

BARINGS



Annual Report & Audited Financial Statements

for the year ended 30 September 2022

Barings Emerging EMEA
Opportunities PLC

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

The Company was launched on 18 December 2002 as Baring Emerging Europe PLC. As of 16 November 2021, the Company was renamed Barings Emerging EMEA Opportunities PLC ("BEMO").

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

BEMO is a public limited company with shares quoted on the London Stock Exchange. You can invest in BEMO by purchasing shares through an online investment platform operated by third-party providers. Alternatively, you can buy shares through a financial adviser or a stockbroker. As an investor you become a shareholder in the Company.

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

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



Why invest in BEMO?

UNDISCOVERED VALUE

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

LONG-TERM POTENTIAL

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

ACTIVE MANAGEMENT

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

Be in the know: receive the latest BEMO News

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

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





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COMPANY SUMMARY

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

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

The AIFM is authorised and regulated by the Financial Conduct Authority (the "FCA"). The AIFM has delegated responsibility of the investment management for the portfolio to Baring Asset Management Limited (the "Investment Manager" or "Manager"). Further information on the Investment Manager, their investment philosophy and management of the Investment Portfolio can be found on pages 12 to 23.

MANAGEMENT FEE

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

INVESTMENT OBJECTIVE AND POLICY

The Company's current investment objective and policy can be found on pages 7 and 8.

BENCHMARK

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

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

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Financial Highlights

for the year ended 30 September 2022

Annualised NAV total return^{1,#}

-29.9%

2021: +36.6%

Share price total return^{1,#}

-29.1%

2021: +39.7%

Dividend per Ordinary Share^{1,#}

17p

2021: 26p

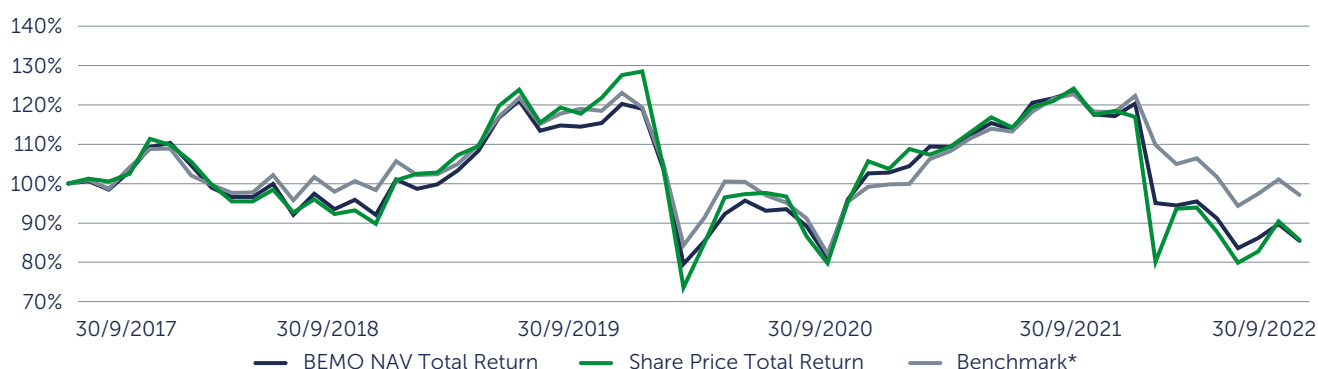
For the year ended 30 September	2022	2021	% change
NAV per Ordinary Share ¹	632.1p	920.7p	-31.3%
Share price	548.0p	793.0p	-30.9%
Share price total return ^{1,#}	-29.1%	+39.7%	
Benchmark (annualised) ¹	-20.1%	+33.3%	
Discount to NAV per Ordinary Share ¹	13.3%	13.9%	
Dividend yield ^{1,2}	3.1%	3.3%	
Ongoing charges ¹	1.6%	1.6%	

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	16.77p	(289.37)p	(272.60)p	23.86p	225.16p	249.02p

Revenue return (earnings) per Ordinary Share is based on the revenue return for the year of £2,014,000 (2021: £2,912,000). Capital return per Ordinary Share is based on net capital loss for the financial year of £34,746,000 (2021: gain £27,476,000). These calculations are based on the weighted average of 12,007,165 (2021: 12,202,696) Ordinary Shares in issue, excluding treasury shares, during the year.

At 30 September 2022, there were 11,930,201 (2021: 12,044,780) Ordinary Shares of 10 pence each in issue which excludes 3,318,207 (2021: 3,318,207) Ordinary Shares held in treasury. The shares held in treasury are not included when calculating the weighted average of Ordinary Shares in issue during the year. All shares repurchased during the year have been or are being cancelled.

CUMULATIVE PERFORMANCE (%)



Source: Barings, Factset. Rebased to 100 at 30 September 2017.

¹ Alternative Performance Measures ("APMs") definitions can be found in the Glossary on pages 89 to 91.

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

Key Performance Indicator.

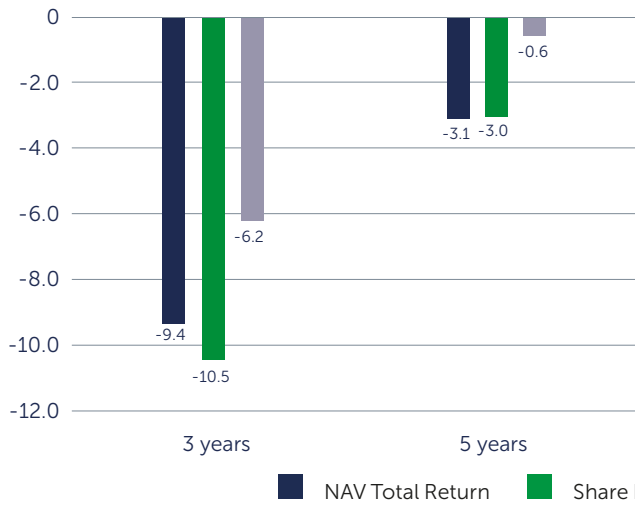
*The benchmark is the MSCI EM EMEA Net Index. Prior to 16 November 2020, it was the MSCI EM Europe 10/40 Net Index.

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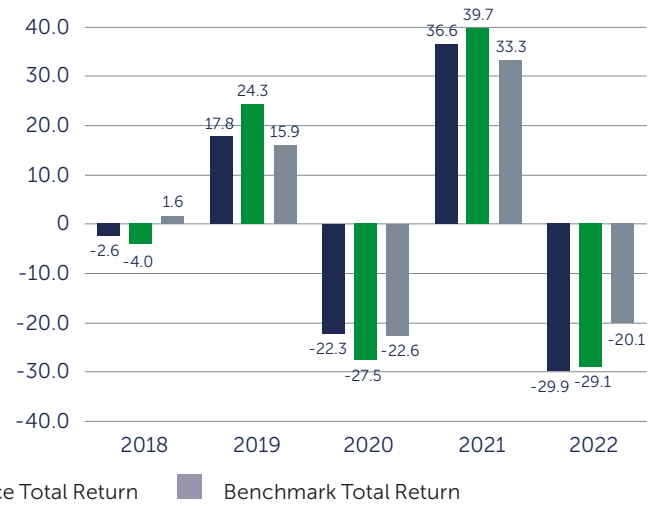
Five Year Financial Record

At 30 September	2022	2021	2020	2019	2018
Shareholders' funds	£75m	£111m	£85m	£116m	£108m
NAV per Ordinary Share	632.1p	920.7p	694.7p	930.8p	824.8p
Share price	548.0p	793.0p	587.0p	846.0p	714.0p

ROLLING ANNUALISED PERFORMANCE (%)

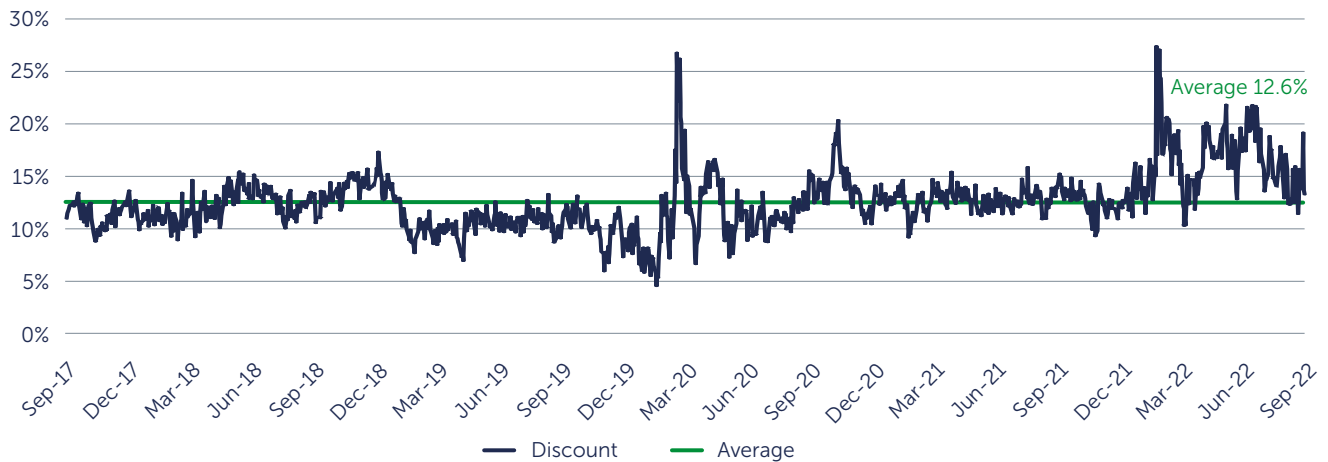


ANNUAL PERFORMANCE (%)



Source: Barings, Factset.

SHARE PRICE DISCOUNT TO NAV OVER FIVE YEARS



Source: Barings, Factset.

Chairman's Statement



Frances Daley
Chairman

“This year proved to be extremely volatile. Russia’s invasion of Ukraine prompted significant selling across equity markets globally. Emerging EMEA equities also suffered amidst the broader macroeconomic headwinds of sharply higher inflation and fears of a global economic slowdown.”

After the strong performance in the prior financial year, it is incredibly disappointing to report a significant decline in the Company’s net asset value (NAV) over the period.

This year proved to be extremely volatile. Russia’s invasion of Ukraine prompted significant selling across our investment region and equity markets globally. Emerging EMEA equities then suffered amidst the broader macroeconomic headwinds of sharply higher inflation and fears of a global economic slowdown.

Against this backdrop, the Company’s net asset value fell significantly, and the portfolio underperformed the benchmark. This result was largely attributable to our investments in Russian securities, which were written down to zero following exchange closures and sanctions. This took place in two phases and reflected the evolving situation at the time. Russian securities listed on the Moscow Exchange were valued at zero as of the 28th February following restrictions of sales; whilst depositary receipts and U.S. listed Russian stocks were valued at zero on the 2nd March, after they had been suspended from trading. As of the date of this report, these exceptional circumstances have not changed and, as a result, the Board has taken the decision to continue valuing these assets at zero. Consequently, there is no exposure to Russia in the Company’s net asset value and Management fees are not being charged on these assets. Further information of the Company’s Russian holdings can be found on page 26.

Whilst the write-down of Russian securities in the portfolio had a large negative impact on net asset value, the Company benefitted from the broadening of the investment mandate that was approved by Shareholders in November 2020. The successful diversification into markets such as South Africa and the Middle East reduced exposure to Russia significantly.

Performance

The NAV total return over the year was -29.9% compared to the Benchmark return of -20.1%. For comparison, broader emerging markets were also markedly weaker over the period, declining -13.2%¹. This illustrates the wider-ranging impact of global headwinds such as high inflation and economic growth slowdown.

The Company’s investments in Russia were responsible for the vast majority of the absolute decline in net asset value. Strong returns elsewhere in the investment universe, particularly in the Middle East, meant that the portfolio excluding Russia would have registered a small positive return over the year. Whilst the portfolio had an overweight allocation to Russia before the invasion on 24 February 2022, this had been reduced during January and February. However, the impact on the portfolio was nevertheless significant, with Russian exposures accounting for approximately 6.5% of relative underperformance over the period.

¹ As defined by the MSCI Emerging Markets index, in GBP terms.

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Chairman's Statement

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Another factor in the underperformance against the Benchmark was our underweight allocation to energy stocks, a strategic decision made at the time of the 2020 change of mandate, for environmental reasons. This was driven primarily by not owning Saudi Aramco, as the shares rallied sharply against a backdrop of high oil prices.

In contrast, it is pleasing to report that some of the Company's investments in the newer markets of the Middle East were some of the best performers in absolute terms, not only in EMEA but across equity markets globally. On a relative basis, some of the strongest performers were Middle Eastern Banks, which rallied against a backdrop of rising interest rates and an improving economic picture. This benefitted the Company's holdings in Qatar National Bank, Saudi National Bank and Al Rajhi. Despite this, the Financials sector had a negative impact on relative performance in aggregate, primarily due to the write down of two Russian holdings but also because of the outperformance of a small number of other companies in the sector, which are not held in the portfolio.

The portfolio's relative underperformance over the last year has had a significant impact on three and five year performance numbers, with the Company lagging the benchmark across both periods. The longer-term performance of the Company however, has been good, generating a cumulative NAV total return of 52.9% over 7 years and 13.6% over 10 years, both of which are ahead of the benchmark.

Environmental, Social and Governance

The Investment Manager continues to incorporate Environmental, Social and Governance ("ESG") parameters as a key element of the investment process and company analysis, to reflect improving or deteriorating corporate standards that may influence a company's value. This approach enables the Investment Manager to uncover potential unrecognised investment opportunities, whilst also mitigating risks. The Investment Manager also undertakes active engagement to influence positively ESG practices and improve ESG disclosures.

During the year, the Investment Manager began a process to enhance their ESG approach by incorporating a Carbon Cost assessment for companies within the investment universe. This enhancement seeks to quantify potential risks and costs associated with high carbon-emitting companies, such as those most exposed to carbon emissions trading systems (ETS) and other carbon taxes. By including this additional risk, the Investment Manager believes they are better positioned to value companies more accurately and deliver excess returns over the medium term.

The Board shares the Investment Manager's view that ESG factors are among some of the most important variables that can impact an investment's risks and returns over time. Further detail on the Investment Manager's ESG process, including the Carbon Cost assessment, can be found in the Investment Manager's Report.

Discount Management

The Board continues to pursue an active discount management strategy, with the aim of containing discount volatility and providing liquidity to the market. During the year, 114,579 Ordinary Shares were bought back at an average price of £6.24 per Ordinary Share, for a total cost of £715,000. All Ordinary Shares repurchased during the year have been or are being cancelled. The impact of share buybacks through purchasing shares at a discount to NAV provided additional returns to shareholders of approximately 1.0 pence per Ordinary Share accounting for just under 0.2% of the total return to Shareholders.

The discount at year-end was 13.3% and the average discount during the year was 15.3%. At the end of the prior financial year the discount was 13.9% and the average during that year 13.1%. The average discount over the period has widened, primarily due to increased levels of market volatility across our investment universe and equity markets globally. This has impacted discounts for many investment trusts and is not unique to our Company.

Whilst share buybacks continue to be a useful tool in helping to manage the discount, they are significantly less effective during periods of elevated market volatility, as has been the case in recent months. The Barings Equity Dealing team discuss the management of the discount with the Company's corporate broker JP Morgan on a daily basis with the aim of containing the discount over the five-year calculation period, which ends in September 2025.

Gearing

There were no borrowings during the period. At 30 September 2022, there was net cash of £0.2 million (30 September 2021: £1.7 million). The Company does not currently use a loan facility but keeps its borrowing arrangements under review. The Company may look to make use of borrowing arrangements when markets are less volatile with the objective of increasing portfolio returns.

Chairman's Statement

(continued)

Dividends

The income generated by the portfolio has been severely impacted by the absence of Russian dividends. This will affect the dividend that the Company can pay to Shareholders in the near term. However, the Investment Manager believes the income potential of the portfolio will grow sustainably over the medium term, in line with the earnings growth of the underlying companies in which we invest.

In respect of the six-month period ended 31 March 2022, the Company paid an interim dividend of 6 pence per share (2021: 15 pence per share). For the year under review, the Board recommends a final dividend of 11 pence per share (2021: 11 pence per share). As communicated in the half-yearly report, the Board of Directors took a conscious decision to pay a lower interim dividend, with a view to paying a higher proportion of the annual dividend via the final dividend. Paying a greater amount of income via the final dividend allows the Company increased certainty in managing the pay-out of dividend cashflow from investee companies at a time when income projections are subject to considerable volatility.

