

BARINGS

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Barings Korea Feeder Fund
Annual Report & Audited Financial
Statements

for the period 9 August 2017 to 30 April 2018

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Management and administration

Alternative Investment Fund Manager (“AIFM”)

Baring International Fund Managers (Ireland) Limited
Registered office (from 7 December 2017)

70 Sir John Rogerson’s Quay

Dublin 2

D02 R296

Ireland

Telephone: + 353 1 542 2930

Facsimile: + 353 1 670 1185

Registered office (to 7 December 2017)

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

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

Baring Asset Management Limited

155 Bishopsgate

London EC2M 3XY

United Kingdom

Telephone: + 44 20 7628 6000

Facsimile: + 44 20 7638 7928

Baring Asset Management (Asia) Limited*

35th Floor, Gloucester Tower

15 Queen’s Road Central

Hong Kong

Telephone: + 852 2 841 1411

Facsimile: + 852 2 973 3338

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

Depository

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

Administrator and Registrar

Northern Trust International Fund Administration Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

D02 R156

Ireland

Independent Auditors

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One Spencer Dock

North Wall Quay

Dublin 1

D01 X9R7

Ireland

Sponsoring Broker and Legal Advisers

As to Irish Law

Matheson

70 Sir John Rogerson’s Quay

Grand Canal Dock

Dublin 2

D02 R296

Ireland

As to Hong Kong Law

Deacons

Alexandra House

16-20 Chater Road

Central Hong Kong.

Directors of the AIFM

Oliver Burgel** (German)

Peter Clark** (British)

Jim Cleary† (Irish)

David Conway† (Irish)

Barbara Healy† (Irish)

Timothy Schulze (United States)

Julian Swayne (British)

** 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

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

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

As at 30 April 2018, the Fund had one class of units on offer at period-end. The Fund held 14,171,816 units (8 August 2017: 15,606,732) in the Trust, which represents approximately 45.56% (8 August 2017: 47.20%) 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 year-end accounting date of the Unit Trust changed from 8 August to 30 April, and the semi-annual accounting date of the Unit Trust will change from 8 February to 31 October.

The trade receipt and valuation deadline for the annual accounts was 12pm on 30 April 2018.

Investment objective and policy

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

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

How the Trust is managed

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

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

Risk profile

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

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

Introduction (continued)

Risk profile (continued)

- Country-specific funds have a narrower focus than those which invest broadly across markets and are therefore considered to be higher risk.
- Derivative instruments can make a profit or a loss, and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Trust's value rises and falls and could expose the Trust to losses that are significantly greater than the cost of the derivative, as a relatively small movement may have a larger impact on derivatives than the underlying asset.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.

Please refer to the Prospectus for the full risk profile.

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

Report on the audit of the financial statements

Opinion

In our opinion, Barings Korea Feeder Fund's financial statements:

- give a true and fair view of the Trust's assets, liabilities and financial position as at 30 April 2018 and of its results for the period 9 August 2017 to 30 April 2018 ("period") then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

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

- the Balance sheet as at 30 April 2018;
 - the Profit and loss account for the period then ended;
 - the Statement of changes in equity for the period then ended;
 - the Portfolio statement as at 30 April 2018; 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality

- Overall materiality: 50 basis points of Net Assets Value ("NAV") at 30 April 2018.

Audit scope

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

Key audit matters

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

The scope of our audit

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

Key audit matters

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

Key audit matter

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

Refer to note 1 for the accounting policies of Financial assets at fair value through profit or loss on page 20 and the Portfolio Statement in the financial statements on page 31.

The financial assets at fair value through profit or loss included in the Balance Sheet as at 30 April 2018 are valued in line with Generally Accepted Accounting Practice in Ireland.

