Annual Report & Audited Financial Statements

for the year ended 30 September 2023

Barings Emerging EMEA Opportunities PLC

Finding quality companies from Emerging Europe, the Middle East and Africa

Barings Emerging EMEA Opportunities PLC ("BEMO") is a public limited company with shares quoted on the London Stock Exchange.

You can invest in BEMO by purchasing shares through an online investment platform operated by third-party providers. Alternatively, you can buy shares through a financial adviser or a stockbroker. As an investor you become a shareholder in the Company.

Becoming a shareholder of BEMO provides access to the skill and expertise of the established investment team's active management of the stock market investments, whilst providing an attractive level of income.

Why invest in BEMO?

UNDISCOVERED VALUE

Emerging EMEA is under researched compared to other emerging markets – providing an extensive opportunity to identify quality companies with unrecognised growth potential at attractive valuations.

LONG-TERM POTENTIAL

Many of these economies are only just embarking on the technological and consumer shifts, such as e-commerce, that have already generated sustained growth in developed markets.

ACTIVE MANAGEMENT

This actively-managed portfolio gives concentrated exposure to 30-60 of the very best ideas to be found across the Emerging EMEA region – with a strong focus on environmental, social and governance factors.

Be in the know: receive the latest BEMO News

We issue regular email updates on BEMO's progress, including monthly performance statistics and commentary, links to independent research and other news and views.

If you have not already signed up, we invite you to do so by visiting www.bemoplc.com and clicking on 'Register for email updates', or by scanning the QR code below. We will do the rest.

For more information please visit our website: www.bemoplc.com

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COMPANY SUMMARY

Barings Emerging EMEA Opportunities PLC (the "Company") was incorporated on 11 October 2002 as a public limited company and is an investment company in accordance with the provisions of Section 833 of the Companies Act 2006 (the "Act"). It is a member of the Association of Investment Companies (the "AIC"). The ticker is BEMO.

As an investment trust, the Company has appointed an Alternative Investment Fund Manager, Baring Fund Managers Limited (the "AIFM"), to manage its investments.

The AIFM is authorised and regulated by the Financial Conduct Authority (the "FCA"). The AIFM has delegated responsibility of the investment management for the portfolio to Baring Asset Management Limited (the "Investment Manager" or "Manager"). Further information on the Investment Manager, their investment philosophy and management of the Investment Portfolio can be found on pages 12 to 22.

MANAGEMENT FEE

The AIFM receives an investment management fee of 0.75% of the Net Asset Value ("NAV") of the Company. This is paid monthly in arrears based on the level of net assets at the end of the month.

INVESTMENT OBJECTIVE AND POLICY

The Company's investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African ("EMEA") securities markets.

The Company intends predominantly to invest in emerging and frontier equity listed or traded on EMEA securities markets or in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA.

Further details of the investment objective and policy can be found on pages 7 and 8.

BENCHMARK

The Company's comparator benchmark is the MSCI Emerging Markets EMEA Index (net dividends reinvested) (the "Benchmark").

This Benchmark is considered to be most representative of the Company's investment mandate, which covers Emerging Europe, the Middle East and Africa. The Investment Manager is not limited or constrained by the constituents of the comparator benchmark and may invest in any companies it considers appropriate in accordance with the investment mandate.

Financial Highlights

for the year ended 30 September 2023

Annualised NAV total return[1,#]
0.5%
2022: -29.9%

Share price total return[1,#]
-8.8%
2022: -29.1%

Dividend per Ordinary Share[1,#]
17p
2022: 17p

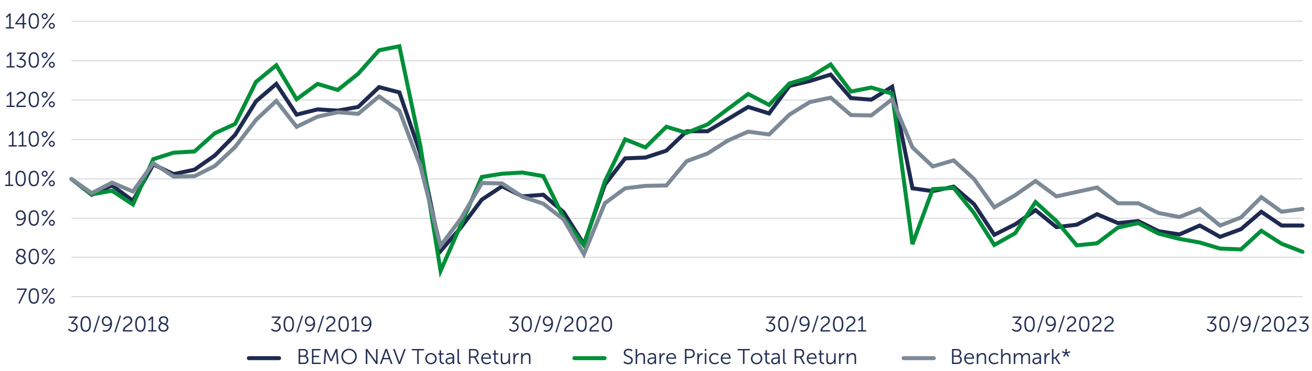
For the year ended 30 September	2023	2022	% change
NAV per Ordinary Share[1]	617.6p	632.1p	-2.3%
Share price	483.0p	548.0p	-11.9%
Share price total return[1,#]	-8.8%	-29.1%	
Benchmark (annualised)[1]	-3.4%	-20.1%	
Discount to NAV per Ordinary Share[1]	21.8%	13.3%	
Dividend yield[1,2]	3.5%	3.1%	
Ongoing charges[1]	1.6%	1.6%	

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	14.59p	(13.16)p	1.43p	16.77p	(289.37)p	(272.60)p

Revenue return (earnings) per Ordinary Share is based on the revenue return for the year of £1,726,000 (2022: £2,014,000). Capital return per Ordinary Share is based on net capital loss for the financial year of £1,557,000 (2022: loss £34,746,000). These calculations are based on the weighted average of 11,829,676 (2022: 12,007,165) Ordinary Shares in issue, excluding treasury shares, during the year.

At 30 September 2023, there were 11,796,902 (2022: 11,930,201) Ordinary Shares of 10 pence each in issue which excludes 3,318,207 (2022: 3,318,207) Ordinary Shares held in treasury. The shares held in treasury are not included when calculating the weighted average of Ordinary Shares in issue during the year. All shares repurchased during the year have been or are being cancelled.

CUMULATIVE PERFORMANCE[1] (%)



Source: Barings, Factset. Rebased to 100 at 30 September 2018.

[1] Alternative Performance Measures ("APMs") definitions can be found in the Glossary on pages 87 to 89.

[2] % based on dividend declared for the full financial year and share price at the end of each financial year.

[#] Key Performance Indicator.

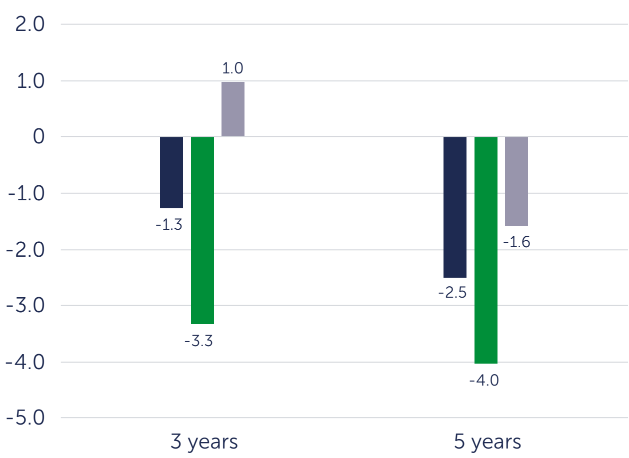
**The benchmark is the MSCI EM EMEA Net Index. Prior to 16 November 2020, it was the MSCI EM Europe 10/40 Net Index.*

Five Year Financial Record

At 30 September	2023	2022	2021	2020	2019
Shareholders' funds	**£73m**	£75m	£111m	£85m	£116m
NAV per Ordinary Share	**617.6p**	632.1p	920.7p	694.7p	930.8p
Share price	**483.0p**	548.0p	793.0p	587.0p	846.0p

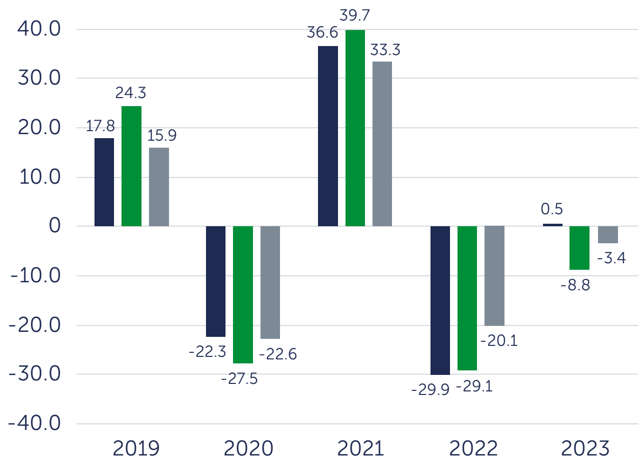
ROLLING ANNUALISED PERFORMANCE (%)

Annualised returns over the previous three and five year periods to 30 September 2023.



CALENDAR YEAR PERFORMANCE (%)

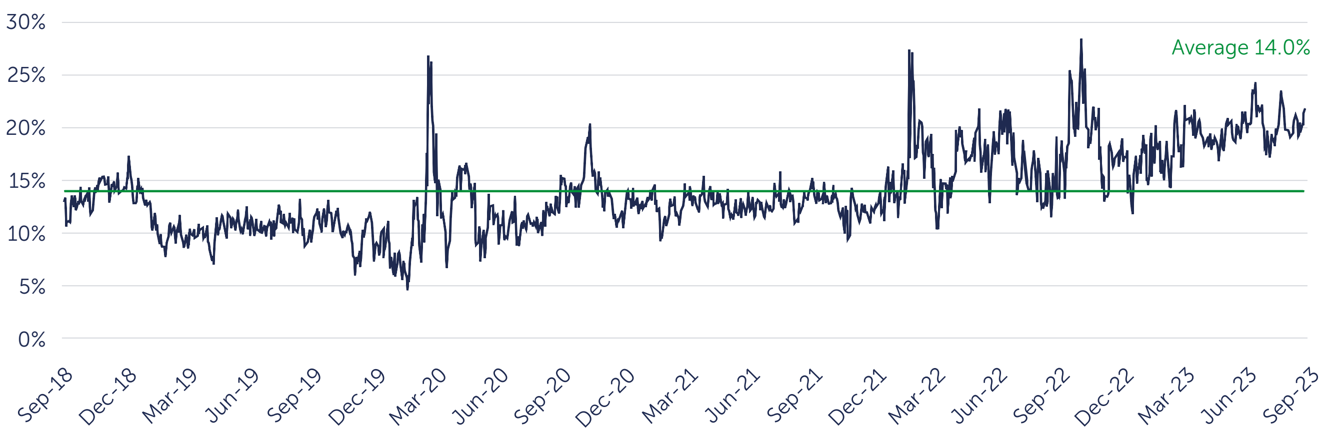
Returns for the previous five calender years.



NAV Total Return ■ Share Price Total Return ■ Benchmark Total Return

Source: Barings, Factset.

SHARE PRICE DISCOUNT TO NAV OVER FIVE YEARS



Source: Barings, Factset.

Chairman's Statement

Frances Daley
Chairman

"Despite a challenging market backdrop for both EMEA equities and markets globally, it is pleasing to report that our Investment Manager delivered a small NAV total return of 0.5% and outperformed the benchmark."

Last year I wrote of the tragic events in Ukraine and the various knock-on impacts this had to the global economy and financial markets, all of which unfortunately resulted in a significant decline of the Company's NAV. This year, the performance of equity markets across EMEA has, to a much larger extent, reflected the differing fortunes of each country in which your Company invests. In this context, the performance of our region's underlying markets was very diverse. Markets in Europe gained between 45-60% on tentative hopes that their economic outlook was improving, whilst more orthodox monetary policy in Turkey helped their equity market gain close to 60%. Meanwhile, in contrast, the larger markets in the Middle East and South Africa posted small declines as some profit taking and a weakening macroeconomic picture both weighed on performance. Overlaying this, our markets also had to contend with the broader global headwinds of inflation, adverse currency movements and higher interest rates across much of the developed world, both of which frequently impacted sentiment as investors digested the latest economic data and reassessed the path for interest rates.

Despite this challenging backdrop, it is pleasing to report that our Investment Manager delivered a small NAV total return of 0.5%. This outperformed the benchmark, which declined -3.4%. This result was largely attributable to stock selection, based on our Investment Manager's fundamental bottom-up investment process.

The strong relative returns during this financial year are a testament to how performance has continued to recover after last year's write-down of Russian assets, with the portfolio +3.9% ahead of the benchmark for the year. Whilst the Company remains ahead of the benchmark over the ten year period performance, performance over three and five years continues to be impacted by this write-down, with the Company lagging the benchmark across both periods.

Investment Portfolio

The portfolio's holdings in Emerging Europe were some of the strongest performers, helped by some modest improvements in the region's economic outlook, a strong tourism season in Greece and, in the case of Poland and Hungary, an easing of monetary policy.

Similarly, Turkish equities held in the portfolio returned in excess of 80% in the financial year. Local equity markets in Turkey have been supported by domestic savers seeking a return in the inflationary environment, whilst the central bank's move recently to more orthodox monetary policy has been welcomed by the market.

In the Middle East, the portfolio's holdings in Saudi Arabia and Qatar registered the largest declines on an absolute basis, with a lower average oil price impacting short-term economic sentiment in both countries. Whilst the value of the Company's holdings in these markets declined over the period, stock selection across these markets was strong and helped improve the Company's relative performance versus the benchmark.

Holdings in South Africa declined in absolute terms as the country continues to face a challenging economic backdrop, worsened by disruptions to the electricity supply.

Russian Assets

Russian assets in the portfolio continue to be valued at zero, whilst extensive sanctions and restrictions on the sale of securities remain in place. Dividends from Russian securities are being received into a Russian company bank account but cannot currently be repatriated. The Board will continue to value these assets at zero until they are capable of being realised. Consequently, there is no exposure to Russia in the Company's NAV and Management Fees are not being charged on these assets.

Chairman's Statement
continued

The Board is actively reviewing possible structures that would enable the Company to separate these Russian assets from the main portfolio, whilst ensuring compliance with global sanctions. The Board is mindful of the value these holdings may provide to shareholders in the future and any possible structure will be designed to protect that value. Most of the strategic options available to the Company are dependent on finding a resolution to this problem, and we attach high priority to this. Such a resolution is dependent upon meeting all relevant regulatory requirements and the timescale for any required approvals is not in our control.

Discount Management

The Board continues to focus on discount management, with the aim of containing discount volatility. Whilst share buybacks continue to be an option available to the Company to help manage the discount, they are significantly less effective during periods of elevated market volatility, as has been the case recently. The Company bought back slightly more shares during this financial year, spending a similar amount to last year, but with the majority of shares acquired during the first half of the year.

During the year, 133,299 Ordinary Shares were bought back and cancelled at an average price of £5.20 per Ordinary Share, for a total cost of £694,000. The share buybacks added approximately 1.29 pence per Ordinary Share to NAV.

The discount at year-end was 21.8% and the average discount during the period was 18.9%. This compares with a discount of 13.3% as at 30 September 2022 and an average discount during the 2021/22 financial year of 15.3%. The average discount has been noticeably wider since the write-down of Russian assets in the first quarter of 2022. In addition, increased levels of broader market volatility across our investment universe and equity markets globally have also heightened discount volatility. This has impacted many investment trusts and is not unique to our Company.

Discount Control Mechanism

In October 2020, the Company announced a broadening of its investment mandate and introduced new discount management and performance targets over a five-year time horizon, to end September 2025. When these targets were set, we could not have imagined how events would have unfolded in Russia and the associated knock-on effects on energy prices, inflation and the global economy. Given the changed circumstances, the Board believes there is a strong likelihood that we will miss the targets, triggering the need to make a tender offer for up to 25% of the Company's issued Ordinary Shares in late 2025. In the short term it seems unlikely that we will be able to realise the Russian assets, so, based on current circumstances and depending on the take up, the tender offer may cause the Company to shrink substantially, potentially undermining liquidity and increasing cost ratios beyond an acceptable level. Meanwhile, until the Russian securities position is resolved, the value obtainable by shareholders from other corporate solutions is also likely to be sub-optimal. Hence, whilst we cannot predict the position in two years' time, the Board will keep the appropriateness of the discount control mechanism under review and, if the 2025 targets are not met, evaluate the possibility of a tender offer alongside other strategic options.

Gearing

There were no borrowings during the period. At 30 September 2023, there was net cash of £3.9 million (30 September 2022: £0.2 million). The Company does not currently use a loan facility but keeps its gearing policy under review. The Company may look to make use of borrowing arrangements when markets are less volatile with the objective of increasing portfolio returns.

Dividends

The income generated by the portfolio continues to be impacted by the absence of Russian dividends.

In the financial year under review, the income account generated a return of 14.6 pence per Ordinary Share, compared with 16.7 pence last year. The Directors are proposing a maintained final dividend of 11 pence per share (2022: 11 pence per share). In respect of the six-month period ended 31 March 2023, the Company paid an interim dividend of 6 pence per share (2022: 6 pence per share).

Based on dividends for the financial year and the share price as of the end of the financial year, the Company's shares yielded 3.5%. The Board believes that, given the circumstances, this remains an attractive yield. The Company retains the flexibility to pay out up to 1% per annum of NAV from capital as income to shareholders. The Investment Manager continues to believe the income potential of the portfolio will grow over the medium term and that this growth will be sustainable.

Chairman's Statement

continued

Board Succession

The Board will be recommending my reappointment as a Director of the Company at the 2024 Annual General Meeting. I was appointed as a Director of the Company in April 2014 and appointed as Chairman in January 2018. Thus, if re-elected at the forthcoming 2024 AGM I will have served as a Director beyond the nine-year recommended period of tenure.

The Board considers that owing to the strategic issues now facing the Company, it would be in the best interests of the Company and shareholders that I remain as a Director and Chairman of the Company beyond the nine-year recommended period of tenure. This would be to ensure continuity in the ongoing discussions the Board is undertaking regarding the future of the Company.

Calum Thomson will be seeking re-election at the 2024 AGM; however, he has notified the Company that he will be standing down and resigning as a Director after the 2024 AGM once a suitably qualified successor has been identified. Calum has been an extremely valuable member of the Board and a highly effective Audit Committee Chair. He will be greatly missed and we extend our thanks to him. A more detailed discussion of succession planning can be found on page 50.

Annual General Meeting

The Board would be delighted to meet shareholders at the Company's Annual General Meeting ("AGM"), to be held at the offices of the Investment Manager, 20 Old Bailey, London EC4M 7BF, on Thursday, 25 January 2024 at 10:00 a.m. The Investment Manager will give their customary presentation on the markets and the outlook for the year ahead. Details can be found in the Notice of the AGM.

Outlook

Investors continue to show limited confidence in the outlook for the global economy, as higher interest rates begin to take effect and dampen economic output. Meanwhile, consumer confidence, although somewhat improved, remains at low levels and China's reopening has shown signs of faltering.

Across our investment region, Emerging European markets are generally faring well despite the overhanging risk of an economic slowdown across Europe more broadly. Larger economies such as Poland are benefitting from strong domestic demand, whilst the Greek economy continues to recover from its sovereign debt crisis and has recently regained its investment grade status.

Middle Eastern economies are predicted to grow at a slower pace than was the case in 2022, but remain well placed to benefit from low inflation and substantial investment as they seek to further diversify.

The macroeconomic picture in South Africa remains challenging, with problems worsened by the exacerbation of power shortages. However, with inflation generally trending down there is the potential for a consumer-led recovery. This may present selective opportunities for investment in domestically focused businesses.

Whilst economic fortunes differ between countries, the region has seen a recovery in corporate earnings in aggregate, whilst at the same time stock market valuations continue to look attractive relative to history.

Promotional Activity and Keeping Shareholders Informed

The Board and Investment Manager have in place an ongoing communications programme that seeks to maintain the Company's profile and its investment remit, particularly amongst retail investors. Over the review period, we have continued to distribute our monthly BEMO News which is emailed to engaged supporters, including many hundreds of the Company's shareholders. These emails provide relevant news and views plus performance updates and links to topical content. If you have not already done so, I encourage you to sign up for these targeted communications by visiting the Company's web page at www.bemoplc.com and clicking on 'Register for email updates'.

Frances Daley
Chairman
7 December 2023

Business Model and Strategy

Business Model and Strategy

The Company has no employees and the Board is comprised of Non-Executive Directors. The day-to-day operations and functions of the Company have been delegated to third-party service providers, which are subject to the ongoing oversight of the Board. In line with the stated investment philosophy, the Manager takes a bottom-up approach, founded on research carried out using the Manager's own internal resources. This research, which has a strong focus on environmental, social and governance issues, enables the Manager to identify what it believes to be the most attractive stocks in EMEA markets. Further information can be found on pages 18 to 19.

The Company's Investment Objective and Policy was changed on 13 November 2020, following approval from shareholders in a general meeting.

Barings Emerging EMEA Opportunities PLC

- Focusing on the markets of Emerging Europe, the Middle East and Africa, the Company seeks out attractively valued, quality companies across this diverse and fast-changing region.
- Managed by one of the region's most experienced investment teams with a consistent track record of delivering relative outperformance.
- A differentiated and innovative investment process driven by fundamental bottom-up analysis – with a strong focus on environmental, social and governance factors.

Purpose, Values and Strategy

The Company's primary purpose is to meet its investment objective to deliver capital growth, principally through investment in emerging and frontier equity securities listed or traded on EMEA markets. To achieve this, the Board uses its breadth of skills, experience and knowledge to oversee and work with the Investment Manager, to ensure that it has the appropriate capability, resources and controls in place to actively manage the Company's assets to meet its investment objective. The Board also select and engage reputable and competent organisations to provide other services on behalf of the Company.

The Company's values focus on transparency, clarity and constructive challenge . The Directors recognise the importance of sustaining a culture that contributes to achieving the purpose of the Company consistent with those values. Further detail on culture can be found on page 25.

Investment Objective

The Company's investment objective is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) securities markets. The Company may also invest in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere (EMEA Universe).

Investment Policy

The Company intends to invest for the most part in emerging and frontier equity listed or traded on EMEA securities markets or in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere. To achieve the Company's investment objective, the Company selects investments through a process of bottom-up fundamental analysis, seeking long-term appreciation through investment in mispriced companies.

Where possible, investments will generally be made directly into public listed or traded equity securities including equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe or acquire equity securities, or rights relating to equity securities.

It is intended that the Company will generally be invested in equity securities; however, the Company may invest in bonds or other fixed-income securities, including high risk debt securities. These securities may be below investment grade. The number of investments in the portfolio will normally range between 20 and 65.

The Company may invest in unquoted securities, but the amount of such investment is not expected to be material. The maximum exposure to unquoted securities should be restricted to 5% of the Company's gross assets, at the time of investment, in normal circumstances. The Company may also invest in other investment funds in order to gain exposure to EMEA countries or gain access to a particular market, or where such a fund represents an attractive investment in its own right. The Company will not invest more than 10% of its gross assets in other UK listed closed-ended investment funds, save that, where such UK listed closed ended investment funds have themselves published investment policies to invest no more than 15% of their total assets in other listed closed-ended investment funds, the Company will invest not more than 15% of its gross assets in such UK listed closed ended investment funds.

Business Model and Strategy

continued

Whilst there are no specific limits placed on exposure to any one sector or country, the Company seeks to achieve a spread of risk through continual monitoring of the sector and country weightings of the portfolio. The Company's maximum limit for any single investment at the time of purchase is the higher of 15% of gross assets or the weight of the purchased security in the comparator benchmark plus 5%, with an upper maximum limit of 20% of gross assets (excluding for cash management purposes).

The Company may use borrowed funds to take advantage of investment opportunities. However, it is intended that the Company would only be geared when the Directors, advised by the Investment Manager, have a high level of confidence that gearing would add significant value to the portfolio. The Investment Manager has discretion to operate with an overall exposure of the portfolio to the market of between 90% and 110%, to include the effect of any derivative positions.