Promotional Activity and Keeping Shareholders Informed

The Board and Investment Manager have put in place an ongoing communications programme that seeks to maintain the Company's profile and its investment remit, particularly amongst retail investors. Over the review period, and mindful that this has been a testing time for investors, we have focused attention on our monthly BEMO News which is emailed to subscribers comprising many hundreds of the Company's existing Shareholders, as well as other supporters. These email updates provide relevant news and views plus performance updates, which are particularly useful when markets are challenging. If you have not already done so, I encourage you to sign up for these targeted communications by visiting the Company's web page at www.bemopl.com and clicking on 'Register for email updates'. Alongside this, we are continuing to refresh the Company's website with new themed content. We have also been reviewing the layout of the site and resulting enhancements will be rolled out over the coming months.

Annual General Meeting

The Board would be delighted to meet Shareholders at the Company's Annual General Meeting ("AGM"), to be held at the offices of the Investment Manager, 20 Old Bailey, London EC4M 7BF, on Thursday, 26 January 2023 at 2.30pm. The Investment Manager will give their customary presentation on the markets and the outlook for the year ahead. Details can be found in the Notice of the AGM.

Outlook

Equity markets are likely to continue to be volatile over the coming months, as investors pay attention to economic growth data and any signs that inflation may be peaking, whilst central banks remain steadfast in raising rates, even as the global economy slows. Whilst our investment region will undoubtedly be impacted by these global trends, there are reasons to be positive.

High energy prices have significantly strengthened the fiscal backdrop across Middle Eastern economies. Many of these countries are now forecast to experience strong economic growth whilst at the same time benefitting from low inflation, a combination that is extremely rare in the current climate. Approximately 57% of the Company's portfolio is invested in the Middle East and the Investment Manager continues to find many attractive opportunities across this region.

Similarly, there are a number of exciting stock specific opportunities in South Africa, particularly amongst companies with a role to play in the energy transition as we move towards a greener planet. Inflationary pressures are less severe in the region than in many other parts of the world, and the monetary policy backdrop is stable.

The outlook in Eastern Europe is understandably less rosy, given the proximity of the region to the ongoing conflict. At the time of writing, the portfolio is underweight to this region relative to the benchmark. Stock market valuations are largely reflecting a deterioration in investor sentiment, which, over the medium term, may provide good opportunities for our Investment Manager.

These factors should help contribute to the increasing attractiveness of emerging EMEA equities, whilst the Company's diversified portfolio is well placed to continue to deliver attractive returns for our Shareholders.

These are tough times in which to be a fund manager and I should like to pay tribute to the cool headed professionalism with which the Barings team have steered the portfolio over the year.

Frances Daley

Chairman

7 December 2022

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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 20 to 23.

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

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 30.

Investment Objective

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

Investment Policy

The Company intends to invest for the most part in emerging and frontier equity listed or traded on EMEA securities markets or in securities in which the majority of underlying assets, revenues and/or profits are, or are expected to be, derived from activities in EMEA but are listed or traded elsewhere. To achieve the Company's

investment objective, the Company selects investments through a process of bottom-up fundamental analysis, seeking long-term appreciation through investment in mispriced companies.

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

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

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

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.

Business Model and Strategy

(continued)

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

Benchmark

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

Discount Control Mechanism

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

With effect from 1 October 2020, the Board approved a 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 of the Company's benchmark 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 manage the discount, the Board authorises the Company's shares to be bought on the market, from time to time, where the share price is quoted at a discount to NAV.

Barings Emerging EMEA Opportunities PLC

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

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Principal and Emerging Risks

Principal Risks and Uncertainties

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

The Audit Committee regularly (on a six-monthly basis) review the risks facing the Company by maintaining a detailed record of the identified risks against an assessment of the likelihood of such risks occurring and the severity of the potential impact of such risks. A residual risk rating is then calculated for each risk based on the outcome of the assessment. This enables the Board to take action and develop strategies in order to mitigate the effect of such risks to the extent possible. An analysis of financial risks can be found in note 13 to the Financial Statements on pages 82 to 85.

Information about the Company's internal control and risk management procedures can be found in the Audit Committee Report on pages 53 to 57. 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 principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors, are set out in the following table. The Audit Committee will continue to assess these risks on an ongoing basis.

Risk	Mitigation
<p>Investment strategy</p> <p>There can be no guarantee that the investment objective will be achieved.</p>	<p>The Investment Manager has a clear investment strategy, as set out on pages 13 to 23, which is regularly reviewed by the Board. The Investment Manager has in place a dedicated investment process which is designed to maximise the chances of the investment objective being achieved. The Board reviews regular investment reports from the Investment Manager to monitor performance against its stated objective and regularly reviews the strategy. 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.</p>
<p>Adverse market conditions</p> <p>Emerging markets are subject to volatile geopolitical and socioeconomic movements as well as the possible imposition of sanctions.</p>	<p>The Company is closed-end and, unlike open-ended funds, does not have to sell investments at low valuations in volatile markets.</p> <p>It can be argued that the most effective method of protecting the Company from the effects of country specific or individual stock risks is to hold a geographically diversified portfolio. As at the date of this report, the Company holds 59 stocks in 11 countries and the AIFM has the ability, where necessary, to diversify the portfolio into other regions. The AIFM has a clear investment strategy as set out on pages 13 to 23. 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.</p> <p>The Investment Manager's own internal compliance functions provide robust checks that the Investment Manager complies with the investment mandate.</p> <p>The Board recognises the benefits of a closed-end fund structure in extremely volatile markets, such as those arising from macroeconomic conditions or geopolitical tensions. The Company's investments are also exposed to political and regulatory risk in the countries in which they operate. They may also be impacted by sanctions or exchange controls. Unlike open ended funds, closed-ended funds are not obliged to sell-down portfolio holdings at potentially low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the Investment Manager to adhere to the investment management approach and be ready to respond to dislocations in the market as opportunities present themselves.</p>

Principal and Emerging Risks

(continued)

Risk	Mitigation
<p>Size of the Company The size of the Company could become sub optimal as share buybacks reduce the Company's market capitalisation.</p>	<p>The Investment Manager discusses and agrees with the Board prior to making any buybacks of the Company's shares within the agreed parameters. The Investment Manager and Corporate Broker are in regular contact with major Shareholders and report their views to the Board on a regular basis.</p>
<p>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 to the markets the Company invests in. The share price is therefore subject to fluctuations and like all investment trusts may trade at a discount to the NAV. Market shocks, such as those caused by macroeconomic conditions, geopolitical tensions or sanctions, can have a negative impact on the share price.</p>	<p>The Board seeks to narrow the discount by undertaking measured buybacks of the Company's shares. The Company and Investment Manager work with the Corporate Broker to seek to increase demand for the Company's shares.</p> <p>The Board remains committed to an increased focus on dividend yield to further enhance the appeal of investing in the Company and increase demand for its shares. The Board has also put in place a comprehensive range of promotional plans to support existing Shareholders and attract new investors.</p> <p>In addition, as set out on page 8, the Company has performance triggers in place, 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.</p>
<p>Loss of assets The portfolio includes investments held in a number of jurisdictions and there is a risk of a loss of assets.</p>	<p>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.</p>
<p>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 reputation as 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.</p>	<p>The Company operates through a series of contractual relationships with its service providers. In the instance an epidemic and/or pandemic develops internationally, the Investment Manager is able to take proactive steps to address the potential impacts on their people, clients, communities and on other stakeholders they come in contact with, directly or through their premises. This includes suspending all international business and domestic travel. Further, the Investment Manager has performed stress-testing on systems and processes, and is able to operate under a 100% remote working model globally without a degradation in their responsibilities.</p> <p>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.</p> <p>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.</p>

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Principal and Emerging Risks

(continued)

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

- The ongoing impact of the war in Ukraine and the continued effect of sanctions. The valuation of Russian securities, the decline in the Company's size and the potential for the conflict to impact on other countries.
- The potential impacts on the Company from a slowing global economy, rising interest rates and higher inflation.
- The impact of climate change, which remains a critical issue as the world seeks to reduce greenhouse gas emissions and combat global warming. The Board spent time over the year discussing with the Investment Manager its ESG framework, including a recent enhancement that aims to quantify potential risks and costs associated with high carbon-emitting companies. Further detail can be found in the Investment Manger's Report.

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

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

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

Investment Manager



MATTHIAS SILLER, CFA
Head of EMEA Equities Team



ADNAN EL-ARABY, CFA
Investment Manager

Management Arrangements and Fees

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

There is no performance fee for the AIFM.

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

Details of the Investment Manager



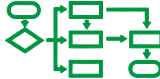

The Investment Manager has a team of fund managers who are responsible for the management of the investment portfolio. Matthias Siller, Head of Europe, Middle East and Africa EMEA at the Investment Manager, is the lead manager with Adnan El-Araby, as co-manager. Matthias and Adnan are supported by the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

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

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

Report of the Investment Manager

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

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

A detailed description of the investment process, particularly the ESG approach can be found on pages 21 to 23.

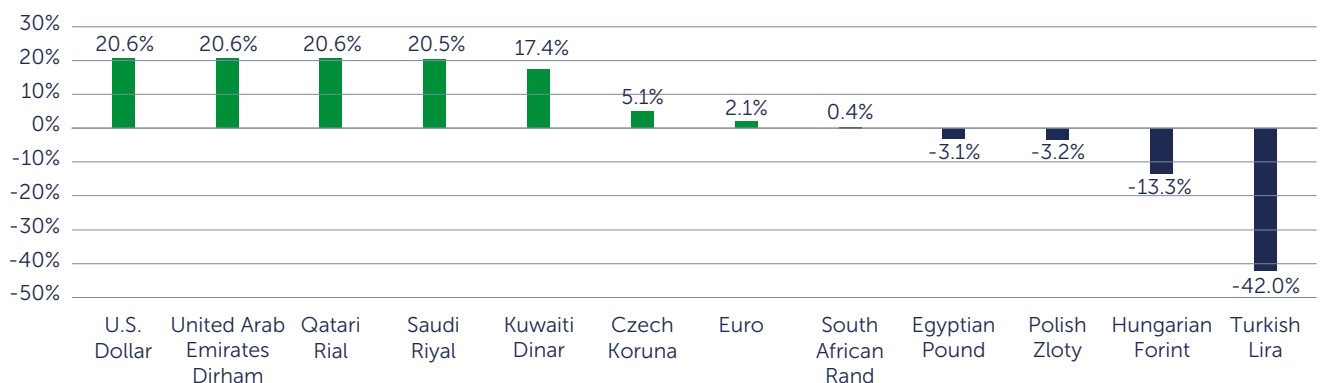
Market Summary

The year began with a sense of optimism, buoyed by hopes of rising global growth and corporate profits, in anticipation of further relaxations of COVID restrictions globally. This enthusiasm proved to be short lived as global markets worldwide declined significantly in response to Russian President Vladimir Putin’s invasion of Ukraine. Investors also faced broader headwinds in the form of persistently high inflation and fears of a slowing global economy as major central banks look to tighten financial conditions.

Against an extremely volatile backdrop, the Company’s NAV declined by -29.9% and underperformed the benchmark, which fell by -20.1%. The portfolio’s holdings in Russia accounted for approximately 6.5% of relative underperformance over the period.

Within this environment, commodity prices, and particularly oil and gas, rose sharply following the invasion. This was a direct result of reduced access to Russian and Ukrainian supplies and was further exacerbated by sanctions. This elevation of energy costs has further increased inflationary pressures and has contributed to the decisions by central banks to raise interest rates, even as consumer and business confidence has weakened. In turn, many investors have flocked to more traditional “safe haven” assets, including the US Dollar, with the US Dollar index now trading at a 20-year high against a basket of major currencies. This has pushed the value of a number of dollar pegged currencies higher, whilst across Emerging Europe, currency depreciation against the dollar has reflected the domestic inflation picture, and sensitivity to rising energy costs.

Currency Returns (vs GBP) – 1 October 2021 to 30 September 2022



Source: Barings, Factset, MSCI, September 2022.

Report of the Investment Manager

(continued)

More broadly, these developments have prompted a marked deterioration in investor confidence and, as a result, share price volatility has increased across equity markets globally. However, in contrast with this widespread loss of confidence, rising oil and gas prices have supported companies whose share prices and profitability are linked to these commodities. Consequently, companies in the Energy sector outperformed significantly (excluding Russia). The Company's exposure to energy exporters, such as Saudi Arabia, the United Arab Emirates ("UAE") and Qatar generated positive returns for the Company. We would highlight that these benefits derived less from direct investments in energy companies than exposure to the resulting economies and the improved spending power of their underlying consumers. Conversely, markets across Eastern Europe underperformed by the largest margins, as investors increasingly focused on energy security concerns, due to their proximity to the conflict in Ukraine.

Elsewhere, a rising interest rate environment globally has served to tighten financial conditions, offering mixed results. Markets have reacted not only to the absolute increase in rates, but also to the speed of change. As a result, discretionary spending orientated sectors have suffered, as consumers felt the effects of both higher inflation and borrowing costs, which has affected spending habits. Financials, such as banks, have fared better as the margins they charge on lending increases as rates rise, enhancing profitability.

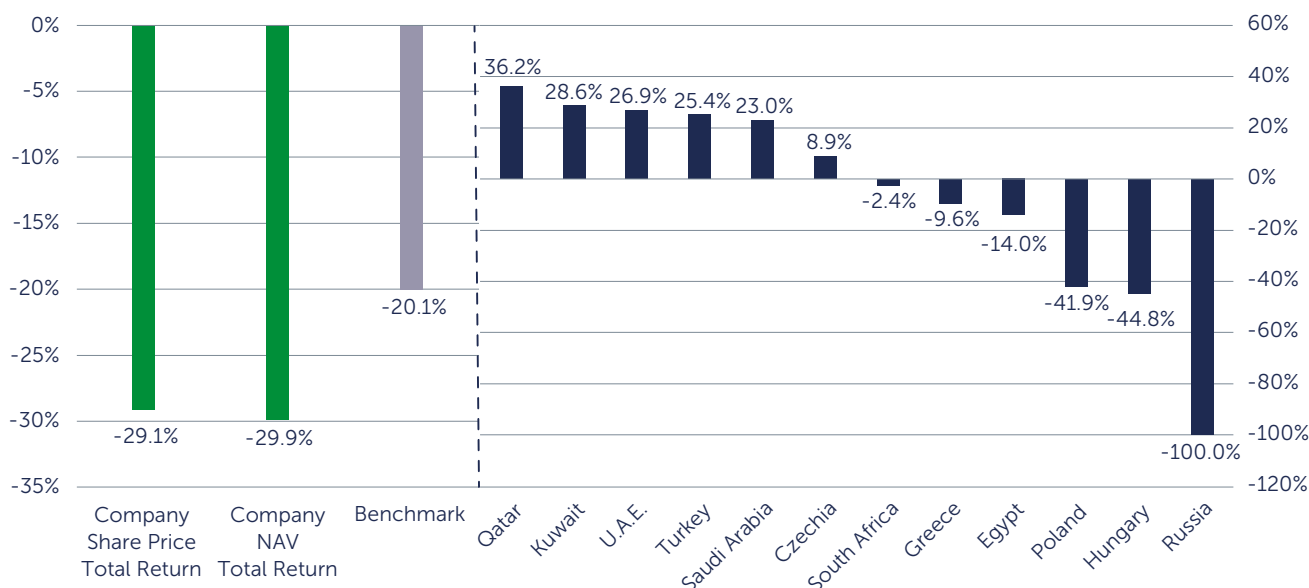
Income

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

Our inability to receive dividends from Russian holdings has led to the loss of a number of large dividend payers, resulting in the prospect of a lower level of dividend generation compared to levels seen in the past five years. In addition, the current climate has led to companies holding higher levels of cash, whilst also focusing on potential merger and acquisition opportunities. Despite this, we are of the opinion that the underlying revenue generation potential relative to present valuations within the region remains one of the strongest globally.

This wealth of potential, should in our view, express itself via the revenue growth of the portfolio over the medium term. Rising pay-out ratios, efficiency gains, and an encouraging economic environment, most notably in the Middle East, will all contribute positively. Importantly, we believe that the revenue generated from our investments will be sustainable and growing, as it will be delivered from our Growth at a Reasonable Price orientated portfolio.

