



## **Barings Korea Trust**

Annual Report & Audited Financial  
Statements

for the year ended 30 April 2019

## Table of Contents

	Page
Management and professional service details* .....	3
Introduction* .....	4
Investment objective and policy* .....	4
Constitution* .....	5
Regulatory disclosure* .....	5
General information for overseas investors (Austria, France, Germany, Sweden and Switzerland) .....	9
Trust information .....	12
Report of the Investment Manager* .....	14
Responsibilities of the Manager .....	16
Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders .....	16
Directors' statement .....	18
Portfolio statement* .....	19
Independent Auditors' report to the unitholders of Barings Korea Trust .....	22
Statement of total return .....	24
Statement of change in net assets attributable to unitholders .....	24
Balance sheet .....	25
Notes to the financial statements .....	26
Distribution tables .....	38

\* Collectively, these comprise the Manager's report.

## Management and professional service details

### Manager

Baring Fund Managers Limited

*Authorised and regulated by the Financial Conduct Authority ("FCA").*

### Investment Manager\*

Baring Asset Management Limited

20 Old Bailey

London, EC4M 7BF

*Authorised and regulated by the FCA.*

### Sub-Investment Manager

Barings Asset Management (Asia) Limited

35th Floor, Gloucester Tower

15 Queen's Road Central

Hong Kong

### Directors

J. Armstrong (non-executive) (Appointed to the Board on 22 May 2019 (subject to FCA approval))

C. Biggins (Resigned from the Board on 11 January 2019)

E. Browning (Appointed to the Board on 22 January 2019)

B. Greene (Resigned from the Board on 23 May 2019)

R. Kent (Appointed to the Board on 9 April 2019)

J. Swayne

K. Troup (non-executive) (Appointed to the Board on 22 May 2019)

### Registered Office\*

20 Old Bailey

London, EC4M 7BF

### Trustee\*

NatWest Trustee and Depositary Services Limited

250 Bishopsgate

London, EC2M 4AA

*Authorised by the Prudential Regulation Authority ("PRA") and regulated by the FCA and PRA.*

### Administrator & Registrar\*

Northern Trust Global Services SE

6 rue Lou Hemmer,

Senningerberg

Luxembourg, L-1748

### The Administrator & Registrar's principal place of business in the United Kingdom:

Northern Trust Global Services SE UK Branch

50 Bank Street

London, E14 5NT

*Authorised by the PRA and regulated by the FCA and PRA.*

### Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh, EH3 8EX

\*See key changes during the year on page 6

## Introduction

Baring Fund Managers Limited (the "Manager") has delegated its day-to-day investment management responsibilities in relation to the Barings Korea Trust (the "Trust") to Baring Asset Management Limited (the "Investment Manager"), which is authorised and regulated by the Financial Conduct Authority ("FCA"). The Investment Manager has further appointed Baring Asset Management (Asia) Limited as Sub-Investment Manager to the Trust.

As an investor in the Trust, your money is pooled with that of other investors and invested by the Manager in the securities of South Korean companies listed on the Korean Stock Exchange. The Trust will also participate in investments such as convertible bonds, fixed interest stocks and mutual funds. As with all funds managed by the Manager, the risk assumed in this portfolio is carefully monitored.

The Report of the Manager reviews the performance of the Trust against the returns of the stock markets in which it is investing and analyses the investment environment that influenced the performance of the Trust over the year under review. The Investment Manager then gives an outlook for the markets and details how the Trust will be invested in order to take full advantage of the foreseen opportunities. Finally, the Report of the Manager gives details of any revenue generated by the Trust.

## Investment objective and policy

The investment objective of the Trust is to achieve long-term capital growth by investing in Korea.

The Trust will seek to achieve its investment objective by investing at least 70% of its total assets directly and indirectly in equities and equity-related securities of companies incorporated in, or exercising the predominant part of their economic activity in Korea, or quoted or traded on the stock exchanges in Korea.

For the remainder of its total assets, the Trust may invest outside of Korea as well as in fixed-income and cash.

While the Trust will aim to diversify its investments, allocation to certain industries or sectors may be more than 30% of its total assets depending on the Investment Manager's assessment at different times.

In order to implement the investment policy, the Trust may gain exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Trust may also invest in collective investment schemes and other transferable securities. It may also use derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management (including hedging).

Please refer to the Prospectus for the full investment objective and policy.

## How the Trust is managed

The Trust is invested in the South Korean equity market, and managed using a Growth at a Reasonable Price ("GARP") approach. This means that when researching candidates for the portfolio, just as much emphasis is placed on the likely growth in corporate earnings of a company as is placed on the share price valuation before deciding whether to invest or not. It is believed that this approach combines the best features of both "growth" and "value" investment styles, to the benefit of investors. A significant emphasis is placed on fundamental research, looking for companies which it is believed to have the potential to deliver better-than-expected earnings growth. Over the long term, the aim is to deliver the majority of returns through active stock picking and we expect to achieve most of our added value from stock selection.

## Risk profile

Please see detailed below the key risks applicable to the Trust:

- Changes in exchange rates between the base currency of the Trust and the currencies in which the assets of the Trust are valued can have the effect of increasing or decreasing the value of the Trust and any income generated.
- One of the main risk factors associated with South Korean investments is the proximity to North Korea and the possibility of increased political tension which may mean your money is at greater risk.
- Country-specific funds have a narrower focus than those which invest broadly across markets and are therefore considered to be more risky.
- Derivative instruments can make a profit or a loss and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Trust's value rises and falls and could expose the Trust to losses that are significantly greater than the cost of the derivative as a relatively small movement may have a larger impact on derivatives than the underlying assets.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.

Please refer to the Prospectus for the full risk profile.

## Constitution

The Barings Korea Trust (the “Trust”) is constituted by a Trust Deed between Baring Fund Managers Limited (the “Manager”) and NatWest Trustee and Depositary Services Limited (the “Trustee”).

## Regulatory disclosure

This document has been issued by Baring Fund Managers Limited (the “Manager”), which is authorised and regulated by the Financial Conduct Authority (“FCA”).

Barings Korea Trust (the “Trust”) is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and has been established as an Undertakings for Collective Investments in Transferable Securities (“UCITS”) scheme.

Past performance is no indication of current or future performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Any references in this report to other investments held within the Trust should not be read as a recommendation to the investor to buy and sell the same but are included as illustration only.

### The Trust at a glance on 30 April 2019

Total Trust size:		£65.84 million
<b>OCF*:</b>	30/04/2019	30/04/2018
Barings Korea Trust - Class A GBP Acc	1.69%	1.61%
Barings Korea Trust - Class I GBP Acc	0.94%	0.86%
Barings Korea Trust - Class I GBP Inc	0.94%	0.86%
Barings Korea Trust - Class I USD Acc	0.94%	0.86%
<b>Initial charge:</b>		
Barings Korea Trust - Class A GBP Acc		up to 5.00%
Barings Korea Trust - Class I GBP Acc		Nil
Barings Korea Trust - Class I GBP Inc		Nil
Barings Korea Trust - Class I USD Acc		Nil
<b>Annual charge:</b>		
Barings Korea Trust - Class A GBP Acc		1.50%
Barings Korea Trust - Class I GBP Acc		0.75%
Barings Korea Trust - Class I GBP Inc		0.75%
Barings Korea Trust - Class I USD Acc		0.75%
<b>Minimum initial investment:</b>		
Barings Korea Trust - Class A GBP Acc		£1,000
Barings Korea Trust - Class I GBP Acc		£10,000,000
Barings Korea Trust - Class I GBP Inc		£10,000,000
Barings Korea Trust - Class I USD Acc		US\$10,000,000
<b>Minimum subsequent investment:</b>		
Barings Korea Trust - Class A GBP Acc		£500
Barings Korea Trust - Class I GBP Acc		£500
Barings Korea Trust - Class I GBP Inc		£500
Barings Korea Trust - Class I USD Acc		US\$2,500

\* The Ongoing Charge Figure (“OCF”) reflects the payments and expenses which cover aspects of operating the Trust and is deducted from the assets over the year. It includes fees paid for investment management, trustee and general charges.

