Pacific Assets Trust plc

Annual Report for the year ended 31 January 2019

www.pacific-assets.co.uk

Contents

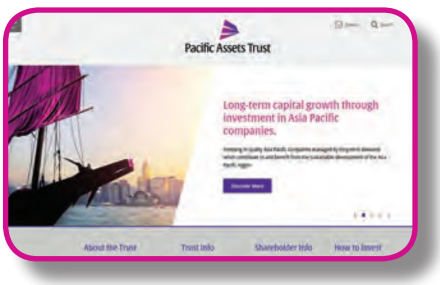
Strategic Report

Governance

Financial Statements

Further Information

For more information about Pacific Assets Trust plc visit the website at www.pacific-assets.co.uk
Please use the ‘contact us’ button to ask a question or to register for fact sheets, quarterly and annual reports, and webcasts.



Strategic Report

Financial Highlights

Net asset value per share total return^
4.7%*
2018: **12.8%***

Share price total return^
8.1%*
2018: **12.8%***

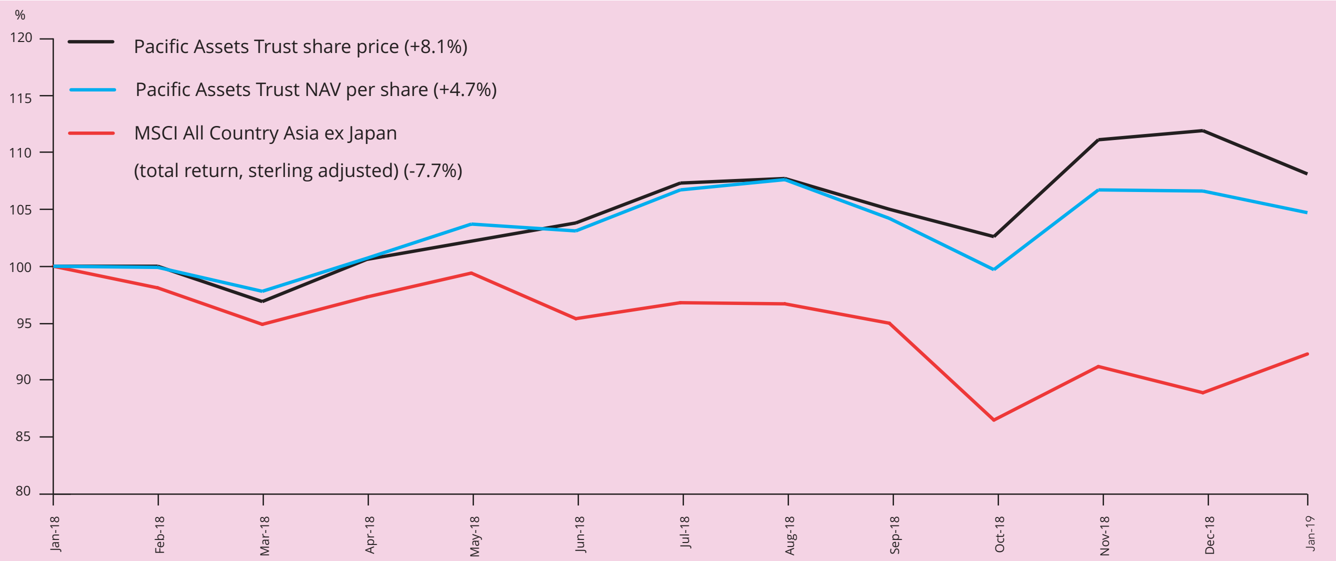
Index†
(7.7)%*
2018: **27.0%***

Average discount of share price to net asset value per share during the year^
3.1%*
2018: **2.4%***

Dividend per share
3.0p
2018: **2.6p**

* Source: Morningstar
† MSCI All Country Asia Ex Japan Index (total return, sterling adjusted). Also see Glossary beginning on page 63.
^ Alternative Performance Measure (see Glossary beginning on page 63)

Net Asset Value Per Share Total Return and Index Performance for the Year to 31 January 2019



Source: Morningstar
Rebased to 100 as at 31 January 2018

Strategic Report

Key Information

Pacific Assets Trust plc (the "Company") aims to achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan, Australia and New Zealand (the 'Asia Pacific Region'). Up to a maximum of 20% of the Company's total assets (at the time of investment) may be invested in companies incorporated and/or listed outside the Asia Pacific Region, (as defined above); at least 25% of their economic activities (at the time of investment) are within the Asia Pacific Region with this proportion being expected to grow significantly over the long term.

Investment Manager

Stewart Investors have been the Company's Investment Manager since 1 July 2010 and they adopt a sustainable investment strategy in selecting the investments that make up the Company's portfolio.

Investment Philosophy

Stewart Investors seek to invest in good quality companies. They focus on the quality of management, franchise and financials. By analysing the sustainable development performance and positioning of companies they believe they can better measure less tangible elements of quality and identify less obvious risks.

Stewart Investors strive to make investment decisions with a minimum five-year time horizon. They have an absolute return mind-set and define risk as that of losing client money, rather than deviation from any benchmark index. They focus as much on the potential downside of investment decisions as on the anticipated upside. They believe that the identification of long-term sustainable development risks is an extremely important way of managing risk.

Their willingness to differ substantially from index weightings, both country and company, means they are not obliged to invest in any company or country if they have particular sustainability concerns.

What does Stewart Investors mean by Sustainable Development?

The root causes of the sustainable development challenges the world is facing are numerous and complex. In order to tackle these challenges both developed and developing countries will have to shift from a resource-intensive, consumption-driven, debt-dependent model of development and growth to a more sustainable one.

How does this apply to investment?

Stewart Investors invest in those companies which they believe are particularly well-positioned to deliver positive long-term returns in the face of the huge sustainable development challenges facing all countries today. These challenges include population pressure, land and water scarcity and degradation, resource constraints, income inequality, ethnic and gender inequalities and extreme levels of poverty.

Their emphasis is on sustainable development and not 'green', 'clean tech' or 'ethical' investing.

They devote a significant amount of time to engaging with management teams of the companies in which they invest. They engage on a wide range of issues, including strategy, governance, alignment of interests and reputation.

How to Invest

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including investment dealing accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. Further details can be found on page 65.

Strategic Report

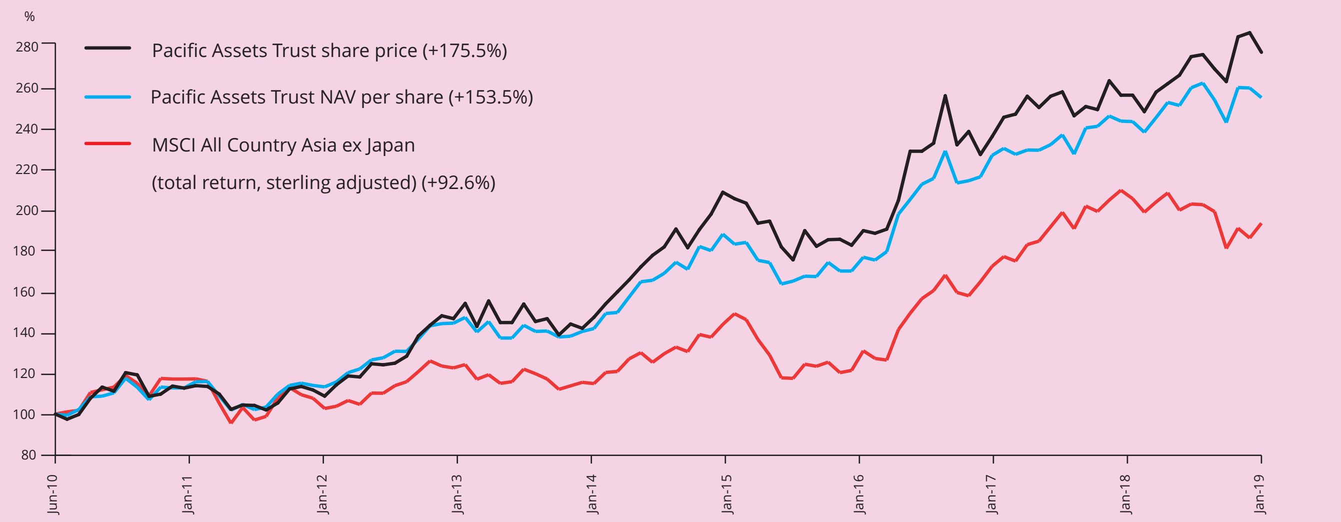
Company Performance

Performance Summary

	As at 31 January 2019	As at 31 January 2018	% Change
Shareholders' funds	£332.7m	£320.7m	3.7%
Market capitalisation	£327.3m	£305.7m	7.1%
Performance	**One year to 31 January 2019**	**One year to 31 January 2018**	
Share price (total return)*^	8.1%	12.8%	
Net asset value per share (total return)*^	4.7%	12.8%	
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	(7.7)%	27.0%	
Average discount of share price to net asset value per share*^	3.1%	2.4%	
Ongoing charges^	1.2%	1.3%	
Revenue return per share†	3.5p	2.6p	
Dividend per share	3.0p	2.6p	

*Source: Morningstar
† See Glossary beginning on page 63
^ Alternative Performance Measure (see Glossary beginning on page 63)

Total Return Performance since the Date of Appointment of Stewart Investors as Investment Manager



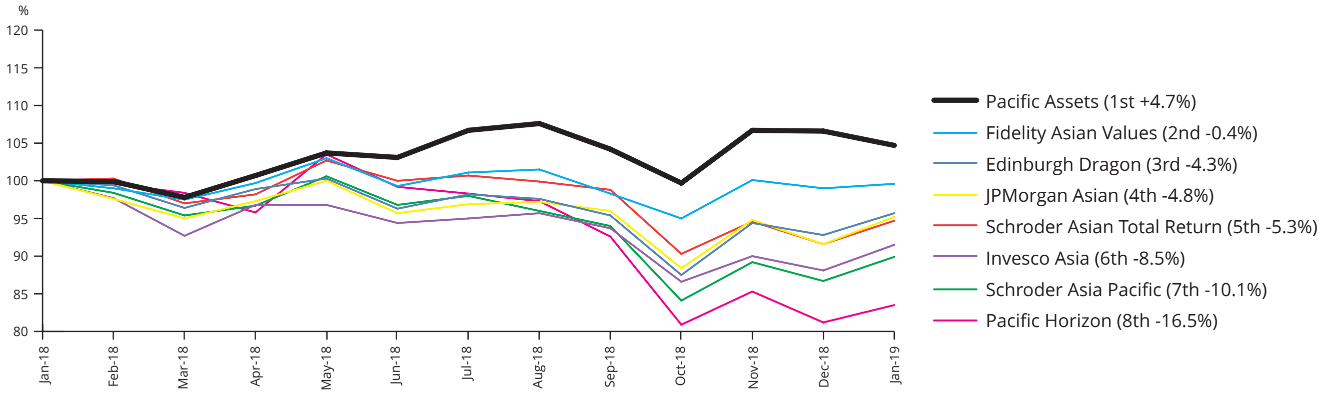
Source: Morningstar
Rebased to 100 as at 30 June 2010

Strategic Report
Company Performance (continued)

Performance Assessment

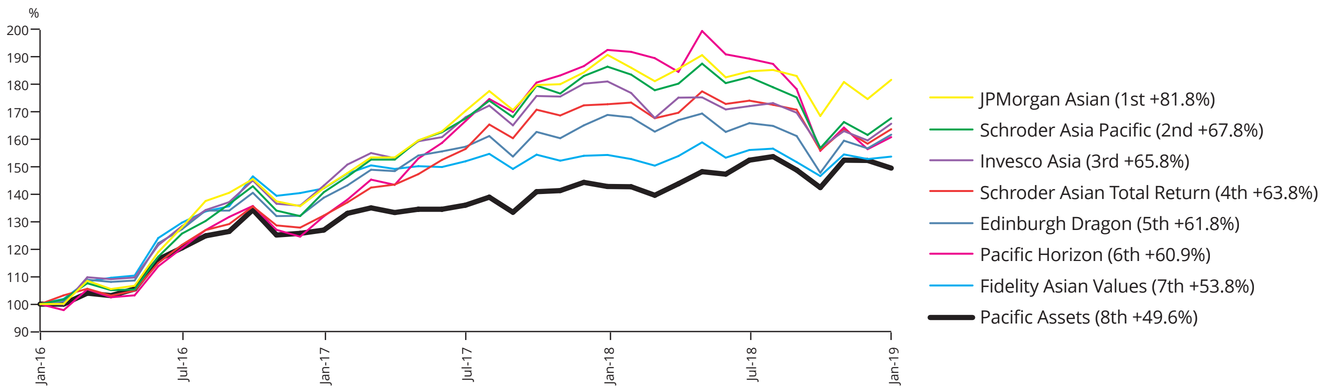
Pacific Assets Trust plc exists in a competitive environment and aims to be a leader in its peer group, defined by being consistently within the top third of that group measured by net asset value total return. The Company is committed to building a long-term investment record and will assess itself by reference to its peers on a rolling three to five-year basis.

Peer Group NAV Per Share Total Return – 12 Months to 31 January 2019



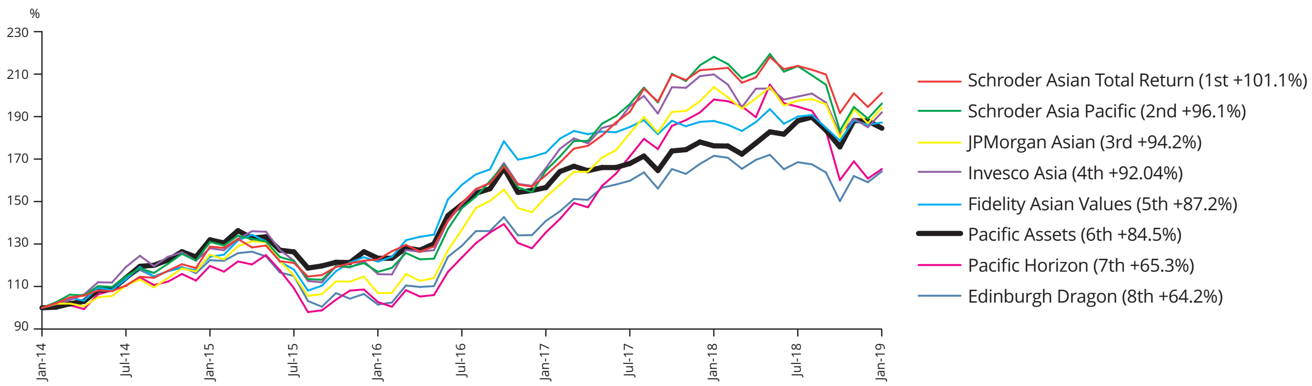
Source: Morningstar
Rebased to 100 as at 1 January 2018

Peer Group NAV Per Share Total Return – Three Years to 31 January 2019



Source: Morningstar
Rebased to 100 as at 31 January 2016

Peer Group NAV Per Share Total Return – Five Years to 31 January 2019



Source: Morningstar
Rebased to 100 as at 31 January 2014

Ten Year Record

31 January	Shareholders' funds £'000	Net asset value per share	Share price	Discount of share price to net asset value per share^	Dividend per share	Ongoing charges^
2009	87,760	74.2p	68.3p	8.0%	1.29p	1.6%
2010	135,254	114.3p	104.3p	8.8%	1.29p	1.6%
2011	160,086	137.0p	131.5p	4.0%	1.29p	1.6%*
2012	153,870	131.7p	115.3p	12.5%	2.60p	1.4%
2013	187,602	160.6p	147.5p	8.2%	2.60p	1.3%†
2014	186,287	159.4p	145.6p	8.7%	2.60p	1.3%†
2015	242,063	207.2p	196.3p	5.3%	2.60p	1.3%†
2016	228,326	191.2p	189.0p	1.1%	2.20p	1.3%
2017	287,202	240.2p	228.4p	4.9%	2.60p	1.3%
2018	320,731	267.6p	255.0p	4.7%	2.60p	1.3%
2019	**332,674**	**277.5p**	**273.0p**	**1.6%**	**3.00p**	**1.2%**

*Excludes the costs attributable to the change in management arrangements amounting to £380,000
†Excludes performance fees payable (2015: £1,798,000) (2014: £1,358,000) (2013: £627,000)
^ Alternative Performance Measure (see Glossary beginning on page 63)

Strategic Report
Chairman's Statement

"The Company's net asset value per share total return was +4.7% in the year ended 31 January 2019. The share price total return was +8.1% reflecting the narrowing of the discount."

The Outcome for the Year
The Company's net asset value per share total return was +4.7% in the year ended 31 January 2019. The share price total return was +8.1% reflecting the narrowing of the discount. Over the last five years the annualised net asset value per share total return has been +13.0%, and since Stewart Investors commenced the management of the Company's portfolio on 1 July 2010, the annualised return has been +11.4%.

The last 12 months have been one of the more difficult periods in global equities for some time, and, especially with sharp stock market declines in the final months of 2018, it is encouraging that your Company was able to generate a positive return as measured by the net asset value per share for the year. For comparison, the Company's 12-month net asset value per share total return of +4.7% can be set against the average return of -5.6% from the peer group of seven other investment trusts that invest in the Asia Pacific region, whose returns ranged from -16.5% to -0.4%.

There was no obvious pattern during the year of what worked and what did not. Certain long held positions, such as **Vitasoy International Holdings** and **Tech Mahindra** proved their worth in a market where defensiveness and quality stood out. More recently acquired **Unicharm**, a Japanese company with a large business exposure in China and South East Asia, was an important contributor to this year's result. The avoidance of exposure to Chinese internet stocks which lost considerable value in the second half of the year, also helped Pacific Assets' achievement of a positive investment return for the year.

