



**Barings U.S. Loan Limited**

(a private limited liability company incorporated  
in Ireland under registration number 623497)

**Annual Report & Audited Financial  
Statements**

for the financial year ended 31 December 2022

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**Barings U.S. Loan Limited**  
**Annual Report and Audited Financial Statements**

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For the financial year ended 31 December 2022

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# Barings U.S. Loan Limited

## Directors and Other Information

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### Directors

Mr. Alan Behen (Irish)  
Mr. Paul Smyth (Irish)

### Registered Office

70 Sir John Rogerson's Quay  
Dublin D02 R296  
Ireland

### Manager and Alternative Investment Fund Manager

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

### Investment Managers

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

Barings LLC  
300 S. Tryon St, Suite 2500  
Charlotte  
North Carolina 28202  
United States

### Depository

State Street Custodial Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin D02 HD32  
Ireland

### Administrator, Registrar and Transfer Agent

State Street Fund Services (Ireland) Limited  
78 Sir John Rogerson's Quay  
Dublin D02 HD32  
Ireland

### Independent Auditor

KPMG  
Chartered Accountants  
1 Harbourmaster Place  
IFSC  
Dublin D01 F6F5  
Ireland

### Irish Legal Advisers to the Company

Matheson  
70 Sir John Rogerson's Quay  
Dublin D02 R296  
Ireland

### Company Secretary

Matsack Trust Limited  
70 Sir John Rogerson's Quay  
Dublin D02 R296  
Ireland

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# Barings U.S. Loan Limited

## Introduction

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Barings U.S. Loan Limited (the “Company”) is a private limited liability company incorporated in Ireland on 28 March 2018 under the registration number 623497. The Company is a wholly owned subsidiary of Barings U.S. Loan Fund (the “Parent”). The Parent is a fund of an Irish incorporated umbrella fund, Barings Global Investment Funds Plc, which is the ultimate parent of the Company (the “Ultimate Parent”), which is listed on Global Exchange Market of Euronext Dublin. As at 31 December 2022, the Company held investments to the value of US\$814,660,858 (31 December 2021: US\$931,004,407). The Company financed its purchases of investments by way of a loan provided by the Ultimate Parent, on behalf of its fund.

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

### **Company objective**

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

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# Barings U.S. Loan Limited

## Directors' Report

For the financial year ended 31 December 2022

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The Directors present their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and financial statements, in accordance with applicable law and regulations. Irish company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and applicable law.

Under Irish company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014 (the "Companies Act"). In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act. The Directors have appointed State Street Fund Services (Ireland) Limited (the "Administrator") to keep adequate accounting records which are located at the offices of the Administrator at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company. In this regard they have entrusted the assets of the Company to State Street Custodial Services (Ireland) Limited ("the Depository") for safe-keeping. They have general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act.

The financial statements are published at: [www.baring.com](http://www.baring.com). The Directors together with the Manager and the Investment Managers are responsible for the maintenance and integrity of the website as far as it relates to Barings Funds. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Business review and future developments

The Directors do not anticipate any change in the structure or investment objectives of the Company which is to hold investments on behalf of its Parent.

### Directors

The Directors who served during the financial year were:

Mr. Alan Behen  
Mr. Paul Smyth

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

### Directors' and Company Secretary's interests

None of the current Directors, Matsack Trust Limited (the "Company Secretary") or their families hold or held any beneficial interest in the shares of the Company during the financial year ended 31 December 2022 (31 December 2021: Nil).

### Transactions involving Directors

Other than as stated in Note 9 of these financial statements, there were no contracts or arrangements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act, at any time during the financial year ended 31 December 2022 (31 December 2021: None).

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

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# Barings U.S. Loan Limited

## Directors' Report (continued)

For the financial year ended 31 December 2022

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### Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

### Risk management objectives and policies

An investment in the Company involves a high degree of risk, including, but not limited to, the risks as outlined below. An investment in the Company is only suitable for investors who are in a position to take such risks. There can be no assurance that the Company will achieve its objectives, and the value of shares can go down as well as up. The principal risks and uncertainties faced by the Company are market price risk, foreign currency risk, liquidity risk, credit risk and interest rate risk, which are outlined in Note 10 to these financial statements.

### Results and Distribution

The result of operations for the financial year are set out in the Statement of Comprehensive Income. No dividends are recommended by the Directors in respect of the financial year ended 31 December 2022.

### Accounting records

The Directors ensure compliance with the Company's obligation to maintain adequate accounting records by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin D02 HD32.

### Significant events during the financial year

#### *Ukraine/Russia conflict*

In response to the Russian invasion of Ukraine, the EU, the U.S., the UK and other governmental entities have passed a variety of severe economic sanctions and export controls against Russia, including imposition of sanctions against Russia's Central Bank and largest financial institutions. In addition, a number of businesses have curtailed or suspended activities in Russia or dealings with Russian counterparts for reputational reasons. While current sanctions may not target the Company or the Portfolio Investments and their issuers and industries in which the issuers of the Portfolio Investments operate, these sanctions have had and may continue to have the effect of causing significant economic disruption and may adversely impact the global economy generally, and the Russian economy specifically by, among other things, creating instability in the energy sectors, reducing trade as a result of economic sanctions and increased volatility and uncertainty in financial markets, including Russia's financial sector. Additionally, any new or expanded sanctions that may be imposed by the U.S., EU, UK, or other countries may materially adversely affect the Company or the Portfolio Investments.

#### *COVID-19*

While the degree of disruption and market volatility within international markets resulting from the impact of COVID-19 continues to decline, the ongoing prevalence of the disease has an ongoing impact not only on demand for goods and services, but also supply chains. Concerns about the spread of COVID-19 and other outbreaks of health epidemics and contagious diseases in the past have caused governments at various times to take measures to prevent the spread of viruses, including restrictions on travel and public transport and prolonged closures of workplaces which may recur upon a new outbreak, recurrence or mutation of COVID-19 or other communicable diseases. Such occurrences on a global scale may affect investment sentiment and result in volatility in global capital markets or adversely affect regional or global economies, which may in turn give rise to significant costs to the Company and adversely affect the Company's business and financial results.

#### *Brexit*

Whilst the short to medium consequences of the UK's decision to leave the EU are becoming more certain, the long-term impact is less clear but may include a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the EU. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds and/or instability in the equity, debt and foreign exchange markets, including volatility in the value of sterling or the euro.

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

### Significant events after the financial year end

There were no significant events affecting the Company after the financial year end.

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# Barings U.S. Loan Limited

## Directors' Report (continued)

For the financial year ended 31 December 2022

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### Independent auditor

The Auditors, KPMG, Chartered Accountants and Registered Auditors, have indicated their willingness to continue in office in accordance with Section 383(2) of the Companies Act.

On behalf of the Board of Directors:



Director: \_\_\_\_\_  
Alan Behen



Director: \_\_\_\_\_  
Paul Smyth

Date: 25 April 2023



**KPMG**  
**Audit**  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

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

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

#### ***Opinion***

We have audited the financial statements of Barings U.S. Loan Limited ('the Company') for the year ended December 31, 2022 set out on pages 9 to 32, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes Equity, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2022 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Conclusions relating to going concern***

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### ***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report, schedule of investments and significant changes in portfolio composition. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.





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

Based solely on our work on the other information undertaken during the course of the audit, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

### ***Our opinions on other matters prescribed by the Companies Act 2014 are unmodified***

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

### ***We have nothing to report on other matters on which we are required to report by exception***

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### ***Respective responsibilities and restrictions on use***

#### ***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at <https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/>.

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Frank Gannon  
for and on behalf of  
KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5

26 April 2023


# Barings U.S. Loan Limited


## Statement of Financial Position

As at 31 December 2022

	Note	31 December 2022 US\$	31 December 2021 US\$
<b>Assets</b>			
Financial assets at fair value through profit or loss:			
- Investments	10	814,660,858	931,004,407
Other receivables	5	7,324,079	3,854,099
Receivable for investments sold	10	9,218,617	6,206,498
Cash and cash equivalents	3	28,033,388	28,088,062
<b>Total assets</b>		<b>859,236,942</b>	<b>969,153,066</b>
<b>Liabilities</b>			
Financial liabilities designated at fair value through profit or loss:			
- Loan and coupon payable on loan from the Ultimate Parent	9	(828,306,338)	(939,438,246)
- Unfunded loans	10	(92,067)	(6,530)
Payable for investments purchased	10	(30,813,100)	(29,665,948)
Other payables and accrued expenses	6	(21,686)	(39,341)
<b>Total liabilities</b>		<b>(859,233,191)</b>	<b>(969,150,065)</b>
<b>Net assets</b>		<b>3,751</b>	<b>3,001</b>
<b>Equity</b>			
Share capital	4	1	1
Retained earnings		3,750	3,000
<b>Total equity</b>		<b>3,751</b>	<b>3,001</b>

On behalf of the Board of Directors:

  
Director: \_\_\_\_\_  
Alan Behen

  
Director: \_\_\_\_\_  
Paul Smyth

Date: 25 April 2023

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

# Barings U.S. Loan Limited

## Statement of Comprehensive Income

For the financial year ended 31 December 2022

	Note	31 December 2022 US\$	31 December 2021 US\$
<b>Income</b>			
Net change on financial assets at fair value through profit or loss	8	(17,623,776)	51,400,231
Net change on financial liabilities at fair value through profit or loss	9	17,872,287	(50,949,765)
<b>Net operating income</b>		<b>248,511</b>	<b>450,466</b>
<b>Expenses</b>			
Depository fee		(142,411)	(320,779)
Professional fee		(56,385)	(63,656)
Audit and tax reporting fee	6	(44,114)	(48,935)
Miscellaneous fee		(4,601)	(16,096)
<b>Total operating expenses</b>		<b>(247,511)</b>	<b>(449,466)</b>
<b>Net profit before finance costs</b>		<b>1,000</b>	<b>1,000</b>
<b>Profit before income tax for the financial year</b>		<b>1,000</b>	<b>1,000</b>
Tax on ordinary activities	14	(250)	(250)
<b>Profit after tax</b>		<b>750</b>	<b>750</b>

There are no recognised gains or losses in the financial year other than those dealt with in the Statement of Comprehensive Income. All results are from continuing activities.

