# 2024 ANNUAL REPORT

# BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND

Barings Global Short Duration High Yield Fund
c/o Barings LLC
300 S Tryon St.
Suite 2500
Charlotte, NC 28202
704.805.7200
http://www.Barings.com/bgh

ADVISER
Barings LLC
300 S Tryon St.
Suite 2500
Charlotte, NC 28202

SUB-ADVISOR
Baring International Investment Limited
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London EC4M 78F UK

COUNSEL TO THE FUND
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New York, NY, 10036-6797

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
620 S. Tryon Street
Suite 1000
Charlotte, NC 28202

CUSTODIAN
US Bank
MK-WI-S302
1555 N. River Center Drive
Milwaukee, WI 53212

TRANSFER AGENT & REGISTRAR
U.S. Bancorp Fund Services, LLC, d/b/a
U.S. Bank Global Fund Services
615 E. Michigan St.
Milwaukee, WI 53202

FUND ADMINISTRATION/ACCOUNTING
U.S. Bancorp Fund Services, LLC, d/b/a
U.S. Bank Global Fund Services
615 E. Michigan St.
Milwaukee, WI 53202

BGH
LISTED
NYSE

PROXY VOTING POLICIES & PROCEDURES
The Trustees of Barings Global Short Duration High Yield Fund (the "Fund") have delegated proxy voting responsibilities relating to the voting of securities held by the Fund to Barings LLC ("Barings"). A description of Barings' proxy voting policies and procedures is available (1) without charge, upon request, by calling, toll-free 1-866-399-1516; (2) on the Fund's website at http://www.barings.com/bgh; and (3) on the U.S. Securities and Exchange Commission's ("SEC") website at http://www.sec.gov.

FORM N-PORT PART F
The Fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Part F of Form N-PORT. This information is available (1) on the SEC's website at http://www.sec.gov; and (2) at the SEC's Public Reference Room in Washington, DC (which information on their operation may be obtained by calling 1-800-SEC-0330). A complete schedule of portfolio holdings as of each quarter-end is available on the Fund's website at http://www.barings.com/bgh or upon request by calling, toll-free, 1-866-399-1516.

CERTIFICATIONS
The Fund's President has submitted to the NYSE the annual CEO Certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

LEGAL MATTERS
The Fund has entered into contractual arrangements with an investment adviser, transfer agent and custodian (collectively "service providers") who each provide services to the Fund. Shareholders are not parties to, or intended beneficiaries of, these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the Fund.

Under the Fund's Bylaws, any claims asserted against or on behalf of the Fund, including claims against Trustees and officers must be brought in courts located within the Commonwealth of Massachusetts.

The Fund's registration statement and this shareholder report are not contracts between the Fund and its shareholders and do not give rise to any contractual rights or obligations or any shareholder rights other than any rights conferred explicitly by federal or state securities laws that may not be waived.

# OFFICERS OF THE FUND

Sean Feeley
*President*

Christopher Hanscom
*Chief Financial Officer*

Andrea Nitzan
*Treasurer*

Itzbell Branca
*Chief Compliance Officer*

Ashlee Steinnerd
*Chief Legal Officer*

Alexandra Pacini
*Secretary*

Matthew Curtis
*Tax Officer*

Barings Global Short Duration High Yield Fund is a closed-end investment company, first offered to the public in 2012, whose shares are traded on the New York Stock Exchange.

## INVESTMENT OBJECTIVE & POLICY

Barings Global Short Duration High Yield Fund (the "Fund") was organized as a business trust under the laws of the Commonwealth of Massachusetts. The Fund is registered under the Investment Company Act of 1940, as amended, as a de facto diversified, closed-end management investment company with its own investment objective. The Fund's common shares are listed on the New York Stock Exchange under the symbol "BGH".

The Fund's primary investment objective is to seek as high a level of current income as the Adviser (as defined herein) determines is consistent with capital preservation. The Fund seeks capital appreciation as a secondary investment objective when consistent with its primary investment objective. There can be no assurance that the Fund will achieve its investment objectives.

The Fund seeks to take advantage of inefficiencies between geographies, primarily the North American and Western European high yield bond and loan markets and within capital structures between bonds and loans. For example, the Fund seeks to take advantage of differences in pricing between bonds and loans of an issuer denominated in U.S. dollars and substantially similar bonds and loans of the same issuer denominated in Euros, potentially allowing the Fund to achieve a higher relative return for the same credit risk exposure.

## Dear Fellow Shareholders,

We present the 2024 Annual Report for the Barings Global Short Duration High Yield Fund (the "Fund") to recap portfolio performance and positioning. We believe our Global High Yield Investments Group is one of the largest teams in the market primarily focused on North American and Western European credit. Utilizing the Group's unparalleled expertise, deep resources and time-tested process, we believe we can provide investors with an attractive level of current income while navigating the challenging times that may still lie ahead and continuing to uncover compelling opportunities across the global high yield market.

The Fund's strategy focuses primarily on North American and Western European high yield companies, with the flexibility to dynamically shift the geographic weighting in order to capture, in our opinion, the best risk-adjusted investment opportunities. Inflationary, economic, and geopolitical dynamics are poised to evolve in coming periods, and Barings' global capabilities on the ground in major markets allow for us to be nimble in these times and take advantage of unique opportunities as they arise. In addition, the strategy focuses closely on limiting the duration of the Fund, while maintaining what we consider to be a reasonable amount of leverage.

## Market Review

High yield bonds were once again a top performing subsector within global fixed income markets in 2024 due to a combination of elevated all-in yields as well as tightening spreads, supporting 8.5% total return for the year. Risk asset volatility as measured by the VIX index remained muted with the exception of a spike in early August following a weak nonfarm payroll report and investor concerns regarding labor market strength. While corporate fundamentals in both the U.S. and Europe moderated from record high levels for a second consecutive year, earnings continued to beat forecasts.

Credit spreads in the U.S. peaked at 402 bps in the third quarter following the aforementioned August labor market print, but quickly retraced by month-end and rallied to close the year at 301 bps. While spreads widened mid-year, yields declined along with front end U.S. Treasuries and closed at 7.55% at year-end. All sectors generated strong absolute returns, led by Healthcare as volumes normalized and labor cost pressures eased. Triple-C rated assets continued to outperform given spread compression combined with reduced duration, as intermediate and longer-term rates rose despite cuts at the front-end of the curve. New issuance of $289 bn increased from the prior two years, however with 76% of issuance targeted for refinancing purposes, net supply remained muted. The option-adjusted spread for the European market tightened 93 bps to close at 329 bps, while yield-to-worst fell 84 bps to 5.84%. New issue activity totaled €119 billion for the year.

## Barings Global Short Duration High Yield Fund Overview and Performance

The Fund ended December 2024 with a portfolio of 185 issuers, slightly below prior year-end levels of 191. From a regional perspective, exposure changed slightly from the prior year-end, with exposure to the United States increasing to 82.6% from 80.1%; the United Kingdom remains the second largest exposure at 6.7% (See Country Composition chart below). The Fund's exposure to Rest of World issuers, whose country of risk is outside of the U.S. and Europe but fit within the Fund's developed market focus, decreased from the previous year-end to 2.0% from 5.9%. The Fund's primary exposure continues to be in the North American market, which features the most robust opportunity set across fixed income markets.

As of December 31, 2024, the Fund's positioning across the credit quality spectrum was as follows: 25.6% double-B rated and above, 45.8% single-B rated, and 26.8% triple-C rated and below, with approximately 34% of the portfolio consisting of secured obligations. Compared to the end of the prior period, the Fund's exposure to higher-rated credits decreased, primarily due to the increase in single-B securities. Non-publicly rated securities represented 5.2%.

The distribution per share was constant through the end of October at $0.1056 per share, before increasing to $0.1223 per share in November and December. The Fund's share price and net asset value ("NAV") ended the reporting period at $15.44 and $15.80, respectively, or at a 2.28% discount to NAV. Based on the Fund's share price and NAV on December 31, 2024, the Fund's market price and NAV distribution rates—using the most recent monthly dividend, on an annualized basis—were 9.29% and 9.51%, respectively. Assets acquired through leverage, which represented 30.4% of the Fund's total assets at the end of December, were accretive to net investment income and benefited shareholders.

For fiscal year 2024, the NAV total return for the Fund was 14.92%, outperforming the global high yield bond market, as measured by the ICE Bank of America Non-Financial Developed Markets High Yield Constrained Index (HNDC), which returned 8.52% on a hedged to the U.S. dollar basis. From a market value perspective, the total return year-to-date through December 31, 2024 was 27.01%. Performance during the year was driven by strong credit selection and the Fund's floating rate exposure through allocations to second lien senior secured loans and collateralized loan obligations, which continued to benefit in the high-income capture in the current interest rate environment.

## Market Outlook

The backdrop for credit remains solid, as elevated base rates provide investors with attractive coupon income and downside mitigation due to outsized ability to absorb widening spreads, while continued discounts to par and potential for declining interest rates preserve upside potential to total return above coupon levels. Technical tailwinds from strong demand and low supply should weaken modestly as net new paper comes to market, although considering prevailing yield levels and the expected macroeconomic environment, this paper should be well-absorbed by the market. Markets continue to price minimal distress, with default expectations for 2025 at or below 2024's modest levels.

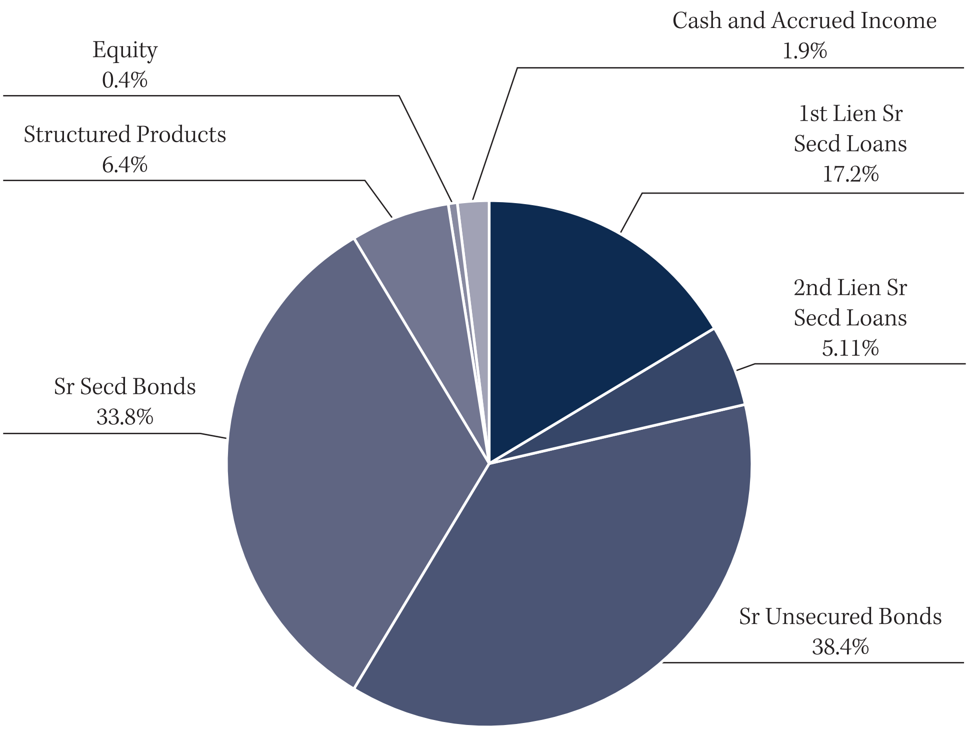
At Barings, we remain committed to focusing on corporate fundamentals as market sentiment can change quickly and unexpectedly. Our focused and disciplined approach emphasizes our fundamental bottom-up research, with the goal of preserving investor capital while seeking to generate income and capture attractive capital appreciation opportunities that may exist through market and economic cycles. On behalf of the Barings team, we continue to take a long-term view of investing despite the recent economic challenges, and look forward to helping you achieve your investment goals.

Sincerely,

Sean Feeley

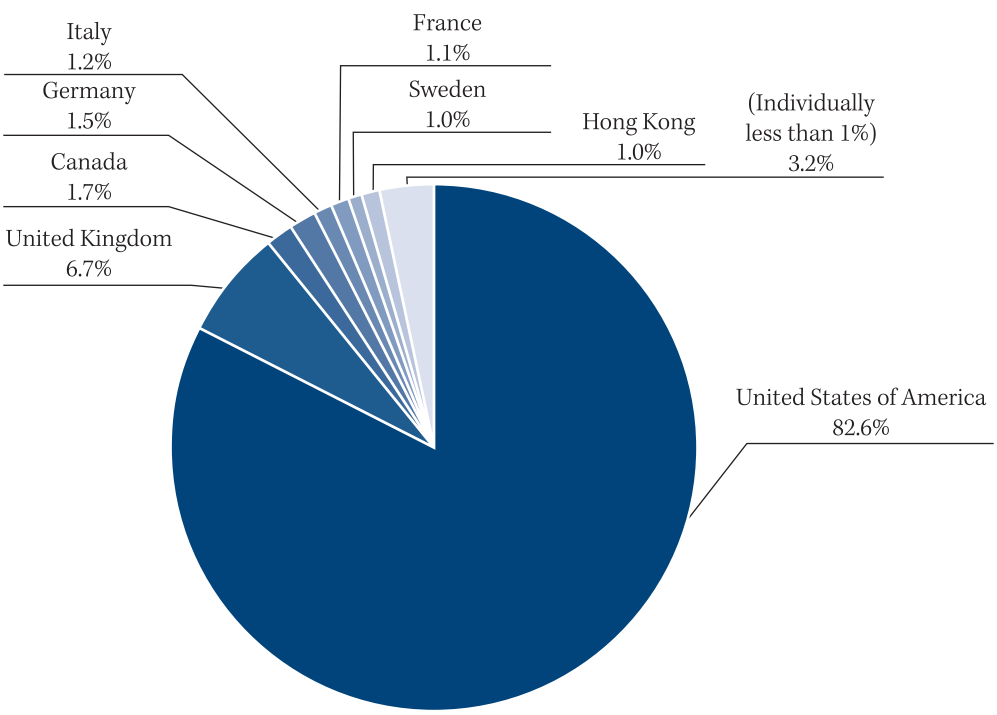
1. Ratings are based on Moody's, S&P and Fitch. If securities are rated differently by the rating agencies, the higher rating is applied and all ratings are converted to the equivalent Moody's major rating category for purposes of the category shown. Credit ratings are based largely on the rating agency's investment analysis at the time of rating and the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition. The rating assigned to a security by a rating agency does not necessarily reflect its assessment of the volatility of the security's market value or of the liquidity of an investment in the security. Ratings of Baa3 or higher by Moody's and BBB- or higher by S&P and Fitch are considered to be investment grade quality.
2. **Past performance is not necessarily indicative of future results. Current performance may be lower or higher.** All performance is net of fees, which is inclusive of advisory fees, administrator fees and interest expenses.

## PORTFOLIO COMPOSITION (% OF ASSETS*)

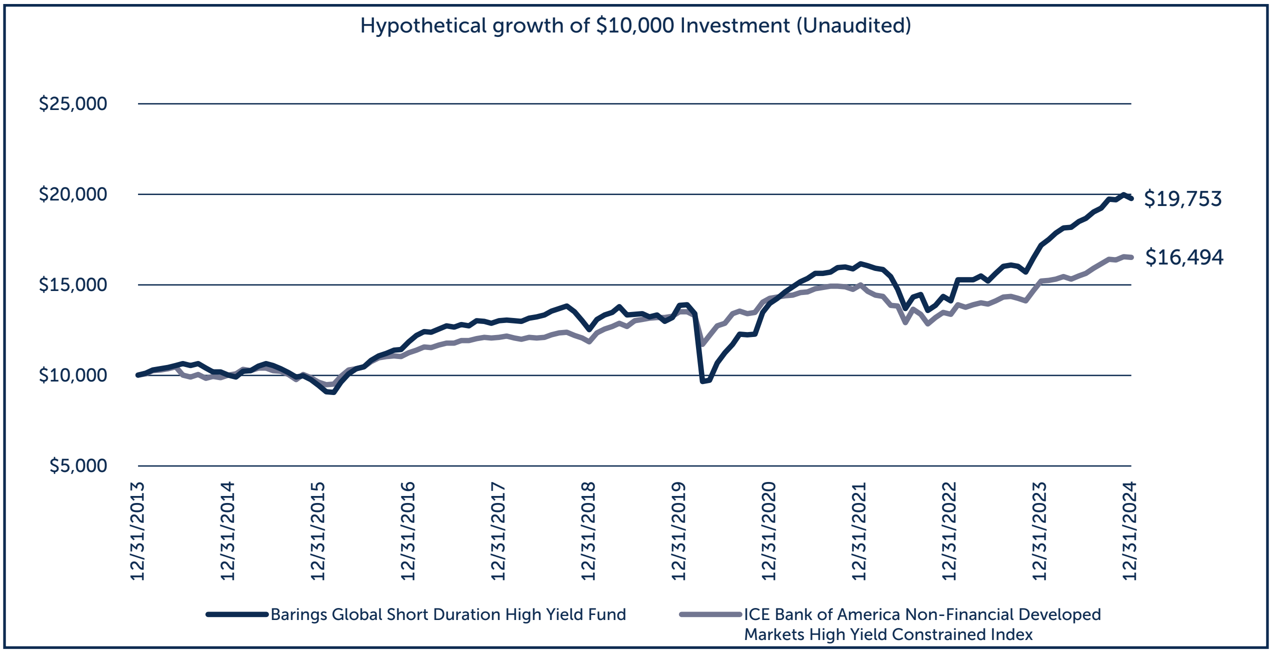



* The percentages shown above represent a percentage of the assets MV. As of December 31, 2024.

