Manager shall have the power (but shall not be under a duty) to impose such restrictions as it may think necessary for the purpose of ensuring that no Units in any Fund are acquired or held by any person in breach of the law or any requirements of any country or governmental authority, including any foreign exchange control regulations or by a United States Person or Japanese person (except in transactions exempt from the requirements of the United States Securities Act of 1933 (as amended) and applicable state securities laws) or by any person described in (a) to (f) below.

The Manager may at any time give notice in writing for the redemption of, or request the transfer of, Units held directly or beneficially by:

- (1) any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- (2) any United States Person;
- (3) any Japanese person;

- (4) any person who, the opinion of the Manager is engaging in repeatedly purchasing and selling Units in response to short-term fluctuations known as "market timing" or are otherwise excessive or potentially disruptive to the Unit Trust;
- (5) any person or persons in circumstances which, (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Manager to be relevant) in the opinion of the Manager might result in the Unit Trust, the relevant Fund or its Unitholders incurring any liability to taxation or suffering pecuniary disadvantages which the Unit Trust, the relevant Fund or its Unitholders might not otherwise have incurred or suffered;
- (6) any person or persons holding Units with a value less than the Minimum Holding.

The Manager shall be entitled to give notice to such persons requiring him/her to transfer such Units to a person who is qualified or entitled to own them or to submit a request for redemption. If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such Units or request the Manager to purchase such Units as aforesaid he shall be deemed forthwith upon the expiration of 30 days to have requested the Manager to purchase his Units and the Manager shall be entitled to appoint any person to sign on his/her behalf such documents as may be required for the purposes of the purchase of the said Units by the Manager.

All of the Units of the Fund or of any Class may be redeemed on the giving by the Manager of not less than four nor more than 12 weeks' notice expiring on a Dealing Day to Unitholders of its intention to redeem such Units.

## Conversion of Units

Unless otherwise specified in the relevant Supplement, Unitholders will be able to apply to convert on any Dealing Day all or part of their holding of Units of any Class (the "Original Class") into Units of another Class in the same Fund or in another Fund which are being offered at that time (the "New Class") by giving notice to the Manager in the manner set out under "Redemption of Units". A conversion procedure is processed as a redemption from the Original Class followed by a subscription into the New Class. The general provisions and procedures relating to redemption set out under "Redemption of Units" will apply equally to conversions.

The Manager has the discretion to reject any conversion requests subject to the availability of the New Class and to the compliance with any eligibility requirements and other specific conditions of the New Class (such as minimum subscription and holding amounts). No conversion will be made if it would result in the Unitholder holding an amount of either the Original Class or the New Class of a value which is less than the Minimum Holding for the relevant Class.

The number of Units of the New Class to be issued will be calculated in accordance with the following formula:

$$N = \frac{P(R \times CF)}{S}$$

Where:

- N - is the number of Units of the New Class to be allotted
- P - is the number of Units of the Original Class to be converted
- R - is the Net Asset Value per Unit of the Original Class applicable to redemption requests received on the relevant Dealing Day
- CF - is the currency conversion factor determined by the Manager as representing the effective rate of exchange on the relevant Dealing Day between the currencies of the Original Class and the New Class (where the currencies are different)
- S - is the Net Asset Value per Unit of the New Class applicable to subscription applications received on the relevant Dealing Day.

## Transfer of Ownership of Units

Units in each Fund will be transferable by sending instruction in writing to the Manager c/o the Administrator. Such instruction should be signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor provided that the transfer does not result in the transferor or the transferee holding a number of Units of a value

which is less than the Minimum Holding for that Fund. The Minimum Holding requirement for a transfer may be waived at the discretion of the Manager. The Manager will not register the transfer of Units or acknowledge the fact that a transfer has been made until such time as the transferor and the transferee have completed the Account Opening Form, have provided the Manager with such evidence of their identities as the Manager may require for the purpose of complying with applicable money laundering prevention checks and the relevant documentation has been received by the Manager or its delegate. In the case of the death of one of joint Unitholders, the survivor or survivors will be the only person or persons recognised by the Manager as having any title to or interest in the Units registered in the names of such joint Unitholders. The Manager may decline any request for a transfer of Units if they are aware or reasonably believe the transfer would result in the beneficial ownership of such Units by a person in contravention of any of the following restrictions on ownership imposed by the Manager:

- (a) any person in breach of any law or requirement of any country or governmental authority or by virtue of which such person is not qualified to hold such Units;
- (b) any United States Person;
- (c) any Japanese person;
- (d) any person who in the opinion of the Manager is engaging in repeatedly purchasing and selling Units in responses to short-term market fluctuations, known as “market timing” or are otherwise excessive or potentially disruptive to the Unit Trust;
- (e) any person or persons in circumstances which, (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons connected or not, or any other circumstances appearing to the Manager to be relevant) in the opinion of the Manager might result in the Depositary or the Unit Trust incurring any liability to taxation or suffering pecuniary disadvantages which the Unit Trust might not otherwise have incurred or suffered; or
- (f) any person or persons holding Units with a value less than the Minimum Holding.

Irish Resident Unitholders and Unitholders Ordinarily Resident in Ireland other than Exempt Irish Investors must notify the Manager in advance of any proposed transfer of Units.

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## Manager, Investment Manager, Depositary and Administrator

### Manager and AIFM

The Manager of the Unit Trust is Baring International Fund Managers (Ireland) Limited, which was incorporated in Ireland on 16 July 1990 as a private limited company. The issued share capital of the Manager is £100,000, all of which has been paid up in full. The company secretary of the Manager is Matsack Trust Limited.

### Directors of the Manager

The Directors of the Manager are described below:

**James Cleary:** (resident of Ireland) Mr Cleary is the principal of Cleary Consulting, a fund consultancy practice based in Ireland, since June 2002. He worked in public practice in London and Luxembourg focusing on the financial services sector from 1986 to 1990. He has focused directly in offshore fund management since 1990 and has established and managed fund management offices in Luxembourg and Toronto for State Street Bank from February 1990 to October 1993, as Finance Director of PFPC, Dublin from October 1993 to June 1997, and as Managing Director of SEI Investments, Dublin from June 1997 to June 2002. He has been a committee member of the Irish Funds Industry Association and a member of the Alternative Investment Management Association. He has written and lectured within the industry and is a director of a number of mutual fund companies and of a number of companies operating in the Ireland’s International Financial Services Centre. He is a Fellow of the Chartered Association of Certified Accountants and received an MBA (cum laude) from the University of Limerick.

**Timothy B. Schulze:** (resident of the United States) Mr Schulze is the Chief Risk Officer and Global Head of Risk Management for Barings LLC. Tim is responsible for global oversight of the firm’s Enterprise Risk Management program, including the investment, counterparty and organisational risk functions. He presently sits on the Board of Directors of several of Barings’ affiliated fund companies domiciled in Ireland and Luxembourg. Tim has worked in the industry since 2001. Prior to joining Barings LLC (formerly Babson Capital Management LLC) in 2003, Tim spent two years as a participant in MassMutual’s Executive Development Program. Tim holds a B.A. from the University of Colorado at Boulder and an M.B.A. from the University of Massachusetts Amherst. He is a CFA® charterholder, and holds the Financial Risk Manager

and Professional Risk Manager designations. He is a member of the CFA Institute, the Global Association of Risk Professionals and the Professional Risk Managers' International Association.

**Barbara Healy:** (resident of Ireland) Ms Healy is a chartered accountant by profession and has over 25 years' experience in the asset management industry. Ms Healy was Global Head of Operations for JPMorgan Hedge Fund Services incorporating the role of Executive Director and Head of Technical Solutions EMEA and Asia, (2004-2009). During Ms Healy's tenure assets grew from \$5Bn to \$100Bn, positioning the firm as a top-tier service provider in the hedge fund administration market. Ms. Healy previously ran operations for Tranaut Fund Administration Ltd (2002 - 2004) which was subsequently acquired by JPMorgan, and before this was Director of Accounting for SEI Investments Europe. Ms. Healy has also worked in fund accounting positions in Banker's Trust and Chase Manhattan Bank. Since 2009 she has been serving as an independent non-executive director to Irish and Cayman domiciled investment and hedge funds. Ms Healy holds a Bachelor of Commerce Degree (Honours) and a Post-Graduate Diploma in Professional Accounting from University College Dublin. She is a member of the Institute of Chartered Accountants in Ireland and is also a member of the Institute of Directors in Ireland. Ms Healy attended the High Performance Boards Corporate Governance Programme at IMD, Lausanne, Switzerland, 2011.

**David Conway:** (resident in Ireland) Mr Conway is a company director and formerly a senior executive at Ulster Bank. He has extensive leadership experience across the investment management industry, including portfolio management, asset management, funds administration, custodial services, private client and wealth management. Mr Conway, who is Irish, held a variety of roles at Ulster Bank over a period of 26 years, most recently as Director, Ulster Bank Wealth Management Division. He is currently a Director of a number of collective investment schemes across a broad range of asset classes. Mr Conway holds an honours degree in Economics from Trinity College Dublin and is a Certified Investment Fund Director (CIFD).

**Julian Swayne:** (resident of the United Kingdom) Mr Swayne is the Chief Executive Officer of 'Barings' in Europe. He is responsible for the day-to-day general management of Barings' main UK operating entities. He previously served as the Chief Financial Officer International of 'Barings', having joined Baring Asset Management when it was formed in 1989. Mr Swayne became Finance Director in 1997 and then Chief Financial Officer International in 2016 when the new 'Barings' group was created. Prior to joining Baring Asset Management, he worked at Baring Brothers & Co. Previous to that, Mr Swayne was with London City based auditors Neville Russell. Mr Swayne holds a degree in Economics from Leicester University and qualified as a chartered accountant in 1985.

