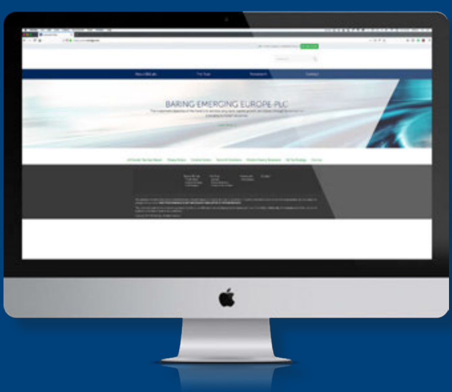
BARINGS

Half Year Report

for the six months ended
31 March 2019

Baring Emerging Europe PLC

For more information, please visit our website which is accessed via the AIFM’s website portal (www.barings.com). Please select UK, Investment Trust.



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COMPANY SUMMARY

Baring Emerging Europe PLC (the "Company") was incorporated on 11 October 2002. The Company is an investment trust quoted on the London Stock Exchange under the ticker code BEE. As an investment trust, the Company appoints 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 for the investment management of the portfolio to Baring Asset Management Limited (the "Fund Manager").

FEES

The AIFM receives an investment management fee of 0.8% of the Net Asset Value ("NAV") of the Company.

INVESTMENT OBJECTIVE

The investment objective is to achieve long-term capital growth, principally through investment in securities listed or traded on an Emerging European securities market. The Company may also invest in securities of companies listed or traded elsewhere, whose revenues and/or profits are, or are expected to be, derived from activities in Emerging Europe.

INVESTMENT POLICY

The Company's investment policy is set out on page 5. It contains information on the policies which the Company follows relating to asset allocation, risk diversification and gearing, and includes maximum exposures, where relevant.

BENCHMARK

The Company's benchmark is the MSCI Emerging Europe 10/40 Index (the "Benchmark").

Performance Summary
as at 31 March 2019

Financial Highlights

	31 March 2019	31 March 2018	30 September 2018
NAV per Ordinary Share	**824.02p**	900.27p	824.76p
Share price	**743.00p**	800.00p	714.00p
Discount to NAV per share[1]	**9.83%**	11.13%	13.40%
Gearing ratio – Gross basis	**106%**	106%	106%
Gearing ratio – Commitment basis	**109%**	107%	109%

[1] Based on the net asset value including income.

	Six months to 31 March 2019	Six months to 31 March 2018	Year ended 30 September 2018
Revenue return per Ordinary Share	**6.00p**	2.18p	24.77p
Dividends per Ordinary Share	**15.00p**	14.00p	34.00p

	1 October 2016 to 31 March 2019	1 October 2016 to 31 March 2018	1 October 2016 to 30 September 2018
Average discount to NAV per Share[2]	**12.64%**	12.66%	12.64%

[2] See page 6 for details of the Company's discount control mechanism.

Performance (total return basis)

	Six months to 31 March 2019	Six months to 31 March 2018	Year ended 30 September 2018
NAV	**+2.43%**	+4.80%	-2.57%
Share price	**+7.10%**	+5.70%	-3.61%
Benchmark[3]	**+0.71%**	+2.10%	+1.62%

[3] *Source: MSCI*

Return per Ordinary Share

	Six months to 31 March 2019			Six months to 31 March 2018			Year ended 30 September 2018		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return per Ordinary Share	**6.00p**	**10.47p**	**16.47p**	2.18p	37.39p	39.57p	24.77p	(51.98)p	(27.21)p

A glossary of terms is provided on page 19.

Chairman's Statement

In considering our investment policy we have always sought to focus on investment fundamentals. We have tried not to be side tracked by geopolitical factors affecting investor sentiment towards Emerging Europe, particularly in relation to Russia, our most important market. In the period under review other investment markets showed themselves susceptible to geopolitical and other top-down factors, notably expectations of a slowdown in global growth, peaking interest rate expectations, withdrawal of quantitative easing by the European Central Bank and continuing trade tensions between the US and China. In that context, it is encouraging to note that the MSCI Emerging Markets Index (+1.83%) outperformed MSCI World Index (-2.61%) over the six months to 31 March 2019.

At the end of March 2019, 94% of our portfolio was allocated to Russia, Poland and Turkey (58%, 25% and 11% respectively). Once again, Russia, in which we are overweight relative to the Benchmark, was the strongest performer in absolute terms. Not only did individual Russian companies deliver in terms of operating profitability and cash flow but there was also some easing of geopolitical tensions which fed through to asset values. The lifting of sanctions on EN+ Group ("EN+") and United Company Rusal ("Rusal") helped investor sentiment towards Russian stocks generally as well as giving a small but welcome boost to the portfolio in relation to our minor holding in EN+.

Poland was affected by underperformance in the financial sector as investors adjusted their profitability expectations to factor in a lower interest rate environment. Economic downturn and political squalls in Turkey have been cushioned by an improvement in US relations following the release of an American pastor held in Turkey on terrorism charges and a monetary tightening that has helped stabilise the currency. At the same time, these difficulties have generated some attractively valued investment opportunities identified by the Fund Management team.

The Company's investments in the Russian and Polish energy sectors yielded positive returns relative to our Benchmark. Nevertheless, the Fund Management team takes a cautious long-term view of the energy sector in these countries. Within financial services we note positive developments in Russia where we have witnessed an acceleration in loan growth. This serves to highlight how the market has managed to adjust and thrive despite the sanctions regime, positively surprising in contrast to Developed Europe which has observed stagnation.