## Regulatory disclosure (continued)

### The Trust at a glance on 30 April 2019 (continued)

Price per unit	(pence/cents per unit)
Barings Korea Trust - Class A GBP Acc	310.70p
Barings Korea Trust - Class I GBP Acc	325.40p
Barings Korea Trust - Class I GBP Inc	321.80p
Barings Korea Trust - Class I USD Acc	424.80c

### Revenue allocations and reports

The distribution payment date for the current period is 31 July 2019. The most recent annual report and audited financial statements and interim report and unaudited financial statements will be available on the Barings website at [www.baring.com](http://www.baring.com).

### Prospectus and Manager's reports

Copies of the Prospectus, the Key Investor Information Document(s) ("KIID(s)"), and the most recent annual or interim report and financial statements are available to all persons free of charge from the Manager upon request. Copies of the Prospectus, the KIID(s), and the annual or interim report and financial statements are also available in French, where applicable.

PricewaterhouseCoopers LLP (the "Independent Auditor") expresses its opinion on the English version of the annual report and financial statements, and accepts no responsibility for any translations of those financial statements.

### Market timing

Repeatedly purchasing and selling units in the Trust in response to short-term market fluctuations – known as 'market timing' – can disrupt the Manager's investment strategy and increase the Trust's expenses to the prejudice of all unitholders.

The Trust is not intended for market timing or excessive trading. To deter these activities, the Manager may refuse to accept an application for units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Trust.

The Manager also reserves the right to redeem units which it reasonably believes have been purchased by unitholders engaged in market timing.

### Publication of prices

The prices of units are published on the Barings website at [www.baring.com](http://www.baring.com). You can also obtain prices by telephone by calling +44 (0) 333 300 0372.

### Dealing basis

The Manager's basis for dealing in purchases and sales of the Trust's units is "forward". This means that the price used for any deal will be calculated at the next valuation point following receipt of the investor's instruction.

### Fees and expenses

The Manager's periodic charge is calculated on each business day, based on the value of the property of the Trust on the immediately preceding business day, and is paid to the Manager monthly, in arrears, on the first business day of the calendar month immediately following. The current annual management fees charged to the Trust are shown on page 5.

### Key changes during the year

- With effect from 8 October 2018, the name of the Administrator changed from Northern Trust Global Services Limited to Northern Trust Global Services SE UK Branch. The Administrator re-domiciled its headquarters to Luxembourg in March 2019. The administrator's name is now Northern Trust Global Services SE based in Luxembourg while the Administrator's principal place of business in the United Kingdom is Northern Trust Global Services SE UK Branch.

## Regulatory disclosure (continued)

### Key changes during the year (continued)

- With effect from 15 October 2018, the registered address for Baring Fund Managers Limited and Baring Asset Management Limited changed from:  
155 Bishopsgate  
London, EC2M 3XY  
United Kingdom  
to:  
20 Old Bailey  
London, EC4M 7BF  
United Kingdom
- The investment strategy of the Trust is clarified to mention the Trust intends to meet the requirements to be classified as being an “equity fund” under the Investmentsteuergesetz (2018) and will invest at least 51% of its assets in direct equities
- With effect from 28 November 2018, the Trustee is changed from National Westminster Bank plc to NatWest Trustee and Depositary Services Limited.
- C. Biggins resigned as a Director of the Manager on 11 January 2019.
- E. Browning was appointed as a Director of the Manager on 22 January 2019.
- R. Kent was appointed as a Director of the Manager on 9 April 2019.
- B. Greene resigned as a Director of the Manager on 23 May 2019.
- J. Armstrong was appointed as a non-executive Director of the Manager on 22 May 2019 (subject to FCA approval).
- K. Troup was appointed as a non-executive Director of the Manager on 22 May 2019.
- The FCA has issued a guideline for asset managers to have a provision for the compulsory conversion of unit classes when the conversion is in the best interest of investors. This flexibility is included in the prospectus. Any such conversion will require 60 days’ notice to investors before the conversion takes place.

### Remuneration (unaudited)

The Manager's Remuneration Policy ensures that the remuneration arrangements as defined in ESMA's "Guidelines on Sound Remuneration Policies under the UCITS directive and AIFMD" (ESMA 2016/411) (the “ESMA Guidelines”), (as amended) are:

- (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager or the Trust; and
- (ii) consistent with the Manager’s business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Manager is also subject to the Financial Conduct Authority’s (“FCA’s”) UCITS and AIFM Remuneration Codes (SYSC 19B and 19E) and must comply with the remuneration principles in a way and to the extent that is appropriate to its size and business.

### Remuneration Committee

Due to the size and nature of the Manager, the Board of Directors considers it appropriate not to apply the requirement to appoint a remuneration committee.

The Manager forms part of the Barings Europe Limited (UK) group of companies (“Barings”). Barings has two remuneration committees to take remuneration decisions, namely the Remunerations Committee and the Senior Compensation Committee. The remuneration committee ensures the fair and proportionate application of the remuneration rules and ensures that potential conflicts arising from remuneration are managed and mitigated appropriately.

### Remuneration Code Staff

The Manager has determined its Remuneration Code Staff as the following:

#### 1. Senior Management

Senior Management comprises of Directors and all members of the European Management Team (“EMT”). All control functions detailed in section 2 below are also senior managers.



## Regulatory disclosure (continued)

### Remuneration Code Staff (continued)

#### 2. Control Functions

The Manager's control functions include the Heads of Risk, Compliance, Legal, Operations, Internal Audit, HR and Finance along with other heads of department in the Executive Committee and the Money Laundering Reporting Officer.

#### 3. Risk takers

Risk takers are defined as the investment managers of the Trust. Investment managers do not work for the Manager directly as the Manager delegates portfolio management to Baring Asset Management Limited ("BAML"). Accordingly, the Manager currently has no risk takers outside of the senior management.

BAML is a BIPRU firm and subject to the Capital Requirements Directive ("CRD") which has equivalent remuneration rules.

#### 4. Employees in the same remuneration bracket as risk takers

The Manager will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profiles of the firm or the Trust. Accordingly, the Manager currently has no staff in this category.

#### 5. Staff responsible for heading the investment management, administration, marketing and human resources

To the extent that the Manager's staff fall within this category, they are also control function staff falling within section 2 above.

### Remuneration Disclosure (unaudited)

The disclosure below details fixed and variable remuneration paid to Baring Fund Managers ("BFM") Staff and BFM Remuneration Code Staff.

	Number of beneficiaries	Total fixed remuneration	Total variable remuneration	Total remuneration
Total remuneration paid by BFM in relation to the Trust*	16	£5,223	£17,044	£22,267
Total Senior Management Remuneration paid by BFM**	16	£230,156	£750,984	£981,140

The Manager's Remuneration Policy is reviewed annually both in respect of the general principles it contains and its own implementation. For 2018, the policy was updated to align it to the Barings group policy. The 2018 review resulted in some changes to the remuneration approach and disclosure; no irregularities were identified.

