BARINGS

Annual Report & Audited Financial Statements

for the year ended 30 September 2020

Barings Emerging EMEA Opportunities PLC

(formerly Baring Emerging Europe PLC)

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

Contents

COMPANY SUMMARY

Baring Emerging Europe PLC changed its name to Barings Emerging EMEA Opportunities PLC (the “Company”) on 15 November 2020. The ticker has changed to BEMO. 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”).

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 25.

MANAGEMENT FEE

With effect from 13 November 2020, the AIFM agreed to a reduction in the investment management fee from the previous level of 0.80% of the net asset value (“NAV”) of the Company to 0.75% of the NAV of the Company per annum. This is paid monthly in arrears based on the level of net assets at the end of the month.

NEW INVESTMENT OBJECTIVE, POLICY AND BENCHMARK

On 13 November 2020, the Company announced it had received Shareholder approval to broaden its investment mandate to focus on investing in emerging equity securities listed or traded on Emerging European, Middle Eastern and African (EMEA) securities markets (the “New Investment Policy”). To reflect this new investment universe, the Company changed its performance comparator to the MSCI Emerging Markets EMEA Index (the “New Benchmark”).

The Company’s previous investment objective was to achieve long-term capital growth, principally through investment in securities listed or traded on an Emerging European securities market. The Company’s previous comparator benchmark was the MSCI Emerging Europe 10/40 Index (the “Benchmark”).

The Company’s previous investment policy, objective and Benchmark operated throughout the financial year, and applies to this Report.

Please refer to pages 8 and 9 for a full comparison of the Company’s old and new policies.

Key Performance Indicators

as at 30 September 2020

KEY PERFORMANCE INDICATORS		
Annualised NAV Total Return*#	**Dividend per Ordinary Share#**	**Average Discount %*#**
-22.30% (2019: 17.8%)	**25p** (2019: 35p)	**11.0%** (2019: 11.5%)

Highlights

for the year ended 30 September 2020

FINANCIAL HIGHLIGHTS	2020	2019
NAV per Ordinary Share*	694.70p	930.81p
Share price*	587.00p	846.00p
Ongoing Charges Ratio (based on average NAV)*#	1.48%	1.49%
Annualised Share Price Total Return	-27.49%	24.32%
Annualised Benchmark movement*	-22.58%	15.88%
Discount to NAV per Ordinary Share at year end	15.50%	9.11%

RETURN (per Ordinary Share)	30 September 2020			30 September 2019		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share*#	18.40p	-220.52p	-202.12p	35.09p	99.87p	134.96p

Revenue return (earnings) per Ordinary Share is based on the revenue return for the year of £2,281,000 (2019: £4,482,000). Capital return per Ordinary Share is based on net capital loss for the financial year of £27,339,000 (2019: profit £12,754,000). These calculations are based on the weighted average of 12,397,456 (2019: 12,770,923) Ordinary Shares in issue during the year.

At 30 September 2020, there were 12,276,025 Ordinary Shares of 10 pence each in issue (2019: 12,439,297) which excludes 3,318,207 Ordinary Shares held in treasury (2019: 3,318,207). 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 cancelled.

** see Glossary of Terms for definitions on pages 81 to 83.*

 # Alternative Performance Measures ("APMs").

‡ % based on dividend declared for the full year.

Chairman's Statement

Frances Daley
Chairman

"The Board believes the New Investment Policy will allow the Company to achieve capital growth whilst maintaining an attractive level of income. By allowing access to markets with appealing yields and reducing dependency on dividends from fossil fuel energy producers, the Company can remain a true source of income diversification for Shareholders."

This statement covers the year from 1 October 2019 to 30 September 2020.

The obvious word that springs to mind for the year under review is "rollercoaster". A strong first four months saw record NAV performance with NAV per share hitting an all-time high of 1026.22 pence on 20 January 2020. However, the market reaction to the COVID-19 pandemic led to a significant decline in value, with NAV per share slumping to a low of 573.29 pence, a level last seen in March 2016. By the end of the financial year, the value had recovered to 694.70 pence (2019: 930.81 pence), still a profoundly disappointing outcome, but reflective of the continuing global uncertainty over COVID-19 and governments' reactions to it.

The Board and Investment Manager have spent much time over the last year deliberating over the long-term strategic options for the Company. On 5 October 2020, we were pleased to announce that we had met the four-year discount and relative performance management targets set in 2016 and that, accordingly, a tender offer for up to 25% of the Company's issued Ordinary Share capital would not take place. This was followed, on 19 October 2020, with the announcement of proposals to broaden the investment policy of the Company to focus on the whole of Emerging Europe, the Middle East and Africa ("EMEA"), as well as a change of name to Barings Emerging EMEA Opportunities PLC, a reduction of Barings' management fee and revised discount management targets. The proposals were approved by Shareholders at the General Meeting held on 13 November 2020.

Further details, and the rationale for the change in investment policy, are set out below and in the Investment Manager's Report. The change means that the Company is the only emerging market Investment Trust focused on the EMEA region. We hope it will broaden the Company's appeal to a wider investor group, as country and sector concentrations will be reduced, without compromising our focus on capital growth or dividend yield, which have always been our priorities for our Shareholders. This should help increase demand for the Company's shares, improve liquidity and stabilise the discount.

Performance

The annualised NAV total return over the year was -22.30% compared to the Benchmark of -22.58%. By contrast the total return from Developed Europe was -0.7% and from Global Emerging Markets +10.6%[1]. The performance of our region relative to broader Emerging markets and their developed peers is largely a reflection of specific COVID-19 impacts. The single most important of these has been the fall in oil prices caused by sharply reduced global

[1] *As defined by the MSCI Europe (Developed Europe) and MSCI Emerging Markets (Global Emerging Markets) indices.*

Chairman’s Statement (continued)

demand. Our region has also been less well positioned than broader emerging markets to benefit from the more rapid economic re-opening seen in China and certain other Asian countries, while countries in our region cannot emulate the extraordinary monetary and fiscal stimulus that has buoyed developed markets. The Company’s annualised NAV total return over three and five years was -3.8% and +9.8%, compared with the Benchmark of -3.0% and +7.1% respectively.

Russia, by far the largest component of your portfolio, declined in absolute terms over the year but outperformed the broader MSCI Emerging Europe index. The portfolio’s stock selection here was the dominant driver of relative returns, with investments across numerous sectors, such as consumer, financials and technology all contributing to outperformance. This, in our view, highlights the significant potential of certain Russian companies, away from traditional sectors such as energy.

In Central Europe, Polish equities underperformed over the period and lagged the broader region. This was caused in part by rising political uncertainty over the period, stemming from parliamentary elections held in October and presidential elections in June. Despite this challenging backdrop, the portfolio’s stock selection meant that the market contributed positively to relative performance over the period. Elsewhere in the region, stock exchanges in Hungary and Czechia both underperformed, driven by concerns related to the impact of the COVID-19 on their respective economies. Similarly, Greek equities were notably weak as investors assess the potential implications of an economic downturn on company balance sheets.

In Turkey, equity markets registered significant declines and underperformed the region by a sizable margin. Currency weakness played a significant role, caused in part by a rapid credit expansion that exceeded demand, leading to capital outflows and a significant increase in the country’s current account deficit. Against this extremely challenging backdrop, the portfolio’s allocation to Turkish equities detracted from relative performance over the year.

Against our peers, over the 12-month period covered by this statement and defined by the Morningstar Emerging Europe Universe[2], your Company sits within the third quartile. However, owing to strong historical performance, your Company continues to rank just outside of the second quartile over three years, and firmly within the first quartile over five years.

This has not been an easy time to be an investment manager and, in particular, I would like to pay tribute to the team at Barings who have risen to the challenge of reacting to short-term volatility whilst remaining focused on investing in efficiently managed companies with solid underlying balance sheets and strong long term growth prospects. When we set potential tender trigger targets in 2016, we could not have imagined the Investment Manager would be battling a global financial crisis and stock market volatility of such magnitude in 2020. The fact the Company’s discount control targets were met is a huge achievement. I would also like to thank Barings for their hard work, enthusiasm and specialist insight leading up to the change in investment policy.

Change in Investment Policy

In 2016, Shareholders approved an increase in the Company’s scope of permitted investment in countries outside Emerging Europe from 5% to 15% of the Company’s gross assets. Given the continued expansion of capital markets in both Africa and the Middle East, the Board has determined that these regions present strong opportunities to the Company’s investment strategy. The change in investment policy will further expand the Company’s scope to invest in Africa and the Middle East and thus broaden the Company’s investment remit to the whole EMEA region, adopting the MSCI Emerging Markets EMEA Index (net) as a new comparator benchmark (the “New Benchmark”) to reflect this expanded scope.

The Board believes that the New Investment Policy will deliver a wide range of benefits to Shareholders. The expanded investment remit will provide an opportunity to diversify the portfolio by reducing concentration risk and helping lower the portfolio’s political and country-based risk. In addition, the enlarged mandate will allow diversification away from hydrocarbons, which represent a significant portion of the Emerging Europe investment universe. By way of comparison, energy sector stocks make up approximately one-third of the Emerging Europe comparator Benchmark, but represent approximately 15% in the New Benchmark. Further, the expanding middle class and increasing internet penetration rates across EMEA, combined with historically low levels of e-commerce and the shift by consumers from offline to online consumption, support growth across a number of sectors. The Board thus believes that expanding the Company’s investment universe away from its current focus on the energy sector will bring greater opportunities for growth.

In the Board’s view, EMEA is under-researched when compared to other emerging and developed markets. However, in investing in these regions, the Investment Manager will have access to the in-depth, fundamental bottom-up research and experience of the Barings EMEA

[2] *Quartile ranking is based on Morningstar Category - Emerging Europe Equity, customised to include the Company. Morningstar fractional weighting methodology applied.*

Chairman's Statement (continued)

investment team, who already have extensive investments in companies in these regions and profit from their ongoing relationships and dialogue with the management teams of those companies, and analysis of their competitors.

The Board is confident that the Investment Manager has the investment expertise to deliver strong returns to Shareholders, as has been evidenced by its consistent track record of outperforming the Benchmark. The Barings EMEA investment team, headed by Matthias Siller, manages approximately £1.2 billion of assets across EMEA, with in-depth coverage of over 170 companies that fit the criteria for potential inclusion in the portfolio under the New Investment Policy. The Board believes this existing expertise will enable the Company to take advantage of market inefficiencies to deliver outperformance relative to the New Benchmark while investing in these regions.

The Board thus believes the New Investment Policy will allow the Company to achieve capital growth whilst maintaining an attractive level of income. By allowing access to markets with appealing yields and reducing dependency on dividends from fossil fuel energy producers, the Company can remain a true source of income diversification for Shareholders.

Change to the Management Fee

The Company has agreed with Barings a reduction in its investment management fee from the previous level of 0.80% of the NAV of the Company to 0.75% of the NAV of the Company per annum, with effect from 13 November 2020. A reduction in the investment management fee reduces the costs borne by Shareholders and therefore assists growth in net asset value per share. Although following the introduction of the New Investment Policy the Company has no direct peers as an EMEA focused, UK-listed investment trust, it is noted that the revised investment management fee is one of the lowest in both the Association of Investment Companies' *Global Emerging Markets* sector and its *Country Specialist: Europe* – ex UK sector, and offers Shareholders access to a unique investment strategy at an attractive fee level.

Discount Management

At the year end, the discount to NAV at which the Company's Ordinary Shares traded was 15.5% compared with 9.1% at the end of the prior year. The average discount during the year was 11.0% (2019: 11.5%). During the year, 163,272 Ordinary Shares were bought back and cancelled at an average price of £6.74 per Ordinary Share. The share buybacks added approximately 1.17 pence per Ordinary Share to NAV, accounting for just under 0.2% of the total return to Shareholders.

Under our new discount management mechanism, the Board will provide Shareholders with a tender offer for up to 25% of the Company's issued Ordinary Share capital if:

- the average daily discount to NAV ('cum-income') exceeds 12% as calculated with reference to the trading of the Ordinary Shares over the five years to 30 September 2025; or
- the performance of the Company's NAV per share on a total return basis does not exceed the return on the New Benchmark by an average of 50 basis points per annum over the five years to 30 September 2025.

Shareholders are thus offered the security of a capital return at close to asset value if the Company does not meet its performance or discount targets under these tender offer triggers.

Gearing

As mentioned in our Interim Report, gearing detracted from NAV performance in the early days of the pandemic so the Investment Manager realised sufficient holdings such that gearing net of cash was nil at 31 March 2020. The decision was taken by the Board to repay the loan facility on its renewal date of 7 April 2020. The Company currently has no loan facilities, but may use gearing in the future where the Investment Manager believes it will enhance performance.

Environmental, Social and Governance

The Investment Manager incorporates Environmental, Social and Governance ("ESG") parameters in their company analysis in order to account for the improving or deteriorating corporate standards affecting a company's value. This enhancement to their investment process is supported fully by the Board and our shared belief that ESG can have a profound impact on an investment's risks and returns over time. Further details can be found in the Investment Manager's Report on page 25.

Dividends

In respect of the six month period to 31 March 2020, the Company paid a dividend of 15 pence per Ordinary Share (2019: 15 pence per Ordinary Share). For the year under review, the Board recommends a final dividend of 10 pence per Ordinary Share (2019: 20 pence per

Chairman's Statement (continued)

Ordinary Share). This amounts to a total for the year of 25 pence per Ordinary Share (2019: 35 pence per Ordinary Share), equivalent to a yield of around 4.3% on the year end share price of 587 pence per share. This payment is not fully covered in total by the income account, which produced a net revenue per share of 18.40 pence per Ordinary Share (2018/19: 35.09 pence).

It is disappointing that net revenue per Ordinary Share fell in comparison with last year. However, the prior year's performance was exceptional and the current year is more in line with previous trends. Also, some of the shortfall related to Sberbank, our largest and most cash generative holding, which, in line with local regulatory recommendations related to COVID-19, deferred a dividend which would normally have been paid within our financial year but this year was paid shortly after our year end. Had this been paid within the normal timeframe, 4.8 pence per Ordinary Share would have been added to the above net revenue figure for the year.

Annual General Meeting

The Annual General Meeting ("AGM") will be held on 21 January 2021 at 2.00pm. The Board is mindful of the need to ensure that the meeting will be held in compliance with the UK Government's guidelines concerning arrangements for such meetings and is aware that restrictions may remain in place in relation to the COVID-19 crisis at the date of the AGM. The AGM will therefore be held as a closed meeting. I encourage you to vote on the resolutions but you will not be able to attend in person. In the meantime, if you have any questions regarding the business of the meeting or should you wish to get in touch with me please do so by emailing me at BEMOChairman@linkgroup.co.uk.

After the AGM, at 3.00pm, the Investment Manager will give a presentation, via webinar, on the outlook for the year ahead further to the change of investment policy. The webinar will have the functionality for Shareholders to ask questions during, and after, the presentation.

A separate Notice of AGM is being sent to Shareholders, together with this Report and Accounts.

Any shareholder wishing to submit questions to the Board, or the Investment Manager in advance of the meeting is encouraged to do so by emailing BEMOChairman@linkgroup.co.uk. Answers to these questions, grouped together where the themes overlap, will be published on the Company's website prior to the AGM.

Outlook

The economic shock of COVID-19 will continue to haunt the global economy for some time, but we remain confident that the underlying potential of Emerging EMEA economies remains intact. This situation presents opportunities for skillful stock picking, since there will be winners and losers from COVID-19, as well as the continued development of longer term trends such as lessening reliance on fossil fuels and the increasing importance of ESG.

The opportunity is all the stronger as this growth potential has been obscured by the region's specific relative vulnerabilities to the pandemic crisis. The broadening of the investment mandate will assist in this process by increasing the opportunity set as well as diversifying the portfolio by reducing concentration risk, and lowering country and political risk whilst still providing an attractive level of income for our Shareholders.

We continue to believe that potential within the energy sector remains limited, particularly against a backdrop of lower oil prices stemming from reduced global demand for fossil fuels. However, there are many interesting alternative options across various sectors elsewhere in the investment universe, such as technology and consumer names.

Regional economies in the Middle East continue to diversify away from hydrocarbons, whilst improvements in market liquidity and transparency have helped strengthen the investment case. In South Africa, appealing demographics and continued structural reform should help increase the country's economic potential and provide exciting investment opportunities for the portfolio.

The Board continues to take note of improving ESG standards across the EMEA region and welcomes the increased role our Company can play in influencing corporate decision-making and promoting positive change via engagement with the companies in which we invest.

Whilst in the near term market volatility is likely to remain heightened, a combination of improving earnings growth and receding risk should help to improve the outlook for the EMEA region moving forward, helping to deliver superior risk adjusted returns to our Shareholders.

