



## **Barings Korea Trust**

Interim Report & Unaudited Financial  
Statements

for the half year ended 31 October 2019

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\* Collectively, these comprise the Manager's report.

## **Barings Korea Trust**

### **Introduction**

This Interim Report and Unaudited Financial Statements covers the period from 1 May 2019 to 31 October 2019 and reviews the performance and market outlook for the Barings Korea Trust (the “Trust”) which is managed by Baring Fund Managers Limited (the “Manager”).

As an investor in the Trust, your money is pooled with that of other investors and invested by the Manager 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 funds managed by the Manager, the risk assumed in this portfolio is carefully monitored.

## **Barings Korea Trust**

### **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.

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).

Please refer to the Prospectus for the full investment objective and policy.

### **Performance Comparator**

The Trust is not managed to a benchmark, however the Manager uses the Korea Composite Stock Price Index (KOSPI) to assess the Trust's performance.

The Manager considers the performance comparator to be an appropriate assessment tool because it tracks the performance of the largest companies in the South Korean stock market.

### **How the Trust is managed**

The Trust is invested in the South Korean equity market, and managed 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. It is believed that 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 it is believed to have the potential to deliver better-than-expected earnings growth. Over the long term, the aim is to deliver the majority of returns through active stock picking and we expect to achieve most of our added value from stock selection.

The Investment Manager also considers that the best way of finding unrecognised growth is to identify quality companies with visibility of earnings over a longer time period of three to five years especially as market consensus data tends to be only available for shorter term periods.

### **Risk profile**

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

- Changes in exchange rates between the base currency of the Trust and the currencies in which the assets of the Trust are valued can have the effect of increasing or decreasing the value of the Trust and any income generated.
- 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.
- 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 assets.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Coupled with less developed regulation, this means your money is at greater risk.
- Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the amount of a transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives, structured products, etc), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

Please refer to the Prospectus for the full risk profile.

## Barings Korea Trust

### The Trust at a glance on 31 October 2019

Total Fund size	£70.75 million	
OCF*	31/10/2019	30/04/2019
Class A GBP Acc	1.69%	1.69%
Class I GBP Acc	0.94%	0.94%
Class I GBP Inc	0.94%	0.94%
Class I USD Acc	0.94%	0.94%
	Initial charge	Annual charge
Class A GBP Acc	Up to 5.00%	1.50%
Class I GBP Acc	Nil	0.75%
Class I GBP Inc	Nil	0.75%
Class I USD Acc	Nil	0.75%
	Minimum initial investment	Minimum subsequent investment
Class A GBP Acc	£1,000	£500
Class I GBP Acc	£10,000,000	£500
Class I GBP Inc	£10,000,000	£500
Class I USD Acc	US\$10,000,000	US\$2,500

\* The Ongoing Charge Figure ("OCF") reflects the payments and expenses which cover aspects of operating the Trust and is deducted from the assets over the period. It includes fees paid for investment management, trustee and general charges.

Price per unit	(pence/cents per unit)
Class A GBP Acc	279.70p
Class I GBP Acc	249.10p
Class I GBP Inc	290.30p
Class I USD Acc	382.30c

