

BARINGS

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Barings Korea Feeder Fund
Annual Report & Audited Financial
Statements
for the year ended 30 April 2019

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Management and administration

Alternative Investment Fund Manager (“AIFM”)

Baring International Fund Managers (Ireland) Limited

Registered office

70 Sir John Rogerson’s Quay

Dublin 2

D02 R296

Ireland

Telephone: + 353 1 542 2930

Facsimile: + 353 1 670 1185

Investment Manager to Baring Asset Management Limited and Barings Korea Trust (“the Trust”)

Baring Asset Management Limited*

20 Old Bailey

London EC4M 7BF

United Kingdom

Baring Asset Management (Asia) Limited**

35th Floor, Gloucester Tower

15 Queen’s Road Central

Hong Kong

Telephone: + 852 2 841 1411

Facsimile: + 852 2 973 3338

* The address of the Investment Manager of the Trust changed on 15 October 2018 as detailed on page 12.

** Baring Asset Management (Asia) Limited is the delegated Sub-Investment Manager for the Trust as detailed in the Investment Manager’s report.

Depositary

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

Administrator and Registrar

Northern Trust International Fund Administration Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

Independent Auditors

PricewaterhouseCoopers

One Spencer Dock

North Wall Quay

Dublin 1

D01 X9R7

Ireland

Sponsoring Broker and Legal Advisers

As to Irish Law

Matheson

70 Sir John Rogerson’s Quay

Dublin 2

D02 R296

Ireland

As to Hong Kong Law

Deacons

Alexandra House

16-20 Chater Road

Central Hong Kong

Directors of the AIFM

Alan Behen* (Irish)

Peter Clark (British)

James Cleary† (Irish)

David Conway† (Irish)

Barbara Healy† (Irish)

Timothy Schulze (United States)

Paul Smyth** (Irish)

Julian Swayne (British)

* Alan Behen was appointed as a director of the AIFM with effect from 4 February 2019

** Paul Smyth was appointed as a director of the AIFM with effect from 19 March 2019

† Non-executive Directors independent of the Investment Manager.

Introduction

Barings Korea Feeder Fund (“the Fund”) is a unit trust scheme constituted under the laws of Ireland and has been authorised as a feeder fund into Barings Korea Trust (“the Trust”). The Manager, Baring International Fund Managers (Ireland) Limited, is authorised by the Central Bank of Ireland (“the CBI”) as an Alternative Investment Fund Manager (“AIFM”) pursuant to the European Union (“EU”) Regulations 2013, and therefore the Fund is classified as a Retail Investor Alternative Investment Fund (“RIAIF”) in accordance with the AIF Rulebook issued by the CBI. The Trust is authorised and regulated by the Financial Conduct Authority. The Trust is managed by Baring International Fund Managers Limited. The Fund is also listed on the Euronext Dublin (formerly known as the Irish Stock Exchange) Global Exchange Market.

As an investor in the Trust, the Fund’s money is pooled with that of other investors in the Trust and invested in the securities of South Korean companies listed on the Korean Stock Exchange. The Trust will also participate in investments such as convertible bonds, fixed-interest stocks and mutual funds. As with all Trusts managed by Baring International Fund Managers (Ireland) Limited, the risk assumed in this portfolio is carefully monitored.

As at 30 April 2019, the Fund had one class of units on offer. The Fund held 11,224,544 units (30 April 2018: 14,171,816) in the Trust, which represents approximately 53.26% (30 April 2018: 45.56%) of the authorised units in the Trust. The performance of the Fund is directly dependent on the performance of the Trust. The financial statements of the Trust should be read in conjunction with the Fund’s financial statements.

The trade receipt and valuation deadline for the annual accounts was 12pm on 30 April 2019.

Investment objective and policy

The investment objective of the Fund is to achieve long-term growth in the value of assets by investing in units of the Trust, which is a unit trust constituted in the United Kingdom and authorised by the Financial Conduct Authority. The investment objective of the Trust is to achieve long-term capital growth by investing in Korea.

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

How the Trust is managed

Baring Asset Management Limited, in its capacity as investment manager to the Trust (“the Investment Manager”), invests the Trust in the South Korean equity market, and manages it using a “Growth at a Reasonable Price” (“GARP”) approach. This means that when researching candidates for the portfolio, just as much emphasis is placed on the likely growth in corporate earnings of a company as is placed on the share price valuation before deciding whether to invest or not. This approach combines the best features of both “growth” and “value” investment styles, to the benefit of investors. A significant emphasis is placed on fundamental research, looking for companies which have the potential to deliver better-than-expected earnings growth. Over the long term, the Investment Manager aims to deliver the majority of returns through active stock picking and expects to achieve most of the added value from stock selection.

The Investment Manager has further appointed Baring Asset Management (Asia) Limited as Sub-Investment Manager to the Trust.

Risk profile

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

- Changes in exchange rates between the currency of the Fund and the currencies in which the assets of the Fund are valued can have the effect of increasing or decreasing the value of the Fund and any income generated.
- One of the main risk factors associated with South Korean investments is the proximity to North Korea and the possibility of increased political tension, which may mean the value of the Fund is at greater risk.

Introduction (continued)

Risk profile (continued)

- Country-specific funds have a narrower focus than those which invest broadly across markets and are therefore considered to be higher risk.
- 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 asset.
- 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.



Independent auditors' report to the unitholders of Barings Korea Feeder Fund

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the Fund's assets, liabilities and financial position as at 30 April 2019 and of its results for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, included within the Annual Report & Audited Financial Statements, which comprise:

- the Balance sheet as at 30 April 2019;
 - the Profit and loss account for the year then ended;
 - the Statement of changes in equity for the year then ended;
 - the Portfolio statement as at 30 April 2019; 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 (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) 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 Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall materiality: 50 basis points of Net Assets Value ("NAV") at 30 April 2019.

Audit scope

- The Fund is an open-ended investment trust. We tailored the scope of our audit taking into account the types of investments within the Fund, the involvement of the third parties referred to overleaf, the accounting processes and controls, and the industry in which the Fund operates.