Frances Daley
Chairman
9 December 2020

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 23 to 25.

The Company's Investment Objective and Policy was changed on 13 November 2020, following approval from Shareholders in a general meeting. Further details can be found on pages 8 to 9.

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 that is consistent with its values and strategy. Further detail on culture can be found on page 28.

Discount Control Mechanism

On 15 December 2016, as part of its ongoing approach to discount management, the Company announced the implementation of a policy whereby it would make a discount and performance-based conditional tender offer for up to 25% of the Company's issued Ordinary Share capital over the four year period from 1 October 2016 to 30 September 2020. On 5 October 2020, the Board confirmed that the tender offer would not take place as the tender conditions were not triggered.

The Board is aware of Shareholders' continued desire for a strong discount control mechanism, though also mindful of the need to provide Barings the opportunity to achieve its goal of outperforming its new Benchmark.

With effect from 1 October 2020, the Board approved a new tender offer trigger 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 over the period between 1 October 2020 and 30 September 2025; or

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

Please refer to the shareholder circular dated 19 October 2020 for further details.

In addition, and in order to reduce the discount, the Board authorises the Company's shares to be brought on the market, from time to time, where the share price is quoted at a discount to NAV.

Borrowings and Gearing

The Company may arrange a loan facility 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 polices of the Company.

Investment Strategy

Please find below a comparison of the investment policy that was adopted throughout the period of this Report and the new investment policy adopted from 13 November 2020.

Investment Objective to 12 November 2020	New Investment Objective from 13 November 2020
The investment objective was to achieve long-term capital growth, principally through investment in securities listed or traded on an Emerging European securities market. The Company could also have invested in securities of companies listed or traded elsewhere, whose revenues and/or profits were, or were expected to be, derived from activities in Emerging Europe.	The Company's new 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 to 12 November 2020	**New Investment Policy from 13 November 2020**
The policy of the Directors is that, in normal market conditions, the portfolio of the Company could consist primarily of diversified securities listed or traded on Emerging European securities markets (including over the counter markets). Equity securities for this purpose included equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe for or acquire, or relating to, equity securities. The Company may also have invested in debt instruments such as bonds, bills, notes, certificates of deposit and other debt instruments issued by private and public sector entities in Emerging Europe. In addition, Emerging European exposure may have been obtained by indirect means. Investments may, for example, be made in securities of companies listed on securities markets outside Emerging Europe that derive, or are expected by the Directors to derive, the majority of their revenues and/or profits and/or growth from activities in Emerging Europe. The Company may also have invested in other funds in order to gain exposure to Emerging Europe where, for example, such funds afford one of the few practicable means of access to a particular market, or where such a fund represents an attractive investment in its own right. The Company could not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts). The Company may have from time-to-time invested in unquoted securities, but the amount of such investment was not expected to be material. Furthermore, the Board had agreed that the maximum exposure to unquoted securities should be restricted to 5%. of the Company's gross assets. At the year-end there was one unquoted investment valued at nil in the portfolio. For the purposes of this investment policy the Board had defined Emerging Europe as the successor countries of the former Soviet Union, Poland, Hungary, the Czechia, Slovakia, Turkey, the States of former Yugoslavia, Romania, Bulgaria, Albania and Greece. There was no restriction on the proportion that may had be invested in these countries.	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.

Investment Strategy (continued)

Investment Policy to 12 November 2020	New Investment Policy from 13 November 2020
In addition, the Board had agreed that up to 15% of the gross assets may be invested in other countries provided that any investments made are companies listed on a regulated stock exchange. The Board had agreed that the maximum value of any one investment should not have exceed 12% of the Company's gross assets save with the prior written consent of the Board. Where excess occurred due to market movement the manager would notify the Board of this and would have reduced the holding to below 12% within six months. In addition to the above restriction on investment in a single company the Board sought to achieve a spread of risk in the portfolio through monitoring the country and sector weightings of the portfolio. There could be a minimum of 30 stocks in the portfolio.	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). Relative guidelines will be based on the Morgan Stanley Capital International "MSCI" Emerging Markets EMEA Index (net), which will be the index used as the benchmark. 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 polices of the Company.
Benchmark to 12 November 2020	**New Benchmark from 13 November 2020**
The Company's comparator benchmark was the MSCI Emerging Europe 10/40 Index (the "Benchmark").	The Company's new comparator benchmark is the MSCI Emerging Markets EMEA Index (net dividends reinvested) (the "New Benchmark").

Principal Risks and Uncertainties

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 an assessment and review of the principal risks facing the Company, together with a review of any new risks which may have arisen during the year, including those risks which would threaten the Company's business model, future performance, solvency or liquidity.

The Audit Committee regularly (on a six-monthly basis) reviews 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. 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 14 to the Financial Statements on pages 74 to 77.

Information about the Company's internal control and risk management procedures can be found in the Audit Committee Report on pages 50 and 51. The principal financial risks and 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 Board has identified the following as being the principal and emerging risks and uncertainties facing the Company:

Risk	Mitigation
Investment and strategy There can be no guarantee that the investment objective will be achieved.	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. All of the Company's investments are listed on recognised stock exchanges and the liquidity of individual investments is monitored by the Investment Manager and the Board.
Adverse market conditions Emerging markets can be subject to volatile geopolitical and socioeconomic movements as well as the possible imposition of selective sanctions. This may have an impact on the liquidity of individual investments. Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, beginning in late 2019, an outbreak of a highly contagious form of coronavirus disease, COVID-19, spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries.	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 spread across a diversified portfolio of stocks. As at the date of this Report, the Company holds 37 stocks in 7 countries and the Investment Manager has the ability to diversify the portfolio into other regions. The Investment Manager has a clear investment strategy as set out on pages 13 to 25. 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.
Size of the Company The size of the Company could become sub optimal as share buybacks reduce the Company's market capital.	The Investment Manager discusses and agrees with the Board prior to making any buybacks. The Manager and Corporate Broker are in regular contact with major institutional investors and report their views to the Board on a regular basis.

Principal Risks and Uncertainties (continued)

Risk	Mitigation
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 related to COVID-19, could further have a negative impact on the share price.	The Board seeks to narrow the discount by undertaking measured buybacks of the Company's shares. The Company and Investment Manager works with the Corporate Broker to seek to increase demand for the Company's shares. 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 shares. In addition, as set out on page 7, the Company has renewed the performance triggers, which may provide Shareholders with the opportunity to realise their investment in the Company at NAV less costs should the Company not meet targets relating to average discount or performance over a five year period.
Loss of assets The portfolio includes investments held in a number of jurisdictions and there is a risk of a loss of assets.	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 an 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 its people, clients, communities and any other stakeholders they come in contact with, directly or through its 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.

In addition to the principal risks outlined above, the Board has considered a number of issues that it views as emerging risks. This included a discussion around the ongoing impact of COVID-19, the upcoming implications of the United Kingdom's withdrawal from the European Union and the longer-term impact of issues such as climate change.

Any emerging risks considered to be of immediate significance will be evaluated, and their potential implications integrated into the above principal risks, as was the case for COVID-19.

The Board and Audit Committee routinely review both the principal and emerging risks, and update as necessary. The principal risks, emerging risks and the monitoring system are subject to a robust assessment at least annually.

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 0.80% of the NAV of the Company, together with any applicable VAT thereon and any out of pocket expenses incurred by the AIFM. With effect from 13 November, this fee was reduced to 0.75% of the NAV of the Company.

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 and Maria Szczesna and Adnan El-Araby as co-backup managers. Matthias is supported by the wider EMEA Equity Team, which comprises seven experienced investment professionals all of whom have research responsibilities as well as the broader team of emerging equity professionals based in London, Hong Kong and Taiwan, utilising their diverse local knowledge and experience. 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.

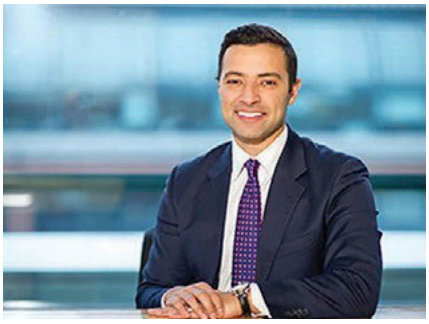
Matthias joined the Investment Manager in 2006 and was appointed Head of EMEA Equities Team in 2016. He began his career in fund management at Raiffeisen Zentralbank Austria in 1997 as a Market Maker/Proprietary Trader in Central & Eastern European Equities and Derivatives. He joined Bawag – PSK Invest 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 speaks fluent German.

Maria is an Investment Manager in the EMEA Equity Team. She is responsible for Financials and Consumer Staples in the region. Maria joined Barings in 2006 from the Polish Embassy in London, where she worked for three years as an economist. Prior to this, Maria worked in corporate finance at Ernst & Young and BRE Corporate Finance (part of Commerzbank Group) in Warsaw. She holds an MA in Economics from the Warsaw School of Economics and was awarded the CFA designation in 2008. Maria is fluent in Polish.

Adnan is an Investment Manager in the EMEA Equity Team. He is responsible for the entire Resource Space, 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 is fluent in Arabic.

MATTHIAS SILLER, CFA
Head of EMEA Equities Team

MARIA SZCZESNA, CFA
Investment Manager



ADNAN EL-ARABY, CFA
Investment Manager

Report of the Investment Manager

Highlights

Our investment philosophy is based on the belief that equity markets are inefficient. We believe these inefficiencies are greatest at the stock level and that over the long-term stock selection can add value in all equity asset classes. Our disciplined bottom-up stock selection process incorporating ESG analysis, macro considerations and a risk-aware portfolio construction process enables us to manage stock-specific risks and mitigate volatility inherent in equity markets.

Key Differentiators	
Depth of resource	We have a large and experienced team of emerging markets investment professionals producing proprietary and differentiated company research which drives our stock selection.
Five year research horizon	Our research horizon is five years, where we believe market inefficiency is more pronounced, allowing us to readily identify companies with unrecognised growth potential.
Incorporation of top-down macro considerations into a bottom-up process	We capture macro risks within our investment process via our unique Cost of Equity, incorporating these risks into our valuation of equities and setting of price targets.
Integration of ESG and Active Engagement	ESG analysis helps us to identify risks that are not typically captured through traditional financial analysis. As a result, we have fully embedded ESG into our investment process and, by doing so, ESG influences both our qualitative assessment and cost of equity used to value companies.
Proprietary portfolio construction tools	We believe the key to delivering high risk-adjusted returns is through company stock selection and robust risk management. We achieve this through the use of our proprietary in-house portfolio construction tools.

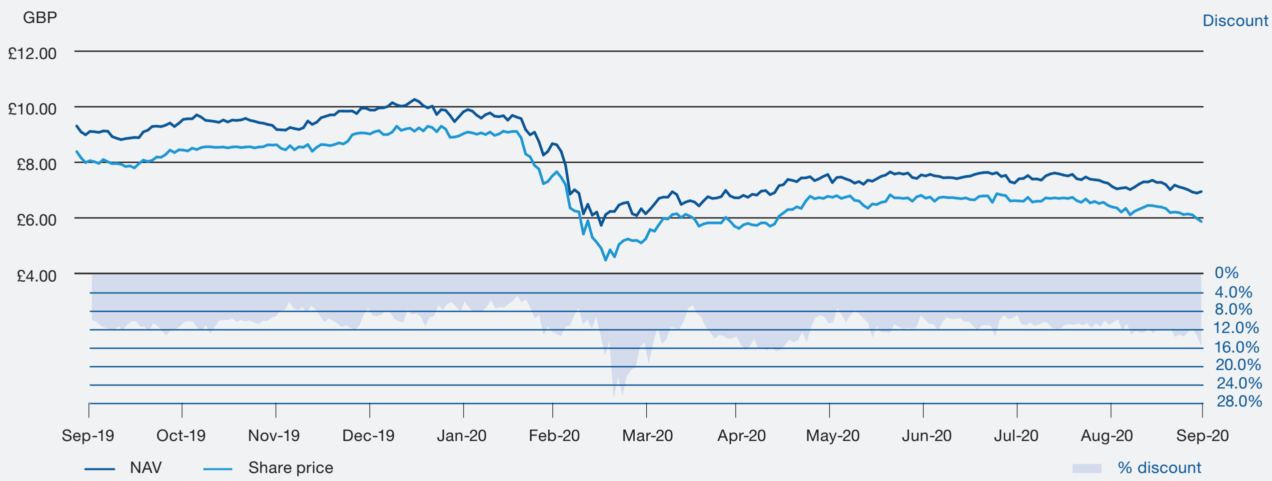
Market Summary

Your portfolio's performance over the last year, while often volatile, has been the product of two contrasting halves of market performance. In what was initially viewed as a temporary demand and supply shock for China, the rapid spread of COVID-19 fractured global demand and dramatically impacted economic activity and corporate earnings universally in the first half of this year. This shift brought an abrupt halt to what had previously been a steady climb to new record highs for your Company's NAV.

As the pandemic spread in March 2020, global markets succumbed to selling pressure, with Emerging European exchanges faring no differently. In a pattern familiar to most equity markets around the world, the initial sharp sell-off was broadly based across all sectors, leaving no company within your portfolio immune to the effects. However, the subsequent recovery proved to be much narrower, with opportunities found in companies that had balance sheet strength and viable business models that were able to adapt to the recessionary environment.

The severity of the COVID-19 shock to the region drove the 22.30% decline in the Company's NAV which, owing to the diversification of your portfolio, nevertheless outperformed the Benchmark by 0.3%.

NAV per Share, Share Price, % discount to share price NAV

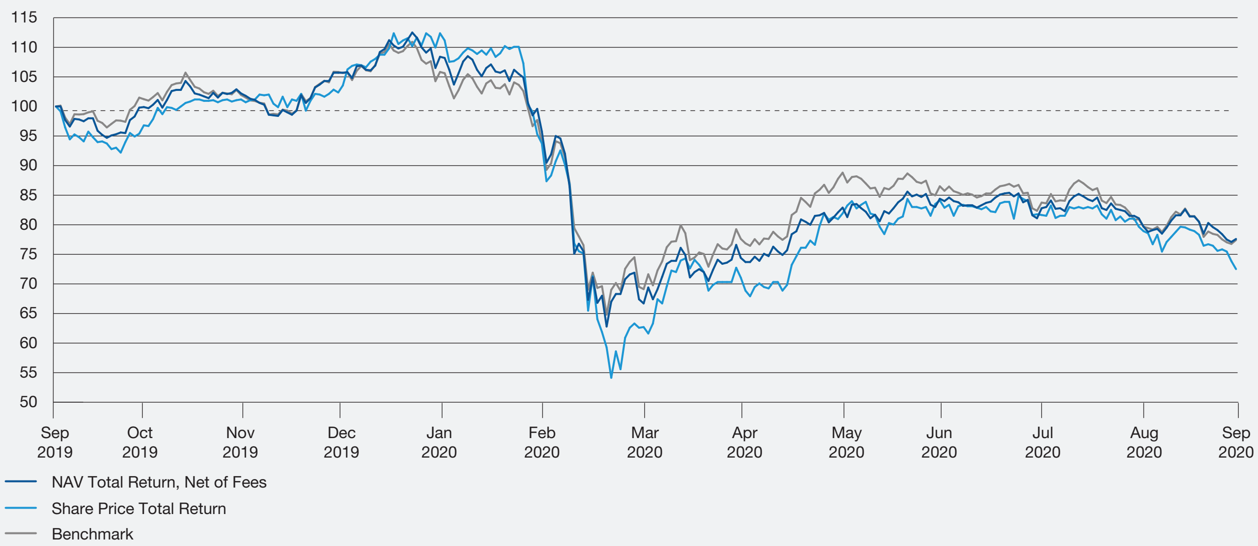


Source: Link Alternative Fund Administrators

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Performance Versus Benchmark



COVID-19

Overall, high standards in medical infrastructure combined with the implementation of social distancing measures across Emerging Europe helped countries within the region deal with the immediate medical threat to public health. Economically, unemployment across the region remains a challenge, with numbers expected to rise as government support measures are eventually reduced and corporate stresses become increasingly apparent. In addition, the fiscal and monetary toolbox at the disposal of most emerging market policy makers remains far more limited compared to their developed peers, where markets are more willing to tolerate large budget deficits.

The impact on individual countries remains disparate, and largely dependent on economic drivers. Notwithstanding the negative effects of COVID-19 on global commodity demand and the trade and tourism sectors, several key investment regions in Emerging Europe stand to benefit from the specific circumstances discussed below. This serves to highlight the increasing resilience of the region, and we believe it will ultimately lead to a continuation of its strong economic performance relative to Western European peers.

