



Baring Korea Feeder Fund
Annual Report & Audited Financial
Statements
for the year ended 8 August 2017

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Management and administration

Alternative Investment Fund Manager (“AIFM”)

Baring International Fund Managers (Ireland) Limited

Registered Office

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Ireland

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Investment Manager of the Baring Korea Feeder Fund (the Alternative Investment Fund (“AIF”)) and Baring Korea Trust (“the Trust”)

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

Depositary

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

Ireland

Administrator and Registrar

Northern Trust International Fund Administration

Services (Ireland) Limited

Georges Court

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Ireland

Sponsoring Broker and Legal Adviser to 14 December 2016

As to Irish Law

Dillon Eustace

33 Sir John Rogerson’s Quay

Dublin 2

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Sponsoring Broker and Legal Adviser from 14 December 2016

As to Irish Law

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Directors of the AIFM

John Burns** (British)

Peter Clark** (British)

Jim Cleary**† (Irish)

David Conway† (Irish)

Nicola Hayes** (British)

Barbara Healy**† (Irish)

Michel Schulz** (German)

Timothy Schulze** (United States)

Julian Swayne** (British)

Mark Thorne**† (Irish)

Oliver Burgel** (Germany)

**John Burns has resigned from his position as Director of the AIFM with effect from 9 December 2016.

Nicola Hayes has resigned from her position as Director of the AIFM with effect from 18 December 2016.

Barbara Healy was appointed as Director of the AIFM with effect from 9 February 2017.

Julian Swayne was appointed as Director of the AIFM with effect from 9 February 2017.

Jim Cleary was appointed as Director of the AIFM with effect from 18 May 2017.

Michel Schulz has resigned from his position as Director of the AIFM with effect from 18 May 2017.

Timothy Schulze was appointed as Director of the AIFM with effect from 18 May 2017.

Mark Thorne has resigned from his position as Director of the AIFM with effect from 18 May 2017.

Peter Clark was appointed as Director of the AIFM with effect from 26 September 2017

Oliver Burgel has resigned as Director of the AIFM with effect from 24 October 2017.

† Non-executive Directors independent of the Investment Manager.

Introduction

Baring Korea Feeder Fund (“the Fund”) is a unit trust scheme constituted under the laws of Ireland and was authorised as a feeder fund into Baring Korea Trust (“the Trust”). The Manager, Baring International Fund Managers (Ireland) Limited, is authorised by the Central Bank of Ireland (“CBI”) as an Alternative Investment Fund Manager (“AIFM”) pursuant to the European Union (AIFM) 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 Fund is managed by Baring International Fund Managers (Ireland) Limited (“the AIFM”) and the Trust is managed by Baring Fund Managers Limited.

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 8 August 2017, the Fund held 15,606,732 units (8 August 2016: 16,544,946) in the Trust, which represents approximately 47.20% (8 August 2016: 33.39%) 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 are attached and should be read in conjunction with the Fund’s financial statements.

The trade receipt and valuation deadline for the annual accounts was 12pm on 8 August 2017.

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

The Fund is a feeder fund for Baring Korea Trust. 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 your money 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 more risky.
- Derivative instruments can make a profit or a loss and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Trust's value rises and falls and could expose the Trust to losses that are significantly greater than the cost of the derivative as a relatively small movement may have a larger impact on derivatives than the underlying asset.
- Losses may occur if an organization 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 the Baring Korea Feeder Fund

Report on the audit of the financial statements

Our opinion

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

- give a true and fair view of the Fund's assets, liabilities and financial position as at 8 August 2017 and of its results for the year then ended;
- 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 promulgated by the Institute of Chartered Accountants in Ireland and Irish law); and
- have been properly prepared in accordance with the requirements of the Unit Trusts Act 1990.

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

- the balance sheet as at 8 August 2017;
- 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 8 August 2017; 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.

Independent Auditors' report to the unitholders of the Baring Korea Feeder Fund (continued)

Our audit approach

Overview

Materiality

- Overall materiality: 50 basis points of Net Assets Value ("NAV") at 8 August 2017.

