



Barings Europe Select Trust

Annual Report & Audited Financial
Statements

for the year ended 31 May 2018

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* 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

155 Bishopsgate

London EC2M 3XY

United Kingdom

Telephone: + 44 207 628 6000

Facsimile: + 44 207 638 7928

Authorised and regulated by the FCA.

Directors

C. Biggins

B. Greene*

D. Stevenson**

J. Swayne

* Benjamin Greene has been appointed as a Director for Baring Fund Managers Limited with effect from 18 December 2017.

** David Stevenson has resigned from his position as Director for Baring Fund Managers Limited with effect from 20 December 2017.

Registered office

155 Bishopsgate

London EC2M 3XY

Telephone: 020 7628 6000

Trustee & Depositary

National Westminster Bank Plc

Trustee & Depositary Services

Floor 1, 280 Bishopsgate

London EC2M 4RB

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

Registrar

Northern Trust Global Services PLC

P.O. Box 55736

50 Bank Street

Canary Wharf

London E14 5NT

Telephone: 0333 300 0372†

Fax: 020 7982 3924

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

† Telephone calls may be recorded and monitored.

Independent Auditor

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh EH3 8EX

Introduction

Baring Fund Managers Limited (the “Manager”) has delegated its day-to-day investment management responsibilities in relation to Barings Europe Select Trust (the “Trust”) to Baring Asset Management Limited (the “Investment Manager”), which is authorised and regulated by the Financial Conduct Authority (“FCA”).

As an investor in the Trust, your money is pooled with that of other investors and invested by the Manager in a widely diversified portfolio of shares of Continental European companies. Although income (“Inc”) units are issued, the primary objective of the Trust is to provide growth in the value of capital. Investors can choose to reinvest any revenue generated back into the Trust, thus participating fully in the growth prospects of European companies. As with all Trusts 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 during the year under review. The 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 Barings Europe Select Trust (the “Trust”) is to achieve long-term capital growth by investing in Europe.

The Trust will seek to achieve its investment objective by investing at least 75% of its total assets directly and indirectly in equities and equity-related securities of smaller companies incorporated in, or exercising the predominant part of their economic activity in, Europe, or quoted or traded on the stock exchanges in Europe.

How the Trust is managed

At Barings, our equity investment teams share the philosophy of quality “Growth at a Reasonable Price” or GARP. We believe that earnings growth is the principal driver of equity market performance over the medium to long term, and favour high quality companies for their ability to outperform the market on a risk-adjusted basis. In particular, we believe that structured fundamental research and a disciplined investment process combining quality, growth and upside disciplines can allow us to identify attractively priced, long-term growth companies which will outperform the market. Our approach emphasises quality criteria when looking at companies and a three-to-five-year time horizon when forecasting company earnings. In determining upside, we use consistent and transparent methods to place emphasis on discounted earnings models.

Risk profile

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

- Changes in exchange rates between the 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.
- The Trust can hold smaller company shares, which can be more difficult to buy and sell as they may trade infrequently and in small volumes, so their share prices may fluctuate more than those of larger companies.
- Regional 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.
- Emerging market countries may have less developed regulation and face more political, economic or structural challenges than developed countries. This means your money is at greater risk.
- 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 Europe Select Trust (the “Trust”) is constituted by a Trust Deed between Baring Fund Managers Limited (the “Manager”) and National Westminster Bank Plc (the “Depositary”).

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 Europe Select 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 31 May 2018

Total Trust size:	£2,156.0 million	
OCF*:	31/05/2018	31/05/2017
Barings Europe Select Trust - Class A GBP Inc**	1.55%	1.55%
Barings Europe Select Trust - Class A EUR Accumulation (“Acc”) units**	1.55%	1.55%
Barings Europe Select Trust - Class A EUR Inc**	1.55%	1.55%
Barings Europe Select Trust - Class A USD Acc	1.55%	1.55%
Barings Europe Select Trust - Class I EUR Acc	0.80%	0.80%
Barings Europe Select Trust - Class I EUR Inc	0.80%	0.80%
Barings Europe Select Trust - Class I GBP Inc	0.80%	0.80%
Initial charge:		
Barings Europe Select Trust - Class A GBP Inc**		5%
Barings Europe Select Trust - Class A EUR Acc**		5%
Barings Europe Select Trust - Class A EUR Inc**		5%
Barings Europe Select Trust - Class A USD Acc		5%
Barings Europe Select Trust - Class I EUR Acc		0%
Barings Europe Select Trust - Class I EUR Inc		0%
Barings Europe Select Trust - Class I GBP Inc		0%
Annual charge:		
Barings Europe Select Trust - Class A GBP Inc**		1.50%
Barings Europe Select Trust - Class A EUR Acc**		1.50%
Barings Europe Select Trust - Class A EUR Inc**		1.50%
Barings Europe Select Trust - Class A USD Acc		1.50%
Barings Europe Select Trust - Class I EUR Acc		0.75%
Barings Europe Select Trust - Class I EUR Inc		0.75%
Barings Europe Select Trust - Class I GBP Inc		0.75%

* 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, depositary and general expenses.

** ‘Baring Europe Select Trust - Class GBP Inc’ changed its name to ‘Barings Europe Select Trust - Class A GBP Inc’ on 29 August 2017.

‘Baring Europe Select Trust - Class EUR Acc’ changed its name to ‘Barings Europe Select Trust - Class A EUR Acc’ on 29 August 2017.

‘Baring Europe Select Trust - Class EUR Inc’ changed its name to ‘Barings Europe Select Trust - Class A EUR Inc’ on 29 August 2017.

Regulatory disclosure (continued)

The Trust at a glance on 31 May 2018 (continued)

Annualised net yield***:	
Barings Europe Select Trust - Class A GBP Inc**	0.54%
Barings Europe Select Trust - Class A EUR Acc**	0.28%
Barings Europe Select Trust - Class A EUR Inc**	0.59%
Barings Europe Select Trust - Class A USD Acc	0.63%
Barings Europe Select Trust - Class I EUR Acc	1.32%
Barings Europe Select Trust - Class I EUR Inc	1.33%
Barings Europe Select Trust - Class I GBP Inc	1.32%
Minimum initial investment:	
Barings Europe Select Trust - Class A GBP Inc**	£1,000
Barings Europe Select Trust - Class A EUR Acc**	€5,000
Barings Europe Select Trust - Class A EUR Inc**	€5,000
Barings Europe Select Trust - Class A USD Acc	\$5,000
Barings Europe Select Trust - Class I EUR Acc	€10,000,000
Barings Europe Select Trust - Class I EUR Inc	€10,000,000
Barings Europe Select Trust - Class I GBP Inc	£10,000,000
Minimum subsequent investment:	
Barings Europe Select Trust - Class A GBP Inc**	£500
Barings Europe Select Trust - Class A EUR Acc**	€1,000
Barings Europe Select Trust - Class A EUR Inc**	€1,000
Barings Europe Select Trust - Class A USD Acc	\$2,500
Barings Europe Select Trust - Class I EUR Acc	€1,000
Barings Europe Select Trust - Class I EUR Inc	€1,000
Barings Europe Select Trust - Class I GBP Inc	£500
Revenue available per unit:	
Barings Europe Select Trust - Class A GBP Inc**	21.8958p
Barings Europe Select Trust - Class A EUR Acc**	€0.1389
Barings Europe Select Trust - Class A EUR Inc**	€0.2729
Barings Europe Select Trust - Class A USD Acc	\$0.3633
Barings Europe Select Trust - Class I EUR Acc	€0.6468
Barings Europe Select Trust - Class I EUR Inc	€0.6278
Barings Europe Select Trust - Class I GBP Inc	54.4617p

** 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

*** Calculated based on mid-price.

Regulatory disclosure (continued)

Price per unit	Mid-price
Barings Europe Select Trust - Class A GBP Inc*	4,088.00p
Barings Europe Select Trust - Class A EUR Acc*	€49.140
Barings Europe Select Trust - Class A EUR Inc*	€46.530
Barings Europe Select Trust - Class A USD Acc	\$57.400
Barings Europe Select Trust - Class I EUR Acc	€48.950
Barings Europe Select Trust - Class I EUR Inc	€47.100
Barings Europe Select Trust - Class I GBP Inc	4,126.00p

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

Revenue allocations and reports

Revenue allocations are made in August (final) and January (interim) of each year, where applicable, and forwarded to unitholders together with tax vouchers. The annual report and financial statements for the year-end to 31 May and an interim report and financial statements for the period-end to 30 November will be available on the Baring Asset Management Limited website at www.barings.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.