The ability of the new EU member states of Poland, Czechia, Hungary and Romania to access financing at lower rates stands out in an emerging market context when considering the institutional framework of the European Union. In addition, the financial firepower provided by the European Recovery Fund will strengthen the fiscal effort to jumpstart growth and should spur investment into Emerging European member states, especially within environmental and infrastructure projects.

For definitions, please see Glossary on pages 81 to 83.

Away from the new EU member states, Russia's longstanding commitment to prudent budget planning, a flexible exchange rate regime and an orthodox monetary policy has equipped the authorities to counter the effects of both COVID-19 and the impact of low oil prices on the world's largest energy exporter. It is our belief that the Russian National Wealth Fund's ample reserves will provide the government with the financial means required for a broad roll out of support measures. In Turkey, the situation appears more financially constrained, whilst local policy decisions have so far increased the risks of systemic stress. In an effort to bridge the sharp drop in the country's export revenues, caused predominantly by a weakened tourism sector, the government has sponsored high levels of lending. This has occurred primarily via state owned banks, which have fuelled local household consumption via debt, leading to rising imports and a larger current account deficit. While headline sovereign debt levels remain comparably low, Turkey's lack of foreign exchange reserves and its dependence on short term external debt allows little margin for error. This reduces investor confidence below the levels that would otherwise be consistent with the country's long-term growth potential.

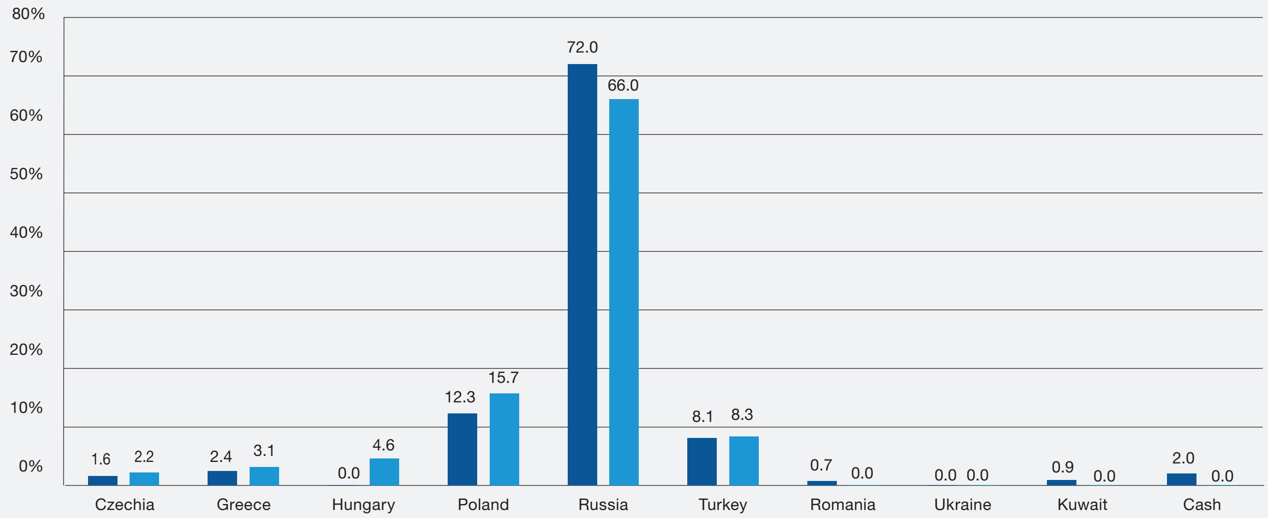
Dividends

One of the main differentiating factors for Emerging European equities has been the resilience of dividend payments, exemplified by Russian companies, which make up a substantial proportion of your portfolio. We have regularly highlighted their improvements in corporate governance standards, a development that contributed substantially to the strong performance of the Russian market in our view. Considering the significant negative impact COVID-19 had on

Report of the Investment Manager (continued)

Classification of Assets

Distribution of Portfolio by Country (%) at 30 September 2020



Source: Barings, MSCI

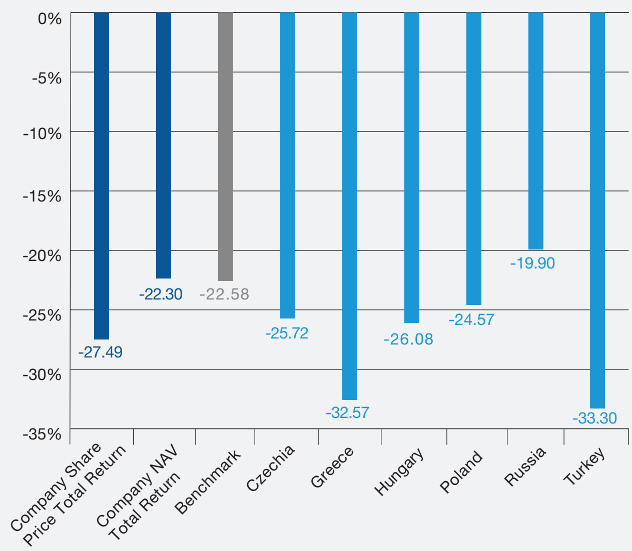
companies' earnings, it is nothing short of remarkable to see Russian companies remaining committed to dividend payments, often substantially increasing payout ratios to counterbalance sharp drops in profits. The Russian share of the Company's overall revenue has grown steadily over the years, and more broadly, dividend receipts across most markets have increased, contributing to a steady growth in income for the Company. Whilst over the past year this trend has been interrupted, with Russian dividend revenues falling by roughly 10% (in USD terms), comparatively, most countries globally have experienced a much more pronounced decline. This has largely been due to the sharp economic realities of falling cash flows or regulatory intervention, seen most prevalently within the banking industry. An example of this resilience within your portfolio is Sberbank, which became one of the very few European banks to distribute a dividend from 2019 profits (translating into an 8%+ yield).

Gearing

The use of gearing has been a highly successful strategy employed by the Company over recent years, serving to support both growth and income for our Shareholders. However, following the significant market correction experienced in March 2020, the Board agreed with our recommendation to remove the gearing facility on 7 April 2020. This change in approach followed the rise in volatility in your portfolio, which was amplified by the use of gearing. Over the period, we observed correlations between assets significantly increase in reaction to heightened market volatility, lowering our ability to diversify risk away and mitigate market impacts. Whilst the environment continues to remain fluid, we believe removing the gearing will support capital preservation of the Company.

Company, Benchmark and Country Returns (£)

1 October 2019 to 30 September 2020



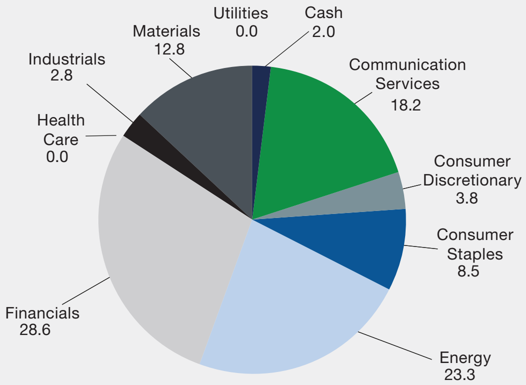
Source: Barings, MSCI, Factsheet

For definitions, please see Glossary on pages 81 to 83

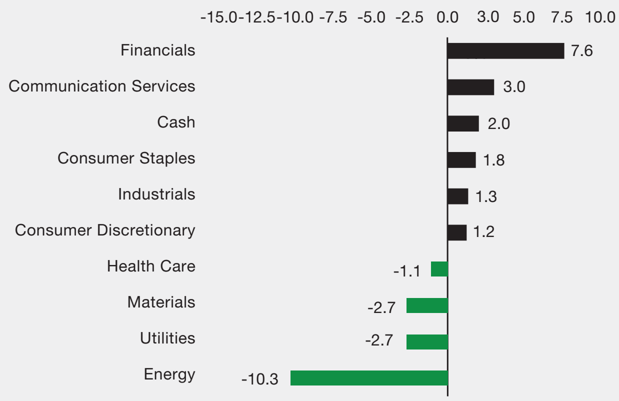
Report of the Investment Manager (continued)

Classification of Assets

Distribution of Portfolio by Sector (%) at 30 September 2020



Relative to Benchmark (%)



Source: Barings, MSCI

We continue to evaluate market conditions and, in line with the strategy of the Company, will look to utilise leverage to enhance returns where we recognise value to do so.

Russia

The Russian equity market, by far the largest regional component of your portfolio, highlighted better than any other market the inherent potential of Emerging European stocks. Here we continue to recognise flexible business models led by strong and diverse management teams, which have successfully adapted amid the effects of COVID-19. We note that whilst the overall Russian index registered a negative return in US dollar terms, this remains concentrated within the energy sector.

Away from energy, the portfolio benefitted from the strong performance of a diverse range of holdings across numerous sectors, such as consumer, metals and mining, telecommunication and the internet sectors, which offered a welcome haven for your Company's capital. Yandex, Russia's largest internet search engine and Mail.Ru, which owns Russia's largest social media and gaming platform, have been amongst the strongest relative performers. This, in our view, is a reflection of the long-term structural growth opportunities that exist for both companies, as consumers and businesses embrace new technologies and behaviour continues to evolve from offline to online. Within telecommunications, MTS, one of Russia's leading telecoms providers also benefitted from increasing demand for digitalisation and data consumption.

Within financials, Russian online bank Tinkoff was one of the best performers, helped by an impressive set of quarterly earnings that further highlighted the strong growth prospects for the company's innovative business model. Within metals and mining, Russian gold miner Polyus also outperformed as the market environment saw gold respond strongly, whilst the company's position as a low cost producer alongside its high quality assets made this a best in class offering.

Economic and Political Background

In a market that has historically been influenced by its often-turbulent international relations, Russia proved to be a relatively stable investment environment over the period. Whilst political risks persist, we believe that the opportunities found within Russia's equity market, shaped by the country's solid balance sheet and commercial attitude in key sectors, continue to set it apart within the context of global emerging markets.

This year's dramatic events across energy markets that culminated in a sharp downward fall in prices, threw many oil exporting countries into economic and political turmoil. Russia, as one of the largest global energy exporters, has long since prepared for a low oil price environment. Through a substantial build-up of its currency reserves and the implementation of a counter cyclical fiscal policy, Russia is able to support budget spending during periods of lower prices, while saving extra revenues when prices are higher. Despite the trough in energy demand over the period, the country was able to deliver a marginal trade surplus while enabling the government to make use of valuable fiscal firepower. In support of economic activity, the

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Russian government has remarkably championed the private sector whilst avoiding traditional support mechanisms such as infrastructure spending. By taking this approach, the government looks to stimulate both direct and indirect employment, boost consumption and foster further development and ultimately higher growth. This initiative also looks to take aim at the entrenchment of low inflation in Russia and its potential negative impact on wages.

In what we recognise as a positive development, President Putin's decision to promote the able bureaucrat Mikhail Mishustin to Prime Minister was an indication that the country continues to pursue a path of increased efficiency and fiscal prudence. Having earlier succeeded in digitalising Russia's tax system, thereby substantially reducing tax avoidance and boosting budget revenues, the technophile Prime Minister's influence can be seen on the implementation of a tax holiday for the technology sector, aimed at increasing investment. In addition, the overall tax burden for the mining and energy sectors increased, with tax privileges revoked from January 2021 for older and more heavily polluting oil fields. In an environment of depressed demand and the real possibility of carbon taxes attributed to Russia's main export markets, we believe it was a prudent decision to promote the low cost, low carbon production in recently developed fields rather than granting tax incentives to less efficient and higher CO_2 emitting oil fields.

Investment Strategy

Over the year Russian oil stocks have consistently outperformed their global peers, driven by efficiency gains, improving corporate governance and rising dividend payments. As we look ahead, we are increasingly of the opinion that further improvements will be limited in nature. Without idiosyncratic developments driving these companies, the sector's overall performance has become increasingly correlated to global energy markets, diluting the sector's very distinct investment case. In response, we reduced our exposure by selling positions in the Russian oil company Lukoil, the state-controlled gas behemoth Gazprom and LNG producer Novatek.

Within the telecommunication sector, we rotated out of our position in Russia's largest mobile operator, MTS, into parent holding company Sistema. Sistema has grown to occupy a dominant market position in Russian multi-format e-commerce, alongside the success of another of its subsidiaries Ozon, which is often recognised as the "the Amazon of Russia". Amongst retailers, we added the Russian supermarket chain Magnit to our portfolio, while trimming our exposure to rival X5. This followed the successful implementation of Magnit's turnaround plan, through which it has been able to expand margins by streamlining the business, release working capital and accelerate store rollouts.

The stellar performance of gold prices in recent months, a reaction to expectations of lower interest rates, has sent Russian mining shares higher. Within your portfolio, this has substantially increased the weight of our holding in Russia's largest gold producer, Polyus. We believe that the company's unique growth profile via its Sukhoi Log exploration project in the Irkutsk region in Russia's Far East provides further potential for share price appreciation, independent of gold price increases.

Turkey

In Turkey, a combination of credit-induced growth, unorthodox Central Bank policy and an expansionary fiscal stance kept the Turkish Lira under constant pressure. The currency declined 36% versus the US Dollar over the period, which in turn undermined stock performance and limited the positive effects that the sharp drop in energy prices would have otherwise had on inflation expectations.

Turkey is a major Mediterranean tourist destination, and this increases its economy's vulnerability to COVID-19. Despite this, Turkish companies have demonstrated remarkable resilience and flexibility in the face of adverse economic conditions, a trait that should bode well for the country's economy over the medium term.

Against this challenging backdrop, the portfolio's exposure to Turkish equities detracted from relative performance over the period. Turkish banks were notably weak, as the sector struggled in the face of macroeconomic headwinds and, as a result, our positions in Garanti and Yapi Kredi both underperformed. In contrast, the automotive manufacturer Tofas was one of the better performers over the period, driven by an increase in demand post lockdown.

Economic and Political Background

The country's current account deficit remains at the core of its economic challenges and is the most accurate indication of policy shortcomings. Whilst the significant drop in energy prices benefits Turkey as one of the largest importers globally, sharply falling tourism revenues and expansionary fiscal policy via state owned banks have led to sustained pressure on the currency and a fall in foreign exchange reserves. The persistent current account deficit despite a 30% devaluation of the Turkish lira in the year to date indicates that even now the currency remains overvalued. The selling pressure we have seen from investors across Turkish equity and bond markets is a reflection of this view.

At first glance, Turkey's economic performance this year looks to be resilient. Credit expansion helped stabilise economic activity when most needed, resulting in only a very small economic contraction over the year so far. However, we remain concerned that improvements in economic activity going forward will rely on increased consumer credit, suggesting a return to the boom-bust cycle that is now common for the Turkish economy.

Additionally, difficulties in attracting foreign direct investment have been compounded by the country's involvement in various geopolitical events across the region. The decision taken this year by Volkswagen to shelve its planned investment into Turkish production facilities is symbolic of the increasingly distracting nature Turkish politics has on the country's economic potential.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Despite these challenges, it is our belief that the country's flexible companies, gifted entrepreneurs and favourable demographics provide Turkey with a strong platform for future economic growth. At the same time, its position as a net energy importer allows the country to benefit from sustainably low energy prices.

Investment Strategy

Turnover of the portfolio's holdings in Turkey was somewhat higher than elsewhere, reflecting the greater volatility of the underlying market. Turkcell was a good example of this; we added to our position in March 2020 to reduce our exposure to the banking sector, in favour of the superior risk-return profile of Turkey's leading mobile phone operator. By June 2020, the company had announced a radical overhaul of its shareholder structure via the sale of Telia's minority stake to the Turkish Sovereign Wealth Fund. The stock reacted positively and rapidly appreciated to our target price, which prompted us to sell the position.

Amongst the portfolio's consumer names, we sold out of Turkish hard discounter BIM, after the stock outperformed in response to management's near perfect execution of their business plan. We also decided to exit our position in white goods manufacturer Arcelik (producer of the Beko-branded household appliances) in favour of an investment in its parent holding company, Koc Holding. Koc, widely regarded as Turkey's best run conglomerate, possesses an exciting portfolio of industry leading businesses with strong balance sheets and compelling growth prospects. Market volatility over the period saw the company's share price deviate substantially from the value of its underlying portfolio, which created an attractive entry point to purchase the stock.

In the financials sector, we sold Vakifbank in favour of Garanti, which we believe to be better positioned to withstand any rise in non-performing loans as a result of a tougher economic backdrop.

