



Barings Korea Trust

Interim Report & Unaudited Financial
Statements

for the half year ended 31 October 2020

Barings Korea Trust
Interim Report and Unaudited Financial Statements

For the period ended 31 October 2020

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* These pages comprise the Manager's report.

Barings Korea Trust

Introduction

This Interim Report and Unaudited Financial Statements covers the period from 1 May 2020 to 31 October 2020 and reviews the performance and market outlook for the Barings Korea Trust (the "Trust") which is managed by Baring Fund Managers Limited (the "Manager").

The functional and presentational currency of the Trust is Sterling.

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.

The Trust is authorised by the Securities and Futures Commission ("SFC") pursuant to Section 104 of the Securities and Futures Ordinance of Hong Kong ("SFO") and hence may be offered to the public of Hong Kong.

The SFC's authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

COVID-19

The spread of COVID-19 around the world in 2020 has caused significant volatility in international markets. There is still uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the international economies and, as such, the Manager is actively monitoring the extent of the impact to its operations, financial accounting and reporting.

Barings Korea Trust

Investment Objective and Policy and Trust at a Glance

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

At Barings, our equity investment teams share the philosophy of quality "Growth at a Reasonable Price" (GARP). We believe that earnings growth is the principal driver of equity market performance over the medium to long term, and favour high-quality companies for their ability to outperform the market on a risk-adjusted basis. In particular, we believe that structured fundamental research and a disciplined investment process combining quality, growth, upside, and ESG considerations can allow us to identify attractively priced, long-term growth companies which will outperform the market. Our approach emphasises both growth and quality criterion when looking at companies and a three- to five-year time horizon when forecasting company earnings. In determining upside, we use consistent and transparent methods to place emphasis on discounted earnings models. We value companies on a long term-term basis utilizing proprietary valuation models that incorporate ESG analysis and macro considerations.

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

Investment Objective and Policy and Trust at a Glance (continued)

The Trust at a Glance on 31 October 2020

| Total Trust size: 31 October 2020 | £79.25million | |
|-----------------------------------|-----------------------------------|--------------------------------------|
| Total Trust size: 30 April 2020 | £64.46million | |
| OCF* | 31/10/2020 | 30/04/2020 |
| Class A GBP Acc | 1.68% | 1.69% |
| Class I GBP Acc | 0.93% | 0.94% |
| Class I GBP Inc | 0.93% | 0.94% |
| Class I USD Acc | 0.93% | 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 | 343.90p |
| Class I GBP Acc | 364.20p |
| Class I GBP Inc | 357.50p |
| Class I USD Acc | 474.70c |

Barings Korea Trust

Trust Information

| | Class A GBP Acc - Accumulation units | | | Class I GBP Acc - Accumulation units | | |
|---|--------------------------------------|-------------------|-------------------|--------------------------------------|-------------------|-------------------|
| | 31/10/2020 (p) | 30/04/2020 (p) | 30/04/2019 (p) | 31/10/2020 (p) | 30/04/2020 (p) | 30/04/2019 (p) |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit | 266.20 | 310.34 | 374.93 | 280.98 | 325.07 | 389.87 |
| Return before operating charges | 78.16 | (39.36) | (58.91) | 82.62 | (41.31) | (61.51) |
| Operating charges | (2.76) | (4.78) | (5.68) | (1.65) | (2.78) | (3.29) |
| Return after operating charges | 75.40 | (44.14) | (64.59) | 80.97 | (44.09) | (64.80) |
| Distributions | – | – | – | – | (1.90) | (1.97) |
| Retained distributions on accumulation units | – | – | – | – | 1.90 | 1.97 |
| Closing net asset value per unit after direct transaction costs of* | 341.60 | 266.20 | 310.34 | 361.95 | 280.98 | 325.07 |
| | 0.80 | 1.13 | 2.61 | 0.86 | 1.19 | 2.71 |
| Performance | | | | | | |
| Return after charges | 28.32% | (14.22)% | (17.23)% | 28.82% | (13.56)% | (16.62)% |
| Other information | | | | | | |
| Closing net asset value ('000) | £54,217 | £51,495 | £54,495 | £20,663 | £9,361 | £6,978 |
| Closing number of units | 15,871,295 | 19,344,322 | 17,559,994 | 5,708,645 | 3,331,775 | 2,146,571 |
| Operating charges | 1.68% | 1.69% | 1.69% | 0.93% | 0.94% | 0.94% |
| Direct transaction costs | 0.24% | 0.40% | 0.78% | 0.24% | 0.40% | 0.78% |
| Prices | | | | | | |
| Highest unit price | 360.30 | 311.20 | 389.50 | 381.20 | 326.00 | 405.40 |
| Lowest unit price | 261.30 | 211.50 | 304.60 | 275.70 | 223.00 | 318.40 |