Company, Benchmark Returns (left hand side) and Country Returns (right hand side) – 1 October 2021 to 30 September 2022, in GBP



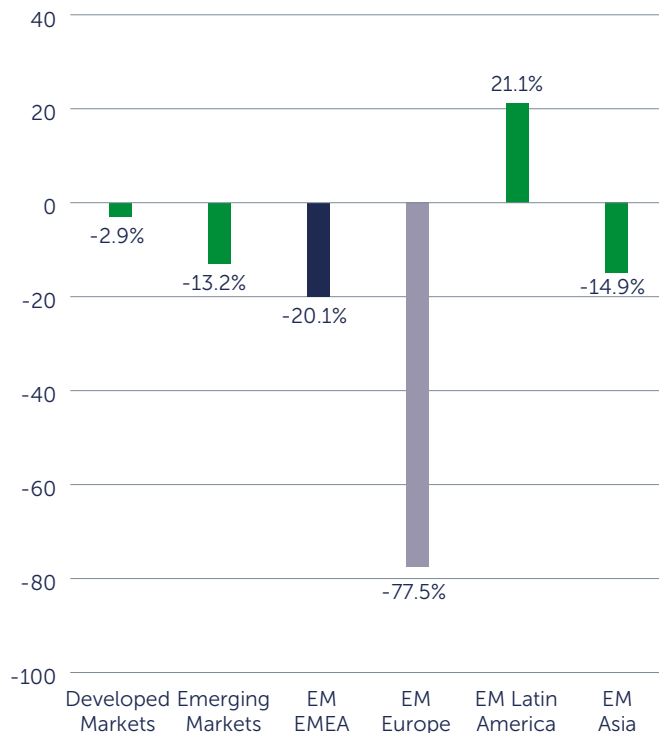
Source: Barings, Factset, MSCI, September 2022.

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12M – Market Performance (GBP) – 1 October 2021 to 30 September 2022



Source: Barings, Factset, MSCI, September 2022.

Macro Themes

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

Energy Security

Following the events in Ukraine, oil and gas prices have seen significant volatility, with oil rising as high as \$120 a barrel before falling back below \$100. This has served to push energy security up the agenda, most notably in Europe, which received approximately 40% of its piped natural gas imports from Russia prior to the conflict. This situation has created both areas of concern and opportunity. Eastern European nations reliant on this energy supply are now subject to price pressures in the near term, and face a supply enigma over the medium term as global supply lines are redrawn. We believe this will lead to

governments meaningfully reducing their exposure to Russian energy, replacing this supply via significant investment into renewable infrastructure.

Supplying the Green Revolution

Climate change and the need to transition toward a world less dependent on fossil fuels remains one of the most critical issues of our time. While we continue to see an increased demand for electric vehicles and the associated charging infrastructure as the most tangible examples of shifting consumption patterns, what is often overlooked are the commodities required to support this move to a greener society. Furthermore, a lack of investment in supply has led to growing imbalances within critical commodities such as copper, nickel, platinum group metals (PGMs) and aluminium, all of which are projected to hit supply deficits following declines in inventory levels. This is especially relevant given the amount of steel required for an offshore wind farm, which is roughly four to five times greater than that required by an onshore facility with the same gigawatt generation capacity. Electric vehicles are another example, requiring significantly more copper relative to a standard internal

Platinum group metals (PGMs) – Hydrogen Power

Whilst Electric Vehicles (EVs) remain a practical solution for the passenger auto industry to decarbonise, larger, more commercial vehicles, such as trucks, require greater power to support the weight of the vehicle and the distances they travel. This makes hydrogen fuel cells critical to this important piece of the net zero emissions puzzle.

What role do PGM's play in Hydrogen Fuel cells?

Fuel cell systems are a clean, efficient, reliable source of power, and do not need to be periodically recharged like batteries, but instead continue to produce electricity as long as a fuel source is provided.

These fuel cells are composed of an anode, cathode, and an electrolyte membrane (which is often platinum-based). In this mix, a platinum membrane is a model catalyst, conducting electricity, and crucially, ensuring the cell remains stable. The membrane also ensures the cell remains hardy enough to survive the harsh, acidic environment.

Report of the Investment Manager

(continued)

combustion engine vehicle. We believe this creates a unique prospect for these commodities, as the increase in investment is set not only to benefit the volume of exports of these metals, but also sustain high prices as the world wrestles with limited supply.

A renewed vigour and focus on renewable energy infrastructure offers a wealth of benefits for global commodity producers. South Africa finds itself in a unique position as an enabler of the energy transition via its access to a broad range of key metals. Currently, the Company has investments in Anglo American, which is an industry champion in the production of nickel, a key input in the production of electric batteries, as well as other energy transition metals such as copper. We also hold Impala Platinum, which supplies platinum and palladium to carmakers globally to support the production of catalytic converters, which help reduce poisonous emissions from vehicles, whilst also acting as a key component within hydrogen power cells.

Middle East – Emergent Economies

Markets across the Middle East have been some of the strongest performers globally this year, as they have benefitted both from high energy prices and the continued reopening of their economies to the world. This has seen their representation in major indices rise, whilst a burgeoning IPO market is broadening the investment opportunity and deepening local capital markets. The region also benefits from a strong fiscal outlook, low single digit inflation, and a reform agenda, all of which should boost consumer confidence and increase the appeal of its investment case. Furthermore, demand for their exports should not only improve the spending power of its consumers, but also allow for continued investment into infrastructure and diversification of their economies away from oil, helping support long term stability.

Your Company's largest market Saudi Arabia is centre stage of these developments. Saudi's "Vision 2030" program, has set out an ambitious agenda to reduce dependence on oil, and diversify its economy. This reform framework is creating a number of exciting opportunities in the privatisation of state assets, alongside a growing domestic base of entrepreneurial companies. More specifically, government initiatives such as "Sakani", that offers subsidised mortgages for first time buyers to own their first home, and the "Wafi" off-plan sales and rent programme, have driven the demand for affordable homes and have played a key role in facilitating home ownership for Saudi nationals. This has opened unique opportunities within the banking sector for instance, where mortgages have accelerated. The Company has examples of investments in financials such as Al Rajhi Bank, which has seen extensive growth in interest margins from rapidly rising property ownership in Saudi Arabia as its economy diversifies, and Tawuniya, an insurer well placed to benefit from the growing health insurance market.

What is Vision 2030?

Saudi Vision 2030 is a strategic framework to reduce Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation, and tourism.



Why is diversification so important?

Oil revenue accounts for 30-40% of the real GDP of Saudi Arabia, not including the proportion of the economy that is also dependent on oil distribution. By diversifying its economy, Saudi Arabia is investing to develop alternative sources of revenue, and aims to lower the dependency of the country's citizens on the government, in favour of the private sector.

Company Selection

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

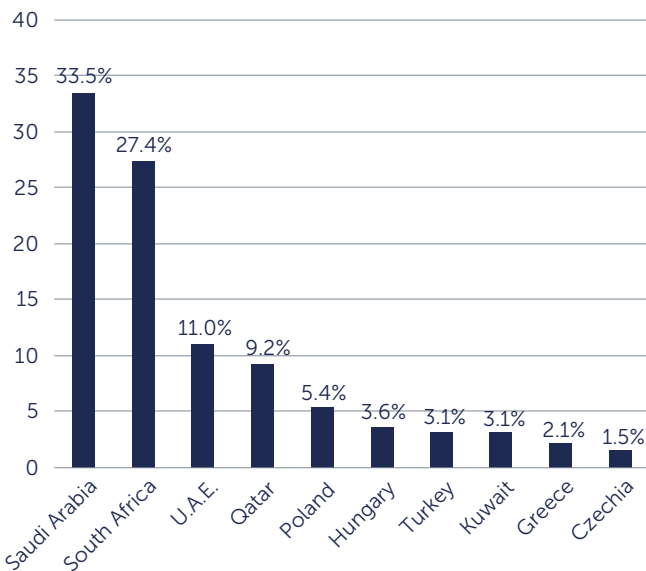
Across the **Middle East**, we have found a number of companies, most notably within financials, which offer attractive fundamentals operating in economies benefitting from higher energy prices and lower inflation. In the **UAE**, real estate company Emaar Properties contributed significantly to relative performance following consistently solid earnings, and an increase in profit margins, which have been supported by the easing of COVID restrictions and a resumption of economic activity. Elsewhere across the region, Qatar National Bank performed well, with quarterly results pointing to a significant increase in net interest margins.

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Portfolio Country Weight (%)

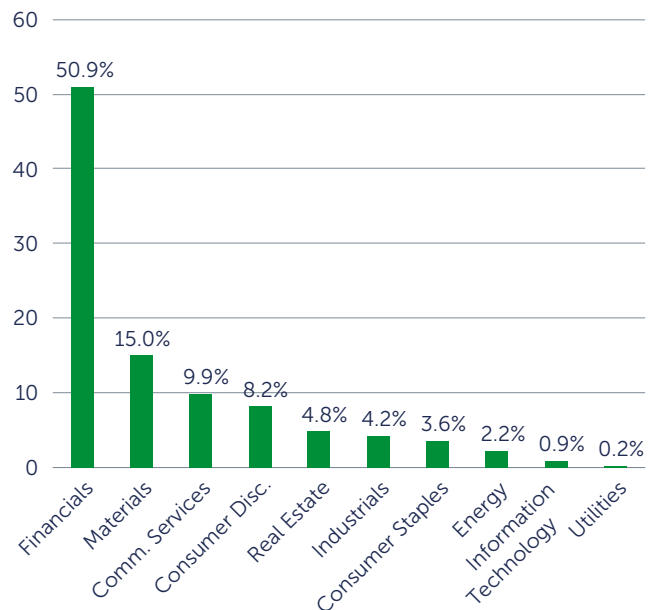


Source: Barings. September 2022.

In **Saudi Arabia**, not owning Saudi Aramco negatively impacted relative performance as the shares outperformed against a backdrop of stubbornly high oil prices. However, we continue to prefer other compelling investment opportunities in the country, most notably within the banking sector, where mortgage issuances have accelerated. Examples of company specific opportunities include our investments in banks Al Rajhi and Saudi National Bank, which have some of the highest market shares of mortgage loans in the sector, accounting for more than 50% combined. We are also invested in local exchange Tadawul, which is benefitting from the broadening and deepening of the country's capital markets as well as increased participation of international investors, whilst diversification into other asset classes has also provided further growth potential.

Across **South Africa**, performance was mixed in light of an often-volatile commodity, currency and macro environment. Diversified miner Anglo American was one such example, with the company's share price experiencing both a period of protracted appreciation as commodity prices rose, and then a period of depreciation as a weakening economic environment dragged near-term commodity price outlooks lower. Despite volatility in the share price, we continue to believe over the medium term the company will benefit from being a major producer of platinum which, in our view, has a significant role to play in the energy transition via its use in hydrogen-powered fuel cell electric vehicles, as well as in the production of green hydrogen via electrolysis. Similarly, telecoms group MTN was

Portfolio Sector Weight (%)



Source: Barings. September 2022.

one of the stronger performers earlier in the year, boasting a consumer base who rely almost exclusively on mobile devices, backed by solid growth in voice, data and fintech services. However, in the near term, the share price has given back some gains as investors weighed macro concerns in some of the company's bigger markets, such as Nigeria and Ghana, alongside currency weakness. Multinational technology investor Naspers detracted from relative performance, as its largest holding Tencent was impacted by broader weakness across the technology sector and uncertainty regarding the outlook for the Chinese economy. Despite the headwinds, we believe the regulatory risk surrounding the Chinese technology sector may have peaked. This can be seen in renewed game approvals by the local regulator, a key component of growth within Tencent's business.

Stock selection opportunities across **Emerging Europe** remained challenging in light of the reduction of gas supplies to Europe, and the associated energy price inflation. In **Hungary**, equity markets moved lower in response to broad based tax and tariff increases designed to fund the country's increasingly burdensome social transfers. This included windfall taxes on the banking sector which negatively impacted our investment in OTP. Similarly in **Poland**, insurance group PZU and bank PKO were weak as a result of headwinds facing the Polish banking sector in light of government imposed populist measures, including a windfall tax on the sector more broadly, alongside a one-year moratorium on mortgage payments.

Report of the Investment Manager

(continued)

Engagement Case Study: Impala Platinum

Impala Platinum is one of the many companies we have actively engaged with over the period.

Overview:

- We engaged with Impala Platinum, one of the largest PGM miners in South Africa, to better understand its aspiration to decarbonise its operations by 2030 and meet net-zero targets by 2050, while emphasising the need to align management incentives to those targets.

Objective:

- Our aim was to encourage the company to improve the disclosure of its decarbonisation goals, whilst articulating medium and long-term ambitions and targets, in areas we believe are increasingly important to investors but were missing from the company's reporting and announcements.

Outcome:

- Through our interactions, we have seen improvements in the company's attitudes towards their net-zero and decarbonisation commitments.
- Furthermore, the company has confirmed that it has made a commitment to achieve carbon neutrality by 2050 and is finalising interim goals. These interim targets, awaiting approval, are likely to require a 30% reduction in total CO₂ emissions relative to a 2019 baseline.
- In addition, the company has guided that once the interim decarbonisation plans are approved, these will be considered for incorporation into management performance and incentive payments scorecards.
- While this is a welcome update, we will continue to monitor this decarbonisation roadmap to ensure the company is meeting its commitments.

Holdings in **Turkey** detracted over the period, led by online shopping platform Hepsiburada as the company reported earnings that fell short of market expectations. Whilst the local inflationary picture has been challenging for Turkish corporates, we expect the company to benefit from the underpenetrated

Turkish ecommerce market. There were however pockets of good stock selection, with local conglomerate Koc's diversified asset base and exposure to a number of export businesses driving solid earnings, and offering some resilience amidst a tougher economic backdrop. In **Greece**, our investment in National Bank of Greece was a significant contributor to returns, as the company produced strong core operating profits alongside cost reductions. Whilst historically the Greek banking sector has faced challenges, National Bank of Greece now operates with a strong capital base and a level of non-performing loans (NPL's) comparable to banks in developed Europe.

Exposure to **Russian securities** accounted for a significant amount of underperformance over the period, as Russia's invasion of Ukraine created considerable market volatility and led to exchange closures and sanctions. As already mentioned, this resulted in the Company valuing all Russian assets at zero as of the 2nd March. As a result, our positions in internet company Yandex, supermarket retailers Magnit and X5, financials Sberbank and TCS, and energy and materials exposures Lukoil and Norilsk Nickel were amongst the portfolio's most significant detractors to performance over the period.

Outlook

In the short term, markets are likely to remain uncertain as investors closely monitor developments in Ukraine, inflation, and the broader global economic outlook. Looking ahead however, we believe there are a number of compelling opportunities across the emerging markets of Europe, the Middle East and Africa (EMEA).

Markets across the Middle East have been some of the strongest performers globally this year as they have benefitted both from high energy prices, and the continued opening up of their economies. This has seen their representation in major indices rise, whilst a burgeoning IPO market is broadening the investment opportunity. Interestingly, Middle Eastern markets remain significantly underrepresented within investor portfolios, which – in combination with the economic and structural tailwinds mentioned above – help increase demand across the region's equity markets. The region also benefits from a strong fiscal outlook, low single digit inflation, and a reform agenda, all of which should boost consumer confidence and increase the appeal of the investment case.

South Africa presents another interesting investment opportunity across the EMEA region, primarily because of its access to a broad range of metals. High commodity prices have helped push the current account balance into surplus, and corporate investment has rebounded significantly. This should help

Report of the Investment Manager

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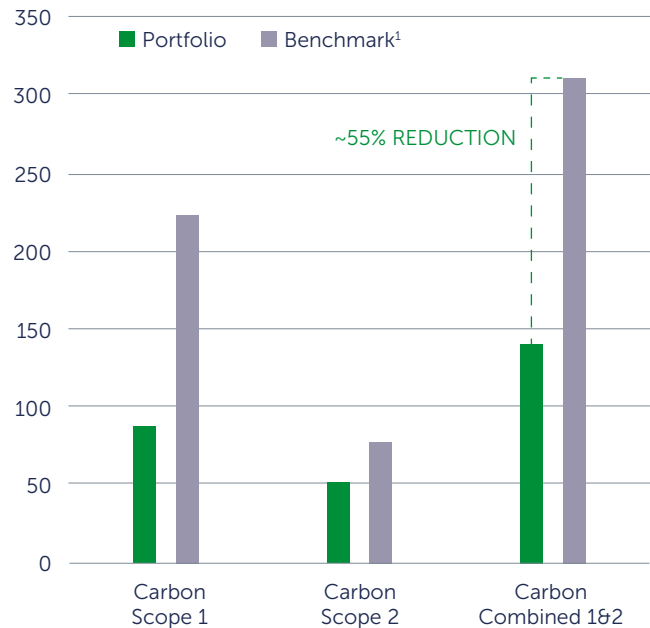
Carbon Footprint

As part of our ESG reporting capabilities, we perform analysis to compare the estimated carbon footprint of the portfolio versus the benchmark, based on scope 1 and 2 emissions. This analysis uses carbon emissions data from third-party data providers, as well as Barings own estimates based on the company's sector, geography, and size. To calculate the portfolio carbon footprint, we compute the carbon emissions per share multiplied by the number of shares the portfolio holds, and the cumulative emissions across all positions. The chart on the right shows an estimate of the relative carbon impact of a 1 million USD investment in our portfolio compared to the benchmark.