Poland

The divergence between the underwhelming performance of the Polish stock market and the country's robust economy, while disappointing, remains partly a result of its political make-up. The ruling conservative PiS party's preference for a "big state" approach favours substantial and growing political influence in support of key sectors and rising corporate taxation, often at the expense of the private sector. Whilst COVID-19 has exacerbated these trends, the underlying agility of private sector companies paired with the overall critical mass of the economy and stock market liquidity remain substantial positive factors. These, in our view, will eventually translate into superior earnings growth and increased investor attention.

In Poland, stock selection contributed positively to relative returns over the year, driven predominantly by our holding in game developer CD Projekt. The company outperformed following a record-breaking set of quarterly results and was further helped by investors reacting to the eagerly anticipated launch of new gaming franchise Cyberpunk 2077. In contrast, Polish financial names were weaker, owing predominantly to falling interest rates, as a result, our position in insurance group PZU detracted.

Economic and Political Background

Over the past year, the Polish political landscape has been dominated by parliamentary elections held in October and presidential elections in June. Parliamentary elections resulted in the ruling Law and Justice Party (PiS) retaining its majority in the Sejm, the lower chamber of the Polish parliament, but the Senate (upper chamber) was lost to the opposition, somewhat surprisingly. This fuelled hopes amongst the opposition that the presidential election would provide an opportunity to counterbalance PiS's dominance in Polish politics. Whilst the COVID-19 outbreak led to a postponement of the elections from May to June 2020, it allowed for the emergence of a credible opposition contestant in the form of the popular Warsaw mayor Rafal Trzaskowski. The highly emotional contest laid bare the country's stark polarisation and partisan politics present in society. Ultimately, the incumbent President, Andrzej Duda managed to eke out a slim majority in the second round of elections.

Economically, Poland has been a picture-perfect success story for years, benefitting from a vibrant entrepreneurial base, a domestic economy of critical size and generous EU grants supporting various infrastructure developments. This has helped rapidly increase living standards and household income at a time when salaries have stagnated across most parts of Europe. The resulting increase in consumption and investment has helped to soften the blow to the Polish economy from the effects of COVID-19. Furthermore, as an EU member Poland benefits from the European Union's position as a backstop to liquidity risks whilst, at a sector level, the Green Deal proposed by the European Commission will provide a framework to re-engage on Poland's energy policy, creating opportunities for jobs and investment.

Investment Strategy

We adjusted our exposure to the financials sector over the period, selling out of Santander Bank Polska on concerns related to their exposure to the SME segment.

In the communications services sector, we sold our holding in Polish mobile network operator Play, after the share price rallied considerably on news that French telecoms operator Iliad had made an offer to acquire the company at a substantial premium to market value. Amongst the portfolio's consumer names, we sold Polish shoe retailer CCC on concerns that sustained economic lockdowns would materially alter the company's business outlook.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Other Regional Markets

Stock exchanges in Hungary and Czechia both underperformed the wider region over the period, driven by concerns related to the impact of the COVID-19 on their respective economies. Against this backdrop, the portfolio's underweight exposure to Hungary helped contribute to relative performance over the period.

Similarly, Greek equity markets underperformed and ended the period as one of the worst performers across the region. This was despite the proactive approach taken by the government in announcing measures to support the economy and tackle the spread of COVID-19. The banking sector was amongst the hardest hit, as markets attempted to price in the rise in non-performing loans as a result of the economic disruption.

In contrast, Romanian equities did remarkably well over the last year, outperforming most markets in the region to end flat in USD terms. Our position in BRD, one of the largest Romanian banks, performed strongly over the period, owing in part to these improvements in investor sentiment related to the country's future economic growth prospects.

Economic and Political Background

In our view, the underperformance of Hungarian equities exemplifies the limitations of the smaller markets in Europe. Notwithstanding the often-criticized domestic political backdrop, the government's business friendly approach has benefitted the stock market, but has not resulted in the flotation of domestically oriented companies on the exchange. This has resulted in a number of Hungarian blue chips that are now largely dependent on sectoral trends and often operate in structurally challenged industries.

In contrast, Romanian equities performed strongly despite suffering the same economic effects of COVID-19 as their Central European peers. We believe this reflects the market's expectation of a pivot to a more transparent, pro-business policy in the upcoming parliamentary elections, which enabled investors to take an increasingly optimistic view on the country's economy over the medium term.

Investment Strategy

We adjusted our exposure to the financials sector over the period, selling out of Hungarian based OTP at the start of the year following a period of share price appreciation. We also initiated a position in Czech bank Komercni, based on the company's attractive valuation and healthy capitalisation levels that should help provide for substantial dividend returns going forward. We also reduced our exposure to Greek banks Alpha and NBG on asset quality concerns.

In the energy sector, we exited our position in Budapest-listed MOL, Central Europe's largest refiner and oil product retailer. In our view, the positive dynamics in non-fuel sales have largely been reflected in the share price, whilst softening refining margins might lower earnings expectations.

Elsewhere, we initiated a position in Greek hypermarket Jumbo, a company with a strong balance sheet and management team that have been able to deliver steady growth via a business model that has proven to be resilient against macroeconomic challenges.

Outlook

Managing the COVID-19 pandemic and protecting public health will be the defining moments for society in the near future. The ability to overcome the economically scarring effects remain crucial in reviving economic activity and restoring confidence across households and businesses alike.

The social and economic fallout from COVID-19 has further highlighted a number of global deficiencies, such as increasing social inequality, environmental pollution, armed conflicts and the polarisation of public opinion. Here, we welcome the increased responsibility the investment community is taking concerning the environmental, social and governance implications of company decision making. At Barings, we continue to follow our established investment process, which incorporates in-depth ESG analysis into our overall valuation process, whilst engaging with companies to effect positive behavioural change and increase overall standards.

At an individual stock level, we have witnessed extreme divergences in performance between high growth companies and their mature counterparts. Specifically, we continue to highlight the limited potential we see in the energy sector, especially as we deem the positive effects of improving transparency and corporate governance standards to be largely exhausted. The new broader investment focus will enable the Company to reduce the portfolio's exposure to hydrocarbons and access exciting growth opportunities in financial, consumer and technology sectors in particular. It will increase the potential for bottom-up stock selection to drive returns and create a wider global investment universe in some of the world's most dynamic markets.

We are, therefore, delighted that Shareholders approved the Board's recommendation to broaden the scope of your Company and move to an all-encompassing Emerging EMEA stock market strategy.

The investment case for EMEA remains strong. Underlying dividends have been impacted less by COVID-19 than within developed Europe. EMEA countries generally have low debt at government, corporate and household levels and are therefore less correlated with global currency and interest rate movements. Their economies are also predominantly domestically focused and relatively uncorrelated with each other.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

We believe that the larger market of Emerging Europe, the Middle East and Africa will provide a greater investment opportunity set and positive diversification effects that will contribute to superior risk adjusted returns going forward.

Middle Eastern stock markets registered good relative returns over the period, despite the sharp drop in oil prices. In Saudi Arabia, the inclusion in 2019 of the country's equity market into MSCI benchmark indices, combined with reform and liberalisation of the Saudi stock exchange, remain key positive drivers, helping to increase retail sector participation and institutional interest. Looking ahead, we view the positive performance of the Middle East as a vote of confidence in policy makers as they attempt to diversify regional economies and reduce their dependence on hydrocarbons. Additionally, increased participation of local investors highlights the potential of retail savings against a backdrop of falling interest rates. We believe that the resulting liquidity effect will help further increase the appeal of the region and widen the opportunity set.

In South Africa, the country's young demographics combined with the ongoing IMF led drive for structural reforms, anti-corruption measures and budget consolidation, will help raise the country's inherent economic growth potential and increase transparency for investors. Further, the successful mandate of the South African Reserve Bank has anchored inflation expectations, increased confidence in the Rand and lowered the cost of capital, helping to support stock market valuations.

Whilst in the short-term, markets globally are likely to remain volatile, we believe that the underlying potential of Emerging European, African and Middle Eastern economies remains intact and offer attractive investment opportunities across various sectors and geographies.

The broadening of the investment mandate will provide an opportunity to diversify the portfolio by reducing concentration risk and lowering political and country-based risk, whilst maintaining an attractive level of income. Further, the expanding middle class and increasing internet penetration rates across EMEA, combined with historically low levels of e-commerce and the shift by consumers from offline to online consumption, provide exciting growth opportunities for your portfolio across a number of sectors.

While the effects of COVID-19 are tough to bear for societies, and business models remain challenged, over the medium term, a combination of improving earnings, receding risk and attractive valuations should create a positive backdrop for Emerging European, Middle Eastern and African equity markets. We are confident that, in this environment, your portfolio will continue to deliver superior risk-adjusted returns whilst providing an attractive level of income to Shareholders.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Review of Top Ten Investments

at 30 September 2020

Investee Company	Sector	Market value £'000	% of investment portfolio	% relative to Benchmark	Company comment
Sberbank	Financials	**8,474**	**9.9**	**2.0**	Russia's largest bank, successful implementation of modernisation strategy offers scope for further improvement of profitability.
Lukoil Holdings	Energy	**6,006**	**7.0**	**-1.0**	High yielding Russian oil stock with potential for further dividend growth.
Gazprom	Energy	**5,201**	**6.1**	**-2.5**	Russia's largest oil and gas producer, offering substantial dividend distribution.
Norilsk Nickel	Materials	**5,051**	**5.9**	**1.6**	Russia's largest metals and mining stock and one of the biggest global palladium producers.
Polyus	Materials	**3,798**	**4.5**	**1.8**	One of the largest producers of gold globally, boasting a vast, easily accessible resource base.
CD Projekt	Consumer Services	**3,768**	**4.4**	**1.7**	One of the world's most successful computer game producers with the ability to expand and diversify its current franchises to become a multi title producer.
Yandex	Technology	**3,751**	**4.4**	**-3.1**	Russia's largest internet search engine, using its dominant market position to expand to capture advertising spend whilst expanding into areas such as ride hailing.
Mail.RU	Technology	**3,700**	**4.3**	**4.4**	Russia's largest internet business, evolving e-commerce, leading Russian social networks and instant messaging services.
AO Taftnet	Energy	**3,505**	**4.1**	**1.0**	A high yielding Russian energy company which is positioned to benefit from increasing output form its assets.
Novatek	Energy	**3,281**	**3.9**	**-0.6**	Largest independent gas producer in Russia. Liquefied Natural Gas strategy provides significant growth potential.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Investment Portfolio

at 30 September 2020

	Investee Company	Primary country of listing or investment	Market value £'000	% of Total assets less current liabilities*
1	Sberbank	Russia	8,474	9.94
2	Lukoil Holdings	Russia	6,006	7.04
3	Gazprom	Russia	5,201	6.10
4	Norilsk Nickel	Russia	5,051	5.92
5	Polyus	Russia	3,798	4.45
6	CD Projekt	Poland	3,768	4.42
7	Yandex	Russia	3,751	4.40
8	Mail.RU	Russia	3,700	4.34
9	AO Taftnet	Russia	3,505	4.11
10	Novatek	Russia	3,281	3.85
11	PZU	Poland	3,203	3.76
12	X5 Retail Group	Russia	3,187	3.74
13	Magnit	Russia	3,042	3.57
14	PKO Bank Polski	Poland	2,631	3.09
15	AFK Sistema	Russia	2,238	2.61
16	Mobile Telesystems	Russia	2,049	2.40
17	Turkiye Garanti Bankasia	Turkey	2,011	2.36
18	TCS	Russia	1,961	2.30
19	Moscow Exchange	Russia	1,799	2.11
20	Komercni Banka	Czechia	1,380	1.62
21	Koc Holding	Turkey	1,304	1.53
22	Taftnet	Russia	1,105	1.30
23	Globaltrans	Russia	1,069	1.25
24	National Bank of Greece	Greece	1,044	1.22
25	Ulker Biskuvi Sanayi	Turkey	1,028	1.20
26	Detsky Mir	Russia	1,001	1.17
27	Tofas Turk Otomobil Fabri	Turkey	989	1.16
28	KGHM Polska Miedz	Poland	818	0.96
29	Turkiye Petrol Rafinerileri	Turkey	786	0.92
30	EN+ Group International	Russia	782	0.92
31	Human Soft	Kuwait	755	0.89
32	Yapi Kredi	Turkey	740	0.87
33	BRD-Groupe Societe General	Romania	622	0.73
34	Alpha Bank	Greece	516	0.60
35	Jumbo	Greece	511	0.60
36	GMK Norilskiy Nikel	Russia	437	0.51
37	Allegro.EU	Poland	29	0.03
	Total investments		**83,572**	**97.99%**
	Net current assets		**1,710**	**2.01%**
	Net assets		**85,282**	**100.00%**

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Investment Process

We believe that equity markets are inefficient and that consistently applied fundamental bottom-up company analysis can identify mispriced opportunities. Fundamental research is the cornerstone of our approach in which we identify mispriced investment opportunities which possess Growth at a Reasonable Price ("GARP") characteristics. 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.

To each company we research, we apply a consistent, analytical and qualitative framework applied through our proprietary Company Scorecard (see below) which focuses on three factors: Growth, Valuation and Quality. By applying a consistent research approach, we can evaluate companies and determine relative attractiveness across countries and sectors within the region.

Fundamental Research – Consistent Company Scorecard

A consistent research approach helps evaluate companies and determine *attractiveness by country and sector*

Key Inputs

- **Company Meetings**
- **Sector/Industry/Macro Dynamics**
- **Five Year Proprietary Financial Forecasts**
- **ESG Considerations**

Growth	Quality	Valuation
■ **Historical** – last three-years' earnings growth ■ **Near-term** – next 12-months' earnings growth ■ **Long-term** – next five-years' forecast earnings growth	■ **Franchise** – competitive advantage, efficiency, stability ■ **Management** – competence, commitment and alignment with shareholder Interest ■ **Balance Sheet** – cash flow, working capital, capital structure analysis	■ **Barings Valuation Approach** – five-years discounted by our Cost of Equity ("COE") to set price target and determine upside

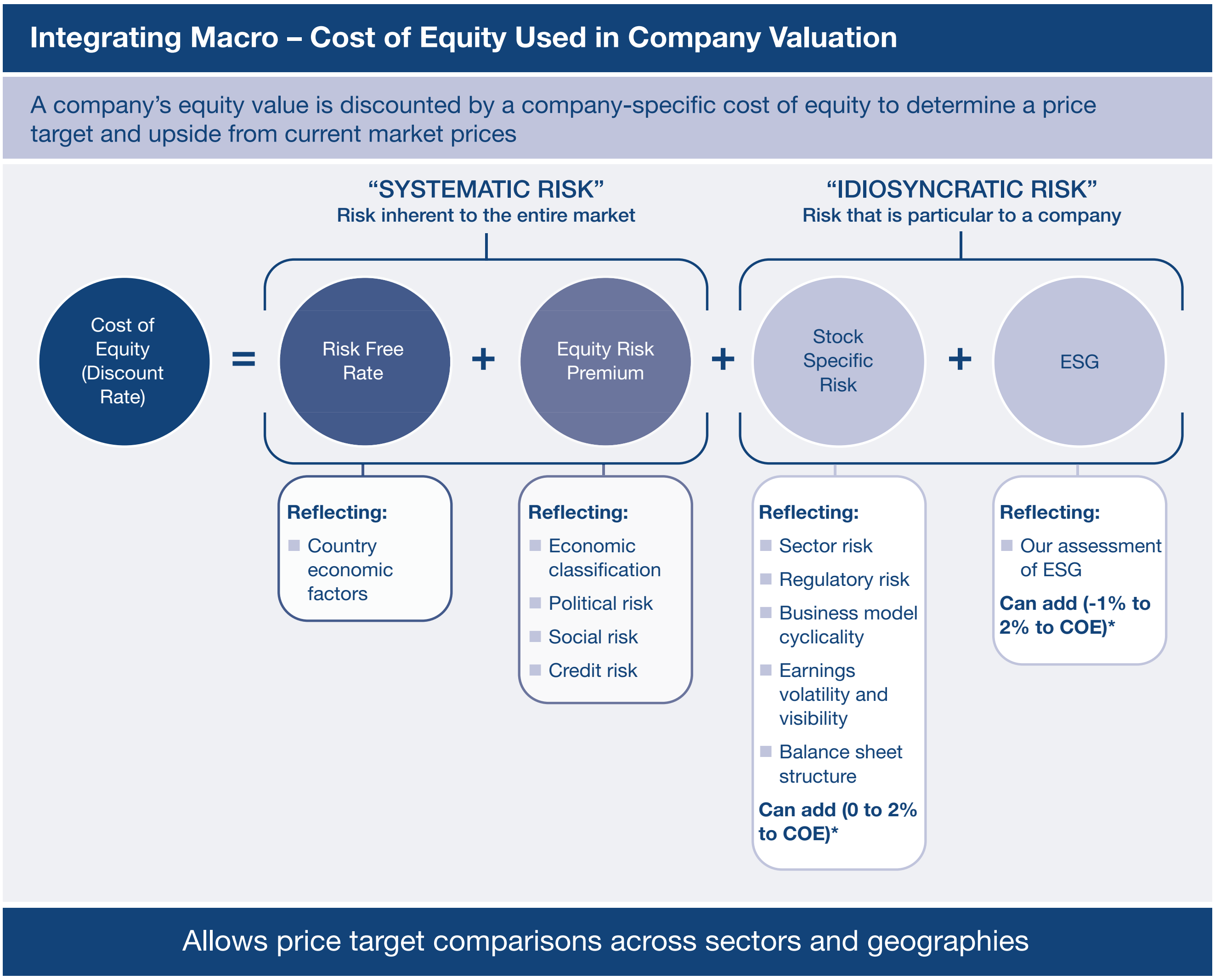
Each company is rated on a scale of 1-5, with a 1 score being the most favourable and a 5 score, the least attractive.