Audit scope

- The fund is an open-ended investment trust with variable capital. We tailored the scope of our audit taking into account the types of investments within the trust, the accounting processes and controls, and the industry in which the trust operates.

Key audit matters

- Valuation and existence of investments

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 manager 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 manager 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	How our audit addressed the key audit matter
<i>Valuation and existence of investments</i>	We obtained independent confirmation of the number of units held in the underlying trust and net asset value per unit, from the underlying trust transfer agent as at the year-end date. We agreed the details confirmed to the valuation of the investment per the accounting records without exception.
Refer to the Accounting Policies (page 16) and Portfolio Statement in the financial statements (page 28). We focused on the valuation and existence of the investment in another unit trust. This is the only investment held by the fund and represents the principal element of the net asset value as disclosed in the Balance sheet in the financial statements.	We also obtained the most recent set of audited financial statements for the underlying trust. (i) We agreed the net asset value per share as stated within the latest audited financial statements of the underlying trust to the net asset value per share used in the valuation of the investment in the accounting records of Baring Korea Feeder Fund at the year-end date;
The underlying Trust invests primarily in South Korean equities, quoted or traded on the stock exchanges in Korea.	(ii) We considered the types of investments held in the underlying trust as disclosed in the financial statements and noted that they primarily consisted of quoted equities; and (iii) We read the independent auditors' reports included within the audited financial statements of the underlying trust to ensure there were no modifications in the report.

Independent Auditors' report to the unitholders of the Baring Korea Feeder Fund (continued)

Our audit approach (continued)

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 manager controls the affairs of the fund and is responsible for the overall investment policy which is determined by them. The manager has delegated certain responsibilities to Baring Asset Management Limited (the 'Investment Manager') and to Northern Trust International Fund Administration (the 'Administrator'). The financial statements, which remain the responsibility of the manager, 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:

Overall materiality and how we determined it	50 basis points (8 August 2016: 50 basis points) of Net Assets Value ("NAV") at 8 August 2017.
Rationale for benchmark applied	We have applied the above benchmark, which are generally used for audits of investment funds of this type, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate and consistent year-on-year basis for our audit.

We agreed with the Board of Directors 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 (8 August 2016: 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 manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent Auditors' report to the unitholders of the Baring Korea Feeder Fund (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report and Audited Financial Statements other than the financial statements and our auditors' report thereon. The manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or 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 manager for the financial statements

As explained more fully in the Statement of Alternative Investment Fund Manager's Responsibilities set out on page 8, the manager is responsible for the preparation of the financial statements in accordance with the applicable framework giving a true and fair view.

The manager is also responsible for such internal control as the manager 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 manager is responsible for assessing the trust's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the manager 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 Irish Auditing and Accounting Supervisory Authority website at:

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 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
10 November 2017

Report of the Alternative Investment Fund Manager

Statement of Alternative Investment Fund Manager's responsibilities

The European Union (AIFM) Regulations, 2013 require Baring International Fund Managers (Ireland) Limited ("the Alternative Investment Fund Manager (AIFM)") to prepare financial statements for each financial year. The Directors have elected to prepare the financial statements in accordance with applicable Irish Law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland, (generally accepted accounting practice in Ireland), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland to give a true and fair view of the state of affairs of Baring Korea Feeder Fund ("the Fund") at year-end and the Fund's results for the year then ended. In preparing those financial statements, the AIFM must:

- select suitable accounting policies and then apply them consistently;
- 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 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 and other irregularities.

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. The Directors together with the AIFM and Investment Manager are responsible for the maintenance and integrity of the website as far as it relates to Barings funds. 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 transactions carried out with the Fund by a Promoter, Alternative Investment Fund Manager ("AIFM"), Depositary, Investment Manager and/or associated 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 year complied with this requirement.