Time Horizons
As a Board, we have paid particularly close attention to the time periods over which the Investment Manager's performance should be assessed. An investment trust has the advantage of a higher level of permanence of the capital employed than within an open-ended fund, where capital is more subject to ebbs and flows. This means that an investment trust, such as Pacific Assets, can take a view on companies which in the short term may not be fully rounded, but where in the long term prospects hold high promise. In some cases, the shares in these companies may be illiquid so that patient accumulation over a period of months may be the only way to achieve meaningful ownership of stock.

In the case of Pacific Assets, the road travelled between the identification of a potentially investable company, and the actual commitment of funds can often be a long one. This may reflect the need for the Investment Manager to have greater knowledge and understanding of the company and its Board, or it may be waiting for what is a good business to be priced more realistically for the investor. The annual average turnover of the Company's portfolio in the last five years has been 19.7%, this means that the average length of time a company is owned would be five years.

'Patient capital' is an expression that has become somewhat over used in the investment world. As a concept it has great merit. After all company business models do not appear and disappear overnight, so why should the underlying investors. The average holding period for a stock in many equity markets can now be measured in minutes, such is the extensive application of high frequency, computer driven trading.

That is a very different world from the one that we believe can provide shareholders in the Company with the low teen annual returns that has been their experience. Your Board is charged with assessing the effectiveness of our Investment Manager and believes that investment performance should be examined over three to five years.

Measuring the Success of the Company
We have for most of the life of this Company used the MSCI All Country Asia ex Japan Index (measured in sterling on a total return basis) as a yardstick of investment performance. This would be appropriate if our Investment Manager used an approach that considered index weightings when investing. While this index incorporates the largest companies in the region

by market capitalisation, it does not reflect the range of opportunity in the Asian stock markets, with a plethora of small or medium sized, and newly emerging companies many with considerably better growth opportunities than the largest index constituents. Our Investment Manager looks to identify strongly developing businesses with attractive prospects with good stewards at the helm which can add to the sustainable development of the region, irrespective of their index weight. In the last three financial years, this approach has led the Company to outperform the index by 12.4%, underperform by 14.2%, and underperform by 9.7%. For the last five years cumulatively these widely diverse annual spreads against the Index have produced an outcome that is 12.6% ahead of the Index.

Using our three to five-year time horizon, this is satisfactory. However, it is evident that we are mixing two random statistics, and at risk of drawing potentially erroneous conclusions from them, when the only thing that they have in common is geographical association with the vast, and widely diverse Asia Pacific region. Additionally, the Company has permission from shareholders to own shares that are quoted outside the area covered by the Index (up to 20% of the portfolio). At present 7.9% of the portfolio is represented in this way, mainly in Japanese companies which have a very high exposure to the growth of the region, especially China.

We are considering other means of measuring whether the Company has provided a satisfactory return to shareholders. One of the measures of success would be calculated as the inflation rate 'plus' a fixed number. The inflation rate would be based on UK domestic inflation, reflecting our shareholders' domicile, and the 'plus' proportion would be a fixed element representing a reasonable premium on investors' capital that investing in the faster growing Asian economies ought to provide over time. This will be looked at over the three to five-year horizon. We would plan to use CPI+6% calculated on an annual basis.

This alone would not be sufficient, so we would continue to measure our Investment Manager's performance against a peer group of seven other UK based investment trusts and an Asian Exchange Traded Fund (ETF). We recognise that this is the opportunity set for our shareholders, and it incorporates the wide range of approaches taken by various investment managers to investing in Asia.

Finally, the Board in its review of the Investment Manager would use a series of customised metrics to affirm that they have adhered to their approach to Asia, which will be familiar to long-term shareholders in the Company.

The MSCI All Country Asia ex Japan Index will be retained within the Company's publications to provide context for investors seeking exposure to the region. The downgrading of the importance of the Index represents something that our Investment Manager has consistently reflected in reports to shareholders and has also been referred to by myself in previous Chairman's statements. It should be stressed that this will have no impact on our Investment Manager's style and strategy, or the make-up of the portfolio.

Discount and the Share Price

The shares of the Company have traded at an average discount to net asset value per share of 3.1% through the year, compared to an average discount of 2.4% in the previous year. In the last three months, the discount narrowed to an average of 0.7%, and for some of this latest period traded at a premium. For the year the share price total return was +8.1% compared with the net asset value per share total return of +4.7%.

Despite the shares trading at a premium for some prolonged periods, no new shares were issued during the financial year. Subsequent to the year end, the Company has issued 125,000 shares (equivalent to 0.1 % of the shares outstanding) in response to favourable demand from investors. The Board's intention is to issue new shares when demand is there, and thus control the level of the premium. New shares would only ever be issued at a premium to net asset value per share, and the price would incorporate any associated costs, so that existing investors would not be disadvantaged.

The Board

In line with best Corporate Governance practice, I have stepped down from chairing the Engagement & Remuneration Committee. The Board asked Sian Hansen to take over from me as Chair of this Committee. This reviews the effectiveness and the terms of engagement of the Company's key service providers and the level of remuneration paid to the Directors.

We pay close attention to the capacity of individual Directors to carry out their work on behalf of the Company. In recommending individual Directors to shareholders for re-election, we considered their other Board positions and their time commitments and are satisfied that each Director has the capacity to be fully engaged with the Company's business. In the biographies of Directors, we have added a section on what each one brings to the work of the Board.

Terry Mahony will retire from the Board at the end of this financial year. Terry has given us unstinting service, carrying with him the corporate memory of times before the present management arrangements were put in place. Living in Hong Kong and Malaysia, he has been

Strategic Report
Chairman's Statement (continued)

an extremely valuable and lively contributor to our discussions with our Investment Manager over their strategy and their selections of investments. We have embarked on a search for Terry's replacement.

All the Directors hold shares in the Company, and over the last year most have increased their shareholdings.

Revenue and the Dividend
As has been explained in previous reports to shareholders, the generation of income from dividends remains a secondary objective of the Company. We seek to pay out the major part of income received to shareholders, but I would remind you that this can rise or fall from one year to another. For the current year the Company's revenue return per share was 3.5p, compared with 2.6p in the previous year. The Board's recommendation is to pay out 3.0p per share as a dividend this year. This dividend will be paid on Thursday, 4 July 2019 to shareholders on the register on Friday, 31 May 2019. The associated ex-dividend date will be Thursday, 30 May 2019.

Management
The Board formally reviews the Company's investment management arrangements annually. We looked at the organisation and the approach of Stewart Investors. We considered the stability of the team, their ability to cover a wide-ranging set of markets, and their investment style. We looked to see consistency of their stated investment approach with the implementation of their decisions. In performance terms we evaluated them over a three to five-year period against the Index and against a peer group of Asian focused investment trusts. The Board also joined members of the Stewart Investors team in December for three days in Mumbai, visiting companies, many of which are held in the Company's portfolio. This enabled the Board to see our Investment Manager at work on a first-hand basis.

We also reviewed the delivery of services by Frostrow Capital LLP, the Company's Manager, Company Secretary and Administrator. We are satisfied that shareholders are well served by them.

Annual General Meeting
This year's Annual General Meeting will be held at 12 noon on Thursday, 27 June 2019, and will again be held at etc. venues, St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD. As well as the formal proceedings, there will be an opportunity for shareholders to meet the Board and the Investment Manager, and to receive an update on the Company's strategy and its key investments. I very much look forward to seeing as many shareholders as possible on that day.

I encourage all shareholders to uphold their responsibility and exercise their right to vote at the Company's annual meeting. If you are not attending, please vote using the proxy form provided (further information on how to vote can be found on page 62). As investors we take corporate governance seriously among the Companies that we own in the Company's portfolio, and we urge you, our shareholders, to follow suit and vote on the resolutions that are proposed.

The Outlook
A year ago, I highlighted concern about the effect that contraction of liquidity might have on risk asset values around the world. Although pressures on interest rates and liquidity appear to have eased, we are seeing an economic effect with signs of a slowdown in some key economies, and a fall in manufacturing. Within the Asian region, Chinese demand has slowed notably. It remains to be seen how much impact this trend will have on corporate profits.

The Company's portfolio is built around companies that can access opportunities that will stand them in good stead over the longer term. While there are questions over the economic background in which these companies trade in the year ahead, we believe that the strength of their business models and the quality of their balance sheets will help to ensure that they can be defensive in difficult times while maximising opportunity in their chosen fields. Most of all our Investment Manager seeks out managements that are working to create value for the long term, and in this they will be aligned to the needs of our shareholders.

James Williams
Chairman
2 April 2019

Strategic Report

Investment Portfolio

as at 31 January 2019

Company	Country	MSCI sector	Market valuation £'000	% of total assets less current liabilities
Vitasoy International Holdings	Hong Kong	Consumer Staples	25,500	7.7
Tech Mahindra	India	Information Technology	19,471	5.9
Marico	India	Consumer Staples	11,322	3.4
Unicharm	Japan	Consumer Staples	10,264	3.1
Delta Electronics	Taiwan	Information Technology	9,619	2.9
Manila Water	Philippines	Utilities	8,780	2.6
Housing Development Finance	India	Financials	8,763	2.6
Kotak Mahindra Bank	India	Financials	8,083	2.4
Bank OCBC NISP	Indonesia	Financials	7,643	2.3
Kalbe Farma	Indonesia	Health Care	7,642	2.3
Ten largest investments			**117,087**	**35.2**
Kasikornbank	Thailand	Financials	7,245	2.2
Dr. Reddy's Laboratories	India	Information Technology	7,144	2.1
Dabur India	India	Financials	7,087	2.1
Delta Electronics (Thailand)	Thailand	Health Care	6,594	2.0
Chroma ATE	Taiwan	Financials	6,519	2.0
Tata Consultancy Services	India	Consumer Staples	6,480	2.0
Mahindra & Mahindra	India	Health Care	6,292	1.9
Ayala Corporation	Philippines	Financials	6,096	1.8
United Plantations	Malaysia	Consumer Staples	6,044	1.8
Delta Brac Housing Finance	Bangladesh	Information Technology	6,015	1.8
Twenty largest investments			**182,603**	**54.9**
Cyient	India	Information Technology	5,696	1.7
Selamat Sempurna	Indonesia	Consumer Discretionary	5,485	1.6
Cipla	India	Health Care	5,411	1.6
Uni-President Enterprises	Taiwan	Consumer Staples	5,398	1.6
Bank of the Philippine Islands	Philippines	Financials	5,207	1.6
Tube Investments of India	India	Consumer Discretionary	4,959	1.5
President Chain Store	Taiwan	Consumer Staples	4,430	1.3
BRAC Bank	Bangladesh	Financials	4,372	1.3
Nippon Paint	Japan	Materials	4,190	1.3
Oversea-Chinese Banking	Singapore	Financials	3,878	1.2
Thirty largest investments			**231,629**	**69.6**

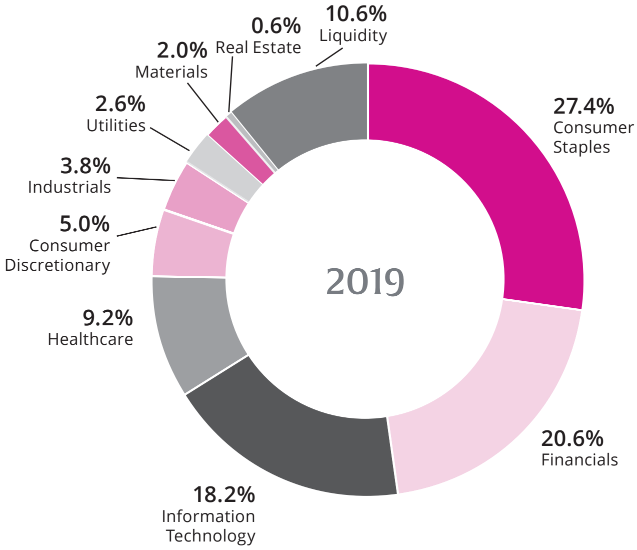
Strategic Report

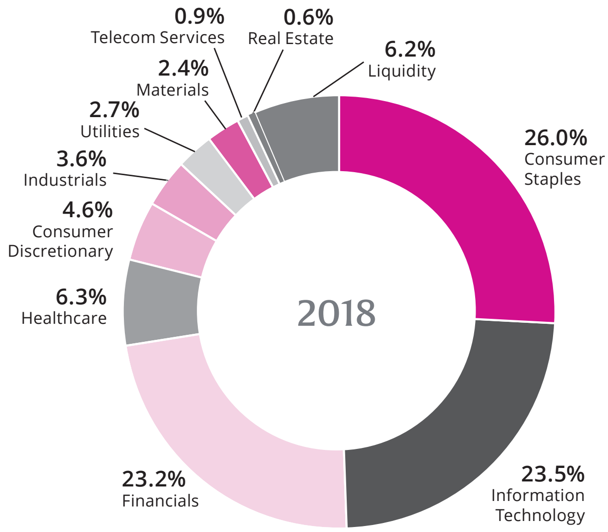
Investment Portfolio (continued)

Company	Country	MSCI sector	Market valuation £'000	% of total assets less current liabilities
Square Pharmaceuticals	Bangladesh	Health Care	3,779	1.1
Expeditors International of Washington	United States	Industrials	3,730	1.1
Philippine Seven	Philippines	Consumer Staples	3,711	1.1
Robinsons Retail	Philippines	Consumer Staples	3,527	1.1
E.Sun Financial Holdings	Taiwan	Financials	3,445	1.0
Standard Foods	Taiwan	Consumer Staples	3,149	1.0
Dr. Lal PathLabs	India	Health Care	3,019	0.9
Pigeon	Japan	Consumer Staples	3,009	0.9
Elgi Equipments	India	Industrials	2,899	0.9
Commercial Bank of Ceylon	Sri Lanka	Financials	2,811	0.9
Forty largest investments			**264,708**	**79.6**
Marico Bangladesh	Bangladesh	Consumer Staples	2,637	0.8
Hemas Holdings	Sri Lanka	Industrials	2,461	0.7
Godrej Consumer Products	India	Consumer Staples	2,396	0.7
Sundaram Finance	India	Financials	2,362	0.7
Public Bank	Malaysia	Financials	2,347	0.7
Mahindra Logistics	India	Industrials	2,336	0.7
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	2,292	0.7
Koh Young Technology	South Korea	Information Technology	2,180	0.7
China Resources Medical	China	Health Care	2,029	0.6
Advantech	Taiwan	Information Technology	1,696	0.5
Fifty largest investments			**287,444**	**86.4**
Hoya	Japan	Health Care	1,636	0.5
Kansai Paint	Japan	Materials	1,537	0.4
Mahindra Lifespace Developers	India	Real Estate	1,509	0.4
CT Holdings	Sri Lanka	Consumer Staples	1,454	0.4
Shanthi Gears	India	Industrials	1,306	0.4
Hero Supermarket	Indonesia	Consumer Staples	1,304	0.4
Advanced Enzyme Technologies	India	Materials	1,069	0.4
Sundaram Finance	India	Consumer Discretionary	89	0.1
Total portfolio			**297,348**	**89.4**
Net current assets			**35,326**	**10.6**
Total assets less current liabilities			**332,674**	**100.0**

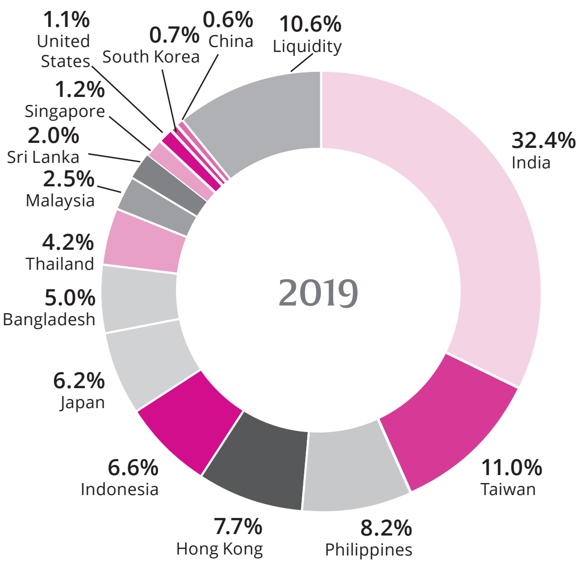
Portfolio Distribution

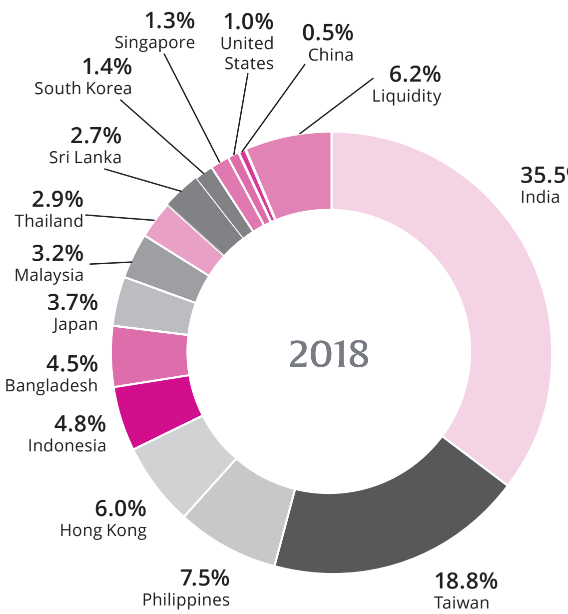
Sector Analysis





Geographical Analysis





Strategic Report

Investment Manager's Review

"Over the year, the Company's net asset value per share total return was +4.7%."

Performance

Over the year, the Company's net asset value per share total return was +4.7%. This compares to a 7.7% fall in the MSCI All Country Asia ex Japan index (measured on a total return, sterling-adjusted basis). Given that the holdings in the portfolio are very different from the index, we expect performance to be very different. However it is pleasing to have achieved what we set out to do every day by protecting and growing capital.

Over a short time period, such as a year, changes in valuation multiples often drive returns. We cannot control how the market chooses to value the companies in the portfolio over this time frame. Sometimes our companies benefit. Sometimes they don't.

