



# Annual Report & Audited Financial Statements

for the year ended 29 February 2012

Baring Eastern Trust





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\*Collectively, these comprise the Managers' report

## Management and professional service details

### Managers

Baring Fund Managers Limited  
*Authorised and regulated by the Financial Services Authority*

### Directors

J. Burns - appointed 14 November 2011  
J. Misselbrook - resigned 14 November 2011  
C. Biggins  
C.A. Bowmar – appointed 28 June 2011  
G.H. Harvey  
J. Maitland – resigned 27 May 2011  
I.A. Pascal

### Registered office

155 Bishopsgate  
London EC2M 3XY  
Telephone: 020 7628 6000

### Trustee

National Westminster Bank Plc  
Trustee & Depositary Services  
135 Bishopsgate  
London EC2M 3UR  
*The National Westminster Bank Plc is authorised and regulated by the Financial Services Authority*

### Registrars

Northern Trust Global Services Limited  
P.O. Box 55736  
50 Bank Street  
Canary Wharf  
London E14 5NT  
Telephone: 0870 870 8450\*  
Fax: 020 7982 3924

*\*Telephone calls may be recorded and monitored. Maximum call charge to 087 numbers is 8p per min from a BT Line, other networks may vary*

### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

## Introduction

Baring Fund Managers Limited (the “Managers”), have delegated their day to day investment management responsibilities in relation to the Trust to Baring Asset Management Limited (“BAML”) which is authorised and regulated by the Financial Services Authority (“FSA”). BAML has further appointed Baring (Asia) Limited as sub-investment manager to the Baring Eastern Trust.

As an investor in Baring Eastern Trust (the “Trust”) your money is pooled with that of other investors and invested by the Managers in a diversified portfolio of South East Asian stocks and shares. South East Asian investments tend to produce capital growth rather than significant levels of revenue. Both income and accumulation units are available in Baring Eastern Trust and the decision is made by the investor as to which is most suitable given their own financial situation. Income units pay out any revenue generated to the investor whereas with accumulation units, any revenue is automatically accumulated within the Trust and reflected in the price of the units. The Trust, therefore, quotes a price for both income and accumulation units. As with all trusts managed by the Managers, the risk assumed in this portfolio is carefully monitored.

The Report of the Managers reviews the performance of the Trust against the returns of the stockmarkets in which it is investing and analyses the investment environment that influenced the performance of the Trust over the year under review. The Managers then give their outlook for the markets and detail how the Trust will be invested in order to take full advantage of the opportunities we foresee. Finally, the Report of the Managers gives details of any revenue generated by the Trust.

## Constitution

Baring Eastern Trust (“the trust”) is constituted by a supplemental Trust Deed dated 25 May 2006 between Baring Fund Managers Limited (“the Managers”) and National Westminster Bank Plc . (“the Trustee”).

## Regulatory disclosure

This document has been issued by the Managers who are authorised and regulated by the Financial Services Authority (“FSA”).

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 a “UCITS” scheme (Undertakings for Collective Investments in Transferable Securities).

Past performance is not necessarily a guide to future performance. The value of units can go down as well as up and is not guaranteed. Changes in rates of exchange may also cause the value of units to fluctuate. Investors should be aware of the additional risks associated with investment in emerging and developing countries. Any references in this report to other investments held within a unit 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 29 February 2012

Total Trust size:	£44.7 million
Initial charge:	5%
Annual charge:	1.50%
Annualised net yield:	0.20%*
Minimum investment: Initial	£1,000
Subsequent:	£500
Revenue available per unit: Class GBP Acc	1.1330p^
Class GBP Inc	1.1115p^
Class USD Acc	\$0.0181^
Class USD Inc	\$0.0178^

\*Calculated based on mid price

^Relates to final distribution payable

## The Trust at a glance on 29 February 2012 (continued)

Price per unit	Mid price
Class GBP Acc	553.40p
Class GBP Inc	545.50p
Class USD Acc	\$8.822
Class USD Inc	\$8.696

### Revenue allocations and reports

Revenue allocations are made in May (final) each year. Tax vouchers for unitholders' tax credits are sent to unitholders together, where applicable, with distributions/accumulations. The Annual report and financial statements are forwarded to unitholders at the time of the final allocation, an Interim report and financial statements is forwarded in October each year.

### Prospectus and Managers' reports

Copies of the Prospectus, Simplified Prospectus and the most recent Annual or Interim report and financial statements are available to all persons free of charge from Baring Fund Managers Limited upon request. Copies of the Prospectus, Simplified Prospectus and report and financial statements are also available in French and German, where applicable. The independent auditors express their opinion on the English version of the Annual report and financial statements and accept no responsibility for any translations of those financial statements.

### Dealing commission

The Investment Adviser, as part of providing investment management and advisory services to the Trust, may from time to time, enter into arrangements with brokers, under which the broker will provide or procure services that relate to execution or research which meet the criteria specified by the FSA and can be reasonably expected to assist in the provision of investment services. These costs are not directly charged to the client, but form part of the normal dealing costs incurred by the Trust.

### Market timing

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

The Managers also reserve the right to redeem units which they reasonably believe have been purchased by unitholders engaged in market timing.

## **Publication of prices**

The most recent issue and redemption prices are published daily in the Financial Times, the South China Morning Post, the Hong Kong Economic Journal, the Hong Kong Economic Times, [www.fundinfo.com](http://www.fundinfo.com), and Der Standard. The units in the Scheme are not listed or dealt in on any investment exchange.

