

# Barings Europe Select Fund

Dated [●] 2018

This Supplement contains specific information in relation to the Barings Europe Select Fund (the "Fund") a sub-fund of Barings Investment Funds plc (the "Company"), an open-ended umbrella type investment company with segregated liability between sub-funds, established as a UCITS pursuant to the provisions of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended).

This Supplement forms part of the prospectus dated 30 April 2018 for the Company (the "Prospectus") and should be read in the context of, and in conjunction with the Prospectus.

Capitalised terms used herein but not defined shall have the meaning ascribed to such terms under the Prospectus.

Share Class	A	B <sup>3</sup>	I	J <sup>3</sup>	X <sup>4</sup>	
Management Fee	1.50%	1.50%	0.75%	0.75%	None	
Administration, Depositary and Operating Fee	[0.45% (Hedged Classes 0.4625%)]	[0.05%]	[0.25% (Hedged Classes 0.2625%)]	[0.05%]	[0.25%]	
Base Currency	EUR	EUR	EUR	EUR	EUR	
Hedged Class Available	Class A CHF Hedged Acc Class A RMB Hedged Acc <sup>5</sup>	Class B CHF Hedged Acc Class B RMB Hedged Acc <sup>5</sup>	Class I CHF Hedged Acc	Class J CHF Hedged Acc	-	
Unhedged Class Available	Class A EUR Acc Class A EUR Inc Class A GBP Inc Class A USD Acc	Class B EUR Acc Class B EUR Inc Class B GBP Inc Class B USD Acc	Class I EUR Acc Class I EUR Inc Class I GBP Inc Class I USD Acc	Class J EUR Acc Class J EUR Inc Class J GBP Inc Class J USD Acc	Class X EUR Acc Class X GBP Acc Class X USD Acc	
Distribution Shares (Inc) dividend payment dates <sup>1</sup>	Paid semi-annually no later than 31 January and 31 July in each year					
Minimum Subscription and Holding Level <sup>2</sup>	CHF Classes	CHF 5,000	CHF 5,000	CHF 10,000,000	CHF 10,000,000	-
	EUR Classes	EUR 5,000	EUR 5,000	EUR 10,000,000	EUR 10,000,000	At Directors' discretion
	GBP Classes	GBP 1,000	GBP 1,000	GBP 10,000,000	GBP 10,000,000	At Directors' discretion
	RMB Classes	USD 5,000 <sup>6</sup>	USD 5,000 <sup>6</sup>	-	-	-
	USD Classes	USD 5,000	USD 5,000	USD 10,000,000	USD 10,000,000	At Directors' discretion
Subsequent Minimum Investment <sup>2</sup>	CHF Classes	CHF 1,000	CHF 1,000	CHF 1,000	CHF 1,000	-
	EUR Classes	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	At Directors' discretion
	GBP Classes	GBP 500	GBP 500	GBP 500	GBP 500	At Directors' discretion
	RMB Classes	USD 2,500 <sup>6</sup>	USD 2,500 <sup>6</sup>	-	-	-
	USD Classes	USD 2,500	USD 2,500	USD 2,500	USD 2,500	At Directors' discretion

<sup>1</sup> Distributions will be paid out of surplus net income and/or any capital gains less realised and unrealised capital losses attributable to the Fund or Class of the Fund in respect of each Accounting Period.

<sup>2</sup> or such lower amount as the Directors may determine at their discretion. Any increase in the Minimum Investment/Minimum Holding will be notified to Shareholders in advance.

<sup>3</sup> Please note that these Share Classes are only available to investors at the discretion of the Investment Manager or Manager

<sup>4</sup> The annual management fee is subject to a separate agreement with the Investment Manager and is not paid from the Net Asset Value of the Class X Share. Class X Shares may only be issued to investors who have in place an agreement with the Investment Manager or Manager in relation to the collection of an investment management fee or similar fee arrangement.

<sup>5</sup> The RMB Hedged Acc Share Classes are denominated and priced in RMB. All subscriptions and redemptions should be placed in offshore RMB (CNH) and will be settled in offshore RMB (CNH).

<sup>6</sup> HKD or RMB equivalent of the US\$ amounts specified.

## **Dealing Day**

Each Business Day.

## **Investment Objective and Policies**

The investment objective of the Fund is to achieve long-term capital growth by investing in Europe excluding the United Kingdom.

The Fund will seek to achieve its investment objective by investing at least 75% of its total assets directly and indirectly in equities and equity-related securities of smaller companies incorporated in, or exercising the predominant part of their economic activity, or quoted or traded on the stock exchanges in Europe excluding the United Kingdom.

Smaller European companies can be defined as those companies which are constituents of the bottom 30% of total market capitalisation of Europe's listed companies (this excludes companies in the United Kingdom).