Based on this analysis, the portfolio has a significantly lower carbon footprint than the benchmark, per \$1m invested. This reflects our bottom-up stock selection decisions and the compelling long term growth opportunities we find across a range of lower carbon intensity industries. We do not own some of the highest carbon-emitting companies in the Energy, Materials and Utilities sectors that are in the benchmark. Whilst we do have exposure to these sectors in the portfolio, we look for best-in-class companies that have put in place measures to reduce their carbon emissions.

Carbon Tonnage

Metric Tons per NAV USD million



Total Tonnage (Metric Tons per \$1m invested)	Portfolio	Benchmark ¹
Carbon Scope 1	88.2	233.1
Carbon Scope 2	51.9	78.0
Carbon Combined 1 & 2	140.1	311.1

¹ Benchmark Carbon Tonnage calculated at Portfolio NAV, MSCI EM EMEA.

Source: Barings, MSCI, 30 September 2022.

provide broader opportunities to invest, as real earnings growth (excluding resources) is still below pre-COVID levels, which suggests there is catch up potential. Whilst we remain vigilant about the potential for social unrest, ongoing structural reforms by the government are encouraging and are likely to support rising private investment and higher employment levels.

Finally, whilst markets across emerging Europe remain most exposed to the war in Ukraine, looking further ahead, we believe opportunities exist as the region pivots away from Russian gas. This is supported by large EU infrastructure projects, such as the European Green Deal and NextGen EU funds that are set to bring billions of euros to EU member states to help transform their energy systems. There is also an opportunity for the region

to take advantage of nearshoring trends, where companies are bringing manufacturing closer to customers. Certain EU member states are well placed to provide lower cost skilled labour, strong regulatory protection, and crucially, a lower delivery time for the end consumer due to their closer geographical proximity.

We will continue our process of building new or adding to existing positions in companies with strong and sustainable business franchises, positive ESG dynamics, and where our proprietary bottom-up research has identified a significant degree of undervaluation relative to their future growth potential.

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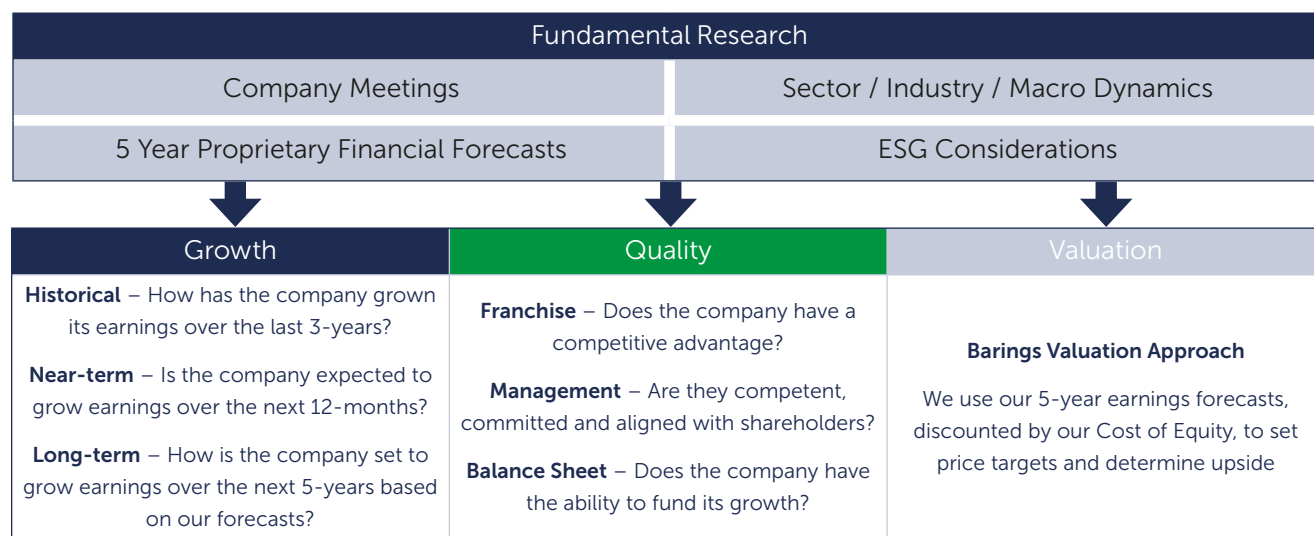
Investment Process Highlights

We believe that equity markets are inefficient and that consistently applied fundamental bottom-up company analysis can identify mispriced opportunities. To unearth these opportunities, we follow a Growth At a Reasonable Price (“GARP”) approach, and apply this to all companies across our region. GARP investing is focused on identifying companies that are positioned to grow sustainably over the medium to long term, but where growth is not necessarily recognised by the market. We therefore seek to select companies that have the potential to thrive, but also offer good value. We believe that this approach is the most effective way to invest over longer periods as it focuses on company fundamentals, sustainable business franchises, strong balance sheets and improving ESG characteristics.

Research

For company research, we use a consistent, analytical and qualitative framework applied through our proprietary Company Scorecard (see chart A). This focuses on three pillars consistent with our GARP methodology: Growth, Valuation and Quality. Key inputs to our research analysis include regular interactions with company management teams, detailed review of financial statements, and other primary information resources (e.g. competitors, customers, industry experts, regulators). This information is utilised by our investment professionals to produce proprietary financial models over a five-year research horizon. We value companies using our 5-year earnings forecasts discounted by an appropriate Cost of Equity (CoE). By applying a consistent research approach, we can evaluate each company on a like-for-like basis and determine relative attractiveness across countries and sectors.

Chart A - Fundamental Research: Consistent Company Scorecard



Portfolio construction

We take the ideas generated through our research process and construct a portfolio that targets sustainable investment returns. Risk management is central to this process, and we employ a range of approaches to identify risks within the portfolio. The aim of this process is to ensure the businesses in which we invest drive portfolio performance, rather than broader macroeconomic events.

Once invested, our experienced investment team continue to monitor each company to ensure that our conviction remains intact and that an investment remains attractive relative to other opportunities available in the market.

Report of the Investment Manager

(continued)

Our Focus on ESG

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

Integrating ESG

As an integral step of our research, our ESG assessment affects both our view of a company's quality and its valuation. This assessment is dynamic rather than static; we closely monitor the companies we invest in for improvements or deteriorations in their attitudes to ESG and reflect this in our scoring of both the quality of the business and its valuation. For each company under our coverage we complete an ESG scorecard that focuses on three categories as a foundation of our assessment:

- Sustainability of the Business Model (Franchise)
- Corporate Governance Credibility (Management)
- Hidden Risks on the Balance Sheet (Balance Sheet)

Within each of these categories, we identify three further subcategories, which are relevant areas of potential risk or opportunity (see chart B).

Chart B - Fundamental Research: Example ESG Assessment

	Key Topics	Score/ Rationale	Data / Issues to Consider
Sustainability of the Business Model <i>(Franchise)</i>	1 Employee Satisfaction	Exemplary	<i>Employee Relations: Staff Turnover; Strikes; Remuneration of Staff; Fair Wages; Injuries; Fatalities; Unionised Workforce; Employee Engagement, Diversity & Inclusion</i>
	2 Resource Intensity	Improving	<i>Water Usage; GHG Emissions; Energy; Transition Risks</i>
	3 Traceability/Security in Supply Chain	Improving	<i>Traceability of Key Inputs; Investments in Protecting the Business from External Threats, e.g., Cyber Security, Physical Risks from Climate Change; Backward Integration (Protection of Key Inputs); Transition Risks in Supply Chain</i>
Corporate Governance Credibility <i>(Management)</i>	4 Effectiveness of Supervisory/ Management Board	Not Improving	<i>Sound Management Structures: Separation of Chair & CEO; Size of Board; Independence of Board; Frequency of Meetings; Attendance Record; Voting Structure; Female Participation on Boards.</i>
	5 Credibility of Auditing Arrangements	Not Improving	<i>Credible Auditor; Independent Audit Committee; Qualification to Accounts</i>
	6 Transparency & Accountability of Management	Exemplary	<i>Access To Management; Financial Reporting; Tax Disclosure and Compliance; Appropriate Incentive Structure; Remuneration of Staff; Gender & Diversity Considerations; Employee Relations</i>
Hidden Risks on the Balance Sheet <i>(Balance Sheet)</i>	7 Environmental Footprint	Improving	<i>GHG Emissions; Carbon Intensity; History of Environmental Fines/Sanctions; Reduction Programmes in Place for Water/Waste/Resource Intensity, Air Quality; Transition Risks; Physical Risks from Climate Change</i>
	8 Societal Impact of Products/Services	Exemplary	<i>Health/Wellness implications of Consumption of goods/services; Product Safety Issues; Community Engagement</i>
	9 Business Ethics	Improving	<i>Anti-competitive practices; Bribery/Corruption; Whistle-Blower Policy; Litigation Risk; Tax Compliance; Freedom of Speech; Anti-Slavery and Human Rights; Gender & Diversity Considerations</i>

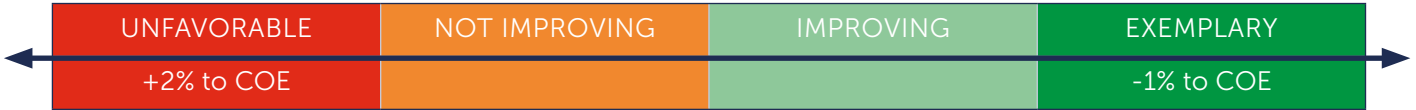
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ESG and its impact on the company valuation

Each of the nine subcategories of our ESG assessment will be rated from Unfavorable to Exemplary:



The individual scoring of each of the nine subcategories will translate into a premium or a discount that is added to the company's Cost of Equity (CoE), which is used to discount our earnings forecasts. A low ESG score would translate into an addition to the discount rate of up to 2 percent, thus penalising the stock and reducing its attractiveness by decreasing its valuation. The rationale is that a company associated with poor ESG is likely to have higher risks that should be reflected in the discount rate. Conversely, a high ESG score can indicate a company that is lower risk, resulting in a reduction to the CoE of up to 1 percent.

Active Engagements with Investee Companies

We undertake engagements to positively influence ESG practices and improve ESG disclosure. Our approach is based on clear objective setting, which strengthens our ability to monitor and steer company progress. We also collaborate with peers and industry groups to enhance and share best practices. We believe that by engaging with companies, rather than blanket exclusions of entire sectors, we have a greater chance of successfully effecting change. This can also result in value creation for our Shareholders.

Voting

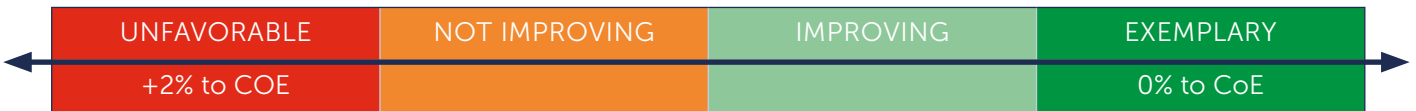
We undertake to exercise our voting rights whenever possible and have engaged a dedicated third-party proxy-voting provider. In instances where we disagree with the provider's recommendations, we have the ability to cast our votes differently.

Climate Change

There is a clear trend towards a lower carbon economy leading to decreased use of fossil fuels in an effort to combat climate change. We incorporate transition risks as well as physical risks from climate change in our valuation and qualitative evaluation of companies, and use external data to run climate change scenarios. We couple this with our knowledge of companies to identify potential risks from climate change and where needed, will engage with companies to improve disclosure or change behavior.

In addition, we have recently enhanced our ESG process by introducing a Carbon Cost assessment for relevant companies within the investment universe. One component of the solution to climate change is the reduction of greenhouse gas (GHG) emissions. To encourage this, governments have proposed or implemented policy tools, such as carbon taxes. For high carbon-emitting companies, these policy tools will likely become a significant cost burden in the years ahead and could impact companies' profitability.

Our Carbon Cost assessments aims to ensure that we quantify these potential costs through an adjustment to the Cost of Equity to more accurately value companies and enhance our decision making. We assess the decarbonisation commitments of relevant companies based on six key areas (see Chart C). The individual scoring of each of these areas will translate into a Cost of Equity adjustment from 0% to 2%:



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Report of the Investment Manager

(continued)

Chart C - Fundamental Research: Carbon Cost Assessment

	Score	Data/Issues to Consider
Decarbonisation Commitments	Exemplary	Does the company have a 'net zero' carbon target in line with national targets in the jurisdiction where the company operates?
	Improving	Are intermediate targets clearly communicated over a 5 and 10-year horizon?
	Improving	Are tangible projects in place related to climate change mitigation with current and proven technology?
	Not Improving	Are management incentives aligned with carbon reduction targets?
	Improving	Have these targets been certified by an outside organisation?
	Exemplary	To what extent does the company use offsets?

We believe that this adjustment provides a crucial starting point for understanding how carbon costs will affect companies - particularly until there is more comprehensive data disclosed related to GHG emissions costs and decarbonisation efforts. As disclosures improve going forward, we see a path toward these costs being explicitly modelled in financial forecasts, with companies incurring a cost of carbon in their profit and loss statements just as they would any other cost of doing business.

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

ESG Integration and Active Ownership Policy



1. How the Public Equities Investment team undertakes stewardship and shareholder engagement for the listed equity strategies they manage.
2. The integral role of ESG in Barings Equities team's investment philosophy and research.
3. The integration of ESG in the management of portfolios.
4. Why Equities investment believes ESG considerations are a fundamental component of the goal of achieving attractive risk-adjusted returns that we strive for in our stewardship of our clients' assets.

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



In the race toward net zero, the 'cost of carbon' may continue to affect company valuations. Understanding this potential impact is critical to identifying those businesses that are best-positioned for long-term outperformance.

Clive Burstow
Head of Global Resources

Marios Halloumis, CFA
Director of ESG Integration & Active Ownership

Investment Portfolio

Review of Top Ten Holdings

at 30 September 2022

Investee company	Sector	Market value £'000	% of investment portfolio	Company comment
The Saudi National Bank	Financials	6,107	8.1%	Largest bank in Saudi Arabia, originated from merger of NCB and Samba with synergies still to be delivered.
Al Rajhi Bank	Financials	5,523	7.4%	Number one Islamic bank globally. Dominant mortgage market share (35%+) in Saudi Arabia, supported by an extensive branch network, stable retail deposit franchise and FinTech initiatives such as its new consumer financing subsidiary, Emkan.
Qatar National Bank	Financials	5,010	6.7%	Largest bank in Qatar, with dominant market share in both lending and deposits. Strong management team with a long history and good track record.
Saudi Basic Industries (SABIC)	Materials	3,652	4.9%	Saudi Arabia's dominant petrochemical chemical company, benefitting from long-term fixed-price feedstock contracts and a diversified asset base.
Firststrand	Financials	3,265	4.3%	Leading South African financial institution offering a diverse range of services including transactional, lending, insurance and investment products.
Saudi Telecom	Communication Services	3,264	4.3%	Telecoms company offering steady revenue growth and a strong balance sheet that helps support dividends. Longer-term catalysts include monetisation of infrastructure assets and growth of their mobile wallet service, STC Pay.
Emaar Properties	Real Estate	2,695	3.6%	Property developer led by a strong management team with a diversified revenue stream as a result of exposure to real estate, shopping malls and hospitality. Longer term the company should benefit from the ongoing structural and social reform in the UAE.
MTN Group	Communication Services	2,667	3.6%	South African telecoms group with 270m subscribers across Africa and the Middle East. Subsidiary MTN MoMo is the leading African mobile money fintech ecosystem with more than 60m active users. Long term growth is driven by increasing mobile and internet penetration across the region.
First Abu Dhabi Bank	Financials	2,403	3.2%	Leading bank in the UAE and one of the largest across the Middle East. Diversified business model split across investment, commercial, consumer and private banking.
PZU	Financials	2,233	3.0%	Polish insurance group occupying a dominant market position in a sector that stands to benefit over the medium term from increasing insurance penetration and rising interest rates. Strategic stakes in the financial institutions Pekao and Alior offer optionality in bancassurance, wealth management and fintech.

