



Baring Korea Feeder Fund

Interim Report & Unaudited Financial
Statements

for the half year ended 8 February 2018

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Management and administration

Alternative Investment Fund Manager ("AIFM")

Baring International Fund Managers (Ireland) Limited
Registered Office
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Telephone: + 353 1 542 2930

Facsimile: + 353 1 670 1185

Investment Manager of the Baring Korea Feeder Fund (the Alternative Investment Fund ("AIF")) and Baring Korea Trust ("the Trust")

Baring Asset Management Limited
155 Bishopsgate
London EC2M 3XY
United Kingdom

Telephone: + 44 20 7628 6000

Facsimile: + 44 20 7638 7928

Baring Asset Management (Asia) Limited*
35th Floor, Gloucester Tower
15 Queen's Road Central
Hong Kong

Telephone: + 852 2 841 1411

Facsimile: + 852 2 973 3338

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

Depository

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

Administrator and Registrar

Northern Trust International Fund Administration Services (Ireland) Limited
Georges Court
54-62 Townsend Street
Dublin 2
Ireland

Independent Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Sponsoring Broker and Legal Adviser

As to Irish Law

Matheson
70 Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

As to Hong Kong Law

Deacons Graham & James
Alexandra House
16-20 Chater Road
Central Hong Kong

Directors of the AIFM

Oliver Burgel** (Germany)
Peter Clark** (British)
Jim Cleary† (Germany)
David Conway† (Irish)
Barbara Healy† (Irish)
Timothy Schulze (United States)
Julian Swayne (British)

*Peter Clark was appointed as Director of the AIFM with effect from 26 September 2017

Oliver Burgel has resigned as Director of the AIFM with effect from 24 October 2017.

† Non-executive Directors independent of the Investment Manager.

Introduction

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

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

As at 8 February 2018, the Fund held 15,385,045 units (8 August 2017: 15,606,732) in the Trust, which represents approximately 44.62% (8 August 2017: 47.20%) of the authorised units in the Trust. The performance of the Fund is directly dependent on the performance of the Trust. The financial statements of the Trust are attached and should be read in conjunction with the Fund’s financial statements.

The trade receipt and valuation deadline for the annual accounts was 12pm on 8 February 2018.

Investment objective and policy

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

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

How the Trust is managed

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

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

Risk profile

The Fund is a feeder fund for the Baring Korea Trust. Please see detailed below the key risks applicable to the Fund:

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

Introduction (continued)

Risk profile (continued)

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

Please refer to the Prospectus for the full risk profile.

Key changes during the period

The AIFM

Directors

Peter Clark was appointed as Director of the AIFM with effect from 26 September 2017.

Oliver Burgel has resigned as Director of the AIFM with effect from 24 October 2017.

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

Baring International Fund Managers (Ireland) Limited

Georges Court

Townsend Street

Dublin 2

Ireland

to:

Baring International Fund Managers (Ireland) Limited

70 Sir John Rogerson's Quay

Dublin 2

Ireland

Baring Korea Trust ("Baring Fund Managers")

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

Investment objective and policy wording

The investment objective and policy wording was updated to better and more clearly explain how the Trust is managed. The changes did not affect how the Trust is managed or its risk profile.

The previous and updated investment objective and policy wording is set out below:

Previous investment objective and policy

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

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

For the remainder of its total assets, the Trust may invest outside of Korea as well as in fixed income and cash.

While the Trust will aim to diversify its investments, allocation to certain industries or sectors may be more than 30% of its total assets depending on the Investment Manager's assessment at different times.

In order to implement the investment policy, the Trust may gain exposure through American depositary receipts, global depositary receipts and other equity-related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Trust may also invest in collective investment schemes and other transferable securities. It may also use derivatives, including futures, options, swaps, warrants and forward contracts for efficient portfolio management (including hedging).

Updated investment objective and policy

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

For the remainder of its total assets, the Trust may invest outside of Korea as well as in fixed income and cash.