| | Class I GBP Inc - Distribution units | | | Class I USD Acc - Accumulation units | | |
|---|--------------------------------------|-------------------|-------------------|--------------------------------------|-------------------|-------------------|
| | 31/10/2020 (p) | 30/04/2020 (p) | 30/04/2019 (p) | 31/10/2020 (c) | 30/04/2020 (c) | 30/04/2019 (c) |
| Change in net assets per unit | | | | | | |
| Opening net asset value per unit | 275.75 | 320.96 | 385.60 | 352.43 | 424.36 | 536.92 |
| Return before operating charges | 81.03 | (40.81) | (60.79) | 121.27 | (68.27) | (109.17) |
| Operating charges | (1.59) | (2.75) | (3.35) | (2.12) | (3.66) | (3.39) |
| Return after operating charges | 79.44 | (43.56) | (64.14) | 119.15 | (71.93) | (112.56) |
| Distributions | – | (1.65) | (0.50) | – | – | (1.25) |
| Retained distributions on accumulation units | – | – | – | – | – | 1.25 |
| Closing net asset value per unit after direct transaction costs of* | 355.19 | 275.75 | 320.96 | 471.58 | 352.43 | 424.36 |
| | 0.83 | 1.17 | 2.76 | 1.11 | 1.56 | 2.79 |
| Performance | | | | | | |
| Return after charges | 28.81% | (13.57)% | (16.63)% | 33.81% | (16.95)% | (20.96)% |
| Other information | | | | | | |
| Closing net asset value ('000) | £4,365 | £3,604 | £3,062 | \$1 | \$1 | \$1,697 |
| Closing number of units | 1,229,092 | 1,307,006 | 953,915 | 259 | 259 | 399,916 |
| Operating charges | 0.93% | 0.94% | 0.94% | 0.93% | 0.94% | 0.94% |
| Direct transaction costs | 0.24% | 0.40% | 0.78% | 0.24% | 0.40% | 0.78% |
| Prices | | | | | | |
| Highest unit price | 374.20 | 321.90 | 400.90 | 498.90 | 427.10 | 546.90 |
| Lowest unit price | 270.60 | 220.20 | 314.90 | 343.30 | 258.20 | 403.20 |

*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.

Barings Korea Trust

Report of the Investment Manager

Performance

During the reporting period from 1 May 2020 to 31 October 2020, the Barings Korea Trust (the “Trust”) registered a net return of 26.11% on the A GBP Acc Share Class and outperformed the performance comparator with a return of 21.94% over the past 6 months. The table below shows the 6 month, 1 year, 3 year, and 5 year annualised net return for the Class A GBP Acc units against the performance comparator.

| | 6 months | 1 year | 3 years | 5 years |
|------------------------|-----------------|---------------|----------------|----------------|
| Barings Korea Trust | 26.11% | 22.95% | (0.66)% | 5.01% |
| KRX KOSPI Korea PR KRW | 21.94% | 11.66% | (3.06)% | 6.04% |

Korean equities rebounded strongly from March lows this year from the outbreak of the COVID-19 pandemic and enjoyed a rally underpinned by favorable market liquidity with strong inflows from domestic retail investors, along with continuing policy stimulus introduced by the government such as the “New Deal” program to counter the impacts brought on by the virus pandemic. In addition, economic activity indicators including custom export data and manufacturing PMI (Purchasing Managers’ Index) readings as well as better than expected corporate earnings are evidence of a recovery helping to reinforce investor confidence.

