



Barings European Loan Limited
(a private limited liability company incorporated in Ireland
under registration number 470783)

**Annual Report & Audited Financial
Statements**

for the financial year ended 31 December 2020

Barings European Loan Limited

Annual Report and Audited Financial Statements Contents

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Barings European Loan Limited

Directors and Other Information

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 Street
Suite 2500 Charlotte
North Carolina 28202
USA

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

Trustee

TMF Management (Ireland) Limited
3rd Floor Kilmore House
Park Land
Spencer Dock
Dublin D01 XN99
Ireland

Barings European Loan Limited

Introduction

Barings European Loan Limited (the “Company”) is a private limited liability company incorporated in Ireland under the registration number 470783. The Company is a subsidiary of Barings European 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 the Global Exchange Market of the Euronext Dublin. As at 31 December 2020, the Company held investments to the value of €3,869,260,314 (31 December 2019: €4,541,194,253). The Company financed its purchases of investments by way of a loan provided by the Ultimate Parent, on behalf of its fund, the Parent.

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.

Barings European Loan Limited

Directors' Report For the financial year ended 31 December 2020

The Directors present their report together with the audited financial statements of the Company for the financial year ended 31 December 2020.

Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements

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 "Depositary") for safe-keeping, who have been appointed as Depositary to the Company pursuant to the terms of a Depositary Agreement. 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.barings.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.

Directors

The Directors who served during the financial year were:

Mr. Alan Behen (Irish)

Mr. Paul Smyth (Irish)

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

Directors' and 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 2020 (31 December 2019: Nil).

Barings European Loan Limited

Directors' Report (continued)
For the financial year ended 31 December 2020

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 2020 (31 December 2019: 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.

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 of these financial statements.

Results and distributions

The results 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 2020 (31 December 2019: Nil).

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 the Administrator, 78 Sir John Rogerson's Quay, Dublin D02 HD32.

Brexit

The United Kingdom (the "UK") held a referendum on 23 June 2016 on whether to leave or remain in the EU. The outcome of the referendum was in favour of leaving the EU. The UK officially withdrew from the EU on 31 January 2020, but continued to follow all of the EU rules and its trading relationship during a transitional period that ended on 31 December 2020. On 1 January 2021, the Trade and Cooperation Agreement between the UK and the EU came into force, and the UK left the EU single market and the EU customs union.

There remain a number of uncertainties in connection with the future of the UK and its relationship with the EU, including any agreements it reaches in relation to its future relationship with the EU and Barings continues to plan for a number of possible scenarios. Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit.

In this regard, Baring International Fund Managers (Ireland) Limited ("BIFMI"), will continue as the Manager of the Company and the Parent will continue to be registered for distribution into relevant jurisdictions in the EU and elsewhere. Portfolio management in respect of European investments will continue to be delegated to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The custodian and administrator of the Company are also EU entities. In addition, BIFMI has enhanced its presence in Dublin and recruited locally at all levels to staff its new office, reflecting the increased significance of BIFMI's role within the Barings business. Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have 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, instability in the equity, debt and foreign exchange markets, including volatility in the value of sterling or the euro.

Barings European Loan Limited

Directors' Report (continued)
For the financial year ended 31 December 2020

Significant events during the financial year

Covid-19

The spread of COVID-19 around the world in 2020 has caused significant volatility in international markets. There is still significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company continues to actively monitor the extent of the impact to its operations, financial accounting and reporting.

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 subsequent events affecting the Company after the financial year end.

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: 28 April 2021

Barings European Loan Limited

Independent Auditor's Report For the financial year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS EUROPEAN LOAN LIMITED

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Barings European Loan Limited ('the Company') for the year ended 31 December 2020 set out on pages 9 to 31, which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020 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.

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 the 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.

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.

Opinions on other matters prescribed by the Companies Act

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.

Barings European Loan Limited

Independent Auditor's Report (continued)
For the financial year ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS EUROPEAN LOAN LIMITED (continued)

Matters on which we are required to report by exception

The Companies Act 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:

<http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/Description-of-the-auditor-s-responsibilities-for>.

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. 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.


Jorge Fernandez Revilla
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Harbourmaster Place
IFSC
Dublin 1

28 April 2021


BARINGS

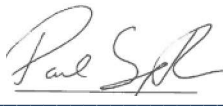
Barings European Loan Limited

Statement of Financial Position As at 31 December 2020

		31 December 2020	31 December 2019
	Note	€	€
Assets:			
Financial assets at fair value through profit or loss:			
- Investments	10	3,869,260,314	4,541,194,253
- Forward foreign exchange contracts	10	35,056,256	12,010,863
Other receivables	5	32,636,605	37,018,179
Receivable for investments sold		93,190,406	60,250,041
Cash and cash equivalents	3	127,492,877	76,697,492
Total assets		4,157,636,458	4,727,170,828
Liabilities:			
Financial liabilities designated at fair value through profit or loss:			
- Loan and coupon payable from the Ultimate Parent	9	(3,910,047,544)	(4,655,617,401)
- Unfunded loan	10	(95,418)	-
Financial liabilities held for trading:			
- Forward foreign exchange contracts	10	(32,567,448)	(156,909)
Payable for investments purchased		(214,834,619)	(71,268,995)
Other payables and accrued expenses	6	(88,981)	(125,262)
Total liabilities		(4,157,634,010)	(4,727,168,567)
Net assets		2,448	2,261
Equity			
Share capital	4	100	100
Retained earnings		2,348	2,161
Total equity		2,448	2,261

On behalf of the Board of Directors:

Director: 
Alan Behen

Director: 
Paul Smyth

Date: 28 April 2021

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

Barings European Loan Limited

Statement of Comprehensive Income For the financial year ended 31 December 2020

	Note	31 December 2020 €	31 December 2019 €
Income			
Net change on financial assets at fair value through profit or loss	8	67,458,508	251,428,093
Net change on financial liabilities at fair value through profit or loss	9	(64,161,897)	(250,084,416)
<i>Other income</i>			
- Net (loss)/gain on foreign exchange		(1,610,925)	783,090
Net operating income		1,685,686	2,126,767
Expenses			
Depository fees		(971,775)	(1,221,243)
Directors' fees	9	-	(3,273)
Professional fees		(58,460)	(9,705)
Audit and tax reporting fees	6	(48,081)	(32,500)
Miscellaneous fees		(21,595)	(42,804)
Total operating expenses		(1,099,911)	(1,309,525)
Net profit before finance costs		585,775	817,242
Finance costs			
Interest expense		(585,525)	(816,992)
Profit before income tax for the financial year		250	250
Tax on ordinary activities	14	(63)	(63)
Profit after tax		187	187

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 the financial statements.

Barings European Loan Limited

Statement of Changes in Equity For the financial year ended 31 December 2020

Financial year ended 31 December 2020

	Share Capital €	Retained Earnings €	Total €
Balance at beginning of the financial year	100	2,161	2,261
Profit for the financial year	-	187	187
Balance at end of the financial year	100	2,348	2,448

Financial year ended 31 December 2019

	Share Capital €	Retained Earnings €	Total €
Balance at beginning of the financial year	100	1,974	2,074
Profit for the financial year	-	187	187
Balance at end of the financial year	100	2,161	2,261

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

Barings European Loan Limited

Statement of Cash Flows

For the financial year ended 31 December 2020

	31 December 2020	31 December 2019
	€	€
Cash flows for operating activities		
Profit after income tax	187	187
Adjustments for:		
Net movement on financial assets	782,654,616	599,153,278
Unrealised loss/(gain) on derivatives	9,365,146	(2,176,344)
Coupon expense on loan from Ultimate Parent	64,161,897	250,084,416
Operating cash inflows before movements in working capital	856,181,846	847,061,537
Movement in other receivables	4,381,574	9,014,340
Movement in other payables	(36,281)	(1,055)
Cash generated by working capital	4,345,293	9,013,285
Net cash inflows from operating activities	860,527,139	856,074,822
Financing activities		
Proceeds from loan from the Ultimate Parent	208,520,638	396,855,565
Repayment of loan to the Ultimate Parent	(1,018,252,392)	(1,304,310,945)
Net cash outflows from financing activities	(809,731,754)	(907,455,380)
Net increase/(decrease) in cash and cash equivalents	50,795,385	(51,380,558)
Cash and cash equivalents at beginning of financial year	76,697,492	128,078,050
Cash and cash equivalents at end of financial year	127,492,877	76,697,492
Supplemental information		
Coupon received	205,623,655	257,636,903
Interest paid	(585,525)	(816,992)
Tax paid	(63)	(63)

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

Barings European Loan Limited

Notes to the Financial Statements For the financial year ended 31 December 2020

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 apparent 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 Euro ("€") and rounded to the nearest €.

These financial statements were prepared on a going concern basis.

The registered number of the Company is 470783.

2. Significant accounting policies

(a) New standards, amendments and interpretations issued and effective for the financial year beginning on or after 1 January 2020

There are no new standards, amendments or interpretations issued and effective for the financial year beginning 1 January 2020 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 effective for the financial year beginning 1 January 2020 and not early adopted.

There are no new standards, amendments or interpretations issued 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 Euro ("€").

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.

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(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 financial 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 Sub-Funds have access to at that date. The fair value of a liability reflects its non-performance risk.

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 at 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 €250) 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).