Investment Portfolio

(continued)

Investment Portfolio

at 30 September 2022

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
1	The Saudi National Bank	Saudi Arabia	6,107	8.10%
2	Al Rajhi Bank	Saudi Arabia	5,523	7.32%
3	Qatar National Bank	Qatar	5,010	6.64%
4	Saudi Basic Industries	Saudi Arabia	3,652	4.84%
5	Firststrand	South Africa	3,265	4.33%
6	Saudi Telecom	Saudi Arabia	3,264	4.33%
7	Emaar Properties	United Arab Emirates	2,695	3.57%
8	MTN Group	South Africa	2,667	3.54%
9	First Abu Dhabi Bank	United Arab Emirates	2,403	3.19%
10	PZU	Poland	2,233	2.96%
11	Prosus	South Africa	2,144	2.84%
12	Abu Dhabi Commercial bank	United Arab Emirates	2,093	2.78%
13	Saudi Arabian Mining	Saudi Arabia	1,779	2.36%
14	Anglo American	South Africa	1,770	2.35%
15	Mol Hungarian Oil & Gas	Hungary	1,681	2.23%
16	Naspers Limited	South Africa	1,568	2.08%
17	Capitec	South Africa	1,526	2.02%
18	Etihad Etisalat	Saudi Arabia	1,513	2.01%
19	Shoprite Holdings	South Africa	1,467	1.95%
20	Anglo American Platinum	South Africa	1,378	1.83%
21	Koç holding	Turkey	1,344	1.78%
22	National Bank of Kuwait	Kuwait	1,244	1.65%
23	Industries Qatar	Qatar	1,209	1.60%
24	Anglogold Ashanti	South Africa	1,133	1.50%
25	Komerčni Bank	Czechia	1,130	1.50%
26	Bupa Arabia	Saudi Arabia	1,129	1.50%
27	Human Soft	Kuwait	1,088	1.44%
28	National Bank of Greece	Greece	1,071	1.42%
29	Nedbank Group	South Africa	1,065	1.41%
30	OTP Bank	Hungary	1,049	1.39%
31	Mr Price Group	South Africa	979	1.30%
32	Saudi Tadawul Group	Saudi Arabia	944	1.25%
33	BİM	Turkey	941	1.25%
34	Impala Platinum	South Africa	941	1.25%
35	Aldar Properties	United Arab Emirates	909	1.21%
36	Commercial Bank of Qatar	Qatar	710	0.94%
37	Arabian Internet and Communication Services	Saudi Arabia	687	0.91%
38	KGHM Polska	Poland	622	0.82%

Investment Portfolio

(continued)

Investment Portfolio (continued)

at 30 September 2022

	Holding	Primary country of listing or investment	Market value £'000	% of Net assets
39	Inpost	Poland	586	0.78%
40	Riyad Bank	Saudi Arabia	528	0.70%
41	Alpha bank	Greece	497	0.66%
42	Discovery	South Africa	386	0.51%
43	PKO Bank Polski	Poland	307	0.41%
44	Allegro	Poland	286	0.38%
45	Bid Corporation	South Africa	275	0.36%
46	Dubai Electricity and Water Authority	United Arab Emirates	153	0.20%
47	D Market Electronic Services	Turkey	79	0.10%
48	Salik Company	United Arab Emirates	29	0.04%
49	Norilsk Nickel	Russia	—	0.00%
50	Magnit	Russia	—	0.00%
51	Moscow exchange	Russia	—	0.00%
52	NK Lukoil	Russia	—	0.00%
53	Novatek	Russia	—	0.00%
54	Gazprom	Russia	—	0.00%
55	Sberbank	Russia	—	0.00%
56	Tcs Group	Russia	—	0.00%
57	United Company Rusal	Russia	—	0.00%
58	X5 Retail Group	Russia	—	0.00%
59	Yandex	Russia	—	0.00%
	Total investments		75,059	99.53%
	Net current assets		349	0.47%
	Net assets		75,408	100.00%

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Corporate Review

The Strategic Report on pages 2 to 31 of the Annual Report and Audited Financial Statements has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006 and best practice. Its purpose is to provide information to the Shareholders of the Company and help them to assess how the Directors have performed their duty to promote the success of the Company, in accordance with Section 172 of the Companies Act 2006.

Company Status

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

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

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

Key Performance Indicators

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

- Annualised NAV total return¹
- Share price total return¹
- Dividend per Ordinary Share¹

The returns for the year are set out under Financial Highlights on page 27.

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 this is a sustainable policy that should improve the Company's appeal amongst investors.

Dividends

An interim dividend of 6.0 pence per Ordinary Share was declared on 30 May 2022 and paid on 1 July 2022.

The Board recommends a final dividend of 11 pence per Ordinary Share. Subject to Shareholder approval at the AGM, the recommended final dividend will be paid on 6 February 2023 to Shareholders on the register at the close of business on 16 December 2022. The Ordinary Shares will be marked ex-dividend on 15 December 2022.

Buyback Programme

During the year under review, the average discount to NAV at which the Company's Ordinary Shares traded at was 15.3% (2021: 13.1%) and 114,579 Ordinary Shares were repurchased at a cost of £715,000 (2021: 231,245 Ordinary Shares at a cost of £1,715,000). All Ordinary Shares repurchased during the year have been or are being cancelled.

¹ APMs definitions can be found in the Glossary on pages 89 to 91.

Corporate Review

(continued)

Section 172 Statement

Background

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

Stakeholders

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

Shareholders

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

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

- **Annual General Meeting** – The Company welcomes and encourages attendance and participation from Shareholders at the AGM and looks forward to hosting Shareholders again at the 2023 AGM. This forum provides Shareholders with the opportunity to meet the Directors and the Investment Manager and to address questions to them directly. There is typically a presentation on the Company's performance and the outlook, from the Investment Manager.
- **Publications** – The Annual Report and Half-Year results are made available on the Company's website and the Annual Report is circulated to those Shareholders requesting hard copies. These reports provide Shareholders with detailed information on the Company's portfolio and financial position. This information is supplemented by a quarterly factsheet which is released via the stock exchange and monthly factsheets posted to the Company's website.
- **Shareholder Feedback** – Shareholders in investment companies often meet with the Investment Manager rather than members of the Board. However, the Board values the feedback and questions that it receives from Shareholders and takes note of individual Shareholders' views in arriving at decisions which are taken in the best interests of the Company. The Chairman or the Senior Independent Director can be contacted via either the Company Secretary or the Corporate Broker, both of which are independent of the Investment Manager.
- **Investor Relations updates** – At every Board meeting, the Directors receive updates from the Corporate Broker on share trading activity, share price performance, the Company's share register and any Shareholders' feedback. The Board also review promotional plans, PR activity and analyst's comments or research reports on the Company.

The Investment Manager

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

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Corporate Review

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Third-Party Service Providers

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

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

Investee Companies

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

The Investment Manager engages with the management teams of investee companies on a periodic basis and reports its impressions on the prospects of these investee companies to the Board. The Directors recognise that the Investment Manager can influence an investee company's approach to ESG matters, and this forms part of the investment process as detailed on pages 21 to 23.

Environment and Community

Given the outsourced nature of the Company's operations, the Company has very little direct impact on the community or the environment. However, the Board recognises that it can influence an investee company's approach to ESG matters through the approach adopted by the Investment Manager. The Company's investment approach takes into account the external impact of investee companies' activities on the environment, their social practices' and governance. The Investment Manager discusses ESG matters with investee companies on a regular basis. Further details on the Company's investment approach to ESG can be found on pages 21 to 23.

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

Board Activities

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

Decision Making

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

The Board made the following major decisions over the year which included the response to sanctions against Russia and the conversion of a number of Russian depositary receipts into local Moscow Exchange listed securities. These decisions were communicated to Shareholders via stock exchange announcements. Further detail can be found below:

• Board Response to Sanctions Against Russia

Following announcements from various authorities globally, with regard to Russian persons and entities subject to sanctions, the Board made a number of adjustments to the Company's net asset value to better reflect the fair value of Russian assets in the portfolio. These changes reflect the fact that the Company's ability to mark to market certain securities within the portfolio has been impacted by exchange closures and sanctions.

This took place in two phases and reflected the evolving situation at the time. Russian securities listed on the Moscow Exchange were valued at zero as of the 28th February following restrictions of sales; whilst depositary receipts and U.S. listed Russian stocks were valued at zero on the 2nd March, after they had been suspended from trading. As of the date of this report, these exceptional circumstances have not changed, and as a result, the Board has taken the decision to continue valuing these assets at zero.

Corporate Review

(continued)

The Company continues to hold shares in Russian companies but, until there is a realistic prospect of being able to realise them, we shall continue to value them at zero. Consequently, there is no exposure to Russia in the Company's net asset value and Management fees are not being charged on these assets.

• Russian Depository Receipts Conversions

In September 2022 the Board was able to take advantage of an opportunity to convert a number of Russian depository receipts held within the portfolio into local Moscow Exchange listed securities.

After taking legal advice to ensure that this operation would not breach UK sanctions, the Company determined that taking advantage of the possibility of carrying out such conversions would be in shareholders' long-term interest.

As a result, the holdings in Gazprom, Lukoil, Norilsk Nickel and Novatek were converted into ordinary shares. These continue to be valued at zero in the portfolio.

Culture and Values

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

Continuing Appointment of the Alternative Investment Fund Manager

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

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

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

Viability Statement

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

The Directors have carried out a robust assessment of the Company's principal and emerging risks, as well as its current position. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are detailed on pages 9 to 11. The Company's long term viability assessment is 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;
- underlying revenue generation of the portfolio is regularly reviewed and monitored. Whilst income generated by the portfolio has undoubtedly been impacted by the absence of Russian dividends, longer term forecasts indicate an encouraging upward trend that should help support a sustainable dividend;

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Corporate Review

(continued)

- the Company is well diversified across a range of countries and sectors. The broadening of the investment policy allowed the Company to further diversify its concentration risk, whilst also benefiting from a larger opportunity set in high growth areas. It also reduced the risk of idiosyncratic events materially influencing performance.

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

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

The Board continue to monitor the performance of the portfolio and the share price discount to net asset value against the criteria of the tender offer.

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

Modern Slavery Act

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

Environmental, Human Rights, Employee, Social and Community Issues

The Company does not have any employees and all of the Directors are non-executive and it has outsourced its functions to third-party service providers. As an investment trust, the Company has very limited direct impact on the community or the environment, and as such has no environmental, human rights, social or community policies. However, the Investment Manager (within the Investment Managers Report on pages 21 to 23) has reported on the management of ESG within the portfolio.

The Company aims to conduct itself responsibly, ethically and fairly. ESG factors are considered by the Investment Manager as part of its investment process, where appropriate. Further information can be found in the Investment Manager's Report on pages 21 to 23, which is supported by the Board. A key consideration in the decision to change the investment policy of the Company in 2020 was the move away from hydrocarbons in the portfolio.

The Board supports the Investment Manager in its belief that good corporate governance will help deliver sustainable long-term shareholder value. It therefore follows that in pursuing shareholder value, the Investment Manager will implement its investment strategy through proxy voting and active engagement with management and Boards. Please see page 48 for further information.

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

Frances Daley

Chairman

7 December 2022

Board of Directors



FRANCES DALEY FCA, MCSI
Chairman

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

Appointed to the Board on 29 April 2014.



VIVIEN GOULD
Non-Executive Director

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

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

Appointed to the Board on 11 March 2019.



CHRISTOPHER GRANVILLE
Non-Executive Director

Christopher was formerly a British diplomat in the Political Section of the British Embassy in Moscow and has a wealth of experience in Emerging Europe. He is currently a managing director of TS Lombard, an investment research provider 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 Invest AB and a member of the investment committee of Olma Luxury Holdings Private Equity Fund.

Appointed to the Board on 30 November 2018.

Board of Directors

(continued)



CALUM THOMSON FCA
Non-Executive Director and
Audit Committee Chairman

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

Appointed to the Board on 21 September 2017.



NADYA WELLS
Non-Executive Director and
Senior Independent Director

Nadya has over 25 years' Emerging and Frontier markets experience as a long-term investor and governance specialist. 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 a non-executive director on the boards of various unlisted Luxembourgish SICAVs which are managed by abrdn, of Hansa Investment Company Limited, and also sits on the audit committee of the Drugs for Neglected Diseases Initiative. She has an MBA from INSEAD, an MA from Oxford University and an MSc from the University of Geneva.

Appointed to the Board on 23 September 2015.

Report of the Directors

The Directors of the Company are pleased to present their Report, together with the audited financial statements of the Company, for the year ended 30 September 2022.

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

Directors

As at 30 September 2022, the Board consisted of five Non-Executive Directors, all of whom are considered by the Board to be independent. The dates of their appointment are shown on pages 32 to 33, together with their full biographies, which demonstrate the range of skills and experience each Director brings to the Board.

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

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

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

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

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

Chairman and Senior Independent Director

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

Policy on Tenure of Directors

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

Role and Responsibilities of the Chairman

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

- act with objective judgement;
- promote a culture of openness and debate;
- facilitate constructive Board relations and the effective contribution of all Directors;
- work with the Company Secretary, to ensure that all Directors receive accurate and timely information so they can discharge their duties;

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Report of the Directors

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- seek regular engagement with the Company's Shareholders; and
- act on the results of the annual evaluation of the performance of the Board, its Committees and individual Directors.

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

Role and Responsibilities of the Senior Independent Director

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

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

Indemnity of Directors and Compensation for Loss of Office

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

Diversity

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

Board 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 2022, the Company's total issued share capital was 15,248,408 Ordinary Shares (30 September 2021: 15,362,987), of which the Company held 3,318,207 Ordinary Shares in treasury. The Ordinary Shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year. All Ordinary Shares repurchased during the year have been or are being cancelled. All of the Company's Ordinary Shares in circulation are listed on the main market of the London Stock Exchange and each Ordinary Share carries one vote.

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

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

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

Report of the Directors

(continued)

Share Issues

At the Annual General Meeting ("AGM") held on 25 January 2022, the Directors were granted authority to allot Ordinary Shares up to an aggregate nominal amount of £120,173 (being 10% of the issued Ordinary Share capital as at the date of publication of the Notice). This authority is due to expire at the Company's forthcoming AGM. The Company has not issued any Ordinary Shares under this authority. Proposals for the renewal of this authority are set out in the notice of AGM.

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 held on 25 January 2022, 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 1,801,405 shares. Since the AGM held on 25 January 2022 and the year end, the Company bought back 159,353 Ordinary Shares with a nominal value of 0.10 pence per Ordinary Shares, and at a total cost of £863,000 under this authority. As at 30 September 2022, the remaining authority for the purchase of own shares is Ordinary Shares. A total of 3,318,207 Ordinary Shares are held in treasury, representing 21.76% of the issued share capital at 30 September 2022. This authority is due to expire at the Company's forthcoming AGM. Proposals for the renewal of this authority are set out in the notice of AGM, which is circulated separately to this Report.

Substantial Shareholdings

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

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

Shareholders	Year ended 30 September 2022	
	Number of Ordinary Shares notified	% Interest in share capital
City of London Investment Management Company Limited	3,237,882	27.14%
Lazard Asset Management LLC, New York, United States of America	1,096,747	9.19%
City of Bradford Metropolitan District Council	925,158	7.75%

Dividends

Details of the Interim dividend paid by the Company during the year and the final dividend as recommended by the Board are set out in the Strategic Report on page 27.

Corporate Governance

The statement of Corporate Governance, as shown on pages 39 to 48, forms part of this report by reference. The Directors have prepared a statement on how the principles and recommendations of the AIC Corporate Governance Code have been applied.

Going Concern

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

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Report of the Directors

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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.

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

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

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

Conflict of Interest

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

Companies Act 2006 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 35, 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 36;
- 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 23.

Financial Risk Management

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

Report of the Directors

(continued)

Auditor

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

Audit Information

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

Annual General Meeting

The AGM will be held on Thursday, 26 January 2023 at 2:30 p.m. 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 in the Notice.

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

Review of the Year

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

Since the year end and at the date of this Report, the Company has repurchased 72,173 of its own Ordinary Shares at a cost of £377,000. These Ordinary Shares will be cancelled.