Key audit matters

- Valuation and existence of financial assets at fair value through profit or loss.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Alternative Investment Fund Manager ("AIFM") made subjective judgements, for example the selection of pricing sources to value the investment portfolio. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the AIFM that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter

Valuation and existence of financial assets at fair value through profit or loss

Refer to note 1 for the accounting policies of Financial assets at fair value through profit or loss on pages 18 and 19 and the Portfolio Statement in the financial statements on page 31.

The financial assets at fair value through profit or loss included in the Balance Sheet as at 30 April 2019 are valued in line with Generally Accepted Accounting Practice in Ireland.

How our audit addressed the key audit matter

We tested the valuation and existence of the investment into the Barings Korea Trust (the "Trust") as follows:

- We obtained independent confirmation from the administrator of the Trust to confirm existence and valuation, and reconciled the confirmation to the underlying accounting records of the Fund. We compared the shares and net asset value per share used by the Fund to the independently obtained confirmation from the Trust's administrator. We also considered the reliability of the provider of the information;



Key audit matter

This is considered a key audit matter as it represents the principal element of the financial statements.

How our audit addressed the key audit matter

- We obtained independent confirmation from the Depositary of the shares held in the Trust, agreeing the amounts to the accounting records;
- We also obtained the most recent set of audited financial statements for the Trust. We agreed the net asset value per share as stated within the co-terminus audited financial statements of the Trust to the net asset value per share used in the valuation of that investment in the accounting records of the Fund;
- We read the independent auditors' report included within the audited financial statements of the Trust to ensure there were no modifications in the report. We also considered whether the audit had been completed by a reputable auditor, whether the opinion was unqualified and whether the basis of preparation was appropriate.

No material misstatements were identified as a result of the procedures performed.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Fund, the accounting processes and controls, and the industry in which it operates.

The AIFM controls the affairs of the Fund and is responsible for the overall investment policy which is determined by them. The AIFM has delegated certain responsibilities to Baring Asset Management Limited (the 'Investment Manager') and to Northern Trust International Fund Administration Service (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the AIFM, are prepared on their behalf by the Administrator. The Fund has appointed Northern Trust Fiduciary Services (Ireland) Limited (the "Depositary") to act as Depositary of the Fund's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Fund's interaction with the Administrator, and we assessed the control environment in place at the Administrator.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality as follows:

<i>Overall materiality and how we determined it</i>	50 basis points (2018: 50 basis points) of Net Assets Value ("NAV") at 30 April 2019.
<i>Rationale for benchmark applied</i>	We have applied this benchmark because the main objective of the Fund is to provide investors with a total return taking account of the capital and income returns.



We agreed with the Board of Directors of the AIFM that we would report to them misstatements identified during our audit above 5 basis points of the Fund's NAV, for NAV per share impacting differences (2018: 5 basis points of the Fund's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report & Audited Financial Statements other than the financial statements and our auditors' report thereon. The AIFM 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the AIFM for the financial statements

As explained more fully in the Statement of Alternative Investment Fund Manager's responsibilities set out on page 9, the AIFM is responsible for the preparation of the financial statements in accordance with the applicable framework giving a true and fair view.

The AIFM is also responsible for such internal control as the AIFM determines is 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 AIFM is responsible for assessing the Fund'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 AIFM intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf



This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders as a body in accordance with the European Union (Alternative Investment Fund Managers) Regulations 2013 and for no other purpose. We do not, in giving this opinion, 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.

Pat Candon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
21 August 2019

Report of the Alternative Investment Fund Manager

Statement of Alternative Investment Fund Manager's responsibilities

Baring International Fund Managers (Ireland) Limited ("the Alternative Investment Fund Manager (AIFM)") is required by the Alternative Investment Fund Managers Directive ("the AIFMD") to prepare financial statements for each financial year. These financial statements are prepared in accordance with applicable Irish Law and Financial Reporting Standard 102 ("FRS 102"), "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council, to give a true and fair view of the state of affairs of the Barings Korea Feeder Fund ("the Fund") at the year-end and the Fund's results for the year then ended. In preparing these financial statements, the AIFM must:

- select and consistently apply suitable accounting policies;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Fund will continue in operation.

The AIFM is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Fund and enable it to ensure that the financial statements are prepared in accordance with FRS 102 and comply with the provisions of the Trust Deed and the Unit Trusts Act, 1990. The AIFM is also responsible for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

Under the Central Bank of Ireland's ("CBI's") AIF Rulebook, the assets of the Fund shall be entrusted to the Depositary for safekeeping and therefore custody of the Fund's' assets rests with Northern Trust Fiduciary Services (Ireland) Limited ("the Depositary").

The financial statements are published at www.barings.com. Baring Asset Management Limited ("the Investment Manager") together with the AIFM are responsible for the maintenance and integrity of the website as far as it relates to Barings Fund's. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Transactions with connected parties

The CBI's Alternative Investment Fund ("AIF") Rulebook requires that any transaction carried out with the Fund by a Promoter, AIFM, Depositary, and/or Investment Manager and/or associate, or a group of, companies of these ("connected parties") are carried out as if negotiated at arm's length and are in the best interests of the unitholders.

The Directors of the AIFM are satisfied that there are arrangements in place to ensure that this requirement is applied to all transactions with connected parties, and that all transactions with connected parties during the period complied with the requirement.

Remuneration policy

As part of its authorisation as an AIFM, the AIFM has implemented a remuneration policy consistent with the European Securities and Markets Authority's ("ESMA's") remuneration guidelines and, in particular, the provisions of Annex II of Directive 2011/61/EU (see Appendix 3 – Remuneration disclosure).

Report of the Alternative Investment Fund Manager (continued)

Conflicts of interest

The Directors of the AIFM, the AIFM, the Administrator and the Depository and their respective affiliates, officers, directors and unitholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Fund and/or their respective roles with respect to the Fund. These activities may include managing or advising other funds (including other Collective Portfolio Funds), purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which Barings Korea Trust ("the Trust") may invest. In particular, the AIFM and other companies within the Barings Group may be involved in advising or managing other Investment Funds (including other Portfolio Funds) which have similar or overlapping investment objectives to or with the Trust or the Fund. Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of unitholders.