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

How our audit addressed the key audit matter

We tested the valuation and existence of the investment into the portfolio fund as follows:

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

Key audit matter***How our audit addressed the key audit matter***

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

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

How we tailored the audit scope

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

The AIFM controls the affairs of the Trust and is responsible for the overall investment policy which is determined by them. The AIFM has delegated certain responsibilities to Baring Asset Management Limited (the 'Investment Manager') and to Northern Trust International Fund Administration Service (Ireland) Limited (the 'Administrator'). The financial statements, which remain the responsibility of the AIFM, are prepared on their behalf by the Administrator. The Trust has appointed Northern Trust Fiduciary Services (Ireland) Limited (the "Depositary") to act as Depositary of the Trust'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 Trust'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 2017: 50 basis points) of Net Assets Value ("NAV") at 30 April 2018.
Rationale for benchmark applied	We have applied this benchmark because the main objective of the Trust is to provide investors with a total return taking account of the capital and income returns.

We agreed with the Directors of the AIFM that we would report to them misstatements identified during our audit above 5 basis points of the Trust's NAV, for NAV per share impacting differences (8 August 2017: 5 basis points of the Trust's NAV, for NAV per share impacting differences) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- the AIFM's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the AIFM has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Reporting on other information

The other information comprises all of the information in the Annual Report & Audited Financial Statements other than the financial statements and our auditors' report thereon. The AIFM is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the AIFM for the financial statements

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

The AIFM is also responsible for such internal control as the AIFM determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the AIFM is responsible for assessing the 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 AIFM intends to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the unitholders as a body in accordance with the European Union (Alternative Investment Fund Managers) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Pat Candon
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
20 August 2018

Report of the Alternative Investment Fund Manager

Statement of Alternative Investment Fund Manager's responsibilities

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

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

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

Under the Central Bank of Ireland's ("CBI's") AIF Rulebook, the assets of the Fund shall be entrusted to the Depositary for safekeeping and therefore custody of the Funds' 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 the 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 transaction carried out with the Fund by a Promoter, AIFM, Depositary, and/or Investment Manager and/or associate, or a group of, companies of these ("connected parties") are carried out as if negotiated at arm's length and are in the best interests of the unitholders.

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

Remuneration policy

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

Report of the Alternative Investment Fund Manager (continued)

Conflicts of interest

The Directors of the AIFM, the AIFM, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and unitholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Fund and/or their respective roles with respect to the Fund. These activities may include managing or advising other funds (including other Collective 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 Barings Korea Trust ("the Trust") may invest. In particular, the AIFM and other companies within the Barings Group may be involved in advising or managing other Investment Funds (including other 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 ("AIFM"), Baring International Fund Managers (Ireland) Limited, on 20 August 2018 and signed on its behalf by:

Directors

David Conway

Barbara Healy

20 August 2018

Report of the Depositary to the unitholders

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Barings Korea Feeder Fund (“the Fund”) provide this report solely in favour of the unitholders of the Fund for the period 9 August 2017 to 30 April 2018 (“Accounting Period”). This report is provided in accordance with the current Depositary obligation under the Central Bank of Ireland Alternative Investment Fund Rulebook (“AIF Rulebook”), Chapter 5 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

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

Opinion

We are of the opinion that the Fund has been managed by the AIFM during the accounting period, in all material respects:

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

For and on behalf of

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

20 August 2018

Key changes during the period

The Alternative Investment Fund Manager (“AIFM”)

Director changes

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.

Registered office of the AIFM

As of 7 December 2017, the registered address for Baring International Fund Managers (Ireland) Limited changed from:

Baring International Fund Managers (Ireland) Limited

Georges Court

Townsend Street

Dublin 2

D02 R156

Ireland

to:

Baring International Fund Managers (Ireland) Limited

70 Sir John Rogerson’s Quay

Dublin 2

D02 R296

Ireland

The annual accounting reference date has changed from 8 August 2017 to 30 April 2018.

Privacy Statement

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

Name Change

With effect from 30 April 2018, the name of the Unit Trust changed from Baring Korea Feeder Fund to Barings Korea Feeder Fund.

Financial Report

The year-end accounting date of the Unit Trust changed from 8 August to 30 April, and the semi-annual accounting date of the Unit Trust will change from 8 February to 31 October.

Hard copies of the annual and semi-annual financial statements will no longer be sent to unitholders. Copies of the annual and semi-annual financial statements (available in English only) will be available at www.barings.com and will also be available on request for inspection.