In addition, the prices are available on the Baring website at [www.barings.com](http://www.barings.com)

## **Dealing basis**

The Managers' 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 that calculated at the next valuation point following receipt of the investor's instruction.

## European Union Taxation of Savings Income Directive

On 3 June 2003 the European Commission published a new directive regarding the taxation of savings income ('the Directive'). From 1 July 2005 Member States are required to provide to the tax authorities of another Member State details of payments of interest (which may include distributions and realisation payments by collective investment funds) or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system in relation to such payments.

Accordingly, the Custodian, Administrator, paying agent or such other entity considered a "Paying Agent" (for the purposes of the Directive a "Paying Agent" is the economic operator who pays interest to or secures the payment of interest for the immediate benefit of the beneficial owner) for the purposes of the Directive may be required to disclose details of or withhold tax on distributions and/or realisation payments by the Fund to shareholders who are individuals or residual entities (located in another EU Member State) to the taxation authority in the home jurisdiction of the paying agent who will pass such details or tax to the Member State where the investor resides.

As the UK has opted for exchange of information rather than a withholding tax system, the principal consequence for shareholders is that details of relevant savings revenue will be disclosed to the EU member states in which shareholders are resident. The Directive has now been enacted into UK legislation and the reporting of any relevant payments of interest made by the Fund, together with various specified information relating to recipients who are individuals or residual entities resident in EU states other than the UK, applied 1 July 2005.

On the basis of UK regulations as at 29 February 2012, the Fund is deemed to be out of scope of the Directive and therefore no reporting of distributions or redemption proceeds will apply. This is because at 29 February 2012 less than 15% of the Fund's assets were invested in interest bearing securities (which includes bank deposits). Under UK regulations the Fund will remain out of scope of the Directive at least until the next set of audited accounts is published.

## Fees and expenses

The Managers' periodic charge is calculated daily, 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 Managers monthly in arrears, on the first business day of the calendar month immediately following. The current periodic charge is 1.50% per annum.

# General information for overseas investors (Germany and France)

## German Paying and Information Agent

Deutsche Bank AG  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

## Further German Information Agent

Baring Asset Management  
Ulmenstraße 37-39  
60325 Frankfurt am Main  
Germany

## French Paying Agent

BNP Paribas Securities Services  
9 Rue du Débarcadère  
93 761 PANTIN Cedex  
France

The Full and the Simplified Prospectus, a list of portfolio changes, the Instrument of Incorporation as well as the Annual and the Interim reports are available free of charge in hard copy at the office of the German and French Paying and Information Agent and the Further German Information Agent.

## Notice for German investors

### Special risks resulting from additional German tax publication requirements in Germany

A foreign investment company (such as the Manager) must provide documentation to the German fiscal authorities upon request e.g. in order to verify the accuracy of the additional German published tax information. German investors will use this for their tax returns. The basis upon which such figures are calculated is open to interpretation and it cannot be guaranteed that the German fiscal authorities will accept the Manager's calculation methodology in every material respect. In addition, you should be aware that if it transpires that these publications are incorrect, any subsequent correction will, as a general rule, not have retrospective effect and will, as a general rule, only take effect during the current financial year. Consequently, the correction may positively or negatively affect the investors who receive a distribution or an attribution of deemed income distributions in the current year.

# Report of the Managers

## Performance record

### Summary of Trust performance (excluding distribution payments where applicable)

	Net asset value as at 29 February 2012 (pence per unit)	Net asset value as at 28 February 2011 (pence per unit)	Net asset value % change
Class GBP Acc	552.74	544.16p	1.58
Class GBP Inc	543.71	536.34p	1.37
Class USD Acc	\$8.830	\$8.851	(0.24)
Class USD Inc	\$8.686	\$8.724	(0.44)

### Performance record to 29 February 2012 (including distribution payments where applicable)

	1 Mar 2011 - 29 Feb 2012 %	1 Mar 2010 - 28 Feb 2011 %	1 Mar 2009 - 28 Feb 2010 %	1 Mar 2008 - 28 Feb 2009 %	1 Mar 2007 - 29 Feb 2008 %
Baring Eastern Trust Class GBP Acc (GBP Terms)	1.56	12.03	59.06	(38.73)	28.14
MSCI AC Asia ex Japan Index (GBP Terms) *	4.14	13.20	68.95	(33.57)	25.39
Baring Eastern Trust Class GBP Inc (GBP Terms)	1.56	12.01	59.17	(38.63)	0.85**
Baring Eastern Trust Class USD Acc (USD Terms)	(0.26)	19.45	70.58	(56.15)	29.90
Baring Eastern Trust Class USD Inc (USD Terms)	(0.25)	19.44	67.87	(56.08)	1.54**

Performance figures are shown on NAV per share basis, with net revenue reinvested. Source: Morningstar/Barings.

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The Trust was launched on 22 April 1985.

\*Current Index effective from 2 August 2010 is MSCI AC Asia ex Japan (total gross return), prior to this date the comparative index was the MSCI AC Far East ex Japan Index.

\*\* These shareclasses were launched on 8 February 2008, however prices were only available from 26 February 2008, and therefore the returns quoted for this period only reflect 3 days performance.

**Past performance is not a guide to future performance.**

**Please note that the use of an index is for comparative purposes only.**

## Investment objective and policy

The investment objective of Baring Eastern Trust is to achieve capital growth by investing in the economic sectors in Asia and the Pacific excluding Japan through securities in any country.