Soft commission arrangements during 2017

The Manager and its associates do not receive cash or offer rebates to brokers or dealers in respect of transactions for Baring Asset Management Limited (the "Investment Manager"). The Investment Manager uses the research commission portion of executed trades for provision of research for the benefit of the Trust. Execution of transactions will be consistent with our best execution policy. The Investment Manager has engaged in such activities during the year.

Soft commission arrangements have been terminated from 2 January 2018

Barings has agreed to pay for research from its own account and, as such, no client or fund will be subject to the soft commission arrangements.

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.

Regulatory disclosure (continued)

Publication of prices

From 29 August 2017, we will be changing the way in which we publish the prices of units. The prices of units will no longer be published in the Financial Times but will continue to be published on the Barings website at www.barings.com and on the “Daily Fund Prices” page of the Investment Association website at www.theinvestmentassociation.org. 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 periodic charge is 1.50% per annum for Class A GBP Inc, Class A EUR Acc, Class A EUR Inc and Class A USD Acc, and 0.75% per annum in respect of Class I EUR Acc, Class I EUR Inc and Class I GBP Inc.

Key changes during the year

In compliance with data privacy laws, including the General Data Protection Regulation (Regulation (EU) 2016/679), the Barings Investor Privacy Notice is available at www.barings.com, where you may obtain a copy, should you require one.

The Trust’s name changed to align it with the group entity name of Barings, with “Barings” replacing “Baring” in the name; therefore, the Trust has been renamed Barings Europe Select Trust.

Securities Financing Transaction Regulation (“SFTR”) disclosure

The SFTR applies to the Manager as a UCITS management company and require the Manager to comply with a series of obligations. In particular, the Manager will be required to provide investors with information on the use of securities financing transactions (“SFTs”) and total return swaps (“TRSs”) by the Trust in all interim and annual reports published from 13 January 2017.

During the year 1 June 2017 to 31 May 2018, the Trust did not enter into SFTs and TRSs. Should this change in the future, the interim and annual reports for the Trust will disclose all required information on the use of SFTs and TRSs.

Remuneration

The Manager’s Remuneration Policy ensures that the remuneration arrangements of the Manager remunerated “Identified Staff” as defined in “ESMA’s Guidelines on Sound Remuneration Policy under the UCITS directive, ESMA 2013/201” (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 Remuneration Code (SYSC 19E) and must comply with the UCITS remuneration principles in a way and to the extent that is appropriate to its size and business.

The Manager has appointed Baring Asset Management Limited as the delegate to carry out investment management (the “Investment Manager”). The Investment Manager is authorised in the UK by the FCA.

Regulatory disclosure (continued)

Remuneration Committee

Due to the size and nature of the Manager, the Board of Directors of the Manager (the “Manager Board”) considers it appropriate to disapply the requirement to appoint a remuneration committee.

The Manager forms part of the Barings Europe Limited group of companies (“Barings”). Barings has appointed 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 requirements and ensures that potential conflicts arising from remuneration are managed and mitigated appropriately.

UCITS Remuneration Identified Staff

The Manager must determine its Identified Staff, whose professional activities have a material impact on its risk profile. Identified staff consists of staff whose professional activities have a material impact on the risk profiles of the Manager or the Trust, which includes senior managers, controlled functions and risk takers.

a) Senior Managers and controlled functions

The Manager Board has waived its entitlement to receive a director’s fee from the Manager. Other than Benjamin Greene, the Manager Board were all employees of the Investment Manager during the Trust’s accounting period and were remunerated accordingly.

b) Risk takers

Risk takers as defined by the Manager’s Remuneration Policy are as follows:

- i. The Permanent Risk Management Function (“PRMF”): the Manager’s PRMF comprises of an Organisational Risk team and an Investment Risk team. The individuals who have a material impact on the trust are included in the disclosure.
- ii. Portfolio Managers: the Portfolio Managers are remunerated by the Investment Manager under an equivalent remuneration regime (the Investment Manager and its subsidiaries are subject to remuneration rules contained in the Capital Requirements Directive (“CRD”) and these are considered to be equally as effective as those contained in the UCITS directive).

Remuneration Disclosure: Barings Europe Select Trust

The table below summarises the fixed and variable remuneration paid to Identified Staff (for the financial year ended 31 December 2017) as well as other Barings staff (remunerated by the Investment Manager) that carry out activities for the AFM. The disclosures below show remuneration relevant to the Trust, apportioned using total Barings’ Assets Under Management (“AUM”).

	Number of beneficiaries	Total fixed remuneration for the period	Total variable remuneration for the period	Total remuneration
Level				
Manager’s Staff	332	£2,060,088	£1,949,212	£4,009,300
Identified Staff	6	£128,213	£284,432	£412,645

Regulatory disclosure (continued)

Remuneration Disclosure: Barings Europe Select Trust (continued)

Notes:

1. Manager's Staff: this includes all relevant UK staff managing the Manager's funds. Remuneration is apportioned based on the relevant AUM. Other than the Identified Staff noted above, none of the staff are considered to be senior managers or others whose actions may have a material impact on the risk profile of the Trust.
2. Identified Staff: these are as defined in the Manager's Remuneration Policy; no direct payments are received by Identified Staff from the Manager.
3. Variable remuneration consists of cash bonuses and deferred awards awarded in the period.
4. The Trust does not pay either performance related fees or carried interests to any person.

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

Austrian paying agent

UniCredit Bank Austria AG
Schottengasse 6-8
1010 Wein
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
Ulmenstraße 37-39
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

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

Swiss paying agent

BNP Paribas Securities Services, Paris
Succursale de Zurich
Salnaustresse 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 free of charge in hard copy at the offices of the Austrian, French, German, Swedish or Swiss paying and information agents and the further German information agent.

Notice for German investors

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 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 last 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 Europe Select 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. Unit prices (Net Asset Value with the words “plus commissions”) are published daily on the internet at 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 a guideline of the 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, depositary 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 and which do not form part of the aforementioned categories). It is calculated with reference to these numbers and in conformity with the above Guideline.

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

The TERs for each class for the year ending 31 May 2018 and the year ending 31 May 2017 is as follows:

	TER 31/05/2018 %	TER 31/05/2017 %
Barings Europe Select Trust - Class A GBP Inc*	1.54%	1.54%
Barings Europe Select Trust - Class A EUR Acc*	1.54%	1.54%
Barings Europe Select Trust - Class A EUR Inc*	1.54%	1.54%
Barings Europe Select Trust - Class A USD Acc	1.54%	1.54%
Barings Europe Select Trust - Class I EUR Acc	0.80%	0.80%
Barings Europe Select Trust - Class I EUR Inc	0.79%	0.79%
Barings Europe Select Trust - Class I GBP Inc	0.79%	0.79%

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

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).