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the Statement of Financial Position date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(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) Forward foreign exchange contracts

Forward foreign exchange contracts are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All forward foreign exchange contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Any changes in fair value is recognised in the Statement of Comprehensive Income.

The fair value of forward foreign exchange contracts that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the financial year end date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Specifically, the fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date. The unrealised gain or loss on open forward foreign exchange contracts is calculated as the difference between the contract price and this forward price.

The best evidence of fair value of a derivative at initial recognition is the transaction price. Subsequent changes in the fair value of any derivative instrument is recognised immediately in the Statement of Comprehensive Income.

(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 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.

The net asset values at 31 December 2020 provided by the administrators of the underlying funds may subsequently be adjusted when audited financial statements for the underlying funds become available. The Board of Directors and the Managers will consider from time to time other factors that may have an impact on the Net Asset Value per share of the underlying funds and may consider adjusting its price to reflect a more appropriate fair value of a collective investment scheme. There have been no such adjustments at 31 December 2020 (31 December 2019: Nil).

(ix) Unfunded loans

Unfunded loans occur when the Company commits to purchase a loan asset and has purchased less than 100% of the commitment as at the financial period end. The percentage outstanding at the financial period end is the unfunded loan. The full 100% of the commitment is reflected in the Statement of Financial Position at the financial period end as a financial asset at FVTPL. The percentage outstanding is reflected in the Statement of Financial Position at the financial period end as an unfunded loan.

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

(x) 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.

(e) Income

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.

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.

(f) Miscellaneous income

Miscellaneous income is comprised of various fees received relating to the loans held in the Company's Schedule 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, realised and unrealised 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 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 accrual 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 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 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 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 Manager will not accrue for this in the balance sheet or make a disclosure in the financial statements.

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.

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

2. Significant accounting policies (continued)

(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 (31 December 2019: A) as at 31 December 2020. As at 31 December 2020, the Company held €127,492,877 (31 December 2019: €76,697,492) in cash and cash equivalents. Cash and cash equivalents are measured at amortised cost.

4. Share capital

Authorised

The authorised share capital of the Company is €1,000 divided into 1,000 shares of €1.00 each.

Issued and fully paid

The issued and paid up share capital is €100 and it is held by the Depository.

The Company does not have any externally imposed capital requirements.

5. Other receivables

	31 December 2020	31 December 2019
	€	€
Coupon receivable on loan investments	25,294,550	24,794,593
Principal receivable on loan investments	1,113,247	943,719
Coupon receivable on bonds	6,227,206	11,278,265
Other receivables	1,602	1,602
	<u>32,636,605</u>	<u>37,018,179</u>

6. Other payables and accrued expenses

	31 December 2020	31 December 2019
	€	€
Depository fees payable	(80,200)	(114,601)
Directors' fees payable	-	(328)
Miscellaneous payable	(8,781)	(10,333)
	<u>(88,981)</u>	<u>(125,262)</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 2020 and 31 December 2019:

	31 December 2020	31 December 2019
	€	€
Statutory audit	(42,500)	(32,500)
Tax advisory and compliance services	(5,581)	-
Total	<u>(48,081)</u>	<u>(32,500)</u>

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

7. Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2020 (31 December 2019: Nil)

8. Net change on financial assets at FVTPL

	31 December 2020	31 December 2019
	€	€
Coupon income from financial assets designated at FVTPL	201,072,553	248,870,228
<i>Income from investments</i>		
- Realised (loss) on investments	(168,317,065)	(25,373,477)
- Unrealised net change on investments	(24,341,718)	112,278,156
- Realised gain/(loss) on derivatives	68,409,884	(86,529,826)
- Unrealised net change on derivatives	(9,365,146)	2,183,012
	<u>67,458,508</u>	<u>251,428,093</u>

9. Related party transactions

Loan from the Ultimate Parent

The Company is a subsidiary of Barings European Loan Fund (the "Parent"), which is a 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. Net gain/loss 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 from the Ultimate Parent, designated at FVTPL as at 31 December 2020 was €3,910,047,544 (31 December 2019: €4,655,617,401). The net change on financial liabilities at FVTPL for the year ended 31 December 2020 was (€64,161,897) (31 December 2019: (€250,084,416)).

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 Parent (i.e. contractual amounts at maturity by an equivalent amount).

Revolving credit facility and security deed

There is a revolving credit facility in place between the Ultimate Parent, on behalf of its fund, the Parent, and State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC whereby credit facilities may from time to time be made available by State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC to the Subsidiary of the Parent, the Company. There is also a security deed in place between the Ultimate Parent, on behalf of its fund, the Parent, and State Street Bank and Trust Company, RBC Bank, ScotiaBank, National Australia Bank Limited and HSBC whereby the Parent acts as Guarantor for any credit facilities extended to the Company. The credit facilities were not used during the financial year ended 31 December 2020 or 31 December 2019.

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.

Directors' and Secretary's interests

Directors' fees for the financial year amounted to €Nil (31 December 2019: €3,273) of which €Nil (31 December 2019: €328) was payable at the financial year end.

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, the Manager and Alternative Investment Fund Manager to the Ultimate Parent.

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

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

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.

(i) Foreign currency risk

The Company uses forward foreign exchange contracts to hedge against foreign exchange risks on a portion of its portfolio. The Company does not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio being hedged. The hedging transactions may result in a poorer overall performance for the Company than if it had not engaged in such hedging transactions. Since the characteristics of many securities change as markets change, the success of the Company's hedging strategy is also subject to the Company's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. The Company does not regard the probability of foreign exchange risk occurring to be significantly high as to justify the cost of the hedge. The Investment Managers implement and manage this process through the use of various counterparties. The Investment Managers regularly review such positions to ensure that they are in line with the Company's investment policies.

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 2020:

	Financial assets and liabilities at FVTPL	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net Exposure	% of Total assets
	€	€	€	€	€	%
CHF	-	-	3,330	-	3,330	0.00
GBP	621,292,000	20,546,221	2,822,363	(609,116,688)	35,543,896	0.92
USD	432,028,028	66,840,714	2,738,873	(457,502,844)	44,104,771	1.14

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 2019:

	Financial assets and liabilities at FVTPL	Cash and cash equivalents	Other assets and liabilities*	Forward foreign exchange contracts	Net Exposure	% of Total assets
	€	€	€	€	€	%
GBP	769,819,079	9,308,874	4,374,536	(781,010,014)	2,492,475	0.05
USD	600,733,034	15,934,737	3,104,399	(611,349,461)	8,422,709	0.18

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

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.

The Company is exposed to foreign currency risk, however the risk is effectively transferred to the Parent, via the loans obtained from the Ultimate Parent, since under the loan agreement, all of the Company's profit or loss (except for a yearly profit of €250) 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.

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

Sensitivity analysis (continued)

As at 31 December 2020, had the exchange rate increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in the value of the Company's investments, denominated in currencies other than the base currency of the Company, would be as follows:

	31 December 2020	31 December 2019
	€	€
CHF	167	-
GBP	1,777,195	124,624
USD	2,205,239	421,135

(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 asset and liability instruments held by the Company.

The following table details the Company's exposure to interest rate risks. 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 2020:

	Within one year	1 - 5 years	Greater than 5 years	Non-interest bearing	Total
	€	€	€	€	€
Assets					
Financial assets at FVTPL:					
- Investments	36,182,204	2,725,215,723	909,755,450	198,106,937	3,869,260,314
- Forward foreign exchange contracts	-	-	-	35,056,256	35,056,256
Other receivables	-	-	-	32,636,605	32,636,605
Receivable for investments sold	-	-	-	93,190,406	93,190,406
Cash and cash equivalents	127,492,877	-	-	-	127,492,877
Total assets	163,675,081	2,725,215,723	909,755,450	358,990,204	4,157,636,458
Liabilities					
Financial liabilities at FVTPL:					
- Loan and coupon payable from Ultimate Parent	(3,910,047,544)	-	-	-	(3,910,047,544)
- Unfunded loans	(95,418)	-	-	-	(95,418)
Financial liabilities held for trading:					
- Forward foreign exchange contracts	-	-	-	(32,567,448)	(32,567,448)
Payable for investments purchased	-	-	-	(214,834,619)	(214,834,619)
Other payables and accrued expenses	-	-	-	(88,981)	(88,981)
Total liabilities	(3,910,142,962)	-	-	(247,491,048)	(4,157,634,010)
Total interest sensitivity gap	(3,746,467,881)	2,725,215,723	909,755,450		

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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 risks. 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 2019:

	Within one year €	1 - 5 years €	Greater than 5 years €	Non-interest bearing €	Total €
Assets					
Financial assets at FVTPL:					
- Investments	149,326,521	2,691,902,346	1,560,870,221	139,095,165	4,541,194,253
- Forward foreign exchange contracts	-	-	-	12,010,863	12,010,863
Other receivables	-	-	-	37,018,179	37,018,179
Receivable for investments sold	-	-	-	60,250,041	60,250,041
Cash and cash equivalents	76,697,492	-	-	-	76,697,492
Total assets	226,024,013	2,691,902,346	1,560,870,221	248,374,248	4,727,170,828
Liabilities					
Financial liabilities at FVTPL:					
- Loan and coupon payable from Ultimate Parent	(4,655,617,401)	-	-	-	(4,655,617,401)
Financial liabilities held for trading:					
- Forward foreign exchange contracts	-	-	-	(156,909)	(156,909)
Payable for investments purchased	-	-	-	(71,268,995)	(71,268,995)
Other payables and accrued expenses	-	-	-	(125,262)	(125,262)
Total liabilities	(4,655,617,401)	-	-	(71,551,166)	(4,727,168,567)
Total interest sensitivity gap	(4,429,593,388)	2,691,902,346	1,560,870,221		

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 rate change %	% Effect on Loan Fair Value 31 December 2020	Interest rate change %	% Effect on Loan Fair Value 31 December 2020
(0.50)	+0.15	+0.50	(0.15)
(0.75)	+0.23	+0.75	(0.23)
(1.00)	+0.31	+1.00	(0.30)
Interest rate change %	% Effect on Loan Fair Value 31 December 2019	Interest rate change %	% Effect on Loan Fair Value 31 December 2019
(0.50)	+0.21	+0.50	(0.21)
(0.75)	+0.32	+0.75	(0.32)
(1.00)	+0.43	+1.00	(0.42)

(iii) Price risk

All of the Company's financial investments (loans, bonds, equities, collective investment schemes and forward foreign exchange contracts) 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, interest receivable on bank, 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.