While the Trust will aim to diversify its investments, allocation to certain industries or sectors may be more than 30% of its total assets depending on the Investment Manager's assessment at different times.

Key changes during the period (continued)

In order to implement the investment policy, the Trust may gain exposure through American depositary receipts, global depositary receipts and other equity-related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Trust may also invest in collective investment schemes and other transferable securities. It may also use derivatives, including futures, options, swaps, warrants and forward contracts for efficient portfolio management (including hedging).

Change to dilution adjustment policy

The dilution adjustment policy was updated to allow us to better protect the interests of unitholders already in, or remaining in, the Trust when large levels of net inflows or net outflows take place, by ensuring that the costs of these purchases or sales are borne by the relevant unitholders entering or exiting the Trust.

Change to in-specie redemption policy

The in-specie policy was updated to be brought into line with current market practice.

Renaming of existing unit classes

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

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

Publication of unit prices

The Prospectus was updated to reflect that the prices of units will no longer be published in the Financial Times but will continue to be published on the Barings website at www.baring.com and on the 'Daily Fund Prices' page of the Investment Association website at www.theinvestmentassociation.org. You can also obtain prices by telephone by calling +44 (0) 333 300 0372.

Report and accounts

The obligation to produce and publish short reports ceased to apply from 22 November 2016. The Prospectus was updated to reflect that Barings will, therefore, no longer publish and distribute any short reports due for the Trust. Copies of the long report and accounts will continue to be available in the 'Funds' section of the Baring Asset Management website at www.baring.com and are also available on request. Any queries in relation to fund reporting should be directed to +44 (0) 333 300 0372.

Securities Financing Transaction Regulation ("SFTR") disclosure

The SFTR Regulations apply to the Manager as a UCITS management company and require the Manager to comply with a series of obligations. In particular, the Manager will be required to provide investors with information on the use of securities financing transactions ("SFTs") and total return swaps ("TRSs") by the Trust in all interim and annual reports published from 13 January 2017.

During the interim period 9 August 2017 to 8 February 2018, the Trust did not enter into SFTs and TRSs. Should this change in the future, the interim and annual reports for the Trust will disclose all required information of the use of SFTs and TRSs.

The updated prospectus also contained other non-material updates.

Baring Korea Feeder Fund - Investment Manager's report -

Performance

The Fund outperformed the performance comparator during the period.

A large part of the positive attribution came from strong stock selection in the consumer discretionary and healthcare sectors. These names include Studio Dragon, Hotel Shilla, Shinsegae and Daeewoong Pharmaceutical. A large part of the negative attribution came from LG Innotek and KB Financial. LG Innotek's underperformance during the quarter was largely due to a weaker than expected smartphone market demand. Although the Fund's lack of exposure to the financials sector contributed positively to relative performance during the quarter, our strategic negative bias to South Korean banks such as KB Financial was the negative attribution factor during the period.

Market outlook

Relative to other emerging and developed markets, the South Korean equity market is embedded with a stronger and more stable growth profile. The gradual rebounding of global macro dynamics will continue to lead South Korean corporates' solid earnings delivery. The benign raw material prices and improving operating efficiency as a consequence of the past years' cost-saving actions and a better cost structure will continue to support corporate earnings amidst the expansionary global macro situation. On top of this, South Korean corporates have also improved their balance sheet thanks to earnings improvements and better profitability. Thanks to strong earnings, another considerable dividend hike is expected this year. We witnessed some share buyback and cancellation from a few cash-rich firms. These shareholder-friendly capital policies are expected to continue, as many South Korean corporate owners are realising the need to build a constructive and mutually beneficial relationship with even minority investors. South Korea is in a key position in terms of economic development and technological level. It is usually at the top of the list of research and development investment versus GDP, investing in new technologies and manufacturing. We believe that it is in these leading-edge sectors and companies where much of South Korea's growth will come.