We can, however, control our investment philosophy and process. We believe that, over the long term, owning a portfolio of high quality companies, run by high quality people that are well positioned to benefit from and contribute to sustainable development, should deliver attractive, risk adjusted returns to the Company's shareholders.

Over a longer time period the underlying fundamentals (quality) of a company are the main drivers of value creation. It is over such time periods that the Company's performance should be judged. The Company's net asset value per share increased by 85.1% and 134.0% over the last five and seven years respectively.

Quality

A company's quality is the result of many interconnected factors; some simple and some complex; some are easy to quantify and are others not.

Over a short-time horizon, quality is often inconsequential. Such a perspective forces an investor to attempt to decipher and out-guess others on things like quarterly sales growth, pricing initiatives, cost cutting initiatives, mergers and acquisitions synergies, timing and size of buybacks, tax rates, impact of political rhetoric etc.

When looking to own a business for five or ten years or longer, the reasons to buy decrease rather than increase. We are left trying to answer simple questions like whether the people behind a business are competent and trustworthy, or whether the business and its financials are well positioned to thrive in the face of elevated geopolitical risk, unsustainable debt levels, ferocious technological change and a growing list of environmental and social headwinds. These are often enduring.

We believe it is difficult to separate out the impact that each element of quality (people, franchise, financials and sustainability) has on long-term performance. For high performing companies they tend to be self reinforcing.

Two consumer staples companies held in the portfolio, **Vitasoy International Holdings** (plant based beverages) and **Unicharm** (personal hygiene products), are good examples. They have pricing power (quality of franchise) and an ability to generate attractive returns which is the product of decades' worth of brand building and establishing a reputation that consumers trust. This is very difficult to achieve without a steward who thinks in years rather than quarters (quality of people). Growing cash flows (quality of financials) are only possible if consumers continue to demand plant based beverages or care about personal hygiene (sustainability tailwinds), and these products are produced efficiently (quality of people). Resilient balance sheets (quality of financials) are the result of conservative stewards (quality of people), the ability to finance growth with internal resources (quality of franchise) and reducing potential environmental and social liabilities (sustainability).

All these are critical to the generation of attractive, risk adjusted returns. The absence of any of these factors greatly increases the chance of value destruction and the permanent loss of capital.

Team Approach

With such an approach, we believe we have little need for a team of sector or country specialists. We have found that specialisation encourages thinking about quality in a relative not an absolute sense. For example, a Chinese or banking specialist asking whether one Chinese bank is better than the next. When the right question is whether we should own a bank, let alone a

Chinese one. Specialisation also makes it very difficult to choose not to have any money in a particular sector or country. There will always be an attractive opportunity relative to others.

A team of generalists is necessary for a truly active, bottom up philosophy. It stops a philosophy from being drawn down a path of relative quality or relative valuation and allows the team to allocate capital to the highest quality investment opportunities.

Exposure to China

One outcome of our philosophy and process is the lack of any Chinese listed companies in the portfolio. This is not for a lack of trying or a negative top down view. It is the result of the inability to find an opportunity that offers attractive quality characteristics at an acceptable valuation. We have a growing list of companies where we continue to build our understanding of their quality. For now, the portfolio gets its exposure to China through a number of companies listed elsewhere in the region.

- **Vitasoy International Holdings** (Hong Kong) – China's largest soymilk brand.
- **Pigeon** (Japan) – one of China's leading baby care brands.
- **Unicharm** (Japan) – China's leading feminine hygiene brand.
- **Hoya** (Japan) – one of China's leading providers of eye glass lenses.
- **Advantech** (Taiwan) – China's leading industrial PC manufacturer.
- **Chroma ATE** (Taiwan) – China's leading automated testing equipment provider.
- **Delta Electronics** (Taiwan) – one of China's leading suppliers of equipment for industrial automation.

We believe that companies that were added to the portfolio over the year are great examples of the quality available to investors in the region. These include a Hong Kong based operator of hospitals in China; three Japanese companies, a paint company, a provider of baby products, a company operating in the semiconductor and eye glass lens industries, an Indian logistics company and a Filipino convenience store operator. They are not large holdings in an index nor do they expose the portfolio to a particular macroeconomic model. The common features only come into view with a bottom up perspective.

New Positions

Hoya – a Japanese optical technology manufacturer currently managed by the third generation of the founding family. Hoya is a leading supplier of high-end inputs to the semiconductor industry as well as being the second largest provider of lenses for eye glasses globally.

Kansai Paint – listed in Japan, Kansai is one of the largest paint companies in the world. Its Indian franchise is now the second largest in the country and well placed to benefit from the structural growth in demand for housing.

Mahindra Logistics – a well run Indian logistics franchise at an early stage of its evolution. India presents a huge opportunity given its inefficient and unorganised logistics infrastructure. The company is backed by the Mahindra family who are amongst the highest quality stewards in our investable universe.

Philippine Seven – an operator of convenience stores in the Philippines. The company is jointly run by the Filipino Paterno family and the Taiwanese convenience store operator, President Chain Stores (also held in the portfolio). Philippine Seven's first mover advantage and world class operating ability puts it in a very strong position to benefit from the formalisation of retail in the country.

Pigeon – a family owned, professionally run provider of baby products. Although listed in Japan, Pigeon is one of the leading baby care brands in China. This is the result of using cash flows generated in its Japanese business and reinvesting them in China for the last twenty years. The company is taking a similarly long-term approach in India and Indonesia.

China Resources Medical – the largest hospital operator in China. Although owned by the state owned China Resources Group, we are comfortable backing what we feel to be the highest quality operator in the country's unfit-for-purpose healthcare system.

Disposals

TI Financial Holdings – a provider of insurance and financial services in India. We sold due to excessive valuation and some signs of complacency, particularly in its subsidiary Cholamandalam Finance. We continue to like the owners, the Murugappa Group, for their values and long termism and increased our holding in another group company, Tube Investments, during the year.

Infosys – an Indian IT services company. Infosys is an excellent franchise with robust financials, although we are concerned that the quality of stewardship is struggling to evolve, particularly in contrast to local competitors in which the Company continues to be invested.

Strategic Report

Investment Manager's Review (continued)

Info Edge India – an Indian internet company. We continue to like the people and the franchise but were forced to sell as valuations reached uncomfortably high levels.

SH Kelkar – an Indian provider of flavours and fragrances. The company was sold after we failed to gain conviction in the ability of the owners and management to evolve the business over the long term.

PChome Online – a Taiwanese e-commerce provider. The company came under intense competition from a larger, more aggressive competitor. At the same time, one of the founders stepped back from the business. Both of these changes altered the investment case materially, so we exited the position.

China Mengniu Dairy – a Chinese provider of dairy products. We exited this position after some questionable capital allocation combined with a lack of faith in the company's ability to cope with the growing long-term headwinds facing dairy production and consumption.

Giant Manufacturing – a Taiwanese bicycle manufacturer. After a leadership transition, we failed to gain conviction in the new generation's ability to find new avenues for growth.

Vodafone Idea – an Indian telecom provider. We exited the position after the entry of a very aggressive new player dramatically changed the competitive environment.

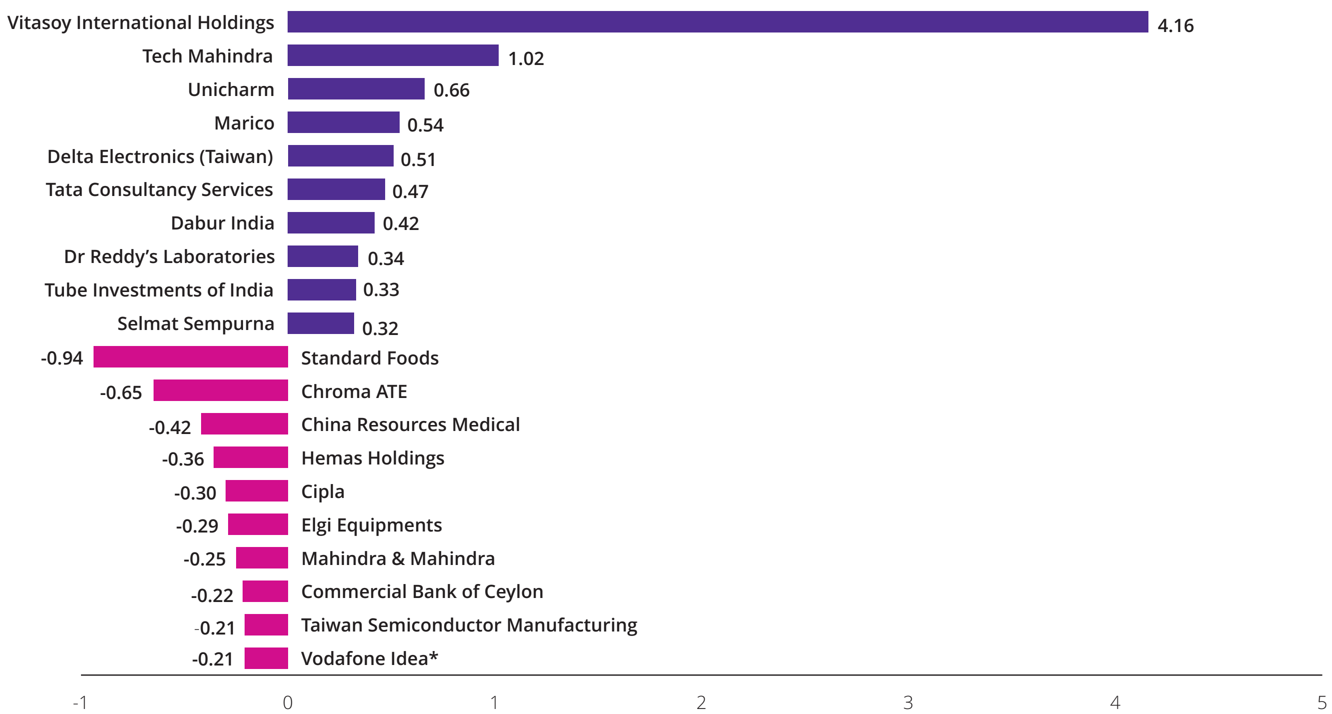
Outlook

Although we remain cautious about the short-term valuations of many high quality companies across the Company's investable universe, there remains an opportunity for attractive long-term returns.

Stewart Investors

2 April 2019

Contribution by investment for the year ended 31 January 2019
Top 10 contributors to and detractors from absolute performance (%)



*Not held at the year-end

Portfolio Focus

These are examples of companies that we believe are driving sustainable development.

Elgi Equipments (India)

Description: Indian manufacturer of air compressors. The second largest in India and the eighth largest globally.

Quality of People: 32% owned by the Varadaraj family who have built Elgi from its founding in 1960. Current MD, Jay Varadaraj, is impressively long term in his approach to investing in people and technology. We believe this puts Elgi in a great position to reach their goal of becoming number two globally by 2027.

"We have the technology to produce high performance air compressors that don't have to be high priced. We are not hiding behind low labour costs in India. We use our technology to bring costs down." Jay Varadaraj

Quality of Franchise: Roughly 90% of manufacturing companies use compressed air in their production processes (often referred to as the fourth utility). Air compressors are therefore critical to customers' operations, making the cost of failure and downtime high. Elgi has developed technology on par with multinational players and is in the process of building out a service network necessary for the next stage of growth.

Quality of Financials: The balance sheet has been used opportunistically without putting the long-term survival of the business at risk. After investing through a cyclical downturn, the business should be well placed to benefit from a return of capital spending by is customers.

Sundaram Finance (India)

Description: An Indian finance company with interests in vehicle financing, mortgages and insurance.

Quality of People: 36% owned by the Santhanam family who have managed Sundaram with an admirable focus on quality over quantity of growth since 1954. The business is currently run by T T Srinivasaraghavan, a professional, who has been with Sundaram for the last thirty years.

"The reason we haven't got carried away with the flavour of the day is because we are acutely aware that our job is that of custodian". Srinivasaraghavan.

Quality of Franchise: Sundaram is a leading player in many markets with long term structural growth. Their impressive sixty year track record has allowed them to build a strong brand with borrowers and a reputation for safety with their lenders. We believe this will allow Sundaram and all its stakeholders to benefit from the provision of necessary financial products to the Indian market.

Quality of Financials: Asset quality is consistently one of the best in India and they have refrained from playing games with the balance sheet to boost short-term profits. A practice that had, until recently, become very common amongst their more aggressive competitors.

Strategic Report

Portfolio Focus (continued)

Unicharm (Japan)

Description: Asia's largest manufacturer of personal hygiene products (listed in Japan).

Quality of People: 30% owned by the Takahara family. Since its founding in 1961, the Takaharas have continued to innovate and invest with a long-term mind set. Often this investment has come at the expense of short-term profitability – a trait many of their peers lack. This time horizon has allowed Unicharm to be one of the leaders in embracing the sustainability challenges facing the industry, namely recycling.

"We are working to build a recycling-oriented model while ensuring safety as a sanitary product." Takahisha Takahara CEO

Quality of Franchise: Unicharm's products are of genuine use to its customers, affordable and purchased frequently. Their leading market share in markets with low penetration of diapers and sanitary products (for example India, Indonesia and Vietnam) offers the opportunity for many years of structural growth.

Quality of Financials: The business is very cash generative which allows Unicharm to fund its growth without having to resort to debt. Their net cash balance sheet provides resilience against external shocks while allowing them the flexibility to make opportunistic acquisitions.

Strategic Report
Business Review

The Strategic Report, set out on pages 1 to 23, contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces. Its purpose is to inform the shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Business Model

The Company is an externally managed investment trust and its shares are premium listed on the Official List and traded on the main market of the London Stock Exchange, and is a small registered UK Alternative Investment Fund Manager under the European Union's Alternative Investment Fund Managers Directive.

As an externally managed investment trust all of the Company's day to day management and administrative functions are outsourced to service providers. As a result, the Company has no executive Directors, employees or internal operations.

Investment Objective

The Company's investment objective along with Stewart Investors' investment approach is set out on page 2.

Investment Policy

The Company invests in companies which Stewart Investors believe will be able to generate long-term growth for shareholders.

The Company invests principally in listed equities although it is able to invest in other securities, including preference shares, debt instruments, convertible securities and warrants. In addition, the Company may invest in open and closed-ended investment funds and companies.

The Company is only able to invest in unlisted securities with the Board's prior approval. It is the current intention that such investments are limited to those which are expected to be listed on a stock exchange or which cease to be listed and the Company decides to continue to hold or is required to do so.

Risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific Region. There are no defined limits on countries or sectors but no single investment may exceed 7.5% of the Company's total assets at the time of investment. This limit is reviewed from time to time by the Board and may be revised as appropriate.

No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%.

The Company has the power under its Articles of Association to borrow up to two times the adjusted total of capital and reserves. However, in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company was registered by the FCA as a Small Registered UK Alternative Investment Fund Manager ("AIFM") with effect from 30 April 2014. To retain its Small Registered UK AIFM status, the Company is unable to employ gearing. Notwithstanding this, the Company's approach is not to gear the portfolio.

The use of derivatives is permitted with prior Board approval and within agreed limits. However, Stewart Investors are unlikely to use derivatives.

Strategic Report

Business Review (continued)

Dividend Policy

It is the Company's policy to pursue capital growth for shareholders with income being a secondary consideration. Many of the companies in which the Company invests are relatively young businesses to which the Company is committed for the long term. This means that the Company's Investment Manager is frequently drawn to companies where the future growth profile is more important than the generation of dividend income for shareholders.

The Board has retained responsibility for risk management and has appointed Stewart Investors to manage its investment portfolio. Company management, company secretarial and administrative services are outsourced to Frostrow Capital LLP (see pages 33 and 34 for further information).

The Board

The Board of the Company comprises James Williams (Chairman), Charlotta Ginman, Sian Hansen, Terence Mahony and Robert Talbut. All of these Directors served throughout the year and are non-executive independent Directors. Mr Mahony will retire from the Board on 31 January 2020.

Further information on the Directors can be found on pages 24 and 25.

Board Focus and Responsibilities

With the day to day management of the Company outsourced to service providers the Board's primary focus at each Board meeting is reviewing the investment performance and associated matters, such as, *inter alia*, future outlook and strategy, gearing, asset allocation, investor relations, marketing, and industry issues.

In line with its primary focus, the Board retains responsibility for all the key elements of the Company's strategy and business model, including:

- Investment Objective, Policy and Index, incorporating the investment guidelines and limits, and changes to these;
- whether the Company should employ gearing (as a small registered UK AIFM, the Company is currently precluded from utilising gearing at any time);
- review of performance against the Company's KPIs;
- review of the performance and continuing appointment of service providers; and
- maintenance of an effective system of oversight, risk management and corporate governance.

The Company's Investment Policy, including the related limits and guidelines, is set out on page 17.

Details of the principal KPIs, along with details of the principal risks, and how they are managed, follow within this Business Review.

Further information, including the remuneration and contractual terms of appointment, of the principal service providers to the Company, being Stewart Investors, Frostrow Capital LLP and J.P. Morgan Chase Bank, the Company's Custodian who are responsible for the safekeeping of the Company's assets, is set out on page 34 in the Report of the Directors.

The Corporate Governance report, on pages 26 to 31, includes a statement of compliance with corporate governance codes, together with the outline of the internal control and risk management framework within which the Board operates.

Key Performance Indicators

The Company's Board of Directors meets at least five times a year. At each quarterly meeting it reviews performance against a number of key measures, as follows:

- Net asset value total return against the MSCI All Country Asia ex Japan Index (total return, sterling adjusted) (the "Index")*†^
- Net asset value total return against the peer group*^
- Average discount/premium of share price to net asset value per share over the year^
- Ongoing charges ratio^

* Measured over a variety of time periods, in particular over three to five years
† See pages 6 and 7 for details of proposed changes to the key measures of the Company's performance.
^ Alternative Performance Measure (see Glossary beginning on page 63).

