

BARINGS TARGETED RETURN FUND

England & Wales · Charity number 1184795

Details

Status Registered

Legal form Trust

Registered 2019-08-06

Register [View on the Charity Commission register](#)

Contact

Address 20 Old Bailey
London
EC4M 7AN

Phone 02072141425

Website www.barings.com

Activities

Objects: 7.1 SUBJECT TO CLAUSE 7.2, THE TRUST'S CHARITABLE OBJECTIVE WILL BE TO FURTHER THE CHARITABLE PURPOSES OF THE CHARITIES THAT DIRECTLY OR INDIRECTLY HOLD UNITS IN THE TRUST FROM TIME TO TIME.7.2 IF AT ANY TIME THERE ARE NO UNITHOLDERS IN THE TRUST, THE AUTHORISED FUND MANAGER AND DEPOSITARY WILL DETERMINE THE TRUST'S CHARITABLE PURPOSES.7.3 NO CHANGE MAY BE MADE TO THIS DEED WHICH WOULD:7.3.1 CAUSE THE TRUST TO CEASE TO BE A CHARITY; OR7.3.2 AUTHORISE UNITS TO BE ISSUED OR TRANSFERRED TO, OR HELD BY, ANY PERSON OTHER THAN AN ELIGIBLE INVESTOR, WHETHER DIRECTLY OR THROUGH A NOMINEE. 7.4 NO REVOCATION, VARIATION OR AMENDMENT OF THIS DEED WHICH WOULD, OR MIGHT, BE INCONSISTENT WITH THE TRUSTÆS STATUS AS A COMMON INVESTMENT FUND (ESTABLISHED PURSUANT TO SECTIONS 96 TO 99 OF THE CHARITIES ACT) WILL BE VALID WITHOUT THE PRIOR WRITTEN APPROVAL OF THE COURT OR OF THE COMMISSION.

Classification

- **How:** Other Charitable Activities
- **What:** General Charitable Purposes
- **Who:** Other Charities Or Voluntary Bodies

Geography

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Iceland
- Ireland
- Italy
- Luxembourg
- Netherlands
- Northern Ireland
- Norway
- Poland
- Scotland
- Spain
- Sweden
- Switzerland
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-08-31	-	-	-	-
2023-08-31	-	-	-	-
2022-08-31	£129,000	£13,000	-	-
2021-08-31	£6,038,000	£1,889,000	-	-
2020-08-31	£1,361,000	£6,727,000	-	-

Trustees

Name	Role	Appointed
BARING FUND MANAGERS LIMITED		2018-10-16
NATWEST TRUSTEE AND DEPOSITARY SERVICES LIMITED		2018-10-16

BARINGS TARGETED RETURN FUND

England & Wales - Charity number 1184795

Accounts



Barings Targeted Return Fund
Annual Report & Audited Financial
Statements

for the period ended 31 August 2020

Barings Targeted Return Fund
Annual Report and Audited Financial Statements

For the period ended 31 August 2020

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* These pages comprise the Manager's Report.

Barings Targeted Return Fund

Introduction

Barings Targeted Return Fund (the "Trust") is an Authorised Unit Trust, authorised by the FCA from 14 June 2019. The Trust launched on 17 January 2020, as a result of the old Targeted Return Fund being converted into a Charity Authorised Investment Fund ("CAIF"). Assets were transferred by means of an in-specie transfer and investors received units in the new CAIF. The Trust is registered with the Charity Commission as a charity. For the purposes of the FCA rules, the Trust is a CAIF and a Non-UCITS Retail Scheme.

The functional and presentation currency of the Trust is Pounds Sterling.

The Report of the Investment Manager reviews the performance of the Trust against the returns of the markets in which it is invested and analyses the investment environment that influenced the performance of the Trust during the period under review. The Manager then gives an outlook for the markets.

COVID-19

The spread of COVID-19 around the world in 2020 has caused significant volatility in international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the international economies and, as such, the Manager is actively monitoring the extent of the impact to its operations, financial accounting and reporting.

Advisory Committee

The Advisory Committee is independent from the Authorised Fund Manager and the Trustee. It has a consultative role and is tasked with representing the interests of Unitholders.

The Advisory Committee can make representations to the Authorised Fund Manager in relation to:

- the appointment by the Authorised Fund Manager's and the Trustee of delegates providing key services in respect of the Trust;
- the investment objective of the Trust;
- the investment policy of the Trust;
- the income distribution policy of the Trust;
- fees and charges associated with each class of units.

Meetings of the Advisory Committee will be called by the Investment Manager at least twice per year. The duties and responsibilities of the Advisory Committee are set out on page 9 and 10 and further in the Prospectus.

Barings Targeted Return Fund

Investment Objective and Policy and Trust at a Glance

The investment objective of the Trust is to aim for income and capital returns that, after fees are taken, exceed the Consumer Prices Index (CPI) by at least 3% per year (including income exceeding the CPI by 1% per year) when measured over a full market cycle (typically between 5 and 10 years). The target is not guaranteed (over a full market cycle or any period) and your investment is at risk.

How the Trust is Managed

The Manager uses the ideas generated by the Strategic Policy Group, our global macro research asset allocation group, to choose what we believe are the best investments to achieve the investment objectives of the Trust. This means we construct a portfolio of stocks or bonds from a mix of companies, countries and sectors to suit our current asset allocation policy at that point in time.

We believe that asset allocation is the most important driver of returns. It is important to be in the right market at the right time, and to be able to retreat to a more defensive position to help manage risk. We follow a two-stage investment process that assesses both long-term return opportunities, driven by slowly evolving macroeconomic factors, and shorter-term opportunities generated by market volatility. We maintain a forward-looking approach and are conscious that what proved to be a defensive asset in a previous downturn may not always be suitable. We use our wide investment universe to ensure that we avoid over diversification and focus on assets that we believe are appropriate for the prevailing economic and market cycle.

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.
- The rating of a bond is subject to change. There is no guarantee that a bond issuer will pay the interest due or repay the loan, and if not, this would result in a loss of income to the Trust, along with its initial investment. Bond values are likely to fall if interest rates rise.
- 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.
- Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. Coupled with less developed regulation, this means your money is at greater risk.
- Investing in other trusts may expose investors to increased risk due to restrictions on withdrawals, less strict regulations and use of derivatives.
- Losses may occur if an organisation through which we buy an asset (such as a bank) fails to meet its obligations.
- Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the amount of a transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives, structured products, etc), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

Please refer to the Prospectus for the full risk profile.