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

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 2020 would have increased the value of investments at FVTPL by €193,458,245 (31 December 2019: €227,059,713) 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 as at 31 December 2020 would be Nil (31 December 2019: 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 14.82% (31 December 2019: 15.60%) 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. As a result, the Company will assume the credit risk of both the obligor and the institution selling the sub-participation.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the financial year end date. The Investment Manager 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. The Company is exposed to credit risk associated with the forward currency counterparties with whom it trades and will also bear the risk of settlement default.

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. The following tables present information about the offsetting of derivative instruments.

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

At 31 December 2020, the Company's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets €	Financial instruments €	Collateral received €	Net €
Forward foreign exchange contracts	National Australia Bank	15,277,996	(14,980,407)	-	297,589
	State Street Bank	19,778,260	(17,587,041)	-	2,191,219
		35,056,256	(32,567,448)	-	2,488,808

Description	Counterparty	Value of derivative liabilities €	Financial instruments €	Collateral pledged €	Net €
Forward foreign exchange contracts	National Australia Bank	(14,980,407)	14,980,407	-	-
	State Street Bank	(17,587,041)	17,587,041	-	-
		(32,567,448)	32,567,448	-	-

At 31 December 2019, the Company's derivative assets and liabilities are as follows:

Description	Counterparty	Value of derivative assets €	Financial instruments €	Collateral received €	Net €
Forward foreign exchange contracts	National Australia Bank	5,407,507	-	-	5,407,507
	State Street Bank	6,603,356	(156,909)	-	6,446,447
		12,010,863	(156,909)	-	11,853,954

Description	Counterparty	Value of derivative liabilities €	Financial instruments €	Collateral pledged €	Net €
Forward foreign exchange contracts	State Street Bank	(156,909)	(156,909)	-	-
		(156,909)	(156,909)	-	-

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

Country	% of Market Value 31 December 2020	% of Market Value 31 December 2019
Austria	0.1	0.1
Belgium	1.0	0.7
Bulgaria	0.6	-
Canada	-	0.1
Denmark	2.4	-
Finland	0.9	1.0
France	9.9	8.5
Germany	17.3	19.3
Hong Kong	1.1	0.7
Ireland	1.3	2.0
Italy	2.6	2.6
Luxembourg	3.2	2.8
Netherlands	3.1	7.9
Norway	0.6	-
Portugal	-	0.2
Spain	7.5	5.1
Sweden	2.1	2.6
Switzerland	1.6	1.8
United Kingdom	27.4	26.1
United States	17.3	18.5
Total	100.0	100.0

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

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

Moody's Rating	% of Market Value 31 December 2020	% of Market Value 31 December 2019
Ba2	1.4	-
Ba3	2.5	4.4
B1	8.1	12.5
B2	23.7	36.8
B3	28.2	20.4
Ca	1.0	0.3
Caa1	11.7	4.1
Caa2	5.5	3.2
Caa3	1.4	2.3
Not publicly rated	16.5	16.0
Total	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 period 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.

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

	31 December 2020	31 December 2019
	€	€
Investments at fair value	3,811,194,272	4,537,144,701
Derivative financial assets	35,056,256	12,010,863
Other receivables	32,636,605	37,018,179
Receivables for investments sold	93,190,406	60,250,041
Cash and cash equivalents	127,492,877	76,697,492
Total	4,099,570,416	4,723,121,276

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 ("State Street"). 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 as at 31 December 2020 was A (31 December 2019: A). The S&P credit rating of National Australia Bank Limited as at 31 December 2020 was AA- (31 December 2019: AA-).

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.

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

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

Industry	% of Market Value 31 December 2020	% of Market Value 31 December 2019
Aerospace and Defence	0.8	0.3
Automobile	4.3	4.1
Beverage, Food and Tobacco	2.3	2.4
Broadcasting and Entertainment	4.3	8.0
Buildings and Real Estate	-	0.3
Cargo Transport	0.3	0.7
Chemicals, Plastics and Rubber	6.0	6.8
Containers, Packaging and Glass	1.6	1.4
Diversified/Conglomerate Manufacturing	6.1	5.0
Diversified/Conglomerate Service	9.7	9.7
Diversified Media	0.4	-
Ecological	0.2	1.0
Electronics	1.4	4.6
Finance	1.8	5.4
Healthcare, Education and Childcare	20.5	18.3
Home and Office Furnishings, Housewares and Durable Consumer Products	1.7	1.7
Hotels, Motels, Inns and Gaming	8.5	7.6
Leisure, Amusement, Entertainment	10.6	2.9
Machinery Non-Agriculture, Non-Construction, Non-Electronic	1.5	1.4
Mining, Steel, Iron and Non Precious Metals	-	0.0
Mutual Funds	3.6	3.0
Oil and Gas	0.8	1.9
Personal and Non-Durable Consumer Products	1.6	0.3
Personal, Food and Miscellaneous	-	0.0
Personal Transportation	0.4	0.5
Printing and Publishing	1.6	1.7
Retail Stores	3.4	5.0
Telecommunications	6.6	5.4
Utilities	-	0.6
Total	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 2020, the Company had trade receivables of €93,190,406 (31 December 2019: €60,250,041) and trade payables of €214,834,619 (31 December 2019: €71,268,995) of which US\$16,754,347 of the receivables (31 March 2020: Nil) and US\$35,120,499 of the payables (31 March 2020: €7,101,504) remained outstanding at 31 March 2021, 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.

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(c) Liquidity risk (continued)

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 period (T+2 through Euroclear) permits more rapid sale where this might be required for liquidity purposes.

There is a revolving credit facility in place between the Ultimate Parent, on behalf of its fund, the Parent, and the Depositary whereby subject to the terms of the agreement credit facilities may from time to time be made available by the Depositary to the Company for short term liquidity purposes. The main purpose of this facility is to enable the Company to finance redemption requests and hedging requirements at short notice. This facility was not used during the financial year ended 31 December 2020 or 31 December 2019.

All of the Company's financial liabilities as at 31 December 2020 and 31 December 2019 were payable within three months.

The table below sets out the Fund's gross-settled derivative financial instruments at 31 December 2020. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	€	€	€	€
Asset - Forward foreign exchange contracts	2,132,936,855	1,162,165,199	-	3,295,102,054
Liability - Forward foreign exchange contracts	(2,139,445,845)	(1,153,167,401)	-	(3,292,613,246)
	(6,508,990)	8,997,798	-	2,488,808

The table below sets out the Fund's gross-settled derivative financial instruments at 31 December 2019. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	€	€	€	€
Asset - Forward foreign exchange contracts	1,434,004,508	-	-	1,434,004,508
Liability - Forward foreign exchange contracts	(1,422,150,554)	-	-	(1,422,150,554)
	11,853,954	-	-	11,853,954

Barings European Loan Limited

Notes to the Financial Statements (continued)

For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(d) Fair value hierarchy

Valuation Framework

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.

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 2020 and 31 December 2019 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 financial year end date.

Fair values for unquoted equity investments are 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 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 2020	31 December 2019
	€	€
Loans	180,696,214	151,602,310
Bonds	15,000,895	-
Equities	22,688,331	41,681
Unfunded loan	(95,418)	-
	<u>218,290,022</u>	<u>151,643,991</u>

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(d) Fair value hierarchy (continued)

Valuation Framework (continued)

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 individual 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 2020 and 31 December 2019 were classified as Level 2 and were classified as Level 2 since the date of purchase. The loan 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.

All forward foreign exchange contracts are classified as Level 2 since they are valued using observable inputs but are not quoted in an active market.