Remuneration policy

As part of its authorisation as an AIFM, the AIFM has implemented a Remuneration Policy consistent with 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 Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and shareholders, 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 investment schemes), 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 Baring 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 collective investment schemes) 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, Baring International Fund Managers (Ireland) Limited, on 10 November 2017 and signed on its behalf by:

Directors

David Conway

Barbara Healy

10 November 2017

Annual Depositary report to the unitholders for the year ended 8 August 2017

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Baring Korea Feeder Fund (“the Fund”) provide this report solely in favour of the unitholders of the Fund as at 8 August 2017 (“the Annual Accounting Period”). This report is provided in accordance with the current Depositary obligation under the Central Bank of Ireland Alternative Investment Fund (“AIF Rulebook”), Chapter 6 (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 investment manager and AIFM during the annual accounting period, in all material respects:

- (iv) 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
- (v) 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

10 November 2017

Key changes during the year

The Alternative Investment Fund Manager (“the AIFM”)

John Burns has resigned from his position as Director of the AIFM with effect from 9 December 2016.

Nicola Hayes has resigned from her position as Director of the AIFM with effect from 18 December 2016.

Barbara Healy was appointed as Director of the AIFM with effect from 9 February 2017.

Julian Swayne was appointed as Director of the AIFM with effect from 9 February 2017.

Jim Cleary was appointed as Director of the AIFM with effect from 18 May 2017.

Michel Schulz has resigned from his position as Director of the AIFM with effect from 18 May 2017.

Timothy Schulze was appointed as Director of the AIFM with effect from 18 May 2017.

Mark Thorne has resigned from his position as Director of the AIFM with effect from 18 May 2017.

Oliver Burgel has resigned from his position as Director of the AIFM with effect from 24 October 2017.

As of 14 December 2016, Matheson replaced Dillon Eustace as the Fund’s Legal Adviser.

Baring Korea Trust (“Baring Fund Managers”)

Angus Woolhouse resigned from his position as Director of the Trust with effect from 31 August 2016.

Nicola Hayes resigned from her position as Director of the Trust with effect from 24 November 2016.

John Burns resigned from his position as Director of the Trust with effect from 25 November 2016.

Julian Swayne was appointed as Director of the Trust with effect from 20 December 2016.

The Trust converted from dual to single pricing on Monday 12 December 2016.

Baring Korea Feeder Fund - Investment Manager's report -

Performance

Baring Korea Feeder Fund ("the Fund") underperformed the performance comparator during the year under review.

A large part of the negative attribution came from the Baring Korea Trust's ("the Trust's") exposure to sectors such as Consumer Staples and Healthcare. These names included Korea Kolmar, ChungDahm Learnings and Hugel. The Trust's structural underexposure in Samsung Electronics was the single largest detracting factor.

A large part of positive attribution came from the Information Technology and Chemical sectors. These names included SK Hynix, LG Innotek and Lotte Chemical. The Trust's strategic negative bias to the Utilities sector also contributed positively.

Market outlook

Risk factors, both global and intra-regional, remain. One key factor will be China's growth outlook as a decelerating economy while government efforts to improve structural issues continue to impact equity markets. Stable commodity prices and the prospect of higher interest rates in developed markets such as the US will also be important. South Korea is in a key position in terms of economic development and technological level. It is usually at the top of the list of research and development investment versus Gross Domestic Product ("GDP"), investing in new technologies and manufacturing. We believe that it is in these leading-edge sectors and companies where much of South Korea's growth will come.

We believe that South Korea remains well positioned in terms of its long-term growth, as South Korean manufacturers retain strong competitiveness in many key industries. We expect the combination of positive changes in money supply growth and improving dividend policies to drive a further expansion of the South Korean market.

The geopolitical risk in North Korea is always a factor for the Korean equity market. Any current or future investment into Korea would implicitly be aware of this North Korean risk.

**Baring Asset Management (Asia) Limited,
appointed as Sub-Investment Manager to the Fund by
Baring Asset Management Limited.**

August 2017

Baring Asset Management Limited ("the Investment Manager") gives their 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 8 August 2017

