BARINGS

**PRODUCT KEY FACTS**

# Barings Korea Trust

April 2020

## Baring Fund Managers Limited

- **This statement provides you with key information about Barings Korea Trust (the "Trust").**
- **This statement is a part of the Prospectus.**
- **You should not invest in the Trust based on this statement alone.**

| **QUICK FACTS** | |
|---|---|
| **Fund Manager** | Baring Fund Managers Limited (the "Manager") |
| **Investment Manager** | Baring Asset Management Limited (internal delegation, in the United Kingdom) |
| **Sub-Investment Manager** | Baring Asset Management (Asia) Limited (internal delegation, in Hong Kong) |
| **Trustee** | NatWest Trustee and Depositary Services Limited |
| **Ongoing charges over a year:** | Distribution Unit Classes (Inc)<br>Class I GBP Inc: 0.94%#<br><br>Accumulation Unit Classes (Acc)<br>Class A GBP Acc: 1.69%#<br>Class I USD Acc: 0.94%#<br>Class A USD Acc: 1.69%^<br>Class A EUR Acc: 1.69%^<br>Class I CHF Hedged Acc: 0.94%^<br>Class A CHF Hedged Acc: 1.69%^<br><br># The ongoing charges figure is based on the ongoing expenses chargeable to the respective unit class for the 12-month period ended 31 October 2019 expressed as a percentage of the average net asset value of the respective unit class for the same period and is based on the information in the latest interim financial statements (covering the period from 1 May 2019 to 31 October 2019) and the latest annual financial statements (covering the period from 1 November 2018 to 30 April 2019). This figure may vary from year to year.<br><br>^ The ongoing charges figures for these unlaunched unit classes are estimates only and are based on the ongoing charges figures for a reference unit class which has a similar fee structure. The actual figures may be different upon actual operation of the unit classes and the figures may vary from year to year. |
| **Dealing frequency** | Daily |
| **Base currency** | GBP |
| **Dividend policy** | Distribution Unit Classes (Inc): Dividend, if declared, will be paid.<br>Accumulation Unit Classes (Acc): No dividend will be paid. |
| **Financial year end** | 30 April |
| **Min. investment:** | **Initial min. investment:** / **Subsequent min. investment:**<br>Distribution Unit Classes (Inc)<br>Class I GBP Inc: GBP10,000,000 / GBP500<br><br>Accumulation Unit Classes (Acc)<br>Class A GBP Acc: GBP1,000 / GBP500<br>Class I USD Acc: USD10,000,000 / USD2,500<br>Class A USD Acc: USD5,000 / USD2,500<br>Class A EUR Acc: EUR5,000 / EUR1,000<br>Class I CHF Hedged Acc: CHF10,000,000 / CHF1,000<br>Class A CHF Hedged Acc: CHF5,000 / CHF1,000 |

## WHAT IS THIS PRODUCT?

Barings Korea Trust is constituted in the form of a unit trust. It is domiciled in the United Kingdom and its home regulator is the Financial Conduct Authority.

## OBJECTIVES AND INVESTMENT STRATEGY

### Objectives

To achieve capital growth by investing in Korea.

### Strategy

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 directly or indirectly in equities and equity-related securities outside of Korea as well as in fixed income and cash.

In order to implement the investment policy the Trust may gain indirect 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 obtain indirect exposure through investments in collective investment schemes (including collective investment schemes which are managed by the Manager or an associate of the Manager) and other transferable securities.

From time to time and in particular during periods of uncertain or volatile markets, the Manager may choose to hold a substantial proportion of the property of a Trust in money-market instruments and/or cash deposits.

The Trust adheres to the investment restrictions required to qualify as "equity fund" pursuant to section 2 paragraph 6 German Investment Tax Act (GITA) and continuously invests more than 50% of its net asset value in equity participations within the meaning of section 2 paragraph 8 GITA.

Subject to the above, the Trust may invest in any country and in securities issued by companies of any market size, of any industry or sector (as the case may be) in such proportions as the Investment Manager deems appropriate.

The Trust may also use derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management (including hedging).

## USE OF DERIVATIVES / INVESTMENT IN DERIVATIVES

The Trust's net derivative exposure may be up to 50% of the Trust's Net Asset Value.

## WHAT ARE THE KEY RISKS?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. **Investment risk**
   - The Trust's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Trust may suffer losses. There is no guarantee of the repayment of principal.