**Peter Clark:** (resident in the United Kingdom) is a Managing Director and General Counsel, European Fixed Income & Private Investments of Barings. He joined Barings in 2007 from the London office of Latham & Watkins, where he was a senior member of the Finance Group. Peter is responsible for leading and managing the Legal Team at Barings. He is involved in analysing the legal aspects of investment opportunities, setting up new funds, engaging in workout and restructuring discussions with respect to distressed loan investments and legal oversight. He was admitted as a Solicitor of the Senior Courts of England and Wales in 1999 and as a member of the California State Bar in 2001.

**Alan Behen:** (resident in Ireland) is the Chief Executive Officer of the Manager. Alan is responsible for the day-to-day general management of Barings' Irish entities. He has over 20 years' experience in the investment industry, spanning offshore funds, asset management and fixed income markets. Prior to his appointment with Barings, Alan served as a Managing Director at State Street International Ireland Limited. Alan holds a B.A. from Columbia University.

**Paul Smyth:** (resident in Ireland) is the Chief Investment Officer of the Manager. Paul joined the Manager in March 2019 and is responsible for the oversight of the investments team and their regulatory obligations. Paul has worked in the investment management industry since 2000, and joined from Aberdeen Standard Investments, where he was a senior member of the global client team, and was also responsible for managing multi-asset mandates.

With the exception of Alan Behen and Paul Smyth, each of the above-named directors act in a non-executive capacity. The address of the Directors is the registered office of the Manager.

The Manager has the right under the Trust Deed to retire at any time upon the appointment of a successor as provided in the Trust Deed. They may be removed by the Depositary in certain circumstances, including where the holders of not less than 50% of the Units for the time being in issue so request.

The Trust Deed contains provisions governing the responsibilities of the Manager and providing for its indemnification in certain circumstances, subject to exclusions in the case of its negligence, fraud, bad faith or wilful default and subject to the provisions of the Regulations and any conditions imposed by the Central Bank thereunder.

The Manager is an indirect wholly owned subsidiary of Massachusetts Mutual Life Insurance Company, a member of the MassMutual Financial Group. MassMutual Financial Group is a global, growth-oriented, diversified financial services organisation providing life insurance, annuities, disability income insurance, long-term care insurance, retirement planning

products, structured settlement annuities, trust services, money management, and other financial products and services.

The Manager covers potential professional liability risks resulting from those activities which it carries out pursuant to the AIFM Regulations through holding additional own funds which are appropriate to cover potential liability risks arising from professional negligence as required under the AIFM Regulations.

The Manager is the AIFM of the Unit Trust and have been authorised by the Central Bank pursuant to the AIFM Regulations. The Manager is responsible, under the Trust Deed, for the general management and administration of the Fund's affairs including the investment and re-investment of each Fund's assets having regard to the investment objective and policies of each and for ensuring compliance with the AIFM Regulations.

The Manager also carries out certain risk management functions on behalf of the Fund. In this regard however, the Manager has appointed the Investment Manager to carry out certain portfolio management functions on behalf of the AIFM. The Manager has delegated certain administration functions such as the preparation of accounts, executing redemption of Units, making distributions and calculating the Net Asset Value per Unit to the Administrator. However, the Manager has ultimate responsibility for management of the Unit Trust's affairs, including giving instructions to its delegates and replacing them or terminating their appointment (if needs be) and to manage the risks associated with each delegation.

The Manager will at all times have due regard to its duties owed to each fund managed by them (including each Fund within the Unit Trust) and if any conflict of interest should arise as between any of those funds the Manager will have regard to its obligations under the Trust Deed and its obligation to act in the best interests of its clients in seeking to ensure that the conflict is resolved fairly. Furthermore, the Manager is aware of its duty to act in the best interest of investors, the integrity of the market and to ensure fair treatment of investors. In this regard, the Manager has various policies and procedures in place in respect of due diligence and market malpractice.

In addition to managing the Unit Trust, the Manager also manages Barings Umbrella Fund plc, Barings Global Investment Funds plc, Barings Alpha Funds plc, Barings China A-Share Fund plc, Barings Component Funds, Barings Currency Umbrella Fund, Barings Emerging Markets Umbrella Fund, Barings Global Umbrella Fund, Barings International Umbrella Fund, Barings Investment Funds plc and Barings Korea Feeder Fund. Only the Barings International Umbrella Fund, Barings Global Umbrella Fund, Barings Investment Funds plc and Barings Emerging Markets Umbrella Fund are recognised schemes for the purpose of the FSMA.

#### Remuneration Policy

The Manager has a remuneration policy in place (the "Remuneration Policy") which is designed to ensure that its remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the Funds. The Manager considers the Remuneration Policy to be appropriate to its size, internal operations, nature scale and complexity of the Unit Trust and in line with the risk profile, risk appetite and the strategy of the Unit Trust. The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff. The Manager is responsible for determining the categories of identified staff whose professional activities have a material impact on the risk profile of the Manager and the Funds. The board of directors of the Manager and those employees occupying pre-approved control functions on behalf of the Manager are currently in scope of the provisions of the Remuneration Policy.

In respect of any investment management delegates, the Manager requires that:(i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Guidelines/Annex II of AIFMD; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines/Annex II of AIFMD.

#### Investment Manager

The Manager has delegated the investment management of each Fund or part thereof to the Investment Manager who is authorised and regulated by the FCA. The Investment Manager, as part of the Baring Asset Management Group, manages investment on behalf of clients, which include the pension funds of major international and national corporations, central and local government bodies, charitable foundations, investment and unit trusts and private individuals.

The Investment Management Agreement provides that the appointment of the Investment Manager may be terminated by either party giving notice in writing to the other party and provides for the orderly transfer of the Investment Manager's responsibilities in such circumstances.

Subject to the Central Bank's approval, the Investment Manager may sub-delegate such investment management to other Barings group companies. The fees and expenses of any sub-investment managers appointed by the Investment Manager

will be discharged by the Investment Manager. Details of any sub-investment managers appointed to a Fund will be provided to Unitholders upon request and details will also be provided in the periodic reports of the Unit Trust.

The Investment Manager may in the course of its business have conflicts of interest with the Unit Trust. The Investment Manager will, however, have regard to its obligations to act in the best interest of its clients when undertaking any investments where conflicts of interest may arise and will seek to resolve such conflicts fairly. In relation to co-investment opportunities which arise between the Funds and the Investment Manager's other clients, the Investment Manager will ensure that the Funds participate fairly in such investment opportunities and that these are fairly allocated.

### **Depository**

The Depository of the Unit Trust is Northern Trust Fiduciary Services (Ireland) Limited. The Depository is a company incorporated in Ireland as a private limited company on 5 July, 1990. The main activity of the Depository is to act as trustee and depository of collective investment schemes. The Depository is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. As at 31 December 2018, the Northern Trust Group's assets under custody and administration totalled in excess of US\$10.1 trillion. The duty of the Depository is to provide safekeeping, oversight and asset verification services in respect of the assets of each Fund in accordance with the provisions of the AIFM Regulations and AIFMD. The Depository will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Trust Deed provides that the Depository shall be liable to the Unit Trust and the Unitholders for loss of Financial Instruments (as defined in the Trust Deed) by the Depository or a third party to which it has delegated its Custody Services or Asset Verification Services. The Depository shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depository shall also be liable for the Unit Trust and the Unitholders for all other losses suffered by them as a result of its negligent or intentional failure to fulfil its obligations pursuant to the AIFM Regulations.

The Depository may hold securities through Euroclear, Clearstream or any similar clearing system and shall have full power, subject to compliance with the relevant provisions of the Trust Deed, to delegate the whole or any part of the Custody Services or the Asset Verification Services (as defined and as set out in the Trust Deed) to any person, firm or company subject to certain specific requirements set out in the Trust Deed and in accordance with the AIFMD Regulations and further provided that the liability of the Depository will not be affected by the fact that it has entrusted to a third party some or all of the investments in its safekeeping. In this regard it is required to exercise all due skill, care and diligence in selecting and appointing a third party as a safe-keeping agent and keep exercising all due skill, care and diligence in the periodic review and ongoing monitoring of the delegate and its arrangements in respect of the tasks delegated to it in accordance with AIFMD and shall be satisfied that each third party remains suitably qualified and competent on an ongoing basis to provide the relevant services. The specific conditions under which the Depository may delegate its responsibilities and discharge its liability in accordance with AIFMD are set out in the Trust Deed.

The Manager will disclose to investors before they invest in a Fund any arrangement made by the Depository to contractually discharge itself of liability. In the event that there are any changes to Depository liability, the Manager will inform Unitholders of such changes without delay.

The Depository may not retire voluntarily except upon the appointment of a new depository approved by the Central Bank, acceptable to the Manager and approved by an Extraordinary Resolution of Unitholders. However, the Depository may, with the prior approval of the Manager and the Central Bank, retire in favour of an affiliate of the Depository.

The Trust Deed contains provisions governing the responsibilities of the depository and providing for its indemnification in certain circumstances, other than in circumstances where the Depository is liable under the AIFM Regulations.

Up-to-date information on the Depository, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depository, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Unitholders on request. The Depository will use its reasonable endeavors to ensure that the performance of its duties will not be impaired by any conflicts of interest and that any conflicts of interest which may arise will be resolved fairly.

### **Administrator**

Under the terms of the Administration Agreement the Manager has appointed Northern Trust International Fund Administration Services (Ireland) Limited as the administrator of the Unit Trust. The Manager has delegated its duties as registrar to the Administrator pursuant to the Administration Agreement. The Administration Agreement provides that the

appointment of the Administrator may be terminated by any party giving not less than 24 months' notice in writing to the others. The Administrator, a company incorporated in Ireland on 15 June, 1990, the Administrator is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors and specialises in the administration of investment funds.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the Unit Trust and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it. The Administrator is not responsible for the monitoring of the compliance of the Unit Trust or any Fund's investments with any investment rules and restrictions contained in any agreement and/or this Prospectus and/or in any other service agreement(s) concluded between the Manager and its service providers, unless otherwise stated.