For the remainder of its total assets, the Fund may invest outside of Europe, as well as in larger companies, and in fixed income and cash. The Fund will only invest in securities that are traded on markets and exchanges drawn from the list contained in Appendix II of the Prospectus.

In order to implement the investment policy the Fund may gain exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Fund may also invest up to 10% of its net assets in collective investment schemes.

With the intention that the Fund is eligible to the PEA regime (Plan d'Épargne en Actions equity savings plan) in France, the Fund will invest at least 75% of its assets in equities and warrants issued by companies where the head office is in the European Union (EU) or a European Economic Area (EEA) Country, except Lichtenstein.

Pursuant to the Investmentsteuergesetz (2018), the Fund intends to meet the requirements to be classified as being an "equity fund" and will invest at least 50% of its assets in direct equities.

## **Strategy**

The Investment Manager believes that equity markets are inefficient (and do not always correctly value securities) and seeks to identify these inefficiencies through the analysis of a company's business model whilst incorporating wider economic and social governance trends, often referred to as fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

GARP seeks to identify reasonably priced growth companies whose qualities are unrecognised by market participants by performing structured fundamental analysis (as described below) with a disciplined investment process. The evaluation of growth companies' includes analysis of their future financial performance as well as their business model and management style, while focussing on long-term earnings growth of three to five years to find investment opportunities.

The Investment Manager's strategy favours companies with well-established or improving business franchises, profitability focused, minority shareholder friendly management and balance sheets that enable the company to

execute its business strategy. The Investment Manager regards these companies as higher quality as they provide transparency and allow investment professionals to forecast earnings with greater confidence. This allows the investment manager to offer funds which should exhibit lower volatility over time.

#### *Derivatives*

The Fund may also invest in derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management, which includes hedging. Investors are referred to the heading “Investment in Derivatives” in the Prospectus for a description of the commercial purpose of these derivatives.

The Fund will employ a risk management process which enables it to measure, monitor and manage the various risks associated with derivatives and other securities that embed a derivative element.

When derivatives are used the Fund will be leveraged through the leverage inherent in the use of derivatives. As certain equity-related securities (as described in “Investment Objective and Policies” above) in which the Fund invests may contain an embedded derivative element, such as debt securities convertible into equities or structured notes, any leverage arising from investment in such instruments will be accurately monitored, measured and managed in accordance with the risk management process in place for the Fund. The Fund will use the commitment approach to calculate its global exposure, as described in detail in the risk management process of the Investment Manager. In no circumstances will the global exposure of the Fund using the commitment approach exceed 100% of its Net Asset Value.

As of the date of this Supplement, it is not proposed to use repurchase agreements, reverse repurchase agreements or engage in stocklending on behalf of the Fund. In the event that the Fund does propose to utilise such techniques and instruments, Shareholders will be notified and the Supplement will be revised in accordance with the requirements of the Central Bank.

#### *Total Return Swaps*

Where the Fund engages in total return swaps for efficient portfolio management purposes, the Investment Manager anticipates that the Fund’s exposure to total return swaps is likely to remain within the limits specified in the table below.

<b><i>Fund Name</i></b>	<b><i>Expected exposure calculated using the sum of the notionals as a % of the Net Asset Value of the Fund</i></b>	<b><i>Maximum exposure calculated using the sum of the notionals as a % of the Net Asset Value of the Fund</i></b>
<b><i>Barings Europe Select Fund</i></b>	0-10%	25%

#### **Profile of a Typical Investor**

The Fund is capable of being marketed to all types of investors subject to compliance with applicable legal and regulatory requirements in the relevant jurisdiction(s).

#### **Risk Considerations**

Investors should refer to the risk factors under the heading “Risk Considerations” of the Prospectus for details of the risk factors described therein which may apply to the Fund.

#### **Issue of Shares**

##### *Offer Period*

The Offer Period shall commence at 9.00 am (Irish time) on [●] 2018 and end at noon (Irish time) on [●] 2018 or such other date and/or time as the Directors may agree and notify to the Central Bank.

##### *Offer Price*

Shares will be issued at either (a) the initial offer price of [EUR100] in respect of Euro denominated Classes, [GBP100] in respect of Sterling denominated Classes, [USD 100] in respect of USD denominated Classes and the relevant currency equivalent of [USD100] in respect of Classes denominated in all other currencies; or b) the latest available Net Asset Value per Share equivalent to the relevant class of Class A, Class B, Class I, Class J or Class X (adjusted for currency conversion at the prevailing rate); or c) an initial offer price as determined by the Directors.

**Fees**

The general management and fund charges and shareholder fees are set out in the Prospectus under the heading "Charges and Expenses" and in the table above.

**Establishment Cost**

The cost of establishing the Fund will be paid by the Investment Manager. The establishment expenses will include legal, regulatory and listing expenses and initial market registration charges.