



Barings Japan Growth Trust

Annual Report & Audited Financial
Statements

for the year ended 31 January 2019

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* Collectively, these comprise the Manager's report.

Management and professional service details

Manager

Baring Fund Managers Limited

Authorised and regulated by the Financial Conduct Authority (“FCA”).

Investment Manager*

Baring Asset Management Limited

20 Old Bailey

London, EC4M 7BF

Authorised and regulated by the FCA.

Directors

C. Biggins (Resigned from the Board on 11 January 2019)

E. Browning (Appointed to the Board on 22 January 2019)

B. Greene

R. Kent (Appointed to the Board on 9 April 2019)

J. Swayne

Registered Office

20 Old Bailey

London, EC4M 7BF

Trustee*

NatWest Trustee and Depositary Services Limited

250 Bishopsgate

London, EC2M 4AA

Authorised by the Prudential Regulation Authority (“PRA”) and regulated by the FCA and PRA.

Registrar*

Northern Trust Global Services SE UK Branch

50 Bank Street

Canary Wharf

London, E14 5NT

Telephone: 0333 300 0372†

Fax: 020 7982 3924

Authorised by the PRA and regulated by the FCA and PRA.

† Telephone calls may be recorded and monitored.

Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh, EH3 8EX

*See key changes during the year on page 6

Introduction

Baring Fund Managers Limited (the "Manager") has delegated its day-to-day investment management responsibilities in relation to the Barings Japan Growth Trust (the "Trust") to Baring Asset Management Limited (the "Investment Manager"), which is authorised and regulated by the Financial Conduct Authority ("FCA").

As an investor in the Trust, your money is pooled with that of other investors and invested by the Manager in Japanese equities of all sizes with the aim of producing growth in capital. Income ("Inc") units pay out any revenue generated to the investor, whereas with accumulation ("Acc") units, any revenue is automatically accumulated within the Trust and reflected in the price of the units. Japanese companies, by their nature, pay very little or no dividends, and any net revenue that is generated is automatically accumulated within the Trust. As with all funds managed by the Manager, the risk assumed in this portfolio is carefully monitored.

The Report of the Manager reviews the performance of the Trust against the returns of the Japanese stock market and analyses the investment environment that influenced the performance of the Trust over the year under review. The Investment Manager then gives an outlook for the markets and details how the Trust will be invested in order to take full advantage of the foreseen opportunities.

Investment objective and policy

The investment objective of Barings Japan Growth Trust (the "Trust") is to achieve long-term capital growth by investing in Japan.

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

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

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

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

Please refer to the Prospectus for the full investment objective and policy.

How the Trust is managed

Baring Asset Management Limited's (the "Investment Manager's") equity investment teams share the philosophy of quality Growth at a Reasonable Price ("GARP"). The Investment Manager considers that long-term earnings growth is the driver of stock market performance and that structured fundamental research and a disciplined investment process combining growth, upside/valuation and quality disciplines can identify attractively priced, growth companies. The Investment Manager also considers that the best way of finding unrecognised growth is to identify quality companies with visibility of earnings over a longer time period of three to five years, especially as market consensus data tends to be only available for shorter term periods. In determining upside, the Investment Manager uses consistent and transparent methods to place emphasis on discounted earnings models.

Risk profile

Please see detailed below the key risks applicable to the Trust:

- Changes in exchange rates between the currency of the Trust and the currencies in which the assets of the Trust are valued can have the effect of increasing or decreasing the value of the Trust and any income generated.
- Country-specific funds have a narrower focus than those which invest broadly across markets and are therefore considered to be more risky.
- The Trust can hold smaller company shares which can be more difficult to buy and sell as they may trade infrequently and in small volumes, so their share prices may fluctuate more than those of larger companies.
- Derivative instruments can make a profit or a loss and there is no guarantee that a financial derivative contract will achieve its intended outcome. The use of derivatives can increase the amount by which the Trust's value rises and falls and could expose the Trust to losses that are significantly greater than the cost of the derivative as a relatively small movement may have a larger impact on derivatives than the underlying assets.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.

Please refer to the Prospectus for the full risk profile.

Constitution

The Barings Japan Growth Trust (the “Trust”) is constituted by a Trust Deed between Baring Fund Managers Limited (the “Manager”) and NatWest Trustee and Depositary Services Limited (the “Trustee”).

Regulatory disclosure

This document has been issued by Baring Fund Managers Limited (the “Manager”), which is authorised and regulated by the Financial Conduct Authority (“FCA”).

Barings Japan Growth Trust (the “Trust”) is an Authorised Unit Trust Scheme as defined in section 243 of the Financial Services and Markets Act 2000 and has been established as an Undertakings for Collective Investments in Transferable Securities (“UCITS”) scheme.

Past performance is no indication of current or future performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Any references in this report to other investments held within the Trust should not be read as a recommendation to the investor to buy and sell the same but are included as illustration only.

The Trust at a glance on 31 January 2019

Total Trust size:	£19.46 million	
OCF*:	31/01/2019	31/01/2018
Barings Japan Growth Trust - Class A GBP Acc	1.71%	1.72%
Barings Japan Growth Trust - Class I GBP Acc	0.96%	0.97%
Barings Japan Growth Trust - Class I GBP Inc	0.96%	0.97%
Initial charge:		
Barings Japan Growth Trust - Class A GBP Acc		up to 5.00%
Barings Japan Growth Trust - Class I GBP Acc		Nil
Barings Japan Growth Trust - Class I GBP Inc		Nil
Annual charge:		
Barings Japan Growth Trust - Class A GBP Acc		1.50%
Barings Japan Growth Trust - Class I GBP Acc		0.75%
Barings Japan Growth Trust - Class I GBP Inc		0.75%
Minimum initial investment:		
Barings Japan Growth Trust - Class A GBP Acc		£1,000
Barings Japan Growth Trust - Class I GBP Acc		£10,000,000
Barings Japan Growth Trust - Class I GBP Inc		£10,000,000
Minimum subsequent investment:		
Barings Japan Growth Trust - Class A GBP Acc		£500
Barings Japan Growth Trust - Class I GBP Acc		£500
Barings Japan Growth Trust - Class I GBP Inc		£500

* The Ongoing Charge Figure (“OCF”) reflects the payments and expenses which cover aspects of operating the Trust and is deducted from the assets over the year. It includes fees paid for investment management, trustee and general charges.