Alternative Investment Fund Manager's statement

These financial statements were approved by the Directors of the Alternative Investment Fund Manager ("AIFM"), Baring International Fund Managers (Ireland) Limited, on 21 August 2019 and signed on its behalf by:

Directors

David Conway

Barbara Healy

21 August 2019

Report of the Depositary to the unitholders

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Barings Korea Feeder Fund (“the Fund”) provide this report solely in favour of the unitholders of the Fund for the year ended 30 April 2019 (“Annual Accounting Period”). This report is provided in accordance with the current Depositary obligation under the Central Bank of Ireland Alternative Investment Fund Rulebook (“AIF Rulebook”), Chapter 5 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation under the AIF Rulebook, we have enquired into the conduct of the Alternative Investment Fund Manager (“AIFM”) for this Annual Accounting Period and we hereby report thereon to the unitholders of the Fund as follows:

Opinion

We are of the opinion that the Fund has been managed by the AIFM during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional document and by the Central Bank of Ireland under the powers granted to the Central Bank of Ireland by the Investment Fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Investment Fund legislation.

For and on behalf of

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

21 August 2019

Key changes during the year

Change of Address

With effect from 15 October 2018, the registered address for Baring Asset Management Limited changed from:
155 Bishopsgate
London EC2M 3XY
United Kingdom

To:
20 Old Bailey
London EC4M 7BF
United Kingdom

Change of approach to calculate global exposure

With effect from 1 May 2018, the Fund used the commitment approach to calculate their global exposure, as described in detail in the risk management process of the Investment Manager. In no circumstances will the global exposure of a Fund exceed 100% of its Net Asset Value. This approach replaced the Value at Risk ("VAR") methodology. For the avoidance of doubt, there is no change to the extent of use of derivatives by the Fund.

Director Changes

Alan Behen and Paul Smyth were appointed as Directors of Baring International Fund Managers (Ireland) Limited ("AIFM") on 4 February 2019 and 19 March 2019, respectively.

Barings Korea Feeder Fund

Performance

Barings Korea Feeder Fund (the “Fund”) followed the broad market and registered a negative absolute return of -22.2% in US Dollar terms, slightly underperforming the performance comparator of -19.9% during the reporting period.

The following commentary relates to the Baring Korea Trust which the Fund solely invests into. Korean equities fell in absolute terms driven by a confluence of technology downcycle and macro volatility on the back of heightened trade friction between the US and China, coupled with signs of slowdown in China’s economic momentum and the strengthening of US Dollar which contributed to the weakness in the Korean currency.

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

Market outlook

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

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

**Baring Asset Management (Asia) Limited,
appointed as Sub-Investment Manager of Baring Korea Trust by
Baring Asset Management Limited.
May 2019**

Baring Asset Management Limited 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.

Balance sheet

As at 30 April 2019

		Barings Korea Feeder Fund 30/04/2019	Barings Korea Feeder Fund 30/04/2018
	Notes	US\$	US\$
Assets			
Financial assets at fair value through profit or loss	1	45,373,678	73,018,373
Funds due from the Barings Korea Trust	1	155,250	-
Cash and cash equivalents	1	58,828	86,889
Receivable for units sold	1	34,763	162,566
Trade and other receivables	1	1,197	2,809
Total assets		<u>45,623,716</u>	<u>73,270,637</u>
Liabilities			
Payable for units redeemed	1	(178,876)	(120,327)
Funds due to the Barings Korea Trust	1	-	(51,077)
Management fees payable	2	(3,801)	(6,133)
Administration fees payable	2	(10,454)	(16,865)
Depositary fees payable	2	(7,662)	(2,612)
Trade and other payables	1	(142,262)	(94,483)
Total liabilities (excluding net assets attributable to equity holders)		<u>(343,055)</u>	<u>(291,497)</u>
Equity			
Net assets attributable to equity holders		<u>45,280,661</u>	<u>72,979,140</u>
Total equity		<u>45,280,661</u>	<u>72,979,140</u>
Total equity and liabilities		<u>45,623,716</u>	<u>73,270,637</u>
Units in issue (note 4)	Class A USD Acc	2,142,079	2,684,928

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 April 2019

		Barings Korea Feeder Fund 30/04/2019 US\$	Barings Korea Feeder Fund 30/04/2018* US\$
	Notes		
Net assets attributable to equity holders of redeemable participating units at the beginning of the year/period		72,979,140	68,105,620
(Decrease)/Increase in net assets for the year/period attributable to equity holders from operations		(14,814,359)	11,378,001
Issue of redeemable participating units for the year/period	4	12,287,218	26,692,164
Redemption of redeemable participating units for the year/period	4	(25,171,338)	(33,196,645)
Net assets attributable to equity holders at the end of the year/period		<u>45,280,661</u>	<u>72,979,140</u>

* For the period 9 August 2017 to 30 April 2018.

The accompanying notes form an integral part of these financial statements.

Profit and loss account

For the year ended 30 April 2019

	Notes	Barings Korea Feeder Fund 30/04/2019 US\$	Barings Korea Feeder Fund 30/04/2018* US\$
Investment income			
Net fair value (loss)/gain on financial assets and liabilities at fair value through profit or loss	3	(14,387,893)	11,668,178
Total investment (expense)/income		(14,387,893)	11,668,178
Expenses			
Management fees	2	(54,129)	(52,350)
Administration fees	2	(148,854)	(143,963)
Depositary fees	2	(12,720)	(10,994)
General expenses	2	(210,566)	(82,568)
Total operating expenses		(426,269)	(289,875)
Net (expense)/income before finance costs		(14,814,162)	11,378,303
Finance costs			
Bank interest expense	1	(197)	(302)
Total finance costs		(197)	(302)
(Decrease)/increase in net assets for the year/period attributable to equity holders from operations		(14,814,359)	11,378,001

Gains and losses arose solely from continuing operations. There were no gains and losses other than those dealt with in the profit and loss account

* For the period 9 August 2017 to 30 April 2018.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

The principal accounting policies adopted by Barings Korea Feeder Fund (“the Fund”) are as follows:

Basis of preparation

In preparing the financial statements for the financial year-end 30 April 2019, Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (AIFM)”) has applied ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (“FRS 102”), and these financial statements comply with that standard.