The Managers' policy is to focus mainly on the larger markets, Hong Kong, Singapore and Malaysia, but does not exclude investing in those markets which are slowly opening up, such as South Korea, the Philippines, Taiwan and Thailand, nor in other areas such as China and India. Please refer to the Prospectus for the full investment objective and policy.

### How we manage the Trust

The Baring Eastern Trust is invested in the Asian equity markets, using a "bottom up" investment approach. This means we focus more on the individual merits of a specific company, rather than taking a stance on the prospects for a sector of the market or macroeconomic trends such as interest rate rises. Within this, we manage the Trust using a "Growth at a Reasonable Price", or GARP, approach. This means that when researching candidates for the portfolio, we place just as much emphasis on the likely growth in corporate earnings at a company as we do on the share price valuation before deciding whether to invest or not. We believe this approach combines the best features of both "growth" and "value" investment styles, to the benefit of investors.

### Risk profile

The Baring Eastern Trust is invested primarily in equities listed in the Asia Pacific region. As a result, the Trust is exposed to the volatility that can characterise equity share prices from time to time. Many of these countries are emerging equity markets, and as a result, the Trust can be exposed to economic, political and other risks associated with holding equities in developing markets.

Returns from overseas equity markets can also be subject to fluctuations in exchange rates, which can have the effect of eroding or enhancing the value of investment returns for investors. Please refer to the Prospectus for the full risk profile.

### Key changes during the year

Effective from 27 May 2011, J. Maitland resigned as Director of the Managers and was replaced by C.A. Bowmar effective from 28 June 2011.

Effective from 14 November 2011, J. Misselbrook resigned as Director of the Managers and was replaced by J. Burns effective from the same date.

As part of an internal re-structuring in 2011 The Royal Bank of Scotland Plc (RBS) transferred its Trustee and Depositary Services business from The Royal Bank of Scotland Plc to National Westminster Bank Plc and consequently National Westminster Bank Plc was appointed as Trustee of the Scheme on 16 January 2012.

As Trustee, National Westminster Bank Plc will have the same duties and responsibilities as The Royal Bank of Scotland Plc and the change of Trustee will have no impact on the way the Scheme is operated.

### Strategy and performance

We favour companies with strong franchises that are well positioned to benefit from the long-term secular growth in domestic demand across the region. In terms of strategy, China, Korea and Thailand are our preferred markets while we remain cautious on India and Hong Kong. While our broader strategy remains largely unchanged, we have decided to position the portfolio more defensively as risk aversion increases due to a soft macroeconomic backdrop. Over the first six months of the review period, we raised cash through trimming some of our positions, locking in profits in Korea and Indonesia following a period of strong performance. After the market sell off in September, we reduced exposure to China and Taiwan and increased weightings in Hong Kong, South East Asia and India. Korea remained one of our preferred markets. The Indian market was a major underperformer for most of 2011. Nevertheless, as we became less negative on the former, we took advantage of the cheap stock prices to reduce our underweight exposure.

## Strategy and performance (continued)

The Fund underperformed its reference benchmark, which was up 4.14% in GBP terms. The underperformance was substantially incurred in the month of September as the market sell off was more prominent in our key stocks in the growth/cyclical area in China. The underperformance was partly offset by positive stock selection contribution from Taiwan and Korea. At the individual stock level, positive contributors included Catcher Technology (Taiwan), Hyundai Department Store (Korea), Hyundai Mobis (Korea), AirAsia (Malaysia), and Samsung Electronics (Korea). Detractors at the individual stock level included CSR Corp (China), Bharti Airtel (India), Borneo Lumbung Energi & Metal (Indonesia) and Hyundai Heavy Industries (Korea).

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

	<b>Costs</b>		<b>Proceeds</b>
<b>Purchases</b>	<b>£'000</b>	<b>Sales</b>	<b>£'000</b>
Industrial & Commercial Bank of China	2,164	TPK	1,170
Tencent	1,282	UK Treasury Bill 05/12/2011	1,149
UK Treasury Bill 05/12/2011	1,149	Hyundai Mobis	1,119
Larsen & Toubro	1,138	Ping An Insurance	1,089
HTC	1,118	China Construction Bank	1,084
Zoomlion Heavy Industry	954	China Resources Gas	1,071
Bharti Airtel	942	Bank Mandiri	946
China Resources Cement	932	Largan Precision	938
Hon Hai Precision Industries	866	China Resources Cement	936
Asustek Computer	825	Hyundai Department Store	915

## Review of the market

Asian markets had a difficult 2011 due to a mix of external macro (European sovereign debt and US fiscal debt ceiling) and domestic headwinds such as monetary tightening and other policy measures to curb inflationary and potential asset bubbles in China and India. However, Asian markets' end the review period positively as the markets rallied strongly since beginning of 2012. Markets focused on positive such as further signs of stabilisation in the European financial system, stronger than expected US economic data, and hopes that the worst of the tightening in China is over. Investors were also heartened by a 50bp cut in the required reserve ratio (RRR) by the Chinese authorities.

At a geographical level, the Association of Southeast Asian Nations ("ASEAN") markets were the clear out-performers over the review period, whereas the markets impacted by high inflation, namely India and China, suffered. Among sectors, defensives outperformed more economically sensitive areas. Information Technology, Telecoms and Utilities led, while Industrials, Materials and Financials lagged.

## Market outlook

Asian markets' valuations remain attractive despite the recent rally. Improving risk appetite driven by better than expected US economic data, greater acknowledgement that China would soft rather than hard land, as well as the ECB's liquidity injection via the Long Term Refinancing Operation ("LTRO"), should see markets well supported.

