



Barings Emerging Markets Debt Blended Total Return Fund – Fund Manager Review – October 2026

A flexible best ideas approach across sovereign, local-currency and corporate emerging-market debt

This review considers the strategy, philosophy, team, portfolio, performance, risks and potential role of the fund within a diversified investment or retirement portfolio.

It uses the Barings July 2026 presentation, Q2 2026 client review, manager due-diligence responses and Barings' August 2026 discussion on emerging-market debt.

Key conclusion

This is a genuinely flexible emerging-market debt strategy with a strong research platform and encouraging recovery since the difficult 2021 and 2022 period. It also carries meaningful risk: BB+ average credit quality, 6.7-year duration, active currency exposure, a relatively concentrated portfolio and a 61% Barings seed holding. The additional information improves confidence in the process and liquidity profile, but the strategy should not be treated as a conventional defensive bond fund.

Review completed October 2026

1 Strategy Overview

The Barings Emerging Markets Debt Blended Total Return Fund combines four parts of the emerging-market debt universe: sovereign hard-currency bonds, local interest rates, currencies and corporate debt. The portfolio is run as a total-return strategy rather than as a fixed blend of separate benchmark portfolios.

The managers can increase or reduce each sleeve as opportunities change. Security and country decisions are driven mainly by bottom-up analysis, with portfolio risk also reviewed across asset class, country, sector, credit quality, currency and shared economic linkages.

Area	Detail
Fund	Barings Emerging Markets Debt Blended Total Return Fund
Structure	UCITS fund
Fund inception	3 December 2014
Approach	Actively managed best ideas total-return strategy
Opportunity set	Sovereign hard currency, local rates, currencies and corporate debt
Comparison index	J.P. Morgan Emerging Markets Blended Index
Fund size	US\$151.2m at 31 August 2026
Yield to worst	9.3% at 31 August 2026
Average credit rating	BB+ at 31 August 2026
Effective duration	6.7 years at 31 August 2026
Founder share-class AMC and TER	0.25% AMC and 0.48% TER
Main platform share-class AMC and TER	0.60% AMC and 0.83% TER
Portfolio turnover	48% over the previous 12 months

The A founder share class is open but restricted and requires approval through platforms. The C share class is the main platform class. Stated minimums are normally waived on UK adviser platforms. Advisers should confirm access and total costs before making comparisons or recommendations.