The Fund has been authorised by the Central Bank of Ireland (“the CBI”) and the Hong Kong Securities and Futures Commission pursuant to the Unit Trusts Act, 1990, and the provisions of the Hong Kong Code on Unit Trusts and Mutual Funds and the Trust Deed, supplemented or consolidated from time to time.

The annual report has been prepared on a going concern basis and in accordance with FRS 102 and Irish Statute comprising the Unit Trusts Act, 1990, and the provisions of the Hong Kong Code on Unit Trusts and Mutual Funds. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council (“FRC”).

The Fund meets all the conditions set out in FRS 102, Section 7, and consequently has availed of the exemption available to certain funds not to prepare a statement of cash flows.

The last business day of the Fund in the current financial year was 30 April 2019. The last valuation point on that day was 12.00pm.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements made about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities, including derivative financial instruments held at fair value through profit or loss.

Fair value measurement

By fully adopting FRS 102, in accounting for its financial instruments, a reporting entity is required to apply either a) the full requirements of FRS 102 relating to Basic Financial Instruments and other Financial instruments, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial instruments and other Financial instruments, or c) the recognition and measurement provisions of IFRS 9 Financial instruments and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other financial instruments. The trust has chosen to implement (b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

The use of IAS 39 recognition and measurement provisions is in line with the pricing policy, which outlines that the fair value of financial assets and financial liabilities be valued at the last traded prices.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Foreign exchange translation

(a) Functional and presentation currency

Items included in the Fund's financial statements are presented using the currency of the primary economic environment in which it operates ("the functional currency"). The functional and presentation currency of the Fund is the US dollar, which reflects the fact that all the redeemable participating units have been subscribed and redeemed in US dollars. The presentation currency of the Barings Korea Trust ("the Trust") is sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional and presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Proceeds from subscriptions and amounts paid on redemption of redeemable participating units are translated into the functional and presentation currency using the exchange rates prevailing at the dates of the transactions.

Financial assets at fair value through profit or loss

(a) Classification

The Fund classifies its investments in the Trust as financial assets at fair value through profit or loss. These financial assets are classified as held for trading or designated by the Directors of the AIFM at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Directors of the AIFM to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. The financial statements include all the trades received up until the valuation point for the Fund as discussed in the basis of preparation paragraph on page 18. Any trades received subsequent to this point are not reflected in the financial statements. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Realised gains and losses on disposals of financial assets and liabilities classified as 'at fair value through profit or loss' are calculated using the First In First Out ("FIFO") method.

(c) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value at the relevant valuation point of the Fund as disclosed on page 2. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the year in which they arise.

Interest income from financial assets at fair value through profit or loss is recognised in the profit and loss account within interest income using an effective interest method.

The Fund invests primarily in the Trust. The quoted market price used for the Trust is the last traded price where the last traded price falls within the bid-ask spread.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial assets at fair value through profit or loss (continued)

(d) Fair value estimation

The investments in the Trust are valued as at the year-end date using the unaudited Net Asset Value price of the Trust. The fair value of financial instruments is based on quoted market prices at the balance sheet date. By fully adopting FRS 102, in accounting for its financial instruments, a reporting entity is required to apply either: a) the full requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments. The Trust has chosen to implement (b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

As a result of the Fund's decision to implement the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement, the fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at 12pm on the reporting date.

(e) Subsidiaries

The Trust, which is the only holding on the Fund's investment portfolio, is considered a subsidiary of the Fund.

Any subsidiary that is held as part of an investment portfolio is required to be measured at fair value with changes in fair value recognised in the profit or loss. All financial instruments held by the Fund are held as part of an investment portfolio and are measured at fair value with changes in fair value recognised in the profit and loss account.

Operating expenses

The Fund's AIFM is responsible for all normal operating expenses, including audit fees, stamp and other duties, and charges incurred on the acquisition and realisation of investments. Operating expenses are accounted for on an accruals basis. The AIFM meets all other expenses incurred by the Fund in connection with its services.

Distribution policy

It is not intended to distribute to unitholders any income, all such income being accumulated within the Fund.

Trade and other receivables and cash and cash equivalents

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables, cash and cash equivalents are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination. They are subsequently measured at amortised cost less provision for impairment.

Trade and other payables

Payables are initially recognised at fair value plus transaction costs and subsequently stated at fair value. The difference between the proceeds and the amount payable is recognised over the settlement period of the payables using the effective interest method.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Equity

Equity units are redeemable at the unitholder's option. The Fund's Net Asset Value per unit is calculated by dividing the net assets attributable to the holders of equity units by the total number of outstanding redeemable participating units.

In accordance with the provisions of the Trust Deed, the fair value of the investment in the Trust is calculated by reference to the last traded market price of the Trust where the last traded price falls within the bid-ask spread. This is consistent with the accounting policy of the Fund for the purpose of compliance with FRS 102.

2. Fees and related party disclosures

Management fees

The AIFM is entitled under the Trust Deed to make a management charge at a rate not exceeding 0.5% per annum (or such higher percentage per annum as may be approved by an Extraordinary Resolution of unitholders) of the value of the net assets of the Fund ("the Management Charge"). The Management Charge is payable monthly in arrears and is calculated by reference to the value of the net assets of the Fund as at each day on which the value of the net assets of the Fund is calculated. The AIFM currently makes a charge at the rate of 0.1% per annum, which may be increased to an amount not exceeding 0.5% per annum on giving not less than three months' notice to the unitholders. The rates have not changed from the previous year.

The Fund is managed by Baring International Fund Managers (Ireland) Limited, who have appointed the Investment Manager, "Barings Asset Management Limited" an investment management company incorporated in London on 6 April 1994. The Investment Manager is part of the Barings LLC group and is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"). The outstanding amounts payable as at the end of the period for management fees are disclosed on the Fund's balance sheet.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Peter Clark, Timothy Schulze and Julian Swayne are connected to the AIFM through employment with Barings LLC group and its subsidiaries. Alan Behan and Paul Smyth are employees of the AIFM.