Barings Targeted Return Fund

Investment Objective and Policy and Trust at a Glance (continued)

The Trust at a Glance on 31 August 2020

Total Trust size: 31 August 2020*		£56.81 million
OCF**		31/08/2020
Class GBP Acc		0.58%
Class GBP Inc		0.58%
	Initial charge	Annual charge
Class GBP Acc	Up to 1.00%	0.40%
Class GBP Inc	Up to 1.00%	0.40%
	Minimum initial investment	Minimum subsequent investment
Class GBP Acc	£10,000	£2,000
Class GBP Inc	£10,000	£2,000

* The Trust was launched on 17 January 2020..

** 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 period. It includes fees paid for investment management, trustee and general charges. It also includes synthetic costs which consider the OCF of the underlying funds weighted on the basis of their investment proportion. The OCF figures for the current period have decreased due to the decrease in 'Other expenses'.

Price per unit	(pence per unit)
Class GBP Acc	171.40p
Class GBP Inc	112.10p

Barings Targeted Return Fund

Trust Information

	Class GBP Acc - Accumulation units 31/08/2020 (p)	Class GBP Inc - Distribution units 31/08/2020 (p)
Change in net assets per unit		
Opening net asset value per unit	182.26	121.27
Return before operating charges	(10.25)	(6.76)
Operating charges	(0.79)	(0.66)
Return after operating charges	(11.04)	(7.42)
Distributions	(4.77)	(3.14)
Retained distributions on accumulation units	4.77	-
Closing net asset value per unit after direct transaction costs of*	171.22	110.71
	0.07	0.06
Performance		
Return after charges	(6.06)%	(6.12)%
Other information		
Closing net asset value ('000)	£9,829	£46,978
Closing number of units	5,740,497	42,429,060
Operating charges	0.58%	0.58%
Direct transaction costs	0.05%	0.05%
Prices**		
Highest unit price	182.50	121.40
Lowest unit price	141.40	93.27

*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 for the current accounting period are from 17 January to 31 August as the Trust launched on 17 January 2020.

Barings Targeted Return Fund

Report of the Investment Manager

Performance

Over the reporting period from 17 January 2020 to the 31 August 2020, the Barings Targeted Return Fund produced a net return for Class A GBP Acc of (5.82)% compared to the performance comparator which is currently CPI+3% per annum from 1 January 2020 which returned +2.72%.

	Since Launch*	1 year*	3 years*	5 years*
Barings Targeted Return Fund	(5.82)%	(2.00)%	1.15%	3.80%
CPI+3%**	2.72%	4.99%	6.67%	6.49%

* The performance of the Trust is linked to the old Targeted Return Fund, following the conversion on 17 January 2020 and thus historic performance is outlined in the table.

** The performance comparator was changed on 17 January 2020 to CPI+3% per annum, previously CPI+5%. This change was made in order to bring the Trust in line with other competitor funds to make it more compelling and competitive. Performance has been linked over the period and therefore we discuss the whole year below as this performance comparator change did not have any impact on the asset allocation within the Trust.

We spent much of 2019 talking to clients about our conviction in the economically sensitive fixed income portions of the portfolio. These are fixed income positions including high yield bonds (US and European) and Emerging Market hard currency debt and it was heartening to see positive returns at the end of 2019, particularly when conventional government bonds were selling off.

Equities also performed well towards the end of 2019 and the Trust saw positive contributions across its equity positions. Given the upturn in economic data, we added steadily to equities throughout the fourth quarter of 2019. In February 2020, global markets were impacted heavily by the dual crisis of COVID-19 and the simultaneous oil price war and as a result fell sharply, reaching their lowest on 23 March 2020. No market was left unscathed. Even defensive assets such as government bonds and gold proved unreliable.

We moved to a more defensive positioning as the scale of the COVID-19 crisis unfolded. We had been positioned for a world of growth at the end of 2019 and in February 2020 we had to start cutting the most exposed positions in equities and emerging market local currency bonds which to us were the obvious areas that would feel pain. We added to positions in gold to increase diversification and to certain credit areas such as investment grade credit and emerging market hard currency bonds which we felt would be the beneficiaries of a low interest environment. Despite this defensive action, performance was still disappointing over Q1 2020.

Along with trimming back our equity allocations, we re-focused within equities much more. Large reductions in our UK and Japanese holdings are good examples. Both are very export related countries in a world where little trade is happening. We focussed our equity exposure to the technology sector specifically and to the US in general. Technology we felt would be one of the most resilient sectors during the slowdown. Not only will certain online trends accelerate during the shutdown, but we expect corporate spend on IT to increase during the recovery. As a result, the largest contributor to returns over the year has been US equities.

Within equities, even prior to the sell-off, we had been re-focusing our exposure towards the US and away from the UK which is resource intensive and from Europe which is more export focused. These areas have lagged US equities and have had a much slower rebound in comparison. As a result, these positions have been the largest detractors to performance over the period.

Barings Targeted Return Fund

Report of the Investment Manager (continued)

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

Purchases	Costs £'000	Sales	Proceeds £'000
iShares USD Corp Bond UCITS ETF	4,118	iShares Core S&P 500 UCITS ETF	4,632
Invesco EQQQ Nasdaq-100 UCITS ETF	3,216	United Kingdom Treasury Bill 0.00% 21/09/2020	2,498
Amundi Physical Gold ETC	2,607	United States Treasury Bond 2.375% 15/05/2029	2,131
United Kingdom Treasury Bill 0.00% 21/09/2020	2,498	United States Treasury Bond 2.00% 15/02/2050	1,906
United States Treasury Inflation Indexed Bonds 0.125% 15/01/2030	2,419	Neuberger Berman High Yield Bond Fund	1,560
United States Treasury Bond 2.00% 15/02/2050	1,834	United States Treasury Inflation Indexed Bonds 2.375% 15/01/2027	1,330
iShares STOXX Europe 600 Banks UCITS ETF DE	1,423	iShares JP Morgan USD EM Bond UCITS ETF	1,273
Neuberger Berman CLO Income Fund USD Acc	896	Invesco EQQQ Nasdaq-100 UCITS ETF	1,178
Neuberger Berman CLO Income Fund	863	Barings Europe Select Trust	1,093
iShares MSCI EM UCITS ETF USD Dist	640	Neuberger Berman CLO Income Fund USD Acc	863

Market Outlook

The swift and sizeable COVID-19 policy response from central banks and governments has managed to cushion the economic shock and lift markets, as policymakers try to see past the virus and think longer term. However, the second wave in Europe reminds us that the battle is far from over and until a vaccine is widely available, economies will likely remain constrained by measures aimed at slowing the spread of the virus. It is therefore important that governments continue to support consumer incomes and businesses until a vaccine is available or until the virus is brought under control by other means.

