



Pacific Assets Trust plc



## Half Year Report

for the six months ended 31 July 2021

[www.pacific-assets.co.uk](http://www.pacific-assets.co.uk)

# Contents

## Company Summary

Financial Highlights	1
Peer Group Performance	2
Chairman's Statement	3
Portfolio Manager's Review	4
Contribution by Investment	7
Portfolio Valuation	8
Portfolio Distribution	10

## Financial Statements

Income Statement	11
Statement of Changes in Equity	11
Statement of Financial Position	12
Notes to the Financial Statements	13

## Governance

Interim Management Report	15
---------------------------	----

## Further Information

Glossary of Terms	17
How to Invest	20
Information about the Company	21
Financial Calendar	22

## Management

Pacific Assets Trust plc (the "Company" or the "Trust") has employed Frostrow Capital LLP as the Company's Alternative Investment Fund Manager ("AIFM"). The AIFM provides risk management, company management, company secretarial and administrative services. The AIFM has delegated the portfolio management function to Stewart Investors.

Pacific Assets Trust plc employs Stewart Investors as Portfolio Manager. Stewart Investors is a semi-autonomous business within First Sentier Investments (previously known as First State Investments). It operates through the legal entities and regulatory licences of First Sentier Investments. First Sentier Investment Management (UK) Limited is the legal entity that the Company and the AIFM have jointly appointed as Portfolio Manager.

## Capital Structure

At 31 July 2021 the Company's share capital comprised 120,958,386 ordinary shares (31 January 2021: 120,958,386 ordinary shares).

## Gearing

The Company is not currently geared.



## Keep up to date with Pacific Assets Trust plc

For more information about Pacific Assets Trust plc visit the website at

[www.pacific-assets.co.uk](http://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.

## The Company

The Company is an investment trust and its shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

## Investment Objective

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); 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 Philosophy

Stewart Investors seek to invest only in good quality companies with a 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 mindset 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.

The image on the front cover depicts a view over Nanjing, Jiangsu Province, China.

# Financial Highlights

## Key Statistics

	As at 31 July 2021	As at 31 January 2021	% change
Share price	336.0p	333.0p	0.9%
Net asset value per share	359.6p	344.1p	4.5%
Discount of share price to net asset value per share	6.5%	3.2%	
Market capitalisation	£406.4m	£402.8m	0.9%
Shareholders' funds	£435.0m	£416.2m	4.5%
	Six months to 31 July 2021	One year to 31 January 2021	
Share price (total return)*^	1.7%	25.8%	
Net asset value per share (total return)*^	5.6%	22.3%	
CPI + 6% <sup>1</sup>	5.1%	6.8%	
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	(6.6%)	30.7%	
Average discount of share price to net asset value per share^	7.0%	9.1%	
Ongoing charges^	1.1%	1.1%	

\*Source: Morningstar.

^Alternative Performance Measure (see Glossary on pages 17-19).

<sup>1</sup>UK Consumer Price Index + 6% – the Company's Performance Objective (see Glossary on pages 17-19).

	Year ended 31 January 2021	Year ended 31 January 2020
<b>Dividends</b>		
Dividend per share	2.4p	3.0p

# Peer Group Performance

## Performance Assessment

Pacific Assets Trust plc exists in a competitive environment and aims to be a leader in its peer group, defined as being consistently within the top third of that group measured by net asset value per share 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. An analysis of this performance can be found in the Chairman's Statement beginning on page 3 and the Portfolio Manager's Review beginning on page 4.

## Peer Group Net Asset Value per Share Total Return<sup>^</sup>

	1 Year £	Rank	3 years £	Rank	5 years £	Rank
Pacific Horizon	162.1	1	222.3	1	349.3	1
Schroder Asian Total Return	126.0	4	144.7	2	207.1	2
Schroder Asia Pacific	123.5	6	133.6	3	192.9	3
Invesco Asia	125.5	5	133.5	4	179.3	5
Asia Dragon	117.8	7	133.0	5	172.9	6
<b>Pacific Assets Trust</b>	<b>126.6</b>	<b>3</b>	<b>131.4</b>	<b>6</b>	<b>166.2</b>	<b>7</b>
JP Morgan Asian	116.3	8	130.9	7	190.2	4
Fidelity Asian Values	140.2	2	126.8	8	152.6	9
iShares MSCI Asia ex Jpn ETF	111.3	9	119.6	9	159.9	8
<b>Peer Group Average</b>	<b>127.7</b>		<b>141.8</b>		<b>196.7</b>	
<b>CPI + 6%<sup>1</sup></b>	<b>108.8</b>		<b>125.9</b>		<b>149.1</b>	
<b>MSCI AC Asia ex Japan</b>	<b>112.4</b>		<b>122.3</b>		<b>165.8</b>	

Source: Morningstar. Figures show the value as at 31 July 2021 of £100 invested at the start of the period.

<sup>^</sup> Alternative Performance Measure (see Glossary on pages 17-19).

<sup>1</sup> The Company's Performance Objective (see Glossary on pages 17-19).

# Chairman's Statement

"Over the six months to 31st July 2021 the net asset value of the Company's shares rose by 5.6% on a total return basis. The Company's annualised net asset value total return per share has been 9.5% over three years and 10.7% over the last five years."