# Barings Korea Trust

## Trust information

	Class A GBP Acc - Accumulation units			Class I GBP Acc - Accumulation units		
	31/10/2019	30/04/2019	30/04/2018	31/10/2019	30/04/2019	30/04/2018
	(p)	(p)	(p)	(p)	(p)	(p)
<b>Change in net assets per unit</b>						
Opening net asset value per unit	310.34	374.93	334.75	325.07	389.87	346.14
Return before operating charges	(28.56)	(58.91)	44.32	(29.95)	(61.51)	46.03
Operating charges	(2.45)	(5.68)	(4.14)	(1.43)	(3.29)	(2.30)
Return after operating charges	(31.01)	(64.59)	40.18	(31.38)	(64.80)	43.73
Distributions	–	–	–	–	(1.97)	(1.43)
Retained distributions on accumulation units	–	–	–	–	1.97	1.43
Closing net asset value per unit	279.33	310.34	374.93	293.69	325.07	389.87
after direct transaction costs of*	0.66	2.61	1.87	0.69	2.71	1.94
<b>Performance</b>						
Return after charges	(9.99)%	(17.23)%	12.00%	(9.65)%	(16.62)%	12.63%
<b>Other information</b>						
Closing net asset value ('000)	£59,691	£54,495	£80,130	£8,579	£6,978	£8,358
Closing number of units	21,369,582	17,559,994	21,372,100	2,921,159	2,146,571	2,143,772
Operating charges	1.69%	1.69%	1.61%	0.94%	0.94%	0.86%
Direct transaction costs	0.23%	0.78%	0.53%	0.23%	0.78%	0.53%
<b>Prices**</b>						
Highest unit price	311.20	389.50	381.80	326.00	405.40	396.20
Lowest unit price	272.50	304.60	320.00	286.10	318.40	331.20

  

	Class I GBP Inc - Distribution units			Class I USD Acc - Accumulation units		
	31/10/2019	30/04/2019	30/04/2018	31/10/2019	30/04/2019	30/04/2018
	(p)	(p)	(p)	(c)	(c)	(c)
<b>Change in net assets per unit</b>						
Opening net asset value per unit	320.96	385.60	343.70	424.36	536.92	452.79
Return before operating charges	(29.58)	(60.79)	45.58	(41.15)	(109.17)	87.30
Operating charges	(1.42)	(3.35)	(2.28)	(1.47)	(3.39)	(3.17)
Return after operating charges	(31.00)	(64.14)	43.30	(42.62)	(112.56)	84.13
Distributions	–	(0.50)	(1.40)	–	(1.25)	(2.00)
Retained distributions on accumulation units	–	–	–	–	1.25	2.00
Closing net asset value per unit	289.96	320.96	385.60	381.74	424.36	536.92
after direct transaction costs of*	0.68	2.76	1.93	0.71	2.79	2.68
<b>Performance</b>						
Return after charges	(9.66)%	(16.63)%	12.60%	(10.04)%	(20.96)%	18.58%
<b>Other information</b>						
Closing net asset value ('000)	£2,479	£3,062	£12,701	\$1	\$1,697	\$23,052
Closing number of units	854,923	953,915	3,293,786	259	399,916	4,293,459
Operating charges	0.94%	0.94%	0.86%	0.94%	0.94%	0.86%
Direct transaction costs	0.23%	0.78%	0.53%	0.23%	0.78%	0.53%
<b>Prices**</b>						
Highest unit price	313.20	400.90	393.20	427.00	546.90	555.70
Lowest unit price	282.50	314.90	328.80	348.80	403.20	433.80

\*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as dealing spread and underlying costs with regard to Investment Fund holdings which will also have reduced the Trust and unit class returns before operating charges.

\*\* High/low prices included in the table above are for the accounting period from 1 May 2019 to 31 October 2019 and the accounting years from 1 May 2018 to 30 April 2019 and 9 August 2017 to 30 April 2018, respectively.

## Barings Korea Trust

### Report of the Investment Manager

#### Performance

Barings Korea Trust (the “Trust”) registered an absolute net return in GBP terms on Class A GBP Acc of -9.98% against the performance comparator return of -4.36% during the reporting period. Over three years and five years to 31 August 2019, the returns on the Class A GBP Acc were -7.40% and 0.04% respectively compared with the return of the performance comparator over the same periods of -4.26% and 8.60% respectively.