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

# Barings U.S. Loan Limited

## Statement of Changes In Equity

For the financial year ended 31 December 2022

### Financial year ended 31 December 2022

	Note	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at beginning of the financial year	4	1	3,000	3,001
Profit for the financial year		-	750	750
<b>Balance at end of the financial year</b>		<b>1</b>	<b>3,750</b>	<b>3,751</b>

### Financial year ended 31 December 2021

	Note	Share Capital US\$	Retained Earnings US\$	Total US\$
Balance at beginning of the financial year	4	1	2,250	2,251
Profit for the financial year		-	750	750
<b>Balance at end of the financial year</b>		<b>1</b>	<b>3,000</b>	<b>3,001</b>

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

# Barings U.S. Loan Limited

## Statement of Cash Flows

For the financial year ended 31 December 2022

	31 December 2022 US\$	31 December 2021 US\$
<b>Cash flows from operating activities</b>		
Profit after income tax	750	750
Adjustments for:		
Net movement on financial assets and financial liabilities	114,564,119	(73,521,796)
Coupon (income)/expense on loan from Ultimate Parent	(17,872,287)	50,949,765
<b>Operating cash inflows/(outflows) before movements in working capital</b>	<b>96,692,582</b>	<b>(22,571,281)</b>
Movement in other receivables	(3,469,980)	488,441
Movement in other payables	(17,655)	6,783
<b>Cash (used in)/generated by working capital</b>	<b>(3,487,635)</b>	<b>495,224</b>
<b>Net cash inflows/(outflows) from operating activities</b>	<b>93,204,947</b>	<b>(22,076,057)</b>
<b>Financing activities</b>		
Proceeds of loan from the Ultimate Parent	149,927,305	153,261,754
Repayment of loan to the Ultimate Parent	(243,186,926)	(126,143,732)
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(93,259,621)</b>	<b>27,118,022</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(54,674)</b>	<b>5,041,965</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>28,088,062</b>	<b>23,046,097</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>28,033,388</b>	<b>28,088,062</b>
<b>Supplemental information</b>		
Coupon received	47,519,954	37,597,574
Dividend received	-	206
Tax paid	(250)	(250)

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

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# Barings U.S. Loan Limited

## Notes to the Financial Statements

For the financial year ended 31 December 2022

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### 1. Basis of measurement

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), interpretations adopted by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") and the Companies Act.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through profit or loss ("FVTPL").

The preparation of financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The financial statements are presented in U.S. Dollars ("US\$") and rounded to the nearest US\$.

These financial statements were prepared on a going concern basis.

The registered number of the Company is 623497.

### 2. Significant accounting policies

#### (a) New standards, amendments and interpretations issued and effective for the financial year beginning on or after 1 January 2022

The following new and amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

- COVID-19 Related Rent Concessions (Amendment to IFRS 16).
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment; Proceeds before Intended Use (Amendments to IAS 16).
- Reference to the Conceptual Framework (Amendments to IFRS 3).

There are no other new standards, amendments or interpretations issued and effective for the financial year beginning 1 January 2022 that have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

#### (b) New standards, amendments and interpretations issued but not yet effective for the financial year beginning on or after 1 January 2022 and not early adopted

The following new and amended standards and interpretations are not expected to have a significant impact on the Company's financial statements:

IFRS 17: Insurance Contracts, was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2023. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as 'a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder'. The new standard is not expected to have a significant impact on the Company's financial position, performance or disclosures in its financial statements.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.

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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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#### 2. Significant accounting policies (continued)

##### (b) New standards, amendments and interpretations issued but not yet effective for the financial year beginning on or after 1 January 2022 and not early adopted (continued)

The International Accounting Standards Board has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

There are no other standards, amendments or interpretations to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

##### (c) Foreign currency translation

###### *Functional and presentation currency*

The functional currency and presentation currency of the Company is US\$.

###### *Transactions and balances*

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the year in which they arise. Foreign exchange gains and losses on financial assets and liabilities at FVTPL are recognised together with other changes in fair value. Net foreign exchange gains/(losses) on non-monetary and monetary financial assets and liabilities other than those classified as at FVTPL are included in the Statement of Comprehensive Income.

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

###### (i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised at FVTPL on the Company's Statement of Financial Position on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised at the date they are originated. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the Statement of Comprehensive Income.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs on financial assets and financial liabilities at FVTPL are expensed immediately, while on other financial instruments they are amortised.

###### (ii) Classification and subsequent measurement

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

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

###### Subsequent measurement

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

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

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access to at that date. The fair value of a liability reflects its non-performance risk.



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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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#### 2. Significant accounting policies (continued)

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

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

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Financial assets and financial liabilities are priced at current mid prices. However, this does not impact on the profit for this financial year or the comparative financial year as any change is effectively transferred to the Parent, via the loans obtained from the Ultimate Parent. Under the loan agreement, all of the Company's profit or loss (except for a yearly profit of US\$1,000) is incorporated into the value of the outstanding loan. Accordingly any additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

If a quoted price is not available from a recognised market, or is unrepresentative in the opinion of the Directors or their delegate, such a security shall be valued, by estimating with care and in good faith the probable realisation value of the investment, by the Directors or their delegate or a competent person, which may be Baring Asset Management Limited and Barings LLC (the "Investment Managers") (appointed by the Directors and each approved for the purpose by the Depositary) or valued at the probable realisable value estimated with care and in good faith by any other means, provided that the value is approved by the Depositary.

The value of any security, including debt and equity securities which is not normally quoted, listed or traded on or under the rules of a recognised exchange will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

###### (iv) Amortised cost measurement principles

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

###### (v) Impairment

IFRS 9 requires an impairment assessment to be carried out on its financial assets. The Directors have assessed that impairment does not apply to financial assets classified as FVTPL. The Directors consider the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

###### (vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

The Company uses the average cost method to determine realised gains and losses on derecognition. Additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

###### (vii) Unfunded loans

Where the Company commits to purchase a loan asset and has partially drawn-down on that loan, the remaining balance is the unfunded loan. The unfunded portion is carried at FVTPL on the Statement of Financial Position.

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

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



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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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#### 2. Significant accounting policies (continued)

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

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

Cash comprises of current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents are measured at amortised cost.

##### (e) Income

###### (i) Coupon income from financial assets at FVTPL

Coupon income on financial assets at FVTPL is included in net change on financial assets at FVTPL in the Statement of Comprehensive Income. Income not yet received is included in other receivables in the Statement of Financial Position. Income which suffers a deduction of tax at source is shown gross of withholding tax. Non-recoverable withholding tax is disclosed separately in the Statement of Comprehensive Income.

###### (ii) Bank interest and interest expense

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

###### (iii) Dividend income

Dividend income is recognised in net income from financial instruments at FVTPL in the Statement of Comprehensive Income on the date that the right to receive payment is established. Dividend income not yet received is included in other receivables on the Statement of Financial Position.

##### (f) Miscellaneous income

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

##### (g) Net change on financial assets at FVTPL

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

##### (h) Net change on financial liabilities at FVTPL

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

##### (i) Expenses

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

##### (j) Taxation

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

In accounting for uncertainties in income tax, the Investment Managers apply a policy which is based upon the probability and materiality of a tax liability or refund crystallising if the Investment Manager were to realise all assets and wind up the Company T+0. The principals of our policy are detailed below.

- If there is a high probability of a tax position arising which represents a material value or devaluation of the investors interest then the Investment Manager will accrue for this in the balance sheet.
- If there is a low probability of a tax position arising, but the position would have a material effect on the value of the investors interests, the Investment Manager will provide a disclosure in the financial statements so as to ensure that investors are aware of the value at risk to their investment.
- If there is a low probability of a tax position arising and the position would not have a material effect on the value of the investors interests then the Investment Manager will not accrue for this in the balance sheet or make a disclosure in the financial statements.

# Barings U.S. Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

### 2. Significant accounting policies (continued)

#### (j) Taxation (continued)

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

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

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

### 3. Cash and cash equivalents

Cash and cash equivalents are held with the Depository. State Street Corporation, the parent company of the Depository, had a Standard & Poor's (S&P) credit rating of A as at 31 December 2022 (31 December 2021: A). As at 31 December 2022, the Company held US\$28,033,388 in cash and cash equivalents (31 December 2021: US\$28,088,062).

### 4. Share capital

#### Authorised

The authorised share capital of the Company is €100,000,000 divided into 100,000,000 shares of €1.00 each.

#### Issued and fully paid

The issued and paid up share capital is €1 and it is held by State Street Custodial Services (Ireland) Limited (the "Depository").

The sole member of the Company present in person or proxy is a sufficient quorum at a general meeting. The sole member may decide to dispense with the holding of the annual general meeting.

The Company does not have any externally imposed capital requirements.

### 5. Other receivables

	31 December 2022 US\$	31 December 2021 US\$
Coupon receivable on loan investments	5,518,298	3,491,432
Principal receivable on loan investments	1,547,237	285,712
Coupon receivable on bonds	201,604	76,955
Other receivables	56,940	-
	<u>7,324,079</u>	<u>3,854,099</u>

### 6. Other payables and accrued expenses

	31 December 2022 US\$	31 December 2021 US\$
Depository fees payable	-	(27,360)
Miscellaneous payables	(21,686)	(11,981)
	<u>(21,686)</u>	<u>(39,341)</u>

The table below outlines the Statutory audit fees and tax advisory and compliance services fees charged (exclusive of VAT) for the financial years ended 31 December 2022 and 31 December 2021:

	31 December 2022 US\$	31 December 2021 US\$
Statutory audit	(38,352)	(48,935)
Tax advisory and compliance services	(5,762)	-
Total	<u>(44,114)</u>	<u>(48,935)</u>

# Barings U.S. Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

### 7. Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2022 (31 December 2021: Nil).

### 8. Net change on financial assets at FVTPL

	31 December 2022 US\$	31 December 2021 US\$
Coupon income from financial assets at FVTPL	49,671,469	38,087,414
Dividend income	-	206
<i>Income from investments</i>		
- Realised (loss)/gain on investments	(19,302,024)	221,038
- Unrealised net change on investments	(47,996,128)	13,091,570
- Realised gain on derivatives	2,907	3
	<u>(17,623,776)</u>	<u>51,400,231</u>

### 9. Related party transactions

#### Loan from the Ultimate Parent

The Company is a wholly owned subsidiary of Barings U.S. Loan Fund (the "Parent") which is a sub-fund of Barings Global Investment Funds Plc (the "Ultimate Parent"). The Company is funded for its acquisition of investments on behalf of the Parent by way of loans from the Ultimate Parent, which are granted pursuant to a loan agreement and repayable on demand.

The obligations of the Company to the Parent shall be limited recourse obligations payable solely from the portfolio held by or on behalf of the Company after satisfying in full all senior obligations. The cost of the loan (coupon charged on loan) will be dependent on the profit of the Company.

The carrying amount of the Loan and coupon payable on the loan from the Ultimate Parent designated at FVTPL as at 31 December 2022 was US\$828,306,338 (31 December 2021: US\$939,438,246). The net change on financial liabilities at FVTPL for the year ended 31 December 2022 was a gain of US\$17,872,287 (31 December 2021: US\$(50,949,765)).