Key changes during the period (continued)

Objective & policy

The investment objective of the Trust has been modified to clarify that capital growth is being sought over the long term, as set out below.

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

The changes to the investment policy section are to clarify that a minimum of 70% of the total assets of the Trust will be invested in equities (i.e. shares) and equity-related securities of companies incorporated in Korea, or exercising the predominant part of their economic activity in Korea. However, for the remainder of the Trust's total assets, the Investment Manager maintains the discretion to invest in markets outside of Korea, and in other asset classes, such as bonds and cash, if required. The Trust may invest in other funds and other transferable securities. The Trust can also use derivatives for efficient portfolio management only (i.e. to reduce risk or cost).

Barings Korea Trust

The following changes were made to the Prospectus dated 29 August 2017.

Investment objective and policy wording

The investment objective and policy wording was updated to better and more clearly explain how the Trust is managed. The changes did 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 previous and updated investment objective and policy wording is set out below:

Previous 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).

Updated investment objective and policy

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).

Key changes during the period (continued)

Change to dilution adjustment policy

The dilution adjustment policy was 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 was updated to be brought into line with current market practice.

Renaming of existing unit classes

Units that were simply termed accumulation or income units were updated in order to avoid confusion upon the introduction of new unit classes. The following unit classes were renamed:

Existing class name	New class name
Class GBP Acc	Class A GBP Acc

Publication of unit prices

The Prospectus was updated to reflect that the prices of units will no longer be published in the Financial Times but will continue to be published on the Barings website at www.baring.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. The Prospectus was updated to reflect that Barings will, therefore, no longer publish and distribute any short reports due for the Trust. Copies of the long report and accounts will continue to be available in the 'Funds' section of the Baring Asset Management website at www.baring.com and are also available on request. Any queries in relation to fund reporting should be directed to +44 (0) 333 300 0372.

The updated Prospectus also contained other non-material updates.

Barings Korea Feeder Fund – Investment Manager’s report – Unaudited

Performance

Over the 8 month period in review, the Korean equity market followed the global equity market uptrend, and outperformed many regional markets, mostly due to two major factors: 1) the historic Inter-Korea summit, with both North Korea and South Korea agreeing on steps towards denuclearisation and cooperation to ease tensions, while details of denuclearisation were deferred to later efforts; and 2) solid earnings momentum in the technology sector, which attracted investors back to index heavyweights in the technology sector. Against a backdrop of escalated trade friction between the US and China, coupled with domestic events, the first few months of 2018 were marked by heightened volatility not only among Korean equities, but across global markets. That being said, with a strong performance of 13.53% the Barings Korea Feeder Fund (“the Fund”) managed to stay ahead of the performance comparator returns of 5.32% during the reporting period. Performance of the Fund against peers remains competitive, as the Fund was ranked in the second quartile over the year to date and 1-year periods in its Morningstar peer group (as at end of April 2018).

Selection in Consumer Discretionary contributed positively to relative performance, with Hotel Shilla, an operator of luxury hotels and duty-free shops, being a standout thanks to the easing geopolitical tensions between Korea and China. Meanwhile, Shinsegae, a South Korean department store franchise, was another notable contributor, as its share price was boosted by growth in department and duty-free store sales was stronger than that of peers.

On the flip side, structural lack of exposure in Samsung Electronics due to the 10% single stock limit was the largest detractor, as the stock rebounded strongly after a sharp underperformance at the beginning of the year. Stock selection in the industrial sector dragged relative performance lower, mainly due to the holdings in Hyundai Heavy Industries and Hyundai Mipo Dockyard.

Market outlook

Outlook for Korean equities remains rosy, supported by positive global growth momentum, a structurally and fundamentally solid technology sector, signs of improving domestic demand, and favorable policies ahead of the national election in June 2018. In addition to the uniform pace in global growth recovery, Korea’s unique domestic elements and niche economic drivers are likely to benefit from the evolving growth dynamics, and help place the nation ahead of its peers. We continue to see volatility as a good opportunity to gain exposure to long-term winners. Korea is in a key position in terms of economic development and technological advancement. It is usually at the top of the list of research and development investment versus GDP, investing in new technologies and manufacturing areas. It is in these leading-edge sectors and companies that most of Korea’s growth will likely come through.