2. **Risks of investment in equities and equity-related securities**
   - The Trust's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. When the equity markets are extremely volatile the Trust's net asset value may fluctuate substantially.
   - The Trust may invest in equity-related securities. These are usually issued by a broker, an investment bank or a company and are therefore subject to the risk of insolvency or default of the issuer. If there is no active market in these instruments, this may lead to liquidity risk. Further, investment in equity-linked securities may lead to dilution of performance of the Trust when compared to the other funds which invest directly in similar underlying assets due to fees embedded in the notes. The aforesaid circumstances may adversely affect the net asset value per unit of the Trust.
   - Securities exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. The governments or the regulators may also implement policies that may affect the financial markets. A suspension could render it impossible for the Investment Manager or an underlying fund manager to liquidate positions and thereby expose the Trust to losses and may have a negative impact on the Trust.
   - High market volatility and potential settlement difficulties in the Korean markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Trust.

**3. Risks of investment in small-capitalisation/mid-capitalisation companies**

- The stock of small-capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. Risks include economic risks, such as lack of product depth, limited geographical diversification, increased sensitivity to the business cycle and organisational risk, such as concentration of management and shareholders and key-person dependence. Shares in smaller companies can be more difficult to buy and sell, resulting in less flexibility, and sometimes higher costs, in implementing investment decisions.

**4. Risks associated with investment in a specific country**

- The Trust's investments are concentrated in Korean markets which may subjected to increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.
- The value of the Trust may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Trust may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting a market in the Korean market.
- The risks inherent in Korean securities are of a nature and degree not typically encountered in investment in securities of listed companies on other major securities markets. Due to the outbreak of natural calamities, wars, conflict of arms or grave and sudden changes in domestic or foreign economic circumstances or other equivalent situations, the Ministry of Finance and Economy (MOFE) may temporarily suspend payment, receipt of transactions to which the relevant Foreign Exchange Transactions laws and regulations apply, or impose an obligation to safekeep, deposit or sell means of payment in or to certain Korean governmental agencies or financial institutions.
- If the international balance of payments and international finance are likely to be confronted with serious difficulty or the movement of capital between Korea and abroad is likely to bring about serious obstacles in carrying out Korean government's currency policies, exchange rate policies and other macroeconomic policies, the MOFE may require any person who intends to perform capital transactions to obtain permission or to deposit part of the payments received in such transactions at certain Korean governmental agencies or financial institutions, subject to certain limitations.

**5. Liquidity risks**

- 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.

**6. Risks of investing in convertible bonds**

- Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

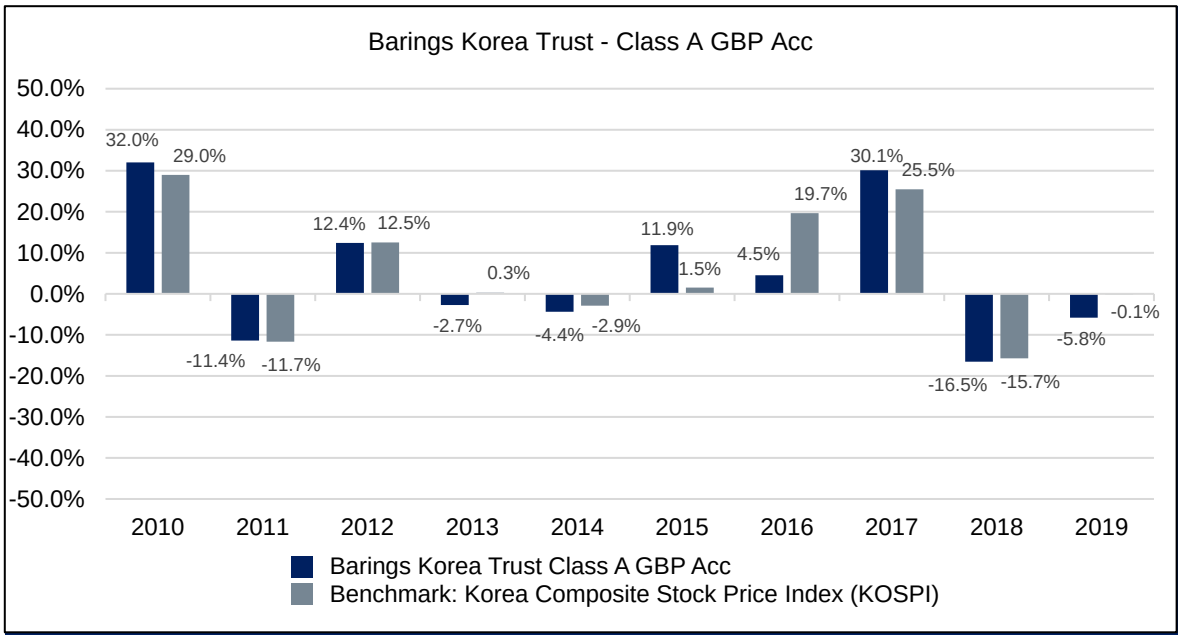
**7. Currency risks**

- The underlying investments of the Trust may be denominated in currencies other than the base currency of the Trust. Also, a class of units of the Trust may be designated in a currency other than the base currency of the Trust. The net asset value of the Trust may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

**8. Risks associated with derivatives**

- In adverse situations, the Trust's use of derivatives for hedging and/or efficient portfolio management may become ineffective and the Trust may suffer significant losses. Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Trust. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Trust.