Nonetheless, given the sharp moves in markets in recent months and with the European sovereign debt situation still in the background, some pullback/consolidation is to be expected. We will be buyers on such pullbacks into names with strong franchises/positioning that are exposed to strong domestic demand as rising Asian consumption is one of the key long term trends.

## Revenue

The revenue account shows an amount of 1.1115p per distribution unit which is payable as a final dividend distribution and 1.1330p which is payable as a final dividend accumulation. (28 February 2011: revenue shortfall of £154,635). The annualised net yield for the past twelve months is 0.20% based on an income unit mid price of 545.50p as at 29 February 2012.

## Post balance sheet events

After the year end, public market fluctuations have resulted in the Net Asset Value (NAV) decreasing 5.20% from 553.40p as at 29 February 2012 to 524.60p at 30 April 2012.

## Portfolio information

### Major holdings - % of total net assets

Top ten holdings	29 February 2012 %	28 February 2011 %
Samsung Electronics	6.93	5.70
Baring China A – Share Fund	5.02	4.66
Industrial & Commercial Bank of China	4.96	0.00
Northern Trust Global Funds Plc- The Sterling Fund	2.41	0.00
Hon Hai Precision Industries	2.38	1.26
Bank of China (Hong Kong)	2.29	2.16
PTT	2.15	1.95
LG Chemical	2.08	1.46
PTT Chemical	2.00	1.22
Cheung Kong	1.99	1.27

### Geographical breakdown - % of total net assets

Country	29 February 2012 %	28 February 2012 %
China	24.74	27.83
Hong Kong	9.63	7.43
India	8.20	5.08
Indonesia	4.23	4.72
Ireland	2.41	0.00
Malaysia	2.23	1.60
Philippines	0.55	1.67
Singapore	5.57	4.38
South Korea	24.68	24.62
Taiwan	14.09	16.05
Thailand	4.15	4.81

### Sector breakdown - % of total net assets

Sector	29 February 2012 %	28 February 2011 %
Equities	100.48	98.19
Net other (liabilities)/assets	(0.48)	1.81

## Performance record

### Trust size

Accounting year	Net asset value (£)	Net asset value per unit				No. of units in issue			
		Class GBP Acc (pence)	Class GBP Inc (pence)	Class USD Acc (\$)	Class USD Inc (\$)	Class GBP Acc	Class GBP Inc	Class USD Acc	Class USD Inc
2010	53,602,214	485.35	478.40	7.389	7.283	10,628,553	231,500	187,193	-
2011	51,419,491	544.16	536.34	8.851	8.724	9,091,153	289,000	73,293	-
2012	44,694,152	552.74	543.71	8.830	8.686	7,850,453	178,500	57,493	2,500

### Unit price range

Calendar year	Class GBP Acc		Class GBP Inc**		Class USD Acc		Class USD Inc**	
	Highest mid (pence)	Lowest mid (pence)	Highest mid (pence)	Lowest mid (pence)	Highest mid (\$)	Lowest mid (\$)	Highest mid (\$)	Lowest mid (\$)
2007	623.40	366.10	-	-	12.860	7.035	-	-
2008	550.90	266.50	506.70	266.80	10.870	4.102	9.981	4.108
2009	506.10	293.10	498.80	289.00	8.112	4.140	7.996	4.081
2010	599.70	460.10	591.10	453.50	9.491	6.713	9.355	6.617
2011	616.90	447.40	608.10	441.00	10.090	6.910	9.940	6.810
2012*	557.10	492.10	549.20	485.10	8.820	7.630	8.700	7.520

### Other relevant prices

Accounting year		Mid price				Offer price				Bid price			
		Class GBP Acc (p)	Class GBP Inc** (p)	Class USD Acc (\$)	Class USD Inc** (\$)	Class GBP Acc (p)	Class GBP Inc** (p)	Class USD Acc (\$)	Class USD Inc** (\$)	Class GBP Acc (p)	Class GBP Inc** (p)	Class USD Acc (\$)	Class USD Inc** (\$)
22 April 1985	Launch date	-	495.10	-	-	50.00	-	-	-	47.40	-	-	-
29 February 2012	Accounts date	553.40	545.50	8.822	8.696	581.00	572.70	9.263	9.130	553.40	545.50	8.822	8.696
30 April 2012	Latest date	524.60	516.10	8.530	8.391	550.80	541.90	8.956	8.810	524.60	516.10	8.530	8.391

## Performance record (continued)

### Net revenue distribution/accumulation

Calendar year	Class GBP Acc		Class GBP Inc**		Class USD Acc		Class USD Inc**	
	Pence per unit	Per €1,000 invested at 3 January 2006 (pence)	Pence per unit	Per €1,000 invested at launch** (pence)	Dollar per unit	Per £1,000 invested at 3 January 2006 (\$)	Dollar per unit	Per £1,000 invested at launch** (\$)
2007	1.4895	4.84	-	-	0.029	0.095	-	-
2008	0.2349	0.76	-	-	0.005	0.015	-	-
2009	4.5989	14.94	4.8493	9.79	0.066	0.213	0.069	0.140
2010	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-
2012*	1.1330	3.68	1.1115	2.25	0.018	0.059	0.018	0.036

\*1 January 2012 to 29 February 2012

\*\*Income units were launched on 25 February 2008

### Total Expense Ratio (TER)

The TER of the Baring Eastern Trust as at 29 February 2012 was 1.71% (28 February 2011: 1.72%).

