



## **Barings Korea Feeder Fund**

**(the Fund is constituted as an open-ended unit trust  
established pursuant to the Units Trust Act 1990)**

### **Interim Report & Unaudited Financial Statements**

For the financial period ended 31 October 2019

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**Barings Korea Feeder Fund**  
**Interim Report and Unaudited Financial Statements**  
for the financial period ended 31 October 2019  
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# Barings Korea Feeder Fund

## Directors and Other Information

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### 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)

† Non-executive Directors independent of the Investment Manager.

### Alternative Investment Fund Manager (“AIFM”)

Baring International Fund Managers (Ireland) Limited  
70 Sir John Rogerson’s Quay  
Dublin 2  
D02 R296  
Ireland

### Investment Managers to 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

\* Baring Asset Management (Asia) Limited is the delegated Sub-Investment Manager of the Trust and is authorised and regulated by the Financial Conduct Authority.

### Depository

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
D02 R156  
Ireland

### Administrator, Registrar and Transfer Agent

Northern Trust International Fund Administration Services  
(Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
D02 R156  
Ireland

### Company Secretary

Matsack Trust Limited  
70 Sir John Rogerson’s Quay  
Dublin 2  
D02 R296  
Ireland

### Independent Auditors

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
D01 X9R7  
Ireland

### Sponsoring Brokers 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

### Sub-custodian

The Hong Kong and Shanghai Banking  
Corporation Limited  
35th Floor, HSBC Tower  
1000 Lujiazui Ring Road  
Pudong  
Shanghai 200120  
People’s Republic of China

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# Barings Korea Feeder Fund

## Introduction

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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 Alternative Investment Fund Rulebook (the “AIF Rulebook”) issued by the CBI. The Trust is authorised and regulated by the Financial Conduct Authority. The Trust is managed by Baring Fund Managers Limited. The Fund is also listed on the Euronext Dublin 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 Fund Managers Limited, the risk assumed in this portfolio is carefully monitored.

As at 31 October 2019, the Fund had one class of units on offer. The Fund held 15,408,558 units (30 April 2019: 11,224,544) in the Trust, which represents approximately 61.24% (30 April 2019: 53.26%) 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 financial statements include all the trades received up until 12pm (Irish time) on 31 October 2019, the valuation point of the Fund.

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# Barings Korea Feeder Fund

## Investment Objective and Policy

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The investment objective of Barings Korea Feeder Fund (the “Fund”) is to achieve long-term growth in the value of assets by investing in units of Barings Korea Trust (the “Trust”), which is a unit trust constituted in the United Kingdom and authorised by the Financial Conduct Authority (“FCA”). 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.
- 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. Investors should read the Prospectus and carefully consider the potential risk factors as well reward factors before investing.

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# Barings Korea Feeder Fund

## Investment Managers' Report

For the financial period ended 31 October 2019

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### Performance

Barings Korea Feeder Fund (the "Fund") registered a gross return of -9.45% and underperformed the performance comparator with a return of -5.07% during the reporting period. Korean equities retreated in absolute terms on the back of re-elevated uncertainties from trade friction rhetoric and subdued macro data, while the recovering sentiment in the semiconductor industry and upbeat outlook in the IT sector recovery after pro-longed trade tensions helped cushion market performance. During the reporting period, the share price of Samsung Electronics performed strongly on the back of hopes for semiconductor cycle recovery next year, yet the structural underweight position of the Trust in the stock due to one of the UCITS constraints (the 5/10/40 rule) negatively contributed to relative performance. As at end of October 2019, the weight of Samsung Electronics accounted for over 20% in the performance comparator (the KOSPI Index), but due to such constraint the Trust could only hold up to 10% of its total assets in the stock. Despite the short-term detraction from the relative performance due to the share price rally, the Trust was adequately positioned to capture Samsung Electronics' outperformance, as it held a few mid-cap stocks as the Samsung's "proxies" and/or companies under Samsung's supply chain, which were expected to benefit from the growth of Samsung Electronics. The Trust also allocated sizeable exposure to the tech sector, which could also benefit along with Samsung's improving global competitiveness and opportunity in 5G-network-related capital expenditure.