The Company may use derivative instruments for the purpose of efficient portfolio management (which includes hedging) and for any investment purposes that are consistent with the investment objective and policies of the Company.

Benchmark

The Company's comparator Benchmark is the MSCI Emerging Markets EMEA Index (net dividends reinvested). Prior to 16 November 2020, the Benchmark was the MSCI EM Europe 10/40 Index (net dividends reinvested).

Discount Control Mechanism

The shareholder circular dated 19 October 2020, set out details of the change to the Company's investment policy, broadening the investment universe to include the Middle East and Africa, and also set out proposals for a tender offer trigger mechanism. Those proposals reflected shareholders' interest in controlling the discount of the Company's share price to its NAV and in satisfactory returns on the investment portfolio. Therefore, with effect from 1 October 2020, the Board put in place a mechanism to provide shareholders with a tender offer for up to 25% of the Company's issued Ordinary Share capital if:

(i) the average daily discount of the Company's market share capital to its net asset value ('cum-income') exceeds 12%, as calculated with reference to the trading of the Company's shares for the period between 1 October 2020 and 30 September 2025; or

(ii) the performance of the Company's net asset value on a total return basis does not exceed the return of the Company's benchmark by an average of 50 basis points per annum over the Calculation Period.

Owing to recent events, in particular Russia's invasion of Ukraine and the resultant sanctions impacting the Company's investment portfolio, the Board has been reviewing the Company's share buy back policy and the tender offer trigger mechanism. The effects of share buybacks and/or any tender offer lead to a reduced number of shares in issue, reduced liquidity in trading the shares, and reduce the size of the Company.

The implementation of sanctions and the subsequent write down of the Company's Russian assets to zero has had a significant impact on the net asset value performance of the Company.

Measured from the start of the Calculation Period to 30 November 2023, the Company has underperformed the Benchmark and is currently -5.1% behind the performance driven tender trigger. The average daily discount of the Company's market share capital to its net asset value has also widened since the Russian invasion of Ukraine, with the average daily discount over the same period currently at 16.3%. The Company would therefore require significant investment outperformance, alongside a material tightening of the discount, over the remainder of the Calculation Period for the 25% tender offer not to be triggered.

The likelihood of the requirement to make an up to 25% tender offer in 2025 under the current provisions, over a timescale during which it seems unlikely that the Company will be able to realise its Russian assets owing to the war and its consequences, would result in the Company shrinking further, potentially undermining liquidity and increasing cost ratios beyond an acceptable level. The Board has therefore concluded that the tender offer trigger mechanism set out above will need to be kept under review and evaluated against other strategic options available to the Company which may create more value for shareholders.

The Board has been considering the Company's strategic options over the last year and will continue to examine how shareholder value can best be preserved, created and realised, including in relation to the potential latent value in the Russian securities.

This work on finding optimal arrangements for the Company's Russian holdings, pending opportunities in the future to realise those assets, involves interactions with regulators and legal advisers with uncertain timing and outcomes.

The Board will seek to renew its share buyback powers by means of a separate Resolution at the AGM to provide some liquidity to the market and limit discount volatility where possible in normal market conditions.

Principal and Emerging Risks

Principal Risks and Uncertainties

The Company is exposed to a variety of risks and uncertainties. The Board, through delegation to the Audit Committee, has undertaken a robust assessment of both the emerging and principal risks facing the Company, together with a review of any evolving risks which may have arisen during the year, including those risks which would threaten the Company's business model, future performance, solvency or liquidity. These risks are formalised within the Company's risk matrix.

The Audit Committee regularly (on a six-monthly basis) review the risks facing the Company by maintaining a detailed record of the identified risks against an assessment of the likelihood of such risks occurring and the severity of the potential impact of such risks. A residual risk rating is then calculated for each risk based on the outcome of the assessment. This enables the Board to take action and develop strategies in order to mitigate the effect of such risks to the extent possible. An analysis of financial risks can be found in note 13 to the Financial Statements on pages 80 to 83.

Information about the Company's internal controls and risk management procedures can be found in the Audit Committee Report on pages 51 to 55. The principal financial risks, the Company's policies for managing these risks, and the policy and practice with regard to financial instruments, are summarised in note 14 to the Financial Statements.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors, are set out in the following table. The Audit Committee will continue to assess these risks on an ongoing basis.

Risk	Mitigation
Investment strategy There can be no guarantee that the investment objective will be achieved. The Company and its objectives may become unattractive to investors owing to a widening discount and the impact of a lack of liquidity in the Russian investments .	The Investment Manager has a clear investment strategy, as set out on pages 13 to 19, which is regularly reviewed by the Board. The Investment Manager has in place a dedicated investment process which is designed to maximise the chances of the investment objective being achieved. The Board reviews regular investment reports from the Investment Manager to monitor performance against its stated objective and regularly reviews the strategy. The holdings in Russian securities are reviewed by the Board regularly. Any option to realise Russian assets would be carefully considered by the Board.
Adverse market conditions Emerging markets are subject to volatile geopolitical and socioeconomic movements as well as the possible imposition of sanctions.	The Company is closed-ended and, unlike open-ended funds, does not have to sell investments at low valuations in volatile markets. It can be argued that the most effective method of protecting the Company from the effects of country specific or individual stock risks is to hold a geographically diversified portfolio. As at the date of this report, the Company holds 59 stocks in 11 countries and the AIFM has the ability, where necessary, to diversify the portfolio into other regions. The AIFM has a clear investment strategy as set out on pages 13 to 19. Whilst recognising there will be periods when this strategy underperforms the Benchmark and peer group, the Board monitors performance at each Board meeting and reviews the investment process throughout the year. The Investment Manager's own internal compliance functions provide robust checks that the Investment Manager complies with the investment mandate. The Board recognises the benefits of a closed-end fund structure in extremely volatile markets, such as those arising from macroeconomic conditions or geopolitical tensions. The Company's investments are also exposed to political and regulatory risk in the countries in which they operate. They may also be impacted by sanctions or exchange controls. Unlike open ended funds, closed-ended funds are not obliged to sell-down portfolio holdings at potentially low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Investment Manager to adhere to the investment management approach and be ready to respond to dislocations in the market as opportunities present themselves.

Principal and Emerging Risks

continued

Risk	Mitigation
Size of the Company The size of the Company could become sub-optimal as share buybacks reduce the Company's market capitalisation.	The Investment Manager discusses and agrees with the Board prior to making any buybacks of the Company's shares within the agreed parameters. The Investment Manager and Corporate Broker are in regular contact with major shareholders and report their views to the Board on a regular basis.
Share price volatility and liquidity/ marketability risk The shares of the Company are traded freely and are therefore subject to the influences of supply and demand and investors' perception of the markets the Company invests in. The share price is therefore subject to fluctuations and like all investment trusts may trade at a discount to the NAV. Market shocks, such as those caused by macroeconomic conditions, geopolitical tensions or sanctions, can have a negative impact on the share price.	The Board authorises shares in the Company to be bought in the market, from time to time. However, the Company has bought back fewer shares during this financial year, than has been the case historically, due to market volatility. The Board remains committed to an increased focus on dividend yield to further enhance the appeal of investing in the Company and increase demand for its shares. The Board has also put in place a comprehensive range of promotional plans to support existing shareholders and attract new investors.
Loss of assets The portfolio includes investments held in a number of jurisdictions. There is a risk of loss of Company assets as a result of geopolitical events that may result in the application of sanctions.	The Investment Manager and Administrator have systems in place for executing and settling transactions and for ensuring assets are safe. In addition, the Company uses internationally recognised Custodian and sub Custodians and receives regular reports of assets held, which the Administrator reconciles. The operation of the Custodian is overseen and reviewed by the Depositary which reports regularly to the Board.
Engagement of third-party service providers The Company outsources all of its operations to third parties and is therefore reliant on those third parties maintaining robust controls to prevent the Company suffering financial loss or reputational damage. Further, the emergence of health pandemics, such as COVID-19, may have an impact on the operational robustness of third-party service providers and their ability to conduct business as usual.	The Company operates through a series of contractual relationships with its service providers. In the instance an epidemic and/or pandemic develops internationally, the Investment Manager is able to take proactive steps to address the potential impacts on their people, clients, communities and on other stakeholders they come in contact with, directly or through their premises. This includes suspending all international business and domestic travel. Further, the Investment Manager has performed stress-testing on systems and processes, and is able to operate under a 100% remote working model globally without a degradation in their responsibilities. The Board reviews the performance of all service providers both in Board meetings and in the Management Engagement Committee meeting, where the terms on which the service providers are engaged are also reviewed. The Audit Committee also receives internal controls reports from key service providers. The Board assesses whether relevant controls have been operating effectively throughout the period.
Sanctions Any exposure to sanctioned geographies through the underlying investee companies can have a material impact on investment returns, the Company's value and size, and the Company's attractiveness.	The Company will comply with any prescribed sanctions regime and if appropriate value any impacted stock at zero. The Board will explore opportunities to realise value from any such affected holdings in consultation with the Investment Manager and after seeking appropriate legal advice.

Principal and Emerging Risks

continued

The Board has considered and discussed a number of emerging and developing risks including the following:

- The ongoing impact of the war in Ukraine and the continued effect of sanctions; the valuation of Russian securities; the decline in the Company's size, and the effect of on-going charges; the outbreak of war in the Middle East, following Hamas' attack on Israel in early October 2023, and the potential for the conflict to impact on other countries.
- The potential impacts on the Company from a slowing global economy, rising interest rates and higher inflation.
- The impact of climate change, which remains a critical issue as the world seeks to reduce greenhouse gas emissions and combat global warming.

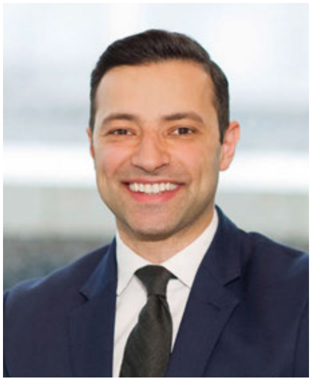
The Audit Committee routinely reviews the principal risks and makes the required updates to the Company's risk matrix as appropriate. This approach allows the effect of any mitigating factors to be reflected in the assessment of the risk.

The risk register and the operation of the key controls of the Company's third-party service providers' systems of internal control are reviewed regularly by the Audit Committee.

Emerging risks are considered by the Board as they come into view. The immediate significance will be evaluated and the potential implications integrated into the existing review of the Company's risk matrix.

Investment Manager

MATTHIAS SILLER, CFA
Head of EMEA Equities Team



ADNAN EL-ARABY, CFA
Investment Manager

Management Arrangements and Fees

Baring Fund Managers Limited acts as the AIFM of the Company under an agreement, terminable by either party giving not less than six months written notice. During the year under review, and under this agreement, the AIFM received a fee calculated monthly and payable at an annual rate of 0.75% of the NAV of the Company, together with any applicable VAT thereon and any out of pocket expenses incurred by the AIFM.

There is no performance fee for the AIFM.

The AIFM has delegated the investment management of the portfolio to Baring Asset Management Limited (the "Investment Manager").

Details of the Investment Manager

The Investment Manager has a team of fund managers who are responsible for the management of the investment portfolio. Matthias Siller, Head of Europe, Middle East and Africa EMEA at the Investment Manager, is the lead manager with Adnan El-Araby, as co-manager. Matthias and Adnan are supported by the wider EMEA Equity Team. In total, the EMEA Equity Team consists of six investment professionals, four of which have responsibilities for researching stocks. The other team members are involved in investment decision making and have broader management oversight. The EMEA Equity Team forms part of the broader Emerging Market Equities Platform, with investment professionals based in London, Hong Kong, Singapore, Shanghai and Taipei. The team also draws further support from the rest of the broader equity platform at the Investment Manager, especially the knowledge, expertise and coverage of the three global sector teams: Healthcare, Resources and Technology.

Matthias joined the Investment Manager in 2006 and was appointed Head of EMEA Equities Team in 2016. He began his career in fund management at Raiffeisen Zentralbank Austria in 1997 as a Market Maker/Proprietary Trader in Central & Eastern European Equities and Derivatives. He joined Bawag — PSK Invest as an EMEA equity portfolio manager in 2001 and moved to Raiffeisen Capital Management in 2003, where he was a portfolio manager for Central & Eastern European Equities. Matthias has a Masters degree from Vienna University in Economics & Business Administration. Matthias was awarded the CFA designation in 2006 and his native language is German.

Adnan is an Investment Manager in the EMEA Equity Team. He is responsible for the Resource Sector, Healthcare & Pharmaceuticals, Tech & Media and Autos within the EMEA region. Adnan joined Barings in 2010 from Legg Mason Capital Management, where he was also an investment analyst. He holds a Bachelor of Commerce degree from St. Mary's University, Canada and was awarded the CFA designation in 2006. Adnan's native language is Arabic.

Report of the Investment Manager

Our strategy seeks to diversify your portfolio by harnessing the long-term growth and income potential of Emerging EMEA. The portfolio is managed by our team of experienced investment professionals, with a repeatable process that also integrates Environmental, Social and Governance ("ESG") criteria.

Our strategy

Access	First-hand Expertise	Process	ESG Integration
Experienced investment team helps to foster strong relationships with the companies in which we invest.	The investment team conducts hundreds of company meetings per year, building long-term relationships and insight.	Extensive primary research and proprietary fundamental analysis, evaluating companies over a 5-year research horizon with macro considerations incorporated through our Cost of Equity approach.	Fully integrated dynamic ESG assessment combined with active engagement to positively influence ESG practices.

A detailed description of the investment process, particularly the ESG approach can be found on pages 18 to 19.

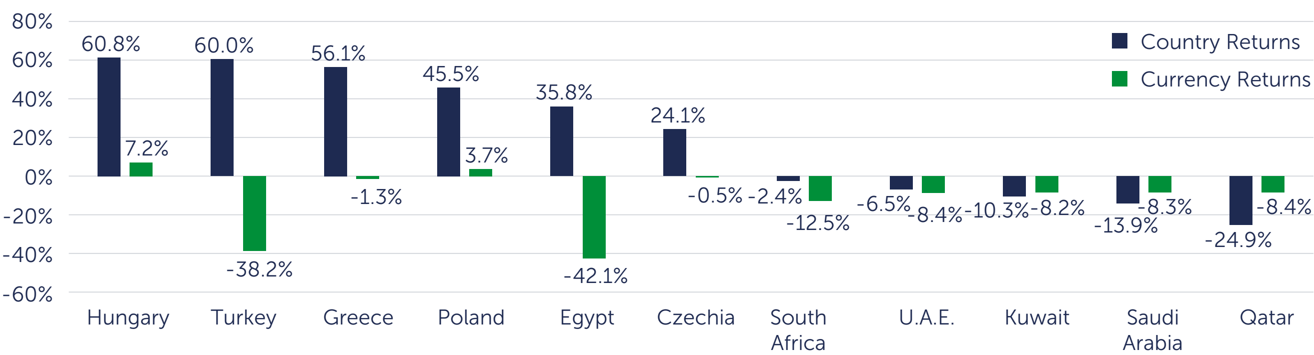
Market Summary

Emerging European, Middle East and African (EMEA) equity markets were weaker over the period, with the MSCI EM EMEA index declining -3.4% in GBP terms. The portfolio outperformed the benchmark over the financial year, with the Company's NAV total return posting a modest gain of +0.5% in GBP terms.

Whilst the performance of EMEA equity markets over the period was owed in part to the limited confidence investors have shown in the outlook for the global economy, returns were also impacted by the appreciation of Sterling, which strengthened significantly versus most EMEA currencies and dragged down returns when expressed in GBP terms.

EMEA, in line with markets globally over the financial year, often suffered changing fortunes, owing to the rapidly evolving monetary and inflationary environment. The region's equity markets posted modest gains at the start of the financial year helped by economic conditions that generally proved to be less bad than feared and company earnings which were more resilient than anticipated. There was also hope that inflation across developed countries might be cooling and, in response, major central banks would slow the pace of interest rate hikes.

EMEA Market Performance (in GBP, based on MSCI indices)
Currency Returns (local currency returns vs. GBP) – 1 October 2022 to 30 September 2023



Source: Barings, Factset, September 2023.

Report of the Investment Manager

continued

Markets in the region were weaker at the turn of the calendar year and into the first quarter of 2023, as inflation was not falling as quickly as hoped and investors adjusted expectations for a prolonged period of higher interest rates. Stresses in the banking sector at this time also weakened sentiment, although there was no direct impact on companies within our investment region.

Positively, returns were strongest towards the latter stages of the period, helped by unique market-specific developments, such as increasingly market-friendly monetary policy in Turkey, a booming real estate sector in the United Arab Emirates (UAE) and some modest improvements in Europe's economic outlook. There were also some modest improvements to the global economic growth outlook, with consumer confidence and economic activity surveys picking up from low levels.

Regionally, markets in Central and Eastern Europe were some of the best performers across EMEA with Greece, Hungary and Poland returning between 45-60%. The region rebounded dramatically after underperforming for most of 2022, benefitting from some modest improvements in Europe's economic outlook and in the case of Greece, a successful tourism season and confirmation that business-friendly PM Mitsotakis had won a second term. Performance was also amplified by local currency strength, with the Hungarian Forint and Polish Zloty being the only two currencies to appreciate versus Sterling over the period.

Turkey was another strong performer, returning 60% in GBP terms. Earlier in the period Turkish equities accelerated in response to local savers seeking a haven for their assets in the rapidly rising inflationary environment. More recently, sentiment improved following the adoption of orthodox monetary policy by the central bank, with policymakers hiking rates from 8.5% to 40% in an effort to tame hyperinflation. This in turn has laid the foundation for international investors to return to the market, with bond issuance and initial public offerings rising substantially from lows.

Saudi Arabia and Qatar were the region's worst performers, declining 14% and 25% respectively. This reflected a combination of some profit taking, following strong performances in 2022, and dollar weakness, which weighed on the region's pegged currencies. Oil prices were weaker for most of the period, before accelerating to close to $100 a barrel in September as OPEC+ begun to constrain supply in response to subdued global demand.

Income

The Company's key objective is to deliver capital growth from a carefully selected portfolio of emerging EMEA companies. However, we are also focused on generating an attractive level of income for investors from the companies in the portfolio.

Owing to a full year without any contribution from Russian dividends, the portfolio generated lower revenue during this financial year than was the case for 2021/22. However, looking forward, we believe that rising pay-out ratios, efficiency gains, and an encouraging economic environment, most notably in the Middle East and Eastern Europe, will all contribute positively to revenue growth for the portfolio over the medium term. Importantly, we believe that this revenue growth will be sustainable.

Macro Themes

In line with our bottom-up approach, our primary focus is to identify attractive investment opportunities at the company level for our shareholders. Nevertheless, we remain vigilant and mindful of broader macro effects within the region. This in turn helps to support the contribution to performance from our company selection, accessing long-term growth opportunities, while reducing the effects of declines in performance from major macro dislocations.

Greece & Turkey – Leading Emerging Europe's revival

Despite an uncertain global macro backdrop, a number of Eastern European stock exchanges have become some of the best performing in 2023. More than a decade after Greece teetered on the edge of a Eurozone exit, the country has defied critics and rebounded, delivering GDP expansions of 8.4% in 2021 and 5.9% in 2022. While Greece owes in part its economic recovery to its position as a traditional tourist destination, which accounts for about one-fifth of GDP, the country has also benefitted from significant investment, a critical economic building block. This growth in investment has stemmed from its place as a growing services exporter, expanding more than 85% between 2010-2022. Importantly, the merits of this impressive and hard-fought economic recovery have begun to bear fruit on the international stage, with the country having recently regained its investment grade status more than 12 years after losing it during the Euro area's sovereign debt crisis. This has structurally lowered the cost of borrowing for the government allowing for a stable funding base for the country's future needs.

Report of the Investment Manager
continued

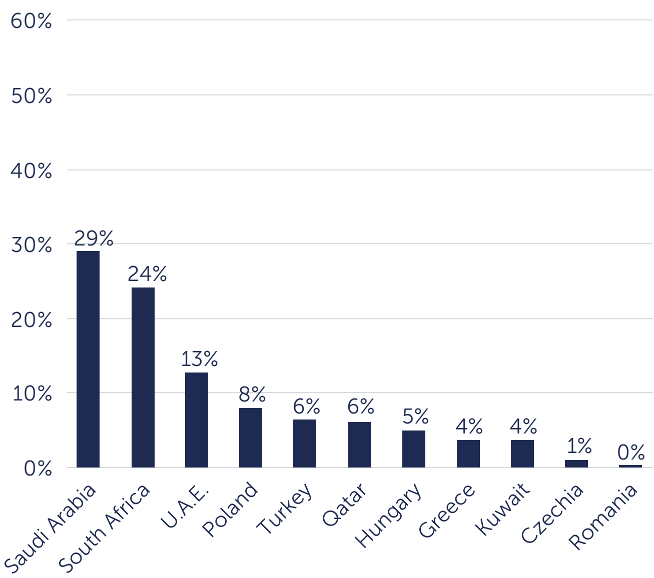
Elsewhere, Turkey's recent elections saw President Erdoğan defeat opposition leader Kemal Kılıçdaroğlu to extend his rule to a third decade. While international investor confidence in Turkey is vulnerable to a variety of factors, recent indications that the Erdoğan administration may be taking a more orthodox stance have been welcomed, with the hiring of Mehmet Şimşek, a former deputy prime minister well regarded by investors as the finance and treasury chief. Thus far we have seen Erdogan pivot away from prior policies which have damaged the economic standing of the country amid runaway inflation, with what now appears to be a President and central bank more united in a drive to control price pressures. Since Şimşek's appointment, the central bank have raised interest rates from 8.5% to 40%, and by doing so have laid the foundations for trust, in a nascent sign that clearer and more consistent economic policies may yet continue.

Keeping the Lights On – South Africa

While recent months have seen headlines focus on rising temperatures across Europe, in what has been the hottest summer on earth since records began, South Africa was heading into its winter season with the prospect of the country's worst-ever power cuts. While power shortages are not uncommon in South Africa, a number of operational problems at state energy supplier Eskom caused higher-than-usual rates of 'unplanned outages'. In response, power consumption was managed by significant "Load Shedding", which refers to strategic blackouts where citizens are left without power for between six to twelve hours a day in order to ease pressure on the grid, allowing electricity to be provided for key services.

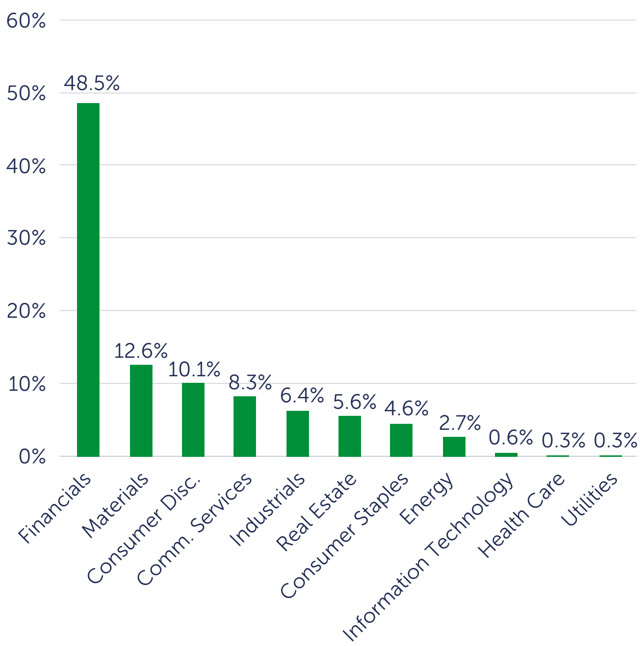
The impact of this practice has been significant, acting as an economic drag, particularly for industries where re-scheduling operations is unfeasible – such as retailers and telecommunications services – as lower footfall in shops and loss of service on phone networks has impacted profit margins. While these problems have showed signs of easing recently, the considerable disruption caused has reignited debate regarding the future of South Africa's energy infrastructure. With power outages persisting in the region as far back as 2007, South Africa is increasingly turning to the private sector to resolve its chronic shortages by making it easier for companies to build plants and paying households and businesses to produce electricity from renewable sources. This is crucial given that Africa boasts the fastest growing population in the world, and where cost-efficient sustainable energy sources will be vital to the continent's socioeconomic development. The growth in private generating capacity and energy storage solutions has the potential to

Portfolio Country Weight (%)



Source: Barings. September 2023.