Performance

The NAV total return over the six-month period was 2.43% compared to the Benchmark of 0.71%. This performance is derived from the long-term attractiveness of the region's equity markets, which have also outperformed Developed Europe. We believe that Emerging European markets continue to offer a wealth of investment opportunities at attractive valuations. These, combined with growing streams of dividend income, should continue to provide Shareholders with attractive returns.

The Company's long-term performance remains strong against both the Benchmark and its peer group. Over the six-month period covered by this statement, the Company ranks in the first quartile out of 256 comparators. On all performance periods over three years, the Company is in the first quartile.

Discount Management

We continue to monitor and manage the discount which has benefited from our higher dividend yield and share buy backs. During the period, we have bought back 341,608 shares for a consideration of £2,456,000. The discount was 9.8% at 31 March 2019 compared to 11.1% at 31 March 2018.

Interim Dividend

In the first half of the financial year, the income account generated a return of 6 pence per Ordinary Share, compared with 2.18 pence for the comparative period last year. As usual, our projections for the second half of the year point to a significantly higher level of dividend flow than in the first half and, indeed, part of this has come in subsequent to the half-year end. This is commensurate with our investments in Russian energy and Polish financials. These support a sizable share of our dividend generation and traditionally pay out between April and September. We are proposing an interim dividend of 15 pence per share, which is partially uncovered by the income account. The level of dividend is based on our forecasts for the year as a whole. This reflects our policy, adopted in December 2017, that dividend income should represent a greater part of total return for Shareholders. This policy may entail paying out up to 1% per annum of NAV from capital.

Chairman's Statement
(continued)

Gearing
During the past year, the Company has had a borrowing facility of up to $12 million, which has been partly utilised throughout the period. However, at 31 March 2019 the facility was fully utilised to the extent of $12 million resulting in a gearing ratio of 109%. The Board considers that this level of gearing is appropriate for the Company and that the investment landscape is attractive enough to warrant borrowing. However, the volatility of the markets suggests that it is prudent to use borrowings carefully and for relatively short term purposes.

Directors
As previously reported, there have been a number of changes to the Board during the period. Ivo Coulson, who had been on the Board since 2010, resigned as a Director of the Company with effect from 30 November 2018 and Jonathan Woollett, who had been on the Board since 2008, decided not to seek re-election at the Annual General Meeting held on 10 January 2019 and accordingly retired from the Board with effect from the same date. Following these changes to the Board, the Nomination Committee conducted a process to recruit their successors and appointed an independent external agency, Cornforth Consulting, to assist with this. The Board subsequently appointed Christopher Granville and Vivien Gould as non-executive Directors of the Company and as members of the Audit and Nomination Committees with effect from 30 November 2018 and 11 March 2019 respectively. I would like to take this opportunity to thank Ivo and Jonathan for their valuable contribution to the Company and to welcome Christopher and Vivien to the Board.

Change of Auditor
Whilst the majority of Shareholders voted for the re-appointment of the auditors at the Company's Annual General Meeting held on 10 January 2019 there were some votes against. In the light of Shareholder votes and that KPMG LLP had been auditors to the Company since its inception in 2002, the Board tasked the Audit Committee to undertake an audit tender to replace them a year earlier than had been the original intention.

The Board intends to appoint BDO LLP in place of KPMG LLP. BDO will be responsible for the audit of the Company's Annual Report and Accounts for the year ending 30 September 2019. A copy of KPMG's Statement of Reasons connected with ceasing to hold office as auditors pursuant to Section 519 of the Companies Act 2006 (the "Act") will be circulated to all Shareholders and will be available on the Company's website once the change of auditor has occurred.

The Board takes this opportunity to express its appreciation to KPMG LLP for their long service to the Company.

Outlook
The Fund Management team is currently committed to an overweight position in Russia, encouraged by local economic reforms, improving corporate governance, liquidity and growing dividend flows. These should have a positive impact on asset values over the long term.

Poland and other Central European markets find themselves amid a supportive macro-economic backdrop of rising household incomes and consumer confidence. We believe this will build a strong foundation for corporate profitability.

We welcome some positive recent developments in Turkey. However, we remain cautious about its outlook. The considerable devaluation of the Turkish Lira has exposed the economy and limited the manoeuvrability of its policymakers despite the efforts of the Turkish Central Bank.

Our general overview is that the investment case for Emerging European securities is strong. It is supported by improved productivity, increased exports and more attractive valuations.

Frances Daley
Chairman
14 May 2019

Investment Strategy

Investment Trust

The Company is a public limited company with shares quoted on the London Stock Exchange. As an investor, you become a Shareholder in the Company.

Becoming a Shareholder of the Company provides access to the skill and expertise of the established investment team's active management of the stock market investments, whilst providing a regular income.

Investment Objective

The investment objective is to achieve long-term capital growth, principally through investment in securities listed or traded on an Emerging European securities market. The Company may also invest in securities of companies listed or traded elsewhere, whose revenues and/or profits are, or are expected to be, derived from activities in Emerging Europe.

Investment Policy

The Board has agreed the following investment parameters with the AIFM in order to meet the investment objective. In normal market conditions, the portfolio of the Company should consist primarily of diversified securities listed or traded on Emerging European securities markets (including over the counter markets). Equity securities for this purpose include equity-related instruments such as preference shares, convertible securities, options, warrants and other rights to subscribe for or acquire, or relating to, equity securities. The Company may also invest in debt instruments such as bonds, bills, notes, certificates of deposit and other debt instruments issued by private and public sector entities in Emerging Europe.

The Company may from time to time 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.