Price per unit	Mid-price (pence per unit)
Barings Japan Growth Trust - Class A GBP Acc	196.00p
Barings Japan Growth Trust - Class I GBP Acc	202.30p
Barings Japan Growth Trust - Class I GBP Inc	198.00p

Regulatory disclosure (continued)

Revenue allocations and reports

The distribution payment date for the current period is 31 March. Subsequent to this, the payment date will be 31 October (final)*. The annual report and financial statements for the year ended 31 January 2019, and an interim report and financial statements for the period ended 31 July 2018 will be available on the Barings website at www.barings.com.

*See key changes during the year on page 6

Prospectus and Manager's reports

Copies of the Prospectus, the Key Investor Information Document(s) ("KIID(s)"), and the most recent annual or interim report and financial statements are available to all persons free of charge from the Manager upon request. Copies of the Prospectus, the KIID(s), and the annual or interim report and financial statements are also available in French, where applicable.

PricewaterhouseCoopers LLP (the "Independent Auditor") expresses its opinion on the English version of the annual report and financial statements, and accepts no responsibility for any translations of those financial statements.

Market timing

Repeatedly purchasing and selling units in the Trust in response to short-term market fluctuations – known as 'market timing' – can disrupt the Manager's investment strategy and increase the Trust's expenses to the prejudice of all shareholders.

The Trust is not intended for market timing or excessive trading. To deter these activities, the Manager may refuse to accept an application for units from persons that it reasonably believes are engaged in market timing or are otherwise excessive or potentially disruptive to the Trust.

The Manager also reserves the right to redeem units which it reasonably believes have been purchased by unitholders engaged in market timing.

Publication of prices

The prices of units can be obtained by telephone by calling +44 (0) 333 300 0372.

Dealing basis

The Manager's basis for dealing in purchases and sales of the Trust's units is "forward". This means that the price used for any deal will be calculated at the next valuation point following receipt of the investor's instruction.

Fees and expenses

The Manager's periodic charge is calculated on each business day, based on the value of the property of the Trust on the immediately preceding business day, and is paid to the Manager monthly, in arrears, on the first business day of the calendar month immediately following. The current periodic charge is 1.50% per annum for Class A GBP Acc, and 0.75% per annum in respect of Class I GBP Acc and Class I GBP Inc.

Key changes during the year

- With effect from 8 October 2018, the name of the Administrator changed from Northern Trust Global Services Limited to Northern Trust Global Services SE UK Branch.
- With effect from 15 October 2018, the registered address for Baring Fund Managers Limited and Baring Asset Management Limited changed from:
155 Bishopsgate
London, EC2M 3XY
United Kingdom
to:
20 Old Bailey
London, EC4M 7BF
United Kingdom
- With effect from 28 November 2018, the Trustee changed from National Westminster Bank plc to NatWest Trustee and Depositary Services Limited.
- C. Biggins resigned as a Director of the Manager on 11 January 2019.
- E. Browning was appointed as a Director of the Manager on 22 January 2019.

Regulatory disclosure (continued)

Key changes during the year (continued)

- R. Kent was appointed as a Director of the Manager on 9 April 2019.
- With effect from 31 August 2019, the annual accounting date of the Trust is changing to 31 August of each year, and subsequent interim period ends are changing to the last day of February of each year.
- The FCA has issued a guideline for asset managers to have a provision for the compulsory conversion of unit classes when the conversion is in the best interest of investors. This flexibility is included in the prospectus. Any such conversion will require a 60 days' notice to investors before the conversion takes place.

Remuneration

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

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

The Manager is also subject to the Financial Conduct Authority's ("FCA's") UCITS and AIFM Remuneration Codes (SYSC 19B and 19E) and must comply with the remuneration principles in a way and to the extent that is appropriate to its size and business.

Remuneration Committee

Due to the size and nature of the Manager, the Board of Directors considers it appropriate not to apply the requirement to appoint a remuneration committee.

The Manager forms part of the Barings Europe Limited (UK) group of companies ("Barings"). Barings has two remuneration committees to take remuneration decisions, namely the Remunerations Committee and the Senior Compensation Committee. The remuneration committee ensures 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 of Directors and all members of the European Management Team ("EMT"). All control functions detailed in section 2 below are also senior managers.

2. Control Functions

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

3. Risk takers

Risk takers are defined as the investment managers of the Trust. Investment managers do not work for the Manager directly as the Manager delegates portfolio management to Baring Asset Management Limited ("BAML"). Accordingly, the Manager currently has no risk takers outside of the senior management.

BAML is a BIPRU firm and subject to the Capital Requirements Directive ("CRD") which has equivalent remuneration rules.

4. Employees in the same remuneration bracket as risk takers

The Manager will not treat a person as Remuneration Code Staff if a person's professional activities do not have a material impact on the risk profiles of the firm or the Trust. 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 section 2 above.

Regulatory disclosure (continued)

Remuneration Disclosure

The disclosure below details fixed and variable remuneration paid to Baring Fund Managers ("BFM") Staff and BFM Remuneration Code Staff.