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

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

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

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

Purchases	Costs £'000	Sales	Proceeds £'000
KT&G	2,288	Hite Jinro	2,074
NAVER	2,228	Shinsegae	2,033
SK Telecom	2,153	Lotte Chemical	1,446
SK Hynix	1,970	Samsung Electronics	1,437
Korea Electric Power	1,726	Kakao	1,315
LG Innotek	1,698	Kolmar Korea	1,290
Kakao	1,663	Samsung Electro-Mechanics	1,273
Woongjin Coway	1,615	KT&G	1,211
Hana Financial	1,574	SKC	1,177
Korea Investment Holdings	1,551	BH	1,157

## **Barings Korea Trust**

### **Report of the Investment Manager (continued)**

#### **Market outlook**

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

Korea's unique domestic elements and "niches" of economic drivers are likely to continue to benefit from the evolving secular growth dynamics, and help place the nation ahead of its peers. The near-term market volatility should provide a favourable window for getting exposure to investment opportunities with long-term attractive fundamentals. Korea is in a key position in terms of its economic development and technological level. Korea usually stands at the top of the list of R&D investment versus GDP as investment in new technologies and manufacturing areas always stays in the spotlight for pioneering Korean enterprises. It is in these leading edge sectors and companies where majority of Korea's growth will come through.

#### **Baring Asset Management (Asia) Limited, appointed as Sub-Investment by**

#### **Baring Asset Management Limited**

*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.*



**Barings Korea Trust**

**Directors' statement**

The financial statements on pages 13 to 14 were approved by Baring Fund Managers Limited (the "Manager") and signed on its behalf by:

E. BROWNING                      Director

J. SWAYNE                      Director    London 12 December 2019

# Barings Korea Trust

## Portfolio statement

as at 31 October 2019

Holdings	Investments	Percentage	
		Bid-Market Value (£)	of total net assets (%)
	<b>Investment Funds: 0.92% (1.24%)</b>		
648,000	Northern Trust Global Funds - Sterling Fund†	<b>648,000</b>	<b>0.92</b>
	<b>Equities: 99.37% (99.26%)</b>		
	<b>Apparel: 3.04% (2.59%)</b>		
8,569	F&F	568,322	0.80
41,379	Fila Korea	1,580,762	2.24
		<b>2,149,084</b>	<b>3.04</b>
	<b>Auto Manufacturers: 3.78% (1.28%)</b>		
16,993	Hyundai Motor	1,369,337	1.94
46,311	Kia Motors	1,305,381	1.84
		<b>2,674,718</b>	<b>3.78</b>
	<b>Auto Parts &amp; Equipment: 5.10% (4.50%)</b>		
18,010	Hyundai Mobis	2,842,855	4.02
32,340	Mando	766,796	1.08
		<b>3,609,651</b>	<b>5.10</b>
	<b>Beverages: 0.00% (1.11%)</b>		
	<b>Biotechnology: 0.98% (2.10%)</b>		
2,864	Hugel	<b>693,314</b>	<b>0.98</b>
	<b>Chemicals: 3.39% (6.94%)</b>		
11,768	LG Chem	<b>2,400,003</b>	<b>3.39</b>
	<b>Computers: 0.00% (0.94%)</b>		
	<b>Consumer, Cyclical: 1.46% (0.00%)</b>		
83,553	Paradise	<b>1,030,716</b>	<b>1.46</b>
	<b>Cosmetics/Personal Care: 3.77% (7.53%)</b>		
3,187	LG Household & Health Care	<b>2,665,393</b>	<b>3.77</b>
	<b>Diversified Financial Services: 8.14% (6.42%)</b>		
65,679	Hana Financial	1,467,981	2.08
62,045	KB Financial	1,726,246	2.44
90,976	Shinhan Financial	2,564,365	3.62
		<b>5,758,592</b>	<b>8.14</b>
	<b>Electric: 2.20% (0.00%)</b>		
92,169	Korea Electric Power	<b>1,555,739</b>	<b>2.20</b>
	<b>Electronics: 3.21% (4.92%)</b>		
9,902	LG Innotek	794,643	1.12
19,705	Samsung Electro-Mechanics	1,476,791	2.09
		<b>2,271,434</b>	<b>3.21</b>
	<b>Engineering &amp; Construction: 0.00% (1.37%)</b>		
	<b>Financials: 2.31% (0.00%)</b>		
19,834	Korea Investment Holdings	891,875	1.26
94,903	Macquarie Korea Infrastructure Fund	742,722	1.05
		<b>1,634,597</b>	<b>2.31</b>