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

Performance record to 31 May 2018 (including distribution payments where applicable)

	01/06/2017 - 31/05/2018 %	01/06/2016 - 31/05/2017 %	01/06/2015 - 31/05/2016 %	01/06/2014 - 31/05/2015 %	01/06/2013 - 31/05/2014 %
Barings Europe Select Trust - Class A GBP Inc (GBP terms)*	5.27	36.09	7.22	11.06	16.27
Euromoney Smaller European Companies (ex UK) Index, Total Return (GBP terms)	6.17	39.89	6.27	2.71	24.88
Barings Europe Select Trust - Class A EUR Acc (EUR terms)*	4.91	18.91	1.00	25.73	22.07
Barings Europe Select Trust - Class A EUR Inc (EUR terms)*	4.92	18.91	1.00	25.70	22.10
Barings Europe Select Trust - Class A USD Acc (USD terms)**	9.27	19.58	2.78	1.24	10.08
Barings Europe Select Trust - Class I EUR Acc (EUR terms)**	5.72	19.79	2.02	0.03	N/A
Barings Europe Select Trust - Class I EUR Inc (EUR terms)**	5.70	19.82	1.84	26.27	N/A
Barings Europe Select Trust - Class I GBP Inc (GBP terms)	6.06	37.17	8.08	12.03	17.25

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

Source: Morningstar/Barings/Euromoney.

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

** The Class A USD Acc unit class was launched on 16 December 2013.

The Class I EUR Inc unit class was launched on 18 December 2014.

The Class I EUR Acc unit class was launched on 22 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.

The Trust was launched on 31 August 1984.

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. 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 Europe Select Trust - Class A GBP Inc*			Barings Europe Select Trust - Class A EUR Acc*		
	31/05/2018 (p)	31/05/2017 (p)	31/05/2016 (p)	31/05/2018 (€)	31/05/2017 (€)	31/05/2016 (€)
Opening net asset value per unit	3,881.28	2,853.26	2,677.86	46.816	39.354	38.980
Return before operating charges	266.56	1,082.90	233.88	76.744	70.009	58.801
Operating charges (calculated at average price)	(62.04)	(51.06)	(41.58)	(74.440)	(62.547)	(58.427)
Return after operating charges	204.52	1,031.84	192.30	2.304	7.462	0.374
Distributions on Income units	(21.90)	(3.82)	(16.90)	-	-	-
Closing net asset value per unit	4,063.90	3,881.28	2,853.26	49.120	46.816	39.354
Distributions on Accumulation units	-	-	-	0.139	0.264	0.228
After direct transaction costs**	3.13	3.32	5.00	3.76	4.07	7.03
Performance						
Return after charges	5.27%	36.16%	7.18%	4.92%	18.96%	0.96%
Other information						
Closing net asset value (£'000/€'000)	276,753	319,944	349,797	133,361	261,964	149,888
Closing number of units	6,810,034	8,243,250	12,259,568	2,715,017	5,595,673	3,808,691
Operating charges	1.55%	1.55%	1.56%	1.55%	1.55%	1.56%
Direct transaction costs	0.08%	0.10%	0.19%	0.08%	0.10%	0.19%
Prices***						
Highest unit price	4,184.00	3,887.00	2,891.00	50.00	47.17	40.42
Lowest unit price	3,828.00	2,793.00	2,439.00	44.82	36.15	33.73

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

** Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unit holders 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 Trust and unit class returns before operating charges.

*** High/Low prices included in the table above are for the accounting year from 1 June to 31 May.

Trust information (continued)

Change in net assets per unit	Barings Europe Select Trust - Class A EUR Inc*			Barings Europe Select Trust - Class A USD Acc		
	31/05/2018 (€)	31/05/2017 (€)	31/05/2016 (€)	31/05/2018 (\$)	31/05/2017 (\$)	31/05/2016 (\$)
Opening net asset value per unit	44.324	37.393	37.280	52.500	43.894	42.720
Return before operating charges	72.860	65.997	56.518	92.162	77.434	66.453
Operating charges (calculated at average price)	(70.672)	(58.911)	(56.157)	(87.292)	(68.828)	(65.279)
Return after operating charges	2.188	7.086	0.361	4.870	8.606	1.174
Distributions on Income units	(0.273)	(0.155)	(0.248)	-	-	-
Closing net asset value per unit	46.239	44.324	37.393	57.370	52.500	43.894
Distributions on Accumulation units	-	-	-	0.363	0.135	0.293
After direct transaction costs**	3.57	3.83	6.75	4.41	4.48	7.85
Performance						
Return after charges	4.94%	18.95%	0.97%	9.28%	19.61%	2.75%
Other information						
Closing net asset value (€'000/\$'000)	612,383	567,829	451,740	28,181	16,335	17,943
Closing number of units	13,243,986	12,810,983	12,080,886	491,209	311,152	408,773
Operating charges	1.55%	1.55%	1.56%	1.55%	1.55%	1.56%
Direct transaction costs	0.08%	0.10%	0.19%	0.08%	0.10%	0.19%
Prices***						
Highest unit price	47.35	44.50	38.66	61.84	52.53	43.930
Lowest unit price	42.43	34.50	32.26	52.06	39.82	37.830

* 'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

** Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unit holders 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 Trust and unit class returns before operating charges.

*** High/Low prices included in the table above are for the accounting year from 1 June to 31 May.

Trust information (continued)

Change in net assets per unit	Barings Europe Select Trust - Class I EUR Acc			Barings Europe Select Trust - Class I EUR Inc		
	31/05/2018 (€)	31/05/2017 (€)	31/05/2016 (€)	31/05/2018 (€)	31/05/2017 (€)	31/05/2016 (€)
Opening net asset value per unit	46.278	38.621	37.850	44.529	37.541	37.390
Return before operating charges	40.907	38.159	32.272	39.436	38.490	30.104
Operating charges (calculated at average price)	(38.260)	(30.502)	(31.501)	(36.884)	(31.040)	(29.467)
Return after operating charges	2.647	7.657	0.771	2.552	7.450	0.637
Distributions on Income units	-	-	-	(0.628)	(0.463)	(0.486)
Closing net asset value per unit	48.925	46.278	38.621	46.453	44.529	37.541
Distributions on Accumulation units	0.647	0.338	0.508	-	-	-
After direct transaction costs*	3.75	3.85	7.30	3.61	3.91	6.82
Performance						
Return after charges	5.72%	19.83%	2.04%	5.73%	19.85%	1.70%
Other information						
Closing net asset value (€'000)	60,291	54,741	203,336	54,407	35,716	15,976
Closing number of units	1,232,329	1,182,890	5,264,915	1,171,244	802,082	425,554
Operating charges	0.80%	0.80%	0.81%	0.80%	0.80%	0.81%
Direct transaction costs	0.08%	0.10%	0.19%	0.08%	0.10%	0.19%
Prices**						
Highest unit price	49.73	46.98	39.40	47.86	45.31	38.91
Lowest unit price	44.38	35.50	32.93	42.71	34.50	32.52

* 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 Trust and unit class returns before operating charges.