Source: Barings.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

Whilst our investment process is focused on company analysis, it also factors in the effects of macro influences such as the economic outlook and political change as well as Environmental, Social and Governance ("ESG") issues. We integrate these considerations through our unique Cost of Equity when we value companies.



We consider ESG factors among some of the most important variables that can impact an investment's risks and returns over time. As part of our overall commitment to delivering attractive returns, we endeavour to construct portfolios that meet our clients' risk-return requirements and this includes incorporating ESG criteria into our investment process. At Barings, ESG considerations influence both the company score we allocate to the companies we research and the cost of equity in order to capture the specific risks and inherent attractions highlighted by the company's own ESG approach. As part of our initial and ongoing analysis, our investment professionals meet with management teams, visit operational facilities and analyse industry competitors to better understand potential risks, including ESG-related issues. This analysis assists in the formation of our own assessments where we look for signs of improvement or deterioration, relying on our own research, rather than taking static recommendations from "ESG Specialists". Our assessment is based on the evaluation of nine key topics in order to arrive at a view on a company. The final rating is based on how a company performs across each of these areas.

Additionally, we believe in engaging with companies, rather than blanket exclusions of entire sectors. Through this approach we not only believe we have a greater chance of successfully effecting change, but also a greater chance to enhance the performance of our investments, for the benefit of our clients.

Barings has been a signatory to the United Nations Principles for Responsible Investment (PRI) initiative since January 2014. As a signatory, we have publicly committed to adopt and implement the UN PRI's six aspirational Principles for incorporating ESG issues into investment practice. In the UN PRI's 2020 Assessment Report our equity business scored an A+ for ESG integration and A for our approach to active engagement.

For definitions, please see Glossary on pages 81 to 83.

Report of the Investment Manager (continued)

ESG

ESG is important
- ESG analysis uncovers risks not apparent from traditional fundamental analysis
- Highlights more sustainable business practices and investment opportunities

Our dynamic approach
- We look for signs of improving or deteriorating ESG Standards

Proprietary assessment
- ESG due diligence is based on our company knowledge and regular management interaction
- Each company is evaluated on nine key ESG topics scored from "Unfavourable" to "Exemplary"
- Our assessment impacts the Barings COE valuation and Company Scorecore
- We engage with companies on material ESG issues

2020 UNPRI SCORE	BARINGS SCORE	MEDIAN SCORE
Incorporation	A+	A
Active Engagement	A	B

		Nine key topics
Sustainability of the Business Model (Franchise)	1	Employee Satisfaction
	2	Resource Intensity
	3	Traceability/Security in Supply Chain
Corporate Governance Credibility (Management)	4	Effectiveness of Supervisory/ Management Board
	5	Credibility of Auditing Arrangements
	6	Transparency & Accountability of Management
Hidden Risks on the Balance Sheet (Balance Sheet)	7	Environmental Footprint
	8	Societal Impact of Products/ Services
	9	Business Ethics

Unfavourable	Not improving	Improving	Exemplary

We take the ideas generated through our research processes to construct a portfolio which targets superior risk-adjusted returns. Risk management is central to our investment process and is part of our portfolio construction and risk management process. We employ a range of proprietary tools and models to fully identify all risks within the portfolio.

We take a multi-layered approach to fully understand how each position contributes to the stock specific and factor risk within the portfolio. This begins with our fundamental bottom-up research to identify all potential risks associated with each individual company. In addition our proprietary COE aims to capture not only stock specific risk, including ESG, but also systematic risk to ensure that the expected return fully compensates for any potential risks.

In considering ideas for potential inclusion into our portfolios, we consider two key questions:

1. How does the investment decision impact the portfolio's expected return?

2. How does the investment decision impact the portfolio's risk characteristics?

The assessment of the risk and return profile of the fund is aided by the use of our proprietary portfolio construction tools. This approach assists in pre-trade analysis to identify which companies have the greatest scope to improve the risk and return characteristics of the portfolio while additionally aiding position sizing. Furthermore, these tools also empower our portfolio managers to minimise unintended factor risk while maximising the stock specific risk contribution to ensure that our bottom-up ideas drive investment performance. Once invested, our investment professionals continue to monitor each company to ensure that our conviction remains intact and that an investment's risk and return profile remains attractive relative to other opportunities available in the market.

Baring Asset Management Limited
9 December 2020

For definitions, please see Glossary on pages 81 to 83.

Corporate Review

The Strategic Report on pages 2 to 29 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 and 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.

Dividend Policy

The Company seeks to generate an attractive level of income for Shareholders, and will pay income from capital of up to 1% per annum of NAV when considered appropriate by the Board. The Board believes that this is a sustainable policy that should improve the Company's appeal amongst investors.

Dividends

An interim dividend of 15 pence per Ordinary Share was declared on 26 May 2020 and paid on 26 June 2020.

The Board recommends a final dividend of 10 pence per Ordinary Share. Subject to Shareholder approval at the AGM, the recommended final dividend will be paid on 5 February 2021 to Shareholders on the register at the close of business on 18 December 2020. The Ordinary Shares will be marked ex-dividend on 17 December 2020.

Buyback Programme

During the year under review, the average discount to NAV at which the Company's Ordinary Shares traded at was 11.04% (2019: 11.54%) and 163,272 Ordinary Shares were repurchased at a cost of £1,101,000 (2019: 695,747 Ordinary Shares at a cost of £5,293,000). All Ordinary Shares repurchased during the year have been cancelled.

Section 172 Statement

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. During the year under review, the Board discussed which parties should be considered as primary stakeholders of the Company and 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 and Service Providers including; Corporate Broker, Company Secretary, Registrar, Custodian, Auditor and Administrator and, its Investee Companies. But they also take 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.

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 AGMs. Shareholders have the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There are presentations on the Company's performance and the future outlook.

Corporate Review (continued)

The Board is disappointed that it will not be able to meet Shareholders in person at the forthcoming AGM in January 2021 due to current restrictions on public gatherings to prevent the spread of the COVID-19 virus. The Board is pleased to confirm that it has made arrangements for a presentation from the Investment Manager to be made to Shareholders via a webinar after the AGM. During, and after, this presentation, Shareholders will be able to put questions to the Investment Manager.

Shareholders will also be able to raise questions regarding the business to be considered at the AGM by emailing the Chairman on BEMOChairman@linkgroup.co.uk. Answers to common themes identified will be published on the Company's website.

- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and are 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.

- **Shareholder Feedback** – 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 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 essential for 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 at least every quarter, and adopts a tone of constructive challenge.

Further details on the Management arrangements can be found on page 12.

Third-Party Service Providers
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 adhoc 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 also reviews and evaluates the financial reporting control environments in place at the key service provider.

Investee Companies
The Investment Manager engages with the management of these companies on a periodic basis and reports its impressions on the prospects of the 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 23 to 25.

The above 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 items at Board meetings include the review of the Company's portfolio, performance and the market; investor relations, research and promotions; key risks, operational matters and governance; and compliance with the AIC Code.

Decision Making
Specific Board decisions that have been made during the year included the following:

New Investment Policy
A key strategic decision made by the Board was the change of the Company's investment objective and investment policy. At the Board's strategy day, the Board considered and engaged in detailed discussion on the strategy of the Company and how the Company could broaden its appeal to a wider range of investors. The Board sought guidance from its Corporate Broker and Investment Manager. It also sought the

Corporate Review (continued)

views of its largest shareholder on the new investment policy. Proposals were circulated to Shareholders in October 2020 on a change to the investment policy, which was approved by Shareholders at a General Meeting held on 13 November 2020.

New Discount Control Mechanism

In conjunction with feedback from its largest shareholder and the Corporate Broker, the Board, mindful of Shareholders' continued desire for a strong discount control mechanism, agreed new tender offer trigger mechanisms for the five year period commencing 1 October 2020.

Positioning, Messaging and Secondary Market Liquidity

The Board has engaged Warhorse Partners to undertake research into the Company's position in the market and its engagement with Shareholders. The Board, with assistance from Warhorse Partners, a specialist consultancy, has approved a marketing proposal to generate further interest in the Company's shares and improve liquidity.

Compliance with the New AIC Code

In conjunction with the Company Secretary, the Board also reviewed the status of the Company's compliance with the additional requirements of the AIC Code of Corporate Governance that was implemented in February 2019.

The Board recognises the importance of engaging with its core stakeholders, and of taking account of their interests when taking decisions.

Culture

The Board believes that establishing and maintaining a healthy corporate culture, based on integrity, good governance and openness will support the delivery of its purpose and strategy and is essential both to the reputation of the Company and to its success.

The Company seeks to comply both with the relevant code of corporate governance and with corporate governance best practice. It has a number of policies and procedures in place to assist with maintaining a culture of good governance including those relating to diversity, Directors' conflicts of interest and Directors' dealings in the Company's shares. The Board assesses and monitors compliance with these policies and reviews progress during the annual evaluation process which is undertaken by each Director (for more information see the corporate governance statement section on page 40).

The Board seeks to appoint competent and diligent providers and evaluates their performance on a regular basis as described on page 46. The Board considers the culture of the Manager and other service providers, including their practices and behaviour, through regular reporting from these stakeholders and in particular during the annual review of the performance and continuing appointment of all service providers.

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 peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group; and
- marketing effort 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 in accordance with the Board's expectations and has delivered good returns.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 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 in the context of the Company's investment portfolio and cost base. Additionally, it was felt that this period was appropriate due to limitations forecasting the longer term revenue generation of the portfolio, as companies across the region continue to face challenges paying dividends due to the impact of COVID-19.

Corporate Review (continued)

The Directors have carried out an 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 10 and 11. Consideration has also been given to the impact of COVID-19, which is discussed both in the Chairman's Statement and Investment Manager's Report. The Company's long term viability assessment is underpinned by 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. It has been reported by the Investment Manager that the portfolio has sufficient liquidity to meet all requirements with approximately 95% of the portfolio able to be liquidated within five days;
- the Company has no long term debt, and restricts the level of short term borrowings. Please note that as at the year end the Company has repaid in full its loan facility with State Street Bank and Trust Company;
- underlying revenue generation of the portfolio is regularly reviewed and monitored. Whilst COVID-19 has had a significant impact on the ability of companies to pay dividends, it is reasonable to expect a return to underlying earnings growth and therefore revenue growth over the coming years; and
- the Company has recently announced proposals to broaden its investment policy to focus on the whole of Emerging Europe, the Middle East and Africa. This should help to increase the investment opportunity set whilst further diversifying the portfolio and reducing country and sector risk concentrations. It is also expected that the New Investment Policy will allow the Company to maintain an attractive level of income, enabling the Company to remain a true source of income diversification for Shareholders.

The Board have also considered the portfolio's underlying revenue generation in the context of further market shocks, such as those resulting from the COVID-19 pandemic. In carrying out this assessment, the Board have considered the diversification of the Company's portfolio, as well as the liquidity profile and dividend coverage of underlying investments. This analysis did not indicate any matters of significant concern.

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.

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. The Company has therefore not reported further in respect of these provisions.

The Company aims to conduct itself responsibility, 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 25, which is supported by the Board. A key consideration in the decision to change the investment policy 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 management and Boards. Please see page 45 for further information.

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

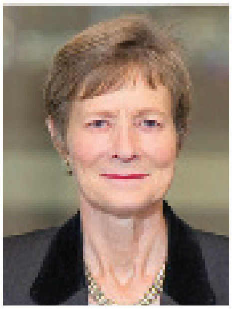
Frances Daley
Chairman
9 December 2020

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 also chair of Haven House Children's Hospice and a non-executive director of Henderson Opportunities Trust PLC and Regional REIT Limited.

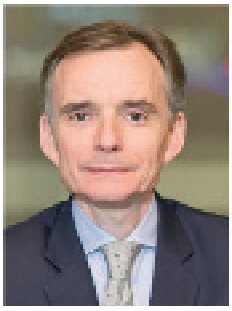
She was appointed to the Board on 29 April 2014.



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 and National Philanthropic Trust UK.

She was 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 board director and managing director of TS Lombard, an independent investment research provider covering 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 joined UFG from Fleming-UCB, where since 1995 he had held the position of managing director and head of research. Christopher is a member of the board of directors of EOS Russia AB and a member of the investment committee of Olma Luxury Holdings Private Equity Fund.

He was appointed to the Board on 30 November 2018.

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, Standard Life Private Equity Trust plc and BLME Holdings plc, a UK regulated banking group. He currently chairs a charity: the Tarbat Historic Trust and is a trustee of the Suffolk Wildlife Trust.

He was appointed to the Board on 21 September 2017.

NADYA WELLS – Non-Executive Director and Senior Independent Director

Nadya has over 20 years' Emerging and Frontier markets experience as a long-term investor and governance specialist. Latterly she spent 13 years with the Capital Group until 2014, 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 until 1999. She started her career with EY in management consulting. She is also an independent non-executive director on the supervisory board of Sberbank of Russia where she sits on audit, risk and strategy committees, a non-executive director of Hansa Investment Company Limited and also sits on the the boards of unlisted SICAVs in Luxembourg, which are managed by Aberdeen Standard Investments in Luxembourg. She has an MBA from INSEAD, an MA from Oxford University and an MSc from the University of Geneva.

She was 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 2020.

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 29) as the Board considers them to be of strategic importance.

Directors

As at 30 September 2020, 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 page 30, 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 Companies Act 2006, related legislation and the Listing Rules. 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 of the Board Committees. In accordance with the policy adopted by the Board and the AIC's Code of Corporate Governance, all Directors will retire and seek annual re-election at the Company's forthcoming AGM.

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. It was therefore agreed that all Directors should stand for re-election, and the re-election of each of the Directors is recommended by the Board.

There were no contracts or arrangements subsisting during or at the end of the financial year in which any Director is or was materially interested, including with the AIFM.

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 SID 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.

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 that they can discharge their duties;

Report of the Directors (continued)

- 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 Board of Directors of the Company comprises three females and two males.

The Company's diversity policy acknowledges the benefits of greater diversity, including gender diversity. The Board is committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives.

Whilst the Board has adopted a diversity policy, which recognises the importance and benefits of greater diversity including that of gender, it does not consider that it would be appropriate to set diversity targets as all Board appointments are made on merit, in the context of skills, knowledge and experience required for the effectiveness of the Board, and against objective criteria.

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 2020, the Company's total issued share capital was 15,594,232 Ordinary Shares (30 September 2019: 15,757,504), 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 cancelled. All of the Company's Ordinary Shares in circulation are listed on the premium listing segment 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 last year's Annual General Meeting ("AGM"), the Directors were granted authority to allot Ordinary Shares up to an aggregate nominal amount of £62,107.72 (being 5% of the issued Ordinary Share capital) as at the date of publication of the Notice.

Report of the Directors (continued)

This authority is due to expire at the Company's forthcoming AGM on 21 January 2021. 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.

Treasury Shares

Shares brought 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, 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 1,861,989 shares. Since the AGM held on 23 January 2020 and the year end, the Company bought back 163,272 Ordinary Shares with a nominal value of 0.10 pence per Ordinary Shares, and at a total cost of £1,101,000 under this authority. As at 30 September 2020, the remaining authority for the purchase of own shares is 1,716,470 Ordinary Shares. A total of 3,318,207 Ordinary Shares are held in treasury, representing 21.32% of the issued share capital at 9 December 2020.

The authority will expire at the next AGM when a resolution for its renewal will be proposed. Please refer to the Notice of AGM.

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.

The Company has received notification of the following disclosable interests in the voting rights of the Company:

	At 30 September 2020	
Shareholders	**Number of Ordinary Shares notified**	**% Interest in share capital**
City of London Investment Management Company Limited	**3,147,935**	**25.4**
Lazard Asset Management LLC, New York, United States of America	**1,096,747**	**6.7**
City of Bradford Metropolitan District Council	**925,158**	**5.6**

The Company has been informed that, since the year end, City of London Investment Management Company Limited has decreased its holding in the Company to 24.7% (3,029,565 shares).