# Barings Korea Trust

## Portfolio statement (continued)

as at 31 October 2019

Holdings	Investments	Percentage	
		Bid-Market Value (£)	of total net assets (%)
	<b>Equities: 99.37% (99.26%) (continued)</b>		
	<b>Food: 2.19% (2.70%)</b>		
6,396	BGF retail	755,079	1.07
4,959	NongShim	794,283	1.12
		<b>1,549,362</b>	<b>2.19</b>
	<b>Household Goods &amp; Home Construction: 2.29% (0.00%)</b>		
26,608	Woongjin Coway	<b>1,620,015</b>	<b>2.29</b>
	<b>Industrial: 3.39% (0.00%)</b>		
12,183	Hyundai Glovis	1,220,099	1.72
14,593	Hyundai Heavy Industries	1,180,778	1.67
		<b>2,400,877</b>	<b>3.39</b>
	<b>Insurance: 1.79% (6.17%)</b>		
4,146	Samsung Fire & Marine Insurance	595,321	0.84
14,310	Samsung Life Insurance	669,103	0.95
		<b>1,264,424</b>	<b>1.79</b>
	<b>Internet: 9.85% (6.99%)</b>		
22,949	AfreecaTV	1,120,226	1.58
11,278	Kakao	1,058,406	1.50
26,955	NAVER	2,931,887	4.14
5,437	NCSOFT	1,860,686	2.63
		<b>6,971,205</b>	<b>9.85</b>
	<b>Iron/Steel: 1.84% (1.71%)</b>		
9,267	POSCO	<b>1,299,911</b>	<b>1.84</b>
	<b>Mining: 2.44% (1.55%)</b>		
6,009	Korea Zinc	<b>1,729,641</b>	<b>2.44</b>
	<b>Miscellaneous Manufacturing: 2.41% (4.88%)</b>		
17,553	POSCO Chemical	559,382	0.79
9,424	SK Materials	1,143,801	1.62
		<b>1,703,183</b>	<b>2.41</b>
	<b>Oil &amp; Gas: 4.56% (2.55%)</b>		
19,493	SK Innovation	2,062,070	2.92
17,578	S-Oil	1,162,328	1.64
		<b>3,224,398</b>	<b>4.56</b>
	<b>Personal Goods: 0.73% (0.00%)</b>		
4,059	Amorepacific	<b>516,873</b>	<b>0.73</b>
	<b>Pharmaceuticals: 2.02% (2.21%)</b>		
3,335	Daewoong Pharmaceutical	336,204	0.48
7,322	Yuhan	1,090,210	1.54
		<b>1,426,414</b>	<b>2.02</b>
	<b>Retail: 2.77% (5.72%)</b>		
18,177	Hotel Shilla	934,304	1.32
15,510	Samsung C&T	1,028,669	1.45
		<b>1,962,973</b>	<b>2.77</b>
	<b>Semiconductors: 17.31% (17.70%)</b>		
19,200	ITM Semiconductor	331,084	0.47