** High/low prices included in the table above are for the accounting year from 1 June to 31 May.

Trust information (continued)

Change in net assets per unit	Barings Europe Select Trust Class I GBP Inc		
	31/05/2018 (p)	31/05/2017 (p)	31/05/2016 (p)
Opening net asset value per unit	3,887.87	2,861.71	2,685.24
Return before operating charges	268.43	1,091.68	235.25
Operating charges (calculated at average price)	(32.24)	(26.72)	(21.76)
Return after operating charges	236.19	1,064.96	213.49
Distributions on Income units	(54.46)	(38.81)	(37.02)
Closing net asset value per unit	4,069.60	3,887.87	2,861.71
After direct transaction costs**	3.16	3.37	5.04
Performance			
Return after charges	6.08%	37.21%	7.95%
Other information			
Closing net asset value (£'000)	1,104,121	884,299	685,865
Closing number of units	27,130,932	22,745,100	23,966,925
Operating charges	0.80%	0.80%	0.81%
Direct transaction costs	0.08%	0.10%	0.19%
Prices***			
Highest unit price	4,212.00	3,929.00	2,917.00
Lowest unit price	3,837.00	2,803.00	2,450.00

** 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 Trust and unit class returns before operating charges.

*** High/Low prices included in the table above are for the accounting year from 1 June to 31 May.

Trust information (continued)

Other relevant published prices

Accounting year		Barings Europe Select Trust - Class A GBP Inc*	
		Mid-price (pence per unit)	
31/08/1984	Launch date	47.50	
31/05/2018	Financial statements date	4,088.00	
12/09/2018	Latest date	4,206.00	

Accounting year		Barings Europe Select Trust - Class A EUR Acc*	
		Mid-price (€ per unit)	
15/10/2009	Launch date	16.140	
31/05/2018	Financial statements date	49.140	
12/09/2018	Latest date	49.940	

Accounting year		Barings Europe Select Trust - Class A EUR Inc*	
		Mid-price (€ per unit)	
15/08/2001	Launch date	0.570	
31/05/2018	Financial statements date	46.530	
12/09/2018	Latest date	47.010	

Accounting year		Barings Europe Select Trust - Class A USD Acc	
		Mid-price (US\$ per unit)	
16/12/2013	Launch date	38.410	
31/05/2018	Financial statements date	57.400	
12/09/2018	Latest date	57.850	

Accounting year		Barings Europe Select Trust - Class I EUR Acc	
		Mid-price (€ per unit)	
22/05/2015	Launch date	37.880	
31/05/2018	Financial statements date	48.950	
12/09/2018	Latest date	49.850	

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

Trust information (continued)

Other relevant published prices (continued)

Accounting year		Barings Europe Select Trust - Class I EUR Inc	
		Mid-price (€ per unit)	
18/12/2014	Launch date		29.920
31/05/2018	Financial statements date		47.100
12/09/2018	Latest date		47.330

Accounting year		Barings Europe Select Trust - Class I GBP Inc	
		Mid-price (pence per unit)	
29/08/2012	Launch date		1,608.00
31/05/2018	Financial statements date		4,126.00
12/09/2018	Latest date		4,221.00

Report of the Investment Manager

Risk and reward profile

	SRRRI Risk category* 31/05/2018	SRRRI Risk category* 31/05/2017
Barings Europe Select Trust - Class A GBP Inc**	5	5
Barings Europe Select Trust - Class A EUR Acc**	5	5
Barings Europe Select Trust - Class A EUR Inc**	5	5
Barings Europe Select Trust - Class A USD Acc	5	5
Barings Europe Select Trust - Class I EUR Acc	5	5
Barings Europe Select Trust - Class I EUR Inc	5	5
Barings Europe Select Trust - Class I GBP Inc	5	5

* The Synthetic Risk and Reward Indicator ("SRRRI") 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 SRRRI figures shown have changed from 6 to 5 during the year.

* 'Barings Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Barings Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Barings Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

Performance

During the 12-month period to the end of May 2018, European smaller companies have generally experienced further share price rises, despite ongoing political upheaval and challenges. Indications of strengthening European economic growth, evidenced by falling unemployment, strong business confidence and rising investment spending, have encouraged investors and analysts to remain optimistic on the profit growth outlook for Europe's smaller companies. During the year, the Euromoney Europe ex-UK Index, which serves as a reasonable gauge of the share price performance of European smaller companies, gained over 6% in pound sterling terms. Over this same year, the return before charges from the Barings Europe Select Trust (the "Trust") has been slightly in excess of that of the Index, which can serve as a performance comparator for the Trust.

Share price rises over the 12 months to the end of May 2018 were less pronounced than in the previous year. In part, this more muted return reflects the greater stability in the pound sterling relative to the euro. Occasional bouts of volatility and profit-taking also affected European equity markets throughout the year, primarily during periods of uncertainty about the political outlook for the Euro-zone, prompted by general elections across many of Europe's major economies, and fears of trade wars between Europe's major trading partners. Smaller companies have, however, been supported by stronger profit growth than in previous years, combined with encouraging business orders and an improvement in profit margins. In this context, German, Austrian and Danish smaller companies typically performed strongly and, in terms of sectors, the leading performers were Natural Resources, Technology and Consumer Goods. The Trust benefited from stock selection decisions across these sectors.

Report of the Investment Manager (continued)

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

Purchases	Costs £'000	Sales	Proceeds £'000
Northern Trust Global Funds Euro Fund†	411,708	Northern Trust Global Funds Euro Fund†	402,598
Northern Trust Global Funds Sterling Fund†	261,539	Northern Trust Global Funds Sterling Fund†	294,669
ASR Nederland	31,687	Italgas	28,059
ProSiebenSat.1 media	29,087	FinecoBank	25,638
Rubis	27,927	Refresco Gerber	25,555
Hexpol	26,164	Industria Macchine Automatiche	23,784
Freenet	20,926	Scor	22,937
Puma	20,786	Helvetia	22,844
GN Store Nord	20,588	Moncler	22,469
Bekaert	17,412	Symrise	21,804

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

Market outlook

European smaller companies remain reasonably valued relative to other asset classes, in part reflecting current low interest rates on cash and low yields on European government bonds. Nevertheless, in absolute terms many valuation measures would imply that European smaller companies are trading towards the higher end of historic ranges of these valuations. Expectations of continued profit growth supported by the valuation of European smaller companies remain positive and corporate results for the first quarter of the calendar year have bolstered these forecasts. Furthermore, relative to larger companies and other asset classes, European smaller companies' valuations remain supportive.

Despite this positive backdrop, however, European smaller companies will face challenges later in the year, and bouts of profit-taking can always impact share prices. Political developments in the Euro-zone, the aftermath of the recent Italian elections and Spanish political upheaval, the UK's Brexit negotiations, and economic challenges from rising inflation and the potential partial withdrawal of stimulatory monetary policies by central banks all have the potential to increase volatility. Inflation rates have begun to rise, and, as the euro is no longer appreciating relative to the US dollar, import price inflation may intensify later in the year, while wage costs for European companies are also beginning to rise.

On balance, therefore, the outlook for European smaller companies is supported as long as profit growth remains strong, and by the limited prospects for other asset classes. Smaller companies particularly should benefit from the continued recovery in domestic activity in Europe, including rising infrastructure spending, improving consumer spending and falling unemployment. Further volatility in European share prices is likely, however, given the political backdrop and macroeconomic risks such as commodity price rises. We will continue to follow our quality Growth at a Reasonable Price investment approach. Our aim remains to identify attractively valued investment opportunities in companies, particularly those whose strategic positioning and competitive strengths can drive sustained improvements in their profitability and returns, rather than positioning the Trust to reflect macroeconomic news.

Baring Asset Management Limited

June 2018

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.

