



Baring Currency Umbrella Fund
Annual Report & Audited Financial
Statements
for the year ended 30 September 2016

Baring Currency Umbrella Fund

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Baring Currency Umbrella Fund

Management and administration

Alternative Investment Fund Manager (“AIFM”)

Baring International Fund Managers (Ireland) Limited

Registered Office

Georges Court

54-62 Townsend Street

Dublin 2

Ireland

Telephone: + 353 1 542 2930

Facsimile: + 353 1 670 1185

Investment Manager

Baring Asset Management Limited

155 Bishopsgate

London EC2M 3XY

United Kingdom

Telephone: + 44 20 7628 6000

Facsimile: + 44 20 7638 7928

Depositary*

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

Ireland

* With effect from 17 July 2015, the Trustee has assumed the responsibilities of a Depositary in accordance with the European Union (AIFM) Regulations 2013.

Administrator, Registrar and Transfer Agent

Northern Trust International Fund Administration Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

Ireland

Independent Auditors

PricewaterhouseCoopers

One Spencer Dock

North Wall Quay

Dublin 1

Ireland

Sponsoring broker

Dillon Eustace

33 Sir John Rogerson's Quay

Dublin 2

Ireland

Legal advisers

Dillon Eustace

33 Sir John Rogerson's Quay

Dublin 2

Ireland

Directors of the AIFM

John Burns (British)

David Conway+ (Irish)

Nicola Hayes (British)

Michel Schulz++ (German)

Mark Thorne+ (Irish)

+ Non-executive Directors independent of the Investment Manager.

++ Non-executive Director.

Introduction

Baring Currency Umbrella Fund (“the Trust”) is an open-ended unit trust constituted by a Trust Deed governed by the laws of Ireland and managed by Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (“AIFM”)”). It is established in Ireland pursuant to the Unit Trusts Act, 1990 as an Authorised Unit Trust Scheme. Accordingly, the Trust is supervised by the Central Bank of Ireland (“the CBI”). This, however, does not constitute a warranty by the CBI as to the creditworthiness or performance of the Trust and the CBI shall not be liable for the performance or default of the Trust. The Manager, Baring International Fund Managers (Ireland) Limited, has been authorised by the CBI as an AIFM pursuant to the European Union (AIFM) Regulations 2013. The Trust is classified as a Retail Investor Alternative Investment Fund (“RIAIF”) in accordance with the AIF Rulebook issued by the CBI.

The Trust has been authorised by the CBI pursuant to the Unit Trusts Act, 1990 and the Trust Deed. As Baring US\$ Reserve Fund (“the Fund”) is registered for sale in Hong Kong, the Fund has also been authorised by the Hong Kong Securities and Futures Commission (“SFC”) pursuant to the provisions of the Hong Kong Code on Unit Trusts and Mutual Funds, supplemented or consolidated from time to time.

As at 30 September 2016, the Trust has one fund, Baring US\$ Reserve Fund (“the Fund”), which commenced business on 30 December 1990. The Fund has two class of units in issue, Class A USD Accumulation (“Acc”) and Class A HKD Acc.

Units are available in the Fund in the following denomination and class:

Fund and class	Unit type (Acc)	Base currency	Unit denomination	Unit class launch date	ISIN
Baring US\$ Reserve Fund*					
Class A	Acc	US\$	HKD	01/04/2016	IE00BYYP9H80
Class A	Acc	US\$	USD	30/12/1990	IE0000830459

* The trade receipt and valuation deadline for the annual accounts was 12:00pm on 30 September 2016.

Independent auditors' report to the unitholders of Baring Currency Umbrella Fund

Report of the financial statements

Our opinion

In our opinion, Baring Currency Umbrella Fund's financial statements (the "financial statements"):

- give a true and fair view of the Trust's assets, liabilities and financial position as at 30 September 2016 and of its results for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- have been properly prepared in accordance with the requirements of the Unit Trusts Act 1990.

What we have audited

The financial statements, included within the Annual Report & Audited Financial Statements, comprise:

- the Balance sheet as at 30 September 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in net assets attributable to holders of redeemable participating units for the year then ended;
- the Portfolio statement as at 30 September; and
- the notes to the financial statements which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In applying the financial reporting framework, the AIFM has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, the AIFM has made assumptions and considered future events.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the AIFM

As explained more fully in the Statement of Alternative Investment Fund Manager's Responsibilities set out on page 5, the AIFM is responsible for the preparation of the financial statements giving a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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 opinion, has been prepared for and only for the unitholders of the Fund as a body and for no other purpose. We do not, in giving this opinion, 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.

Independent auditors' report to the unitholders of Baring Currency Umbrella Fund

(continued)

Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). 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 AIFM; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the AIFM's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report & Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Dublin

15 December 2016

Report of the Alternative Investment Fund Manager

Statement of Alternative Investment Fund Manager's responsibilities

Baring International Fund Managers (Ireland) Limited ("the Alternative Investment Fund Manager (AIFM)") is required by the Alternative Investment Fund Managers Directive ("the AIFMD") to prepare financial statements for each financial year. These financial statements are prepared in accordance with applicable Irish law and the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS102 the financial reporting standard applicable in the UK and Republic of Ireland, to give a true and fair view of the state of affairs of the Baring Currency Umbrella Fund ("the Trust") at year-end and its results for the year then ended. In preparing those financial statements, the AIFM must:

- select and consistently apply suitable accounting policies;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Trust will continue in operation.

The AIFM is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the position of the Trust and enable it to ensure that the financial statements are prepared in accordance with FRS 102 and comply with the provisions of the Trust Deed and the Unit Trusts Act, 1990. The AIFM is also responsible for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

Under the Central Bank of Ireland's ("CBI's") AIF Rulebook, the assets of the Unit Trust shall be entrusted to the Depository for safekeeping and therefore custody of the Funds' assets rests with Northern Trust Fiduciary Services (Ireland) Limited.

The financial statements are published at www.barings.com. The Directors, together with the AIFM and Investment Manager, are responsible for the maintenance and integrity of the website as far as it relates to Barings funds. Legislation in the Republic of Ireland governing the presentation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Transactions with connected parties

The CBI's Alternative Investment Fund ("AIF") Rulebook requires that any transaction carried out with Baring US\$ Reserve Fund ("the Fund") by a Promoter, Alternative Investment Fund Manager ("AIFM"), Depository, Investment Manager and/or associate of these ("connected parties") are carried out as if negotiated at arm's length and are in the best interests of the unitholders.

The Directors of the AIFM are satisfied that there are arrangements in place to ensure that this requirement is applied to all transactions with connected parties, and that all transactions with connected parties during the year complied with this requirement.