Administration fees

The AIFM shall be entitled to receive an administration fee out of the assets of the Fund at the rate of 0.275% per annum of the Net Asset Value of the Fund calculated by reference to the daily calculation of asset values and paid monthly in arrears. The fee will be subject to a minimum of £12,000 per annum. The AIFM will pay the fees of Northern Trust International Fund Administration Services (Ireland) Limited ("the Administrator") and the Registrar out of the administration fee. The Administrator and Registrar are entitled to be reimbursed certain out-of-pocket expenses out of the assets of the Fund.

Notes to the financial statements (continued)

2. Fees and related party disclosures (continued)

Depositary fees

Northern Trust Fiduciary Services (Ireland) Limited (“the Depositary”) is entitled under the Trust Deed to receive out of the assets of the Fund a Trustee fee at the rate of up to 0.025% per annum of the value of the net assets of the Fund, payable monthly in arrears. In addition, the Depositary will also charge transaction fees, safekeeping fees and account maintenance charges out of the assets of the Fund, which shall be at normal commercial rates. The Depositary is entitled to be reimbursed all fees and charges of sub-custodians appointed by it and all other out-of-pocket expenses incurred by it. Any sub-custodian fees will be charged at normal commercial fees.

Legal fee

The fees paid to Deacons during the year amounted to US\$81,306 (30 April 2018: US\$34,912). The fees paid to Matheson during the year amounted to US\$53,960 (30 April 2018: US\$9,026).

Other expenses

The Depositary pays out of the assets of the Fund the above fees and expenses, stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, listing fees and legal expenses of the AIFM. The costs of printing and distributing reports, accounts and any prospectus and of publishing prices, and any costs incurred as a result of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any code relating to unit trusts, whether or not having the force of law) are also paid out of the assets of the Fund.

Investment Funds

The Fund invests in another Investment Fund managed by the AIFM. This holding is detailed in the portfolio statement. The investment in the Investment Fund managed by the AIFM is at arm’s length and at normal commercial rates. The management fee rate is also charged at the Trust level. Please refer to the Trust’s Prospectus for further details.

Transaction costs

There were no transaction costs incurred by the Fund for the year ended 30 April 2019 (30 April 2018: nil).

Significant unitholdings

The following table details significant concentrations in unitholdings of the Fund or instances where the units are beneficially held by other Investment Funds managed by the Investment Manager or one of its affiliates. As at 30 April 2019, the following had significant unitholdings in the Fund:

Fund name	Number of unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by Investment Funds managed by Baring International Fund Managers (Ireland) Limited or affiliates
Barings Korea Feeder Fund	2 (30/04/2018: Nil)	42.76% (30/04/2018: Nil)	4.90% (30/04/2018: 4.24%)

Notes to the financial statements (continued)

3. Net Fair value (loss)/gain on Financial Assets and Liabilities at fair value through profit or loss

The following table analyses the realised and unrealised gains and losses on investments and currencies from the profit and loss account on page 17. This requirement complies with the CBI's AIF Rulebook.

	30/04/2019*	30/04/2018**
	USD	USD
Realised gains on sale of investments	2,198,534	3,049,887
Realised losses on sale of investments	(792,786)	(10,430)
Realised currency gains	269,298	219,602
Realised currency losses	(299,866)	(258,627)
Unrealised (losses)/gains on investments	(15,762,945)	8,667,564
Unrealised currency gains	269	1,734
Unrealised currency losses	(397)	(1,552)
	<u><u>(14,387,893)</u></u>	<u><u>11,668,178</u></u>

* For the year ended 30 April 2019.

** For the period 9 August 2017 to 30 April 2018.

4. Units issued and redeemed

Barings Korea Feeder Fund - Class A USD Acc

	30/04/2019	30/04/2018
	Units	Units
By units:		
Units in issue at the beginning of year/period	2,684,928	2,942,934
Units issued during the year/period	510,597	1,037,576
Units redeemed during the year/period	(1,053,446)	(1,295,582)
Units in issue at end of the year/period	<u><u>2,142,079</u></u>	<u><u>2,684,928</u></u>

5. Comparative statistics

	30/04/2019	30/04/2018	08/08/2017
Total Net Asset Value			
Barings Korea Feeder Fund - Class A USD Acc	US\$45,280,661	US\$72,979,140	US\$68,105,620
	30/04/2019	30/04/2018	08/08/2017
Net Asset Value per unit			
Barings Korea Feeder Fund - Class A USD Acc	US\$21.14	US\$27.18	US\$23.14

6. Exchange rates

The exchange rates used at the year/period end were:

	Exchange rate to US\$ 30/04/2019	Exchange rate to US\$ 30/04/2018
Euro	0.8919	0.8268
Pound sterling	0.7686	0.7286

Notes to the financial statements (continued)

7. Financial risk management

Strategy in using financial instruments

The Fund is exposed to a variety of financial risks in pursuing its stated investment objectives and policies. These risks are defined in FRS 102 as market risk (which in turn includes price risk, foreign currency risk, and interest rate risk), liquidity risk and credit risk. The Fund assumes exposure to these risks to generate investment returns on its portfolios, although these risks can also potentially result in a reduction in the Fund's net assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the Fund's performance where it can do so while still managing the investments of the Fund in a way that is consistent with the Fund's investment objectives and policy.

In accordance with the investment objectives and policies of the Fund, it may only invest in redeemable participating units in the Trust.

The Fund may hold ancillary liquid assets in order to cover the ongoing costs and expenses of the Fund. Liquid assets in this context include bank deposits, commercial paper and treasury bills.

A review of the performance for the year is available on page 14.

The underlying investments in the Trust are subject to normal market fluctuations and other risks inherent in investing in securities, and there can be no assurance that any appreciation in value will occur. The value of investments, and therefore the value of the units relating to them, can go down as well as up, and an investor may not realise the amount originally invested.

The risks, and the measures adopted for managing these risks, are detailed below.

(a) Market price risk

Market price risk is defined in FRS 102 as "the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices".