## Responsibilities of the Managers

The Collective Investment Schemes sourcebook ("COLL") ("the Regulations") requires the Managers to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Scheme and of its net revenue and net capital gains or losses for the year. In preparing the financial statements the Managers are required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association ("IMA") in October 2010;
- 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 the going concern basis unless it is inappropriate to presume that this Scheme will continue in operation.

The Managers confirm that they have complied with the above requirements in preparing the financial statements. The Managers are responsible for the management of the Scheme in accordance with the Trust Deed, Prospectus and the Regulations. The Managers are responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Responsibilities of the Trustee

The Trustee is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed in accordance with the Financial Service Authority's Collective Investment Schemes sourcebook, as amended, the Scheme's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Scheme; the application of the revenue of the Scheme; and the investment and borrowing of the Scheme.

## Report of the Trustee to the unitholders

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

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL, the Trust Deed and Prospectus, and
- has observed the investment and borrowing powers and restrictions applicable to the Scheme.

London 1 May 2012

National Westminster Bank Plc  
Trustee & Depositary Services

## Directors' statement

The financial statements on pages 22 to 34 were approved by the Managers and signed on their behalf by:

J. BURNS                      Director

I.A. PASCAL                    Director

London 1 May 2012

# Independent Auditors' report

## Independent Auditors' report to the unitholders of Baring Trust

We have audited the financial statements of Baring Eastern Trust (the "Trust") for the year ended 29 February 2012 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

## Respective responsibilities of Authorised Fund Manager and Auditors

As explained more fully in the Authorised Fund Manager's Responsibilities Statement the Authorised Fund Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Fund Manager; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Authorised Fund Manager's report for the financial year to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Trust at 29 February 2012 and of the net revenue and the net gains of the property of the Trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in October 2010, the Collective Investment Schemes sourcebook and the Trust Deed.

## Opinion on other matters prescribed 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; and
- the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditors' report (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

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

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
1 May 2012

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## Portfolio statement

as at 29 February 2012

Holding		Bid-Market Value (£)	Percentage of total net assets (%)
<b>China 24.74% (27.83%)</b>			
539,000	Baoxin Auto	423,741	0.95
378,941	Baring China A-Share Fund*	2,243,333	5.02
641,000	Belle International	662,574	1.48
1,057,760	China Construction Bank	558,658	1.25
141,000	China Longyuan Power	76,294	0.17
256,000	China Oilfield Services	281,180	0.63
158,000	China Shenhua Energy	456,855	1.02
350,000	China Unicom Hong Kong	395,750	0.89
497,500	China ZhengTong Auto Services	383,872	0.86
322,000	CNOOC	462,535	1.03
4,828,000	Industrial & Commercial Bank of China	2,217,997	4.96
930,000	Lenovo	515,251	1.15
706,000	PetroChina	669,233	1.50
812,000	Springland International	348,735	0.78
37,300	Tencent	610,008	1.36
94,000	Tingyi Cayman Islands	174,484	0.39
601,000	Zoomlion Heavy Industry	581,368	1.30
		<b>11,061,868</b>	<b>24.74</b>
<b>Hong Kong 9.63% (7.43%)</b>			
232,400	AIA	552,623	1.24
582,000	Bank of China (Hong Kong)	1,021,476	2.29
97,000	Cheung Kong	888,103	1.99
163,400	Chow Tai Fook Jewellery	173,922	0.39
318,750	L'Occitane International	471,788	1.06
238,000	Luk Fook International	568,826	1.27
64,000	Sun Hung Kai Properties	619,094	1.39
		<b>4,295,832</b>	<b>9.63</b>
<b>India 8.20% (5.08%)</b>			
57,295	Baring Investment Funds - India Fund	630,683	1.41
68,338	Bharat Heavy Electricals	266,839	0.60
99,473	Bharti Airtel	445,191	1.00
41,131	Coal India	176,001	0.39
48,541	ICICI Bank	562,402	1.26
7,610	Infosys	279,626	0.63
27,318	Larsen & Toubro	456,252	1.02
36,721	Reliance Industries	382,781	0.86
29,519	Tata Consultancy Services	460,919	1.03
		<b>3,660,694</b>	<b>8.20</b>

## Portfolio statement (continued)

as at 29 February 2012

Holding	Bid-Market Value (£)	Percentage of total net assets (%)
<b>Indonesia 4.23% (4.72%)</b>		
136,000 Astra International	666,732	1.49
1,405,500 Bank Rakyat Indonesia	669,492	1.50
459,500 Indocement Tunggai Prakarsa	552,783	1.24
	<b>1,889,007</b>	<b>4.23</b>
<b>Ireland 2.41% (0.00%)</b>		
1,078,000 Northern Trust Global Funds Plc – The Sterling Fund†	<b>1,078,000</b>	<b>2.41</b>
<b>Malaysia 2.23% (1.60%)</b>		
346,700 CIMB	519,789	1.16
340,100 Petronas Chemicals	477,136	1.07
	<b>996,925</b>	<b>2.23</b>
<b>Philippines 0.55% (1.67%)</b>		
789,658 Puregold Price Club	<b>247,332</b>	<b>0.55</b>
<b>Singapore 5.57% (4.38%)</b>		
121,000 DBS	866,331	1.94
121,030 Keppel	674,318	1.51
400,000 Overseas Union Enterprise	502,191	1.12
651,000 Yangzijiang Shipbuilding	446,405	1.00
	<b>2,489,245</b>	<b>5.57</b>
<b>South Korea 24.68% (24.62%)</b>		
21,900 Hana Financial	484,393	1.08
4,334 Hyundai Heavy Industries	823,751	1.84
4,060 Hyundai Home Shopping Network	328,928	0.74
3,598 Hyundai Mobis	573,918	1.28
7,282 Hyundai Motor	879,842	1.97
22,909 KB Financial	529,188	1.18
12,015 KT&G	492,434	1.10
4,161 LG Chemical	929,678	2.08
2,397 Lotte Shopping Center	506,659	1.13
4,611 NHN	601,070	1.34
4,586 Samsung Electronics	3,098,330	6.93
3,737 Samsung Engineering	495,520	1.11
23,200 Shinhan Financial	562,575	1.26
7,050 SK Innovation	733,229	1.64
	<b>11,039,515</b>	<b>24.68</b>