Net asset value total return – Index

The Directors regard the Company's net asset value total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects both the net asset value growth of the Company and the dividends paid to shareholders. It should be noted that Stewart Investors' investment style is such that performance is likely to deviate materially from that of the Index. As a result, the Board is considering making changes to the key measures of the Company's performance. Please see pages 6 and 7 for further information.

During the year under review the net asset value per share showed a total return of +4.7% outperforming the Index by 12.4%.

A full description of performance during the year under review and the investment portfolio is contained in the Investment Manager's Review beginning on page 12.

Net asset value total return – peer group

The Company exists in a competitive environment and aims to be a leader in its peer group, defined by being consistently within the top third of that group measured by net asset value total return. The Company is committed to building a long-term investment record and will assess itself by reference to its peers on a rolling three to five-year basis.

Over the three years ended 31 January 2019, the Company ranked eighth in its peer group of the Company and seven other investment trusts with a similar investment objective; over five years it was ranked sixth. The Board continues to monitor this closely.

Discount/premium of share price to net asset value per share

The Board believes that an important driver of an investment trust's discount or premium over the long term is investment performance together with a proactive marketing strategy. However, there can be volatility in the discount or premium during the year. Therefore, the Board takes powers each year to buy back and issue shares with a view to limiting the volatility of the share price discount or premium.

During the year under review no new shares were issued by the Company. New shares will only be issued at a premium to the Company's cum income net asset value per share at the time of issue. No shares were bought back by the Company. The Company's share price discount to net asset value per share was consistently narrower than the peer group average.

Average discount of share price to net asset value per share*^ during the year ended

31 January 2019	31 January 2018
3.1%	**2.4%**
Peer group average discount **5.9%**	Peer group average discount **7.9%**

* Source: Morningstar
^ Alternative Performance Measure (see Glossary beginning on page 63)

Ongoing charges ratio

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between high quality service and costs.

As at 31 January 2019 the ongoing charges ratio was 1.2%. This ongoing charges ratio compares to the average of the Company's peer group of 1.0%, or 1.2% where the members of the peer group have a performance fee.

Ongoing charges ratio^ (excluding performance fees)

31 January 2019	31 January 2018
1.2%	**1.3%**
Peer group average **1.0%**	Peer group average **1.0%**

^ Alternative Performance Measure (see Glossary beginning on page 63)

Risk Management

The Board is responsible for the management of the risks faced by the Company and the Audit Committee on behalf of the Board regularly reviews these risks and how risk is managed. The risks faced by the Company have been categorised under three headings as follows:

- Investment risks (including financial risks)
- Strategic risks
- Operational risks (including cyber crime, corporate governance, accounting, legal and regulatory)

A summary of these risks and their mitigation is set out overleaf:

Strategic Report

Business Review (continued)

Principal Risks and Uncertainties	Mitigation
Investment Risks (including financial risks)	
Market and Foreign Exchange Risk By the nature of its activities, the Company's portfolio is exposed to fluctuations in market prices (from both individual security prices and foreign exchange rates) and due to the exposure to emerging markets in the Asia Pacific region, in which the portfolio companies operate, it is expected to have higher volatility than the wider market. As such investors should be aware that by investing in the Company they are exposing themselves to this risk.	To manage this risk the Board have appointed Stewart Investors to manage the portfolio within the remit of the investment objective and policy. The investment policy limits ensure that the portfolio is diversified reducing the risks associated with individual stocks and markets. Frostrow Capital LLP monitors compliance with the investment policy on a daily basis. The Board on an ongoing basis, through monthly and quarterly reporting from Frostrow Capital LLP and Stewart Investors, monitors exposure to investments, performance, and compliance with the investment objective and policy. At each quarterly Board meeting Stewart Investors provide an explanation of investment decisions, the make-up of the investment portfolio and the investment strategy.
Counterparty Risk In addition to market and foreign currency risks, discussed above, the Company is exposed to credit risk arising from the use of counterparties. If a counterparty were to fail, the Company could be adversely affected through either delay in settlement or loss of assets. The most significant counterparty the Company is exposed to is J.P. Morgan Chase Bank, the Custodian, which is responsible for the safekeeping of the Company's assets. Under the terms of the contract with J.P. Morgan Chase Bank the Company's investments are required to be segregated from J.P. Morgan Chase Bank's own assets.	Counterparty risk is managed by the Board through: • reviews of the arrangements with, and services provided by, the Custodian to ensure that the security of the Company's custodial assets is being maintained; • monitoring of the Custodian, including reviews of internal control reports and sub-custodial arrangements, as appropriate; and • reviews of Stewart Investors' approved list of counterparties, the process for monitoring, and adding to, the approved counterparty list and the Company's use of those counterparties. Further information on other financial risks, can be found in note 13 beginning on page 59.

Principal Risks and Uncertainties

Mitigation

Strategic Risks

Investment Management Key Person Risk

There is a risk that the individual(s) responsible for managing the Company's portfolio may leave their employment or may be prevented from undertaking their duties.

The Board manages this risk by:

- appointing an Investment Manager who operates a team environment such that the loss of any individual should not impact on service levels;
- receiving regular reports from the Investment Manager, such reports includes any significant changes in the make-up of the team supporting the Company;
- meeting the wider team, outside the designated lead manager, at both Board meetings and at the Investment Manager's offices;
- outside of regular Board meetings the Chairman is in regular contact with senior representatives of the Investment Manager; and
- delegating to the Engagement & Remuneration Committee, responsibility to perform an annual review of the service received from the Investment Manager, including, *inter-alia*, the team supporting the lead manager and succession planning.

Shareholder relations

The Company is also exposed to the risk, particularly if the investment strategy and approach are unsuccessful, that the Company underperforms its peer group and Index resulting in the Company becoming unattractive to investors and a widening of the share price discount to net asset value per share.

In managing this risk the Board:

- reviews the Company's investment objective and policy and Stewart Investors' investment approach in relation to the investment performance, market and economic conditions and the operation of the Company's peers;
- regularly discusses the Company's future development and strategy;
- undertakes a regular review of the level of the Company's share price discount/premium to net asset value per share and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing, share issuance and share buy-backs, where appropriate; and
- reviews an analysis of the shareholder register at each Board meeting and is kept informed of shareholder sentiment.

Strategic Report

Business Review (continued)

Principal Risks and Uncertainties	Mitigation
Operational Risks	
The Board is reliant on the systems of the Company's service providers and as such disruption to, or a failure of, those systems could lead to a failure to comply with corporate governance requirements, law and regulations, leading to reputational damage and/or financial loss to the Company. This encompasses disruption or failure caused by cyber crime and covers dealing, trade processing, administrative services, financial and other operational functions.	To manage these risks the Board: • receives a monthly report from Frostrow Capital LLP, which includes, *inter alia*, details of compliance with applicable laws and regulations; • reviews internal control reports and key policies, including the disaster recovery procedures, of its service providers; • maintains a risk matrix with details of risks to which the Company is exposed, the approach to those risks, key controls relied on and the frequency of the controls operation; • receives updates on pending changes to the regulatory and legal environment and progress towards the Company's compliance with such changes; and • has considered the increased risk of cyber-attacks and has received reports and assurance from its service providers regarding the controls in place.
Geopolitical risk to the Company is also kept under close review by the Board.	The Board regularly discusses global geopolitical issues and also general economic conditions and developments. Having one Board member based in Asia helps provide a valuable local insight into the important issues.

Impact of Brexit

The Board has considered whether Brexit poses a discrete risk to the Company. At the date of this report, there was still considerable uncertainty around both the process and the effects of Brexit and therefore the analysis at this stage is necessarily general.

As the Company is priced in sterling and the Company's portfolio companies are priced in foreign currencies sharp movements in exchange rates can affect the net asset value (see page 60 for the foreign currency sensitivity analysis).

Furthermore, whilst the Company's current shareholders are predominantly UK based, sharp or unexpected changes in investor sentiment, or tax or regulatory changes, could lead to short term selling pressure on the Company's shares which potentially could lead to the share price discount widening.

Overall, however, the Board believes that over the longer term, Brexit is unlikely to affect the Company's business model or whether the Company's shares trade at a premium or discount to the net asset value per share. The Board will continue to monitor developments as they occur.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and Stewart Investors' investment approach and on factors that may have an effect on this approach.

The Board monitors the performance of the Company's investment portfolio compared to the Index and also its peer group.

The Board proposes to replace the Company's current Index comparator with a simple inflation plus measure to gauge whether the Company has provided a satisfactory return to shareholders. Please see pages 6 and 7 for further information.

The Board is regularly updated by Frostrow Capital LLP on wider investment trust industry issues and regular discussions are held concerning the Company's future development and strategy.

A review of the Company's year, its performance and the outlook for the Company can be found in the Chairman's Statement on pages 6 to 8 and in the Investment Manager's Review on pages 12 to 14.

The Company's overall strategy remains unchanged.

By order of the Board

Frostrow Capital LLP
Company Secretary
2 April 2019

Governance
Board of Directors

James Williams
Independent Non-Executive Chairman

Joined the Board in 2013 and became Chairman in June 2015
Remuneration: £36,000 pa

James is Chairman of the Nomination Committee.

Shareholding in the Company: 50,000

Skills and Experience
James has worked in investment management for over 45 years. He was formerly the Chief Investment Officer of Baring Asset Management. He was a founder in Asia of the Henderson Baring group. James has also held several non-executive directorships.

His leadership of the Board draws on his long and varied experience on investment company boards, and the fund management industry. His focus is on long-term strategic issues, which are a key characteristic of Board discussion.

Other Appointments
James is currently a non-executive Director of BMO UK High Income Trust plc.

Standing for re-election
Yes

Charlotta Ginman, FCA
Independent Non-Executive Director

Joined the Board in 2014

Remuneration: £30,000 pa

A Chartered Accountant, Charlotta is Chair of the Audit Committee and the Senior Independent Director.

Shareholding in the Company: 13,789

Skills and Experience
Charlotta has held senior positions in the investment banking and the technology/telecom sectors.

As an FCA Charlotta brings to the Board, and especially the Audit Committee, under her Chairmanship, an incisive and detailed perspective of the Company's financial position, and its risk control environment. Charlotta is not afraid to confront complex issues on a range of topics.

Other Appointments
Charlotta is a non-executive Director and Chair of the Audit Committee of Polar Capital Technology Trust plc, Motif Bio plc and Keywords Studios plc. She is also a non-executive Director of Consort Medical plc and Unicorn AIM VCT plc.

As three out of Charlotta's six non-executive directorships are with quoted investment companies that involve less time commitment than trading companies, Charlotta is able to devote sufficient time to all of her appointments.

Standing for re-election
Yes

Sian Hansen
Independent Non-Executive Director

Joined the Board in 2015

Remuneration: £26,000 pa

Sian is Chair of the Engagement & Remuneration Committee.

Shareholding in the Company: 9, 883

Skills and Experience
Previously Sian was Executive Director of the Legatum Institute and before this, Managing Director of the UK think tank Policy Exchange. Earlier in her career Sian was a senior equity analyst and Co-Director of Sales for Asian Emerging Markets at Société Générale.

Sian enhances the Board's knowledge of sustainability, enabling meaningful debates with the Investment Manager to take place. As a thought leader in political and other forums she brings a valuable perspective on geo-political matters.

Other Appointments
Sian is currently a non-executive Director of the JP Morgan Multi-Asset Trust PLC and is a member of the Advisory Board of EBF International (Shanghai) Ltd and of Cerno Capital PLC. Sian is also a Director of InSkin Media Limited.

Sian is a Trustee of The Almeida Theatre as well as sitting on numerous advisory boards in policy development and sustainability.

Standing for re-election
Yes

Board of Directors

Terence Mahony
Independent Non-Executive Director

Joined the Board in 2004

Remuneration: £26,000 pa

Shareholding in the Company: 25,000

Skills and Experience
He has over 40 years' investment experience, the last 30 of which have been gained in Asia.

Living in Asia Terence raises the Board's awareness of longer-term trends and developments in what has always been a fast moving economic and political environment. His first-hand knowledge enables the Board to engage authoritatively with the Investment Manager on their investment strategy.

Other Appointments
Terence is Managing Director of TFM Management Limited, a firm of investment consultants based in Hong Kong.

He is non-executive Vice Chairman of Vina Capital Group and a non-executive Director of Tau Capital plc, LIM Asia Special Situations Fund Limited and Polunin Capital EM Active Fund.

Standing for re-election
Yes

Robert Talbut
Independent Non-Executive Director

Joined the Board in 2016

Remuneration: £26,000 pa

Shareholding in the Company: 9,611

Skills and Experience
Robert was formerly a director and Chief Investment Officer at Royal London Asset Management Limited.

Robert is well prepared to take a contrary position on issues that may come up. His understanding of today's corporate governance and the matters that a Board must confront, helps to ensure that the Company is run in accordance with best practice.

Other Appointments
Robert is non-executive Chairman of Shires Income PLC and a non-executive Director of Schroder UK Mid Cap Fund PLC, and JP Morgan American Investment Trust plc.
He is also Chairman of EFG Asset Management (UK) Limited and is an independent member of Aviva Group's Independent Governance Committee and an Independent Investment Expert to the British Airways Pension Fund Investment Committee.

Standing for re-election
Yes

Governance

Corporate Governance

The Board and Committees

Responsibility for effective governance lies with the Board. The governance framework of the Company reflects the fact that as an investment company it has no employees and outsources portfolio management to Stewart Investors and Company management, company secretarial and administrative services to Frostrow Capital LLP.

The Board

Chairman – James Williams

Senior Independent Director – Charlotta Ginman

Three additional non-executive Directors, all considered independent.

Key responsibilities:

- to provide leadership and set strategy, values and standards within a framework of prudent effective controls which enable risk to be assessed and managed;
- to ensure that a robust corporate governance framework is implemented; and
- to challenge constructively and scrutinise performance of all outsourced activities.

Engagement & Remuneration Committee

Chair

Sian Hansen

All Independent Directors

Key responsibilities:

- to review regularly the contracts, the performance and remuneration of the Company's principal service providers; and
- to set the remuneration policy of the Company.

Audit Committee

Chair

Charlotta Ginman, FCA*

All Independent Directors

(excluding the Chairman of the Company)

Key responsibilities:

- to review the Company's financial reports;
- to oversee the risk and control environment and financial reporting; and
- to review the performance of the Company's external Auditor and to set their remuneration.

Nomination Committee

Chairman

James Williams

All Independent Directors

Key responsibilities:

- to review regularly the Board's structure and composition; and
- to make recommendations for any changes or new appointments.

*The Directors believe that Charlotta Ginman has the necessary recent and relevant financial experience to Chair the Company's Audit Committee.

Copies of the full terms of reference, which clearly define the responsibilities of each Committee, can be obtained from the Company Secretary and will be available for inspection at the Annual General Meeting. They can also be found on the Company's website at www.pacific-assets.co.uk.

Corporate Governance Statement

The Board is committed to maintaining and demonstrating high standards of corporate governance. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ('AIC Code'), and by reference to the AIC Corporate Governance Guide for Investment Companies ('AIC Guide') published in 2016.

The Financial Reporting Council has confirmed that by following the AIC Code and the AIC Guide, boards of investment companies will meet their obligations in relation to the UK Code and paragraph 9.8.6 of the UK Listing Rules.

The AIC Code and AIC Guide address the principles set out in the UK Corporate Governance Code, which applies for the year ended 31 January 2019, as well as setting out additional principles and recommendations on issues that are specific to investment trusts. The Board considers that reporting in accordance with the principles and recommendations of the AIC Code provides more relevant and comprehensive information to shareholders. The AIC Code and the AIC Guide can be viewed at www.theaic.co.uk. A revised UK Corporate Governance Code was published in July 2018 for accounting years commencing on or after 1 January 2019, a corresponding revised AIC Code was published in January 2019 and will be reported against in the Annual Report of the Company for the year commencing 1 February 2019. The Corporate Governance Statement on pages 26 to 31, forms part of the Report of the Directors on pages 32 to 35.

The Principles of the AIC Code

The AIC Code is made up of 21 principles split into three sections covering:

- The Board
- Board Meetings and relations with Stewart Investors and Frostrow
- Shareholder Communications

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as follows:

The UK Code includes certain provisions relating to:

- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of the need for an internal audit function which is addressed further on page 38, the Company has not reported further in respect of these provisions.

The Board

The Board is responsible for the effective Stewardship of the Company's affairs. Strategy issues and all operational matters of a material nature are considered at its meetings.

The Board consists of five non-executive Directors, each of whom is independent of Stewart Investors and the Company's other service providers. No member of the Board is a Director of another investment company managed by Stewart Investors, nor has any Board member been an employee of the Company, Stewart Investors or any of the Company's service providers. One of the Directors (Mr Terence Mahony) has served on the Board for more than nine years from the date of his first election. Given the strongly independent mindset of Mr Mahony, the Board is firmly of the view that he can be considered to be independent. Further details regarding the Directors can be found on pages 24 and 25.

The Board carefully considers the various guidelines for determining the independence of non-executive Directors, placing particular weight on the view that independence is evidenced by an individual being independent of mind, character and judgement. All Directors are presently considered to be independent. All Directors retire at the AGM each year and, if appropriate, seek re-election. Each Director has signed a letter of appointment to formalise the terms of their engagement as a non-executive Director, copies of which are available on request at the office of Frostrow Capital LLP and at the Annual General Meeting.

Governance

Corporate Governance (continued)

Meetings

The Board meets formally at least five times each year. A representative of Stewart Investors attends all meetings at which investment matters are discussed; representatives from Frostrow Capital LLP are in attendance at each Board meeting. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and the Index comparator, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance and share buyback policies.

The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analyses of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.