The interim period for the Company closed on 31st July. At that time the news was dominated by the delayed Tokyo Olympics being held behind closed doors, and the financial news by a series of regulations and prohibitions affecting Chinese companies. These are just a reminder of how unpredictable things have become, neither situation could easily have been anticipated a year or two ago.

Over the six months to 31st July 2021, the net asset value of the Company's shares rose by 5.6%<sup>^</sup> on a total return basis. Such a trend was in line with most global stock markets which had risen comfortably notwithstanding the seemingly endless economic disruption by the pandemic. The Company's annualised net asset value total return per share has been 9.5% over three years and 10.7% over the last five years. Over these longer periods, it is comfortably ahead of our Performance Objective, UK CPI plus 6%, which has increased 8.0% and 8.3% on an annual basis over these periods. We also use a peer group of Asian investment trusts as a comparator, and while still in the lower half of the range of returns over three and five years, your Company has shown relative improvement over the last year. The latest figures are shown on page 2 of this interim report.

Our relative returns over recent years have been affected by the Trust's reluctance to engage fully in the powerful wave of Chinese investment themes. This approach owed much to the lack of transparency within Chinese companies, and the belief that the Chinese Communist Party ("CCP") could still overpower company management for ideological or political reasons. The CCP being synonymous with the Government meant that we could never have full confidence that our shareholders' assets could be secure against a rapid change in political sentiment. Where the larger Chinese companies are concerned, there seems to be an unhealthy mixture with geopolitics, so that foreign listings (notably New York) and special purpose vehicles used to access some (the Variable Interest Entity structure) have been vulnerable.

All this is now widely understood and possibly discounted as prominent Chinese shares have fallen substantially, justifying our Portfolio Manager's long held decision to be underweight Chinese securities. However, the Trust has ventured modestly into China, more so recently. It is invested in less high profile companies, particularly in the fields of medicine and diagnostics. We are encouraged that the euphoria of recent years has been punctured, and that more opportunities will be provided in China. It is easy to be overwhelmed by the commentary on the politics and miss the extraordinary creativity and economic dynamism that is flourishing throughout the country.

Our Portfolio Manager is discriminating in seeking out quality franchises. Some of these are to be found in China, and many elsewhere, notably in India. One of the most positive contributors to return in the period has been Marico, an Indian stock that has been held by the Trust for more than 10 years. At the same time, in a sometimes volatile market, it is encouraging how many new names are appearing in the portfolio, that meet the exacting standards we apply.

**James Williams**  
Chairman  
25 October 2021

<sup>^</sup> Alternative Performance Measure (see Glossary on pages 17-19).

# Portfolio Manager's Review

"The Trust invests in companies and not in countries. When constructing the portfolio we start with a blank sheet of paper and invest in companies with strong sustainability positioning and high-quality franchises, people and financials."

## Performance overview

The Company's net asset value per share total return over the half year was 5.6%. This compares to an increase in the Company's Performance Objective<sup>1</sup> of 5.1% and a 6.6% decrease in the MSCI AC Asia ex Japan Index (measured on a total return, sterling adjusted basis). These numbers point at a feature of the year so far, a significant divergence in performance between countries in the Asia Pacific region. In China, strengthening political headwinds had a chilling impact on equities whereas, in stark contrast, equities in India proved to be very popular. Six of the portfolio's largest detractors were companies operating in China, while seven of the largest positive contributors were from India. We have found that quality and sustainability transcend borders and focusing on geography can be distracting. The Trust invests in companies and not countries, but we do consider headwinds and tailwinds and the sheer size of this performance differential bears examination.

## What detracted from our return?

During the interim period many equities in China became less popular as political headwinds strengthened against certain areas of the economy. Companies falling foul of greater government scrutiny appeared to possess three main characteristics: prominent stewards deemed capable of challenging higher powers; franchises considered to be misaligned with social development; and foreign investors facilitated by American Depositary Receipt ("ADR") listings and/or corporate structures containing variable interest entities. American listed education companies were sanctioned heavily. Here, it was decreed that profit from the provision of private tuition was incompatible with social development. By prohibiting these companies from making profit the government effectively confiscated the assets. Shareholders lost more than 90% within a few weeks. Fortunately, our focus on quality companies spared shareholders from the worst of these tribulations, but political anxieties, particularly in China and Hong Kong, did have a small negative impact on performance.

The biggest detractor from performance was Vitasoy, one of the largest holdings in the portfolio. Vitasoy is a plant-based beverage manufacturer that is listed in Hong Kong and expanding in China. Following an unpredictable debacle, external to company purview, Vitasoy featured negatively in the national and international press. This led to a social media outcry, a boycott of their products by Chinese consumers and ultimately a profit warning. A recent call with management confirmed their competence and that demand for Vitasoy's products was rebounding. We are encouraged that the worst of this episode is in the past and the Trust remains invested in this high-quality franchise.

Five other companies operating in China were also weak, but the cumulative detraction was less than from Vitasoy alone. These companies were Unicharm Corporation, Pigeon Corporation, Vinda International, Hualan Biological and AK Medical. Rising input prices had a marginal short-term impact on manufacturers, but there were no discernible political headwinds facing any of these companies, save for the possibility of reduced product pricing at AK Medical. This written, we are not complacent and we continue to evaluate any challenges to capital preservation with a sharpened focus on political risk.