## COUNTRY COMPOSITION (% OF ASSETS*)




* The percentages shown above represent a percentage of the assets MV. As of December 31, 2024.




| AVERAGE ANNUAL RETURNS DECEMBER 31, 2024 | 1 YEAR | 5 YEAR | 10 YEAR |
|---|---|---|---|
| Barings Global Short Duration High Yield Fund (BGH) | 14.92% | 6.79% | 6.76% |
| ICE Bank of America Non-Financial Developed Markets High Yield Constrained Index (HNDC) | 8.52% | 4.08% | 5.13% |

*Data for Barings Global Short Duration High Yield Fund (the "Fund") represents returns based on the change in the Fund's net asset value assuming the reinvestment of all dividends and distributions. These returns differ from the total investment return based on market value of the Fund's shares due to the difference between the Fund's net asset value of its shares outstanding (See the Fund's Financial Highlights within this report for total investment return based on market value). Past performance is no guarantee of future results.*

*ICE Bank of America Non-Financial Developed Markets High Yield Constrained Index (HNDC) contains all securities in the ICE Bank of America Global High Yield Index that are non-financials and from developed markets countries, but caps issuer exposure at 2%. Developed markets is defined as an FX G10 member, a Western European nation, or a territory of the U.S. or a Western European nation. Indices are unmanaged. It is not possible to invest directly in an index.*

*The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of the Fund shares.*

# FINANCIAL REPORT

# STATEMENT OF ASSETS AND LIABILITIES

| | DECEMBER 31, 2024 |
|---|---|
| **Assets** | |
| Investments, at fair value (cost $457,604,110) | $ 447,628,902 |
| Cash and cash equivalents | 8,292,749 |
| Foreign currency, at fair value (cost $4,951,869) | 4,906,895 |
| Interest receivable | 8,905,473 |
| Receivable for investments sold | 4,031,607 |
| Prepaid expenses and other assets | 174,684 |
| Unrealized appreciation on forward foreign exchange contracts | 930,422 |
| **Total assets** | **474,870,732** |
| **Liabilities** | |
| Credit facility | 144,500,000 |
| Payable for investments purchased | 8,825,658 |
| Dividend payable | 2,453,866 |
| Payable to adviser | 330,195 |
| Excise tax payable on undistributed income | 1,017,542 |
| Accrued expenses and other liabilities | 807,604 |
| **Total liabilities** | **157,934,865** |
| **Total net assets** | **$ 316,935,867** |
| **Net assets:** | |
| Common shares, $0.00001 par value | $ 201 |
| Additional paid-in capital | 464,761,048 |
| Total accumulated loss | (147,825,382) |
| **Total net assets** | **$ 316,935,867** |
| Common shares issued and outstanding (unlimited shares authorized) | **20,064,313** |
| **Net asset value per share** | **$ 15.80** |

See accompanying Notes to the Financial Statements.

# STATEMENT OF OPERATIONS

| | YEAR ENDED DECEMBER 31, 2024 |
|---|---|
| **Investment Income** | |
| Interest income | $ 41,978,226 |
| Other income | 157,040 |
| **Total investment income** | **42,135,266** |
| **Operating Expenses** | |
| Interest expense | 7,128,700 |
| Advisory fees | 3,704,623 |
| Accounting and administration fees | 423,376 |
| Professional fees | 260,395 |
| Other operating expenses | 216,927 |
| Trustee fees | 158,989 |
| Excise tax on undistributed income | 1,017,542 |
| **Total expenses** | **12,910,552** |
| **Net expenses** | **12,910,552** |
| **Net investment income** | **29,224,714** |
| **Realized losses and unrealized appreciation/depreciation on investments and foreign currency related transactions** | |
| Net realized loss on investments | (13,164,172) |
| Net realized gain on forward foreign exchange contracts | 1,883,605 |
| Net realized loss on foreign currency related transactions | (234,377) |
| Net realized loss on investments, forward foreign exchange contracts and foreign currency transactions | (11,514,944) |
| Net change in unrealized appreciation/depreciation on investments | 22,484,422 |
| Net change in unrealized appreciation/depreciation on forward foreign exchange contracts | 1,973,492 |
| Net change in unrealized appreciation/depreciation on foreign currency transactions | (106,565) |
| Net change in unrealized appreciation/depreciation on investments, forward foreign exchange contracts and foreign currency transactions | 24,351,349 |
| **Net realized loss and unrealized appreciation/depreciation on investments and foreign currency transactions** | **12,836,405** |
| **Net increase in net assets resulting from operations** | **$ 42,061,119** |

See accompanying Notes to the Financial Statements.

# STATEMENT OF CASH FLOWS

(Unaudited)

| | |
|---|---|
| **Cash flows from operating activities** | |
| Net increase in net assets resulting from operations | $ 42,061,119 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities: | |
| Purchases of long-term investments | (295,446,007) |
| Proceeds from sales and paydowns of long-term investments | 261,901,137 |
| Proceeds from short-term investment, net | 79,417 |
| Net change in unrealized appreciation/depreciation on investments | (22,484,422) |
| Net change in unrealized depreciation on foreign currency transactions | 106,565 |
| Net realized loss on investments | 13,164,172 |
| Net realized gain on forward foreign exchange contracts | (1,883,605) |
| Net realized loss on foreign currency related transactions | 234,377 |
| Payment in-kind interest | (1,907,416) |
| Amortization and accretion | (2,370,696) |
| Net change in unrealized appreciation/depreciation on forward foreign exchange contracts | (1,973,492) |
| Proceeds from forward foreign exchange contracts | 5,767,949 |
| Payments for forward foreign exchange contracts | (3,884,344) |
| Changes in assets and liabilities: | |
| Decrease in interest receivable | 113,955 |
| Increase in prepaid expenses and other assets | (95,178) |
| Increase in payable to Adviser | 36,138 |
| Increase in excise tax payable on undistributed income | (20,924) |
| Decrease in accrued expenses and other liabilities | (77,449) |
| **Net cash used in operating activities** | **(6,678,704)** |
| Cash flows from financing activities | |
| Advances from credit facility | 45,000,000 |
| Repayments on credit facility | (10,000,000) |
| Distributions paid to common shareholders | (29,773,433) |
| **Net cash used in financing activities** | **5,226,567** |
| Net change in cash | (1,452,137) |
| Cash and cash equivalents (including foreign currency), beginning of year | 14,651,781 |
| **Cash and cash equivalents (including foreign currency), end of year** | **$ 13,199,644** |
| **Supplemental disclosure of cash flow information** | |
| Excise taxes paid | 1,038,466 |
| Interest paid | 7,047,435 |

See accompanying Notes to the Financial Statements.

# STATEMENTS OF CHANGES IN NET ASSETS

| | YEAR ENDED DECEMBER 31, 2024 | YEAR ENDED DECEMBER 31, 2023 |
|---|---|---|
| Operations | | |
| Net investment income | $ 29,224,714 | $ 29,381,331 |
| Net realized loss on investments, forward foreign exchange contracts and foreign currency transactions | (11,514,944) | (14,334,538) |
| Net change in unrealized appreciation/depreciation on investments, forward foreign exchange contracts and foreign currency translation | 24,351,349 | 32,651,134 |
| Net increase in net assets resulting from operations | 42,061,119 | 47,697,927 |
| Distributions to common shareholders | | |
| From distributable earnings | (30,108,508) | (28,756,173) |
| Total Distributions to common shareholders | (30,108,508) | (28,756,173) |
| Total increase in net assets | 11,952,611 | 18,941,754 |
| Net assets | | |
| Beginning of year | 304,983,256 | 286,041,502 |
| End of year | $316,935,867 | $304,983,256 |

See accompanying Notes to the Financial Statements.

# FINANCIAL HIGHLIGHTS

| | YEAR ENDED DECEMBER 31, 2024 | YEAR ENDED DECEMBER 31, 2023 | YEAR ENDED DECEMBER 31, 2022 | YEAR ENDED DECEMBER 31, 2021 | YEAR ENDED DECEMBER 31, 2020 |
|---|---|---|---|---|---|
| Per Common Share Data | | | | | |
| Net asset value, beginning of year | $ 15.20 | $ 14.26 | $ 17.88 | $ 16.68 | $ 18.32 |
| Income from investment operations: | | | | | |
| Net investment income | 1.59 | 1.49 | 1.46 | 1.72 | 1.59 |
| Net realized gain (loss) and unrealized appreciation/ depreciation on investments and foreign currency transactions | 0.51 | 0.88 | (3.81) | 0.75 | (1.86) |
| **Total increase (decrease) from investment operations** | **2.10** | **2.37** | **(2.35)** | **2.47** | **(0.27)** |
| Less distributions to common stockholders: | | | | | |
| Net investment income | (1.50) | (1.43) | (1.27) | (1.27) | (1.37) |
| **Total distributions to common stockholders** | **(1.50)** | **(1.43)** | **(1.27)** | **(1.27)** | **(1.37)** |
| Net asset value, end of year | $ 15.80 | $ 15.20 | $ 14.26 | $ 17.88 | $ 16.68 |
| Per common share market value, end of year | $ 15.44 | $ 13.44 | $ 12.68 | $ 17.34 | $ 15.09 |
| **Total investment return based on net asset value** (1) | **14.92%** | **19.23%** | **(12.88)%** | **15.71%** | **0.79%** |
| **Total investment return based on market value** (1) | **27.01%** | **18.09%** | **(19.98)%** | **23.97%** | **(4.65)%** |
| Supplemental Data and Ratios | | | | | |
| Net assets, end of year (000's) | $316,936 | $304,983 | $286,042 | $358,672 | $334,576 |
| Ratio of expenses (before reductions and reimbursements) to average net assets | 4.06% | 3.95% | 2.73% (2) | 2.17% (2) | 2.32% (2) |
| Ratio of expenses (after reductions and reimbursements) to average net assets | 4.08% | 3.95% | 2.60% | 1.95% | 2.23% |
| Ratio of net investment income (before reductions and reimbursements) to average net assets | 9.20% | 9.98% | 9.17% (2) | 8.54% (2) | 10.53% (2) |
| Ratio of net investment income (after reductions and reimbursements) to average net assets | 9.20% | 9.98% | 9.31% | 8.76% | 10.61% |
| Portfolio turnover rate | 70.34% | 49.94% | 34.04% | 52.08% | 42.21% |

(1) Total investment return calculation assumes reinvestment of dividends at actual prices pursuant to the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(2) Effective August 6, 2020 the Adviser began waiving a portion of it's management and other fees equal to an annual rate of 0.150% of the Fund's managed assets. The waiver expired on August 31, 2022 (see Note 3).

**See accompanying Notes to the Financial Statements.**

# SCHEDULE OF INVESTMENTS

December 31, 2024

| | SHARES | COST | FAIR VALUE |
|---|---|---|---|
| Equities* — 0.58%: | | | |
| Common Stocks — 0.56%: | | | |
| Flint Group Ordinary A Shares Stapled to 2L¤+ | 1,395,572 | $149 | $— |
| ESC CB 144A High Ridge¤ | 2,982 | — | — |
| KCA Deutag Ordinary A Shares | 25,580 | 1,103,387 | 1,777,810 |
| Travelex Private Equity Stapled to 12.5% New Money Notes¤+ | 16,764 | 1 | — |
| Naviera Armas¤+ | 14,621,136 | — | — |
| Total Common Stocks | 16,062,034 | 1,103,537 | 1,777,810 |
| Warrant — 0.02%: | | | |
| Travelex Topco Limited¤+ | 2,218 | — | 49,981 |
| Total Warrant | 2,218 | — | 49,981 |
| Total Equities | 16,064,252 | 1,103,537 | 1,827,791 |