The Chairman is responsible for ensuring that the Board receives accurate, timely and clear information. Representatives of Stewart Investors and Frostrow Capital LLP report regularly to the Board on issues affecting the Company.

The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.

Appointments to the Board

The Nomination Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors.

When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 January 2019 and the number of meetings attended by each Director.

Number of meetings	Board (5)	Audit Committee (3)	Engagement & Remuneration Committee (1)	Nomination Committee (2)
James Williams*	5	2	1	2
Charlotta Ginman	5	3	1	2
Sian Hansen	5	3	1	2
Terence Mahony	5	3	1	2
Robert Talbut	5	3	1	2

Other *ad hoc* meetings of the Board and Committees are held in connection with specific events as and when necessary. All the serving Directors attended the Annual General Meeting held on 27 June 2018.

*James Williams (Chairman of the Company) ceased to be a member of the Audit Committee with effect from 26 September 2018.

The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.

The Board regularly considers its structure. The Board has an approved succession planning policy to ensure that (i) there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board; and (ii) the Board is comprised of members who collectively display the necessary balance of professional skills, experience, length of service and industry/ Company knowledge. The plan is reviewed annually and at such other times as circumstances may require.

Policy on Director Tenure

The Board, meeting as the Nomination Committee, considers the structure of the Board and recognises the need for ongoing progressive refreshment.

The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of the Directors is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. When considering the length of an individual Director's service, the Board will do so in the context of the average length of tenure of the Board as a whole. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval. The AIC Code states that any Director who has served for more than nine years is subject to annual re-appointment.

All of the Company's Directors (who are not retiring from the Board) seek appointment or re-appointment at each Annual General Meeting.

Board Evaluation

During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Chairman. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Chairman and each of the Directors. The performance of the Chairman was evaluated by the other Directors under the leadership of Charlotta Ginman as the Senior Independent Director. The review concluded that the Board was working well.

As an independent external review of the Board was undertaken in 2017 the next such review will be held in 2020.

Training and Advice

New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The Directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference of the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses where appropriate.

The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense.

Governance

Corporate Governance (continued)

Conflicts of Interest

Company Directors have a statutory obligation to avoid a situation in which they (and connected persons) have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has in place procedures for managing any actual or potential conflicts of interest. No conflicts of interest arose during the year under review.

Risk Management and Internal Controls

The Board has overall responsibility for the Company's risk management and internal control systems and for reviewing their effectiveness. The Company applies the guidance published by the Financial Reporting Council on internal controls. Internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objective and can provide only reasonable and not absolute assurance against material misstatement or loss. These controls aim to ensure that the assets of the Company are safeguarded, that proper accounting records are maintained and that the Company's financial information is reliable. The Directors have a robust process for identifying, evaluating and managing the significant risks faced by the Company, which are recorded in a risk matrix. The Audit Committee, on behalf of the Board, considers each risk as well as reviewing the mitigating controls in place. Each risk is rated for its "likelihood" and "impact" and the resultant numerical rating determines its ranking into 'Principal/Key', 'Significant' or 'Minor'. This process was in operation during the year and continues in place up to the date of this report. The process also involves the Audit Committee receiving and examining regular reports from the Company's principal service providers. The Board then receives a detailed report from the Audit Committee on its findings. The Directors have not identified any significant failures or weaknesses in respect of the Company's internal control systems.

Relations with Shareholders

A detailed analysis of the substantial shareholders in the Company is provided to the Directors at each Board meeting. Representatives of Stewart Investors regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting.

Regular reports from the Company's corporate stockbroker are submitted to the Board on investor sentiment and industry issues.

Shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the offices of Frostrow Capital LLP. All shareholders are encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of Stewart Investors. Stewart Investors will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting. The Directors welcome the views of all shareholders and place considerable importance on communications with them.

Socially Responsible Investment

The Company's investment activities and day to day management is delegated to the Investment Manager, the Manager and other third parties. As an investment trust, the Company has no direct social, community, employee or environmental responsibilities. Its principal responsibility to shareholders is to ensure that the investment portfolio is properly managed and invested. As detailed above, the management of the portfolio has been delegated to the Company's Investment Manager.

In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy. The Company does not maintain premises, hold any physical assets or operations and does not have any employees. Consequently, the Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The Board has noted the Investment Manager's report on greenhouse gas emissions on its own operations and the views of the Investment Manager on CSR and EEE which it adheres to in engaging with the underlying investee companies and in exercising its delegated responsibilities in voting. The Investment Manager engages with the Company's underlying investee companies in relation to their corporate governance practices and in developing their policies on social, community and environmental matters.

UK Stewardship Code

The Board and the Investment Manager support the UK Stewardship Code, issued by the FRC, which sets out the principles of effective stewardship by institutional investors. The Company's investment portfolio is managed by Stewart Investors who invest extensively in the Asia Pacific Region and, as a significant investor within this asset class, the Investment Manager have a strong commitment to effective stewardship.

The Board has reviewed 'Stewart Investors' Stewardship Policy and which is published on Stewart Investors' website: www.stewartinvestors.com, as is satisfied with their approach.

Voting Policy

The Board has delegated discretion to Stewart Investors to exercise voting powers on its behalf.

The Board has reviewed Stewart Investors' Stewardship Policy, which includes its Corporate Governance and Voting Guidelines, and which is published on Stewart Investors' website: www.stewartinvestors.com, and is satisfied with their approach.

Frostrow Capital LLP
Company Secretary
2 April 2019

Governance

Report of the Directors

The Directors present this Annual Report on the affairs of the Company together with the audited financial statements and the Independent Auditor's Report for the year ended 31 January 2019.

Business and Status of the Company

The Company is registered as a public limited company in Scotland (Registered Number SC091052) and is an investment company within the terms of Section 833 of the Companies Act 2006 (the 'Act'). Its shares are premium listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange, which is a regulated market as defined in Section 1173 of the Act.

The Company has applied for and been accepted as an investment trust under Section 1158 of the Corporation Taxes Act 2010 and Part 2 Chapter 1 of Statutory Instrument 2011/2999. This approval relates to accounting periods commencing on or after 1 February 2012. The Directors are of the opinion that the Company has conducted its affairs so as to be able to retain such approval.

It is the Directors' intention that the Company should continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares components of an Individual Savings Account ('ISA') and Junior ISA.

The Company is a member of the Association of Investment Companies ('AIC').

Alternative Performance Measures

The Financial Statements (on pages 50 to 61) set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts, which are summarised on page 3 and explained in greater detail in the Strategic Report, under the heading 'Key Performance Indicators' on page 18.

Definitions of the terms used and the basis of calculation adopted are set out in the Glossary beginning on page 63.

Annual General Meeting

THE FOLLOWING INFORMATION TO BE DISCUSSED AT THE FORTHCOMING ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 11 Authority to allot shares

Resolution 12 Authority to disapply pre-emption rights

Resolution 13 Authority to buy back shares

Resolution 14 Authority to hold General Meetings (other than the AGM) on at least 14 clear days' notice

The full text of the resolutions can be found in the Notice of Annual General Meeting on pages 66 to 70. Explanatory notes regarding the resolutions can be found on pages 71 and 72.

Results and Dividend

The results attributable to shareholders for the year are shown on page 3. Details of the Company's dividend record can be found on page 5.

Capital Structure

As at 31 January 2019 there were 119,873,386 ordinary shares of 12.5p each ('shares') in issue (2018: 119,873,386). All shares rank equally for dividends and distributions. Each shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. Details of the substantial shareholders in the Company are listed on page 34.

During the year, no new shares were issued (2018: nil). Since the year-end, to the date of this report, 125,000 new shares have been issued at an average premium of 1.2% to the prevailing cum income NAV per share.

The giving of powers to issue or buy-back the Company's shares requires the relevant resolution to be passed by shareholders. Proposals for the renewal of the Board's current powers to issue and buy-back shares are detailed on pages 71 and 72.

There are no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no restrictions on voting rights; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Viability Statement

The Board has carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity. The Board has drawn up a matrix of risks facing the Company and has put in place a schedule of investment limits and restrictions, appropriate to the Company's investment objective and policy, in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to manage these, are detailed on pages 19 to 23.

The Company is a long-term investor and the Board believes it is appropriate to assess the Company's viability over a five year period in recognition of our Investment Manager's long-term horizon and also what we believe to be investors' horizons, taking account of the Company's current position and the potential impact of the principal risks and uncertainties as shown on pages 19 to 23.

The Directors also took into account the liquidity of the portfolio when considering the viability of the Company over the next five years and its ability to meet liabilities as they fall due.

The Directors do not expect there to be any significant change in the principal risks that have been identified and the adequacy of the controls in place. Also the Directors do not envisage any change in strategy or objectives or any events that would prevent the Company from continuing to operate over that period as the Company's assets are liquid, its commitments are limited and the Company intends to continue to operate as an investment trust. The Directors believe that only a substantial financial crisis affecting the global economy could have an impact on this assessment. Please see page 23 for the Board's assessment of the impact of Brexit on the Company.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five year period.

Principal Service Providers

Investment Manager

The Company's investment portfolio is managed by Stewart Investors which had approximately £20 billion in assets under management as at 31 December 2018. Stewart Investors are engaged under the terms of an Investment Management Agreement (the "IMA") effective from 1 February 2015. The IMA is terminable by six months' notice. Stewart Investors have complied with the terms of the IMA throughout the year to 31 January 2019. A management fee of 0.9% per annum of net assets is payable.

Manager

Frostrow Capital LLP acts as the Company's Manager, Company Secretary and Administrator. It is an independent provider of services to the investment companies sector and currently has 13 other investment trust clients whose assets totalled approximately £8 billion as at the date of this report.

Frostrow Capital LLP provides company management, company secretarial and administrative services to the Company under the terms of a Management, Administrative and Secretarial Services Agreement, effective from 1 February 2015. During the year under review Frostrow received a fixed fee of £60,000 per annum plus 0.11% per annum of net assets up to £150 million, plus 0.075% per annum of net assets in excess of £150 million up to £500 million. Frostrow's appointment can be terminated by either party by giving six months' notice.

Further details of the fees payable to Stewart Investors and Frostrow Capital LLP are set out in note 3 to the accounts on page 55.

Governance

Report of the Directors (continued)

Custodian

J.P. Morgan Chase Bank have been appointed as the Company's Custodian. The Custodian's fees are charged according to the jurisdiction in which the holdings are based. Variable transaction fees are also chargeable.

Investment Manager and Manager Evaluation and Re-Appointment

The review of the performance of Stewart Investors as Investment Manager and Frostrow Capital LLP as Manager is a continuous process carried out by the Board with a formal evaluation being undertaken each year. As part of this process the Board monitors the services provided by the Investment Manager and the Manager and receives regular reports and views from them. The Board also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objective set by the Board has been met.

The Board believes the continuing appointment of Stewart Investors and Frostrow Capital LLP, under the terms described above, is in the interests of shareholders. In coming to this decision the Board also took into consideration the following additional reasons:

- the quality and depth of experience of Stewart Investors and the level of performance of the portfolio in absolute terms and also by reference to the MSCI All Country Asia ex Japan Index (total return, sterling adjusted) and the Company's peer group over the medium to longer term; and
- the quality and depth of experience of the management, administrative and company secretarial team that Frostrow Capital LLP allocates to the Company.

Directors

Directors' and Officers' Liability Insurance Cover

Directors' and Officers' liability insurance cover was maintained by the Board during the year ended 31 January 2019. It is intended that this policy will continue for the year ending 31 January 2020 and subsequent years.

Directors' Indemnities

As at the date of this report, a deed of indemnity has been entered into by the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his role as a Director of the Company. Each Director is indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the offices of Frostrow during normal business hours and will be available for inspection at the Annual General Meeting.

Substantial Interests in Share Capital

As at 28 February 2019, being the latest practicable date before publication of the Annual Report, the Company was aware of the following substantial interests in the voting rights of the Company:

	Number of shares held	% held
Investec Wealth & Investment (Ire)	11,159,274	9.3
Brewin Dolphin	7,784,809	6.5
Speirs & Jeffrey Stockbrokers	7,418,060	6.2
Smith & Williamson	5,986,222	5.0
Charles Stanley Stockbrokers	5,487,842	4.6
Investec Wealth & Investment	5,228,605	4.4
Alliance Trust Savings	4,973,806	4.2
Hargreaves Lansdown	4,544,481	3.8
Rathbones	4,301,223	3.6

Beneficial Owners of Shares – Information Rights

The beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Equiniti, or to the Company directly.

Articles of Association

Amendment of the Company's Articles of Association requires a special resolution to be passed by shareholders.

Modern Slavery Act 2015

The Company does not provide goods or services in the normal course of business, and as a financial investment vehicle does not have customers. The Directors do not therefore consider that the Company is required to make a statement under the Modern Slavery Act 2015 in relation to slavery or human trafficking.

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

The Board applies the same standards to its service providers in their activities for the Company.

A copy of the Company's Anti Bribery and Corruption Policy can be found on its website at www.pacific-assets.co.uk. The policy is reviewed annually by the Audit Committee.

Prevention of the Facilitation of Tax Evasion

During the year and in response to the implementation of the Criminal Finances Act 2017, the Board adopted a zero-tolerance approach to the criminal facilitation of tax evasion. A copy of the Company's policy on preventing the facilitation of tax evasion can be found on the Company's website www.pacific-assets.co.uk. The policy is reviewed annually by the Audit Committee.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Corporate Governance

The Corporate Governance report, which includes the Company's Corporate Governance policies is set out on pages 26 to 31.

Alternative Performance Measures

The Financial Statements set out the required statutory reporting measures of the Company's financial performance. In addition, the Board assesses the Company's performance against a range of criteria which are viewed as particularly relevant for investment trusts. These are summarised and explained in greater detail in the Strategic Report under the heading 'Key Performance Indicators' beginning on page 18. Please also see the glossary beginning on page 63.

Common Reporting Standard (CRS)

CRS is a global standard for the automatic exchange of information commissioned by the Organisation for Economic Cooperation and Development and incorporated into UK law by the International Tax Compliance Regulations 2015. CRS requires the Company to provide certain additional details to HMRC in relation to certain shareholders. The reporting obligation began in 2016 and will be an annual requirement going forward. The Registrars, Equiniti, have been engaged to collate such information and file the reports with HMRC on behalf of the Company.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The Directors confirm that there are no disclosures to be made in this regard.

By order of the Board

Frostrow Capital LLP
Company Secretary

2 April 2019

Governance

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, which is maintained by the Company's Investment Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going Concern

The Directors, having made relevant enquiries, are satisfied that it is appropriate to prepare the financial statements on the going concern basis as the net assets of the Company consist of liquid securities.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of the Annual Report and the Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole; and

- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

On behalf of the Board

James Williams
Chairman

2 April 2019

Governance

Audit Committee Report

for the year ended 31 January 2019

Introduction from the Chair

I am pleased to present my fourth formal report to shareholders as Chair of the Audit Committee, for the year ended 31 January 2019. I was appointed Chair of the Committee in 2015.

Composition and Meetings

The Committee comprises the whole Board (all Directors are independent non-executive), with the exception of the Chairman of the Company, who retired as a member of the Committee on 26 September 2018. He now attends Committee meetings as an observer by invitation.

The Committee has sufficient recent and relevant financial experience and, as a whole, has competence relevant to the sector in which the Company operates. I am a Fellow of the Institute of Chartered Accountants in England and Wales and am also the Chair of the Audit Committee of three other public companies; the other Committee members have a combination of financial, investment and other relevant experience gained throughout their careers. The experience of the members of the Committee can be assessed from the Directors' biographies set out on pages 24 and 25.

The Committee met three times during the year. Attendance by each Director is shown in the table on page 28.

Role and Responsibilities of the Audit Committee

1. **To review the Company's half-year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company .
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy and also its policy on the prevention of the facilitation of tax evasion.
3. **To recommend the appointment and removal of an external Auditor**, and agreeing the scope of its work and its remuneration, reviewing its independence and the effectiveness of the audit process. Also, to be responsible for the selection process of the external Auditor.
4. **To consider any non-audit work to be carried out by the Auditor**. The Audit Committee reviews the need for non-audit services to be performed by the Auditor in accordance with the Company's non-audit services policy, and authorises such on a case by case basis having given consideration to the cost effectiveness of the services and the objectivity of the Auditor (see page 41 for further information). The Auditor carried out no non-audit work during the year.
5. **To consider the need for an internal audit function**. Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's 'terms of reference are available for review on the Company's website at www.pacific-assets.co.uk.

Significant Issues Considered by the Audit Committee during the Year

Financial Statements

The production of the Company's Annual Report (including the audit by the Company's external Auditor) is a thorough process involving input from a number of different areas. In order to be able to confirm that the Annual Report is fair, balanced and understandable, the Board has requested that the Committee advise on whether it considers these criteria have been satisfied. As part of this process the Committee has considered to the following:

- the procedures followed in the production of the Annual Report, including the processes in place to assure the accuracy of the factual content;
- the extensive levels of review that were undertaken in the production process, by the Company's Manager and also by the Committee; and
- the internal control environment as operated by the Investment Manager, Manager and other service providers.

As a result of the work undertaken by the Committee, it has confirmed that the Annual Report for the year ended 31 January 2019, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's financial position, performance, business model and strategy. The Committee has confirmed this to the Board.

Significant Reporting Matters

Valuation of the Company's Investments

During the year the Committee once again reconfirmed its understanding of the processes in place to record investment transactions and to value the investment portfolio. It was noted that established pricing vendors continue to be used to source and also to verify the prices of the Company's investments. The correct recording of investment transactions was established through regular reconciliations by the Company's Manager, of both cash and securities with the Company's Custodian or relevant bank.

Existence and Ownership of Investments

The Committee also received assurance that all investment holdings and cash/deposit balances had been agreed by the Company's Manager to an independent confirmation from the Custodian or relevant bank.