Portfolio Sector Weight (%)



Source: Barings. September 2023.

Report of the Investment Manager

continued

transform the African continent by enabling it to capitalise on its rich renewable energy resources, notably its wealth of wind, sunshine, and water.

Rise of the Middle Powers – Middle East

Whilst not a new concept, the idea of "middle powers" – countries which whilst not great powers, are characterised as having heft, in economic, geographic, or demographic terms – is gaining prominence in an increasingly polarised world. Here, two Middle Eastern powerhouses: Saudi Arabia, the world's top oil exporter, and the United Arab Emirates (UAE), the region's dominant trade hub, have seen their economies buoyed by rising energy prices, and are determined to chart their own courses in an era of shifting global dynamics as non-aligned middle powers. Examples of this have included Saudi Arabia acting as a mediator between Russia and Ukraine, while the UAE hosts this year's global climate summit, COP28. This shift on the international stage has significance, with the Middle East able to wield its influence as a strategic trading partner, due to its vast global oil and gas reserves and position between Europe, Asia and Africa.

Exemplifying this shift, until recently the BRICS nations (Brazil, Russia, India, China and South Africa) had members from every corner of the developing world except the Middle East. As of August, however, this has changed, with the announcement that from the start of 2024 admission will extend to a further six countries, including Saudi Arabia and the United Arab Emirates. This change highlights how these emerging economies are seeking a bigger role by using the bloc as a countervailing force to Western groupings, such as the G7.

Recent escalation between Israel and Hamas

Whilst occurring after the end of the Company's financial year, we are monitoring risks arising from the conflict between Israel and Hamas. Although there has been no direct impact on the investments within your portfolio, we have witnessed selling pressure across markets globally and the EMEA region, as sentiment has been damaged and geopolitical risk heightened. While Israel is not a major oil producer, any prospect of escalation will likely raise risk premia in markets, which has the potential to keep the oil price elevated. This is especially true if Iran becomes directly involved in the conflict. Whilst the situation is unfolding, we have reduced exposure across some positions in the Middle East.

Company Selection

Our team regularly engages with management teams and analyses industry competitors to gain an insight into a company's business model and sustainable competitive advantages. Based on this analysis, we seek to take advantage of these perceived inefficiencies through our in-depth fundamental research, which includes an integrated Environmental, Social and Governance (ESG) assessment, and active engagement, to identify and unlock mispriced growth opportunities for our shareholders.

The portfolio's outperformance relative to the benchmark was driven almost entirely by stock selection, with holdings in the Financials, Industrials and Real Estate sectors contributing most significantly to relative returns.

Financials continue to represent the largest sector exposure in the portfolio. This is not a top-down allocation but instead reflects the compelling bottom-up stock picking opportunities we continue to find in the space. Across Emerging Europe, we hold a number of attractive investments in companies with strong underlying growth potential operating in an environment that is sheltered from intense competition. Similarly, we own a number of banks in the Middle East that continue to see attractive loan growth and in some cases benefit from various government subsidies.

Eastern European financials were some of the portfolio's best performers. In **Poland**, insurance company PZU outperformed following strong earnings underpinned by much-improved insurance policy pricing dynamics A function of the substantial real income growth over the last decade, Polish car owners increasingly opt for higher margin Motor-Own-Damage policies, which is increasing PZU's written premium growth and profitability. **Greek** bank NBG was another strong performer, helped by an improving domestic macroeconomic backdrop, the higher interest rate environment and healthy corporate loan growth. **Hungarian** bank OTP also outperformed, helped in part by the company's successful expansion of its business into a number of frontier markets, providing opportunities for future growth.

In contrast, holdings in **Middle Eastern** banks underperformed over the year. Saudi Arabian bank SNB and Qatar-based QNB were two of the weakest performers, partly reflecting the more muted economic growth outlook across the region, and lower average oil price. Shares in SNB also suffered weakness in response to its investment in Credit Suisse, which was viewed negatively by investors. Holdings in both SNB and QNB were reduced over the year.

Report of the Investment Manager

continued

Stock selection in the Industrials sector contributed positively to relative performance, driven by the holding in **Turkish** conglomerate Koç Holding. The company's earnings have been strong, driven by its automotive subsidiary Ford Otosan that produces 75% of all commercial vehicles sold in Europe, and is benefitting from a material uptick in export volumes.

In the Real Estate sector, leading **United Arab Emirates** developer Aldar outperformed, as a booming domestic property market has created order backlogs and increased prices. This is underpinning strong company earnings, with robust operating trends across multiple business units.

Stock selection across a number of sectors in **South Africa** was weak over the period. South African mining group Anglo American Platinum underperformed, reflecting a weaker production outlook and near-term earnings weakness in light of energy rationing. Despite the recent weakness, we continue to hold the company, and in our view, the long-term investment case remains compelling, underpinned by the company's exposure to metals required for the energy transition. Discount fashion retailer Mr Price also underperformed, as problems with South Africa's electricity supply have disrupted trading conditions. In contrast, the holding in technology investment group Prosus contributed positively to relative returns, helped by a recovery in performance from Chinese internet company Tencent, in which Prosus owns a significant stake.

Outlook

In the short term, global equity markets are likely to remain volatile as investors weigh up a potential peak in monetary tightening later this year by the Federal Reserve against a back-drop of deteriorating corporate earnings.

The outlook for emerging markets, however, is more constructive as the policy cycle has also already peaked in many countries and in some is already easing again. China's re-opening and policy stimulus should help lift economic activity globally, which should support a recovery in corporate earnings in 2024 and beyond.

Markets in the Middle East are likely to be volatile over the coming months as sentiment has been negatively impacted by the recent Israel-Hamas conflict. This has renewed concerns of supply disruption in the energy market, which, along with supply cuts, have kept the oil price higher than it might otherwise have been. Looking further ahead, we continue to believe there is a great potential for long term structural growth as the region further diversifies its economies.

The South African economy remains challenged as issues with the country's electricity supply have significantly impacted how businesses have been able to function. This remains a major issue for the country, and therefore we continue to be highly selective with our exposure. We do, however, believe there are some green shoots of recovery emerging with the potential for domestic consumption to pick up as inflation falls.

A subdued European growth outlook makes us wary of the economic slowdown that may be experienced by the small, open economies of central Europe. However, this will allow for the cooling of tight labour markets, paving the way for lower inflation readings. Importantly, larger economies such as Poland are set to benefit from the continued rise in services exports, making it an export powerhouse within Europe, and in turn, raising the wealth of citizens, improving disposable incomes and consumption patterns.

In Turkey, recent moves towards more orthodox monetary policy have rightly been rewarded by the market but, with inflation still running above 50% and the Lira at record lows, many hurdles remain. If policymakers continue on this path then economic progress will likely follow, with job creation supported by a large and young population and business leaders that have honed their skill set in a rapidly expanding domestic economy.

We expect Greece to continue to successfully attract investment in its service sector-based economy, whilst the recent upgrade of its sovereign risk to investment grade status should prompt a period of high activity on the Athens exchange. This is likely to involve prominent IPOs and the placement of stakes in the Greek banking sector, currently held by the Hellenic Financial Stability Fund.

Whilst we expect markets to continue to be volatile over the coming months, we believe there are reasons to be optimistic for EMEA equities and the diversification benefits the asset class can provide to a portfolio. In this context, we will continue our process of building new or adding to existing positions in companies with strong and sustainable business franchises where our proprietary bottom-up research has identified a significant degree of undervaluation relative to their future growth potential.

Report of the Investment Manager

continued

A Focus on ESG

Our proprietary ESG assessment forms a core component of our fundamental bottom-up research. It is guided by our in-depth knowledge and regular interactions with company management teams.

As an integral step of our research, our ESG assessment is undertaken by our equity investment professionals as a fully integrated component of our investment process. This approach to ESG is anchored by three pillars:

- **Integration** – Integrating ESG is core to our fundamental research and allows us to better assess the risks and opportunities for our investments that are not apparent in traditional finance analysis. This influences both our quality assessment of a company as well as its valuation and is therefore integral to decision making.
- **A dynamic, forward-looking approach** – Our proprietary assessment is aimed at capturing improving or deteriorating standards to highlight and reward more sustainable business practices, rather than relying on static assessments from third parties.
- **Active engagement over exclusion** – We aim to drive positive outcomes through direct engagement with corporate management teams rather than relying on blanket exclusions, potentially unlocking value for our investors.

Engagement Case Study: FirstRand (South African Bank)

We regularly engage with companies with the aim of improving corporate behaviour or enhancing disclosure levels.

Overview:

- We engaged with FirstRand, one of South Africa's leading financial institutions, to better understand their diversity objectives and particularly policies in relation to female board representation.

Objective:

- Our aim was to change the firm's behaviour and enhance the representation of women on their board of directors.

Outcome:

- Through our regular interactions with company management, we have questioned whether the company has a fair and representative number of women on the board, of which we set more than 30%, to be considered a start towards fair and representative.
- This line of questioning was well received, with the CEO noting that they are actively aiming to improve in this area and expect improved metrics in the medium term.
- The company has since set a target of ~40% female board representation within 2-3 years. We believe this is a clear target and note that the company has been impacted by several female board resignations due to limits on tenure for independents.
- We continue to engage with the company and encourage management to improve in this area.

To ensure consistency of research we utilise a standardised proprietary assessment framework to capture ESG attributes of each individual company under research coverage (see Chart A opposite).

Report of the Investment Manager

continued

Chart A - Fundamental Research: Example ESG Assessment

		Key Topics	Data / Issues to Consider
Sustainability of the Business Model ***(Franchise)***	1	Employee Satisfaction	*Employee Relations: Staff Turnover; Strikes; Remuneration of Staff; Fair Wages; Injuries; Fatalities; Unionised Workforce; Employee Engagement, Diversity & Inclusion*
	2	Resource Intensity	*Water Usage; GHG Emissions; Energy; Transition Risks*
	3	Traceability/Security in Supply Chain	*Traceability of Key Inputs; Investments in Protecting the Business from External Threats, e.g., Cyber Security, Physical Risks from Climate Change; Backward Integration (Protection of Key Inputs); Transition Risks in Supply Chain*
Corporate Governance Credibility ***(Management)***	4	Effectiveness of Supervisory/ Management Board	*Sound Management Structures: Separation of Chair & CEO; Size of Board; Independence of Board; Frequency of Meetings; Attendance Record; Voting Structure; Female Participation on Boards.*
	5	Credibility of Auditing Arrangements	*Credible Auditor; Independent Audit Committee; Qualification to Accounts*
	6	Transparency & Accountability of Management	*Access To Management; Financial Reporting; Tax Disclosure and Compliance; Appropriate Incentive Structure; Remuneration of Staff; Gender & Diversity Considerations; Employee Relations*
Hidden Risks on the Balance Sheet ***(Balance Sheet)***	7	Environmental Footprint	*GHG Emissions; Carbon Intensity; History of Environmental Fines/Sanctions; Reduction Programmes in Place for Water/Waste/Resource Intensity, Air Quality; Transition Risks; Physical Risks from Climate Change*
	8	Societal Impact of Products/Services	*Health/Wellness implications of Consumption of goods/services; Product Safety Issues; Community Engagement*
	9	Business Ethics	*Anti-competitive practices; Bribery/Corruption; Whistle-Blower Policy; Litigation Risk; Tax Compliance; Freedom of Speech; Anti-Slavery and Human Rights; Gender & Diversity Considerations*

ESG and its impact on the company valuation

ESG influences the company specific risk premium that forms a portion of the overall discount rate attributed to the company for the purposes of valuation and identifying a potential mispricing. Each company under research coverage will be assessed by the relevant investment professional using a dynamic framework, where the nine ESG sub-categories will each be assigned one of the following ratings:

UNFAVORABLE	NOT IMPROVING	IMPROVING	EXEMPLARY

Each sub-category is equally weighted and the sum of the nine ratings will translate into either a positive or negative adjustment ranging from -1% to +2% to the company's Cost of Equity ("COE"), to the company's Cost of Equity ("COE"), which is used to discount our earnings forecasts. In addition, we have recently introduced a Carbon Cost assessment for relevant companies that we anticipate will be impacted by costs associated with reducing greenhouse gas (GHG) emissions, which can add a further 2% to the company's COE.

For further detail on our approach to ESG integration and our Carbon Cost assessment please see the links below:

ESG Integration and Active Ownership Policy

Carbon Cost Assessment: Unlocking Hidden Value in Carbon-Intensive Companies

Baring Asset Management Limited
Investment Manager
7 December 2023

Investment Portfolio

Review of Top Ten Holdings

at 30 September 2023

Investee company	Sector	Market value £'000	% of net assets	Company comment
Al Rajhi Bank	Financials	**4,739**	**6.50%**	Number one Islamic bank globally and the largest consumer bank in Saudi Arabia. Benefits from an extensive branch network and stable retail deposit franchise. FinTech initiatives such as its consumer financing subsidiary Emkan offer potential for further growth.
Naspers	Communication Services	**3,933**	**5.40%**	Global on-line consumer group focused on e-commerce, food delivery and classified advertisements.
Saudi Basic Industries (SABIC)	Materials	**3,121**	**4.28%**	Saudi Arabia's dominant petrochemical chemical company, benefitting from a diversified asset base.
The Saudi National Bank	Financials	**2,867**	**3.93%**	Largest bank in Saudi Arabia, originated from merger of NCB and Samba with synergies still to be delivered.
Firstrand	Financials	**2,816**	**3.86%**	Leading South African financial institution offering a diverse range of services including transactional, lending, insurance and investment products.
OTP Bank	Financials	**2,806**	**3.85%**	An independent bank, OTP is one of the largest Emerging European lenders with leading market positions in Hungary, Bulgaria, former Yugoslavia and Uzbekistan.
Qatar National Bank	Financials	**2,741**	**3.76%**	Largest bank in Qatar, with dominant market share in both lending and deposits.
Aldar Properties	Real Estate	**2,573**	**3.53%**	A real estate development, management and investment company with headquarters in Abu Dhabi, United Arab Emirates.
Koç Holding	Industrials	**2,459**	**3.37%**	The largest industrial conglomerate in Turkey focused on financial services and industrial exports.
Saudi Telecom	Communication Services	**2,361**	**3.24%**	Telecoms company offering steady revenue growth and a strong balance sheet that helps support dividends.

Investment Portfolio

continued

Investment Portfolio

at 30 September 2023

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
1	Al Rajhi Bank	Saudi Arabia	4,739	6.50%
2	Naspers	South Africa	3,933	5.40%
3	Saudi Basic Industries	Saudi Arabia	3,121	4.28%
4	The Saudi National Bank	Saudi Arabia	2,867	3.93%
5	Firstrand	South Africa	2,816	3.86%
6	OTP Bank	Hungary	2,806	3.85%
7	Qatar National Bank	Qatar	2,741	3.76%
8	Aldar Properties	United Arab Emirates	2,573	3.53%
9	Koç Holding	Turkey	2,459	3.37%
10	Saudi Telecom	Saudi Arabia	2,361	3.24%
11	PKO Bank Polski	Poland	2,228	3.06%
12	Abu Dhabi Commercial bank	United Arab Emirates	2,186	3.00%
13	MTN Group	South Africa	2,026	2.78%
14	Allegro	Poland	1,760	2.42%
15	National Bank of Kuwait	Kuwait	1,660	2.28%
16	Capitec	South Africa	1,637	2.25%
17	Industries Qatar	Qatar	1,490	2.05%
18	First Abu Dhabi Bank	United Arab Emirates	1,469	2.02%
19	Alpha bank	Greece	1,403	1.93%
20	Bim Birleşik Mağazalar	Turkey	1,355	1.86%
21	Etihad Etisalat	Saudi Arabia	1,326	1.82%
22	Emaar Properties	United Arab Emirates	1,268	1.74%
23	Saudi Arabian Mining	Saudi Arabia	1,253	1.72%
24	Adnoc Drilling Company	United Arab Emirates	1,240	1.70%
25	Riyad Bank	Saudi Arabia	1,171	1.62%
26	Anglo American	South Africa	1,103	1.51%
27	Shoprite Holdings	South Africa	1,051	1.44%
28	Anglo American Platinum	South Africa	955	1.31%
29	Saudi Tadawul Group	Saudi Arabia	934	1.28%
30	National Bank of Greece	Greece	840	1.15%
31	Bidcorp Group	South Africa	764	1.05%
32	KGHM Polska	Poland	676	0.93%
33	Komercni Bank	Czechia	677	0.93%
34	Mol Hungarian Oil & Gas	Hungary	615	0.84%
35	Gold Fields	South Africa	555	0.76%
36	Akbank	Turkey	522	0.72%
37	Saudi Awwal Bank	Saudi Arabia	517	0.71%
38	The Cooperative Insurance	Saudi Arabia	517	0.71%

Investment Portfolio
continued

Investment Portfolio continued
at 30 September 2023

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
39	**Anglogold Ashanti**	South Africa	**506**	**0.69%**
40	**Bupa Arabia**	Saudi Arabia	**500**	**0.69%**
41	**Human Soft**	Kuwait	**487**	**0.67%**
42	**Impala Platinum**	South Africa	**478**	**0.66%**
43	**Inpost**	Poland	**479**	**0.66%**
44	**Arabian Internet and Communication Services**	Saudi Arabia	**435**	**0.60%**
45	**Nedbank Group**	South Africa	**403**	**0.55%**
46	**Kuwait Finance House Ord Shs**	Kuwait	**351**	**0.48%**
47	**Mr Price Group**	South Africa	**334**	**0.46%**
48	**PZU**	Poland	**332**	**0.46%**
49	**Jumbo**	Greece	**300**	**0.41%**
50	**Dr Sulaiman Al Habib Medical Group**	Saudi Arabia	**213**	**0.29%**
51	**Hidroelectrica**	Romania	**184**	**0.25%**
52	**D Market Electronic Services**	Turkey	**95**	**0.13%**
	Other investments	Russia	**—**	**0.00%**
	Total investments		**68,711**	**94.31%**
	Net current assets		**4,149**	**5.69%**
	Net assets		**72,860**	**100.00%**

Russian Investments
As at 30 September 2023 the Company held the following investments in Ordinary Shares and Global Depositary Receipts (GDR). These investments continue to be valued at zero.

	Year ended 30 September 2023
Company	**Number of Shares/GDRs**
Sberbank	**1,374,068**
Gazprom	**824,340**
United Company Rusal	**572,570**
Novatek	**107,150**
X5 Retail (GDR*)	**100,683**
Moscow Exchange	**86,875**
Yandex	**82,492**
Lukoil	**72,519**
TCS Group (GDR*)	**30,447**
Magnit	**23,826**
Norilsk Nickel	**15,098**

** Global Depositary Receipt.*

Corporate Review

The Strategic Report on pages 2 to 27 of the Annual Report and Audited Financial Statements has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to provide information to the shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Company Status

The principal activity of the Company is to carry on business as an investment trust. The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Sections 1158/1159 of the Corporation Tax Act 2010 ("S1158/1159"). The Directors do not envisage any change in this activity in the foreseeable future.

The Company is quoted on the London Stock Exchange under the ticker code BEMO. As an investment trust, the Company has appointed an Alternative Investment Fund Manager, Baring Fund Managers Limited (the "AIFM"), to manage its investments. It has also appointed third-party service providers to manage the day-to-day operations of the Company, whose performance is monitored and challenged by a Board of independent Non-Executive Directors.

The Directors are of the opinion that the Company continues to conduct its affairs so as to be able to continue to qualify as an investment trust.

Key Performance Indicators

The Key Performance Indicators ("KPIs") of the Company are as follows:

- Annualised NAV total return[1]
- Share price total return[1]
- Dividend per Ordinary Share[1]

The returns for the year are set out under Financial Highlights on page 2.

Dividend Policy

The Company seeks to generate an attractive level of income for shareholders and will pay income from capital of up to one per cent per annum of NAV when considered appropriate by the Board. The Board believes this is a sustainable policy that should improve the Company's appeal amongst investors.

Dividends

An interim dividend of six pence per Ordinary Share was declared on 9 June 2023 and paid on 28 July 2023.

The Board recommends a final dividend of 11 pence per Ordinary Share. Subject to shareholder approval at the AGM, the recommended final dividend will be paid on 7 February 2024 to shareholders on the register at the close of business on 22 December 2023. The Ordinary Shares will be marked ex-dividend on 21 December 2023. The deadline to elect for the Dividend Re-investment Plan will be 17 January 2024.

Buyback Programme

During the year under review, the average discount to NAV at which the Company's Ordinary Shares traded at was 18.9% (2022: 15.3%) and 133,299 Ordinary Shares were repurchased at a cost of £694,000 (2022: 114,579 Ordinary Shares at a cost of £715,000). Ordinary Shares repurchased during the year have been cancelled.

[1] APMs definitions can be found in the Glossary on pages 87 to 89.

Corporate Review
continued

Section 172 Statement

Background
Directors have a duty to make decisions that promote the success of a company for the benefit of shareholders as a whole. This responsibility is formally enshrined in section 172 (1) of the Companies Act 2006, which stipulates that board decisions must be made with the long-term consequences of those decisions in mind, including consideration of the interests of a company's employees, suppliers, customers and other stakeholders, the impact on the community and the environment, and the desirability of maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company.

Stakeholders
The Board seeks to understand the needs and priorities of the Company's stakeholders, and these are taken into account during discussions and as part of its decision-making. The Board has concluded that, as the Company is an externally managed investment trust and does not have any employees or customers in the traditional sense, its key stakeholders comprise its shareholders, its Investment Manager, its key service providers including, Corporate Broker, Company Secretary, Registrar, Custodian, Auditor and Administrator and, its Investee Companies. However, the Board also takes account of the Company's responsibilities to the environment and the wider community. The section below discusses the actions taken by the Company to ensure that the interests of stakeholders are taken into account, particularly in the context of the emerging climate change agenda.

Shareholders
Continued shareholder support and engagement are important to the existence of the Company and to the delivery of long-term strategy.

The Board is committed to maintaining open channels of communication and to engage with shareholders in a manner which they find most helpful, in order to gain an understanding of the views of shareholders. These include:

- **Annual General Meeting** – The Company welcomes and encourages attendance and participation from shareholders at the AGM and looks forward to hosting shareholders again at the 2024 AGM. This forum provides shareholders with the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There is typically a presentation on the Company's performance and outlook from the Investment Manager.
- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and the Annual Report is circulated to those shareholders requesting hard copies. These reports provide shareholders with detailed information on the Company's portfolio and financial position. This information is supplemented by a quarterly factsheet which is released via the stock exchange and monthly factsheets posted to the Company's website.
- **Shareholder Feedback** – Shareholders in investment companies often meet with the Investment Manager rather than members of the Board. However, the Board values the feedback and questions that it receives from shareholders and takes note of individual shareholders' views in arriving at decisions which are taken in the best interests of the Company. The Chairman or the Senior Independent Director can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager.
- **Investor Relations Updates** – At every Board meeting, the Directors receive updates from the Corporate Broker on share trading activity, share price performance, the Company's share register and any shareholders' feedback. The Board also review promotional plans, PR activity and analyst's comments or research reports on the Company.

The Investment Manager
Maintaining a close and constructive working relationship with the Investment Manager is a key priority of the Board. The Investment Manager aims to achieve capital growth in line with the Company's investment objective. The Board has a critical role in monitoring the Investment Manager. The Board meets with the Investment Manager quarterly, and at other times as required, to analyse, discuss and constructively challenge the investment approach, outlook and performance of the Manager. Further details on the management arrangements can be found on page 12.

Corporate Review

continued

Third-Party Service Providers

In order for the Company to function as an investment trust, the Board relies on a variety of advisors for support. For this reason, the Board considers the Company's third-party service providers to be stakeholders.

The Board maintains regular contact with its key external providers and receives regular reporting from them, both through Board and committee meetings, as well as on an ad-hoc basis outside of meetings. Their advice and views are routinely taken into account. The Management Engagement Committee formally assesses their performance, fees and continuing appointment annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit Committee reviews and evaluates the financial reporting control environments in place at the key service providers.

Investee Companies

The Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy.

The Investment Manager engages with the management teams of investee companies on a periodic basis and reports its impressions on the prospects of these investee companies to the Board. The Directors recognise that the Investment Manager can influence an investee company's approach to ESG matters, and this forms part of the investment process as detailed on pages 18 to 19.