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Fixed Income — 140.66%: | | | | | |
| Asset-Backed Securities — 9.11%: | | | | | |
| CDO/CLO — 9.11%: | | | | | |
| 610 FDG 2016-2R CLO LTD, 3M SOFR + 7.510%+~^# | 12.13% | 1/20/2034 | $1,550,000 | $1,534,190 | $1,550,773 |
| Anchorage Capital CLO LTD, 3M SOFR + 7.000%+^~# | 11.37 | 1/20/2035 | 1,000,000 | 1,000,000 | 1,000,000 |
| Ares CLO LTD, 3M SOFR + 6.750%+^~# | 11.30 | 10/28/2034 | 1,700,000 | 1,700,000 | 1,713,597 |
| Bain CAP CR CLO 2020-2R LTD, 3M SOFR + 6.610%+~^# | 11.49 | 7/19/2034 | 1,000,000 | 990,000 | 1,004,100 |
| Canyon CLO LTD 2019-2R, 3M SOFR + 6.750%+~^# | 10.65 | 1/15/2036 | 1,400,000 | 1,400,000 | 1,402,426 |
| Canyon CLO LTD 2019-2R, 3M SOFR + 6.750%+~^# | 11.67 | 10/15/2034 | 1,000,000 | 1,000,000 | 1,002,735 |
| Carbone CLO, LTD 2017-1A, 3M SOFR + 5.900%+~^# | 10.78 | 1/20/2031 | 750,000 | 750,000 | 752,105 |
| CIFC Funding 2020-1 LTD, 3M SOFR + 6.250%+~^# | 11.17 | 7/15/2036 | 1,900,000 | 1,900,000 | 1,910,019 |
| GoldenTree Loan Management 2018-3A, 3M SOFR + 6.500%+~^# | 11.38 | 4/20/2030 | 1,500,000 | 1,479,350 | 1,462,128 |
| KKR Financial CLO LTD 2017-20, 3M SOFR + 5.500%+~^# | 10.41 | 10/16/2030 | 1,500,000 | 1,500,000 | 1,505,144 |
| KKR Financial CLO LTD 34-2, 3M SOFR + 6.850%+~^# | 11.77 | 7/15/2034 | 2,000,000 | 1,980,000 | 2,007,754 |
| KVK 2016-1A ER2, 3M SOFR + 7.350%+~^# | 12.27 | 10/15/2034 | 1,500,000 | 1,485,000 | 1,237,709 |
| Madison Park Funding LTD 2018-29A, 3M SOFR + 7.570%+~^ | 12.46 | 10/18/2030 | 2,000,000 | 1,960,000 | 1,920,046 |
| Madison Park Funding LTD XXXV 2019-35R E-R, 3M SOFR + 6.100%+~^# | 10.98 | 4/20/2032 | 1,400,000 | 1,400,000 | 1,405,055 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Asset-Backed Securities (Continued) | | | | | |
| CDO/CLO (Continued) | | | | | |
| Octagon 2021-57 LTD, 3M SOFR + 6.600%+~^# | 11.52% | 10/15/2034 | $1,500,000 | $1,500,000 | $1,503,981 |
| Sound Point CLO XVIII 2018-18D, 3M SOFR + 5.500%+~^# | 10.38 | 1/21/2031 | 2,000,000 | 2,000,000 | 1,442,984 |
| Sound Point CLO LTD 2020-27R, 3M SOFR + 6.560% E-R+~^# | 11.45 | 10/25/2034 | 1,400,000 | 1,372,000 | 1,280,366 |
| Sound Point CLO LTD Series 2020-1A Class ER, 3M SOFR + 6.860%+~^# | 11.74 | 7/20/2034 | 1,600,000 | 1,584,000 | 1,488,901 |
| Wellfleet CLO LTD 2017-3A, 3M SOFR + 5.550%+~^# | 10.46 | 1/17/2031 | 1,500,000 | 1,500,000 | 1,436,624 |
| Wind River 2017-1A ER, 3M SOFR + 7.060%+~^# | 11.95 | 4/18/2036 | 2,000,000 | 1,960,000 | 1,858,826 |
| Total CDO/CLO | | | 30,200,000 | 29,994,540 | 28,885,273 |
| Total Asset-Backed Securities | | | 30,200,000 | 29,994,540 | 28,885,273 |
| Bank Loans§ — 27.77%: | | | | | |
| Beverage, Food and Tobacco — 0.10%: | | | | | |
| 8th Avenue Food & Provisions, 3M SOFR + 7.7500%~ | 12.44 | 10/1/2026 | 368,204 | 286,256 | 328,884 |
| Total Beverage, Food and Tobacco | | | 368,204 | 286,256 | 328,884 |
| Broadcasting and Entertainment — 1.84%: | | | | | |
| Clear Channel Worldwide Holdings Inc.¤ | 7.50 | 3/31/2027 | 2,400,000 | 2,381,566 | 2,358,000 |
| Learfield Communications, Inc., 3M SOFR + 5.0000%~ | 9.57 | 6/30/2028 | 3,448,099 | 3,377,694 | 3,475,684 |
| Total Broadcasting and Entertainment | | | 5,848,099 | 5,759,260 | 5,833,684 |
| Chemicals, Plastics and Rubber — 2.29%: | | | | | |
| Flint Group 2L, 3M EURIBOR + 6.9000% PIK and 0.1000% Cash~ | 4.99 | 12/31/2027 | 1,805,146 | 608,651 | 309,131 |
| ICP Group 3M SOFR + 3.7500%~ | 8.62 | 1/31/2028 | 5,346,797 | 4,630,796 | 4,769,771 |
| Prince 3M SOFR + 4.2500%~ | 9.06 | 3/30/2029 | 2,198,770 | 2,154,676 | 2,163,964 |
| Total Chemicals, Plastics and Rubber | | | 9,350,713 | 7,394,123 | 7,242,866 |
| Containers, Packaging and Glass — 1.33%: | | | | | |
| Five Star, 3M SOFR + 4.2500%~ | 8.68 | 5/7/2029 | 1,994,898 | 1,965,784 | 1,976,944 |
| Trident Parent, LLC, 3M SOFR + 3.7500%~ | 8.19 | 9/15/2028 | 2,207,991 | 2,207,991 | 2,224,551 |
| Total Containers, Packaging and Glass | | | 4,202,889 | 4,173,775 | 4,201,495 |
| Diversified/Conglomerate Service — 3.07%: | | | | | |
| Citrix EM, 3M SOFR + 3.7500%~ | 8.45 | 3/21/2031 | 558,239 | 558,239 | 559,434 |
| Citrix EM, 3M SOFR + 3.5000%~ | 8.09 | 3/30/2029 | 2,223,003 | 2,219,945 | 2,227,804 |
| Internet Brands, Inc., 3M SOFR + 4.2500%~ | 8.94 | 4/20/2028 | 2,358,452 | 2,308,967 | 2,358,028 |
| Internet Brands, Inc., 3M SOFR + 4.2500%~ | 8.76 | 12/11/2031 | 2,000,000 | 1,980,000 | 1,980,620 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Bank Loans§ (Continued) | | | | | |
| Diversified/Conglomerate Service (Continued) | | | | | |
| Quest Software, 3M SOFR + 7.5000%~ | 9.65% | 1/19/2029 | $1,339,571 | $1,001,926 | $667,696 |
| Sabre Holdings Corporation, 3M SOFR + 5.0000%~ | 9.67 | 6/30/2028 | 556,328 | 528,878 | 540,795 |
| Sonicwall, Inc., 3M SOFR + 7.5000%~ | 12.25 | 5/18/2026 | 1,506,038 | 1,498,508 | 1,397,603 |
| Total Diversified/Conglomerate Service | | | 10,541,631 | 10,096,463 | 9,731,980 |
| Electronics — 2.91%: | | | | | |
| Precisely 3M SOFR + 4.0000%~ | 8.85 | 4/24/2028 | 5,806,158 | 5,730,814 | 5,707,454 |
| Presidio, Inc., 3M SOFR + 3.5000%~ | 8.07 | 5/8/2031 | 3,492,341 | 3,474,880 | 3,498,907 |
| Total Electronics | | | 9,298,499 | 9,205,694 | 9,206,361 |
| Finance — 7.30%: | | | | | |
| Aspen Insurance Holdings LTD.¤ | 9.25 | 10/15/2028 | 2,765,731 | 2,738,074 | 2,738,074 |
| Aspen Insurance Holdings LTD.¤+ | 9.25 | 10/15/2028 | 4,523,873 | 4,480,384 | 4,478,634 |
| Cetera Financial Group, 3M SOFR + 3.5000%~ | 7.98 | 8/9/2030 | 4,542,676 | 4,440,427 | 4,546,219 |
| Cohesity¤ | 7.75 | 11/1/2031 | 2,738,000 | 2,738,000 | 2,738,000 |
| Cohesity, 3M SOFR + 4.0000%¤~ | 8.65 | 10/30/2031 | 2,713,806 | 2,686,668 | 2,740,944 |
| Gen II Fund Services, LLC, 3M SOFR + 2.7500%~ | 7.34 | 11/6/2031 | 564,964 | 563,551 | 567,082 |
| Kidde Global Solutions~, 3M SOFR + 4.2500% | 8.80 | 10/31/2031 | 2,159,821 | 2,138,223 | 2,150,383 |
| Sunbelt Solomon~, 3M SOFR + 4.2500% | 8.77 | 10/16/2031 | 3,166,784 | 3,135,116 | 3,170,742 |
| Total Finance | | | 23,175,655 | 22,920,443 | 23,130,078 |
| Healthcare and Pharmaceuticals — 0.41%: | | | | | |
| Team Health, 3M SOFR + 5.2500%~ | 9.82 | 3/2/2027 | 1,350,284 | 1,318,904 | 1,303,024 |
| Total Healthcare and Pharmaceuticals | | | 1,350,284 | 1,318,904 | 1,303,024 |
| Healthcare, Education and Childcare — 0.51%: | | | | | |
| LifePoint Health, 3M SOFR + 3.7500%~ | 8.41 | 5/16/2031 | 872,175 | 871,085 | 874,600 |
| Medical Solutions T/L, 3M SOFR + 7.0000%~ | 11.69 | 9/22/2027 | 1,473,684 | 1,458,947 | 736,842 |
| Total Healthcare, Education and Childcare | | | 2,345,859 | 2,330,032 | 1,611,442 |
| High Tech Industries — 0.01%: | | | | | |
| McAfee Enterprise, 3M SOFR + 1.5000% (6.35% PIK)~ | 6.35 | 7/27/2028 | 21,146 | (14,850) | 12,441 |
| McAfee Enterprise, 3M SOFR + 1.5000% (6.35% PIK)~ | 6.35 | 7/27/2028 | 74,434 | 74,434 | 25,015 |
| Total High Tech Industries | | | 95,580 | 59,584 | 37,456 |
| Home and Office Furnishings, Housewares, and Durable Consumer Products — 0.36%: | | | | | |
| Houghton Mifflin Harcourt Pub Inc, 3M SOFR + 5.2500%~ | 9.92 | 4/4/2029 | 1,146,069 | 1,130,310 | 1,126,013 |
| Total Home and Office Furnishings, Housewares, and Durable Consumer Products | | | 1,146,069 | 1,130,310 | 1,126,013 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Bank Loans§ (Continued) | | | | | |
| Hotels, Motels, Inns and Gaming — 0.23%: | | | | | |
| Two Kings Casino, 3M SOFR + 4.7500%~ | 9.28% | 2/28/2032 | $726,000 | $722,370 | $727,365 |
| Total Hotels, Motels, Inns and Gaming | | | 726,000 | 722,370 | 727,365 |
| Insurance — 0.28%: | | | | | |
| Goosehead Insurance, Inc, 3M SOFR + 3.5000%~¤ | 7.94 | 12/11/2031 | 880,999 | 878,797 | 885,404 |
| Total Insurance | | | 880,999 | 878,797 | 885,404 |
| Oil and Gas — 0.43%: | | | | | |
| Freeport LNG Investments, 3M SOFR + 3.5000% | 9.04 | 11/17/2028 | — | 188 | — |
| Ngl Energy Finance Corp. 3M SOFR + 3.7500%~ | 8.32 | 1/27/2031 | 1,368,730 | 1,358,464 | 1,371,015 |
| Total Oil and Gas | | | 1,368,730 | 1,358,652 | 1,371,015 |
| Packaging and Containers — 0.63%: | | | | | |
| Pretium Package Holdings 2nd Lien T/L (9/21), 3M SOFR + 6.7500%~ | 12.07 | 9/21/2029 | 2,770,637 | 2,761,323 | 993,384 |
| Valcour Packaging (MOLD-RITE), 3M SOFR + 1.5000% (2.25% PIK)~ | 6.25 | 10/10/2028 | 1,163,348 | 964,858 | 1,014,440 |
| Total Packaging and Containers | | | 3,933,985 | 3,726,181 | 2,007,824 |
| Personal Transportation — 0.03%: | | | | | |
| Naviera Armas 3M EURIBOR + 10.0000% Cash, 5.00% PIK¤+ | 17.61 | 6/30/2025 | 83,457 | 84,543 | 84,291 |
| Total Personal Transportation | | | 83,457 | 84,543 | 84,291 |
| Printing and Publishing — 0.28%: | | | | | |
| Nielsen Holdings Ltd., 3M SOFR + 5.0000%~ | 9.76 | 4/11/2029 | 983,770 | 906,955 | 880,652 |
| Total Printing and Publishing | | | 983,770 | 906,955 | 880,652 |
| Services: Business — 0.63%: | | | | | |
| The Fidelis Partnership, 3M SOFR + 5.0000%~¤ | 9.83 | 12/31/2031 | 2,000,000 | 1,990,000 | 1,990,000 |
| Total Services: Business | | | 2,000,000 | 1,990,000 | 1,990,000 |
| Telecommunication — 5.13%: | | | | | |
| BMC Software, 3M SOFR + 3.7500%~ | 8.34 | 7/2/2031 | 6,829,994 | 6,835,189 | 6,880,468 |
| BMC Software, 3M SOFR + 5.7500%~ | 10.34 | 7/2/2032 | 5,505,564 | 5,456,335 | 5,418,411 |
| Level III, 3M SOFR + 6.5600%~ | 11.13 | 4/15/2029 | 998,050 | 1,006,303 | 1,016,264 |
| Level III, 3M SOFR + 6.5600% | 11.28 | 4/15/2030 | 1,001,950 | 1,010,363 | 1,019,985 |
| Marlink, 3M SOFR + 4.2500%~ | 9.82 | 6/28/2029 | 987,361 | 975,898 | 991,063 |
| Zayo Group, 3M SOFR + 3.0000%~ | 7.69 | 3/9/2027 | 1,000,000 | 946,300 | 934,580 |
| Total Telecommunication | | | 16,322,919 | 16,230,388 | 16,260,771 |
| Total Bank Loans | | | 94,023,346 | 90,572,730 | 87,960,605 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Convertible Bond — 0.37%: | | | | | |
| Retail Store — 0.37%: | | | | | |
| Ocado Group PLC+# | 6.25% | 8/6/2029 | $1,251,893 | $1,288,773 | $1,170,571 |
| Total Retail Store | | | 1,251,893 | 1,288,773 | 1,170,571 |
| Total Convertible Bond | | | 1,251,893 | 1,288,773 | 1,170,571 |
| Corporate Bonds — 103.41%: | | | | | |
| Aerospace and Defense — 1.42%: | | | | | |
| American Airlines^ | 8.50 | 5/15/2029 | $858,000 | $858,000 | $900,843 |
| Spirit AeroSystems Inc^ | 9.75 | 11/15/2030 | 2,577,000 | 2,629,253 | 2,851,729 |
| Triumph Group, Inc.^ | 9.00 | 3/15/2028 | 709,000 | 709,000 | 738,234 |
| Total Aerospace and Defense | | | 4,144,000 | 4,196,253 | 4,490,806 |
| Automobile — 0.80%: | | | | | |
| Automotive Association+# | 6.85 | 7/31/2031 | 563,352 | 566,371 | 575,694 |
| Adient PLC+^ | 8.25 | 4/15/2031 | 870,000 | 870,000 | 887,774 |
| INA-Holding Schaeffler GmbH & Co KG+# | 7.00 | 11/15/2031 | 1,075,726 | 1,075,726 | 1,059,021 |
| Total Automobile | | | 12,469,203 | 2,512,097 | 2,522,489 |
| Banking — 0.35%: | | | | | |
| Macquarie Airfinance Holdings Ltd.+^ | 8.13 | 3/30/2029 | 281,000 | 281,000 | 297,174 |
| Macquarie Airfinance Holdings Ltd.+^ | 8.38 | 5/1/2028 | 788,000 | 788,000 | 825,749 |
| Total Banking | | | 1,069,000 | 1,069,000 | 1,122,923 |
| Beverage, Food and Tobacco — 1.82%: | | | | | |
| Bellis Acquisition Co+# | 8.13 | 5/14/2030 | 1,251,893 | 1,269,308 | 1,210,858 |
| La Doria SpA, 3M EURIBOR + 4.5000%+~ | 7.55 | 11/12/2029 | 569,718 | 590,015 | 578,264 |
| Rise Baking^ | 8.63 | 11/1/2031 | 2,091,000 | 2,090,270 | 2,054,107 |
| Walgreens | 8.13 | 8/15/2029 | 1,957,000 | 1,979,916 | 1,937,197 |
| Total Beverage, Food and Tobacco | | | 5,869,611 | 5,929,509 | 5,780,426 |
| Broadcasting and Entertainment — 4.86%: | | | | | |
| Altice USA Inc.^ | 11.75 | 1/31/2029 | 2,723,000 | 2,683,421 | 2,691,911 |
| Banijay+ | 6.50 | 3/1/2026 | 3,832,648 | 3,930,237 | 3,833,606 |
| Clear Channel Worldwide Holdings Inc.^ | 9.00 | 9/15/2028 | 708,000 | 708,000 | 741,381 |
| Clear Channel Worldwide Holdings Inc.^# | 7.75 | 4/15/2028 | 3,337,000 | 3,389,279 | 3,011,004 |
| Connect Finco Sarl+^ | 9.00 | 9/15/2029 | 1,186,000 | 1,186,000 | 1,080,214 |
| Cox Media Group^# | 8.88 | 6/18/2029 | 744,000 | 545,121 | 558,171 |
| Dish Dbs Corporation | 7.38 | 7/1/2028 | 2,000,000 | 1,622,849 | 1,431,487 |
| Dish Network Corporation^ | 11.75 | 11/15/2027 | 1,770,000 | 1,766,781 | 1,874,830 |
| Gray TV^ | 7.00 | 5/15/2027 | 196,000 | 192,727 | 189,586 |
| Total Broadcasting and Entertainment | | | 16,496,648 | 16,024,415 | 15,412,190 |
| Buildings and Real Estate — 8.81%: | | | | | |
| Knife River Corporation^ | 7.75 | 5/1/2031 | 2,107,000 | 2,121,712 | 2,194,900 |
| Landsea Homes Corp ^ | 8.88 | 4/1/2029 | 2,000,000 | 1,974,197 | 1,998,204 |
| Maison Hold Limited+# | 6.00 | 10/31/2027 | 2,242,141 | 2,347,088 | 2,198,648 |
| New Enterprise Stone & Lime Co.^ | 9.75 | 7/15/2028 | 11,859,000 | 11,991,956 | 12,127,772 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Corporate Bonds (Continued) | | | | | |
| Buildings and Real Estate (Continued) | | | | | |
| Service Properties Trust^ | 8.63% | 11/15/2031 | $545,000 | $537,316 | $567,097 |
| Service Properties Trust | 8.38 | 6/15/2029 | 673,000 | 666,277 | 651,113 |
| Service Properties Trust | 8.88 | 6/15/2032 | 2,330,000 | 2,195,501 | 2,159,063 |
| Smyrna Ready Mix Concrete^ | 8.88 | 11/15/2031 | 1,583,000 | 1,583,000 | 1,659,761 |
| Specialty Building Prod^ | 7.75 | 10/15/2029 | 782,000 | 782,000 | 793,524 |
| The New Home Company^ | 9.25 | 10/1/2029 | 1,369,000 | 1,435,722 | 1,440,797 |
| Wilsonart LLC^ | 11.00 | 8/15/2032 | 2,187,000 | 2,168,008 | 2,143,646 |
| Total Buildings and Real Estate | | | 27,677,141 | 27,802,777 | 27,934,525 |
| Cargo Transport — 4.94%: | | | | | |
| Atlas Corporation+^ | 5.50 | 8/1/2029 | 4,786,000 | 4,093,109 | 4,469,107 |
| Carriage Purchaser Inc.^ | 7.88 | 10/15/2029 | 7,106,000 | 6,477,691 | 6,719,654 |
| OneSky Flight, LLC^ | 8.88 | 12/15/2029 | 1,580,000 | 1,590,254 | 1,581,106 |
| Railworks Hldgs Lp / Railworks Sr^ | 8.25 | 11/15/2028 | 2,881,000 | 2,830,908 | 2,882,746 |
| Total Cargo Transport | | | 16,353,000 | 14,991,962 | 15,652,613 |
| Chemicals, Plastics and Rubber — 3.42%: | | | | | |
| Consolidated Energy Finance SA+^ | 6.50 | 5/15/2026 | 492,000 | 465,061 | 483,390 |
| Consolidated Energy Finance SA+^ | 12.00 | 2/15/2031 | 447,000 | 421,692 | 429,024 |
| Monitchem HoldCo+# | 8.75 | 5/1/2028 | 626,690 | 650,615 | 647,339 |
| Monitchem HoldCo, 3M EURIBOR + 5.2500%+~# | 8.14 | 5/1/2028 | 222,708 | 231,546 | 223,338 |
| Prince^ | 9.00 | 2/15/2030 | 4,540,000 | 4,474,038 | 4,168,596 |
| Proman AG+^ | 5.63 | 10/15/2028 | 3,427,000 | 3,070,016 | 2,786,494 |
| Windsor Holdings III LLC^ | 8.50 | 6/15/2030 | 2,000,000 | 2,000,000 | 2,104,452 |
| Total Chemicals, Plastics and Rubber | | | 11,755,398 | 11,312,968 | 10,842,633 |
| Containers, Packaging and Glass — 4.86%: | | | | | |
| Mauser Packaging Solutions^ | 7.88 | 4/15/2027 | 5,197,000 | 5,197,000 | 5,302,031 |
| Novolex Holdings, Inc.^ | 8.75 | 4/15/2030 | 7,423,000 | 6,867,005 | 7,503,421 |
| SCI Packaging Inc.^ | 9.25 | 4/15/2027 | 1,327,000 | 1,254,707 | 1,342,681 |
| Trident Parent, LLC^ | 12.75 | 12/31/2028 | 1,151,000 | 1,154,387 | 1,269,631 |
| Total Containers, Packaging, and Glass | | | 15,098,000 | 14,473,099 | 15,417,764 |
| Diversified/Conglomerate Manufacturing — 1.07%: | | | | | |
| Alta Equipment Group^ | 9.00 | 6/1/2029 | 2,046,000 | 1,997,170 | 1,951,569 |
| IMA, 3M EURIBOR + 3.7500%+~ | 6.93 | 4/15/2029 | 1,439,833 | 1,490,530 | 1,447,061 |
| Total Diversified/Conglomerate Manufacturing | | | 3,485,833 | 3,487,700 | 3,398,630 |
| Diversified/Conglomerate Service — 15.81%: | | | | | |
| Albion Fing 1 S A R L & Aggre Sr+^ | 8.75 | 4/15/2027 | 1,800,000 | 1,805,363 | 1,835,973 |
| AMS Osram AG+# | 10.50 | 3/30/2029 | 2,592,735 | 2,666,128 | 2,554,310 |
| Citrix EM | 9.00 | 9/30/2029 | 9,615,000 | 9,447,964 | 9,762,049 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Corporate Bonds (Continued) | | | | | |
| Diversified/Conglomerate Service (Continued) | | | | | |
| Citrix EM^ | 8.25% | 6/30/2032 | $1,259,000 | $1,259,000 | $1,297,463 |
| Engineering Group+# | 11.13 | 5/15/2028 | 1,538,238 | 1,627,861 | 1,620,919 |
| Global Infrastructure Solutions, Inc.^ | 7.50 | 4/15/2032 | 5,953,000 | 5,457,848 | 5,889,386 |
| Icahn Enterprises LP | 6.25 | 5/15/2026 | 1,054,000 | 1,014,020 | 1,044,231 |
| Icahn Enterprises LP | 9.00 | 6/15/2030 | 10,709,000 | 10,704,739 | 10,278,164 |
| Icahn Enterprises LP^ | 10.00 | 11/15/2029 | 2,377,000 | 2,377,000 | 2,382,613 |
| Jacobs Entertainment Inc^ | 6.75 | 2/15/2029 | 1,000,000 | 933,603 | 969,135 |
| Mangrove Luxco III Sarl, 3M EURIBOR + 5.0000%+~ | 8.18 | 7/15/2029 | 880,473 | 909,126 | 889,278 |
| Sabre Holdings Corporation^ | 8.63 | 6/1/2027 | 2,354,000 | 2,197,725 | 2,321,602 |
| Sabre Holdings Corporation^ | 10.75 | 11/15/2029 | 2,752,000 | 2,450,478 | 2,839,078 |
| Summer BC Holdco+ | 9.25 | 10/31/2027 | 1,726,693 | 2,066,139 | 1,735,327 |
| Verisure Midholding AB+# | 7.13 | 2/1/2028 | 947,803 | 994,381 | 983,215 |
| Verisure Midholding+ | 5.25 | 2/15/2029 | 3,703,167 | 4,322,555 | 3,706,518 |
| Total Diversified/Conglomerate Service | | | 50,262,109 | 50,233,930 | 50,109,261 |
| Electronics — 0.35%: | | | | | |
| Presidio, Inc.^ | 7.50 | 6/1/2031 | 1,092,000 | 1,092,000 | 1,113,481 |
| Total Electronics | | | 1,092,000 | 1,092,000 | 1,113,481 |
| Finance — 6.79%: | | | | | |
| Arrow Global+ | 9.63 | 12/15/2029 | 751,136 | 760,774 | 749,258 |
| Cerved Group, 3M EURIBOR + 5.250%+~ | 8.14 | 2/15/2029 | 494,101 | 542,554 | 480,136 |
| Cetera Financial Group^ | 10.00 | 8/15/2030 | 1,107,000 | 1,107,000 | 1,208,977 |
| CPUK Finance LTD+# | 7.88 | 8/28/2029 | 625,947 | 624,774 | 642,285 |
| Galaxy Bidco Ltd.+# | 8.13 | 12/19/2029 | 788,693 | 803,346 | 793,512 |
| Grand City Properties+# | 6.13 | 4/16/2173 | 621,510 | 602,769 | 614,130 |
| Hannon Armstrong Sustainable Infrastructure Capital, Inc. (HASI)^ | 8.00 | 6/15/2027 | 428,000 | 428,000 | 446,061 |
| Jefferson Capital^ | 9.50 | 2/15/2029 | 3,000,000 | 3,056,474 | 3,177,783 |
| OneMain Finance Corporation | 7.88 | 3/15/2030 | 600,000 | 596,478 | 625,894 |
| PRA Group^ | 8.38 | 2/1/2028 | 4,518,000 | 4,318,701 | 4,644,495 |
| PRA Group^ | 8.88 | 1/31/2030 | 2,000,000 | 1,992,500 | 2,071,459 |
| Sable International+^ | 7.13 | 10/15/2032 | 1,272,000 | 1,272,000 | 1,241,141 |
| Travelex(12.50%PIK)¤+ | 12.50 | 8/5/2025 | 4,281,943 | 4,471,438 | 4,453,220 |
| Travelex¤+#> | 8.00 | 5/15/2025 | 4,764,914 | 5,097,344 | — |
| TVL FINANCE PLC, 3M EURIBOR + 3.7500%+~ | 6.47 | 6/30/2030 | 362,548 | 375,847 | 360,383 |
| Total Finance | | | 25,615,792 | 26,049,999 | 21,508,734 |
| Healthcare and Pharmaceuticals — 1.63%: | | | | | |
| Cheplapharm+# | 7.50 | 5/15/2030 | 776,888 | 865,808 | 765,235 |
| Grifols+ | 7.13 | 5/1/2030 | 1,129,077 | 1,143,841 | 1,160,336 |
| Team Health(4.50% PIK)^ | 13.50 | 6/30/2028 | 2,941,000 | 3,307,723 | 3,249,805 |
| Total Healthcare and Pharmaceuticals | | | 4,846,965 | 5,317,372 | 5,175,376 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Corporate Bonds (Continued) | | | | | |
| Healthcare, Education and Childcare — 9.61%: | | | | | |
| Bausch Health Companies Inc.+^ | 9.00% | 1/30/2028 | $1,337,000 | $1,562,445 | $1,335,990 |
| Bausch Health Companies Inc.+^# | 5.50 | 11/1/2025 | 846,000 | 817,808 | 825,513 |
| Bausch Health Companies Inc.+^ | 14.00 | 10/15/2030 | 118,000 | 147,356 | 109,426 |
| Cidron Aida Finco+ | 6.25 | 4/1/2028 | 2,065,624 | 2,275,266 | 1,968,044 |
| Community Health System Inc.^ | 10.88 | 1/15/2032 | 4,111,000 | 4,207,958 | 4,241,434 |
| Community Health System Inc.^ | 6.88 | 4/15/2029 | 286,000 | 286,000 | 215,727 |
| LifePoint Health Inc.^ | 9.88 | 8/15/2030 | 2,140,000 | 2,138,189 | 2,308,332 |
| LifePoint Health Inc.^ | 11.00 | 10/15/2030 | 3,057,000 | 3,109,356 | 3,355,287 |
| LifePoint Health Inc.^ | 10.00 | 6/1/2032 | 1,483,000 | 1,483,000 | 1,507,934 |
| Neogen Corporation^ | 8.63 | 7/20/2030 | 2,636,000 | 2,667,679 | 2,827,165 |
| Nidda BondCo GmbH+# | 7.50 | 8/21/2026 | 342,139 | 342,845 | 352,410 |
| Nidda BondCo GmbH+# | 5.63 | 2/21/2030 | 892,903 | 942,901 | 921,851 |
| Nidda BondCo GmbH, 3M EURIBOR + 3.7500%+~ | 6.89 | 10/23/2030 | 717,845 | 758,040 | 724,126 |
| Radiology Partners Inc. (3.50% PIK)^ | 7.78 | 1/31/2029 | 1,876,519 | 1,654,762 | 1,853,063 |
| Radiology Partners Inc. (9.78% PIK)^ | 9.78 | 2/15/2030 | 6,652,672 | 6,905,274 | 6,207,875 |
| Ray Financing LLC# | 6.50 | 7/15/2031 | 615,295 | 641,168 | 643,343 |
| Recordati, 3M EURIBOR + 3.8750%+~# | 6.56 | 12/31/2029 | 1,035,851 | 1,086,555 | 1,047,815 |
| Total Healthcare, Education and Childcare | | | 30,212,848 | 31,026,602 | 30,445,335 |
| High Tech Industries — 1.34%: | | | | | |
| Hughes Satellite Systems Corp | 10.75 | 11/30/2029 | 3,935,713 | 4,228,876 | 4,232,015 |
| Total High Tech Industries | | | 3,935,713 | 4,228,876 | 4,232,015 |
| Home and Office Furnishings, Housewares, and Durable Consumer Products — 1.05%: | | | | | |
| Staples Inc.^ | 10.75 | 9/1/2029 | 939,000 | 930,183 | 923,775 |
| Staples Inc.^ | 12.75 | 1/15/2030 | 3,055,898 | 3,107,980 | 2,388,663 |
| Total Home and Office Furnishings, Housewares, and Durable Consumer Products | | | 3,994,898 | 4,038,163 | 3,312,438 |
| Hotels, Motels, Inns and Gaming — 0.81%: | | | | | |
| 888 Acquisitions LTD, 3M EURIBOR + 5.500%+~# | 8.68 | 7/15/2028 | 1,112,504 | 1,101,672 | 1,075,404 |
| Motel One+ | 7.75 | 4/2/2031 | 1,035,851 | 1,153,255 | 1,113,773 |
| TUI Cruises+# | 6.25 | 4/15/2029 | 362,548 | 376,057 | 382,035 |
| Total Hotels, Motels, Inns and Gaming | | | 2,510,903 | 2,630,984 | 2,571,212 |
| Leisure, Amusement, Entertainment — 1.43%: | | | | | |
| Center Parcs+# | 6.50 | 8/28/2026 | 1,032,812 | 1,136,152 | 1,028,794 |
| Center Parcs+# | 6.14 | 8/28/2031 | 294,195 | 292,798 | 297,627 |
| Motion Topco Limited+# | 7.38 | 6/15/2030 | 1,657,361 | 1,723,284 | 1,685,773 |
| Ontario Gaming GTA LP+^ | 8.00 | 8/1/2030 | 694,000 | 699,875 | 713,467 |
| Silk TopCo AS+ | 3.38 | 2/24/2025 | 880,473 | 865,106 | 810,035 |
| Total Leisure, Amusement, Entertainment | | | 4,558,841 | 4,717,215 | 4,535,696 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Corporate Bonds (Continued) | | | | | |
| Machinery (Non-Agriculture, Non-Construct, Non-Electronic) — 0.46%: | | | | | |
| Copeland# | 6.38% | 12/15/2030 | $1,377,682 | $1,500,469 | $1,455,727 |
| Total Machinery (Non-Agriculture, Non-Construct, Non-Electronic) | | | 1,377,682 | 1,500,469 | 1,455,727 |
| Mining, Steel, Iron and Non-Precious Metals — 1.51%: | | | | | |
| Arsenal AIC Parent LLC^ | 8.00 | 10/1/2030 | 1,182,000 | 1,180,155 | 1,223,130 |
| Cornerstone Building Brands Inc^ | 9.50 | 8/15/2029 | 2,188,000 | 2,188,000 | 2,121,429 |
| First Quantum Minerals+^ | 9.38 | 3/1/2029 | 1,347,000 | 1,347,000 | 1,432,467 |
| Total Mining, Steel, Iron and Non-Precious Metals | | | 4,717,000 | 4,715,155 | 4,777,026 |
| Oil and Gas — 16.45%: | | | | | |
| CGG SA+ | 7.75 | 4/1/2027 | 1,553,776 | 1,787,033 | 1,551,676 |
| CVR Energy Inc.^ | 5.75 | 2/15/2028 | 2,000,000 | 1,834,488 | 1,827,639 |
| Energy Transfer LP | 7.13 | 5/15/2173 | 2,211,000 | 1,890,405 | 2,218,767 |
| Genesis Energy LP | 7.75 | 2/1/2028 | 3,408,000 | 3,254,679 | 3,412,161 |
| Genesis Energy LP | 8.00 | 1/15/2027 | 908,000 | 909,541 | 923,799 |
| Genesis Energy LP | 8.88 | 4/15/2030 | 1,000,000 | 982,002 | 1,017,500 |
| Genesis Energy LP | 7.88 | 5/15/2032 | 1,000,000 | 1,000,000 | 979,333 |
| Genesis Energy LP | 8.00 | 5/15/2033 | 773,000 | 773,000 | 756,482 |
| Global Partners LP^ | 8.25 | 1/15/2032 | 1,361,000 | 1,361,000 | 1,399,290 |
| Harvest Midstream I LP^ | 7.50 | 5/15/2032 | 3,265,000 | 3,311,681 | 3,324,512 |
| Hilcorp Energy I L P^ | 7.25 | 2/15/2035 | 9,487,000 | 9,334,930 | 8,918,971 |
| IMTT^ | 6.50 | 8/1/2029 | 6,018,000 | 5,714,671 | 5,509,109 |
| KCA Deutag+ | 9.88 | 12/1/2025 | 1,179,286 | 1,179,286 | 1,179,876 |
| KCA Deutag International Limited(15.00%PIK)+ | 15.00 | 12/1/2027 | 2,146,570 | 2,156,410 | 2,205,601 |
| KCA Deutag, 3M SOFR + 9.0000%+~ | 14.33 | 12/1/2025 | 1,343,874 | 1,343,874 | 1,357,313 |
| Nabors Industries LTD^ | 9.13 | 1/31/2030 | 246,000 | 246,000 | 250,173 |
| NGL Energy Finance Corp.^ | 8.13 | 2/15/2029 | 621,000 | 621,000 | 629,163 |
| NGL Energy Finance Corp.^ | 8.38 | 2/15/2032 | 2,274,000 | 2,274,000 | 2,291,189 |
| Occidental Pete Corp. | 8.50 | 7/15/2027 | 4,523,000 | 4,545,631 | 4,832,916 |
| Transocean Inc.+^ | 8.50 | 5/15/2031 | 2,593,000 | 2,593,000 | 2,542,002 |
| Var Energi+# | 7.86 | 11/15/2083 | 1,657,361 | 1,731,498 | 1,829,097 |
| Weatherford Intl Ltd Bermuda Sr Glbl+^ | 8.63 | 4/30/2030 | 3,092,000 | 3,103,887 | 3,191,995 |
| Total Oil and Gas | | | 52,660,867 | 51,948,016 | 52,148,564 |
| Personal, Food, and Miscellaneous — 0.40%: | | | | | |
| Herbalife^ | 12.25 | 4/15/2029 | 923,000 | 900,804 | 964,404 |
| Raising Cane's Restaurants LLC^ | 9.38 | 5/1/2029 | 296,000 | 296,000 | 317,093 |
| Total Personal, Food, and Miscellaneous | | | 1,219,000 | 1,196,804 | 1,281,497 |
| Personal Transportation — 0.09%: | | | | | |
| Naviera Armas, 3M EURIBOR + 12.7500%(12.75% PIK)~+ | 15.81 | 12/31/2026 | 256,710 | 355,902 | 269,545 |
| Total Personal Transportation | | | 256,710 | 355,902 | 269,545 |