Outside China, equities in South East Asia were mostly lacklustre. The portfolio suffered small performance detractions from Philippine Seven, a convenience store operator headquartered in Manila; Humanica, a human resources and accounting specialist in Thailand; and Bank OCBC Nisp in Indonesia. These companies are particularly sensitive to local lockdown and economic challenges and their recent weakness is understandable. The Trust remains invested in these companies as their deep financial resilience, excellent stewardship and strong franchises mean they are well placed to contribute to future returns as economies recover.

<sup>1</sup> Consumer Price Index ("CPI") + 6%. CPI data is quoted on a one month lag. See Glossary on pages 17 -19 for further information.

## Portfolio Manager's Review (continued)

### What contributed to our return?

Indian companies contributed positively to performance regardless of their sector. The strongest contributor was Dr Lal Pathlabs which conducts medical tests in radiology, pathology and cardiology. The title of their recently released annual report, *"Enabling Healthier Lives"*, provides a good explanation for this strength as well as highlighting excellent sustainability credentials. Dr Lal's supplemented their core franchise expansion with Covid testing facilities and the value of the equity rose by nearly 60% in local terms. Despite a pandemic induced boost, the company only tests 20 million patients a year and we are comfortable that there is significant growth potential for this franchise as high-quality operators continue to take market share in a relatively unorganised market.

The second largest contributor was Tube Investments. Tube is expertly stewarded by Mr Vellayan Subbiah, a descendant of the Murugappa family who founded a conglomerate spanning 28 businesses across India and beyond over 120 years ago. The company is currently one of India's leading manufacturers of metal formed products for automotive, railway, construction and agriculture as well as a leading manufacturer of bicycles. Since taking the reins in 2017, Vellayan has improved the balance sheet, returns on capital and free cash flow generation. This has set the scene for Tube's long-term ambition to evolve into a high-quality industrial conglomerate capable of reinvesting free cash flow from existing businesses into new growth engines. This year, we witnessed their first major move with the acquisition of CG Power, a high-quality motor franchise that had been severely mismanaged by previous owners. We have spent a lot of time trying to understand how successful industrial conglomerates have evolved globally and believe Tube has many of the right credentials for long-term success.

The third strongest contributor was Marico. Marico is the dominant provider of hair conditioning and healthy edible oils<sup>2</sup> in India and is also present in Bangladesh, Vietnam and parts of the Middle East and North Africa. Aided by the pandemic, the company enjoyed a strong year on the back of a consumer inclination towards better hygiene and healthier eating. After a number of years of investment, we are now seeing their healthy foods business become a material contributor to growth and profitability.

Only slightly less substantial, but no less important, other notable contributors to performance were Cyient, Sundaram Finance and Elgi Equipment, all from India. Each of these companies enjoyed a rebound in operations and investor interest following extreme Covid related weakness in 2020. Lastly, a relatively new investment in Tata Consumer Products performed well as the CEO, Sunil D'Souza, showed progress removing inefficiencies from this newly created consumer franchise.

Of course, India was not the only focus and three of the top ten contributors were from China, South Korea and Hong Kong, namely Silergy, Naver and Techtronic.

Silergy is listed in Taiwan, but operates in China, and designs analog semiconductors, mostly for power management and efficiency. Global demand for integrated circuits has continued to be strong with shortages in supply documented across countries and industries. Additionally, Silergy also benefits from a localisation trend as China seeks semiconductor manufacturing independence from foreign suppliers.

Naver is listed in South Korea and started in 2000 as a search engine dedicated to Korean users. Since then, the group has prudently parlayed prodigious cash-flows from search advertising revenues into a powerful internet ecosystem offering financial services, media, commerce and cloud capabilities. The steward here is Seong-sook Han and we have great admiration for the vibrant, innovative and differentiated culture she has nurtured. Naver, like all companies, is imperfect and we have been engaging, with some success, on certain unwelcome employment practices. During the period Naver benefitted from the increased need for virtual connectivity making it easier to launch and develop new services within their expanding eco-system.

<sup>2</sup> Marico's domestic market share of coconut oil hair conditioning and super premium refined edible oils is 61% and 81%. Marico Investor Presentation, May 2021 [https://m.marico.com/investorspdf/Investor\\_Presentation\\_May\\_2021.pdf](https://m.marico.com/investorspdf/Investor_Presentation_May_2021.pdf)

## Portfolio Manager's Review (continued)

The last significant contributor to performance was Techtronic, which is listed in Hong Kong. Techtronic is one of only three major competitors in the now consolidated power tool manufacturing industry. During the period Techtronic continued to benefit from buoyant demand from personal and commercial construction activities. They also strengthened their industry position as the marketplace continues to transition to cordless power tool technology, which is dominated by Techtronic.

### Transactions

The Trust purchased three new companies in China: Glodon, which provides digital design and imaging services to the construction industry; Estun Automation, a manufacturer of industrial automation; and Amoy Diagnostics, which specialises in the early-stage detection of cancer.