# Barings Korea Trust

## Portfolio statement (continued)

as at 31 October 2019

		Percentage Bid-Market of total net Value assets (£) (%)	
<b>Holdings</b>	<b>Investments</b>		
	<b>Equities: 99.37% (99.26%) (continued)</b>		
	<b>Semiconductors: 17.31% (17.70%) (continued)</b>		
199,660	Samsung Electronics	6,673,991	9.43
96,530	SK Hynix	5,243,367	7.41
		<b>12,248,442</b>	<b>17.31</b>
	<b>Shipbuilding: 0.00% (1.83%)</b>		
	<b>Support Services: 1.05% (0.00%)</b>		
11,990	S-1	<b>745,114</b>	<b>1.05</b>
	<b>Telecommunications: 5.86% (4.31%)</b>		
34,791	LG Uplus	310,351	0.44
9,464	Samsung SDI	1,424,835	2.01
15,367	SK Telecom	2,410,373	3.41
		<b>4,145,559</b>	<b>5.86</b>
	<b>Tobacco: 1.49% (0.00%)</b>		
15,873	KT&G	<b>1,052,745</b>	<b>1.49</b>
	<b>Transportation: 0.00% (1.24%)</b>		
	<b>Portfolio of investments: 100.29% (100.50%)</b>	<b>70,952,377</b>	<b>100.29</b>
	Net other liabilities	(201,948)	(0.29)
	<b>Net assets</b>	<b>70,750,429</b>	<b>100.00</b>

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

Note: Securities shown on the portfolio statement are ordinary shares admitted to official stock exchange listings or traded on a regulated market, unless otherwise stated.

Comparative figures shown in brackets relate to 30 April 2019.

## Barings Korea Trust

### Statement of total return

for the period ended 31 October 2019

	2019 £'000	£'000	2018 £'000	£'000
Income				
Net capital losses		(6,886)		(18,042)
Revenue	191		298	
Expenses	(536)		(769)	
Interest payable and other similar charges	(1)		—	
Net expense before taxation	<u>(346)</u>		<u>(471)</u>	
Taxation	<u>(41)</u>		<u>(64)</u>	
Net expense after taxation		<u>(387)</u>		<u>(535)</u>
<b>Change in net assets attributable to unitholders from investment activities</b>		<u><b>(7,273)</b></u>		<u><b>(18,577)</b></u>

### Statement of change in net assets attributable to unitholders

for the period ended 31 October 2019

	2019 £'000	£'000	2018 £'000	£'000
<b>Opening net assets attributable to unitholders*</b>		<b>65,839</b>		<b>117,985</b>
Amounts receivable on issue of units	25,771		17,289	
Amounts payable on cancellation of units	<u>(13,598)</u>		<u>(29,906)</u>	
		<b>12,173</b>		<b>(12,617)</b>
Dilution adjustment		11		45
Changes in net assets attributable to unitholders from investment activities		<u>(7,273)</u>		<u>(18,577)</u>
<b>Closing net assets attributable to unitholders</b>		<u><b>70,750</b></u>		<u><b>86,836</b></u>

\* The opening net assets attributable to unitholders for 31 October 2019 differs to the closing position in 31 October 2018 by the change in net assets attributable to unitholders for the second half of the comparative financial year.

## Barings Korea Trust

### Balance sheet

as at 31 October 2019

	31/10/2019 £'000	30/04/2019 £'000
<b>Assets</b>		
Investment assets	70,952	66,167
Current assets:		
Debtors	1,373	447
Cash and bank balances	11	11
Total assets	<u>72,336</u>	<u>66,625</u>
<b>Liabilities</b>		
Creditors:		
Distribution payable	–	(5)
Other creditors	(1,586)	(781)
Total liabilities	<u>(1,586)</u>	<u>(786)</u>
<b>Net assets attributable to unitholders</b>	<u>70,750</u>	<u>65,839</u>

### Note to the financial statements

for the period ended 31 October 2019

The interim financial statements have been prepared on the same basis as the annual audited financial statements for the year ended 30 April 2019. They are in accordance with the historical cost convention, as modified by the revaluation of investments and the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 (the “IMA SORP 2014”). The financial statements have been prepared on a going-concern basis.