As at the date of this Prospectus, the Administrator is not aware of any conflicts of interest in respect of its appointment as administrator to the Unit Trust. If a conflict of interest arises, the Administrator will ensure it is addressed in accordance with the Administration Agreement, applicable laws and in the best interests of the Unitholders.

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## Reports and Accounts

The Unit Trust's year end is 30 April in each year. Audited accounts and a report in relation to the Unit Trust will be produced within four months after the conclusion of each Accounting Period and unaudited semi-annual reports will also be produced within two months of the Semi-Annual Accounting Date in each year and will be hosted on the Manager's website at [www.barings.com](http://www.barings.com). Copies of the latest annual and semi-annual accounts may be obtained at the registered office of the Manager and the Investment Manager.

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## Taxation

### Ireland

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposal of Units. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant. The summary relates only to the position of persons who are the absolute beneficial owners of Units and may not apply to certain other classes of persons.

The summary is based on Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this Prospectus (and is subject to any prospective or retroactive change). Potential investors in Units should consult their own advisors as to the Irish or other tax consequences of the purchase, ownership and disposal of Units.

### Taxation of the Unit Trust

The Manager intends to conduct its affairs so that the Unit Trust is Irish tax resident. On the basis that the Unit Trust is Irish tax resident, the Unit Trust qualifies as an 'investment undertaking' for Irish tax purposes and, consequently, is exempt from Irish tax on its income and gains.

The Unit Trust will be obliged to account for Irish income tax to the Irish Revenue Commissioners if Units are held by non-exempt Irish resident Unitholders (and in certain other circumstances), as described below. Explanations of the terms 'resident' and 'ordinarily resident' are set out at the end of this summary.

### Taxation of Non-Irish Unitholders

Where a Unitholder is not resident (or ordinarily resident) in Ireland for Irish tax purposes, the Unit Trust will not deduct any Irish tax in respect of the Unitholder's Units once the declaration set out in the Account Opening Form has been received by the Unit Trust confirming the Unitholder's non-resident status. The declaration may be provided by an Intermediary who holds Units on behalf of investors who are not resident (or ordinarily resident) in Ireland, provided that, to the best of the Intermediary's knowledge, the investors are not resident (or ordinarily resident) in Ireland.

If this declaration is not received by the Unit Trust, the Unit Trust will deduct Irish tax in respect of the Unitholder's Units as if the Unitholder was a non-exempt Irish resident Unitholder (see below). The Unit Trust will also deduct Irish tax if the Unit Trust has information which reasonably suggests that a Unitholder's declaration is incorrect. A Unitholder will generally



have no entitlement to recover such Irish tax, unless the Unitholder is a company and holds the Units through an Irish branch and in certain other limited circumstances. The Unit Trust must be informed if a Unitholder becomes Irish tax resident.

Generally, Unitholders who are not Irish tax resident will have no other Irish tax liability with respect to their Units. However, if a Unitholder is a company which holds its Units through an Irish branch or agency, the Unitholder may be liable to Irish corporation tax in respect of profits and gains arising in respect of the Units (on a self-assessment basis).

### **Taxation of Exempt Irish Unitholders**

Where a Unitholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and falls within any of the categories listed in section 739D(6) of the Taxes Consolidation Act of Ireland ("TCA"), the Unit Trust will not deduct Irish tax in respect of the Unitholder's Units once the declaration set out in the Account Opening Form has been received by the Unit Trust confirming the Unitholder's exempt status.

The categories listed in section 739D(6) TCA can be summarised as follows:

1. Pension schemes (within the meaning of section 774, section 784 or section 785 TCA).
2. Companies carrying on life assurance business (within the meaning of section 706 TCA).
3. Investment undertakings (within the meaning of section 739B TCA).
4. Investment limited partnerships (within the meaning of section 739J TCA).
5. Special investment schemes (within the meaning of section 737 TCA).
6. Unauthorised unit trust schemes (to which section 731(5)(a) TCA applies).
7. Charities (within the meaning of section 739D(6)(f)(i) TCA).
8. Qualifying managing companies (within the meaning of section 734(1) TCA).
9. Specified companies (within the meaning of section 734(1) TCA).
10. Qualifying fund and savings managers (within the meaning of section 739D(6)(h) TCA).
11. Personal Retirement Savings Account (PRSA) administrators (within the meaning of section 739D(6)(i) TCA).
12. Irish credit unions (within the meaning of section 2 of the Credit Union Act 1997).
13. The National Asset Management Agency.
14. the National Treasury Management Agency or a Fund Investment Vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance is the sole beneficial owner, or Ireland acting through the National Treasury Management Agency.
15. Qualifying companies (within the meaning of section 110 TCA).
16. Any other person resident in Ireland who is permitted (whether by legislation or by the express concession of the Irish Revenue Commissioners) to hold Units in the Unit Trust without requiring the Unit Trust to deduct or account for Irish tax.

Irish resident Unitholders who claim exempt status will be obliged to account for any Irish tax due in respect of Units on a self-assessment basis.

If this declaration is not received by the Unit Trust in respect of a Unitholder, the Unit Trust will deduct Irish tax in respect of the Unitholder's Units as if the Unitholder was a non-exempt Irish resident Unitholder (see below). A Unitholder will

generally have no entitlement to recover such Irish tax, unless the Unitholder is a company within the charge to Irish corporation tax and in certain other limited circumstances.

### **Taxation of Other Irish Unitholders**

Where a Unitholder is resident (or ordinarily resident) in Ireland for Irish tax purposes and is not an 'exempt' Unitholder (see above), the Unit Trust will deduct Irish tax on distributions, redemptions and transfers and, additionally, on 'eighth anniversary' events, as described below.

#### **Distributions by the Unit Trust**

If the Unit Trust pays a distribution to a non-exempt Irish resident Unitholder, the Unit Trust will deduct Irish tax from the distribution. The amount of Irish tax deducted will be:

1. 25% of the distribution, where the distributions are paid to a Unitholder who is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the distribution, in all other cases.

The Unit Trust will pay this deducted tax to the Irish Revenue Commissioners.

Generally, a Unitholder will have no further Irish tax liability in respect of the distribution. However, if the Unitholder is a company for which the distribution is a trading receipt, the gross distribution (including the Irish tax deducted) will form part of its taxable income for self-assessment purposes and the Unitholder may set off the deducted tax against its corporation tax liability.

#### **Redemptions and Transfers of Units**

If the Unit Trust redeems Units held by a non-exempt Irish resident Unitholder, the Unit Trust will deduct Irish tax from the redemption payment made to the Unitholder. Similarly, if such an Irish resident Unitholder transfers (by sale or otherwise) an entitlement to Units, the Unit Trust will account for Irish tax in respect of that transfer. The amount of Irish tax deducted or accounted for will be calculated by reference to the gain (if any) which has accrued to the Unitholder on the Units being redeemed or transferred and will be equal to:

1. 25% of such gain, where the Unitholder is a company which has made the appropriate declaration for the 25% rate to apply; and
2. 41% of the gain, in all other cases.

The Unit Trust will pay this deducted tax to the Irish Revenue Commissioners. In the case of a transfer of Units, to fund this Irish tax liability the Unit Trust may appropriate or cancel other Units held by the Unitholder. This may result in further Irish tax becoming due.

Generally, a Unitholder will have no further Irish tax liability in respect of the redemption or transfer. However, if the Unitholder is a company for which the redemption or transfer payment is a trading receipt, the gross payment (including the Irish tax deducted) less the cost of acquiring the Units will form part of its taxable income for self-assessment purposes and the Unitholder may set off the deducted tax against its corporation tax liability.

If Units are not denominated in Euro, a Unitholder may be liable (on a self-assessment basis) to Irish capital gains taxation on any currency gain arising on the redemption or transfer of the Units.

#### **'Eighth Anniversary' Events**

If a non-exempt Irish resident Unitholder does not dispose of Units within eight years of acquiring them, the Unitholder will be deemed for Irish tax purposes to have disposed of the Units on the eighth anniversary of their acquisition (and any subsequent eighth anniversary). On such deemed disposal, the Unit Trust will account for Irish tax in respect of the increase in value (if any) of those Units over that eight year period. The amount of Irish tax accounted for will be equal to:

1. 25% of such increase in value, where the Unitholder is a company which has made the appropriate declaration for the 25% rate to apply; and

2. 41% of the increase in value, in all other cases.

The Unit Trust will pay this tax to the Irish Revenue Commissioners. To fund the Irish tax liability, the Unit Trust may appropriate or cancel Units held by the Unitholder.

However, if less than 10% of the Units (by value) in the relevant Fund are held by non-exempt Irish resident Unitholders, the Unit Trust may elect not to account for Irish tax on this deemed disposal. To claim this election, the Unit Trust must:

1. confirm to the Irish Revenue Commissioners, on an annual basis, that this 10% requirement is satisfied and provide the Irish Revenue Commissioners with details of any non-exempt Irish resident Unitholders (including the value of their Units and their Irish tax reference numbers); and
2. notify any non-exempt Irish resident Unitholders that the Unit Trust is electing to claim this exemption.

If the exemption is claimed by the Unit Trust, any non-exempt Irish resident Unitholders must pay to the Irish Revenue Commissioners on a self-assessment basis the Irish tax which would otherwise have been payable by the Unit Trust on the eighth anniversary (and any subsequent eighth anniversary).

Any Irish tax paid in respect of the increase in value of Units over the eight year period may be set off on a proportionate basis against any future Irish tax which would otherwise be payable in respect of those Units and any excess may be recovered on an ultimate disposal of the Units.

#### Unit Exchanges

Where a Unitholder exchanges Units on arm's length terms for other Units in the Unit Trust or for Units in another Fund of the Unit Trust and no payment is received by the Unitholder, the Unit Trust will not deduct Irish tax in respect of the exchange.