For the purposes of this investment policy the Board has defined Emerging Europe as the successor countries of the former Soviet Union, Poland, Hungary, the Czech Republic, Slovakia, Turkey, the States of former Yugoslavia, Romania, Bulgaria, Albania and Greece. There is no restriction on the proportion that may be invested in each of these countries.

In addition, up to 15% of the gross assets may be invested in other countries* provided that any investments made are in companies listed on a regulated stock exchange.

The Company may also invest in other funds in order to gain exposure to Emerging Europe where, for example, such funds afford one of the few practicable means of access to a particular market, or where such a fund represents an attractive investment in its own right. The Company will not invest more than 15% of its gross assets in other UK listed investment companies (including investment trusts).

The maximum value of any one investment should not exceed 12% of the Company's gross assets, save with the prior written consent of the Board. Where excess occurs due to market movement, the Fund Manager will notify the Board of this and will reduce the holding to below 12% within six months.

In addition to the above restriction on investment in a single company, the Board seeks to achieve a spread of risk in the portfolio through monitoring the country and sector weightings of the portfolio. There will be a minimum of 30 stocks in the portfolio.

**The Board currently intends that the "other countries" for the purposes of the Investment Policy will comprise Bahrain, Egypt, Jordan, Kenya, Kuwait, Lebanon, Mauritius, Morocco, Nigeria, Oman, Qatar, Saudi Arabia, South Africa, Tunisia and UAE.*

Investment Strategy
(continued)

Borrowings and Gearing

The Company's Articles of Association ("Articles") provide that the Company may borrow an amount equal to its share capital and reserves. As at 31 March 2019, the only loan facility in place was a US$12 million loan facility with State Street Bank and Trust Company which can be used as a source of gearing. In order to provide a mechanism to gear the portfolio the Board has authorised the AIFM to invest in long only derivatives in Polish, Russian and Turkish index futures where feasible. The AIFM 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.

Since the half-year end, the Company has renewed its revolving loan facility.

Discount control mechanism

In 2017, the Board decided that it was in the Company's interest that it takes certain steps to address the long-term viability of the Company's approach to discount management and has approved the implementation of the following measures.

1. With effect from 1 June 2017, the introduction of a policy to offer Shareholders a tender of up to 25% of the shares (at the minimum discount at which no dilution will occur) in the event that:

(i) the average daily Discount to NAV ('cum-income') exceeds 12% as calculated with reference to the trading of the shares over the four year period immediately preceding each relevant publication date of the Company's financial results (the "New Calculation Period"), provided that the first New Calculation Period will be the period between 1 October 2016 and 30 September 2020. (Discount to NAV, for discount management purposes, was previously calculated with reference to the 365 day period prior to the publication of the Company's results for the financial year); or

(ii) the performance of the Company's portfolio on a total return basis does not exceed its benchmark (being the MSCI Emerging Europe 10/40 Index) by an average of 100 basis points per annum over the New Calculation Period.

2. An increase in the Company's focus on the dividend yield by paying dividends from capital where considered appropriate by the Board. The Board anticipates paying out up to 1% per annum of NAV from capital.

Report of the Fund Manager

for the half year ended 31 March 2019

Investment Philosophy

- We are an active manager with aims to capitalise on opportunities that arise when securities are mispriced.
- We identify investment opportunities through our differentiated and innovative investment process, at the heart of which is fundamental, bottom-up analysis.
- We favour unrecognised growth companies with well-established or improving business franchises, balance sheets and management.
- Our research process integrates macro and dynamic Environmental, Social and Governance ("ESG") perspectives in company analysis and valuations.
- Our five year research horizon allows our deep pool of investment professionals to take a strategic view on a company's growth outlook.
- Our experienced team of portfolio managers builds high conviction portfolios, which are tailored to client specifications, and target superior risk-adjusted returns over the long term.

Market Summary

Against the backdrop of diverse market conditions, the Company achieved a NAV total return of 2.43% in Sterling terms (including dividends). This compares with an increase of 0.71% in the Benchmark.

During the period, global markets absorbed expectations of a slowdown in global growth and a possible peak in the interest rate cycle, the withdrawal of quantitative easing by the European Central Bank, and continuing trade tensions between the US and China. It is worth noting that, despite this often-challenging backdrop, emerging market securities outperformed developed securities over the period.

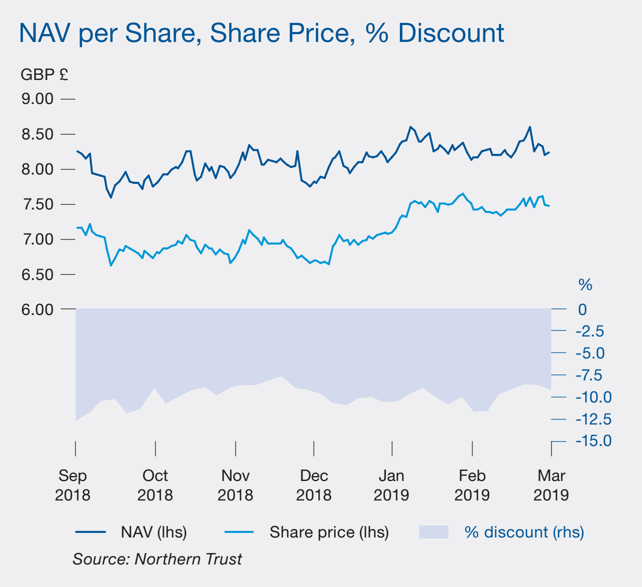
A steady increase in dividend pay-out ratios, predominantly driven by Russian companies, continues to benefit the Company. This is one of the most positive developments in Emerging European Markets over the last five years, delivering a welcome increase in income. This substantial rise in revenues from dividend payments also supported individual stock price performance. In many cases it has led to a more favourable appreciation of certain investments by the market. This development enhanced our performance during a period where emerging European currencies, most notably the Russian Rouble and the Turkish Lira, depreciated against the US Dollar.