## The risk and reward profile

	<b>SRRI risk category*</b> <b>31/10/2019</b>	<b>SRRI risk category*</b> <b>30/04/2019</b>
Class A GBP Acc	6	6
Class I GBP Acc	6	6
Class I GBP Inc	6	6
Class I USD Acc	6	6

\* The Synthetic Risk and Reward Indicator ("SRRI") is not a measure of the risk of capital loss, but a measure of the Trust's price movement over time; the higher the number, the greater the price movement both up and down. It is based on historical data and is not a reliable indication of the future risk profile of the Trust. The risk category shown is in line with the Key Investor Information Document ("KIID") at period-end, is not guaranteed and may change over time. The risk categories are measured from 1–7 (1 measuring typically lower risk/rewards and 7 measuring typically higher risk/rewards). The lowest category does not mean a risk-free investment. The Trust is classified in the category indicated due to past movements in the Trust's price. There is no capital guarantee. The value of investments and the income from them may go down as well as up and investors may not get back the amount they invest. The SRRI figures shown have not changed during the period.

## Important Information

### Constitution

The Barings Korea Trust (the "Trust") is constituted by a Trust Deed between Baring Fund Managers Limited (the "Manager") and NatWest Trustee and Depositary Services Limited (the "Trustee").

The Trust is an authorised unit trust scheme as defined in section 243 of the Financial Services and Markets Act 2000 and has been established as an Undertakings for Collective Investments in Transferable Securities ("UCITS").

This document has been issued by the Manager, which is authorised by the Financial Conduct Authority.

### Performance

Past performance is no indication of current or future performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Any references in the report to other investments held within the Trust should not be read as a recommendation to the investor to buy or sell the same, but are included as illustration only.

### Key changes during the period

- B. Greene resigned as a Director of the Manager on 23 May 2019.
- J. Armstrong was appointed as a non-executive Director of the Manager on 22 May 2019.
- K. Troup was appointed as a non-executive Director of the Manager on 22 May 2019.
- The investment strategy of the Trust is clarified to mention the Trust intends to meet the requirements to be classified as being an "equity fund" under the Investmentsteuergesetz (2018) and will invest at least 51% of its assets in direct equities

### Market timing

Repeatedly purchasing and selling units in the Trust in response to short-term market fluctuations – known as 'market timing' – can disrupt the Manager's investment strategy and increase the Trust's expenses to the prejudice of all unitholders.

The Trust is not intended for market timing or excessive trading. To deter these activities, the Manager may refuse to accept an application for units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Trust.

The Manager also reserves the right to redeem units which it reasonably believes have been purchased by unitholders engaged in market timing.

### Publication of prices

The prices of units are published on the Barings website at [www.baring.com](http://www.baring.com). You can also obtain prices by telephone by calling +44 (0) 333 300 0372.

### Dealing basis

The Manager's basis for dealing in purchases and sales of the Trust's units is "forward". This means that the price used for any deal will be calculated at the next valuation point following receipt of the investor's instruction.

## **Important Information (continued)**

### **Fees and expenses**

The Manager's periodic charge is calculated on each business day, based on the value of the property of the Trust on the immediately preceding business day, and is paid to the Manager monthly, in arrears, on the first business day of the calendar month immediately following. The current annual management fees charged to the Trust are shown on page 5.

### **Revenue allocations and reports**

Revenue allocations are made on 31 July (final) of each year, where applicable, and forwarded to unitholders together with tax vouchers. The most recent annual report and audited financial statements and interim report and unaudited financial statements will be available on the Barings website at [www.baring.com](http://www.baring.com).

### **Prospectus and Manager's reports**

Copies of the Prospectus, the Key Investor Information Document(s) ("KIID(s)"), and the most recent annual or interim report and financial statements are available to all persons free of charge from the Manager upon request. The annual or interim report and financial statements are also available in French.

PricewaterhouseCoopers LLP (the "Independent Auditor") expresses its opinion on the English version of the annual report and financial statements, and accepts no responsibility for any translations of those financial statements.