The above disclosures are made in line with Barings' interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops, Barings may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other Barings fund disclosures in that same year.

#### Notes:

\*Manager does not make any direct payments to staff who are paid by other Barings Group entities. Figures shown are apportioned on a fund Asset Under Management ("AUM") basis as a proportion of Barings total AUM. Accordingly, the figures are not representative of any individual's actual remuneration.

\*\*Senior management remuneration is apportioned on the basis of the Manager's total AUM as a proportion of Barings total AUM.

Variable remuneration consists of Short Term Incentive awards, Long Term Incentive awards and any other variable payments including benefits in kind and discretionary pension awards.

The Trust does not pay performance fees.

There has been no award of carry interest in the period.



## **General information for overseas investors (Austria, France, Germany, Sweden and Switzerland)**

### **Austrian paying agent**

UniCredit Bank Austria AG  
Schottengasse 6-8  
1010 Wien  
Austria

### **French paying agent**

BNP Paribas Securities Services  
9 rue du Débarcadère  
93 761 Pantin Cedex  
France

### **German paying and information agent**

Deutsche Bank AG  
Global Transaction Banking  
Issuer Services - Global Securities Services  
Post IPO Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

### **Further German information agent**

Baring Asset Management Limited GmbH  
Guiollettstraße 54  
60325 Frankfurt am Main  
Germany

### **Swedish paying agent**

Skandinaviska Enskilda Banken AB (publ)  
Merchant Banking  
Global Funds, RB6  
Rissneleden 110  
SE-106 40 Stockholm  
Sweden

### **Swiss paying agent**

BNP Paribas Securities Services, Paris  
Succursale de Zurich  
Selnaustrasse 16  
8002 Zurich  
Switzerland

The Prospectus, the Key Investor Information Document(s) ("KIID(s)"), a list of portfolio changes, the Trust Deed as well as the annual and the interim reports and financial statements are available on [www.barings.com](http://www.barings.com), or via the office of the Austrian, French, German, Swedish, and Swiss paying agents.

## General information for overseas investors (Austria, France, Germany, Sweden and Switzerland) (continued)

### Special risks resulting from additional German tax publication requirements in Germany

A foreign investment company such as Baring Fund Managers Limited (the "Manager") must provide documentation to the German fiscal authorities upon request, e.g. in order to verify the accuracy of the additional German published tax information. German investors will use this for their tax returns. The basis upon which such figures are calculated is open to interpretation and it cannot be guaranteed that the German fiscal authorities will accept the Manager's calculation methodology in every material respect. In addition, you should be aware that if it transpires that these publications are incorrect, any subsequent correction will, as a general rule, not have retrospective effect and will, as a general rule, only take effect during the current financial year. Consequently, the correction may positively or negatively affect the investors who receive a distribution or an attribution of deemed income distributions in the current financial year.

### Information for investors in Switzerland

The Manager has appointed BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland as representative and paying agent for Switzerland. Units are distributed in Switzerland by BNP Paribas (Switzerland) Limited at the above address. Investors can obtain free of charge the Prospectus, KIID(s), the latest annual and interim reports, copies of the Trust Deed (and any amendments thereto) as well as a list of the purchases and sales made on behalf of the Barings Korea Trust (the "Trust"), in French, from the representative at the above address. Official publications for the Trust are found on the internet at [www.fundinfo.com](http://www.fundinfo.com). Unit prices (Net Asset Value with the words "plus commissions") are published daily on the internet at [www.fundinfo.com](http://www.fundinfo.com).

### Important information to the performance tables on page 11

The value of an investment can fall as well as rise as a result of market fluctuations and investors may not get back the amount originally invested. Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units, nor the effect of the Manager's preliminary charge.

In conformity with a Guideline of the Swiss Funds Association ("SFA") dated 16 May 2008, the Manager is providing the below additional information regarding performance.

### Total Expense Ratio ("TER")

Following the Guideline of the Swiss Funds Association ("SFA") dated 16 May 2008, the Manager is required to publish a total expense ratio ("TER") for the Trust for the first part of the current accounting year and the second part of the previous accounting year. The TER has been established by the Manager and draws upon the data contained in the "Statement of total return" (Manager's management fee, registration fees, trustee fees, safe custody charges, audit fees, Financial Conduct Authority ("FCA") and other regulatory fees and taxation fees as well as any further fees and costs listed in the "Statement of total return" account which do not form part of the aforementioned categories). It is calculated with reference to these numbers and in conformity with the above guideline.

The TERs for each class for the year ended 30 April 2019 and the year ended 30 April 2018 are as follows:

	TER as at 30 April 2019 %	TER as at 30 April 2018 %
Barings Korea Trust - Class A GBP Acc	1.69	1.61
Barings Korea Trust - Class I GBP Acc	0.94	0.86
Barings Korea Trust - Class I GBP Inc	0.94	0.86
Barings Korea Trust - Class I USD Acc	0.94	0.86

## General information for overseas investors (Austria, France, Germany, Sweden and Switzerland) (continued)

### Trailer fees and reimbursements

Trailer fees (Bestandespflegekommissionen) may only be paid to the sales agents/partners indicated below:

- authorised sales agents (distributors) within the meaning of Article 19, Para 1, Collective Investment Schemes Act ("CISA");
- sales agents (distributors) exempted from the authorisation requirement within the meaning of Article 19, Para 4, CISA;
- sales partners who place trust units exclusively with institutional investors with professional treasury facilities; and/or;
- sales partners who place trust units with their clients exclusively on the basis of a written commission-based asset management mandate.

Reimbursements (Rückvergütungen) may only be paid to the institutional investors detailed below who from a commercial perspective are holding the trust units for third parties:

- life insurance companies (in respect of trust units held for the account of insured persons or to cover obligations towards insured persons), pension funds and other retirement provision institutions (in respect of trust units held for the account of beneficiaries);
- investment foundations (in respect of trust units held for the account of in-house funds);
- Swiss fund management companies (in respect of trust units held for the account of the trusts managed); and
- foreign fund management companies and providers (in respect of trust units held for the account of managed trusts and investing unitholders).

### Performance record to 30 April 2019 (including distribution payments where applicable)

	01/05/2018 - 30/04/2019 %	09/08/2017 - 30/04/2018 %	09/08/2016 - 08/08/2017 %	09/08/2015 - 08/08/2016 %	09/08/2014 - 08/08/2015 %
Barings Korea Trust - Class A GBP Acc (GBP terms)	(17.23)	12.03	6.86	9.92	8.36
Korea SE Composite Index (KOSPI) (GBP terms)	(15.37)	4.12	16.84	26.29	(4.59)
Barings Korea Trust - Class I GBP Acc (GBP terms)	(16.65)	12.67	7.61	10.77	9.22
Barings Korea Trust - Class I GBP Inc (GBP terms)	(16.65)	12.62	7.65	10.80	9.13
Barings Korea Trust - Class I USD Acc (USD terms)*	(20.98)	18.00	7.77	(6.68)	(3.26)

Performance figures are shown net of fees and charges, on a published NAV per unit basis, with gross revenue reinvested.

Source: Morningstar/Barings/KOSPI.

The Trust was launched on 3 November 1992.

\* The Class I USD Acc unit class was launched on 26 May 2015.