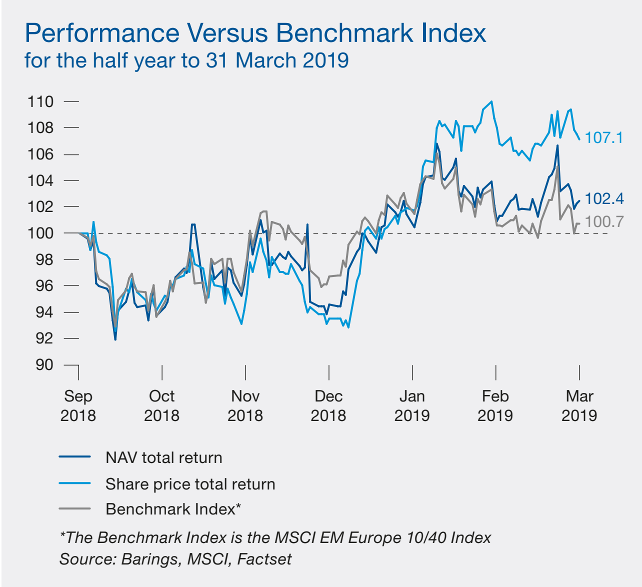
We note the persistent diversification benefits of Emerging Europe. There continues to be a range of diverse stock specific opportunities for investors willing to take a medium-term view.

The region's largest market, Russia, outperformed the index in absolute terms to end the period as one of the region's best performing markets. The market was supported by an improvement in the geopolitical landscape, which helped boost market sentiment. In January 2019, the US Treasury announced that they would be lifting sanctions on Russian companies, EN+ and Rusal, following an agreement with the EN+ board on arrangements designed to ensure that Oleg Deripaska will no longer control these two companies. In addition, the release of Special Counsel Robert Mueller's report towards the end of March may have served to lower the country's political risk premium. The market was further buoyed by a dovish shift from Russia's Central Bank, now signalling an earlier start to monetary easing with a potential rate cut later this year.

Central European markets traded relatively calmly during the period, benefitting from a supportive macro-economic backdrop of rising household incomes, consumer confidence and export revenues, which continue to underpin the operational profitability of Central European companies. Polish equities declined, with underperformance driven largely by the financial sector. Investors have had to adjust their earnings expectations in response to a lower interest rate environment, and a broadly dovish stance from its Central Bank amidst a muted inflationary background. Consumer companies did fare better as the government introduced fiscal stimulus. It is worth noting that investors have also been faced with erratic fiscal policies across the region, often introduced based on populistic motives. Romania for example, is the latest country to consider the introduction of a so-called "greed tax". The

Report of the Fund Manager
(continued)





Value Added

- Highly experienced and stable investment team.
- Strict adherence to our Growth at Reasonable Price ("GARP") investment philosophy and commitment to fundamental, bottom-up research.
- We use a consistent approach globally to score the companies that we research, incorporating ESG factors in addition to macro considerations.
- Our investment style aims to provide long-term risk adjusted returns with performance driven by bottom-up fundamentals.

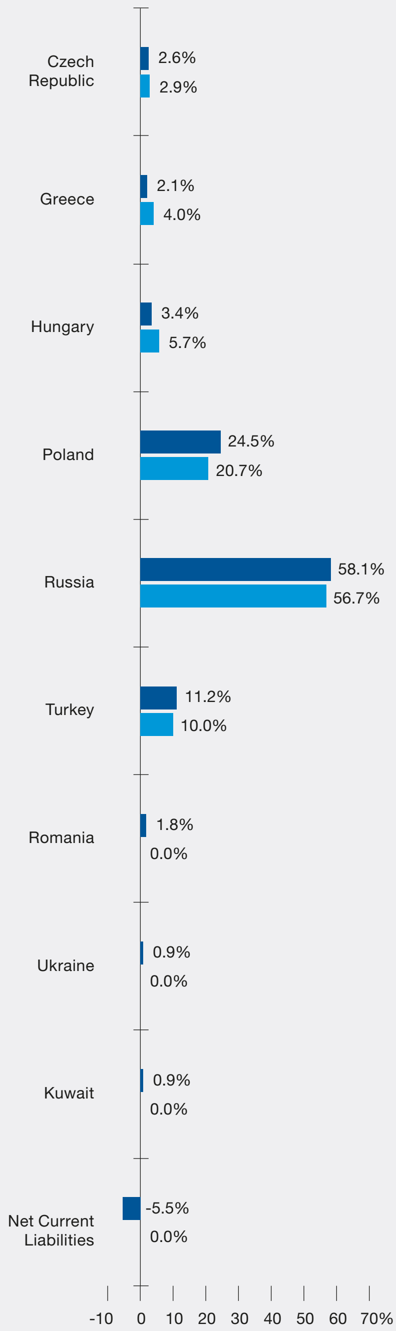
government's proposal to impose a punitive levy on bank assets was met by broad investor discord, which led to a sharp correction in what used to be one of Europe's best performing markets. The government later backtracked and refined the original bill, as it came to understand the implications of what would have caused a sharp slowdown in credit growth.