Other Reporting Matters

Investment Performance

Through ongoing discussions with the Company's Investment Manager and analysis throughout the year, the Committee monitored the performance of the Investment Portfolio both in capital and revenue terms through comparison with suitable key performance indicators (see pages 18 and 19).

Recognition of Revenue from Investments

The Committee refreshed its understanding of the processes in place to record investment income and transactions. The Committee sought and received confirmation from the Company's Manager that all dividends both received and receivable had been accounted for correctly. The Committee noted and took comfort from the segregation of duties in place between the Company's Manager and the Custodian.

Accounting Policies

During the year the Committee ensured that the accounting policies, as set out on pages 52 to 54, were applied consistently throughout the year. In light of there being no unusual transactions during the year or other possible reasons, the Committee agreed that there was no reason to change the policies.

Going Concern

Having reviewed the Company's financial position and liabilities, the Committee is satisfied that it is appropriate for the Board to prepare the financial statements on the going concern basis. Further detail is provided on page 36.

Internal Controls and Risk Management

At each of its meetings during the year the Committee reviewed the effectiveness of the Company's risk management and internal controls systems as contained in the Company's schedule of key risks as described in the Strategic Report. No significant weaknesses were identified in the year under review.

The Committee acknowledges that the Company is reliant on the systems utilised by its service providers. The Committee therefore received and reviewed internal control reports from: Stewart Investors, the Company's Investment Manager; from Frostrow Capital LLP, the Company's Manager, Administrator and Company Secretary; from the Custodian, JP Morgan Chase Bank; and from Equiniti, the Company's Registrar. Following its review of these reports it concluded that there were no significant control weaknesses or other issues that required to be brought to the attention of the Board.

The Committee continues to monitor closely the increasing risk arising from cyber threats, notwithstanding that the Company outsources all of its activities to external parties. The Committee reviewed cyber security reports from its principal services providers during the year and noted the assurances that have been given about the effectiveness of control measures. The Committee concluded that cyber-attack represents an increasing threat and that this will need to continue to be monitored closely.

To supplement the reporting it receives, the Committee has agreed a timetable of 'deep dive' visits to the Company's principal service providers to take place over the next year. The first such visit, to Equiniti the Company's Registrar, took place on 15 January 2019. The visit focussed on areas such as Registration Services, Issued Capital Management, GDPR, Cyber Security and Data Storage & Destruction and Back Up Arrangements. No issues arose as a result if this visit. Visits to Stewart Investors, JP Morgan Chase Bank and to Frostrow Capital LLP will be undertaken later in 2019.

Taxation

The Committee confirmed the position of the Company in respect of compliance with investment trust status (compliance with Section 1158 of the Corporation Tax Act 2010), by seeking and receiving confirmation from the Company's Manager that the Company continues to meet the eligibility conditions.

The Committee also monitored closely the position with regard to the reclamation of withholding tax. The Company employs a number of specialist local agents (in jurisdictions such as Taiwan, India and Bangladesh) to assist in the process.

Governance

Audit Committee Report (continued)

for the year ended 31 January 2019

Viability Statement

The Committee considered the longer-term viability requirements on behalf of the Board, so the Board may state that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. The Committee reviewed papers produced in support of the statement made by the Board which assesses the viability of the Company over a period of five years. These included a series of stress tests that considered the impact of severe stock market and currency volatility on shareholders' funds. The Company is a long-term investor and the Committee believes that it is appropriate to recommend to the Board that the Company's viability should be assessed over a five-year period, also taking account of the Company's current position and the potential impact of the Company's principal risks and uncertainties as shown on pages 19 to 23.

External Auditor

The Audit:

This year the nature and scope of the audit, together with KPMG LLP's audit plan, were considered by the Committee on 26 September 2018. I, as Chair of the Committee, had a meeting with them following the audit specifically to discuss the audit and any issues that arose (of which there were none of any significance). The Committee then met KPMG LLP on 21 March 2019 to formally review the outcome of the audit and to discuss the limited issues that arose. The Committee also discussed the presentation of the Annual Report with the Auditor and sought their perspective.

Independence and Effectiveness:

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, the Committee reviewed:

- the senior audit personnel in the audit plan for the year,
- the Auditor's arrangements concerning any conflicts of interest,
- the extent of any non-audit services, and
- the statement by the Auditor that they remain independent within the meaning of the regulations and their professional standards.
- Auditor independence

In order to consider the effectiveness of the audit process, the Committee reviewed:

- the Auditor's fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the Company's Manager.

A summary of the Company's policy on the provision by the Auditor of non-audit services to the Company can be found below.

The Committee is satisfied with the Auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Appointment and Tenure

Following a formal competitive tender process in 2017, the Committee recommended to the Board the re-appointment of KPMG LLP. At the time of the re-appointment, a two-year fixed audit fee was agreed.

Mr John Waterson is the Audit Partner allocated to the Company by KPMG LLP.

In accordance with the current legislation, the Company is required to instigate a tender process for Auditors at least every 10 years and will have to change its auditor after a maximum of 20 years. In addition, the nominated Audit Partner will be required to rotate after serving a maximum of 5 years with the Company; it is therefore anticipated that Mr Waterson will serve as Audit Partner until completion of the audit process in 2022. The Company has complied throughout the year ended 31 January 2019 with the provisions of the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority ("CMA Order").

The re-appointment of KPMG as Auditor to the Company will be submitted for shareholder approval, together with a separate Resolution to authorise the Committee to reconfirm the remuneration of the Auditor, at the AGM to be held on 27 June 2019.

Non-Audit Services

The Company operates on the basis whereby the provision of all non-audit services by the Auditor has to be pre-approved by the Audit Committee. Such services are only permissible where no conflicts of interest arise, the service is not expressly prohibited by audit legislation, where the independence of the Auditor is not likely to be impinged by undertaking the work and the quality and the objectivity of both the non-audit work and audit work will not be compromised. In particular, non-audit services may be provided by the Auditor if they are inconsequential or would have no direct effect on the Company's financial statements and the audit firm would not place significant reliance on the work for the purposes of the statutory audit.

No non-audit services were provided by the Auditor in the year under review or in the prior year.

Effectiveness of the Committee

A formal internal Board review which included reference to Committee's effectiveness, was undertaken by the Chairman of the Company during the year. The outcome was positive with no significant concerns expressed. In 2017, a formal external review was facilitated by Lintstock. The next such review will be undertaken in 2020.

Charlotta Ginman, FCA
Chair of the Audit Committee

2 April 2019

Governance

Directors' Remuneration Report

for the year ended 31 January 2019

Statement from the Chair

I am pleased to present the Directors' Remuneration Report to shareholders. This report has been prepared in accordance with the requirements of the Companies Act 2006.

The Directors' Remuneration Report is subject to an annual advisory vote and therefore an Ordinary Resolution for the approval of this report will be put to shareholders at the Company's forthcoming Annual General Meeting (AGM).

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's audit opinion is included in its report to shareholders on pages 45 to 49.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no CEO or employee information to disclose.

The Engagement & Remuneration Committee considers the framework for the remuneration of the Directors. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in-line with the AIC Code.

The Engagement & Remuneration Committee met once during the year and it was agreed to increase the fees paid to the Directors with effect from 1 February 2019 as follows: Chairman £36,000 pa (previously £35,000 pa); Chair of the Audit Committee £30,000 pa (previously £28,500 pa) ; Director £26,000 pa (previously £25,000 pa). The last increase to the fees paid to the Directors had taken effect from 1 February 2017.

Directors' Fees

The Directors, as at the date of this report, and who have all served throughout the year, received the fees listed in the table on page 43. These exclude any employer's national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and so fees represent the total remuneration of each Director.

No communications have been received from shareholders regarding Directors' remuneration.

Article 117 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

Under HMRC guidance, travel expenses and other out of pocket expenses may be considered as taxable benefits for the Directors. Where expenses reimbursed to the Directors are classed as taxable under HMRC guidance, they are shown in the taxable expenses column of the Directors' remuneration table along with the associated tax liability which is settled by the Company.

Approval

A resolution to approve the Remuneration Report was put to shareholders at the AGM of the Company held on 27 June 2018. Of the votes cast, 98.4% were in favour and 1.6% were against; this resolution will be put to shareholders again this year. A binding resolution to approve the Remuneration Policy was last put to shareholders at the AGM held on 29 June 2017. Of the votes cast 97.3% were in favour and 2.7% were against. A resolution to approve the Remuneration Policy will be put to shareholders at the AGM to be held in 2020. The Directors Remuneration Policy as set out on page 44 will apply until it is next put to shareholders for renewal of that approval, which must be at intervals of not more than three years, or when the Directors Remuneration Policy is varied in which case shareholder approval for the new Directors' Remuneration Policy will be sought.

Directors' Remuneration for the Year (audited information)

The Directors who served in the year (unless where stated) received the following remuneration:

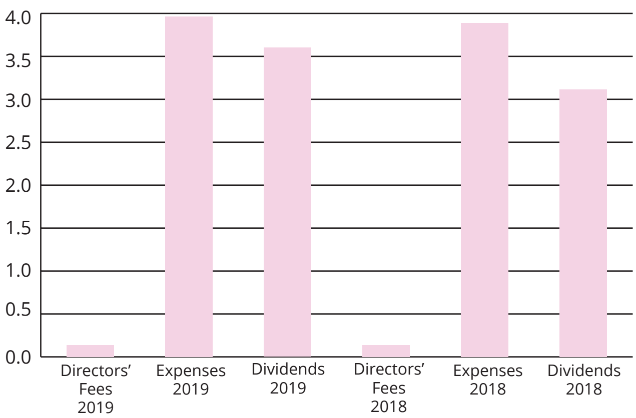
	Date of Appointment to the Board	Fixed Fees 2019 £	Taxable Expenses 2019 £	Total Remun-eration 2019 £	Fixed Fees 2018 £	Taxable Expenses 2018 £	Total Remun-eration 2018 £
James Williams	1 October 2013	35,000	–	35,000	35,000	–	35,000
Charlotta Ginman	9 October 2014	28,500	–	28,500	28,500	–	28,500
Sian Hansen	3 August 2015	25,000	–	25,000	25,000	–	25,000
Terence Mahony	1 February 2004	25,000	–	25,000	25,000	–	25,000
Robert Talbut	23 September 2016	25,000	370	25,370	25,000	340	25,340
		138,500	370	138,870	138,500	340	138,840

Loss of Office

Directors do not have service contracts with the Company but are engaged under Letters of Engagement. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Relative Cost of Directors' Remuneration

The bar chart below shows the comparative cost of Directors' fees compared with the level of dividend distribution and Company expenses for the years ended 31 January 2018 and 2019.



Directors' Interests in Shares (audited information)

The Directors' interests in the share capital of the Company are shown in the table below:

		Number of shares held 31 January 2019	31 January 2018
James Williams	Beneficial	50,000	40,000
Charlotta Ginman	Beneficial	13,789	9,716
Sian Hansen	Beneficial	9,883	4,680
Terence Mahony	Beneficial	25,000	25,000
Robert Talbut	Beneficial	9,611	9,611
Total		108,283	89,007

Since the year end there have not been any changes in the Directors' interests.

Share Price Total Return

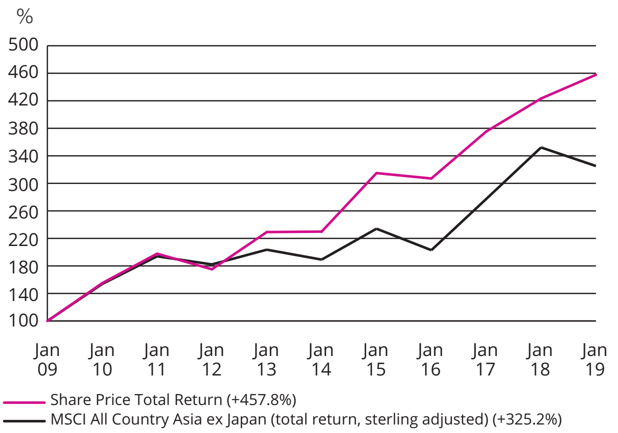
The Board has adopted the MSCI All Country Asia ex Japan Index measured on a total return, sterling adjusted basis as a comparison for the Company's performance. In accordance with statutory reporting purposes this report is required to compare the Company's share price total return to that of the Index. The chart overleaf provides this comparison.

Governance

Directors' Remuneration Report (continued)

for the year ended 31 January 2019

Total Shareholder Return for the Ten Years to 31 January 2019



Source: Morningstar
Rebased to 100 as at 31 January 2009

Directors' Remuneration Policy

The Directors' Remuneration Policy is subject to a binding shareholder vote every three years. It is due to be brought before shareholders again at AGM to be held in 2020. There have been no changes to the Company's Remuneration Policy compared to the year ended 31 January 2018 and no changes are proposed for the year ending 31 January 2020. If, however, the Remuneration Policy is varied, shareholder approval for the new Remuneration Policy will be sought at the next AGM following such variation. The Board has agreed that there will be a formal review before any change to the Directors Remuneration Policy; and at least once a year the Directors Remuneration Policy will be reviewed to ensure that it remains appropriate.

The Directors' Remuneration Policy provides that fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of high calibre to be recruited. Directors are remunerated in the form of fees payable monthly in arrears, paid to the Director personally. There are no long-term incentive schemes, bonuses, share option schemes or pension arrangements and the fees are not specifically related to the Directors' performance, either individually or collectively. The Company does not have any employees.

The remuneration for the non-executive Directors is determined within the limits set out in the Company's Articles of Association. The present limit is £200,000 in aggregate per annum.

Any new Director being appointed to the Board that has not been appointed as either Chairman, Chair of the Audit Committee or Senior Independent Director will, under the current level of fees, receive £26,000 pa.

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first AGM after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

Annual Statement

On behalf of the Board, I confirm that the Remuneration Policy, set out above, and the Remuneration Report summarise, as applicable, for the year to 31 January 2019:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Sian Hansen
Chair of the Engagement & Remuneration Committee

2 April 2019

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Governance

Independent Auditor's Report

to the members of Pacific Assets Trust plc

1. Our opinion is unmodified

We have audited the financial statements of Pacific Assets Trust plc ("the Company") for the year ended 31 January 2019 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2019 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors on 9 June 2008. The period of total uninterrupted engagement is for the 11 financial years ended 31 January 2019. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview		
Materiality: financial statements as a whole		£3.3m (2018:£3.2m) 1% (2018: 1%) of Total Assets
Risks of material misstatement		**vs 2018**
Recurring risks	Carrying value of quoted investments	◄►

2. Key audit matters: including our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2018) in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Governance

Independent Auditor's Report (continued)

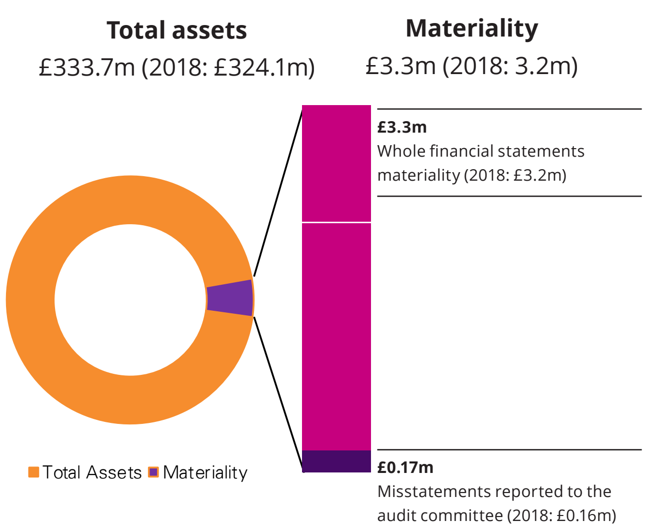
	The risk	Our response
Carrying amount of quoted investments (£297.3m million; 2018: £300.9 million) *Refer to page 39 (Audit Committee Report), pages 52 to 54 (accounting policy) and pages 57 and 58 (financial disclosures).*	**Low risk, high value:** The Company's portfolio of investments make up 89% (2018: 93%) of the total assets (by value) and are considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: • **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and • **Enquiry of custodians:** Agreeing 100 per cent of the investment holdings in the portfolio to independently received third party confirmations from investment custodians. **Our results** • We found the carrying amount of quoted investments to be acceptable (2018: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £3.3m (2018: £3.2m), determined with reference to a benchmark of total assets, of which it represents 1% (2018: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.17m (2018: £0.16m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at KPMG's offices in London and Edinburgh.



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4. We have nothing to report on going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on pages 36 and 37 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 33 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;

Governance

Independent Auditor's Report (continued)

- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on pages 36 and 37, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Company'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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities

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 other irregularities (see below) or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors, the manager and the administrator (as required by auditing standards) and discussed with the directors and the manager the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

John Waterson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

2 April 2019

KPMG

Financial Statements

Income Statement

for the year ended 31 January 2019

	Notes	Year ended 31 January 2019 Revenue £'000	Capital £'000	Total £'000	Year ended 31 January 2018 Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	8	-	13,192	13,192	-	35,915	35,915
Exchange differences		-	414	414	-	(652)	(652)
Income	2	6,120	-	6,120	4,882	-	4,882
Investment management and management fees	3	(832)	(2,496)	(3,328)	(809)	(2,426)	(3,235)
Other expenses	4	(636)	-	(636)	(651)	-	(651)
Return on ordinary activities before taxation		**4,652**	**11,110**	**15,762**	**3,422**	**32,837**	**36,259**
Taxation on ordinary activities	5	(459)	(243)	(702)	(351)	(103)	(454)
Return after taxation attributable to equity shareholders		**4,193**	**10,867**	**15,060**	**3,071**	**32,734**	**35,805**
Return per share (p)	7	**3.5**	**9.1**	**12.6**	**2.6**	**27.3**	**29.9**

The Total column of this statement represents the Company's Income Statement. The Revenue and Capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies (AIC).

All revenue and capital items in the Income Statement derive from continuing operations.