For data sourced from Morningstar: © Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares. Please note that changes in the rates of exchange may have an adverse effect on the value, price or income of an investment.**

## Trust information

Change in net assets per unit	Barings Korea Trust - Class A GBP Acc			Barings Korea Trust - Class I GBP Acc		
	30/04/2019 (p)	30/04/2018 (p)	08/08/2017 (p)	30/04/2019 (p)	30/04/2018 (p)	08/08/2017 (p)
Opening net asset value per unit	374.93	334.75	315.99	389.87	346.14	322.95
Return before operating charges	(58.91)	44.32	18.81	(61.51)	46.03	23.27
Operating charges (calculated at average price)	(5.68)	(4.14)	(0.05)	(3.29)	(2.30)	(0.08)
Return after operating charges	(64.59)	40.18	18.76	(64.80)	43.73	23.19
Closing net asset value per unit	310.34	374.93	334.75	325.07	389.87	346.14
Retained distributions on accumulation units	–	–	–	1.97	1.43	–
After direct transaction costs*	2.61	1.87	4.52	2.71	1.94	12.02
<b>Performance</b>						
Return after charges	(17.23)%	12.00%	5.94%	(16.62)%	12.63%	7.18%
<b>Other information</b>						
Closing net asset value ('000)	£54,495	£80,130	£78,897	£6,978	£8,358	£7,984
Closing number of units	17,559,994	21,372,100	23,568,890	2,146,571	2,143,772	2,306,545
Operating charges	1.69%	1.61%	1.66%	0.94%	0.86%	0.91%
Direct transaction costs	0.78%	0.53%	1.40%	0.78%	0.53%	1.40%
<b>Prices**</b>						
Highest unit price	389.50	381.80	349.80	405.40	396.20	361.50
Lowest unit price	304.60	320.00	271.90	318.40	331.20	279.80

\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as dealing spread and underlying costs with regard to Investment Fund holdings which will also have reduced the unit class returns before operating charges.

\*\*High/low prices included in the table above are for the accounting years from 1 May 2018 to 30 April 2019, 9 August 2017 to 30 April 2018 and 9 August 2016 to 8 August 2017, respectively.

## Trust information (continued)

Change in net assets per unit	Barings Korea Trust - Class I GBP Inc			Barings Korea Trust - Class I USD Acc		
	30/04/2019 (p)	30/04/2018 (p)	08/08/2017 (p)	30/04/2019 (c)	30/04/2018 (c)	08/08/2017 (c)
Opening net asset value per unit	385.60	343.70	323.23	536.92	452.79	421.32
Return before operating charges	(60.79)	45.58	22.11	(109.17)	87.30	31.51
Operating charges (calculated at average price)	(3.35)	(2.28)	(0.03)	(3.39)	(3.17)	(0.04)
Return after operating charges	(64.14)	43.30	22.08	(112.56)	84.13	31.47
Distributions on income units	(0.50)	(1.40)	(1.61)	–	–	–
Closing net asset value per unit	320.96	385.60	343.70	424.36	536.92	452.79
Retained distributions on accumulation units	–	–	–	1.25	2.00	0.99
After direct transaction costs*	2.76	1.93	3.97	2.79	2.68	5.42
<b>Performance</b>						
Return after charges	(16.63)%	12.60%	6.33%	(20.96)%	18.58%	7.47%
<b>Other information</b>						
Closing net asset value ('000)	£3,062	£12,701	£9,769	\$1,697	\$23,052	\$19,693
Closing number of units	953,915	3,293,786	2,842,240	399,916	4,293,459	4,349,307
Operating charges	0.94%	0.86%	0.91%	0.94%	0.86%	0.91%
Direct transaction costs	0.78%	0.53%	1.40%	0.78%	0.53%	1.40%
<b>Prices**</b>						
Highest unit price	400.90	393.20	286.50	546.90	555.70	473.00
Lowest unit price	314.90	328.80	273.90	403.20	433.80	359.50

\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as dealing spread and underlying costs with regard to Investment Fund holdings which will also have reduced the unit class returns before operating charges.

\*\*High/low prices included in the table above are for the accounting years from 1 May 2018 to 30 April 2019, 9 August 2017 to 30 April 2018 and 9 August 2016 to 8 August 2017, respectively.

## Report of the Investment Manager

### The risk and reward profile

	SRRI risk category* 30/04/2019	SRRI risk category* 30/04/2018
Barings Korea Trust - Class A GBP Acc	6	6
Barings Korea Trust - Class I GBP Acc	6	6
Barings Korea Trust - Class I GBP Inc	6	6
Barings Korea Trust - Class I USD Acc	6	6

\* The Synthetic Risk and Reward Indicator ("SRRI") is not a measure of the risk of capital loss, but a measure of the Trust's price movement over time; the higher the number, the greater the price movement both up and down. It is based on historical data and is not a reliable indication of the future risk profile of the Trust. The risk category shown is in line with the Key Investor Information Document ("KIID") at year-end, is not guaranteed and may change over time. The risk categories are measured from 1–7 (1 measuring typically lower risk/rewards and 7 measuring typically higher risk/rewards). The lowest category does not mean a risk-free investment. The Trust is classified in the category indicated due to past movements in the Trust's price. There is no capital guarantee. The value of investments and the income from them may go down as well as up and investors may not get back the amount they invest. The SRRI figures shown have not changed during the year.

### Performance

Barings Korea Trust (the "Trust") followed the broad market and registered an absolute net return in GBP terms on Class A GBP Acc of -17.23%, slightly underperforming the performance comparator of -15.37% during the reporting period. Korean equities fell in absolute terms driven by a confluence of technology downcycle and macro volatility on the back of heightened trade friction between the US and China, coupled with signs of slowdown in China's economic momentum and the strengthening of US dollar which contributed to the weakness in the Korean currency.

Stock selection in information technology, consumer discretionary and communication services contributed to the Trust. Fila Korea was a strong contributor to the Trust, as the share price was bolstered by the company's long-term earnings momentum and positive sales growth outlook. Shinsegae International also added value to relative performance, as the share price was elevated on the back of its thriving cosmetics business outlook supported by growing interests in its cosmetic brand VidiVici from Chinese consumers. On the other hand, notable drags to the relative performance include stakes in LG Electronics, which underperformed on its lacklustre smartphone business, while the share price of Orion was dampened by the disappointed Chinese business turnaround.

The top ten purchases and sales during the year were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Samsung Biologics	5,913	Hotel Shilla	6,872
POSCO Chemtech	5,167	Samsung Biologics	5,355
Samsung Fire & Marine Insurance	4,243	S-Oil	5,339
Shinhan Financial	3,910	LG Electronics	5,037
SK Materials	3,895	Hyundai Heavy Industries	5,023
LG Uplus	3,597	Orion Corp/Republic of Korea	5,022
Fila Korea	3,543	Shinsegae	4,967
KB Financial	3,436	Korea Electric Power	4,753
LG Innotek	3,283	SK Hynix	4,655
Cosmax	3,251	Samsung Electronics	4,472

## Report of the Investment Manager (continued)

### Market outlook

While near-term macro challenges are not eliminated completely and trade tensions between the U.S. and China could potentially heighten again, downward pressure on Korea's near-term growth profile could likely be seen given its export market concentration. That said, Korea's unique domestic elements and "niches" of economic drivers are likely to continue to benefit from the evolving secular growth dynamics, and help place the nation ahead of its peers. The near-term market volatility should provide a favourable window for getting exposure to investment opportunities with long-term attractive fundamentals. As a market with premium growth leveraging on synchronized global growth, we believe Korea remains well positioned in terms of its long-term growth outlook and to benefit from the gradual recovery in global demand that is in progress.