We believe that South Korea remains well positioned in terms of its long-term growth, as South Korean manufacturers retain strong competitiveness in many key industries. We expect the combination of synchronised global growth and improving dividend policies to be the positive driver of the South Korean market.

**Baring Asset Management (Asia) Limited,
appointed as Sub-Investment Manager to the Fund by
Baring Asset Management Limited.**

February 2018

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

Balance sheet

As at 8 February 2018

		Baring Korea Feeder Fund 08/02/2018 US\$	Baring Korea Feeder Fund 08/08/2017 US\$
Assets	Notes		
Financial assets at fair value through profit or loss	1	74,604,562	68,160,190
Funds due from the Baring Korea Trust	1	334,550	101,185
Cash and cash equivalents	1	78,893	101,155
Receivable for units sold	1	2,019,576	24,761
Trade and other receivables	1	10,332	1,387
Total assets		77,047,913	68,388,678
Liabilities			
Payable for units redeemed	1	(477,640)	(158,881)
Funds due to the Baring Korea Trust	1	(1,885,546)	-
Management fees payable	3	(8,300)	(7,414)
Administration fees payable	3	(22,509)	(20,071)
Depository fees payable	3	(1,811)	(2,009)
Trade and other payables	1	(76,095)	(94,683)
Total liabilities (excluding net assets attributable to equity holders)		(2,471,901)	(283,058)
Equity			
Net assets attributable to equity holders		74,576,012	68,105,620
Total equity		74,576,012	68,105,620
Total equity and liabilities		77,047,913	68,388,678

Statement of changes in equity

For the period ended 8 February 2018

		Baring Korea Feeder Fund 08/02/2018* US\$	Baring Korea Feeder Fund 08/02/2017 US\$
	Notes		
Net assets attributable to equity holders of redeemable participating units at the beginning of the year		68,105,620	68,089,798
Increase/(decrease) in net assets for the year attributable to redeemable participating unitholders from operations		6,938,001	(4,876,395)
Issue of redeemable participating units for the year	5	21,830,112	11,382,281
Redemption of redeemable participating units for the year	5	(22,297,721)	(11,388,198)
Income equalisation		-	-
Net assets attributable to equity holders at the end of the year		74,576,012	63,207,486

* The opening net assets attributed to unitholders for 2018 differ from the closing position in 2017 by the change in net assets attributable to unitholders for the second half of the comparative financial year.

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

BARINGS

Profit and loss account

For the period ended 8 February 2018

		Baring Korea Feeder Fund 08/02/2018 US\$	Baring Korea Feeder Fund 08/02/2017 US\$
Investment income	Notes		
Net fair value gain/(loss) on financial assets and liabilities at fair value through profit or loss	4	7,132,253	(4,737,924)
Total investment income/(expense)		<u>7,132,253</u>	<u>(4,737,924)</u>
Expenses			
Management fees	3	(35,825)	(31,841)
Administration fees	3	(98,519)	(87,560)
Depository fees	3	(7,523)	(6,687)
General expenses	3	(52,082)	(12,370)
Total operating expenses		<u>(193,949)</u>	<u>(138,458)</u>
Net income/(expense) before finance costs		6,938,304	(4,876,382)
Finance costs			
Bank interest expense	1	(303)	(13)
Total finance costs		<u>(303)</u>	<u>(13)</u>
Increase/(decrease) in net assets for the year attributable to equity holders from operations		<u>6,938,001</u>	<u>(4,876,395)</u>

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

Notes to the financial statements

1. Principal accounting policies

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

Basis of preparation

In preparing the financial statements for the financial period ended 8 February 2018, the Directors of Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager” (“AIFM”)) have applied Financial Reporting Standard 104 (“FRS 104”), ‘Interim Financial Reporting’, and these financial statements comply with that standard.