In addition, some small/mid-cap names in consumer staples such as Korea Kolmar detracted from relative performance amidst continued uncertainties over political tensions between Korea and China as well as weakened earnings visibility partly due to intensified competitions. We have exited our positions in the stock by the end of the reporting period. Also, there has been short-term profit taking activities for some names in quality consumption sectors such as cosmetics makers and botox producers among our weak performing holdings over the reporting period. Despite that we stayed convicted to these quality names, the near-term concerns have caused large volatilities in the share prices regardless of the fundamental industry drivers and the competitive position of the companies. We continue to believe in the long-term structural theme of "Aging Beauty", especially the surging demand for medical injectable and equipment to stay young in appearance. Meanwhile, we maintain our stringent investing disciplines and exit the positions when fundamentals have deteriorated or when the investment thesis has changed.

On the other hand, stock selection in consumer discretionary and financials contributed positively to the Trust. Liquor manufacturer Hite Jinro was a notable contributor to relative performance, as the share price was bolstered by the positive expectation of resilient soju growth and potential turnaround in beer segment thanks to its new product launched earlier this year. AfreecaTV appreciated and contributed to the Trust, driven by the strong revenue growth outlook from increasing number of paying users and advertisement demand.

### Market outlook

The uncertainty of outlook for China-US trade frictions, coupled with Korea-Japan export disputes and global economic growth slowdown concerns have put downward pressures on Korea's near-term growth profile due to its export market concentration. Having said that, with the prolonged trade frictions between the US and China showing some temporary relief and the short-term market reactions to negative surprises are turning briefer, we're starting to see signs of earnings momentum recovery recently, particularly in the information technology sector fueled by the upbeat demand outlook going into next year. Furthermore, the long-term strategic gains could come along during the ongoing trade frictions, especially within manufacturing and technology sectors where the relationships between Korea and China have evolved to be more competitive.

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

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

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## **Barings Korea Feeder Fund**

### **Investment Managers' Report** (continued)

For the financial period ended 31 October 2019

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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.

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## Barings Korea Feeder Fund

### Statement of Financial Position

As at 31 October 2019

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		<b>Barings Korea Feeder Fund 31 October 2019</b>	<b>Barings Korea Feeder Fund 30 April 2019</b>
	<b>Notes</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>			
Financial assets at fair value through profit or loss	2	55,852,513	45,373,678
Cash	3	72,594	58,828
Funds due from the Barings Korea Trust		83,655	155,250
Receivable for units sold		39,520	34,763
Other assets		7	1,197
<b>Total assets</b>		<b><u>56,048,289</u></b>	<b><u>45,623,716</u></b>
<b>Liabilities</b>			
Payable for units redeemed		(124,904)	(178,876)
Other payables and accrued expenses	5	(152,127)	(164,179)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating units)</b>		<b><u>(277,031)</u></b>	<b><u>(343,055)</u></b>
<b>Net assets attributable to holders of redeemable participating units</b>		<b><u>55,771,258</u></b>	<b><u>45,280,661</u></b>

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

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**BARINGS**



## Barings Korea Feeder Fund

### Statement of Comprehensive Income

For the financial period ended 31 October 2019

	Notes	Barings Korea Feeder Fund 31 October 2019 US\$	Barings Korea Feeder Fund 31 October 2018 US\$
<b>Income</b>			
Bank interest income		800	—
Net fair value loss on financial assets at fair value through profit or loss	7	(5,383,794)	(14,913,489)
<b>Total expense</b>		<b>(5,382,994)</b>	<b>(14,913,489)</b>
<b>Expenses</b>			
Management fees	9	(26,499)	(30,680)
Administration fees	9	(72,871)	(84,369)
Depositary fees	9	(6,227)	(7,210)
Operating expenses	6	(34,924)	(75,075)
<b>Total operating expenses</b>		<b>(140,521)</b>	<b>(197,334)</b>
<b>Net loss before finance costs and taxation</b>		<b>(5,523,515)</b>	<b>(15,110,823)</b>
<b>Finance costs</b>			
Bank interest expense		(935)	(20)
<b>Total finance costs</b>		<b>(935)</b>	<b>(20)</b>
<b>Decrease in net assets attributable to holders of redeemable participating units</b>		<b>(5,524,450)</b>	<b>(15,110,843)</b>

Gains and losses arose solely from continuing activities. There were no gains or losses other than those dealt with in the Statement of Comprehensive Income.