Having sold the Trust's entire holding in Nippon Paint in November 2020, for reasons of valuation only, with the share price weakening since that time and with our confidence in the quality of its people, franchise and financials undiminished, we reinitiated a holding in the period under review.

In India, we purchased four new franchises with strong growth opportunities: CG Power & Industrial, which has a long history and strong franchise manufacturing equipment for power generation, transmission and distribution; Cholamandalam Financial Holdings (a subsidiary of the Murugappa Group), which provides insurance and investments; Indiamart Intermesh, which digitally connects buyers and sellers with over 72,000 mostly industrial components and goods; and lastly, Biocon, which is a contract researcher and manufacturer of pharmaceuticals.

The Trust sold out of four investments in the period. Two of these were banks: OCBC in Singapore and Bank of Central Asia in Indonesia. The environment for banks is challenging with new competitors and a diminished outlook for profitable loan growth. We also sold Metropolis Healthcare and Indigo Paints. Both of these were small holdings which we did not want to increase for reasons of valuation.

### Outlook

The Trust invests in companies and not in countries. When constructing the portfolio we start with a blank sheet of paper and invest in companies with strong sustainability positioning and high-quality franchises, people and financials. When evaluating companies, we also consider political and economic headwinds and tailwinds. These exacerbate weaknesses and magnify qualities. During the interim period under review, political headwinds in China strengthened. This exposed the legal or social frailties of many well-known but lower quality companies. In the future, these political headwinds may wane but the Trust will not compromise on quality and will continue to invest in the highest quality stewards, franchises and financials to preserve and grow shareholders' capital.

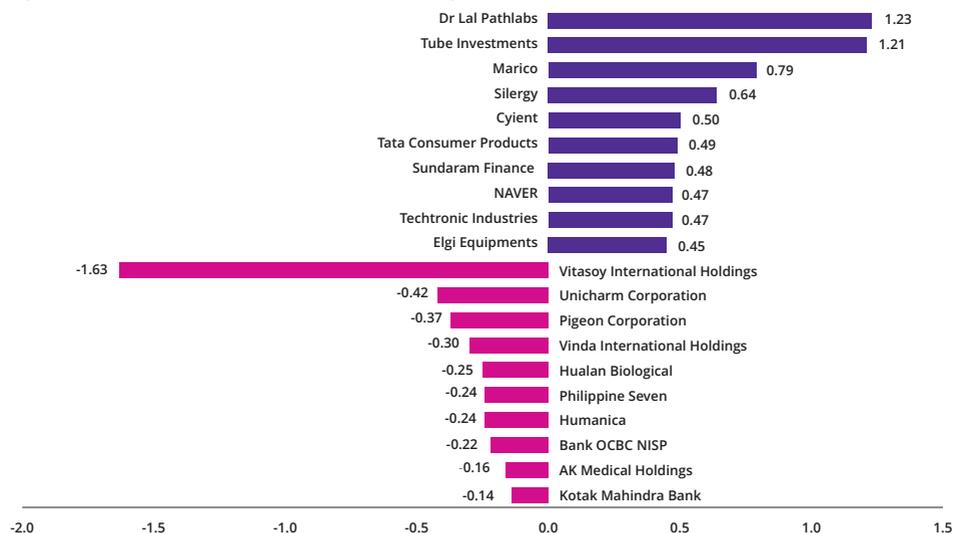
### Stewart Investors

25 October 2021

# Contribution by Investment

Contribution by investment for the six months ended 31 July 2021

Top 10 contributors to and detractors from absolute performance (%)



Source: Stewart Investors.

# Portfolio Valuation

as at 31 July 2021

Company	Sector	Country	Val'n £'000	% Total Assets
Hoya Corp	Health Care	Japan	18,374	4.2%
Tube Investments of India	Consumer Discretionary	India	17,847	4.1%
Mahindra & Mahindra	Consumer Discretionary	India	15,597	3.6%
Marico	Consumer Staples	India	15,257	3.5%
Unicharm	Consumer Staples	Japan	13,322	3.1%
Techtronic Industries	Industrials	Hong Kong	12,901	3.0%
Vitasoy International Holdings	Consumer Staples	Hong Kong	12,683	2.9%
Voltronic Power Technology	Industrials	Taiwan	12,080	2.8%
Housing Development Finance Corporation	Financials	India	11,771	2.7%
NAVER	Communication Services	South Korea	11,696	2.7%
<b>Top 10 Investments</b>			<b>141,528</b>	<b>32.6%</b>
Dr Lal Pathlabs	Health Care	India	10,910	2.5%
Koh Young Technology	Information Technology	South Korea	9,728	2.2%
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	9,144	2.1%
Tata Consultancy Services	Information Technology	India	9,098	2.1%
Tata Consumer Products	Consumer Staples	India	8,994	2.1%
Kotak Mahindra Bank	Financials	India	8,844	2.0%
Delta Electronics	Information Technology	Taiwan	8,539	2.0%
Advantech	Information Technology	Taiwan	8,420	1.9%
Vinda International	Consumer Staples	China	8,130	1.9%
Silergy	Information Technology	China	7,823	1.8%
<b>Top 20 Investments</b>			<b>231,158</b>	<b>53.2%</b>
Info Edge	Communication Services	India	7,260	1.7%
Aavas Financiers	Financials	India	7,198	1.7%
Chroma Ate	Information Technology	Taiwan	7,178	1.7%
Dabur India	Consumer Staples	India	7,140	1.6%
Elgi Equipments	Industrials	India	7,027	1.6%
Dr. Reddy's Laboratories	Health Care	India	6,793	1.6%
PT Uni-Charm Indonesia	Consumer Staples	Indonesia	6,668	1.5%
CG Power & Industrial Solutions	Industrials	India	6,590	1.5%
Vitrox	Information Technology	Malaysia	6,386	1.5%
Tech Mahindra	Information Technology	India	6,213	1.4%
<b>Top 30 Investments</b>			<b>299,611</b>	<b>69.0%</b>
Godrej Consumer Products	Consumer Staples	India	6,137	1.4%
Sundaram Finance	Financials	India	6,056	1.4%
Tata Communications	Communication Services	India	5,705	1.3%
Philippine Seven	Consumer Staples	Philippines	5,646	1.3%
Infosys	Information Technology	India	5,426	1.2%
Bank OCBC NISP	Financials	Indonesia	5,380	1.2%
Syngene International	Health Care	India	5,272	1.2%
Hualan Biological Engineering	Health Care	China	5,241	1.2%
Tokyo Electron	Information Technology	Japan	5,061	1.2%
PT Selamat Sempurna	Consumer Discretionary	Indonesia	4,871	1.1%
<b>Top 40 Investments</b>			<b>354,406</b>	<b>81.5%</b>