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

#### Revolving credit facility and security deed

Until 6 July 2022, the Company had a base currency revolving credit facility with State Street Bank and Trust Company, Bank of America N.A., Barclays Bank PLC, BNP Paribas and National Australia Bank Limited. Under this agreement a credit facility may from time to time be made available by State Street Bank and Trust Company to the Company. This was a limited recourse agreement, with recourse being limited to the assets of the Company. There was also a security deed in place between the Company and State Street Bank and Trust Company whereby the Parent acted as guarantor for the credit facility extended. With effect from 6 July 2022 this revolving credit facility was updated to amend the borrower from being the Company to being the Parent. The Company acts as guarantor for the credit facility extended. As at 31 December 2022, there was no amount outstanding on this credit facility (31 December 2021: no amount outstanding). Lines were not drawn through 2022. Interest expense on this facility was accounted for on an effective interest rate basis and was included within the finance costs line item on the Statements of Comprehensive Income.

#### Investment Managers

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

At 31 December 2022 and 31 December 2021, the Company holds shares in Barings USD Liquidity Fund valued US\$17,274,408 (31 December 2021: US\$2,048,888), a sub-fund of Barings Umbrella Fund Plc which is also managed by Barings LLC. There were purchases of US\$15,225,520 and sales of US\$Nil in this entity during the financial year ended 31 December 2022 with a realised gain/loss of US\$Nil (31 December 2021: purchases of US\$1,331 and sales of US\$Nil with realised gain/loss of US\$Nil).

#### Directors' and Secretary's interests

Directors' fees for the financial year amounted to US\$Nil (31 December 2021: Nil) of which US\$Nil (31 December 2021: Nil) was payable at the financial year end.

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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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#### 9. Related party transactions (continued)

##### Directors' and Secretary's interests (continued)

Mr. Alan Behen and Mr. Paul Smyth are also Directors of the Ultimate Parent. Mr. Alan Behen and Mr. Paul Smyth are employees of Baring International Fund Managers (Ireland) Limited, Manager and Alternative Investment Fund Manager to the Ultimate Parent. While these Directors don't receive fees from the Company directly for their role as Directors, they are paid through their employment with the Manager and Alternative Investment Fund Manager.

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

#### 10. Financial instruments and associated risks

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

##### (a) Market risk

Market risk embodies the potential for both losses and gains and includes foreign currency risk, interest rate risk and price risk, which are discussed in detail under separate headings within this note.

The Company's exposure to market risk is that the value of assets will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans that the Company invests in.

The Company's market risk is managed on a daily basis by the Investment Managers in accordance with policies and procedures in place. The Company's overall market positions are reported to the Board of Directors on a quarterly basis.

As the majority of the financial instruments are carried at FVTPL, all changes in market conditions will directly impact the Company's results.

##### Managing interest rate benchmark reform and associated risks

A fundamental reform of IBOR benchmarks has been triggered by the Financial Conduct Authority and is being undertaken globally, leading to their replacement with alternative nearly risk-free rates (referred to as 'IBOR reform'). Publication of 24 of the 35 IBOR settings ceased from 1 January 2022 and risk-free rates like Sterling Overnight Index Average (SONIA) and Secured Overnight Financing Rate (SOFR) benchmarks are the replacement. The Sub-Funds are exposed to IBOR benchmarks through investments in fixed income and loan securities, derivatives and other interest-bearing assets.

The fallback language review for IBOR reform in respect of GBP was completed in Q4 2021, with GBP LIBOR assets transitioning to SONIA in all cases. The transition occurred before the first post-LIBOR interest rate payment date in the first half of 2022. The GBP LIBOR assets held by the Sub-Funds all matured in the same timeframe and no GBP LIBOR assets remained after June 2022.

The main risks to which the Sub-Funds have been exposed as a result of IBOR reform are firstly operational: resulting from the impact of the transition on the products, assets and the technology Barings uses to manage both of these, and secondly financial: predominantly interest rate risk.

The Sub-Funds assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform Phase 2. The Sub-Funds update the effective interest rate, without modifying the carrying amount of the financial instrument if the basis for determining the contractual cash flows of the financial instrument, measured at amortised cost, changes as a direct consequence from the reform and if the change is economically equivalent to the previous basis (i.e. the basis immediately before the change).

Management commissioned a project team to assess the impact of the IBOR transition and the impact on products, assets and technology, with the decision being taken to ultimately transition all GBP LIBOR benchmarked products to new rates by 30 June 2022 and USD LIBOR benchmarked products by 30 June 2023. Regarding the transition of IBOR-benchmarked assets, a third-party service provider was engaged to review the strength of each asset's contractual fallback language and agreed a transition risk rating for that asset, completing this by Q1 2021. Loans on-boarded subsequently were risk rated, excepting assets originated in 2019 or later, as market participants demonstrated a good understanding of IBOR transition risk and assets issued after this point generally had good fallback language in place. In late 2021, Management reached out to issuers of the GBP LIBOR assets it held to ensure those assets had good fallback language, mitigating the risk of uncertainty in the transition process and specifically to avoid any GBP LIBOR asset falling back to a fixed rate through issuer inaction. The transition language itself was determined and proposed by the issuer and approved by the investment team holding the asset. The actual transition of an asset is similarly triggered by its issuer. The same fallback language review process took place for USD LIBOR assets in late 2022.



# Barings U.S. Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

A contractual modification is deemed substantial if the discounted present value of the cash flows under the revised terms (discounting using the original effective interest rate) is at least 10% different from the discounted present value of the remaining cash flows of the original financial asset. Qualitative factors such as a change in the currency on which the financial asset is denominated and conversion features are also considered.

As at 31 December 2022, the Sub-Funds remaining IBOR exposure is indexed to USD LIBOR. In March 2021 the FCA agreed to extend the life of USD LIBOR to 30 June 2023. At the same time the Alternative Reference Rates Committee (ARRC) proposed updated language for legislation addressing the IBOR transition, which served as a model for legislation that has since been enacted by the states of New York and Alabama. On 29 July 2021 the House Committee on Financial Services voted to further the "Adjustable Interest Rate (LIBOR) Act of 2021" ("H.R. 4616"). These two pieces of legislation apply to contracts that lack clearly defined fallback provisions and offer these assets a process to fall back to SOFR.

In effect this creates two USD LIBOR transition categories: assets with strong fallback transition language which fall back to a contractually agreed non-LIBOR reference rate and assets with weak fallback transition language, which fall back to SOFR under the Safe Harbour provision.

As at 31 December 2022, the fallback language review for IBOR reform in respect of USD has been completed, with USD LIBOR assets expected to transition to SOFR in all cases. However, the transition itself will only occur before the first post-LIBOR interest rate payment date. The transition will occur before the 30 June 2023 deadline.

The following table shows the total carrying amounts of USD LIBOR assets with unreformed contracts and those with appropriate fallback language at 31 December 2022.

Sub-Funds	Financial assets at FVTPL	Total amount of unreformed contracts*	USD LIBOR	
			Amount with appropriate fallback language	Amount with maturity before 30 June 2023
Barings U.S. Loan Limited	Loan	45,757,270	600,644,975	1,734,894

\* As a result of the Safe Harbour provision, the Manager no longer reviews fallback language, as the Manager assessed fallback risk rating is no longer relevant. These assets will fallback to SOFR in all cases. US\$30,710,493 of USD LIBOR assets in this category are included under unreformed contracts.

#### (i) Foreign currency risk

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2022:

	Financial assets and liabilities at FVTPL	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net exposure	% of Total assets
	US\$	US\$	US\$	US\$	US\$	%**
GBP	14,362	-	-	-	14,362	0.00

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

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

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2021:

	Financial assets and liabilities at FVTPL	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net exposure	% of Total assets
	US\$	US\$	US\$	US\$	US\$	%**
GBP	128,636	-	-	-	128,636	0.01

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

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

# Barings U.S. Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

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

##### Sensitivity analysis

The following currency sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future rate movements and correlations between currencies could vary significantly from those experienced in the past.

A 5% increase in exchange rates at 31 December 2022 would have increased the value of investments at FVTPL by US\$718 (31 December 2021: US\$6,432) and it would have also increased the value of the loans from the Ultimate Parent by an equal amount. The net impact on the net assets of the Company would be Nil (31 December 2021: Nil).

The Company is exposed to foreign currency risk, however the risk is effectively transferred to the Parent via the loan obtained from the Ultimate Parent, since under the loan agreement, all of the Company's profit or loss except for a yearly profit of US\$1,000 per calendar financial year will be incorporated into the value of the outstanding loans (please see Note 9 of these financial statements). Accordingly, any additional gains or losses arising from changes in foreign currency rates will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

##### (ii) Interest rate risk

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

Changes in interest rates can also have an effect on the valuation of financial assets and liabilities instruments held by the Company.

Other than the loan from the Ultimate Parent and unfunded loans, the Company has no liabilities as at 31 December 2022 and 31 December 2021 that are exposed to changes in interest rates.

The following table details the Company's exposure to interest rate risk. It includes the Company's assets and trading liabilities at fair values, categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2022.

31 December 2022

	Within one year US\$	1 - 5 years US\$	Greater than 5 years US\$	Non- interest bearing US\$	Total US\$
<b>Assets</b>					
Financial assets at FVTPL:					
- Investments	17,605,962	394,725,105	354,127,251	48,202,540	814,660,858
Other receivables	-	-	-	7,324,079	7,324,079
Receivable for investments sold	-	-	-	9,218,617	9,218,617
Cash and cash equivalents	28,033,388	-	-	-	28,033,388
<b>Total assets</b>	<b>45,639,350</b>	<b>394,725,105</b>	<b>354,127,251</b>	<b>64,745,236</b>	<b>859,236,942</b>
<b>Liabilities</b>					
Financial liabilities at FVTPL:					
- Loan and coupon payable on loan from Ultimate Parent	(828,306,338)	-	-	-	(828,306,338)
- Unfunded loans	-	-	(92,067)	-	(92,067)
Payable for investments purchased	-	-	-	(30,813,100)	(30,813,100)
Other payables and accrued expenses	-	-	-	(21,686)	(21,686)
<b>Total liabilities</b>	<b>(828,306,338)</b>	<b>-</b>	<b>(92,067)</b>	<b>(30,834,786)</b>	<b>(859,233,191)</b>
<b>Total interest sensitivity gap</b>	<b>(782,666,988)</b>	<b>394,725,105</b>	<b>354,035,184</b>		

## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

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

The following table details the Company's exposure to interest rate risk. It includes the Company's assets and trading liabilities at fair values, categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2021.