Remuneration Policy

As part of its authorisation as an AIFM, the AIFM has implemented a Remuneration Policy consistent with European Securities and Markets Authority's ("ESMA's") remuneration guidelines and, in particular, the provisions of Annex II of Directive 2011/61/EU.

See Appendix 3 for the Remuneration Policy of the AIFM.

Report of the Alternative Investment Fund Manager (continued)

Conflicts of interest

The Directors of the AIFM, the AIFM, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and unitholders, employees and agents (collectively the "Parties") are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Trust and/or their respective roles with respect to the Trust. These activities may include managing or advising other funds (including other Investment Funds), purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Trust may invest. In particular, the AIFM and other companies within the Barings Group may be involved in advising or managing other investment funds which have similar or overlapping investment objectives to or with the Trust. Each of the Parties will use their reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of unitholders.

Alternative Investment Fund Manager's statement

These financial statements were approved by the Directors of the Alternative Investment Fund Manager ("AIFM"), Baring International Fund Managers (Ireland) Limited, on 15 December 2016 and signed by on its behalf by:

Directors

David Conway

Mark Thorne

15 December 2016

Report of the Depositary to the unitholders for the year ended 30 September 2016

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Baring Currency Umbrella Fund (“the Trust”) provide this report solely in favour of the unitholders of the Trust for the year ended 30 September 2016 (the “Accounting Period”). This report is provided in accordance with current Depositary obligations under the Central Bank of Ireland AIF Rule Book, Chapter 6 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation under the AIF Rule Book, we have enquired into the conduct of the Trust for this Accounting Period and we hereby report thereon to the unitholders of the Trust as follows;

Opinion

In our opinion, that the Trust has been managed by the AIFM during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Trust by the constitutional document and by the Central Bank of Ireland under the powers granted to the Central Bank of Ireland by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.

For and on behalf of

15 December 2016

Northern Trust Fiduciary Services (Ireland) Limited

Georges Court

54-62 Townsend Street

Dublin 2

Key changes since the last report

The Prospectus was updated on 21 March 2016 to include provisions around the Irish Client Assets Regime.

The Class A HKD Acc unit class was launched on 1 April 2016.

On 23 June 2016, the UK electorate voted to leave the European Union. This decision will start a process that is likely to take a minimum of two years to complete, and it is important to note that during this time the UK remains a member of the EU. This means that the rules and regulations governing asset management as well as the protections that were in place for clients prior to the referendum remain unchanged. However, the result is likely to usher in a period of uncertainty for the UK economy and financial markets, which could lead to increased volatility.

Baring US\$ Reserve Fund – Investment Manager’s report - Unaudited

Performance record

Summary of Fund performance

	Net Asset Value as at 30/09/2016 (Price per unit)	Net Asset Value as at 30/09/2015 (Price per unit)	Net Asset Value % change
Baring US\$ Reserve Fund - Class A USD Acc	US\$25.29	US\$25.44	(0.59)
Baring US\$ Reserve Fund - Class A HKD Acc*	HK\$196.02	N/A	N/A

Performance record to 30 September 2016

	01/10/2015 - 30/09/2016 %	01/10/2014 - 30/09/2015 %	01/10/2013 - 30/09/2014 %	01/10/2012 - 30/09/2013 %	01/10/2011 - 30/09/2012 %
Baring US\$ Reserve Fund - Class A USD Acc (USD terms)	(0.59)	(0.74)	(0.58)	(0.35)	(0.35)
Bank of America Merrill Lynch US Treasury Bills 0-3 months (USD terms)	0.20	0.01	0.03	0.06	0.05
Baring US\$ Reserve Fund - Class A HKD Acc (USD terms)*	(0.15)	N/A	N/A	N/A	N/A

Performance figures are shown net of fees and charges, on a NAV per unit basis, with gross revenue reinvested.

Source: Morningstar/Barings/Bank of America Merrill Lynch.

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The Fund was launched on 30 December 1990; however, the date of authorisation by the Central Bank of Ireland was 29 November 1990.

* Baring US\$ Reserve Fund Class A HKD Acc was launched on 1 April 2016.

Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of units. Please note that changes in the rates of exchange may have an adverse effect on the value, price or income of an investment.

Baring US\$ Reserve Fund – Investment Manager’s report - Unaudited (continued)

Investment objective and policy

The objective of the Baring US\$ Reserve Fund (“the Fund”) is to provide as high an overall rate of return as is consistent with the preservation of capital and liquidity. In seeking to maximise the return for the Fund, Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (“AIFM”)) will ensure that investments are made in highly liquid instruments. The policy of the Fund is to invest in deposits, negotiable fixed and floating rate securities.

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

How the Fund is managed

The AIFM of Baring Currency Umbrella Fund (“the Trust”), Baring International Fund Managers (Ireland) Limited, has appointed Baring Asset Management Limited as the Investment Manager of the Fund. The Investment Manager aims to achieve the investment objective of the Fund by investing in a combination of short-dated US Treasury Bills, high-quality commercial paper and floating rate notes.

Risk profile

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

- Country specific funds have a narrower focus than those which invest broadly across markets and are therefore considered to be more risky.
- Investment in the Fund is not the same as placing funds on deposit with a bank or deposit-taking company.
- While the Fund is invested mainly in highly liquid, short-dated money market instruments primarily issued by the United States Government, the investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities.
- The Fund’s investments will be subject to a number of risks, including: counterparty, credit, interest rate, market risk and zero coupon risk.

Please refer to the Prospectus for the full risk profile.

Strategy

There were no changes made to the Fund’s composition which allocates wholly to the US Treasury Bill market. The strategy over the reporting period was strictly focused on capital preservation and high liquidity.

Performance

With the Fund wholly invested in the US Treasury Bill market, after fees performance was negative compared to the Bank of America Merrill Lynch US Treasury Bills 0-3 month index.

US Treasury Bill yields rose across the period. The yield on the three-year US Treasury Bill moved from close to zero, ending the period 0.25% higher (yields move inversely to price). The yield movements experienced over the past year were partly driven by the introduction of money market fund reforms by US regulators (due 14 October), which has led to lower demand for cash instruments. The US three-month London Interbank Offered Rate (“LIBOR”) rose to a seven-year high.

The US dollar weakened against its major trading currencies at the beginning the year, as the positive momentum of the US economy showed signs of waning. A fall in the oil price saw weakness in the Energy sector which sparked concerns over contagion into the broader US economy. However, over the past six months the US dollar traded within a range at these lower levels despite expectations that the US Federal Reserve (“the Fed”) will raise interest rates by the end of the year.