The Fund has been authorised by the Central Bank of Ireland (“the CBI”) and the Hong Kong Securities and Futures Commission (“SFC”) pursuant to the Unit Trusts Act, 1990, and the provisions of the Hong Kong Code on Unit Trusts and Mutual Funds and the Trust Deed, supplemented or consolidated from time to time. The condensed interim financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute, comprising the Unit Trusts Act, 1990, and the provisions of the Hong Kong Code on Unit Trusts and Mutual Funds. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those promulgated by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council.

The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 8 August 2017, which have been prepared in accordance with accounting standards generally accepted in Ireland.

The Fund has availed of the exemption under Section 7 of FRS 102 not to prepare a cash flow statement.

The last business day of the Fund in the current financial period was 8 February 2018. The last valuation point on that day was 12.00pm.

The accounting policies used in the preparation of these financial statements are consistent with those used in the annual financial statements for the year ended 8 August 2017.

FRS 104 requires that the profit and loss account and the statement of changes in net assets attributable to holders of redeemable participating units for the current interim period show the comparable interim period of the immediately preceding financial year. The balance sheet as of the end of the current interim period is required, under FRS 104, to disclose a comparative balance sheet as of the end of the immediately preceding financial year.

2. Fair value information

Fair value hierarchy

FRS 102 (as amended) requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Notes to the financial statements (continued)

2. Fair value information (continued)

Fair value hierarchy (continued)

The determination of what constitutes 'observable' requires significant judgement by the AIFM. The AIFM considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The tables below set out the classification of the Fund's financial instruments measured at fair value in accordance with FRS 102:

As at 08/02/2018	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Baring Korea Feeder Fund				
Collective Investment Schemes	-	74,604,562	-	74,604,562
Total	-	74,604,562	-	74,604,562
As at 08/08/2017	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Baring Korea Feeder Fund				
Collective Investment Schemes	-	68,160,190	-	68,160,190
Total	-	68,160,190	-	68,160,190

3 Fees and related party disclosures

Management fees

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

The Fund is managed by Baring International Fund Managers (Ireland) Limited, who have appointed the Investment Manager ("Baring Fund Managers Limited"), an investment management company incorporated in London on 6 April 1994. The Investment Manager is part of the Barings LLC group and is a wholly-owned subsidiary of Massachusetts Mutual Life Insurance Company ("MassMutual"). The outstanding amounts payable as at the end of the year for management fees are disclosed on the Fund's balance sheet.

Notes to the financial statements (continued)

3 Fees and related party disclosures

Management fees (continued)

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Oliver Burgel, Timothy Schulze and Julian Swayne are/were connected to the AIFM through employment with Barings LLC group and its subsidiaries.

The foregoing charges may be increased up to the relevant amount specified in the Prospectus on giving not less than three months' notice to unitholders. The rates have not changed from the previous period.

Administration fees

The AIFM shall be entitled to receive an administration fee out of the assets of the Fund at the rate of 0.275% per annum of the Net Asset Value of the Fund calculated by reference to the daily calculation of asset values and paid monthly in arrears. The fee will be subject to a minimum of £12,000 per annum. The AIFM will pay the fees of the Administrator and Registrar out of the administration fee. The Administrator and Registrar are entitled to be reimbursed certain out-of-pocket expenses out of the assets of the Fund.

Depositary fees

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

Legal fee

The fees paid to Matheson during the period amounted to US\$9,026 (8 February 2017: US\$1,363).

Other expenses

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

Collective Investment Schemes

The Fund invests in another investment fund managed by the Investment Manager. This holding is detailed in the portfolio statement. The investment in the investment fund managed by the Investment Manager is at arm's length and at normal commercial rates. The management fee rate is also charged at the Trust level. Please refer to the Trust's Prospectus for further details.

Notes to the financial statements (continued)

3 Fees and related party disclosures

Significant unitholdings

The following table details significant concentrations in unitholdings of the Fund or instances where the units are beneficially held by other investment funds managed by the Investment Manager or one of its affiliates. As at 8 August 2017, the following had significant unitholdings in the Fund:

Fund Name	Number of unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by investment funds managed by Baring International Fund Managers (Ireland) Limited or affiliates
Baring Korea Feeder Fund	1 (08/08/2017: 1)	20.52% (08/08/2017: 21.44%)	4.06% (08/08/2017: 4.68%)

Transaction costs

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

4 Net gains/(losses) on investments

The following table analyses the realised and unrealised gains and losses on investments and currencies from the profit and loss account on page 8. This requirement complies with the CBI's AIF Rulebook.