2 Why This Review Is Interesting

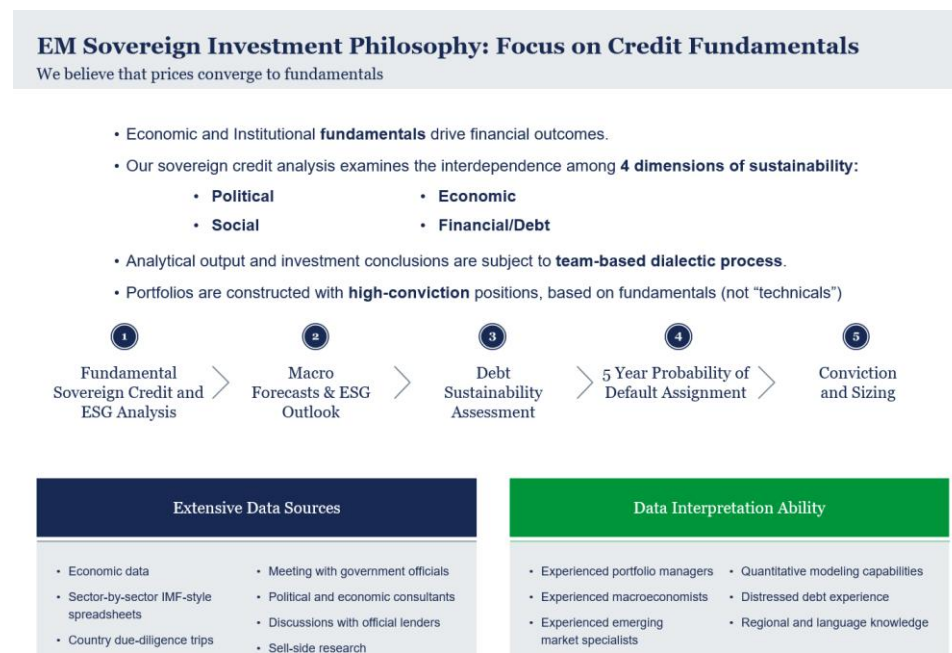
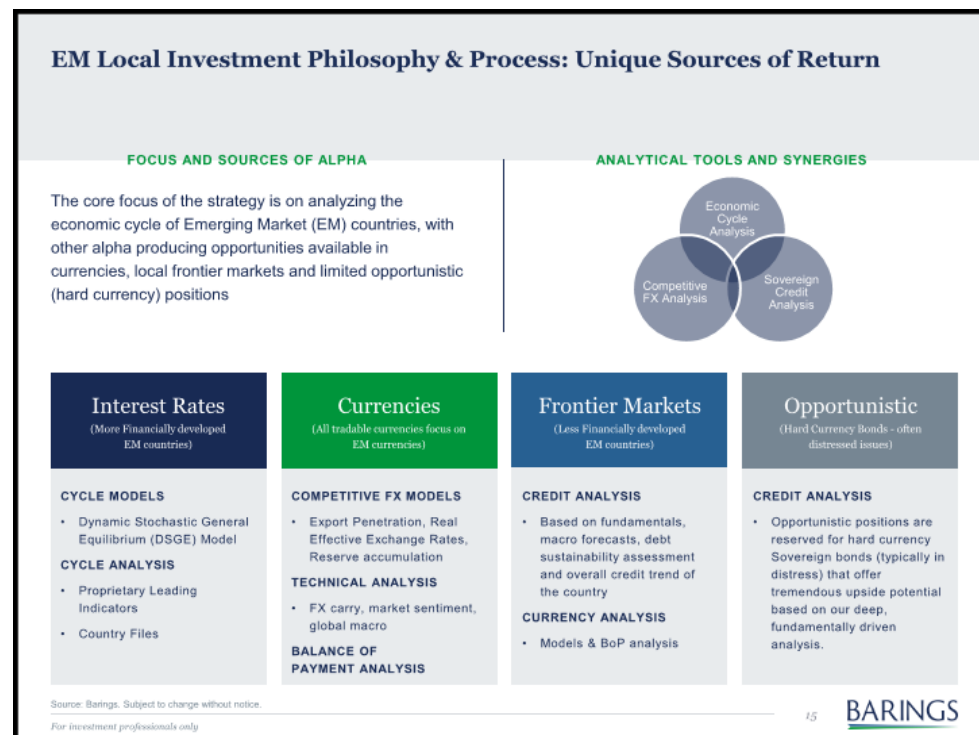
Emerging-market debt is not one uniform asset class. It includes investment-grade and distressed issuers, government and corporate borrowers, hard-currency and local-currency bonds, and economies with very different sensitivities to oil, China, US trade, tourism and remittances.

- The fund delegates tactical allocation across these markets to one team.
- It is not constrained to hold one-third in each of sovereign hard currency, local debt and corporate debt.
- The team can express views through bonds, local rates and currencies.
- The process aims to identify country-specific and issuer-specific opportunities rather than relying mainly on a broad macro call.
- The portfolio can differ materially from the comparison index and peer group.

In simple terms:

This is a best ideas emerging-market debt fund, not a fixed three-sleeve blend.

3 Investment Philosophy and Process



Best ideas across the opportunity set

Ideas begin within specialist sovereign, local-market, currency and corporate teams. The portfolio managers compare the expected total return and risk of those ideas, then decide which positions deserve capital. A new holding must be compelling enough to displace a less attractive existing position when cash is not available.

Sovereign analysis

The sovereign team studies political, social, economic and debt sustainability. Its work includes fiscal policy, monetary policy, balance-of-payments strength, external liquidity, institutional quality, debt dynamics and exposure to external shocks. The output includes an internal rating, outlook and estimated probability of default.

Local rates and currencies

Local-rate analysis focuses on each country's economic cycle, supported by models and leading indicators. Currency work considers competitiveness, real effective exchange rates, reserves, capital flows, market positioning and balance-of-payments dynamics. Frontier local markets can offer high real yields, but liquidity may be limited.

Corporate credit

Corporate analysts carry out bottom-up fundamental and ESG research, consider the relevant sovereign backdrop and assess relative value. Securities require investment-committee approval before they enter the investable list. Position sizes reflect valuation, risk, duration, liquidity and concentration.

