

Portfolio Strategy

The fund is an actively managed HY strategy, investing primarily in a diversified portfolio of HY bonds issued by North American and European companies. Main source of performance will come from the current income with the goal of minimizing the principal loss. Capital appreciation will be generally a marginal source of performance.

Key Features

Asset Manager	Baring Intl Fund Mngrs (Ireland) Ltd
Net Assets Value	4 304 (Mn US Dollar)
Inception Date	30.06.2016
UCITS	Yes
Base Currency	US Dollar
Liquidity	Daily
Share Class*	US Dollar Acc
Management Fees* (%)	0,60%
Performance Fees	No
CH Registered	Yes
Yield to Worst	10.7
Modified Duration to Worst	4.5
Average Credit Quality	B+

Portfolio Style

Duration Management	Passive	Active
Issuer Type	Corporate	Sovereign
Credit Quality	HY	IG
Regional Exposure	DM	EM
Currency Exposure	Hedged	Non-Hedged
Investment Process	Bottom Up	Top Down

Investment Rationale

The fund is a core strategy for a global high yield (HY) allocation. The fund is always fully invested with no permanent bias with regards to sector allocation or credit rating quality. With that in mind, we expect this fund to be able to generate alpha regardless of the market conditions.

Investment Philosophy

- **Bottom-up:** the strategy relies mainly on credit selection. It is driven by their investment philosophy and demonstrated in their performance attribution figures. The macroeconomic overlay will shift at the margins their geographical or sector exposure based on relative value criteria.
- **Team based:** each credit analysts in charge of the fundamental research will ultimately present his findings to the U.S. or European ICs. The ICs are comprised of the sub-Group's senior investment professionals, who will debate the merits of adding a credit to the buy list. The Portfolio Manager will build positions only from assets approved by the IC.
- **Minimizing principal losses:** the outperformance is achieved by avoiding losers rather than investing in distressed bonds with potential capital appreciation. It is done through in-depth and fully in-house research.

Fund Management Team

Barings has two strong research teams based in the US and in Europe. **Scott Roth**, as Head of the U.S. HY Investment Committee (IC) and **Martin Horne**, Head of Global Public Investments are ultimately responsible for the strategy. They are backed by four Portfolio Managers, **Sean Feeley**, **Christopher Ellis**, **Craig Abouchar** **Chris Sawyer** who are in charge to implement on a day-to-day basis the IC decision, and by a team of 69 professionals (15 Portfolio Managers, 41 analysts, 6 traders and 7 product managers).

Strengths

- **Credit culture of the asset manager:** Barings has developed over the years one of the most impressive expertise in managing credit strategies, across the different issuer's quality from IG to distress and across the whole capital structure of the issuers.
- **Experience in managing loans:** their strong expertise in managing loans is a strong competitive advantage against their competitors. Most of HY bond issuers have been loan issuers before and therefore they can take advantage of their deep knowledge of the companies in the primary market.
- **Performance:** The performance of the fund has been excellent both versus its peers and the benchmark on every time horizon. The generated alpha is constant over time and can be attributed almost exclusively to the credit picking in accordance with the investment philosophy. It is also classified 1st decile of its peer group as of 31.03.2023

Weaknesses

- **Size of the AuM:** with more than USD 2bn of AuM, It will become more challenging for the managers to generate the same level of alpha.

	1M	YTD	2023	2022	2021	3Y (Ann.)	5Y (Ann.)	Sharpe Ratio 3Y	Volatility 3Y	Max Drawdown 3Y
Fund	1,25	1,25	10,21	14,31	-10,58	5,18	5,17	0,14	7,68	-11,83
Index	1,26	1,26	13,60	-10,69	5,10	4,54	4,34	0,06	8,07	-11,73

*ISIN Code: IE00B7PD0D50. ISIN used for performance: IE00B701NP71 Performance data source: Morningstar Direct. Key Points provided by Wealth Solutions Partners SA. - Past performance should not be seen as an indication of future performance. Index: ICE BofA NFincl Dv Mkt HY Cstd TR HUSD. Data as of: 31.01.2025

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