Baring US\$ Reserve Fund – Investment Manager’s Report - Unaudited (continued)

Review of the market

Given the benign inflation outlook and expectations of a slower pace of economic growth, yields in longer dated US treasuries declined. We have seen mixed signals from a range of US indicators. There have been signs of a slowdown in the Housing sector with the latest data implying a minimal contribution to GDP. Indicators for manufacturing and business activity have been quite volatile, but rebounded more recently, whilst the improvement in labour market data has slowed as the unemployment rate approaches its assumed natural rate.

Yields in the shorter end of the curve, which is more sensitive to changes in interest rates, ended the period higher. There have been no changes to US monetary policy conditions since December 2015, when the Federal Open Market Committee (“FOMC”) decided unanimously to raise interest rates by 0.25% to 0.25%-0.50%. Following this, however, the Fed’s communications became increasingly cautious in tone, noting risks from “global and financial developments”. More recently, the market anticipates a further hike in interest rates by the end of the year. Indeed, even though the FOMC kept rates unchanged in September, the statement suggested that the case had “strengthened” for a rate rise. The committee was deeply divided on its decision to keep rates on hold, with three members dissenting in favour of a rate hike. The updated projections continue to reflect a gradual pace of tightening; the median expectation is for one hike this year and only two hikes (previously three) next year.

Market outlook

Looking forward, the timing of the Fed’s next rate hike will be an important consideration for both bond and currency markets. The level of dissent among Fed board members is likely to remain a source of uncertainty going forward, although consensus is that any future rate rises will be at a gradual pace. As long as the data remains consistent with the Fed’s expectations, market participants are anticipating a rate hike by the end of the year. We don’t think that September’s labour market report was strong enough to influence the Fed to move sooner than December, but it is consistent with its view of a modest improvement in conditions. There are two more labour market releases before December’s FOMC meeting.

Political risk is another consideration leading up to November’s presidential election, with Donald Trump’s more protectionist policy plans seen as a risk for the country’s closest trading partners. Although the first of the televised presidential debates was assumed to have been won by the Democratic nominee Hillary Clinton, opinion polls still reflect a close race. The new presidency will also have implications for the mix between monetary and fiscal policy.

Elsewhere, the UK appears to be moving towards a “hard Brexit” (foregoing full access to the European Union (“EU”) single market in favour of securing tougher immigration controls). Prime Minister Theresa May pledged to start pulling the UK out of the EU by the end of March 2017. This is likely to have implications not only for the UK but also for the Eurozone, although so far, macroeconomic data has held up in both. European monetary policy is another key risk. The ECB’s current programme is due to end in March 2017, with most investors expecting an extension beyond this date. European assets might therefore be vulnerable to any signs that the ECB intends to withdraw its support.

Baring Asset Management Limited

October 2016

Baring Asset Management Limited (“the Investment Manager”) gives their 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.

Portfolio statement

As at 30 September 2016

Country	Financial assets at fair value through profit or loss	Currency	Nominal holdings	Fair value US\$	% of NAV
	Investment Funds: 5.48% (2015: 0.65%)				
Ireland	NT Global Funds - US Dollar Fund	USD	1,377,000	1,377,000	5.48
	Total Investment Funds			1,377,000	5.48
	Treasury Bills: 99.53% (2015: 92.77%)				
United States	US Treasury Bill 0% 02/02/2017	USD	1,200,000	1,198,806	4.78
	US Treasury Bill 0% 02/03/2017	USD	2,450,000	2,446,402	9.75
	US Treasury Bill 0% 05/01/2017	USD	3,200,000	3,198,048	12.74
	US Treasury Bill 0% 08/12/2016	USD	4,600,000	4,598,970	18.32
	US Treasury Bill 0% 10/11/2016	USD	5,400,000	5,399,330	21.51
	US Treasury Bill 0% 13/10/2016	USD	4,650,000	4,649,942	18.52
	US Treasury Bill 0% 27/04/2017	USD	3,500,000	3,491,115	13.91
	Total Treasury Bills			24,982,613	99.53
	Total financial assets at fair value through profit or loss			26,359,613	105.01
	(Bank overdraft)/Cash			(799,117)	(3.18)
	Other net liabilities			(459,831)	(1.83)
	Total net assets attributable to equity holders			25,100,665	100.00

All Investments are transferable securities to an official stock exchange listing or traded on a recognised market. Comparative figures shown in brackets relate to 30 September 2015.

Balance sheet

As at 30 September 2016

	Notes	Baring US\$ Reserve Fund 30/09/2016 US\$	Baring US\$ Reserve Fund 30/09/2015 US\$
Assets			
Financial assets at fair value through profit or loss	1	26,359,613	26,926,281
Cash	1	57,433	24,247
Receivable for units sold	1	15,772	1,994,591
Other assets	1	353	354
Total assets		26,433,171	28,945,473
Liabilities			
Bank overdraft	1	(856,550)	-
Management fee payable	2	(5,790)	(6,896)
Depository fee payable	2	(933)	(1,087)
Payable for units redeemed	1	(314,457)	(44,218)
Other liabilities	2	(154,776)	(70,137)
Total liabilities (excluding net assets attributable to holders of redeemable participating units)		(1,332,506)	(122,338)
Net assets attributable to holders of redeemable participating units		25,100,665	28,823,135
Units in issue (Note 3)			
	Class A USD Acc	880,705	1,132,556
	Class A HKD Acc	112,055	-

* Baring US\$ Reserve Fund Class A HKD Acc was launched on 1 April 2016.

Statement of changes in net assets attributable to holders of redeemable participating units

For the year ended 30 September 2016

	Notes	Baring US\$ Reserve Fund 30/09/2016 US\$	Baring US\$ Reserve Fund 30/09/2015 US\$
Net assets attributable to holders of redeemable participating units at the beginning of the year		28,823,135	26,971,008
Decrease in net assets for the year from operations attributable to holders of redeemable participating units		(160,364)	(169,757)
Issue of redeemable participating units for the year	3	32,829,223	45,358,768
Redemption of redeemable participating units for the year	3	(36,391,329)	(43,336,884)
Net assets attributable to holders of redeemable participating units at the end of the year		25,100,665	28,823,135

The accompanying notes form an integral part of these financial statements.

Profit and loss account

For the year ended 30 September 2016

	Notes	Baring US\$ Reserve Fund 30/09/2016 US\$	Baring US\$ Reserve Fund 30/09/2015 US\$
Investment income			
Interest income	1	56,479	11,076
Net fair value loss on financial assets and liabilities at fair value through profit or loss	1	(4,515)	(2,258)
Total investment income		51,964	8,818
Expenses			
Management fees	2	(67,588)	(70,842)
Depositary fees	2	(5,120)	(5,903)
General expenses	2	(139,599)	(101,830)
Total operating expenses		(212,307)	(178,575)
Finance costs			
Bank interest expense	1	(21)	-
Total finance costs		(21)	-
Decrease in net assets for the period from operations attributable to redeemable participating unitholders		(160,364)	(169,757)

Gains and losses arose solely from continuing operations. There were no gains or losses other than those dealt with in the profit and loss account.