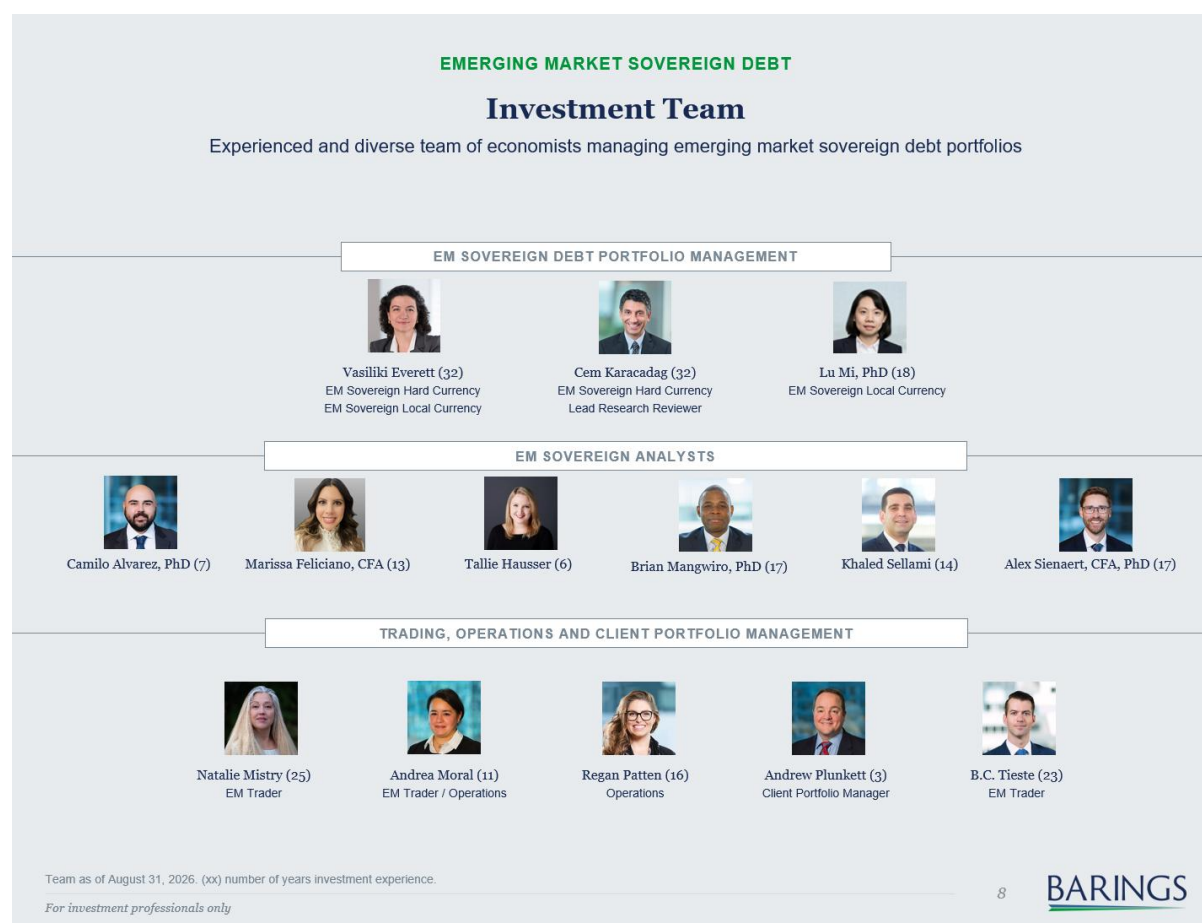
Portfolio construction

The combined portfolio is reviewed through several lenses rather than a single top-down allocation:

- Sub-asset class and instrument
- Country and region
- Corporate sector
- Credit quality and default risk
- Interest-rate and spread duration
- Local and hard-currency exposure
- Liquidity
- Oil and commodity sensitivity
- Trade, tourism and remittance links with the United States
- Direct and indirect exposure to China

This breadth is a strength, but the flexible guidelines place considerable responsibility on the team. There is more scope to add value than in a rigid allocation; there is also more scope for concentration or allocation mistakes.