With the initial shock fading, a new normal will come into view that includes a persistent virus that continues to prevent a full return across all sectors, but global activity that can still rebound in spite of the risks. The near term can continue to get better as we have seen in recent data, even as we take stock of the longer term damage to balance sheets, investment and productivity.

Investors also need to start paying attention to old, familiar risks they had pushed to the back burner during the crisis: Tensions with China are on the rise around the world. We expect tough talk together with some action against weaker players (example: new trade sanctions on Australia by China). The good news is that US tariffs largely remain in place, so are unlikely to change markets.

While we still remain optimistic, investors will need to stay alert and we continue to believe it makes sense to aim for a well-diversified, dynamic portfolio.

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.

Barings Targeted Return Fund

Responsibilities of the Manager and Advisory Committee

Responsibilities of the Manager

The Scheme Particulars and Charity law requires Baring Fund Managers Limited (the “Manager”) to prepare financial statements for each annual financial year which give a true and fair view of the financial affairs of the Barings Targeted Return Fund (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”) and with the form and content of the accounts as required by Regulation 6 of the Charities (Accounts & Reports) Regulations 2008;
- 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 Scheme Particulars and the Regulations. 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.

Responsibilities of the Advisory Committee

The Advisory Committee of Barings Targeted Return Fund (the “Trust”) is a consultative body only with no executive powers and is not authorised to undertake regulated activities. As such, members of an Advisory Committee are not charity trustees under the Charities Act 2011.

The principle purpose of the Advisory Committee is to review and provide feedback to Barings Fund Managers Limited (“BFM”) in relation to various aspects of the management of the Trust, acting in the best interests of the investing charities. In particular the Advisory Committee is expected to:

- Review and provide feedback on any proposed changes to the investment objective and policy and material changes to the approach of the Trust
- Review and provide feedback on the distribution policy of the Trust and any proposed changes to the distribution policy
- Review the investment policy pursued by BFM including views as to:
 - the respective weighting of investments in different market sectors and in different geographical regions
 - the diversification of investments and the balancing of risks within the Trust’s portfolio provisions for liquidity
 - determining the criteria and methods for evaluating the performance of the Trust, and
 - giving their prior written consent to BFM to the exercise the borrowing power set out in the Scheme if the Advisory Committee is satisfied that the proposed borrowing is in the best interests of the Participating Charities
- Act as a voice for Participating Charities
- Review the appointment of key service providers to the Trust and to provide its views to the manager on such appointments
- Determine the rate of remuneration of the manager and the trustee/depositary
- Review the appointment of the auditor of the Trust and agree their terms of engagement

Barings Targeted Return Fund

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders

Statement of the Trustee's Responsibilities and Report of the Trustee to the Unitholders of Barings Targeted Return Fund (the "Trust") for the period ended 31 August 2020

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.

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; and
- has observed the investment and borrowing powers and restrictions applicable to the Trust.

NatWest Trustee and Depositary Services Limited
Trustee & Depositary Services
London 18 December 2020

Barings Targeted Return Fund

Portfolio Statement

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11%		
	Advertising: 0.15%		
3,226	Interpublic of Cos	44,934	0.07
1,034	Omnicom	42,834	0.08
		87,768	0.15
	Aerospace/Defense: 0.08%		
955	Raytheon Technologies	44,694	0.08
	Auto Manufacturers: 0.13%		
4,883	Volvo	71,343	0.13
	Auto Parts & Equipment: 0.12%		
824	Cie Generale des Etablissements Michelin	70,546	0.12
	Banks: 1.12%		
6,849	Bank of America	135,347	0.25
2,099	Citigroup	82,471	0.15
1,135	JPMorgan Chase	87,662	0.15
1,832	KBC	80,570	0.14
1,784	Morgan Stanley	70,899	0.12
646	PNC Financial Services Group	54,551	0.10
1,876	US Bancorp	52,458	0.09
3,586	Wells Fargo	66,526	0.12
		630,484	1.12
	Beverages: 0.84%		
3,605	Coca-Cola	135,003	0.24
8,495	Diageo	213,182	0.38
1,189	PepsiCo	125,062	0.22
		473,247	0.84
	Biotechnology: 0.23%		
538	Amgen	102,363	0.18
582	Gilead Sciences	28,550	0.05
		130,913	0.23
	Building Materials: 0.04%		
955	Carrier Global	21,751	0.04
	Capital Goods: 0.25%		
1,352	Siemens	142,197	0.25
	Chemicals: 1.92%		
4,640	Albemarle	321,820	0.57
4,498	Johnson Matthey	106,828	0.19
774	LG Chem	363,503	0.64
650	Linde	123,888	0.22

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11% (continued)		
	Chemicals: 1.92% (continued)		
4,914	Umicore	170,870	0.30
		1,086,909	1.92
	Commercial Services: 0.82%		
3,180	Ashtead	82,807	0.15
570	Automatic Data Processing	60,558	0.11
4,518	Experian	126,052	0.22
286	PayPal	43,929	0.08
8,819	RELX	150,144	0.26
		463,490	0.82
	Computers: 1.54%		
708	Accenture	129,312	0.23
1,752	Apple	656,918	1.16
910	International Business Machines	85,552	0.15
		871,782	1.54
	Consumer Staples: 0.11%		
1,382	Unilever	60,842	0.11
	Cosmetics/Personal Care: 0.64%		
1,907	Procter & Gamble	198,921	0.35
3,693	Unilever PLC	164,708	0.29
		363,629	0.64
	Distribution/Wholesale: 0.22%		
1,300	Ferguson	95,888	0.17
2,663	MARR	31,025	0.05
		126,913	0.22
	Diversified Financial Services: 0.78%		
802	American Express	61,816	0.11
173	BlackRock	78,139	0.14
1,075	Cembra Money Bank	97,144	0.16
4,616	Hargreaves Lansdown	74,595	0.13
2,136	Schroders	61,901	0.11
445	Visa	72,135	0.13
		445,730	0.78
	Electric: 0.31%		
1,139	Dominion Energy	66,798	0.12
204	NextEra Energy	42,861	0.08
4,456	Red Electrica	64,015	0.11
		173,674	0.31
	Electrical Components & Equipment: 0.35%		
1,227	Emerson Electric	65,152	0.11
2,659	Prysmian	56,413	0.10