# Portfolio Valuation (continued)

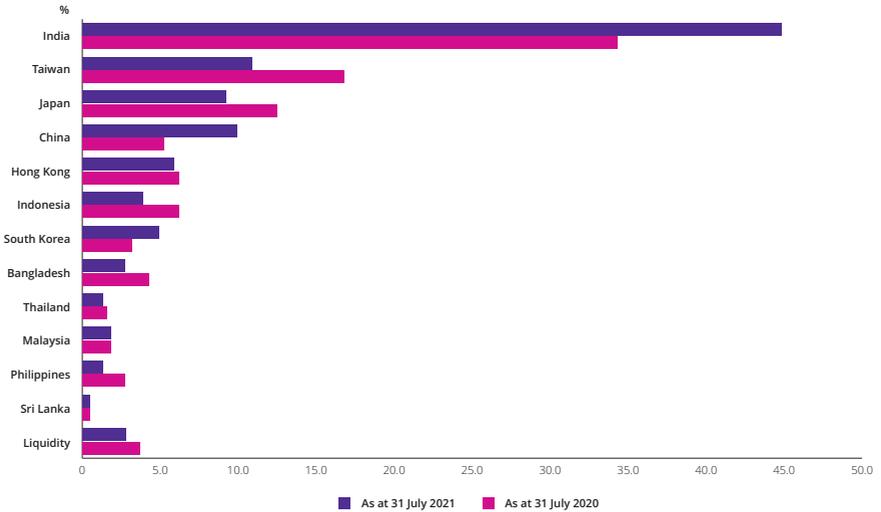
as at 31 July 2021

Company	Sector	Country	Val'n £'000	% Total Assets
Marico Bangladesh	Consumer Staples	Bangladesh	4,744	1.1%
Shenzhen Inovance Technology	Industrials	China	4,707	1.1%
Mahindra Logistics	Industrials	India	4,453	1.0%
HDFC Life Insurance	Financials	India	4,133	1.0%
BRAC Bank	Financials	Bangladesh	4,107	0.9%
Shanthy Gears	Industrials	India	4,087	0.9%
Centre Testing International	Industrials	China	4,079	0.9%
Guangzhou Kingmed Diagnostics	Health Care	China	3,684	0.8%
Humanica	Information Technology	Thailand	3,644	0.8%
Glodon	Information Technology	China	3,031	0.7%
<b>Top 50 Investments</b>			<b>395,075</b>	<b>90.7%</b>
Estun Automation	Industrials	China	2,848	0.7%
Delta Brac Housing Finance	Financials	Bangladesh	2,677	0.6%
Cholamandalam Financial Holdings	Financials	India	2,427	0.6%
Pigeon Corporation	Consumer Staples	Japan	2,401	0.6%
MediaTek	Information Technology	Taiwan	2,223	0.5%
Kasikornbank	Financials	Thailand	2,180	0.5%
Amoy Diagnostics	Health Care	China	2,148	0.5%
Biocon	Health Care	India	2,081	0.5%
Hemas Holdings	Industrials	Sri Lanka	2,001	0.5%
IndiaMart InterMesh	Information Technology	India	1,781	0.4%
AK Medical Holdings	Health Care	China	1,494	0.3%
Pentamaster International	Information Technology	Malaysia	1,371	0.3%
Cyient	Information Technology	India	831	0.2%
Nippon Paint	Materials	Japan	809	0.2%
Square Pharmaceuticals	Health Care	Bangladesh	156	0.0%
<b>Total Investments</b>			<b>422,503</b>	<b>97.1%</b>
<b>Net current assets / (liabilities)</b>			<b>12,470</b>	<b>2.9%</b>
<b>Total Shareholders Funds</b>			<b>434,973</b>	<b>100.0%</b>