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

| | EFFECTIVE INTEREST RATE ‡ | DUE DATE | PRINCIPAL | COST | FAIR VALUE |
|---|---|---|---|---|---|
| Corporate Bonds (Continued) | | | | | |
| Retail Store — 1.65%: | | | | | |
| Afflelou+# | 6.00% | 7/25/2029 | $372,906 | $393,714 | $388,732 |
| Bath & Body Works Inc. | 6.88 | 11/1/2035 | 262,000 | 239,649 | 268,087 |
| Bath & Body Works Inc. | 7.60 | 7/15/2037 | 1,471,000 | 1,321,644 | 1,483,742 |
| Life Time, Inc.^ | 8.00 | 4/15/2026 | 404,000 | 396,828 | 404,439 |
| Marcolin S.p.A+ | 6.13 | 11/15/2026 | 492,029 | 578,239 | 493,948 |
| Ocado Group PLC+# | 10.50 | 8/8/2029 | 1,688,804 | 1,720,210 | 1,711,181 |
| Wayfair^ | 7.25 | 10/31/2029 | 485,000 | 485,000 | 484,757 |
| Total Retail Store | | | 5,175,739 | 5,135,284 | 5,234,886 |
| Telecommunications — 7.08%: | | | | | |
| Altice France Holding S.A.+^# | 5.75 | 8/15/2029 | 1,375,000 | 1,221,861 | 1,006,558 |
| British Telecom+~# | 8.38 | 12/20/2083 | 751,136 | 732,312 | 801,838 |
| Consolidated Communications Hldgs.^ | 6.50 | 10/1/2028 | 3,250,000 | 2,993,263 | 3,126,685 |
| Digicel Limited ¤+^~> | 8.25 | 9/30/2025 | 2,500,000 | 2,491,364 | — |
| Eutelsat+# | 9.75 | 4/13/2029 | 1,475,052 | 1,576,422 | 1,387,655 |
| Frontier Communications Corporation^ | 8.75 | 5/15/2030 | 774,000 | 774,000 | 818,032 |
| Iliad Holding+^ | 8.50 | 4/15/2031 | 385,000 | 385,000 | 409,318 |
| Iliad Holding+# | 6.88 | 4/15/2031 | 569,718 | 586,961 | 611,004 |
| LCPR Senior Secured Financing+^ | 6.75 | 10/15/2027 | 2,000,000 | 1,855,003 | 1,809,599 |
| Level III^# | 4.50 | 4/1/2030 | 550,000 | 352,959 | 456,034 |
| Level III^ | 11.00 | 11/15/2029 | 3,797,000 | 3,854,870 | 4,271,318 |
| Optics+ | 7.88 | 7/31/2028 | 366,691 | 383,363 | 414,175 |
| Telecom Italia+# | 7.88 | 7/31/2028 | 254,819 | 266,302 | 288,068 |
| Telefonica SA+~# | 7.13 | 11/23/2173 | 1,450,191 | 1,524,573 | 1,597,603 |
| United Group+# | 6.75 | 2/15/2031 | 1,035,851 | 1,087,950 | 1,069,992 |
| United Group+# | 6.50 | 10/31/2031 | 1,281,347 | 1,344,049 | 1,304,892 |
| Vodafone Group PLC+~# | 8.00 | 8/30/2086 | 1,251,893 | 1,397,242 | 1,356,433 |
| Windstream^ | 8.25 | 10/1/2031 | 431,000 | 447,123 | 445,147 |
| Zegona Finance PLC+# | 6.75 | 7/15/2029 | 1,201,587 | 1,256,159 | 1,278,609 |
| Total Telecommunications | | | 24,700,285 | 24,530,776 | 22,452,960 |
| Utilities — 4.60%: | | | | | |
| Electricite de France SA+ | 9.13 | 12/15/2173 | 600,000 | 632,500 | 676,772 |
| Enbridge Inc.+ | 7.38 | 1/15/2083 | 3,749,000 | 3,697,451 | 3,780,934 |
| Enbridge Inc.+ | 8.25 | 1/15/2084 | 1,624,000 | 1,624,000 | 1,698,087 |
| Energy Transfer LP | 6.50 | 11/15/2173 | 2,800,000 | 2,782,500 | 2,801,778 |
| Talen Energy Supply, LLC^ | 8.63 | 6/1/2030 | 3,837,000 | 3,875,105 | 4,089,093 |
| Techem+# | 6.00 | 7/30/2026 | 455,359 | 455,647 | 455,819 |
| TGS ASA+^ | 8.50 | 1/15/2030 | 1,060,000 | 1,060,000 | 1,083,427 |
| Total Utilities | | | 14,125,359 | 14,127,203 | 14,585,910 |
| Total Corporate Bonds | | | 335,680,544 | 334,644,530 | 327,784,662 |
| Total Fixed Income | | | 461,155,783 | 456,500,573 | 445,801,111 |
| Total Investments | | | | $457,604,110 | $447,628,902 |
| Other assets and liabilities — (41.24%) | | | | | (130,693,035) |
| Net Assets — 100.00% | | | | | $316,935,867 |

Percentages are calculated as a percent of net assets applicable to common shareholders.