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

The principal accounting policies adopted by Baring Currency Umbrella Fund (“the Trust”) are as follows:

Basis of preparation

In preparing the financial statements for the year ended 30 September 2016, the Directors of Baring International Fund Managers (Ireland) Limited (“the Alternative Investment Fund Manager (“AIFM”)) have applied Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (“FRS 102”) for the two years beginning 1 October 2014 for the first time and these financial statements comply with that standard.

The annual report has been prepared on a going concern basis in accordance with FRS 102 and Irish Statute comprising the Unit Trusts Act, 1990. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those promulgated by the Institute of Chartered Accountants in Ireland and issued by the Financial Reporting Council (“FRC”).

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Trust has availed of the exemption available to open-ended investment funds under Section 7 of FRS 102 not to prepare a cash flow statement.

Historical cost convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

Change to accounting policies

From 1 October 2014, the Unit Trust has adopted FRS 102. The transition to FRS 102 has resulted in a change to the fair value measurement policy. Further details are set out in the fair value measurement section below. The transition to FRS 102 has resulted in no changes to the reported financial position or financial performance compared to that presented previously. No adjustments have been made to either the net assets presented in the opening balance sheet as at 30 September 2016 or at 30 September 2015 .

The Trust has applied Amendments to FRS 102 - Fair value hierarchy disclosures, which was issued in March 2016 and is applicable for accounting periods beginning on or after 1 January 2017 with early application permitted. The Trust has taken the option to early adopt the amendments.

Due to the launch of Baring US\$ Reserve Fund Class A HKD Acc on 1 April 2016 the statement of changes in equity is now the statement of changes in net assets attributable to holders of redeemable participating units.

(i) Fair value measurement

On initial application of FRS 102 and 104, in accounting for its financial instruments, a reporting entity is required to apply either: a) the full requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments, or c) the recognition and measurement provisions of IFRS 9 Financial Instruments and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments. The Trust has chosen to implement (b) the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and only the disclosure requirements of FRS 102 relating to Basic Financial Instruments and Other Financial Instruments.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Change to accounting policies (continued)

(i) Fair value measurement (continued)

The use of IAS 39 recognition and measurement provisions is an accounting policy change with the Trust moving from measuring the value of its financial assets at current bid price and financial liabilities at current asking price, to the pricing policy as set out in the Trust's Prospectus, which outlines that they are valued at last traded. There is no impact of this policy change on the balance sheet.

(ii) Fair value disclosures

The requirements for the Trust to measure financial instruments at fair value and the estimation of that fair value have not changed with the adoption of FRS 102.

Foreign exchange translation

(a) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The functional currency of the Trust is the US dollar, which reflects the fact that the majority of investments are in US dollars. The presentation currency of the Trust is also the US dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Proceeds from subscriptions and amounts paid on redemptions of redeemable participating units are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Financial assets and liabilities at fair value through profit or loss

(a) Classification

The Trust classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the AIFM at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for Baring Asset Management Limited ("the Investment Manager") and the AIFM to evaluate the information about these financial assets on a fair value basis together with other related financial information. These financial assets are expected to be realised within 12 months of the balance sheet date.

(b) Recognition/derecognition

Purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. The financial statements include all the trades received up until the valuation point for the Fund as disclosed on page 2. Any trades received subsequent to these points are not reflected in the financial statements. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Realised gains and losses on disposals of financial assets and financial liabilities classified as 'at fair value through profit or loss' are calculated using the First In First Out ("FIFO") method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Financial assets and liabilities at fair value through profit or loss (continued)

(c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value at the relevant valuation point of the Fund as disclosed on page 2. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the profit and loss account in the year in which they arise.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the Trust's decision to implement the recognition and measurement provisions of IAS 39 Financial Instruments, the fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 1 October 2015, the quoted market price for financial assets held by the Trust was the current bid price; the quoted market price for financial liabilities was the current asking price. The Trust changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Unquoted investments are valued in accordance with the most recent valuation made by the AIFM. In the absence of a price being available for a security, the Directors of the AIFM can determine such a valuation where appropriate. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Income from investments

Interest income and expenses are recognised in the profit and loss account for all debt instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant year.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Operating expenses

The Fund is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments. Operating expenses are accounted for on an accruals basis. The AIFM meets all other operating expenses incurred by the Trust in connection with its services.

Distributions

It is not intended to distribute to unitholders any income by way of a dividend. All such available income is being accumulated within the Fund.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

Cash, bank overdraft and other liquid assets

Cash and other liquid assets are valued at their face value with interest accrued, where applicable. All cash balances are maintained with The Northern Trust Company, London Branch ("TNTC") with uninvested cash balances being swept daily into the Northern Trust Global Funds.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition origination. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Payables

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the year of the payable using the effective interest method.

Redeemable participating units

Redeemable participating units are redeemable at the unitholder's option and are classified as financial liabilities.

The participating unit can be put back to the Funds on any business day of the Funds for cash equal to a proportionate unit of the Funds' Net Asset Value. The participating unit is carried at the redemption amount that is payable at the balance sheet date if the unitholder exercised their right to put the unit back to the Funds.

In accordance with the provisions of the Trust Deed, listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining the Net Asset Value per unit for subscriptions and redemptions and for various fee calculations.

Net assets attributable to holders of redeemable participating units represent a liability in the balance sheet, carried at the redemption amount that would be payable at the balance sheet date if the unitholder exercised the right to redeem the unit to the Fund.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2. Fees and related party disclosures

Management fees

Baring International Fund Managers (Ireland) Limited, the Alternative Investment Fund Manager ("the AIFM"), is entitled under the Management Agreement to a management fee of up to a rate not exceeding 1% per annum of the Net Asset Value of the Fund.

The management fee, which incorporates Investment Manager and AIFM fees, is payable monthly in arrears and is calculated by reference to the value of the net assets of the Fund as at each day on which the value of the net assets of the Fund is calculated. The outstanding amounts payable as at the year-end are disclosed separately in the balance sheet.

Notes to the financial statements (continued)

2. Fees and related party disclosures (continued)

Management fees (continued)

The Trust is managed by the AIFM, who has delegated investment management responsibility to Baring Asset Management Limited (“the Investment Manager”), an investment management company incorporated in London on 6 April 1994. The Investment Manager is part of the Baring Asset Management group and is a wholly owned subsidiary of Massachusetts Mutual Life Insurance Company (“MassMutual”).