Korea is in a key position in terms of its economic development and technological level. Korea usually stands at the top of the list of R&D investment versus GDP as investment in new technologies and manufacturing areas always stays in the spotlight for pioneering Korean enterprises. It is in these leading edge sectors and companies where majority of Korea's growth will come through.

### Baring Asset Management (Asia) Limited, appointed as Sub-Investment by

#### Baring Asset Management Limited

*Baring Asset Management Limited (the "Investment Manager") gives its portfolio managers full authority to manage their funds as they see fit, within the established guidelines set down. This includes the views that managers may take of the markets and sectors they invest in, which may differ from the views of other Barings portfolio managers.*



## Responsibilities of the Manager

The Collective Investment Schemes sourcebook ("COLL") requires Baring Fund Managers Limited (the "Manager") to prepare financial statements for each financial year which give a true and fair view of the financial affairs of the Barings Korea Trust (the "Trust") and of its net expense and net capital losses for the year. In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association ("IA") in May 2014 (the "IMA SORP 2014");
- follow generally accepted accounting principles and applicable accounting standards;
- make judgments and estimates that are reasonable and prudent;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Manager confirms that it has complied with the above requirements in preparing the financial statements. The Manager is responsible for the management of the Trust in accordance with the Trust Deed, Prospectus and the COLL. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of Barings Korea Trust (the "Trust") for the year ended 30 April 2019

NatWest Trustee and Depositary Services Limited (the "Trustee") must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Financial Services and Markets Act 2000, as amended (together the "Regulations"), the Trust Deed and Prospectus (together the "Scheme documents") as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Trustee must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the "AFM") are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations, and the Scheme documents in relation to the investment and borrowing powers applicable to the Trust.

## **Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of Barings Korea Trust (the "Trust") for the year ended 30 April 2019 (continued)**

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the AFM:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents; and
- has observed the investment and borrowing powers and restrictions applicable to the Trust.

NatWest Trustee and Depositary Services Limited  
London 16 July 2019

## Directors' statement

The financial statements on pages 24 to 38 were approved by Baring Fund Managers Limited (the "Manager") and signed on its behalf by:

E. BROWNING                      Director

K. TROUP                          Director

London    16 July 2019

## Portfolio statement

as at 30 April 2019

Holdings	Investments	Percentage	
		Bid-Market value (£)	of total net assets (%)
	<b>Investment Funds: 1.24% (3.01%)</b>		
816,000	Northern Trust Global Funds - Sterling Fund†	<b>816,000</b>	<b>1.24</b>
	<b>Equities: 99.26% (96.90%)</b>		
	<b>Apparel: 2.59% (0.00%)</b>		
31,522	Fila Korea	<b>1,706,951</b>	<b>2.59</b>
	<b>Auto Manufacturers: 1.28% (4.21%)</b>		
9,217	Hyundai Motor	<b>839,937</b>	<b>1.28</b>
	<b>Auto Parts &amp; Equipment: 4.50% (0.80%)</b>		
19,386	Hyundai Mobis	<b>2,965,641</b>	<b>4.50</b>
	<b>Beverages: 1.11% (0.00%)</b>		
54,476	Hite Jinro	<b>727,627</b>	<b>1.11</b>
	<b>Biotechnology: 2.10% (2.37%)</b>		
3,957	Hugel	1,078,930	1.64
1,371	Samsung Biologics	306,256	0.46
		<b>1,385,186</b>	<b>2.10</b>
	<b>Chemicals: 6.94% (8.89%)</b>		
18,854	Kumho Petrochemical	1,138,816	1.73
8,153	LG Chem	1,936,565	2.94
8,471	Lotte Chemical	1,496,533	2.27
		<b>4,571,914</b>	<b>6.94</b>
	<b>Computers: 0.94% (0.00%)</b>		
3,682	SK	<b>621,410</b>	<b>0.94</b>
	<b>Cosmetics/Personal Care: 7.53% (4.50%)</b>		
16,000	Kolmar BNH	304,246	0.46
38,935	Kolmar Korea	1,895,742	2.88
2,950	LG Household & Health Care	2,758,186	4.19
		<b>4,958,174</b>	<b>7.53</b>
	<b>Diversified Financial Services: 6.42% (4.91%)</b>		
41,739	KB Financial	1,267,422	1.93
101,924	Shinhan Financial	2,957,484	4.49
		<b>4,224,906</b>	<b>6.42</b>
	<b>Electric: 0.00% (2.62%)</b>		
	<b>Electrical Components &amp; Equipment: 0.00% (3.12%)</b>		
	<b>Electronics: 4.92% (5.52%)</b>		
51,954	BH	671,721	1.02
92,757	IsuPetasys	338,114	0.52
11,741	Koh Young Technology	744,714	1.13
20,754	Samsung Electro-Mechanics	1,481,627	2.25
		<b>3,236,176</b>	<b>4.92</b>
	<b>Energy-Alternate Sources: 0.00% (1.51%)</b>		
	<b>Engineering &amp; Construction: 1.37% (2.34%)</b>		
33,686	GS Engineering & Construction	<b>899,876</b>	<b>1.37</b>

BARINGS

## Portfolio statement (continued)

as at 30 April 2019

Holdings	Investments	Percentage	
		Bid-Market value (£)	of total net assets (%)
	<b>Equities: 99.26% (96.90%) (continued)</b>		
	<b>Entertainment: 0.00% (1.32%)</b>		
	<b>Food: 2.70% (2.30%)</b>		
5,582	BGF retail	800,670	1.22
2,039	Ottogi	974,005	1.48
		<b>1,774,675</b>	<b>2.70</b>
	<b>Healthcare Products: 0.00% (2.06%)</b>		
	<b>Insurance: 6.17% (0.38%)</b>		
43,371	Meritz Fire & Marine Insurance	677,752	1.03
10,411	Samsung Fire & Marine Insurance	2,079,019	3.16
23,408	Samsung Life Insurance	1,306,073	1.98
		<b>4,062,844</b>	<b>6.17</b>
	<b>Internet: 6.99% (2.66%)</b>		
25,077	AfreecaTV	1,052,698	1.60
6,614	Kakao	522,219	0.79
4,557	NAVER	358,306	0.54
5,833	NCSOFT	2,014,924	3.06
11,883	NHN Entertainment	655,987	1.00
		<b>4,604,134</b>	<b>6.99</b>
	<b>Iron/Steel: 1.71% (2.64%)</b>		
6,703	POSCO	<b>1,124,648</b>	<b>1.71</b>
	<b>Mining: 1.55% (0.00%)</b>		
3,433	Korea Zinc	<b>1,020,985</b>	<b>1.55</b>
	<b>Miscellaneous Manufacturing: 4.88% (0.00%)</b>		
45,549	POSCO Chemical	1,714,282	2.60
13,297	SK Materials	1,498,713	2.28
		<b>3,212,995</b>	<b>4.88</b>
	<b>Oil &amp; Gas: 2.55% (5.10%)</b>		
13,990	SK Innovation	<b>1,679,917</b>	<b>2.55</b>
	<b>Pharmaceuticals: 2.21% (0.36%)</b>		
9,029	Yuhan	<b>1,455,503</b>	<b>2.21</b>
	<b>Retail: 5.72% (13.17%)</b>		
4,318	Hotel Shilla	325,308	0.49
11,767	Shinsegae	2,632,401	4.00
3,916	Shinsegae International	807,770	1.23
		<b>3,765,479</b>	<b>5.72</b>
	<b>Semiconductors: 17.70% (16.26%)</b>		
215,725	Samsung Electronics	6,507,994	9.88
32,796	Silicon Works	1,051,969	1.60
64,932	SK Hynix	3,370,879	5.12
39,496	WONIK IPS	725,045	1.10
		<b>11,655,887</b>	<b>17.70</b>
	<b>Shipbuilding: 1.83% (3.68%)</b>		
13,991	Hyundai Mipo Dockyard	517,360	0.79