At the stock level, online communication platform operator Kakao ended the 1-year period as a notable contributor, as the company’s robust earnings growth outlook was supported by its newly launched advertising platform, which benefited from the shift in wallet share of advertising budget to digital ads amid the pandemic. The positive investor sentiment on the IPO pipeline of the company’s subsidiaries also helped. Meanwhile, LG Chem added value to relative performance in light of robust second quarter earnings and an upbeat outlook for EV (Electric Vehicle) battery demand alongside the ongoing capacity expansion that would contribute to future earnings profile. Selective IT companies within the portfolio had contributed positively to the Trust’s relative performance, such as NHN KCP, a leading payment processing company, which benefited from an accelerated growth in its e-commerce and digital payment businesses on the back of the Covid-19 pandemic.

The Trust’s negative exposure in selective large-cap names in biopharmaceutical sector has caused a large part of detractor from relative performance. The overall sector rallied strongly on the back of improved growth outlook of the biopharmaceutical industry amid the COVID-19 pandemic. The defensive nature of the pharmaceutical sector also supported the rally under uncertain environment. The Trust has reduced the negative exposure in health care sector through including Samsung Biologics and Celltrion in view of reflecting global re-rating of the biopharmaceutical sector. However, the Trust sold out of Celltrion at the end of the review period as the sales momentum of the company’s key products has quickly decelerated due to intensified competition and caused earnings visibility to deteriorate.

Significant trades over the past year include SK Telecom, which the Trust increased position initially on the back of its attractive valuation and dividend yield as well as better earnings visibility given robust 5G subscriber growth and cost-control efforts. The stock has worked well for the Trust as a portfolio stabilizer during volatile market movements. We later trimmed exposure in the stock as we switched to more attractive opportunities with richer cash dividend yields. We have also increased position in Hyundai Motor at the beginning of the year in light of the strong earnings momentum, faster-than-expected operational turnaround and improving profitability thanks to product mix improvements. That said, we have reduced holdings in the name after concerns over corporate governance rose amidst unexpected write-downs related to vehicle recall. Korea Zinc was another name we liked at the beginning of the year on the back of its attractive valuation and cash yield, yet over the year we have become disappointed with the company as it continued to miss earnings expectation without full communications by the management which raised concerns over their execution and communications, and thus resulted in a decrease of position within our portfolio.

Barings Korea Trust

Report of the Investment Manager (continued)

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

| Purchases | Costs £'000 | Sales | Proceeds £'000 |
|---------------------|----------------|---------------|-------------------|
| SK Telecom | 3,094 | SK Telecom | 3,563 |
| LG Electronics | 2,445 | Seegene | 2,180 |
| Samsung Biologics | 2,384 | Hyundai Motor | 1,846 |
| Celltrion | 2,077 | Celltrion | 1,832 |
| Korea Zinc | 2,056 | LG Chem | 1,772 |
| Hyundai Motor | 1,840 | Kakao | 1,743 |
| POSCO | 1,750 | Korea Zinc | 1,706 |
| Kia Motors | 1,715 | Yuhan | 1,699 |
| Samsung Electronics | 1,601 | Hugel | 1,666 |
| NCSOft | 1,546 | Naver | 1,602 |

Market outlook

With the repercussions of the COVID-19 outbreak on corporates, economies and individuals, it is difficult to gauge the actual direct impacts from the epidemic, and volatility could continue in the near-term. However, it is undoubtedly encouraging to see that central banks and governments around the world are unleashing unprecedented fiscal and monetary stimulus, as well as positive progress in vaccine development which further support investment sentiment. While companies braced for an earnings hit due to COVID-19, recent macro indicators point to a rebounding trajectory and markets are anticipating a more emphatic corporate earnings' recovery in the latter half of 2020 and into 2021. Tailwinds from low oil price and cost of funding, and the stimulus package should bode well for earnings to recover in a post COVID-19 world.

We remain disciplined and anchored by our bottom-up investment process. Korea's unique domestic elements are likely to continue to benefit from the evolving secular growth dynamics, and help place the nation ahead of its peers in the longer run. Korea usually stands at the top of the list of R&D investment versus GDP as investment in new technologies and manufacturing areas always stay in the spotlight for pioneering Korean enterprises. It is in these leading edge sectors and companies where the majority of Korea's growth will come through. The near-term market volatility should provide a favorable window for gaining exposure to investment opportunities with long-term attractive fundamentals. We continue to favor companies with a sustainable long-term earnings growth profile, strong franchise and good balance sheet quality, which should prove to be fundamentally crucial during these times. We are also constructive in selective companies linked to the 5G and memory thematic, and those that are well positioned to benefit from the structural consumption upgrade trend in both Korea and Asia / globally.