Corporate Governance

The statement of Corporate Governance, as shown on pages 36 to 45, 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 12 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. The Directors have also considered the risks and consequences of the COVID-19 pandemic and have concluded that the Company has the ability to continue in operation for the year ahead. For further details on the medium term viability of the Company please refer to the "Viability Statement" on pages 28 and 29.

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)

Global Greenhouse Gas Emissions

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.

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 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 page 32, 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 page 25.

Financial Risk Management

The principal financial risks and the Company's policies for managing these risks are set out in note 14 to the Financial Statements.

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, 21 January 2021 at 2:00 pm. The formal notice of the AGM will be provided to Shareholders under 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 be in the Notice.

Report of the Directors (continued)

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 (Ms. Frances Daley, Mr. Calum Thomson and Ms. 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 Review.

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.

Post Balance Sheet Events

On 5 October 2020, the Board confirmed that the discount and performance-based conditions to the four year tender offer announced on 15 December 2016, had not been triggered. Accordingly, a tender offer was not offered.

For the five year period from 1 October 2020, the Board agreed to propose a new tender offer for up to 25% of the Company issued shares based on discount and performance based conditions. Please see page 7 for details.

On 13 November 2020, Shareholders approved the New Investment Policy. The Investment Manager has agreed a transition plan with the Board to implement the changes to the investment portfolio. On 15 November 2020, the Company changed its name to Barings Emerging EMEA Opportunities PLC.

Since the year end and at the date of this Report, the Company has repurchased 32,120 of its own Ordinary Shares at a cost of £193,000. These Ordinary Shares will be cancelled.

Link Company Matters Limited
Secretary
9 December 2020

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 2020, 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 10 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, and to provide Shareholders with capital and income growth from a diversified portfolio of investments designed to outperform the Benchmark in sterling terms. The Board has defined its culture and values. It has also agreed behaviours and attributes that promote the culture and values. It does this by investing its assets with a view to spreading investment risk in accordance with the investment objective, while maintaining a diversified portfolio. As detailed on page 25,the Investment Manager takes ESG factors into consideration as part of the investment process. 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.
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 48 to 52.
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 the expressed opinions of all such parties when making any decision. The Board considers that, other than Shareholders, other key stakeholders are third-party providers, the Investment Manager and its investee companies. On page 26, 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 determining the composition of the Board and for 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 26 and 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 transactions and financial position and all Directors have timely access 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 evaluation was led by the SID, taking into account feedback from the Directors. The document setting out the roles of the Chairman and SID 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 SID 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 are 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. Mrs Wells is a Director of the Supervisory Board of Sberbank of Russia PJSC, a holding in the Company's investment portfolio. However, the Supervisory Board in line with the dual Board structure typical in Russia, has no executive control over Sberbank and as such the Board considers her independent with regards to her appointment to the Company. In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board. The Board also considers the composition of the Board as well as the longer-term succession plans.

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 46.
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 full 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 page 47. No Directors were appointed in the year under review. The Board 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.
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 page 30 of this Report. These demonstrate the wide range of skills and experience that they bring to the Board. The Directors' skills, experience and knowledge is reviewed as part of the annual evaluation process. When considering new appointments, the Board reviews the skills of the Directors 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.

Statement of Corporate Governance (continued)

AIC Code Principle	Compliance Statement
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 election and re-election of Directors. 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 48 to 52.
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 agreed that they believe that 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. The Audit Committee has carried out an annual review of the effectiveness of the Company's systems of internal control and, given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee reviews the control systems in operation of the Company's key service providers insofar as they relate to the affairs of the Company. As set out in more detail in the Report of the Audit Committee on pages 48 to 52, 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 page 50.

Statement of Corporate Governance (continued)

AIC Code Principle	Compliance Statement
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. As outlined in the Remuneration Report on page 53, 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 55. Further information can be found in the Remuneration Report on pages 53 to 56.
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 page 53.
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 and financial 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.

Statement of Corporate Governance (continued)

Board Operation

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

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

The Board also held one scheduled meeting of the Management Engagement Committee, which all Directors attended.

Ad hoc Board meetings were held during the year as required. Specifically, the Board met to consider proposals to broaden the investment policy of the Company. Further Board meetings were held to consider proposals to fully repay the loan facility with State Street Bank and Trust Company. Those Directors available at the time attended these meetings.

The Board also held its annual strategy meeting in June 2020, which all Board members attended.

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.

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.

Statement of Corporate Governance (continued)

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 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, Management Engagement Committee and Nomination 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' fees and Directors' Remuneration Policy are detailed in the Directors' Remuneration Report on pages 53 and 54 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 48 to 52.

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 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 to have 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 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. Potential candidates known to Directors through their extensive knowledge of the industry may also be considered. The Nomination Committee Report can be found on page 47.

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 following the year end to consider the performance of the Investment Manager and other third-party service providers over the preceding financial period.

Please see page 28 for the considerations of the Committee in reaching its recommendation to the Board about the continuing appointment of the Investment Manager.

During the year under review, the Board paid particular attention to the potential effects of the COVID-19 pandemic on the ability of the Investment Manager and key service providers to maintain a satisfactory level of service.

Statement of Corporate Governance (continued)

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 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, who replaced Northern Trust Global Services Limited on 21 April 2020. 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 10 and 11.

Relations with Shareholders

The Board regularly reviews the AIFM's contact with the Company's Shareholders and monitors its Shareholders profile. The Board supplements this with some direct contact with Shareholders and is available to speak with any Shareholders who wishes to do so. A quarterly newsletter is produced by the AIFM and is available to Shareholders. The Board supports the principle that the AGM be used to communicate with private investors. In normal circumstances, all Board members would attend the AGM and the Chairman of the Board chairs the meeting. Details of the proxy votes received in respect of each resolution are made available to Shareholders at the meeting. The AIFM attends to give a presentation to the meeting.

The continuing COVID-19 pandemic has led to the imposition of severe restrictions on public gatherings. As a consequence, we are making changes to the way we conduct the AGM in 2021.

In light of the UK Government's current guidance on public gatherings, and the new legislation set out in Schedule 14 of the Corporate Insolvency and Governance Act, the Board has concluded that shareholders cannot be permitted to attend the AGM in person.

The Annual General Meeting ("AGM") will be held on 21 January 2021 at 2.00pm. The Board is mindful of ensuring that the meeting will be held in compliance with the UK Government's guidelines concerning arrangements for such meetings and are aware that restrictions may remain in place in relation to the COVID-19 crisis at the date of the AGM. The AGM will therefore be held as a closed meeting. Shareholders are encouraged to vote on the resolutions but not to attend in person. If you have any questions regarding the business of the AGM or should you wish to get in touch with the Chairman please do so by email at BEMOChairman@linkgroup.co.uk.

Statement of Corporate Governance (continued)

After the AGM, at 3.00pm, the Investment Manager will give a presentation, via webinar, on the outlook for the year ahead further to the change of investment policy. The webinar will have the functionality for Shareholders to ask questions during, and after, the presentation.

A separate Notice of AGM is being sent to Shareholders, together with this Report and Accounts.

Any shareholder wishing to submit questions to the Board, or the Investment Manager in advance of the meeting is encouraged to do so by emailing BEMOChairman@linkgroup.co.uk. Answers to common themes will be published on the Company's website prior to the AGM.

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 such 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;
- 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 2020 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.

By order of the Board

Frances Daley
Chairman
9 December 2020

Management Engagement Committee Report

I am pleased to present the Management Engagement Committee Report for the year ended 30 September 2020.

Composition and Role

The Management Engagement Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. Clearly defined 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;
- recommend to the Board any variation to the terms of the AIFM Agreement 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; and
- marketing effort and resources provided to the Company.

With respect to the review of the performance of the Company's other third-party service provides, the Committee considered the quality of services provided and the overall value for money.

Clearly defined Terms of Reference have been established and agreed with the Board, which are available on the Company's website.

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.

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. The Board has agreed a reduction in the management fee with the Investment Manager to 0.75% of the net assets of the Company. This reduction was effective from 13 November 2020.

Nadya Wells
Chairman of the Management Engagement Committee
9 December 2020

Nomination Committee Report

I am pleased to present the Nomination Committee Report for the year ended 30 September 2020.

Composition and Role

The Nomination Committee comprises myself, as Chairman, and the entire Board, all being independent Non-Executive Directors. 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 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.

Effective succession planning is important for the long-term success of the Company. The Committee is cognisant of the link between succession planning, strategy and the culture of the Company, and the role in which it plays.

The Committee considers succession planning for the Board on an annual basis. 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, skillsets 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

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.

The Committee will continue to make recommendations for new appointments to the Board based on merit, with candidates measured against objective criteria and with regard to the skills and experience they would bring to the Board. It will also consider and review the appointment of the Chairman, and the Chairman will be excluded from these discussions.

During the year, the Committee held one scheduled meeting which was attended by all members of the Committee.

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
Chairman of the Nomination Committee
9 December 2020

Audit Committee Report

I am pleased to present the Audit Committee Report for the year ended 30 September 2020.

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 Emerging Europe sector experience. Both Frances 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. Further details of their qualifications are set out see page 30.

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 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 managements 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 four occasions. 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 2020, 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
Discount Control Mechanism - Verification of the Tender Offer Results In 2016, the Board introduced a policy to offer Shareholders a tender of up to 25% of the Company's Ordinary Shares over the four-year period from 1 September 2016 to 30 September 2020	The Investment Manager calculated the Company's performance against the two conditions of the tender offer and presented these to the Audit Committee, together with the methodology used for the calculations. The Audit Committee engaged the Auditor to independently verify these calculations. The conditions were not met and a tender offer was not offered to Shareholders.
Valuation of the investment portfolio	The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the financial statements, on pages 66 to 68. The Investment Manager reviews the valuation of the investments by both the Administrator and Custodian at least monthly. Actively traded investments are valued using stock exchange prices provided by a third-party vendor. As part of the day-to-day controls of the Company there are regular reconciliations between the accounting records and the records kept by the independent Custodian of the assets it safeguards. The Investment Manager regularly provides information to the Audit Committee in respect of the liquidity of the portfolio. 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, or that the existence of assets recorded in the books of account are not held in safe custody.
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. During the year and as part of the year-end review, the Committee considered the Company's ability to continue to operate and its future viability. Stress tests were carried out, examining the effects of substantial falls in asset value and revenues. Throughout the year, the Audit Committee has also dedicated time to considering the likely economic effects and the impact on the Company of the ongoing COVID-19 pandemic.

Going Concern and Viability

The Committee reviews and assesses the Annual Report as a whole, in particular the year-end financial statements and makes recommendations to the Board, in particular 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 to the Board 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 Statement of Directors' Responsibilities on page 57.

Audit Committee Report (continued)

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 dividend;
- 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;
- 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. Amongst other topics, this included a discussion around the ongoing impact of COVID-19, which the Board considered of immediate significance, and is therefore discussed further in the Principal Risks section on pages 10 and 11. Other topics that were considered include, the upcoming implications of the United Kingdom's withdrawal from the European Union and the longer-term impact of issues such as climate change. With regards to Brexit, the Committee considered whether the ability to recover withholding tax on EU investments would in any way be impaired. It was decided that this should be reviewed on an ongoing basis as the details of the UK's future relationship with the EU become clearer.

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. 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 risks that have been identified by the Board are set out on pages 10 and 11.

Audit Committee Report (continued)

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

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, ask questions and challenge the Auditor. For example the Audit Committee challenged the Auditor to explain how the audit process covered the liquidity of investments and the allocation to Level 1 and Level 2.

The Committee reviewed and discussed the findings of the FRC's recent 2020 Audit Quality Report on the quality of audits performed by BDO LLP and has satisfied itself that none of the shortcomings identified are 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 two years and the Company will review the continued appointment of Mr Smith as audit partner after he has served for five years. The Audit Committee reviews the scope and nature of all proposed non-auditor 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.

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 (2019: 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 £29,000 (exclusive of VAT) has been agreed in respect of the audit for the year ended 30 September 2020 (2019: £24,500).

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 reply on the controls which exist within its third-party providers.

Audit Committee Report (continued)

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 performance, business model and strategy.

Calum Thomson
Chairman of the Audit Committee
9 December 2020

Directors' Remuneration Report
for the year ended 30 September 2020

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 September 2020, 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 58 to 62.

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy"), detailed below, is put to 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 on the Company held on 23 January 2020. A Statement of Voting is on page 55.

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

The Policy

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors. Subject to this overall limit, currently £175,000, it is the Company's policy to determine the level of Directors' fees having regard to fees payable to Non-Executive Directors in the investment trust industry generally, the role that individual Directors fulfil, and the time committed to the Company's affairs.

The Company does not provide pension benefits, rights to any bonuses, share options or long-term incentive schemes or performance-related payments to Directors. No other payments are made to Directors, other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

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 £175,000 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.

Directors' fees were last increased in January 2020. Since the year end, the Board conducted its annual review of Directors' fees in accordance with the Remuneration Policy. The Board considered research carried out by third parties on the levels of fees paid to the Directors of the Company's peers generally and averages within the investment trust industry generally. The involvement of remuneration consultants has not been deemed necessary as part of this review. As part of this review it was concluded that there would be no increase in Directors' fees at present.

There are no proposed changes to the approved Remuneration Policy and therefore there are no significant changes in the way the Policy will be implemented during 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 2020			Year ended 30 September 2019		
	Fees	**Expenses**	**Total**	Fees	Expenses	Total
Frances Daley	**35,250**	**-**	**35,250**	33,000	–	33,000
Vivien Gould	**26,500**	**-**	**26,500**	13,942	614	14,556
Christopher Granville	**26,500**	**-**	**26,500**	20,929	–	20,929
Calum Thomson	**29,375**	**-**	**29,375**	27,500	75	27,575
Nadya Wells	**27,250**	**392**	**27,642**	25,000	924	25,924
Ivo Coulson *(retired 30 November 2018)*	**–**	**–**	**–**	4,167	–	4,167
Jonathan Woollett *(retired 10 January 2019)*	**–**	**–**	**–**	7,019	–	7,019
	144,875	**392**	**145,267**	131,557	1,613	133,170

The Directors are entitled to claim travel expenses to meetings. No additional fees are payable for membership of the Board's Committees, although Calum Thomson receives an additional fee of £2,500 for his responsibility as Audit Chairman. Nadya Wells receives an additional fee of £1,000 for her responsibility as Senior Independent Director.

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.

Remuneration for the Chairman over the last five years

Year ended 30 September	Fees	Performance related benefits received as a percentage of maximum payable
2020	£36,000	n/a
2019	£33,000	n/a
2018	£33,000	n/a
2017	£33,000	n/a
2016	£33,000	n/a

Directors' Remuneration Report (continued)

Directors' Beneficial Shareholdings (Audited)

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

The beneficial interests of the Directors and any persons closely associated in the Ordinary Shares of the Company are set out in the below table:

	At 30 September 2020	
Director	**Number of Ordinary Shares**	**% Interest in Share Capital**
Frances Daley	6,000	0.038
Vivien Gould	1,500	0.009
Christopher Granville	–	–
Calum Thomson	7,072	0.045
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 (Audited)

The following table compares the remuneration paid to the Directors with aggregate distributions to Shareholders in the year to 30 September 2020 and the prior year. This disclosure is a statutory requirement.

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000	**Change £'000**
Aggregate Directors' emoluments	145	132	13
Aggregate Shareholders distributions in respect of the year	4,345	4,490	(145)
Aggregate share buybacks	1,101	5,293	(4,192)

Statement of Voting at the Annual General Meeting

The Directors' Remuneration Policy was approved at the AGM of the Company held on 23 January 2020 and the Directors' Remuneration Report for the year ended 30 September 2019 was approved by Shareholders at the AGM held on 23 January 2020.