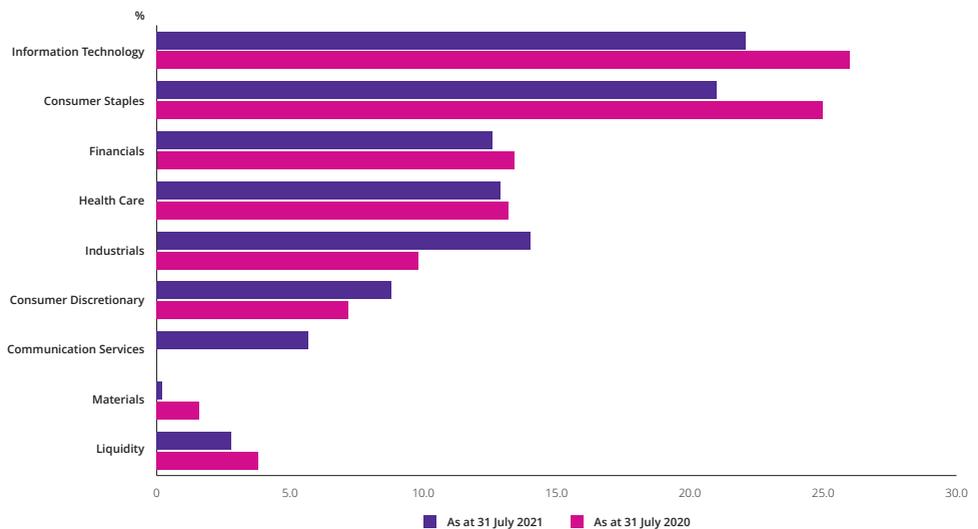
# Portfolio Distribution

as at 31 July 2021

## Geographic Exposure as at 31 July 2021



## Sector Exposure as at 31 July 2021



# Income Statement

for the six months ended 31 July 2021

	(Unaudited) Six months ended 31 July 2021			(Unaudited) Six months ended 31 July 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	24,349	24,349	-	1,966	1,966
Exchange differences on currency balances	-	(463)	(463)	-	(87)	(87)
Investment Income	3,094	-	3,094	3,035	-	3,035
Portfolio Management and AIFM fees (note 2)	(514)	(1,542)	(2,056)	(389)	(1,166)	(1,555)
Other expenses	(344)	-	(344)	(288)	-	(288)
<b>Return before taxation</b>	<b>2,236</b>	<b>22,344</b>	<b>24,580</b>	<b>2,358</b>	<b>713</b>	<b>3,071</b>
Taxation	(415)	(2,505)	(2,920)	(301)	1,117	816
<b>Return after taxation</b>	<b>1,821</b>	<b>19,839</b>	<b>21,660</b>	<b>2,057</b>	<b>1,830</b>	<b>3,887</b>
<b>Return per ordinary share (note 3)</b>	<b>1.5p</b>	<b>16.4p</b>	<b>17.9p</b>	<b>1.7p</b>	<b>1.5p</b>	<b>3.2p</b>

The Total column of this statement represents the Company's Income Statement.

The Revenue and Capital columns are supplementary to this and are both 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 declared in the Income Statement.

All of the return and total comprehensive income for the period is attributable to the owners of the Company.

# Statement of Changes in Equity

for the six months ended 31 July 2021

	(Unaudited) Six months ended 31 July 2021 £'000	(Unaudited) Six months ended 31 July 2020 £'000
Opening shareholders' funds	416,216	345,717
Return for the period	21,660	3,887
Dividends paid (note 4)	(2,903)	(3,629)
<b>Closing shareholders' funds</b>	<b>434,973</b>	<b>345,975</b>

# Statement of Financial Position

as at 31 July 2021

	(Unaudited) As at 31 July 2021 £'000	(Audited) As at 31 January 2021 £'000
<b>Fixed assets</b>		
Investments (note 5)	422,503	404,714
<b>Current assets</b>		
Debtors	3,407	232
Cash and cash equivalents	19,501	17,823
	22,908	18,055
<b>Creditors</b> (amounts falling due within one year)	(2,718)	(1,231)
<b>Net current assets</b>	<b>20,190</b>	<b>16,824</b>
<b>Non-current liabilities</b>		
Provisions (note 6)	(7,720)	(5,322)
<b>Net assets</b>	<b>434,973</b>	<b>416,216</b>
<b>Capital and reserves</b>		
Share capital	15,120	15,120
Share premium account	8,811	8,811
Capital redemption reserve	1,648	1,648
Special reserve	14,572	14,572
Capital reserve	389,114	369,275
Revenue reserve	5,708	6,790
<b>Equity shareholders' funds</b>	<b>434,973</b>	<b>416,216</b>
<b>Net asset value per ordinary share</b> (note 7)	<b>359.6p</b>	<b>344.1p</b>

# Notes to the Financial Statements

## 1. Basis of preparation

The condensed Financial Statements for the six months to 31 July 2021 comprise the statements set out on pages 11 and 12 including the related notes below. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the principles of the AIC's Statement of Recommended Practice issued in October 2019 and updated in April 2021, using the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 31 January 2021.