The Company had no recognised gains or losses other than those shown above and therefore no separate Statement of Other Comprehensive Income has been presented.

Statement of Changes in Equity

for the year ended 31 January 2019

	Note	Ordinary Share Capital £'000	Share premium £'000	Capital Redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 January 2017		**14,944**	**4,941**	**1,648**	**14,572**	**245,183**	**5,914**	**287,202**
Return after taxation		-	-	-	-	32,734	3,071	35,805
Ordinary dividends paid	6	-	-	-	-	-	(3,112)	(3,112)
Issue of shares		40	796	-	-	-	-	836
At 31 January 2018		**14,984**	**5,737**	**1,648**	**14,572**	**277,917**	**5,873**	**320,731**
Return after taxation		-	-	-	-	10,867	4,193	15,060
Ordinary dividends paid	6	-	-	-	-	-	(3,117)	(3,117)
At 31 January 2019		**14,984**	**5,737**	**1,648**	**14,572**	**288,784**	**6,949**	**332,674**

The accompanying notes are an integral part of these statements.

Financial Statements

Statement of Financial Position

as at 31 January 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Investments	8		297,348		300,947
Current assets					
Debtors	9	224		307	
Cash and cash equivalents		36,152		22,824	
		36,376		23,131	
Creditors (amounts falling due within one year)	10	(1,050)		(3,347)	
Net current assets			**35,326**		**19,784**
Net assets			**332,674**		**320,731**
Capital and reserves					
Called up share capital	11		14,984		14,984
Share premium account			5,737		5,737
Capital redemption reserve			1,648		1,648
Special reserve			14,572		14,572
Capital reserve			288,784		277,917
Revenue reserve			6,949		5,873
Equity shareholders' funds			**332,674**		**320,731**
Net asset value per Ordinary Share (p)	12		**277.5p**		**267.6p**

The financial statements on pages 50 to 61 were approved, and authorised for issue, by the Board of Directors on 2 April 2019 and signed on its behalf by:

James Williams
Chairman

The accompanying notes are an integral part of these statements.

Pacific Assets Trust plc – Company Registration Number: SC091052 (Registered in Scotland)

Financial Statements

Notes to the Financial Statements

1. Accounting Policies

A summary of the principal accounting policies adopted is set out below.

(a) Basis of Accounting

These financial statements have been prepared under UK Company Law, FRS 102 'The Financial Reporting Standard applicable in the UK and Ireland', and in accordance with guidelines set out in the Statement of Recommended Practice ('SORP'), issued in November 2014 and updated in February 2018, for Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies (with consequential amendments) ('AIC'), the historical cost convention, as modified by the valuation of investments at fair value through profit or loss, and on a going concern basis, as set out on page 36.

The Company has taken advantage of the exemption from preparing a Cash Flow Statement under FRS 102, as it is an investment fund whose investments are substantially all highly liquid and carried at fair (market) value.

The Board is of the opinion that the Company is engaged in a single segment of business, namely by investing in accordance with the Company's Investment Objective, and consequently no segmental analysis is provided.

Significant Judgement

There is one significant judgement involved in the presentation of the Company's accounts being the judgement on the functional and presentational currency of the Company.

The Company's investments are made in foreign currencies, however the Board considers the Company's functional and presentational currency to be sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom and pays dividends and expenses in sterling. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

Presentation of the Income Statement

In order to reflect better the activities of an investment trust company and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 of the Corporation Tax Act 2010.

(b) Valuation of Investments

Investments are measured initially, and at subsequent reporting dates, at fair value, and are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned. For quoted securities fair value is either bid price or last traded price, depending on the convention of the exchange on which the investment is listed. Changes in fair value and gains or losses on disposal are included in the Income Statement as a capital item.

In addition, for financial reporting purposes, fair value measurements are categorised into a fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – Quoted prices in active markets;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (ie developed using market data), either directly or indirectly.
- Level 3 – Inputs are unobservable (ie for which market data is unavailable).

(c) Income

Dividends receivable are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Foreign dividends are grossed up at the appropriate rate of withholding tax.

Special dividends of a revenue nature are recognised through the revenue column of the Income Statement. Special dividends of a capital nature are recognised through the capital column of the Income Statement.

Where the Company has elected to receive its dividends in the form of additional shares rather than cash the amount of the stock dividend is recognised in the revenue column.

(d) Expenses and Interest

All expenses and interest are accounted for on an accruals basis. Expenses and interest are charged to the Income Statement as a revenue item except where incurred in connection with the maintenance or enhancement of the value of the Company's assets and taking account of the expected long-term returns, when they are split as follows:

- Investment Management and Management fees payable have been allocated 25% to revenue and 75% to capital.
- Transaction costs incurred on the purchase and sale of investments are taken to the Income Statement as a capital item, within gains on investments held at fair value through profit or loss.

(e) Taxation

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue as set out in note 5 to the financial statements. The standard rate of corporation tax is applied to taxable net revenue. Any adjustment resulting from relief for overseas tax is allocated to the revenue reserve.

(f) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events that result in an obligation to pay more, or right to pay less, tax in future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Deferred tax is measured without discounting and based on enacted tax rates. Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under Section 1158 of the Corporation Tax Act 2010 the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(g) Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the statement of financial position. Profits or losses on the translation of foreign currency balances, whether realised or unrealised, are taken to the capital or revenue column of the Income Statement, depending on whether the gain or loss is of a capital or revenue nature.

Financial Statements

Notes to the Financial Statements (continued)

(h) Cash and Cash Equivalents

Cash and cash equivalents are defined as cash and demand deposits readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

(i) Dividend Payments

Dividends paid by the Company on its shares are recognised in the financial statements in the year in which they are paid and are shown in the Statement of Changes in Equity.

(j) Reserves

Capital redemption reserve

This reserve arose when ordinary shares were redeemed by the Company and subsequently cancelled, at which point the amount equal to the par value of the ordinary share capital was transferred from the ordinary share capital to the Capital Redemption Reserve.

Special reserve

The Special Reserve arose following court approval in February 1999 to transfer £24.2 million from the share premium account.

Capital reserve

The following are accounted for in this reserve: gains and losses on the disposal of investments; changes in the fair value of investments; and, expenses and finance costs, together with the related taxation effect, charged to capital in accordance with note (d) on page 53. Any gains in the fair value of investments that are not readily convertible to cash are treated as unrealised gains in the capital reserve.

Revenue reserve

The Revenue Reserve reflects all income and expenses that are recognised in the revenue column of the Income Statement.

Distributable reserves

The Special and Capital Reserves are distributable by way of dividend and can be used to fund any repurchases of the company's own shares. It is, however, the Board's current policy to only pay dividends out of the revenue reserve.

2. Income

	2019 £'000	2018 £'000
Income from investments		
Overseas Dividends	6,091	4,882
Bank Interest	29	-
	6,120	**4,882**

3. Investment Management and Management Fees

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee						
– Stewart Investors	742	2,227	2,969	697	2,090	2,787
Management fee – Frostrow	90	269	359	112	336	448
	832	**2,496**	**3,328**	**809**	**2,426**	**3,235**

Further information regarding Investment Management and Manager's fees can be found on page 33.

4. Other Expenses

	2019 £'000	2018 £'000
Directors' fees	139	139
Auditor's remuneration for:		
– annual audit	21	21
Custody fees	189	212
Printing and postage	27	27
Registrar fees	34	38
Broker retainer	30	30
Listing fees	21	24
Legal and professional fees	80	58
Other expenses	95	102
Total expenses	**636**	**651**

5. Taxation

(a) Analysis of Charge in the Year

	2019			2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas taxation	500	10	510	495	103	598
Provision for Indian CGT	-	233	233	-	-	-
Overseas tax recoverable	(41)	-	(41)	(144)	-	(144)
	459	**243**	**702**	**351**	**103**	**454**

Overseas tax arose as a result of irrecoverable withholding tax on overseas dividends and Indian capital gains tax (CGT).

Financial Statements

Notes to the Financial Statements (continued)

(b) Reconciliation of Tax Charge

The revenue account tax charge for the year is lower than the standard rate of corporation tax in the UK of 19.0% (2018: 19.0%).

The differences are explained below:

	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Total return on ordinary activities before tax	4,652	11,110	15,762	3,422	32,837	36,259
Corporation tax charged at 19.0% (2018: 19.0%)	884	2,111	2,995	650	6,239	6,889
Effects of:						
Non-taxable (gains) on investment	-	(2,506)	(2,506)	-	(6,824)	(6,824)
Non-taxable exchange differences	-	(79)	(79)	-	124	124
Unutilised management expenses	273	474	747	277	461	738
Income not subject to corporation tax	(1,157)	-	(1,157)	(927)	-	(927)
Provision for Indian CGT	-	233	233	-	-	-
Overseas taxation	500	10	510	495	103	598
Overseas tax recovered	(41)	-	(41)	(144)	-	(144)
Tax charge for the year	**459**	**243**	**702**	**351**	**103**	**454**

As at 31 January 2019 the Company had unutilised management expenses and other reliefs for taxation purposes of £39,592,000 (2018: £35,657,000). It is not anticipated that these will be utilised in the foreseeable future and as such no related deferred tax asset has been recognised. The reduction in the standard rate of corporation tax to 17.0% was substantively enacted on 6 September 2016 and will be effective from 1 April 2020.

6. Dividends

Amounts recognised as distributable to shareholders for the year ended 31 January 2019, were as follows:

	2019 £'000	2018 £'000
– final dividend paid for the year ended 31 January 2017 of 2.6p per share	-	3,112
– final dividend paid for the year ended 31 January 2018 of 2.6p per share	3,117	-

In respect of the year ended 31 January 2019, a dividend of 3.0p has been proposed and will be reflected in the Annual Report for the year ending 31 January 2019. Details of the ex-dividend and payment dates are shown on page 8.

The Board's current policy is to only pay dividends out of revenue reserves. Therefore the amount available for distribution as at 31 January 2019 is £6,949,000 (2018: £5,873,000). The Company generated a revenue return in the year ended 31 January 2019 of £4,193,000 (2018: £3,071,000).

The dividends payable in respect of both the current and the previous financial year, which meet the requirements of Section 1158 CTA 2010, are set out below:

	2019 £'000	2018 £'000
Revenue available for distribution by way of dividend for the year	4,193	3,071
Proposed dividend of 3.0p per share (to be approved at the AGM) (2018: 2.6p)	(3,600)	(3,117)
Transfer to/(from) revenue reserves	**593**	**(46)**

7. Return per Share

The Return per share is as follows:

	2019			2018		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Basic	3.5	9.1	12.6	2.6	27.3	29.9

The total return per share is based on the total return attributable to shareholders of £15,060,000 (2018: £35,805,000).

The revenue return per share is based on the net revenue return attributable to shareholders of £4,193,000 (2018: £3,071,000).

The capital return per share is based on the net capital return attributable to shareholders of £10,867,000 (2018: return of £32,734,000).

The total return, revenue return and the capital return per share are based on the weighted average number of shares in issue during the year of 119,873,386 (2018: 119,737,016).

The calculations of the returns per Ordinary Share have been carried out in accordance with IAS 33 Earnings per Share.

8. Investments

	2019 £'000	2018 £'000
Investments		
Investments listed on recognised investment exchanges	297,348	300,947
Valuation at start of year	300,947	269,539
Less: valuation gains at start of year	(99,893)	(90,470)
Cost at start of year	201,054	179,069
Purchases at cost	46,212	62,675
Disposal proceeds	(63,003)	(67,183)
Gains on disposals	24,106	26,493
Cost at end of year	208,369	201,054
Add valuation gains at end of year	88,979	99,893
Valuation at end of year	**297,348**	**300,947**

Financial Statements

Notes to the Financial Statements (continued)

	2019 £'000	2018 £'000
Analysis of capital gains and losses		
Gains on disposal	24,106	26,493
Movement in investment holding gains	(10,914)	9,422
Gains on investments*	**13,192**	**35,915**

* Includes both realised and unrealised gains.

During the year the Company incurred transaction costs on purchases of £74,000 (2018: £113,000) and transaction costs on sales of £184,000 (2018: £189,000).

9. Debtors

	2019 £'000	2018 £'000
Amount due from brokers	102	-
Accrued income	92	103
Overseas tax recoverable	-	174
Other debtors	30	30
	224	**307**

10. Creditors: Amounts Falling Due Within One Year

	2019 £'000	2018 £'000
Amounts due to brokers	6	2,408
Investment management fee – Stewart Investors	759	723
Management fee – Frostrow	90	115
Other creditors	195	101
	1,050	**3,347**

11. Share Capital

	2019 £'000	2018 £'000
Allotted and fully paid:		
119,873,386 Ordinary shares of 12.5p each (2018: 119,873,386)	14,984	14,984

During the year no (2018: 325,000) Ordinary shares were issued raising net proceeds of £nil (2018: £836,000).

The capital of the Company is managed in accordance with its investment policy which is detailed in the Strategic Report on page 17.

The Company does not have any externally imposed capital requirements.

12. Net Asset Value Per Share

The net asset value per share of 277.5p (2018: 267.6p) is calculated on net assets of £332,674,000 (2018: £320,731,000), divided by 119,873,386 (2018: 119,873,386) shares, being the number of shares in issue at the year end.

13. Financial Instruments

The Company's financial instruments comprise its investment portfolio, cash balances and debtors and creditors that arise directly from its operations. As an investment trust the Company holds an investment portfolio of financial assets in pursuit of its investment objective.

Fixed asset investments (see note 8 on pages 57 and 58) are valued at fair value in accordance with the Company's accounting policies. The fair value of all other financial assets and liabilities is represented by their carrying value in the Statement of Financial Position shown on page 51.

All investments have been classified as Level 1 (2017: All Level 1).

The main risks that the Company faces arising from its financial instruments are:

(i) market risk, including:

- Other price risk, being the risk that the value of investments will fluctuate as a result of changes in market prices;
- interest rate risk, being the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates;
- foreign currency risk, being the risk that the value of financial assets and liabilities will fluctuate because of movements in currency rates;

(iii) credit risk, being the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company; and

(iv) liquidity risk, being the risk that the Company will not be able to meet its liabilities when they fall due. This may arise should the Company not be able to liquidate its investments. Under normal market trading volumes the investment portfolio could be substantially realised within a week.

Other price risk

The management of price risk is part of the investment management process and is typical of equity investment. The investment portfolio is managed with an awareness of the effects of adverse price movements through detailed and continuing analysis with an objective of maximising overall returns to shareholders. Further information on how the investment portfolio is managed is set out on page 2. Although it is the Company's current policy not to use derivatives they may be used from time to time, with prior Board approval, to hedge specific market risk or gain exposure to a specific market.

If the investment portfolio valuation rose or fell by 10% at 31 January 2019 (31 January 2018: 10%), the impact on the net asset value would have been £29.7 million (2018: £30.0 million). The calculations are based on the investment portfolio valuation as at the respective Statement of Financial Position dates and are not necessarily representative of the year as a whole.

Interest rate risk

Floating rate

When the Company retains cash balances the majority of the cash is held in overnight call accounts. The benchmark rate which determines the interest payments received on cash balances is the bank base rate for the relevant currency for each deposit.

Financial Statements

Notes to the Financial Statements (continued)

Foreign currency risk

The Company invests in overseas securities and holds foreign currency cash balances which give rise to currency risks. Foreign currency risks are managed alongside other market risks as part of the management of the investment portfolio. It is currently not the Company's policy to hedge this risk on a continuing basis but it can do so from time to time.

Foreign currency exposure:

	2019				2018			
	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000	Investments £'000	Cash £'000	Debtors £'000	Creditors £'000
Indian rupee	107,693	1	-	(99)	114,009	1	53	–
New Taiwanese dollar	36,548	31	102	-	60,245	32	175	(5)
Hong Kong dollar	27,529	-	-	-	21,178	–	–	–
Philippine peso	27,321	-	-	-	24,036	–	–	(693)
Indonesian rupiah	22,074	-	-	-	15,068	–	–	(1)
Japanese yen	20,636	-	79	-	11,624	–	23	–
Bangladesh taka	16,804	-	-	-	14,567	–	–	–
Thai baht	13,839	-	-	-	9,442	–	–	(900)
Malaysian ringgit	8,391	-	-	-	10,153	–	–	(809)
Sri Lankan rupee	6,725	-	-	-	8,804	–	–	–
Singapore dollar	3,878	11,956	-	-	4,063	–	–	–
US dollar	3,730	11,832	-	-	3,233	3,724	–	–
Korean won	2,180	-	14	-	4,525	–	26	–
Total	297,348	23,820	195	(99)	300,947	3,757	277	(2,408)

At 31 January 2019 the Company had £12,332,000 of sterling cash balances (2018: £19,067,000).

During the year sterling weakened by an average of 2% (2018: strengthened by 7%) against all of the currencies in the investment portfolio (weighted for exposure at 31 January), if the value of sterling had strengthened against each of the currencies in the portfolio by 10%, the impact on the net asset value would have been negative £29.2 million (2018: negative £27.5 million). If the value of sterling had weakened against each of the currencies in the investment portfolio by 10%, the impact on the net asset value would have been positive £35.7 million (2018: positive £33.6 million). The calculations are based on the investment portfolio valuation and cash balances as at the year end and are not necessarily representative of the year as a whole.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represents the maximum credit risk exposure at the statement of financial position date, and the main exposure to credit risk is via the Company's Custodian who is responsible for the safeguarding of the Company's Investments and cash balances.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

	2019 £'000	2018 £'000
Cash and cash equivalents	36,152	22,824
Debtors	224	307
	36,376	23,131

All the assets of the Company which are traded on a recognised exchange are held by J.P. Morgan Chase Bank, the Company's Custodian. Bankruptcy or insolvency of the Custodian may cause the Company's rights with respect to securities held by the Custodian to be delayed or limited. The Board monitors the Company's risk as described in the Strategic Report on pages 19 to 23.