This resolution was passed on a show of hands. The votes cast by proxy were as follows:

REMUNERATION REPORT	Number of Votes	% of Votes Cast
For	4,496,154	82.83
Against	931,937	17.17
At Chairman's discretion	–	–
Total votes cast	5,428,091	–
Withheld	7,327	–

REMUNERATION POLICY	Number of Votes	% of Votes Cast
For	5,423,033	99.91
Against	5,058	0.09
At Chairman's discretion	–	–
Total votes cast	5,428,091	–
Withheld	7,327	–

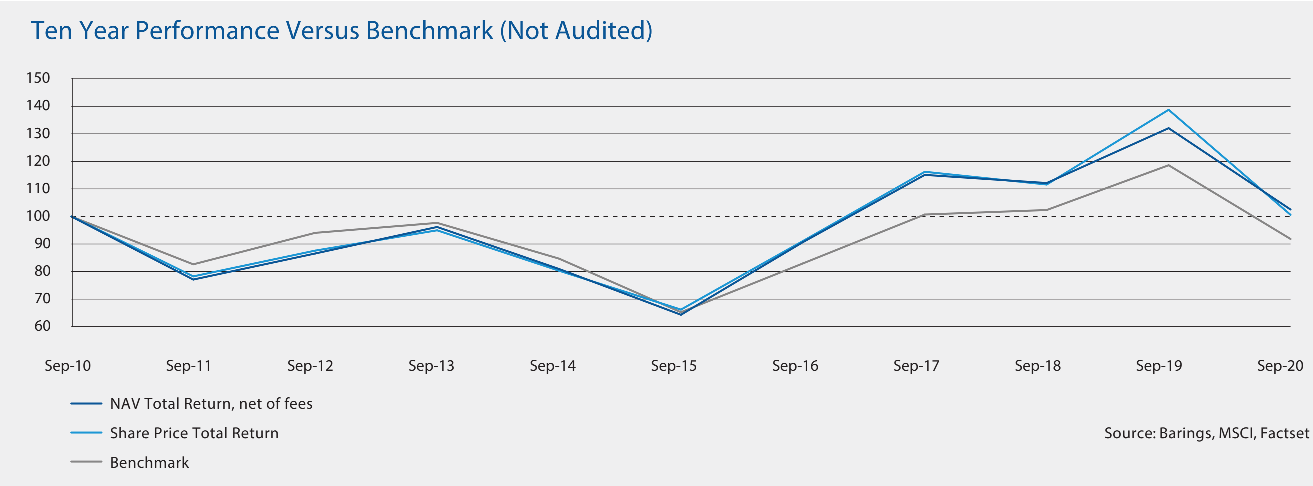
Directors' Remuneration Report (continued)

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:



Approval

The Directors' Remuneration Report was approved by the Board of Directors on 9 December 2020 and signed on its behalf by:

Frances Daley
Chairman
9 December 2020

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 are required 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 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.

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 and loss 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
9 December 2020

Independent Auditor's Report

to the members of Barings Emerging EMEA Opportunities PLC

Opinion

We have audited the financial statements of Barings Emerging EMEA Opportunities PLC (the 'Company') for the year ended 30 September 2020 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its loss 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.

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 are 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the Directors' confirmation in the annual report that they have carried out a robust assessment of the Company's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. This matter was 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 this matter.

Independent Auditor's Report (continued)

Key audit matter	How We Addressed the Key audit matter in the Audit
Valuation and ownership of investments (Note 1 and Note 9) The investment portfolio at the year end comprised of listed equity investments valued at £83.6m. We consider 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 entity. Furthermore, we consider the valuation disclosures to be a significant area as they are expected to be a key area of interest for the users of the financial statements.	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 a sample of 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 existence all of investments held at the balance sheet date. We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard. **Key observations:** Based on our procedures performed we did not identify any material exceptions with regards to valuation or ownership of investments.

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. The application of these key considerations gives rise to two levels of materiality, the quantum and purpose of which are tabulated below.

Materiality measure	Purpose	Key considerations and benchmarks	Quantum (£)
Financial statement materiality (1% of net assets)	Assessing whether the financial statements as a whole present a true and fair view.	■ The value of net investments ■ The level of judgement inherent in the valuation ■ The range of reasonable alternative valuations	£850,000 (2019: £1,160,000)
Performance materiality (75% of materiality)	Lower level of materiality applied in performance of the audit when determining the nature and extent of testing applied to individual balances and classes of transactions.	■ Financial statement materiality. ■ Risk and control environment.	£640,000 (2019: £870,000)

We have set a lower testing threshold for those items impacting revenue return of £250,000 (2019: £530,000), with a performance threshold of £190,000 (2019: £400,000), which is based on 10% of revenue return before tax and 75% of this respectively.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £20,000 (2019: £20,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Independent Auditor's Report (continued)

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities and the overall control environment. Based on this understanding, we assessed those aspects of the Company's transactions and balances which were most likely to give risk to a material misstatement.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the UK Listing rules, the DTR rules, FRS 102 accounting standard, VAT and other taxes.

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.

We considered compliance with this framework through discussions with the Audit Committee and performed audit procedures on these areas as considered necessary. Our procedures involved enquiry with the Investment Manager, Administrator and the Board, review of the reporting to the Directors with respect to compliance with laws and regulation, review of Board meeting minutes and review of legal correspondence.

There are inherent limitations in an audit of financial statements 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 would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Independent Auditor's Report (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 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.

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

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by Board at the AGM on 23 January 2020 to audit the financial statements for the year ended 30 September 2020. The period of total uninterrupted engagement is 2 years, covering the year ended 30 September 2020 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Independent Auditor's Report (continued)

Use of our report

This report is made solely to the 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 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 Company and the 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

9 December 2020

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

Income Statement

for the year ended 30 September 2020

		For the year to 30 September 2020			For the year to 30 September 2019		
	Notes	**Revenue return £'000**	**Capital return £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	9	**–**	**(26,316)**	**(26,316)**	–	14,126	14,126
Foreign exchange losses		**–**	**(382)**	**(382)**	–	(371)	(371)
Income	2	**3,506**	**116**	**3,622**	6,315	–	6,315
Investment management fee	3	**(156)**	**(623)**	**(779)**	(173)	(693)	(866)
Other expenses	4	**(770)**	**–**	**(770)**	(765)	–	(765)
Return on ordinary activities		**2,580**	**(27,205)**	**(24,625)**	5,377	13,062	18,439
Finance costs	5	**(33)**	**(134)**	**(167)**	(77)	(308)	(385)
Return on ordinary activities before taxation		**2,547**	**(27,339)**	**(24,792)**	5,300	12,754	18,054
Taxation	6	**(266)**	**–**	**(266)**	(818)	–	(818)
Return for year	8	**2,281**	**(27,339)**	**(25,058)**	4,482	12,754	17,236
Earnings per Ordinary Share	8	**18.40p**	**(220.52p)**	**(202.12p)**	35.09p	99.87p	134.96p

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 year.

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 66 to 78 form part of these accounts.

Statement of Financial Position

as at 30 September 2020

	Notes	At 30 September 2020 £'000	At 30 September 2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	**83,572**	122,091
Current assets			
Debtors	10	**272**	217
Cash and cash equivalents		**1,825**	3,532
		2,097	3,749
Current liabilities			
Creditors: amounts falling due within one year	11	**(387)**	(10,054)
		(387)	(10,054)
Net current assets/(liabilities)		**1,710**	(6,305)
Net assets		**85,282**	115,786
Capital and reserves			
Called-up share capital	12	**1,559**	1,576
Capital redemption reserve		**3,229**	3,212
Share premium account		**1,411**	1,411
Capital reserve		**76,718**	105,158
Revenue reserve		**2,365**	4,429
Total equity		**85,282**	115,786
Net asset value per share	13	**694.70p**	930.81p

The Financial Statements on pages 63 to 64 were approved and authorised for issue by the Board of Barings Emerging EMEA Opportunities PLC on 9 December 2020 and were signed on its behalf by:

Frances Daley
Chairman

Company registration number: 04560726

The notes on pages 66 to 78 form part of these accounts.

Statement of Changes in Equity

for the year ended 30 September 2020

	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 2020						
Opening balance as at 1 October 2019	**1,576**	**3,212**	**1,411**	**105,158**	**4,429**	**115,786**
Return for the year	**–**	**–**	**–**	**(27,339)**	**2,281**	**(25,058)**
Contributions by and distributions to Shareholders:						
Repurchase of Ordinary Shares	**(17)**	**17**	**–**	**(1,101)**	**–**	**(1,101)**
Dividends paid	**–**	**–**	**–**	**–**	**(4,345)**	**(4,345)**
Total contributions by and distributions to Shareholders:	**(17)**	**17**	**–**	**(1,101)**	**(4,345)**	**(5,446)**
Balance at 30 September 2020	**1,559**	**3,229**	**1,411**	**76,718**	**2,365**	**85,282**

	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 2019						
Opening balance as at 1 October 2018	1,646	3,142	1,411	97,697	4,437	108,333
Return for the year	–	–	–	12,754	4,482	17,236
Contributions by and distributions to Shareholders;						
Repurchase of Ordinary Shares	(70)	70	–	(5,293)	–	(5,293)
Dividends paid	–	–	–	–	(4,490)	(4,490)
Total contributions by and distributions to Shareholders;	(70)	70	–	(5,293)	(4,490)	(9,783)
Balance at 30 September 2019	1,576	3,212	1,411	105,158	4,429	115,786

At 30 September 2020, the distributable reserves of the Company were £79,083,000 which comprise of the revenue reserve and capital reserve attributable to realised profits of £79,286,000, less capital reserve attributable to unrealised losses of £2,568,000. (2019: distributable reserves of £93,682,000 comprising of revenue reserve and capital reserve attributable to realised profits of £89,253,000).

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 66 to 78 form part of these accounts.

Notes to the Financial Statements

for the year ended 30 September 2020

1. Accounting policies

Barings Emerging EMEA Opportunities PLC 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 2020.

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 12 months from the date when these financial statements were approved.

In making the assessment, the Directors have considered the likely impacts of the current COVID-19 pandemic on the Company's, operations and its investment portfolio.

The Directors noted that the Company's current cash balance exceeds any short term liabilities, the Company holds a portfolio of liquid listed investments. The Directors are of the view that the Company is able to meet its obligations and when they fall due. The surplus cash enables the Company to meet any funding requirements and finance future additional investments. The Company is a closed-end fund, where assets are not required to be liquidated to meet day-to-day redemptions.

The Board has reviewed stress testing and scenario analysis prepared by the Investment Manager to assist them in assessing the impact of changes in market value and income with associated cash flows. In making this assessment, the Investment Manager have considered plausible downside scenarios. These tests included the possible further effects of the continuation of the COVID-19 pandemic but, as an arithmetic exercise, apply equally to any other set of circumstances in which asset value and income are significantly impaired. It was concluded that in a plausible downside 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, 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 Investment Manager and the Company's third-party service providers have contingency plans to ensure the continued operation of their business in the event of disruption, such as the impact of COVID-19. The Board was satisfied that there has been minimal impact to the services provided during the year and are confident that this will continue. Furthermore, 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.

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.

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

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, 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.

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 and demand deposits.

Trade Receivables, Prepayments and Other debtors

Trade receivables, prepayments and other debtors are recognised at amortised cost or estimated fair value.

Trade Payables and Borrowings

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

Bank borrowings

The interest bearing bank loan is recognised at amortised cost and revalued for exchange rate movements.

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.

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;

Notes to the Financial Statements (continued)

1. Accounting Policies (continued)

- 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 – distributable reserves

- gains and losses on the disposal of investments;
- amortisation of issue of interest bearing bank loans; and
- exchange differences of a capital nature.

Capital reserve – non-distributable reserves

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

Revenue reserve

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

2. Income

	2020 **£'000**	2019 £'000
Income from investments:		
Listed investments*	**3,583**	6,302
Other income:		
Bank interest	**1**	13
Exchange losses on receipt of income	**(78)**	–
Total income	**3,506**	6,315

All income stated above is revenue in nature.

* A dividend of £116,000 has been received during the year which is capital in nature (2019: £nil) and is included within the capital return for the year.

Notes to the Financial Statements (continued)

3. Investment Management Fee

Baring Fund Managers Limited has been appointed as the AIFM of the Company under an agreement terminable by either party giving not less than six months' written notice. Under this agreement, the AIFM receives a basic fee (charged 20% to revenue (2019: 20%) and 80% to capital (2019: 80%)) which is calculated monthly and payable at an annual rate of 0.80% of the NAV of the Company. The Investment Manager has agreed to a reduction in the investment management fee from 0.80% of the NAV of the Company to 0.75% of the NAV of the Company per annum. This was effective from 13 November 2020.

The investment management fee comprises:

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**156**	**623**	**779**	173	693	866

At 30 September 2020, £116,000 (30 September 2019: £76,000) of this fee remained outstanding.

4. Other Expenses

	2020 £'000	2019 £'000
Custody and administration expenses*	**596**	608
Auditor's remuneration for:		
– audit	**29**	25
Directors' remuneration	**145**	132
Total expenses	**770**	765

* Included within administration expenses is £13,600 (2019: £11,600) of National Insurance paid on Directors' remuneration.

5. Finance Costs

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Borrowings under bank loan facility	**33**	**134**	**167**	77	308	385

6. Taxation

Current tax charge for the year:

	Year ended 30 September 2020			Year ended 30 September 2019		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Overseas tax not recoverable	**487**	**–**	**487**	818	–	818
Overseas tax recovered and deemed recoverable - previously expensed	**(221)**	**–**	**(221)**	–	–	–
	266	**–**	**266**	818	–	818

Notes to the Financial Statements (continued)

6. Taxation (continued)

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:

	2020 Revenue £'000	**2020 Capital £'000**	**2020 Total £'000**	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000
Return on ordinary activities before taxation	**2,547**	**(27,339)**	**(24,792)**	5,300	12,754	18,054
Return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2019: 19%)	**484**	**(5,194)**	**(4,710)**	1,007	2,423	3,430
Effects of:						
Overseas withholding tax	**487**	**–**	**487**	814	–	814
Overseas tax recovered and deemed recoverable – previously expensed	**(221)**	**–**	**(221)**	–	–	–
Prior year adjustment	**–**	**–**	**–**	4	–	4
Losses/(gains) on investments held at fair value through profit and loss not allowable	**–**	**5,000**	**5,000**	–	(2,613)	(2,613)
Foreign exchange gain not taxable	**–**	**72**	**72**	–	–	–
Overseas dividends not taxable	**(666)**	**(21)**	**(687)**	(1,197)	–	(1,197)
Management expenses not utilised	**176**	**118**	**294**	178	131	309
Non-trade loan relationship debts not utilised	**6**	**25**	**31**	12	59	71
Current tax charge for the year	**266**	**–**	**266**	818	–	818

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

The Company has an unrecognised deferred tax asset of £2,637,000 (2019: £2,605,000) based on the long term prospective corporation tax rate of 19.0% (2019: 17.0%). This asset has accumulated because deductible expenses have exceeded taxable income in past years. No asset has been recognised in the accounts because, all profits are non taxable in the UK due to the entity being an investment trust. It is not likely that this asset will be utilised in the foreseeable future.

7. Dividend on Ordinary Shares

	2020 Revenue £'000	2019 Revenue £'000
Amounts recognised as distributions to equity holder in the year:		
Final dividend for the year ended 30 September 2019 of 20p (2018: 20p) per Ordinary Share	**2,484**	2,591
Interim dividend for the year ended 30 September 2020 of 15p (2019: 15p) per Ordinary Share	**1,861**	1,899
	4,345	4,490

Notes to the Financial Statements (continued)

7. Dividend on Ordinary Shares (continued)

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.

	2020 Revenue £'000	2019 Revenue £'000
Interim dividend for the year ended 30 September 2020 of 15p (2019: 15p) per Ordinary Share	**1,861**	1,899
Proposed final dividend for the year ended 30 September 2020 of 10p (2019: 20p) per Ordinary Share	**1,224**	2,484
	3,085	4,383

All dividends paid and proposed in the year have been funded from the revenue reserve.

The dividend proposed in respect of the year ended 30 September 2020 is subject to shareholder approval at the forthcoming Annual General Meeting. In accordance with the accounting policy of the Company, this dividend will be reflected in the financial statements for the year ending 30 September 2021.

8. Return per Ordinary Share

	2020			2019		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Return per Ordinary Share	**18.40p**	**(220.52)p**	**(202.12)p**	35.09p	99.87p	134.96p

Revenue return (earnings) per Ordinary Share is based on the net revenue on ordinary activities after taxation of £2,281,000 (2019: £4,482,000).

Capital return per Ordinary Share is based on net capital loss for the financial year of £27,339,000 (2019: gain £12,754,000).

These calculations are based on the weighted average of 12,397,456 (2019: 12,770,923) Ordinary Shares in issue during the year.