## Portfolio statement (continued)

as at 30 April 2019

		Bid-Market value (£)	Percentage of total net assets (%)
<b>Holdings</b>	<b>Investments</b>		
	<b>Equities: 99.26% (96.90%)</b> (continued)		
	<b>Shipbuilding: 1.83% (3.68%)</b> (continued)		
127,208	Samsung Heavy Industries	688,008	1.04
		<b>1,205,368</b>	<b>1.83</b>
	<b>Telecommunications: 4.31% (4.32%)</b>		
12,149	Samsung SDI	1,886,514	2.87
5,838	SK Telecom	948,786	1.44
		<b>2,835,300</b>	<b>4.31</b>
	<b>Transportation: 1.24% (1.86%)</b>		
7,865	CJ Logistics	815,054	1.24
	<b>Portfolio of investments: 100.50% (99.91%)</b>	<b>66,166,587</b>	<b>100.50</b>
	Net other liabilities	(327,646)	(0.50)
	<b>Net assets</b>	<b>65,838,941</b>	<b>100.00</b>

† Shares in Investment Funds. Uninvested cash from the Trust is swept into this fund daily.

Note: Securities shown on the portfolio statement are ordinary shares admitted to official stock exchange listings or traded on a regulated market, unless otherwise stated.

Comparative figures shown in brackets relate to 30 April 2018.

# **Independent Auditors' report to the unitholders of Barings Korea Trust**

## **Report on the financial statements**

### **Our opinion**

In our opinion, Barings Korea Trust's (the "Trust") financial statements:

- give a true and fair view of the financial position of the Trust as at 30 April 2019 and of the net expense and the net capital losses on its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report & Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2019; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables and the notes to the financial statements, which include a summary of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear and it is difficult to evaluate all of the potential implications on the Trust's business and the wider economy.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The Manager is responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or if it otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

#### *Manager's report*

In our opinion, the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## **Independent Auditors' report to the unitholders of Barings Korea Trust (continued)**

### **Responsibilities for the financial statements and the audit**

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

As explained more fully in the 'Responsibilities of the Manager' set out on page 16, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control that he/she determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Trust'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 the Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 (UK) 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for, and only for, the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook, we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
16 July 2019

## Statement of total return

for the year ended 30 April 2019

	Notes	2019 £'000	2018 £'000
Income			
Net capital (losses)/gains	2	(19,150)	13,252
Revenue	3	1,641	1,553
Expenses	4	(1,337)	(1,210)
Interest payable and other similar charges	5	—	(1)
Net revenue before taxation		304	342
Taxation	6	(357)	(339)
Net (expense)/revenue after taxation		(53)	3
<b>Total return before distributions</b>		<b>(19,203)</b>	<b>13,255</b>
Distributions	7	(128)	(161)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(19,331)</b>	<b>13,094</b>

## Statement of change in net assets attributable to unitholders

for the year ended 30 April 2019

	2019 £'000	2018 £'000
<b>Opening net assets attributable to unitholders</b>	<b>117,985</b>	<b>111,760</b>
Amounts receivable on issue of units	23,456	22,968
Amounts payable on cancellation of units	(56,412)	(29,952)
	<b>(32,956)</b>	<b>(6,984)</b>
Dilution adjustment	95	22
Changes in net assets attributable to unitholders from investment activities	(19,331)	13,094
Retained distribution on accumulation units	46	93
<b>Closing net assets attributable to unitholders</b>	<b>65,839</b>	<b>117,985</b>

## Balance sheet

as at 30 April 2019

	Notes	30/04/2019 £'000	30/04/2018 £'000
<b>Assets</b>			
Investment assets		<b>66,167</b>	117,874
Current assets:			
Debtors	9	<b>447</b>	348
Cash and bank balances	10	<b>11</b>	1,422
Total assets		<b>66,625</b>	119,644
<b>Liabilities</b>			
Creditors:			
Distribution payable on income units	7	<b>(5)</b>	(46)
Other creditors	11	<b>(781)</b>	(1,613)
Total liabilities		<b>(786)</b>	(1,659)
<b>Net assets attributable to unitholders</b>		<b>65,839</b>	117,985

## Notes to the financial statements

for the year ended 30 April 2019

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared with the historical cost convention, as modified by the revaluation of investments, and in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association ("IA") in May 2014 (the "IMA SORP 2014"). The financial statements are also in compliance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been prepared on a going concern basis.

#### Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 30 April 2019. The fair value for non-derivative securities is the bid-market price, excluding any accrued interest.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair value.

#### Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 12 noon on 30 April 2019.

#### Revenue Recognition

Revenue from quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Bank interest and other revenue is recognised on an accruals basis.

Distributions receivable from Investment Funds are recognised when the shares are priced ex-distribution. Distributions receivable from Investment Funds, excluding any equalisation element, are recognised as revenue. Equalisation is deducted from the bookcosts of the investments.

#### Special dividends

These are recognised as either revenue or capital depending upon the nature and circumstances of the dividend. Amounts recognised as revenue will form part of Trust's distribution. Any tax thereon will follow the accounting treatment of the principal amount.

#### Distribution Policy

Where applicable, for the income ("Inc") units, the Trust will pay any surplus revenue as a distribution. For accumulation ("Acc") units, the Trust will retain any surplus revenue for investment in the Trust.

#### Treatment of expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments and stamp duty reserve tax) are charged against revenue for the year on an accruals basis.

#### Taxation

Corporation tax is provided for on an accounting basis, hence deferred tax on short-term timing difference does not arise. Deferred tax assets arising from unutilised expenses are only recognised as they are expected to crystallise. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### Dilution adjustment

The Trust is single priced and, as a result, may suffer a reduction in value due to costs incurred in the purchase and sale of its underlying investments. With a view to countering this and to act in the best interests of all investors, we have the ability to apply a dilution adjustment, which means we will change the price (up or down) at which you buy or sell. Please refer to the full Prospectus for further details.