**Baring Asset Management (Asia) Limited,
appointed as Sub-Investment Manager by
Baring Asset Management Limited.
May 2018**

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

Balance sheet

As at 30 April 2018

		Barings Korea Feeder Fund 30/04/2018	Barings Korea Feeder Fund 08/08/2017
	Notes	US\$	US\$
Assets			
Financial assets at fair value through profit or loss	1	73,018,373	68,160,190
Funds due from the Barings Korea Trust	1	-	101,185
Cash and cash equivalents	1	86,889	101,155
Receivable for units sold	1	162,566	24,761
Trade and other receivables	1	2,809	1,387
Total assets		<u>73,270,637</u>	<u>68,388,678</u>
Liabilities			
Payable for units redeemed	1	(120,327)	(158,881)
Funds due to the Barings Korea Trust	1	(51,077)	-
Management fees payable	2	(6,133)	(7,414)
Administration fees payable	2	(16,865)	(20,071)
Depositary fees payable	2	(2,612)	(2,009)
Trade and other payables	1	(94,483)	(94,683)
Total liabilities (excluding net assets attributable to equity holders)		<u>(291,497)</u>	<u>(283,058)</u>
Equity			
Net assets attributable to equity holders		<u>72,979,140</u>	<u>68,105,620</u>
Total equity		<u>72,979,140</u>	<u>68,105,620</u>
Total equity and liabilities		<u>73,270,637</u>	<u>68,388,678</u>
Units in issue (note 4)			
		2,684,928	2,942,934
		Class A USD Acc	

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

BARINGS

Statement of changes in equity

For the period 9 August 2017 to 30 April 2018

		Barings Korea Feeder Fund 30/04/2018*	Barings Korea Feeder Fund 08/08/2017**
	Notes	US\$	US\$
Net assets attributable to equity holders of redeemable participating units at the beginning of the period/year		68,105,620	68,089,798
Increase in net assets for the period/year attributable to redeemable participating unitholders from operations		11,378,001	3,529,971
Issue of redeemable participating units for the period/year	4	26,692,164	26,980,774
Redemption of redeemable participating units for the period/year	4	(33,196,645)	(30,494,923)
Net assets attributable to equity holders at the end of the period/year		<u>72,979,140</u>	<u>68,105,620</u>

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

** For the year ended 8 August 2017.

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

BARINGS

Profit and loss account

For the period 9 August 2017 to 30 April 2018

	Notes	Barings Korea Feeder Fund 30/04/2018* US\$	Barings Korea Feeder Fund 08/08/2017** US\$
Investment income			
Net fair value gain on financial assets and liabilities at fair value through profit or loss	3	11,668,178	3,864,658
Total investment income		<u>11,668,178</u>	<u>3,864,658</u>
Expenses			
Management fees	2	(52,350)	(64,747)
Administration fees	2	(143,963)	(178,054)
Depositary fees	2	(10,994)	(13,597)
General expenses	2	(82,568)	(78,017)
Total operating expenses		<u>(289,875)</u>	<u>(334,415)</u>
Net income before finance costs		11,378,303	3,530,243
Finance costs			
Bank interest expense	1	(302)	(272)
Total finance costs		<u>(302)</u>	<u>(272)</u>
Increase in net assets for the period/year attributable to equity holders from operations		<u>11,378,001</u>	<u>3,529,971</u>

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

** For the year ended 8 August 2017

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

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

BARINGS

Notes to the financial statements

1. Principal accounting policies

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

Basis of preparation

In preparing the financial statements for the period 9 August 2017 to 30 April 2018, Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (“AIFM”)) has applied ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (“FRS 102”), and these financial statements comply with that standard.

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

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

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

The last business day of the Fund in the current financial period was 30 April 2018. The last valuation point on that day was 12.00pm.