#### **Stamp Duty**

No Irish stamp duty (or other Irish transfer tax) will apply to the issue, transfer or redemption of Units. If a Unitholder receives a distribution *in specie* of assets from the Unit Trust, a charge to Irish stamp duty could potentially arise.

#### **Gift and Inheritance Tax**

Irish capital acquisitions tax (at a rate of 33%) can apply to gifts or inheritances of Irish situate assets or where either the person from whom the gift or inheritance is taken is Irish domiciled, resident or ordinarily resident or the person taking the gift or inheritance is Irish resident or ordinarily resident.

The Units could be treated as Irish situate assets because they have been issued by an Irish trust. However, any gift or inheritance of Units will be exempt from Irish gift or inheritance tax once:

1. the Units are comprised in the gift or inheritance both at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital acquisitions tax purposes);
2. the person from whom the gift or inheritance is taken is neither domiciled nor ordinarily resident in Ireland at the date of the disposition; and
3. the person taking the gift or inheritance is neither domiciled nor ordinarily resident in Ireland at the date of the gift or inheritance.

#### **OECD Common Reporting Standard**

The automatic exchange of information regime known as the "*Common Reporting Standard*" developed by the Organisation for Economic Co-operation and Development applies in Ireland. Under this regime, the Unit Trust is required to report information to the Irish Revenue Commissioners relating to all Unitholders, including the identity, residence and tax identification number of Unitholders and details as to the amount of income and sale or redemption proceeds received by Unitholders in respect of the Units. This information may then be shared by the Irish Revenue Commissioners with tax authorities in other EU member states and other jurisdictions which implement the OECD Common Reporting Standard.

The OECD Common Reporting Standard replaces the previous European information reporting regime in respect of

savings income under Directive 2003/48/EC (commonly known as the EU Savings Directive regime).

## **Meaning of Terms**

### **Meaning of 'Residence' for Companies**

A company which has its central management and control in Ireland is tax resident in Ireland irrespective of where it is incorporated. A company which does not have its central management and control in Ireland but which was incorporated in Ireland on or after 1 January 2015 is tax resident in Ireland except where the company is regarded as not resident in Ireland under a double taxation treaty between Ireland and another country.

A company which does not have its central management and control in Ireland but which was incorporated before 1 January 2015 in Ireland is resident in Ireland except where:

1. the company (or a related company) carries on a trade in Ireland and either the company is ultimately controlled by persons resident in EU member states or in countries with which Ireland has a double tax treaty, or the company (or a related company) are quoted companies on a recognised stock exchange in the EU or in a tax treaty country; or
2. the company is regarded as not resident in Ireland under a double tax treaty between Ireland and another country.

Finally, a company that was incorporated in Ireland before 1 January 2015 will also be regarded as resident in Ireland if the company is (i) managed and controlled in a territory with which a double taxation agreement with Ireland is in force (a 'relevant territory'), and such management and control would have been sufficient, if exercised in Ireland, to make the company Irish tax resident; and (ii) the company would have been tax resident in that relevant territory under its laws had it been incorporated there; and (iii) the company would not otherwise be regarded by virtue of the law of any territory as resident in that territory for the purposes of tax.

### **Meaning of 'Residence' for Individuals**

An individual will be regarded as being tax resident in Ireland for a calendar year if the individual:

1. spends 183 days or more in Ireland in that calendar year; or
2. has a combined presence of 280 days in Ireland, taking into account the number of days spent in Ireland in that calendar year together with the number of days spent in Ireland in the preceding year. Presence in Ireland by an individual of not more than 30 days in a calendar year will not be reckoned for the purposes of applying this 'two year' test.

An individual is treated as present in Ireland for a day if that individual is personally present in Ireland at any time during that day.

### **Meaning of 'Ordinary Residence' for Individuals**

The term 'ordinary residence' (as distinct from 'residence') relates to a person's normal pattern of life and denotes residence in a place with some degree of continuity. An individual who has been resident in Ireland for three consecutive tax years becomes ordinarily resident with effect from the commencement of the fourth tax year. An individual who has been ordinarily resident in Ireland ceases to be ordinarily resident at the end of the third consecutive tax year in which the individual is not resident. For example, an individual who is resident and ordinarily resident in Ireland in 2019 and departs Ireland in that year will remain ordinarily resident in Ireland up to the end of the tax year in 2022.

## **Foreign Taxes**

The Unit Trust may be liable to taxes (including withholding taxes) in countries other than Ireland on income earned and capital gains arising on its investments. The Unit Trust may not be able to benefit from a reduction in the rate of such foreign tax by virtue of the double taxation treaties between Ireland and other countries. The Unit Trust may not, therefore, be able to reclaim any foreign withholding tax suffered by it in particular countries. If this position changes and the Unit Trust obtains a repayment of foreign tax, the Net Asset Value of the Unit Trust will not be restated and the benefit will be allocated to the then-existing Unitholders rateably at the time of repayment.

## **Compliance with US Reporting and Withholding Requirements**

Very generally, pursuant to Sections 1471-1474 of the means the US Internal Revenue Code of 1986 as modified by US Treasury Regulations, guidance from the IRS, intergovernmental agreements and implementing non-US laws and regulations, and subject to any further guidance (collectively, "FATCA"), to the extent a non-US fund makes an investment which would generate US source income, then certain US source interest, dividends, and certain other payments relating to such investment, including, in some cases, gross proceeds realized upon the sale or other disposition of such investment, made to the non-US fund will be subject to a 30% withholding tax unless, very generally, the non-US fund (i) enters into a valid agreement with the Secretary of the US Department of Treasury that obligates the non-US fund to obtain and verify certain information from its investors and comply with annual reporting requirements with respect to certain direct and indirect US investors, among other requirements, or (ii) satisfies the requirements of an applicable intergovernmental agreement (or otherwise qualifies for an exemption from the foregoing). In this respect, Ireland and the United States have entered into an intergovernmental agreement with respect to FATCA implementation (the "IGA"), under which the Unit Trust and each Fund may be required to obtain and provide to the Irish government certain information from its investors and meet certain other requirements. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law.

If the Unit Trust and each Fund comply with their obligations under the IGA and if Ireland complies with its obligations under the IGA, the Unit Trust and each Fund generally should not be subject to withholding under FATCA, although the Unit Trust or a Fund may be subject to withholding if a member of its "affiliated group" or a "related entity" fails to comply with FATCA. Withholding pursuant to FATCA may reduce returns to Unitholders.

Any information reported by the Unit Trust to the Irish Revenue Commissioners will be communicated to the US Internal Revenue Service pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

Any Unitholder that fails to provide a Fund with any information, documentation or certifications requested by the Fund to meet its obligations pursuant to FATCA may be subject to the 30% withholding tax with respect to the payments described above that are made to such Unitholder, and may be required to indemnify the Fund and the Unit Trust for other taxes and costs attributable to such Unitholder's failure. The Unit Trust and each Fund may disclose information provided by Unitholders to taxing authorities and other parties as necessary or appropriate to comply with FATCA or reduce withholding tax thereunder. Unitholders who fail to provide applicable information, documentation, or certifications may be subject to additional adverse consequences and may be subject to compulsory redemption from each Fund in which they have invested.

The requirements of FATCA are complex and remain unclear in certain respects and are potentially subject to material changes resulting from any future guidance. Unitholders are urged to consult their advisers about the requirements imposed on the Unit Trust, each Fund, and the Unitholders and the effect that any requirements may have on Unitholders.

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## **Meetings of Unitholders**

The Trust Deed contains detailed provisions for meetings of Unitholders generally and Unitholders of each particular Class. Meetings may be convened by the Depositary, the Manager or the holders of at least 10% in value of the Units in issue or the Units of the particular Class in issue, on not less than twenty-one days' notice. Notices of meetings will be sent to Unitholders or Unitholders of the particular Class. Unitholders may appoint proxies, who need not themselves be Unitholders. The quorum for a meeting will be Unitholders present in person or by proxy and holding or representing not less than 10% (or, in relation to the passing of an Extraordinary Resolution, 25%) of the Units (or Units of the relevant Class) for the time being in issue or, for an adjourned meeting, Unitholders present in person or by proxy whatever their number or the number of Units held by them.

On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or one of its officers as its proxy shall have one vote. On a poll every Unitholder present in person or by representative or proxy shall have one vote for every Unit for which he is registered as the holder. For so long as the Unit Trust is authorised by the SFC in Hong Kong, a poll will be conducted at a meeting of Unitholders. Such voting rights may be amended in the same manner as any other provision of the Trust Deed.

An Extraordinary Resolution is a resolution proposed as such at a meeting of Unitholders at which a quorum is present and passed by a majority of 75% of the total number of votes of those present and entitled to vote in person or by proxy at a duly convened meeting.

The Trust Deed provides that a resolution which, in the opinion of the Depositary, affects one Class only of Units will be duly passed if passed at a separate meeting of the Unitholders of that Class. If in the opinion of the Depositary, the resolution affects more than one Class of Unit but does not give rise to a conflict of interests between the holders of the Units of the respective Classes, the resolution will be duly passed if passed at a single meeting of the holders of the Units of those Classes. If the resolution affects, in the opinion of the Depositary, more than one Class of Unit and gives or may give rise to a conflict of interests between the holders of Units of the respective Classes, the resolution will only be duly passed if, in lieu of being passed at a single meeting of the holders of the Units of those Classes, it is passed at separate meetings of the holders of Units of those Classes.