## Portfolio statement (continued)

as at 29 February 2012

Holding	Bid-Market Value (£)	Percentage of total net assets (%)
<b>Taiwan 14.09% (16.05%)</b>		
95,480 Asustek Computer	562,294	1.26
126,000 Catcher Technology	578,030	1.29
1,332,000 Chinatrust Financial	567,008	1.27
66,555 Chinatrust Financial Rights#	5,183	0.01
687,000 Far Eastern Department Stores	594,414	1.33
183,000 Formosa Chemicals & Fibre	358,846	0.80
488,000 Hon Hai Precision Industries	1,062,091	2.38
74,000 MediaTek	475,269	1.06
234,000 Radiant Opto-Electronics	651,581	1.47
555,000 Taiwan Cement	446,452	1.00
448,000 Taiwan Semiconductor Manufacturing	775,248	1.73
592,000 Yuanta Financial	218,529	0.49
	<b>6,294,945</b>	<b>14.09</b>
<b>Thailand 4.15% (4.81%)</b>		
128,200 PTT	961,802	2.15
581,364 PTT Chemical	894,610	2.00
	<b>1,856,412</b>	<b>4.15</b>
<b>Forward FX Currency Contracts 0.00% (0.00%)</b>		
451,675 Sold GBP bought SGD 894,680.28 settlement date 05/03/12	<b>(560)</b>	<b>0.00</b>
<b>Portfolio of investments 100.48% (98.19%)</b>	<b>44,909,215</b>	<b>100.48</b>
Net other liabilities	<b>(215,063)</b>	<b>(0.48)</b>
<b>Net assets</b>	<b>44,694,152</b>	<b>100.00</b>

† Units/shares in CIS invested in Ireland. Uninvested cash from the Trust is swept into these funds daily.

\* Units/share in CIS

# Rights issue not listed

Note: Securities shown on the portfolio statement are debt securities/ordinary shares unless otherwise stated.

Comparative figures shown in brackets relate to 28 February 2011.

## Statement of total return

for the year ended 29 February 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
Income					
Net capital gains	2		523		6,226
Revenue	3	1,039		896	
Expenses	4	(802)		(936)	
Finance costs: Interest	6	-		-	
Net revenue/(expense) before taxation		237		(40)	
Taxation	5	(111)		(88)	
Net revenue/(expense) after taxation			126		(128)
<b>Total return before distributions</b>			<b>649</b>		<b>6,098</b>
Finance costs: Distributions	6		(108)		(3)
<b>Change in the net assets attributable to unitholders from investment activities</b>			<b>541</b>		<b>6,095</b>

## Statement of change in net assets attributable to unitholders

for the year ended 29 February 2012

	2012		2011	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		<b>51,419</b>		<b>53,602</b>
Amounts receivable on issue of units	6,519		4,017	
Amounts payable on cancellation of units	(13,875)		(12,295)	
		(7,356)		(8,278)
Change in net assets attributable to unitholders from investment activities (see above)		541		6,095
Retained distribution on accumulation units		90		-
<b>Closing net assets attributable to unitholders</b>		<b>44,694</b>		<b>51,419</b>

## Balance sheet

as at 29 February 2012

	Notes	29/02/12 £'000	28/02/11 £'000
<b>ASSETS</b>			
Investment assets		<u>44,910</u>	50,488
Debtors	8	1,323	1,501
Cash and bank balances	9	<u>2,223</u>	3,209
Total other assets		<u>3,546</u>	4,710
Total assets		<u>48,456</u>	55,198
<b>LIABILITIES</b>			
Investment liabilities		<u>(1)</u>	-
Creditors	10	(1,542)	(1,786)
Distribution payable on income units	6	(2)	-
Bank overdrafts	9	<u>(2,217)</u>	(1,993)
Total other liabilities		<u>(3,761)</u>	(3,779)
Total liabilities		<u>(3,762)</u>	(3,779)
<b>Net assets attributable to unitholders</b>		<u>44,694</u>	51,419

# Notes to the financial statements

for the year ended 29 February 2012

## 1. Accounting policies

### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Trusts issued by the IMA in October 2010 ("the IMA SORP 2010").

### **Basis of valuation of investments**

All investments are valued at their fair value as at 12 noon on 29 February 2012, being the last working day of the accounting year. 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 29 February 2012 being the last working day of the accounting year.

### **Recognition of revenue**

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

### **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.

### **Distribution policy**

Where applicable, for the income units, the Trust will pay any surplus revenue as a distribution. For accumulation units, the Trust will retain any surplus revenue for investment in the trust. Stock dividends are non-distributable.