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. John Burns, Nicola Hayes and Michel Schulz are connected to the Investment Manager through employment with the AIFM and its subsidiaries.

Administration fee

The fees of the Administrator will be met by the AIFM out of the management charge. An administration fee is paid out of the management charge at the rate of 0.01% per annum of the value of the net assets.

Depositary fees

Northern Trust Fiduciary Services (Ireland) Limited (“the Depositary”) is entitled under the Trust Deed to receive out of the assets of the Fund an annual fee of up to 0.025% of the Net Asset Value of each Fund payable monthly in arrears.

In addition, the Depositary will also charge transaction fees, safekeeping fees and account maintenance charges out of the assets of each Fund which shall be at normal commercial rates. The Depositary is entitled to be reimbursed all fees and charges of sub-custodians appointed by it and all other out-of-pocket expenses incurred by it. Any sub-custodian fees will be charged at normal commercial fees.

Legal fee

Mark Thorne is a partner of Dillon Eustace, the legal advisor, and a Director of the AIFM. The fees paid to Dillon Eustace during the year amounted to US\$6,102 (30 September 2015: US\$5,155).

Other expenses

The Depositary pays out of the assets of the Fund the above fees, stamp duties, taxes, brokerage or other expenses of acquiring and disposing of investments, the fees and expenses of the auditors, listing fees and legal expenses of the AIFM and the cost of establishing, maintaining and registering the Fund and the units with any governmental or regulatory authority or with any regulated market deemed appropriate by the AIFM from time to time. The costs of printing and distributing reports, accounts and any Prospectus, publishing prices and any costs incurred as a result of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any code relating to unit trusts, whether or not having the force of law) will also be paid out of the assets of the Fund.

Significant unitholdings

The following table details significant concentrations in unitholdings of the Fund or instances where the units are beneficially held by other investment funds managed by the Investment Manager or one of its affiliates, as at 30 September 2016 and 30 September 2015.

Fund Name	Number of unitholders with beneficial interest greater than 20% of the units in issue	Total % of unitholders with beneficial interest greater than 20% of the units in issue	Total % of units held by investment funds managed by Baring International Fund Managers (Ireland) Limited or affiliates
Baring US\$ Reserve Fund	2 (30/09/2015: 3)	76.44% (30/09/2015: 90.82%)	0.01% (30/09/2015: Nil)

BARINGS

Notes to the financial statements (continued)

2. Fees and related party disclosures (continued)

Transaction costs

There were no transaction costs incurred by the Fund for the years ended 30 September 2016 and 30 September 2015.

3. Units issued and redeemed

Baring US\$ Reserve Fund	Class A USD Acc 30/09/2016	Class A USD Acc 30/09/2015
By units:	units	units
Units in issue at the beginning of the year	1,132,556	1,052,257
Units issued during the year	1,139,776	1,776,207
Units redeemed during the year	(1,391,627)	(1,695,908)
Units in issue at end of year	880,705	1,132,556
By value:	US\$	US\$
Value of units issued during the year	28,845,643	45,358,768
Value of units redeemed during the year	(35,240,674)	(43,336,884)
Net value of units (redeemed)/issued during the year	(6,395,031)	2,021,884
Baring US\$ Reserve Fund	Class A HKD Acc*	
	30/09/2016	
By units:	units	
Units in issue at the beginning of the year	-	
Units issued during the year	157,576	
Units redeemed during the year	(45,521)	
Units in issue at end of year	112,055	
By value:	HK\$	
Value of units issued during the year	30,897,362	
Value of units redeemed during the year	(8,925,040)	
Net value of units issued during the year	21,972,322	

* Baring US\$ Reserve Fund Class A HKD Acc was launched on 1 April 2016.

4. Net Losses on Investments

The following table analyses the realised and unrealised gains and losses on investments and currencies from the profit and loss account on page 14. This requirement complies with the CBI's AIF Rulebook.

	30/09/2016	30/09/2015
	US\$	US\$
Realised gains on sale of investments	3,098	2,154
Realised losses on sale of investments	(7,705)	(9,343)
Realised currency gains	644	45
Realised currency losses	(776)	(23)
Unrealised gains on investments	6,661	6,449
Unrealised losses on investments	(6,449)	(1,539)
Unrealised currency gains	14	2
Unrealised currency losses	(2)	(3)
	(4,515)	(2,258)

Notes to the financial statements (continued)

5. Soft commission arrangements

The AIFM and its associates will not receive cash from, or offer rebates to, brokers or dealers in respect of transactions for the Investment Manager. The Investment Manager uses dealing commission generated on equity transactions to purchase goods and services that relate to the execution of trades or the provision of research for the benefit of the Fund. Execution of transactions will be consistent with best execution standards. The Fund has not engaged in such activities during the year (30 September 2015: Nil).

6. Comparative statistics

Net Asset Value per unit

	As at 30/09/2016	As at 30/09/2015	As at 30/09/2014
Baring US\$ Reserve Fund			
Class A USD Acc	US\$25.29	US\$25.44	US\$25.63
Class A HKD Acc*	HK\$196.02	-	-

* Baring US\$ Reserve Fund Class A HKD Acc was launched on 1 April 2016.

7. Exchange rates

The exchange rates used at the year-end date were:

	Exchange rate to US\$ 30/09/2016	Exchange rate to US\$ 30/09/2015
Euro	0.8957	0.8959
Hong Kong dollar	7.7537	7.7500
Pound sterling	0.7698	0.6579

8. Financial risk management

Strategy in using financial instruments

The Fund is exposed to a variety of financial risks in pursuing its stated investment objective and policies. These risks include, but are not limited to, credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and price risk). The Fund takes exposure to some of these risks to generate investment returns on its portfolio, although these risks can also potentially result in a reduction in the Fund's net assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the Fund's performance where it can do so while still managing the investments of the Fund in a way that is consistent with the Fund's investment objectives and policies.

The investment objective of the Fund is disclosed in the Investment Manager's report. The risks, and the measures adopted by the Fund for managing these risks, are detailed below.

The main risks arising from the financial instruments held by the Fund are market price, foreign currency, interest rate, credit and liquidity risk. The AIFM reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained substantially unchanged since the beginning of the year to which these financial statements relate.

(a) Market price risk

Market price risk is defined in FRS 102 as the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

The Fund's assets consist mainly of US Treasury Bills. The value of these instruments is determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to the Fund's performance. The Fund has adopted a number of investment restrictions which are set out in the Trust's Prospectus which limit the exposure of the Fund to adverse changes in the price of any individual financial asset.