Baring Asset Management (Asia) Limited, appointed as Sub-Investment Manager 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

Portfolio statement

as at 31 October 2020

| Holdings | Investments | Bid-Value (£) | Percentage of total net assets (%) |
|----------|--|------------------|---|
| | Investment Funds: 0.19% (0.51%) | | |
| 150,000 | Northern Trust Global Funds - Sterling Fund† | 150,000 | 0.19 |
| | Equities: 99.63% (99.29%) | | |
| | Auto Manufacturers: 5.01% (1.37%) | | |
| 18,179 | Hyundai Motor | 2,029,767 | 2.56 |
| 56,719 | Kia Motors | 1,944,153 | 2.45 |
| | | 3,973,920 | 5.01 |
| | Auto Parts & Equipment: 2.11% (2.88%) | | |
| 10,947 | Hyundai Mobis | 1,675,529 | 2.11 |
| | Biotechnology: 5.73% (2.26%) | | |
| 14,103 | Hugel | 2,009,252 | 2.53 |
| 5,477 | Samsung Biologics | 2,535,347 | 3.20 |
| | | 4,544,599 | 5.73 |
| | Chemicals: 9.50% (7.72%) | | |
| 70,587 | Dongjin Semichem | 1,298,388 | 1.64 |
| 17,528 | Hansol Chemical | 1,677,497 | 2.12 |
| 9,941 | LG Chem | 4,122,699 | 5.20 |
| 1,819 | SK Chemicals | 426,571 | 0.54 |
| | | 7,525,155 | 9.50 |
| | Construction & Materials: 0.00% (1.06%) | | |
| | Consumer, Cyclical: 3.00% (0.00%) | | |
| 41,682 | LG Electronics | 2,376,502 | 3.00 |
| | Cosmetics/Personal Care: 4.22% (5.50%) | | |
| 3,281 | LG Household & Health Care | 3,340,472 | 4.22 |
| | Diversified Financial Services: 3.37% (5.18%) | | |
| 98,007 | KB Financial | 2,667,546 | 3.37 |
| | Electric: 0.00% (1.19%) | | |
| | Electronics: 5.38% (6.48%) | | |
| 80,788 | Duk San Neolux | 1,617,630 | 2.04 |
| 23,969 | Koh Young Technology | 1,291,757 | 1.63 |
| 14,948 | Samsung Electro-Mechanics | 1,354,487 | 1.71 |
| | | 4,263,874 | 5.38 |
| | Financials: 0.00% (1.78%) | | |
| | General Industrials: 0.00% (2.01%) | | |
| | Insurance: 2.68% (1.87%) | | |
| 17,449 | Samsung Fire & Marine Insurance | 2,119,991 | 2.68 |
| | Internet: 15.61% (14.78%) | | |
| 17,182 | Kakao | 3,848,558 | 4.86 |
| 26,025 | NAVER | 5,122,703 | 6.46 |