	Number of beneficiaries	Total fixed remuneration	Total variable remuneration	Total remuneration
Total remuneration paid by BFM in relation to the Trust*	16	£1,494	£4,875	£6,369
Total Senior Management Remuneration paid by BFM**	16	£300,695	£981,144	£1,281,839

The Manager's Remuneration Policy is reviewed annually both in respect of the general principles it contains and its own implementation. For 2018, the policy was updated to align it to the Barings group policy. The 2018 review resulted in some changes to the remuneration approach and disclosure; 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 a fund not being comparable to the disclosures made in the prior year, or in relation to other Barings fund disclosures in that same year.

Notes:

*Manager does not make any direct payments to staff who are paid by other Barings Group entities. Figures shown are apportioned on a fund Asset Under Management ("AUM") basis as a proportion of Barings total AUM. 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 Trust does not pay performance fees.

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

General information for overseas investors (France)

French paying agent

BNP Paribas Securities Services

9 rue du Débarcadère

93 761 Pantin Cedex

France

The Prospectus, the Key Investor Information Document(s) ("KIID(s)"), a list of portfolio changes, the Trust Deed as well as the annual and the interim reports and financial statements are available on www.barings.com, or via the office of the French paying agent.

Trust information

Change in net assets per unit	Barings Japan Growth Trust - Class A GBP Acc			Barings Japan Growth Trust - Class I GBP Acc		
	31/01/2019 (p)	31/01/2018 (p)	31/01/2017 (p)	31/01/2019 (p)	31/01/2018 (p)	31/01/2017 (p)
Opening net asset value per unit	215.16	179.31	136.13	220.51	182.36	137.28
Return before operating charges	(15.89)	39.26	45.87	(16.35)	40.15	46.61
Operating charges (calculated at average price)	(3.55)	(3.41)	(2.69)	(2.06)	(2.00)	(1.53)
Return after operating charges	(19.44)	35.85	43.18	(18.41)	38.15	45.08
Closing net asset value per unit	195.72	215.16	179.31	202.10	220.51	182.36
Retained distributions on accumulation units	0.64	0.17	0.34	2.28	1.75	1.59
After direct transaction costs*	0.09	0.14	0.31	0.09	0.14	0.31
Performance						
Return after charges	(9.04)%	20.00%	31.72%	(8.35)%	20.92%	32.84%
Other information						
Closing net asset value ('000)	£17,475	£20,672	£25,049	£983	£2,004	£625
Closing number of units	8,928,844	9,608,009	13,969,932	486,435	908,697	342,981
Operating charges	1.71%	1.72%	1.69%	0.96%	0.97%	0.94%
Direct transaction costs	0.04%	0.07%	0.20%	0.04%	0.07%	0.20%
Prices**						
Highest unit price	220.50	225.90	185.50	226.90	231.50	188.60
Lowest unit price	182.60	192.80	121.70	188.40	197.00	122.90

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as dealing spread and underlying costs with regard to Investment Fund holdings which will also have reduced the Trust and unit class returns before operating charges.

**High/low prices included in the table above are for the accounting year from 1 February to 31 January.

Trust information (continued)

Change in net assets per unit	Barings Japan Growth Trust - Class I GBP Inc		
	31/01/2019 (p)	31/01/2018 (p)	31/01/2017 (p)
Opening net asset value per unit	215.73	179.88	137.44
Return before operating charges	(15.97)	39.51	45.52
Operating charges (calculated at average price)	(2.01)	(1.95)	(1.52)
Return after operating charges	(17.98)	37.56	44.00
Distributions on income units	(2.23)	(1.71)	(1.56)
Closing net asset value per unit	195.52	215.73	179.88
After direct transaction costs*	0.09	0.14	0.31
Performance			
Return after charges	(8.33)%	19.93%	30.88%
Other information			
Closing net asset value ('000)	£1,002	£1,103	£821
Closing number of units	512,263	511,384	456,639
Operating charges	0.96%	0.97%	0.94%
Direct transaction costs	0.04%	0.07%	0.20%
Prices**			
Highest unit price	222.00	228.20	187.60
Lowest unit price	184.30	194.30	122.30

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Unitholders should note that there are other additional transaction costs such as dealing spread and underlying costs with regard to Investment Fund holdings which will also have reduced the Trust and unit class returns before operating charges.

**High/low prices included in the table above are for the accounting year from 1 February to 31 January.

Report of the Investment Manager

The risk and reward profile

	SRRRI risk category* 31/01/2019	SRRRI risk category* 31/01/2018
Barings Japan Growth Trust - Class A GBP Acc	5	6
Barings Japan Growth Trust - Class I GBP Acc	6	6
Barings Japan Growth Trust - Class I GBP Inc	6	6

* The Synthetic Risk and Reward Indicator ("SRRRI") is not a measure of the risk of capital loss, but a measure of the Trust's price movement over time; the higher the number, the greater the price movement both up and down. It is based on historical data and is not a reliable indication of the future risk profile of the Trust. The risk category shown is in line with the Key Investor Information Document ("KIID") at year-end, is not guaranteed and may change over time. The risk categories are measured from 1–7 (1 measuring typically lower risk/rewards and 7 measuring typically higher risk/rewards). The lowest category does not mean a risk-free investment. The Trust is classified in the category indicated due to past movements in the Trust's price. There is no capital guarantee. The value of investments and the income from them may go down as well as up and investors may not get back the amount they invest. The SRRRI figures presented are as of 31 January 2019 and have changed during the year as follows: Class A GBP Acc moved from 6 as at 31 January 2018 to 5 as at 31 January 2019.

Performance

Over the year, the Barings Japan Growth Trust (the "Trust") produced an absolute net return for the Class A GBP Acc unit class of -9.01%* compared with a return of -5.41% for the performance comparator.