Notes to the financial statements (continued)

8. Financial risk management (continued)

(a) Market price risk (continued)

In accordance with the Fund's policy, the Investment Manager monitors the Fund's positions on a daily basis and reports regularly to the AIFM, who reviews the information on the Fund's overall market exposures provided by the Investment Manager at its periodic meetings.

The Investment Manager uses three techniques to help in the risk management process: monitoring compliance with quantitative limits, prevention of limit breaches and trade monitoring. These techniques allow the Investment Manager to ensure that the Fund remains in compliance with the restrictions in the Prospectus and the AIFMD regulations which the Fund is governed by.

In addition, the Investment Manager manages the exposure of the portfolio to the risk of adverse changes in the general level of market prices through adhering to its formal risk management process, which includes the use of systems and technology to monitor overall market and position risk on a daily basis. The maximum risk arising from an investment is determined by the fair value of the financial instruments. The overall market exposures and concentration of risk can be seen on the portfolio statement and balance sheet of the Fund. The Fund's market price risk is affected by two components: changes in market prices and currency exchange rates. The Fund's exposure to market risk is disclosed in the portfolio statement.

The method used to determine the global exposure is the absolute Value at Risk ("VaR"). VaR is calculated daily using RiskMetrics (one of the leading suppliers of risk management software). For Funds where an absolute VaR approach is used, due to the lack of a suitable reference index, triggers are employed to ensure the VaR does not exceed the permitted limit of 20%. The VaR calculation is carried out in accordance with the following parameters:

- Monte Carlo methodology as of 1 July 2016 with historical methodology being used prior to this,
- uses a one-year observation period,
- a one-tailed 99% confidence interval,
- a 20-day holding period,
- 11-day half-life,
- daily data set updates, and
- daily calculation.

Fund Name	Fund absolute VaR over the past financial year					Performance comparator or reference portfolio
	30/09/2016	30/09/2015	Lowest	Highest	Mean	
Baring US\$ Reserve Fund	0.03%	0.05%	0.02%	0.06%	0.04%	N/A

Some limitations of VaR analysis are:

- the methodology is based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns; and
- the VaR is a point-in-time calculation, and does not necessarily reflect the risk position of the Fund at any time other than the date and time at which it is calculated.

(b) Foreign currency risk

Currency risk is defined in FRS 102 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund has no material foreign currency exposure, all the investments in the portfolio are held in US dollars. The Fund may be exposed to currency risk as assets and liabilities of the Fund may be denominated in a currency other than the functional currency of the Fund, which is the US dollar.

(c) Interest rate risk

Interest rate risk is defined in FRS 102 as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes to the financial statements (continued)

8. Financial risk management (continued)

(c) Interest rate risk (continued)

The Fund primarily invests in US Treasury Bills which are exposed to fair value interest rate risk where the value of these securities may fluctuate as a result of a change in market interest rates. The Fund is exposed to interest rate risk on the interest earned on its cash and bank balances. This exposure is not considered to be significant.

Interest rate (duration) risks are managed by the Investment Manager, whose management of duration risk is monitored through regular performance reviews with senior Managers as well as through monthly peer reviews of positioning held with senior Managers. The Investment Manager is authorised to initiate fixed income trades within pre-set limits.

Interest rate risk sensitivity

Duration is a measure of the sensitivity of a bond price to interest rates. The percentage change in the price is equal to the change in interest rates multiplied by the modified duration. The monetary impact detailed in the following table shows the possible change in Net Asset Value resulting from a 1% change in interest rates.

Fund Name	Average duration 30/09/2016	Monetary impact on NAV (100bps) 30/09/2016	Average duration 30/09/2015	Monetary impact on NAV (100bps) 30/09/2015
Baring US\$ Reserve Fund	0.23 years	60,796	0.22 years	63,411

In accordance with the Fund's policy, the Investment Manager monitors the Fund's interest rate exposures on a daily basis and reports regularly to the AIFM, who reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

(d) Liquidity risk

Liquidity risk is defined in FRS102 as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Fund is exposed to daily cash redemptions of units. However, the AIFM is entitled, with the approval of the Depositary, to limit the number of units of any class realised on any dealing day to 10% of the total number of units of that class in issue. There are also a number of circumstances when the AIFM may, with the approval of the Depositary, temporarily suspend the right of unitholders to require the realisation of units of any class and/or may delay the payment of any monies in respect of any such realisation.

The Fund invests the majority of its assets in securities and other instruments that are traded on an active market and which are considered to be liquid as they can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity on a daily basis and reports regularly to the AIFM, who reviews the information provided by the Investment Manager on significant exposures at its periodic meetings. The Fund has an agreed temporary overdraft facility with its Depositary to allow for temporary timing/matching differences on trades, subscriptions and redemptions.

At 30 September 2016 and 30 September 2015, the Fund's financial liabilities, as disclosed on the balance sheet, were all due within one month.

(e) Credit risk

Credit risk is defined by FRS 102 as the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Fund's investments consist mainly of US Treasury Bills and is therefore exposed to credit risk.

The Fund will also be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Notes to the financial statements (continued)

8. Financial risk management (continued)

(e) Credit risk (continued)

The Fund is exposed to credit risk on cash and investment balances held with the Depository. Substantially all of the cash assets are held with TNTC. Cash deposited with TNTC is deposited as banker and is held on its balance sheet. Excess cash is rolled into the NT Global Funds – US Dollar Fund. Accordingly, in accordance with usual banking practice, TNTC's liability to the Fund in respect of such cash deposits shall be that of debtor and the Fund will rank as a general creditor of TNTC. The financial assets are held with the Depository. These assets are held distinct and separately from the proprietary assets of the Depository. Securities are clearly recorded to ensure they are held on behalf of the Fund. Bankruptcy or insolvency of the Depository and/or one of its agents or affiliates may cause the Fund's rights with respect to the securities held by the Depository to be delayed.

Both the Depository and TNTC are wholly owned subsidiaries of Northern Trust Corporation. As at 30 September 2016, Northern Trust Corporation had a long-term rating from Standard & Poor's of A+ (30 September 2015: A+).

Risk is managed by monitoring the credit quality and financial positions of the Depository the Fund uses.

Northern Trust acts as its own sub-custodian in the U.S., the U.K., Ireland and Canada. In all other markets, Northern Trust appoints a local sub-custodian. Northern Trust continually reviews its sub-custodian network to ensure clients have access to the most efficient, creditworthy and cost-effective provider in each market.