4 Team and Resources



The September material names Cem Karacadag, Vasiliki Everett, Natalia Krol, Brian Mangwiro and Lu Mi within the emerging-market debt portfolio management team, supported by sovereign and corporate analysts, traders, client portfolio management and operations specialists.

Barings reported approximately US\$10.7bn across dedicated emerging-market debt portfolios at 31 August 2026, including approximately US\$3.8bn in blended strategies. The wider resource includes country specialists, corporate analysts and experienced traders.

Leadership transition

Ricardo Adroque retired at the end of August 2025 after 11 years at Barings. Cem Karacadag became head of the Global Sovereign Debt and Currencies platform. Cem had worked with Ricardo since the platform launched in early 2014 and had served as backup portfolio manager for the local strategies.

Lu Mi and Vasiliki Everett were promoted to portfolio-manager roles on the local portfolios. Lu had been part of the platform since inception, maintained important local-market models and had served as a junior portfolio manager for two years. Vasiliki had

been with the team since 2016 and moved from an operational portfolio-management role to greater responsibility for local portfolios.

Barings confirms that each sub-asset class has a backup portfolio manager. The transition appears planned and used established team members, which is reassuring. It is still a material leadership change and should remain under review.

5 Portfolio Overview

Characteristic	Fund	J.P. Morgan blended index
Yield to worst	9.3%	6.5%
Option-adjusted spread	171 bps	115 bps
Effective duration	6.7 years	5.1 years
Local duration	2.7 years	1.7 years
Hard-currency duration	3.9 years	3.4 years
Spread duration	5.0 years	3.5 years
Average rating	BB+	BBB
Investment-grade / high-yield exposure	42% / 75%	62% / 38%
Number of issuers	122	928

Figures are at 31 August 2026. The investment-grade and high-yield figures exceed 100% because they include the notional value of a credit-default-swap overlay in the sovereign hard-currency sleeve. Barings normally sells CDS protection on a small group of high-conviction, mainly investment-grade sovereigns where the CDS spread is more attractive than the cash bond. This increases economic exposure and should be understood as derivative leverage, even though the positions are intended to remain liquid.

The fund offered materially more yield than the index, but it also had lower average credit quality, longer interest-rate and spread duration and far fewer issuers. The combination creates greater potential return, but it can also produce greater volatility and drawdown during stress.

Sleeve and regional positioning

The June presentation shows the portfolio remaining highly active across corporate debt, sovereign hard-currency debt, local rates and currencies. The strategy has historically changed these notional weights considerably rather than maintaining fixed one-third allocations.

At June 2026, Latin America remained the largest regional allocation at approximately 57%, followed by Central and Eastern Europe, the Middle East and Africa at about 38%, with Asia much smaller. The concentration reflects current convictions and the strategy's best ideas approach, but it creates regional and thematic risk.

Q2 2026 performance drivers

The strongest country contributors during the quarter included South Africa, Colombia, Hungary, Sri Lanka, Mexico and Brazil. Corporate debt, sovereign debt and local rates all contributed positively, while the currency sleeve detracted. Year to date, Colombia, Hungary, South Africa, Brazil, Sri Lanka and Argentina were among the strongest contributors; South Korea, the Czech Republic and China detracted.

This illustrates the value of multiple return engines. It also shows that currency decisions can offset gains elsewhere.

6 Current Emerging Market Credit View

In Barings' August 2026 discussion, Cem Karacadag argued that emerging markets are broader, larger and often higher quality than the label suggests. He noted that substantial parts of sovereign hard-currency, corporate and local-currency indices are investment grade.

The constructive case rests on several observations:

- Many countries have reduced fiscal and external imbalances following the pandemic and the commodity shock after Russia's invasion of Ukraine.
- Foreign-exchange reserves have generally improved.
- Several countries have pursued credible monetary policy or IMF-supported adjustment programmes.
- A wave of weaker sovereign defaults has already occurred, with some issuers emerging in a stronger position.
- Selected BB-rated sovereign spreads may overcompensate investors for the team's estimate of default risk.
- Some local markets offer high real yields and potentially supportive balance-of-payments dynamics.

The team also sees complacency risk. Strong investor demand has reopened markets to weaker borrowers, and some issuers may be accepting expensive financing too readily. This strengthens the case for active selection, but it also warns against assuming that attractive headline yields are automatically good value.