Having touched the highest levels since 1991 during January 2018, the Japanese equity market spent much of the last year trading sideways in a fairly narrow range before falling sharply in the latter part of the year, before partially recovering in January 2019. However, the Yen strengthened against the British Pound during the period, which acted to limit the decline in the Japanese market for UK based investors. The market decline in the final quarter of 2018 owed much to growing global concerns, as US monetary tightening, US-China trade fears, Brexit and slowing European and Chinese economic data all weighed on sentiment. Technology and machinery related names in particular were impacted and after several years of improvement, earnings expectations for Japanese companies began to deteriorate.

The Trust's slight underperformance during the year was largely as a result of the market decline in the final phase of the year particularly impacting high quality growth companies, an area of the market that we focus on with an aim to deliver strong long term returns. Several companies that we expect to sustain healthy long term growth, such as motorbike and outdoor motor maker Yamaha, were affected by the deteriorating sentiment but we remain invested in the belief that the long term outlook remains robust. The portfolio continued to benefit strongly from a number of our growth investments with mortgage arranger Aruhi as an example. The ongoing restructuring at Sony that has led to a markedly improved earnings structure and enhanced growth opportunities also continued to benefit the portfolio in this period.

* The Trust's return uses the midday prices and is net of fees and charges with gross revenue reinvested, whereas the return of the comparator is calculated using global close prices on a gross basis.

Report of the Investment Manager (continued)

The top ten purchases and sales during the year were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Mitsubishi Electric	588	Mitsubishi	685
Kyowa Exeo	553	Daikin Industries	499
MEIJI	544	Alps Electric	478
Komatsu	435	Mitsubishi Electric	474
Fuji	399	PeptiDream	464
Nintendo	386	AGC	463
Sanwa	383	Aruhi	458
Kanamoto	368	Istyle	432
Net One System	358	Mabuchi Motor	424
NOF	356	eRex	386

Market outlook

The recent weakening of earnings trends amongst Japanese companies remains a concern as we move into 2019 with a number of the large global macro issues yet to be resolved. The planned rise in the Japanese consumption tax from 8-10% is scheduled to go ahead in October of this year and will be a further challenge to the outlook, although the government is implementing several measures to try and limit any negative reaction to the economy. The decline in the market during the final quarter of 2018 appears to have pre-empted the pressures facing companies in 2019 and hence valuations do now look attractive across large parts of the market and we continue to selectively look to take advantages of these opportunities.

The Barings Japan Growth Trust will continue to focus on investing in exciting quality growth opportunities and to look for companies with strong earnings expansion at attractive valuations. We continue to see a number of areas of thematic growth within Japan such as the tightening labour market, IT investment needs, 5G telecom investment and FinTech developments. We will look to identify attractive opportunities in such areas with an aim to deliver strong multi-year performance for our investors.

Baring Asset Management Limited

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

Responsibilities of the Manager

The Collective Investment Schemes sourcebook (“COLL”) requires Baring Fund Managers Limited (the “Manager”) to prepare financial statements for each annual accounting year which give a true and fair view of the financial affairs of the Barings Japan Growth Trust (the “Trust”) and of its net revenue and net capital losses for the year. In preparing the financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association (“IA”) in May 2014 (the “IMA SORP 2014”);
- follow generally accepted accounting principles and applicable accounting standards;
- make judgments and estimates that are reasonable and prudent;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Manager confirms that it has complied with the above requirements in preparing the financial statements. The Manager is responsible for the management of the Trust in accordance with the Trust Deed, Prospectus and the COLL. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Manager is responsible for the maintenance and integrity of the company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of the Trustee’s Responsibilities and Report of the Trustee to the Unitholders of Barings Japan Growth Trust (the “Trust”) for the year ended 31 January 2019

NatWest Trustee and Depositary Services Limited (the “Trustee”) must ensure that the Trust is managed in accordance with the Financial Conduct Authority’s Collective Investment Schemes sourcebook, the Financial Services and Markets Act 2000, as amended (together the “Regulations”), the Trust Deed and Prospectus (together the “Scheme documents”) as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Trustee must ensure that:

- the Trust’s cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units of the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust’s assets is remitted to the Trust within the usual time limits;
- the Trust’s income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the “AFM”) are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations, and the Scheme documents in relation to the investment and borrowing powers applicable to the Trust.

Statement of the Trustee’s Responsibilities and Report of the Trustee to the Unitholders of Barings Japan Growth Trust (the “Trust”) for the year ended 31 January 2019 (continued)

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the AFM:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust’s units and the application of the Trust’s income in accordance with the Regulations and the Scheme documents of the Trust; and
- has observed the investment and borrowing powers and restrictions applicable to the Trust.

NatWest Trustee and Depositary Services Limited
Trustee & Depositary Services
London 23 April 2019

Directors' statement

The financial statements on pages 21 to 33 were approved by Baring Fund Managers Limited (the "Manager") and signed on its behalf by:

B. GREENE Director

J. SWAYNE Director

London 23 April 2019

Portfolio statement

as at 31 January 2019

Holdings	Investments	Percentage	
		Bid-Market value (£)	of total net assets (%)
	Investment Funds: 0.06% (1.03%)		
12,000	Northern Trust Global Funds - Sterling Fund†	12,000	0.06
	Equities: 98.61% (99.02%)		
	Agriculture: 0.00% (1.50%)		
	Auto Manufacturers: 5.21% (5.19%)		
21,700	Toyota Motor	1,014,770	5.21
	Auto Parts & Equipment: 3.84% (4.27%)		
15,600	Bridgestone	457,285	2.35
15,700	Nifco	290,703	1.49
		747,988	3.84
	Banks: 6.84% (8.95%)		
163,300	Mitsubishi UFJ Financial	667,821	3.43
23,400	Sumitomo Mitsui Financial	662,959	3.41
		1,330,780	6.84
	Building Materials: 2.40% (6.88%)		
2,700	Daikin Industries	222,614	1.14
28,000	Sanwa	245,190	1.26
		467,804	2.40
	Chemicals: 5.09% (3.62%)		
12,800	NOF	321,274	1.65
10,400	Shin-Etsu Chemical	668,701	3.44
		989,975	5.09
	Commercial Services: 7.12% (5.66%)		
6,100	Aeon Delight	172,138	0.88
13,200	Kanamoto	278,100	1.43
13,800	Nihon M&A Center	262,295	1.35
11,700	Recruit	238,869	1.23
10,900	TechnoPro	434,067	2.23
		1,385,469	7.12
	Computers: 4.88% (1.91%)		
19,100	Net One System	302,906	1.56
10,600	Nomura Research Institute	329,596	1.69
10,300	SCSK	317,018	1.63
		949,520	4.88
	Distribution/Wholesale: 0.00% (2.94%)		
	Diversified Financial Services: 2.50% (1.33%)		
14,500	Aruhi	233,513	1.20
10,900	Premium	252,569	1.30
		486,082	2.50
	Electrical Components & Equipment: 0.00% (3.78%)		
	Electronics: 2.43% (3.97%)		
600	Keyence	234,435	1.21

Portfolio statement (continued)

as at 31 January 2019

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 98.61% (99.02%) (continued)		
	Electronics: 2.43% (3.97%) (continued)		
2,200	Murata Manufacturing	237,688	1.22
		472,123	2.43
	Engineering & Construction: 4.01% (1.27%)		
29,500	Kyowa Exeo	551,190	2.83
16,000	Toshiba Plant Systems & Services	228,952	1.18
		780,142	4.01
	Food: 2.15% (0.00%)		
7,100	MEIJI	418,138	2.15
	Forest Products & Paper: 0.00% (1.38%)		
	Hand/Machine Tools: 3.11% (4.43%)		
16,400	OSG	255,488	1.31
19,400	THK	350,372	1.80
		605,860	3.11
	Healthcare Products: 2.09% (1.77%)		
23,300	Shimadzu	406,923	2.09
	Healthcare Services: 0.00% (1.55%)		
	Home Builders: 1.18% (1.63%)		
20,100	Sekisui House	229,068	1.18
	Home Furnishings: 3.99% (4.89%)		
20,300	Sony	777,374	3.99
	Insurance: 2.26% (2.96%)		
11,800	Tokio Marine	438,966	2.26
	Internet: 0.00% (1.46%)		
	Leisure Time: 3.14% (2.97%)		
37,500	Yamaha Motor	611,274	3.14
	Machinery-Construction & Mining: 1.81% (0.00%)		
18,200	Komatsu	352,306	1.81
	Machinery-Diversified: 3.06% (0.00%)		
8,100	Daifuku	308,934	1.59
28,800	Fuji	285,916	1.47
		594,850	3.06
	Metal Fabricate/Hardware: 0.00% (2.22%)		
	Miscellaneous Manufacturing: 1.35% (1.35%)		
6,700	Okamoto Industries	262,115	1.35
	Pharmaceuticals: 2.92% (3.06%)		
18,500	Takeda Pharmaceutical	568,882	2.92
	Real Estate: 5.48% (2.97%)		
24,000	Mitsui Fudosan	443,630	2.28
17,400	Relo	349,019	1.79

Portfolio statement (continued)

as at 31 January 2019

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 98.61% (99.02%) (continued)		
	Real Estate: 5.48% (2.97%) (continued)		
12,600	Yasuragi	273,409	1.41
		1,066,058	5.48
	Retail: 5.93% (3.43%)		
6,600	ABC-Mart	288,280	1.48
30,100	Bic Camera	269,066	1.38
2,100	Cosmos Pharmaceutical	305,947	1.57
18,800	Marui	290,767	1.50
		1,154,060	5.93
	Semiconductors: 3.69% (3.35%)		
7,900	Rohm	422,604	2.17
2,700	Tokyo Electron	295,683	1.52
		718,287	3.69
	Telecommunications: 5.40% (3.99%)		
2,000	Hikari Tsushin	243,563	1.25
15,700	Nippon Telegraph & Telephone	514,042	2.64
4,900	Softbank	292,594	1.51
		1,050,199	5.40
	Toys/Games/Hobbies: 2.92% (1.44%)		
2,400	Nintendo	568,735	2.92
	Transportation: 3.81% (2.90%)		
10,500	East Japan Railway	741,680	3.81
	Portfolio of investments: 98.67% (100.05%)	19,201,428	98.67
	Net other assets	258,427	1.33
	Net assets	19,459,855	100.00

† Shares in Investment Funds. Uninvested cash from the Trust is swept into this fund daily.

Note: Securities shown on the portfolio statement are ordinary shares admitted to official stock exchange listings or traded on a regulated market, unless otherwise stated.

Comparative figures shown in brackets relate to 31 January 2018.

Independent Auditors' report to the unitholders of Barings Japan Growth Trust

Report on the financial statements

Our opinion

In our opinion, Barings Japan Growth Trust's (the "Trust") financial statements:

- give a true and fair view of the financial position of the Trust as at 31 January 2019 and of the net revenue and the net capital losses of its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 January 2019; the statement of total return and the statement of change in net assets attributable to unitholders for the year then ended; the distribution tables and the notes to the financial statements, which include a summary of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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.

Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Trust's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear and it is difficult to evaluate all of the potential implications on the Trust's business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or if it otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent Auditors' report to the unitholders of Barings Japan Growth Trust (continued)

Managers report

In our opinion, the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the Manager for the financial statements

As explained more fully in the 'Responsibilities of the Manager' set out on page 13, the Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Manager is also responsible for such internal control that he/she determines to be 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 Manager is responsible for assessing the Trust'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 Manager either intends to wind up or terminate the Trust, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for, and only for, the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook, we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
23 April 2019

Statement of total return

for the year ended 31 January 2019

	Notes	2019 £'000	£'000	2018 £'000	£'000
Income					
Net capital (losses)/gains	2		(2,101)		4,342
Revenue	3	497		463	
Expenses	4	(355)		(373)	
Net revenue before taxation		<u>142</u>		<u>90</u>	
Taxation	5	(50)		(47)	
Net revenue after taxation			<u>92</u>		<u>43</u>
Total return before distributions			(2,009)		4,385
Distributions	6		(92)		(43)
Change in net assets attributable to unitholders from investment activities			(2,101)		4,342

Statement of change in net assets attributable to unitholders

for the year ended 31 January 2019

		2019 £'000	£'000	2018 £'000	£'000
Opening net assets attributable to unitholders			23,779		26,496
Amounts receivable on issue of units		1,409		4,142	
Amounts payable on cancellation of units		<u>(3,697)</u>		<u>(11,249)</u>	
			(2,288)		(7,107)
Dilution adjustment			1		16
Changes in net assets attributable to unitholders from investment activities			(2,101)		4,342
Retained distribution on accumulation units	6		69		32
Closing net assets attributable to unitholders			19,460		23,779

Balance sheet

as at 31 January 2019

	Notes	31/01/2019 £'000	31/01/2018 £'000
Assets			
Investment assets		19,201	23,788
Current assets:			
Debtors	7	48	91
Cash and bank balances		285	10
Total assets		<u>19,534</u>	<u>23,889</u>
Liabilities			
Creditors:			
Distribution payable on income units	6	(11)	(9)
Other creditors	8	(63)	(101)
Total liabilities		<u>(74)</u>	<u>(110)</u>
Net assets attributable to unitholders		<u>19,460</u>	<u>23,779</u>

Notes to the financial statements

for the year ended 31 January 2019

1. Accounting policies

Basis of accounting

The financial statements have been prepared with the historical cost convention, as modified by the revaluation of investments, and in accordance with UK Generally Accepted Accounting Practice and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association (“IA”) in May 2014 (the “IMA SORP 2014”). The financial statements are also in compliance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been prepared on a going concern basis.

Basis of valuation of investments

All investments are valued at their fair value as at 12 noon on 31 January 2019. The fair value for non-derivative securities is the bid-market price, excluding any accrued interest.

Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 12 noon on 31 January 2019.

Revenue Recognition

Revenue from quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Bank interest and other revenue is recognised on an accruals basis.

Distributions receivable from Investment Funds are recognised when the shares are priced ex-distribution. Distributions receivable from Investment Funds, excluding any equalisation element, are recognised as revenue. Equalisation is deducted from the bookcosts of the investments.

Special dividends

These are recognised as either revenue or capital depending upon the nature and circumstances of the dividend. Amounts recognised as revenue will form part of Trust’s distribution. Any tax thereon will follow the accounting treatment of the principal amount.

Distribution Policy

Where applicable, for the income (“Inc”) units, the Trust will pay any surplus revenue as a distribution. For accumulation (“Acc”) units, the Trust will retain any surplus revenue for investment in the Trust.

Treatment of expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments and stamp duty reserve tax) are charged against revenue for the year on an accruals basis.

Taxation

Corporation tax is provided for on an accounting basis, hence deferred tax on short-term timing difference does not arise. Deferred tax assets arising from unutilised expenses are only recognised as they are expected to crystallise. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Dilution adjustment

The Trust is single priced and, as a result, may suffer a reduction in value due to costs incurred in the purchase and sale of its underlying investments. With a view to countering this and to act in the best interests of all investors, we have the ability to apply a dilution adjustment, which means we will change the price (up or down) at which you buy or sell. Please refer to the full Prospectus for further details.

Notes to the financial statements (continued)

for the year ended 31 January 2019

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	2019 £'000	2018 £'000
Non-derivative securities	(2,104)	4,322
Currency gains	7	32
Transaction charges	(4)	(12)
Net capital (losses)/gains on investments	<u>(2,101)</u>	<u>4,342</u>

3. Revenue

	2019 £'000	2018 £'000
Overseas dividends	497	463
	<u>497</u>	<u>463</u>

4. Expenses

	2019 £'000	2018 £'000
Payable to Baring Fund Managers Limited (the "Manager") or associates of the Manager:		
Manager's service charge	313	333
	<u>313</u>	<u>333</u>

Payable to NatWest Trustee and Depositary Services Limited (the "Trustee") or associates of the Trustee:

Trustee fees	5	6
Safe custody charges	4	3
	<u>9</u>	<u>9</u>

Other expenses:

Administration fees	3	–
Audit fees	13	14
Regulatory fees	1	2
Professional fees	2	1
Registrar and transfer agency fees	7	7
Standing charges	3	3
Taxation fees*	4	4
	<u>33</u>	<u>31</u>
Total expenses	<u>355</u>	<u>373</u>

* Taxation fees relates to PricewaterhouseCoopers LLP ("PwC") or an affiliate of PwC.

Notes to the financial statements (continued)

for the year ended 31 January 2019

5. Taxation

	2019 £'000	2018 £'000
a) Analysis of tax charges for the year:		
Overseas withholding tax	50	47

b) Factors affecting taxation charge for the year:

The tax assessed for the year is higher (31 January 2018: higher) than the standard rate of corporation tax in the UK for an authorised unit trust, which is 20% (31 January 2018: 20%). The differences are explained below:

	2019 £'000	2018 £'000
Net revenue before taxation	142	90
Corporation tax at 20%	28	18
Effects of:		
Overseas withholding tax	50	47
Excess management expenses not utilised	71	75
Non taxable overseas dividends	(99)	(93)
Current tax charge for the year (note 5a)	50	47

c) Provision for the deferred tax

At the year-end, there was an unrecognised potential tax asset of £1,439,378 (31 January 2018: £1,368,227) in relation to unutilised management expenses. These are not expected to be utilised in the foreseeable future, unless the nature of the Trust's revenue or capital gains changes.