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## Duration of the Unit Trust

The Unit Trust will continue indefinitely until terminated in accordance with the Trust Deed. In summary the Trust Deed can be terminated in the following circumstances; (a) by the Manager one year following the date of the Trust Deed or on any date thereafter if the value of net assets of the Unit Trust amounts, at such date, to less the threshold as stated in the Trust Deed, or (b) by either the Manager or the Depositary at any time in certain circumstances (e.g. if any law is passed which renders it illegal or, in the opinion of the Manager or the Depositary, impracticable or inadvisable to continue the Unit Trust), or (c) by the Depositary if the Manager shall go into liquidation or become bankrupt or if a receiver is appointed over its assets or the Manager are in the opinion of the Depositary being incapable of performing or has failed to perform its duties, or if the Unit Trust fails to be authorised pursuant to the Act, or (d) by the Depositary if within 6 months of the Depositary serving notice of retirement, the Manager has failed to appoint a new depositary, or (e) by the Manager if the Manager, (or the Manager as AIFM) has served notice of its intention to retire and no new manager or (as the case may be, AIFM), has been appointed within 6 months, or (f) by Extraordinary Resolution of a meeting of Unitholders passed at any time.

The Manager has the power to terminate any particular Fund on that date one year following the date of the Trust Deed or first issue of Units in that Fund or on any date thereafter if the Net Asset Value of that Fund amounts at such date to less than the threshold as stated in the Trust Deed. A Fund or the Unit Trust may also be terminated by Extraordinary Resolution at a meeting of Unitholders passed at any time.

The Trust Deed provides that upon the Unit Trust or any Fund being terminated the Depositary shall:

- (a) sell all investments held for the Unit Trust or the relevant Fund; and
- (b) distribute all net cash proceeds derived from the redemption of the assets of each Fund to Unitholders of the relevant Class in proportion to their respective interests in the relevant Fund upon delivery of such form of request as the Depositary may require;

unless the termination is part of a reconstruction or merger proposal approved by Extraordinary Resolution of the relevant Unitholders, the Central Bank and the Securities and Futures Commission, in which case the termination shall proceed as indicated in the proposal.

The Depositary shall not be bound (except in the case of final distribution) to distribute any monies for the time being in its hands the amount of which is insufficient to pay the equivalent of US\$1.00 in respect of each Unit. In addition, the Depositary shall be entitled to retain out of the monies in its hands as part of the property of the Unit Trust or the relevant Fund, full provision for all costs, charges, expenses, claims and demands.

Following the termination of a Fund, any unclaimed proceeds or monies which cannot be distributed to investors (e.g. where an investor has not provided the documentation required for client identification and verification purposes or where an investor cannot be traced,) will be held in an Umbrella Cash Account. Your attention is drawn to the section of the Prospectus entitled “Anti-Money Laundering and Counter Terrorist Financing Measures” – “Umbrella Cash Accounts” for a description of the Umbrella Cash Accounts and associated risks.

Any unclaimed proceeds or monies which cannot be distributed to investors following a termination will be transferred to and held in the Umbrella Cash Account from the date of termination of a Fund. Any such unclaimed termination proceeds of a Fund held in the Umbrella Cash Account may be paid into court at the expiration of 12 months from the date of Fund termination, subject to the right of Depositary to deduct therefrom any expense that it may incur in making such payment. Notwithstanding the foregoing, any unclaimed termination proceeds which remains unclaimed after a period of 6 years from the date of Fund termination may be paid to such charity as determined by either the Manager or the Depositary. During such period as unclaimed termination proceeds are held in the Umbrella Cash Account, Unitholders who are entitled to the relevant part of the unclaimed termination proceeds may make a claim to the Manager or the Administrator for payment of its entitlement and will be paid upon provision of all required information and/or documents as required by the Manager and/or the Administrator. Please also refer to the section headed “Umbrella Cash Accounts” in the Prospectus.

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## General Information

The Unit Trust is not involved in any litigation nor is the Manager aware of any pending or threatened litigation.

Any distribution of assets in specie will not be materially prejudicial to the rights of the remaining Unitholders.

Unitholders are entitled to participate in the Unit Trust on the basis set out in this Prospectus, as amended from time to time. Absent a direct contractual relationship between a Unitholder and a service provider to the Unit Trust, a Unitholder will generally have no direct rights against the service provider. Instead the proper plaintiff in respect of an action in respect of which a wrong doing is alleged to have been committed against the Unit Trust or Unitholders by the relevant service provider is the Manager or the Depositary as applicable. Any investor wishing to make a complaint regarding any aspect of the Unit Trust or its operations may do so directly to the Manager or to the Investment Manager at the addresses shown in the "Directory" section.

This Prospectus is governed by and construed in accordance with the laws of the Republic of Ireland and the main (but not the sole) legal implication of the contractual relationship entered into for the purpose of investment in this Unit Trust is that an investor purchases Units in a Fund of the Unit Trust where a Unit issued in a Fund represents the beneficial ownership of one undivided share in the assets of the relevant Fund or Class (where applicable). Each Unitholder is bound by the terms of the Prospectus, the Trust Deed and the Account Opening Form executed by or on behalf of each Unitholder. The Account Opening Form is governed by Irish law and the parties thereto submit to the jurisdiction of the Irish courts. Irish law provides for the enforcement of judgments obtained in other countries subject to certain conditions having been met.

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## Proxy Voting Policies and Procedures

The Manager will vote proxies on the securities held by the Funds in accordance with the procedures of the Investment Manager. The Investment Manager has established a Proxy Voting Policy which is overseen by the Investment Manager's proxy voting working group. The policy is designed to ensure that votes are cast in accordance with the best economic interest of the clients of the Investment Manager, such as the Unit Trust. The Investment Manager uses the services of an independent third party service provider who provides proxy analysis, information on events requiring voting and vote recommendations, and also to execute the voting decisions of the Investment Manager. The Investment Manager ordinarily votes proxies according to the independent third party service provider's proxy voting recommendations. Proxies on all proposals are voted, except in those instances when the Investment Manager, with guidance from the proxy voting working group if desired, determines that the cost of voting those proxies outweighs the economic benefit to the Investment Manager's clients.

The Investment Manager's detailed Proxy Voting Policy is available on request from the Investment Manager.

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## Best Execution

The Manager relies on the Best Execution Policy of the Investment Manager. Best execution is the term used to describe the objective of taking all sufficient steps to obtain the best possible result for each transaction carried out by the Investment Manager on the property of the Unit Trust. In order to obtain the best possible result the Investment Manager takes into account a number of factors including price, both the explicit and implicit costs of trading, size and speed of execution and any other specific considerations relevant to that transaction.

The Investment Manager's detailed Best Execution Policy is available on request from the Investment Manager.

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## Inducements

In the course of providing portfolio management services, the Investment Manager is prohibited from accepting and retaining any fees, commission or monetary benefits, or accepting any non-monetary benefits (other than acceptable minor non-monetary benefits and research which is permitted), where these are paid or provided by any third party or a person acting on their behalf. The Investment Manager considers that:

- (a) information or documentation relating to a financial instrument or investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
- (b) written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the issuer, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;
- (c) participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- (d) hospitality of a reasonable de minimis value, including food and drink during a business meeting or a conference, seminar or other training event specified in this paragraph;
- (e) research relating to an issue of shares, debentures, warrants or certificates representing certain securities by an issuer, which is:
  - produced prior to the issue being completed, by a person that is providing underwriting or placing services to the issuer on that issue; and
  - made available to prospective investors in the issue; and
- (f) research that is received during a trial period so that the Investment Manager may evaluate the research provider's research service in accordance with FCA rules

are regarded as acceptable minor non-monetary benefits as they are capable of enhancing the quality of the service provided by the Investment Manager to the Unitholder; of a scale and nature that it could not be judged to impair the Investment Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Unitholder; and reasonable, proportionate and of a scale that is unlikely to influence the Investment Manager's behaviour in any way that is detrimental to the interests of the Unitholder.

If the Investment Manager receives any such fees, commissions or monetary benefits, it will transfer these for the benefit of the relevant Fund and will inform the relevant Fund within the standard reporting.

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## Documents Available for Inspection

Copies of the following documents may be obtained from the Manager free of charge or inspected during usual business hours on a Business Day at the registered office of the Manager and at the offices of the Investment Manager at the addresses set out in the "Directory" section of this Prospectus:

- (A) the Trust Deed;
- (B) the Prospectus;
- (C) the Key Information Documents; and
- (D) the annual and half-yearly reports relating to the Unit Trust most recently prepared and published by the Manager.

The most recently prepared annual report relating to the Unit Trust will be available to Unitholders and prospective investors at [www.barings.com](http://www.barings.com) or on request from the offices of the Manager.

### **Periodic Disclosure to Investors**

The Manager will periodically disclose, in a clear and presentable way, to investors in the Unit Trust the historical performance. The historical performance of each of the Funds shall also be available at [www.barings.com](http://www.barings.com) or at the registered office of the Investment Manager.

Such disclosure will be made to Unitholders as part of the periodic reporting to Unitholders and at least at the same time as the publication of the annual accounts. On occasion, the Manager may be requested to disclose information of a particular form or in a particular format to one or more investors as result of their legal, regulatory, or structural requirements. In such instances the Manager will make all reasonable efforts to ensure the same level of information is available to all investors.

The Manager or its duly appointed delegates shall periodically disclose the following to Unitholders, if relevant:

- (i) the percentage of a Fund's assets which are subject to special arrangements arising from their illiquid nature;
- (ii) any new arrangements for managing the illiquidity of a Fund; and



- (iii) the current risk profile of a Fund and the risk management systems employed by the Manager as AIFM to manage those risks.

## Appendix I – Investment Restrictions

1. Investments may only be made as permitted by the Trust Deed and the Act and subject to any restrictions and limits set out in the Trust Deed or in the Act or in any regulations made pursuant thereto. The relevant provisions of the AIF Rulebook issued by the Central Bank under the Act currently provide that the Manager, in respect of each Fund:

- (i) may not invest more than 10% of the net assets of such Fund in securities other than securities traded in or dealt in on a market which is provided for in the Trust Deed or in securities traded in or dealt on a market in which investment is for the time being restricted by the Central Bank. The Central Bank does not issue a list of approved markets;

Recently issued securities, the terms of issue of which include an undertaking that application will be made for the securities to be traded in or dealt in on a market and which are admitted to such market within one year of issue will be regarded as securities traded in or dealt on a market for this purpose;

- (ii) may not invest more than 10% of the net assets of such Fund in securities issued by the same issuer or Group of issuers.