"The US dollar remains important. A stronger dollar can hurt emerging-market currencies and tighten financial conditions. A weaker dollar may support local-currency returns by providing an additional FX return and is also beneficial for hard currency returns as it makes debt service easier for sovereigns who borrow in USDs. On the local side, the strategy responds country by country rather than taking one undifferentiated currency position."

7 Performance Overview

Period	Fund gross	Fund net	J.P. Morgan blended index
2026 year to date	5.3%	4.7%	2.6%
One year	12.4%	11.5%	11.1%
Three years annualised	10.3%	8.5%	6.8%
Five years annualised	2.3%	1.5%	2.4%
Ten years annualised	5.4%	4.6%	3.4%

Performance is to 31 August 2026. The recent three-year recovery is strong, but the five-year result remains affected by substantial underperformance in 2021 and 2022.

Calendar year	Fund gross	Fund net	Index	Gross relative
2025	19.1%	18.2%	14.1%	+5.1%
2024	2.6%	1.8%	3.9%	-1.3%
2023	11.2%	10.4%	11.0%	+0.2%
2022	-15.9%	-16.5%	-13.9%	-2.0%
2021	-6.2%	-6.8%	-3.3%	-2.9%
2020	16.3%	15.5%	5.1%	+11.3%
2019	17.5%	16.9%	13.9%	+3.5%

The difficult period

The fund materially underperformed in both 2021 and 2022. Barings attributes this to excessive exposure to Chinese real estate within the corporate sleeve and to Russia and Ukraine in 2022. The fund's maximum calendar-year fall was 15.91% in 2022.

These were not small forecasting errors. Between 2021 and 2022, China property cost 532 basis points, Ukraine 395 basis points and Russia 236 basis points. Barings also identified more than 1,000 basis points of cumulative losses from developed-market currency positions during 2023 and 2024, including Israel, Japan and Switzerland.

The response has been practical. Barings introduced annual off-site reviews of successes and failures, increased scrutiny of common geopolitical and domestic political risks, stopped taking binary political calls, reduced position sizes further down the credit-quality ladder, removed developed-market currency exposure and raised the risk/reward threshold for a position to qualify as a best idea.

The addition of the blended comparison index is also part of that reset. It provides a clearer reference point without turning the strategy into a benchmark-driven portfolio. Barings is considering removing the current 3% limit on purchases below B- once the benchmark is formally adopted. That proposal should be assessed carefully: greater flexibility may create opportunity, but it would also remove an explicit downside guard rail.

8 When the Strategy May Outperform or Underperform

Potentially supportive conditions	Potentially challenging conditions
Wide differences between countries, credits, rates and currencies reward bottom-up research.	Broad risk-off markets punish emerging-market credit and currency exposure together.
A stable or weaker US dollar supports selected local currencies.	A sharply stronger US dollar weighs on local debt and capital flows.
High real yields fall as inflation improves and central banks cut rates.	Inflation surprises force rates higher or delays expected easing.
Selected sovereign or corporate spreads narrow as fundamentals improve.	Defaults, downgrades or political shocks challenge concentrated positions.
Oil exporters outperform when energy prices rise and the team is positioned accordingly.	Oil importers are hurt by higher prices or thematic positioning is wrong.
Active rotation identifies the strongest sleeve rather than holding a fixed blend.	The chosen sleeve or country allocation lags a more balanced peer group.

Because the portfolio can be more concentrated than peers, it may outperform strongly when conviction is rewarded. The same feature can make it more volatile in periods of market stress.

9 Risk Management and Stress Testing

The presentation shows portfolio and risk analysis, stress testing and optimisation as formal stages before investment-committee monitoring. Barings also supplied a liquidity report dated 31 August 2026. This provides useful evidence about the fund's ability to meet redemptions, although it does not quantify credit losses, currency shocks or transaction costs.

Key risks

- Emerging-market sovereign and political risk, including sanctions, capital controls and restructuring.
- Credit and default risk, with average portfolio quality of BB+.
- Longer duration than the comparison index at August 2026.
- Currency risk from active local-currency and foreign-exchange positions.
- Concentration risk across countries, regions, sectors and common economic linkages.
- Liquidity risk, particularly in frontier local markets and distressed debt.
- Corporate governance and disclosure standards that may be weaker than in developed markets.
- Derivative, collateral and counterparty risk, including the sold-CDS overlay.
- Benchmark and peer risk because the portfolio can differ substantially from both.
- Model risk in country, rate, currency and probability-of-default analysis.
- ESG data limitations and differences between investor expectations.