Turkish equity markets began to recover in the late stages of 2018 as the Turkish Lira appreciated and investors took note of the improving landscape. These gains continued into 2019, but were relinquished in March. The release of US citizen Pastor Brunson, held on terrorism charges and long viewed as a major stumbling block in the bilateral relations between the US and Turkey, contributed to the improvement in sentiment. Despite the positive developments, investors have continued to question the government's commitment to fiscal prudence in light of a credit expansion at state banks, a drop in foreign exchange reserves and a steady increase in the number of Turkish consumers converting their savings into US Dollars. In addition, the resurgent oil price combined with a resilient US Dollar has served to place further pressures on the economy as the country remains a net oil importer. We take note that the substantial devaluation of the Turkish Lira has exposed the limited manoeuvrability of policymakers. This is despite the notable headway made by the Turkish Central Bank in closing its credibility gap through the employment of a simplified monetary policy framework and commitment to higher rates.

Greece continued to suffer from weakness, but ended the period robustly as investors reacted positively to an increasingly constructive approach to the recovery of non-performing loan portfolios on the balance sheets of Greek banks. Crucially, attitudes improved as plans for a potential carve-out of these non-performing loans emerged.

Report of the Fund Manager
(continued)

Geographical Distribution of Portfolio (%) at 31 March 2019



Source: Barings, MSCI

**The performance comparator is the MSCI EM Europe 10/40 Index*

Investment Performance

Russia performed strongly throughout the period and a number of the Portfolio's holdings were notable contributors. In the materials sector, EN+ outperformed after sanctions were lifted against the company. State-owned Sberbank outperformed in response to solid quarterly earnings combined with a lower risk and interest rate outlook. We were also encouraged to see a turnaround in the consumer sector, following a period of tougher price competition among retailers. Our investment in X5 was a notable contributor, reporting strong revenue growth and like-for-like sales, confirming its ability to gain market share, defend margins and consolidate within its respective sector.

A number of the Portfolio's holdings in the technology sector contributed to the returns. Notably, Eastern European software developer, Luxoft, outperformed after DXC Technology announced a definitive agreement to acquire the company at a significant premium. Russian internet search company, Yandex, contributed in response to quarterly earnings that were ahead of consensus estimates, while benefiting from interest in Uber's upcoming initial public offering and its implications for the valuation of Yandex Taxi as a potentially spun-off entity.

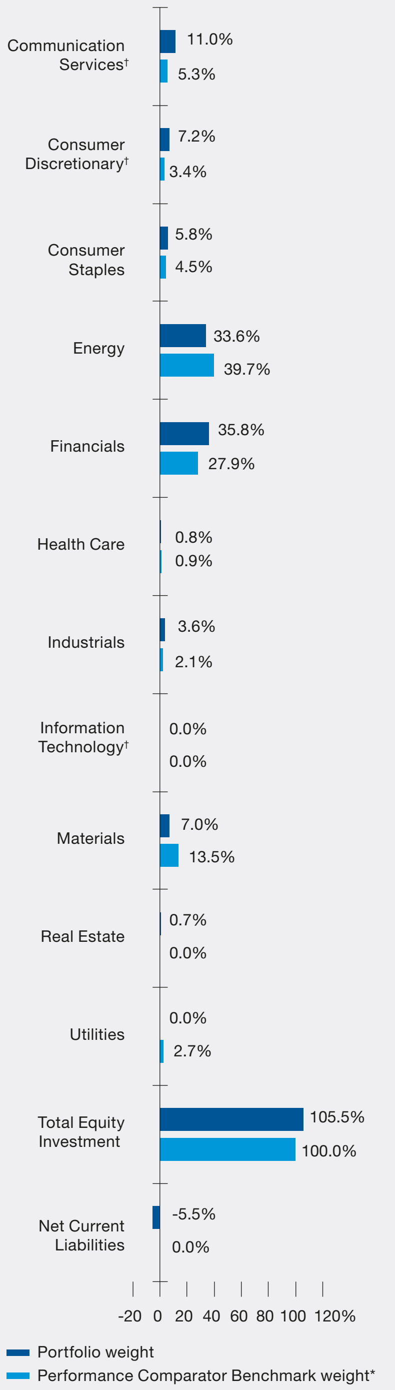
Despite the relative underweight position in energy against the comparator index, the Portfolio was able to deliver both positive absolute and relative returns driven by stock selection. Whilst our position in Novatek detracted, the Portfolio's holding in Lukoil combined with a lack of exposure to underperformers PKN in Poland and Rosneft in Russia, meant that the sector was a net contributor overall. Notably, we believe that Lukoil's buyback programme and fully covered dividends should help drive equity returns and support income distribution in the future.

In Central Europe, Polish copper miner KGHM was a notable contributor, benefitting from increasing copper production and sales volumes. In Greece, the National Bank of Greece outperformed, supported by a positive change in investor attitudes towards the Greek banking sector. The bank also announced a large-scale transformation programme over the quarter that aims to significantly improve operating profitability and reduce its non-performing exposures. In Romania, the Portfolio's position in Banca Transylvania was negatively impacted by a series of significant tax changes announced by the government that are due to impact the banking, energy and telecommunication sectors. In addition, Romanian fast food franchisee, Sphera, was impacted by margin headwinds from rising wages and input prices.

Despite recent market volatility, stock selection in Turkey helped improve relative returns. Markedly, the position in retailer, BIM, and mobile telecoms market leader, Turkcell, were notable contributors. Turkcell operates within an impressive 50% market share, using its position to maintain strong pricing power amidst the elevated inflationary environment to deliver robust top line growth.

Report of the Fund Manager
(continued)

Sector Distribution of Portfolio (%) at 31 March 2019



Source: Barings, MSCI

Investment Strategy

Our investment strategy remains focused on investing in solid, attractively valued companies with structural growth potential. We remain overweight in the Russian equity market, where we continue to find the most attractive opportunities in the companies we research.