31 December 2021	Within one year US\$	1 - 5 years US\$	Greater than 5 years US\$	Non- interest bearing US\$	Total US\$
<b>Assets</b>					
Financial assets at FVTPL:					
- Investments	-	423,492,391	462,665,304	44,846,712	931,004,407
Other receivables	-	-	-	3,854,099	3,854,099
Receivable for investments sold	-	-	-	6,206,498	6,206,498
Cash and cash equivalents	28,088,062	-	-	-	28,088,062
<b>Total assets</b>	<u>28,088,062</u>	<u>423,492,391</u>	<u>462,665,304</u>	<u>54,907,309</u>	<u>969,153,066</u>
<b>Liabilities</b>					
Financial liabilities at FVTPL:					
- Loan and coupon payable on loan from Ultimate Parent	(939,438,246)	-	-	-	(939,438,246)
- Unfunded loans	-	-	(6,530)	-	(6,530)
Payable for investments purchased	-	-	-	(29,665,948)	(29,665,948)
Other payables and accrued expenses	-	-	-	(39,341)	(39,341)
<b>Total liabilities</b>	<u>(939,438,246)</u>	<u>-</u>	<u>(6,530)</u>	<u>(29,705,289)</u>	<u>(969,150,065)</u>
<b>Total interest sensitivity gap</b>	<u>(911,350,184)</u>	<u>423,492,391</u>	<u>462,658,774</u>		

##### *Interest rate sensitivity*

The below interest rate sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future interest rate movements could vary significantly from those experienced in the past.

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

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

Interest change %	% Effect on Loan Fair Value 31 December 2022	Interest change %	% Effect on Loan Fair Value 31 December 2022
(1.00)	+0.14	+1.00	(0.14)
(1.50)	+0.22	+1.50	(0.21)
(2.00)	+0.29	+2.00	(0.29)
Interest change %	% Effect on Loan Fair Value 31 December 2021	Interest change %	% Effect on Loan Fair Value 31 December 2021
(0.50)	+0.07	+0.50	(0.07)
(0.75)	+0.10	+0.75	(0.10)
(1.00)	+0.14	+1.00	(0.14)

##### (iii) Price risk

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

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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

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

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision.

##### *Sensitivity analysis*

The below price sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements could vary significantly from those experienced in the past.

A 5% increase in investment prices at 31 December 2022 would have increased the value of investments at FVTPL by US\$40,733,043 (31 December 2021: US\$46,550,220) and it would have also increased the value of the loans from the Ultimate Parent by an equal amount. The net impact on the net assets of the Company would be Nil (31 December 2021: Nil).

##### (b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company resulting in a financial loss to the Company. The Company may invest in investments such as loans which are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans.

The Company's credit risk concentration is spread between a number of counterparties. The top ten holdings in the Company represented 12.06% (31 December 2021: 11.28%) of the market value of the Company's assets.

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

In purchasing Sub-Participations, the Company generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a Sub-Participation.

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

The Company may utilise different financial instruments to seek to hedge against declines in the value of the Company's positions as a result of changes in currency exchange rates.

None of the financial assets and financial liabilities are offset in the Statement of Financial Position. The Company's financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. While the terms and conditions of these agreements may vary, all transactions under any such agreement constitute a single contractual relationship. Each party's obligation to make any payments, deliveries or other transfers in respect of any transaction under such an agreement may be netted against the other party's obligations under such agreement. A default by a party in performance with respect to one transaction under such an agreement would give the other party the right to terminate all transactions under such agreement and calculate one net amount owed from one party to the other.

There were no derivative assets or liabilities held by the Company as at 31 December 2022 and 31 December 2021.



## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

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

	% of Market Value 31 December 2022	% of Market Value 31 December 2021
Australia	0.2	0.2
Canada	1.8	1.7
Denmark	0.4	0.4
France	0.2	0.2
Germany	0.6	1.0
Ireland	3.5	-
Luxembourg	-	4.4
Netherlands	0.6	0.2
Sweden	0.2	0.1
Switzerland	0.6	0.6
United Kingdom	1.1	0.8
United States	90.8	90.4
	100.0	100.0

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

Moody's Rating	% of Market Value 31 December 2022	% of Market Value 31 December 2021
Baa3	0.8	0.6
Ba1	2.7	1.5
Ba2	5.2	5.1
Ba3	11.4	11.3
B1	19.3	19.8
B2	36.7	33.9
B3	12.8	13.0
Caa1	5.3	3.3
Caa2	4.3	5.5
Caa3	0.3	0.5
Ca	0.3	-
C	0.2	-
Not publicly rated	0.7	5.5
<b>Total</b>	100.0	100.0

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Company monitors the credit rating and financial positions of the brokers used to mitigate this risk. The Investment Managers also monitor the settlement process on a regular basis.

The nature of the non-publicly rated assets is entirely consistent with the loan market. The Investment Managers undertake extensive due diligence on all deals before initial investment. Post initial approval by the credit committee and throughout the holding year of the investment, the Investment Managers continually evaluate the investment's performance including such measures as reviewing pricing levels, monthly accounts, budgets and meeting management, where appropriate.

## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

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

	31 December 2022 US\$	31 December 2021 US\$
Investments at fair value	812,501,707	928,713,449
Other receivables	7,324,079	3,854,099
Receivable for investments sold	9,218,617	6,206,498
Cash and cash equivalents	28,033,388	28,088,062
<b>Total</b>	<b>857,077,791</b>	<b>966,862,108</b>

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

Substantially all of the non-loan assets of the Company (including cash) are held by the Depository, State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Depository may cause the Company's rights with respect to securities held by the Depository to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the Depository the Company uses. The S&P credit rating of State Street Corporation as at 31 December 2022 was A (31 December 2021: A).

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

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

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

	% of Market Value 31 December 2022	% of Market Value 31 December 2021
Aerospace and Defense	2.4	3.0
Automobile	0.5	0.4
Beverage, Food and Tobacco	1.9	2.3
Broadcasting and Entertainment	7.9	8.0
Buildings and Real Estate	2.6	2.8
Cargo Transport	1.6	1.5
Chemicals, Plastics and Rubber	6.3	5.0
Containers, Packaging and Glass	5.1	4.1
Diversified/ Conglomerate Manufacturing	2.7	3.2
Diversified/ Conglomerate Service	15.1	14.6
Ecological	0.5	-
Electronics	3.6	5.5
Finance	6.3	2.5
Healthcare, Education and Childcare	13.7	12.7
Home and Office Furnishings, Housewares, and Durable Consumer Products	2.3	2.2
Hotels, Motels, Inns and Gaming	1.2	1.3
Insurance	4.2	4.6
Leisure, Amusement, Entertainment	3.7	4.5
Machinery Non-Agriculture, Non-Construction, Non-Electronic	1.2	0.9
Mining, Steel, Iron and Non Precious Metals	0.9	1.2
Mutual Fund	2.1	4.6
Oil and Gas	1.7	1.0
Personal and Non Durable Consumer Products Mfg. Only	1.0	1.2
Personal Transportation	1.7	1.6
Printing and Publishing	1.0	1.6
Retail Stores	3.1	3.0
Telecommunications	4.0	5.5

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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

	% of Market Value 31 December 2022	% of Market Value 31 December 2021
Textiles and Leather	0.6	-
Utilities	1.1	1.2
	100.0	100.0

Credit risk also incorporates counterparty risk which covers the likelihood of a counterparty failing which would principally arise on transactions with brokers that are awaiting settlement. As at 31 December 2022, the Company had trade receivables of US\$9,218,617 (31 December 2021: US\$6,206,498) and trade payables of US\$30,813,100 (31 December 2021: US\$29,665,948) of which US\$493,922 of the receivables (31 March 2022: US\$595,004) and US\$317,173 of the payables (31 March 2022: US\$5,122,882) remained outstanding at 31 March 2023, all other amounts have been settled. Risk relating to unsettled transactions is considered small due to the approval process of the brokers used and an active weekly settlement process employed from the outset by the Investment Managers.

##### (c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner that is disadvantageous to the Company.

The loan from the Ultimate Parent is repayable at any moment in time. However, the amount repayable shall be an amount equal to the relevant assets in the same currency as the loan. No other assets will be available to the Ultimate Parent and the obligation to make payments shall be reduced accordingly (if necessary). Therefore, liquidity risk in relation to repayment of the loan from the Ultimate Parent is reduced.

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

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

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

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

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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

Until 6 July 2022, the Company had a base currency revolving credit facility with State Street Bank and Trust Company, Bank of America N.A., Barclays Bank PLC, BNP Paribas and National Australia Bank Limited. Under this agreement a credit facility may from time to time be made available by State Street Bank and Trust Company to the Company. This was a limited recourse agreement, with recourse being limited to the assets of the Company. There was also a security deed in place between the Company and State Street Bank and Trust Company whereby the Parent acted as guarantor for the credit facility extended. With effect from 6 July 2022 this revolving credit facility was updated to amend the borrower from being the Company to being the Parent. The Company acts as guarantor for the credit facility extended. As at 31 December 2022, there was no amount outstanding on this credit facility (31 December 2021: no amount outstanding). Lines were not drawn through 2022. Interest expense on this facility was accounted for on an effective interest rate basis and was included within the finance costs line item on the Statements of Comprehensive Income.

All of the Company's financial liabilities as at 31 December 2022 and 31 December 2021 were payable within three months.

##### (d) Fair value hierarchy

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

Level 1 - Quoted market price in an active market for an identical instrument.

Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

##### Valuation Framework

The Company has an established control framework with respect to measurement of fair values. This framework includes a Valuations Committee which is independent of front office management. Specific controls include:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The majority of holdings as at 31 December 2022 and 31 December 2021 were based on broker quotes received from Markit Group Limited. The remainder were priced from market makers and other pricing providers providing quotes directly to the Investment Managers or the Administrator and were classified as Level 2. Single broker quotes are classified as Level 2 and Level 3 holdings depending on trading and inputs into the price. The Investment Managers independently review the prices received as single broker quotes and ensure that they are in line with expectations.

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

# Barings U.S. Loan Limited

## Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

##### Valuation Framework (continued)

Fair value for unquoted equity investments is estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer. If a quoted price is not available from a recognised market, or is unrepresentative in the opinion of the Directors or their delegate, such a security shall be valued, by estimating with care and in good faith the probable realisable value of the investment, by the Directors or their delegate or a competent person, which may be the Investment Managers (appointed by the Directors and each approved for the purpose by the Depositary) or valued at the probable realisation value estimated with care and in good faith by any other means provided that the value is approved by the Depositary.