The credit risk on cash is controlled through the use of counterparties or banks with high credit ratings, rated AA or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of such financial institutions may cause the Company's ability to access cash placed on deposit to be delayed, limited or lost.

The Company's liquidity risk is managed on an ongoing basis by the Investment Manager. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses.

Liquidity risk
Substantially all of the Company's portfolio would be realisable within one week, under normal market conditions, and as such liquidity risk is not considered a material risk.

14. Related Party Transactions

The following are considered to be related parties:

- Stewart Investors
- The Directors of the Company

The Company employs Stewart Investors as its Investment Manager. During the year ended 31 January 2019, Stewart Investors earned £2,969,000 (2018: £2,787,000) in respect of Investment Management fees, of which £759,000 (2018: £723,000) was outstanding at the year end. All material related party transactions have been disclosed on page 43 and in notes 3 and 4 on page 55. Details of the remuneration and the shareholdings of all Directors can be found on page 43.

Further Information

Shareholder Information

Financial Calendar

31 January	Financial Year End
April	Final Results Announced
June	Annual General Meeting
July	Dividend Payable
31 July	Half Year End
September	Half Year Results Announced

Annual General Meeting

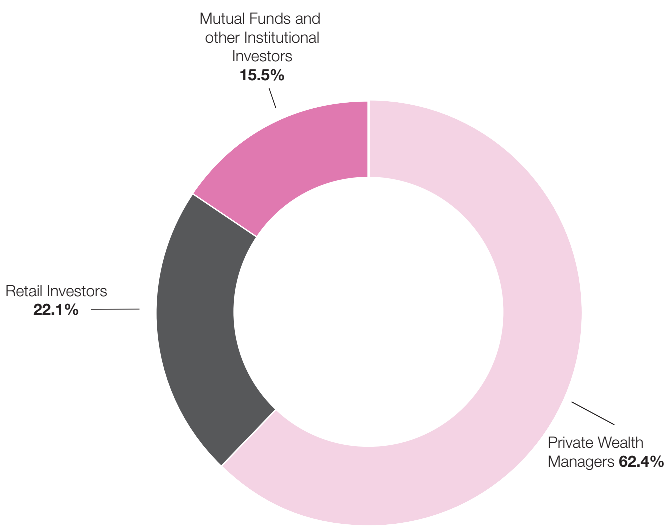
The Annual General Meeting of Pacific Assets Trust plc will be held at etc. venues St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Thursday, 27 June 2019 at 12 noon.

Dividend

A dividend is normally paid annually following approval at the Annual General Meeting. Shareholders who wish to have dividends paid directly into a bank account, rather than by cheque to their registered address, can complete a mandate form for the purpose. Mandates may be obtained from the Company's Registrars, Equiniti Limited, on request.

Profile of the Company's Ownership

% of shares held at 31 January 2019



Source: Richard Davies Investor Relations

Share Prices

The Company's shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Equiniti Limited, under the signature of the registered holder.

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.pacific-assets.co.uk and is published daily via the London Stock Exchange.

How to Vote

If you hold your shares directly you will have received a paper proxy form. For this year's Annual General Meeting you should ensure that this is returned to the Company's registrars, Equiniti, before 12 noon on Tuesday, 25 June 2019. Alternatively, you can vote online. To submit a proxy form via the internet, an internet-enabled PC with Internet Explorer 4 or Netscape 4 or above will be required. Shareholders will require their Voting ID, Task ID and Shareholder Reference Number which can be found on the personalised proxy form which accompanies this report, to access this service. Before a proxy can be appointed, shareholders will be asked to agree to the terms and conditions for electronic proxy appointment. The use of the electronic proxy appointment service offered through Equiniti Limited, the Company's registrars, is entirely voluntary.

If you hold your shares via an investment platform or a nominee, you should contact them to inquire about arrangements to vote.

If you hold your shares through Alliance Trust Savings you will have received a paper Form of Direction. For this year's Annual General Meeting you should ensure that this is returned to the Nominee so as to be received by close of business on Thursday, 20 June 2019.

If you would like to attend the meeting in person, shareholders should bring their voting card or proof of identity. If you have a disability or impairment, please let us know, so that we may try to make suitable arrangements at the meeting.

Further Information

Glossary of Terms and Alternative Performance Measures (APMs')

AIFMD

The Alternative Investment Fund Managers Directive (the 'Directive') is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts).

Brexit

The advisory public referendum which was held on 23 June 2016 in the United Kingdom to indicate whether voters wanted to remain or withdraw from membership of the European Union (EU). The referendum vote was cast in favour of leaving the EU. The process of actually leaving is termed Brexit.

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Gearing

The term used to describe the process of borrowing money for investment purposes. The expectation is that the returns on the investments purchased will exceed the finance costs associated with those borrowings.

There are several methods of calculating gearing and the following has been selected:

Total assets, less current liabilities (before deducting any prior charges) minus cash/cash equivalents divided by shareholders' funds, expressed as a percentage.

MSCI Disclaimer

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Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds' per share. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Further Information

Glossary of Terms and Alternative Performance Measures (APMs') (continued)

Net Asset Value Total Return

The theoretical total return on an investment over a specified period assuming dividends paid to shareholders were reinvested at net asset value per share at the time the shares were quoted ex-dividend. This is a way of measuring investment management performance of investment trusts which is not affected by movements in discounts or premiums.

NAV Total Return	31 January 2019 p	31 January 2018 p
Opening NAV	267.6	240.2
Increase in NAV	9.9	27.4
Closing NAV	**277.5**	**267.6**
% increase in NAV	3.7%	11.4%
Impact of reinvested dividends	1.0%	1.4%
NAV Total Return	**4.7%**	**12.8%**

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised operating expenses as a proportion of the average daily net asset value of the Company over the year. The costs of buying and selling investments are excluded, as are interest costs, taxation, cost of buying back or issuing ordinary shares and other non-recurring costs.

	31 January 2019 £'000	31 January 2018 £'000
Operating expenses	3,964	3,886
Average net assets during the year	326,503	309,753
Ongoing charges	1.2%	1.3%

Revenue Return per Share

The revenue return per share is calculated by taking the return on ordinary activities after taxation and dividing it by the weighted average number of shares in issue during the year (see note 7 on page 57 for further information).

Share Price Total Return

The theoretical total return on an investment over a specified period assuming dividends paid to shareholders were reinvested in shares at the share price at the time the shares were quoted ex-dividend.

Share price Total Return	31 January 2019 p	31 January 2018 p
Opening share price	255.0	228.4
Increase in share price	18	26.6
Closing share price	**273.0**	**255.0**
% increase in share price	7.1%	11.6%
Impact of reinvested dividends	1.0%	1.2%
Share price Total Return	**8.1%**	**12.8%**

Further Information

How to Invest

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers (IFAs) in the UK to ordinary retail investors in accordance with the Financial Conduct Authority (FCA) rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Equiniti – Share Dealing Service

An internet and telephone dealing service is available through the Company's registrar, Equiniti. This provides a simple way for UK shareholders of Pacific Assets Trust plc to buy or sell the Company's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 03456 037037 between 8.00am and 4.30pm Monday to Friday. This service is only available to shareholders of Pacific Assets Trust plc who hold shares in their own name, with a UK registered address and who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited which has issued and approved the preceding paragraph. Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA is registered in England and Wales with number 6208699. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority.

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.smartinvestor.barclays.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Halifax Share Dealing	http://www.halifax.co.uk/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/

Risk warnings

Past performance is no guarantee of future performance. The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares. As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with the supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons investors may not get back the original amount invested. Although the Company's shares are denominated in sterling, it may invest in stocks and shares which are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result the value of your investment may rise or fall with movements in exchange rates. Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatments of ISAs may not be maintained.

Further Information

Notice of the Annual General Meeting

Notice is hereby given that the thirty-third Annual General Meeting of Pacific Assets Trust Public Limited Company will be held at etc. venues St. Paul's, 200 Aldersgate Conference Centre, London EC1A 4HD on Thursday, 27 June 2019 at 12 noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

1. That the Report of the Directors and Accounts for the year ended 31 January 2019 together with the Report of the Auditor thereon be received.
2. To receive and approve the Directors' Remuneration Report for the year ended 31 January 2019.
3. That a final dividend for the year ended 31 January 2019 of 3.0p per share be declared.
4. That Ms M C Ginman be re-elected as a Director.
5. That Mrs S E Hansen be re-elected as a Director.
6. That Mr T F Mahony be re-elected as a Director.
7. That Mr R E Talbut be re-elected as a Director.
8. That Mr J P Williams be re-elected as a Director.
9. That KPMG LLP be re-appointed as Auditor to hold office from the conclusion of the meeting to the conclusion of the next Annual General Meeting at which accounts are laid.
10. That the Audit Committee be authorised to determine KPMG LLP's remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions, of which resolutions 12, 13 and 14 will be proposed as Special Resolutions.

Authority to Allot Shares

11. That, the Board of Directors of the Company (the 'Board') be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,499,979 (or if changed, the number representing 10% of the issued share capital of the Company immediately prior to the passing of this resolution) provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Disapplication of Pre-emption Rights

12. That, subject to the passing of resolution 11 proposed at the Annual General Meeting of the Company convened for 27 June 2019 ('Resolution 11'), the Board of Directors of the Company (the 'Board') be and it is hereby generally empowered pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act') to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 12.5 pence each in the capital of the Company ('Ordinary Shares')) for cash either pursuant to the authority conferred on them by such Resolution 11 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

    the allotment of equity securities up to an aggregate nominal amount of £1,499,979, (or if changed, the number representing 10% of the issued share capital of the Company immediately prior to the passing of this resolution) and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2020 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Authority to Repurchase Shares

13. That, the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (as defined in section 693(4) of the Act) of ordinary shares of 12.5 pence each in the capital of the Company ('Ordinary Shares') for cancellation on such terms and in such manner as the board of directors may determine provided that:

    (i) the maximum aggregate number of Ordinary Shares which may be purchased is 17,987,758 or, if changed, the number representing 14.99% of the issued share capital of the Company immediately prior to the passing of this resolution;

    (ii) the minimum price which may be paid for an Ordinary Share is 12.5 pence (exclusive of associated expenses);

    (iii) the maximum price which may be paid for an Ordinary Share (exclusive of associated expenses) shall not be more than the higher of: (a) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (b) the higher of the last independent trade and the highest current independent bid on the London Stock Exchange for an Ordinary Share; and

    (iv) unless previously renewed, varied or revoked, this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company may before such expiry enter into a contract to purchase Ordinary Shares which will or may be completed wholly or partly after such expiry and a purchase of Ordinary Shares may be made pursuant to any such contract.

General Meetings

14. That any General Meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the Articles of Association of the Company provided that the authority shall expire on the conclusion of the next Annual General Meeting of the Company, or, if earlier, on the expiry 15 months from the date of the passing of this resolution.

By order of the Board

Frostrow Capital LLP
Company Secretary
2 April 2019

Registered office
16 Charlotte Square
Edinburgh
EH2 4DF

Further Information

Notice of the Annual General Meeting (continued)

Notes

1. If you wish to attend the Annual General Meeting in person, you should arrive at the venue for the Annual General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the 'Registrar'), prior to being admitted to the Annual General Meeting.

2. Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Annual General Meeting. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent a member. To be validly appointed a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

   If members wish their proxy to speak on their behalf at the meeting, members will need to appoint their own choice of proxy (not the chairman of the Annual General Meeting) and give their instructions directly to them.

   Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar on 0371 384 2466. Lines are open between 8.30 am and 5.30 pm, Monday to Friday, the Registrars' overseas helpline number is +44 121 415 7047.

   A member may instruct their proxy to abstain from voting on any resolution to be considered at the meeting by marking the abstain option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "for" or "against" the resolution.

   The appointment of a proxy will not prevent a member from attending the Annual General Meeting and voting in person if he or she wishes.

   A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 overleaf.

3. A proxy form for use in connection with the Annual General Meeting is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no later than 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting.

   If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar on 0371 384 2466. Other service providers' costs may vary. Lines are open between 8.30 am and 5.30 pm, Monday to Friday, The Registrars' overseas helpline number is +44 121 415 7047.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later 48 hours (excluding non-working days) before the time of the Annual General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message.

Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.30 p.m. on 25 June 2019 (or, if the Annual General Meeting is adjourned, at 6.30 p.m. on the day two working days prior to the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.

8. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the "2006 Act") to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Information regarding the Annual General Meeting, including information required by section 311A of the 2006 Act, and a copy of this notice of Annual General Meeting is available from www.pacific-assets.co.uk.

10. Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

11. As at 2 April 2019 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 119,998,386 ordinary shares carrying one vote each. Accordingly, the total voting rights in the Company at 2 April 2019 were 119,998,386 votes.

12. Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the chairman of the Annual General Meeting as his proxy will need to ensure that both he, and his proxy, comply with their respective disclosure obligations under the UK Disclosure Guidance and Transparency Rules.

13. Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the Annual General Meeting put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any queries about the Annual General Meeting should contact Frostrow Capital LLP, the Company Secretary, at 25 Southampton Buildings, London WC2A 1AL.

Members may not use any electronic address provided in this notice or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.

Further Information

Notice of the Annual General Meeting (continued)

14. The following documents will be available for inspection at the offices of Frostrow Capital LLP, the Company's Company Secretary, 25 Southampton Buildings, London WC2A 1AL during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) from the date of this notice and at the venue of the Annual General Meeting from 9.45 a.m. on the day of the Annual General Meeting until the conclusion of the Annual General Meeting:

    14.1 copies of the Directors' letters of appointment; and

    14.2 copies of the Directors' deeds of indemnity.

15. Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 16 May 2019, being the date six clear weeks before the meeting, and (in the case of a matter to be included on the business only) must be accompanied by a statement setting out the grounds for the request.

Further Information

Explanatory Notes to the Resolutions

Resolution 1 – To receive the Report of the Directors and Accounts

The Report of the Directors and Accounts for the year ended 31 January 2019 will be presented to the AGM. These accounts accompany this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolution 2 – Remuneration Report

The Directors' Remuneration Report is set out in full in the Annual Report on pages 42 to 44. The Directors' Remuneration Policy is set out on page 44.

Resolution 3 – The Declaration of a Final Dividend for the year ended 31 January 2019

Resolution 3 seeks shareholder approval for the paying of a final dividend of 3.0p per share for the year ended 31 January 2019.

Resolutions 4 to 8 – Re-election of Directors

Resolutions 4 to 8 deal with the re-election of each Director. Biographies of each of the Directors can be found on pages 24 and 25.

The Board has confirmed, following a performance review, that the Directors standing for re-election continue to perform effectively.

Resolutions 9 and 10 – Re-appointment of Auditor and the determination of its remuneration

Resolutions 9 and 10 relate to the re-appointment of KPMG LLP as the Company's independent Auditor to hold office until the next AGM of the Company and also authorises the Audit Committee to set its remuneration.

Resolutions 11 and 12

Ordinary Resolution 11 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,499,979 (equivalent to 11,999,838 shares, or 10% of the Company's existing issued share capital on 2 April 2019, being the nearest practicable date prior to the signing of this Report or, if changed, the number representing 10% of the issued share capital of the Company immediately prior to the passing of this resolution). Such authority will expire on the date of the next AGM or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next AGM.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution 12 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 2 April 2019, or, if changed, the number representing 10% of the issued share capital of the Company immediately prior to the passing of this resolution as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution 11. This authority will also expire on the date of the next AGM or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions 11 and 12 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Shares will only be issued at a premium to the Company's cum income net asset value per share at the time of issue.

Further Information

Explanatory Notes to the Resolutions (continued)

Resolution 13

The Directors wish to renew the authority given by shareholders at the previous AGM. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the AGM.

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 12.5p per share. Shares which are purchased under this authority will be cancelled.

Special Resolution 13 in the Notice of AGM will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 2 April 2019, being the nearest practicable date prior to the signing of this Report, (amounting to 17,987,758 shares or, if changed, the number representing 14.99% of the issued share capital of the Company immediately prior to the passing of this resolution). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next AGM or earlier if the authority has been exhausted.

Resolution 14

Special Resolution 14 seeks shareholder approval for the Company to hold General Meetings (other than the AGM) on at least 14 clear days' notice.

Recommendation

The Board considers that the resolutions detailed above are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM as the Directors intend to do in respect of their own beneficial holdings totalling 108,283 shares.

Further Information

Company Information

Directors

J P Williams (Chairman)*
M C Ginman, FCA**
S E Hansen†
T F Mahony
R E Talbut

*Chairman of the Nomination Committee
**Chair of the Audit Committee and Senior Independent Director
†Chair of the Engagement & Remuneration Committee

Registered Office

16 Charlotte Square
Edinburgh EH2 4DF
Website: www.pacific-assets.co.uk
Company Registration Number
SC091052 (Registered in Scotland)

The Company was incorporated in Scotland on 21 December 1984. The Company was incorporated as Pacific Assets Trust Public Limited Company.

Investment Manager

Stewart Investors
23 St. Andrew Square
Edinburgh EH2 1BB
Telephone: 0131 473 2200
Website: www.stewartinvestors.com

Authorised and regulated by the Financial Conduct Authority.

Manager, Company Secretary and Administrator

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
Email: info@frostrow.com
Website: www.frostrow.com

Authorised and regulated by the Financial Conduct Authority.

Custodian Bankers

J.P. Morgan Chase Bank
125 London Wall
London EC2Y 5AJ

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
Shareholder Helpline: 0371 384 2466*
Broker Helpline: 0371 384 2779*

*Calls to these numbers are charged at 8p per minute plus network extras. Lines open 8.30 a.m. to 5.30 p.m., Monday to Friday.

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting your shareholder reference number. Registered shareholders can obtain further details of their holdings on the internet by visiting www.shareview.co.uk

Brokers

Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR

Further Information

Company Information (continued)

Solicitors

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