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11% (continued)		
	Electrical Components & Equipment: 0.35% (continued)		
850	Schneider Electric	80,013	0.14
		201,578	0.35
	Electronics: 0.22%		
1,214	Assa Abloy	21,437	0.04
821	Honeywell International	103,906	0.18
		125,343	0.22
	Energy: 0.47%		
278,609	Aquila European Renewables Income Fund	266,751	0.47
	Engineering & Construction: 0.12%		
977	Vinci	70,829	0.12
	Food: 0.57%		
2,220	Koninklijke Ahold Delhaize	50,794	0.09
1,805	Nestle	164,403	0.29
49,705	Tesco	108,655	0.19
		323,852	0.57
	Gas: 0.60%		
12,322	Italgas	60,090	0.11
24,365	National Grid	205,397	0.36
19,341	Snam	75,231	0.13
		340,718	0.60
	Healthcare-Products: 0.61%		
1,761	Abbott Laboratories	146,535	0.26
1,346	Medtronic	109,098	0.19
5,954	Smith & Nephew	90,590	0.16
		346,223	0.61
	Healthcare-Services: 0.20%		
491	UnitedHealth	116,071	0.20
	Household Products/Wares: 0.41%		
3,130	Reckitt Benckiser	235,000	0.41
	Insurance: 0.97%		
384	Allianz	63,312	0.11
2,231	ASR Nederland	59,091	0.10
33,388	Aviva	94,388	0.17
3,078	AXA	48,160	0.08
502	Baloise	60,151	0.11
52,612	Legal & General	114,325	0.20
1,726	MetLife	51,144	0.09
13,823	RSA Insurance Group	62,107	0.11
		552,678	0.97

BARINGS

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11% (continued)		
	Internet: 1.45%		
174	Alphabet	214,345	0.38
112	Amazon.com	286,390	0.50
12,995	Auto Trader	73,162	0.13
1,490	eBay	60,772	0.11
607	Facebook	133,989	0.24
128	Netflix	50,405	0.09
		819,063	1.45
	Investment Companies: 2.50%		
450,000	Greencoat Renewables	495,272	0.88
590,765	SDCL Energy Efficiency Income	658,703	1.16
240,934	Sequoia Economic Infrastructure Income Fund	260,691	0.46
		1,414,666	2.50
	Machinery-Diversified: 0.04%		
477	Otis Worldwide	22,790	0.04
	Media: 0.20%		
1,607	Comcast	53,826	0.09
2,023	Telenet	59,085	0.11
		112,911	0.20
	Metal Fabricate/Hardware: 0.21%		
7,518	AMG Advanced Metallurgical	118,734	0.21
	Mining: 1.00%		
12,155	BHP	208,142	0.37
70,281	Orocobre	100,578	0.18
5,643	Rio Tinto	261,525	0.45
		570,245	1.00
	Miscellaneous Manufacturing: 0.21%		
408	3M	50,806	0.09
4,736	Smiths Group	66,398	0.12
		117,204	0.21
	Oil & Gas: 1.23%		
50,994	BP	134,726	0.24
523	Chevron	33,636	0.06
1,323	Exxon Mobil	40,465	0.07
20,517	Royal Dutch Shell Class 'A'	228,222	0.40
1,827	SK Innovation	168,129	0.30
3,043	Total	92,170	0.16
		697,348	1.23
	Oil & Gas Services: 0.04%		
2,485	TGS-NOPEC Geophysical Company	24,809	0.04

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11% (continued)		
	Pharmaceuticals: 2.32%		
761	AbbVie	53,862	0.09
4,216	AstraZeneca	351,529	0.61
958	Bristol-Myers Squibb	44,906	0.08
804	CVS Health	38,195	0.07
14,473	GlaxoSmithKline	213,043	0.37
1,365	Johnson & Johnson	157,581	0.28
1,615	Merck &	103,940	0.18
1,480	Novartis	96,662	0.17
1,099	Novo Nordisk	54,357	0.10
2,304	Pfizer	65,638	0.12
547	Roche	143,262	0.25
		1,322,975	2.32
	Private Equity: 0.17%		
10,280	3i Group	96,426	0.17
	REITS: 0.24%		
299	American Tower	56,093	0.10
1,781	Omega Healthcare Investors	42,184	0.07
7,870	VEREIT	40,878	0.07
		139,155	0.24
	Retail: 0.64%		
828	Home Depot	178,216	0.31
745	McDonald's	120,350	0.21
1,601	TJX Cos	66,298	0.12
		364,864	0.64
	Semiconductors: 0.90%		
767	Analog Devices	68,943	0.12
231	Broadcom	59,872	0.11
2,375	Intel	90,012	0.16
1,271	Maxim Integrated Products	67,059	0.12
120	NVIDIA	47,437	0.08
655	Qualcomm	58,191	0.10
1,109	Texas Instruments	119,615	0.21
		511,129	0.90
	Software: 1.30%		
3,012	Microsoft	518,291	0.91
2,677	Oracle	116,449	0.20
948	Paychex	55,069	0.10
244	salesforce.com	49,658	0.09
		739,467	1.30
	Telecommunication Services: 0.07%		
2,584	Freenet	42,324	0.07

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Equities: 27.11% (continued)		
	Telecommunications: 0.55%		
2,758	AT&T	62,277	0.11
3,721	Cisco Systems	118,006	0.21
2,987	Verizon Communications	133,055	0.23
		313,338	0.55
	Transportation: 0.16%		
218	Union Pacific	31,967	0.06
478	United Parcel Service	58,333	0.10
		90,300	0.16
	Water: 0.06%		
1,992	Veolia Environnement	35,560	0.06
	Bonds: 5.90%		
	Italy: 0.77%		
EUR 350,000	Italy Buoni Poliennali Del Tesoro 3.85% 01/09/2049	440,073	0.77
	Brazil: 0.97%		
USD 450,000	Brazilian Government International Bond 12.25% 06/03/2030	552,712	0.97
	Italy: 1.15%		
GBP 522,000	Republic of Italy Government International Bond 6.00% 04/08/2028	655,834	1.15
	United States: 3.01%		
USD 2,040,000	United States Treasury Inflation Indexed Bonds 0.125% 15/01/2030	1,708,116	3.01
	Close Ended Funds: 0.37%		
	Guernsey: 0.37%		
155,616	Renewables Infrastructure Group	212,571	0.37
	Equity Investment Funds: 11.52%		
	United Kingdom: 11.52%		
74,073	Baillie Gifford Overseas Growth Funds	1,138,496	2.00
33,782	Barings Europe Select Trust	1,470,195	2.59
445,151	Greencoat UK Wind Fund	637,456	1.12
4,063,459	Mayfair Property Income Trust for Charities Fund	3,294,832	5.81
		6,540,979	11.52