### **Unclaimed distribution**

Distributions which have remained unclaimed by unitholders for over six years are credited to the capital property of the Trust.

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 1. Accounting policies (continued)

#### Dilution adjustment

Trusts which are single priced may suffer a reduction in value as a result of the costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments. With a view to countering this, the Managers may require the payment of a dilution adjustment as an addition on their issue or sale by the Managers, or as a deduction on their cancellation or redemption by the Managers.

#### Stock dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Trust. Any enhancement above the cash dividend is treated as capital and is non-distributable.

#### Stock lending revenue

Revenue from stock lending is accounted for net of agent's fees and commissions and is recognised on an accruals basis.

#### Special dividends

These are recognised as either revenue or capital depending upon the nature and circumstances of the dividend.

### 2. Net capital gains

Net capital gains during the year comprise:

	2012 £'000	2011 £'000
Non-derivative securities	1,534	5,568
Derivative securities	-	39
Forward currency contracts	(5)	(38)
Currency (losses)/gains	(980)	716
Transaction charges	(26)	(59)
Net capital gains on investments	523	6,226

### 3. Revenue

	2012 £'000	2011 £'000
Bank interest	-	3
Offshore distributions CIS revenue	7	8
Overseas dividends	1,009	857
Stock dividends	23	28
	1,039	896

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 4. Expenses

	2012 £'000	2011 £'000
<b>Payable to the Managers or associates of the Managers:</b>		
Managers' service charge	703	816
Registration fees	17	20
	<hr/> 720	<hr/> 836
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	13	14
Safe custody charges	47	66
	<hr/> 60	<hr/> 80
<b>Other expenses:</b>		
Audit fees	11	11
Legal fees	-	1
Operating fees	2	-
Professional fees*	1	-
Regulatory fees	5	4
Taxation fees*	3	4
	<hr/> 22	<hr/> 20
Total expenses	<hr/> <b>802</b>	<hr/> <b>936</b>

\*Professional and taxation fees were paid to PricewaterhouseCoopers (PwC) or an affiliate of PwC

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 5. Taxation

	2012 £'000	2011 £'000
<b>a) Analysis of charge in year:</b>		
Overseas withholding tax	111	88
Prior year tax adjustment	-	-
Current tax charge (note 5b)	<u>111</u>	<u>88</u>
Deferred tax (note 5c)	-	-
	<u>111</u>	<u>88</u>
<b>b) Factors affecting taxation charge of the year:</b>		
The tax assessed for the year is higher/lower than the standard rate of Corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue/(expense) before taxation	<u>237</u>	(40)
Corporation tax at 20%	47	(8)
Effects of:		
Overseas withholding tax	111	88
Overseas dividends not taxable	(202)	(170)
Current period expenses not utilised	160	184
Overseas stock dividends	(5)	(6)
Current tax charge for the year (note 5a)	<u>111</u>	<u>88</u>
<b>c) Deferred tax</b>		
Provision at the start of the year	-	-
Deferred tax charge in the year	-	-
Provision at the end of the year	<u>-</u>	<u>-</u>

At the year end there was a potential tax asset of £439,710 (28 February 2011: £285,870) in relation to surplus management expenses.

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 6. Finance costs

#### Distributions

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

	2012 £'000	2011 £'000
Final distribution	2	-
Final accumulation	90	-
	<u>92</u>	<u>-</u>
Add: Revenue deducted on units cancelled	28	8
Deduct: Revenue received on units created	(12)	(5)
	<u>16</u>	<u>3</u>
Interest	-	-
Total finance costs	<u>108</u>	<u>3</u>

### 7. Movement between net revenue/(expense) and distributions

	2012 £'000	2011 £'000
Net revenue/(expense) after taxation	126	(128)
Deduct: Overseas scrip dividends (net)	(19)	(22)
Add: Net revenue deficit transfer to capital	1	153
	<u>108</u>	<u>3</u>

### 8. Debtors

	29/02/12 £'000	28/02/11 £'000
Accrued revenue	101	85
Amounts receivable for creation of units	24	22
Currency deals receivable	596	638
Sales awaiting settlement	602	756
	<u>1,323</u>	<u>1,501</u>

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 9. Cash and bank balances

	29/02/12 £'000	28/02/11 £'000
Cash and bank balances	2,223	3,209
Bank overdrafts	(2,217)	(1,993)
	<u>6</u>	<u>1,216</u>

### 10. Creditors

	29/02/12 £'000	28/02/11 £'000
Accrued expenses	81	116
Amounts payable for cancellation of units	76	325
Currency deals payable	595	639
Purchases awaiting settlement	790	706
	<u>1,542</u>	<u>1,786</u>

### 11. Contingent liabilities

There was a contingent liability at the year end date of £23,148 in respect of Chinatrust Financial Rights (28 February 2011: £nil).

### 12. Related parties

Baring Fund Managers Limited, together with National Westminster Bank Plc are regarded as controlling parties by virtue of having the ability to act in concert in respect of the operations of the Trust.

Baring Fund Managers Limited, a related party, acts as principal on all the transactions of units in the Trust. The aggregate monies received through creations and liquidations are disclosed in the statement of change in net assets attributable to unitholders, amounts due to/from Baring Fund Managers Limited in respect of unit transactions at the year end are disclosed in note 8 and note 10 where applicable.

Amounts paid to Baring Fund Managers Limited in respect of Managers' periodic charges are disclosed in note 4. The balance due at the year end was £53,068 (28 February 2011: £61,656).