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

#### **Special risks resulting from additional German tax publication requirements in Germany**

A foreign investment company such as Baring Fund Managers Limited (the "Manager") must provide documentation to the German fiscal authorities upon request, e.g. in order to verify the accuracy of the additional German published tax information. German investors will use this for their tax returns. The basis upon which such figures are calculated is open to interpretation and it cannot be guaranteed that the German fiscal authorities will accept the Manager's calculation methodology in every material respect. In addition, you should be aware that if it transpires that these publications are incorrect, any subsequent correction will, as a general rule, not have retrospective effect and will, as a general rule, only take effect during the current financial period. Consequently, the correction may positively or negatively affect the investors who receive a distribution or an attribution of deemed income distributions in the current financial period.

#### **Information for investors in Switzerland**

The Manager has appointed BNP Paribas Securities Services, Paris, Succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland as representative and paying agent for Switzerland. Units are distributed in Switzerland by BNP Paribas (Switzerland) Limited at the above address. Investors can obtain free of charge the Prospectus, KIID(s), the latest annual and interim reports, copies of the Trust Deed (and any amendments thereto) as well as a list of the purchases and sales made on behalf of the Barings Korea Trust (the "Trust"), in French, from the representative at the above address. Official publications for the Trust are found on the internet at [www.fundinfo.com](http://www.fundinfo.com). Unit prices (Net Asset Value with the words "plus commissions") are published daily on the internet at [www.fundinfo.com](http://www.fundinfo.com).

#### **Important information to the performance tables on page 18**

The value of an investment can fall as well as rise as a result of market fluctuations and investors may not get back the amount originally invested. Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units, nor the effect of the Manager's preliminary charge.

In conformity with a Guideline of the Swiss Funds Association ("SFA") dated 16 May 2008, the Manager is providing the below additional information regarding performance.



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

### Total Expense Ratio ("TER")

Following the Guideline of the Swiss Funds Association ("SFA") dated 16 May 2008, the Manager is required to publish a total expense ratio ("TER") for the Trust for the 12 months to 31 October 2019. The TER has been established by the Manager and draws upon the data contained in the "Statement of total return" (Manager's management fee, registration fees, trustee fees, safe custody charges, audit fees, Financial Conduct Authority ("FCA") and other regulatory fees and taxation fees as well as any further fees and costs listed in the "Statement of total return" account which do not form part of the aforementioned categories). It is calculated with reference to these numbers and in conformity with the above guideline.

The TERs for each class for the period ended 31 October 2019 and the year ended 30 April 2019 are as follows:

	TER as at 31 October 2019 %	TER as at 30 April 2018 %
Class A GBP Acc	1.69	1.69
Class I GBP Acc	0.94	0.94
Class I GBP Inc	0.94	0.94
Class I USD Acc	0.94	0.94

### Trailer fees and reimbursements

Trailer fees (Bestandespflegekommissionen) may only be paid to the sales agents/partners indicated below:

- authorised sales agents (distributors) within the meaning of Article 19, Para 1, Collective Investment Schemes Act ("CISA");
- sales agents (distributors) exempted from the authorisation requirement within the meaning of Article 19, Para 4, CISA;
- sales partners who place trust units exclusively with institutional investors with professional treasury facilities; and/or;
- sales partners who place trust units with their clients exclusively on the basis of a written commission-based asset management mandate.

Reimbursements (Rückvergütungen) may only be paid to the institutional investors detailed below who from a commercial perspective are holding the trust units for third parties:

- life insurance companies (in respect of trust units held for the account of insured persons or to cover obligations towards insured persons), pension funds and other retirement provision institutions (in respect of trust units held for the account of beneficiaries);
- investment foundations (in respect of trust units held for the account of in-house funds);
- Swiss fund management companies (in respect of trust units held for the account of the trusts managed); and
- foreign fund management companies and providers (in respect of trust units held for the account of managed trusts and investing unitholders).