Report of the Investment Manager (continued)

Revenue

	Revenue available per unit as at 31/05/2018	Revenue available per unit as at 31/05/2017	Annualised net yield as at 31/05/2018	Annualised net yield as at 31/05/2017
Barings Europe Select Trust - Class A GBP Inc*	21.90p	3.8199p	0.54%	0.10%
Barings Europe Select Trust - Class A EUR Acc*	€0.1389	€0.2636	0.28%	0.56%
Barings Europe Select Trust - Class A EUR Inc*	€0.2729	€0.1549	0.59%	0.35%
Barings Europe Select Trust - Class A USD Acc	\$0.3633	\$0.1347	0.63%	0.26%
Barings Europe Select Trust - Class I EUR Acc	€0.6468	€0.3382	1.32%	0.73%
Barings Europe Select Trust - Class I EUR Inc	€0.6278	€0.4626	1.33%	1.03%
Barings Europe Select Trust - Class I GBP Inc	54.46p	38.8117p	1.32%	0.99%

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

Post balance sheet events

After the year-end, market fluctuations resulted in changes to the published prices. These are shown in the "Other relevant published prices" tables on pages 16 and 17.

Portfolio information

Major holdings % of total net assets

Top ten holdings	31/05/2018 %	31/05/2017 %
Northern Trust Global Funds - Sterling Fund	3.54	5.42
Temenos	1.78	1.66
TGS-NOPEC Geophysical Company	1.76	0.99
Elisa	1.68	1.16
Worldline	1.65	1.22
DSV	1.63	1.53
FLSmidth	1.63	1.25
Euronext	1.62	1.28
Orpea	1.60	1.05
ASR Nederland	1.58	0.00

Geographical breakdown - % of total net assets

Country	31/05/2018 %	31/05/2017 %
Austria	1.05	2.54
Belgium	3.95	4.97
Denmark	8.88	5.99
Finland	4.79	5.33
France	14.04	14.91
Germany	14.35	10.25
Ireland	2.22	1.13
Italy	9.55	13.18
Luxembourg	0.79	0.96
Netherlands	11.69	11.3
Norway	3.04	2.95
Spain	6.78	4.89
Sweden	7.77	7.26
Switzerland	8.51	8.65

Portfolio information (continued)

Asset type breakdown % of total net assets

Asset type	31/05/2018 %	31/05/2017 %
Investment Funds†	5.49	6.75
Equities	97.41	94.31
Net other liabilities	(2.90)	(1.06)

† Shares in Investment Funds listed in Ireland. Uninvested cash from the Trust is swept into these funds daily.

Responsibilities of the Manager

The Collective Investment Schemes sourcebook (“COLL”) requires Baring Fund Managers Limited (the “Manager”) to prepare financial statements for each annual accounting year which give a true and fair view of the financial affairs of the Barings Europe Select Trust (the “Trust”) and of its net revenue and net capital gains 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 Europe Select Trust (the “Trust”) for the Year Ended 15 May 2018

National Westminster Bank Plc (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 Europe Select Trust (the “Trust”) for the Year Ended 15 May 2018 (continued)

Having carried out such procedures as we consider 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:

- (i) 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
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Trust.

National Westminster Bank Plc
Trustee & Depositary Services
London 20 September 2018

Directors' statement

The financial statements on pages 32 to 48 were approved by Baring Fund Managers Limited (the "Manager") and signed on its behalf by:

C. BIGGINS Director

J. SWAYNE Director

London 20 September 2018

Portfolio statement

as at 31 May 2018

		Percentage Bid-market value (£)	of total net assets (%)
Holdings Investment Funds: 5.49% (6.75%)			
28,603,717	Northern Trust Global Funds - Euro Fund†	24,610,544	1.14
76,332,000	Northern Trust Global Funds - Sterling Fund†	76,332,000	3.54
23,153,000	Northern Trust Global Funds - US Dollar Fund†	17,374,305	0.81
		118,316,849	5.49
Equities: 97.41% (94.31%)			
Austria: 1.05% (2.54%)			
615,755	ANDRITZ	22,726,250	1.05
		22,726,250	1.05
Belgium: 3.95% (4.97%)			
86,804	Barco	7,971,361	0.37
391,838	KBC Ancora	16,295,428	0.76
241,031	Kinopolis	11,827,485	0.55
850,730	Ontex	17,697,175	0.82
566,209	Telenet	21,681,518	1.00
227,450	Umicore	9,694,178	0.45
		85,167,145	3.95
Denmark: 8.88% (5.99%)			
471,378	Chr Hansen	33,969,255	1.57
561,630	DSV	35,171,049	1.63
696,306	FLSmidth	35,105,212	1.63
859,915	GN Store Nord	24,850,230	1.15
214,072	Nilfisk	7,320,309	0.34
561,444	Scandinavian Tobacco	6,377,598	0.30
485,725	Topdanmark	16,683,960	0.77
1,831,377	Tryg	32,056,206	1.49
		191,533,819	8.88
Finland: 4.79% (5.33%)			
690,883	Amer Sports	16,829,871	0.78
378,913	Cargotec	14,741,917	0.68
435,773	Cramo	7,384,962	0.34
1,085,469	Elisa	36,124,668	1.68
2,034,487	Valmet	28,131,533	1.31
		103,212,951	4.79
France: 14.04% (14.91%)			
1,218,528	Edenred	29,330,918	1.36
1,169,901	Elior	14,608,158	0.68

Portfolio statement (continued)

as at 31 May 2018

Holdings	Equities: 97.41% (94.31%) (continued)	Bid-market value (£)	Percentage of total net assets (%)
France: 14.04% (14.91%) (continued)			
1,192,940	Elis	19,390,723	0.90
347,936	Imerys	22,317,314	1.04
223,853	IPSOS	5,684,507	0.26
359,162	Nexity	15,798,854	0.73
349,992	Orpea	34,425,158	1.60
528,154	Rubis	27,698,497	1.28
177,500	Sopra Steria	26,503,268	1.23
1,012,742	SPIE	14,713,460	0.68
282,948	Teleperformance	33,620,007	1.56
285,617	Ubisoft Entertainment	23,005,175	1.07
829,742	Worldline	35,655,375	1.65
		302,751,414	14.04
Germany: 14.35% (10.25%)			
871,954	Aareal Bank	28,346,469	1.32
384,617	Bilfinger	12,867,550	0.60
81,056	CANCOM	6,786,523	0.32
568,434	Carl Zeiss Meditec	29,561,894	1.37
242,743	CompuGroup Medical	8,091,307	0.38
439,569	Evotec	5,871,999	0.27
808,484	Freenet	17,604,727	0.82
365,082	Gerresheimer	21,641,617	1.00
401,925	Hugo Boss	27,181,992	1.26
557,132	Norma	32,122,954	1.49
1,084,895	ProSiebenSat.1 media	24,165,441	1.12
51,705	Puma	22,336,285	1.04
109,076	Rheinmetall	10,375,057	0.48
456,327	Software	16,454,227	0.76
173,010	Stabilus	12,590,481	0.58
328,061	Stroer	16,241,814	0.75
148,694	Wirecard	17,127,166	0.79
		309,367,503	14.35
Ireland: 2.22% (1.13%)			
1,361,197	Glanbia	18,750,161	0.87
845,772	Kingspan	29,096,120	1.35
		47,846,281	2.22
Italy: 9.55% (13.18%)			
1,811,916	Amplifon	24,307,748	1.13
1,229,511	Banca Generali	22,366,151	1.04