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Exchange Traded Funds: 37.48%		
	Germany: 1.12%		
76,778	iShares STOXX Europe 600 Banks UCITS ETF DE	634,936	1.12
	Ireland: 36.36%		
48,556	Amundi Physical Gold ETC	2,863,502	5.04
10,859	Invesco EQQQ Nasdaq-100 UCITS ETF	2,388,437	4.20
106,422	Invesco Preferred Shares UCITS ETF	1,607,109	2.83
195,956	iShares EM Dividend UCITS ETF USD ETF	2,596,417	4.58
7,831	iShares EUR High Yield Corp Bond UCITS ETF	700,579	1.23
57,622	iShares JP Morgan EM Local Government Bond UCITS ETF	2,426,850	4.27
47,974	iShares JP Morgan USD EM Bond UCITS ETF	4,050,393	7.13
19,743	iShares MSCI EM UCITS ETF USD Dist	644,609	1.13
34,716	iShares USD Corp Bond UCITS ETF	3,379,352	5.95
		20,657,248	36.36
	Open Ended Funds: 13.78%		
	Ireland: 13.78%		
4,971	Barings European High Yield Bond Fund	465,191	0.82
	Barings U.S Short Duration High Yield Bond Component		
5,433	Fund	391,703	0.69
65,667	Barings Umbrella US High Yield Bond Component	4,763,299	8.38
111,482	Neuberger Berman CLO Income Fund	789,385	1.40
90,668	Neuberger Berman High Yield Bond Fund	746,283	1.31
8,709	Twelve Cat	672,134	1.18
		7,827,995	13.78
	Futures Contracts: 0.46%		
38	Futures E-mini Russ 2000 September 2020	259,376	0.46
	Forward Currency Contracts: 1.72%		
USD (15,370,300)	Sold USD, bought GBP 12,333,290 for settlement 08/10/2020 (Northern Trust)	793,368	1.40
USD (13,200,000)	Sold USD, bought GBP 10,066,154 for settlement 24/11/2020 (Northern Trust)	157,661	0.28
EUR (1,911,300)	Sold EUR, bought GBP 1,727,645 for settlement 24/11/2020 (State Street)	14,195	0.02
CHF (557,920)	Sold CHF, bought GBP 474,431 for settlement 08/10/2020 (State Street)	10,893	0.02
EUR (889,650)	Sold EUR, bought GBP 803,681 for settlement 08/10/2020 (State Street)	6,750	0.01
CHF (231,000)	Sold CHF, bought GBP 194,199 for settlement 24/11/2020 (State Street)	2,058	-
GBP (63,318)	Sold GBP, bought CHF 75,600 for settlement 08/10/2020 (State Street)	(507)	-

Barings Targeted Return Fund

Portfolio Statement (continued)

as at 31 August 2020

Holdings	Investments	Bid-Market value (£)	Percentage of total net assets (%)
	Forward Currency Contracts: 1.72% (continued)		
GBP (842,405)	Sold GBP, bought USD 1,110,800 for settlement 08/10/2020 (Northern Trust)	(8,424)	(0.01)
		<u>975,994</u>	<u>1.72</u>
	Portfolio of investments: 98.34%	55,864,097	98.34
	Net other assets	942,694	1.66
	Net assets	<u>56,806,791</u>	<u>100.00</u>

There are no comparative figures as the Trust launched on 17 January 2020.

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.

Barings Targeted Return Fund

Independent Auditors' Report to the Unitholders of Barings Targeted Return Fund

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of Barings Targeted Return Fund (the "Trust"):

- give a true and fair view of the financial position of the Trust as at 31 August 2020 and of the net revenue and the net capital losses on its scheme property for the period 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 & Audited Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 August 2020; the statement of total return and the statement of change in unitholder's funds for the period then ended; the distribution table and the notes to the financial statements, which include a description 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

Our evaluation of the Manager's assessment of the Trust's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Manager's updated risk assessment and considering whether it addressed the relevant threats presented by COVID-19;
- evaluating the Manager's assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Manager's assessment of the Trust's financial position in the context of its ability to meet future expected operating charges and known outflows, their assessment of liquidity as well as their review of the operational resilience of the Trust and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of redemptions and/or performance on the ongoing ability of the Trust to operate.

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

In auditing the financial statements, we have concluded that the Manager's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Trust's ability to continue as a going concern.

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

Barings Targeted Return Fund

Independent Auditors' Report to the Unitholders of Barings Targeted Return Fund (continued)

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 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.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Manager's Report

Under the Charities Act 2011 we are required to report to you if, in our opinion the information given in the Manager's Report is inconsistent in any material respect with the financial statements. We have no exceptions to report arising from this responsibility.

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 9, 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 as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 intend to wind up or terminate the Trust, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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

Based on our understanding of the Trust, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Trust. Audit procedures performed included:

Barings Targeted Return Fund

Independent Auditors' Report to the Unitholders of Barings Targeted Return Fund (continued)

Responsibilities for the financial statements and the audit (continued)

- Discussions with the Manager, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Manager's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 and Charities Act of 2011 exception reporting

Under the Collective Investment Schemes sourcebook and Charities Act 2011, 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.

Under the Charities Act 2011 we are also required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from these responsibilities.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
18 December 2020

Barings Targeted Return Fund
Statement of Total Return and Statement of Change in Net Assets Attributable to Unitholders
for the period ended 31 August 2020

Statement of Total Return

	Notes	17/01/2020 to 31/08/2020*	
		£'000	£'000
Income			
Net capital losses	2		(5,250)
Revenue	3	1,361	
Expenses	4	(116)	
Interest payable and other similar charges	5	(1)	
Net revenue before taxation		<u>1,244</u>	
Taxation	6	(34)	
Net revenue after taxation			<u>1,210</u>
Total return before distributions			(4,040)
Distributions	7		<u>(1,326)</u>
Change in net assets attributable to unitholders from investment activities			<u>(5,366)</u>

Statement of Change in Net Assets Attributable to Unitholders

		17/01/2020 to 31/08/2020*	
		£'000	£'000
Opening net assets attributable to unitholders			-
Amounts receivable on issue of units		15	
Amounts receivable on in-specie transactions**		65,626	
Amounts payable on cancellation of units		<u>(3,797)</u>	
			61,844
Changes in net assets attributable to unitholders from investment activities			(5,366)
Retained distribution on accumulation units	7		<u>329</u>
Closing net assets attributable to unitholders			<u>56,807</u>

* There are no comparative figures shown as the Trust launched on 17 January 2020.

** Pertains to units received by investors as a result of the conversion of the Trust into a Charity Authorised Investment Fund ("CAIF") on 17 January 2020.

Barings Targeted Return Fund**Balance Sheet**as at 31 August 2020

	Notes	31/08/2020* £'000
Assets		
Investment assets		55,873
Current assets:		
Debtors	9	278
Cash and bank balances	10	1,342
Total assets		<u>57,493</u>
Liabilities		
Investment liabilities		(9)
Creditors:		
Bank overdrafts	10	(81)
Distribution payable on income units	7	(532)
Other creditors	11	(64)
Total liabilities		<u>(686)</u>
Net assets attributable to unitholders		<u><u>56,807</u></u>

* There are no comparative figures shown as the Trust launched on 17 January 2020.