Throughout the period, we adjusted our exposure to the energy sector, exiting our position in TMK and adding to our holding in the advanced oil refining company, MOL, which, in our view, stands to benefit from increased demand for low sulphur diesel. In Russia, we reduced exposures to performers Lukoil and Tatneft as they outperformed while oil prices corrected in the fourth quarter of 2018, rotating the proceeds into Gazprom and Rosneft. In Russia, we also initiated a position in the telecom operator Mobile Telesystems as the company's business model remains both stable and sustainable; in addition, we believe that the company's cash flow should continue to support a generous dividend policy.

In Turkey, we continued to increase our exposure to companies that can withstand and pass through high inflation thus protecting their earnings. We increased our position in mobile telecoms market leader, Turkcell, and exited our position in Akbank in reaction to our expectation of a recessionary environment in Turkey. Owing to government interference in the food retail market stemming from inflationary pressure, the decision was made to close the position in discount retailer BIM as we questioned the company's ability to defend margins. In addition, following the performance of Turkey during the later stages of 2018, we took profits in strong performers such as Turkcell and rotated the proceeds into companies where we retain higher conviction.

In Central Europe, we increased our exposure to the financial sector by initiating a position in Alpha Bank of Greece, and added to our existing holding in Komercni Bank in the Czech Republic. In Poland, we added to positions in Polish banks taking advantage of weakness to invest in these companies at attractive valuations. Outside of financials we initiated a position in the Polish computer games developer, CD Projekt, which we view as attractive based on its current franchise and potential product pipeline in a well-managed and streamlined business. In technology, we reduced exposure to Eastern European software developer, EPAM, and closed our position in software development company, Luxoft, following the announcement of DXC Technology's takeover offer at a significant premium.

We maintain highly selective exposure to the material and energy sectors with a preference for investment in the technology, consumer and financial sectors.

Outlook

While emerging market equities declined over the calendar year 2018, driven by several short-term headwinds, we believe that Emerging Markets are better positioned in 2019 and would note the positive returns experienced by the asset class year to date.

Profit margins in Emerging Markets have broadly recovered as productivity growth continues to outpace real wage growth. This improvement has followed significant

**The performance comparator is the MSCI EM Europe 10/40 Index*
†Redistribution of weights namely due to GICS classification changes which came into effect in Q4 2018

Report of the Fund Manager
(continued)

investment in labour-saving equipment and a renewed focus on cost management. Specifically, within Emerging Europe, we recognise the export success story is not only limited to industrial manufacturing or the commodities sectors. There is also substantial economic potential exhibited in high growth areas such as software and information technology. Company revenues have also been improving due to solid real GDP growth across Emerging Markets and rising producer price inflation in many countries. As a result, market expectations for earnings continue to exhibit a steadily rising trend. In our opinion, these positive drivers should continue to support corporate profit performance in the coming years.

The relative valuation of Emerging European Markets versus Developed European securities continues to appear very attractive on both a price-to-book and price-to-earnings basis. This suggests investor expectations for the asset class remain overly depressed, despite the improving trends. Further, improving corporate governance standards have supported liquidity in local markets and dividend generation to drive international interest within the region.

Furthermore, it is encouraging to see Emerging European companies increasingly implementing ESG principles. We note that many companies now communicate initiatives in a clear and transparent manner, setting goals which we believe increase the sustainability of their business models, a development we welcome.

Matthias Siller, Maria Szczesna and Adnan El-Araby
Baring Fund Managers Limited
14 May 2019

Investment Portfolio – Top Twenty Holdings

as at 31 March 2019

	Holding	Primary country of listing or investment	Market value £000	% of investment portfolio
1	Lukoil Holdings	Russia	11,479	10.89
2	Sberbank	Russia	10,102	9.58
3	Novatek	Russia	8,629	8.19
4	Gazprom	Russia	7,189	6.82
5	PZU	Poland	5,182	4.92
6	KGHM Polska Miedz	Poland	4,443	4.21
7	XS Retail Group	Russia	4,342	4.12
8	Mail.Ru	Russia	3,397	3.22
9	Yandex	Russia	3,139	2.98
10	Santander Bank Polska	Poland	3,034	2.88
11	Bank Pekao	Poland	2,844	2.70
12	PKO Bank Polski	Poland	2,728	2.59
13	Komercni Banka	Czech Republic	2,702	2.56
14	Globaltrans	Russia	2,666	2.53
15	Garanti Bank	Turkey	2,577	2.44
16	CCC	Poland	2,570	2.44
17	MOL	Hungary	2,503	2.37
18	Yapi Kredi	Turkey	2,460	2.33
19	AO Tatneft	Russia	2,177	2.07
20	Tupras	Turkey	2,074	1.97
	Other investments		**24,990**	**23.70**
	Total investments		**111,227**	**105.51**
	Net current liabilities		**(5,806)**	**(5.51)**
	Net assets		**105,421**	**100.00**