Portfolio statement (continued)

as at 31 May 2018

Holdings	Equities: 97.41% (94.31%) (continued)	Bid-market value (£)	Percentage of total net assets (%)
Italy: 9.55% (13.18%) (continued)			
463,103	DiaSorin	33,843,489	1.57
13,516,591	Hera	31,670,874	1.47
1,675,839	Infrastrutture Wireless Italiane	9,111,829	0.42
4,725,053	Maire Tecnimont	16,478,635	0.76
615,454	MARR	12,511,664	0.58
1,253,333	Prysmian	26,138,154	1.21
1,057,554	Recordati	29,440,911	1.37
		205,869,455	9.55
Luxembourg: 0.79% (0.96%)			
473,198	Befesa	16,917,436	0.79
		16,917,436	0.79
Netherlands: 11.69% (11.30%)			
814,138	Aalberts Industries	30,133,766	1.40
386,724	AMG Advanced Metallurgical	16,489,395	0.76
817,729	Arcadis	12,353,162	0.57
665,524	ASM International	28,931,065	1.34
1,070,141	ASR Nederland	34,170,462	1.58
889,826	BE Semiconductor Industries	22,331,073	1.04
193,340	Corbion	4,597,937	0.21
734,496	Euronext	34,915,692	1.62
303,926	Flow Traders	9,379,694	0.44
1,286,277	GrandVision	22,993,027	1.07
717,860	IMCD	33,653,095	1.56
54,072	Sligro Food	2,058,703	0.10
		252,007,071	11.69
Norway: 3.04% (2.95%)			
4,374,458	Storebrand	27,511,418	1.28
1,497,598	TGS-NOPEC Geophysical Company	37,960,270	1.76
		65,471,688	3.04
Spain: 6.78% (4.89%)			
2,989,423	Applus Services	30,124,281	1.40
1,126,033	CIE Automotive	32,087,297	1.49
804,309	Ebro Foods	14,617,165	0.68
2,748,358	Gestamp Automocion	16,291,932	0.75
2,339,076	Indra Sistemas	22,320,488	1.03

Portfolio statement (continued)

as at 31 May 2018

Holdings		Bid-market value (£)	Percentage of total net assets (%)
Equities: 97.41% (94.31%) (continued)			
Spain: 6.78% (4.89%) (continued)			
3,356,952	Prosegur Cia de Seguridad	17,472,822	0.81
10,302,429	Unicaja Banco	13,315,673	0.62
		146,229,658	6.78
Sweden: 7.77% (7.26%)			
429,066	AAK	28,892,752	1.34
2,409,117	Ahlsell	10,845,964	0.50
1,169,078	Attendo	8,216,652	0.38
1,529,452	Bravida	9,124,327	0.42
1,718,951	Dometic	13,519,064	0.63
3,155,827	Hexpol	25,506,506	1.18
595,353	Intrum Justitia	10,589,125	0.49
130,000	Modern Times	3,798,962	0.18
1,243,587	Nibe Industrier	9,543,777	0.44
1,236,078	Scandic Hotels	9,072,608	0.42
2,433,265	Securitas	29,468,607	1.37
482,853	Thule	8,950,814	0.42
		167,529,158	7.77
Switzerland: 8.51% (8.65%)			
279,175	Baloise	31,160,024	1.45
324,372	Cembra Money Bank	19,718,836	0.91
549,813	DKSH	33,151,671	1.54
325,132	Dufry	33,679,722	1.56
1,149,210	GAM Holding	12,888,074	0.60
115,122	Landis+Gyr	6,556,035	0.30
92,271	Sulzer	8,003,155	0.37
343,458	Temenos	38,334,949	1.78
		183,492,466	8.51
	Total equities: 97.41% (94.31%)	2,100,122,295	97.41
	Portfolio of investments: 102.90% (101.06%)	2,218,439,144	102.90
	Net other liabilities	(62,450,116)	(2.90)
	Net assets	2,155,989,028	100.00

† Units 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 31 May 2017.

Independent Auditors' report to the unitholders of Barings Europe Select Trust

Report on the financial statements

Our opinion

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

- give a true and fair view of the financial position of the Trust as at 31 May 2018 and of the net revenue and the net capital gains of 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 and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 May 2018; 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 description 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

We have nothing to report in respect of the following matters in relation to which 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 12 months from the date when the financial statements are authorised for issue.

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 on a going concern basis.

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 Europe Select 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 23, 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. 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
20 September 2018

Statement of total return

for the year ended 31 May 2018

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		93,993		530,291
Revenue	3	50,187		37,957	
Expenses	4	(24,555)		(20,436)	
Interest and other similar charges	6	(11)		-	
Net revenue before taxation		25,621		17,521	
Taxation	5	(3,864)		(4,785)	
Net revenue after taxation			21,757		12,736
Total return gains before distributions			115,750		543,027
Distributions	6		(21,758)		(12,747)
Change in net assets attributable to unitholders from investment activities			93,992		530,280

Statement of change in net assets attributable to unitholders

for the year ended 31 May 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		2,020,738		1,674,271
Amounts receivable on issue of units	676,539		598,940	
Amounts payable on cancellation of units	(636,452)		(784,899)	
		40,087		(185,959)
Change in net assets attributable to unitholders from investment activities		93,992		530,280
Dilution adjustment		-		112
Retained distributions on accumulation units		1,163		1,671
Unclaimed distributions		9		363
Closing net assets attributable to unitholders		2,155,989		2,020,738

Balance sheet

as at 31 May 2018

	Notes	31/05/2018 £'000	31/05/2017 £'000
Assets			
Investment assets		2,218,439	2,042,145
Current assets:			
Debtors	8	30,938	22,961
Cash and bank balances	9	777	344
Total assets		<u>2,250,154</u>	<u>2,065,450</u>
Liabilities			
Creditors:			
Distribution payable on income units	6	(20,078)	(11,200)
Other creditors	10	(74,087)	(33,512)
Total liabilities		<u>(94,165)</u>	<u>(44,712)</u>
Net assets attributable to unitholders		<u><u>2,155,989</u></u>	<u><u>2,020,738</u></u>

Notes to the financial statements

for the year ended 31 May 2018

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 31 May 2018. The fair value for non-derivative securities is the bid-market price, excluding any accrued interest.

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 31 May 2018.

Recognition of revenue

Revenue from quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Bank interest, interest on debt securities and other revenue are 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.

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.

Distribution policy

Where applicable, for the income (“Inc”) units, Barings Europe Select Trust (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.

Stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Trust. Any enhancement above the cash dividend is treated as capital and is non-distributable. As at 31 May 2018, there were no stock dividends on this Trust.

Stock lending revenue

Revenue from stock lending is accounted for net of agent’s fees and commissions and is recognised on an accruals basis. No revenue was generated from stock lending during the year under review.

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.

Unclaimed distributions

Distributions which have remained unclaimed by unitholders for over six years are credited to the capital property of the Trust.