The following is a summary of the inputs used as of 31 December 2020 in valuing the Company's financial assets and liabilities carried at fair value:

	Level 1 €	Level 2 €	Level 3 €	Total Fair Value €
Financial assets at FVTPL:				
- Investments	161,353,817	3,489,521,057	218,385,440	3,869,260,314
- Forward foreign exchange contracts	-	35,056,256	-	35,056,256
Total assets	161,353,817	3,524,577,313	218,385,440	3,904,316,570
Financial liabilities at FVTPL:				
- Loan and coupon payable from the Ultimate Parent	-	(3,910,047,544)	-	(3,910,047,544)
- Unfunded loan	-	-	(95,418)	(95,418)
Financial liabilities held for trading:				
- Forward foreign exchange contracts	-	(32,567,448)	-	(32,567,448)
Total liabilities	-	(3,942,614,992)	(95,418)	(3,942,710,410)

The following is a summary of the inputs used as of 31 December 2019 in valuing the Company's assets and liabilities carried at fair value:

	Level 1 €	Level 2 €	Level 3 €	Total Fair Value €
Financial assets at FVTPL:				
- Investments	139,053,484	4,250,496,778	151,643,991	4,541,194,253
- Forward foreign exchange contracts	-	12,010,863	-	12,010,863
Total assets	139,053,484	4,262,507,641	151,643,991	4,553,205,116
Financial liabilities at FVTPL:				
- Loan and coupon payable from the Ultimate Parent	-	(4,655,617,401)	-	(4,655,617,401)
Financial liabilities held for trading:				
- Forward foreign exchange contracts	-	(156,909)	-	(156,909)
Total liabilities	-	(4,655,774,310)	-	(4,655,774,310)

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

10. Financial instruments and associated risks (continued)

(d). Fair value hierarchy (continued)

Valuation Framework (continued)

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 2019: none). Transfers between Level 1 or 2 and Level 3 are discussed after the Level 3 reconciliation tables below, where relevant.

The following table shows the movement in Level 3 securities of the fair value hierarchy for the financial year ended 31 December 2020 and 31 December 2019. The Level 3 loan and unfunded loan securities have been presented on a net basis to reflect the actual commitment at the financial year end.

	Financial assets and liabilities at FVTPL 31 December 2020	Financial assets at FVTPL 31 December 2019
	€	€
Opening balance	151,643,991	165,809,249
Net (loss) on investments	(4,463,750)	(9,668,803)
Purchases	65,451,820	46,408,128
Sales	(27,405,706)	(7,668,645)
Transfers out of Level 3	(75,723,172)	(132,904,001)
Transfer into Level 3	108,786,839	89,668,063
Closing balance	<u>218,290,022</u>	<u>151,643,991</u>

Total unrealised gains or losses recognised in the Statement of Comprehensive Income for assets held at the end of the reporting financial period:

- Included within unrealised loss on investments	<u>(29,205,040)</u>	<u>(13,866,517)</u>
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The table below sets out information about significant unobservable inputs used at 31 December 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value €	Unobservable Inputs	Ranges	Weighted Average
Loans	180,696,214	Broker Quotes/Recent Sales	37.50-103.00	94.13
Bonds	15,000,895	Broker Quotes	0.00-204.29	204.29
Equities	22,688,331	EBITDA Multiples/Recent Sales	0.00-32.74	1.76
Unfunded loan	(95,418)	Broker Quotes/Recent Sales	98.00	98.00

The table below sets out information about significant unobservable inputs used at 31 December 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	Fair Value €	Unobservable Inputs	Ranges	Weighted Average
Loans	151,602,310	Broker Quotes/Recent Sales	48.00-100.88	89.00
Equities	41,681	EBITDA Multiples/Recent Sales	0.00-0.81	0.01

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 2020 or as at 31 December 2019.

If the value of level 3 securities increased/(decreased) by 5%, the effect on the NAV would be €10,914,501 (31 December 2019: €7,582,200).

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

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.

Below is a summary of the Company's holdings in non-subsidiary unconsolidated structured entities as at 31 December 2020:

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's	Financial assets at FVTPL	3	29,995,316,228	140,040,895	3.63

Below is a summary of the Company's holdings in non-subsidiary unconsolidated structured entities as at 31 December 2019:

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's	Financial assets at FVTPL	3	21,242,981,467	135,045,613	2.91

*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 the €) were used in the Statement of Financial Position to translate foreign currency amounts, convert the investments and other assets and liabilities denominated in currencies other than €:

	31 December 2020	31 December 2019
Swiss Franc (CHF)	1.0815	-
Great British Pound (GBP)	1.1194	1.1809
United States Dollar (USD)	0.8186	0.8915

13. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2020 or 31 December 2019.

14. Taxation

	31 December 2020 €	31 December 2019 €
Current financial year tax	63	63
Reconciliation of tax charge to profit before tax:		
Profit before tax	250	250
Corporation tax at 25%	63	63

Barings European Loan Limited

Notes to the Financial Statements (continued)
For the financial year ended 31 December 2020

15. Ultimate Parent undertaking and Parent undertaking of larger groups

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

The immediate Parent of Barings European Loan Limited is Barings European 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.

17. Significant events during the financial year

Brexit

The United Kingdom (the "UK") held a referendum on 23 June 2016 on whether to leave or remain in the European Union EU. The outcome of the referendum was in favour of leaving the EU. The UK officially withdrew from the EU on 31 January 2020, but continued to follow all of the EU rules and its trading relationship during a transitional period that ended on 31 December 2020. On 1 January 2021, the Trade and Cooperation Agreement between the UK and the EU came into force, and the UK left the EU single market and the EU customs union.

There remain a number of uncertainties in connection with the future of the UK and its relationship with the EU, including any agreements it reaches in relation to its future relationship with the EU and Barings continues to plan for a number of possible scenarios. Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit.

In this regard, Baring International Fund Managers (Ireland) Limited ("BIFMI"), will continue as the Manager of the Company and the Parent will continue to be registered for distribution into relevant jurisdictions in the EU and elsewhere. Portfolio management in respect of European investments will continue to be delegated to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The custodian and administrator of the Company are also EU entities. In addition, BIFMI has enhanced its presence in Dublin and recruited locally at all levels to staff its new office, reflecting the increased significance of BIFMI's role within the Barings business. Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have 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, instability in the equity, debt and foreign exchange markets, including volatility in the value of sterling or the euro..

Covid-19

The spread of COVID-19 around the world in 2020 has caused significant volatility in international markets. There is still significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on international economies and, as such, the Company continues to actively monitor the extent of the impact to its operations, financial accounting and reporting.

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 subsequent 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 2019.

20. Approval of financial statements

The Directors approved these financial statements on 28 April 2021.

Barings European Loan Limited

Schedule of Investments (Unaudited)

As at 31 December 2020

Loans Country	Industry	Obligor	Fair Value €	% of Net Assets*
Austria	Diversified/Conglomerate Manufacturing	Al Alpine AT Bidco GmbH 2018 EUR Term Loan B	4,176,977	0.11
Belgium	Aerospace and Defense	CEP IV Investment 16 S.a.r.l. EUR Term Loan B	26,981,564	0.70
Denmark	Healthcare, Education and Childcare	Auris Luxembourg III S.a.r.l. EUR Term Loan B1A	94,013,505	2.42
Finland	Diversified / Conglomerate Manufacturing	Amer Sports Oyj EUR Term Loan B	34,746,533	0.90
France	Broadcasting and Entertainment	Banijay Entertainment S.A.S EUR Term Loan Technicolor SA 2020 EUR Delayed Draw Term Loan B2	15,089,657 9,061,382	0.39 0.23
		Technicolor SA 2020 EUR Super Senior Term Loan	7,722,523	0.20
		Technicolor SA 2020 EUR Term Loan B1	20,833,610	0.54
		Technicolor SA 2020 PIK USD New Money Term Loan	5,694,579	0.15
	Buildings and Real Estate	LSF10 Impala Investments S.a r.l. 2018 EUR 2nd Lien Term Loan	1,894,266	0.05
	Chemicals, Plastics and Rubber	Novacap S.A. 2017 Incremental Term Loan B3	2,038,798	0.05
		Novacap S.A. EUR Term Loan B1	43,447,699	1.12
	Containers, Packaging and Glass	Albea Beauty Holdings S.A 2018 USD Term Loan B2	3,070,607	0.08
		CCP Lux Holding S.a. r.l. EUR 1st Lien Term Loan	15,979,071	0.41
	Diversified / Conglomerate Manufacturing	Averys 2018 EUR 2nd Lien Term Loan	11,311,752	0.29
	Diversified / Conglomerate Service	ACG Holding SAS EUR Term Loan A**	419,692	0.01
		AL-Fin SAS EUR Term Loan B**	179,868	0.00
	Healthcare, Education and Childcare	Cerba Healthcare S.A.S. EUR Term Loan B	22,912,475	0.59
		Curium BidCo S.a r.l. 2020 USD 2nd Lien Term Loan**	23,551,548	0.61
		Financiere Mendel SAS 2019 EUR Term Loan B	19,713,778	0.51
		Orphea Limited GBP Term Loan	23,539,037	0.61
	Hotels, Motels, Inns and Gaming	Casper BidCo SAS 2020 EUR Term Loan B3A	15,703,610	0.41
		Casper BidCo SAS EUR 2nd Lien Term Loan 1A	18,450,000	0.48
	Leisure, Amusement, Entertainment	European Camping Group SAS GBP Term Loan B	29,187,532	0.76
		European Camping Group SAS GBP Term Loan B3	5,934,262	0.15
		Vacalians Group EUR Term Loan B	23,584,875	0.61
	Retail Stores	Casino Guichard-Perrachon SA EUR Term Loan B	9,335,882	0.24
		Thom Europe S.A.S EUR Term Loan B	16,043,912	0.42
Germany	Broadcasting and Entertainment	Tele Columbus AG 2018 EUR Term Loan A2	49,960,122	1.29
	Chemicals, Plastics and Rubber	Colouroz Investment 1 GmbH EUR Term Loan B3	1,976,942	0.05
		Colouroz Investment 1 GmbH Initial EUR Term Loan	32,558,907	0.84
		Colouroz Investment 2 LLC USD 2nd Lien Term Loan B2	8,483,617	0.22