Environment and Community

Given the outsourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Board recognises that it can influence an investee company's approach to ESG matters through the approach adopted by the Investment Manager. The Company's investment approach takes into account the external impact of investee companies' activities on the environment, their social practices and governance. The Investment Manager discusses ESG matters with investee companies on a regular basis. The Board agrees with the ESG approach of the Investment Manager and receives reports from the Investment Manager and other third parties. Further details on the Company's investment approach to ESG can be found on pages 18 to 19.

The mechanisms for engaging with stakeholders are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective.

Board Activities

During the year, regular agenda items at Board meetings include the review of the Company's portfolio, performance and the market, investor relations, marketing activities, key risks, operational matters and governance, and compliance with the AIC Code.

Decision Making

The Board remain dedicated to open and transparent communication with shareholders. This has been particularly important given the challenging and volatile market backdrop over the financial year.

This year the Board have been exploring ways in which shareholder value can best be preserved, created and realised particularly in relation to the potential latent value in the Russian securities. These considerations are on-going and the Board will update shareholders when they are in a position to do so.

Culture and Values

The Company's values focus on transparency, clarity and constructive challenge. The Directors seek to sustain a culture that contributes to achieving the purpose of the Company that is consistent with its values and strategy.

Corporate Review
continued

Continuing Appointment of the Alternative Investment Fund Manager
The Board keeps the performance of the AIFM under continual review. The Management Engagement Committee conducts an annual appraisal of the AIFM's performance and makes a recommendation to the Board about the continuing appointment of the AIFM. As the AIFM has delegated the portfolio management function to the Investment Manager, the performance of the Investment Manager is also regularly reviewed. The annual review of the performance of the Investment Manager includes consideration of:

- overall performance and performance compared with the Benchmark and a suitably constructed peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group; and
- marketing support and resources provided to the Company.

It is the opinion of the Board that the continuing appointment of the AIFM, on the terms agreed, is in the best interests of shareholders as a whole. The Board is of the view that the AIFM has managed the portfolio well and in accordance with the Board's expectations.

Viability Statement
The Directors consider viability as part of their continuing approach of monitoring risk. The Directors have assessed the prospects of the Company over a longer period than the twelve months required by the "Going Concern" provision. The Board conducted this review for a period of three years, which was selected because it was considered to be a reasonable time horizon for strategic planning, taking into account the investment policy, liquidity of investments, the potential impact of economic cycles and revenue generation.

The Directors have carried out a robust assessment of the Company's principal and emerging risks, as well as its current position . The principal risks faced by the Company and the procedures in place to monitor and mitigate them are detailed on pages 9 to 11. The Company's long term viability assessment is related to the characteristics below:

- the Company has a long-term investment strategy, implemented via a consistently applied investment process which is designed to maximise the chances of the investment objectives being met;
- the Company has a portfolio of shares which are listed on regulated markets, many of which are highly liquid, and can be readily realised to help meet liabilities as they fall due;
- underlying revenue generation of the portfolio is regularly reviewed and monitored. Whilst income generated by the portfolio has undoubtedly been impacted by the absence of Russian dividends, longer-term forecasts indicate an encouraging upward trend that should help support a sustainable dividend;
- the Company remains well-diversified across a range of countries and sectors. This helps diversify concentration risk and reduces the risk of idiosyncratic events materially influencing performance.

The Investment Manager performs both market based stress tests and scenario analysis in assessing the Company's viability. Stress tests cover a range of sensitivities such as the predicted impact on the portfolio based upon: interest rate movements, commodity price changes, currency appreciation/devaluation and equity market moves. This also includes scenarios based on hypothetical future events and historic points of market stress. In carrying out this assessment, the Board has considered the diversification of the Company's portfolio, as well as the liquidity profile and earnings growth of the underlying investments. This analysis did not indicate any matters of significant concern.

The Board has also considered the size of the Company and the potential for it to become sub-optimal. Whilst the net assets of the Company are lower compared to recent history, the Company has been able to operate successfully at this size historically. Ongoing charges are similar to investment trusts of a similar size and analysis suggests the portfolio does not present any issues with regards to the efficiency of trading.

Corporate Review

continued

The Board has also considered the impact of the ongoing conflict between Russia and Ukraine that has led to significant disruption and volatility across financial markets. As a result of this, the Directors made the determination to value Russian Equities at nil. This was based on the continuing restrictions on trading due to sanctions and market liquidity. The Directors have also considered the future ramifications of the evolving conflict and its potential to impact other countries.

Until the Russian securities position is resolved, the value obtainable by shareholders from other corporate solutions is also likely to be sub-optimal. Hence, whilst we cannot predict the position in two years' time, the Board will keep the appropriateness of the discount control mechanism under review and, if the 2025 targets are not met, evaluate the possibility of a tender offer alongside other strategic options.

Whilst these events have caused significant disruption in the portfolio, we do not believe they jeopardise the long-term viability of the Company, particularly as further downside is limited with Russian assets in the portfolio valued at nil. Furthermore, the portfolio remains broadly diversified across a range of EMEA countries, helping to reduce concentration risk to any one market.

The Board continues to monitor the performance of the portfolio and the share price discount to net asset value against the criteria that may trigger a tender offer of up to 25% of the shares and the impact this may have on the Company.

Based on the above assessment, the Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the coming three years.

Modern Slavery Act

As an investment vehicle, the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Environmental, Human Rights, Employee, Social and Community Issues

The Company does not have any employees and all of the Directors are non-executive and it has outsourced its functions to third-party service providers. As an investment trust, the Company has very limited direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. However, the Investment Manager (within the Investment Manager's Report on pages 13 to 19) has reported on the management of ESG within the portfolio.

The Company aims to conduct itself responsibly, ethically and fairly. ESG factors are considered by the Investment Manager as part of its investment process, where appropriate. Further information can be found in the Investment Manager's Report on pages 13 to 19, which is supported by the Board. A key consideration in the decision to change the investment policy of the Company in 2020 was the move away from hydrocarbons in the portfolio.

The Board supports the Investment Manager in its belief that good corporate governance will help deliver sustainable long-term shareholder value. It therefore follows that in pursuing shareholder value, the Investment Manager will implement its investment strategy through proxy voting and active engagement with company management teams. The Board supports the ESG approach of the Investment Manager and monitors how this is integrated into the investment process. Please see pages 18 to 19 for further detail on the Investment Manager's approach to ESG.

This Strategic Report has been approved by the Board and signed on its behalf by:

Frances Daley
Chairman
7 December 2023

Board of Directors

FRANCES DALEY FCA, MCSI

Chairman

Frances qualified as a Chartered Accountant with a predecessor firm to EY and spent nine years in corporate finance followed by 18 years in various CFO roles. From 2007 to 2012, she was group finance director of the private equity backed Lifeways Group, the UK's largest provider of specialist support to adults with learning disabilities and mental health needs. She is a non-executive director of Henderson Opportunities Trust PLC and Regional REIT Limited.

Appointed to the Board on 29 April 2014 and as Chairman on 16 January 2018.

VIVIEN GOULD

Non-Executive Director

Vivien has worked in the financial services sector since 1981. She was a founder director of River & Mercantile Investment Management Limited (1985) and served as a senior executive and deputy managing director with the group until 1994. She then served on the boards of a number of listed investment trusts, investment management companies and other financial companies. She also served on the boards of a number of charities, including the Stroke Association, where she chaired the investment committee.

Vivien is currently a non-executive director and senior independent director of The Lindsell Train Investment Trust PLC, a non-executive director of Schroder Asia Pacific Fund PLC, Third Point Investors Limited and National Philanthropic Trust UK.

Appointed to the Board on 11 March 2019.

CHRISTOPHER GRANVILLE

Non-Executive Director

Christopher was formerly a British diplomat in the Political Section of the British Embassy in Moscow and has a wealth of experience in Emerging Europe. He is currently a managing director of TS Lombard, an investment research provider which is part of GlobalData Plc and covers global macroeconomics and political drivers, having co-founded in 2006 what is now TS Lombard's emerging markets division. Previously, he spent six years as chief strategist and political analyst at United Financial Group (UFG), a Moscow-based investment bank that was acquired by Deutsche Bank in 2006. Christopher is a member of the board of directors of EOS Invest AB and a member of the investment committee of Olma Luxury Holdings Private Equity Fund.

Appointed to the Board on 30 November 2018.

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Board of Directors

continued

CALUM THOMSON FCA

Non-Executive Director and Audit Committee Chairman

Calum is a Chartered Accountant with over 25 years' experience in the financial services industry. For over 21 years, he was an audit partner at Deloitte LLP, specialising in the asset management sector, with clients including a wide range of managers, investment trusts, banks, sovereign wealth funds, large charities and private equity funds. During his career, he led Deloitte LLP's global and UK asset management groups. He is a non-executive director and audit committee chairman of The Diverse Income Trust PLC, AVI Global Trust PLC, abrdn Private Equity Opportunities Trust plc, BLME Holdings Limited and Ghana International Bank PLC. He currently chairs a charity: the Tarbat Historic Trust and is a trustee of the Suffolk Wildlife Trust.

Appointed to the Board on 21 September 2017.

Calum has indicated that he will stand down from the Board once a suitable replacement has been identified.

NADYA WELLS

Non-Executive Director and Senior Independent Director

Nadya has over 25 years' Emerging and Frontier markets experience as a long-term investor and governance specialist. She spent 13 years with the Capital Group, as a portfolio manager and analyst with a focus on EMEA markets. Prior to that she was a portfolio manager at Invesco Asset Management investing in Eastern Europe in closed end funds. She started her career with EY in management consulting. She is a non-executive director on the boards of various unlisted Luxembourgish SICAVs managed by abrdn and M&G, of Hansa Investment Company Limited, and sits on the audit committee of the non-profit Drugs for Neglected Diseases Initiative. She has an MBA from INSEAD, an MA from Oxford University and an MSc from the University of Geneva.

Appointed to the Board on 23 September 2015.

Report of the Directors

The Directors of the Company are pleased to present their Report, together with the audited financial statements of the Company, for the year ended 30 September 2023.

In accordance with the Listing Rules and the Disclosure, Guidance and Transparency Rules, the reports within the Corporate Governance section of this Annual Report should be read in conjunction with one another and the Strategic Report. As permitted, some of the matters normally included in the Directors' Report have instead been included in the Strategic Report (pages 2 to 27) as the Board considers them to be of strategic importance.

Directors

As at 30 September 2023, the Board consisted of five Non-Executive Directors, all of whom are considered by the Board to be independent. The dates of their appointment are shown on pages 28 to 29, together with their full biographies, which demonstrate the range of skills and experience each Director brings to the Board.

The appointment and replacement of Directors is governed by the Company's Articles of Association (the "Articles"). The Articles may be amended by a special resolution of the shareholders.

The Board carries out an annual review of the performance of each Director, of the Board as a whole and of each Board Committee. In accordance with the policy adopted by the Board and the AIC Code of Corporate Governance, all Directors will retire and submit themselves for re-election annually.

The Board is of the view that, following consideration of the findings of the annual evaluation, all Directors contribute effectively, possess the necessary skills and experience and continue to demonstrate commitment to their roles as Non-Executive Directors of the Company and its future. The Board, having considered the Directors' performance within the annual Board performance evaluation process, hereby recommends that shareholders vote in favour of each Director's proposed re-election. Accordingly, all Directors will retire at the forthcoming AGM, and being eligible, will offer themselves for re-election.

Whilst Calum Thomson will be seeking re-election at the 2024 AGM, he has notified the Company that he will be standing down and resigning as a Director after the 2024 AGM once a suitably qualified successor has been identified.

There were no contracts or arrangements subsisting during the year under review or up to the date of this Report in which any Director is or was materially interested, including with the AIFM, which is or was significant in relation to the Company's business. None of the Directors is entitled to compensation for loss of office on the takeover of the Company.

The Board has access to independent professional advice at the Company's expense where it judges it necessary to discharge its responsibilities properly. The terms and conditions of the Directors' appointments are set out in their letters of appointment, which are available for inspection on request at the registered office of the Company and at the AGM.

Chairman and Senior Independent Director

The Chairman of the Company, Frances Daley, and Senior independent Director of the Company, Nadya Wells are Non-Executive Directors.

Policy on Tenure of Directors

The Board does not believe it would be appropriate to set a specific tenure limit for individual Directors or the Chairman. However, the Board will seek to maintain an average tenure of nine years for all of its Directors, including the Chairman, thus preserving the cumulative valuable experience and understanding of the Company, while benefitting from fresh perspectives and helping to promote diversity.

The Board will be recommending the reappointment of Ms Frances Daley as a Director of the Company at the 2024 AGM. Ms Daley was appointed as a Director of the Company on 29 April 2014 and appointed as Chairman on 16 January 2018. Therefore, if re-elected will, after April 2024, be serving as a Director beyond the nine year recommended period of tenure.

The Board considers that due to the issues now facing the Company it would be in the best interests of the Company and shareholders that Ms Daley remains as a Director and Chairman of the Company [beyond the standard nine-year period].

The Board believes that although Ms Daley will be serving beyond a nine-year period (subject to re-election at the AGM), that Ms Daley remains fully independent.

Report of the Directors
continued

Role and Responsibilities of the Chairman

The Chairman leads the Board and is responsible for its overall effectiveness in directing the affairs of the Company. Key aspects of the Chairman's role and responsibilities are to:

- act with objective judgement;
- promote a culture of openness and debate;
- facilitate constructive Board relations and the effective contribution of all Directors;
- work with the Company Secretary to ensure that all Directors receive accurate and timely information so they can discharge their duties;
- seek regular engagement with the Company's shareholders; and
- act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

The Chairman was independent on appointment and remains independent as set out in the AIC Code.

Role and Responsibilities of the Senior Independent Director
The key elements of the Senior Independent Director's role are to:

- act as a sounding board for the Chairman;
- lead the annual evaluation of the Chairman as part of the annual evaluation process;
- in the event of any major difference of opinion on the direction of the Company, act as an intermediary between the Chairman, other Directors and the Investment Manager; and
- provide a conduit for views of shareholders in the event that the usual channels are not available or not suitable in the circumstances.

Indemnity of Directors and Compensation for Loss of Office
Pursuant to the Articles and the Companies Act, the Directors are indemnified against any liability. There are no other qualifying third-party indemnity provisions in place. In addition, the Company has procured Directors' and Officers' liability insurance. The Company does not have any arrangements in place with any Director that would provide for compensation for loss of office.

Diversity
The Nomination Committee reviewed the Company's Diversity policy in September 2023. The Committee noted the guidance as published by the Financial Conduct Authority (August 2022) in respect of diversity and inclusion. The Board is mindful of the aims of the guidance and will continue to ensure that it hires from a diverse pool of candidates. Selection and appointment at Board level will continue to be based on merit and against objective criteria in the context of the overall balance of skills and background of the Board, and in order to best serve the evolving needs of the Company whilst being mindful of the geographic and ethnic diversity of the investment universe. The Board of Directors of the Company currently comprises three females and two males, and one director is of mixed ethnicity with EMEA region heritage.

Board Diversity Policy

1. Purpose
The Board Diversity Policy (the "Policy") sets out the approach to diversity on the Board of Directors (the "Board") of the Company.

2. Policy Statement
The Board notes the requirements for diversity and inclusion for Company Boards and Executive Management as set out in the Financial Conduct Authority's (FCA) policy statement PS22/3 April 2022. While the Company does not officially fall under these requirements due to size, the Board acknowledges the benefits of greater diversity, including gender and ethnic diversity, and

Report of the Directors

continued

remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the work of the Board. The Board therefore aims to comply with the FCA policies and considers these in relation to the composition of the Board when recruiting Directors and succession planning.

3. Objectives

The Board has in addition established the following objectives for the appointment of Directors to the Board:

- all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and
- recruitment of potential non-executive directors should include diverse candidates of appropriate merit;
- recruitment will be mindful of the geographic diversity of the investment universe of the Company and seek to include candidates with relevant experience in the region.

4. Monitoring and Reporting

The Board reviews this Policy annually and reports on this in the Annual Report and Accounts. The Board will also report annually on the outcome of the Board evaluation, the composition and structure of the Board, as well as any issues and challenges the Board is facing when considering the diverse make-up of the Board.

The Board currently comprises 60% women (requirement 40%), the Chair, Chair of Nomination and Management Engagement Committees, and Senior Independent Director are female and one member of the Board is from a mixed minority ethnic background (that is one of the ethnic background categories recommended by the UK Office for National Statistics, other than a white ethnic group).

Board Independence

The Chairman and all Directors were considered independent of the Investment Manager at the time of their appointment and, in line with the guidelines of the AIC Code of Corporate Governance, all continue to be considered independent.

Share Capital

As at 30 September 2023, the Company's total issued share capital was 15,115,109 Ordinary Shares (30 September 2022: 15,248,408), of which the Company held 3,318,207 Ordinary Shares in treasury. The Ordinary Shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year. All Ordinary Shares repurchased during the year have been or are being cancelled. All of the Company's Ordinary Shares in circulation are listed on the main market of the London Stock Exchange and each Ordinary Share carries one vote.

The rights attached to the Company's Ordinary Shares are set out in the Company's Articles. The Company's Ordinary Shares are freely transferable. However, the Directors' may refuse to register a transfer of Ordinary Shares which are not fully paid nor where the instrument of transfer is not duly stamped or shown to be exempt from stamp duty. The Directors may also decline to register a transfer of an uncertificated share in the circumstances set out in the uncertificated securities rules, and where the number of joint holders to whom the uncertificated shares is to be transferred exceeds four. There are no restrictions on the voting rights of the Company's Ordinary Shares.

Amendments to the Company's Articles and the granting of authority to issue or buy back the Company's shares requires an appropriate resolution to be passed by shareholders.

There are no restrictions on voting for the holders of Ordinary Shares, who are entitled to attend and vote at a shareholders meeting.

Share Issues

At the Annual General Meeting ("AGM") held on 26 January 2023, the Directors were granted authority to allot Ordinary Shares up to an aggregate nominal amount of £118,580 (being 10% of the issued Ordinary Share capital as at the date of publication of the Notice). This authority is due to expire at the Company's forthcoming AGM. The Company has not issued any Ordinary Shares under this authority. Proposals for the renewal of this authority are set out in the notice of AGM.

Report of the Directors

continued

Treasury Shares

Shares bought back by the Company may be held in treasury, from where they could be re-issued at a premium to NAV quickly and cost effectively. This provides the Company with additional flexibility in the management of its capital base. No shares were purchased for treasury during the year or since the year end. The Company holds 3,318,207 Ordinary Shares in treasury.

Purchase of Own Shares

At last year's AGM held on 26 January 2023, the Directors were authorised to make market purchases of up to 14.99% of the Company's Ordinary Shares in issue at that time, amounting to 1,777,518 shares. During the year, the Company bought back 133,299 Ordinary Shares with a nominal value of 0.10 pence per Ordinary Shares, and at a total cost of £694,000 under this authority. A total of 3,318,207 Ordinary Shares are held in treasury, representing 21.95% of the issued share capital at 30 September 2023. This authority is due to expire at the Company's forthcoming AGM. Proposals for the renewal of this authority are set out in the notice of AGM, which is circulated separately to this Report.

Substantial Shareholdings

Information on major interests in shares provided to the Company under the Disclosure, Guidance and Transparency Rules are published via a Regulatory Information Service.

As at the year end the Company had received notification of the following disclosable interests in the voting rights of the Company.

	Year ended 30 September 2023	
Shareholders	**Number of Ordinary Shares notified**	**% Interest in share capital**
City of London Investment Management Company Limited	**3,166,804**	**26.84%**
City of Bradford Metropolitan District Council	**1,111,179**	**9.42%**
Lazard Asset Management LLC, New York, United States of America	**1,096,747**	**9.30%**

Dividends

Details of the Interim dividend paid by the Company during the year and the final dividend as recommended by the Board are set out in the Strategic Report on page 23.

Corporate Governance

The statement of Corporate Governance, as shown on pages 36 to 46, forms part of this report by reference. The Directors have prepared a statement on how the principles and recommendations of the AIC Corporate Governance Code have been applied.

Going Concern

The Directors believe that, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, the Company has adequate resources and an appropriate financial structure in place to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of approval of the financial statements. The assets of the Company are well diversified and consist mainly of securities which are readily realisable. For these reasons, the Directors consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Requirements of the Listing Rules

Listing Rule 9.8.4 requires the Company to disclose specific information in a single identifiable section of the Annual Report. The Directors confirm that there are no disclosures to be made under the Listing Rule 9.8.4.

Report of the Directors
continued

Streamlined Energy and Carbon Reporting ("SECR") statement: greenhouse gas ("GHG") emissions and energy consumption disclosure

The Company has no employees or property and it does not combust any fuel or operate any facility. It does not, therefore, have any greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

The Company has zero emissions associated or attributed to the Company and no underlying global energy consumption. Accordingly, there are no energy efficiency action measures taken over the reporting year.

Conflict of Interest

The Articles provide that the Directors may authorise any actual or potential conflict of interest that may arise, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and, in such circumstances, they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. The Directors are satisfied that this procedure is adequate.

Companies Act 2006 (the "Act") Disclosures

In accordance with Section 992 of the Act, the Directors disclose the following information:

- the Company's capital structure and voting rights are summarised on pages 32 and 33, and there are no restrictions on voting rights nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- details of the substantial shareholders in the Company are listed on page 33;
- the Company does not have an employees' share scheme;
- the rules concerning the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's Ordinary Shares are contained in the Articles of Association of the Company and the Act;
- there are no agreements to which the Company is party to that may affect its control following a takeover bid; and
- there are no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid.

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply. Notwithstanding, the Investment Manager takes into account these considerations when making investment decisions and determines its voting instructions at investee company meetings accordingly.

Further details are set out on pages 18 to 19.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 13 to the Financial Statements.

Report of the Directors
continued

Auditor
The Company's Auditor, BDO LLP, has indicated its willingness to continue in office. The Audit Committee has responsibility for making a recommendation to the Board on the re-appointment of the Independent Auditors. Resolutions for the re-appointment of BDO LLP and to authorise the Board to determine its remuneration will be proposed at the AGM.

Audit Information
The Directors who held office at the date of approval of this Report confirm that, so far as they are aware, there is no relevant information which the Company's Auditor is unaware. Each Director has taken all reasonable steps that she or he ought to have taken as a Director to make herself or himself aware of any relevant audit information and to establish that the Company' Auditor is aware of that information.

Annual General Meeting
The AGM will be held on Thursday, 25 January 2024 at 10:00 a.m. The formal notice of the AGM will be provided to shareholders under a separate cover. Separate resolutions are proposed for each substantive issue, and a full explanation of the resolutions being proposed at the AGM may be found in the Notice.

The Board considers that all the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that you vote in favour of them, as those Directors (Frances Daley, Calum Thomson and Vivien Gould) who hold Ordinary Shares in the Company intend to do so.

Review of the Year
A review of the year and the outlook for the forthcoming year can be found in the Strategic Report and Investment Manager's Report.

The Board has considered this Report and Financial Statements. The Board has concluded that as a whole, the Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Link Company Matters Limited
Secretary
7 December 2023

Statement of Corporate Governance

Background

The UK Listing Rules require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the Financial Reporting Council ("FRC") in July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The related Code of Corporate Governance (the "AIC Code") issued by the Association of the Investment Companies ("AIC") in February 2019 addresses all the principles set out in the UK Code as well as providing specific corporate governance guidelines to investment companies. The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the FCA. The AIC Code can be viewed at www.theaic.co.uk.

Compliance

Throughout the year ended 30 September 2023, the Company complied with the principles and provisions of the AIC Code which incorporates the UK Code, except as set out below. The Board attaches great importance to the matters set out in the Code and strives to observe its principles. Accordingly, the table on the following pages reports on compliance with the recommendations of the AIC Code.

It should be noted that, as an investment trust, all of the Directors are non-executive and the Company's day-to-day responsibilities are delegated to third parties. Consequently, the Company has not reported on those provisions of the UK Code relating to the role of the chief executive or executive remuneration. The Board does not have a separate Remuneration Committee and considers there to be no need for an internal audit function. For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations and as such the Directors do not determine the need for an internal audit function to be practicable or necessary. The Company has therefore nothing to report in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of 18 principles and 42 provisions over five sections covering:

- Board Leadership and Purpose;
- Division of Responsibilities;
- Composition, Succession and Evaluation;
- Audit, Risk and Internal Control; and
- Remuneration.

The Board's Corporate Governance Statement sets out how the Company complies with the provisions of the AIC Code.