	08/02/2018 US\$	08/02/2017 US\$
Realised gains on sale of investments	1,745,198	19,016
Realised losses on sale of investments	(10,430)	(750,995)
Realised currency gains	157,001	120,212
Realised currency losses	(179,290)	(130,246)
Unrealised gains/ (losses) on investments	5,425,761	(4,003,559)
Unrealised currency gains	3,308	11,903
Unrealised currency losses	(9,295)	(4,255)
	7,132,253	(4,737,924)

5 Units issued and redeemed

	Class A USD Acc 08/02/2018 Units	Class A USD Acc 08/08/2017 Units
By units:		
Units in issue	2,942,934	3,102,083
Units issued during the year	852,242	1,265,540
Units redeemed during the year	(883,960)	(1,424,689)
Units in issue at the end of the year	2,911,216	2,942,934

Notes to the financial statements (continued)

6 Soft commission arrangements

From 1 January 2018, Barings no longer operates soft (csa) commission arrangements. Barings will continue to consume external research by paying for it from its own account.

7 Comparative statistics

Dealing Net Asset Value per unit	08/02/2018 US\$	08/08/2017 US\$	08/08/2016 US\$
Baring Korea Feeder Fund - Class A USD Acc	US\$25.62	US\$23.14	US\$21.95

8 Exchange rates

The exchange rates were as follows:

	Exchange rate to US\$ 08/02/2018	Exchange rate to US\$ 08/08/2017
Euro	0.8171	0.8463
Pound sterling	0.7158	0.7673

9 Transactions with connected parties

The CBI's Alternative Investment Fund ("AIF") Rulebook requires that any transactions carried out with the Fund by a Promoter, Alternative Investment Fund Manager ("AIFM"), Depositary, Investment Manager and/or an associated group or company of these ("connected parties") are carried out as if negotiated at arm's length and are in the best interests of the unitholders.

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

10 Bank facilities

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

11 Efficient portfolio management

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

Notes to the financial statements (continued)

12 Taxation

Under current law and practice, the Fund qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended ("the TCA"). On that basis, it is not chargeable to Irish tax on its income or capital gains.

However, Irish tax can arise on the happening of a chargeable event in the Fund. A chargeable event includes any distribution payments to unitholders or any encashment, redemption, transfer or cancellation of units and any deemed disposal of units for Irish tax purposes arising as a result of holding units in the Fund for a period of eight years or more.

No Irish tax will arise in respect of chargeable events due to a unitholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither an Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held by the Fund, or the Fund has been authorised by Irish Revenue to make gross payments in the absence of appropriate declarations.

Capital gains, dividends and interest received on investments made by the Fund may be subject to withholding taxes imposed by the country of origin, and such taxes may not be recoverable by the Fund or its unitholders.

13 Subsequent events

There were no other subsequent events.

14 Approval of financial statements

The financial statements were approved by the Directors of the AIFM on 28 March 2018.

Portfolio statement

As at 8 February 2018

Investment Unit trust	Holding as at 08/08/2017	Nominal purchases	Nominal sales	Holding as at 08/02/2018	Fair value US\$ as at 08/02/2018	% of NAV
Baring Korea Trust	15,606,732	2,353,584	(2,575,271)	15,385,045	74,604,562	100.04
Cash and cash equivalents					78,893	0.11
Other net liabilities					(107,442)	(0.14)
Net assets attributable to equity holders					74,576,012	100.00