Investment in, or exposure to, entities through the following will be considered to be investing in, or gaining exposure to, securities issued by the same Group of issuers:

- (a) investments in securities issued by those entities;
    - (b) exposure to those entities through underlying assets of financial derivative instruments; and
    - (c) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purpose of paragraph 1(ii) above, “Group” means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.

- (iii) may not place more than 10% of the net assets of such Fund on deposit with any one institution. This limit may be increased to 30% for deposits with or securities evidencing deposits issued by or securities guaranteed by:

- (1) a credit institution authorised in the European Economic Area (EEA) (European union member states Norway, Iceland, Liechtenstein);
    - (2) a credit institution authorised by a signatory state to the Basle Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States);
    - (3) a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia and New Zealand;
    - (4) the Depositary;
    - (5) a credit institution which is an associated or related company of the Depositary on a case-by-case basis.

Related companies/issuers are regarded as a single issuer for the purposes of paragraphs 2 and 3 above;

- (iv) may not hold more than 10% of any class of security issued by any one single issuer. This requirement does not apply to investments in other collective investment schemes of the open-ended type.
    - (v) may not acquire shares carrying voting rights which would enable the Manager (acting in connection with all of the schemes which they manage) to exercise a significant influence over the management of an issuer and will not take or seek to take legal or management control of any entity in which a Fund invests;
    - (vi) may invest up to 100% of the net assets of such Fund in transferable securities issued by or guaranteed by any European Union Member State (“Member State”) its local authorities non-Member States or public international bodies of which one or more Member States are members;

The individual issuers must be listed in the Prospectus and are drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council

of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Straight-A Funding LLC;

- (vii) may not invest more than 10% of the net assets of such Fund in other open-ended collective investment schemes except as otherwise determined by the Manager and as disclosed in the description of the investment objective and policy for a specific Fund. A Fund may not invest more than 10% of its net assets in unregulated collective investment schemes. Where a Fund invests in a collective investment scheme managed by the Manager or by its connected person (as defined in the Trust Deed), the manager of the scheme in which investment is made must waive any preliminary or initial charges and redemption charges. Any commission and rebate on fees or charges levied by the underlying collective investment scheme or the manager of the underlying collective investment scheme, or any quantifiable monetary benefits in connection with investments in any underlying collective investment scheme payable to the Manager or any person acting on behalf of the Unit Trust or a Fund or the Manager must be credited to the Fund;
- (viii) without prejudice to the powers of the Manager to employ instruments and techniques for efficient portfolio management or investment purposes (described under "Investment Objective and Policies" above) may not invest more than 5% of the net assets of such Fund in warrants except as otherwise determined by the Manager and as disclosed in this Prospectus in respect of a particular Fund;
- (ix) may not enter into futures contracts with an aggregate contract value of more than 20% of the net assets of such Fund;
- (x) shall not on behalf of any Fund effect the short sale of any investments;
- (xi) shall not on behalf of any Fund:
  - (1) invest in any Class of an investment of any company or body if any director or officer of either the Manager or any company to which management of the investment of the Fund is delegated individually owns more than 0.5% of the total nominal amount of all the issued securities of that Class or if the directors and officers of the Manager and/or any company to which management of the investment of the Fund is delegated collectively own more than 5 % of those securities; or
  - (2) invest directly (including any interests in) in land or buildings or real estate (or any options, rights or interests in respect thereof but excluding shares in real estate companies and interest in REITs); or
  - (3) without prejudice to the powers of the Manager to employ instruments and techniques for efficient portfolio management (described under "Investment Objective and Policies" above), invest in any investment or other property or engage in any transaction which would involve the assumption of unlimited liability. For the avoidance of doubt, the liability of Unitholders of the Fund is limited to their investments in that Fund; or
  - (4) invest the whole or any part of any Fund in any manner other than that expressly permitted by any provision of the Trust Deed; or
  - (5) invest in commodities (including physical commodities) or commodity futures contracts except as otherwise determined by the Manager and as disclosed in this Prospectus in respect of a particular Fund;
- (xii) shall not, on behalf of any Fund:
  - (1) grant a loan or permit the Unit Trust to act as a guarantor on behalf of third parties; or
  - (2) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person other than the Fund;
- (xiii) may from time to time for the account of any Fund enter into underwriting or sub-underwriting contracts in relation to the subscription or purchase of investments upon such terms in all respects as the Manager shall think fit, provided that (a) the prior consent of the Depositary has been obtained and (b) no such contract shall relate to a quantity of any investment which, if acquired, would result in a breach of any of the limitations or restrictions applicable to the Fund;

- (xiv) shall not be entitled, to apply any part of any Fund (a) in the acquisition of any investment or other property which is for the time being nil or partly paid only unless the Depositary is satisfied that there is sufficient cash or near cash in that Fund to pay up such investment or other property in full whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments as required by any applicable regulation or (b) without prejudice to item (a), except with the consent of the Depositary, in the acquisition of any investment or other property or which is otherwise in the opinion of the Depositary likely to involve the Depositary in any liability (contingent or otherwise) unless according to the terms of the issue thereof or other terms relating thereto the investment or other property will or may at the option of the holder become within one year from the date of its inclusion in the Fund fully paid up and free from such liability as aforesaid.
- (xv) The Manager need not comply with the above investment limit percentages when exercising subscription rights attaching to securities which form part of the assets of a Fund. The limits on investments contained in this section are deemed to apply at the time of investments and continue to apply thereafter. If such percentages are exceeded for reasons beyond the control of the Manager or as a result of the exercise of subscription rights, the Manager will adopt as a priority objective the remedying of that situation taking due account of the interests of Unitholders.

The Manager may, on behalf of a Fund, be entitled to derogate from the requirements set out above for a period of six months from the date of launch of a Fund, provided that the principles in respect of spreading of risk are observed.

The Unit Trust may beneficially own any entity, including all or part of the issued share capital of any company or companies, which for fiscal or other reasons the Manager considers it necessary or desirable for the Depositary to incorporate or acquire or utilise for the purpose of holding certain of the investments or other property contained in the Unit Trust, provided that all arrangements in connection with the formation and operation thereof shall have been approved by the Depositary and the Central Bank. None of the limitations or restrictions referred to above shall apply to investments in, loans to or deposits with any such entity, but investments and other property held by any such entity shall be deemed to be held by the relevant Fund.

A Fund is permitted to engage to a limited extent in leverage through the use of financial derivative instruments as described under the heading "Investment Objective and Policies". The net maximum potential exposure created through the use of financial derivative instruments or borrowing or both of these together and shall not exceed 25% of the Net Asset Value of a Fund.

Limits Applicable to Investment in Derivatives – General

***For the avoidance of doubt, the Barings Asia Balanced Fund can use derivatives for efficient portfolio management purposes only.***

1. Call options may be written (sold) on condition that a Fund at all times maintains ownership of the security which is the subject of the call option. Index call options may be written provided that all of the assets of a Fund, or a proportion which may not be less in value than the exercise value of the call option written, can reasonably be expected to behave in terms of price movement in the same manner as the options contract. However, uncovered call options may be written on the condition that the aggregate exercise value of all call options sold in this way does not exceed 10 % of the Net Asset Value of a Fund. Cover is not required in the case of purchased call options.
2. Put options may be purchased on condition that the security which is the subject of the put option remains at all times in the ownership of a Fund. This requirement does not apply where the options are cash settled. Index put options may be purchased provided that all of the assets of a Fund, or a proportion of such assets, which may not be less in value than the exercise value of the put option purchased, can reasonably be expected to behave in terms of price movement in the same manner as the options contract. Uncovered put options may be purchased on the condition that the exercise value of the put options purchased in this way does not exceed 10 % of the Net Asset Value of a Fund. Put options may be written (sold) on condition that the exercise value of the option is at all times held by a Fund in liquid assets.
3. Futures contracts may be sold on condition that either the security which is the subject of the contract remains at all times in the ownership of a Fund, or on condition that all of the assets of a Fund or a proportion of such assets, which may not be less in value than the exercise value of the futures contracts sold, can reasonably be expected to behave in terms of price movement, in the same manner as the futures contract.
4. Futures contracts may be purchased on condition that the exercise value of the contract is at all times held by a Fund in liquid assets or readily marketable securities. However, a Fund which invests directly in both the fixed income and equity markets may purchase futures contracts on condition that the aggregate net exposure of the Fund is not greater than that which would be achieved through the direct investment of all of the Fund's assets in the underlying securities. In such cases the Fund must clearly provide for such an active asset allocation strategy in its investment objectives

is not greater than that which would be achieved through the direct investment of all of the Fund's assets in the underlying securities. In such cases the Fund must clearly provide for such an active asset allocation strategy in its investment objectives.