AIC Code Principle		Compliance Statement
A.	A successful company is led by an effective Board, whose role is to promote the long term sustainable success of the Company, generating value for shareholders and contributing to wider society.	Members of the Board are fully engaged and bring diverse skills to the table fostering healthy debate. The investment objective is to achieve growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) markets. In managing the Company, the aim of the Board and of the Investment Manager is to ensure the long-term sustainable success of the Company and, therefore, the likely long-term consequences of any decision are a key consideration. As part of this, the opportunities and risks faced by the business are considered, monitored and assessed on a regular basis, both in terms of potential and emerging risks that the business may face. More detail regarding the principal risks and uncertainties and the sustainability of the business model can be found in the Strategic Report on pages 9 to 11.

Statement of Corporate Governance
continued

AIC Code Principle		Compliance Statement
B.	The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	The purpose of the Company is also the investment objective, which is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) markets. The Company also seeks to provide shareholders with an attractive level of income from a diversified portfolio of investments designed to outperform the Benchmark in sterling terms. The Board assesses and monitors its own culture as part of the annual Board evaluation process, including its policies, practices and behaviour to ensure that it is appropriately aligned to the Company's activities. The Board has defined its culture and values. It has also agreed behaviours and attributes that promote the culture and values. The Board also monitors the culture of the Investment Manager to satisfy itself that the Investment Manager's culture is aligned with the Company's purpose, values and strategy. As detailed on pages 18 to 19, the Investment Manager takes ESG factors into consideration as part of the investment process.
C.	The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	The Directors regularly consider the Company's financial position in the context of its business model, the balance sheet and cash flow projections. The Board and the Management Engagement Committee regularly review the performance of the Company and the performance and resources of the Investment Manager and its other key service providers to ensure that the Company can continue to meet its objectives. The Audit Committee is responsible for assessing and managing risks and further information about how this is undertaken can be found in the Audit Committee Report on pages 51 to 55.
D.	In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	The Board understands its responsibilities to shareholders and stakeholders and considers any views and expressed opinions of all such parties when making any decisions. The Board considers that, other than shareholders, other key stakeholders are third-party providers, the Investment Manager and its investee companies. On page 24, the Board describes its key stakeholders, the reason they are important and how the Board seeks to gain an understanding of their interests and engage with them. The Management Engagement Committee reviews annually the performance of the Investment Manager and the Company's other third-party service providers including the performance, level and structure of fees payable and the length of notice period, to ensure that the service providers remain competitive and the agreed arrangements are in the best interests of shareholders. The Board considers the impact any decision will have on all relevant stakeholders to ensure that they are making a decision that promotes the long-term success of the Company, whether this be in relation to dividends, new investment opportunities, potential future fundraisings etc. In addition, the Directors welcome the views of all shareholders and place considerable importance on communications with them. Any substantive communications regarding any major corporate issues would be discussed by the Board taking into account representations from the Investment Manager, the Auditor, Legal Adviser, Corporate Broker and Company Secretary.

Statement of Corporate Governance

continued

AIC Code Principle		Compliance Statement
F.	The chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive Board relations and the effective contribution of all Non-Executive Directors, and ensures that Directors receive accurate, timely and clear information.	There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers. The Chairman is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chairman ensures that all Directors receive accurate, timely and clear information and promotes a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chairman also takes a leading role in seeking to ensure effective communications with shareholders and other stakeholders. Further details on the Company's engagement with shareholders and other stakeholders can be found in the S.172(1) Statement set out on pages 24 to 27. The Board meets regularly throughout the year and representatives of the Investment Manager are in attendance, when appropriate, at each meeting and most Committee meetings. The Board has agreed a schedule of matters specifically reserved for decision by the Board. Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's activities to all relevant management, financial and regulatory information. The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether she has performed her role effectively. This year's evaluation was led by the SID, taking into account feedback from the Directors. The document setting out the roles of the Chairman and Senior Independent Director is available on the Company's website. This review concluded that the Chairman continues to make a significant contribution, and devotes sufficient time, to the affairs of the Company and continues to display excellent leadership, supporting the effective functioning of the Board. The Senior Independent Director acts as a sounding board for the Chairman, and provides a channel for any shareholders concerns regarding the Chairman.
G.	The Board should consist of an appropriate combination of Directors (and, in particular, independent Non-Executive Directors) such that no one individual or small group of individuals dominates the Board's decision making.	All of the Directors are non-executive and independent of the Investment Manager and the other service providers. The Chairman, Frances Daley, was independent of the Investment Manager at the time of her appointment and remains so. Each Director is not a Director of another investment company managed by the Company's Investment Manager, nor has any Board member been an employee of the Investment Manager or any of its service providers. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Nomination Committee considers the composition of the Board as well as the longer-term succession plans for the Board.

Statement of Corporate Governance
continued

AIC Code Principle		Compliance Statement
H.	Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold third-party service providers to account	As part of the Board evaluation process, the contributions of each Director, as well as the time commitments made by each Board member are considered and reviewed. Directors' other commitments are regularly reviewed and any new appointments are considered by the other Directors to ensure there is no conflict of interest or risk of overboarding. Following the Board evaluation, it was concluded that each Director provided appropriate levels of challenge and provided the Company and the Investment Manager with guidance and advice when required. The Management Engagement Committee reviews the performance and cost of the Company's third-party service providers on an annual basis. More information regarding the work of the Management Engagement Committee can be found on page 47.
I.	The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.	The Board's responsibilities are set out in the Schedule of Matters Reserved for the Board and certain responsibilities are delegated to its committees, so that it can operate effectively and efficiently. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The Directors also have access to independent advisers as and when required.
J.	Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.	The Board has established a Nomination Committee, comprising the whole Board. This Committee will lead the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession plans. More information regarding the work of the Nomination Committee can be found on pages 49 and 50. No new Directors were appointed in the year under review. The Board, while noting the requirements for diversity and inclusion for Company Boards and Executive Management as set out in the FCA's policy statement, has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established: • all Board appointments will be made on merit, in the context of the skills, knowledge and experience that are needed for the Board to be effective; and • long lists of potential Non-Executive Directors should include diverse candidates of appropriate merit. The Company is committed to ensuring that any Board vacancies are filled by the most qualified candidates. The Company's policy on the tenure of Directors also helps guide long-term succession plans and recognises the need and value of progressive refreshing of the Board.

Statement of Corporate Governance

continued

AIC Code Principle		Compliance Statement
K.	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	The Directors' biographical details are set out on pages 28 and 29 of this report. These demonstrate the wide range of skills and experience they bring to the Board. The Directors' skills, experience and knowledge matrix is reviewed as part of the annual evaluation process. When considering new appointments, the Board reviews its skills matrix and seeks to add individuals with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.
L.	Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.	An annual evaluation of the performance of the Board, its committees and individual Directors takes place every year. For the period under review, this was carried out by way of a questionnaire and subsequent discussions. The SID led the evaluation, which covered the functioning of the Board as a whole, the effectiveness of the Board Committees and the independence and contribution made by each Director. The Nomination Committee receives relevant points arising from the performance evaluation process and then considers the information when making a recommendation to the Board regarding the re-election of a Director. Following this review, the Board is satisfied that the structure, mix of skills and operation of the Board is effective and relevant for the Company and is recommending that shareholders vote in favour of their election at the AGM. More information regarding the proposed re-election of each Director can be found in the Notice of AGM.
M.	The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of external audit functions and satisfy itself on the integrity of financial and narrative statements.	The Audit Committee supports the Board in fulfilling its oversight responsibilities by reviewing the performance of the external Auditor, audit quality, as well as the Auditor's objectivity and independence. The Committee also reviews the integrity and content of the financial statements, including the ongoing viability of the Company. The Audit Committee has put in place a non-audit services policy, which ensures that any work outside the scope of the standard audit work requires prior approval by the Audit Committee. This enables the Committee to ensure that the external Auditors remain fully independent. The Audit Committee carries out a review of the performance of the external Auditor on an annual basis. Feedback from other third parties, including the Investment Manager, is included as part of this assessment to ensure the Audit Committee takes into account the views of different parties who have a close working relationship with the external auditor. Further information regarding the work of the Audit Committee can be found on pages 51 to 55.

Statement of Corporate Governance

continued

AIC Code Principle		Compliance Statement
N.	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	The Audit Committee supports the Board in assessing that the Company accounts present a fair, balanced and understandable assessment of the Company's position and prospects. The Audit Committee has considered the Annual Report and Accounts as a whole and believe the document presents a fair, balanced and understandable assessment of the Company's position and prospects.
O.	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	The work of the Audit Committee supports the Board through its independent oversight of the financial reporting process, including the financial statements, the system of internal control and management of risk, the appointment and ongoing review of the quality of the work and independence of the Company's external Auditor. The Audit Committee reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon. Given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee therefore annually reviews the control systems in operation of the Company's key service providers in so far as they relate to the affairs of the Company. As set out in more detail in the Report of the Audit Committee on pages 51 to 55, the Company has in place a detailed system for assessing the adequacy of those controls. Oversight of the Audit Committee's internal controls is described in more detail in the Audit Committee report on pages 53 and 54.
P.	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success	The Directors are all non-executive and independent of the Investment Manager. They receive fees and no component of any Director's remuneration is subject to performance factors. The Company follows the recommendation of the AIC Code that Non-Executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Company's policy is that the remuneration of Non-Executive Directors should reflect the experience of the Board as a whole and be determined with reference to comparable organisations and appointments. Directors are not eligible for bonuses, share options, long-term incentive schemes or other performance related benefits as the Board does not believe that this is appropriate for Non-Executive Directors. The Remuneration Policy is therefore designed to attract and retain high quality Directors, whilst ensuring that Directors remain focused and incentivised to promote the long-term sustainable success of the Company. Whilst there is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold Ordinary Shares in the Company, the Chairman, Mr Thomson and Ms Gould own Ordinary Shares in the Company, all of which were purchased in the open market and using the Directors' own resources. The details of their shareholdings are set out on page 59. Further information can be found in the Remuneration Report on pages 56 to 60.

Statement of Corporate Governance

continued

AIC Code Principle		Compliance Statement
Q.	A formal and transparent procedure for developing policy remuneration should be established. No Director should be involved in deciding their own remuneration outcome	As the Company has no employees and the Board is comprised wholly of Non-Executive Directors, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole, at its discretion, within an aggregate ceiling as set out in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration. The Remuneration Policy has been developed with reference to the peer group. There is an agreed fee which all Non-Executive Directors receive (irrespective of experience or tenure) and an additional fee for the roles of Audit Committee Chairman and SID. There is also an agreed fee for the role of Chairman. Any changes to the Chairman's fee are considered by the Board as a whole, with the exception of the Chairman who excuses herself from this part of the meeting. The details of the Remuneration Policy and Directors fees can be found on pages 56 to 58.
R.	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances	Any decision with regard to remuneration is taken after considering the performance of the Company and the current market conditions. As there are no performance related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.

The Board

Collectively the Board has the requisite range of business, financial and sector experience which enables it to provide clear and effective leadership and proper stewardship of the Company. None of the Directors has a service contract. However, letters of appointment setting out the terms of their appointment are in place. Directors are not entitled to any compensation for loss of office.

Board Operation

The Directors meet at regular Board meetings, which are scheduled in advance and additional meetings and telephone/video conference meetings are arranged as necessary. Directors' attendance at Board and Committee meetings during the year was as follows:

	Board Meetings		Audit Committee Meetings		Nomination Committee Meetings		Management Engagement Committee Meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Frances Daley	5	5	3	3	1	1	1	1
Vivien Gould	5	5	3	3	1	1	1	1
Christopher Granville	5	5	3	3	1	1	1	1
Calum Thomson	5	4	3	3	1	1	1	1
Nadya Wells	5	5	3	3	1	1	1	1

Ad hoc Board and Committee meetings were held during the year as required.

Statement of Corporate Governance
continued

The Board deals with the Company's affairs, including the consideration of overall strategy, the setting and monitoring of investment policy and the review of investment performance. The AIFM takes decisions as to asset allocation and the purchase and sale of individual investments.

The Board papers circulated before each meeting contain full information on the financial condition of the Company. Key representatives of the AIFM attend most of the Board meetings, enabling Directors to probe further or seek clarification on matters of concern.

Matters specifically reserved for discussion by the full Board have been defined and a procedure has been adopted for the Directors to take independent professional advice if necessary, at the Company's expense.

Election/re-election of Directors
Under the Company's Articles and in accordance with the AIC Code, Directors are required to retire at the first AGM following their appointment. Thereafter, at each AGM all Directors will seek annual re-election.

The Board will be recommending the reappointment of Frances Daley as a Director of the Company at the 2024 Annual General Meeting. Frances Daley was appointed as a Director of the Company in April 2014 and appointed as Chairman in January 2018. Therefore, if re-elected at the forthcoming 2024 AGM will, after April 2024, have served as a Director beyond the nine-year recommended period of tenure.

The Board considers, that due to the strategic issues now facing the Company, it would be in the best interests of the Company and shareholders that Frances Daley remains as a Director and Chairman of the Company beyond the nine-year recommended period of tenure.

Calum Thomson will be seeking re-election at the 2024 AGM; however, Calum has notified the Company that he will be standing down and resigning as a Director after the 2024 AGM once a suitably qualified successor has been identified.

Board Evaluation
The effectiveness of the Board, the Chairman, the Committees and individual Directors during the year was undertaken by way of questionnaires specifically designed to assess the strengths and weaknesses of the Board and its Committees. The questionnaires were completed by each Director and the assessment covered the functioning of the Board as a whole and a similar review of the effectiveness of the Chairman, Board Committees and the individual performance of the Directors.

The questionnaires are also intended to analyse the focus of Board meetings and assess whether they are appropriate, or if any additional information may be required to facilitate Board discussions. The results of the Board evaluation process were reviewed and discussed by the Nomination Committee and Board.

As a result of the evaluation, the Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company. The Board further concluded that the Chairman remained independent and her performance was satisfactory, with strong leadership capability.

The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Board therefore recommends that shareholders vote in favour of each resolution proposing each individual Director's re-election at the forthcoming AGM.

Board Committees
The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board had three Committees in operation during the reporting period, and has delegated certain responsibilities to its Audit Committee, Management

Statement of Corporate Governance

continued

Engagement Committee and its Nomination Committee. The Board has established formal terms of reference for each of the Committees which are available on the Company's website.

The Board believes that the interests of shareholders in an investment trust company are best served by limiting its size so that all Directors are able to participate fully in all the activities of the Board. It is for this reason that the membership of the Audit, Nomination Committee and Management Engagement Committees is the same as that of the Board as a whole. The Board considers that, as it is comprised of independent Non-Executive Directors, it is not necessary to establish a separate Remuneration Committee. Functions normally carried out by a remuneration committee are dealt with by the Board. Each Director abstains from voting on their individual remuneration.

The Directors' Remuneration Policy and Directors' fees are detailed in the Directors' Remuneration Report on pages 56 to 58 respectively.

Audit Committee

The Directors have appointed an Audit Committee consisting of the whole Board which is chaired by Calum Thomson FCA. The Board's view is that the members of the Committee, taken as a whole, have the necessary recent and relevant financial experience and as a whole has competence relevant to the sector in which the Company operates. The Audit Committee reviews audit matters within clearly-defined written terms of reference. The Audit Committee Report can be found on pages 51 to 55.

The Board notes that the AIC Code permits the Chairman of the Board to be a member of the Audit Committee of an investment trust. In recognising the Chairman's experience, the Audit Committee resolved to continue to endorse the Chairman's appointment to the Committee.

Nomination Committee

The Nomination Committee consists of the whole Board and is chaired by Nadya Wells. The Committee meets at least annually and terms of reference are in place which include reviewing the Board's size, structure and diversity, succession planning and training. Possible new Directors are identified against the requirements of the Company's business and the need for a balanced Board. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which notes the requirements for diversity and inclusion for Company Boards and Executive Management as set out in the FCA's policy statement.The Committee acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. External search consultants may be used to ensure that a wide range of candidates can be considered. The Nomination Committee Report can be found on pages 49 to 50.

Management Engagement Committee

The Management Engagement Committee comprises the whole Board, being independent Directors and is chaired by Nadya Wells. The Committee meets at least annually to review the performance of the AIFM and to consider any variance to the terms of the AIFM Agreement and reports its findings to the Board. It also reviews the performance and terms of engagement of the Company's third-party service providers.

The Committee met once during the year under review to consider the performance of the Investment Manager, the Administrator, the Company Secretary and other third-party service providers. Please see page 47 for the considerations of the Committee in reaching its recommendation to the Board about the continuing appointment of the Investment Manager.

Risk Management and Internal Controls

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard shareholders' investment and the Company's assets, maintain proper accounting records and ensure that financial information used

Statement of Corporate Governance

continued

within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

The Board as a whole is primarily responsible for the monitoring and review of risks associated with investment matters and the Audit Committee is primarily responsible for other risks. As the Board has contractually delegated to external parties the investment management, the depositary and custodial services and the day-to-day accounting and company secretarial requirements, the Company relies significantly upon the internal controls operated by those companies.

The Audit Committee has concluded that the Company should not establish its own internal audit function. The Board continues to monitor its system of internal control in order to ensure it operates as intended and the Audit Committee reviews annually whether an internal audit function is required. Alternative investment fund management services are provided by Barings and details of the agreement with the AIFM are given in note 3 to the Financial Statements.

The Depositary is State Street Trustees Limited and the Custodian is State Street Bank & Trust Company. Administration services are provided by Link Alternative Fund Administration Limited. Company Secretarial services are provided by Link Company Matters Limited.

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective by the Board, through the Audit Committee.

The Audit Committee maintains a risk matrix, which identifies the risks to the Company and details the controls in place to mitigate those risks. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. The risk matrix is updated when emerging risks are identified.

As part of the risk review process, regular reports are received from the AIFM on all investment matters including compliance with the investment mandate, the performance of the portfolio compared with the Benchmark and compliance with investment trust status requirements.

Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each material third-party is requested to provide a copy of their report on internal controls each year, which is reviewed by the Audit Committee.

These processes were in place during the year and was in place at the date of the signing of this Report. The principal risks that have been identified by the Board are set out on pages 9 to 11.

Corporate Governance and Voting Policy

The Company delegates responsibility for voting in respect of its investee companies to its AIFM. The AIFM have in turn delegated this responsibility to the Investment Manager.

The Investment Manager engages a proxy voting service provider ("Service Provider") responsible for processing and maintaining records of proxy votes. In addition, the Service Provider will retain the services of an independent third-party research provider ("Research Provider") to provide research and recommendations on proxies.

The Investment Manager recognises that there may be times when it is in the best interests to vote in whole or in part against the Research Provider's recommendations or Guidelines. If in such case the Investment Manager wishes to vote against the Research Provider's recommendations or Guidelines, the documented rationale must be submitted to the appropriate governance group at the Investment Manager for approval.

The Investment Manager retains the right not to vote a proxy in certain circumstances as follows:

- the cost of voting a proxy for a foreign security outweighs the expected benefit, so long as refraining from voting does not materially harm the Company;

Statement of Corporate Governance

continued

- the Investment Manager is not given enough time to process the vote (i.e. receives a meeting notice and proxy from the issuer too late to permit voting);
- the Company may hold shares on a company's record date, but sells them prior to the investee's meeting date;
- the investee has participated in share blocking, which would prohibit the Investment Manager's ability to trade or loan shares for a period of time;
- the Investment Manager has outstanding sell orders on a particular security and the decision to refrain from voting may be made in order to facilitate such sale; or
- the underlying securities have been lent out pursuant to a security lending program.

This is a non-inclusive list of examples. The Investment Manager will supply the Company with the voting record for the most recent 12-month period ending 30 September 2023 for those proxies it has voted on behalf of the Company.

In the Investment Manager's assessment of the risk factors, prior to making an investment in these classes, the Investment Manager will take into account the corporate governance structure of the company, judging whether the structure could inhibit the delivery of good returns and whether the interests of the management are aligned with those of the investors in the company.

The Investment Manager makes use of an external agency, Institutional Shareholders Services ("ISS"), a recognised authority on proxy voting and corporate governance to assist on voting procedures. ISS gives recommendations which the Investment Manager assess and then votes in accordance with what they believe to be in the best interests of the Company.

On behalf of the Board

Frances Daley
Chairman
7 December 2023

Management Engagement Committee Report

Nadya Wells
Chair of the Management Engagement Committee

I am pleased to present the Management Engagement Committee Report for the year ended 30 September 2023.

Composition and Role of the Management Engagement Committee

The Management Engagement Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. Terms of Reference have been established and agreed by the Board, which are available on the Company's website.

The Committee's primary responsibilities are to:

- monitor and evaluate the Investment Manager's investment performance and compliance with the terms of the AIFM Agreement;
- review the terms of the AIFM Agreement annually to ensure that the terms conform with market and industry practice and remain in the best interests of shareholders and recommend to the Board any variation to its terms which it considers necessary or desirable;
- review and make the appropriate recommendations to the Board as to whether the continuing appointment of the AIFM is in the best interests of the Company and shareholders;
- review the level and method of remuneration of the Investment Manager;
- monitor the appropriateness and compliance of other service providers' terms of their respective agreements;
- review, consider and recommend to the Board any amendments to the terms of the appointment and remuneration of other service providers; and
- consider any points of conflict of interest which may arise between the service providers.

Matters Considered During the Year

The Committee met once during the year under review, to consider the performance and the continuing appointment of the AIFM and, to review the performance of the Company's other third-party service providers. The Committee conducted its annual review of the performance of the Investment Manager, which included consideration of:

- overall performance and performance compared with Benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group;
- marketing support and resources provided to the Company; and
- a review of the Fund Administrator and the Company Secretary of the Company

With respect to the review of the performance of the Company's other third-party service providers, the Committee considered the quality of services provided and the overall value for money. The Committee concluded that the services provided by other service providers were satisfactory and the agreements entered into were operating in the best interests of shareholders.

Continuing Appointment of the Alternative Investment Fund Manager

The Board keeps the performance of the AIFM under continual review. The Committee conducts an annual appraisal of the AIFM's performance and makes a recommendation to the Board about the continuing appointment of the AIFM.

Management Engagement Committee Report

continued

It is the opinion of the Board that the continuing appointment of the AIFM, on the terms agreed, is in the best interests of shareholders as a whole. The Board is of the view that the AIFM has managed the portfolio well in accordance with the Board's expectations.

Nadya Wells
Chair of the Management Engagement Committee
7 December 2023

Nomination Committee Report

Nadya Wells
Chair of the Nomination Committee

I am pleased to present the Nomination Committee Report for the year ended 30 September 2023.

Composition and Role of the Nomination Committee

The Nomination Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. Terms of Reference have been established and agreed by the Board, which are available on the Company's website.

The primary responsibilities of the Committee are:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- to give full consideration to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- to review the results of the Board performance evaluation process that relate to the composition of the Board; and
- to review annually the time required from Non-Executive Directors.

The Committee is cognisant of the link between succession planning, strategy and the culture of the Company, and the role in which it plays.

In considering succession planning, the Committee reviews the matrix setting out the skills and competencies of the Board. It undertakes a proactive process of planning, review and assessment, considering the strategic priorities and main factors affecting the long-term success and future of the Company and the associated diversity, skill sets and breadth of perspectives needed on the Board. Suitably qualified external search consultants assist in the search process for all new Board appointees.

Activities During the Year

Effective succession planning is important for the long-term success of the Company. The Committee keeps the composition of the Board under review to monitor the continuing independence of the Non-Executive Directors, to identify any gaps in skills or experience so that appropriate training can be arranged, and to inform the succession plan for future Board appointments as new skills needs emerge.

Board Succession

In considering succession planning, the Nomination Committee reviews and updates annually the matrix setting out the necessary skills and competencies of the Board. It undertakes a proactive process of planning, review and assessment, considering the strategic priorities and main factors affecting the long-term success and future of the Company and the associated diversity, skill sets and breadth of perspectives needed on the Board. We are mindful of the evolving strategic priorities of the Company and seek to hire new Board members who can enhance delivery of the Company's objectives. Suitably qualified external search consultants assist in the search process for all new Board appointees. The Nomination Committee will continue to make recommendations for new appointments to the Board based on merit, with candidates measured against objective criteria and being mindful of the Board's Diversity Policy (included on pages 31 and 32). It will also consider and review the appointment of the Chairman, and the Chairman will be excluded from these discussions.