6. Distributions

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprises:

	2019 £'000	2018 £'000
Final Distribution	11	9
Final Accumulation	69	32
	80	41
Add: Revenue deducted on cancellation of units	17	21
Deduct: Revenue received on issue of units	(5)	(19)
	92	43
Total distributions	92	43

Details of the distributions per unit are set out in the Distribution Tables on page 33.

Distributions payable at the year-end of £11,424 (31 January 2018: £8,772) are disclosed in the Balance Sheet on page 22.

Notes to the financial statements (continued)

for the year ended 31 January 2019

7. Debtors

	2019 £'000	2018 £'000
Accrued revenue	40	54
Amount receivable for creation of units	8	37
	<u>48</u>	<u>91</u>

8. Creditors

	2019 £'000	2018 £'000
Accrued expenses	63	60
Amounts payable for cancellation of units	–	41
	<u>63</u>	<u>101</u>

9. Contingent liabilities

There were no contingent liabilities at the year-end date (31 January 2018: £nil).

10. Equalisation

Equalisation applies only to units purchased during the distribution year (Group 2 units). It is the average amount of net revenue included in the purchase price of all Group 2 units. In the case of income ("Inc") units, it is refunded as part of a unitholder's first distribution. In the case of accumulation ("Acc") units, it is automatically reinvested in the relevant trust following the end of the distribution period in which the units were purchased. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

11. Financial instruments

In pursuing its investment objective set out on page 4, the Trust may hold a number of financial instruments.

These comprise:

- equity and non-equity shares, fixed-income securities, and floating-rate securities. These are held in accordance with the Trust's investment objective and policies;
- cash, Collective Investment Funds, liquid resources and short-term debtors and creditors that arise directly from its operations;
- unitholders' funds which represent investors' monies which are invested on their behalf;
- borrowings used to finance investment activity;
- forward foreign currency contracts, the purpose of which is to manage the currency risk arising from the Trust's investment activities (and related financing); and
- derivative instruments for the purpose of investment and efficient portfolio management.

Notes to the financial statements (continued)

for the year ended 31 January 2019

12. Risks of financial instruments

The risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate (31 January 2018: same):

- *Market risk* - arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The Manager does not use derivative instruments to hedge the investment portfolio against market risk, as in their opinion the cost of such a process would result in an unacceptable reduction in the potential for capital growth.

Sensitivity analysis

As at 31 January 2019, if the price of the investments held by the Trust increased or decreased by 5%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately 0.960 million (31 January 2018: £1.189 million).

- *Foreign currency risk* - the revenue and capital value of the Trust's investments can be significantly affected by foreign currency translation movements, as the majority of the Trust's assets and revenue are denominated in currencies other than sterling, which is the Trust's functional currency.

The Manager has identified three principal areas where foreign currency risk could impact the Trust. These are: movement in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the year between when an investment, purchase or sale is entered into and the date when settlement of the investment occurs, and finally, movements in exchange rates affecting revenue received by the Trust. The Trust converts all receipts of revenue received in foreign currencies into sterling on the day of receipt.

At the year-end date, a proportion of the net assets of the Trust were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements. These net assets consist of the following:

Currency exposure for the year ended 31 January 2019:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
Japanese yen	19,189	274	19,463
	19,189	274	19,463

Currency exposure for the year ended 31 January 2018:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
Japanese yen	23,543	53	23,596
	23,543	53	23,596

Notes to the financial statements (continued)

for the year ended 31 January 2019

12. Risks of financial instruments (continued)

Sensitivity analysis

At 31 January 2019, if the value of the sterling increased or decreased by 1%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately £0.195 million (31 January 2018: £0.236 million).

- *Interest rate risk* - the Trust may invest in both fixed-rate and floating rate securities. Any change to the interest rates relevant for particular securities may result in either revenue increasing or decreasing, or the Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held.

In general, if interest rates rise, the revenue potential of the Trust also rises, but the value of fixed-rate securities will decline (along with certain expenses calculated by reference to the assets of the Trust). A decline in interest rates will in general have the opposite effect.

The interest rate risk profile of financial assets and liabilities consists of the following:

	Floating rate 31/01/2019 £'000	Fixed rate 31/01/2019 £'000	Non-interest bearing 31/01/2019 £'000	Total 31/01/2019 £'000
Portfolio of investments	–	–	19,201	19,201
Cash at bank	285	–	–	285
Other assets	–	–	48	48
Liabilities	–	–	(74)	(74)
	285	–	19,175	19,460

	Floating rate 31/01/2018 £'000	Fixed rate 31/01/2018 £'000	Non-interest bearing 31/01/2018 £'000	Total 31/01/2018 £'000
Portfolio of investments	–	–	23,788	23,788
Cash at bank	10	–	–	10
Other assets	–	–	91	91
Liabilities	–	–	(110)	(110)
	10	–	23,769	23,779

The floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to the London Interbank Offered Rate (“LIBOR”) or international equivalent borrowing rate.

Sensitivity analysis

The Trust had no significant interest rate risk exposure as at 31 January 2019 (31 January 2018: same).

- *Liquidity risk* – the Trust’s assets comprise mainly readily realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell.
- *Credit risk* – certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities. As at 31 January 2019, the Trust did not hold any open forward currency contracts with any counterparty (31 January 2018: same).

Notes to the financial statements (continued)

for the year ended 31 January 2019

12. Risks of financial instruments (continued)

The Trust only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, and these limits are reviewed regularly.