### Fair value

Under FRS 102 and FRS 104 investments have been classified using the following fair value hierarchy:

Level 1 – Quoted prices in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data), either directly or indirectly.

Level 3 – Inputs are unobservable (i.e. for which market data is unavailable).

All of the Company's investments fall into Level 1 for the periods reported.

## 2. Portfolio Management and AIFM fees\*

	(Unaudited) Six months ended 31 July 2021			(Unaudited) Six months ended 31 July 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Portfolio management fee – Stewart Investors	456	1,369	1,825	344	1,032	1,376
AIFM fee – Frostrow	58	173	231	45	134	179
	514	1,542	2,056	389	1,166	1,555

\* Please refer to the most recent annual report for more details of the management fee structure.

## 3. Return per ordinary share

The total return per ordinary share is based on the return attributable to shareholders of £21,660,000 (six months ended 31 July 2020: return of £3,887,000) and on 120,958,386 shares (six months ended 31 July 2020: 120,958,386 shares), being the weighted average number of shares in issue.

The revenue return per ordinary share is calculated by dividing the revenue return attributable to shareholders of £1,821,000 (six months ended 31 July 2020: £2,057,000) by the weighted average number of shares in issue as above.

The capital return per ordinary share is calculated by dividing the capital return attributable to shareholders of £19,839,000 (six months ended 31 July 2020: return of £1,830,000) by the weighted average number of shares in issue as above.

## 4. Dividends

	(Unaudited) Six months ended 31 July 2021	(Unaudited) Six months ended 31 July 2020
Amounts recognised as distributions in the period:		
Previous year's final dividend of 2.4p (2020: interim dividend of 3.0p)	2,903	3,629

# Notes to the Financial Statements (continued)

## 5. Investments

	Six months to		Year to
	31 July 2021	31 July 2020	31 January 2021
<b>Investments</b>			
Cost at start of period	267,140	222,736	222,736
Investment holding gains at start of period	137,574	86,781	86,781
<b>Valuation at start of period</b>	<b>404,714</b>	<b>309,517</b>	<b>309,517</b>
Purchases at cost	37,762	63,520	110,858
Disposal proceeds	(44,322)	(41,245)	(92,887)
Gains on investments	24,349	1,966	77,226
<b>Valuation at end of period</b>	<b>422,503</b>	<b>333,758</b>	<b>404,714</b>
Cost at end of period	275,584	252,451	267,140
Investment holding gains at end of period	146,919	81,307	137,574
<b>Valuation at end of period</b>	<b>422,503</b>	<b>333,758</b>	<b>404,714</b>

The Company received £44,322,000 (period to 31 July 2020: £41,245,000; year to 31 January 2021: £92,887,000) from investments sold in the period. The book cost of these investments when they were purchased was £29,318,000 (period to 31 July 2020: £33,805,000; year to 31 January 2021: £66,454,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

During the period the Company incurred transaction costs on purchases of £63,000 (period to 31 July 2020: £76,000; year to 31 January 2021: £156,000) and transaction costs on sales of £116,000 (period to 31 July 2020: £89,000; year to 31 January 2021: £231,000).

## 6. Provisions

The provision at 31 July 2021 of £7,720,000 (31 January 2021: £5,322,000) relates to a potential deferred tax liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable capital gain at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

The capital tax charge shown in the Income Statement primarily results from the movements on this provision.

## 7. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to shareholders of £434,973,000 (31 January 2021: £416,216,000) and on 120,958,386 shares in issue (31 January 2021: 120,958,386).

## 8. 2021 accounts

These are not statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year to 31 January 2021, which received an unqualified audit report, have been lodged with the Registrar of Companies. No statutory accounts in respect of any period after 31 January 2021 have been reported on by an auditor or delivered to the Registrar of Companies.

Earnings for the first six months should not be taken as a guide to the results for the full year.

# Interim Management Report

## Principal Risks and Uncertainties

The Company's principal area of risk relates to its investment activity and strategy, including currency risk in respect of the markets in which it invests. Other risks faced by the Company include financial, shareholder relations and operational risks (including cyber-crime, corporate governance, accounting, legal, regulatory and political risks). These risks, and the way in which they are managed, are described in more detail under the heading Risk Management within the Strategic Report in the Company's Annual Report for the year ended 31 January 2021. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remaining six months of the Company's financial year.

The Board, the AIFM and the Portfolio Manager continually consider emerging risks and monitor, amongst other things, the potential for the Company's portfolio to be affected by the Covid-19 pandemic and geopolitical risks.

## Related Party Transactions

During the first six months of the current financial year no material transactions with related parties have taken place which have affected the financial position or the performance of the Company during the period.

## Going Concern

The Directors believe, having considered the Company's investment objective, risk management policies, capital management policies and procedures, and the nature of the portfolio and its expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider it appropriate to continue to adopt the going concern basis in preparing the financial statements. In reviewing the position as at the date of this report, the Board has considered the guidance on this matter issued by the Financial Reporting Council.

## Directors' Responsibilities

The Board confirms that, to the best of the Directors' knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting); and
- (ii) the interim management report includes a fair review of the information required by:
  - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

## Interim Management Report (continued)

This Half Year Report has not been audited or reviewed by an auditor.