Link Company Matters Limited

Secretary
7 December 2022

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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 2022, 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.	<p>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.</p> <p>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.</p> <p>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 2 to 31.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>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.</p>	<p>The purpose of the Company is also the investment objective, which is to achieve capital growth, principally through investment in emerging and frontier equity securities listed or traded on Eastern European, Middle Eastern and African (EMEA) markets. The Company also seeks to provide Shareholders with an attractive level of income from a diversified portfolio of investments designed to outperform the Benchmark in sterling terms.</p> <p>The Board assesses and monitors its own culture as part of the annual Board evaluation process, including its policies, practices and behaviour to ensure that it is appropriately aligned to the Company's activities. The Board has defined its culture and values. It has also agreed behaviours and attributes that promote the culture and values.</p> <p>As detailed on page 21, the Investment Manager takes ESG factors into consideration as part of the investment process.</p>
<p>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.</p>	<p>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.</p> <p>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 53 to 57.</p>
<p>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.</p>	<p>The Board understands its responsibilities to Shareholders and stakeholders and considers any views and expressed opinions of all such parties when making any decisions. The Board considers that, other than Shareholders, other key stakeholders are third-party providers, the Investment Manager and its investee companies. On page 28, 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.</p> <p>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.</p> <p>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.</p> <p>In addition, the Directors welcome the views of all Shareholders and place considerable importance on communications with them.</p> <p>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.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle	Compliance Statement
<p>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.</p>	<p>There is a clear division of responsibility between the Chairman, the Directors, the Investment Manager and the Company's other third-party service providers.</p> <p>The Chairman is responsible for leading the Board and is responsible for its overall effectiveness in directing the affairs of the Company. The Chairman ensures that all Directors receive accurate, timely and clear information and promotes a culture of openness and debate in Board meetings by encouraging and facilitating the effective contribution of other Directors towards a consensus view. The Chairman also takes a leading role in seeking to ensure effective communications with Shareholders and other stakeholders. Further details on the Company's engagement with Shareholders and other stakeholders can be found in the S.172(1) Statement set out on pages 28 to 30.</p> <p>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.</p> <p>Prior to each Board and Committee meeting, Directors are provided with a comprehensive set of papers giving detailed information on the Company's activities to all relevant management, financial and regulatory information.</p> <p>The annual evaluation of the Board's effectiveness always considers the performance of the Chairman, and whether she has performed her role effectively. This year's evaluation was led by the SID, taking into account feedback from the Directors. The document setting out the roles of the Chairman and 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.</p> <p>The SID acts as a sounding board for the Chairman, and provides a channel for any Shareholders concerns regarding the Chairman.</p>
<p>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.</p>	<p>All of the Directors are non-executive and independent of the Investment Manager and the other service providers.</p> <p>The Chairman, Frances Daley, was independent of the Investment Manager at the time of her appointment and remains so.</p> <p>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.</p> <p>In the Board's opinion, each Director continues to provide constructive challenge and robust scrutiny of matters that come before the Board.</p> <p>The Nomination Committee considers the composition of the Board as well as the longer-term succession plans for the Board.</p>

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	<p>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.</p> <p>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.</p> <p>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 pages 49 and 50.</p>
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.	<p>The Board's responsibilities are set out in the Schedule of Matters Reserved for the Board and certain responsibilities are delegated to its committees, so that it can operate effectively and efficiently. The Directors have access to the advice and services of the Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The Directors also have access to independent advisers as and when required.</p>
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.	<p>The Board has established a Nomination Committee, comprising the whole Board. This Committee will lead the appointment process of new Directors as and when vacancies arise and as part of the Directors' ongoing succession plans. More information regarding the work of the Nomination Committee can be found on pages 51 and 52. No new Directors were appointed in the year under review.</p> <p>The Board while noting the requirements for diversity and inclusion for Company Boards and Executive Management as set out in the FCA's recent policy statement; has adopted a diversity policy, which acknowledges the benefits of greater diversity and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. Whilst the Board does not feel that it would be appropriate to set targets as all appointments are made on merit, the following objectives for the appointment of Directors have been established:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle		Compliance Statement
K.	The Board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.	<p>The Directors' biographical details are set out on pages 32 and 33 of this report. These demonstrate the wide range of skills and experience they bring to the Board.</p> <p>The Directors' skills, experience and knowledge matrix is reviewed as part of the annual evaluation process. When considering new appointments, the Board reviews its skills matrix and seeks to add individuals with complementary skills or who possess skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.</p>
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.	<p>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.</p> <p>The Nomination Committee receives relevant points arising from the performance evaluation process and then considers the information when making a recommendation to the Board regarding the re-election of a Director.</p> <p>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.</p> <p>More information regarding the proposed re-election of each Director can be found in the Notice of AGM.</p>
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.	<p>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.</p> <p>The Audit Committee carries out a review of the performance of the external Auditor on an annual basis.</p> <p>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.</p> <p>Further information regarding the work of the Audit Committee can be found on pages 53 to 57.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle		Compliance Statement
N.	The Board should present a fair, balanced and understandable assessment of the Company's position and prospects.	The Audit Committee supports the Board in assessing that the Company accounts present a fair, balanced and understandable assessment of the Company's position and prospects. The Audit Committee has considered the Annual Report and Accounts as a whole and believe the document presents a fair, balanced and understandable assessment of the Company's position and prospects.
O.	The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives.	<p>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.</p> <p>Given the nature of the business, the Company is reliant on its service providers and their internal controls. The Audit Committee therefore annually reviews the control systems in operation of the Company's key service providers in so far as they relate to the affairs of the Company. As set out in more detail in the Report of the Audit Committee on pages 53 to 57, the Company has in place a detailed system for assessing the adequacy of those controls.</p> <p>Oversight of the Audit Committee's internal controls is described in more detail in the Audit Committee report on page 55.</p>
P.	Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The details of their shareholdings are set out on page 60.</p> <p>Further information can be found in the Remuneration Report on pages 58 to 62.</p>

Statement of Corporate Governance

(continued)

AIC Code Principle		Compliance Statement
Q.	A formal and transparent procedure for developing policy remuneration should be established. No Director should be involved in deciding their own remuneration outcome	<p>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.</p> <p>There is an agreed fee which all Non-Executive Directors receive (irrespective of experience or tenure) and an additional fee for the roles of Audit Committee Chairman and SID. There is also an agreed fee for the role of Chairman. Any changes to the Chairman's fee are considered by the Board as a whole, with the exception of the Chairman who excuses herself from this part of the meeting. The details of the Remuneration Policy and Directors fees can be found on pages 58 to 59.</p>
R.	Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances	Any decision with regard to remuneration is taken after considering the performance of the Company and the current market conditions. As there are no performance related elements of the remuneration, there is very little scope for the exercise of discretion or judgement.

The Board

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

Board Operation

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

	Board Meetings		Audit Committee Meetings		Nomination Committee Meetings		Management Engagement Committee Meetings	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Frances Daley	5	5	3	3	1	1	2	2
Vivien Gould	5	5	3	3	1	1	2	2
Christopher Granville	5	5	3	3	1	1	2	2
Calum Thomson	5	5	3	3	1	1	2	2
Nadya Wells	5	5	3	3	1	1	2	2

Ad hoc Board and Committee meetings were held during the year as required. Specifically, the Board met to consider the Company's response to sanctions imposed on Russia and its impact on Russian investments of the Company.

Statement of Corporate Governance

(continued)

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

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

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

Election/re-election of Directors

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

Board Evaluation

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

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

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

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

Board Committees

The Board has agreed a schedule of matters specifically reserved for decision by the full Board, subject to which the Board has delegated specific duties to Committees of the Board which operate within written terms of reference. The Board had three Committees in operation during the reporting period, and has delegated certain responsibilities to its Audit Committee, Management Engagement Committee and its Nomination Committee. The Board has established formal terms of reference for each of the Committees which are available on the Company's website.

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

The Directors' Remuneration Policy and Directors' fees are detailed in the Directors' Remuneration Report on pages 58 to 60, 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 53 to 57.

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Statement of Corporate Governance

(continued)

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

Nomination Committee

The Nomination Committee consists of the whole Board and is chaired by Nadya Wells. The Committee meets at least annually and terms of reference are in place which include reviewing the Board's size, structure and diversity, succession planning and training. Possible new Directors are identified against the requirements of the Company's business and the need for a balanced Board. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates. The Board has adopted a diversity policy, which notes the requirements for diversity and inclusion for Company Boards and Executive Management as set out in the FCA's policy statement. The Committee acknowledges the benefits of greater diversity, and remains committed to ensuring that the Company's Directors bring a wide range of skills, knowledge, experience, backgrounds and perspectives to the Board. External search consultants may be used to ensure that a wide range of candidates can be considered. The Nomination Committee Report can be found on pages 51 to 52.

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 twice during the year under review to consider the performance of the Investment Manager, the Administrator, the Company Secretary and other third-party service providers. Please see pages 49 and 50 for the considerations of the Committee in reaching its recommendation to the Board about the continuing appointment of the Investment Manager.

Risk Management and Internal Controls

The Directors are responsible for the Company's system of risk management and internal control which is designed to safeguard Shareholders' investment and the Company's assets, maintain proper accounting records and ensure that financial information used within the business, or published, is reliable. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable, but not absolute, assurance against fraud, material misstatement or loss.

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

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

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

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

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

Statement of Corporate Governance

(continued)

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

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

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

Corporate Governance and Voting Policy

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

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

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

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

- the cost of voting a proxy for a foreign security outweighs the expected benefit, so long as refraining from voting does not materially harm the Company;
- 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 2022 for those proxies it has voted on behalf of the Company.

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

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

On behalf of the Board

Frances Daley
Chairman
7 December 2022

Management Engagement Committee Report



Nadya Wells
Chair of the Management
Engagement Committee

I am pleased to present the Management Engagement Committee Report for the year ended 30 September 2022.

Composition and Role of the Management Engagement Committee

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

The Committee's primary responsibilities are to:

- monitor and evaluate the Investment Manager's investment performance and compliance with the terms of the AIFM Agreement;
- review the terms of the AIFM Agreement annually to ensure that the terms conform with market and industry practice and remain in the best interests of Shareholders;
- 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 twice during the year under review, to consider the performance and the continuing appointment of the AIFM and, to review the performance of the Company's other third-party service providers. The Committee conducted its annual review of the performance of the Investment Manager, which included consideration of:

- overall performance and performance compared with Benchmark and peer group;
- investment resources dedicated to the Company;
- investment management fee arrangements compared with the peer group;
- marketing support and resources provided to the Company;
- a review of the Investment Management Agreement ("IMA") between the Company and the Investment Manager was undertaken by external lawyers to ensure the Agreement remained fit for purpose and reflected current legislation/best practice. The proposed amendments to the Agreement were reviewed and approved by the Committee; and
- a review of the Fund Administrator and the Company Secretary of the Company.

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

Management Engagement Committee Report

(continued)

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.

Nadya Wells

Chair of the Management Engagement Committee
7 December 2022

Nomination Committee Report



Nadya Wells
Chair of the Nomination
Committee

I am pleased to present the Nomination Committee Report for the year ended 30 September 2022.

Composition and Role of the Nomination Committee

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

The primary responsibilities of the Committee are:

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

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

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

Activities During the Year

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

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.

Nomination Committee Report

(continued)

The Committee considered the results of the Board evaluation and the Company's culture. The Committee developed a new shared vision for culture at Board level as a foundation for the congenial Board environment of respectful challenge. The Committee believes this environment allows each board member to contribute their skills to the long term success of the Company. During the year, the Committee held two scheduled meetings which were 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

Chair of the Nomination Committee

7 December 2022

Audit Committee Report



Calum Thomson
Chairman of the Audit Committee

I am pleased to present the Audit Committee Report for the year ended 30 September 2022.

Composition and Role

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

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

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

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

The Audit Committee usually meets three times a year to review the Annual and Half Year Financial Reports, audit timetable and other risk management and governance matters. It may meet more often if deemed necessary, or if required by the Auditor. During the year under review, the Audit Committee met on three occasions, these being scheduled meetings. All members attended these meetings. Please see page 45 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 2022, the Audit Committee considered the following matters to be significant issues, including those communicated by the Auditor during its review:

Significant Issue	How the issue was addressed
Valuation of the investment portfolio	<p>The Board relies on the Administrator and the Investment Manager to use correct listed prices and seeks comfort in the testing of this process through the internal control statements. This was discussed with the Administrator, Investment Manager and Auditor at the conclusion of the audit of the financial statements.</p> <p>The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 1 to the financial statements, on pages 73 to 76. The Investment Manager reviews the valuation of the investments by both the Administrator and Custodian. Actively traded investments are valued using stock exchange prices provided by a third-party vendor. Regular updates are provided to the Audit Committee about the activities and valuations of any unquoted holdings. The Company uses the services of an independent Depository (State Street) to hold the assets of the Company. The Depository checks the consistency of its records with those of the Manager on a monthly basis and reports to the Audit Committee.</p> <p>The Investment Manager regularly provides information to the Audit Committee in respect of the liquidity of the portfolio and valuation of Russian stocks which have currently been valued at zero.</p> <p>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.</p>
Existence of the investment portfolio	<p>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.</p> <p>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 Depository 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.</p>
Accuracy of the calculation for any tender conditions; discount and performance	<p>In view of a potential tender offer following the year ending 30 September 2025, the level of discount and performance is calculated by the Administrator. This is also reviewed by the Investment Manager and the Audit Committee.</p>
Risk Matrix	<p>The Committee considered that it was appropriate to include the sanctions regime against Russia and the Company's current inability to trade in Russian securities, as a new risk within the Company's risk management matrix.</p>

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Audit Committee Report

(continued)

Going Concern and Viability

The Committee reviews and assesses the Annual Report and makes recommendations to the Board to confirm that it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy and has reported these findings to the Board. This included an assessment and recommendation on whether it was appropriate to prepare the Company's financial statements on a going concern basis. This review included challenging the assumptions on viability of the Company and reviewing stress tests focused on its ability to continue to remain viable. The Board's conclusions in this respect are set out in the Going Concern Statement and Long Term Viability statement on pages 30 and 37 respectively.

Other Matters Considered by the Audit Committee in the Year

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

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

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

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

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

Internal Controls and Risk

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

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

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

Audit Committee Report

(continued)

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

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

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

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

Audit

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

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

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

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

Independence and Objectivity of the Auditor

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

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

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Audit Committee Report

(continued)

The Audit Committee has reviewed the effectiveness and quality of the Auditor including: independence; the quality of the audit work including the ability to resolve issues in a timely manner, its direct communication with the Company; its cost effectiveness; feedback from the Investment Manager and Administrator; and the quality of people and services. The Auditor has not provided any non-audit services to the Company during the year under review (2021: 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 £40,000 (exclusive of VAT) has been agreed in respect of the audit for the year ended 30 September 2022 (2021: £30,150).

The Audit fee of £40,000 included a payment of £2,000 due to additional work resulting from the audit work required in respect of the Company's holdings of Russian stocks. The increase in Audit fees for 2021/22, partly reflects the regulatory burden that has impacted the Auditor's costs in addition to inflation.

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

Tax Services

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

Internal Audit

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

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

Committee Effectiveness

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

Financial Statements

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

Calum Thomson

Chairman of the Audit Committee

7 December 2022

Directors' Remuneration Report

for the year ended 30 September 2022

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30 September 2022, 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 64 to 69.

Statement by the Chairman

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

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

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

Remuneration Committee

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

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy"), detailed below, is put to 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 25 January 2022. A Statement of Voting is on page 61.

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

Current Policy

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

Directors' Remuneration Report

(continued)

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

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

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

Component Parts of the Directors' Remuneration

	Year ended 30 September 2022	Year ended 30 September 2021
	£	£
Chairman's base fee	38,000	36,000
Non-executive Director base fee	28,000	27,000
Additional fee for the Chairman of the Audit Committee	3,500	3,000
Additional fee for the Senior Independent Director	1,000	1,000

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

Implementation of the Policy

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

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

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

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

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

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

Directors' Remuneration Report

(continued)

Directors' Emoluments for the Year (audited)

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

	Year ended 30 September 2022			Year ended 30 September 2021			% Change
	Fees	Expenses*	Total	Fees	Expenses	Total	
Frances Daley	38,000	—	38,000	36,000	—	36,000	5.6%
Vivien Gould	28,000	643	28,643	27,000	647	27,647	3.6%
Christopher Granville	28,000	—	28,000	27,000	—	27,000	3.7%
Calum Thomson	31,500	—	31,500	30,000	—	30,000	5.0%
Nadya Wells	29,000	1,247	30,247	28,000	597	28,597	5.8%
Total	154,500	1,890	156,390	148,000	1,244	149,244	

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

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

Percentage increase in Remuneration

Over the last three years, Directors' pay has increased as set out below:

	2022	2021	2020	From 2021 to 2022	From 2020 to 2021
	£	£	£	% Change	% Change
Frances Daley	38,000	36,000	35,250	5.6%	2.1%
Vivien Gould	28,000	27,000	26,500	3.7%	1.9%
Christopher Granville	28,000	27,000	26,500	3.7%	1.9%
Calum Thomson	31,500	30,000	29,375	5.0%	2.1%
Nadya Wells	29,000	28,000	27,250	3.6%	2.8%
	154,500	148,000	144,875		

Directors' Beneficial Shareholdings (Audited)

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

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

Director	At 30 September 2022	
	Number of Ordinary Shares	% Interest in Share Capital
Frances Daley	6,000	0.039
Vivien Gould	3,250	0.021
Christopher Granville	—	—
Calum Thomson	7,072	0.046
Nadya Wells	—	—

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

Directors' Remuneration Report

(continued)

Relative Importance of Spend on Pay

The following table compares the remuneration paid to the Directors with aggregate distributions to Shareholders in the year to 30 September 2022 and the prior year. This disclosure is a statutory requirement.