		Baring Korea Feeder Fund 08/08/2017	Baring Korea Feeder Fund 08/08/2016
	Notes	US\$	US\$
Assets			
Financial assets at fair value through profit or loss	1	68,160,190	68,122,354
Funds due from the Baring Korea Trust	1	101,185	908,379
Cash and cash equivalents	1	101,155	75,832
Receivable for units sold	1	24,761	23,818
Trade and other receivables	1	1,387	5,346
Total assets		68,388,678	69,135,729
Liabilities			
Payable for units redeemed	1	(158,881)	(944,529)
Management fees payable	2	(7,414)	(7,313)
Administration fees payable	2	(20,071)	(19,794)
Depository fees payable	2	(2,009)	(3,111)
Trade and other payables	1	(94,683)	(71,184)
Total liabilities (excluding net assets attributable to equity holders)		(283,058)	(1,045,931)
Equity			
Net assets attributable to equity holders		68,105,620	68,089,798
Total equity		68,105,620	68,089,798
Total equity and liabilities		68,388,678	69,135,729
Units in issue (Note 4)			
	Class A USD Acc	2,942,934	3,102,083

Statement of changes in equity

For the year ended 8 August 2017

		Baring Korea Feeder Fund 08/08/2017	Baring Korea Feeder Fund 08/08/2016
	Notes	US\$	US\$
Net assets attributable to equity holders of redeemable participating units at the beginning of the year		68,089,798	84,935,922
Increase/(decrease) in net assets for the year attributable to redeemable participating unitholders from operations		3,529,971	(7,260,190)
Issue of redeemable participating units for the year	4	26,980,774	25,294,270
Redemption of redeemable participating units for the year	4	(30,494,923)	(34,880,204)
Net assets attributable to equity holders at the end of the year		68,105,620	68,089,798

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

Profit and loss account

For the year ended 8 August 2017

	Notes	Baring Korea Feeder Fund 08/08/2017 US\$	Baring Korea Feeder Fund 08/08/2016 US\$
Investment income			
Net fair value gain/(loss) on financial assets and liabilities at fair value through profit or loss	3	3,864,658	(6,824,532)
Total investment income/(expense)		<u>3,864,658</u>	<u>(6,824,532)</u>
Expenses			
Management fees	2	(64,747)	(69,947)
Administration fees	2	(178,054)	(192,353)
Depositary fees	2	(13,597)	(16,278)
General expenses	2	(78,017)	(156,972)
Total operating expenses		<u>(334,415)</u>	<u>(435,550)</u>
Net income/(expense) before finance costs		3,530,243	(7,260,082)
Finance costs			
Bank interest expense	1	(272)	(108)
Total finance costs		<u>(272)</u>	<u>(108)</u>
Increase/(decrease) in net assets for the year attributable to equity holders from operations		<u>3,529,971</u>	<u>(7,260,190)</u>

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 Baring Korea Feeder Fund (“the Fund”) are as follows:

Basis of preparation

In preparing the financial statements for the financial year ended 8 August 2017, 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.

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 is 8 August 2017. 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.

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 Baring 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.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial assets and liabilities 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 Baring Asset Management Limited ("the Investment Manager") and 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 13. 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 13. 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.

(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 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 Unit Trust has chosen to implement (b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition 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, 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.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

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

(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 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 recognised 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 recognised initially 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 year of the payables using the effective interest method.

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 units.

In accordance with the provisions of the Trust Deed, the investment in the Trust is fair valued 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.

Notes to the financial statements (continued)

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 Fund is managed by Baring International Fund Managers (Ireland) Limited, who have appointed the Investment Manager, 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 year 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. Oliver Burgel, John Burns, Nicola Hayes, Michael Schulz, Timothy Schulze and Julian Swayne are/were connected to the AIFM through employment with Barings LLC group and its subsidiaries.

The foregoing charges may be increased up to the relevant amount specified in the Prospectus on giving not less than three months’ notice to unitholders. The rates have not changed from the previous year.

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 the Administrator and 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.

Depository fees

Northern Trust Fiduciary Services (Ireland) Limited (“the Depository”) 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 Depository 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 Depository 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

Mark Thorne is a partner of Dillon Eustace, the Legal Adviser, and was a Director of the AIFM. The fees paid to Dillon Eustace during the year amounted to US\$2,986 (8 August 2016: US\$3,993). As of 14 December 2016, Matheson replaced Dillon Eustace as the Fund’s Legal Adviser. Mark Thorne resigned on 18 May 2017.

Notes to the financial statements (continued)

2. Fees and related party disclosures (continued)

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, 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.