Security type categorised as Level 3:	Fair value	Fair value
	31 December 2022	31 December 2021
	US\$	US\$
Equities	2,159,151	2,162,322
Loans	17,113,097	29,325,890
	<u>19,272,248</u>	<u>31,488,212</u>

The value of any security, including debt and equity securities which is not normally quoted, listed or traded on or under the rules of a recognised market and the value of loans and sub-participations in loans will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

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

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

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

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and they are categorised as Level 1.

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

The majority of investments held by the Company as at 31 December 2022 and 31 December 2021 were classified as Level 2 and were classified as Level 2 since the date of purchase. The loan from the Ultimate Parent and the coupon payable on the loan from the Ultimate Parent is classified as Level 2 since its value is based on the underlying investments, the majority of which are classified as Level 2.

## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

##### Valuation Framework (continued)

The following table analyses within the fair value hierarchy, the Company's financial assets and liabilities measured at fair value at 31 December 2022:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets at FVTPL:</b>				
- Investments	46,043,389	749,345,221	19,272,248	814,660,858
<b>Total financial assets</b>	<u>46,043,389</u>	<u>749,345,221</u>	<u>19,272,248</u>	<u>814,660,858</u>
<b>Financial liabilities at FVTPL:</b>				
- Loan and coupon payable on loan from the Ultimate Parent	-	(828,306,338)	-	(828,306,338)
- Unfunded loans	-	(92,067)	-	(92,067)
<b>Total financial liabilities</b>	<u>-</u>	<u>(828,398,405)</u>	<u>-</u>	<u>(828,398,405)</u>

The following table analyses within the fair value hierarchy, the Funds' financial assets and liabilities measured at fair value at 31 December 2021:

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total Fair Value US\$
<b>Financial assets at FVTPL:</b>				
- Investments	42,555,754	856,960,441	31,488,212	931,004,407
<b>Total financial assets</b>	<u>42,555,754</u>	<u>856,960,441</u>	<u>31,488,212</u>	<u>931,004,407</u>
<b>Financial liabilities at FVTPL:</b>				
- Loan and coupon payable on loan from the Ultimate Parent	-	(939,438,246)	-	(939,438,246)
- Unfunded loans	-	(6,530)	-	(6,530)
<b>Total financial liabilities</b>	<u>-</u>	<u>(939,444,776)</u>	<u>-</u>	<u>(939,444,776)</u>

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial year. There were no transfers between Level 1 and Level 2 during the financial year (31 December 2021: Nil). Transfers between Level 2 and Level 3 are discussed after the Level 3 reconciliation tables below, where relevant.



## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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

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

##### **Valuation Framework** (continued)

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2022 and 31 December 2021.

	Financial assets at FVTPL 31 December 2022 US\$	Financial assets at FVTPL 31 December 2021 US\$
Opening balance	31,488,212	34,027,525
Losses recognised in profit or loss	(3,260,214)	(2,447,934)
Purchases	3,199,723	15,007,376
Sales	(15,935,697)	(21,920,805)
Transfers out of Level 3	(11,513,972)	(3,149,046)
Transfers into Level 3	15,294,196	9,971,096
Closing balance	<u>19,272,248</u>	<u>31,488,212</u>
Total unrealised losses recognised in the Statement of Comprehensive Income for assets held at the end of the reporting financial year:		
- Included within unrealised loss on investments	<u>(18,969,544)</u>	<u>(14,906,418)</u>

The table below sets out information about significant unobservable inputs used at 31 December 2022 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value US\$	Unobservable Inputs	Ranges	Weighted Average
Loans	17,113,097	Broker Quotes/ Recent Sales	60.00-100.00	91.093
Equity	2,159,151	EBITDA Multiples/Recent Sales	0.00-1,032.36	247.53

The table below sets out information about significant unobservable inputs used at 31 December 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value US\$	Unobservable Inputs	Ranges	Weighted Average
Loans	29,325,890	Broker Quotes/ Recent Sales	93.50-102.38	99.84
Equity	2,162,322	EBITDA Multiples/Recent Sales	0.00-1,049.36	139.36

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

The results of using reasonably possible alternative assumptions for valuing the Level 3 asset may result in the fair value estimate and recoverability of the asset being subject to uncertainty and a range of possible outcomes are likely. Such differences, if any, would not have a material effect on the overall portfolio as at 31 December 2022 and 31 December 2021.

If the value of Level 3 securities increased by 5%, the effect on the NAV would be US\$963,612 (31 December 2021: US\$1,574,411).

#### 11. Interests in other entities

##### **Interests in Unconsolidated Structured Entities**

IFRS 12 Financial Instruments ("IFRS 12") defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements. A structured entity often has some of the following features or attributes:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

#### 11. Interests in other entities (continued)

##### Interests in Unconsolidated Structured Entities (continued)

Below is a summary of the Company's holdings in non-subsiary unconsolidated structured entities as at 31 December 2022:

Structured Entity ("SE")	Line item in Statement of Financial Position	No. of investments	Total Net Assets of the underlying SE* €	Carrying amount included in 'Financial assets at FVTPL' €	% of Total Net Assets**
CIS	Financial Assets at FVTPL	2	11,042,702,759	46,043,389	5.51

Below is a summary of the Company's holdings in non-subsiary unconsolidated structured entities as at 31 December 2021:

Structured Entity ("SE")	Line item in Statement of Financial Position	No. of investments	Total Net Assets of the underlying SE* €	Carrying amount included in 'Financial assets at FVTPL' €	% of Total Net Assets**
CIS	Financial Assets at FVTPL	2	107,251,067,820	42,555,754	4.55

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

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

#### 12. Exchange rates

The following exchange rates (against US\$) were used to convert the investments and other assets and liabilities denominated in currencies other than US\$ at the reporting date:

	31 December 2022	31 December 2021
Great British Pound (GBP)	1.2089	1.3535

#### 13. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2022 or 31 December 2021.

#### 14. Taxation

	31 December 2022 US\$	31 December 2021 US\$
Current financial year tax	(250)	(250)
Reconciliation of tax charge to profit before tax:		
Profit before tax	1,000	1,000
Corporation tax at 25%	(250)	(250)

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

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

The immediate Parent of Barings U.S. Loan Limited is Barings U.S. Loan Fund.

#### 16. Charges

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



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## Barings U.S. Loan Limited

### Notes to the Financial Statements (continued)

For the financial year ended 31 December 2022

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#### 17. Significant events during the financial year

##### *Ukraine/Russia conflict*

In response to the Russian invasion of Ukraine, the EU, the U.S., the UK and other governmental entities have passed a variety of severe economic sanctions and export controls against Russia, including imposition of sanctions against Russia's Central Bank and largest financial institutions. In addition, a number of businesses have curtailed or suspended activities in Russia or dealings with Russian counterparts for reputational reasons. While current sanctions may not target the Company or the Portfolio Investments and their issuers and industries in which the issuers of the Portfolio Investments operate, these sanctions have had and may continue to have the effect of causing significant economic disruption and may adversely impact the global economy generally, and the Russian economy specifically by, among other things, creating instability in the energy sectors, reducing trade as a result of economic sanctions and increased volatility and uncertainty in financial markets, including Russia's financial sector. Additionally, any new or expanded sanctions that may be imposed by the U.S., EU, UK, or other countries may materially adversely affect the Company or the Portfolio Investments.

##### *COVID-19*

While the degree of disruption and market volatility within international markets resulting from the impact of COVID-19 continues to decline, the ongoing prevalence of the disease has an ongoing impact not only on demand for goods and services, but also supply chains. Concerns about the spread of COVID-19 and other outbreaks of health epidemics and contagious diseases in the past have caused governments at various times to take measures to prevent the spread of viruses, including restrictions on travel and public transport and prolonged closures of workplaces which may recur upon a new outbreak, recurrence or mutation of COVID-19 or other communicable diseases. Such occurrences on a global scale may affect investment sentiment and result in volatility in global capital markets or adversely affect regional or global economies, which may in turn give rise to significant costs to the Company and adversely affect the Company's business and financial results.

##### *Brexit*

Whilst the short to medium consequences of the UK's decision to leave the EU are becoming more certain, the long-term impact is less clear but may include a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the EU. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds and/or instability in the equity, debt and foreign exchange markets, including volatility in the value of sterling or the euro.

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

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

There were no significant events affecting the Company after the financial year end.

#### 19. Comparative financial year

The comparative amounts in these financial statements are for the financial year ended 31 December 2021.

#### 20. Approval of financial statements

The Directors approved the financial statements on 25 April 2023.

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited)

As at 31 December 2022

Loans			Fair Value	% of Net
Country	Industry	Obligor	US\$	Assets*
Australia	Telecommunications	Voyage Australia Pty Limited USD Term Loan B**	1,828,800	0.22
Canada	Beverage, Food and Tobacco	1011778 B.C. Unlimited Liability Company Term Loan B4	4,495,903	0.54
	Diversified/ Conglomerate Service	Loyalty Ventures Inc. Term Loan B	1,106,430	0.13
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	Titan Acquisition Limited 2018 Term Loan B	2,830,707	0.34
	Personal Transportation	Air Canada 2021 Term Loan B	1,570,142	0.19
		Kestrel Bidco Inc. Term Loan B	4,423,667	0.53
Denmark	Healthcare, Education and Childcare	Auris Luxembourg III S.a.r.l. 2019 USD Term Loan B2	3,512,470	0.42
France	Broadcasting and Entertainment	Banijay Entertainment S.A.S USD Term Loan	1,593,885	0.19
Germany	Chemicals, Plastics and Rubber	Flint Group GmbH USD Term Loan C	393,550	0.05
		Flint Group US LLC USD 1st Lien Term Loan B2	2,380,657	0.28
		Flint Group US LLC USD Term Loan B8	611,864	0.07
	Diversified/ Conglomerate Manufacturing	Arvos BidCo S.a.r.l. USD 1st Lien Term Loan B1	867,447	0.10
		Arvos BidCo S.a.r.l. USD 1st Lien Term Loan B2	867,447	0.10
Netherlands	Chemicals, Plastics and Rubber	Starfruit Finco B.V 2018 USD Term Loan B	4,540,421	0.54
Sweden	Diversified/ Conglomerate Service	IGT Holding IV AB 2021 USD Term Loan B2	1,331,457	0.16
Switzerland	Healthcare, Education and Childcare	Sunshine Luxembourg VII S.a.r.l. 2021 Term Loan B3	2,787,634	0.33
	Telecommunications	UPC Financing Partnership 2021 USD Term Loan AX	2,329,523	0.28
United Kingdom	Diversified/ Conglomerate Service	Element Materials Technology Group US Holdings Inc. 2022 USD Delayed Draw Term Loan***	359,588	0.04
		Element Materials Technology Group US Holdings Inc. 2022 USD Term Loan	779,107	0.09
	Leisure, Amusement, Entertainment	City Football Group Limited Term Loan	2,603,778	0.31
	Telecommunications	Virgin Media Bristol LLC USD Term Loan N	3,733,070	0.45
United States	Aerospace and Defense	American Airlines, Inc. 2018 Term Loan B	1,890,550	0.23
		American Airlines, Inc. 2021 Term Loan	2,020,670	0.24
		Castlelake Aviation Limited Term Loan B	4,548,455	0.54
		KKR Apple Bidco, LLC 2021 2nd Lien Term Loan	539,741	0.06
		Maxar Technologies Ltd. 2022 Term Loan B	147,288	0.02
		Peraton Corp. Term Loan B	2,867,209	0.34
		TransDigm, Inc. 2020 Term Loan F	3,962,821	0.47
		United Airlines, Inc. 2021 Term Loan B	2,673,128	0.32
	Automobile	Mavis Tire Express Services Corp. 2021 Term Loan B	3,981,756	0.48
	Beverage, Food and Tobacco	BCPE North Star US HoldCo 2, Inc. Term Loan	1,118,060	0.13