	Year ended 30 September 2022	Year ended 30 September 2021	
	£'000	£'000	% Change
Aggregate Shareholders distributions in respect of the year	2,043	3,057	(33.2)%
Aggregate share buybacks	715	1,715	(58.3)%

Statement of Voting at the Annual General Meeting

The Directors' Remuneration Policy was approved at the AGM of the Company held on 25 January 2021 and the Directors' Remuneration Report for the year ended 30 September 2021 was approved by Shareholders at the AGM held on 25 January 2022.

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

REMUNERATION REPORT	Number of Votes	% of Votes Cast
For	5,968,208	99.67
Against	19,807	0.33
At Chairman's discretion	2,250	0
Total votes cast	5,990,828	0
Withheld	563	0

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

REMUNERATION POLICY	Number of Votes	% of Votes Cast
For	5,968,208	99.67
Against	19,807	0.33
At Chairman's discretion	2,250	0
Total votes cast	5,990,828	0
Withheld	563	0

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.

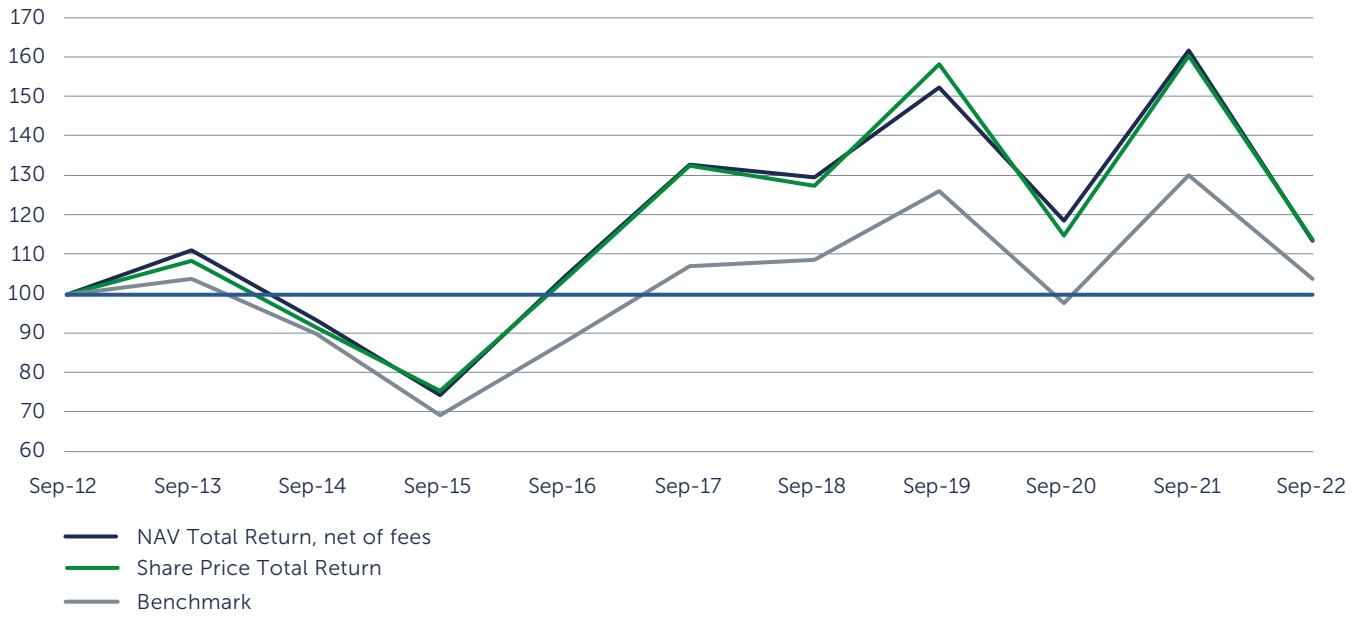
Directors' Remuneration Report

(continued)

Share Price Performance (not audited)

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

Ten Year Performance Versus Benchmark (not audited)



Approval

The Directors Remuneration Report was approved by the Board of Directors on 3 December 2022.

For and on behalf of the Board

Frances Daley

Chairman

7 December 2022

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

Directors' responsibilities

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

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

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

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

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

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

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

Website publication

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

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

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

For and on behalf of the Board

Frances Daley

Chairman

7 December 2022

Independent Auditor's Report

to the members of Barings Emerging EMEA Opportunities PLC

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Barings Emerging EMEA Opportunities PLC (the 'Company') for the year ended 30 September 2022 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including financial reporting Standard 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were re-appointed by the members at the AGM on 25 January 2022 to audit the financial statements for the year ended 30 September 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is four years, covering the years ending 30 September 2019 to 30 September 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

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

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

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

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

Independent Auditor’s Report

(continued)

Overview

KEY AUDIT MATTERS	Valuation and Ownership of Investments	2022 ☑	2021 ☑
MATERIALITY	£750,000 (2021: £1,110,000) based on 1% (2021: 1%) of net assets		

An overview of the scope of our audit

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

Key audit matters

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

KEY AUDIT MATTER	How the scope of our audit addressed the key audit matter
<p>Valuation and ownership of investments (Notes 1 and 8)</p> <p>The investment portfolio at the year-end comprised of listed equity investments held at fair value through profit or loss, and valued at £nil in the case of companies listed on a Russian exchange.</p> <p>We considered the valuation and ownership of investments to be the most significant audit areas as investments represent the most significant balance in the financial statements and underpin the principal activity of the Company.</p> <p>Furthermore, we considered 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.</p>	<p>We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments. We performed the following procedures:</p> <ul style="list-style-type: none"> • confirmed the year end bid price used by agreeing to externally quoted prices and for all investments, assessed if there were contra indicators, such as liquidity considerations, to suggest that bid price is not the most appropriate indication of fair value. • obtained direct confirmation from the custodian regarding the existence all of investments held at the balance sheet date. • agreed the holding value of companies listed on a Russian exchange at £nil in the accounts at year-end. <p>We also considered the completeness, accuracy and clarity of investment-related disclosures against the requirements of relevant accounting standard.</p> <p>Key observations:</p> <p>Based on our procedures performed we did not identify any matters to suggest that the valuation or ownership of investments was inappropriate.</p>

Independent Auditor's Report

(continued)

Our application of materiality

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

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

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

	COMPANY FINANCIAL STATEMENTS	
	2022 £'000	2021 £'000
Materiality	750	1,110
Basis for determining materiality	1 % of Net assets	1% of Net assets
Rationale for the benchmark applied	As an investment trust, the net asset value is the key measure of performance for users of the financial statements.	
Performance materiality	570	830
Basis for determining performance materiality	75% of materiality based on our risk assessment and consideration of the control environment.	

Lower testing threshold

We determined that for items impacting revenue return, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements. As a result, we determined a lower testing threshold for these items to be £250,000 (2021: £345,000) based on 10% (2021: 10%) of revenue return before tax.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £12,000 (2021: £17,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent Auditor's Report

(continued)

Corporate governance statement

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

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

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 54; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 30 and 31.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 57; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 9; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 55 and 56; and • The section describing the work of the audit committee set out on pages 55 and 56.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> • adequate accounting records have not been kept, 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.

Independent Auditor's Report

(continued)

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

We gained an understanding of the legal and regulatory framework applicable to the Company and industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, the DTR rules, the principles of the UK Corporate Governance Code, FRS 102, VAT and other taxes. We also considered the Company's qualification as an Investment Trust under UK tax legislation.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risk area to be management override of controls.

Our tests included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations or any known or suspected instances of fraud;
- Testing the appropriateness of journal entries in the general ledger which met a defined risk criteria and adjustments made in the preparation of the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that are outside the normal course of the business for the Company and those that appear to be unusual by agreeing to supporting documentation; and
- Review of minutes of Board Meetings throughout the period for any instances of non-compliance with laws and regulations or any known or suspected instances of fraud.

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

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Independent Auditor's Report

(continued)

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

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

This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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

7 December 2022

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

Income Statement

for the year ended 30 September 2022

	Notes	Year ended 30 September 2022			Year ended 30 September 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	8		(34,402)	(34,402)	—	28,381	28,381
Foreign exchange gains/(losses)		—	190	190	—	(245)	(245)
Income	2	3,440	—	3,440	4,488	—	4,488
Investment management fee	3	(133)	(533)	(666)	(149)	(598)	(747)
Other expenses	4	(790)	(1)	(791)	(888)	(62)	(950)
Return on ordinary activities		2,517	(34,746)	(32,229)	3,451	27,476	30,927
Finance costs		—	—	—	—	—	—
Return on ordinary activities before taxation		2,517	(34,746)	(32,229)	3,451	27,476	30,927
Taxation	5	(503)	—	(503)	(539)	—	(539)
Return for the year		2,014	(34,746)	(32,732)	2,912	27,476	30,388
Return per ordinary share	7	16.77p	(289.37p)	(272.60p)	23.86p	225.16p	249.02p

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

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

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

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

The notes on pages 73 to 86 form part of these financial statements.

Statement of Financial Position

as at 30 September 2022

	Notes	At 30 September 2022 £'000	At 30 September 2021 £'000
Fixed assets			
Investments at fair value through profit or loss	8	75,059	109,233
Current assets			
Debtors	9	467	667
Cash and cash equivalents		233	1,664
		700	2,331
Current liabilities			
Creditors: amounts falling due within one year	10	(351)	(666)
Net current assets		349	1,665
Net assets		75,408	110,898
Capital and reserves			
Called-up share capital	11	1,525	1,536
Capital redemption reserve		3,263	3,252
Share premium		1,411	1,411
Capital reserve		67,018	102,479
Revenue reserve		2,191	2,220
Total equity		75,408	110,898
Net asset value per share	12	632.08p	920.71p
Number of shares in issue excluding treasury		11,930,201	12,044,780

The Financial Statements on pages 70 to 72 were approved and authorised for issue by the Board of Barings Emerging EMEA Opportunities PLC on 7 December 2022 and were signed on its behalf by:

Frances Daley

Chairman

Company registration number: 04560726

The notes on pages 73 to 86 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 September 2022

	Called-up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 30 September 2022						
Opening balance as at 1 October 2021	1,536	3,252	1,411	102,479	2,220	110,898
Return for the year	—	—	—	(34,746)	2,014	(32,732)
Contributions by and distributions to Shareholders:						
Repurchase of Ordinary Shares	(11)	11	—	(715)	—	(715)
Dividends paid	—	—	—	—	(2,043)	(2,043)
Total contributions by and distributions to Shareholders:	(11)	11	—	(715)	(2,043)	(2,758)
Balance at 30 September 2022	1,525	3,263	1,411	67,018	2,191	75,408
For the year ended 30 September 2021						
Opening balance as at 1 October 2020	1,559	3,229	1,411	76,718	2,365	85,282
Return for the year	—	—	—	27,476	2,912	30,388
Contributions by and distributions to Shareholders:						
Repurchase of Ordinary Shares	(23)	23	—	(1,715)	—	(1,715)
Dividends paid	—	—	—	—	(3,057)	(3,057)
Total contributions by and distributions to Shareholders:	(23)	23	—	(1,715)	(3,057)	(4,772)
Balance at 30 September 2021	1,536	3,252	1,411	102,479	2,220	110,898

At 30 September 2022, the distributable reserves of the Company were £61,870,000 which comprise of the revenue reserve £2,191,000 and realised capital reserves of £61,870,000. Unrealised gains of £5,147,000 are non distributable. (2021: distributable reserves of £86,658,000 comprising of revenue reserve of £2,220,000 and realised capital reserves of £84,438,000; the balance consists of £18,041,000 of unrealised gains and is not distributable).

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

The notes on pages 73 to 86 form part of these financial statements.

Notes to the Financial Statements

for the year ended 30 September 2022

1. Accounting policies

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

Basis of preparation

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

The Company meets the requirements of section 7.1A of FRS 102 and therefore has elected not to present the Statement of Cash Flows for the year ended 30 September 2022.

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

Going concern

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

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

In making the assessment, the Directors of the Company have considered the likely impacts of international and economic uncertainties on the Company, operations and the investment portfolio. These include, but are not limited to, the impact of COVID-19, the war in Ukraine, political and economic instability in the UK, supply shortages and inflationary pressures.

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

The Directors have completed stress tests assessing the impact of changes in market value and income with associated cash flows. In making this assessment, they have considered plausible downside scenarios including the impact of inflation at 20% and simulated a 50% reduction in NAV during January 2023 with no income or capital growth. The conclusion was 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, and changes in expenses, the opinion of the Directors is that this should not be to a level which would threaten the Company's ability to continue as a going concern.

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

Segmental reporting

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

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

Significant accounting judgements and estimates

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

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

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

Investments

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

Foreign Currency

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

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

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits.

Trade Receivables, Prepayments and Other debtors

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

Trade Payables and Borrowings

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

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

Income

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

Overseas dividends are included gross of any withholding tax.

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

Expenses and finance costs

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

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

Taxation

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

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

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

Dividends payable to Shareholders

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

Capital redemption reserve

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

Share premium

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

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

Capital reserve

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

Capital reserve — other, forming part of the distributable reserves

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

Notes to the Financial Statements

(continued)

1. Accounting policies (continued)

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

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

Capital reserve — investment holding gains, non-distributable

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

Revenue reserve

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

2. Income

	2022 £'000	2021 £'000
Income from investments:		
Listed investments	3,452	4,493
Other income:		
Bank interest	1	—
Exchange losses on receipt of income	(13)	(5)
Total income	3,440	4,488

All income stated above is revenue in nature.

3. Investment management fee

Baring Fund Managers Limited has been appointed as the AIFM under an agreement with six months notice by either party. The annual fee of 0.75% (0.80% prior to 13 November 2020) is calculated, in accordance with the Investment Management Agreement, on the month end NAV excluding current period revenue and payable monthly. The charge is allocated 20% (2021: 20%) to revenue and 80% (2021: 80%) to capital. There is no performance fee chargeable by the AIFM.

The investment management fee comprises:

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	133	533	666	149	598	747

At 30 September 2022, £46,000 (30 September 2021: £136,000) of this fee remained outstanding.

4. Other expenses

	2022 £'000	2021 £'000
Custody and administration expenses	596	710
Auditor's fee for:		
— audit	40	30
Directors' remuneration	154	148
Total expenses	790	888

Notes to the Financial Statements

(continued)

5. Taxation

The taxation assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Current tax charge for the year:

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Overseas tax not recoverable	503	—	503	542	—	542
Overseas tax recovered and deemed recoverable - previously expensed	—	—	—	(3)	—	(3)
	503	—	503	539	—	539

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:

	Revenue £'000	2022 Capital £'000	Total £'000	Revenue £'000	2021 Capital £'000	Total £'000
Return on ordinary activities before taxation	2,517	(34,746)	(32,229)	3,451	27,476	30,927
Return on ordinary activities multiplied by the standard rate of corporation tax of 19% (2021: 19%)	478	(6,602)	(6,124)	656	5,220	5,876
Effects of:						
Irrecoverable overseas withholding tax	299	—	299	542	—	542
Write off of overseas withholding tax previously treated as recoverable	204	—	204	(3)	—	(3)
(Gains)/losses on investments held at fair value through profit and loss not allowable	—	6,536	6,536	—	(5,387)	(5,387)
Foreign exchange (gain)/loss not taxable/allowable	3	(36)	(33)	1	41	42
Overseas dividends not taxable	(656)	—	(656)	(854)	—	(854)
Disallowable expenses	—	1	1	—	—	—
Management expenses not utilised	175	101	276	197	126	323
Current tax charge for the year	503	—	503	539	—	539

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

At 30 September 2022, the Company has unrelieved management expenses that are available to offset future taxable revenue. A deferred tax asset of £4,258,000 (2021: £3,894,000) is based on the enacted UK corporation tax rate of 25% that applies from 1 April 2023, has not been recognised because the Company is not expected to generate sufficient taxable income in future periods in excess of the available deductible expenses and, accordingly, the Company is unlikely to be able to reduce future tax liabilities through the use of existing surplus losses.