- *Fair Value* – there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

13. Fair value

The fair value of a financial instrument is the amount for which it could be exchanged between knowledgeable, willing parties in an arm's length transaction. There is no significant difference between the value of the financial assets and liabilities, as shown in the financial statements, and their fair value.

FRS 102 requires the Trust to classify financial instruments measured at fair value into the following hierarchy: The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at the year-end date. The fair value hierarchy has the following levels:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

Valuation technique for the year ended 31 January 2019

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Equities	19,189	–	–	19,189
Investment Funds	12	–	–	12
	19,201	–	–	19,201

Valuation technique for the year ended 31 January 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Equities	23,543	–	–	23,543
Investment Funds	245	–	–	245
	23,788	–	–	23,788

Notes to the financial statements (continued)

for the year ended 31 January 2019

14. Portfolio transaction costs

	2019 £'000	2018 £'000
Analysis of total purchase costs:		
Purchases before transaction costs	10,885	16,454
Commissions:		
Equities total value paid	4	13
Total transaction costs	4	13
Gross purchases total	10,889	16,467
	2019 £'000	2018 £'000
Analysis of total sale costs:		
Sales before transaction costs	13,145	23,560
Commissions:		
Equities total value paid	(6)	(19)
Total transaction costs	(6)	(19)
Total sales net of transaction costs	13,139	23,541

* Not included in 2019 figures are purchases and sales in cash funds totalling £1.589 million and £1.800 million, respectively, where there are no transaction costs applicable. In 2018, purchases and sales in cash funds totalled £2.850 million and £2.889 million, respectively.

The above analysis covers any direct transaction costs suffered by the Trust during the year.

In the case of equities and Investment Funds, separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Trust's purchase and sale of equity investments. In addition, there may be dealing spread costs (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions which are not separately identifiable and do not form part of the analysis above.

In the case of Investment Funds, there may be potential dealing spread costs applicable to purchases and sales. Additionally, there are indirect transaction costs suffered in those underlying sub-funds throughout the holding period for the instruments which are not separately identifiable and do not form part of the analysis above.

The dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions are not separately identifiable and do not form part of the analysis above. The average portfolio dealing spread is disclosed below. Transaction costs vary depending on the transaction value and market sentiment.

The average portfolio dealing spread is disclosed below. Transaction costs vary depending on the transaction value and market sentiment.

Notes to the financial statements (continued)

for the year ended 31 January 2019

14. Portfolio transaction costs (continued)

Analysis of total purchase costs:	2019	2018
	%	%
Commissions:		
Equities percentage of average NAV	0.02	0.06
Analysis of total sale costs:	2019	2018
	%	%
Commissions:		
Equities percentage of average NAV	(0.03)	(0.08)

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.18% (31 January 2018: 0.21%), based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

15. Unit classes

The Trust currently has three unit classes: A GBP Acc, I GBP Acc and I GBP Inc. The annual management charge and Trust management fee can be found on page 5. The net asset value of each unit class, the net asset value per unit and the number of units in each class are given in the comparative tables on pages 9 and 10. The distribution per unit class is given in the distribution tables on page 33. All classes have the same rights on winding up.

	As at 31 January 2019
Class A GBP Acc	
Opening units	9,608,009
Units created	210,637
Units liquidated	(889,802)
Units converted	–
Closing units	8,928,844

	As at 31 January 2019
Class I GBP Acc	
Opening units	908,697
Units created	328,235
Units liquidated	(750,497)
Units converted	–
Closing units	486,435

Notes to the financial statements (continued)

for the year ended 31 January 2019

15. Unit classes (continued)

	As at 31 January 2019
Class I GBP Inc	
Opening units	511,384
Units created	127,158
Units liquidated	(126,279)
Units converted	–
Closing units	512,263

16. Ultimate controlling party and related party transactions

Baring Asset Management Limited (the "Investment Manager") is the immediate parent company of the Manager and also regarded as a related party. The Investment Manager's fees and expenses will be paid by the Manager out of its remuneration from the Trust. As at 31 January 2019, no amounts due from or to the Investment Manager in respect of unit transactions (31 January 2018: nil).

The Manager exercises control over the Trust and is therefore a related party by virtue of its controlling influence. Amounts paid during the year or due to the Manager in respect of management fees at the balance sheet date are disclosed under Expenses and Other Creditors in the notes to the financial statements.

The Manager acts as principal on all transactions of units in the Trust. The aggregate monies received through the issue and cancellations of units are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and Distributions in the notes to the financial statements. Amounts due from or to the Manager in respect of unit transactions at the balance sheet date are disclosed under Debtors and Other Creditors in the notes to the financial statements.

Distribution tables

Group 1: Units purchased prior to 1 February 2018

Group 2: Units purchased between 1 February 2018 and 31 January 2019

Final accumulation - Class A GBP Acc (in pence per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Accumulation Paid	2018 Accumulation Paid
1	0.6417	0.0000	0.6417	0.1707
2	0.3533	0.2884	0.6417	0.1707

Final accumulation - Class I GBP Acc (in pence per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Accumulation Paid	2018 Accumulation Paid
1	2.2810	0.0000	2.2810	1.7519
2	1.3480	0.9330	2.2810	1.7519

Final distribution - Class I GBP Inc (in pence per unit)

Group	Net Revenue	Equalisation (Note 12)	2019 Distribution Paid	2018 Distribution Paid
1	2.2301	0.0000	2.2301	1.7154
2	1.1962	1.0339	2.2301	1.7154

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Important information:

This document is approved and issued by Baring Asset Management Limited.

Disclosure:

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BARINGS

The logo for Barings, featuring the word "BARINGS" in a bold, dark blue, sans-serif font. Below the text is a horizontal line with a green-to-blue gradient.