Income Statement

(incorporating the Revenue Account) for the six months to 31 March 2019

				(Unaudited)			(Unaudited)			(Audited)
				Six months to 31 March 2019			Six months to 31 March 2018			Year ended 30 September 2018
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gains/(losses) on investments held at fair value through profit or loss		**–**	**1,828**	**1,828**	–	5,672	5,672	–	(6,112)	(6,112)
Income		**1,383**	**–**	**1,383**	957	–	957	5,036	–	5,036
Investment management fee		**(80)**	**(321)**	**(401)**	(97)	(389)	(486)	(185)	(750)	(935)
Other expenses		**(321)**	**–**	**(321)**	(413)	–	(413)	(836)	–	(836)
Return on ordinary activities		**982**	**1,507**	**2,489**	447	5,283	5,730	4,015	(6,862)	(2,847)
Finance costs		**(37)**	**(149)**	**(186)**	(26)	(104)	(130)	(62)	(247)	(309)
Return on ordinary activities before taxation		**945**	**1,358**	**2,303**	421	5,179	5,600	3,953	(7,109)	(3,156)
Taxation	5	**(167)**	**–**	**(167)**	(119)	–	(119)	(565)	–	(565)
Return for the year		**778**	**1,358**	**2,136**	302	5,179	5,481	3,388	(7,109)	(3,721)
Return per Ordinary Share	6	**6.00p**	**10.47p**	**16.47p**	2.18p	37.39p	39.57p	24.77p	(51.98)p	(27.21)p

The column labelled “Total” represents the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses of the Company have been reflected in the above statement.

The supplementary revenue and capital columns are both prepared under the guidance published by the Association of Investment Companies.

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

Statement of Financial Position

as at 31 March 2019

	(Unaudited) 31 March 2019 £000	(Unaudited) 31 March 2018 £000	(Audited) 30 September 2018 £000
Fixed assets			
Investments at fair value through profit or loss	**111,227**	131,894	114,825
Current assets			
Debtors	**306**	76	1,460
Cash and cash equivalents	**3,413**	993	1,706
	3,719	1,069	3,166
Current liabilities			
Creditors: amounts falling due within one year	**(9,525)**	(8,882)	(9,658)
Net current liabilities	**(5,806)**	(7,813)	(6,492)
Net assets	**105,421**	124,081	108,333
Capital and reserves			
Called-up share capital	**1,612**	1,710	1,646
Share premium account	**1,411**	1,411	1,411
Redemption reserve	**3,176**	3,078	3,142
Capital reserve	**96,599**	114,611	97,697
Revenue reserve	**2,623**	3,271	4,437
Total Shareholders' funds	**105,421**	124,081	108,333
Net asset value per share	**824.02p**	900.27p	824.76p

Company registration number 4560726

Statement of Changes in Equity

(Unaudited)	Called-up share capital £000	Share premium account £000	Redemption reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
For the six months ended 31 March 2019						
At 30 September 2018	**1,646**	**1,411**	**3,142**	**97,697**	**4,437**	**108,333**
Return for the six months to 31 March 2019	**–**	**–**	**–**	**1,358**	**778**	**2,136**
Buyback of own shares for cancellation	**–**	**–**	**–**	**(2,456)**	**–**	**(2,456)**
Transfer to capital redemption reserve	**(34)**	**–**	**34**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(2,592)**	**(2,592)**
Balance at 31 March 2019	**1,612**	**1,411**	**3,176**	**96,599**	**2,623**	**105,421**

(Unaudited)	Called-up share capital £000	Share premium account £000	Redemption reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
For the six months ended 31 March 2018						
At 30 September 2017	1,735	1,411	3,053	111,384	5,590	123,173
Return for the six months to 31 March 2018	–	–	–	5,179	302	5,481
Buyback of own shares for cancellation	–	–	–	(1,952)	–	(1,952)
Transfer to capital redemption reserve	(25)	–	25	–	–	–
Dividends paid	–	–	–	–	(2,621)	(2,621)
Balance at 31 March 2018	1,710	1,411	3,078	114,611	3,271	124,081

(Audited)	Called-up share capital £000	Share premium account £000	Redemption reserve £000	Capital reserve £000	Revenue reserve £000	Total £000
For the year ended 30 September 2018						
Beginning of year	1,735	1,411	3,053	111,384	5,590	123,173
Return for the year	–	–	–	(7,109)	3,388	(3,721)
Buyback of own shares for cancellation	–	–	–	(6,578)	–	(6,578)
Transfer to capital redemption reserve	(89)	–	89	–	–	–
Dividends paid	–	–	–	–	(4,541)	(4,541)
Balance at 30 September 2018	1,646	1,411	3,142	97,697	4,437	108,333

Distributable reserves comprise: the revenue reserve and capital reserves attributable to realised profits.

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.

Notes to the Accounts

for the half year ended 31 March 2019

1. Accounting policies

A summary of the principal policies, all of which have been applied consistently throughout the half year ended 31 March 2019, is set out below:

Basis of accounting

The financial statements have been prepared in accordance with the applicable UK Accounting Standards, being FRS 102 – The Financial Reporting Standard – and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (issued in November 2014 and updated in February 2018).

As an investment trust, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment trust meets both the following conditions: substantially all investments are highly liquid and are carried at market value; and where a statement of changes in assets as defined in FRS 102 section 7.

The Financial Statements have also been prepared on the assumption that approval as an investment trust will continue to be granted. The Directors consider that the Company has adequate resources to enable it to continue in operational existence for the foreseeable future. Accordingly, the Directors believe that it is appropriate to adopt the going concern basis in preparing the Company's financial statements.

The accounting policies are set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2018 and remain unchanged.

2. Dividend

An interim dividend of 15 pence per share was declared on 14 May 2019 and will be paid on 28 June 2019 to members on the register at the close of business on 24 May 2019. The shares will be marked ex-dividend on 23 May 2019.

The final dividend in respect of the year ended 30 September 2019 will be considered at a Board meeting to be held in November 2019. An announcement will be made shortly after that meeting.

3. Comparative information

The figures and financial information for the year ended 30 September 2018 are an extract from the latest published accounts and do not constitute statutory accounts. Full accounts for that period have been delivered to the Registrar of Companies and included the report of the auditors, which was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

The Half Year Reports for the six months ended 31 March 2019 and for the six months ended 31 March 2018 have been neither audited nor reviewed by the auditors.