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/2018 to 30/04/2019	09/08/2017 to 30/04/2018
	£'000	£'000
Non-derivative securities	(19,072)	13,133
Derivative securities	–	249
Currency losses	(57)	(129)
Forward currency contracts	3	9
Transaction charges	(24)	(10)
Net capital (losses)/gains on investments	<u>(19,150)</u>	<u>13,252</u>

### 3. Revenue

	01/05/2018 to 30/04/2019	09/08/2017 to 30/04/2018
	£'000	£'000
Bank interest	4	9
Offshore CIS interest revenue	14	2
Overseas dividends	1,623	1,542
	<u>1,641</u>	<u>1,553</u>

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 4. Expenses

	01/05/2018 to 30/04/2019 £'000	09/08/2017 to 30/04/2018 £'000
<b>Payable to Baring Fund Managers Limited (the "Manager") or associates of the Manager:</b>		
Manager's service charge	1,185	1,086
	<b>1,185</b>	<b>1,086</b>
<b>Payable to NatWest Trustee and Depositary Services Limited (the "Trustee") or associates of the Trustee:</b>		
Trustee fees	22	21
Safe custody charges	74	69
	<b>96</b>	<b>90</b>
<b>Other expenses:</b>		
Administration fees	3	—
Audit fees*	13	7
Professional fees	6	1
Registrar and transfer agency fees	25	20
Standing charges	3	2
Taxation fees**	6	4
	<b>56</b>	<b>34</b>
<b>Total expenses</b>	<b>1,337</b>	<b>1,210</b>

\* The audit fee for the year ending 30 April 2019 amounting to £8,631 plus VAT will be paid by Barings (Audit fee paid for the year ending 30 April 2018 is £8,380 plus VAT).

\*\* Taxation fees relates to PricewaterhouseCoopers LLP ("PwC") or an affiliate of PwC.

### 5. Interest payable and other similar charges

	01/05/2018 to 30/04/2019 £'000	09/08/2017 to 30/04/2018 £'000
Interest expenses	—	1
	<b>—</b>	<b>1</b>

### 6. Taxation

	01/05/2018 to 30/04/2019 £'000	09/08/2017 to 30/04/2018 £'000
<b>a) Analysis of tax charges for the year:</b>		
Overseas withholding tax	357	339

### b) Factors affecting taxation charge for the year:

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 6. Taxation (continued)

#### b) Factors affecting taxation charge for the year: (continued)

The tax assessed for the year is higher (30 April 2018: higher) than the standard rate of corporation tax in the UK for an authorised unit trust, which is 20% (30 April 2018: 20%). The differences are explained below:

	01/05/2018 to 30/04/2019	09/08/2017 to 30/04/2018
	£'000	£'000
Net revenue before taxation	304	342
Corporation tax at 20%	61	68
Effects of:		
Overseas withholding tax	357	339
Excess management expenses not utilised	264	240
Non taxable overseas dividends	(325)	(308)
Current tax charge for the year (note 5a)	357	339

#### c) Provision for the deferred tax

At the year-end, there was an unrecognised potential tax asset of £3,434,534 (30 April 2018: £3,170,651) in relation to unutilised management expenses. These are not expected to be utilised in the foreseeable future, unless the nature of the Trust's revenue or capital gains/losses changes.

### 7. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprises:

	01/05/2018 to 30/04/2019	09/08/2017 to 30/04/2018
	£'000	£'000
Final Distribution	5	46
Final Accumulation	46	93
	51	139
Add: Revenue deducted on cancellation of units	90	43
Deduct: Revenue received on issue of units	(13)	(21)
<b>Total distributions</b>	<b>128</b>	<b>161</b>

Details of the distributions per unit are set out in the Distribution Tables on page 38.

Distributions payable at the year-end of £4,729 (30 April 2018: £46,149) are disclosed in the Balance Sheet on page 25.



## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 8. Movement between net revenue and distributions

	01/05/2018 to 30/04/2019	09/08/2017 to 30/04/2018
	£'000	£'000
Net (expense)/revenue after taxation	(53)	3
Income deficit	181	159
	<b>128</b>	<b>162</b>

### 9. Debtors

	2019 £'000	2018 £'000
Accrued revenue	46	68
Amount receivable for creation of units	51	278
Currency deals awaiting settlement	3	2
Sales awaiting settlement	347	–
	<b>447</b>	<b>348</b>

### 10. Cash and bank balances

	2019 £'000	2018 £'000
Cash and bank balances	11	10
Cash held by the broker	–	1,412
	<b>11</b>	<b>1,422</b>

### 11. Creditors

	2019 £'000	2018 £'000
Accrued expenses	157	188
Amounts payable for cancellation of units	624	86
Purchases awaiting settlement	–	1,339
	<b>781</b>	<b>1,613</b>

### 12. Contingent liabilities

There were no contingent liabilities at the year-end date (30 April 2018: £nil).

### 13. Equalisation

Equalisation applies only to units purchased during the distribution year (Group 2 units). It is the average amount of net revenue included in the purchase price of all Group 2 units. In the case of income ("Inc") units, it is refunded as part of a unitholder's first distribution. In the case of accumulation ("Acc") units, it is automatically reinvested in the relevant fund at the distribution ex-date after the units were purchased. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 14. Financial instruments

In pursuing its investment objective set out on page 4, the Trust may hold a number of financial instruments. These comprise:

- equity and non-equity shares, fixed-income securities, and floating-rate securities. These are held in accordance with the Trust's investment objective and policies;
- cash, Collective Investment Funds, liquid resources and short-term debtors and creditors that arise directly from its operations;
- unitholders' funds which represent investors' monies which are invested on their behalf;
- borrowings used to finance investment activity;
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Trust's investment activities (and related financing); and
- derivative instruments for the purpose of investment and efficient portfolio management.

### 15. Risks of financial instruments

The risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate (30 April 2018: same):

- *Market risk* - arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The Manager does not use derivative instruments to hedge the investment portfolio against market risk, as in their opinion the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

#### Sensitivity analysis

As at 30 April 2019, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately £3.308 million (30 April 2018: £5.900 million).

- *Foreign currency risk* - the revenue and capital value of the Trust's investments can be significantly affected by foreign currency translation movements, as the majority of the Trust's assets and revenue are denominated in currencies other than sterling, which is the Trust's functional currency.

The Manager has identified three principal areas where foreign currency risk could impact the Trust. These are: movement in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the year between when an investment, purchase or sale is entered into and the date when settlement of the investment occurs, and finally, movements in exchange rates affecting revenue received by the Trust. The Trust converts all receipts of revenue received in foreign currencies into sterling on the day of receipt.

At the year-end date, a proportion of the net assets of the Trust were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 15. Risks of financial instruments (continued)

Currency exposure for the year ended 30 April 2019:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
South Korean won	65,351	1	65,352
	<b>65,351</b>	<b>1</b>	<b>65,352</b>

Currency exposure for the year ended 30 April 2018:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
South Korean won	114,324	1,482	115,806
	<b>114,324</b>	<b>1,482</b>	<b>115,806</b>

### Sensitivity analysis

At 30 April 2019, if the value of the sterling increased or decreased by 1%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately £0.658 million (30 April 2018: £1.150 million).

- *Interest rate risk* - the Trust may invest in both fixed-rate and floating rate securities. Any change to the interest rates relevant for particular securities may result in either revenue increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise, the revenue potential of the Trust also rises, but the value of fixed-rate securities will decline (along with certain expenses calculated by reference to the assets of the Trust). A decline in interest rates will in general have the opposite effect.

The interest rate risk profile of financial assets and liabilities consists of the following:

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 15. Risks of financial instruments (continued)

	Floating rate 30/04/2019 £'000	Fixed rate 30/04/2019 £'000	Non-interest bearing 30/04/2019 £'000	Total 30/04/2019 £'000
Portfolio of investments	–	–	66,167	66,167
Cash at bank	11	–	–	11
Other assets	–	–	447	447
Liabilities	–	–	(786)	(786)
	<b>11</b>	<b>–</b>	<b>65,828</b>	<b>65,839</b>

  

	Floating rate 30/04/2018 £'000	Fixed rate 30/04/2018 £'000	Non-interest bearing 30/04/2018 £'000	Total 30/04/2018 £'000
Portfolio of investments	–	–	117,874	117,874
Cash at bank	1,422	–	–	1,422
Other assets	–	–	348	348
Liabilities	–	–	(1,659)	(1,659)
	<b>1,422</b>	<b>–</b>	<b>116,563</b>	<b>117,985</b>

The floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to the London Interbank Offered Rate (“LIBOR”) or international equivalent borrowing rate.