Barings Targeted Return Fund

Notes to the Financial Statements

for the period ended 31 August 2020

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 the requirements of the Charities Act 2011 and Regulation 6 of The Charities (Accounts and Reports) Regulations 2008, 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 28 August 2020, being the last business day of the accounting period. The fair value for non-derivative securities is the bid-market price, excluding any accrued interest.

Where values cannot be readily determined, the securities are valued at the Manager's best assessment of their fair value.

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 28 August 2020.

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.

Interest on debt securities is recognised on an accruals basis, taking into account the effective yield on the investment, and is treated as revenue. The effective yield basis amortises any discount or premium on the debt element of the purchase or an investment over its remaining life based on contractual cash flows. Any adjustments resulting from changes in actual cash flows are treated as capital.

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 bookcost of the investments.

Returns from derivative securities are taken to capital and/or revenue depending on the motive and circumstances surrounding the particular transaction. The net revenue/expense on derivative positions are recognised as revenue and form part of the Trust's distribution.

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.

Acc unitholders will nonetheless be liable to United Kingdom taxation in the same manner, and to the same extent, as if the income accumulated for their benefit had instead been distributed to them.

Treatment of expenses

For accounting purposes, all expenses are charged against capital for the period on an accruals basis.

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

1. Accounting policies (continued)

Taxation

The Trust is established under a scheme of the Charity Commissioners of 30 June 1992 and the Charities Act 1993, and as such is not liable to corporation tax.

Trailer commission

Trailer commission is received from investments in Investment Funds managed by other Managers. If the underlying Investment Fund pays its annual management charge from capital, the trailer commission is treated as capital in nature. All other trailer commission is treated as revenue and forms part of the distribution.

Derivative financial instruments

The Trust may use financial derivative instruments for efficient portfolio management, including in attempting to hedge or reduce the overall risk of its investments, or financial derivative instruments may be used for investment purposes in pursuit of investment objectives, policies and strategies. Gains and losses on forward contracts and futures contracts are accounted for in accordance with the Manager's intention on entering into the contracts and the circumstances surrounding the particular transaction. Where the motive and circumstance is to protect or enhance capital return, gains or losses are recognised in net capital (losses)/ gains in the statement of total return; Where the motive and circumstance is to protect or enhance revenue, the revenue and expenses derived therefrom are included in revenue or interest payable and other similar charges in the statement of total return. Any positions on such transactions open at the period-end are reflected in the balance sheet at their marked to market value.

Management fee rebate

The Manager rebates an amount equivalent to the ongoing charge suffered on the Trust's share in the underlying Investment funds. Each rebate is paid to either the capital or revenue element of the Trust depending on whether the fee of the underlying fund is charged to capital or revenue.

2. Net capital losses

The net capital losses during the period comprise:

	17/01/2020 to 31/08/2020 £'000
Realised loss on investments	(5,840)
Unrealised gains on investments	573
Realised currency losses	(260)
Realised losses on derivatives securities	(27)
Unrealised gains on derivatives securities	259
Management fee rebates	2
Forward currency contracts	49
Transaction charges	(6)
Net capital losses on investments	<u>(5,250)</u>

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

3. Revenue

17/01/2020 to
31/08/2020
£'000

Bank interest	2
Franked CIS revenue	99
UK dividends	185
Futures Income	9
Interest on debt securities	73
Management fee rebates	10
Offshore CIS dividend revenue	88
Offshore CIS interest revenue	642
Overseas dividends	238
Unfranked PID revenue	15
	<hr/>
	1,361
	<hr/> <hr/>

4. Expenses

17/01/2020 to
31/08/2020
£'000

Payable to Baring Fund Managers Limited (the "Manager") or associates of the Manager:

Manager's service charge	147
	<hr/>
	147

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

Trustee fees	9
Safe custody charges	2
	<hr/>
	11

Other expenses:

Audit fees	13
Legal fees	(47)
Professional fees	(12)
Registrar and transfer agency fees	2
Standing charges	2
	<hr/>
	(42)

Total expenses	<hr/> <hr/>
	116

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

5. Interest and other similar charges

17/01/2020 to
31/08/2020
£'000

Interest expenses

1

1

6. Taxation

17/01/2020 to
31/08/2020
£'000

a) Analysis of tax charges for the period:

Overseas withholding tax

34

a) The Trust is established under a scheme of the Charity Commissioners of 30 June 1992 and the Charities Act 1993, and as such is not liable to corporation tax. There is no unrecognised deferred tax asset at the period-end as the Trustee considers that the Trust will maintain its charitable status indefinitely and will, therefore, never be subject to corporation tax.

b) There is no deferred tax provision for the period end

7. Distributions

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

17/01/2020 to
31/08/2020
£'000

Second interim Distribution

409

Second interim Accumulation

110

Third interim Distribution

401

Third interim Accumulation

109

Final Distribution

532

Final Accumulation

110

1,671

Add: Revenue deducted on cancellation of units

35

Deduct: Revenue received on in-specie transactions

(380)

(345)

Total distributions

1,326

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

7. Distributions (continued)

Details of the distributions per unit are set out in the Distribution Tables on page 38.

Distributions payable at the period end of £532,400 are disclosed in the Balance Sheet on page 25.

8. Movement between net revenue and distributions

17/01/2020 to
31/08/2020
£'000

Net revenue after taxation

1,210

Add: Capitalised expenses

116

1,326

9. Debtors

31/08/2020
£'000

Accrued revenue

104

Management fee rebates receivable

6

Overseas tax recoverable

168

278

10. Cash and bank balances

31/08/2020
£'000

Bank overdraft

(81)

Cash and bank balances

1,342

1,261

11. Other creditors

31/08/2020
£'000

Accrued expenses

59

Amounts payable from Targeted Return Trust

5

64

12. Contingent liabilities

There were no contingent liabilities at the period-end date.

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

13. 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.

14. 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 Investment 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 period to which these financial statements relate:

Market price risk

Market price risk rises 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 Investment 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 Investment 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.

Market price risk sensitivity analysis

As at 31 August 2020, 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 £2.793 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 Investment 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 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 foreign currencies into sterling on the day of receipt.

In addition, the Investment Manager makes significant use of forward currency contracts for investment and efficient portfolio management purposes. These contracts are denominated in a range of currencies, some of which are not held in other assets within the Trust. This increases the exposure of the Trust to exchange rate movements and may significantly affect the returns of the Trust.