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Loans (continued)			Fair Value	% of Net	
Country	Industry	Obligor	€	Assets*	
Germany (continued)	Chemicals, Plastics and Rubber (continued)	Flint Group GmbH 2017 EUR Incremental B6	1,887,892	0.05	
		Flint Group GmbH 2017 EUR Incremental B7	3,410,430	0.09	
		Flint Group GmbH EUR 2nd Lien Term Loan	1,549,923	0.04	
		Flint Group GmbH EUR Add on Term Loan B4	16,021,714	0.41	
		Flint Group GmbH EUR Term Loan B5	8,973,889	0.23	
		Flint Group GmbH USD Term Loan C	5,762,233	0.15	
		Flint Group US LLC USD 1st Lien Term Loan B2	34,856,782	0.90	
		Diversified/Conglomerate Manufacturing	Alison Bidco S.a.r.l. USD 1st Lien Term Loan B1**	10,359,563	0.27
			Alison Bidco S.a.r.l. USD 1st Lien Term Loan B2**	10,359,563	0.27
	LSF10 XL Bidco S.C.A. EUR Term Loan B3		38,890,432	1.01	
	SGB-SMIT Management GmbH EUR Term Loan B		24,547,160	0.64	
	Diversified / Conglomerate Service		Adevinta ASA EUR Term Loan B	14,713,068	0.38
		Speedster Bidco GmbH EUR 2nd Lien Term Loan	3,177,152	0.08	
		Healthcare, Education and Childcare	Aenova Holding GmbH 2020 EUR Term Loan	36,282,959	0.94
	CeramTec AcquiCo GmbH EUR 2017 Term Loan B1		24,392,039	0.63	
	Nidda Healthcare Holding AG 2020 GBP Term Loan F		26,033,271	0.67	
	Rodenstock GmbH 2019 EUR Term Loan B**		27,790,000	0.72	
	Synlab Bondco Plc 2019 EUR Incremental Term Loan B2		16,997,110	0.44	
	Hotels, Motels, Inns and Gaming	Alpha Group S.a.r.l. EUR Term Loan B	22,551,244	0.58	
		Tackle S.a.r.l. 2017 EUR Term Loan	11,913,311	0.31	
		Tackle S.a.r.l. EUR Incremental Term Loan B2	18,705,770	0.48	
	Machinery Non-Agriculture, Non-Construction, Non- Electronic	Alison Bidco S.a.r.l. EUR 1st Lien Term Loan B1	9,936,684	0.26	
		Printing and Publishing	Springer Nature Deutschland GmbH EUR Term Loan B15	37,024,193	0.96
	Springer Nature Deutschland GmbH USD Term Loan B16		26,791,797	0.69	
	Retail Stores	Kirk Beauty One GmbH 2017 EUR Term Loan B1	5,083,196	0.13	
		Kirk Beauty One GmbH 2017 EUR Term Loan B2	2,911,761	0.08	
		Kirk Beauty One GmbH 2017 EUR Term Loan B3	5,317,046	0.14	
Kirk Beauty One GmbH 2017 EUR Term Loan B4		3,464,031	0.09		
Kirk Beauty One GmbH 2017 EUR Term Loan B5		1,036,277	0.03		
Kirk Beauty One GmbH 2017 EUR Term Loan B6		3,816,961	0.10		
Kirk Beauty One GmbH 2017 EUR Term Loan B7		2,577,749	0.07		
Kirk Beauty One GmbH 2017 EUR Term Loan B8		6,112,496	0.16		

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Loans (continued)			Fair Value	% of Net
Country	Industry	Obligor	€	Assets*
Hong Kong	Finance	Stiphout Finance LLC 2020 EUR Term Loan	40,709,601	1.05
	Home and Office Furnishings, Housewares, and Durable Consumer Products	Global Garden Products C S.a.r.l. (LUX) 2017 EUR Term Loan B**	31,449,831	0.81
Italy	Chemicals, Plastics and Rubber	Allnex (Luxembourg) & Cy S.C.A. 2016 EUR Term Loan B1	34,841,510	0.90
Luxembourg	Beverage, Food and Tobacco	Sunshine Investments B.V. GBP Term Loan B2	11,517,444	0.30
Netherlands	Diversified / Conglomerate Service	TMF Group Holding B.V. 2018 EUR 2nd Lien Term Loan	18,041,285	0.47
		TMF Group Holding B.V. 2018 EUR Term Loan B	14,441,528	0.37
	Hotels, Motels, Inns and Gaming	Rouge Beachhouse B.V. 2018 EUR Term Loan B	23,677,841	0.61
	Machinery Non- Agriculture, Non- Construction, Non- Electronic	Ammeraal Beltech Holding B.V. 2018 EUR 1st Lien Term Loan	23,319,322	0.60
	Telecommunications	Gamma Infrastructure III B.V. EUR 1st Lien Term Loan B	11,060,000	0.29
		Ziggo B.V. 2019 EUR Term Loan H	8,844,867	0.23
Norway	Leisure, Amusement, Entertainment	Silk Bidco AS EUR Term Loan B	23,924,105	0.62
Spain	Beverage, Food and Tobacco	Deoleo, S.A. EUR Senior Term Loan	16,933,676	0.44
	Broadcasting and Entertainment	Imagina Media Audiovisual, S.L. 2018 EUR 2nd Lien Term Loan	26,671,942	0.69
		Imagina Media Audiovisual, S.L. 2018 EUR Term Loan B2	8,960,425	0.23
	Cargo Transport	Boluda Corporacion Maritima S.L. EUR Term Loan B	12,987,325	0.34
	Diversified Media	Imagina Media Audiovisual, S.L. 2018 EUR Term Loan B1	14,947,575	0.39
	Hotels, Motels, Inns and Gaming	HNVR Holdco Limited EUR Term Loan B	47,817,769	1.24
		HNVR Holdco Limited Term Loan C	11,079,741	0.29
	Leisure, Amusement, Entertainment	Dorna Sports, S.L. 2017 EUR Term Loan B2	37,096,492	0.96
		Dorna Sports, S.L. 2017 USD Term Loan B2	5,370,114	0.14
		International Park Holdings B.V. EUR Term Loan B	20,746,172	0.54
		Parques Reunidos SAU 2019 EUR Term Loan B1	36,719,129	0.95
		Bahia De Las Isletas, S.L. EUR PIK Term Loan A**	2,658,601	0.07
	Personal Transportation	Lorca Finco Plc EUR New Money Term Loan B2	32,851,565	0.85
Sweden	Telecommunications			
	Diversified / Conglomerate Service	Verisure Holding AB 2020 EUR Term Loan B	5,479,594	0.14
		Verisure Holding AB EUR Term Loan B1E	51,080,358	1.32
	Home and Office Furnishings, Housewares, and Durable Consumer Products	Hilding Anders International AB EUR 2017 Term Loan B	23,573,042	0.61
Switzerland	Chemicals, Plastics and Rubber	Archroma Finance S.a.r.l. EUR 2017 Term Loan B1	14,641,518	0.38
		Sunshine Luxembourg VII S.a.r.l. EUR Term Loan B2	7,797,231	0.20