5. The total amount of premium paid or received for options together with the amount of initial margin paid for futures contracts may not exceed 10% of the Net Asset Value of a Fund.
  6. Conditions 1 to 5 above do not apply to a transaction which is being effected to close out an existing position of price movement.
  7. Subject to paragraph 8 below, a Fund shall only engage in transactions in financial derivative instruments, where those instruments are dealt on a market which is regulated, operating regularly, recognised and open to the public in a Member State or non-Member State.
  8. A Fund may invest in derivatives dealt in over-the-counter ("OTC derivatives") provided that:
    - (a) the counterparty is a relevant institution or an investment firm, authorised in accordance with MiFID in an EEA Member State, or is an entity subject to regulation as a Consolidated Supervised Entity ("CSE") by the US Securities and Exchange Commission (which are entities with legal personality typically located in OECD jurisdictions);
    - (b) in the case of a counterparty which is not a relevant institution, the counterparty has a minimum credit rating of A-2 or equivalent, or is deemed by the Manager to have an implied rating of A-2 or equivalent. Alternatively, an unrated counterparty will be acceptable where the Fund is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A-2 or equivalent;
    - (c) when calculating its risk exposure to a counterparty to an OTC derivative transaction, the Manager shall calculate the exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The Fund may net the derivative positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have with the same counterparty;
    - (d) the Fund is satisfied that:
      - the counterparty will value the OTC derivative (using its mark to market procedures, subject to any agreed haircuts, reflecting market values and liquidity risk) with reasonable accuracy and on a reliable basis; and
      - the OTC derivative can be sold, liquidated or closed by an offsetting transaction at fair value at any time at the Fund's initiative;
    - (e) the Manager shall subject its OTC derivatives to reliable and verifiable valuation on a weekly basis and ensure that it has appropriate systems, controls and processes documented and in place to achieve this. The valuation arrangements and procedures must be adequate and proportionate to the nature and complexity of the OTC derivative concerned and shall be adequately documented; and
    - (f) reliable and verifiable valuation shall be understood as a reference to a valuation, by the Manager, corresponding to fair value which does not rely only on market quotations by the counterparty and which fulfils the following criteria:
      - the basis for the valuation is either a reliable up-to-date market value of the instrument, or, if such a value is not available, a pricing model using an adequate recognised methodology;
      - verification of the valuation is carried out by one of the following:
        - an appropriate third party which is independent from the counterparty of the OTC-derivative, at an adequate frequency and in such a way that the Manager is able to confirm the valuation;
        - a unit within the Manager which is independent from the department in charge of managing the assets and which is adequately equipped for such purpose.
- 8A. The criteria for selecting counterparties in 8(a) and 8(b) above will apply to counterparties which provide collateral. Counterparties may include entities with legal personality located in OECD jurisdictions as well as outside such jurisdictions.

9. Exposure to the counterparty in an OTC derivative transaction must not exceed 5% of net assets. This limit may be raised to 10% in the case of
- (i) A credit institution authorised in the European Economic Area (EEA) (European Union Member States, Norway, Iceland, Liechtenstein);
  - (ii) A credit institution authorised within a signatory state, other than a Member State of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
  - (iii) A credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

Exposure must take account of all exposures to an OTC counterparty.

10. The Central Bank will permit arrangements under which collateral is passed by the counterparty to the Fund to reduce exposure as follows:

Collateral received by the Fund must at all times meet with the following criteria:

- (a) Liquidity: Collateral must be sufficiently liquid in order that it can be sold quickly at a robust price that is close to its pre-sale valuation;
- (b) Valuation: Collateral must be capable of being valued on at least a daily basis and must be marked to market daily;
- (c) Issuer credit quality: Where the collateral issuer is not rated A-1 or equivalent, conservative haircuts must be applied;
- (d) Safe-keeping: Collateral must be transferred to the depositary, or its agent;
- (e) Enforceable: Collateral must be immediately available to the Fund, without recourse to the counterparty, in the event of a default by that entity.

The Fund shall take into account all collateral passed to an OTC derivative counterparty in calculating the exposure of the Fund to counterparty risk. Collateral passed to an OTC derivative counterparty shall be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

Non-cash collateral:

- (i) cannot be sold, pledged or re-invested;
- (ii) must be held at the risk of the counterparty.
- (iii) must be issued by an entity independent of the counterparty; and
- (iv) must be diversified to avoid concentration in one issue, sector or country.

Cash collateral:

Cash may only be invested in risk free assets.

## Appendix II – Recognised Exchanges

With the exception of permitted investments in unlisted securities, the Unit Trust will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operated regularly, be recognised and open to the public) and which is listed below.

For the purpose of the Unit Trust, a market shall be:

In relation to any Investment which constitutes a transferable security:

- (i) any stock exchange or derivatives exchange on which permitted financial derivative instruments may be listed or traded which is:

- located in any Member State of the EEA; or
- located in any of the following countries:

Australia  
Canada  
Japan  
New Zealand  
Norway  
Switzerland  
United Kingdom  
United States of America; or

- (ii) any stock, bond or derivatives exchange included in the following list:

Argentina	Mercado Abierto Electronico S.A.
	Bolsa de Comercio Buenos Aires
Bahrain	Bahrain Bourse
Bangladesh	Dhaka Stock Exchange Ltd
	Chittagong Stock Exchange
Brazil	BM&F Bovespa S.A
	Sociedade Operadora de Mercado de Ativos
Chile	Bolsa de Comercio de Santiago
	Bolsa Electronica de Chile
	Bolsa de Corredores de Valparaiso
China	Shanghai Stock Exchange
	Shenzhen Stock Exchange
	Shanghai Futures Exchange
	China Interbank Bond Market
Colombia	Bolsa de Valores de Colombia
Croatia	The Zagreb Stock Exchange
Egypt	The Egyptian Exchange
Ghana	Ghana Stock Exchange
Hong Kong	The Stock Exchange of Hong Kong Ltd
	Hong Kong Futures Exchange
Iceland	NASDAQ OMX
India	Bombay Stock Exchange
	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Israel	Tel Aviv Stock Exchange
Jordan	Amman Stock Exchange
Kazakhstan	Kazakhstan Stock Exchange
Kenya	Nairobi Securities Exchange
Korea, Republic of	Korea Stock Exchange
Kuwait	Kuwait Stock Exchange
Malaysia	Bursa Malaysia Berhad
Mauritius	The Stock Exchange of Mauritius Ltd
Mexico	Bolsa Mexicana de Valores (Mexican Stock Exchange)
Morocco	Casablanca Stock Exchange
Nigeria	Nigerian Stock Exchange, The

Oman	Muscat Securities Market
Pakistan	Karachi Stock Exchange Lahore Stock Exchange Islamabad Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange, Inc.
Qatar	Qatar Exchange
Russia	Moscow Interbank Currency Exchange RTS Stock Exchange
Serbia	Belgrade Stock Exchange
Singapore	Singapore Exchange Singapore Mercantile Exchange SGX Xtranet
South Africa	JSE Securities Exchange Bond Exchange of South Africa
Sri Lanka	Colombo Stock Exchange
Taiwan	Taiwan Stock Exchange Taipei Exchange
Thailand	Stock Exchange of Thailand
Trinidad and Tobago	Trinidad and Tobago Stock Exchange
Turkey	Borsa Istanbul
United Arab Emirates	Abu Dhabi Securities Exchange Dubai Financial Market
Ukraine	PFTS Stock Exchange
Uruguay	Bolsa de Valores de Montevideo
Venezuela	Bolsa de Valores de Caracas
Vietnam	Hanoi Securities Trading Centre Ho Chi Minh Stock Exchange
Zambia	Lusaka Stock Exchange

(iii) any of the following:

- the market organised by the International Capital Markets Association;
- the "listed money market institutions", as described in the Bank of England publication "The Regulation of the Wholesale Markets in Sterling, Foreign Exchange and Bullion" (as amended from time to time);
- the market in US government securities conducted by primary dealers which are regulated by the Federal Reserve Bank of New York;
- a market comprising dealers which are regulated by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission;
- NASDAQ in the United States; and
- The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.
- The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- The French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);
- the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.

(iv) All derivatives exchanges on which permitted financial derivative instruments may be listed or traded:

- in a Member State;



- in a Member State in the European Economic Area (European Union Norway, Iceland and Liechtenstein);
- in the United States of America, on the
  - Chicago Board of Trade;
  - Chicago Board Options Exchange;
  - Chicago Mercantile Exchange;
  - Eurex US;
  - New York Futures Exchange;
  - New York Board of Trade;
  - New York Mercantile Exchange;
- in China, on the Shanghai Futures Exchange;
- in Hong Kong, on the Hong Kong Futures Exchange;
- in Japan, on the
  - Osaka Securities Exchange;
  - Tokyo International Financial Futures Exchange;
  - Tokyo Stock Exchange;
- in New Zealand, on the New Zealand Futures and Options Exchange;
- in Singapore, on the Singapore Commodity Exchange.

PROVIDED THAT the Depositary and the Manager shall be entitled without the sanction of an Extraordinary Resolution to modify this definition by adding to or deleting from the countries, markets and exchanges described above.

The markets and exchanges described above are set out herein in accordance with the requirements of the Central Bank which does not issue a list of approved markets.

## Supplement – Barings Asia Balanced Fund

### Investment Objective and Policies

The Barings Asia Balanced Fund is aimed specifically, but not exclusively, at meeting the investment requirements of Hong Kong-based retirement schemes and its investment objective and policies have been tailored accordingly, namely, to achieve a long-term annualised real rate of return in excess of 2% per annum above Hong Kong wage inflation, when measured in Hong Kong Dollar terms. Accordingly, it is the intention of the Manager that the Fund will normally include a diversified range of international equities and debt securities, generally with a significant exposure to Asian equities. Investment may also be made in cash and Money Market Instruments where considered appropriate in light of market conditions.

Equities include equity-related instruments such as convertible securities, warrants, depository receipts and other equity-related securities.

The debt securities in which the assets of the Fund may be invested from time to time may include both fixed and floating rate securities issued by governments, local authorities, public international bodies and corporate issuers rated at least BBB- by Standard & Poor's rating agency or which are, in the opinion of the Manager, of similar credit status.

The Manager intends that approximately 35% of the assets of the Fund will be invested in Asian equities such as equities listed in Hong Kong, Japan, Singapore, Malaysia, Korea and Thailand, approximately 40% in equities listed in other markets and approximately 25% in fixed income securities denominated in major currencies. However, this is an indication only of the intended initial asset allocation and the Manager may change this allocation if they consider it to be in the interests of Unitholders to do so.

The policy of the Manager is to maintain a well-diversified portfolio in terms of asset classes, countries and currencies. In doing so, there will be no limits placed on the proportion of the assets of the Fund which may be invested in any one country other than as set out under "Investment Restrictions" below.