Nomination Committee Report

continued

Frances Daley, joined the Board as a Director in 2014 and became Chairman in 2018. Therefore, if re-elected (at the 2024 AGM) she will after April 2024, be serving as a Director beyond the nine-year recommended period of tenure. Since the Board continues to consider the strategic options facing the Company, the Nomination Committee considers it in the best interests of the Company to ask Frances to stay on as Chair at this time. We have consulted with the largest shareholders who are in agreement and support this decision. We are therefore recommending Frances for re-election by shareholders at the January 2024 AGM.

Succession Planning

Calum Thomson notified the Board of his wish to retire from the role of Audit Chair to allow time to concentrate on other roles. The Nomination Committee has instigated a recruitment process with external consultancy Cornforth Consulting to nominate a new suitably qualified and experienced Audit Chair to take over these responsibilities. The Board wishes to thank Calum for his contribution to BEMO plc over the years. As previously mentioned, Calum will stand for re-election at the AGM 2024 but is expected to step down once a suitable candidate has been appointed.

The Board has an agreed succession plan for the orderly retirement of existing Directors and a process to identify the skills needed on new appointments. Regular retirement of existing directors will take place in the coming years to allow for refreshment of talent and compliance with the AIC Code and recommendations of the FCA.

During the year, the Committee held two scheduled meetings which were attended by all members of the Committee. The Committee considered the results of the Board evaluation 2023 and also reviewed the Company’s Diversity policy.

The Board, on the recommendation of the Committee, is satisfied that each Non-Executive Director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the Company.

Nadya Wells
Chair of the Nomination Committee
7 December 2023

Audit Committee Report

Calum Thomson
Chair of the Audit Committee

I am pleased to present the Audit Committee Report for the year ended 30 September 2023.

Composition and Role

The Audit Committee, chaired by myself, comprises the entire Board, including the Chairman of the Board. Ms Daley was independent on appointment and the Committee considers it appropriate for her to be a member having regard to her skills, experience and valued contributions, which enhance the overall effectiveness of the Committee.

The Committee members collectively have a broad range of financial, commercial, investment and sector experience. Both Ms Daley and I are qualified Chartered Accountants. I am satisfied that the Committee members, individually and collectively, are independent and appropriately experienced and, that at least one member has recent and relevant financial experience.

Clearly defined Terms of Reference have been established and agreed by the Board, which are available on the Company's website. The primary responsibilities of the Audit Committee are to:

- monitor the integrity of the financial statements, the financial reporting process and the accounting policies of the Company;
- review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides shareholders with sufficient information to assess the Company's position and performance, business model and strategy;
- report to the Board on any significant financial reporting issue and judgements having regard to any matters communicated to it by the Auditor;
- review the effectiveness of the internal control environment of the Company and risk management systems;
- review the Company's risk register, including significant and emerging risks;
- manage the relationship with the Company's external Auditor, including reviewing the Auditor's remuneration, independence and performance and make recommendations to the Board as appropriate;
- review the Auditor's independence and objectivity and the effectiveness and quality of the audit process; and
- regularly review the need for an internal audit function.

The Audit Committee usually meets three times a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Auditor. During the year under review, the Audit Committee met on three occasions, these being scheduled meetings. All members attended these meetings. Please see page 42 for member attendance.

The Audit Committee has direct access to the Company's Auditor, BDO LLP, and representatives of the Auditor attend an Audit Committee meeting at least once a year. The Audit Committee meets with the Auditor once during the year without the presence of the Investment Manager and Administrator.

Audit Committee Report

continued

Significant Matters Considered by the Audit Committee

During its review of the Company's financial statements for the year ended 30 September 2023, the Audit Committee considered the following matters to be significant issues, including those communicated by the Auditor during its review:

Significant Issue	How the issue was addressed
Valuation of the investment portfolio	The Board relies on the Administrator and the Investment Manager to use correct listed prices and seeks comfort in the testing of this process through the internal control statements. This was discussed with the Administrator, Investment Manager and Auditor at the conclusion of the audit of the financial statements. The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the financial statements, on pages 71 to 74. The Investment Manager reviews the valuation of the investments by both the Administrator and Custodian. Actively traded investments are valued using stock exchange prices provided by a third-party vendor. Regular updates are provided to the Audit Committee about the activities and valuations of any unquoted holdings. The Company uses the services of an independent Depositary (State Street) to hold the assets of the Company. The Depositary checks the consistency of its records with those of the Manager on a monthly basis and reports to the Audit Committee. The Investment Manager regularly provides information to the Audit Committee in respect of the liquidity of the portfolio and valuation of Russian stocks which have been valued at zero. During the year, and at the year-end, there were no matters brought to light which called into question that the key controls in this area were not working.
Existence of the investment portfolio	Like all services performed by the Company, the Committee relies on third-party service providers to ensure controls are in place. The Company uses the services of an independent Custodian to hold the assets of the Company. The investment portfolio is reconciled by the Investment Manager to the Custodian's records on a monthly basis. The Investment Manager also reviewed the Custodian's service levels and performance throughout the year and conducted quarterly performance reviews with the Custodian. The Company has also appointed a Depositary whose responsibilities include monitoring the controls operated by the Custodian and overseeing the safekeeping of the Company's assets. The Committee receives regular reports from the Depository, including details on its oversight of the Custodian.
Accuracy of the calculation for any tender conditions; discount and performance	In view of a potential tender offer following the year ending 30 September 2025, the level of discount and performance is calculated by the Administrator. This is also reviewed by the Investment Manager and the Audit Committee.
Risk Matrix	The Committee considered that it was appropriate to include the sanctions regime against Russia and the Company's current inability to trade in Russian securities, as a new risk within the Company's risk management matrix.

Audit Committee Report

continued

Going Concern and Viability

The Committee reviews and assesses the Annual Report and makes recommendations to the Board to confirm that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy and has reported these findings to the Board. This included an assessment and recommendation on whether it was appropriate to prepare the Company's financial statements on a going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to remain viable. The Board's conclusions in this respect are set out in the Going Concern Statement and Long Term Viability statement on pages 33 and 26 respectively.

Other Matters Considered by the Audit Committee in the Year

The Committee also reviewed the key risks of the Company and the internal control framework operating to control risk. The Committee also reviewed the proposed programme for the year-end audit and the subsequent Audit Report of the external Auditor.

In addition to the matters included above the Audit Committee has:

- reviewed the revenue forecast and analyses prepared by the Administrator, in order to make a recommendation on the semi-annual and final dividends;
- agreed the audit plan, including the principal areas of focus and agreed the audit fee with the Auditor;
- reviewed and updated the Company's risk matrix, including assessment of emerging and principal risks facing the Company;
- reviewed the internal controls and risk management systems of the Company and the control reports of its third-party service providers, including those issued by the Company's Administrator, Depositary, Custodian and Investment Manager;
- agreed to seek assistance from the Company's Auditor to examine the measures the Company's Custodian had in place to review the internal controls of the sub-custodians;
- met with the Investment Manager to discuss and challenge the valuation and existence of unquoted and quoted investments and to review the liquidity of the portfolio; and
- considered the recoverability of withholding tax on several of the Company's dividends received, some of which is irrecoverable.

However, such recovery can be difficult in some jurisdictions, and the Company has incurred professional service fees in this area.

At each Audit Committee meeting, the members discussed the emerging risks that may have an impact on the Company. Topics that were considered included the longer-term impact of issues such as the possible tender and the viability of the Company.

Internal Controls and Risk

The Board has ultimate responsibility for the management of risk and the Company's systems of internal control. The Board, through the Audit Committee, has established an ongoing process for identifying, evaluating and managing risks. The Audit Committee has exercised its management of financial, operational and compliance risks and of overall risk by relying on regular reports on performance attribution and other management information provided by the Investment Manager and other third-party suppliers.

The Audit Committee reviews annual reports from the AIFM, the Depositary, the Registrar, Administrator, Investment Manager and the Custodian on their internal controls and their operation. These control reports are designed to provide details of the internal control procedures operated by the relevant entity and typically include a report by an independent reporting accountant. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

Regular risk assessments and reviews of internal controls are undertaken in the context of the Company's overall investment objective. The Board, through the Audit Committee, has identified risk management controls in four key areas: corporate strategy; published information and compliance with laws and regulations; relationships with service providers; and investment and business activities.

Audit Committee Report

continued

In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance; and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed twice a year by the Audit Committee and at other times as necessary. The principal and emerging risks that have been identified by the Board are set out on pages 9 to 11.

The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis. Most functions for the day-to-day management of the Company are sub-contracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each of the third parties is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit Committee, together with letters of comfort confirming that those controls were still in operation at the Company's year-end.

Audit

The Audit Committee requested the Auditor confirm that the treatment of Russian assets still held by the Company was appropriate. No changes were proposed and the assets continue to be valued at zero.

Regulations currently in force require the Company to rotate audit firms after a period of 10 years, which may be extended where audit tenders are carried out or where more than one audit firm is appointed to carry out the audit. BDO LLP was appointed as the Auditor in 2019 following a formal tender process and presented their first report in respect of the 2019 financial year.

The Audit Committee monitors and reviews the effectiveness of the audit process for the Annual Report, including a detailed review of the audit plan at the planning stage and the audit results report on completion of the audit, and make recommendations to the Board on the re- appointment, remuneration and terms of engagement of the Auditor.

The Audit Committee meets at least once a year with the Auditor. The Auditor provides a planning report in advance of the annual audit and a report on the annual audit and its findings. The Audit Committee has an opportunity to discuss any aspect of the Auditor's work and ask questions of the Auditor.

The Committee reviewed and discussed the findings of the FRC's recent 2022 Audit Quality Report on the quality of audits performed by BDO LLP and has satisfied itself that none of the shortcomings as identified in the Audit Quality Report were materially relevant to the audit of the Company.

Independence and Objectivity of the Auditor

BDO LLP has been the auditor to the Company from the 2019 financial year and was appointed following a competitive tender process. The audit partner of the Company has not been rotated since the Auditor's initial appointment. The Committee acknowledges that rotating the Audit Partner provides a fresh perspective on the audit responsibilities for the Company. The Audit Committee regularly considers the need to put the audit out to tender, its fees and independence, together with any matters raised during the audit.

Peter Smith, the current Audit Partner, has served for a tenure of five years and will step down as audit partner after the completion of the audit for 2022/23. The Audit Committee reviews the scope and nature of all proposed non audit services before engagement, to ensure the independence and objectivity of the auditor are safeguarded. The Auditor was asked to attest that BDO LLP and the audit team members are independent of the Company. BDO LLP also confirmed that it had not been engaged to provide any non-audit services.

Audit Committee Report

continued

The Audit Committee has reviewed the effectiveness and quality of the Auditor including: independence; the quality of the audit work including the ability to resolve issues in a timely manner, its direct communication with the Company; its cost effectiveness; feedback from the Investment Manager and Administrator; and the quality of people and services. The Auditor has not provided any non-audit services to the Company during the year under review (2022: None).

The Audit Committee has satisfied itself that the Auditor remains independent and objective. The Board concluded, on the recommendation of the Audit Committee, that the Auditor be re-appointed at the forthcoming Annual General Meeting.

Audit Fees and Non-Audit Services

An audit fee of £44,000 (exclusive of VAT) has been agreed in respect of the audit for the year ended 30 September 2023 (2022: £40,000).

All proposed non-audit services must be notified to the Audit Committee, which considers any such proposal before engagement in order to maintain auditor independence and objectivity. No non-audit fees were paid to BDO LLP in the year.

Tax Services

The Company has appointed KPMG LLP to provide certain tax compliance services.

Internal Audit

The Audit Committee has determined that there is no need for an internal audit function as it delegates most of its operations to third parties and does not employ any staff. The Audit Committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the controls which exist within its third-party providers.

The Company does not have a whistleblowing policy and procedure in place. It delegates its main functions to third-party providers who have such policies in place and the Audit Committee understands that these policies meet the industry standards.

Committee Effectiveness

During the year, the Board carried out an internally facilitated evaluation of its performance and that of its Committees. The evaluation confirmed that the Audit Committee continued to operate at a high standard.

Financial Statements

In finalising the Financial Statements for recommendation to the Board for approval the Committee has concluded that the going concern principle is appropriate. The Audit Committee has also satisfied itself that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Calum Thomson
Chairman of the Audit Committee
7 December 2023

Directors' Remuneration Report

for the year ended 30 September 2023

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 September 2023, which has been prepared in accordance with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The Auditor's opinion is included in the Independent Auditor's Report on pages 62 to 67.

Statement by the Chairman

A key driver of the remuneration policy is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience.

The basis for determining the level of any change in Directors' remuneration in set out in the Directors' Remuneration Policy below.

No discretionary fees have been paid to the Directors during the year and the payment of such fees is expected to only be necessary in exceptional circumstances. Any discretionary fees will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and why it was deemed necessary to pay such additional remuneration.

Remuneration Committee

The Board as a whole fulfils the function of the remuneration committee and considers any change in the Directors' Remuneration Policy. Given the size of the Board, it is not considered appropriate for the Directors to have a separate committee and it has therefore not been established. The Company's Directors are all non-executive and are independent of the Investment Manager. The Company has no employees.

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy"), detailed below, is put to a shareholders' vote at least once every three years and in any year if there is to be a change in Policy. In determining the Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the AIC Code. The appropriateness and relevancy of the Policy is reviewed annually, particularly to ensure that the Policy supports the long-term success of the Company.

Companies are required to ask shareholders to approve the annual remuneration report, which includes the annual remuneration paid to Directors, each year and to formally approve the Directors' Remuneration Policy on a three-yearly basis. Any change to the Directors' Remuneration Policy requires shareholders' approval. The vote on the Directors' Remuneration Report is an advisory vote, whilst the Directors' Remuneration Policy is subject to a binding vote.

A resolution to approve the Policy was proposed and approved by shareholders at the AGM of the Company held on 25 January 2022. A Statement of Voting is on page 59.

This Remuneration Report will be proposed to shareholders at the forthcoming AGM.

Current Policy

The Board's policy is that the remuneration of Directors should be fair and reasonable in relation to that of other comparable investment companies and be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board. Remuneration levels should properly reflect time incurred and responsibility undertaken. Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum limit currently dictated by the Company's Articles of Association is £250,000 in aggregate per annum. Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company.

Directors' Remuneration Report

continued

Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at board and general meetings and committee meetings. Also, the Directors may, in the furtherance of their duties, take legal advice at the Company's expense, having first consulted with the Chairman.

Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. There are no agreements between the Company and its Directors concerning compensation for loss of office. The same principles will apply to any new appointments.

The Directors' fees are subject to regular review by the Board having regard to the above factors. The Company's Articles also provide that additional discretionary payments can be made for services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director.

Component Parts of the Directors' Remuneration

	Year ended 30 September 2023	Year ended 30 September 2022
	£	£
Chairman's base fee	**38,000**	38,000
Non-executive Director base fee	**28,000**	28,000
Additional fee for the Chairman of the Audit Committee	**3,500**	3,500
Additional fee for the Senior Independent Director	**1,000**	1,000

It is the Company's policy that the Chairman, the Chairman of the Audit Committee and Senior Independent Director be paid higher fees to reflect their more additional responsibilities.

Implementation of the Policy

The determination of the level of fees paid to Directors, which are reviewed on a periodic basis, is dealt with by the whole Board as it is not considered appropriate for the Company to have a separate Remuneration Committee as all the Directors are Non-Executive. It is therefore practice for the Board as a whole to approve Director's remuneration, at its discretion, within an aggregate limit of £250,000 per annum as stipulated in the Company's Articles of Association. Each Director abstains from voting on their own individual remuneration.

As the Company has no Chief Executive Officer and no employees, and the Board is comprised solely of Non-Executive Directors, we have not therefore reported on those aspects of remuneration that relate to executive Directors. There is also no consultation of employees required, and there is no employee comparative data to provide, in relation to the setting of the Policy.

Since the year end, the Board carried out a review of the level of fees in accordance with the current Remuneration Policy. Directors' fees were last increased in October 2021. Following the Board's annual review of Directors' fees against those of the Company's peer group and the average for similar-sized investment trusts, it was concluded that there would be no increase in Directors' fees at present.

No advice or services were provided by any external agencies or third parties.

There will be no significant change in the way the Policy will be implemented in the course of the next financial year.

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Director's Remuneration Policy and in the annual review of Directors' fees.

Directors' Remuneration Report

continued

Directors' Emoluments for the Year (audited)

The Directors who served during the year received the following emoluments:

	Year ended 30 September 2023			Year ended 30 September 2022			
	Fees	Expenses*	Total	Fees	Expenses	Total	
	£	£	£	£	£	£	% Change
Frances Daley	**38,000**	**—**	**38,000**	38,000	—	38,000	**0.00%**
Vivien Gould	**28,000**	**588**	**28,588**	28,000	643	28,643	**0.00%**
Christopher Granville	**28,000**	**—**	**28,000**	28,000	—	28,000	**0.00%**
Calum Thomson	**31,500**	**—**	**31,500**	31,500	—	31,500	**0.00%**
Nadya Wells	**29,000**	**1,376**	**30,376**	29,000	1,247	30,247	**0.00%**
Total	**154,500**	**1,964**	**156,464**	154,500	1,890	156,390	**0.00%**

**The Directors are entitled to claim travel expenses to meetings.*

Fees for any new Director appointed will be made in accordance with the Remuneration Policy. Fees payable in respect of subsequent years will be determined following an annual review.

Percentage increase in Remuneration

Over previous years, Directors' pay has increased as set out below:

	From 2022 to 2023	From 2021 to 2022	From 2020 to 2021	Over 5 years to 2023
	% Change	% Change	% Change	% Change
Frances Daley	**0.0%**	5.3%	2.1%	15.2%
Vivien Gould	**0.0%**	3.6%	1.9%	12.0%
Christopher Granville	**0.0%**	3.6%	1.9%	12.0%
Calum Thomson*	**0.0%**	4.8%	2.1%	14.5%
Nadya Wells**	**0.0%**	3.4%	2.7%	16.0%

Fees for Directors who were appointed or resigned during the year were calculated on a pro rata basis in order to provide a meaningful figure.

**Calum Thomson is the Audit Committee Chairman and received an additional fee for this function.*

***Nadya Wells is the Senior Independent Director and received an additional fee for this function.*

Directors' Beneficial Shareholdings (Audited)

There is no requirement under the Company's Articles or the terms of appointment for Directors to hold shares in the Company.

The beneficial interests of the Directors and any persons closely associated in the shares of the Company are set out in the following table:

Directors' Remuneration Report

continued

		At 30 September 2023
Director	**Number of Ordinary Shares**	**% Interest in Share Capital**
Frances Daley	**6,000**	**0.039**
Vivien Gould	**3,250**	**0.021**
Christopher Granville	**—**	**—**
Calum Thomson	**7,072**	**0.046**
Nadya Wells	**—**	**—**

There have been no changes to the number of Ordinary Shares held by the Directors since the year-end and the date of this Report. There is no requirement under the Company's Articles or the terms of appointment for Directors to hold Ordinary Shares in the Company.

Relative Importance of Spend on Pay

The following table compares the remuneration paid to the Directors with aggregate distributions to shareholders in the year to 30 September 2023 and the prior year. This disclosure is a statutory requirement.

	Year ended 30 September 2023	Year ended 30 September 2022	
	£'000	£'000	**% Change**
Aggregate shareholders distributions in respect of the year	**2,021**	2,043	**-1.1%**
Aggregate share buybacks	**694**	715	**-2.9%**

Statement of Voting at the Annual General Meeting

The Directors' Remuneration Policy was approved at the AGM of the Company held on 25 January 2022 and the Directors' Remuneration Report for the year ended 30 September 2022 was approved by shareholders at the AGM held on 26 January 2023.

This resolution for the approval of the Remuneration Report was passed on a poll. The results of which are as follows:

REMUNERATION REPORT	Number of Votes	% of Votes Cast
For	**6,197,615**	**99.89**
Against	**6,892**	**0.11**
At Chairman's discretion	**—**	**—**
Total votes cast	**6,208,690**	**—**
Withheld	**4,183**	**—**

This resolution for the approval of the remuneration policy was passed on a show of hands. The votes cast were as follows:

REMUNERATION POLICY	Number of Votes	% of Votes Cast
For	**5,968,208**	**99.67**
Against	**19,807**	**0.33**
At Chairman's discretion	**2,250**	**—**
Total votes cast	**5,990,828**	**—**
Withheld	**563**	**—**

Directors' Remuneration Report

continued

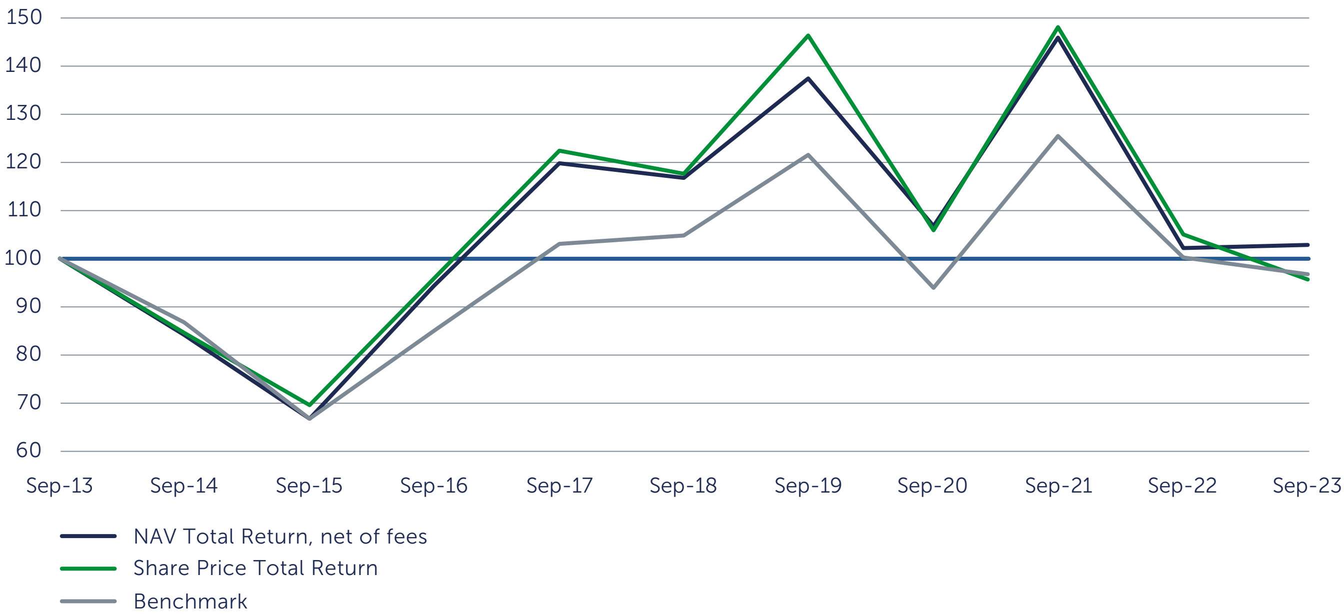
Directors' Service Contracts

No Director has a service contract with the Company. Each Director has entered into terms of appointment as a Non-Executive Director of the Company. There are no agreements between the Company and its Directors concerning compensation for loss of office. The terms of their appointment provide that Directors shall retire and be subject to election at the first AGM after their appointment. Thereafter, they will be subject to annual re-election. Compensation will not be made for loss of office.

Share Price Performance (not audited)

The following graph compares the share price and NAV performance against the Benchmark:

Ten Year Performance Versus Benchmark (not audited)



Approval

The Directors Remuneration Report was approved by the Board of Directors on 7 December 2023.

For and on behalf of the Board

Frances Daley
Chairman
7 December 2023

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with applicable UK Accounting Standards subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- prepare a Director's report, a strategic report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Website publication

The Financial Statements are published on the Company's website: www.bemoplc.com, which is maintained by the Investment Manager. The maintenance and integrity of the website maintained by the Investment Manager is, so far as it relates to the Company, the responsibility of the Investment Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the financial statements have been prepared in accordance with applicable UK Accounting Standards and give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.