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

Historical cost convention

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

Fair value measurement

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

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

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Foreign exchange translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Financial assets at fair value through profit or loss

(a) Classification

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

Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for 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 19. Any trades received subsequent to this point are not reflected in the financial statements. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Realised gains and losses on disposals of financial assets and liabilities classified as 'at fair value through profit or loss' are calculated using the First In First Out ("FIFO") method.

(c) Measurement

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

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

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

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

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

(d) Fair value estimation

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

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

(e) Subsidiaries

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

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

Operating expenses

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

Distribution policy

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

Trade and other receivables and cash and cash equivalents

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

Trade and other payables

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

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Offsetting financial instruments

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

Equity

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

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

2. Fees and related party disclosures

Management fees

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

The Fund is managed by Baring International Fund Managers (Ireland) Limited, who have appointed the Investment Manager, "Barings Asset Management Limited" an investment management company incorporated in London on 6 April 1994. The Investment Manager is part of the Barings LLC group and is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"). The outstanding amounts payable as at the end of the period for management fees are disclosed on the Fund's balance sheet. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Peter Clark, Oliver Burgel, 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 Northern Trust International Fund Administration Services (Ireland) Limited ("the Administrator") and the Registrar out of the administration fee. The Administrator and Registrar are entitled to be reimbursed certain out-of-pocket expenses out of the assets of the Fund.

Notes to the financial statements (continued)

2. Fees and related party disclosures (continued)

Depositary fees

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

Legal fee

The fees paid to Matheson during the period amounted to US\$9,026 (8 August 2017: US\$2,986).

Other expenses

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

Investment Funds

The Fund invests in another Investment Fund managed by the 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.

Transaction costs

There were no transaction costs incurred by the Fund for the period ended 30 April 2018 (8 August 2017: nil).

Significant unitholdings

The following table details significant concentrations in unitholdings of the Fund or instances where the units are beneficially held by other Investment Funds managed by the Investment Manager or one of its affiliates. As at 30 April 2018, the following had significant unitholdings in the Fund:

Fund name	Number of unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by Investment Funds managed by Baring International Fund Managers (Ireland) Limited or affiliates
Barings Korea Feeder Fund	Nil (08/08/2017: 1)	Nil (08/08/2017: 21.44%)	4.24% (08/08/2017: 4.68%)

Notes to the financial statements (continued)

3. Net gains 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 18. This requirement complies with the CBI's AIF Rulebook.

	30/04/2018*	08/08/2017
	US\$	US\$
Realised gains on sale of investments	3,049,887	785,166
Realised losses on sale of investments	(10,430)	(935,267)
Realised currency gains	219,602	288,183
Realised currency losses	(258,627)	(322,147)
Unrealised gains on investments	8,667,564	4,041,428
Unrealised currency gains	1,734	11,248
Unrealised currency losses	(1,552)	(3,953)
	<u>11,668,178</u>	<u>3,864,658</u>

* For the period 9 August 2017 to 30 April 2018

4. Units issued and redeemed

Barings Korea Feeder Fund - Class A USD Acc

	30/04/2018	08/08/2017
	Units	Units
By units:		
Units in issue at the beginning of period/year	2,942,934	3,102,083
Units issued during the period/year	1,037,576	1,265,540
Units redeemed during the period/year	(1,295,582)	(1,424,689)
Units in issue at end of the period/year	<u>2,684,928</u>	<u>2,942,934</u>

5. Comparative statistics

	30/04/2018	08/08/2017	08/08/2016
	US\$	US\$	US\$
Total Net Asset Value			
Barings Korea Feeder Fund - Class A USD Acc	US\$72,979,140	US\$68,105,620	US\$68,089,798
Net Asset Value per unit			
Barings Korea Feeder Fund - Class A USD Acc	US\$27.18	US\$23.14	US\$21.95

6. Exchange rates

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

	Exchange rate to US\$	Exchange rate to US\$
	30/04/2018	08/08/2017
Euro	0.8268	0.8463
Pound sterling	0.7286	0.7673

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 period 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 in the portfolio statement and on the balance sheet of the Fund. The Fund's market price risk is affected by two components: changes in market prices and currency exchange rates. The Fund's exposure to market risk is disclosed in the portfolio statement.