Liquidity evidence

For a 10% redemption, the report estimates 97.6% could be liquidated in one day under normal conditions and 96.1% under a Covid-style stress. For a full 100% redemption, the waterfall analysis estimates 95.8% could be sold in one day under normal conditions, 90.1% under Covid stress, 93.7% under a taper-tantrum scenario and 90.2% if average daily trading volume fell by half. In every scenario, approximately 99% or more was estimated to be realisable within three to five days.

This is encouraging, but the report excludes settlement time and transaction costs, changes daily and is based on modelling rather than a promise of executable market liquidity. It should be used as evidence, not certainty.

Additional stress evidence worth monitoring

- A repeat of the 2022 Russia and Ukraine shock, including sanctions and untradeable assets.
- A renewed Chinese property and banking shock.
- A 10% to 15% US dollar rise combined with emerging-market outflows.
- A commodity-price shock separated between oil exporters and importers.
- A sovereign default wave with lower recoveries.
- A simultaneous sell-off across sovereign, corporate, local and CDS positions.

10 Turnover, Ownership and Capacity

Turnover

Portfolio turnover was 48% over the previous 12 months. Barings does not target a specific level. Turnover arises when a new idea offers a better risk-adjusted return than the least compelling existing holding. This is consistent with a best ideas process and is not unusually high for an active strategy, but trading costs and liquidity should still be monitored.

Investor concentration

Barings currently holds approximately 61% of the fund, reflecting its significant seed investment and commitment to the strategy. Barings expects this position to be diluted as the external investor base grows and has reported a strong pipeline of interest, although the timing and scale of future client flows cannot be guaranteed. The Barings seed position is currently the fund's only holding above 10%.

The seed investment provides meaningful support during the fund's growth phase. Its concentration should nevertheless be monitored alongside external inflows, overall fund size and the diversification of the investor base. Barings' liquidity modelling provides additional reassurance should the seed position be reduced over time.

Capacity

The wider blended strategy has approximately US\$3.8bn, while the UCITS fund itself was US\$151.2m at August 2026. Capacity should be assessed across all portfolios following the same ideas, particularly in frontier currencies, smaller corporate issues and distressed sovereign debt.

11 What We Like, What We Would Monitor and Where It Fits

What we like

- A clear total-return philosophy rather than a mechanical three-way blend.
- Specialist research across sovereign, local, currency and corporate markets.
- Bottom-up country and issuer analysis supported by team challenge.
- Flexibility to move between sub-asset classes as relative value changes.
- A strong recovery and outperformance over the recent three-year period.
- A transparent acknowledgement of the mistakes made in 2021 and 2022.
- A documented lessons-learned process.
- A planned succession structure with backup managers for each sleeve.
- An attractive 0.25% founder annual management charge for eligible investors.

What we would monitor

- The 61% Barings seed holding and progress against the five-year reduction plan.
- Whether the process changes made after China property, Russia and Ukraine remain effective.
- Any removal of the 3% purchase limit below B-.
- BB+ average quality and exposure to defaults or restructurings.
- 6.7-year duration and 5.0-year spread duration.
- Regional, country and thematic concentration in an unconstrained strategy.
- Liquidity in frontier markets and stressed credit, including realised transaction costs.
- The 2025 leadership transition and stability of the promoted team.
- The economic exposure and collateral requirements created by sold CDS.
- The difference between the founder and main platform share classes.

Where it may fit

- As a specialist emerging-market debt allocation within a diversified portfolio.
- For investors who want one team to allocate across sovereign, local, currency and corporate opportunities.
- For portfolios seeking higher income and differentiated return drivers.
- For clients with a long time horizon and capacity to tolerate material volatility.
- Alongside developed-market government bonds and other defensive assets, rather than replacing them.

Where it may be less suitable

- For investors requiring capital stability or guaranteed income.
- For clients unable to tolerate double-digit drawdowns.
- Where portfolios already have significant emerging-market, high-yield or US-dollar sensitivity.

- For investors who prefer tightly benchmark-controlled exposure.
- Where liquidity needs are high or the investment horizon is short.
- Where the relevant share class is materially more expensive than the founder class.