## HOW HAS THE TRUST PERFORMED?




*Source: Barings*

- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Class A GBP Acc increased or decreased in value during the calendar year being shown. Performance data has been calculated in GBP, including taking into account charges and excluding subscription fee and redemption fee you might have to pay.
- Class A GBP Acc is selected as representative unit class as it is a unit class offered to the public in Hong Kong and is denominated in the Trust's base currency.
- The Trust formally adopted Korea Composite Stock Price Index (KOSPI) as the benchmark performance comparator from August 2019. 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.
- Trust launch date: 03 November 1992
- Class A GBP Acc launch date: 03 November 1992

## IS THERE ANY GUARANTEE?

The Trust does not have any guarantees. You may not get back the full amount of money you invest.

## WHAT ARE THE FEES AND CHARGES?

**Charges which may be payable by you**

You may have to pay the following fees when dealing in the units of the Trust.

| Fee | What you pay |
|---|---|
| **Subscription fee (Preliminary charge)** | Class A Units: Up to 5% of the Dealing Price<br>Class I Units: Nil |
| **Switching fee** | Up to 3% commission payable to your agent on the purchase of the Trust. |
| **Redemption fee (Redemption charge)** | Not applicable |

**Ongoing fees payable by the Trust**

The following expenses will be paid out of the Trust. They affect you because they reduce the return you get on your investments.

| | **Annual rate (as a % of the Trust's net asset value ("NAV")), unless otherwise specified** |
|---|---|
| **Management fee** | Class A Units: 1.50% of the Trust's NAV attributable to the Class *<br>Class I Units: 0.75% of the Trust's NAV attributable to the Class * |
| **Trustee fee** | The fee is calculated at the following rate:<br>• NAV below £200 Million: 0.0175%**<br>• NAV between £200 Million and £400 Million: 0.0150%**<br>• NAV between £400 Million and £1,200 Million: 0.0100%**<br>• NAV over £1,200 Million: 0.0050%** |
| **Performance fee** | Not applicable |
| **Administration fee** | Not applicable |
| **Custody charges**<br>The Trust pays custody charges to the Trustee | 0.0035% to 1.0800%**, which vary from country to country depending on the markets. |
| **Transaction charges**<br>The Trust pays transaction charges to the Trustee | £8.5 to £110 per transaction**, which vary from country to country depending on the type of transaction involved. |

* The fees may be increased up to a maximum level as specified in the Hong Kong offering documents by giving at least 60 days' prior notice to investors. Please refer to the Hong Kong offering documents for further details.

** The fees and charges may be increased up to maximum level as specified in the Hong Kong offering documents by giving at least 1 month's prior notice to investors. Please refer to the Hong Kong offering documents for further details.

**Other fees**

You may have to pay other fees when dealing in the units of the Trust. The Trust will also bear the costs which are directly attributable to it, as set out in the Prospectus.

## ADDITIONAL INFORMATION

- You generally subscribe and redeem units at the Trust's next-determined NAV per unit attributable to the relevant unit class after your request is received in good order by Baring Asset Management (Asia) Limited, our Hong Kong Representative by 5 p.m. Hong Kong time on a Hong Kong Business Day[1] which is also a Dealing Day or 12 noon London time on any Dealing Day. Dealing Days are business days on which The London Stock Exchange is open for business (or such other day as the Manager may determine). Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal dealing deadline (which may be earlier than the Trust's dealing deadline).
- The NAV of the Trust is calculated and the prices of unit of the relevant unit classes are published for each Dealing Day, and are available online at www.barings.com[2].
- You may obtain the past performance information of other unit classes offered to Hong Kong investors from www.barings.com[2].

## IMPORTANT

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.

[1] "Hong Kong Business Day" means a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal business, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Hong Kong Business Day unless the Manager and the Trustee determine otherwise or such other day or days as the Manager and the Trustee may determine.

[2] This website has not been reviewed by the SFC and it may contain information of funds which are not authorised by the SFC.