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*
United States (continued)	Beverage, Food and Tobacco (continued)	CTI Foods Holding Co, LLC First Out Term Loan**	1,016,070	0.12
		CTI Foods Holding Co, LLC Second Out Term Loan**	578,141	0.07
	Broadcasting and Entertainment	IRB Holding Corp. 2020 Term Loan B	3,086,644	0.37
		White Cap Buyer LLC Term Loan B	4,053,838	0.48
		A-L Parent LLC 2016 1st Lien Term Loan	1,872,823	0.22
		A-L Parent LLC 2020 Term Loan B1	3,585,964	0.43
		AVSC Holding Corp. 2020 Term Loan B1	4,381,607	0.52
		AVSC Holding Corp. 2020 Term Loan B2	2,082,007	0.25
		Clear Channel Outdoor Holdings, Inc. Term Loan B	8,278,422	0.99
		CMG Media Corporation 2021 Term Loan	3,723,577	0.45
		CSC Holdings, LLC 2018 Incremental Term Loan	5,503,530	0.66
		CSC Holdings, LLC 2019 Term Loan B5	3,254,514	0.39
		Cumulus Media New Holdings Inc. Term Loan B	1,545,960	0.18
		DirecTV Financing, LLC Term Loan	6,089,729	0.73
		Gray Television, Inc. 2021 Term Loan D	551,138	0.07
		iHeartCommunications, Inc. 2020 Term Loan	4,184,182	0.50
		Intelsat Jackson Holdings S.A. 2021 Exit Term Loan B	2,501,076	0.30
		Nexstar Broadcasting, Inc. 2019 Term Loan B4	2,875,849	0.34
		Radiate Holdco, LLC 2021 Term Loan B	2,970,982	0.36
		Sinclair Television Group Inc. Term Loan B2B	1,059,533	0.13
		Univision Communications Inc. 2022 First Lien Term Loan B	814,022	0.10
	Univision Communications Inc. 2022 Term Loan B	3,391,848	0.41	
	Buildings and Real Estate	CP Atlas Buyer, Inc. 2021 Term Loan B	1,461,926	0.17
		Cushman & Wakefield U.S. Borrower, LLC 2020 Term Loan B	2,647,377	0.32
		Foundation Building Materials Holding Company LLC 2021 Term Loan	3,777,728	0.45
		Groupe Solmax Inc. Term Loan**	1,631,355	0.20
		Park River Holdings Inc. Term Loan	2,804,667	0.34
		Quikrete Holdings, Inc. 2021 Term Loan B1	2,995,636	0.36
		Smyrna Ready Mix Concrete, LLC Term Loan B**	852,367	0.10
		Specialty Building Products Holdings, LLC 2021 Term Loan B	894,492	0.11
		SRS Distribution Inc. 2021 Term Loan B	2,686,022	0.32
		Standard Industries Inc. 2021 Term Loan B	1,662,364	0.20
	Cargo Transport	Echo Global Logistics, Inc. Term Loan	1,519,563	0.18
Kenan Advantage Group, Inc. 2021 2nd Lien Term Loan		1,472,249	0.18	
Kenan Advantage Group, Inc. 2021 Term Loan B1		5,891,716	0.70	

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*
United States (continued)	Cargo Transport (continued) Chemicals, Plastics and Rubber	Worldwide Express Operations, LLC 2021 1st Lien Term Loan	3,830,835	0.46
		Axalta Coating Systems Dutch Holding B B.V 2022 USD Term Loan B	2,701,829	0.32
		Consolidated Energy Finance, S.A. Term Loan B	5,018,036	0.60
		CPC Acquisition Corp. Term Loan	3,894,046	0.47
		Cyanco Intermediate Corporation 2018 Term Loan B	2,905,702	0.35
		Gemini HDPE LLC 2020 Term Loan B	2,301,959	0.28
		GEON Performance Solutions, LLC 2021 Term Loan	1,432,452	0.17
		GrafTech Finance, Inc. 2018 Term Loan B	1,240,541	0.15
		Kraton Corporation 2022 USD Term Loan	1,587,333	0.19
		LSF11 A5 Holdco LLC Term Loan	4,405,666	0.53
		New Arclin U.S. Holding Corp. 2021 Term Loan	3,516,677	0.42
		Olympus Water US Holding Corporation 2021 USD Term Loan B	4,271,833	0.51
		PMHC II, Inc. 2022 Term Loan B	4,620,160	0.55
		Polar US Borrower, LLC 2018 1st Lien Term Loan	3,907,398	0.47
		Sparta U.S. HoldCo LLC 2021 Term Loan	628,343	0.08
	W.R. Grace & Co.-Conn. 2021 Term Loan B	906,329	0.11	
	Containers, Packaging and Glass	BWAY Holding Company 2017 Term Loan B	8,410,209	1.01
		Charter NEX US, Inc. 2021 Term Loan	2,031,783	0.24
		Clydesdale Acquisition Holdings Inc. Term Loan B	5,700,604	0.68
		Five Star Intermediate Holding LLC Term Loan	1,047,606	0.13
		Hoffmaster Group, Inc. 2018 1st Lien Term Loan	4,873,375	0.58
		Pretium PKG Holdings, Inc. 2021 1st Lien Term Loan	4,373,665	0.52
		Pretium PKG Holdings, Inc. 2021 2nd Lien Term Loan	634,327	0.08
		Proampac PG Borrower LLC 2020 Term Loan	6,230,054	0.75
		Ring Container Technologies Group, LLC 2021 Term Loan B	803,446	0.10
		Sabert Corporation Term Loan B**	2,920,160	0.35
		Trident TPI Holdings, Inc. 2017 USD Term Loan B1	2,575,902	0.31
		Diversified/ Conglomerate Manufacturing	Trident TPI Holdings, Inc. 2021 Delayed Draw Term Loan***	218,131
	Trident TPI Holdings, Inc. 2021 Incremental Term Loan		1,531,133	0.18
	Alliance Laundry Systems LLC Term Loan B		3,072,959	0.37
	Grinding Media Inc. 2021 Term Loan B**		2,857,418	0.34
	Illuminate Merger Sub Corp. 1st Lien Term Loan		1,515,810	0.18
	IPS Corporation 2021 2nd Lien Term Loan B**		2,045,631	0.24

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*
United States (continued)	Diversified/ Conglomerate Manufacturing (continued)	IPS Corporation 2021 Term Loan	1,159,111	0.14
		LTI Holdings, Inc. 2018 Add On 1st Lien Term Loan	3,927,874	0.47
		Project Alpha Intermediate Holding, Inc. 2021 Term Loan B	2,504,197	0.30
		Wilsonart LLC 2021 Term Loan E	3,270,640	0.39
	Diversified/ Conglomerate Service	AlixPartners, LLP 2021 USD Term Loan B	1,486,176	0.18
		APX Group, Inc. 2021 Term Loan B	3,866,158	0.46
		Astra Acquisition Corp. 2021 1st Lien Term Loan	1,005,139	0.12
		CDK Global, Inc. 2022 USD Term Loan B	3,563,113	0.43
		Cloudera, Inc. 2021 Second Lien Term Loan	1,069,406	0.13
		Cloudera, Inc. 2021 Term Loan	2,669,266	0.32
		CoreLogic, Inc. 2nd Lien Term Loan	508,523	0.06
		CoreLogic, Inc. Term Loan	3,244,010	0.39
		Cornerstone OnDemand, Inc. 2021 Term Loan	1,520,695	0.18
		Delta TopCo, Inc. 2020 2nd Lien Term Loan	536,558	0.06
		Delta TopCo, Inc. 2020 Term Loan B	3,178,495	0.38
		Endure Digital Inc. Term Loan	3,848,827	0.46
		Epicor Software Corporation 2020 Term Loan	1,312,405	0.16
		Finastra USA, Inc. USD 1st Lien Term Loan	5,377,326	0.64
		Finastra USA, Inc. USD 2nd Lien Term Loan	1,753,816	0.21
		Gopher Resource, LLC 1st Lien Term Loan	1,451,277	0.17
		GoTo Group, Inc. Term Loan B	2,888,990	0.35
		Hyland Software, Inc. 2018 1st Lien Term Loan	4,939,088	0.59
		Hyland Software, Inc. 2021 2nd Lien Term Loan	924,907	0.11
		McAfee, LLC 2022 USD Term Loan B	4,063,671	0.49
	MedAssets Software Intermediate Holdings, Inc. 2021 2nd Lien Term Loan	632,104	0.08	
	MedAssets Software Intermediate Holdings, Inc. 2021 Term Loan	898,719	0.11	
	MH Sub I, LLC 2017 1st Lien Term Loan	4,670,463	0.56	
	MH Sub I, LLC 2020 Incremental Term Loan	1,144,812	0.14	
	Mitchell International, Inc. 2021 2nd Lien Term Loan	1,086,313	0.13	
	Mitchell International, Inc. 2021 Term Loan B	3,216,061	0.38	
	NortonLifeLock Inc. 2022 Term Loan B	4,926,050	0.59	
	Open Text Corporation 2022 Term Loan B	2,169,405	0.26	
	Panther Commercial Holdings L.P Term Loan	1,182,637	0.14	
	PECF USS Intermediate Holding III Corporation Term Loan B	3,700,483	0.44	