Notes to the financial statements (continued)

for the year ended 31 May 2018

2. Net capital gains

The net capital gains during the year comprise:

	2018	2017
	£'000	£'000
Non-derivative securities	93,259	530,878
Currency gains/(losses)	765	(569)
Transaction charges	(31)	(27)
Forward currency contracts	-	9
Net capital gains on investments	93,993	530,291

3. Revenue

	2018	2017
	£'000	£'000
Bank interest	19	-
Offshore Investment Funds revenue	373	162
Overseas dividends	49,795	37,795
	50,187	37,957

4. Expenses

	2018	2017
	£'000	£'000
Payable to Baring Fund Managers Limited (the "Manager") or associates of the Manager:		
Manager's service charge	23,613	19,661
Registration fees	173	137
	23,786	19,798
Payable to National Westminster Bank Plc (the "Depositary") or associates of the Depositary:		
Depositary fee	293	243
Safe custody charges	446	367
	739	610
Other expenses:		
Audit fees	12	13
Professional fees	3	(1)
Regulator fees	7	8
Standing charges	3	3
Taxation fees*	5	5
	30	28
Total expenses	24,555	20,436

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

Notes to the financial statements (continued)

for the year ended 31 May 2018

5. Taxation

	2018	2017
	£'000	£'000
a) Analysis of charge in the year:		
Overseas withholding tax	3,864	3,561
Reversal of previous Swiss reclaims recognised	-	1,224
	3,864	4,785

b) Factors affecting taxation charge of the year:

The tax assessed for the year is lower (31 May 2017: lower) than the standard rate of corporation tax in the UK for an authorised unit trust, which is 20% (31 May 2017: 20%). The differences are explained below:

	2018	2017
	£'000	£'000
Net revenue before taxation	25,621	17,521
Corporation tax at 20% (31 May 2017: 20%)	5,124	3,504
Effects of:		
Current year expenses not utilised	3,576	4,055
Overseas dividends not taxable	(8,565)	(7,559)
Overseas withholding tax	3,864	3,561
Reversal of previous Swiss reclaims recognised	-	1,224
Tax chargeable in different period	(135)	-
Current tax charge for the year (note 5a)	3,864	4,785
	2018	2017
	£'000	£'000

c) Deferred Tax

Provision at the start of the year	-	-
Deferred tax charge in the year	-	-
Provision at the end of the year	-	-
	-	-

The Trust has not recognised a total deferred tax asset of £23,354,334 (31 May 2017: £19,778,534) arising as a result of having unutilised management expenses. These are not expected to be fully utilised in the foreseeable future unless the nature of the Trust's revenue or capital gains changes.

Notes to the financial statements (continued)

for the year ended 31 May 2018

6. Finance costs

Distributions

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

	2018 £'000	2017 £'000
Final distribution	20,078	11,200
Final accumulation	1,163	1,671
	<u>21,241</u>	<u>12,871</u>
Add: Revenue deducted on cancellation of units	1,034	384
Deduct: Revenue received on issue of units	(517)	(508)
	<u>21,758</u>	<u>12,747</u>
Interest	11	-
	<u>21,769</u>	<u>12,747</u>

Details of the distributions per unit are set out in the Distribution Tables on pages 47 and 48.

Distributions payable at the year-end of £20,078,441 are disclosed in the Balance Sheet on page 33 (31 May 2017: £11,200,356).

7. Movement between net revenue and distributions

	2018 £'000	2017 £'000
Net revenue after taxation	21,757	12,736
Add: Retail Distribution Review ("RDR") conversions	1	11
	<u>21,758</u>	<u>12,747</u>

8. Debtors

	2018 £'000	2017 £'000
Accrued revenue	2,241	1,436
Amounts receivable for issue of units	2,836	8,567
Overseas tax recoverable	4,577	4,139
Sales awaiting settlement	21,284	8,819
	<u>30,938</u>	<u>22,961</u>

9. Cash and bank balances

	2018 £'000	2017 £'000
Cash and bank balances	777	344

Notes to the financial statements (continued)

for the year ended 31 May 2018

10. Other creditors

	2018	2017
	£'000	£'000
Accrued expenses	2,298	2,079
Amounts payable for cancellation of units	55,011	3,024
Currency deals payable	18	-
Purchases awaiting settlement	16,760	28,409
	74,087	33,512

11. Contingent liabilities

There were no contingent liabilities at the year-end date (31 May 2017: £nil).

12. 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 Inc units, it is refunded as part of a unitholder's first distribution. In the case of Acc units, it is automatically reinvested in the relevant trust at the first distribution payment 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.

13. Financial instruments

In pursuing its investment objective set out on page 2, the Trust may hold a number of financial instruments. These comprise:

- equity and non-equity units, fixed income securities and floating rate securities. These are held in accordance with the Trust's investment objective and policies;
- cash, 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; and
- borrowings used to finance investment activity.

14. 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 Depositary) 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 (31 May 2017: 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.

Sensitivity analysis

As at 31 May 2018, 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 £110.92 million (31 May 2017: £102.10 million).

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 trust 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.

Notes to the financial statements (continued)

for the year ended 31 May 2018

14. Risks of financial instruments (continued)

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.

- *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:

Currency exposure for the year ended 31 May 2018:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
Danish krone	191,534	874	192,408
Euro	1,516,707	5,120	1,521,827
Norwegian krone	65,472	489	65,961
Swedish kroner	167,529	339	167,868
Swiss franc	183,492	705	184,197
US dollar	17,374	36	17,410
	2,142,108	7,563	2,149,671

Currency exposure for the year ended 31 May 2017:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
Danish krone	121,154	804	121,958
Euro	1,478,586	4,829	1,483,415
Norwegian krone	-	129	129
Swedish kroner	146,759	-	146,759
Swiss franc	174,896	-	174,896
US dollar	11,288	9	11,297
	1,932,683	5,771	1,938,454

Notes to the financial statements (continued)

for the year ended 31 May 2018

14. Risks of financial instruments (continued)

Sensitivity analysis

At 31 May 2018, 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 £21.50 million (31 May 2017: £19.39 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:

	Floating rate 31/05/2018 £'000	Fixed rate 31/05/2018 £'000	Non interest bearing 31/05/2018 £'000	Total 31/05/2018 £'000
Portfolio of investments	118,317	-	2,100,122	2,218,439
Cash at bank	777	-	-	777
Other assets	-	-	30,938	30,938
Liabilities	-	-	(94,165)	(94,165)
	119,094	-	2,036,895	2,155,989

	Floating rate 31/05/2017 £'000	Fixed rate 31/05/2017 £'000	Non interest bearing 31/05/2017 £'000	Total 31/05/2017 £'000
Portfolio of investments	136,235	-	1,905,910	2,042,145
Cash at bank	344	-	-	344
Other assets	-	-	22,961	22,961
Liabilities	-	-	(44,712)	(44,712)
	136,579	-	1,884,159	2,020,738

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

As at 31 May 2018, if the interest rate increased or decreased by 1%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately £1.19 million (31 May 2017: £1.37 million).

- *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 31 May 2018, the Trust did not hold any open forward currency contracts with any counterparty (31 May 2017: same).

Notes to the financial statements (continued)

for the year ended 31 May 2018

14. Risks of financial instruments (continued)

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.

- *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.
- *Derivatives and other financial instruments* – transactions in derivatives, warrants, forward contracts and futures may be used for the purpose of hedging and meeting the investment objectives of the Trust. In pursuing the Trust's objectives, the Manager may make use of a variety of instruments in accordance with the rules. The Trust does not hold any derivatives that could impact the value of the Trust significantly in the current or prior year.

15. 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.

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 31/05/2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	2,100,122	-	-	2,100,122
Investment Funds	-	118,317	-	118,317
	2,100,122	118,317	-	2,218,439

Valuation technique 31/05/2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equities	1,905,910	-	-	1,905,910
Investment Funds	-	136,235	-	136,235
	1,905,910	136,235	-	2,042,145

Notes to the financial statements (continued)

for the year ended 31 May 2018

16. Portfolio transaction costs

Analysis of total purchase costs:	2018	2017
	£'000	£'000
Purchases before transaction costs*	868,531	622,100
Commissions:		
Equities total value paid	665	654
Investment Funds total value paid	-	-
Taxes:		
Equities total value paid	493	272
Investment Funds total value paid	-	-
Total transaction costs	1,158	926
Gross purchases total	869,689	623,026
Analysis of total sales costs:	2018	2017
	£'000	£'000
Sales before transaction costs*	750,097	815,452
Commissions:		
Equities total value paid	(521)	(931)
Investment Funds total value paid	-	-
Taxes:		
Equities total value paid	-	-
Investment Funds total value paid	-	-
Total transaction costs	(521)	(931)
Total sales net of transaction costs	749,576	814,521

* Not included in the 2018 figures are purchases and sales in cash funds totalling £693.06 million and £710.47 million, respectively, where there are no transaction costs applicable. In 2017, purchases and sales in cash funds totalled £772.43 million and £744.95 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.