12 Money Wise UK Summary

Barings Emerging Markets Debt Blended Total Return Fund is one of the more genuinely flexible approaches to emerging-market debt.

Its strength is that the team does not need to hold a fixed amount in sovereign hard currency, local debt and corporate credit. It can compare opportunities across countries, issuers, rates and currencies and allocate to the ideas it believes offer the best combination of return and risk.

That flexibility is supported by a broad and experienced team. The research process appears detailed, collaborative and grounded in fundamental analysis. The August 2026 market discussion also makes a reasonable case that the emerging-market label can hide considerable differences in quality and opportunity.

The portfolio characteristics explain the attraction. At August 2026, the yield to worst was 9.3% compared with 6.5% for the blended index. Recent performance has been strong, including 18.2% net in 2025 and 8.5% annualised over three years.

But the same characteristics explain the risk. The average rating was BB+, duration was 6.7 years, the portfolio held 122 issuers versus 928 in the index and the best ideas approach can create material country and thematic concentrations.

The 2021 and 2022 experience matters. Chinese real estate, Russia and Ukraine produced significant underperformance, culminating in a 15.91% fall in 2022. Barings has been open about the mistakes and says the process changed. The next stage of due diligence is to understand precisely what changed and test whether those controls would prevent different risks from combining in the future.

The 61% Barings seed holding is the other major caveat. It demonstrates commitment and has a stated five-year reduction plan, but it also creates a large potential redemption and should be monitored until the investor base becomes more diversified.

Money Wise UK view

This is a credible specialist strategy for advisers who want active allocation across the full emerging-market debt opportunity set. The team, philosophy and recent recovery are positives, and the 0.25% founder fee strengthens the value case for investors who can access it.

It should be used with clear expectations. This is not a defensive global bond fund. It takes credit, duration, currency, political, liquidity and concentration risk in pursuit of higher income and total return.

In simple terms:

A strong and differentiated emerging-market debt proposition, but one where the 2021–22 lessons, current portfolio risk and 61% seed holding must remain central to the decision.

13 Share Classes and Ongoing Monitoring

Share class	ISIN	AMC	TER	Availability
A GBP Accumulation	IE00BSL72H65	0.25%	0.48%	Restricted founder class; platform approval
A GBP Distribution	IE00BSL72J89	0.25%	0.48%	Restricted founder class; platform approval
C GBP Accumulation	IE00BSL73W81	0.60%	0.83%	Main UK platform class
C GBP Distribution	IE00BSL73X98	0.60%	0.83%	Main UK platform class

The supplied minimums are £1,000 for the A classes and £6.5m for the C classes, but Barings states that minimums are waived on most UK adviser platforms. Platform confirmation remains essential.

- Monitor progress in diversifying the investor base and reducing the Barings seed.
- Review any removal of the below B- purchase limit before it takes effect.
- Request updated liquidity analysis after material changes in size or positioning.
- Track exposure created through CDS alongside cash-bond holdings.
- Continue to review country and thematic linkages even where formal limits do not apply.

Sources and Important Notes

- Barings Emerging Markets Debt Blended Total Return Fund UCITS presentation, September 2026.
- Barings Emerging Markets Debt Blended Total Return quarterly client review, Q2 2026.
- Barings standard liquidity report dated 31 August 2026.
- Manager due-diligence responses supplied to Money Wise UK in September 2026.
- Barings EM Debt Still Undervalued podcast and transcript, August 2026.

Portfolio figures are primarily to 31 August 2026 and may differ from current holdings. Gross returns cannot be achieved by investors because they do not include all fees and expenses. Indexes are unmanaged and cannot be invested in directly.

The J.P. Morgan Emerging Markets Blended Index has recently been introduced as a performance comparison. The strategy was historically managed without a formal benchmark.

The index should therefore be treated as a reference point, not as the portfolio's construction target.

Disclaimer

Past performance is not a reliable guide to future returns. The value of investments and the income from them can fall as well as rise, and investors may get back less than they invested.

Emerging-market debt funds are exposed to credit, default, interest-rate, currency, political, sovereign, liquidity, counterparty, derivative and active-management risks. Frontier markets, below-investment-grade debt and distressed investments can be particularly volatile or difficult to trade. Distributions are not guaranteed.

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Review completed October 2026