The Investment Manager reviews concentrations of credit risk on a fortnightly basis. All exposures to counterparty credit risk including credit risk to the cash fund investment are monitored by the Baring Asset Management Limited's Counterparty Credit Committee and are subject to Baring Asset Management's Counterparty Credit Policy ("CCP"). Baring Asset Management Limited requires a minimum credit rating of Dunn and Bradstreet ("D&B") 3, but also actively avoids exposure to entities having an S&P rating of less than AA-, even where the D&B rating is 3 or better. Adherence to the CCP is very rigidly enforced. Any changes to ratings which cause divergence from CCP are acted on immediately without exception. Application for Initial Public Offerings ("IPOs"), for example, is subject to the credit rating of the entity to whose balance sheet the application will expose the investing fund. Where no satisfactory rating is applied, Baring Asset Management Limited insists that monies are paid into a ring-fenced 'Client Money' account, hence avoiding exposure not permitted by the CCP.

Credit risk arising from receivables relating to unsettled trades is considered small due to the short settlement period involved. The maximum exposure related to unsettled trades equals the amounts shown on the balance sheet. There were no past due or impaired assets as of 30 September 2016 (30 September 2015: Nil).

The net assets attributable to equity holders (fair value of investments, cash and receivables relating to securities) exposed to credit risk at year-end amounted to:

Fund	30/09/2016	30/09/2015
	US\$	US\$
Baring Currency US\$ Reserve Fund	26,417,046	26,950,528

At 30 September 2016 and 30 September 2015, the Fund's exposure to credit risk was as follows:

Rating	30/09/2016	30/09/2015
	% of NAV	% of NAV
Investment grade	99.53	92.77
Non rated	5.48	0.65
	105.01	93.42

Notes to the financial statements (continued)

8. Financial risk management (continued)

(f) Fair value hierarchy

In November 2015, the Financial Reporting Council issued an exposure draft proposing limited amendments to FRS 102, specifically in relation to the fair value hierarchy. These protocols are intended to simplify the preparation of disclosures about financial instruments for the entities affected, whilst increasing the consistency with disclosures required by EU-adopted IFRS that users of financial statements are often familiar with. The amendment was approved in March 2016. The Trust has decided to early adopt this amendment and the following information is consistent with the requirements of the amended FRS 102. The impact of this early adoption is the restatement of the fair value hierarchy previously reported as of 30 September 2015.

FRS 102 requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the AIFM. The AIFM considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out fair value measurements using the FRS 102 fair value hierarchies:

Financial assets and liabilities at fair value through profit or loss

As at 30/09/2016	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
Baring US\$ Reserve Fund				
US Treasury bills	24,982,613	24,982,613	-	-
Investment Funds	1,377,000	-	1,377,000	-
Total	26,359,613	24,982,613	1,377,000	-
As at 30/09/2015	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
Baring US\$ Reserve Fund				
US Treasury bills	26,739,281	26,739,281	-	-
Investment Funds	187,000	-	187,000	-
Total	26,926,281	26,739,281	187,000	-

There have been no transfers during 2016 or 2015 between any of the levels.

Notes to the financial statements (continued)

9. Bank facilities

There is a bank overdraft facility in place with TNTC. An “uncommitted” multi-currency loan facility has been made available by TNTC to the Trust. During the year, the Fund has drawn down US\$462,117 on this facility (30 September 2015: US\$1,839).

10. Taxation

Under current law and practice, the Trust qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended (“the TCA”). On that basis, it is not chargeable to Irish tax on its income or capital gains.

However, Irish tax can arise on the happening of a chargeable event in the Trust. A chargeable event includes any distribution payments to unitholders or any encashment, redemption, transfer or cancellation of units and any deemed disposal of units for Irish tax purposes arising as a result of holding units in the Trust for a period of eight years or more.

No Irish tax will arise in respect of chargeable events due to a unitholder who is an Exempt Irish Investor (as defined in Section 739D of the TCA) or who is neither Irish resident nor ordinarily resident in Ireland for tax purposes at the time of the chargeable event, provided, in each case, that an appropriate valid declaration in accordance with Schedule 2B of the TCA is held by the Trust or where the Trust has been authorised by Irish Revenue to make gross payments in absence of appropriate declarations.

Capital gains, dividends, and interest received on investments made by the Trust may be subject to withholding taxes imposed by the country of origin and such taxes may not be recoverable by the Trust or its unitholders.

10. Subsequent Events

From 01 April 2017 the Funds currently listed will transfer their Irish Stock Exchange (ISE) listing from the ISE Main Securities Market (MSM) to the ISE Global Exchange Market.

There were no other events subsequent to the year-end that, in the opinion of the AIFM, may have had an impact on the financial statements for the year ended 30 September 2016.

11. Approval of financial statements

The financial statements were approved by the AIFM on 15 December 2016.

Appendix 1 – additional information Hong Kong Code – Unaudited

Highest issue and lowest redemption prices

Highest issue price during the year

	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
	US\$	US\$	US\$	US\$	US\$
Class A USD Acc	25.45	25.84	25.78	25.87	25.96
Class A HKD Acc*	196.35	-	-	-	-

	30/09/2011	30/09/2010	30/09/2009	30/09/2008	30/09/2007
	US\$	US\$	US\$	US\$	US\$
Class A USD Acc	26.09	26.21	26.37	26.47	26.03
Class A HKD Acc*	-	-	-	-	-

Lowest redemption price during the year

	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
	US\$	US\$	US\$	US\$	US\$
Class A USD Acc	25.27	25.45	25.62	25.77	25.86
Class A HKD Acc*	196.04	-	-	-	-

	30/09/2011	30/09/2010	30/09/2009	30/09/2008	30/09/2007
	US\$	US\$	US\$	US\$	US\$
Class A USD Acc	25.96	26.06	25.43	26.05	24.89
Class A HKD Acc*	-	-	-	-	-

* Baring US\$ Reserve Fund Class A HKD Acc was launched on 1 April 2016.

The comparative high/low figures are for Baring US\$ Reserve Fund's ("the Fund's") financial year.

Statement of movements in portfolio holdings

	30/09/2016	30/09/2015
	% of NAV*	% of NAV*
Investment Funds		
Ireland	5.48	0.65
Treasury Bills		
United States	99.53	92.77
Total investments at fair value through profit or loss	105.01	93.42
(Overdraft)/cash	(3.18)	0.08
Other net (liabilities)/assets	(1.83)	6.50
Total net assets	100.00	100.00

* Movement in portfolio holdings have been analysed above based on a % of NAV invested in each geographic location. The movement in each country's position between periods has to be inferred.