Notes to the financial statements (continued)

for the year ended 31 May 2018

16. Portfolio transaction costs (continued)

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.

	2018	2017
Analysis of total purchase costs:	%	%
Commissions:		
Equities percentage of average Net Asset Value	0.04	0.04
Investment Funds percentage of average Net Asset Value	-	-
Taxes:		
Equities percentage of average Net Asset Value	0.02	0.02
Investment Funds percentage of average Net Asset Value	-	-
Analysis of total sales costs:		
Commissions:		
Equities percentage of average Net Asset Value	(0.02)	(0.04)
Investment Funds percentage of average Net Asset Value	-	-

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.11% (31 May 2017: 0.11%), 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.

17. Unit classes

The Trust currently has seven unit classes: Class A GBP Inc, Class A EUR Acc, Class A EUR Inc, Class A USD Acc, Class I EUR Acc, Class I EUR Inc and Class I GBP Inc. The annual management charge and Trust management fee can be found on page 3. 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 to 15. The distribution per unit class is given in the distribution tables on pages 47 to 48. All classes have the same rights on winding up.

Class A GBP Inc	As at 31 May 2018
Opening units	8,243,250
Units created	857,957
Units liquidated	(2,256,716)
Units converted	(34,457)
Closing units	6,810,034

Notes to the financial statements (continued)

for the year ended 31 May 2017

17. Unit classes (continued)

Class A EUR Acc	As at 31 May 2018
Opening units	5,595,673
Units created	852,350
Units liquidated	(3,669,360)
Units converted	(63,646)
Closing units	2,715,017

Class A EUR Inc	As at 31 May 2018
Opening units	12,810,983
Units created	1,627,748
Units liquidated	(1,194,745)
Units converted	-
Closing units	13,243,986

Class A USD Acc	As at 31 May 2018
Opening units	311,152
Units created	732,673
Units liquidated	(552,616)
Units converted	-
Closing units	491,209

Class I EUR Acc	As at 31 May 2018
Opening units	1,182,890
Units created	1,200,268
Units liquidated	(1,214,969)
Units converted	64,140
Closing units	1,232,329

Notes to the financial statements (continued)

for the year ended 31 May 2017

17. Unit classes (continued)

	As at 31 May 2018
Class I EUR Inc	
Opening units	802,082
Units created	1,473,171
Units liquidated	(1,104,009)
Units converted	-
Closing units	1,171,244
	As at 31 May 2018
Class I GBP Inc	
Opening units	22,745,100
Units created	9,965,524
Units liquidated	(5,614,010)
Units converted	34,318
Closing units	27,130,932

18. Ultimate controlling party and related party transactions

Baring Asset Management Limited (BAML) (the "Investment Manager") is the immediate parent company of the Manager and also regarded as related party. The Investment Manager's fees and expenses will be paid by the Manager out of its remuneration from the Trust. As at 31 May 2018, the BAML staff pension plan held 20,412 A GBP Inc units with a value of £976,218 in the Trust (31 May 2017: 65,069 A GBP Inc units with a value of £2,529,222). Amounts due from or to the BAML staff pension plan in respect of share transactions at the balance sheet date are disclosed under Debtors and Other Creditors in the notes to the financial statements.

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 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 Creditors in the notes to the financial statements.

Notes to the financial statements (continued)

for the year ended 31 May 2018

19. Post balance sheet movements

After the year-end, public market fluctuations have resulted in the net asset value per A GBP income unit increasing 2.89% from 4,088.00p as at 31 May 2018 to 4,206.00p at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per A EUR accumulation unit increasing 1.63% from €49.140 as at 31 May 2018 to €49.940 at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per A EUR income unit decreasing 5.09% from €49.530 as at 31 May 2018 to €47.010 at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per A USD accumulation unit increasing 0.78% from \$57.400 as at 31 May 2018 to \$57.850 at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per I EUR accumulation unit increasing 1.84% from €48.950 as at 31 May 2018 to €49.850 at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per I EUR income unit increasing 0.49% from €47.100 as at 31 May 2018 to €47.330 at 12 September 2018 (mid-price per unit). After the year-end, public market fluctuations have resulted in the net asset value per I GBP income unit increasing 2.30% from 4,126.00p as at 31 May 2018 to 4,221.00p at 12 September 2018 (mid-price per unit).

Distribution tables

Group 1: units purchased prior to 1 December 2017

Group 2: units purchased on or after 1 December 2017

Final distribution - Class A GBP Inc (in pence per unit)*

Group	Net Revenue	Equalisation (note 12)	2018 Distribution Paid	2017 Distribution Paid
1	21.8958	0.0000	21.8958	3.8199
2	21.3814	0.5144	21.8958	3.8199

Final accumulation - Class A EUR Acc (in € per unit)*

Group	Net Revenue	Equalisation (note 12)	2018 Accumulation Paid	2017 Accumulation Paid
1	0.1389	0.0000	0.1389	0.2636
2	0.1389	0.0000	0.1389	0.2636

Final distribution - Class A EUR Inc (in € per unit)*

Group	Net Revenue	Equalisation (note 12)	2018 Distribution Paid	2017 Distribution Paid
1	0.2729	0.0000	0.2729	0.1549
2	0.2644	0.0085	0.2729	0.1549

Final accumulation - Class A USD Acc (in \$ per unit)

Group	Net Revenue	Equalisation (note 12)	2018 Accumulation Paid	2017 Accumulation Paid
1	0.3633	0.0000	0.3633	0.1347
2	0.3560	0.0073	0.3633	0.1347

Final accumulation - Class I EUR Acc (in € per unit)

Group	Net Revenue	Equalisation (note 12)	2018 Accumulation Paid	2017 Accumulation Paid
1	0.6468	0.0000	0.6468	0.3382
2	0.6398	0.0070	0.6468	0.3382

* 'Baring Europe Select Trust - Class GBP Inc' changed its name to 'Barings Europe Select Trust - Class A GBP Inc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Acc' changed its name to 'Barings Europe Select Trust - Class A EUR Acc' on 29 August 2017.

'Baring Europe Select Trust - Class EUR Inc' changed its name to 'Barings Europe Select Trust - Class A EUR Inc' on 29 August 2017.

Distribution tables (continued)

Group 1: units purchased prior to 1 December 2017

Group 2: units purchased on or after 1 December 2017

Final distribution - Class I EUR Inc (in € per unit)

Group	Net Revenue	Equalisation (note 12)	2018 Distribution Paid	2017 Distribution Paid
1	0.6278	0.0000	0.6278	0.4626
2	0.5922	0.0356	0.6278	0.4626

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

Group	Net Revenue	Equalisation (note 12)	2018 Distribution Paid	2017 Distribution Paid
1	54.4617	0.0000	54.4617	38.8117
2	48.5170	5.9447	54.4617	38.8117

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Important information:

This document is approved and issued by Baring Asset Management Limited.

Disclosure:

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The logo for Barings, featuring the word "BARINGS" in a bold, blue, sans-serif font. Below the text is a horizontal line with a green-to-blue gradient.