Barings Korea Trust
Portfolio statement (continued)
as at 31 October 2020

| Holdings | Investments | Percentage Bid-Market of total net Value assets (£) (%) | Value (£) | assets (%) |
|----------|---|--|-------------------|---------------|
| | Equities: 99.63% (99.29%) (continued) | | | |
| | Internet: 15.61% (14.78%) (continued) | | | |
| 6,446 | NCSOft | | 3,395,177 | 4.29 |
| | | | 12,366,438 | 15.61 |
| | Iron/Steel: 2.24% (0.00%) | | | |
| 12,582 | POSCO | | 1,776,329 | 2.24 |
| | Leisure: 0.03% (0.00%) | | | |
| 282 | Big Hit Entertainment | | 27,180 | 0.03 |
| | Mining: 2.36% (2.73%) | | | |
| 7,188 | Korea Zinc | | 1,866,164 | 2.36 |
| | Miscellaneous Manufacturing: 0.00% (1.51%) | | | |
| | Oil & Gas: 0.00% (0.89%) | | | |
| | Pharmaceuticals: 1.14% (2.34%) | | | |
| 55,215 | DongKook Pharmaceutical | | 906,949 | 1.14 |
| | Retail: 0.00% (2.31%) | | | |
| | Semiconductors: 21.29% (24.01%) | | | |
| 15,774 | Leeno Industrial | | 1,298,713 | 1.64 |
| 187,086 | Samsung Electronics | | 7,174,640 | 9.05 |
| 116,707 | SK Hynix | | 6,329,277 | 7.99 |
| 33,105 | Tokai Carbon Korea | | 2,069,491 | 2.61 |
| | | | 16,872,121 | 21.29 |
| | Software: 4.95% (5.15%) | | | |
| 23,946 | Douzone Bizon | | 1,620,461 | 2.05 |
| 50,438 | NHN KCP | | 2,300,581 | 2.90 |
| | | | 3,921,042 | 4.95 |
| | Support Services: 0.00% (1.36%) | | | |
| | Technology: 3.12% (0.00%) | | | |
| 56,086 | KoMiCo | | 1,395,208 | 1.76 |
| 7,920 | Pearl Abyss | | 1,077,829 | 1.36 |
| | | | 2,473,037 | 3.12 |
| | Telecommunications: 6.48% (4.91%) | | | |
| 12,147 | Samsung SDI | | 3,640,073 | 4.59 |
| 10,300 | SK Telecom | | 1,496,103 | 1.89 |
| | | | 5,136,176 | 6.48 |

Barings Korea Trust
Portfolio statement (continued)
as at 31 October 2020

| Holdings | Investments | Bid-Market Value (£) | Percentage of total net assets (%) |
|-----------------|--|--------------------------------|--|
| | Equities: 99.63% (99.29%) (continued) | | |
| | Transportation: 1.41% (0.00%) | | |
| 10,351 | CJ Logistics | 1,117,094 | 1.41 |
| | Portfolio of investments: 99.82% (99.80%) (Cost: £63,414,055) | 79,100,118 | 99.82 |
| | Net other assets | 145,565 | 0.18 |
| | Net assets | 79,245,683 | 100.00 |

† 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 2020.

Barings Korea Trust

Statement of Total Return and Statement of Changes in Net Assets Attributable to Unitholders

for the period ended 31 October 2020

Statement of Total Return

| | 2020 | | 2019 | |
|--|--------------|----------------------|--------------|-----------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | | | | |
| Net capital gains/(losses) | | 18,253 | | (6,886) |
| Revenue | 101 | | 191 | |
| Expenses | (569) | | (536) | |
| Interest payable and other similar charges | – | | (1) | |
| Net expense before taxation | <u>(468)</u> | | <u>(346)</u> | |
| Taxation | <u>(22)</u> | | <u>(41)</u> | |
| Net expense after taxation | | <u>(490)</u> | | <u>(387)</u> |
| Change in net assets attributable to unitholders from investment activities | | <u><u>17,763</u></u> | | <u><u>(7,273)</u></u> |

Statement of Change in Net Assets Attributable to Unitholders

| | 2020 | | 2019 | |
|--|-----------------|----------------------|-----------------|----------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Opening net assets attributable to unitholders* | | 64,461 | | 65,839 |
| Amounts receivable on issue of units | 19,121 | | 25,771 | |
| Amounts payable on cancellation of units | <u>(22,099)</u> | | <u>(13,598)</u> | |
| | | <u>(2,978)</u> | | 12,173 |
| Dilution adjustment | | – | | 11 |
| Changes in net assets attributable to unitholders from investment activities | | <u>17,763</u> | | <u>(7,273)</u> |
| Closing net assets attributable to unitholders | | <u><u>79,246</u></u> | | <u><u>70,750</u></u> |

* The opening net assets attributable to unitholders for 31 October 2020 differs to the closing position in 31 October 2019 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 2020

| | 31/10/2020 £'000 | 30/04/2020 £'000 |
|---|---------------------|---------------------|
| Assets | | |
| Investment assets | 79,100 | 64,332 |
| Current assets: | | |
| Debtors | 2,759 | 951 |
| Cash and bank balances | 399 | 108 |
| Total assets | 82,258 | 65,391 |
| Liabilities | | |
| Creditors: | | |
| Bank overdrafts | (395) | (69) |
| Distribution payable on income units | – | (22) |
| Other creditors | (2,617) | (839) |
| Total liabilities | (3,012) | (930) |
| Net assets attributable to unitholders | 79,246 | 64,461 |

Note to the financial statements
for the period ended 31 October 2020

The interim financial statements have been prepared on the same basis as the annual audited financial statements for the year ended 30 April 2020. 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.