For and on behalf of the Board

Frances Daley
Chairman
7 December 2023

Independent Auditor's Report

to the members of Barings Emerging EMEA Opportunities PLC

Opinion on the financial statements

In our opinion the financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Barings Emerging EMEA Opportunities PLC (the 'Company') for the year ended 30 September 2023 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including financial reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the directors on 14 June 2019 to audit the financial statements for the year ended 30 September 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is five years, covering the years ending 30 September 2019 to 30 September 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Director's method of assessing going concern in light of market volatility and present uncertainties including the war in Ukraine;
- Assessing the appropriateness of the Directors' assumptions and judgements made in their base case and stress tested forecasts including consideration of the available cash resources, including liquidity of the portfolio, relative to forecast expenditure and commitments;
- Checking the accuracy of historical forecasting by agreeing to actual results; and
- Calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report

continued

Overview

KEY AUDIT MATTERS	Valuation and Ownership of Investments	2023 ☑	2022 ☑
MATERIALITY	£728,000 (2022:£750,000) based on 1% (2022: 1%) of net assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

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

KEY AUDIT MATTER		How the scope of our audit addressed the key audit matter
Valuation and ownership of investments (Notes 1 and 8)	*The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss, and valued at £nil in the case of Companies listed on a Russian exchange.* *We considered the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the Company.*	We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures: • Confirmed the year end bid price used by agreeing to externally quoted prices and for all investments, assessed if there were contra indicators, such as liquidity considerations, to suggest that bid price is not the most appropriate indication of fair value. • Obtained direct confirmation from the custodian regarding the ownership all of investments held at the balance sheet date. • Checked that Companies listed on a Russian exchange are valued at £nil in the accounts at year-end. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standards. **Key observations:** Based on our procedures performed we did not identify any matters to suggest that the valuation and ownership of investments was inappropriate.

Independent Auditor's Report

continued

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	COMPANY FINANCIAL STATEMENTS	
	2023 £'000	2022 £'000
Materiality	**728**	750
Basis for determining materiality	**1 % of Net assets**	1% of Net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is considered to be the key measure of performance for users of the financial statements.	
Performance materiality	**546**	570
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the level of transactions in the year and significant areas subject to estimation together with our assessment of the Company overall control environment, the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

Ongoing costs and revenue returns are considerably smaller in magnitude compared to the balance sheet items. To avoid excluding these areas from the audit scope, we therefore performed our testing over these areas based on a lower threshold of £185,000 (2022: £250,000) set at 10% (2022: 10%) of revenue return before tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £36,000 (2022: £12,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report

continued

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 53; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 26 and 27.
Other Code provisions	• The Directors' statement on fair, balanced and understandable set out on page 55; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 9 to 11; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 53 and 54; and • The section describing the work of the audit committee set out on pages 51 to 55.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Independent Auditor's Report
continued

Responsibilities of Directors
As explained more fully in the Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations
Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with Key Service Providers and those charged with governance; and
- Obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be Companies Act 2006, the FCA listing and DTR rules, the principles of the AIC Code of Corporate Governance, industry practice represented by the AIC SORP, the applicable accounting framework, and the Company's qualification as an Investment Trust under UK tax legislation as any non-compliance of this would lead to the Company losing various deductions and exemptions from corporation tax.

Our procedures in respect of the above included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations; and
- Reviewing the calculation in relation to Investment Trust compliance to check that the Company was meeting its requirements to retain its Investment Trust status.

Fraud
We assessed the susceptibility of the financial statement to material misstatement including fraud.

Independent Auditor's Report

continued

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- To mitigate risk of management override of controls, we reviewed and considered the appropriateness of year end Journals made in the preparation of the financial statements; and
- To include an element of unpredictability we tested a sample of low value Items, our audit procedures also included consideration of the appropriateness of the allocation of returns generated between revenue and capital, including identifying and assessing the accounting treatment of relatively high yielding dividends received.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

7 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income Statement

for the year ended 30 September 2023

		Year ended 30 September 2023			Year ended 30 September 2022		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses) on investments held at fair value through profit or loss	8	**—**	**(1,065)**	**(1,065)**	—	(34,402)	(34,402)
Foreign exchange (losses)/gains	2	**—**	**(54)**	**(54)**	—	190	190
Income	2	**2,617**	**—**	**2,617**	3,440	—	3,440
Investment management fee	3	**(109)**	**(438)**	**(547)**	(133)	(533)	(666)
Other expenses	4	**(652)**	**—**	**(652)**	(790)	(1)	(791)
Return on ordinary activities before taxation		**1,856**	**(1,557)**	**299**	2,517	(34,746)	(32,229)
Taxation	5	**(130)**	**—**	**(130)**	(503)	—	(503)
Return for the year		**1,726**	**(1,557)**	**169**	2,014	(34,746)	(32,732)
Return per ordinary share	3	**14.59p**	**(13.16p)**	**1.43p**	16.77p	(289.37p)	(272.60p)

The total column of this statement is the income statement of the Company.

The supplementary revenue and capital columns are both prepared under the guidance published by the AIC.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

There is no other comprehensive income and therefore the return for the year is also the total comprehensive income for the year.

The notes on pages 71 to 84 form part of these financial statements.

Statement of Financial Position

as at 30 September 2023

	Notes	At 30 September 2023 £'000	At 30 September 2022 £'000
Fixed assets			
Investments at fair value through profit or loss	8	**68,711**	75,059
Current assets			
Debtors	9	**397**	467
Cash and cash equivalents		**3,964**	233
		4,361	700
Current liabilities			
Creditors: amounts falling due within one year	10	**(210)**	(351)
Net current assets		**4,151**	349
Net assets		**72,862**	75,408
Capital and reserves			
Called-up share capital	11	**1,512**	1,525
Capital redemption reserve		**3,276**	3,263
Share premium		**1,411**	1,411
Capital reserve		**64,767**	67,018
Revenue reserve		**1,896**	2,191
Total equity		**72,862**	75,408
Net asset value per share	12	**617.63p**	632.08p
Number of shares in issue excluding treasury		**11,796,902**	11,930,201

The Financial Statements on pages 68 to 70 were approved and authorised for issue by the Board of Barings Emerging EMEA Opportunities PLC on 7 December 2023 and were signed on its behalf by:

Frances Daley
Chairman

Company registration number: 04560726

The notes on pages 71 to 84 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 September 2023

	Called-up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 September 2023						
Opening balance as at 1 October 2022	**1,525**	**3,263**	**1,411**	**67,018**	**2,191**	**75,408**
Return for the year	**—**	**—**	**—**	**(1,557)**	**1,726**	**169**
Contributions by and distributions to shareholders:						
Repurchase of Ordinary Shares	**(13)**	**13**	**—**	**(694)**	**—**	**(694)**
Dividends paid	**—**	**—**	**—**	**—**	**(2,021)**	**(2,021)**
Total contributions by and distributions to shareholders:	**(13)**	**13**	**—**	**(694)**	**(2,021)**	**(2,715)**
Balance at 30 September 2023	**1,512**	**3,276**	**1,411**	**64,767**	**1,896**	**72,862**

	Called-up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 September 2022						
Opening balance as at 1 October 2021	1,536	3,252	1,411	102,479	2,220	110,898
Return for the year	—	—	—	(34,746)	2,014	(32,732)
Contributions by and distributions to shareholders:						
Repurchase of Ordinary Shares	(11)	11	—	(715)	—	(715)
Dividends paid	—	—	—	—	(2,043)	(2,043)
Total contributions by and distributions to shareholders:	(11)	11	—	(715)	(2,043)	(2,758)
Balance at 30 September 2022	1,525	3,263	1,411	67,018	2,191	75,408

At 30 September 2023, the distributable reserves of the Company were £66,663,000 which comprise of the revenue reserve £1,896,000 and realised capital reserves of £82,427,000 less unrealised losses of £17,660,000. 2022: distributable reserves of £61,870,000 comprising of revenue reserve of £2,191,000 and realised capital reserves of £61,870,000; the balance consists of £5,147,000 of unrealised gains and is not distributable.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve.

The notes on pages 71 to 84 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2023

1. Accounting policies

Barings Emerging EMEA Opportunities PLC (the "Company") is a company incorporated and registered in England and Wales. The principal activity of the Company is that of an investment trust company within the meaning of Sections 1158/159 of the Corporation Tax Act 2020 and its investment approach is detailed in the Strategic Report.

Basis of preparation

The financial statements are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies, October 2019.

The Company meets the requirements of section 7.1A of FRS 102 and therefore has elected not to present the Statement of Cash Flows for the year ended 30 September 2023.

The policies applied in these financial statements are consistent with those applied in the preceding year.

Going concern

The financial statements have been prepared on a going concern basis and on the basis that approval as an investment trust company will continue to be met.

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date when these financial statements were approved.

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. The Directors also regularly assess the resilience of key third-party service providers, most notably the Investment Manager and Fund Administrator. In making their assessment, the Directors have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, geopolitical events, the war in Ukraine, the ongoing Israel/Palestine conflict, political and economic instability in the UK, supply shortages and inflationary pressures.

The Directors noted that the Company holds a portfolio of liquid listed investments and cash. The Directors are of the view that the Company is able to meet its obligations as and when they fall due. The surplus cash enables the Company to meet any funding requirements and finance future additional investments. The Company is managing the NAV discount to the share price through share buybacks. The impact of buybacks through purchasing shares at a discount to NAV provides additional returns to shareholders as the earnings per share are enhanced through the reduction of share capital. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered severe but plausible downside scenarios including the impact of inflation at 10% and simulated a 50% reduction in NAV during January 2024 with no income or capital growth. The conclusion was that in a severe but plausible scenario the Company could continue to meet its liabilities. Whilst the economic future is uncertain, and the Directors believe that it is possible the Company could experience further reductions in income and/or market value, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

The Directors are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern, having taken into account the liquidity of the Company's investment portfolio and the Company's financial position in respect of its cash flows, borrowing facilities and investment commitments (of which there are none of significance). Therefore, the financial statements have been prepared on the going concern basis.

Segmental reporting

The Directors are of the opinion that the Company is re-engaged in a single segment of business, being the investment business.

Notes to the Financial Statements

continued

1. Accounting policies continued

Significant accounting judgements and estimates

The preparation of the Company's financial statements on occasion requires the Board to make judgements, estimates and assumptions that affect the reported amounts in the primary financial statements and the accompanying disclosures. These assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the current and future periods, depending on the circumstance.

The areas requiring judgement and estimation in the preparation of the financial statements are: recognising and classifying unusual or special dividends received as either revenue or capital in nature; the determination of the carrying value of unquoted investments through profit or loss; recognition of expenses between capital and income; capital expenses and setting of the level of dividends paid and proposed. Russian investments held directly or through other exchanges and associated withholding tax are valued at nil due to being unable to realise value in the securities. The withholding tax deemed recoverable from Russian securities has been provided. Dividends are accounted on a receipts basis and prior years withholding tax has been fully provided. Russian dividends and capital transactions are accounted on a receipts basis and prior years withholding tax has been fully provided. The policies for these are set out in the notes to the Financial Statements.

The Directors do not believe that any significant accounting judgements or estimates have been applied to this set of financial statements, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Investments

Upon initial recognition the investments held by the Company are classified 'at fair value through profit or loss'. All gains and losses are allocated to the capital return within the Income Statement as 'Gains on investments held at fair value through profit or loss'. Also included within this are transaction costs in relation to the purchase or sale of investments. When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments this is deemed to be bid market prices. Fair values for unquoted investments, or for investments for which the market is inactive, or restrictions on realisation, are established by the Directors after discussion with the AIFM using various valuation techniques in accordance with the International Private Equity and Venture Capital (the "IPEV") guidelines. Russian investments held directly or through other exchanges are valued at nil.

Foreign Currency

The Company is required to identify its functional currency, being the currency of the primary economic environment in which the Company operates. The Board, having regard to the Company's share capital and the predominant currency in which its shareholders operate, has determined that Pounds Sterling is the functional currency. Pounds Sterling is also the currency in which the financial statements are presented.

Transactions denominated in currencies other than Pounds Sterling are recorded at the rates of exchange prevailing on the date of the transaction. Items that are denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Any gains or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the capital reserve or the revenue account depending on whether the gain or loss is capital or revenue in nature.

Cash and Cash Equivalents

Cash comprises cash in hand.

Trade Receivables, Prepayments and Other debtors

Trade receivables, prepayments and other debtors are recognised at amortised cost.

Trade Payables and Other creditors

Trade payables and short-term borrowings are measured at amortised cost.

Notes to the Financial Statements
continued

1. Accounting policies continued

Income
Dividends receivable from equity shares are included in revenue return on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital return. Where restrictions apply on dividends and the realisation of cash the dividend recorded upon the receipt of cash.

Overseas dividends are included gross of any withholding tax.

Special dividends are taken to the revenue or capital account depending on their nature. In deciding whether a dividend should be regarded as a capital or revenue receipt, the Board reviews all relevant information as to the sources of the dividend on a case-by-case basis.

Expenses and finance costs
All expenses are accounted for an on an accruals basis. On the basis of the Board's expected long-term split of total returns in the form of capital and revenue and are charged as follows:

- the investment management fee is charged 20% to revenue and 80% to capital;
- any investment performance bonus payable to the AIFM are charged wholly to capital;
- finance costs are charged 20% to revenue and 80% to capital; and
- other expenses are charged wholly to revenue.

Taxation
Current tax is provided at the amounts expected to be paid or recovered.

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is more likely than not that taxable profits will be available against which those timing differences can be utilised.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

Dividends payable to shareholders
Dividends are not recognised in the accounts unless there is an obligation to pay or have been paid.

Capital redemption reserve
The capital redemption reserve represents non-distributable reserves that arise from the purchase and cancellation of Ordinary Shares.

Share premium
The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of the non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

Capital reserve
The following are taken to capital reserve through the capital column of the Income Statement:

Capital reserve — other, forming part of the distributable reserves
- gains and losses on the disposal of investments;
- amortisation of issue of interest bearing bank loans;
- exchange differences of a capital nature;

Notes to the Financial Statements

continued

1. Accounting policies continued

Capital reserve — other, forming part of the distributable reserves continued

- expenses, together with the related taxation effect, allocated to this reserve in accordance with the above policies; and
- distribution of dividends.

Capital reserve — investment holding gains, non-distributable

- increase and decrease in the valuation of investments held at the year end, including provisions.

Revenue reserve

The revenue reserve represents the surplus of accumulated profits and is distributable by way of dividends.

2. Income

	2023 £'000	2022 £'000
Income from investments:		
Listed investments	**2,600**	3,452
Other income:		
Bank interest	**30**	1
Exchange losses on receipt of income	**(13)**	(13)
Total income	**2,617**	3,440

All income stated above is revenue in nature.

3. Investment management fee

Baring Fund Managers Limited has been appointed as the AIFM under an agreement with six months notice by either party. The annual fee of 0.75% is calculated, in accordance with the Investment Management Agreement, on the month end NAV excluding current period revenue and payable monthly. The charge is allocated 20% (2022: 20%) to revenue and 80% (2022: 80%) to capital. There is no performance fee chargeable by the AIFM.

The investment management fee comprises:

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**109**	**438**	**547**	133	533	666

At 30 September 2023, £44,000 (30 September 2022: £146,000) of this fee remained outstanding.

4. Other expenses

	2023 £'000	2022 £'000
Custody and administration expenses	**453**	595
Auditor's fee for:		
— audit	**44**	40
Directors' remuneration	**155**	155
Total expenses	**652**	790

Notes to the Financial Statements

continued

5. Taxation

The taxation assessed for the year is the standard rate of corporation tax aggregated for the financial year of 22% (2022:19%). The differences are explained below:

Current tax charge for the year:

		2023			2022	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Overseas tax not recoverable*	**130**	**—**	**130**	503	—	503
	130	**—**	**130**	503	—	503

**Tax deducted on payment of overseas dividends by local tax authorities.*

Factors affecting the current tax charge for the year

The taxation rate assessed for the year is different from the standard rate of corporation taxation in the UK. The differences are explained below:

		2023			2022	
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	**1,856**	**(1,557)**	**299**	2,517	(34,746)	(32,229)
Return on ordinary activities multiplied by the standard rate of corporation tax of 22% (2022: 19%)	**408**	**(343)**	**65**	478	(6,602)	(6,124)
Effects of:						
Irrecoverable overseas tax	**130**	**—**	**130**	299	—	299
Write off of overseas withholding tax previously treated as recoverable	**—**	**—**	**—**	204	—	204
Losses/(gains) on investments held at fair value through profit and loss not allowable	**—**	**235**	**235**	—	6,536	6,536
Foreign exchange (gain)/loss not taxable/allowable	**3**	**12**	**15**	3	(36)	(33)
Overseas dividends not taxable	**(572)**	**—**	**(572)**	(656)	—	(656)
Disallowable expenses	**—**	**—**	**—**	—	1	1
Management expenses not utilised	**161**	**96**	**257**	175	101	276
Current tax charge for the year	**130**	**—**	**130**	503	—	503

The Company is not liable to tax on capital gains due to its status as an investment trust.

At 30 September 2023, the Company had unrelieved management expenses of £16,897,000 (30 September 2022: £15,728,000) and a non-trade loan relationship deficit of £1,304,000 (30 September 2022: £1,304,000) that are potentially available to offset future taxable revenue. A deferred tax asset of £4,550,000 (30 September 2022: £4,258,000), based on the enacted UK corporation tax rate of 25% that applied from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods that the carried forward tax losses can be utilised against.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an investment trust company.

Notes to the Financial Statements

continued

6. Dividend on Ordinary Shares

	2023 Revenue £'000	2022 Revenue £'000
Amounts recognised as distributions to equity holder in the year:		
Final dividend for the year ended 30 September 2022 of 11p (2022:11p) per Ordinary Share	**1,313**	1,322
Interim dividend for the year ended 30 September 2023 of 6p (2022: 6p) per Ordinary Share	**708**	721
	2,021	2,043

Set out below are the interim and final dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered.

	2023 Revenue £'000	2022 Revenue £'000
Interim dividend for the year ended 30 September 2023 of 6p (2022: 6p) per Ordinary Share	**708**	721
Proposed final dividend for the year ended 30 September 2023 of 11p (2022: 11p) per Ordinary Share	**1,298**	1,304
	2,006	2,025

The dividend proposed in respect of the year ended 30 September 2023 is subject to shareholder approval at the forthcoming Annual General Meeting.

7. Return per Ordinary Share

	Year ended 30 September 2023			Year ended 30 September 2022		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return per Ordinary Share	**14.59p**	**(13.16p)**	**1.41p**	16.77p	(289.37)p	(272.60)p

Revenue return (earnings) per Ordinary Share is based on the net revenue on ordinary activities after taxation of £169,000 (2022: £2,014,000).

Capital return per Ordinary Share is based on net capital loss for the financial year of £1,557,000 (2022: loss £34,746,000). These calculations are based on the weighted average of 11,829,676 (2022: 12,007,165) Ordinary Shares in issue during the year. At 30 September 2023, there were 11,796,902 Ordinary Shares of 10 pence each in issue (2022: 11,930,201) which excludes 3,318,207 Ordinary Shares held in treasury (2022: 3,318,207). The shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year.

Notes to the Financial Statements
continued

8. Investments

Financial assets held at fair value

	30 September 2023 £'000	30 September 2022 £'000
Opening book cost	**90,377**	91,192
Opening investment holding (losses)/gains	**(15,318)**	18,041
Opening fair value	**75,059**	109,233
Movements in year:		
Purchases at cost*	**21,110**	34,583
Sales proceeds*	**(26,393)**	(34,355)
Realised gains/(losses) on equity sales	**1,277**	(1,043)
(Decrease)/increase in investment holding gains	**(2,342)**	(33,359)
Closing fair value	**68,711**	75,059
Closing book cost	**86,371**	90,377
Closing investment holding (losses)/gains	**(17,660)**	(15,318)
Closing fair value	**68,711**	75,059

**Includes transaction costs of £35,000 (2022: £57,000) relating to purchases at cost, £44,000 (2022: £40,000) relating to sales proceeds.*

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Analysis of capital gains/(losses)		
Gains/(losses) on sales of financial assets	**1,277**	(1,043)
Movement in investment holding gains/(losses) for the year	**(2,342)**	(33,359)
Net (losses) on investment	**(1,065)**	(34,402)

The Company sold investments in the year with proceeds of £26,393,000 (2022: £34,355,000). The book cost of these investments when purchased was £25,116,000 (2022: £35,398,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

Notes to the Financial Statements

continued

8. Investments continued

Primary country of investment

	30 September 2023 £'000	30 September 2022 £'000
Saudi Arabia	**19,955**	25,126
South Africa	**16,560**	20,564
United Arab Emirates	**8,736**	8,282
Poland	**5,475**	4,034
Turkey	**4,431**	2,364
Qatar	**4,231**	6,929
Hungary	**3,421**	2,730
Greece	**2,543**	1,568
Kuwait	**2,498**	2,332
Czechia	**677**	1,130
Romania	**184**	—
Russia	**—**	—
Total	**68,711**	75,059

9. Debtors

	2023 £'000	2022 £'000
Prepayments and accrued income	**142**	285
VAT Recoverable	**255**	182
	397	467

The Company received RUB 122,209,000 (£1,025,000) dividend income from Russian securities into restricted Russian bank accounts. The accounts are restricted by the Russian Federation with payments being unable to made externally. The sanctions imposed by the EU, US and UK impose restrictions on the realisation of these funds. Due to the inability to transfer the balances these have been provided for and will be realised on a receipts basis when the cash is able to be returned in accordance with sanction requirements.

10. Creditors

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts due to brokers	**—**	95
Other creditors	**210**	256
	210	351

Notes to the Financial Statements

continued

11. Called-up share capital

	30 September 2023 Number	30 September 2023 £'000	30 September 2022 Number	30 September 2022 £'000
Allotted, issued and fully paid up ordinary shares of 10p each				
Opening balance	**15,248,408**	**1,525**	15,362,987	1,536
Ordinary Shares bought back and cancelled	**(133,299)**	**(13)**	(114,579)	(11)
Total Ordinary Shares in issue	**15,115,109**	**1,512**	15,248,408	1,525
Treasury shares		**3,318,207**	3,318,207	
Total Ordinary Share capital excluding treasury shares		**11,796,902**	11,930,201	

During the year, 133,299 Ordinary Shares were repurchased for cancellation for £694,000 (2022: 114,579 Ordinary Shares were £715,000) representing 1.1% (2022: 1.0%) of shares in circulation at the beginning of the year. The Company holds 3,318,207 Ordinary Shares in treasury which are treated as not being in issue when calculating the number of Ordinary Shares in issue during the year (2022: 3,318,207). Ordinary Shares held in treasury are non¬voting and not eligible for receipt of dividends.

12. Net Asset Value per share

The NAV per Ordinary Share and the NAV attributable at the year end were as follows:

	2023	2022
Total shareholders' funds (£'000)	**72,862**	75,408
Number of shares in issue*	**11,796,902**	11,930,201
NAV (pence per share) (basic and dilutive)	**617.63**	632.08

**Excludes 3,318,207 Ordinary Shares held in treasury (2022: 3,318,207).*

The NAV per share is based on total shareholders' funds above, and on 11,796,902 Ordinary Shares in issue at the year end (2022: 11,930,201 Ordinary Shares in issue) which excludes 3,318,207 Ordinary Shares held in treasury (2022: 3,318,207 Ordinary Shares held in treasury). The Ordinary Shares held in treasury are treated as not being in issue when calculating the NAV per share.

Notes to the Financial Statements

continued

13. Financial Instruments and Capital Disclosures

Investment Objective and Policy

As an investment trust, the Company invests in equities and other investments for the long-term so as to secure its investment objective stated on page 1. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. With effect from 13 November 2020, the Company changed its investment objective and policy. The Objective and Investment Policy are set out on pages 7 and 8.

Risks

The risks identified arising from the financial instruments are market risk (which comprises market price risk, interest rate risk, and currency risk), liquidity risk and credit and counterparty risk. The Board and AIFM consider and review the risks inherent in managing the Company's assets which are detailed below.

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, are set out below and have not changed from the previous accounting period.

The AIFM monitors the Company's exposure to risk and reports to the Board on a regular basis.

Market Risk

Special considerations and risk factors associated with the Company's investments are discussed on pages 9 to 11. Market risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss which the Company might suffer through holding market positions by way of price movements, interest rate movements and exchange rate movements. The Company's AIFM assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

Market Price Risk

Market price risk (i.e. changes in market prices other than those arising from currency risk or interest rate risk) may affect the value of investments.