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

14. Risks of financial instruments (continued)

At the period-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 period ended 31 August 2020:

	Portfolio of investments £'000	Net other assets £'000	Total £'000
Australian dollar	101	–	101
Danish krone	54	1	55
Euro	1,591	85	1,676
Mexican peso	–	8	8
Norwegian krone	25	–	25
Polish zloty	–	2	2
South Korean won	532	1	533
Swedish krona	93	1	94
Swiss franc	(33)	3	(30)
US dollar	10,794	16	10,810
	13,157	117	13,274

Foreign currency risk sensitivity analysis

At 31 August 2020, 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 £1.327 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 Investment 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.

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

14. Risks of financial instruments (continued)

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

	Floating rate 31/08/2020 £'000	Fixed rate 31/08/2020 £'000	Non-interest bearing 31/08/2020 £'000	Total 31/08/2020 £'000
Portfolio of investments	956	3,357	51,551	55,864
Cash at bank	1,261	–	–	1,261
Other assets	–	–	278	278
Liabilities	–	–	(596)	(596)
	2,217	3,357	51,233	56,807

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

Interest rate risk sensitivity analysis

As at 31 August 2020, if the interest rate increased or decreased by 1%, with all other variables held constant, then the net assets attributable to unitholders would increase or decrease by approximately £0.056 million.

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. All currency contracts are held with Northern Trust; please see below for details of the notional exposure.

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.

During the period, the Trust made use of “Over The Counter” (“OTC”) derivative instruments. These types of transactions introduce counterparty risk, where a counterparty may fail to meet its financial commitments. The Trust’s exposure to counterparty risk in respect of OTC derivative instruments for forward contracts is the notional exposure of these contracts. In order to reduce this risk, collateral may be held by the Trust.

Derivatives and other financial instruments

Transactions in derivatives, options, forward contracts and futures may be used for the purpose of hedging and meeting the investment objectives of the Trust. In pursuing the Trust’s objectives, the Investment Manager may make use of a variety of instruments in accordance with the rules. The notional exposure of OTC derivative instruments for forward currency contracts at period-end is £25,520,199. There is no collateral held for the OTC derivative instruments at period-end.

Counterparty exposure for the period ended 31 August 2020:

2020

Northern Trust
State Street

**Forward
contracts
£'000**
943
33

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

15. 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 period-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 period ended 31 August 2020:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial Assets				
Debt Securities	2,364	993	–	3,357
Equities	15,398	–	–	15,398
Forward Currency Contracts	–	985	–	985
Futures Contracts	259	–	–	259
Investment Funds	21,293	14,581	–	35,874
	39,314	16,559	–	55,873
Financial Liabilities				
Forward Currency Contracts	–	(9)	–	(9)
	–	(9)	–	(9)

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

16. Portfolio transaction costs

	17/01/2020 to 31/08/2020 £'000
Analysis of total purchase costs:	
Purchases before transaction costs*	36,187
Commissions:	
Collective Investment Schemes total value paid	2
Equities total value paid	6
Taxes:	
Equities total value paid	17
Total transaction costs	<u>25</u>
Gross purchases total	<u><u>36,212</u></u>
	17/01/2020 to 31/08/2020 £'000
Analysis of total sale costs:	
Sales before transaction costs*	40,912
Commissions:	
Collective Investment Schemes total value paid	(2)
Equities total value paid	(5)
Total transaction costs	<u>(7)</u>
Total sales net of transaction costs	<u><u>40,905</u></u>

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

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.

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

16. Portfolio transaction costs (continued)

	17/01/2020 to 31/08/2020 %
Analysis of total purchase costs:	
Commissions:	
Equities percentage of Equities purchases costs	0.03
Equities percentage of average NAV	0.01
Collective Investment Schemes percentage of CIS purchases costs	0.03
Taxes:	
Equities percentage of Equities purchases costs	0.08
Equities percentage of average NAV	0.03
	17/01/2020 to 31/08/2020 %
Analysis of total sale costs:	
Commissions:	
Collective Investment Schemes percentage of CIS sales costs	(0.02)
Equities percentage of Equities sales costs	(0.03)
Equities percentage of average NAV	(0.01)

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.30%, 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.

17. Unit classes

The Trust currently has two unit classes: GBP Acc and 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 6. The distribution per unit class is given in the distribution tables on page 38. All classes have the same rights on winding up.

	Class GBP Acc	Class GBP Inc
Opening units	–	–
Units created in-specie transaction	7,676,125	42,892,203
Units created	–	14,122
Units liquidated	(1,935,628)	(477,265)
Units converted	–	–
Closing units	5,740,497	42,429,060

Barings Targeted Return Fund

Notes to the Financial Statements (continued)

for the period ended 31 August 2020

18. 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 August 2020, there were no amounts due from or to the Investment Manager in respect of unit transactions.

The Manager exercises control over the Trust and is therefore a related party by virtue of its controlling influence. Amounts paid during the period 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.

Management fee rebates received during the period were £11,779 of which £7,834 was received from investments in Barings Europe Select Fund, as disclosed in note 2 and note 3. Amounts due to the Trust in respect of management fee rebates on the underlying Barings funds are £6,315. This has been disclosed in note 9.

Dealings with associates:

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

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

19. Post balance sheet events

Subsequent to the period end, the price per unit of the class GBP Accumulation class has increased from 171.40p to 179.30p and GBP Income from 112.10p to 115.30p as at Wednesday, 16 December 2020. This movement takes into account routine transactions but also reflects the market movements including the impact on the financial markets from the increasing fears over the spread of Coronavirus. The Manager continues to monitor investment performance in line with investment objectives.

Barings Targeted Return Fund

Distribution Table

All figures in pence per unit	2020 Distribution paid/accumulated
Second interim distribution	0.9530
Second interim accumulation	1.4322
Third interim distribution	0.9363
Third interim accumulation	1.4192
Final distribution	1.2548
Final accumulation	1.9187

Note: Gross revenue is the same as net revenue as there is no tax on the Trust due to its charitable status.

There were no comparative figures as the Trust launched on 17 January 2020.

Income Target CPI+1% p.a.

1 Year Annualised to 31/08/2020

Income Target = 2.18%

Actual = 3.38%

5 Year Annualised to 31/08/2020

Income Target = 2.67%

Actual = 3.85%

The yield objective of CPI plus 1% was achieved during the period with income being derived across a range of the asset classes.

Barings Targeted Return Fund

Important Information

Management and administration

Baring Fund Managers Limited (the “Manager”) is the Manager of Barings Targeted Return Fund (the “Trust”) and the Alternative Investment Fund Manager (“AIFM”) for the purposes of the EU Directive 2011/61/EU (the “AIFMD Directive”), and the Alternative Investment Fund Managers Regulation 2013 (the “Regulations”). The Manager is responsible for managing and administering the Trust’s affairs including portfolio and risk management.