See accompanying Notes to the Financial Statements.

# SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2024

EURIBOR — Euro Interbank Offered Rate
SOFR — Secured Overnight Financing Rate

* Securities are non-income producing.
‡ The effective interest rates are based on settled commitment amount.
¤ Value determined using significant unobservable inputs, security is categorized as Level 3.
+ Foreign security.
^ Security exempt from registration under Rule 144a of the Securities Act of 1933. These securities may only be resold in transactions exempt from registration, normally to qualified institutional buyers.
~ Variable rate security. The interest rate shown is the rate in effect at December 31, 2024.
# All or a portion of the security is segregated as collateral for the credit facility.
§ Bank loans are exempt from registration under the Securities Act of 1933, as amended, but contain certain restrictions on resale and cannot be sold publicly. These loans pay interest at rates which adjust periodically. The interest rates shown for bank loans are the current interest rates at December 31, 2024. Bank loans are also subject to mandatory and/or optional prepayment which cannot be predicted. As a result, the remaining maturity may be substantially less than the stated maturity shown.
> Defaulted security.

PIK Payment-in-kind

Distributions of investments by country of risk. Percentage of assets are expressed by market value excluding cash and accrued income as of December 31, 2024.

| | |
|---|---|
| United States of America | 82.6% |
| United Kingdom | 6.7% |
| Canada | 1.7% |
| Germany | 1.5% |
| Italy | 1.2% |
| France | 1.1% |
| Sweden | 1.0% |
| Hong Kong | 1.0% |
| (Individually less than 1%) | 3.2% |
| | 100.0% |

A summary of outstanding derivatives at December 31, 2024 is as follows:

**Schedule of Open Forward Foreign Exchange Contracts**
**December 31, 2024**

| CURRENCY TO BE RECEIVED | | CURRENCY TO BE DELIVERED[1] | | COUNTERPARTY OF CONTRACT | FORWARD SETTLEMENT DATE | UNREALIZED APPRECIATION / (DEPRECIATION) |
|---|---|---|---|---|---|---|
| 47,588,472 | USD | 47,028,770 | EUR | CIBC | 1/17/2025 | 559,702 |
| 24,477,424 | USD | 24,106,704 | GBP | CIBC | 1/17/2025 | 370,720 |
| | | | | | | $930,422 |

[1] Values are listed in U.S. dollars.

See accompanying Notes to the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

**1. Organization**

Barings Global Short Duration High Yield Fund (the "Fund") was organized as a business trust under the laws of the Commonwealth of Massachusetts on May 20, 2011 and commenced operations on October 26, 2012. The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a de facto diversified, closed-end management investment company.

Barings LLC (the "Adviser"), a wholly owned indirect subsidiary of Massachusetts Mutual Life Insurance Company, is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and serves as investment adviser to the Fund.

Baring International Investment Limited (the "Sub-Adviser"), an indirect wholly owned subsidiary of the Adviser, serves as sub-adviser with respect to the Fund's European investments.

The Fund's primary investment objective is to seek as high a level of current income as the Adviser determines is consistent with capital preservation. The Fund seeks capital appreciation as a secondary investment objective when consistent with its primary investment objective. There can be no assurance that the Fund will achieve its investment objectives. The Fund seeks to take advantage of inefficiencies between geographies, primarily the North American and Western European high yield bond and loan markets and within capital structures between bonds and loans. Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in bonds, loans and other income-producing instruments that are, at the time of purchase, rated below investment grade (below Baa3 by Moody's Investors Service, Inc. ("Moody's") or below BBB- by either Standard & Poor's Rating Services, a division of the McGraw-Hill Company, Inc. ("S&P") or Fitch, Inc. ("Fitch"), or unrated but judged by the Adviser or Sub-Adviser to be of comparable quality).

**2. Significant Accounting Policies**

The Fund is an investment company and follows accounting and reporting guidance in Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 946. The following is a summary of significant accounting policies followed consistently by the Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**A. Valuation of Investments**

Pursuant to Rule 2a-5, the Board of Trustees (the "Board") has designated the Adviser as valuation designee to perform the fair value determinations relating to the value of the assets held by the Fund and making fair value determinations on any day on which the net asset value ("NAV") per share of the Fund is determined, in accordance with the 1940 Act and the rules and regulations thereunder, and the registration statement for the Fund, subject to the oversight of the Board.

Valuation of the Fund's securities is based on the market price whenever market quotations are readily available and all securities of the same class held by the Fund can be readily sold in such market. Market prices are obtained from reputable pricing services using market pricing conventions, to the extent such a price is available. Where a market price quotation for a security is not readily available or if the investment is not a security, the security will be fair valued as determined in good faith by the Adviser, subject to the oversight of the Board.

The pricing services may use valuation models or matrix pricing, which consider yield or prices with respect to comparable bond quotations from bond dealers or by reference to other securities that are considered comparable in such characteristics as credit rating, interest rates and maturity date, to determine the current value. The closing prices of domestic or foreign securities may not reflect their market values at the time the Fund calculates its NAV if an event that materially affects the value of those securities has occurred since the closing prices were established on the domestic or foreign exchange market, but before the Fund's NAV calculation. Under certain conditions, the Board has approved an independent pricing service to fair value foreign securities. This is generally accomplished by adjusting the closing price for movements in correlated indices, securities or derivatives. Fair value pricing may cause the value of the security on the books of the Fund to be different from the closing value on the non-U.S. exchange and may affect the calculation of the Fund's NAV. The Fund may fair value securities in other situations, for example, when a particular foreign market is closed but the Fund is pricing their shares.

The Fund's investments in bank loans are normally valued at the bid quotation obtained from dealers in loans by an independent pricing service in accordance with the Fund's valuation policies and procedures approved by the Board.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

Forward foreign exchange contracts are normally valued on the basis of independent pricing service providers.

Short-term securities with more than sixty days to maturity are valued at fair value, using external independent third-party services. Short-term securities, of sufficient credit quality, having a maturity of sixty days or less are valued at amortized cost, which approximates fair value.

A Valuation Committee, made up of officers of the Fund and employees of the Adviser, is responsible for determining, in accordance with the Fund's valuation policies and procedures approved by the Board: (1) whether market quotations are readily available for investments held by the Fund; and (2) the fair value of investments held by the Fund for which market quotations are not readily available or are deemed not reliable by the Adviser. In certain cases, authorized pricing service vendors may not provide prices for a security held by the Fund, or the price provided by such pricing service vendor is deemed unreliable by the Adviser. In such cases, the Fund may use market maker quotations provided by an established market maker for that security (i.e. broker quotes) to value the security if the Adviser has experience obtaining quotations from the market maker and the Adviser determines that quotations obtained from the market maker in the past have generally been reliable (or, if the Adviser has no such experience with respect to a market maker, it determines based on other information available to it that quotations obtained by it from the market maker are reasonably likely to be reliable). In any such case, the Adviser will review any market quotations so obtained in light of other information in its possession for their general reliability.

Bank loans in which the Fund may invest have similar risks to lower-rated fixed income securities. Changes in the financial condition of the borrower or economic conditions or other circumstances may reduce the capacity of the borrower to make principal and interest payments on such instruments and may lead to defaults. Senior secured bank loans are supported by collateral; however, the value of the collateral may be insufficient to cover the amount owed to the Fund. By relying on a third party to administer a loan, the Fund is subject to the risk that the third party will fail to perform it obligations. The loans in which the Fund will invest are largely floating rate instruments; therefore, the interest rate risk generally is lower than for fixed-rate debt obligations. However, from the perspective of the borrower, an increase in interest rates may adversely affect the borrower's financial condition. Due to the unique and customized nature of loan agreements evidencing loans and the private syndication thereof, loans are not as easily purchased or sold as publicly traded securities. Although the range of investors in loans has broadened in recent years, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. In addition, the terms of the loans may restrict their transferability without borrower consent. These factors may have an adverse effect on the market price and the Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for the Fund to obtain precise valuations of the high yield loans in its portfolio.

The fair value of bank loans that are unsyndicated or for which market quotations are not readily available, including middle-market bank loans, will be submitted to an independent provider to perform an independent valuation on those bank loans as of the end of each quarter. Such bank loans will be held at cost until such time as they are sent to the valuation provider for an initial valuation subject to override by the Adviser should it determine that there have been material changes in interest rates and/or the credit quality of the issuer. The independent valuation provider applies various methods (synthetic rating analysis, discounting cash flows, and re-underwriting analysis) to establish the rate of return a market participant would require (the "discount rate") as of the valuation date, given market conditions, prevailing lending standards and the perceived credit quality of the issuer. Future expected cash flows for each investment are discounted back to present value using these discount rates in the discounted cash flow analysis. A range of value will be provided by the valuation provider and the Adviser will determine the point within that range that it will use in making valuation determinations. The Adviser will use its internal valuation model as a comparison point to validate the price range provided by the valuation provider. If the Advisers' Valuation Committee disagrees with the price range provided, it may make a fair value determination that is outside of the range provided by the independent valuation provider, such determination to be reported to the Board in the Adviser's quarterly reporting to the Board. In certain instances, the Trust may determine that it is not cost-effective, and as a result is not in the shareholders' best

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

interests, to request the independent valuation firm to perform the Procedures on certain investments. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The Fund may invest in collateralized debt obligations ("CDOs"), which include collateralized bond obligations ("CBOs") and collateralized loan obligations ("CLOs"). CBOs and CLOs are types of asset-backed securities. A CDO is an entity that is backed by a diversified pool of debt securities (CBOs) or syndicated bank loans (CLOs). The cash flows of the CDO can be split into multiple segments, called "tranches," which will vary in risk profile and yield. The riskiest segment is the subordinated or "equity" tranche. This tranche bears the greatest risk of defaults from the underlying assets in the CDO and serves to protect the other, more senior, tranches from default in all but the most severe circumstances. Since it is shielded from defaults by the more junior tranches, a "senior" tranche will typically have higher credit ratings and lower yields than their underlying securities, and often receive investment grade ratings from one or more of the nationally recognized rating agencies. Despite the protection from the more junior tranches, senior tranches can experience substantial losses due to actual defaults, increased sensitivity to future defaults and the disappearance of one or more protecting tranches as a result of changes in the credit profile of the underlying pool of assets.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy is utilized to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. For example, market participants would consider the risk inherent in a particular valuation technique used to measure fair value, such as a pricing model, and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 – quoted prices in active markets for identical securities

Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

The following is a summary of the valuation hierarchy as of December 31, 2024 in valuing the Fund's investments:

| DESCRIPTION | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL INVESTMENTS |
|---|---|---|---|---|
| Assets: | | | | |
| Equities: | | | | |
| Common Stocks | $ — | $ 1,777,810 | $ — | $ 1,777,810 |
| Warrants | — | — | 49,981 | 49,981 |
| Total Equities: | — | 1,777,810 | 49,981 | 1,827,791 |
| Fixed Income: | | | | |
| Asset-Backed Securities | — | 28,885,272 | — | 28,885,272 |
| Bank Loans | — | 68,380,176 | 18,580,429 | 87,960,605 |
| Convertible Bonds | — | 1,170,571 | — | 1,170,571 |
| Corporate Bonds | — | 323,331,443 | 4,453,220 | 327,784,663 |
| Total Fixed Income | — | 422,767,462 | 23,033,649 | 445,801,111 |
| Forward Foreign Exchange Contracts | — | 930,422 | — | 930,422 |
| Total Assets: | $ — | $425,475,694 | $23,083,630 | $448,559,324 |
| Liabilities: | | | | |
| Forward Foreign Exchange Contracts: | $ — | $ — | $ — | $ — |
| Total Liabilities: | $ — | $ — | $ — | $ — |

The following table is a summary of quantitative information about significant unobservable valuation inputs for Level 3 fair value measurement for investments held as of December 31, 2024. A significant change in third party information could result in a significantly lower or higher value of such Level 3 financial instruments:

| TYPE OF ASSETS | FAIR VALUE AS OF DECEMBER 31, 2024 | VALUATION TECHNIQUE(S) | UNOBSERVABLE INPUT |
|---|---|---|---|
| Bank Loans: | | | |
| The Fidelis Partnership | $1,990,000 | Income Approach | 9.4%; Implied spread |
| | $1,990,000 | | |

As of December 31, 2024, the Fund held Level 3 financial instruments in the amount of $21,093,630 that had values based on unadjusted third-party pricing information.

Although the Fund believes the valuation methods described above are appropriate, the use of different methodologies or assumptions to determine fair value could result in different estimates of fair value at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

The Fund discloses transfers between levels based on valuations at the end of the reporting period. The following is a reconciliation of Level 3 investments based upon the inputs used to determine fair value:

| | BALANCE AT DECEMBER 31, 2023 | TRANSFERS INTO LEVEL 3 | TRANSFERS OUT OF LEVEL 3 | PURCHASES | SALES | ACCRETION OF DISCOUNT | REALIZED GAIN / (LOSS) | CHANGE IN UNREALIZED APPRECIATION / (DEPRECIATION) ON INVESTMENTS | BALANCE AT DECEMBER 31, 2024 | CHANGE IN UNREALIZED APPRECIATION / (DEPRECIATION) FROM INVESTMENTS HELD AS OF DECEMBER 31, 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equities** | | | | | | | | | | |
| ESC CB 144A High Ridge | $ — | $— | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Flint Group Ordinary A Shares Stapled to 2L | — | — | — | — | — | — | — | — | — | — |
| Naviera Armas | — | — | — | — | — | — | — | — | — | — |
| Travelex Private Equity Stapled to 12.5% New Money Notes | — | — | — | — | — | — | — | — | — | — |
| Common Stocks | — | — | — | — | — | — | — | — | — | — |
| Travelex Topco Limited | 113,087 | — | — | — | — | — | — | (63,106) | 49,981 | (63,106) |
| Warrants | 113,087 | — | — | — | — | — | — | (63,106) | 49,981 | (63,106) |
| **Total Equities** | 113,087 | — | — | — | — | — | — | (63,106) | 49,981 | (63,106) |
| **Bank Loans** | | | | | | | | | | |
| Aspen Insurance Holdings LTD. | — | — | — | 2,738,074 | — | — | — | — | 2,738,074 | — |
| Aspen Insurance Holdings LTD. | — | — | — | 4,478,634 | — | 1,750 | — | (1,750) | 4,478,634 | (1,750) |
| Clear Channel Worldwide Holdings Inc. | — | — | — | 2,376,000 | — | 5,566 | — | (23,566) | 2,358,000 | (23,566) |
| Cohesity | — | — | — | 2,738,000 | — | — | — | — | 2,738,000 | — |
| Cohesity | — | — | — | 2,686,668 | — | — | — | 54,276 | 2,740,944 | 54,276 |
| CP Iris Holdco I 2nd Lien T/L (IPS) | 2,152,222 | — | — | — | (2,398,019) | — | 23,980 | 221,817 | — | — |
| Evertec | 1,985,950 | — | — | — | (1,990,909) | 312 | 36,878 | (32,231) | — | — |
| Flint Group | 154,412 | — | (154,412) | — | — | — | — | — | — | — |
| Florida Food Products 2nd Lien T/L | 1,095,000 | — | — | — | (956,250) | 3,787 | (510,870) | 368,333 | — | — |
| Gen II Fund Services, LLC | — | — | — | 563,551 | — | — | — | 3,531 | 567,082 | 3,531 |
| Goosehead Insurance, Inc | — | — | — | 878,797 | — | — | — | 6,607 | 885,404 | 6,607 |
| Invenergy Thermal Operating I LLC | 155,336 | — | — | — | (156,308) | 323 | 3,548 | (2,899) | — | — |
| Invenergy Thermal Operating I LLC | 1,879,560 | — | — | — | (1,890,115) | 3,725 | 41,901 | (35,071) | — | — |
| Naviera Armas | — | — | — | 113,281 | (38,837) | 7,629 | 2,469 | (251) | 84,291 | (251) |
| Quest Software | 550,508 | — | (667,696) | 459,697 | (8,506) | 33,099 | 2,298 | (369,400) | — | — |
| The Fidelis Partnership | — | — | — | 1,990,000 | — | — | — | — | 1,990,000 | — |
| **Bank Loans** | 7,972,988 | — | (822,108) | 19,022,702 | (7,438,944) | 56,191 | (399,796) | 189,396 | 18,580,429 | 38,047 |
| **Corporate Bonds** | | | | | | | | | | |
| Digicel Limited | — | — | — | — | — | — | — | — | — | — |
| Naviera Armas | 377,615 | — | (377,615) | — | — | — | — | — | — | — |
| Travelex | — | — | — | — | — | — | — | — | — | — |
| Travelex | 4,511,307 | — | — | 486,731 | — | 61,643 | — | (606,461) | 4,453,220 | (606,461) |
| **Corporate Bonds** | 4,888,922 | — | (377,615) | 486,731 | — | 61,643 | — | (606,461) | 4,453,220 | (606,461) |
| **Total** | $12,974,997 | $— | $(1,199,723) | $19,509,433 | $(7,438,944) | $117,834 | $(399,796) | $(480,171) | $23,083,630 | $(848,504) |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

During the year, transfers into and out of Level 3 resulted from observable market data for the security.

**B. Cash and Cash Equivalents**

Cash and cash equivalents consist principally of short-term investments that are readily convertible into cash and have original maturities of three months or less. As of December 31, 2024, the Fund held no cash equivalents and all cash is held by U.S. Bank, N.A.

**C. Investment Transactions, Related Investment Income and Expenses**

Investment transactions are accounted for on a trade-date basis. Interest income is recorded on the accrual basis, including the amortization of premiums and accretion of discounts on bonds held using the yield-to-maturity method.

The Fund currently holds, and expects to hold in the future, some investments in its portfolio that contain Payment-in-Kind ("PIK") interest provisions. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the investment, rather than being paid to the Fund in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment. PIK interest, which is a non-cash source of income at the time of recognition, is included in the Fund's taxable income and therefore affects the amount the Trust is required to distribute to its stockholders to maintain its qualification as a "regulated investment company" for federal income tax purposes, even though the Fund has not yet collected the cash.