It should be noted that due to the significant exposure to Asian equities the Fund will experience higher volatility than that normally associated with retirement scheme investments in other countries and the possibility of negative returns being experienced by the Fund over short time periods.

The Fund may use financial derivative instruments for efficient portfolio management purposes only and a description of such financial derivative instruments is set out under the heading "Investment in Derivatives".

### Available Unit Classes

	<b>A</b>	<b>C<sup>5</sup></b>
<b>Management Fee<sup>1 2</sup></b>	1.00%	1.00%
<b>Administration Fee<sup>1</sup></b>	0.375%	
<b>Depositary Fee<sup>1</sup></b>	Up to 0.025%	
<b>Base Currency</b>	USD	USD
<b>Unhedged Class Available</b>	Class A USD Acc Class A USD Inc	Class C USD Acc
<b>Distribution Units (Inc) dividend payment dates</b>	Paid monthly no later than the last Business Day of each month	N/A
<b>Minimum Subscription and Holding Level<sup>3</sup></b>	USD 5,000 <sup>4</sup>	USD 5,000 <sup>4</sup>
<b>Subsequent Minimum Investment<sup>3</sup></b>	USD 500 <sup>4</sup>	USD 500 <sup>4</sup>

- <sup>1</sup> *The sum of the Management Fee, Administration Fee and Depositary Fee will not exceed 2%. The Depositary Fee and Administration Fee is payable to the Manager, who pays the Depositary and Administrator.*
- <sup>2</sup> *Where the Net Asset Value of any Fund includes values in respect of interests in any investment fund managed by an associated company of the Manager (a "Barings Fund"), the fee payable to the Manager shall not accrue in respect of any holding of that Fund in any such Barings Fund at the relevant rate set out above but shall accrue at a lower rate equal to the percentage rate (if any) by which the rate for such Fund set out above exceeds the annual rate charged to the Barings Fund for comparable management services.*
- <sup>3</sup> *Or such lower amount as the Manager may determine at its discretion.*
- <sup>4</sup> *Or equivalent amount in Class Currency.*
- <sup>5</sup> *Class C Units will be available to certain distributors who have in place a placing agency or distribution arrangement with the Manager or their delegates.*

## Supplement – Barings World Dynamic Asset Allocation Fund

### Investment Objective and Policies

The investment objective of the Fund is to achieve an absolute return of 4% per annum in excess of cash based on 3 month USD LIBOR over a rolling 3 year period. There is no guarantee that the investment objective of the Fund will be achieved.

The Fund will seek to achieve its investment objective by actively allocating across equities, fixed income, Money Market Instruments and/or cash. These asset classes will be selected by assessing the risk and return profile based on characteristics such as estimated growth, inflation and an assessment of valuation. This analysis will be adjusted dynamically in anticipation of and in response to changes in economic and market conditions with the aim of maximising returns. Investments within each asset class are then selected by analysing the profitability, cash flow, earnings and valuations to determine their attractiveness as investments. In this regard, the Investment Manager will seek to actively allocate the Fund's portfolio of investments across the asset classes listed below which it believes will offer the best opportunities at any given time. The Fund is not subject to any formal limitations on exposure to any specific asset class, country or region.

Equities may include securities listed or traded on eligible stock exchanges and markets as listed below under Investable Countries or Regions and set out in Appendix II, Recognised Exchanges. The Fund may also invest in equity-related securities including American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs). Any direct investments in the equity of unlisted companies will be limited to enterprises engaging in finance, aged care service, healthcare, energy, resources, automobile service or modern agriculture.

Fixed income securities may comprise securities issued or guaranteed by governments, international financial organisations, supranationals, agencies and companies and shall be issued within, listed or traded on the markets or exchanges in accordance with the list below under Investable Countries or Regions and set out in Appendix II, Recognised Exchanges. Debt securities in which the Fund may invest include fixed and floating rate bonds, inflation-protected bonds, debentures, convertible bonds and certificates of deposit. Convertible bonds shall be listed or traded on the markets and exchanges as detailed below under Investable Countries or Regions and set out in Appendix II, Recognised Exchanges.

Fixed income securities will be rated at least a BBB- (or equivalent) by an internationally recognised credit rating agency such as Standard & Poor's. Where a fixed income security is exempted from the credit rating requirements as set down by an internationally recognised credit rating agency such as Standard & Poor's, its issuer shall have a credit rating of at least BBB- (or equivalent). The fixed income securities issued overseas by the Chinese Government will not be subject to the restrictions on credit ratings.

Investment may also be made in Money Market Instruments or products with a term of not more than one year, including reverse repurchase agreements (which shall be used for efficient portfolio management purposes only), commercial bills, bank bills, large-sum negotiable deposit certificates, short-term government bonds and overnight loans. Money Market Instruments or products shall be issued within or traded on the markets or exchanges in accordance with the list below under Investable Countries or Regions and set out in Appendix II, Recognised Exchanges. The issuers of Money Market Instruments (including securities used as collateral under reverse repurchase agreements) shall have at least an A rating (or equivalent) by an internationally recognised credit rating agency such as Standard & Poor's.

The Fund's investments will be from the following Investable Countries or Regions which will be listed or traded on Recognised Exchanges set out in Appendix II: Australia, Austria, Belgium, Brazil, Canada, Chile, China, Columbia, Czech Republic, Egypt, Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Korea, the Netherlands, Luxembourg, Malaysia, Mexico, Morocco, New Zealand, Norway, Peru, Philippines, Poland, Portugal, Russia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom and United States. This list of Investable Countries or Regions may be revised from time to time.

The Fund may engage in currency transactions to hedge against foreign currency exposure. Currency exposure may be provided by investment in currency instruments and financial derivative instruments including spot and forward foreign exchange contracts and futures as described below:

The Fund may use derivatives for hedging purposes to avert and control the risk in the Fund.

The following are derivatives that may be used by the Fund.

- Futures

- Options
- Forward currency contracts
- Non-deliverable forwards
- Interest rate forwards and swaps
- Total return swaps
- Warrants
- Credit default swaps (CDS)

The Fund may:

- sell or buy futures on securities indices, bonds, currencies and interest rates to manage exposure or hedge exposure of the underlying investments.
- sell or buy currency options to hedge against the local currencies in order to reduce currency risk. The Fund can also buy or sell options on bonds, equities and indices in order to reduce risk.
- use forward currency contracts and non-deliverable forwards to hedge against specific currency exposure.
- utilise interest rate swaps which allow the Fund to manage its interest rate exposures, e.g. to hedge against or reduce interest rate risk arising from holding debt securities. Interest rate swaps could include currency swaps to enable the Fund to manage its currency exposure in addition to the interest rate exposure.
- purchase total return swaps to manage the Fund's exposure for example, to certain equity or debt securities or equity or bond indices.
- sell or buy credit default swaps (CDS) to hedge against or reduce credit risk.

The underlying exposure of the above derivative instruments is to equity and debt securities, money market instruments, interest rates, currencies and indices in which the Fund may invest.

The Fund may trade on the following recognised derivative exchanges: CME Group in the United States, Sydney Futures Exchange in Australia, NYSE Euronext Brussels in Brussels, The Montreal Exchange in Canada, NYSE Euronext LIFFE in the United Kingdom, NYSE Euronext Paris in France, EUREX in Germany and Switzerland, NYSE Euronext Amsterdam in the Netherlands, Shanghai Futures Exchange in China, Hong Kong Futures Exchange (HKFE) in Hong Kong, Tokyo Stock Exchange (TSE) and Osaka Securities Exchange in Japan, Korea Exchange (KRX) in Korea and Singapore Exchange (SGX) in Singapore. The merger by any of the two exchanges above or a new merged exchange will be deemed as approved. This list of recognised derivative exchanges may be revised from time to time.

As the Fund may use derivatives for hedging purposes only, the Fund is therefore considered to involve average risk. The Fund is permitted to engage to a limited extent in leverage through the use of financial derivative instruments for hedging as described in the section "Borrowings and Leverage".

#### Available Unit Classes

	<b>A</b>	<b>I</b>	<b>X<sup>3</sup></b>
<b>Management Fee</b>	1.00%	0.55%	N/A
<b>Administration Fee</b>	0.10%		
<b>Depositary Fee</b>	Up to 0.025%		
<b>Base Currency</b>	USD	USD	USD
<b>Hedged Class Available</b>	Class A AUD Hedged Acc Class A AUD Hedged Inc Class A RMB Hedged Acc Class A RMB Hedged Inc	Class I RMB Hedged Acc Class I KRW Hedged Acc Class I TWD Hedged Acc	Class X KRW Hedged Acc
<b>Unhedged Class Available</b>	Class A USD Acc Class A HKD Acc Class A HKD Inc	Class I USD Acc Class I HKD Acc	N/A
<b>Distribution Units (Inc) dividend payment dates</b>	Paid twice yearly, not later than the last Business Day of August and the last	N/A	N/A

	Business Day of February in each year		
<b>Minimum Subscription and Holding Level <sup>1</sup></b>	USD 5,000 <sup>2</sup>	USD 10,000,000 <sup>2</sup>	USD 10,000,000 <sup>2</sup>
<b>Subsequent Minimum Investment <sup>1</sup></b>	USD 500 <sup>2</sup>	USD 100,000 <sup>2</sup>	USD 100,000 <sup>2</sup>

<sup>1</sup> Or such lower amount as the Manager may determine at its discretion

<sup>2</sup> Or equivalent amount in Class Currency.

<sup>3</sup> In respect of Class X Units, no Management Fees are taken in the Fund. Management Fees are subject to a separate agreement between the investor and the Investment Manager or their associates. Class X Units may only be issued to investors who have in place an agreement with the Investment Manager in relation to the collection of an investment management fee or similar fee arrangement.

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**Important information:**

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

**Disclosure:**

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**BARINGS**

The Barings logo consists of the word "BARINGS" in a bold, dark blue, sans-serif font. Below the text is a horizontal line with a green-to-blue gradient.