Collective Investment Schemes

The Fund invests in another investment fund managed by the Investment Manager. This holding is detailed in the portfolio statement. The investment in the investment fund managed by the Investment Manager 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.

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 8 August 2017, 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
Baring Korea Feeder Fund	1 (08/08/2016: 2)	21.44% (08/08/2016: 46.09%)	4.68% (08/08/2016: 4.11%)

Transaction costs

There were no transaction costs incurred by the Fund for the year ended 8 August 2017 (8 August 2016: Nil).

Notes to the financial statements (continued)

3. Net gains/(losses) on investments

The following table analyses the realised and unrealised gains and losses on investments and currencies from the profit and loss account on page 14. This requirement complies with the CBI's AIF Rulebook.

Net gains/(losses) on investments

	08/08/2017 US\$	08/08/2016 US\$
Realised gains on sale of investments	785,166	80,274
Realised losses on sale of investments	(935,267)	(1,372,606)
Realised currency gains	288,183	528,340
Realised currency losses	(322,147)	(571,936)
Unrealised gains/ losses on investments	4,041,428	(5,481,209)
Unrealised currency gains	11,248	4,765
Unrealised currency losses	(3,953)	(12,160)
	<u><u>3,864,658</u></u>	<u><u>(6,824,532)</u></u>

4. Units issued and redeemed

	Class A USD Acc 08/08/2017 Units	Class A USD Acc 08/08/2016 Units
By units:		
Units in issue	3,102,083	3,551,980
Units issued during the year	1,265,540	1,201,778
Units redeemed during the year	(1,424,689)	(1,651,675)
Units in issue at the end of the year	<u><u>2,942,934</u></u>	<u><u>3,102,083</u></u>

5. Comparative statistics

	08/08/2017 US\$	08/08/2016 US\$	08/08/2015 US\$
Total Net Asset Value			
Baring Korea Feeder Fund - Class A USD Acc	US\$68,105,620	US\$68,089,798	US\$84,935,922
	<u><u>08/08/2017 US\$</u></u>	<u><u>08/08/2016 US\$</u></u>	<u><u>08/08/2015 US\$</u></u>
Dealing Net Asset Value per unit			
Baring Korea Feeder Fund - Class A USD Acc	US\$23.14	US\$21.95	US\$23.91

6. Exchange Rates

The exchange rates were as follows:

	Exchange rate to US\$ 08/08/2017	Exchange rate to US\$ 08/08/2016
Euro	0.8463	0.9024
Pound sterling	0.7673	0.7653

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 in the Investment Manager's report.

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 at its periodic meetings.

In addition, the Investment Manager 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 on the portfolio statement and 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.

The method used to determine the global exposure is the relative Value at Risk ("VaR"). VaR is calculated daily for the Fund and the performance comparison or reference portfolio using RiskMetrics (one of the leading suppliers of risk management software).

Any positions in the Fund with a shorter history have the missing returns backfilled using the appropriate local market sector index returns. The Fund's VaR is shown as a percentage of the VaR of the performance comparator or reference portfolio fund VaR for the underlying Fund to ensure that the relative figure is within an internal limit. This limit is set lower than a multiple of two (or 200%) of the performance comparator or reference portfolio VaR.

Where absolute VaR is used, the VaR calculation uses a Monte Carlo methodology and utilises a 99% confidence interval, ten-day holding period and uses one year of daily returns. The Fund's VaR is shown as a percentage of the Fund's Net Asset Value and is monitored against an internal limit. This limit is set lower than 20%.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(a) Market price risk (continued)

Fund name	Fund relative VaR over the past financial year					Performance comparator or reference portfolio
	08/08/2017	08/08/2016	Lowest	Highest	Average	
Baring Korea Feeder Fund	112.99%	94.97%	88.53%	121.30%	103.74%	Korea SE Composite Index

Fund name	Absolute VaR over the past financial year				
	08/08/2017	08/08/2016	Lowest	Highest	Average
Baring Korea Feeder Fund	8.04%	8.58%	5.38%	11.71%	7.90%
Korea SE Composite Index	7.12%	9.03%	5.36%	11.29%	7.64%

Some limitations of VaR analysis are:

- the methodology is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns; and
- the VaR is a point-in-time calculation, and does not necessarily reflect the risk position of the Fund at any time other than the date and time at which it is calculated.