The Fund invests solely in the Trust and is therefore impacted by the inherent risks of the Trust's investments. The AIFM monitors the Trust's positions on a monthly basis and reviews the information on the Trust's overall market exposures provided by the Investment Manager of the Trust at its periodic meetings.

In addition, the Investment Manager of the Trust manages the exposure of the portfolio to the risk of adverse changes in the general level of market prices through adhering to its formal risk management process, which includes the use of systems and technology to monitor overall market and position risk on a daily basis. The maximum risk arising from an investment is determined by the fair value of the financial instruments. The overall market exposures and concentration of risk can be seen in the portfolio statement and on the balance sheet of the Fund. The Fund's market price risk is affected by two components: changes in market prices and currency exchange rates. The Fund's exposure to market risk is disclosed in the portfolio statement.

Risk Monitoring of Global Exposure

The Fund has been classified as a non-sophisticated user of FDI (Financial Derivative Instruments) and, as permitted by the Central Bank UCITS Regulations, with effect from the 1st of May 2018, the Trust has adopted the commitment approach in the calculation of global exposure for these Funds during the year. This approach replaces the use of the Value at Risk ("VAR") methodology.

The commitment approach has been calculated, in the case of forward currency contracts ("FFCTs"), by converting the FFCT position into an equivalent position based on the market value of the underlying asset. As FDI are used for hedging purposes, the exposure of the FDI has been calculated and then netted against the instrument being hedged. The global exposure calculation is performed on a daily basis.

In no circumstances will the global exposure of a Fund exceed 100% of its Net Asset Value.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(a) Market price risk (continued)

Sensitivity Analysis

If the price of the underlying Investment Fund held by the Fund had increased or decreased by 5% at 30 April 2019 (30 April 2018 5%) with all other variables held constant, this would have increased or decreased the Net Assets Attributable to equity holders by USD 2,279,247(30 April 2018 by USD 3,655,122).

Political and/or regulatory risks

The value of the assets of the Fund may be adversely affected by uncertainties such as international, political and economic developments, and changes in market conditions, government policies and legal, regulatory and tax requirements.

(b) Foreign currency risk

Foreign currency risk is defined in FRS 102 as “the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates”. The Fund is exposed to foreign currency risk as assets and liabilities of the Fund may be denominated in a currency other than the functional currency of the Fund, which is the US dollar. It is also exposed to the foreign currency risk via holdings in Baring Korea Trust.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of those assets and liabilities. The Investment Manager may attempt to mitigate this risk by using financial derivative instruments.

In accordance with the Fund’s policy, the Investment Manager of the Trust monitors the Trust’s currency exposures on a daily basis and reports regularly to the Directors of the AIFM, which reviews the information provided by the Investment Manager on any significant exposures at its periodic meetings.

The Investment Manager may have used forward foreign currency contracts on the Trust as a tool and technique to hedge the Trust’s currency exposure.

The table below represents the Trust’s exposure to foreign currency as at 30 April 2018 and 30 April 2019. All amounts are stated in the functional currency of the Trust

	Barings Korea Feeder	Barings Korea Feeder
	30/04/2019	30/04/2018
	USD	USD
GBP	45,294,672	72,937,477
Total	45,294,672	72,937,477

Notes to the financial statements (continued)

7. Financial risk management (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis

The below currency sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future rate movements and correlations between currencies could vary significantly from those experienced in the past

At 30 April 2019, had the exchange rate between the US Dollar and other currencies increased or decreased by 5 % (30 April 2018: 5%) with all other variables held constant, the increase or decrease in the value of the Net Assets attributable to holders of redeemable participating units would be USD 2,268,684 (30 April 2018 USD 3,650,919)

(c) Interest rate risk

Interest rate risk is defined in FRS 102 as “the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates”.

As the Fund invests substantially all of its assets into the Trust and has a relatively small cash/overdraft balance, it has an insignificant level of direct exposure to interest rate risk. The Fund would, however, be indirectly subject to fluctuations in the prevailing levels of market interest rates impacting on the underlying investments of the Trust.

(d) Liquidity risk

Liquidity risk is defined in FRS 102 as “the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset”.

The Fund and the Trust are exposed to daily cash redemptions of units. The Fund invests the majority of its assets in the Trust, which is considered to be liquid, as these can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses. There are a number of circumstances when the AIFM may, with the approval of the Depositary, temporarily suspend the right of unitholders to require the realisation of units of any class and/or may delay the payment of any monies in respect of any such realisation.

In accordance with the Fund’s policy, the AIFM monitors the Fund’s liquidity on a daily basis and reviews any significant exposures at its periodic meetings. At 30 April 2019 and 30 April 2018, the Fund’s financial liabilities, as disclosed on the balance sheet, were all due within one month.

There is a bank overdraft facility in place with The Northern Trust Company (“TNTC”). An “uncommitted” multi-currency loan facility has been made available by TNTC to the Fund. As at 30 April 2019, there was no amount drawn down on this facility (30 April 2018: same).

Notes to the financial statements (continued)

7. Financial risk management (continued)

(e) Credit risk

Credit risk is defined in FRS 102 as “the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation”. The Fund is indirectly exposed to credit risk due to its investment in the Trust.

Credit risk statement

Northern Trust Fiduciary Services (Ireland) Limited (“NTFSIL”) is the appointed Depository of the Fund, responsible for the safe-keeping of assets. NTFSIL has appointed The Northern Trust Company (“TNTC”) as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation (“NTC”). As at the year-end date of 30 April 2019, NTC had a long-term credit rating from Standard & Poor’s (“S&P’s”) of A+.

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the US, the UK, Ireland and Canada. However, in all other markets, TNTC appoints local external sub-custodians.

NTFSIL, in the discharge of its depository duties, verifies the Fund’s ownership of Other Assets, (as defined under Other Assets, Art 21 (8)(b) of Directive 2011/61/EU), by assessing whether the Funds hold the ownership, based on information or documents provided by the Fund or, where available, on external evidence.

TNTC, in the discharge of its delegated depository duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separate from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Funds on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of the insolvency of TNTC, in accordance with standard banking practice, the Funds will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of NTFSIL and or one of its agents or affiliates may cause the Fund’s rights with respect to its assets to be delayed.