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

**BARINGS**

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## Barings Korea Feeder Fund

### Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units

For the financial period ended 31 October 2019

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	Notes	Barings Korea Feeder Fund 31 October 2019 US\$	Barings Korea Feeder Fund 31 October 2018 US\$
Net assets attributable to holders of redeemable participating units at the beginning of the financial period		45,280,661	72,979,140
Decrease in net assets attributable to holders of redeemable participating units		(5,524,450)	(15,110,843)
Issue of redeemable participating units during the financial period	4	31,497,694	9,671,204
Redemption of redeemable participating units during the financial period	4	<u>(15,482,647)</u>	<u>(19,114,124)</u>
<b>Net assets attributable to holders of redeemable participating units at the end of the financial period</b>		<b><u>55,771,258</u></b>	<b><u>48,425,377</u></b>

The accompanying notes form an integral part of these financial statements

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# Barings Korea Feeder Fund

## Notes to the financial statements

For the financial period ended 31 October 2019

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### 1. Basis of measurement

The financial statements presented are unaudited condensed interim financial statements for the financial period ended 31 October 2019 that have been prepared in accordance with Financial Reporting Standard 104 ("FRS 104") "Interim Financial Reporting".

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 April 2019, which have been prepared in accordance with accounting standards generally accepted in Ireland.

The accounting policies applied in these condensed interim financial statements are consistent with those used in Baring Korea Feeder Fund's ("the Fund") most recent annual financial statements for the financial year ended 30 April 2019.

The condensed interim financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss. These financial statements were prepared on the going concern basis.

The Fund meets all the conditions set out in FRS102, section 7 and consequently has availed of the exemption available to certain funds not to prepare a statement of cash flows.

The comparative figures included for the Statement of Financial Position relate to the previous financial year ended 30 April 2019, while the comparative figures included for the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units relate to the six month period ended 31 October 2018.

### 2. Significant accounting policies

#### 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.

### 3. Cash and cash equivalents

Cash is valued at fair value with interest accrued, where applicable. Cash deposits of US\$72,594 (30 April 2019: US\$58,828) are maintained with Northern Trust Fiduciary Services (Ireland) Limited (the "Depositary"). Restricted cash of US\$Nil (30 April 2019: US\$Nil) was held with the Central Depositary Shenzhen and the Central Depositary Shanghai. This cash serves to pay a minimum clearing reserve payment to the exchange when the Fund started trading. This cash is not available for immediate use.

### 4. Redeemable units

Financial period ended 31 October 2019

	<b>Class A USD Acc</b>
	<b>No. of Units</b>
Balance as at 1 May 2019	2,142,079
Issued	1,635,997
Redeemed	(826,448)
Balance as at 31 October 2019	<u><u>2,951,628</u></u>

## Barings Korea Feeder Fund

Notes to the financial statements (continued)

For the financial period ended 31 October 2019

### 4. Redeemable units (continued)

Financial year ended 30 April 2019

	<b>Class A USD Acc No. of Units</b>
Balance as at 1 May 2018	2,684,928
Issued	510,597
Redeemed	(1,053,446)
Balance as at 30 April 2019	<b>2,142,079</b>

### 5. Other payables and accrued expenses

	<b>31 October 2019 US\$</b>	<b>30 April 2019 US\$</b>
Management fees payable	(9,455)	(3,801)
Administration fees payable	(26,003)	(10,454)
Depositary fees payable	(4,602)	(7,662)
Audit fees payable	(2,648)	(13,357)
Legal fees payable	(59,117)	(28,776)
Professional fees payable	(25,431)	(15,479)
Miscellaneous fees payable	(24,871)	(84,650)
	<b>(152,127)</b>	<b>(164,179)</b>

### 6. Operating expenses

	<b>31 October 2019 US\$</b>	<b>31 October 2018 US\$</b>
Audit fees	(2,097)	(7,774)
Legal fees	(54,954)	(36,718)
Professional services	24,256	(22,013)
Other operating expenses	(2,129)	(8,570)
	<b>(34,924)</b>	<b>(75,075)</b>

### 7. Net fair value on financial assets at fair value through profit or loss

The following table analyses the realised and unrealised gains and losses on investments and currencies from the Statement of Comprehensive Income on page 7.