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

Notes to the Financial Statements

(continued)

6. Dividend on Ordinary Shares

	2022 Revenue £'000	2021 Revenue £'000
Amounts recognised as distributions to equity holder in the year:		
Final dividend for the year ended 30 September 2021 of 11p (2020: 10p) per Ordinary Share	1,322	1,224
Interim dividend for the year ended 30 September 2022 of 6p (2021: 15p) per Ordinary Share	721	1,833
	2,043	3,057

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.

	2022 Revenue £'000	2021 Revenue £'000
Interim dividend for the year ended 30 September 2022 of 6p (2021: 15p) per Ordinary Share	721	1,833
Proposed final dividend for the year ended 30 September 2022 of 11p (2021: 11p) per Ordinary Share	1,304	1,322
	2,025	3,155

The dividend proposed in respect of the year ended 30 September 2022 is subject to shareholder approval at the forthcoming Annual General Meeting.

7. Return per Ordinary Share

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	16.77p	(289.37)p	(272.60)p	23.86p	225.16p	249.02p

Revenue return (earnings) per Ordinary Share is based on the net revenue on ordinary activities after taxation of £2,014,000 (2021: £2,912,000).

Capital return per Ordinary Share is based on net capital loss for the financial year of £34,746,000 (2021: gain £27,476,000). These calculations are based on the weighted average of 12,007,165 (2021: 12,202,696) Ordinary Shares in issue during the year. At 30 September 2022, there were 11,930,201 Ordinary Shares of 10 pence each in issue (2021: 12,044,780) which excludes 3,318,207 Ordinary Shares held in treasury (2021: 3,318,207). The shares held in treasury are treated as not being in issue when calculating the weighted average of Ordinary Shares in issue during the year.

Notes to the Financial Statements

(continued)

8. Investments

Financial assets held at fair value

	30 September 2022	30 September 2021
	£'000	£'000
Opening book cost	91,192	84,117
Opening investment holding gains/(losses)	18,041	(545)
Opening fair value	109,233	83,572
Movements in year:		
Purchases at cost*	34,583	99,127
Sales proceeds*	(34,355)	(101,847)
Realised (losses)/gains on equity sales	(1,043)	9,795
(Decrease)/increase in investment holding gains	(33,359)	18,586
Closing fair value	75,059	109,233
Closing book cost	90,377	91,192
Closing investment holding (losses)/gains	(15,318)	18,041
Closing fair value	75,059	109,233

*Includes transaction costs of £57,000 (2021: £205,000) relating to purchases at cost, £40,000 (2021: £82,000) relating to sales proceeds.

	Year ended	Year ended
	30 September 2022	30 September 2021
	£'000	£'000
Transaction costs		
Cost on acquisition	57	205
Cost on disposal	40	82
	97	287
Analysis of capital gains		
Gains on sales of financial assets	(1,043)	9,795
Movement in investment holding gains for the year	(33,359)	18,586
Net gains on investment	(34,402)	28,381

The Company sold investments in the year with proceeds of £34,355,000 (2021: £101,847,000). The book cost of these investments when purchased was £35,398,000 (2021: £92,052,000). These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.

Notes to the Financial Statements

(continued)

8. Investments (continued)

Primary country of investment

	30 September 2022 £'000	30 September 2021 £'000
Saudi Arabia	25,126	19,536
South Africa	20,564	26,413
United Arab Emirates	8,282	4,892
Qatar	6,929	4,032
Poland	4,034	5,716
Hungary	2,730	2,795
Turkey	2,364	2,807
Kuwait	2,332	1,478
Greece	1,568	1,844
Czechia	1,130	974
Russia	—	38,746
Total	75,059	109,233

9. Debtors

	2022 £'000	2021 £'000
Overseas tax recoverable	—	204
Prepayments and accrued income	285	356
VAT Recoverable	182	107
	467	667

10. Creditors

	2022 £'000	2021 £'000
Amounts falling due within one year		
Amounts due to brokers	95	276
Other creditors	256	390
	351	666

Notes to the Financial Statements

(continued)

11. Called-up share capital

	30 September 2022		30 September 2021	
	Number	£'000	Number	£'000
Allotted, issued and fully paid up ordinary shares of 10p each				
Opening balance	15,362,987	1,536	15,594,232	1,559
Ordinary Shares bought back and cancelled	(114,579)	(11)	(231,245)	(23)
Total Ordinary Shares in issue	15,248,408	1,525	15,362,987	1,536
Treasury shares		3,318,207	3,318,207	
Total Ordinary Share capital excluding treasury shares		11,930,201	12,044,780	

During the year, 114,579 Ordinary Shares were repurchased for cancellation for £715,000 (2021: 231,245 Ordinary Shares were £1,715,000). 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 (2021: 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 72,173 shares have been repurchased for £377,000.

12. Net Asset Value per share

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

	2022	2021
Total Shareholders' funds (£'000)	75,408	110,898
Number of shares in issue*	11,930,201	12,044,780
NAV (pence per share) (basic and dilutive)	632.08	920.71

*Excludes 3,318,207 Ordinary Shares held in treasury (2021: 3,318,207).

The NAV per share is based on total Shareholders' funds above, and on 11,930,201 Ordinary Shares in issue at the year end (2021: 12,044,780 Ordinary Shares in issue) which excludes 3,318,207 Ordinary Shares held in treasury (2021: 3,318,207 Ordinary Shares held in treasury). The Ordinary Shares held in treasury are treated as not being in issue when calculating the NAV per share.

Notes to the Financial Statements

(continued)

13. Financial Instruments and Capital Disclosures

Investment Objective and Policy

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

Risks

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

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

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

Market Risk

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

Market Price Risk

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

The portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with the objective of maximising overall returns to Shareholders. The Company has experienced volatility in the fair value of investments during recent years due to COVID-19, Brexit, the war in Ukraine, the economic and political instability in the UK. 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 £15,012,000 (2021: £21,847,000).

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

Notes to the Financial Statements

(continued)

13. Financial Instruments and Capital Disclosures (continued)

Currency Risk

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

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

A 10% rise or decline of Pounds Sterling against currency denominated (i.e. non Pounds Sterling) assets and liabilities held at the year end would have increased/decreased the net asset value by £7,546,000 (2021: £11,110,000). The Company has experienced volatility in UK exchange rates through the year and maintains current cash in USD.

The currency exposure is exposure of the currency values of the investee companies.

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

	Russia	South Africa	Saudi Arabia	Poland	UAE	Qatar	Turkey	Hungary	Greece	Kuwait	Czechia	United States	Netherlands	UK	Total
	RUB	ZAR	SAR	PLN	AED	QAR	TRY	HUF	EUR	KWD	CZK	USD	EUR	GBP	
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cash	1	—	—	—	—	—	—	—	—	—	—	1,585	—	78	1,664
Debtor	194	156	39	127	—	—	—	—	—	—	—	—	40	111	667
Creditor	—	—	(276)	—	—	—	—	—	—	—	—	—	—	(390)	(666)
Investments	38,746	26,413	19,536	5,716	4,892	4,032	2,807	2,795	1,844	1,478	974	—	—	—	109,233
Total	38,941	26,569	19,299	5,843	4,892	4,032	2,807	2,795	1,844	1,478	974	1,585	40	(201)	110,898

Notes to the Financial Statements

(continued)

13. Financial Instruments and Capital Disclosures (continued)

Interest Rate Risk

Interest rate movements may affect:

- the level of income receivable /payable on cash deposits

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

At 30 September 2022, the Company's exposure to interest rate movements in respect of its financial assets and financial liabilities consist of:

	2022	2021
	Total	Total
	(within one year)	(within one year)
	£'000	£'000
Exposure to floating interest rates:		
Cash at bank	233	1,664
	233	1,664

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 £2,000 (2021: £17,000). 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 £2,000 (2021: £17,000).

Liquidity risk

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

Liquidity risk is mitigated by the fact that the Company has £233,000 (2021: £1,664,000) cash at bank and the assets are readily realisable. The Company is a closed-end fund, assets do not need to be liquidated to meet redemptions, and sufficient liquidity is maintained to meet obligations as they fall due.

The remaining contractual payments on the Company's financial liabilities at 30 September 2022, based on the earliest date on which payment can be required and current exchange rates at the Balance Sheet date, were as follows:

	2022	2021
	£'000	£'000
Amounts falling due within one year		
Amounts due to brokers	95	276
Other creditors	256	390
	351	666

Credit Risk

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

The total credit exposure represents the carrying value of cash and receivable balances totals £700,000 (2021: £2,331,000).

Notes to the Financial Statements

(continued)

13. Financial Instruments and Capital Disclosures (continued)

Credit Risk (continued)

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

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

Fair Values of Financial Assets and Financial Liabilities

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

Valuation of Financial Instruments

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss at 30 September 2021:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	2021
				£'000
Equity investments	109,233	—	—	109,233
	109,233	—	—	109,233

Notes to the Financial Statements

(continued)

14. Risk management policies and procedures

Capital Management Policies and Procedures

The structure of the Company's capital is described on page 35 and details of the Company's reserves are shown in the Statement of Changes in Equity on page 72.

The Company's capital management objectives are:

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

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

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

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

15. Related Party Disclosures and Transactions with the AIFM

Details of the investment management fee charged by the AIFM are set out in note 3. Investment management fees charged in the year were £666,000 (2021: £747,000) of which £46,000 (2021: £136,000) 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 58 to 62.

During the period Nadya Wells was a member of the Supervisory Board of Sberbank of Russia ("Sberbank"), in which the Company was invested. The Company sold 676,680 shares for £1,214,000 during the financial year. These transactions were completed through the open market. Nadya Wells resigned as an independent director of the supervisory board of Sberbank of Russia with effect from 24 February 2022.

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 (2021: £nil).

16. Post Balance Sheet Events

Since the year end, the Company has bought back for cancellation 72,173 Ordinary Shares with a nominal value of £7,217 at a total cost of £377,000.

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.

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.bemopl.com by selecting "The Trust" and navigating to "Corporate Documents", the document is titled "Pre Investment Disclosure".

Leverage Disclosure

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

Using the methodologies prescribed under the AIFMD, the leverage ratios of the Company calculated on a Gross Basis was 100% and on a Commitment Basis was 100% as at 30 September 2022.

Remuneration Policy

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

- (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager or the Company; and
- (ii) consistent with the Manager's business strategy, objectives, values and interests and includes measures to avoid conflicts of interest.

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

Remuneration Committee

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

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

Remuneration Code Staff

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

1. Senior Management

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

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

2. Control Functions

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

AIFMD Disclosures

(continued)

3. Risk Takers

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

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

4. Employees in the same remuneration bracket as risk takers

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

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

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

Remuneration Disclosure

The disclosure below details fixed and variable remuneration paid to BFM staff and BFM Remuneration Code Staff (for the financial year end 30 September 2022).

	Number of beneficiaries	Total Remuneration	Total Fixed Remuneration	Total Variable remuneration
Total remuneration paid by BFM in relation to the Company*	18	£32,545	£5,385	£27,160
Total Senior Management Remuneration paid by BFM**	18	£581,746	£96,257	£485,489
Risk Takers remuneration	0	£0	£0	£0
Employees in the same remuneration bracket a risk takers	0	£0	£0	£0
Carried interest paid by the Company	X	X	X	X

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

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

Notes:

*The Manager does not make any direct payments to staff, who are paid by other Barings Group entities. Figures shown are apportioned on a Company AUM basis as a proportion of Barings total AUM as at 30 September 2022. Accordingly, the figures are not representative of any individual's actual remuneration.

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

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

The Company does not pay performance fees.

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

Glossary

(Audited)

AIFM

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

Alternative performance measures ("APM")

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

Benchmark

The Company's Benchmark is the MSCI Emerging Markets EMEA Index. This index is designed to measure the performance of large and midcap companies across 11 Emerging Markets (EM) countries in Europe, the Middle East and Africa (EMEA). This includes, Czechia, Egypt, Greece, Hungary, Poland, Qatar, Russia, Saudi Arabia, South Africa, Turkey and United Arab Emirates.

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

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

Discount/Premium (APM)

If the share price is lower than the NAV per share, the shares are trading at a discount. The size of the discount is calculated by subtracting the share price of 548.0p (2021: 793.0p) from the NAV per share of 632.1p (2021: 920.7p) and is usually expressed as a percentage of the NAV per share, 13.3% (2021: 13.9%). If the share price is higher than the NAV per share, the situation is called a premium.

Dividend Pay-out Ratio (APM)

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

Dividend Reinvested Basis

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

Dividend Yield (APM)

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

EMEA

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

Emerging Markets

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

Environmental, Social and Governance ("ESG")

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

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

Frontier Markets

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

Glossary

(continued)

Gearing (APM)

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

The Company repaid the bank loan facility during the prior financial year eliminating gearing at the prior year end. Currently the Company has no gearing.

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

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

Gross method = $100\% \left(\frac{A = £75,059,000}{B = £75,408,000} \right) \times 100$

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

Commitment method = $100\% \left(\frac{A = £75,059,000 + C = \text{Cash } £233,000 + \text{Debtor } £467,000}{B = £75,408,000} \right) \times 100$

Gross Assets

Total of all the Company's investments and current assets.

Growth at a Reasonable Price ("GARP") Investing

GARP investing incorporates elements of growth and value investing, focusing on companies which have sustainable growth potential but do not demand a high valuation premium.

Idiosyncratic Risk

Idiosyncratic or "Specific risk" is a risk that is particular to 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 revalued for exchange rate movements. The total NAV per Ordinary Share is calculated by dividing the Shareholders' funds of £75,408,000 by the number of Ordinary Shares in issue excluding treasury shares of 11,930,201.

Ongoing Charges Ratio (APM)

The Ongoing Charges Ratio (OCR) is a measure of what it costs to cover the cost of running the fund. The Company's OCR is its annualised expenses (excluding finance costs and certain nonrecurring items) of £1,456,000 being investment management fees of £666,000 and other expenses of £791,000 less non-recurring expenses of £1,000 expressed as a percentage of the average net assets of £91,670,000 during the year as disclosed to the London Stock Exchange. The OCR for 2022 is 1.59%.

Return per Ordinary Share (APM)

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 (APM)

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

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.

Glossary

(continued)

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.

Total Return (APM)

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

NAV Total Return (APM)

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

30 September 2022

Closing NAV per share (p)	632.08
Add back total dividends paid in the year ended 30 September 2022 (p)	17.00
Benefits from reinvesting dividend (p)	-3.25
Adjusted closing NAV (p)	645.83
Opening NAV per share (p)	920.71
NAV total return (%)	-29.85%

Share Price Total Return (APM)

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

30 September 2022

Closing share price (p)	548.00
Add back total dividends paid in the year ended 30 September 2022 (p)	17.00
Benefits from reinvesting dividend (p)	-2.97
Adjusted closing share price (p)	562.03
Opening share price (p)	793.00
Share price total return (%)	-29.13%

Treasury Shares

Treasury shares are issued shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury shares have come from the buy back from shareholders, and may be reissued from treasury to meet demand for a company's shares in certain circumstances.

Weighted Average Shares (APM)

The weighted average shares outstanding is calculated by multiplying the outstanding number of shares after each share issue and buy back of shares during the year with the time weighted portion. The total of the weighted average of shares in issue excluding treasury shares during the year is 12,007,165.

Directors and Officers

Directors

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

Registered Office

6th Floor
65 Gresham Street
London EC2V 7NQ

Company Secretary

Link Company Matters Limited
6th Floor
65 Gresham Street
London EC2V 7NQ

Company Number

04560726

Alternative Investment Fund Manager

Baring Fund Managers Limited
20 Old Bailey
London EC4M 7BF
Telephone: 020 7628 6000
Facsimile: 020 7638 7928

Auditor

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London W1U 7EU

Depository

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Canary Wharf
London E14 5HJ

Custodian

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London E14 5HJ

Administrator

Link Alternative Fund Administrators Limited
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Registrar

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Corporate Broker

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Website

www.bemopl.com



Shareholder Information

Company Number

04560726

ISIN

GB0032273343

LEI

213800HLE2UOSVAP2Y69

SEDOL

3227334

Share Dealing

Shares can be traded through your usual stockbroker.

Share Register Enquiries

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

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

Electronic Communications from the Company

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

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

NAV Information

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

Share Price

The Company's shares are listed on the LSE.

Annual and Half Year Reports

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

Financial Calendar

	Date*
Annual General Meeting	January 2023
Annual dividend	February 2023
Announcement of interim results	June 2023
Interim dividend	June 2023
Announcement of final results	December 2023

*These dates are provisional and subject to change.

BARINGS

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(Authorised and regulated by the Financial Conduct Authority)

www.baring.com

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Registered office as above.