#### Sensitivity analysis

The Trust had no significant interest rate risk exposure as at 30 April 2019 (30 April 2018: same).

- *Liquidity risk* – the Trust’s assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell.
- *Credit risk* – certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

As at 30 April 2019, the Trust did not hold any open forward currency contracts with any counterparty (30 April 2018: same).

The Trust only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, and these limits are reviewed regularly.

During the year, the Trust made use of “Over The Counter” (“OTC”) derivative instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments. The Trust’s exposure to counterparty risk in respect of OTC derivative instruments for forward contracts is the notional exposure of these contracts. In order to reduce this risk, a collateral may be held by the Trust.

- *Fair Value* – there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

### 16. Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm’s length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 16. Fair value (continued)

FRS 102 requires the Trust to classify financial instruments measured at fair value into the following hierarchy: The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at the year-end date. The fair value hierarchy has the following levels:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

#### Valuation technique for the year ended 30 April 2019:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Equities	65,351	–	–	65,351
Investment Funds	–	816	–	816
	<b>65,351</b>	<b>816</b>	<b>–</b>	<b>66,167</b>

#### Valuation technique for the year ended 30 April 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Equities	114,324	–	–	114,324
Investment Funds	–	3,550	–	3,550
	<b>114,324</b>	<b>3,550</b>	<b>–</b>	<b>117,874</b>

### 17. Portfolio transaction costs

	2019 £'000	2018 £'000
<b>Analysis of total purchase costs:</b>		
Purchases before transaction costs*	<b>160,289</b>	<b>115,208</b>
Commissions:		
Equities total value paid	<b>104</b>	156
Total transaction costs	<b>104</b>	156
<b>Gross purchases total</b>	<b>160,393</b>	115,364

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 17. Portfolio transaction costs (continued)

	2019 £'000	2018 £'000
<b>Analysis of total sale costs:</b>		
Sales before transaction costs	191,002	122,748
Commissions:		
Equities total value paid	(135)	(130)
Taxes:		
Equities total value paid	(573)	(368)
Total transaction costs	(708)	(498)
<b>Total sales net of transaction costs</b>	<b>190,294</b>	<b>122,250</b>

\* Not included in 2019 figures are purchases and sales in cash funds totalling £73.768 million and £78.073 million, respectively, where there are no transaction costs applicable. In 2018, purchases and sales in cash funds totalled £51.600 million and £49.870 million, respectively.

The above analysis covers any direct transaction costs suffered by the Trust during the year.

In the case of equities and Investment Funds, separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Trust's purchase and sale of equity investments. In addition, there may be dealing spread costs (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions which are not separately identifiable and do not form part of the analysis above.

In the case of Investment Funds, there may be potential dealing spread costs applicable to purchases and sales. Additionally, there are indirect transaction costs suffered in those underlying sub-funds throughout the holding period for the instruments which are not separately identifiable and do not form part of the analysis above.

The dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions are not separately identifiable and do not form part of the analysis above. The average portfolio dealing spread is disclosed below. Transaction costs vary depending on the transaction value and market sentiment.

The average portfolio dealing spread is disclosed below. Transaction costs vary depending on the transaction value and market sentiment.

	2019 %	2018 %
<b>Analysis of total purchase costs:</b>		
Commissions:		
Equities percentage of total purchases costs	0.06	0.14
Equities percentage of average NAV	0.11	0.13
<b>Analysis of total sale costs:</b>		
Commissions:		
Equities percentage of total sales costs	(0.07)	(0.11)
Equities percentage of average NAV	(0.15)	(0.11)
Taxes:		
Equities percentage of total sales costs	(0.30)	(0.30)
Equities percentage of average NAV	(0.62)	(0.31)

## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 17. Portfolio transaction costs (continued)

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.17% (30 April 2018: 0.24%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

### 18. Unit classes

The Trust currently has four (4) unit classes: A GBP Acc, I GBP Acc, I GBP Inc and I USD Acc. The annual management charge and Trust management fee can be found on page 5. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative tables on pages 12 and 13. The distribution per unit class is given in the distribution tables on page 38. All classes have the same rights on winding up.

	As at 30 April 2019
<b>Class A GBP Acc</b>	
Opening units	21,372,120
Units created	3,275,593
Units liquidated	(7,063,259)
Units converted	(24,460)
<b>Closing units</b>	<b>17,559,994</b>

	As at 30 April 2019
<b>Class I GBP Acc</b>	
Opening units	2,143,772
Units created	2,348,075
Units liquidated	(2,368,650)
Units converted	23,374
<b>Closing units</b>	<b>2,146,571</b>

	As at 30 April 2019
<b>Class I GBP Inc</b>	
Opening units	3,293,786
Units created	242,853
Units liquidated	(2,582,724)
Units converted	—
<b>Closing units</b>	<b>953,915</b>



## Notes to the financial statements (continued)

for the year ended 30 April 2019

### 18. Unit classes (continued)

	As at 30 April 2019
<b>Class I USD Acc</b>	
Opening units	4,293,459
Units created	662,325
Units liquidated	(4,555,868)
Units converted	—
<b>Closing units</b>	<b>399,916</b>

### 19. Ultimate controlling party and related party transactions

Baring Asset Management Limited (the "Investment Manager") is the immediate parent company of the Manager and also regarded as a related party. The Investment Manager's fees and expenses will be paid by the Manager out of its remuneration from the Trust. As at 30 April 2019, no amounts due from or to the Investment Manager in respect of unit transactions (30 April 2018: nil).

The Manager exercises control over the Trust and is therefore a related party by virtue of its controlling influence. Amounts paid during the year or due to the Manager in respect of management fees at the balance sheet date are disclosed under Expenses and Other Creditors in the notes to the financial statements.

The Manager acts as principal on all transactions of units in the Trust. The aggregate monies received through the issue and cancellations of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the notes to the financial statements. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Other Creditors in the notes to the financial statements.

## Distribution tables

Group 1: Units purchased prior to 1 May 2018

Group 2: Units purchased between 1 May 2018 and 30 April 2019

### Final accumulation - Class A GBP Acc (in pence per unit)

During the distribution period ending 30 April 2019, the total revenue for the Class A GBP Acc unit class was less than its expenses, resulting in a revenue shortfall (8 August 2018: shortfall).

### Final accumulation - Class I GBP Acc (in pence per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Accumulation Payable	2018 Accumulation Paid
1	1.9677	0.0000	1.9677	1.4323
2	1.8482	0.1195	1.9677	1.4323

### Final distribution - Class I GBP Inc (in pence per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Distribution Payable	2018 Distribution Paid
1	0.4957	0.0000	0.4957	1.4011
2	0.3722	0.1235	0.4957	1.4011

### Final accumulation - Class I USD Acc (in cents per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Accumulation Payable	2018 Accumulation Paid
1	1.2467	0.0000	1.2467	1.9975
2	1.2467	0.0000	1.2467	1.9975

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The Barings logo consists of the word "BARINGS" in a dark blue, serif, all-caps font. Below the text is a horizontal line with a green-to-blue gradient.