Interest income from securitized investments in which the Fund has a beneficial interest, such as the "equity" security class of a CLO vehicle (typically in the form of income or subordinated notes), is recorded upon receipt. The accrual of interest income related to these types of securities is periodically reviewed and adjustments are made as necessary.

Realized gains and losses on investment transactions and unrealized appreciation and depreciation of investments are reported for financial statement and Federal income tax purposes on the identified cost method.

Expenses are recorded on the accrual basis as incurred.

**D. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Federal Income Taxation**

The Fund has elected to be taxed as a Regulated Investment Company ("RIC") under sub-chapter M of the U.S. Internal Revenue Code of 1986, as amended, and intends to maintain this qualification and to distribute substantially all of its net taxable income to its shareholders.

**F. Dividends and Distributions**

The Fund declares and pays dividends monthly from net investment income. To the extent that these distributions exceed net investment income, they may be classified as return of capital. The Fund also pays a distribution at least annually from its net realized capital gains, if any. Dividends and distributions are recorded on the ex-dividend date. All common shares have equal dividend and other distribution rights. A notice disclosing the source(s) of a distribution will be provided if payment is made from any source other than net investment income. Any such notice would be provided only for informational purposes in order to comply with the requirements of Section 19(a) of the 1940 Act and not for tax reporting purposes. The tax composition of the Fund's distributions for each calendar year is reported on Internal Revenue Service Form 1099-DIV.

Dividends from net investment income and distributions from realized gains from investment transactions have been determined in accordance with Federal income tax regulations and may differ from net investment income and realized gains recorded by the Fund for financial reporting purposes. These differences, which could be temporary or permanent in nature may result in reclassification of distributions; however, net investment income, net realized gains and losses, and net assets are not affected.

**G. Derivative Instruments**

The following is a description of the derivative instruments that the Fund utilizes as part of its investment strategy, including the primary underlying risk exposures related to the instrument.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

**Forward Foreign Exchange Contracts** – The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund transacted in and currently holds forward foreign exchange contracts to hedge against changes in the value of foreign currencies. The Fund entered into forward foreign exchange contracts obligating the Fund to deliver or receive a currency at a specified future date. Forward foreign exchange contracts are valued daily, and unrealized appreciation or depreciation is recorded daily as the difference between the contract exchange rate and the closing forward rate applied to the face amount of the contract. A realized gain or loss is recorded at the time the forward contract expires. Credit risk may arise as a result of the failure of the counterparty to comply with the terms of the contract. The Fund considers the creditworthiness of each counterparty to a contract in evaluating potential credit risk quarterly. The Fund is also subject to credit risk with respect to the counterparties to the derivative contracts which are not cleared through a central counterparty but instead are traded over-the-counter between two counterparties. If a counterparty to an over-the-counter derivative becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter derivative transactions since generally a clearing organization becomes substituted for each counterparty to a cleared derivative contract and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Fund. In addition, in the event of a bankruptcy of a clearing house, the Fund could experience a loss of the funds deposited with such clearing house as margin and any profits on its open positions. The counterparty risk to the Fund is limited to the net unrealized gain, if any, on the contract.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's investment securities; however, it does establish a rate of exchange that can be achieved in the future. The use of forward foreign exchange contracts involves the risk that anticipated currency movements will not be accurately predicted. A forward foreign exchange contract would limit the risk of loss due to a decline in the value of a particular currency; however, it would also limit any potential gain that might result should the value of the currency increase instead of decrease. These contracts may involve market risk in excess of the amount of receivable or payable reflected on the Statement of Assets and Liabilities.

The Fund recognized an asset and a liability on the Statement of Assets and Liabilities as a result of a forward foreign exchange contract with CIBC. The Fund's policy is to recognize an asset equal to the net value of all forward foreign exchange contracts with an unrealized gain and a liability equal to the net value of all forward foreign exchange contracts with an unrealized loss. The Fund has recognized an asset of $930,422 in net unrealized appreciation on forward foreign exchange contracts. Outstanding forward foreign exchange contracts as of December 31, 2024 are indicative of the volume of activity during the year.

For the year ended December 31, 2024, the Fund's direct investment in derivatives consisted of forward foreign exchange contracts.

The following is a summary of the fair value of derivative instruments held by the Fund as of December 31, 2024. These derivatives are presented in the Schedule of Investments.

Fair values of derivative instruments on the Statement of Assets and Liabilities as of December 31, 2024:

| DERIVATIVES | STATEMENT OF ASSETS AND LIABILITIES LOCATION | FAIR VALUE |
|---|---|---|
| Asset Derivatives | | |
| Forward Foreign Exchange Contracts | Unrealized appreciation on forward foreign exchange contracts | $ 930,422 |
| Total Asset Derivatives | | $ 930,422 |
| Liability Derivatives | | |
| Forward Foreign Exchange Contracts | Unrealized depreciation on forward foreign exchange contracts | $ – |
| Total Liability Derivatives | | $ – |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

The effect of derivative instruments on the Statement of Operations for the year ended December 31, 2024:

| DERIVATIVES | STATEMENT OF OPERATIONS LOCATION | REALIZED GAIN/ (LOSS) ON DERIVATIVES |
|---|---|---|
| Forward Foreign Exchange Contracts | Net realized gain on forward foreign exchange contracts | $ 1,883,605 |
| Total | | $ 1,883,605 |

| DERIVATIVES | STATEMENT OF OPERATIONS LOCATION | CHANGE IN UNREALIZED APPRECIATION/ (DEPRECIATION) ON DERIVATIVES |
|---|---|---|
| Forward Foreign Exchange Contracts | Net change in unrealized appreciation of forward foreign exchange contracts | $ 1,973,492 |
| Total | | $ 1,973,492 |

**H. Disclosures about Offsetting Assets and Liabilities**

The following is a summary by counterparty of the fair value of derivative investments subject to Master Netting Agreements and collateral pledged (received), if any, as of December 31, 2024.

| | | | | AMOUNTS NOT OFFSET IN THE STATEMENT OF ASSETS AND LIABILITIES | | |
|---|---|---|---|---|---|---|
| ASSETS: | GROSS AMOUNT OF RECOGNIZED ASSETS | GROSS AMOUNT OFFSET IN THE STATEMENT OF ASSETS AND LIABILITIES | NET AMOUNTS PRESENTED IN THE STATEMENT OF ASSETS AND LIABILITIES | FINANCIAL INSTRUMENTS | COLLATERAL RECEIVED | NET AMOUNT* |
| Forward foreign exchange contracts | | | | | | |
| CIBC | $ 559,702 | $ – | $ 559,702 | $ – | $ – | $ 559,702 |
| CIBC | $ 370,720 | $ – | $ 370,720 | $ – | $ – | $ 370,720 |

* The net amount represents the amount owed by the Fund to the counterparty as of December 31, 2024.

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-11 "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). These disclosure requirements are intended to help better assess the effect or potential effect of offsetting arrangements on a Fund's financial position. In addition, FASB issued ASU No. 2013-01 "Clarifying the Scope of Offsetting Assets and Liabilities" ("ASU 2013-01"), specifying which transactions are subject to disclosures about offsetting. In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement ("ISDA Master Agreement") or similar agreement with its counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs certain OTC derivatives and typically contains, among other things, collateral

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset with the counterparty certain derivative financial instruments' payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. Bankruptcy or insolvency laws of a particular jurisdiction may restrict or prohibit the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements. The result would cause the Fund to accelerate payment of any net liability owed to the counterparty.

For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, is reported separately on the Statement of Assets and Liabilities as cash collateral held at broker or cash collateral due to broker, respectively. Non-cash collateral pledged by or received by the Fund, if any, is noted in the Schedule of Investments. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold before a transfer is required, which is determined each day at the close of business of the Fund, typically based on changes in market values for each transaction under an ISDA Master Agreement and netted into one amount for such agreement and any additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the Fund and counterparties are not permitted to sell, re-pledge or use the collateral they receive. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance. The Fund attempts to mitigate counterparty risk by entering into agreements only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties.

### I. Foreign Securities

Investing in securities of foreign companies and foreign governments involves special risks and considerations not typically associated with investing in U.S. companies and the U.S. government. These risks include valuation of currencies and adverse political and economic developments. Moreover, securities of many foreign companies, foreign governments, and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. companies and the U.S. government.

### J. Foreign Currency Translation

The books and records of the Fund are maintained in U.S. dollars. Foreign currency transactions are translated into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the daily rates of exchange, and (ii) purchases and sales of investment securities, dividend and interest income and certain expenses at the rates of exchange prevailing on the respective dates of such transactions. For financial reporting purposes, the Fund does not isolate changes in the exchange rate of investment securities from the fluctuations arising from changes in the market prices of securities. However, for Federal income tax purposes, the Fund does isolate and treat as ordinary income the effect of changes in foreign exchange rates on realized gain or loss from the sale of investment securities and payables and receivables arising from trade-date and settlement-date differences.

### K. Counterparty Risk

The Fund seeks to manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations. The Adviser monitors the financial stability of the Fund's counterparties.

### L. New Accounting Pronouncements

In March 2020, FASB issued ASU 2020-04, Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"), in January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope ("ASU 2021-01"), and in December 2022, the FASB issued ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 ("ASU 2022-06"), which provides optional, temporary relief with respect to the financial reporting of contracts subject to certain types of

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

modifications due to the planned discontinuation of the London Interbank Offered Rate ("LIBOR") and other interbank offered rates as of the end of 2021. The temporary relief provided by ASU 2020-04, ASU 2021-01, and ASU 2022-06 is effective for certain reference rate-related contract modifications that occur during the period from March 12, 2020 through December 31, 2024. Management is evaluating the impact of ASU 2020-04, ASU 2021-01, and ASU 2022-06 on the Fund's investments, derivatives, debt, and other contracts that will undergo reference rate-related modifications as a result of the reference rate reform. Management is also actively working with other financial institutions and counterparties to modify contracts as required by applicable regulation and within the regulatory deadlines.

In November 2023, the FASB issued ASU, 2023-07, Segment Reporting (Topic 280) ("ASU 2023-07"), which applies to all entities that are required to report segment information in accordance with Topic 280, Segment Reporting. The amendments in ASU 2023-07 improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The effective dates for the amendments in ASU 2023-07 are for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Fund adopted the aforementioned guidance and it did not have a material impact on the Fund's consolidated financial statements. See "Segments" below for disclosure.

### Segments

The Fund makes investments in securities of issuers that operate in various industries. The Fund represents a single reporting segment, where performance is measured against its investment objective as described in Note 1. The segment generates revenues through debt investments, and on a limited basis, may acquire equity investments in portfolio companies. The accounting policies of the single segment are the same as those described in "Significant Accounting Policies." The Fund has identified the President and Chief Financial Officer as the chief operating decision maker ("CODM"), who evaluate the performance of the single segment. The CODM uses segment net investment income before taxes and net increase in net assets resulting from operations to determine the capital allocation of the Fund, the dividend policy, and the Fund's investment strategy, which is outlined in Note 1. As the Fund operates as a single reportable segment, the segment assets are presented on the accompanying Statement of Assets and Liabilities as "total assets" and the net investment income before taxes, significant segment expenses and net increase in net assets resulting from operations are presented on the accompanying Statements of Operations.

## 3. Advisory Fee

The Fund was previously a party to an investment management agreement with the Adviser, a related party, dated October 25, 2012 (the "Prior Management Agreement"). Effective September 1, 2022, the Fund entered into an amended and restated management agreement (the "New Management Agreement") that supersedes the Prior Management Agreement in its entirety. Pursuant to the Prior Management Agreement, the Fund agreed to pay the Adviser a fee payable at the end of each calendar month, at an annual rate of 1.00% of the Fund's average daily managed assets during such month. Effective August 6, 2020 the Adviser had waived 0.15% of its fee payable from the Fund. The waiver expired on August 31, 2022. Effective September 1, 2022, pursuant to the New Management Agreement, effective September 1, 2022, the Fund has agreed to pay the Adviser a fee payable at the end of each calendar month, at an annual rate of 0.85% of the Fund's average daily managed assets during such month. Managed assets are the total assets of the Fund, which include any assets attributable to leverage such as assets attributable to reverse repurchase agreements, or bank loans, minus the sum of the Fund's accrued liabilities (other than liabilities incurred for the purpose of leverage).

Subject to the supervision of the Adviser and the Board, the Sub-Adviser manages the investment and reinvestment of a portion of the assets of the Fund, as allocated from time to time. As compensation for its services, the Adviser (not the Fund) pays the Sub-Adviser a portion of the investment management fees it receives from the Fund, in an amount in U.S. dollars equal to 35% of such investment management fees ("Sub-Advisory Fees").

## 4. Administrator Fee

The Fund has engaged U.S. Bancorp Fund Services, LLC, d/b/a U.S. Bank Global Fund Services ("Fund Services") to serve as the Fund's administrator, fund accountant, and transfer agent. The Fund has engaged U.S. Bank, N.A. to serve as the Fund's custodian. The Fund has agreed to pay Fund Services a fee payable at the end of each

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

calendar month, at an annual rate of 0.075% of the Fund's average daily managed assets.

**5. Income Taxes**

It is the Fund's intention to qualify as a RIC under sub-chapter M of the Internal Revenue Code and distribute all of its taxable income. Accordingly, no provision for federal income taxes is required in the financial statements.

The tax character of dividends paid to shareholders during the tax years ended in 2024 and 2023, as noted below, was as follows:

| | 2024 | 2023 |
|---|---|---|
| Ordinary Income | $ 30,108,508 | $ 28,756,173 |
| Total Distributions Paid | $ 30,108,508 | $ 28,756,173 |

The amount and character of income and capital gain distributions to be paid, if any, are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

Permanent items identified during the year ended December 31, 2024 have been reclassified among the component of net assets based on their tax basis treatment as follows:

| ADDITIONAL PAID IN CAPITAL | ACCUMULATED LOSSES |
|---|---|
| $ (1,017,542) | $ 1,017,542 |

The permanent differences are primarily attributable to non-deductible excise taxes. The Fund's excise tax expense of $1,017,542 as shown on the Statement of Operations represents excise tax on undistributed income.

The following information is provided on a tax basis as of December 31. 2024:

| | |
|---|---|
| Cost of investments | $ 459,998,460 |
| Unrealized appreciation | 11,172,327 |
| Unrealized depreciation | (23,541,885) |
| Net unrealized appreciation/ (depreciation) | (12,369,558) |
| Undistributed ordinary income | 29,351,409 |
| Undistributed long term gains | – |
| Distributable earnings | 29,351,409 |
| Accumulated gain/(loss) | (164,807,234) |
| Total accumulated gain/(loss) | $ (147,825,383) |

The capital loss carryforward is available to offset future taxable income. The Fund has $11,771,175 of short-term capital loss carryforwards and $152,954,803 of long-term capital loss carryforwards, both of which have unlimited expiration.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Fund's tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on U.S. tax returns and state tax returns filed since inception of the Fund. No income tax returns are currently under examination. Tax years ended December 31, 2020 through December 31, 2024 remain subject to examination by the tax authorities in the United States. Due to the nature of the Fund's investments, the Fund may be required to file income tax returns in several states. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

**6. Investment Transactions**

For the year ended December 31, 2024, the Fund purchased (at cost) and sold securities in the amount of $400,185,025 and $291,549,302 (excluding short-term debt securities), respectively.

**7. Credit Facility**

On November 8, 2012, the Fund entered into a $200,000,000 credit facility with BNP Paribas Prime Brokerage International, Ltd ("BNP"). On January 6, 2014, the Fund entered into an amended agreement with a variable annual interest rate of three-month LIBOR plus 0.75 percent. On April 28, 2022, the Fund entered into an amended agreement with a variable interest rate of USD SOFR plus 0.76 percent. Unused portions of the credit facility will accrue a commitment fee equal to an annual rate of 0.65 percent.

The average principal balance and interest rate for the period during which the credit facility was utilized for the year ended December 31, 2024 was approximately $120,700,000 and 5.97 percent, respectively. As of December 31, 2024, the principal balance outstanding was $144,500,000 at an interest rate of 5.11 percent. At December 31, 2024, the carrying value of the Credit Facility of $144,500,000 approximates fair value. If measured at fair value, borrowings under the credit

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

facility would have been considered as Level 2 in the fair value hierarchy (see Note 2A) as of December 31, 2024.

**8. Securities Lending**

Through an agreement with the Fund, BNP may lend out securities the Fund has pledged as collateral on the note payable. In return, the Fund receives additional income that is netted against the interest charged on the outstanding credit facility balance. As of December 31, 2024, the Fund has pledged securities as collateral in the amount of $290,929,820. As of December 31, 2024, $140,842,373 of the Fund's pledge securities were lent out by BNP. For the year ended December 31, 2024, the total amount of income netted against the interest expense was $69,807.

**9. Common Stock**

The Fund had unlimited shares authorized and 20,064,313 shares outstanding as of December 31, 2024 and 2023. There were no changes to shares outstanding during the year ended December 31, 2024 and 2023.

**10. Aggregate Remuneration Paid to Officers, Trustees and Their Affiliated Persons**

For the year ended December 31, 2024, the Fund paid its Trustees aggregate remuneration of $90,000. During the year ended December 31, 2024, the Fund did not pay any compensation to any of its Trustees who are "interested persons" (as defined by the 1940 Act) of the Fund. The Fund classifies Mr. Mihalick as an interested person of the Fund.

All of the Fund's officers are employees of the Adviser. Pursuant to the Agreement, the Fund does not compensate its officers who are employees of the Adviser (except for the Chief Compliance Officer of the Fund unless assumed by the Adviser). For the period January 1, 2024, to August 31, 2024, the Trust's Chief Compliance Officer was a Principal Consultant of ACA Group ("ACA"). For the period January 1, 2024, to August 31, 2024, the Trust paid ACA an annual fee plus out-of-pocket expenses for the provision of personnel and services provided related to the Trust's compliance program. For the period September 1, 2024, to December 31, 2024, the Adviser paid the compensation of the Chief Compliance Officer of the Fund.

The Fund did not make any payments to the Adviser for the year ended December 31, 2024, other than the amounts payable to the Adviser pursuant to the Agreement.