The method used to determine the global exposure is the relative Value at Risk ("VaR") method. VaR is calculated daily for the Fund and the performance comparator 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 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, a ten-day holding period and 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 0%.

Notes to the financial statements (continued)

7. Financial risk management (continued)

(a) Market price risk (continued)

Fund name	Absolute VaR over the past financial period/year				
	30/04/2018	08/08/2017	Lowest	Highest	Average
Barings Korea Feeder Fund	9.20%	8.04%	5.33%	11.99%	7.83%
Korea SE Composite Index	9.34%	7.12%	4.96%	11.76%	7.25%

Fund name	Fund relative VaR for past financial period/year					Performance comparator or reference portfolio
	30/04/2018	08/08/2017	Lowest	Highest	Average	
Barings Korea Feeder Fund	98.52%	112.99%	92.47%	136.18%	108.27%	Korea SE Composite Index

Some limitations of VaR analysis:

- 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

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

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 these can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses. There are a number of circumstances when the AIFM may, with the approval of the Depositary, temporarily suspend the right of unitholders to require the realisation of units of any class and/or may delay the payment of any monies in respect of any such realisation.

In accordance with the Fund’s policy, the AIFM monitors the Fund’s liquidity on a daily basis and reviews any significant exposures at its periodic meetings. At 30 April 2018 and 8 August 2017, 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 its investment in the Trust.

Credit risk statement

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 the period-end date of 30 April 2018, NTC had a long-term credit rating from Standard & Poor’s (“S&P’s”) of A+.

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

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

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

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

Notes to the financial statements (continued)

7. Financial risk management (continued)

(e) Credit risk (continued)

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 ("D&B") 3, but also actively avoids exposure to entities having an S&P rating of less than AA-, even where the D&B rating is 3 or better. Adherence to the CCP is very rigidly enforced. Any changes to ratings which cause divergence from the CCP are acted on immediately without exception. Application for Initial Public Offerings ("IPOs"), for example, is subject to the credit rating of the entity to whose balance sheet the application will expose the investing fund. Where no satisfactory rating is applied, the Investment Manager insists that monies are paid into a ring-fenced 'Client Money' account, hence avoiding exposure not permitted by the CCP.

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

- Fair value – there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet of the Trust, and their fair value.
- Derivatives and other financial instruments – transactions in derivatives, warrants and forward currency contracts may be used for the purpose of hedging and meeting the investment objective of the Trust. In pursuing the Trust's objectives, Baring Fund Managers Limited may make use of a variety of instruments in accordance with the rules.

Credit risk arising from receivables relating to unsettled trades is considered small due to the short settlement period involved. The maximum exposure related to unsettled trades equals the amounts shown on the balance sheet. There were no past due or impaired assets as of 30 April 2018 and 8 August 2017.

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 period/year-end amounted to:

	30/04/2018	08/08/2017
Fund	US\$	US\$
Barings Korea Feeder Fund	73,102,441	68,362,530

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 30/04/2018	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Barings Korea Feeder Fund				
Collective Investment Schemes	-	73,018,373	-	73,018,373
Total	-	73,018,373	-	73,018,373
As at 08/08/2017	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Barings Korea Feeder Fund				
Collective Investment Schemes	-	68,160,190	-	68,160,190
Total	-	68,160,190	-	68,160,190

Notes to the financial statements (continued)

8. Bank facilities

There is a bank overdraft facility in place with The Northern Trust Company (“TNTC”). An “uncommitted” multi-currency loan facility has been made available by TNTC to the Fund. As at 30 April 2018, there was no amount drawn down on this facility (8 August 2017: same).

9. Efficient portfolio management

During the period ended 30 April 2018, the Fund did not engage in any efficient portfolio management techniques (8 August 2017: same).

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. Significant events

Please refer to the key changes during the period on pages 12 to 14.

12. Subsequent events

There have been no events subsequent to the period-end which, in the opinion of the Directors of the AIFM, may have had a material impact on these financial statements.

13. Approval of financial statements

The financial statements were approved by the Directors of the AIFM on 20 August 2018.