The Trustee of the Trust is NatWest Trustee and Depositary Services Limited (the “Trustee” or “NatWest”). The Trustee is required to carry out the duties specified in the Financial Conduct Authority (“FCA”) Rules and AIFM Regulations, including having responsibility for the safekeeping, oversight and asset verification services in respect of all the Scheme Property entrusted to it.

The Manager has appointed Baring Asset Management Limited as Investment Manager to carry out certain portfolio management functions on its behalf, and has delegated certain administration functions, such as the preparation of financial statements, executing redemption of units, making distributions, and calculating the valuation of units, to NatWest as Trustee. The liability of the Manager shall not be affected by the fact that it has delegated certain day-to-day functions to the Investment Manager and Trustee.

NatWest as Trustee has delegated the function of Fund Custodian and Administrator, as well as certain administration functions, to Northern Trust Global Services SE UK Branch.

Conflicts of interest

The FCA Rules and the Regulations contain provisions on conflicts of interest governing any transaction concerning the Trust which is carried out by or with any “affected person”, an expression which covers the Trust, an associate of the Trust, the Manager, an associate of the Manager, the Trustee, an associate of the Trustee, the Investment Manager and any associate of the Investment Manager.

These provisions, among other things, enable an affected person to sell or deal in the sale of property to the Trust or the Trustee for the account of the Trust; vest property in the Trust or the Trustee against the issue of units in the Trust; purchase property from the Trust (or the Trustee acting for the account of the Trust); enter into stock lending transactions or other efficient portfolio management transactions in relation to the Trust; or provide services for the Trust.

Any such transactions with or for the Trust are subject to best execution on exchange, independent valuation or arm’s length and conflicts of interest requirements as set out in the FCA Rules. An affected person carrying out such transactions is not liable to account to the Trustee, the Manager, any other affected person, or to the holders of units for any benefits or profits thereby made or derived. Where transactions with an affected person involve a conflict of interest between the Manager or its associate and the Trust, the Manager will have regard to its obligations to act in the best interest of the Trust.

The Manager will ensure that the Trust and its unitholders are treated fairly and that such transactions are effected on terms which are not less favourable to the Trust and its unitholders than if the potential conflict had not existed.

Structure of the Trust

Barings Targeted Return Fund (the “Trust”) is an authorised unit trust. The Trust is registered by the Charity Commission as a charity and its registered number is 1184795. The Charity Trustees of the Trust comprises Baring Fund Managers Limited (the “Manager”), the Advisory Committee and the Trustee, NatWest Trustee and Depositary Services Limited.

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 unitholders.

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.

Barings Targeted Return Fund

Important Information (continued)

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 annual management fees charged to the Trust is 0.40% per annum for Class GBP Acc and Class GBP Inc.

Revenue allocations and reports

Revenue allocations are made in 31 January, 30 April, 31 July and 31 October (Final) of each year, where applicable, and forwarded to unitholders together with tax vouchers. The annual report and financial statements for the year ended to 31 August and an interim report and financial statements for the period ended to 28 February will be available on the Baring Asset Management Limited website at www.barings.com.

Scheme Particulars and Manager's Reports

Copies of the Scheme Particulars and the most recent annual or interim report and financial statements are available to all persons free of charge from the Manager upon request.

Value Assessment

As part of the FCA's Asset Management Market Study, Authorised Fund Managers are now required to produce an annual Value Assessment for all UK authorised funds. The Manager will publish the first Value Assessment for the Barings funds as part of a broader composite report in the 4th Quarter 2020. This will be made available on www.barings.com.

Remuneration (unaudited)

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

- (i) consistent with and promote sound and effective risk management and do not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the Manager or the 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 Remuneration Code (SYSC 19E) and must comply with the UCITS 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.

Barings Targeted Return Fund

Important Information (continued)

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.

Remuneration Disclosure (unaudited)

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

	Number of beneficiaries	Total remuneration	Total fixed remuneration	Total variable remuneration
Total remuneration paid by BFM in relation to the Trust*	16	£25,001	£6,029	£18,972
Total Senior Management Remuneration paid by BFM**	16	£835,331	£201,441	£633,890

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.

Barings Targeted Return Fund

Directory

Manager and Alternative Investment Fund Manager (“AIFM”)

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 of the Manager

J. Armstrong (non-executive)

E. Browning

R. Kent

J. Swayne

K. Troup (non-executive)

Registered Office

20 Old Bailey

London, EC4M 7BF

The Advisory Committee

Simon Duckworth, O.B.E., D.L.

Chairman of the Advisory Committee. An elected member of the City of London Corporation since 2000, serving on its Policy & Resources, (Dep. Chairman), Finance and Investment Committees. A Non-Executive Director of the Association of Police & Crime Commissioners, Adept4 Plc and Bell Integration Ltd. A member (former Chairman) of the City of London Police's Economic Crime Board. One of Her Majesty's Lieutenants for the City of London.

George P Francis

A Solicitor for over 40 years, specialising in trusts, tax and charities. Currently a Consultant with New Quadrant Partners in Chancery Lane, a firm he helped to set up in 2010. Acts as a Trustee for many private family trusts and charities, and is a Director of several Trustee Companies.

Susan J Platts-Martin

Chairman of Baillie Gifford China Growth Trust Plc (formerly Witan Pacific Trust Plc) and Non Executive Director and SID of BlackRock Smaller Companies Trust Plc. A chartered accountant and previously Head of Investment Trusts and Head of Charitable foundations at Fidelity International and a past Protector of Power to Change Trust.

Jonathan Spence

Fellow and Senior Bursar at Queens' College University of Cambridge, Chairman of the Cambridge Building Society and a Non-Executive Director of the Bank of China (UK) Limited. Former CEO of Singer & Friedlander Limited and Executive Director of Singer & Friedlander Group Plc.

Barings Targeted Return Fund

Directory (continued)

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.

Administrator & Registrar

Northern Trust Global Services SE

6 rue Lou Hemmer,

Senningerberg

Luxembourg, L-1748

The Administrator & Registrar's principal place of business in the United Kingdom:

Northern Trust Global Services SE UK Branch

50 Bank Street

London, E14 5NT

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

Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh, EH3 8EX

Address:

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20 Old Bailey
London, EC4M 7BF

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www.barings.com

BARINGS

The logo consists of the word "BARINGS" in a bold, dark blue, sans-serif font. Below the text is a horizontal line that is green on the left and blue on the right, with a slight shadow effect.