**11. Risks**

In the normal course of its business, the Fund trades various financial instruments and enters into certain investment activities with investment risks. These risks include:

Below Investment Grade (high yield/junk bond) Instruments Risk

Below investment grade securities, commonly known as "junk" or "high yield" bonds, have speculative characteristics and involve greater volatility of price and yield, greater risk of loss of principal and interest, and generally reflect a greater possibility of an adverse change in financial condition that could affect an issuer's ability to honor its obligations. Below investment grade debt instruments are considered to be predominantly speculative investments. In some cases, these obligations may be highly speculative and have poor prospects for reaching investment grade standing. Below investment grade debt instruments are subject to the increased risk of an issuer's inability to meet principal and interest payment obligations. These instruments may 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 prices of below investment grade debt instruments may be affected by legislative and regulatory developments. Because below investment grade debt instruments are difficult to value and are more likely to be fair valued, particularly during erratic markets, the values realized on their sale may differ from the values at which they are carried on the books of the Fund.

The Fund may invest in bonds and loans of corporate issuers that are, at the time of purchase, rated below investment grade by at least one credit rating agency or unrated but determined by Barings to be of comparable quality. The Fund may also invest in other below investment grade debt obligations. Barings considers both credit risk and market risk in making investment decisions for the Fund. If a default occurs with respect to any below investment grade debt instruments and the Fund sells or otherwise disposes of its exposure to such instruments, it is likely that the proceeds would 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 would be uncertain and may not occur. Market trading volume for high yield instruments is

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

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.

Borrowing and Leverage Risk

The Fund may borrow, subject to certain limitations, to fund redemptions, post collateral for hedges or to purchase loans, bonds and structured products prior to settlement of pending sale transactions. Any such borrowings, as well as transactions such as when-issued, delayed-delivery, forward commitment purchases and loans of portfolio securities, can result in leverage. The use of leverage involves special risks, and makes the net asset value of the Fund and the yield to shareholders more volatile. There can be no assurance that the Fund's leveraging strategies would be successful. In addition, the counterparties to the Fund's leveraging transactions will have priority of payment over the Fund's shareholders.

Credit Risk

Credit risk is the risk that one or more debt obligations in the Fund's portfolio will decline in price, or fail to pay dividends, interest or principal when due because the issuer of the obligation experiences an actual or perceived decline in its financial status. Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated instruments. They do not, however, evaluate the market value risk of below investment grade debt instruments and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value of the instruments. Consequently, credit ratings are used only as a preliminary indicator of investment quality. Investments in below investment grade and comparable unrated obligations will be more dependent on Barings's credit analysis than would be the case with investments in investment grade instruments. Barings employs its own credit research and analysis, which includes a study of existing debt, capital structure, ability to service debt and to pay dividends, sensitivity to economic conditions, operating history and current earnings trends.

One or more debt obligations in the Fund's portfolio may decline in price, or fail to pay dividends, interest or principal when due because the issuer of the obligation experiences an actual or perceived decline in its financial status or due to changes in the specific or general market, economic, industry, political, regulatory, public health or other conditions.

Cybersecurity Risk

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the information resources of us, Barings or our portfolio investments. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our or Barings' information systems or those of our portfolio investments for purposes of misappropriating assets, stealing confidential information, corrupting data or causing operational disruption. Barings' employees may be the target of fraudulent calls, emails and other forms of activities. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation and damage to business relationships. The Fund's business operations rely upon secure information technology systems for data processing, storage, and reporting. The Fund depends on the effectiveness of the information and cybersecurity policies, procedures, and capabilities maintained by its affiliates and their respective third-party service providers to protect their computer and telecommunications systems and the data that reside on or are transmitted through them.

Substantial costs may be incurred in order to prevent any cyber incidents in the future. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. As the Fund's and our portfolio investments' reliance on technology has increased, so have the risks posed to the Fund's information systems, both internal and those provided by Barings and third-party service providers, and the information systems of the Fund's portfolio investments. Barings has implemented processes, procedures and internal controls to help mitigate cybersecurity risks and cyber intrusions, but these measures, as well as the Fund's increased awareness of the nature and extent of a risk of a cyber incident, do not guarantee that a cyber incident will not occur and/or that the Fund's financial results, operations or confidential information will not be negatively impacted by such an incident. In addition, cybersecurity continues to be a key priority for regulators around the world, and some jurisdictions have enacted laws requiring companies to notify individuals or the general investing public of data security breaches involving certain types of personal data, including the

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

SEC, which, on July 26, 2023, adopted amendments requiring the prompt public disclosure of certain cybersecurity breaches. If the Fund fails to comply with the relevant laws and regulations, the Fund could suffer financial losses, a disruption of the Fund's business, liability to investors, regulatory intervention or reputational damage.

Defaults by Portfolio Investments

A portfolio investment's failure to satisfy financial or operating covenants imposed by the Fund or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio investment's ability to meet its obligations under the debt or equity securities that the Fund holds. The Fund may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio investment.

Derivatives Risk

Derivatives involve special risks and costs and may result in losses to the Fund. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. Some derivatives are "leveraged" or may create economic leverage for the Fund and therefore may magnify or otherwise increase investment losses to the Fund. The Fund's use of derivatives may also increase the amount of taxes payable by shareholders.

Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for the Fund's derivatives positions. In fact, many over-the-counter derivative instruments will not have liquidity beyond the counterparty to the instrument. Over-the-counter derivative instruments also involve the risk that the other party will not meet its obligations to the Fund. The use of derivatives also exposes the Fund to operational issues, such as documentation and settlement issues, systems failures, inadequate control and human error.

Derivatives may also involve legal risks, such as insufficient documentation, the lack of capacity or authority of a counterparty to execute or settle a transaction, and the legality and enforceability of derivatives contracts. The U.S. Government and foreign governments have adopted (and may adopt further) regulations governing derivatives markets, including mandatory clearing of certain derivatives, margin and reporting requirements and risk exposure limitations. Regulation of derivatives may make derivatives more costly, limit their availability or utility to the Fund, or otherwise adversely affect their performance or disrupt markets.

In October 2020, the SEC adopted Rule 18f-4 under the 1940 Act regarding the ability of a fund to use derivatives and other transactions that create future payment or delivery obligations. Under Rule 18f-4, funds that use derivatives are subject to a value-at-risk leverage limit, a derivatives risk management program and testing requirements and requirements related to board reporting. These requirements apply unless the fund qualifies as a "limited derivatives user," as defined under Rule 18f-4. Under Rule 18f-4, a fund may enter into an unfunded commitment agreement (which may include delayed draw and revolving loans) that will not be deemed to be a derivatives transaction, such as an agreement to provide financing to a portfolio company, if the fund has, among other things, a reasonable belief, at the time it enters into such an agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements, in each case as it becomes due. Collectively, these requirements may limit the Fund's ability to use derivatives and/or enter into certain other financial contracts.

The Fund has adopted updated policies and procedures in compliance with Rule 18f-4. The Fund expects to qualify as a "limited derivatives user" under Rule 18f-4. Future legislation or rules may modify how the Fund treats derivatives and other financial arrangements for purposes of compliance with the leverage limitations of the 1940 Act. Future legislation or rules may modify how leverage is calculated under the 1940 Act and, therefore, may increase or decrease the amount of leverage currently available to the Fund under the 1940 Act, which may be materially adverse to us and our shareholders.

Duration Risk

Subject to the limitations set forth in the Fund's prospectus, the Fund may invest in investments of any duration or maturity. Although stated in years, duration is not simply a measure of time. Duration measures the time-weighted expected cash flows of a security, which can determine the security's sensitivity to changes in the general level of interest rates (or yields). Securities with longer durations tend to be more sensitive to interest rate (or yield) changes than securities with shorter durations.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

Duration differs from maturity in that it considers potential changes to interest rates, and a security's coupon payments, yield, price and par value and call features, in addition to the amount of time until the security matures. Various techniques may be used to shorten or lengthen the Fund's duration. The duration of a security will be expected to change over time with changes in market factors and time to maturity.

Foreign Securities Risk

Investments in securities of non-U.S. issuers (including those denominated in U.S. dollars) may involve more risk than investing in securities of U.S. issuers. Foreign political, economic and legal systems, especially those in developing and emerging market countries, may be less stable and more volatile than in the United States. Foreign legal systems generally have fewer regulatory requirements than the U.S. legal system, particularly those of emerging markets. In general, less information is publicly available with respect to non-U.S. companies than U.S. companies. Non-U.S. companies generally are not subject to the same accounting, auditing, and financial reporting standards as are U.S. companies. Additionally, the changing value of foreign currencies and changes in exchange rates could also affect the value of the assets the Fund holds and the Fund's performance. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payment of principal and interest or dividends to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Investments in emerging markets are subject to greater volatility and price declines.

In addition, the Fund's investments in non-U.S. securities may be subject to the risks of nationalization or expropriation of assets, imposition of currency exchange controls or restrictions on the repatriation of non-U.S. currency, confiscatory taxation and adverse diplomatic developments. Special U.S. tax considerations may apply.

Inflation Risk

Certain of the Fund's portfolio investments are in industries that could be impacted by inflation. If such portfolio investments are unable to pass any increases in their costs of operations along to their customers, it could adversely affect their operating results and impact their ability to pay interest and principal on the Fund's loans, particularly if interest rates rise in response to inflation. In addition, any projected future decreases in the Fund's portfolio investments' operating results due to inflation could adversely impact the fair value of those investments. Any decreases in the fair value of the Fund's portfolio investments could result in future realized or unrealized losses and therefore reduce the Fund's net assets resulting from operations.

Liquidity Risk

The Fund may, subject to certain limitations, invest in illiquid securities (i.e., securities that cannot be disposed of in current market conditions in seven calendar days or less without the disposition significantly changing the market value of the security). Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wide fluctuations in market value. Some securities may be subject to restrictions on resale. Illiquid securities may be difficult to value. Also, the Fund may not be able to dispose of illiquid securities at a favorable time or price when desired, and the Fund may suffer a loss if forced to sell such securities for cash needs. Below investment grade loans and other debt securities tend to be less liquid than higher-rated securities.

Loan Risk

The loans in which the Fund may invest are subject to a number of risks. Loans are subject to the risk of non-payment of scheduled interest or principal. Such non-payment would result in a reduction of income to the Fund, a reduction in the value of the investment and a potential decrease in the net asset value of the Fund. There can be no assurance that the liquidation of any collateral securing a loan would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments, or that such collateral could be readily liquidated. In the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a loan. Loan participations and assignments involve credit risk, interest rate risk, liquidity risk, and the risks of being a lender. Loans are not as easily purchased or sold as publicly traded securities and there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. In addition, the terms of the loans may restrict their transferability without borrower consent.

These factors may have an adverse effect on the market price of the loan and the Fund's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for the Fund to

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

obtain precise valuations of the high yield loans in its portfolio. The settlement period (the period between the execution of the trade and the delivery of cash to the purchaser) for some loan transactions may be significantly longer than the settlement period for other investments, and in some cases longer than seven days. It is possible that sale proceeds from loan transactions will not be available to meet redemption obligations, in which case the Fund may be required to utilize cash balances or, if necessary, sell its more liquid investments or investments with shorter settlement periods. Some loans may not be considered "securities" for certain purposes under the federal securities laws, and purchasers, such as the Fund, therefore may not be entitled to rely on the anti-fraud protections of the federal securities laws.

Management Risk

The Fund is subject to management risk because it is an actively managed portfolio. Barings apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that such techniques and analyses will produce the desired results.

Market Risk

The value of the Fund's portfolio securities may decline, at times sharply and unpredictably, as a result of unfavorable market-induced changes affecting particular industries, sectors, or issuers. Stock and bond markets can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as investor perceptions of these conditions. Such conditions may include, but are not limited to, war, terrorism, natural and environmental disasters and epidemics or pandemics, which may be highly disruptive to economies and markets. Such conditions may also adversely affect the liquidity of the Fund's securities. The Fund is subject to risks affecting issuers, such as management performance, financial leverage, industry problems, and reduced demand for goods or services.

Prepayment and Extension Risk

Prepayment and extension risk is the risk that a loan, bond or other investment might be called or otherwise converted, prepaid or redeemed before maturity. This risk is primarily associated with mortgage-backed and other asset-backed securities and floating rate loans. If the investment is converted, prepaid or redeemed before maturity, particularly during a time of declining interest rates or spreads, the Fund may not be able to invest the proceeds in other investments providing as high a level of income, resulting in a reduced yield to the Fund. Conversely, as interest rates rise or spreads widen, the likelihood of prepayment decreases and the maturity of the investment may extend. The Fund may be unable to capitalize on securities with higher interest rates or wider spreads because the Fund's investments are locked in at a lower rate for a longer period of time.

Valuation Risk

Under the 1940 Act, the Fund is required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined in good faith by the Board of Trustees. The Board has designated Barings as valuation designee to perform the Fund's fair value determinations relating to the value of our assets for which market quotations are not readily available.

Typically there is not a public market for the securities in which we have invested and will generally continue to invest. Barings conducts the valuation of such investments, upon which the Fund's net asset value is primarily based, in accordance with its valuation policy, as well as established and documented processes and methodologies for determining the fair values of investments on a recurring basis in accordance with the 1940 Act and ASC Topic 820. The Fund's current valuation policy and processes were established by Barings and have been approved by the Board. The Adviser has established a pricing committee that is, subject to the oversight of the Board, responsible for the approval, implementation and oversight of the processes and methodologies that relate to the pricing and valuation of assets held by the Fund. Barings uses independent third-party providers to price the portfolio, but in the event an acceptable price cannot be obtained from an approved external source, Barings will utilize alternative methods in accordance with internal pricing procedures established by Barings' pricing committee.

The determination of fair value and consequently, the amount of unrealized appreciation and depreciation in the Fund's portfolio, is to a certain degree subjective and dependent on the judgment of Barings. Certain factors that may be considered in determining the fair value of the Fund's investments include the nature and realizable value of any collateral, the portfolio investment's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio investment does business,

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

comparison to comparable publicly-traded companies, discounted cash flows and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, Barings' determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, Barings' fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that the Fund may ultimately realize upon the sale or disposition of one or more of its investments. As a result, investors purchasing the Fund's securities based on an overstated net asset value would pay a higher price than the value of the Fund's investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments will receive a lower price for their shares than the value of the Fund's investments might warrant.

**12. Subsequent Events**

The Fund has evaluated the possibility of subsequent events existing in this report through the date that the financial statements were issued. The Fund has determined that there were no material events that would require recognition or disclosure in this report through this date.

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP
Suite 1000
620 S. Tryon Street
Charlotte, North Carolina 28202-1842

To the Shareholders and the Board of Trustees of
Barings Global Short Duration High Yield Fund

## Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Barings Global Short Duration High Yield Fund (the Fund), including the schedule of investments, as of December 31, 2024, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended, and the related notes (collectively, the financial statements) and the financial highlights for each of the years in the five-year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2024, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the years in the two-year period then ended, and the financial highlights for each of the years in the five-year period then ended, in conformity with U.S. generally accepted accounting principles.

## Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2024, by correspondence with custodians and agent banks, or by other appropriate auditing procedures when replies were not received. Our audit also included evaluating the accounting principles used and significant estimates made by the overall presentation of the financial statements and financial highlights. reasonable basis for our opinion.

KPMG LLP

We have served as the auditor of one or more of the Barings LLC investment companies since 2004.

Charlotte, North Carolina
March 1, 2025

# RESULTS OF SHAREHOLDER MEETING

The Annual Meeting of Shareholders ("Annual Meeting") was held on Tuesday, August 6, 2024. The shareholders were asked to elect Mark F. Mulhern and Jill E. Olmstead as Trustees, each for a three-year term. The shareholders approved the proposal. The results of shareholder voting are set forth below:

| SHARES FOR | WITHHELD | TOTAL VOTED | % OF SHARES VOTED FOR |
|---|---|---|---|
| Mark F. Mulhern | 663,075 | 16,704,343 | 96.03% |
| Jill E. Olmstead | 655,214 | 16,704,343 | 96.08% |

The Fund's other Trustees, David M. Mihalick and Thomas W. Okel continued to serve their respective terms following the Annual Meeting.