Portfolio statement

As at 30 April 2018

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

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 in US\$ as at 08/08/2017	% of NAV
Barings 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

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

General information – Unaudited

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

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

The Fund is valued on each dealing day following the initial issue of units of the relevant class, and such units may normally be purchased or realised by application to the AIFM c/o the Administrator on a dealing day. Dealing days are every business day and/or such other day or days as the AIFM may, with the approval of Northern Trust Fiduciary Services (Ireland) Limited (“the 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, (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 period/year are stated below:

	30/04/2018	08/08/2017	08/08/2016	08/08/2015	08/08/2014
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the period	28.19	24.16	24.27	25.95	24.69
Lowest redemption price during the period	22.15	18.54	18.87	20.63	20.12

	08/08/2013	08/08/2012	08/08/2011	08/08/2010	08/08/2009
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the period	24.05	23.5	27.66	20.3	20.65
Lowest redemption price during the period	19.13	19.01	18.56	15.5	8.22

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 Barings Korea Feeder Fund (“the Fund”) in all interim and annual reports published from 13 January 2017.

During the period 9 August 2017 to 30 April 2018, the trust did not enter into SFTs or TRSs.

Appendix 3 – Remuneration disclosure – Unaudited

The AIFM's Remuneration Policy ensures that the remuneration arrangements of "Identified Staff" as defined in "ESMA's Guidelines on Sound Remuneration Policies under 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 Company; and
- (ii) consistent with the AIFM's business strategy, objectives, values and interests and include measures to avoid conflicts of interest.

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

The AIFM has appointed Baring Asset Management Limited ("BAML") as the delegate to carry out investment management ("the Investment Manager"). The Investment Manager is authorised in the UK by the Financial Conduct Authority ("FCA").

Remuneration committee

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

The AIFM is part of the Barings LLC group of companies (together "Barings"). Barings has two remuneration committees to take remuneration decisions, namely the Remunerations Committee and the Senior Compensation Committee.

The remuneration committees ensure the fair and proportionate application of the remuneration rules and requirements and to ensure that potential conflicts arising from remuneration are managed and mitigated appropriately.

AIFMD remuneration Identified Staff

The AIFM must determine its Identified Staff, whose professional activities have a material impact on its risk profile. Identified Staff includes senior managers, controlled functions and risk takers.

a) Senior managers and controlled functions

- i) The AIFM Board: the independent directors (not employed by Barings) receive a fixed director's fee and do not receive any variable remuneration or performance-based pay. The other directors waived their entitlement to receive a director's fee from The AIFM.
- ii) Designated persons performing the managerial functions of risk management and monitoring investment performance are employed by Barings and do not receive remuneration from the AIFM directly for these duties.

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

b) Risk takers

- (i) Portfolio managers: the portfolio managers are remunerated by the Investment Manager under an equivalent remuneration regime (the Investment Manager and its subsidiaries are subject to remuneration rules contained in the Capital Requirements Directive ("CRD") and these are considered to be equally as effective as those contained in the AIFMD).

Appendix 3 – Remuneration disclosure – Unaudited (continued)

Remuneration disclosure:

The table below summarises the fixed and variable remuneration paid to Identified Staff 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 Company, apportioned using total Barings Assets under Management (“AUM”).

	Number of beneficiaries	Total fixed remuneration for the period	Total variable remuneration for the period	Total remuneration
Barings Korea Feeder Fund				
AIFM staff	334	€200,301	€275,087	€475,388
Identified Staff	8	€59,305	€77,673	€136,978

Notes:

1. AIFM staff: this includes all relevant staff managing the AIFM’s funds. Remuneration is apportioned based on the relevant AUM. Other than the Identified Staff noted above, none of the staff are considered to be senior managers or others whose actions may have a material impact on the risk profile of the Company.
2. Identified Staff: these are as defined in the AIFM’s remuneration policy.
3. Variable remuneration consists of a cash bonus and deferred awards awarded in the period.
4. The Company does not pay either performance-related fees or carried interests to any person.

Registered address:

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Important information:

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

Disclosure:

Baring International Fund Managers (Ireland) Limited
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