4. Shares in issue

As at 31 March 2019, there were 12,793,436 Ordinary Shares of 10p each in issue (30 September 2018: 13,135,044 and 31 March 2018: 13,782,720) which excludes 3,318,207 Ordinary Shares held in treasury (30 September 2018: 3,318,207 and 31 March 2018: 3,318,207) and treated as not being in issue when calculating the NAV per share. Shares held in treasury are non-voting and not eligible for receipt of dividends. During the period, 341,608 Ordinary Shares were bought back to be cancelled at a cost of £2,456,000. A further 70,167 Ordinary Shares were bought back to be cancelled during the period from 1 April 2019 to 13 May 2019 at a cost of £546,000.

5. Taxation

The taxation charge of £167,000 (31 March 2018: £119,000; 30 September 2018: £565,000) relates to overseas taxation.

6. Return per Ordinary Share

The total return per Ordinary Share is based on the return on ordinary activities after taxation of £2,136,000 (six months ended 31 March 2018: £5,481,000; and year ended 30 September 2018: £(3,721,000)) and on a weighted average of 12,965,079 Ordinary Shares in issue during the six months ended 31 March 2019 (six months ended 31 March 2018: weighted average of 13,852,564 Ordinary Shares in issue; and year ended 30 September 2018: weighted average of 13,677,229 Ordinary Shares in issue).

Interim Management Report

Going concern

The Directors believe that, having considered the Company's investment objective, risk management policies, capital management policies and procedures, the 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. The assets of the Company consist mainly of securities which are readily realisable. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

Principal risks and uncertainties

The principal risks facing the Company are substantially unchanged since the date of the Annual Report and Financial Statements for the year ended 30 September 2018 and continue to be as set out in that report.

The principal risks and uncertainties faced by the Company continue to fall under the following broad categories:

- Market risk;
- Gearing;
- Currency exchange fluctuations;
- Engagement of third party service providers;
- Loss of assets;
- Share price volatility; and
- Counterparty risk.

Information of each of these is given in the Strategic Report in the Annual Report for the year ended 30 September 2018.

Related party transactions

The Fund Manager is regarded as a related party and details of the management fee payable during the six months ended 31 March 2019 is shown in the Income Statement on page 13. There have been no other related party transactions during the six months ended 31 March 2019. The Directors' current level of remuneration is £25,000 per annum for each Director with the Chairman of the Audit Committee receiving an additional fee of £2,500 per annum. The Chairman's fee is £33,000 per annum.

Directors' Responsibility Statement

in respect of the Half Year Report for the six months ended 31 March 2019

Responsibility Statement

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining six months of the financial year are set out in the Interim Management Report on page 17.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with UK Accounting Standards; Financial Reporting Standard 102, and gives a true and fair view of the assets, liabilities and financial position of the Company; and the interim management report (which includes the Chairman's Statement) as required by the FCA's Disclosure Guidance and Transparency Rule 4.2.4R; and
- this Half Year Report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions that could do so.

This Half Year Report was approved by the Board of Directors on 14 May 2019 and the above responsibility statement was signed on its behalf by Frances Daley, Chairman.

Glossary of Terms

We assess our performance using a variety of measures that are not specifically defined under FRS and therefore termed Alternative Performance Measures ("APMs"). The APMs that we use may not be directly comparable with those used by other companies.

Benchmark Total Return
The whole return generated by the comparator benchmark, comprising income and capital growth.

Comparator Benchmark (the "Benchmark")
An index or other measure against which the performance of an investment fund is compared or its objectives set. The comparator benchmark for BEE PLC is the MSCI Emerging Europe 10/40 Index.

Discount
Discount is the amount by which the Ordinary Share price is lower than the net asset value per Ordinary Share. The discount is normally expressed as a percentage of the net asset value per share. NAV minus share price divided by NAV.

If the share price of an investment trust is lower than the NAV per share, the Company's shares are said to be trading at a discount. The discount/premium is shown on page 2. The Board monitors the level of discount or premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share buy-backs, where appropriate.

Environmental, Social and Governance or ESG
ESG (environmental, social and governance) is a term used in capital markets and used by investors to evaluate corporate behaviour and to determine the future financial performance of companies.

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

Gearing
Two methods of calculating such exposure are set out in the Alternative Investment Fund Managers Directive ("AIFMD"), gross and commitment.

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 divided by Total Shareholders' funds.

The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure. Investments plus current assets divided by Total Shareholders' funds.

Growth at a Reasonable Price or 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.

NAV Total Return
A measure showing how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders.

Overweight
To go over the set weight in a specific category, compared with the relevant Benchmark.

Return per Share
Return per share is calculated using the net return on ordinary activities after finance costs and taxation divided by the weighted average number of shares in issue for the financial year (see note 6, page 16). The Directors also regard return per share to be a key indicator of performance.

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

Total Return
Total return is the increase/(decrease) in NAV per share plus the dividends paid, which are assumed to be reinvested at the time the share price is quoted ex-dividend.

Underweight
To go under the set weight in a specific category, compared with the relevant Benchmark.

Corporate Information

Directors
Frances Daley, Chairman
Calum Thomson
Nadya Wells
Christopher Granville *(appointed on 30 November 2018)*
Vivien Gould *(appointed on 11 March 2019)*
Jonathan Woollett *(resigned on 10 January 2019)*
Ivo Coulson *(resigned on 30 November 2018)*

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Company Secretary
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Please note this should be accessed via the Barings website (www.barings.com). Please select UK, Investment Trust.

BARINGS

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