	<b>31 October 2019 US\$</b>	<b>31 October 2018 US\$</b>
Realised gains on sale of investments	64,387	2,195,145
Realised losses on sale of investments	(1,592,953)	(592,932)
Realised currency gains	318,100	218,290
Realised currency losses	(324,088)	(234,755)
Unrealised gains on investments	1	-
Unrealised losses on investments	(3,849,208)	(16,498,931)
Unrealised currency gains	535	322
Unrealised currency losses	(568)	(628)
	<b>(5,383,794)</b>	<b>(14,913,489)</b>

### 8. Distributions

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

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## Barings Korea Feeder Fund

### Notes to the financial statements (continued)

For the financial period ended 31 October 2019

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#### 9. Significant agreements and fees

##### Management fee

The Alternative Investment Fund Manager (“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 the AIFM, who has delegated investment responsibility to Baring 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 amount payable at the financial period-end for management fees was US\$9,455 (30 April 2019:US\$3,801).

The management fee is payable monthly in arrears and will be calculated by reference to the value of the Net Asset Value of the Fund as at each business day (“valuation day”)

The fees of the Investment Manager will be met by the AIFM out of their own fee.

##### Administration fee

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, Registrar and Transfer Agent”) out of the administration fee. The Administrator Registrar and Transfer Agent are entitled to be reimbursed certain out-of-pocket expenses out of the assets of the Fund.

##### Depositary fees

The Deositary 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. Depositary fees of US\$6,227 have been charged for the financial period 31 October 2019 (31 October 2018: US\$7,210) of which US\$4,601 (30 April 2019: US\$7,662) was outstanding at the financial period-end.

##### Legal adviser

The fees paid to Deacons during the financial period amounted to US\$73,365 (31 October 2018: US\$72,212). The fees paid to Matheson during the financial period amounted to US\$38,172 (31 October 2018: US\$28,483).

#### 10. Related party transactions

Peter Clark is connected to the AIFM through employment with Barings (U.K.) Limited. Timothy Schulze is connected to the AIFM through employment with Barings LLC. Julian Swayne is connected to the Manager through employment with Baring Asset Management Limited. Alan Behen and Paul Smyth are employees of the AIFM. The AIFM will discharge the fees and expenses of the Investment Manager out of its own fee. The Investment Manager is part of the Barings LLC group and is a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company (“MassMutual”). 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.

## Barings Korea Feeder Fund

### Notes to the financial statements (continued)

For the financial period ended 31 October 2019

#### 10. Related party transactions (continued)

##### Significant unitholders

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 31 October 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 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	1 (30 April 2019: 2)	30.47% (30 April 2019: 42.76%)	30.47% (30 April 2019: 4.90%)

#### 11. Fair value hierarchy

FRS 102 requires the Funds 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).

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.

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 following table analyses within the fair value hierarchy the Fund's financial assets.

##### As at 31 October 2019

Barings Korea Feeder Fund Financial assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Investment Funds	–	55,852,513	–	55,852,513
<b>Total</b>	<b>–</b>	<b>55,852,513</b>	<b>–</b>	<b>55,852,513</b>

##### As at 30 April 2019

Barings Korea Feeder Fund Financial assets	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Investment Funds	–	45,373,678	–	45,373,678
<b>Total</b>	<b>–</b>	<b>45,373,678</b>	<b>–</b>	<b>45,373,678</b>

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## Barings Korea Feeder Fund

### Notes to the financial statements (continued)

For the financial period ended 31 October 2019

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#### 11. Fair value hierarchy (continued)

There have been no transfers during the period ending 31 October 2019 or financial year ending 30 April 2019 from level 1 to level 2 or from level 2 to level 1. At 31 October 2019 and 30 April 2019, there were no financial assets classified as level 3.

Transfers between levels, when applicable, occur at the end of the financial period.

Cash includes deposits held with banks and other short-term investments in an active market and they are categorised as Level 1. All receivables and payables are categorised as Level 2.