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Loans (continued)			Fair Value	% of Net
Country	Industry	Obligor	€	Assets*
Switzerland (continued)	Chemicals, Plastics and Rubber (continued)	Unilabs Holding AB EUR 2017 Term Loan B2	4,461,323	0.12
	Personal and Non- Durable Consumer Products Mfg. Only	Breitling Financing S.a.r.l. EUR Term Loan B1	35,936,072	0.93
United Kingdom	Automobile	BCA Marketplace PLC GBP 2nd Lien Term Loan	30,226,818	0.78
		BCA Marketplace PLC GBP Term Loan B1	42,144,010	1.09
	Beverage, Food and Tobacco	Amphora Finance Limited 2018 GBP Term Loan B	34,067,743	0.88
		Froneri International Ltd. 2020 EUR 2nd Lien Term Loan	3,778,125	0.10
	Containers, Packaging and Glass	Roy Bidco ApS EUR Term Loan B	15,026,477	0.39
		Roy Bidco ApS GBP Term Loan B2	1,106,129	0.03
	Diversified / Conglomerate Service	IRIS Bidco Limited 2018 GBP Term Loan B	21,335,738	0.55
		MA FinanceCo., LLC 2020 EUR Term Loan B	24,826,018	0.64
		Summer (BC) Holdco B S.a.r.l. EUR Term Loan B	3,525,899	0.09
		Summer (BC) Holdco B S.a.r.l. USD Term Loan B1	4,024,666	0.10
		UNIT4 N.V. 2020 EUR Term Loan B4	35,287,679	0.91
	Healthcare, Education and Childcare	Advanz Pharma Corp 2018 EUR Exit Term Loan B	62,472,289	1.62
		Advanz Pharma Corp 2018 USD Exit Term Loan B	19,532,037	0.51
		Antigua Bidco Limited EUR Term Loan B	16,082,943	0.42
		Elysium Healthcare Holdings 3 Limited 2018 GBP Term Loan B1	38,566,679	1.00
		Fugue Finance B.V. EUR Term Loan	54,691,977	1.42
		Lernen Bidco Limited 2018 EUR 2nd Lien Term Loan**	54,188,000	1.40
		Tunstall Group Holdings Limited 2020 EUR Term Loan B	27,291,686	0.71
		Tunstall Group Holdings Limited EUR Super Senior Term Loan**	1,674,096	0.04
	Hotels, Motels, Inns and Gaming	Compass IV Limited 2018 EUR 2nd Lien Term Loan	27,850,222	0.72
		Compass IV Limited 2018 EUR Term Loan B	42,898,002	1.11
		Richmond UK Bidco Limited 2017 GBP Term Loan B	48,121,197	1.25
	Leisure, Amusement, Entertainment	Delta 2 (LUX) S.a.r.l. 2018 USD Term Loan	24,995,559	0.65
		Motion Finco Sarl EUR Term Loan B	36,257,748	0.94
		Vue International Bidco p.l.c. 2019 EUR Term Loan B	41,920,770	1.09
	Machinery Non- Agriculture, Non- Construction, Non- Electronic	Alloy Finco Limited 2020 GBP Term Loan B1	8,209,189	0.21
		Alloy Finco Limited GBP Holdco PIK Term Loan	5,016,934	0.13
	Retail Stores	AS Adventure B.V. 2015 EUR Term Loan B	4,739,655	0.12
		EG Group Limited 2018 EUR Term Loan B1	9,008,079	0.23
		EG Group Limited 2018 GBP Term Loan B	8,261,495	0.21
		Lion Adventure B.V. GBP Term Loan	2,308,062	0.06
	Telecommunications	Virgin Media SFA Finance Limited GBP Term Loan L	29,164,731	0.76
		Virgin Media SFA Finance Limited GBP Term Loan M	45,992,147	1.19
United States	Automobile	DexKo Global Inc. 2018 EUR Term Loan B1	4,227,852	0.11
		DexKo Global Inc. 2018 EUR Term Loan B2	1,425,085	0.04

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Loans (continued)			Fair Value	% of Net
Country	Industry	Obligor	€	Assets*
United States (continued)	Automobile (continued)	DexKo Global Inc. 2019 EUR Incremental Term Loan**	11,177,228	0.29
	Chemicals, Plastics and Rubber	Diamond (BC) B.V. EUR Term Loan	23,569,542	0.61
	Containers, Packaging and Glass	Trident TPI Holdings, Inc. 2017 EUR Term Loan B2	22,991,985	0.60
	Diversified / Conglomerate Manufacturing	Misys Europe SA EUR 1st Lien Term Loan	31,856,244	0.82
	Diversified / Conglomerate Service	Element Materials Technology Group US Holdings Inc. 2017 EUR Term Loan B	1,956,430	0.05
		Element Materials Technology Group US Holdings Inc. 2017 GBP Term Loan B	7,543,063	0.20
		Finastra USA, Inc. USD 1st Lien Term Loan	43,825,560	1.13
		Helios Software Holdings, Inc. EUR Term Loan	21,935,304	0.57
		Refinitiv US Holdings Inc. 2018 EUR Term Loan	15,666,609	0.41
	Ecological	ERM Emerald US Inc. USD 2nd Lien Term Loan **	6,888,224	0.18
	Electronics	EXC Holdings III Corp. USD 2017 2nd Lien Term Loan	4,109,462	0.11
		Veritas US Inc. 2020 EUR Term Loan B	23,900,881	0.62
		Veritas US Inc. 2020 USD Term Loan B	12,197,361	0.32
	Finance	PI Lux Finco S.a r.l. 2018 EUR 2nd Lien Term Loan	9,774,305	0.25
	Healthcare, Education and Childcare	BVI Medical, Inc. 2020 EUR Term Loan B	24,931,000	0.65
		Indivior Finance S.a.r.l. USD 2017 Term Loan B	24,841,395	0.64
		Lifescan Global Corporation 2018 1st Lien Term Loan	42,518,530	1.10
		Ortho-Clinical Diagnostics SA EUR Term Loan B	28,418,430	0.74
	Leisure, Amusement, Entertainment	AMC Entertainment Holdings, Inc. 2019 Term Loan B	2,664,533	0.07
		Carnival Corporation EUR Term Loan B	51,788,704	1.34
		Crown Finance US, Inc. 2018 EUR Term Loan	6,960,853	0.18
		Crown Finance US, Inc. 2018 USD Term Loan	18,364,043	0.48
		Crown Finance US, Inc. 2020 Term Loan B1	7,847,744	0.20
	Personal and Non-Durable Consumer Products Mfg. Only	Coty Inc. 2018 EUR Term Loan A	22,187,533	0.57
		Coty Inc. 2018 EUR Term Loan B	4,442,295	0.12
	Telecommunications	Banff Merger Sub Inc 2018 EUR Term Loan B	14,946,281	0.39
		Banff Merger Sub Inc 2018 USD Term Loan B	20,526,572	0.53
		GTT Communications, Inc. 2018 EUR Term Loan	15,356,123	0.40
		ION Trading Technologies S.a.r.l. EUR Incremental Term Loan B	53,875,853	1.40
Total Loans (31 December 2019: €3,485,840,784)			3,127,791,099	80.99

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Bonds Country	Industry	Holding	Details	Fair Value €	% of Net Assets*
	Home and Office Furnishings, Housewares, and Durable Consumer Products	11,799,270	LSF9 Balta Issuer SARL 7.750%, due 15/09/2022	11,253,625	0.29
Belgium					
Bulgaria	Telecommunications	22,390,000	United Group BV 3.250%, due 15/02/2026	21,939,088	0.57
	Diversified / Conglomerate Service	16,723,000	Modulaire Global Finance Plc 6.250%, due 15/02/2023	16,743,068	0.43
France					
	Oil and Gas	4,234,000	CGG Holding US Inc 7.875%, due 01/05/2023	4,323,973	0.11
	Broadcasting and Entertainment	6,010,000	Tele Columbus AG 3.875%, due 02/05/2025	6,055,454	0.16
Germany					
	Diversified / Conglomerate Manufacturing	3,371,100	Galapagos SA/Luxembourg 4.205%, due 15/06/2021**	-	-
		504,900	Galapagos SA/Luxembourg 5.375%, due 15/06/2021**	-	-
		49,717,339	Mangrove Luxco III Sarl 7.775%, due 09/10/2025	43,256,571	1.12
	Healthcare, Education and Childcare	26,150,000	Synlab Bondco PLC 4.750%, due 01/07/2025	26,751,450	0.69
	Retail Stores	41,302,000	Takko Luxembourg 2 SCA 5.375%, due 15/11/2023	37,080,374	0.96
Italy					
	Containers, Packaging and Glass	3,590,000	Bormioli Pharma Spa 3.500%, due 15/11/2024	3,513,138	0.09
	Diversified / Conglomerate Manufacturing	17,588,000	Fabric BC SpA 4.125%, due 30/11/2024	17,552,824	0.45
		1,375,000	Fabric BC SpA 4.125%, due 31/08/2026	1,372,630	0.04
	Diversified / Conglomerate Service	6,510,000	TeamSystem SpA 4.000%, due 15/04/2023	6,535,050	0.17
	Healthcare, Education and Childcare	14,010,000	Limacorporate SpA 3.750%, due 15/08/2023	13,922,438	0.36
	Machinery Non- Agriculture, Non- Construction, Non- Electronic	10,850,000	Sofima Holding SPA 4.000%, due 15/01/2028	10,958,500	0.28
	Retail Stores	16,107,000	Marcolin SpA 4.125%, due 15/02/2023	14,979,510	0.39
	Diversified / Conglomerate Manufacturing	8,305,000	Trivium Packaging Finance BV 3.750%, due 15/08/2026	8,323,894	0.22
Netherlands					
	Leisure, Amusement, Personal	250,000	Explorer II AS 3.375%, due 24/02/2025	221,250	0.01
Norway					
Spain					
	Transportation	17,996,000	Naviera Armas SA 4.250%, due 15/11/2024	8,565,196	0.22
		12,250,000	Naviera Armas SA 6.500%, due 31/07/2023	5,886,952	0.15
	Diversified / Conglomerate Service	2,900,000	Verisure Holding AB 5.000%, due 15/04/2025	2,987,145	0.08
Sweden					
	Aerospace and Defense	1,050,000	Heathrow Finance PLC 4.375%, due 01/03/2027	1,183,056	0.03
United Kingdom					
		425,000	Heathrow Finance PLC 4.625%, due 01/09/2029	475,145	0.01
		1,505,000	Heathrow Finance PLC 5.250%, due 01/03/2024	1,759,858	0.05