Appendix 1 – additional information Hong Kong Code – Unaudited (continued)

Portfolio information

Top Ten Holdings*	% of NAV
US Treasury Bill 0% 10/11/2016	21.51%
US Treasury Bill 0% 13/10/2016	18.52%
US Treasury Bill 0% 08/12/2016	18.32%
US Treasury Bill 0% 27/04/2017	13.91%
US Treasury Bill 0% 05/01/2017	12.74%
US Treasury Bill 0% 02/03/2017	9.75%
US Treasury Bill 0% 02/02/2017	4.78%

* The above represents all holdings as at 30 September 2016.

Appendix 2 – significant portfolio movements - Unaudited

Purchases*	Cost US\$'000	Sales*	Proceeds US\$'000
US Treasury Bill 0% 28/04/2016	7,445	US Treasury Bill 0% 03/03/2016	7,750
US Treasury Bill 0% 26/05/2016	7,224	US Treasury Bill 0% 28/04/2016	7,449
US Treasury Bill 0% 21/07/2016	6,289	US Treasury Bill 0% 26/05/2016	7,229
US Treasury Bill 0% 23/06/2016	6,241	US Treasury Bill 0% 10/12/2015	6,770
US Treasury Bill 0% 10/11/2016	5,893	US Treasury Bill 0% 04/02/2016	6,650
US Treasury Bill 0% 18/08/2016	5,694	US Treasury Bill 0% 21/07/2016	6,296
US Treasury Bill 0% 03/03/2016	5,299	US Treasury Bill 0% 23/06/2016	6,249
US Treasury Bill 0% 15/09/2016	5,155	US Treasury Bill 0% 18/08/2016	5,697
US Treasury Bill 0% 13/10/2016	4,644	US Treasury Bill 0% 07/01/2016	5,650
US Treasury Bill 0% 08/12/2016	4,594	US Treasury Bill 0% 15/09/2016	5,159
US Treasury Bill 0% 27/04/2017	3,490	US Treasury Bill 0% 15/10/2015	4,120
US Treasury Bill 0% 05/01/2017	3,195	US Treasury Bill 0% 05/11/2015	4,050
US Treasury Bill 0% 02/03/2017	2,445	US Treasury Bill 0% 10/11/2016	500
US Treasury Bill 0% 04/02/2016	2,100		
US Treasury Bill 0% 02/02/2017	1,198		
US Treasury Bill 0% 07/01/2016	850		

* The above purchases and sales represents the total trading for the year.

Appendix 3 – Baring International Fund Managers (Ireland) Limited Remuneration Policy – Baring Currency Umbrella Fund – Unaudited

The Alternative Investment Fund Manager (“AIFM”) of Baring Currency Umbrella Fund (“the Fund”) is Baring International Fund Managers Limited (“BIFMI”), authorised by the Central Bank of Ireland as an Alternative Investment Fund Manager (“AIFM”) under the Alternative Investment Fund Managers Directive (“AIFMD”).

BIFMI’s Remuneration Policy ensures the remuneration arrangements of AIFMD remuneration “Identified Staff” as defined in “ESMA’s Guidelines on Sound Remuneration Policy under AIFMD, ESMA 2013/201” (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 BIFMI or the Fund; and
- (ii) consistent with BIFMI’s business strategy, objectives, values and interests and include measures to avoid conflicts of interest.

BIFMI must comply with the AIFMD 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 BIFMI, the Board considers it appropriate to disapply the requirement to appoint a remuneration committee.

Baring Asset Management Limited (“BAML”) employs and remunerates staff within the Barings group. BAML is also the appointed delegate to carry out Investment Management and is authorised in the UK by the Financial Conduct Authority (“FCA”).

BAML has an HR and Salaries Committee as well as a Remuneration Committee to ensure the fair and proportionate application of the remuneration rules and requirements across the Barings’ group. The Committees ensure that potential conflicts arising from remuneration are managed and mitigated appropriately. All staff are subject to the Barings’ Performance Management Review process, which includes both financial and non-financial criteria as appropriate.

AIFMD Remuneration Identified Staff

BIFMI must determine its ‘Identified Staff’, whose professional activities have a material impact on its risk profile. Identified Staff consist of staff whose professional activities have a material impact on the risk profiles of the AIFM or the Fund, which includes senior managers, controlled functions and risk takers.

- a) Senior Managers and controlled functions
 - i) BIFMI has a Board of Directors (the “Board”) which is comprised of five directors. Two directors are independent and receive a fixed director’s fee (they do not receive any variable remuneration or performance based pay). Three directors are employed and remunerated by BAML and have waived their entitlement to receive a director’s fee from BIFMI.
 - ii) Designated persons perform the managerial functions of risk management and monitoring investment performance. The Designated Persons are seconded from Duff & Phelps Financial Services (Ireland) Limited, are not employed by BIFMI and do not receive a salary from BIFMI.

BIFMI has no employees and therefore there are no other controlled functions, senior management or identified staff employed by BIFMI.

- b) Risk takers
 - i) Investment Managers: BIFMI has delegated investment management to BAML and accordingly the Investment Managers are remunerated by BAML under an equivalent remuneration regime (BAML and its subsidiaries are subject to the Capital Requirements Directive (“CRD”) which is considered to be equally as effective as those under the AIFMD).

Appendix 3 – Baring International Fund Managers (Ireland) Limited Remuneration Policy – Baring Currency Umbrella Fund - Unaudited - (continued)

Remuneration Disclosure: Baring Currency Umbrella Fund: US\$ Reserve Fund

The table below summarises the fixed and variable remuneration paid to Identified Staff as well as other Barings' staff (remunerated by BAML) that carry out activities for the AIFM, for the financial year ending 31 December 2015. The disclosures below show remuneration relevant to the Funds, apportioned using total Barings Assets Under Management ("AUM").

	Number of Beneficiaries	Total Fixed Remuneration for the period	Total Variable Remuneration for the period	Total remuneration
AIF Level				
AIFM Staff	328	€18,688	€17,317	€36,006
Identified Staff	7	€19,577	€14,180	€33,757

Notes:

1. AIFM staff: this assumes all UK staff employed by BAML carry out some activities on behalf of BIFMI. The remuneration is apportioned based on the relevant AUM. Other than the Identified Staff noted above, none of the staff are considered to be senior managers or others whose actions may have a material impact on the risk profile of the Fund.
2. Identified Staff: These are as defined in the BIFMI Remuneration Policy.
3. Variable remuneration consists of cash bonus and deferred awards awarded in the period.
4. The Fund does not pay either performance related fees or carried interests to any person.

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Important information:

This document is approved and issued by Baring International Fund Managers (Ireland) Limited.

Disclosure:

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Georges Court, Townsend Street, Dublin 2, Ireland

BARINGS

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