At 30 September 2020, there were 12,276,025 Ordinary Shares of 10 pence each in issue (2019: 12,439,297) which excludes 3,318,207 Ordinary Shares held in treasury (2019: 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)

9. Investments

Financial assets held at fair value	Quoted Overseas Total 2020 £'000	Quoted Overseas Total 2019 £'000
Opening book cost	**104,087**	103,995
Opening investment holding gains	**18,004**	10,830
Opening fair value	**122,091**	114,825
Movements in year:		
Purchases at cost	**38,847**	54,954
Sales proceeds	**(51,050)**	(61,814)
Realised (losses)/gains on equity sales	**(7,767)**	6,952
(Decrease)/increase in investment holding gains	**(18,549)**	7,174
Closing fair value	**83,572**	122,091
Closing book cost	**84,117**	104,087
Closing investment holding (losses)/ gains	**(545)**	18,004
Closing fair value	**83,572**	122,091

Primary country of investment	2020 £'000	2019 £'000
Russia	**61,437**	74,505
Poland	**10,449**	20,100
Turkey	**6,858**	14,207
Greece	**2,071**	3,883
Czechia	**1,380**	1,631
Romania	**622**	3,127
Hungary	**–**	2,637
Other	**755**	2,001
Total	**83,572**	122,091

The Company sold investments in the year at a total of £51,050,000 (2019: £61,814,000). The book cost of these investments when purchased was £58,817,000 (2019: £54,862,000). 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.

Transaction costs on purchases for the year ended 30 September 2020 amounted to £33,000 (2019: £44,000) and on sales for the year they amounted to £46,000 (2019: £48,000).

10. Debtors

	2020 £'000	2019 £'000
Amounts due from brokers	**–**	–
Overseas tax recoverable	**201**	31
Prepayments and accrued income	**32**	156
VAT Recoverable	**39**	30
	272	217

Notes to the Financial Statements (continued)

11. Creditors

	2020 **£'000**	2019 £'000
Bank loan facility	**–**	9,738
Amounts due to brokers	**294**	–
Other creditors	**93**	316
	387	10,054

On 8 April 2020, the Company repaid the US$12 million loan facility with State Street Bank and Trust Company. (The amount outstanding at 30 September 2019 was US$12 million with interest charged at the rate of LIBOR plus 3.527%).

12. Called-up Share Capital

	30 September 2020		30 September 2019	
Allotted, issued and fully paid up	**number**	**£'000**	number	£'000
Ordinary Shares of 10p each	**15,757,504**	**1,576**	16,453,251	1,646
Opening balance	**(163,272)**	**(17)**	(695,747)	(70)
Buyback of Ordinary Shares for cancellation	**15,594,232**	**1,559**	15,757,504	1,576

	30 September 2020	30 September 2019
Treasury shares	**number**	number
Treasury Shares held	**3,318,207**	3,318,207
Total Ordinary Share capital excluding Treasury Shares	**12,276,025**	12,439,297

During the year, 163,272 Ordinary Shares were repurchased for cancellation for £1,001,000 (2019, 695,747 Ordinary Shares were £5,293,000). During the year, no Ordinary Shares were repurchased to be held in treasury and no Ordinary Shares which were held in treasury were cancelled. 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 (2019: 3,318,207. Ordinary Shares held in treasury are non-voting and not eligible for receipt of dividends. Subsequent to the year end, a further 32,120 shares have been repurchased for cancellation.

13. Net Asset Value Per Share

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

	2020	2019
Total Shareholders' funds (£'000)	**85,282**	115,786
Number of shares in issue*	**12,276,025**	12,439,297
NAV (pence per share) (basic and dilutive)	**694.70**	930.81

* Excludes 3,318,207 Ordinary Shares held in treasury (2019: 3,318,207).

The NAV per share is based on total Shareholders' funds above, and on 12,276,025 Ordinary Shares in issue at the year end (2019: 12,439,297 Ordinary Shares in issue) which excludes 3,318,207 Ordinary Shares held in treasury (2019: 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

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Notes to the Financial Statements (continued)

14. 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 has changed its investment objective and policy. The New Objective and New Investment Policy are set out on pages 8 and 9.

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.

Credit Risk

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.

Market Risk

Special considerations and risk factors associated with the Company's investments are discussed on pages 10 and 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. 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 £16,714,000 (2019: £24,418,000).

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 £8,551,000 (2019: £11,588,000).

The currency exposure is as follows:

	RUB £'000	PLN £'000	TRY £'000	EUR £'000	CZK £'000	RON £'000	USD £'000	GBP £'000	Other £'000	Total £'000
Other receivables	173	–	–	28	–	–	–	71	–	272
Cash and cash equivalents	1	–	–	–	–	–	1,744	80	–	1,825
Other payables	–	–	–	–	–	–	–	(387)	–	(387)
Investments held at fair value through profit or loss – equities	61,437	10,449	6,858	2,071	1,380	622	–	–	755	83,572
Total net currency exposure	**61,611**	**10,449**	**6,858**	**2,099**	**1,380**	**622**	**1,744**	**(236)**	**755**	**85,282**

Notes to the Financial Statements (continued)

14. Financial Instruments and Capital Disclosures (continued) Valuation of Financial Instruments (continued)

	RUB £'000	PLN £'000	TRY £'000	EUR £'000	CZK £'000	RON £'000	USD £'000	GBP £'000	Other £'000	Total £'000
Other receivables	–	–	–	–	–	–	–	217	–	217
Cash and cash equivalents	–	–	–	–	–	–	3,532	–	–	3,532
Other payables	–	–	–	–	–	–	–	(316)	–	(316)
Borrowings under bank loan facility	–	–	–	–	–	–	(9,738)	–	–	(9,738)
Investments held at fair value through profit or loss – equities	74,505	20,100	14,207	3,883	1,631	3,127	–	–	4,638	122,091
Total net currency exposure	**74,505**	**20,100**	**14,207**	**3,883**	**1,631**	**3,127**	**(6,206)**	**(99)**	**4,638**	**115,786**

The currency values included of the location of the investee companies.

Interest Rate Risk

Interest rate movements may affect:

- the level of income receivable on cash deposits; and
- the interest payable on variable rate borrowings.

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.

The Company has been primarily exposed to interest rate risk through its bank loan facility.

At 30 September 2020, the Company's exposure to interest rate movements in respect of its financial assets and financial liabilities is shown below:

	2020 Total (within one year) £'000	2019 Total (within one year) £'000
Exposure to floating interest rates:		
Cash at bank	**1,825**	3,532
Creditors:		
Borrowings under bank loan facility	**–**	(9,738)
	1,825	(6,206)

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 £18,000 (2019: £35,000). The AIFM proactively manages cash balances. If there were a fall of 1% in interest rates, it would potentially impact the Company by turning positive interest to negative interest. The total effect would be a revenue reduction/cost increase of £18,000 (2019: £25,000). The bank loan facility was repaid during the year.

Liquidity Risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments, if necessary. Unlisted investments, if any, in the portfolio are subject to liquidity risk. 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 £1,825,000 (2019: £3,532,000) cash at bank and the assets are readily realisable. The Company has repaid the bank loan facility and may consider further short-term borrowings. 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.

Notes to the Financial Statements (continued)

14. Financial instruments and capital disclosures (continued)

Liquidity risk exposure

The remaining contractual payments on the Company's financial liabilities at 30 September 2020, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	2020 Total (within one year) £'000	2019 Total (within one year) £'000
Bank loan facility	**–**	9,738
Other creditors and accruals	**387**	316
	387	10,054

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 fixed-income investments, cash and receivable balances and totals £85,668,000 (2019: £125,840,000).

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.

Fair Values of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments), or the balance sheet amount if it is a reasonable approximation of fair value (amounts due from brokers, dividends receivable, accrued income, amounts due to brokers, accruals and cash balances).

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 2020:

	Level 1 £'000	Level 2 £'000	**Total 2020 £'000**
Equity investments	83,543	29	**83,572**
	83,543	29	**83,572**

Notes to the Financial Statements (continued)

14. Financial Instruments and Capital Disclosures (continued)
Valuation of Financial Instruments (continued)

Financial assets at fair value through profit or loss at 30 September 2019:

	Level 1 £'000	Total 2019 £'000
Equity investments	122,091	122,091
	122,091	122,091

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 65.

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.

Notes to the Financial Statements (continued

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 £779,000 (2019: £856,000) of which £116,000 (2019: £76,000) was outstanding at the year end.

The ultimate holding company of the AIFM is Massachusetts Mutual Life Insurance Company, 1295 State Street, Springfield, MA 01111-0001. Fees paid to the Directors and full details of Directors' interests are disclosed in the Directors' Remuneration Report on pages 54 and 55.

Nadya Wells is a member of the Supervisory Board, Chairman of the Audit Committee, Member of the Strategic Planning Committee and a member of the Risk Management Committee of Sberbank of Russia ("Sberbank"), in which the Company was invested during the year. At 30 September 2020, the Company held 3,710,510 shares in Sberbank at a market value of £8,474,000, representing 9.94% of the Company's net assets and a holding of 0.07% of Sberbank's total issued shares.

During the year, the Company purchased 397,207 shares in Sberbank for £936,000 and sold 921,846 shares for £1,976,000. These transactions were completed through the open market.

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 (2019: £nil).

16. Post Balance Sheet Events

On 5 October 2020, the Board confirmed that the discount and performance-based conditions to the four year tender offer announced on 15 December 2016, had not been triggered. Accordingly, a tender offer was not offered.

For the five year period from 1 October 2020, the Board agreed to propose a new tender offer for up to 25% of the Company issued shares based on discount and performance based conditions. Please see page 7 for details.

On 13 November 2020, Shareholders approved the New Investment Policy. The Investment Manager has agreed a transition plan with the Board to implement the changes to the investment portfolio. On 16 November 2020, the Company changed its name to Barings Emerging EMEA Opportunities PLC.

Since the year end, the Company has bought back for cancellation 32,120 Ordinary Shares with a nominal value of £3,212 at a total cost of £193,000.

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.barings.com under the prospectus and literature heading, the document is titled "Pre-investment disclosures", dated November 2020.

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 98% and on a Commitment Basis was 100% as at 30 September 2020.

Remuneration Policy

The Manager's Remuneration Policy ensures the remuneration arrangements as defined in ESMA's "Guidelines on Sound Remuneration Policy under the UCITS directive and AIFMD" (ESMA 2016/411) (the 'ESMA Guidelines'), (as amended) 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 Fund; and

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

The Manager is also subject to the FCA's UCITS and AIFMD Remuneration Codes (SYSC 19E and 19B) 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 forms part of the Barings Europe Limited (UK) group of companies ("Barings"). Barings has two remuneration committees to take remuneration decisions, namely the Remunerations Committee and the Senior Compensation Committee. The remuneration committees 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 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 Fund. Investment managers do not work for the Manager directly as the Manager delegates portfolio management to Barings Asset Management Limited ("BAML"). Accordingly, the Manager currently has no risk takers outside of senior management.

BAML is as a BIPRU firm and subject to the Capital Requirements Directive ("CRD") 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 Funds. 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.

	Number of beneficiaries	Total Fixed Remuneration	Total Variable Remuneration	Total Remuneration
Total remuneration paid by BFM in relation to the Fund*	**16**	**£7,448**	**£23,436**	**£30,884**
Total Senior Management Remuneration paid by BFM**	**16**	**£196,121**	**£617,150**	**£813,271**

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 a fund not being comparable to the disclosures made in the prior year, or in relation to other Barings fund 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 fund AUM basis as a proportion of Barings total AUM as at 30 September 2020. 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 Fund does not pay performance fees.

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

Glossary of Terms

AIFM

The AIFM, or Alternative Investment Fund Manager, is Baring Fund Manager Limited, which manages the portfolio on behalf of the Company's Shareholders.

Alternative performance measures (APMs) are denoted by an (#) below

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 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.

Old Benchmark

For the financial year ending 30 September 2020, the Company's Benchmark was the MSCI Emerging Europe 10/40 Index. This index is designed to measure the performance of large and midcap companies across six Emerging Markets (EM) countries; Czechia, Greece, Hungary, Poland, Russia and Turkey) in Europe. The MSCI 10/40 equity indexes are designed and maintained on a daily basis to take into consideration the 10% and 40% concentration constraints on funds subject to the UCITS III Directive.

New Benchmark

The Company's new Comparator 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, the Czechia, Egypt, Greece, Hungary, Poland, Qatar, Russia, Saudi Arabia, South Africa, Turkey and United Arab Emirates.

Discount

If the share price of an investment trust 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 from the NAV per share.

Discount calculation	30 September 2020	30 September 2019
Closing NAV per share (p)	694.70	841.95 (a)
Closing Ordinary Share price (p)	587.00	846.00 (b)
Discount (c-((b-a)/a)*100 (%)	15.50	9.11 (c)

Dividend Pay-out Ratio#

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#

The annual dividend expressed as a percentage of the current market price. (See Chairman's Statement on page 5).

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. It is particularly common among North American companies, and it is mostly used when dividing a company's operations by geography.

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.

Environmental, Social and Governance or 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.

ESG factors are a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues such as managing the company's carbon footprint and ensuring there are systems in place to ensure accountability.

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 it economy is too small, carries too much inherent risk, or its markets are too illiquid to be considered an emerging market.

Gearing#

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.

Glossary of Terms (continued)

Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

The Company repaid the bank loan facility during the year eliminating gearing at the year end. The gross gearing of nil% (2019: 11.4%) represents borrowings of £nil (2019: £9,738,000) expressed as a percentage of shareholder funds of £85,282,000 (2019: £115,786,000).

Net gearing, which accounts for cash balances is £nil (2019: 5.3%).

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). This can be found on page 64:

Gross method = 98% (A = £83,572,000/ B = £85,282,000) 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). This can be found on page 64: Commitment method = 100% (A = £83,572,000) + (C = Cash £1,825,000 + Debtor £272,000) / B = £85,282,000) x 100.

Gross Assets

Aggregate of all the Company's exposures including Gearing.

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 a company.

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 and prior charges at their fair value. The total NAV per Ordinary Share is calculated by dividing the Shareholders' funds of £85,282,000 (2019: £115,786,000) by the number of Ordinary Shares in issue excluding Treasury Shares of 12,276,025 (2019:12,439,297).

Ongoing Charges Ratio (OCR)#

The OCR is an accurate measure of what it costs to invest in a fund. It is made up of the Annual Management Charge (AMC) and a variety of other operating costs. These charges cover the cost of running the fund.

Ongoing charges for the year = management fees of £779,000 + other operating expenses of £711,000 = £1,490,000 (see notes 3 and 4, page 69).

Average daily Shareholders' fund for the year = £100,903,000
£1,490,000/£100,903,000 = 1.48%.

Return (per Ordinary Share)#

The return per Ordinary Share is based on the revenue/capital earned during the year divided by the weighted average number of Ordinary Shares in issue during the year. The calculations are set out in Note 8.

Relative Returns

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

Risk-adjusted Returns

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

Return on Equity (ROE)

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.

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. The total assets less all liabilities is equivalent to total Shareholders' funds.

Glossary of Terms (continued)

Total Assets less Current Liabilities

Total assets less current liabilities is used as the basis for the measurement of equity exposure (being total assets of £85,669,000 (2019: £125,840,000) less current liabilities of £387,000 (2019: 10,054,000)).

Total Return#

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

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

	30 September 2020
Closing NAV per share (p)	694.70
Opening NAV per share (p)	930.81
Change in the year (%)	-25.37
Impact of dividend reinvestments (%)	3.07
NAV total return (%)	-22.30

Share Price Total Return

Share price total return is calculated by assuming dividends paid out are reinvested into new shares on the ex-dividend date

	30 September 2020
Closing price per share (p)	587.00
Opening price per share (p)	846.00
Change in the year (%)	-30.61
Impact of dividend reinvestments (%)	3.12
Share price total return (%)	-27.49

Directors and Officers

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

Registered Office
Beaufort House
51 New North Road
Exeter EX4 4EP

Company Secretary
Link Company Matters Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Company number
4560726

Alternative Investment Fund Manager
Baring Fund Managers Limited
20 Old Bailey
London EC4M 7BF

Telephone: 020 7628 6000
Facsimile: 020 7638 7928

Auditor
BDO LLP
55 Baker St.
Marylebone
London W1U 7EU

Depositary
State Street Trustees Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

Custodian
State Street Bank & Trust Company Limited
20 Churchill Place
Canary Wharf
London E14 5HJ

Administrator
Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter EX4 4EP

Registrars
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Corporate Broker
JP Morgan Cazenove
25 Bank Street
Floor 29
Canary Wharf
London E14 5JP

Website
www.bemoplc.com

Shareholder Information

Company Number

04560726

ISIN

GB0032273343

LEI

213800HLE2UOSVAP2Y69

SEDOL

3227334

Share Dealing

Shares can be traded through your usual stockbroker.

Shareholder Queries

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, Shareholder Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

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:	**21 January 2021**
Announcement of interim results:	**May 2021**
Announcement of final results:	**November 2021**
Interim dividend:	**May 2021**
Final dividend:	**November 2021**

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

Baring Asset Management Limited
20 Old Bailey
London EC4M 7BF
Telephone: 020 7628 6000

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

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