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

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 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.

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 monitors the Fund’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 Fund as a tool and technique to hedge the Fund’s currency exposure.

The Fund’s sensitivity to changes in foreign currency rates is included in the VaR risk analysis above.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(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 it 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 8 August 2017 and 8 August 2016, the Fund’s financial liabilities, as disclosed on the balance sheet, were all due within one month.

(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 the investment in the Trust.

With respect to any trading in securities, repurchase agreements and forward contracts on a principal basis, as applicable, the Trust is subject to the risk of the inability or refusal to perform with respect to such transactions on the part of issuers of securities, such as commercial paper, and the principals with whom the Trust trades. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Trust and the Fund to substantial losses.

The Trust is exposed to a credit risk on parties with whom it trades and will bear the risk of settlement default. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. The Fund is exposed to credit risk on cash and investment balances held with Northern Trust Fiduciary Services (Ireland) Limited (“the Depositary”).

Northern Trust Fiduciary Services (Ireland) Limited (“NTFSIL”) is the appointed Depositary 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 8 August 2017, Northern Trust Corporation had a long-term rating from Standard & Poor’s of A+ (8 August 2016: A+).

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

NTFSIL, in the discharge of its depositary duties, verifies the Fund’s ownership of Other Assets, (as defined under Other Assets, Art 21 (8)(b) of Directive 2011/61/EU or Art 22(5) of UCITS V Directive 2014/91/EU), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(e) Credit risk

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 separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund 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 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 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 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.

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 8 August 2017 and 8 August 2016.

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 amounted to:

	08/08/2017	08/08/2016
Fund	US\$	US\$
Baring Korea Feeder Fund	68,362,530	69,106,565

Notes to the financial statements (continued)

7. Financial risk management (continued)

(f) Fair value hierarchy

FRS 102 (as amended) 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).

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 08/08/2017	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Baring Korea Feeder Fund				
Collective Investment Schemes	-	68,160,190	-	68,160,190
Total	-	68,160,190	-	68,160,190

As at 08/08/2016	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Baring Korea Feeder Fund				
Collective Investment Schemes	-	68,122,354	-	68,122,354
Total	-	68,122,354	-	68,122,354

8. Bank Facilities

There is a bank overdraft facility in place with TNTC. An "uncommitted" multi-currency loan facility has been made available by TNTC to the Fund. As at 8 August 2017, there was no amount drawn down on this facility (8 August 2016: same).

9. Efficient portfolio management

During the year ended 8 August 2017, the Fund did not engage in any efficient portfolio management techniques (8 August 2016: same).

Notes to the financial statements (continued)

10. 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.

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.

11. Subsequent events

As of 29 August 2017, the Prospectus for Baring Korea Trust was updated to include the following:

Investment objective and policy

The investment objective and policy wording is being updated to better and more clearly explain how the Trust is managed. The changes do not affect how the Trust is managed or its risk profile. The Financial Conduct Authority has confirmed that the changes do not affect the ongoing authorisation of the Trust.

The current and updated investment objective and policy wording is set out below:

Current Investment Objective and Policy

The investment objective of Baring Korea Trust (“the Trust”) is to achieve capital growth by investing directly or indirectly in securities of South Korean companies, or other entities or subsidiaries of South Korean companies and securities listed or traded on the South Korean securities markets.

The policy of Baring Fund Managers Limited (“the Manager”) is to invest primarily in securities with equity participation, but this does not prevent exposure to other instruments such as convertible bonds, fixed interest stocks and mutual funds.

Updated Investment Objective and Policy

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

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

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

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

In order to implement the investment policy the Trust may gain exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Trust may also invest in collective investment schemes and other transferable securities. It may also use derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management (including hedging). This has been reflected on page 4 of this report.

Notes to the financial statements (continued)

11. Subsequent events (continued)

Change to Dilution Adjustment Policy

The Change of Dilution Adjustment Policy has been updated to allow us to better protect the interests of Unitholders already in, or remaining in, the Trust when large levels of net inflows or net outflows take place by ensuring that the costs of these purchases or sales are borne by the relevant Unitholders entering or exiting the Trust.