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued)
as at 31 December 2020

Bonds (continued)			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
United Kingdom (continued)	Automobile	6,584,000 AA Bond Co Ltd 2.750%, due 31/07/2023	7,266,960	0.19
		5,835,000 AA Bond Co Ltd 4.875%, due 31/07/2024	6,761,238	0.18
		40,454,000 AA Bond Co Ltd 5.500%, due 31/07/2022	44,352,700	1.15
		8,500,000 RAC Bond Co PLC 4.565%, due 06/05/2023	9,864,031	0.26
		4,500,000 RAC Bond Co PLC 4.870%, due 06/05/2026	5,396,013	0.14
		2,858,000 RAC Bond Co PLC 5.000%, due 06/11/2022	3,218,849	0.08
	Beverage, Food and Tobacco	Boparan Finance PLC 7.625%, due 30/11/2025	15,505,025	0.40
		Premier Foods Finance PLC 5.028%, due 15/07/2022	6,440,341	0.17
	Diversified/ Conglomerate Service	6,647,000 Summer BC Holdco B SARL 5.750%, due 31/10/2026	7,029,867	0.18
	Finance	16,754,000 Travelex Financing PLC 8.000%, due 15/05/2022**	-	-
		7,343,000 Travelex Issuerco Ltd 12.500%, due 05/08/2025**	15,000,894	0.39
	Hotels, Motels, Inns and Gaming Leisure, Amusement, Entertainment	39,350,000 TVL Finance PLC 5.403%, due 15/07/2025	39,259,875	1.02
		4,908,854 CPUK Finance Ltd 4.250%, due 28/08/2022	5,538,618	0.14
		6,581,000 CPUK Finance Ltd 4.875%, due 28/08/2025	7,381,059	0.19
		3,375,000 CPUK Finance Ltd 6.500%, due 28/08/2026	3,956,095	0.10
		KCA Deutag UK Finance PLC 9.875%, due 01/12/2025	14,478,339	0.37
	Oil and Gas	16,871,985 House of Fraser Funding PLC 0.000%, due 15/09/2020	1,193,697	0.03
	Retail Stores Diversified / Conglomerate Service	23,340,049 Carlson Travel Inc 10.500%, due 31/03/2025	19,797,916	0.51
United States		45,169,000 Carlson Travel Inc 4.750%, due 15/06/2025	34,102,595	0.88
	Electronics	14,131,000 Veritas US Inc / Veritas Bermuda Ltd 7.500%, due 01/02/2023	14,148,664	0.37
	Finance	3,514,658 Cabot Financial Luxembourg SA 7.500%, due 01/10/2023	4,016,100	0.10
	Leisure, Amusement, Entertainment	22,332,000 AMC Entertainment Holdings Inc 10.500%, due 15/04/2025	13,013,213	0.34
Total Bonds (31 December 2019: €916,258,304)			543,362,278	14.07

Equities			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
France	Broadcasting and Entertainment	8,530,290 Technicolor SA	15,516,598	0.40
	Diversified/Conglomerate Service	2,348,902 Alma Luxembourg SA Senior Debt**	2	0.00
		127,656 Alma Luxembourg Senior Equity**	-	-
		53,110 Alma Luxembourg SA LuxCo Shares**	-	-
United Kingdom	Ecological Finance	51,448 Biffa Group Holdings Limited**	53,271	0.00
		14,034 Travelex TopCo Limited Warrant	1,413,855	0.04
		58,744 Travelex TopCo Limited**	-	-

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Equities (continued)			Fair-Value	%-of-Net
Country	Industry	Holding Details	€	Assets*
United Kingdom (continued)	Healthcare, Education and Childcare	1,605,687 Advanz Pharma Corp Ltd	5,796,324	0.15
		25,358,458 Don Jersey TopCo Limited**	21,999,120	0.56
	Machinery Non- Agriculture, Non- Construction, Non- Electronic	10,086,689 Alloy TopCo Limited**	11	0.00
		337,442 Kelly TopCo Limited	11,670,219	0.30
		Oil and Gas Diversified / Conglomerate		
United States	Service	19,422 Carlson Travel, Inc**	635,927	0.02
	Leisure, Amusement, Entertainment	2,737,865 Cinewood Group Plc Warrant	980,715	0.03
Total Equities (31 December 2019: €4,049,552)			58,066,042	1.50
Collective Investment Schemes			Fair Value	% of Net
Country	Industry	Holding Details	€	Assets*
Ireland	Mutual fund	5,046 Deutsche Global Liquidity Series PLC - Managed Euro Fund	50,004,889	1.29
		4,005 JPMorgan Liquidity Funds - Euro Liquidity Fund	39,648,904	1.03
Luxembourg	Mutual fund	5,087 Morgan Stanley Liquidity Funds - Euro Liquidity Fund	50,387,102	1.31
Total Collective Investment Schemes (31 December 2019: €135,045,613)			140,040,895	3.63
Total investments designated at fair value through profit or loss (31 December 2019: €4,541,194,253)			3,869,260,314	100.19
Unfunded Loan			Fair Value	% of Net
Country	Industry	Obligor	US\$	Assets*
Spain	Personal Transportation	Bahia De Las Isletas S.L. EUR PIK Term Loan B**	(95,418)	(0.00)
Total Unfunded Loan (31 December 2019: GBP Nil)			(95,418)	(0.00)

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued) as at 31 December 2020

Forward Foreign Exchange Contracts

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Gain €	% of Net Assets*
15/01/2021	National Australia Bank	EUR	196,099,987	USD	231,145,016	6,944,250	0.19
15/01/2021	National Australia Bank	GBP	273,666,686	EUR	303,982,900	2,303,824	0.06
15/01/2021	State Street Bank	EUR	216,174,871	USD	254,816,129	7,648,061	0.21
15/01/2021	State Street Bank	EUR	24,104,095	USD	28,269,500	969,969	0.03
15/01/2021	State Street Bank	EUR	3,167,072	USD	3,747,083	100,675	0.00
15/01/2021	State Street Bank	EUR	2,042,284	USD	2,381,250	93,606	0.00
15/01/2021	State Street Bank	EUR	2,041,436	USD	2,387,500	87,644	0.00
15/01/2021	State Street Bank	EUR	3,169,649	USD	3,766,250	87,568	0.00
15/01/2021	State Street Bank	EUR	1,901,063	USD	2,259,750	51,814	0.00
15/01/2021	State Street Bank	EUR	1,271,349	USD	1,506,500	38,516	0.00
15/01/2021	State Street Bank	EUR	855,986	USD	1,007,895	31,183	0.00
15/01/2021	State Street Bank	EUR	855,986	USD	1,007,895	31,183	0.00
15/01/2021	State Street Bank	EUR	1,058,402	USD	1,258,098	28,847	0.00
15/01/2021	State Street Bank	EUR	804,262	USD	952,500	24,791	0.00
15/01/2021	State Street Bank	GBP	263,201,328	EUR	292,366,331	2,207,604	0.06
15/01/2021	State Street Bank	GBP	6,242,967	EUR	6,910,072	77,033	0.00
15/01/2021	State Street Bank	GBP	2,932,763	EUR	3,228,930	53,407	0.00
15/01/2021	State Street Bank	GBP	1,917,465	EUR	2,105,506	40,514	0.00
15/01/2021	State Street Bank	GBP	1,438,313	EUR	1,571,578	38,176	0.00
15/01/2021	State Street Bank	GBP	2,387,535	EUR	2,635,015	37,105	0.00
15/01/2021	State Street Bank	GBP	1,433,224	EUR	1,573,776	30,283	0.00
15/01/2021	State Street Bank	GBP	1,441,469	EUR	1,587,416	25,871	0.00
15/01/2021	State Street Bank	GBP	1,550,300	EUR	1,714,636	20,454	0.00
15/01/2021	State Street Bank	GBP	960,979	EUR	1,058,277	17,247	0.00
15/01/2021	State Street Bank	GBP	1,535,938	EUR	1,706,283	12,733	0.00
15/01/2021	State Street Bank	GBP	693,525	EUR	765,772	10,419	0.00
15/01/2021	State Street Bank	GBP	480,616	EUR	527,749	10,155	0.00
15/01/2021	State Street Bank	GBP	523,513	EUR	576,635	9,278	0.00
15/01/2021	State Street Bank	GBP	247,688	EUR	273,490	3,721	0.00
15/01/2021	State Street Bank	GBP	168,314	EUR	184,778	3,598	0.00
15/01/2021	State Street Bank	GBP	98,872	EUR	109,429	1,229	0.00
12/02/2021	National Australia Bank	EUR	195,067,316	USD	231,145,016	6,029,922	0.16
12/02/2021	State Street Bank	EUR	15,312,836	GBP	13,650,000	42,686	0.00
12/02/2021	State Street Bank	EUR	229,409,844	USD	271,847,913	7,084,389	0.19
12/02/2021	State Street Bank	EUR	9,183,451	USD	10,867,862	295,385	0.01
12/02/2021	State Street Bank	EUR	4,710,868	USD	5,598,768	132,026	0.00
12/02/2021	State Street Bank	EUR	3,888,724	USD	4,606,625	121,286	0.00
12/02/2021	State Street Bank	EUR	1,949,566	USD	2,316,000	55,471	0.00
12/02/2021	State Street Bank	EUR	3,514,085	USD	4,264,968	26,065	0.00
12/02/2021	State Street Bank	EUR	6,290,198	USD	7,661,707	24,222	0.00
12/02/2021	State Street Bank	EUR	2,441,537	USD	2,962,500	18,715	0.00
12/02/2021	State Street Bank	EUR	7,356,261	USD	8,977,500	14,190	0.00
12/02/2021	State Street Bank	EUR	6,275,951	USD	7,661,707	9,976	0.00
12/02/2021	State Street Bank	EUR	2,046,858	USD	2,493,750	7,393	0.00
12/02/2021	State Street Bank	EUR	1,467,314	USD	1,787,674	5,300	0.00
12/02/2021	State Street Bank	EUR	1,361,152	USD	1,658,333	4,917	0.00
12/02/2021	State Street Bank	GBP	8,215,500	EUR	9,062,349	128,267	0.00
12/02/2021	State Street Bank	GBP	22,019,043	EUR	24,617,246	15,288	0.00
Total unrealised gain on forward foreign exchange contracts (31 December 2019: €12,010,863)						35,056,256	0.91