# INTERESTED TRUSTEE

| NAME (AGE), ADDRESS | POSITION(S) WITH THE FUND | OFFICE TERM AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS | PORTFOLIOS OVERSEEN IN FUND COMPLEX | OTHER DIRECTORSHIPS HELD BY DIRECTOR |
|---|---|---|---|---|---|
| **David M. Mihalick (51)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Trustee | Trustee since 2020 | Head of Private Assets (since 2021), Head of U.S. Public Fixed Income and Member of Global Investment Grade Allocation Committee (2019-2021), and Head of U.S. High Yield and Member of Global High Yield Allocation Committee (2017-2021), Barings LLC. | 5 | Director (since 2020), Barings BDC, Inc. (business development company advised by Barings); Director (since 2021), Barings Capital Investment Corporation (business development company advised by Barings); Trustee (since 2022), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); and Trustee (2020-2021), Barings Funds Trust (open-end investment company advised by Barings until 2021). |

# INDEPENDENT TRUSTEES

| NAME (AGE), ADDRESS | POSITION(S) WITH THE FUND | OFFICE TERM AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS | PORTFOLIOS OVERSEEN IN FUND COMPLEX | OTHER DIRECTORSHIPS HELD BY DIRECTOR |
|---|---|---|---|---|---|
| **Mark F. Mulhern (65)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Trustee | Trustee since 2021 | Executive Vice President and Chief Financial Officer (2014-2022), Highwood Properties, Inc. (publicly traded real estate investment trust). | 4 | Director (since 2016 (Triangle Capital)), Barings BDC, Inc. (business development company advised by Barings); Director (since 2020), Barings Capital Investment Corporation (business development company advised by Barings); Director (since 2021), Barings Private Credit Corporation (business development company advised by Barings); Director (since 2020), Intercontinental Exchange (NYSE: ICE); Director (since 2020), ICE Mortgage Technology; Director (since 2015), McKim and Creed (engineering service firm); Trustee (2022-2024), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed-end management investment company advised by Barings until February 2024); Director and Audit Committee member (2012-2014), Highwood Properties (real estate investment trust); and Director (2015-2017), Azure MLP (midstream oil and gas). |
| **Thomas W. Okel (62)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Trustee | Trustee since 2012 | Executive Director (2011-2019), Catawba Lands Conservancy. | 4 | Director (since 2018), Barings BDC, Inc. (business development company advised by Barings); Director (since 2020), Barings Capital Investment Corporation (business development company advised by Barings); Director (since 2021), Barings Private Credit Corporation (business development company advised by Barings); Trustee (since 2015), Horizon Funds (mutual fund complex); Trustee (2022-2024), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed-end management investment company advised by Barings until February 2024); and Trustee (2013-2021), Barings Funds Trust (open-end investment company advised by Barings until 2021). |

# INDEPENDENT TRUSTEES (CONTINUED)

| NAME (AGE), ADDRESS | POSITION(S) WITH THE FUND | OFFICE TERM AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATIONS DURING PAST 5 YEARS | PORTFOLIOS OVERSEEN IN FUND COMPLEX | OTHER DIRECTORSHIPS HELD BY DIRECTOR |
|---|---|---|---|---|---|
| **Jill Olmstead (61)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Trustee | Trustee since 2021 | Chief Human Resources Officer, (since 2018), LendingTree, Inc.; and Founding Partner (2010-2018), Spivey & Olmstead, LLC (talent and leadership consulting firm). | 4 | Director (since 2018), Barings BDC, Inc. (business development company advised by Barings); Director (since 2020), Barings Capital Investment Corporation (business development company advised by Barings; Director (since 2021), Barings Private Credit Corporation (business development company advised by Barings); and Trustee (2022-2024), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed-end management investment company advised by Barings until February 2024). |

# OFFICERS OF THE FUND

| NAME (AGE), ADDRESS | POSITION(S) WITH THE FUND | OFFICE TERM* AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATIONS(S) DURING PAST 5 YEARS |
|---|---|---|---|
| **Sean Feeley (57)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | President | Since 2017 | Vice President (2012-2017) of the Fund; Managing Director (since 2003), Barings; Vice President (since 2011), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); and Vice President (since 2011), CI Subsidiary Trust and PI Subsidiary Trust. |
| **Christopher Hanscom (41)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Chief Financial Officer | Since 2023 | Treasurer (2021-2023) of the Fund; Senior Director (since 2023), Director (2018-2023), Associate Director (2015-2018), Analyst (2005-2015), Barings; Chief Financial Officer (since 2022), Treasurer (since 2017), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); and Trustee (since 2022), Chief Financial Officer (since December 2022), Assistant Controller (2020-2022), CI Subsidiary Trust and PI Subsidiary Trust. |
| **Andrea Nitzan (57)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Treasurer | Since 2023 | Managing Director and Chief Accounting Officer (since 2020), Barings; Principal Accounting Officer (since 2023), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); and Principal Accounting Officer (since 2023), CI Subsidiary Trust and PI Subsidiary Trust. |
| **Itzbell Branca (48)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Chief Compliance Officer | Since September 2024 | Senior Director (since September 2024), Director (2019-September 2024), Barings; Chief Compliance Officer (since September 2024), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Chief Compliance Officer (since September 2024), Barings BDC, Inc. (business development company advised by Barings); Chief Compliance Officer (since September 2024), Barings Capital Investment Corporation (business development company advised by Barings); and Chief Compliance Officer (since September 2024), Barings Private Credit Corporation (business development company advised by Barings). |
| **Ashlee Steinnerd (43)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Chief Legal Officer | Since 2023 | Secretary (2021-2023) of the Fund; Managing Director (since 2022), Head of Regulatory (since 2021), Director (2019-2022), Barings; Chief Legal Officer (since 2023), Secretary (2020-2023), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Chief Legal Officer (since 2023), Secretary (2020-2023), CI Subsidiary Trust and PI Subsidiary Trust; Chief Legal Officer (since 2023), Secretary (2020-2023), Barings BDC, Inc. (business development company advised by Barings); Chief Legal Officer (since 2023), Secretary (2020-2023), Barings Capital Investment Corporation (business development company advised by Barings); Chief Legal Officer (since 2023), Secretary (2021-2023), Barings Private Credit Corporation (business development company advised by Barings); Chief Legal Officer (2023-2024), Secretary (2022-2023), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed-end management investment company advised by Barings until February 2024); and Senior Counsel (2011-2019), Securities and Exchange Commission. |

# OFFICERS OF THE FUND (CONTINUED)

| NAME (AGE), ADDRESS | POSITION(S) WITH THE FUND | OFFICE TERM* AND LENGTH OF TIME SERVED | PRINCIPAL OCCUPATIONS(S) DURING PAST 5 YEARS |
|---|---|---|---|
| **Alexandra Pacini (32)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Secretary | Since 2023 | Assistant Secretary (2020-2023) of the Fund; Director (since 2023), Associate Director (2021-2023), Analyst (2017-2021), Barings; Secretary (since 2023), Assistant Secretary (2020-2023), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Secretary (since 2023), Assistant Secretary (2020-2023), CI Subsidiary Trust and PI Subsidiary Trust; Secretary (since 2023), Assistant Secretary (2020-2023), Barings BDC, Inc. (business development company advised by Barings); Secretary (since 2023), Assistant Secretary (2021-2023), Barings Capital Investment Corporation (business development company advised by Barings); Secretary (since 2023), Assistant Secretary (2021-2023), Barings Private Credit Corporation (business development company advised by Barings); Secretary (2023-2024), Assistant Secretary (2022-2023), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed end management investment company advised by Barings until February 2024); and Assistant Secretary (2020-2021), Barings Funds Trust (open-end investment company advised by Barings until 2021). |
| **Matthew Curtis (53)**<br>300 South Tryon Street<br>Suite 2500<br>Charlotte, NC 28202 | Tax Officer | Since 2022 | Managing Director and Global Head of Tax (since 2017), Barings; Tax Officer (since 2022), Barings Corporate Investors and Barings Participation Investors (closed-end investment companies advised by Barings); Tax Officer (since 2022), CI Subsidiary Trust and PI Subsidiary Trust; Tax Officer (since 2022), Barings BDC, Inc. (business development company advised by Barings); Tax Officer (since 2022), Barings Capital Investment Corporation (business development company advised by Barings); Tax Officer (since 2022), Barings Private Credit Corporation (business development company advised by Barings); and Tax Officer (2022-2024), Barings Private Equity Opportunities and Commitments Fund (a non-diversified, closed-end management investment company advised by Barings until February 2024). |

# APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUB-ADVISORY AGREEMENT

The Investment Company Act of 1940 (the "1940 Act") requires that both the full Board of Trustees and a majority of the Trustees who are not "interested persons" of Barings Global Short Duration High Yield Fund (the "Fund"), as defined under the 1940 Act (the "Independent Trustees"), voting separately, annually approve the continuation of the investment management agreement (as amended and/or restated from time to time, the "Management Agreement") between the Fund and Barings LLC ("Barings") and the Sub-Advisory Agreement between Barings and Baring International Investment Limited ("BIIL Sub-Advisory Agreement" and, together with the Management Agreement, the "Agreements"). The Trustees considered matters bearing on the Fund and the Agreements at their meetings throughout the year, including a review of the Fund's performance at each regular meeting. In addition, the Trustees met at a meeting held on August 6, 2024 (the "Meeting") for the specific purpose of considering whether to approve the Agreements for the Fund. The Trustees' review process and considerations in approving the Agreements are summarized below.

Prior to the Meeting, the Trustees requested and received from Morgan, Lewis & Bockius LLP, independent legal counsel to the Independent Trustees, a memorandum describing the Trustees' legal responsibilities in connection with their review and approval of the Agreements. The Independent Trustees met prior to the August Board meeting with independent legal counsel to discuss their duties, the memorandum and the Agreements. The Trustees also requested and received from Barings extensive written and oral information regarding various matters including, but not limited to: the principal terms of the Agreements; Barings and its personnel, including recent staffing changes at Barings; the Fund's investment performance, including comparative performance information; the nature and quality of the services provided by Barings to the Fund; the financial strength of Barings; the Fund's fee and expense information, including comparative fee and expense information; the profitability of the advisory arrangement to Barings; and the "fallout" benefits to Barings resulting from the Agreements.

The Trustees' conclusion as to the continuation of the Agreements was based on a comprehensive consideration of all information provided to the Board and not the result of any single issue. Some of the more significant factors that influenced the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the Board's review of the Agreements is the result of ongoing review and discussion, rather than a single discussion. The Trustees' conclusions may be based, in part, on their consideration of these arrangements throughout the year and in prior years.

The Trustees considered the terms of the Agreements, including the scope of the advisory and non-advisory services provided under the Agreements or otherwise. In evaluating the nature, scope and quality of the services provided by Barings and BIIL, the Trustees considered the specific responsibilities of Barings and BIIL in the day-to-day management of the Fund, the qualifications, experience and responsibilities of the portfolio managers and other key personnel that are involved in the day-to-day management of the Fund, the ability of Barings and BIIL to attract and retain high-quality personnel, and the organizational depth and stability of Barings and BIIL. The Trustees also considered the trading capabilities of Barings and BIIL. Further, the Trustees considered, the recent changes in Barings personnel but were persuaded that such changes did not materially impact the nature and quality of the services provided to the Fund under the Agreements.

Based on information provided by Broadridge Financial Solutions, Inc. ("Broadridge") and Barings, the Trustees reviewed the Fund's net total return investment performance, as well as the performance of peer groups of funds, over various time periods. The net total return performance of the Fund ranked in the 1$^{st}$ quintile of its Broadridge performance universe for the one-, three- and five-year periods ended June 30, 2024 (the 1st quintile being the best performers and the 5$^{th}$ quintile being the worst performers). The Trustees also reviewed the Fund's performance in comparison to a custom peer group developed by Barings comprised of nine (including the Fund) high-yield closed-end funds that employ generally similar investment strategies and invest in the same asset classes as the Fund. Relative to the custom peer group, the net total return performance of the Fund ranked, respectively, 1$^{st}$, 3$^{rd}$, and 2$^{nd}$ out of nine funds for the one-, three- and five-year periods ended June 30, 2024. The Trustees felt that BGH's ability to invest in senior secured loans, structured credit and non-U.S. securities required additional infrastructure and resources relative to peer funds using a pure high yield bond strategy. In the course of their deliberations, the Trustees also took into account information provided by Barings during investment review meetings conducted with portfolio management personnel during the course of the year. After reviewing

# APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT AND SUB-ADVISORY AGREEMENT (CONTINUED)

these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with Barings' and BIIL's responses and efforts relating to investment performance.

The Trustees considered the investment management fee paid by the Fund to Barings pursuant to the Management Agreement. The Trustees noted that Barings (and not the Fund) pays BIIL its sub-advisory fee under the BIIL Sub-Advisory Agreement. In assessing the reasonableness of the fee paid by the Fund under the Management Agreement, the Trustees considered, among other information, the Fund's management fee and the total expense ratio for the Fund's shares as a percentage of net asset value and the advisory fee and total expense ratios of peer groups of funds based on information provided by Broadridge. The Trustees considered that, according to the Broadridge data, the Fund's effective management fee (which includes Barings' advisory fee and Fund administration fees) and total expense ratio were each higher than the Broadridge expense group median for common and leverage assets. The Trustees also reviewed the Fund's advisory fee and total expense ratio in comparison to a custom peer group developed by Barings comprised of ten (including the Fund) high-yield closed-end funds that employ generally similar investment strategies and invest in the same asset classes as the Fund. The Trustees considered that, according to the custom peer group data, the contractual advisory fee of the Fund ranked 5th out of 12 funds. The Trustees also reviewed materials provided by Barings describing fees paid by other similar accounts managed by Barings, noting that Barings typically charges higher fees on its global accounts than on accounts that are invested primarily in domestic securities.

The Board noted that, because the Fund is a closed-end fund and does not continuously offer its securities, its size was relatively stable and it was unlikely that Barings would realize economies of scale from the Fund's growth other than through capital gains and income. The Trustees reviewed information prepared by Barings regarding Barings' costs of managing the Fund, and the profitability of the Management Agreement to Barings. In considering the profitability to Barings, the Board noted that BIIL is an affiliate of Barings and is paid by Barings, and, therefore, did not consider its profitability separately.

The Trustees also considered the character and amount of other incidental benefits received by Barings and BIIL. Additionally, the Trustees considered so-called "fall-out benefits" to Barings and BIIL, such as reputational value derived from serving as investment manager to the Fund.

On the basis of the information provided, the Trustees concluded, within the context of their overall review of the Agreements, that the management fees charged to the Fund and the sub-advisory fee paid by Barings to BIIL represent reasonable compensation in light of the services being provided by Barings and BIIL to the Fund. Based on their evaluation of factors that they deemed material, including those factors described above, the Board of Trustees, including the Independent Trustees, concluded that the Fund's Management Agreement with Barings and the BIIL Sub-Advisory Agreement should be continued for an additional one-year period through August 2025.

# FUND DIVIDEND REINVESTMENT PLAN



The Fund offers a Dividend Reinvestment Plan (the "Plan"). The Plan provides a simple way for shareholders to add to their holdings in the Fund through the reinvestment of dividends in additional common shares of the Fund. Shareholders will have all dividends, including any capital gain dividends, reinvested automatically in additional shares of the Fund by U.S. Bancorp Fund Services, LLC, as Plan Agent, unless a shareholder elects to receive cash instead. An election to receive cash may be revoked or reinstated at the option of the shareholder. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor's behalf) will receive dividends and distributions in cash.

Whenever the Fund declares a dividend payable in cash or shares, the Plan Agent, acting on behalf of each participating shareholder, will take the dividend in shares only if the net asset value per Fund share is equal to or less than the market price per Fund share plus estimated brokerage commissions as of the payment date for the dividend.

When the dividend is to be taken in shares, the number of shares to be received is determined by dividing the dollar amount of the cash dividend by the net asset value per Fund share as of the dividend payment date or, if greater than the net asset value per Fund share, 95% of the closing share price on the payment date. Generally, if the net asset value per Fund share is greater than the market price per Fund share plus estimated brokerage commissions as of the dividend payment date, the Plan Agent will endeavor to buy shares on the open market at current prices promptly after the dividend payment date.

The reinvestment of dividends does not, in any way, relieve participating shareholders of any Federal, state or local tax. For Federal income tax purposes, the amount reportable in respect of a dividend received in shares of the Fund will be the fair market value of the shares received, which will be reportable as ordinary income and/or capital gains. Investors should consult with their own tax advisors for further information about the tax consequences of dividend reinvestment.

There is no brokerage charge for the reinvestment of dividends in additional Fund shares; however, all participants pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There is no direct service charge to participants in the Plan, though the Fund reserves the right to amend the Plan to include a service charge payable by participants.

Additional information about the Plan may be obtained from, and any questions regarding the Plan should be addressed to, U.S. Bancorp Fund Services, Plan Agent for Barings Global Short Duration High Yield Fund's Dividend Reinvestment Plan, P.O. Box 701, Milwaukee, WI 52301.

## JOINT PRIVACY NOTICE OF BABSON CAPITAL MANAGEMENT LLC AND BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND

**This privacy notice is being provided on behalf of Barings LLC and its affiliates: Barings Securities LLC; Barings Australia Pty Ltd; Barings Advisers (Japan) KK; Barings Investment Advisers (Hong Kong) Limited; Barings Global Short Duration High Yield Fund; Barings BDC, Inc.; Barings Corporate Investors and Barings Participation Investors (together, for purposes of this privacy notice, "Barings").**

When you use Barings you entrust us not only with your hard-earned assets but also with your personal and financial data. We consider your data to be private and confidential, and protecting its confidentiality is important to us. Our policies and procedures regarding your personal information are summarized below.

We may collect non-public personal information about you from:

- Applications or other forms, interviews, or by other means;
- Consumer or other reporting agencies, government agencies, employers or others;
- Your transactions with us, our affiliates, or others; and
- Our Internet website.

We may share the financial information we collect with our financial service affiliates, such as insurance companies, investment companies and securities broker-dealers. Additionally, so that we may continue to offer you products and services that best meet your investment needs and to effect transactions that you request or authorize, we may disclose the information we collect, as described above, to companies that perform administrative or marketing services on our behalf, such as transfer agents, custodian banks, service providers or printers and mailers that assist us in the distribution of investor materials or that provide operational support to Barings. These companies are required to protect this information and will use this information only for the services for which we hire them, and are not permitted to use or share this information for any other purpose. Some of these companies may perform such services in jurisdictions other than the United States. We may share some or all of the information we collect with other financial institutions with whom we jointly market products. This may be done only if it is permitted by the state in which you live. Some disclosures may be limited to your name, contact and transaction information with us or our affiliates.

Any disclosures will be only to the extent permitted by federal and state law. Certain disclosures may require us to get an "opt-in" or "opt-out" from you. If this is required, we will do so before information is shared. Otherwise, we do not share any personal information about our customers or former customers unless authorized by the customer or as permitted by law.

We restrict access to personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards that comply with legal standards to guard your personal information. As an added measure, we do not include personal or account information in non-secure e-mails that we send you via the Internet without your prior consent. We advise you not to send such information to us in non-secure e-mails.

This joint notice describes the privacy policies of Barings, the Funds and Barings Securities LLC. It applies to all Barings and the Funds accounts you presently have, or may open in the future, using your social security number or federal taxpayer identification number – whether or not you remain a shareholder of our Funds or as an advisory client of Barings. As mandated by rules issued by the Securities and Exchange Commission, we will be sending you this notice annually, as long as you own shares in the Funds or have an account with Barings.

Barings Securities LLC is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Investors may obtain information about SIPC including the SIPC brochure by contacting SIPC online at www.sipc.org or calling (202)-371-8300. Investors may obtain information about FINRA including the FINRA Investor Brochure by contacting FINRA online at www.finra.org or by calling (800) 289-9999.

December 2023

BARINGS

# BARINGS GLOBAL SHORT DURATION HIGH YIELD FUND

2024 ANNUAL REPORT