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

### Performance record to 31 October 2019 (including distribution payments where applicable)

	01/05/2019 - 31/10/2019 %	01/05/2018 - 30/04/2019 %	09/08/2017 - 30/04/2018 %	09/08/2016 - 08/08/2017 %	09/08/2015 - 08/08/2016 %
Barings Korea Trust - Class A GBP Acc (GBP terms)	(9.98)	(17.23)	12.03	6.86	9.92
Korea SE Composite Index (KOSPI) (GBP terms)	(4.36)	(15.37)	4.12	16.84	26.29
Barings Korea Trust - Class I GBP Acc (GBP terms)	(9.62)	(16.65)	12.67	7.61	10.77
Barings Korea Trust - Class I GBP Inc (GBP terms)	(9.65)	(16.65)	12.62	7.65	10.80
Barings Korea Trust - Class I USD Acc (USD terms)*	(10.00)	(20.98)	18.00	7.77	(6.68)

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

Source: Morningstar/Barings/KOSPI.

The Trust was launched on 3 November 1992.

\* The Class I USD Acc unit class was launched on 26 May 2015.

For data sourced from Morningstar: © Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of shares. Please note that changes in the rates of exchange may have an adverse effect on the value, price or income of an investment.**

## **Directory**

### **Manager**

Baring Fund Managers Limited

*Authorised and regulated by the Financial Conduct Authority ("FCA").*

### **Investment Manager**

Baring Asset Management Limited

20 Old Bailey

London, EC4M 7BF

*Authorised and regulated by the FCA.*

### **Sub-Investment Manager**

Barings Asset Management (Asia) Limited

35th Floor, Gloucester Tower

15 Queen's Road Central

Hong Kong

### **Directors**

J. Armstrong (non-executive) (Appointed to the Board on 22 May 2019)

E. Browning

B. Greene (Resigned from the Board on 23 May 2019)

R. Kent

J. Swayne

K. Troup (non-executive) (Appointed to the Board on 22 May 2019)

### **Registered Office**

20 Old Bailey

London, EC4M 7BF

### **Trustee**

NatWest Trustee and Depositary Services Limited

250 Bishopsgate

London, EC2M 4AA

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

### **Administrator & Registrar**

Northern Trust Global Services SE

6 rue Lou Hemmer,

Senningerberg

Luxembourg, L-1748

### **The Administrator & Registrar's principal place of business in the United Kingdom:**

Northern Trust Global Services SE UK Branch

50 Bank Street

London, E14 5NT

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

### **Independent Auditors**

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh, EH3 8EX

## **Directory (continued)**

### **Austrian paying agent**

UniCredit Bank Austria AG  
Schottengasse 6-8  
1010 Wien  
Austria

### **French paying agent**

BNP Paribas Securities Services  
9 rue du Débarcadère  
93 761 Pantin Cedex  
France

### **German paying and information agent**

Deutsche Bank AG  
Global Transaction Banking  
Issuer Services - Global Securities Services  
Post IPO Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

### **Further German information agent**

Baring Asset Management Limited GmbH  
Guiollettstraße 54  
60325 Frankfurt am Main  
Germany

### **Swedish paying agent**

Skandinaviska Enskilda Banken AB (publ)  
Merchant Banking  
Global Funds, RB6  
Rissneleden 110  
SE-106 40 Stockholm  
Sweden

### **Swiss paying agent**

BNP Paribas Securities Services, Paris  
Succursale de Zurich  
Selnaustrasse 16  
8002 Zurich  
Switzerland

The Prospectus, the Key Investor Information Document(s) ("KIID(s)"), a list of portfolio changes, the Trust Deed as well as the annual and the interim reports and financial statements are available on [www.barings.com](http://www.barings.com), or via the office of the Austrian, French, German, Swedish, and Swiss paying agents.

**Address:**

Baring Asset Management Limited  
20 Old Bailey  
London, EC4M 7BF

**Contact:**

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Fax: +44 (0)20 7638 7928  
[www.barings.com](http://www.barings.com)

**BARINGS**