#### 12. Efficient portfolio management

The Fund may use Financial Derivative Instruments (“FDIs”) for efficient portfolio management. The efficient portfolio management purposes for which the Fund intends to employ FDIs are reduction of risk, reduction of cost and the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the general provisions of the AIF Rulebook. The Fund may use various types of derivatives for these purposes, including, without limitation, forwards, futures, options, swaps (including but not limited to total return swaps, credit default swaps, and IRSs) and contracts for differences for these purposes.

##### 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 AIF Rulebook the Fund has adopted a commitment approach (the “Commitment Approach”) in the calculation of global exposure for the fund during the financial period.

In accordance with the Central Bank of Ireland Alternative Investment Rulebook (“AIF Rulebook”), the Commitment Approach has been calculated, in the case of forward currency contracts (“FCCTs”), by converting the FCCT position into an equivalent position based on the market value of the underlying asset. As the 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 the Fund exceed 100% of its Net Asset Value.

#### 13. NAV per redeemable participating units

**Net assets attributable to holders of redeemable participating units**  
Barings Korea Feeder Fund

<b>31 October 2019</b>	<b>30 April 2019</b>	<b>30 April 2018</b>
US\$55,771,258	US\$45,280,661	US\$72,979,140

**NAV per redeemable participating units**  
Class A USD Acc

US\$18.90	US\$21.14	US\$27.18
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#### 14. Exchange rates

The exchange rates used in the financial statements to convert to US dollars are as follows:

	<b>As at</b>	<b>As at</b>
	<b>31 October 2019</b>	<b>30 April 2019</b>
Euro	0.8969	0.8919
Pound sterling	0.7716	0.7686

#### 15. Soft commission arrangements

The Investment Manager will pay for research from their own books, as commission paid on trades will be “execution only”, which is the agreed cost for the broker to settle the trade (31 October 2019: same).

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## Barings Korea Feeder Fund

### Notes to the financial statements (continued)

For the financial period ended 31 October 2019

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#### 16. Contingent liabilities

There are no contingent liabilities at financial period-end 31 October 2019 and 30 April 2019.

#### 17. Connected party disclosure

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.

#### 18. Taxation

Under current Irish 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 gains.

However, Irish tax may arise if a "chargeable event" occurs. A chargeable event includes any distribution payments to unitholders or any encashment, redemption, cancellation, transfer or 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, or the appropriation or cancellation of units of a unitholder by the Fund for the purposes of meeting the amount of tax payable on a gain arising on a transfer.

No Irish tax will arise on the Fund in respect of chargeable events due to:

(a) a unitholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided that a relevant declaration is in place (in accordance with Schedule 2b of the TCA) and the Fund is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct; or

(b) a unitholder who is an exempt Irish investor (as defined in Section 739D TCA).

Dividends, interest and capital gains (if any) received on investments made by the Fund may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its unitholders.

The Finance Act 2010 provides that the Revenue Commissioners may grant approval for Unit Trust Investment Undertakings marketed outside of Ireland to make payments to non-resident investors without deduction of Irish tax where no relevant declaration is in place, subject to meeting "equivalent measures". An Investment Fund wishing to receive approval must apply in writing to the Revenue Commissioners, confirming compliance with the relevant conditions.

#### 19. Bank facilities

There is a bank overdraft facility in place with The Northern Trust Fund ("TNTC"). An "uncommitted" multi-currency loan facility has been made available by TNTC to the Fund. During the financial period ended 31 October 2019 and during the financial year ended 30 April 2019, the Fund has drawn down on this facility.



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## Barings Korea Feeder Fund

### Notes to the financial statements (continued)

For the financial period ended 31 October 2019

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#### 20. Material changes to the Prospectus

The Prospectus has been updated with effective date of 9 December 2019. The following are the material changes made:

- Introduction of a performance comparator which is a requirement due to recent FCA regulations
- Removal of statement on diversification of investments to certain sectors being more than 30% as no longer a regulatory requirement
- An administrative update to clarify that BIFMI can delegate distribution arrangements to a Sub-distributor (BAML or Barings UK)
- Incorporation of subscriptions as well as redemptions in the section on “In Specie distribution”
- Removal of the 10bps Management fee.
- Clarification on the payment of Administration fees.
- Updates to comply with Hong Kong revised Code on Unit Trusts and Mutual Funds.