The Responsible Party manages risk by monitoring the credit quality and financial position of the Depository, and such risk is further managed by the Depository monitoring the credit quality and financial positions of sub-custodian appointments.

Northern Trust continually reviews its sub-custodian network to ensure clients have access to the most efficient, creditworthy and cost-effective provider in each market.

The Investment Manager of the Trust reviews concentrations of credit risk on a fortnightly basis. All exposures to counterparty credit risk are monitored by the Investment Manager’s Counterparty Credit Committee and are subject to the Counterparty Credit Policy (“CCP”). The Investment Manager requires a minimum credit rating of Dunn and Bradstreet (“D&B”) 3, but also actively avoids exposure to entities having an S&P rating of less than AA-, even where the D&B rating is 3 or better. Adherence to the CCP is very rigidly enforced. Any changes to ratings which cause divergence from the CCP are acted on immediately without exception. Application for Initial Public Offerings (“IPOs”), for example, is subject to the credit rating of the entity to whose balance sheet the application will expose the investing fund. Where no satisfactory rating is applied, the Investment Manager insists that monies are paid into a ring-fenced ‘Client Money’ account, hence avoiding exposure not permitted by the CCP.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(e) Credit risk (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; 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 of the Trust, and their fair value.
- Derivatives and other financial instruments – transactions in derivatives, warrants and forward currency contracts may be used for the purpose of hedging and meeting the investment objective of the Trust. In pursuing the Trust's objectives, Baring Fund Managers Limited may make use of a variety of instruments in accordance with the rules.

Credit risk arising from receivables relating to unsettled trades is considered small due to the short settlement period involved. The maximum exposure related to unsettled trades equals the amounts shown on the balance sheet. There were no past due or impaired assets as of 30 April 2019 and 30 April 2018.

The Fund invests solely into the Trust and is therefore indirectly exposed to the Trust's investments.

The net assets (fair value of investments, cash and receivables relating to securities) exposed to credit risk at year-end/period amounted to:

Fund	30/04/2019	30/04/2018
	US\$	US\$
Barings Korea Feeder Fund	45,587,756	73,102,441

(f) Fair value hierarchy

FRS 102 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Notes to the financial statements (continued)

7. Financial risk management (continued)

(f) Fair value hierarchy

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the AIFM. The AIFM considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the classification of the Fund's financial instruments measured at fair value in accordance with FRS 102:

As at 30/04/2019	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Collective Investment Schemes	-	45,373,678	-	45,373,678
Total	-	45,373,678	-	45,373,678

As at 30/04/2018	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Collective Investment Schemes	-	73,018,373	-	73,018,373
Total	-	73,018,373	-	73,018,373

8. Efficient portfolio management

During the year ended 30 April 2019, the Fund did not engage in any efficient portfolio management techniques (30 April 2018: same).

9. Taxation

Under current law and practice, the Fund qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended ("the TCA"). On that basis, it is not chargeable to Irish tax on its income or capital gains.

However, Irish tax can arise on the happening of a chargeable event in the Fund. A chargeable event includes any distribution payments to unitholders or any encashment, redemption, transfer or cancellation of units and any deemed disposal of units for Irish tax purposes arising as a result of holding units in the Fund for a period of eight years or more.

No Irish tax will arise in respect of chargeable events due to a unitholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither an Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held by the Fund or where the Fund has been authorised by Irish Revenue to make gross payments in absence of appropriate declarations.

Notes to the financial statements (continued)

9. Taxation (continued)

Capital gains, dividends and interest received on investments made by the Fund may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Fund or its unitholders.

10. Significant events

Please refer to the key changes during the year on page 12.

11. Subsequent events

The outcome of the Brexit negotiations continues to be uncertain and Barings continues to plan for a number of possible scenarios, including “no deal”. Barings is committed to ensuring continuity of service for its investors and protecting its business against potential regulatory or other market access barriers related to Brexit. In this regard, Baring International Fund Managers (Ireland) Limited (“BIFMI”), will continue as the AIFM and the Funds will continue to be registered for distribution into relevant jurisdictions in EU27 and elsewhere. Portfolio management will continue to be delegated to Baring Asset Management Limited, a UK entity. The depositary and administrator of the Funds are also EU27 entities. In addition, BIFMI has enhanced its presence in Dublin and recruited several key employees, reflecting the increased significance of BIFMI’s role within the Barings business.

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the EU27. Among other things, the UK’s decision to leave the EU could lead to changes in the law and tax treatment of funds, instability in the equity, debt and foreign exchange markets, including volatility in the value of sterling or the euro.

There has been no other events subsequent to the year-end which, in the opinion of the Directors of the Manager may have a material impact on these financial statements.

12. Contingent Liabilities

There are no contingent liabilities at financial year-end 30 April 2019 and 30 April 2018.

13. Periodic Reporting

Pursuant to Directive 2011/61/EU, the AIFM is required to periodically disclose the following information to investors in the Funds:

- There were no assets held that are subject to special arrangements arising from their illiquid nature.
- There are no new arrangements for managing the liquidity of the Funds.

14. Approval of financial statements

The financial statements were approved by the Board of Directors on 21 August 2019.

Portfolio statement

As at 30 April 2019

Portfolio Statement

As at 30 April 2019

Investment Unit Trust	Holding as at 30/04/2018	Nominal purchases	Nominal sales	Holding as at 30/04/2019	Fair value in US\$ as at 30/04/2019	% of NAV
Barings Korea Trust (cost US\$47,734,059.37)	14,171,816	1,665,526	(4,612,798)	11,224,544	45,373,678	99.89
Cash and cash equivalents					56,007	0.12
Other net liabilities					(6,762)	(0.01)
Net assets attributable to equity holders					45,422,923	100.00

As at 30 April 2018

Investment Unit Trust	Holding as at 08/08/2017	Nominal purchases	Nominal sales	Holding as at 30/04/2018	Fair value in US\$ as at 30/04/2018	% of NAV
Barings Korea Trust (cost US\$59,615,809.89)	15,606,732	2,708,666	(4,143,582)	14,171,816	73,018,373	100.05
Cash and cash equivalents					86,889	0.12
Other net liabilities					(126,122)	(0.17)
Net assets attributable to equity holders					72,979,140	100.00

The accompanying notes form an integral part of these financial statements.