Change to In-Specie Redemption Policy

The in-specie policy has been updated to be brought into line with current market practice.

Renaming of Existing Unit Classes

For Unitholders whose Units are at the moment simply termed accumulation or income Units, from the Effective Date you will notice a change to the way in which we refer to the Units you currently hold in the Trust(s). In order to avoid confusion on the introduction of new unit classes, these current units will be reclassified as Class A Income or Class A Accumulation respectively.

Publication of Prices of Units

From the 29 August 2017, we will be changing the way in which we publish the prices of Units. The prices of Units will no longer be published in the Financial Times but will continue to be published on the Baring website at www.barings.com and on the "Daily Fund Prices" page of the Investment Association website at www.theinvestmentassociation.org. You can also obtain prices by telephone by calling +44 (0) 333 300 0372.

Report and Accounts

The obligation to produce and publish short reports ceased to apply from 22 November 2016, as communicated by the Financial Conduct Authority. Barings will, therefore, no longer publish and distribute any short reports due for the Trust after this date. Copies of the long report and accounts will continue to be available in the 'Funds' section of the Baring Asset Management website at www.barings.com and are also available on request. Any queries in relation to fund reporting should be directed to +44 (0) 333 300 0372.

Peter Clark was appointed as Director of the AIFM with effect from 26 September 2017.

Oliver Burgel has resigned from his position as Director of the AIFM with effect from 24 October 2017.

12. Approval of financial statements

The financial statements were approved by the Directors of the AIFM on 10 November 2017.

Portfolio statement

As at 8 August 2017

Investment Unit Trust	Holding as at 08/08/2016	Nominal purchases	Nominal sales	Holding as at 08/08/2017	Fair value US\$ as at 08/08/2017	% of NAV
Baring Korea Trust	16,544,946	4,938,382	(5,876,596)	15,606,732	68,160,190	100.08
Cash and cash equivalents					101,155	0.15
Other net liabilities					(155,725)	(0.23)
Net assets attributable to equity holders					68,105,620	100.00

As at 8 August 2016

Investment Unit Trust	Holding as at 08/08/2015	Nominal purchases	Nominal sales	Holding as at 08/08/2016	Fair value US\$ as at 08/08/2016	% of NAV
Baring Korea Trust	19,104,131	4,907,478	(7,466,663)	16,544,946	68,122,354	100.05
Cash and cash equivalents					75,832	0.11
Other net liabilities					(108,388)	(0.16)
Net assets attributable to equity holders					68,089,798	100.00

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

General information - Unaudited

Baring 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 Baring 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 share 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 Depository”), 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, as amended (such deed as amended from time to time being hereinafter referred to as the “Trust Deed”) made between the AIFM and the Depository.

All unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed, copies of which are available as mentioned below.

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 155 Bishopsgate, London EC2M 3XY, 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 are stated below:

	08/08/2017	08/08/2016	08/08/2015	08/08/2014	08/08/2013
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year	24.16	24.27	25.95	24.69	24.05
Lowest redemption price during the year	18.54	18.87	20.63	20.12	19.13

	08/08/2012	08/08/2011	08/08/2010	08/08/2009	08/08/2008
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year	23.50	27.66	20.30	20.65	34.31
Lowest redemption price during the year	19.01	18.56	15.50	8.22	19.68

Appendix 2 - securities financing transactions regulation - Unaudited

The Securities Financing Transactions Regulation requires Baring International Fund Managers (Ireland) Limited (“the AIFM”) to comply with a series of obligations. In particular, the AIFM is required to provide investors with information on the use of securities financial transactions (“SFTs”) and total return swaps (“TRSs”) by the Baring Korea Feeder Fund (“the Fund”) in all interim and annual reports published from 13 January 2017.

During the year 9 August 2016 to 8 August 2017, the Fund did not enter into SFTs and TRSs. Should this change in the future, the interim and annual reports for the Trust will disclose all required information of the use of SFTs and TRSs.