Barings Korea Trust
The Risk and Reward Profile

| | SRR I risk category* 31/10/2020 | SRR I risk category* 30/04/2020 |
|-----------------|--|--|
| 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 ("SRR I") 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 SRR I figures shown have not changed during the period.

Barings Korea Trust

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

The Prospectus of the Trust was updated on 31 August 2020. The material changes to the Prospectus are outlined as follows:

The Trustee fee level was updated to reflect the changes since 1 January 2020. The fee changes are outlined below.

| Old fees | | New fees | |
|-------------|---------|-------------|---------|
| First £150m | 0.0200% | First £200m | 0.0175% |
| Next £200m | 0.0175% | Next £200m | 0.0150% |
| Thereafter | 0.0100% | Next £800m | 0.0100% |
| | | Thereafter | 0.0050% |

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

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. 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.

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.

Barings Korea Trust

Important Information (continued)

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.barings.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.

Value Assessment

As part of the FCA's Asset Management Market Study, Authorised Fund Managers are now required to produce an annual Value Assessment for all UK authorised funds. The Manager will publish the first Value Assessment for the Barings funds as part of a broader composite report in the 4th Quarter 2020. This will be made available on the Barings website at www.barings.com.

Barings Korea Trust

Disclosure for Overseas Investors

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 year. 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. Unit prices (Net Asset Value with the words "plus commissions") are published daily on the internet at www.fundinfo.com.

Important information to the performance tables on page 19

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.

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 6 months to 31 October 2020. 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 2020 and the year ended 30 April 2020 are as follows:

| | TER as at 31 October 2020 % | TER as at 30 April 2020 % |
|-----------------|-----------------------------------|---------------------------------|
| Class A GBP Acc | 1.68 | 1.69 |
| Class I GBP Acc | 0.93 | 0.94 |
| Class I GBP Inc | 0.93 | 0.94 |
| Class I USD Acc | 0.93 | 0.94 |

Barings Korea Trust

Disclosure for Overseas Investors (continued)

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).

Performance record to 31 October 2020 (including distribution payments where applicable)

| | 01/05/2020 - 31/10/2020 % | 01/05/2019 - 30/04/2020 % | 01/05/2018 - 30/04/2019 % | 09/08/2017 - 30/04/2018 % | 09/08/2016 - 08/08/2017 % |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Barings Korea Trust - Class A GBP Acc (GBP terms) | 26.11 | (12.23) | (17.23) | 12.03 | 6.86 |
| Korea SE Composite Index (KOSPI) (GBP terms) | 21.94 | (12.43) | (15.37) | 4.12 | 16.84 |
| Barings Korea Trust - Class I GBP Acc (GBP terms) | 26.55 | (11.56) | (16.65) | 12.67 | 7.61 |
| Barings Korea Trust - Class I GBP Inc (GBP terms) | 26.59 | (11.58) | (16.65) | 12.62 | 7.65 |
| Barings Korea Trust - Class I USD Acc (USD terms) | 28.17 | (12.10) | (20.98) | 18.00 | 7.77 |

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

Source: Morningstar/Barings/KOSPI.

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.

The Trust was launched on 3 November 1992.

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.

Barings Korea Trust

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)

E. Browning

B. Greene

R. Kent

J. Swayne

K. Troup (non-executive)

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

Barings Korea Trust

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
Taubusanlage 12
60325 Frankfurt am Main
Germany

Further German information agent

Baring Asset Management Limited GmbH
Guillettstraße 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, 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:

Tel: +44 (0)20 7628 6000
Fax: +44 (0)20 7638 7928
www.barings.com

BARINGS

The logo for Barings, featuring the word "BARINGS" in a bold, dark blue, sans-serif font. Below the text is a horizontal line that is green on the left and blue on the right.