BARINGS

General information – Unaudited

Barings Korea Feeder Fund (“the Fund”) is a unit trust managed by Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (AIFM)”). The Fund is a feeder fund investing solely in the units of Barings Korea Trust (“the Trust”), a United Kingdom authorised unit trust scheme, which has also been authorised by the Securities and Futures Commission in Hong Kong.

Each redeemable participating unit in the Fund represents one undivided unit in the property of the Fund.

The Fund is valued on each dealing day following the initial issue of units of the relevant class, and such units may normally be purchased or realised by application to the AIFM c/o the Administrator on a dealing day. Dealing days are every business day and/or such other day or days as the AIFM may, with the approval of Northern Trust Fiduciary Services (Ireland) Limited (“the Depositary”), determine (as will be notified in advance to unitholders), provided that such day is also a dealing day in respect of the Trust and provided further that there shall be at least two dealing days in each month. A business day is any day, other than a Saturday or Sunday, on which banks in both Dublin and London are open for business.

The AIFM may decline any application for redeemable participating units in whole or in part and will not accept subscriptions for units of an amount (inclusive of the preliminary charge) which is less than US\$5,000. A preliminary charge of up to 6% (or such higher amounts as may be approved by an extraordinary resolution) of the amount invested may be made and retained by the AIFM, but it is the intention of the AIFM that such charge should not, until further notice, exceed 5%. Redeemable participating units in the Trust will, however, be acquired by the Fund at the creation price, the effect of which is that there will be no initial charge made on the acquisition of units in the Trust.

The Fund is constituted under the laws of Ireland by a Trust Deed dated 2 October 1992, (such deed as amended from time to time being hereinafter referred to as the “Trust Deed”) made between the AIFM and the Depositary.

All unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed.

Information in this section is selective and should be read in conjunction with the full text of the Prospectus.

Market timing

Repeatedly purchasing and selling redeemable participating units in the Fund in response to short-term market fluctuations – known as ‘market timing’ – can disrupt the AIFM’s investment strategy and increase the Fund’s expenses to the prejudice of all unitholders. The Fund is not intended for market timing or excessive trading. To deter these activities, the AIFM may refuse to accept an application for redeemable participating units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Trust.

The AIFM reserves the right to redeem redeemable participating units from a unitholder on the basis of the circumstances of the unitholder concerned, or if it has reasonable grounds to believe that the unitholders are engaging in any activity which might result in the Fund or its unitholders as a whole suffering any legal, regulatory, reputational or other material disadvantage which the Fund or its unitholders as a whole might not otherwise have suffered.

Particulars relating to the Trust

Particulars relating to the Trust are contained in the Prospectus, copies of which, together with the latest published Manager’s report, can be obtained, free of charge, from Baring Asset Management Limited at 20 Old Bailey, London EC4M 7BF, United Kingdom.

Appendix 1 – Additional information Hong Kong Code – Unaudited

Highest issue and lowest redemption prices

The highest issue and lowest redemption prices of the Fund during the year/period are stated below:

	30/04/2019	30/04/2018	08/08/2017	08/08/2016	08/08/2015
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year/period	27.61	28.19	24.16	24.27	25.95
Lowest redemption price during the year/period	20.18	22.15	18.54	18.87	20.63

	08/08/2014	08/08/2013	08/08/2012	08/08/2011	08/08/2010
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year/period	24.69	24.05	23.50	27.66	20.30
Lowest redemption price during the year/period	20.12	19.13	19.01	18.56	15.50

Appendix 2 – Remuneration disclosure – Unaudited

Barings International Fund Manager's ("AIFM") remuneration policy ensures that the remuneration arrangements as defined in ESMA's "Guidelines on Sound Remuneration Policy under the UCITS directive and AIFMD" (ESMA 2016/411) (the 'ESMA Guidelines'), (as amended) are

- (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or constitution of the AIFM or the Funds; and
- (ii) consistent with the AIFM's business strategy, objectives, values and interests and include measures to avoid conflicts of interest.

The AIFM complies with remuneration principles in a way and to the extent that is appropriate to its size and business.

Remuneration committee

Due to the size and nature of the AIFM, the Board of Directors considers it appropriate to dis-apply the requirement to appoint a remuneration committee.

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

Remuneration Code Staff

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

- 1) Senior management
Senior Management comprises the Board of Directors.
- 2) Control Functions
All the Central Bank of Ireland ("the CBI") Pre Approved Control Functions ("PCFs") are included within the definition of Remuneration Code Staff. PCFs have not been included in this disclosure as they were approved shortly before the accounting year end.
- 3) Risk takers
Risk Takers are defined as the investment managers of the UCITS and AIFs. Investment management is delegated to firms subject to an equivalent remuneration regime and therefore the Manager currently has no risk takers outside of senior management.
- 4) Employees in the same remuneration bracket as risk takers
The AIFM will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profile of Barings Korea Feeder Fund ("the Fund"). Accordingly, the AIFM has no staff in this category.
- 5) Staff responsible for heading the investment management, administration, marketing and human resources
There are no staff in this category.

Appendix 2 – Remuneration disclosure – Unaudited (continued)

Remuneration disclosure

The disclosure below details the fixed and variable remuneration paid to the AIF's Remuneration Code Staff.

	Number of beneficiaries	Total remuneration	Total fixed remuneration	Total variable remuneration
Total remuneration paid by the Manager in relation to the sub-Funds*	3	€216	€216	€0
Total Senior Management Remuneration paid by the Manager**	3	€96,144	€96,144	€0

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

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

Notes:

* AIFM does not make any direct payments to staff who are paid by other Barings Group entities. Figures are calculated using the AUM of the Fund as a proportion of Barings' total AUM. Accordingly the figures are not representative of any individual's actual remuneration.

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

The Fund does not pay performance fees or award carried interest.

Registered address:

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Ireland

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Important information:

This document is approved and issued by Baring International Fund Managers (Ireland) Limited.

Disclosure:

Baring International Fund Managers (Ireland) Limited
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