Amounts paid to National Westminster Bank Plc in respect of trustee services, safe custody and transaction charges are disclosed in note 2 and note 4. The balance due at the year end was £9,774 (28 February 2011: £39,376).

Cash balances on deposit are held with The National Westminster Bank Plc and are disclosed in the balance sheet together with interest due. Interest receivable is disclosed within accrued revenue in note 8.

Neither Baring Fund Managers Limited nor National Westminster Bank Plc entered into any other transactions with the Trust during the year.

Dealings with Associates:

There were no brokerage deals for the year effected through connected persons.

Any transactions through related parties are entered into in the ordinary course of business and on normal commercial terms.

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 13. 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 units, it is refunded as part of a shareholder's first distribution. In the case of accumulation units, it is automatically reinvested in the relevant Trust at the first distribution payment date after 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.

### 14. Financial instruments

In pursuing its investment objective set out on page 9 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, 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).

### 15. 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 Managers review (and agree 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 period to which these financial statements relate (28 February 2011: 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 Managers meet or meet 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.

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

The Managers have 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 period 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 currency, into Sterling on the day of receipt.

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 15. Risks of financial instruments (continued)

At the year end date a proportion of the net assets/(liabilities) 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/(liabilities) consist of the following:

Currency exposure for the year ended 29 February 2012:

	Portfolio of investments £'000	Net other assets/(liabilities) £'000	Total £'000
Hong Kong dollar	13,114	2	13,116
Indian rupee	3,030	-	3,030
Indonesian rupiah	1,889	-	1,889
Malaysian ringgit	997	348	1,345
Philippine peso	248	-	248
Singapore dollar	2,489	(451)	2,038
Sterling	3,952	(132)	3,820
South Korean Won	11,040	87	11,127
Taiwanese dollar	6,295	(84)	6,211
Thai baht	1,856	14	1,870
	<b>44,910</b>	<b>(216)</b>	<b>44,694</b>

Currency exposure for the year ended 28 February 2011:

	Portfolio of Investments £'000	Net other assets £'000	Total £'000
Hong Kong dollar	15,733	-	15,733
Indian rupee	2,612	177	2,789
Indonesian rupiah	2,427	-	2,427
Korean won	12,647	182	12,829
Malaysian ringgit	821	-	821
Philippine peso	856	-	856
Singapore dollar	2,256	-	2,256
Sterling	2,404	566	2,970
Taiwanese dollar	8,251	6	8,257
Thai baht	2,404	-	2,481
	<b>50,488</b>	<b>931</b>	<b>51,419</b>

- *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 Managers 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.

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 15. Risks of financial instruments (continued)

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:

	<b>Floating rate financial assets 29/02/12 £'000</b>	Floating rate financial assets 28/02/11 £'000
Sterling	1,077	2,099
Indian rupee	-	177
Swiss Franc	1	-
Taiwanese dollar	1,143	931
United States dollar	2	2
	<b>2,223</b>	<b>3,209</b>

  

	<b>Floating rate financial liabilities 29/02/12 £'000</b>	Floating rate financial liabilities 28/02/11 £'000
Sterling	1,076	1,066
Taiwanese dollar	1,139	925
United States dollar	2	2
	<b>2,217</b>	<b>1,993</b>

The floating rate assets and liabilities comprise bank balances and overdrafts, whose rates are determined by reference to LIBOR or international equivalent borrowing rate.

- *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.

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, 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.
- *Derivatives and other financial instruments* - the Trust does not hold any derivatives that could impact the value of the Trust significantly

## Notes to the financial statements (continued)

for the year ended 29 February 2012

### 16. Portfolio transaction costs

Analysis of total purchase costs:

	29/02/12 £'000	28/02/11 £'000
Purchases in year before transaction costs	68,280	58,608
Commissions	112	152
Taxes	25	32
Total purchase costs	<u>137</u>	<u>184</u>
<b>Gross purchases total</b>	<b><u>68,417</u></b>	<b>58,792</b>

Analysis of total sale costs:

Gross sales before transaction costs	74,559	66,512
Commissions	(118)	(144)
Taxes	(106)	(117)
Total sale costs	<u>(224)</u>	<u>(261)</u>
<b>Total sales net of transaction costs</b>	<b><u>74,335</u></b>	<b>66,251</b>

## Distribution tables

Group 1: units purchased prior to 1 March 2011

Group 2: units purchased on or after 1 March 2011

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

Group	Net Revenue	Equalisation (Note 13)	2012 Accumulation Payable	2011 Accumulation Paid
1	1.1330	0.0000	1.1330	0.0000
2	0.0000	1.1330	1.1330	0.0000

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

Group	Net Revenue	Equalisation (Note 13)	2012 Distribution Payable	2011 Distribution Paid
1	1.1115	0.0000	1.1115	0.0000
2	0.0000	1.1115	1.1115	0.0000

### Final accumulation - Class USD Acc (in dollar per unit)

Group	Net Revenue	Equalisation (Note 13)	2012 Accumulation Payable	2011 Accumulation Paid
1	0.0181	0.0000	0.0181	0.0000
2	0.0000	0.0181	0.0181	0.0000

### Final distribution – Class USD Inc (in dollar per unit)

Group	Net Revenue	Equalisation (Note 13)	2012 Distribution Payable	2011 Distribution Paid
1	0.0178	0.0000	0.0178	0.0000
2	0.0000	0.0178	0.0178	0.0000



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