The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to shareholders. The Company has experienced volatility in the fair value of investments during recent years due to geopolitical events, the ongoing Israel/Palestine conflict, political and economic instability in the UK and inflationary pressures. If the fair value of the Company's investments at the year end increased or decreased by 20% then it would have an impact on the Company's capital return and equity of £13,742,000 (2022: £15,012,000).

The Company has used 20% to demonstrate the impact of a significant reduction/increase in the fair value of the investments and the impact upon the Company that might arise from future significant events.

Notes to the Financial Statements
continued

13. Financial Instruments and Capital Disclosures continued

Currency Risk

The value of the Company's assets and the total return earned by the Company's shareholders can be significantly affected by currency exchange rate movements as most of the Company's assets are denominated in currencies other than Pounds Sterling, the currency in which the Company's financial statements are prepared.

Income denominated in other currencies is converted to Pounds Sterling upon receipt. The Company does not use financial instruments to mitigate the currency exposure. The Company's uninvested cash balances are usually held in US Dollars.

A 10% rise or decline of Pounds Sterling against currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year end would have increased/decreased the net asset value by £7,282,000 (2022: £7,546,000). The Company has experienced volatility in UK exchange rates through the year and maintains current cash in USD .

The country and currency exposure set out below are of the underlying exposure of the investee companies .

	Saudi Arabia	**South Africa**	**UAE**	**Poland**	**Turkey**	**Qatar**	**Hungary**	**Greece**	**Kuwait**	**Czechia**	**Romania**	**United States**	**UK**	**Russia**	**Total**
	SAR	**ZAR**	**AED**	**PLN**	**TRY**	**QAR**	**HUF**	**EUR**	**KWD**	**CZK**	**RON**	**USD**	**GBP**	**RUB**	
2023	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cash	–	–	–	**25**	–	–	–	–	–	–	–	**3,938**	**1**	–	**3,964**
Debtor	**65**	**43**	–	–	–	–	–	–	–	–	–	–	**289**	–	**397**
Creditor	–	–	–	–	–	–	–	–	–	–	–	–	**(210)**	–	**(210)**
Investments	**19,955**	**16,560**	**8,736**	**5,475**	**4,431**	**4,231**	**3,421**	**2,543**	**2,498**	**677**	**184**	–	–	–	**68,711**
Total	**20,020**	**16,603**	**8,736**	**5,500**	**4,431**	**4,231**	**3,421**	**2,543**	**2,498**	**677**	**184**	**3,938**	**80**	–	**72,862**

	Saudi Arabia	South Africa	UAE	Qatar	Poland	Hungary	Turkey	Kuwait	Greece	Czechia	United States	UK	Russia	Total
	SAR	ZAR	AED	QAR	PLN	HUF	TRY	KWD	EUR	CZK	USD	GBP	RUB	
2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	32	–	–	–	–	–	–	–	–	–	200	1	–	233
Debtor	88	22	–	–	152	–	–	–	–	–	–	205	–	467
Creditor	–	–	–	–	–	–	–	–	–	(94)	–	(257)	–	(351)
Investments	25,126	20,564	8,282	6,929	4,034	2,730	2,364	2,332	1,568	1,130	–	–	–	75,059
Total	25,246	20,586	8,282	6,929	4,186	2,730	2,364	2,332	1,568	1,036	200	(51)	–	75,408

Notes to the Financial Statements

continued

13. Financial Instruments and Capital Disclosures continued

Interest Rate Risk

Interest rate movements may affect:

- the level of income receivable /payable on cash deposits

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

At 30 September 2023, the Company's exposure to interest rate movements in respect of its financial assets and financial liabilities consist of:

	2023 Total (within one year) £'000	2022 Total (within one year) £'000
Exposure to floating interest rates:		
Cash at bank	**3,964**	233
	3,964	233

If the above level of cash was maintained for a year, a 1% increase in interest rates would increase the revenue return and net assets by £40,000 (2022: £2,000). The AIFM proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially impact the Company by reducing revenue return by £40,000 (2022: £2,000). The total effect would be a revenue reduction/cost increase of £40,000 (2022: £2,000).

Liquidity risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments, if necessary. The risk is taken into account by the Board when arriving at its valuation of these items.

Liquidity risk is mitigated by the fact that the Company has £3,964,000 (2022: £233,000) cash at bank and the assets are readily realisable. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September 2023, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	2023 £'000	2022 £'000
Amounts falling due within one year		
Amounts due to brokers	**–**	95
Trade creditors, accruals and other creditors	**210**	256
	210	351

Credit Risk

Credit risk is the risk of financial loss to the Company if the contractual party to a financial instrument fails to meet its contractual obligations.

The total credit exposure represents the carrying value of cash and receivable balances totals £4,361,000 (2022: £700,000).

Notes to the Financial Statements

continued

13. Financial Instruments and Capital Disclosures continued

Credit Risk continued

The Company's listed investments are held on its behalf by State Street Bank & Trust Company Limited acting as the Company's Custodian. Bankruptcy or insolvency may cause the Company's rights with respect to securities held by the custodian to be delayed. The Board monitors the Company's risk by reviewing the Custodians internal control reports.

Credit risk is mitigated by diversifying the counterparties through which the AIFM conducts investment transactions. The credit standing of all counterparties is reviewed periodically, with limits set on amounts due from any one counterparty. As at the year end, the cash balances were held with State Street Bank & Trust Company Limited, which holds a Aa1 credit rating. The credit rating is taken from Moody's.

Fair Values of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are carried in the balance sheet as follows: investments at fair value; trade receivables, prepayments and other debtors at amortised cost; and trade payables are measured at amortised cost. Russian investments held directly on the Moscow exchange or through other exchanges are valued at £nil due to being unable to realise value in the securities. Dividends are accounted on a receipts basis and prior years withholding tax has been fully provided.

Valuation of Financial Instruments

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant assets as follows:

Level 1 — valued using quoted prices unadjusted in active markets for identical assets or liabilities.

Level 2 — valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included within Level 1.

Level 3 — valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability.

The tables below set out fair value measurements of financial assets and liabilities in accordance with the fair value hierarchy.

Financial assets at fair value through profit or loss at 30 September 2023:

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**Total 2023 £'000**
Equity investments	**68,711**	**—**	**—**	**68,711**
	68,711	**—**	**—**	**68,711**

Financial assets at fair value through profit or loss at 30 September 2022:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total 2022 £'000
Equity investments	75,059	—	—	75,059
	75,059	—	—	75,059

Notes to the Financial Statements

continued

14. Risk management policies and procedures

Capital Management Policies and Procedures

The structure of the Company's capital is described on page 32 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 70.

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern;
- to achieve capital growth through a focused portfolio of investments; and
- to maximise the return to shareholders while maintaining a capital base to allow the Company to operate effectively and meet obligations as they fall due.

The Board, with the assistance of the AIFM, regularly monitors and reviews the broad structure of the Company's capital on an ongoing basis. These reviews include:

- the level of gearing, which takes account of the Company's position and the Investment Manager's views on the market; and
- the extent to which revenue in excess of that which is required to be distributed, should be retained. The Company's objectives, policies and processes for managing capital are unchanged from last year. The Company is subject to externally imposed capital requirements:
- as a public company, the Company is required to have a minimum share capital of £50,000; and
- in accordance with the provisions of Sections 832 and 833 of the Companies Act 2006, the Company, as an investment company;
- is only able to make a dividend distribution to the extent that the assets of the Company are equal to at least one and a half times its liabilities after the dividend payment has been made; and
- is required to make a dividend distribution each year and to ensure after year that it does not retain more than 15% of the income that it derives from shares and securities.

These policies and procedures are unchanged since last year and the Company has complied with them at all times.

15. Related Party Disclosures and Transactions with the AIFM

Details of the investment management fee charged by the AIFM are set out in note 3. Investment management fees charged in the year were £547,000 (2022: £666,000) of which £44,000 (2022: £46,000) was outstanding at the year end.

The ultimate holding company of the AIFM is Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfeld, MA 01111-0001. Fees paid to the Directors and full details of Directors' interests are disclosed in the Directors' Remuneration Report on pages 56 to 60.

Fees paid to the Company's Directors are disclosed in the Director's Remuneration Report. At the year end, there were no outstanding fees payable to the Directors (2022: £nil).

AIFMD Disclosures

unaudited

The Alternative Investment Fund Manager

Baring Fund Managers Limited (the "AIFM"), authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager, under the Alternative Investment Fund Managers Directive ("AIFMD"), is the appointed AIFM to the Company.

AIFMD Disclosures

Pre-investment Disclosures

The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFD. Those disclosures that are required to be made pre-investment can be found on the Company's website www.bemoplc.com by selecting "Portfolio & Literature" followed by "Literature" and "Corporate Documents". The document is titled "Pre Investment Disclosure".

Leverage Disclosure

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing cash or securities, or leverage embedded in contracts for difference or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the Gross Methodology and the Commitment Methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage ratios of the Company calculated on a Gross Basis was 95% and on a Commitment Basis was 100% as at 30 September 2023.

Remuneration Policy

The Manager's Remuneration Policy ensures the remuneration arrangements, as defined in the FCA's rules for UCITS and AIFs are:

(i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager or the Company; and

(ii) consistent with the Manager's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

The Manager is subject to the FCA's UCITS and AIFM Remuneration Codes (SYSC 19B and 19E) and complies with the remuneration principles in a way and to the extent appropriate to its size and business.

Remuneration Committee

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

The Manager is part of the Barings Europe Limited (UK) group of companies ("Barings") which is governed by the Remuneration Panel and the Barings LLC Human Resources Committee. These bodies ensure the fair and proportionate application of the remuneration rules and ensures that potential conflicts arising from remuneration are managed and mitigated appropriately.

Remuneration Code Staff

The Manager has determined its Remuneration Code Staff as the following:

1. Senior Management

Senior Management comprises the Board of Directors, all SMFs and all members of the European Management Team ("EMT").

All control functions detailed in section 2 below are also senior managers.

2. Control Functions

The Manager's control functions include the Heads of Risk, Compliance, Legal, Operations, Internal Audit, HR and Finance along with other heads of department in the Executive Committee and the Money Laundering Reporting Officer.

AIFMD Disclosures

continued

3. Risk Takers

Risk Takers are defined as the investment managers of the Company. Investment managers do not work for the Manager directly as the Manager delegates portfolio management to BAML. Accordingly, the Manager currently has no risk takers outside of senior management.

BAML is as a MIFIDPRU firm and subject to the Investment Firms Prudential Regime (IFPR) which has equivalent remuneration rules.

4. Employees in the same remuneration bracket as risk takers

The Manager will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profiles of the firm or the Company. Accordingly, the Manager currently has no staff in this category.

5. Staff responsible for heading the investment management, administration, marketing and human resources

To the extent that the Manager's staff fall within this category, they are also control function staff falling within (2) above.

Remuneration Disclosure

The disclosure below details fixed and variable remuneration paid to BFM staff and BFM Remuneration Code Staff (for the financial year end 30 September 2023).

	Number of beneficiaries	Total Remuneration	Total Fixed Remuneration	Total Variable remuneration
Total remuneration paid by BFM in relation to the Company*	**23**	**£33,517**	**£6,319**	**£27,198**
Total Senior Management Remuneration paid by BFM**	**23**	**£645,784**	**£121,751**	**£524,033**
Risk Takers remuneration	**0**	**£0**	**£0**	**£0**
Employees in the same remuneration bracket a risk takers	**0**	**£0**	**£0**	**£0**
Carried interest paid by the Company	**X**	**X**	**X**	**X**

The Manager's Remuneration Policy is reviewed annually both in respect of the general principles it contains and its own implementation. No material changes have been made throughout the year or as a result of the review; no irregularities were identified.

The above disclosures are made in line with Barings' interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops, Barings may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to the Company not being comparable to the disclosures made in the prior year, or in relation to other Barings disclosures in that same year.

Notes:

**The Manager does not make any direct payments to staff, who are paid by other Barings Group entities. Figures shown are apportioned on a Company AUM basis as a proportion of Barings total AUM as at 30 September 2023. Accordingly, the figures are not representative of any individual's actual remuneration.*

***Senior management remuneration is apportioned on the basis of the Manager's total AUM as a proportion of Barings total AUM.*

Variable remuneration consists of Short Term Incentive awards, Long Term Incentive awards and any other variable payments including benefits in kind and discretionary pension awards.

The Company does not pay performance fees.

There has been no award of carry interest in the period.

Glossary

audited

AIFM

The AIFM, or Alternative Investment Fund Manager, is Baring Fund Manager Limited, which manages the portfolio on behalf of the Company's shareholders. The AIFM has delegated the investment management of the portfolio to Baring Asset Management Limited (the "Investment Manager").

Alternative performance measures (APM)

An APM is a numerical measure of the Company's current, historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial framework. In selecting these APMs, the Directors considered the key objectives and expectations of typical investors in an investment trust such as the Company.

Benchmark

The Company's Benchmark is the MSCI Emerging Markets EMEA Index. This index is designed to measure the performance of large and midcap companies across 11 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). This includes, Czechia, Egypt, Greece, Hungary, Kuwait, Poland, Qatar, Saudi Arabia, South Africa, Turkey and United Arab Emirates. With 159 constituents, the index covers approximately 85% of the free float- adjusted market capitalisation in each country.

The Benchmark is an index against which the performance of the Company may be compared. This is an indicative performance measure as the overall investment objectives of the Company differ to the index and the investments of the Company are not aligned to this index.

Prior to 16 November 2020, the Benchmark was the MSCI EM Europe 10/40 Index.

Cumulative performance (APM)

The cumulative performance measures take account of the investment movement and income. The dividends distributed by the Company are deemed to be reinvested in the Company at the prevailing NAV or Share Price for the purpose of the calculation. The calculation for the year is set out in NAV Total Return and Share Price Total Return within the Glossary.

The cumulative performance in the graph on page 2 demonstrates the performance over 5 years commencing from a base point of 100%. With capital growth and income plus dividends reinvested tracks the cumulative performance of NAV, Share Price and Benchmark over the 5 year period.

Discount Control Mechanism

The Discount Control Mechanism relates to targets put in place to reflect shareholders' interest in controlling the discount of the Company's share price to its NAV and in satisfactory returns on the investment portfolio. With effect from 1 October 2020 the Board put in place a mechanism to provide shareholders with a tender offer for up to 25% of the Company's issued Ordinary Share capital if:

(i) the average daily discount of the Company's market share capital to its net asset value ('cum-income') exceeds 12%, as calculated with reference to the trading of the Company's shares for the period between 1 October 2020 and 30 September 2025 (the "Calculation Period"); or

(ii) the performance of the Company's net asset value on a total return basis does not exceed the return of the Company's benchmark by an average of 50 basis points per annum over the Calculation Period.

Discount/Premium (APM)

If the share price is lower than the NAV per share, the shares are trading at a discount. The size of the discount is calculated by subtracting the share price of 483.0p (2022: 548.0p) from the NAV per share of 617.6p (2022: 632.1p) and is usually expressed as a percentage of the NAV per share, 21.8% (2022: 13.3%). If the share price is higher than the NAV per share, it is said to be trading at a premium.

Dividend Pay-out Ratio (APM)

The ratio of the total amount of dividends paid out to shareholders relative to the net income of the company. Calculated by dividing the Dividends Paid by Net Income.

Dividend Reinvested Basis

Applicable to the calculation of return, this calculates the return by taking any dividends generated over the relevant period and reinvesting the proceeds to purchase new shares and compound returns.

Dividend Yield (APM)

The annual dividend expressed as a percentage of the current market price.

EMEA

The definition of EMEA is a shorthand designation meaning Europe, the Middle East and Africa. The acronym is used by institutions and governments, as well as in marketing and business when referring to this region: it is a shorthand way of referencing the two continents (Africa and Europe) and the Middle Eastern sub-continent all at once.

Emerging Markets

An emerging market economy is a developing nation that is becoming more engaged with global markets as it grows. Countries classified as emerging market economies are those with some, but not all, of the characteristics of a developed market.

Glossary
continued

Environmental, Social and Governance (“ESG”)
ESG (environmental, social and governance) is a term used in capital markets and used by investors to evaluate corporate behaviour and to determine the future financial performance of companies. The Company will evaluate investments in investee companies considering:

- Environmental criteria considering how the company performs as a steward of nature;
- Social criteria examine how the company manages relationships with employees, suppliers, customers, and communities; and
- Governance deals with the company’s leadership, executive pay, audits, internal controls, and shareholder rights.

Frontier Markets
A frontier market is a country that is more established than the least developed countries globally but still less established than the emerging markets because its economy is too small, carries too much inherent risk, or its markets are too illiquid to be considered an emerging market.

Gearing (APM)
Gearing refers to the ratio of the Company’s debt to its equity capital. The Company may borrow money to invest in additional investments for its portfolio. If the Company assets grow, the shareholders’ assets grow proportionately more because the debt remains the same. But if the value of the Company’s assets fall, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

The Company currently does not have any bank loans.

For the purposes of AIFMD, the Company is required to disclose the leverage. Leverage is any method which increases the Company’s exposure, including the borrowing of cash and use of derivatives . It is expressed as a ratio between the Company’s exposure and its net asset value and is calculated under the Gross and Commitment Methods in accordance with AIFMD.

Under the Gross Method, exposure represents the aggregate of all the Company’s exposures other than cash balances held in base currency and without any offsetting. Investments (A) divided by total shareholders’ funds (B).

Gross method = 95% (A = £68,711,000 / B = £72,862,000) x 100

The Commitment Method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure. Investments (A) plus current assets (C) divided by total shareholders’ funds (B).

Commitment method = 100% ((A = £68,711,000) + (C = Cash £3,964,000 + Debtor £397,000) / B = £72,862,000) x 100

Global Depositary Receipt (GDR)
A Global Depositary Receipt (GDR) is a negotiable financial instrument issued by a depositary bank. It represents shares in a foreign investee company and trades on a stock exchange such as London or Amsterdam in addition to its primary listing. It enables the investor of the GDR to receive the risks and rewards of ownership with receipt of income received through the depositary bank GDR. This reduces the risk of trading across borders with the associated custody and transaction costs. The investee company is able to raise capital in their own local market and on various foreign stock exchanges via the GDR listing.

Gross Assets
Total of all the Company’s investments and current assets.

Growth at a Reasonable Price (“GARP”) Investing
GARP investing incorporates elements of growth and value investing, focusing on companies which have sustainable growth potential but do not demand a high valuation premium.

Idiosyncratic Risk
Idiosyncratic or “specific risk” is a risk that is particular to an individual asset, such as a company.

Net Assets
Net assets are the total value of all the Company’s total assets less all liabilities. Net assets is equivalent to shareholders’ funds.

Net Asset Value (“NAV”)
The NAV is shareholders’ funds expressed as an amount per individual Ordinary Share. Shareholders’ funds are the total value of all the Company’s assets, at current market value, having deducted all liabilities revalued for exchange rate movements. The total NAV per Ordinary Share is calculated by dividing the shareholders’ funds of £72,862,000 by the number of Ordinary Shares in issue excluding treasury shares of 11,796,902.

Ongoing Charges Ratio (APM)
The Ongoing Charges Ratio (OCR) is a measure of what it costs to cover the cost of running the fund. The Company’s OCR is its annualised expenses (excluding finance costs and certain nonrecurring items) of £1,199,000 being investment management fees of £547,000 and other expenses of £652,000 less non-recurring expenses of £1,000 expressed as a percentage of the average net assets of £75,824,000 during the year as disclosed to the London Stock Exchange. The OCR for 2023 is 1.58%.

Relative Returns
Relative return is the difference between investment return and the return of a benchmark.

Glossary
continued

Repurchase of Ordinary Shares
The Company may repurchase its own shares, reducing the freely traded shares ranking for dividends and enhancing returns and earnings per Ordinary Share to the remaining shareholders. When the Company repurchases its shares, it does so at a total cost below the prevailing NAV per share. These shares may be cancelled or held in Treasury.

Return on Equity (APM)
Return on equity ("ROE") is a measure of financial performance calculated by dividing net income by shareholders' equity.Because shareholders' equity is equal to a company's assets minus its debt, ROE could be thought of as the return on net assets. This measure is used to understand how effectively management is using a company's assets to create profits.

Revenue and Capital Return per Ordinary Share (APM)
Revenue earnings per Ordinary Share is calculated by dividing revenue return for the year of £1,726,000 by the weighted average of Ordinary Shares (excluding shares in issue) during the year 11,829,676. Capital return per Ordinary Share is calculated by dividing capital return for the year of a loss of £1,557,000 by the weighted average of Ordinary Shares (excluding shares in issue) during the year 11,829,676.

The calculations are set out in note 8.

Risk-adjusted Returns
Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return.

Share Price
The price of a single share of a company. The share price is the highest amount someone is willing to pay for the stock, or the lowest amount that it can be bought for.

Systematic Risk
Systematic risk or "market risk" is the risk inherent to the entire market or market segment, not just a stock or industry.

Total Assets
Total assets include investments, cash, current assets and all other assets. An asset is an economic resource, being anything tangible or intangible that can be owned or controlled to produce positive economic value.

Total Return (APM)
Total return statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The total return measures the combined effect of any dividends paid, together with the rise or fall in the share price or NAV. This is calculated by the movement in the NAV or share price plus dividend income reinvested by the Company at the prevailing NAV or share price.

NAV Total Return (APM)
NAV Total Return is calculated by assuming that dividends paid out are reinvested into the NAV on the ex-dividend date.

	30 September 2023
Closing NAV per share (p)	**617.6**
Add back total dividends paid in the year ended 30 September 2023 (p)	**17.0**
Benefits from reinvesting dividend (p)	**0.7**
Adjusted closing NAV (p)	**635.3**
Opening NAV per share (p)	**632.1**
NAV total return (%)	**0.5%**

Share Price Total Return (APM)
Share price total return is calculated by assuming dividends paid out are reinvested into new shares on the ex-dividend date.

	30 September 2023
Closing share price (p)	**483.0**
Add back total dividends paid in the year ended 30 September 2023 (p)	**17.0**
Benefits from reinvesting dividend (p)	**-0.1**
Adjusted closing share price (p)	**499.9**
Opening share price (p)	**548.0**
Share price total return (%)	**-8.8%**

Treasury Shares
When a share is bought back it may be cancelled immediately or held (at zero value) as a Treasury Share. Shares that are held in treasury can be reissued for cash at minimal cost. The Company will only reissue shares from treasury at a price at or above the prevailing NAV per share. The shares are excluded from the Revenue and Capital return per Ordinary Share. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership.

Weighted Average Shares (APM)
The weighted average shares outstanding is calculated by multiplying the outstanding number of shares after each share issue and buy back of shares during the year with the time weighted portion. The total of the weighted average of shares in issue excluding treasury shares during the year is 11,829,676.

Directors and Officers

Directors
Frances Daley, Chairman
Vivien Gould
Christopher Granville
Calum Thomson
Nadya Wells

Registered Office
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London EC2V 7NQ

Company Secretary
Link Company Matters Limited
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London EC2V 7NQ

Company Number
04560726

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Shareholder Information

Company Number
04560726

ISIN
GB0032273343

LEI
213800HLE2UOSVAP2Y69

SEDOL
3227334

Share Dealing
Shares can be traded through your usual stockbroker.

Share Register Enquiries
The register for the Ordinary Shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300 or on +44 (0)371 664 0300, UK Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales. You can also contact the registrar by email at enquiries@linkgroup.co.uk.

Changes of name and/or address must be notified in writing to the Registrar: Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Electronic Communications from the Company
Shareholders now have the opportunity to be notified by email when the Company's Annual Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown above. Please have your investor code to hand.

If you hold shares via a nominee, it is the responsibility of the nominee to provide you with copies of the Annual Report and any other documentation.

NAV Information
The Company releases its NAV per share daily to the LSE.

Share Price
The Company's shares are listed on the LSE.

Annual and Half Year Reports
Copies of the Annual and Half Year Reports are available on the Company's website, www.bemoplc.com, or from the Secretary on telephone number 01392 477571.

Financial Calendar

	Date*
Annual General Meeting	January 2024
Annual dividend	February 2024
Announcement of interim results	June 2024
Interim dividend	July 2024
Announcement of final results	December 2024

**These dates are provisional and subject to change.*

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(Authorised and regulated by the Financial Conduct Authority)
www.barings.com

ISIN GB0032273343
Registered in England and Wales no: 02915887
Registered office as above.