Appendix 3 - remuneration disclosure - Unaudited

Baring International Fund Managers (Ireland) Limited Remuneration Policy – Baring Korea Feeder Fund - Unaudited

The Alternative Investment Fund Manager of Baring Korea Feeder Fund (“the Fund”) is Baring International Fund Managers (Ireland) Limited (“the AIFM”), authorised by the Central Bank of Ireland as an AIFM under the Alternative Investment Fund Managers Directive (“AIFMD”)

The AIFM’s Remuneration Policy ensures the remuneration arrangements of AIFMD remuneration ‘Identified Staff’ as defined in “ESMA’s Guidelines on Sound Remuneration Policy under the AIFMD, ESMA 2013/201” (the “ESMA Guidelines”), (as amended) are:

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

The AIFM complies with the AIFMD 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 considers it appropriate to disapply the requirement to appoint a remuneration committee.

Baring Asset Management Limited (“the Investment Manager”) employs and remunerates UK staff. The Investment Manager is also the appointed delegate to carry out investment management and is authorised in the UK by the Financial Conduct Authority (“FCA”).

The Investment Manager has a HR and Salaries Committee as well as a Remuneration Committee to ensure the fair and proportionate application of the remuneration rules and requirements across Barings. The Committees ensure that potential conflicts arising from remuneration are managed and mitigated appropriately. All staff are subject to the Barings’ Performance Management Review process, which includes both financial and non-financial criteria as appropriate.

AIFMD Remuneration Code Staff

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

(a) Senior Managers and controlled functions

- (i) The AIFM’s Board of Directors (“the board”) comprised of six directors. Three independent directors were independent and received a fixed director’s fee (they did not receive any variable remuneration or performance-based pay). Three directors were employed and remunerated by Barings LLC group companies and waived their entitlement to receive a director’s fee from the AIFM.
- (ii) Designated persons perform the managerial functions of risk management and monitoring investment performance. The Designated Persons were seconded from Duff & Phelps Financial Services (Ireland) Limited, were not employed by the AIFM and did not receive a salary from the AIFM. Baring Asset Management Limited assumed responsibility for the risk management and monitoring investment performance from Duff & Phelps on the 4 July 2017.

There were no other controlled functions, senior management or Identified Staff employed by the AIFM.

b) Risk takers

Investment Managers: the AIFM has delegated investment management to the Investment Manager and accordingly the investment managers are remunerated by the Investment Manager under an equivalent remuneration regime (the Investment Manager and its subsidiaries are subject to remuneration rules contained in the Capital Requirements Directive (“CRD”) and these are considered to be equally as effective as those contained in the AIFMD).

Appendix 3 - remuneration disclosure - Unaudited (continued)

Remuneration disclosure: Baring Korea Feeder Fund

The table below summarises the fixed and variable remuneration paid to Identified Staff (for the financial period ended 31 December 2016) as well as other Barings' staff (remunerated by the Investment Manager) that carry out activities for the AIFM. The disclosures below show remuneration relevant to the Fund, apportioned using total Barings Assets Under Management ("AUM").

	Number of Beneficiaries	Total Fixed Remuneration for the year	Total Variable Remuneration for the year	Total remuneration
Baring Korea Feeder Fund				
AIFM Staff	348	€589,100	€406,030	€995,130
Identified Staff	7	€79,111	€63,689	€142,800

Notes:

1. AIFM's staff: this assumes all UK staff employed by the Investment Manager (and global investment managers managing the Manager's funds) carry out some activities on behalf of the Manager. Remuneration is apportioned based on the relevant AUM. Other than the Identified Staff noted, none of the staff are considered to be senior managers or others whose actions may have a material impact on the risk profile of the Fund.
2. Identified Staff: these are as defined in the AIFM's Remuneration Policy; no direct payments are received by Identified Staff from the AIFM. Remuneration is paid by the Investment Manager and is apportioned on an AUM basis
3. Variable remuneration consists of cash bonuses and deferred awards allocated during the year.
4. The Fund does not pay either performance related fees or carried interests to any person.

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
Authorised and Regulated by the Central Bank of Ireland
Georges Court, Townsend Street, Dublin 2, Ireland