Barings European Loan Limited

Schedule of Investments (Unaudited) (continued)
as at 31 December 2020

Forward Foreign Exchange Contracts (continued)

Maturity	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Loss €	% of Net Assets*
15/01/2021	National Australia Bank	EUR	299,636,151	GBP	273,666,686	(6,650,573)	(0.17)
15/01/2021	National Australia Bank	USD	231,145,016	EUR	195,167,786	(6,012,049)	(0.16)
15/01/2021	State Street Bank	EUR	100,963	GBP	91,224	(1,134)	(0.00)
15/01/2021	State Street Bank	EUR	216,120	GBP	194,544	(1,613)	(0.00)
15/01/2021	State Street Bank	EUR	108,296	GBP	98,339	(1,765)	(0.00)
15/01/2021	State Street Bank	EUR	161,634	GBP	146,096	(1,876)	(0.00)
15/01/2021	State Street Bank	EUR	135,006	GBP	122,326	(1,901)	(0.00)
15/01/2021	State Street Bank	EUR	168,672	GBP	152,759	(2,295)	(0.00)
15/01/2021	State Street Bank	EUR	228,177	GBP	206,166	(2,562)	(0.00)
15/01/2021	State Street Bank	EUR	162,137	GBP	147,200	(2,609)	(0.00)
15/01/2021	State Street Bank	EUR	188,767	GBP	171,038	(2,658)	(0.00)
15/01/2021	State Street Bank	EUR	201,746	GBP	182,713	(2,745)	(0.00)
15/01/2021	State Street Bank	EUR	231,117	GBP	209,411	(3,254)	(0.00)
15/01/2021	State Street Bank	EUR	307,284	GBP	278,424	(4,327)	(0.00)
15/01/2021	State Street Bank	EUR	458,244	GBP	414,038	(5,146)	(0.00)
15/01/2021	State Street Bank	EUR	403,467	GBP	365,573	(5,681)	(0.00)
15/01/2021	State Street Bank	EUR	454,405	GBP	411,534	(6,182)	(0.00)
15/01/2021	State Street Bank	EUR	503,515	GBP	456,010	(6,851)	(0.00)
15/01/2021	State Street Bank	EUR	1,060,434	GBP	955,000	(8,399)	(0.00)
15/01/2021	State Street Bank	EUR	737,546	GBP	667,666	(9,703)	(0.00)
15/01/2021	State Street Bank	EUR	4,312,318	GBP	3,935,257	(92,007)	(0.00)
15/01/2021	State Street Bank	EUR	304,424,858	GBP	278,049,488	(6,767,082)	(0.18)
15/01/2021	State Street Bank	USD	7,770,010	EUR	6,588,836	(230,308)	(0.01)
15/01/2021	State Street Bank	USD	13,596,231	EUR	11,442,491	(316,120)	(0.01)
15/01/2021	State Street Bank	USD	10,146,197	EUR	8,640,333	(337,272)	(0.01)
15/01/2021	State Street Bank	USD	271,847,913	EUR	229,538,271	(7,073,634)	(0.18)
12/02/2021	National Australia Bank	EUR	303,831,030	GBP	273,666,686	(2,317,785)	(0.06)
12/02/2021	State Street Bank	EUR	84,250	GBP	76,343	(1,154)	(0.00)
12/02/2021	State Street Bank	EUR	1,109,287	GBP	1,007,698	(18,018)	(0.00)
12/02/2021	State Street Bank	EUR	10,901,087	GBP	9,810,619	(73,977)	(0.00)
12/02/2021	State Street Bank	EUR	18,866,608	GBP	17,062,734	(221,341)	(0.00)
12/02/2021	State Street Bank	EUR	292,212,150	GBP	263,201,328	(2,229,150)	(0.06)
12/02/2021	State Street Bank	EUR	1,617,243	USD	1,977,500	(16)	(0.00)
12/02/2021	State Street Bank	GBP	3,750,940	EUR	4,198,707	(2,559)	(0.00)
12/02/2021	State Street Bank	USD	6,417,326	EUR	5,401,985	(153,702)	(0.00)
Total unrealised loss on forward foreign exchange contracts (31 December 2019):							
€(156,909)						(32,567,448)	(0.84)
Net unrealised gain on forward foreign exchange contracts (31 December 2019):							
€11,853,954						2,488,808	0.07

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

** This is a Level 3 security

Barings European Loan Limited

Significant Changes in Portfolio Composition (Unaudited) as at 31 December 2020

Purchases

Issuer	Cost €
Morgan Stanley Liquidity Funds - Euro Liquidity Fund	120,000,000
JPMorgan Liquidity Funds - Euro Liquidity Fund	94,000,000
Deutsche Global Liquidity Series PLC - Managed Euro Fund	70,000,000
Auris Luxembourg III S.a.r.l. EUR Term Loan B1A	58,356,063
Carnival Corporation EUR Term Loan B	49,136,244
Tele Columbus AG2018 EUR Term Loan A2	44,488,798
Fugue Finance B.V. EUR Term Loan	43,910,841
Stiphout Finance LLC 2020 EUR Term Loan	43,336,216
HNVR Holdco Limited EUR Term Loan B	37,080,825
Aenova Holding GmbH 2020 EUR Term Loan	35,599,000
Dorna Sports, S.L. 2017 EUR Term Loan B2	35,384,179
UNIT4 N.V. 2020 EUR Term Loan B4	35,154,211
Motion Finco Sarl EUR Term Loan B	34,382,414
Lorca Finco Plc EUR New Money Term Loan B2	32,080,000
Masmovil Holdphone SA 2019 EUR Term Loan B	30,675,035
BCA Marketplace PLC GBP 2nd Lien Term Loan	29,917,159
Misys Europe SA EUR 1st Lien Term Loan	29,442,140
Virgin Media SFA Finance Limited GBP Term Loan L	28,971,007
Nidda Healthcare Holding AG 2020 GBP Term Loan F	28,522,695
Ortho-Clinical Diagnostics SA EUR Term Loan B	28,421,109
Tunstall Group Holdings Limited 2020 EUR Term Loan B	27,848,659
Coty Inc. 2018 EUR Term Loan A	26,847,014
Delta 2 (LUX) S.a.r.l. 2018 USD Term Loan	25,960,845
Synlab PLC 4.750%, due 07/01/2025	25,888,500
Nidda Healthcare Holding AG 2020 EUR Term Loan F	25,590,235
BVI Medical, Inc. 2020 EUR Term Loan B	25,360,075
Synlab Bondco Plc 2019 EUR Incremental Term Loan B2	25,236,250
Curium BidCo S.a r.l. 2020 USD 2nd Lien Term Loan	24,065,288
MA FinanceCo., LLC 2020 EUR Term Loan B	24,056,000
Veritas US Inc. 2020 EUR Term Loan B	23,373,000
CeramTec AcquiCo GmbH EUR 2017 Term Loan B1	23,308,194
Parques Reunidos SAU 2019 EUR Term Loan B1	23,057,051
Verisure Holding AB EUR Term Loan B1E	22,514,494
Finastra USA, Inc. USD 1st Lien Term Loan	22,418,959
United Group BV 3.250%, due 15/02/2026	22,329,775

Barings European Loan Limited

Significant Changes in Portfolio Composition (Unaudited) as at 31 December 2020

Sales

Issuer	Proceeds €
Veritas Bermuda Ltd. EUR Repriced Term Loan B	119,700,418
Morgan Stanley Liquidity Funds - Euro Liquidity Fund	102,000,000
JPMorgan Liquidity Funds - Euro Liquidity Fund	95,000,000
Deutsche Global Liquidity Series PLC - Managed Euro Fund	81,000,000
AP NMT Acquisition BV USD 2nd Lien Term Loan	77,767,998
Verisure Holding AB EUR Term Loan B1E	62,172,489
Tele Columbus AG 3.875%, due 05/02/2025	50,715,901
Garfunkelux Holdco 3 SA 4.500%, due 01/09/2023	49,406,944
UNIT4 N.V.2019 EUR Term Loan B3	46,117,032
Aenova Holding GmbH EUR Term Loan B Aenova	41,472,721
AP NMT Acquisition BV USD 1st Lien Term Loan	40,466,657
Riemser Pharma GmbH EUR Term Loan B	35,066,585
PHS Group Limited 2016 GBP Term Loan A1	34,586,401
Tunstall Group Holdings Limited EUR Term Loan B	31,468,699
Refinitiv US Holdings Inc. 2018 EUR Term Loan	31,456,090
Stiphout Finance LLC EUR 1st Lien Term Loan	30,328,803
Masmovil Holdphone SA 2019 EUR Term Loan B	29,541,000
Nidda Healthcare Holding AG GBP Term Loan C	26,919,324
Tackle S.A.R.L EUR Incremental Term Loan B2	24,561,429
Nidda Healthcare Holding AG 2020 EUR Term Loan F	24,501,956

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 2020 or at least the top 20 purchases and sales.

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