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*	
United States (continued)	Diversified/ Conglomerate Service (continued)	PODS, LLC 2021 Term Loan B	1,426,817	0.17	
		Prime Security Services Borrower, LLC 2021 Term Loan	4,144,531	0.50	
		Project Ruby Ultimate Parent Corp. 2021 Term Loan	3,419,773	0.41	
		Quest Software US Holdings Inc. 2022 2nd Lien Term Loan	1,698,266	0.20	
		Quest Software US Holdings Inc. 2022 Term Loan	2,732,561	0.33	
		RealPage, Inc. 1st Lien Term Loan	1,345,059	0.16	
		Redstone Holdco 2 LP 2021 Term Loan	2,089,985	0.25	
		Rent-A-Center, Inc. 2021 First Lien Term Loan B	1,862,095	0.22	
		Sabre GLBL Inc. 2021 Term Loan B1	2,065,397	0.25	
		Sabre GLBL Inc. 2021 Term Loan B2	3,292,366	0.39	
		SITEL Worldwide Corporation 2021 USD Term Loan	4,009,315	0.48	
		SonicWall US Holdings Inc. 2nd Lien Term Loan	2,174,094	0.26	
		Spin Holdco Inc. 2021 Term Loan	3,827,358	0.46	
		Ultimate Software Group Inc. 2021 2nd Lien Term Loan	1,333,858	0.16	
		Ultimate Software Group Inc. Term Loan B	1,908,101	0.23	
		USIC Holdings, Inc. 2021 2nd Lien Term Loan	415,443	0.05	
		USIC Holdings, Inc. 2021 Term Loan	795,507	0.10	
		Veritas US Inc. 2021 USD Term Loan B	3,104,478	0.37	
		Vision Solutions, Inc. 2021 2nd Lien Term Loan	823,159	0.10	
		W3 Topco LLC 2019 Term Loan B	725,760	0.09	
		Ecological	Liberty Tire Recycling Holdco, LLC 2021 Term Loan	4,050,886	0.48
		Electronics	Ahead DB Holdings, LLC 2021 Term Loan B	3,161,922	0.38
			Ingram Micro Inc. 2021 Term Loan B	1,310,303	0.16
			ION Trading Finance Limited 2021 USD Term Loan	3,764,737	0.45
			Ivanti Software, Inc. 2021 Add On Term Loan B	742,635	0.09
			Ivanti Software, Inc. 2021 Term Loan B	2,483,476	0.30
			Magenta Buyer LLC 2021 USD 1st Lien Term Loan	4,616,794	0.55
			Mitnick Corporate Purchaser, Inc. Term Loan	1,641,755	0.20
			Polaris Newco LLC USD Term Loan B	3,091,324	0.37
			Renaissance Holding Corp. 2018 1st Lien Term Loan	1,617,761	0.19
			Renaissance Holding Corp. 2018 2nd Lien Term Loan	4,811,002	0.58
			Synaptics Incorporated Term Loan B	552,244	0.07
			Vision Solutions, Inc. 2021 Incremental Term Loan	1,785,388	0.21
		Finance	AllSpring Buyer LLC Term Loan B	1,589,221	0.19
			AqGen Ascensus, Inc. 2021 2nd Lien Term Loan	1,178,211	0.14
	AqGen Island Holdings, Inc. Term Loan	1,758,029	0.21		



## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*	
United States (continued)	Finance (continued)	Deerfield Dakota Holding, LLC 2020 USD Term Loan B	3,795,607	0.45	
		Deerfield Dakota Holding, LLC 2021 USD 2nd Lien Term Loan	1,434,375	0.17	
		Edelman Financial Center, LLC 2018 2nd Lien Term Loan	2,423,124	0.29	
		Ensono, LP 2021 Term Loan	3,470,192	0.41	
		Skopima Merger Sub Inc. Term Loan B	4,989,819	0.60	
		Healthcare, Education and Childcare	Amneal Pharmaceuticals LLC 2018 Term Loan B	5,191,554	0.62
			Athenahealth, Inc. 2022 Delayed Draw Term Loan***	219,017	0.03
			Athenahealth, Inc. 2022 Term Loan B	7,492,641	0.90
			Aveanna Healthcare, LLC 2021 2nd Lien Term Loan**	1,347,594	0.16
			Aveanna Healthcare, LLC 2021 Term Loan B	2,663,257	0.32
			Bausch Health Companies Inc. 2022 Term Loan B	2,739,778	0.33
			CCRR Parent, Inc. Term Loan B	539,981	0.06
			Embecta Corp. Term Loan B	1,162,859	0.14
			Envision Healthcare Corporation 2022 First Out Term Loan	443,751	0.05
			Envision Healthcare Corporation 2022 Second Out Term Loan	1,007,481	0.12
			Envision Healthcare Corporation 2022 Third Out Term Loan	336,225	0.04
	Gainwell Acquisition Corp. Term Loan B		5,709,320	0.68	
	GHX Ultimate Parent Corporation 2017 1st Lien Term Loan		5,493,748	0.66	
	Grifols Worldwide Operations USA, Inc. USD 2019 Term Loan B		5,411,199	0.65	
	Heartland Dental, LLC 2021 Incremental Term Loan		1,715,465	0.21	
	Hunter Holdco 3 Limited USD Term Loan B		1,949,447	0.23	
	ICON Luxembourg S.a.r.l. LUX Term Loan	2,004,498	0.24		
	Jazz Financing Lux S.a.r.l. USD Term Loan	1,945,981	0.23		
	Medical Solutions Holdings, Inc. 2021 2nd Lien Term Loan	820,105	0.10		
	Medline Borrower, LP USD Term Loan B	7,916,003	0.95		
	NAPA Management Services Corporation Term Loan B	796,037	0.10		
	Organon & Co USD Term Loan	1,451,316	0.17		
	Padagis LLC Term Loan B	1,624,295	0.19		
	Parexel International Corporation 2021 1st Lien Term Loan	1,839,166	0.22		
	Perrigo Investments, LLC Term Loan B**	961,407	0.11		
	PRA Health Sciences, Inc. US Term Loan	499,422	0.06		
	Prometric Holdings, Inc. 1st Lien Term Loan	3,600,665	0.43		
Radiology Partners Inc. 2018 1st Lien Term Loan B	6,441,222	0.77			

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*	
United States (continued)	Healthcare, Education and Childcare (continued)	RegionalCare Hospital Partners Holdings, Inc. 2018 Term Loan B	5,150,566	0.62	
		Select Medical Corporation 2017 Term Loan B	3,440,063	0.41	
		Surgery Center Holdings, Inc. 2021 Term Loan	5,541,369	0.66	
		Team Health Holdings, Inc. 2022 Term Loan B	4,305,414	0.51	
		U.S. Anesthesia Partners, Inc. 2021 Term Loan	5,184,997	0.62	
		US Radiology Specialists, Inc. 2020 Term Loan	2,335,700	0.28	
		Verscend Holding Corp. 2021 Term Loan B	5,965,457	0.71	
		Home and Office Furnishings, Housewares, and Durable Consumer Products	LBM Acquisition LLC Term Loan B	5,971,917	0.71
			Serta Simmons Bedding, LLC 2020 Super Priority First Out Term Loan	1,933,818	0.23
			Serta Simmons Bedding, LLC 2020 Super Priority Second Out Term Loan	1,953,911	0.23
	Solis IV BV USD Term Loan B1		3,077,695	0.37	
	Staples, Inc. 7 Year Term Loan		5,462,118	0.65	
	Hotels, Motels, Inns and Gaming		Bally's Corporation 2021 Term Loan B	3,086,309	0.37
			Four Seasons Hotels Limited 2022 Term Loan B	1,014,436	0.12
			Hilton Grand Vacations Borrower LLC 2021 Term Loan B	2,893,845	0.35
			Motel 6 Term Loan B	2,154,282	0.26
			Scientific Games International, Inc. 2022 USD Term Loan	993,018	0.12
	Insurance	Acrisure, LLC 2020 Term Loan B	744,670	0.09	
		Alliant Holdings Intermediate, LLC 2018 Term Loan B	6,698,391	0.80	
		AssuredPartners, Inc. 2020 Term Loan B	4,723,936	0.56	
		Asurion LLC 2018 Term Loan B7	1,752,837	0.21	
		Asurion LLC 2021 2nd Lien Term Loan B3	1,923,406	0.23	
		Asurion LLC 2021 Second Lien Term Loan B4	2,430,667	0.29	
		Asurion LLC 2021 Term Loan B9	1,949,268	0.23	
		Asurion LLC 2022 Term Loan B10	1,071,954	0.13	
		Broadstreet Partners, Inc. 2020 Term Loan B	3,818,149	0.46	
		Hub International Limited 2018 Term Loan B	407,422	0.05	
	Leisure, Amusement, Entertainment	Hub International Limited 2021 Term Loan B	2,210,036	0.26	
		Sedgwick Claims Management Services, Inc. 2018 Term Loan B	4,796,152	0.57	
		USI, Inc. 2022 Incremental Term Loan	1,759,698	0.21	
AMC Entertainment Holdings, Inc. 2019 Term Loan B		876,101	0.10		
Carnival Corporation 2021 Incremental Term Loan B		4,681,250	0.56		



## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*	
United States (continued)	Leisure, Amusement, Entertainment (continued)	Golden Entertainment, Inc. 2017 1st Lien Term Loan	3,889,225	0.47	
		Playtika Holding Corp. 2021 Term Loan	3,784,441	0.45	
		PUG LLC USD Term Loan	3,671,430	0.44	
		Scientific Games Holdings LP 2022 USD Term Loan B	3,403,698	0.41	
		SeaWorld Parks & Entertainment, Inc. 2021 Term Loan B	3,902,283	0.47	
		William Morris Endeavor Entertainment, LLC 2018 1st Lien Term Loan	3,544,208	0.42	
		Machinery Non- Agriculture, Non- Construction, Non- Electronic	ASP Blade Holdings, Inc. Initial Term Loan	1,412,139	0.17
			Clark Equipment Company 2022 Term Loan B	1,334,596	0.16
			Madison IAQ LLC Term Loan	1,594,418	0.19
			Pro Mach Group, Inc. 2021 Term Loan B	2,670,843	0.32
	Mining, Steel, Iron and Non Precious Metals	U.S. Silica Company 2018 Term Loan B	3,291,127	0.39	
		WireCo WorldGroup, Inc. 2021 Term Loan	4,151,676	0.50	
	Oil and Gas	Buckeye Partners, L.P. 2021 Term Loan B	2,283,062	0.27	
		Freeport LNG Investments, LLLP Term Loan B	2,363,799	0.28	
		Gulf Finance, LLC 2021 Term Loan	6,041,985	0.72	
		Oryx Midstream Services Permian Basin LLC Term Loan B	2,945,440	0.35	
	Personal and Non Durable Consumer Products Mfg. Only	Coty Inc. 2018 USD Term Loan B	2,549,039	0.30	
		Journey Personal Care Corp. 2021 Term Loan B	3,167,057	0.38	
	Personal Transportation	Triton Water Holdings, Inc. Term Loan	2,037,777	0.24	
		First Student Bidco Inc. Term Loan B	3,088,329	0.37	
		First Student Bidco Inc. Term Loan C	1,148,602	0.14	
		Mileage Plus Holdings LLC 2020 Term Loan B	3,383,442	0.40	
	Printing and Publishing	Ascend Learning, LLC 2021 2nd Lien Term Loan	983,426	0.12	
Ascend Learning, LLC 2021 Term Loan		2,309,383	0.28		
Dotdash Meredith Inc. Term Loan B**		659,317	0.08		
Getty Images, Inc. 2019 USD Term Loan B**		414,837	0.05		
McGraw-Hill Global Education Holdings, LLC 2021 Term Loan		4,095,347	0.49		
Retail Stores	Great Outdoors Group, LLC 2021 Term Loan B1	4,018,938	0.48		
	Harbor Freight Tools USA, Inc. 2021 Term Loan B	4,492,901	0.54		
	Mattress Firm Inc. 2021 Term Loan B	4,776,517	0.57		
	Michaels Companies, Inc. 2021 Term Loan B	3,937,582	0.47		
	Petco Health and Wellness Company, Inc. 2021 Term Loan B	3,529,494	0.42		
	PetSmart, Inc. 2021 Term Loan B	2,133,717	0.26		
	Wand NewCo 3, Inc. 2020 Term Loan	2,550,958	0.31		

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Loans (continued)

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*	
United States (continued)	Telecommunications	AppLovin Corporation 2021 Term Loan B	3,387,646	0.41	
		Banff Merger Sub Inc. 2021 USD 2nd Lien Term Loan	840,245	0.10	
		Banff Merger Sub Inc. 2021 USD Term Loan	1,758,363	0.21	
		Cincinnati Bell, Inc. 2021 Term Loan B2	1,512,186	0.18	
		CommScope, Inc. 2019 Term Loan B	1,749,273	0.21	
		Consolidated Communications, Inc. 2021 Term Loan B	516,979	0.06	
		DG Investment Intermediate Holdings 2, Inc. 2021 Term Loan	1,416,600	0.17	
		Eagle Broadband Investments LLC Term Loan	460,109	0.05	
		Frontier Communications Corp. 2021 1st Lien Term Loan	1,432,739	0.17	
		GOGO Intermediate Holdings LLC Term Loan B	3,309,542	0.40	
		Tiger Acquisition, LLC 2021 Term Loan	3,268,660	0.39	
		Venga Finance S.a.r.l. 2021 USD Term Loan B	1,414,248	0.17	
		Zayo Group Holdings, Inc. 2022 USD Incremental Term Loan B	3,286,314	0.39	
		Textiles and Leather Utilities	Crocs, Inc. Term Loan B	4,478,770	0.54
			Edgewater Generation, L.L.C. Term Loan	3,757,753	0.45
	EFS Cogen Holdings I LLC 2020 Term Loan B		1,333,549	0.16	
	ExGen Renewables IV, LLC 2020 Term Loan		1,041,194	0.12	
	Helix Gen Funding, LLC Term Loan B		3,232,618	0.39	
	<b>Total Loans (31 December 2021: US\$879,198,525)</b>			<b>756,957,045</b>	<b>90.55</b>

#### Bonds

Country	Industry	Holding	Details	Fair Value US\$	% of Net Assets*
United Kingdom	Broadcasting and Entertainment	1,392,000	Connect Finco S.a.r.l. / Connect US Finco LLC 6.750%, due 01/10/2026	1,292,917	0.15
United States	Aerospace and Defense	667,000	American Airlines Inc. / AAdvantage Loyalty IP Ltd 11.750%, due 15/07/2025	716,911	0.09
		1,090,000	Directv Financing LLC / Directv Financing Co-Obligor Inc. 5.875%, due 15/08/2027	977,250	0.12
	882,000	DISH DBS Corp. 5.250%, due 01/12/2026	744,593	0.09	
	1,134,000	DISH DBS Corp. 5.750%, due 01/12/2028	907,200	0.11	
	339,000	Radiate Holdco LLC / Radiate Finance Inc 4.500%, due 15/09/2026	249,599	0.03	
	Containers, Packaging and Glass	424,000	Pactiv Evergreen Group Issuer LLC / Pactiv Evergreen Group Issuer Inc. 4.375%, due 15/10/2028	379,343	0.04

## Barings U.S. Loan Limited

### Schedule of Investments (Unaudited) (continued)

As at 31 December 2022

#### Bonds (continued)

Country	Industry	Holding	Details	Fair Value US\$	% of Net Assets*
United States (continued)	Diversified/ Conglomerate Service	3,000,000	CWT Travel Group Inc. 8.500%, due 19/11/2026	2,550,300	0.30
	Finance	2,000,000	Cumulus Media New Holdings Inc. 6.750%, due 01/07/2026	1,683,160	0.20
<b>Total Bonds (31 December 2021: US\$6,959,170)</b>				<b>9,501,273</b>	<b>1.13</b>

#### Equity

Country	Industry	Holding	Details	Fair Value US\$	% of Net Assets*
United States	Beverage, Food and Tobacco	14,082	CTI Foods Holding Co.**	1,351,168	0.16
	Diversified/ Conglomerate Service	1,672	W3 Co.**	635,360	0.08
		153	W3 Co. Pref.**	158,261	0.02
	Healthcare, Education and Childcare	206,110	Joerns Healthcare Inc.**	-	0.00
	Leisure, Amusement, Entertainment	237,590	Cineworld Group Plc Warrant**	14,362	0.00
<b>Total Equity (31 December 2021: US\$2,290,958)</b>				<b>2,159,151</b>	<b>0.26</b>

#### Collective Investment Schemes

Country	Industry	Holding	Details	Fair Value US\$	% of Net Assets*
Ireland	Finance	28,768,981	JPMorgan Liquidity Funds - USD Liquidity LVNAV Fund	28,768,981	3.44
United States	Mutual Fund	17,274,408	Barings USD Liquidity Fund	17,274,408	2.07
<b>Total Collective Investment Schemes (31 December 2021: US\$42,555,754)</b>				<b>46,043,389</b>	<b>5.51</b>

#### Total investments at fair value through profit or loss (31 December 2021: US\$931,004,407)

**814,660,858**      **97.45**

#### Unfunded Loans

Country	Industry	Obligor	Fair Value US\$	% of Net Assets*
United States	Chemicals, Plastics and Rubber	New Arclin U.S. Holding Corp. 2021 Delayed Draw Term Loan***	(68,546)	(0.01)
	Diversified/ Conglomerate Manufacturing	IPS Corporation 2021 Delayed Draw Term Loan***	(23,521)	(0.00)
<b>Total Unfunded Loans (31 December 2021: US\$(6,530))</b>			<b>(92,067)</b>	<b>(0.01)</b>

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

\*\* This is a level 3 position.

\*\*\* An element of this loan is unfunded.

## Barings U.S. Loan Limited

### Significant Changes in Portfolio Composition (Unaudited)

As at 31 December 2022

#### Purchases

<b>Issuer</b>	<b>Cost US\$</b>
JPMorgan Liquidity Funds - USD Liquidity LVNAV Fund	211,000,001
Barings USD Liquidity Fund	15,000,000
Athenahealth, Inc. 2022 Term Loan B	7,976,622
Clydesdale Acquisition Holdings Inc Term Loan B	5,850,000
BWAY Holding Company 2017 Term Loan B	5,722,375
Team Health Holdings, Inc. 2022 Term Loan B	5,524,868
PMHC II, Inc. 2022 Term Loan B	5,415,202
Grifols Worldwide Operations USA, Inc. USD 2019 Term Loan B	5,408,750
Crocs, Inc. Term Loan B	5,242,547
Quest Software US Holdings Inc. 2022 Term Loan	5,014,194
NortonLifeLock Inc. 2022 Term Loan B	4,975,000
Bausch Health Companies Inc. 2022 Term Loan B	4,649,030
Liberty Tire Recycling Holdco, LLC 2021 Term Loan	4,433,914
McAfee, LLC 2022 USD Term Loan B	4,327,750
Gainwell Acquisition Corp. Term Loan B	3,875,736
Zayo Group Holdings, Inc. 2022 USD Incremental Term Loan B	3,867,769
Solis IV BV USD Term Loan B1	3,738,948
Scientific Games Holdings LP 2022 USD Term Loan B	3,548,600
CDK Global, Inc. 2022 USD Term Loan B	3,528,961
Select Medical Corporation 2017 Term Loan B	3,409,526

#### Sales

<b>Issuer</b>	<b>Proceeds US\$</b>
JPMorgan Liquidity Funds - USD Liquidity LVNAV Fund	223,000,000
Team Health Holdings, Inc. 1st Lien Term Loan	7,255,411
Flex Acquisition Company, Inc. 2021 Term Loan	6,818,410
Syniverse Holdings, Inc. 2018 1st Lien Term Loan	6,682,199
EXC Holdings III Corp. USD 2017 1st Lien Term Loan	6,353,791
Golden Nugget, LLC 2017 Incremental Term Loan B	5,183,622
Metro-Goldwyn-Mayer Inc. 2018 2nd Lien Term Loan	5,000,000
American Airlines, Inc. 2018 Term Loan B	4,990,504
Syniverse Holdings, Inc. 2018 2nd Lien Term Loan	4,576,972
Bausch Health Companies Inc. 2018 Term Loan B	4,504,896
Project Alpha Intermediate Holding, Inc. 2021 Term Loan B	4,206,954
Tibco Software Inc. 2020 Term Loan B3	4,187,806
Greeneden U.S. Holdings II, LLC 2020 USD Term Loan B4	4,041,694
Bausch Health Companies Inc. Term Loan B	3,926,742
MetroNet Systems Holdings, LLC 2021 1st Lien Term Loan	3,880,142
Welbilt, Inc. 2018 Term Loan B	3,799,873
Astra Acquisition Corp. 2021 1st Lien Term Loan	3,717,393
Rackspace Technology Global, Inc. 2021 Term Loan B	3,704,165
CPI International Inc. 2017 1st Lien Term Loan	3,679,073
Blucora, Inc. 2017 Term Loan B	3,610,661

Listed above are the aggregate purchases and sales of an investment exceeding 1.00% of the total value of purchases and sales for the financial year ended 31 December 2022.

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