There are other immaterial changes to the Prospectus that are not listed above.

#### 21. Significant events

The consequences of the 2016 Brexit referendum continue 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 of the Fund and the Funds will continue to be registered for distribution into relevant jurisdictions in EU27 and elsewhere. Portfolio management in respect of European investments will continue to be delegated to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The depositary and administrator of the Funds are also EU27 entities. In addition, BIFMI has enhanced its presence in Dublin and recruited locally at all levels to staff its new office, reflecting the increased significance of BIFMI’s role within the Barings business.

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the 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 have been no other significant events to the financial period-end which, in the opinion of the Directors of the AIFM, that may have had an impact on the financial statements for the financial period ended 31 October 2019.

#### 22. Subsequent events

An updated Prospectus to the Trust was issued on 9 December 2019. Details of the material changes to the Prospectus are listed in note 20.

There have been no events subsequent to the financial period-end which, in the opinion of the Directors of the AIFM, may have had an impact on the financial statements for the financial period ended 31 October 2019.

#### 23. Periodic reporting

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

- 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 Fund.

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## **Barings Korea Feeder Fund**

**Notes to the financial statements** (continued)

For the financial period ended 31 October 2019

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### **24. Approval of financial statements**

The financial statements were approved by the Directors of the AIFM on 12 December 2019.

## Barings Korea Feeder Fund

### Schedule of Investments

As at 31 October 2019

#### As at 31 October 2019

Investment Unit Trust	Holding as at 30/04/2019	Nominal purchases	Nominal sales	Holding as at 31/10/2019	Fair value in US\$ as at 31/10/2019	% of Net Assets
Barings Korea Trust (cost US\$62,062,102.53)	11,224,544	7,334,922	(3,150,908)	15,408,558	55,852,513	100.15
Cash and cash equivalents					72,594	0.13
Other net liabilities					(153,849)	(0.28)
<b>Total net assets attributable to equity holders</b>					<b>55,771,258</b>	<b>100.00</b>

#### 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 Net Assets
Barings Korea Trust (cost US\$47,734,059.37)	14,171,816	1,665,526	(4,612,798)	11,224,544	45,373,678	100.21
Cash and cash equivalents					58,828	0.13
Other net liabilities					(151,845)	(0.34)
<b>Total net assets attributable to equity holders</b>					<b>45,280,661</b>	<b>100.00</b>

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# Barings Korea Feeder Fund

## General Information

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### General information

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.

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## Barings Korea Feeder Fund

### Appendix 1 – Additional information Hong Kong Code

For the financial period ended 31 October 2019

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#### Highest issue and lowest redemption prices

##### Highest issue price during the period/year

	<b>31 October 2019</b>	<b>30 April 2019</b>	<b>30 April 2018</b>	<b>08 August 2017</b>	<b>08 August 2016</b>
Class A USD Acc	21.24	27.61	28.19	24.16	24.27

	<b>08 August 2015</b>	<b>08 August 2014</b>	<b>08 August 2013</b>	<b>08 August 2012</b>	<b>08 August 2011</b>
Class A USD Acc	25.95	24.69	24.05	23.50	27.66

##### Lowest redemption price during the period/year

	<b>31 October 2019</b>	<b>30 April 2019</b>	<b>30 April 2018</b>	<b>08 August 2017</b>	<b>08 August 2016</b>
Class A USD Acc	17.27	20.18	22.15	18.54	18.87

	<b>08 August 2015</b>	<b>08 August 2014</b>	<b>08 August 2013</b>	<b>08 August 2012</b>	<b>08 August 2011</b>
Class A USD Acc	20.63	20.12	19.13	19.01	18.56

**Registered address:**

Baring International Fund Managers (Ireland) Limited  
70 Sir John Rogerson's Quay  
Dublin 2  
D02 R296  
Ireland

**Contact:**

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[www.barings.com](http://www.barings.com)

**Important information:**

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

**Disclosure:**

Baring International Fund Managers (Ireland) Limited  
Authorised and regulated by the Central Bank of Ireland  
70 Sir John Rogerson's Quay, Dublin 2, D02 R296, Ireland

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