As at 8 August 2017

Investment Unit trust	Holding as at 08/08/2016	Nominal purchases	Nominal sales	Holding as at 08/08/2017	Fair value US\$ as at 08/08/2017	% of NAV
Baring Korea Trust	16,544,946	4,938,382	(5,876,596)	15,606,732	68,160,190	100.08
Cash and cash equivalents					101,155	0.15
Other net liabilities					(155,725)	(0.23)
Net assets attributable to equity holders					68,105,620	100.00

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

General information

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

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

The Fund is valued on each dealing day following the initial issue of units of the relevant class, and such units may normally be purchased or realised by application to the AIFM c/o the Administrator on a dealing day. Dealing days are every business day and/or such other day or days as the AIFM may, with the approval of Northern Trust Fiduciary Services (Ireland) Limited (“the Depositary”), determine (as will be notified in advance to unitholders), provided that such day is also a dealing day in respect of the Trust and provided further that there shall be at least two dealing days in each month. A business day is any day, other than a Saturday or Sunday, on which banks in both Dublin and London are open for business.

The AIFM may decline any application for redeemable participating units in whole or in part and will not accept subscriptions for units of an amount (inclusive of the preliminary charge) which is less than US\$5,000. A preliminary charge of up to 6% (or such higher amounts as may be approved by an extraordinary resolution) of the amount invested may be made and retained by the AIFM, but it is the intention of the AIFM that such charge should not, until further notice, exceed 5%. Redeemable participating units in the Trust will, however, be acquired by the Fund at the creation price, the effect of which is that there will be no initial charge made on the acquisition of units in the Trust.

The Fund is constituted under the laws of Ireland by a Trust Deed dated 2 October 1992, as amended (such deed as amended from time to time being hereinafter referred to as the “Trust Deed”), made between the AIFM and the Depositary.

All unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed, copies of which are available as mentioned below.

Information in this section is selective and should be read in conjunction with the full text of the Prospectus.

Market timing

Repeatedly purchasing and selling redeemable participating units in the Fund in response to short-term market fluctuations – known as ‘market timing’ – can disrupt the AIFM’s investment strategy and increase the Fund’s expenses to the prejudice of all unitholders. The Fund is not intended for market timing or excessive trading. To deter these activities, the AIFM may refuse to accept an application for redeemable participating units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Trust.

The AIFM reserves the right to redeem redeemable participating units from a unitholder on the basis of the circumstances of the unitholder concerned, or if it has reasonable grounds to believe that the unitholders are engaging in any activity which might result in the Fund or its unitholders as a whole suffering any legal, regulatory, reputational or other material disadvantage which the Fund or its unitholders as a whole might not otherwise have suffered.

Particulars relating to the Trust

Particulars relating to the Trust are contained in the Prospectus, copies of which, together with the latest published Manager’s report, can be obtained, free of charge, from Baring Asset Management Limited at 155 Bishopsgate, London EC2M 3XY, United Kingdom.

Appendix 1 - additional information Hong Kong code - Unaudited

Highest issue and lowest redemption prices

The highest issue and lowest redemption prices of the Fund during the year are stated below:

	08/02/2018	08/08/2017	08/08/2016	08/08/2015	08/08/2014
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year	28.19	24.16	24.27	25.95	24.69
Lowest redemption price during the year	22.40	18.54	18.87	20.63	20.12

	08/08/2013	08/08/2012	08/08/2011	08/08/2010	08/08/2009
	US\$	US\$	US\$	US\$	US\$
Highest issue price during the year	24.05	23.50	27.66	20.30	20.65
Lowest redemption price during the year	19.13	19.01	18.56	15.50	8.22

Address:

Baring International Fund Managers (Ireland) Limited
70 Sir John Rogerson's Quay
Dublin 2
Ireland

Contact:

Tel: +353 1 542 2930
Fax: +353 1 670 1185
www.barings.com

Important information:

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

Disclosure:

Baring International Fund Managers (Ireland) Limited
Authorised and regulated by the Central Bank of Ireland
70 Sir John Rogerson's Quay, Dublin 2, Ireland