This Half Year Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the date of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

For and on behalf of the Board

**James Williams**

Chairman

25 October 2021

Frostrow Capital LLP

Company Secretary

# Glossary of Terms

## AIFMD

The Alternative Investment Fund Managers Directive (the "Directive") is a European Union Directive that entered into force on 22 July 2013. The Directive, which was retained in UK law following the withdrawal of the UK from the European Union, regulates fund managers that manage alternative investment funds (including investment trusts).

Where an entity falls within the scope of the Directive, it must appoint a single Alternative Investment Fund Manager ("AIFM"). The core functions of an AIFM are portfolio and risk management. An AIFM can delegate one but not both of these functions. The entity must also appoint an independent depositary whose duties include the following: the safeguarding and verification of ownership of assets; the monitoring of cashflows; and ensuring that appropriate valuations are applied to the entity's assets

## Alternative Performance Measures ("APMs")

Measures that are not specifically defined under International Financial Reporting Standards, but which the Board of Directors views as particularly relevant for investment trust companies and which it uses to assess the Company's performance. Definitions of the terms used and the basis of calculation are set out in this Glossary and the APMs are indicated with a caret (^).

## Average Discount

The average share price for the period divided by the average net asset value for the period and expressed as a percentage (%).

	Six months to 31 July 2021 pence	Year to 31 January 2021 pence
Average share price for the period	330.0	268.1
Average net asset value for the period	354.9	294.9
<b>Average Discount</b>	<b>7.0%</b>	<b>9.1%</b>

## Net Asset Value Per Share

The value of the Company's assets, principally investments made in other companies and cash held in the Company's bank accounts, minus any liabilities and divided by the number of shares in issue. The net asset value is often expressed in pence per share and it may also be described as 'shareholders' funds' per share. The net asset value 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 for and supply of the shares.

## Net Asset Value Per Share Total Return<sup>^</sup>

The theoretical total return on shareholders' funds per share, reflecting the change in net asset value assuming that dividends paid to shareholders were reinvested at net asset value at the time the shares were quoted ex-dividend. A way of measuring investment management performance of investment trusts which is not affected by movements in the share price.

	Six months to 31 July 2021 pence	Year to 31 January 2021 pence
<b>NAV Total Return</b>		
Opening net asset value per share	344.1	285.8
Increase in net asset value	17.9	61.3
Dividend paid	(2.4)	(3.0)
<b>Closing Net Asset Value</b>	<b>359.6</b>	<b>344.1</b>
% increase in net asset value	5.2%	21.4%
Impact of reinvested dividends	0.4%	0.9%
<b>Net Asset Value Per Share Total Return</b>	<b>5.6%</b>	<b>22.3%</b>

## Glossary of Terms (continued)

### Ongoing Charges<sup>^</sup>

Ongoing charges are calculated by taking the Company's annualised operating expenses excluding finance costs, taxation and exceptional items, and expressing them as a percentage of the average daily net asset value of the Company over the period. The costs of buying and selling investments are excluded, as are interest costs, taxation, costs of buying back or issuing shares and other non-recurring costs. These items are excluded because if included, they could distort the understanding of the Company's performance for the period and the comparability between periods.

	Six months to 31 July 2021 £'000	Year to 31 January 2021 £'000
Total Operating Expenses	2,400	4,010
Average Net Assets	429,540	356,104
<b>Ongoing Charges*</b>	<b>1.1%</b>	<b>1.1%</b>

\* Annualised

### Performance Objective

The Company's performance objective is to provide shareholders with a net asset value per share total return in excess of the UK Consumer Price Index ("CPI") plus 6 per cent. (calculated on an annual basis) measured over three to five years. The Consumer Price Index is published by the UK Office for National Statistics and represents inflation. The additional 6% is a fixed element to represent what the Board considers to be a reasonable premium on investors' capital which investing in the faster-growing Asian economies ought to provide over time.

	Company Net Asset Value Per Share Total Return (annualised) (%)	CPI + 6% (annualised) (%)
One year to 31 July 2021	26.6	8.3
Three years to 31 July 2021	9.5	8.0
Five years to 31 July 2021	10.7	8.3

### Share Price Discount (or Premium) to the Net Asset Value Per Share<sup>^</sup>

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.

### Share Price Total Return<sup>^</sup>

Share price total return to a shareholder, on a last traded price to a last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

## Glossary of Terms (continued)

	Six months to 31 July 2021 pence	Year to 31 January 2021 pence
<b>Share Price Total Return</b>		
Opening share price	333.0	268.0
Increase in share price	5.4	68.0
Dividend Paid	(2.4)	(3.0)
<b>Closing share price</b>	<b>336.0</b>	<b>333.0</b>
% increase in share price	1.6%	25.4%
Impact of reinvested dividends	0.1%	0.4%
<b>Share Price Total Return</b>	<b>1.7%</b>	<b>25.8%</b>

# 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.

## 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	<a href="http://www.youinvest.co.uk/">www.youinvest.co.uk/</a>
Barclays Stockbrokers	<a href="http://www.smartinvestor.barclays.co.uk/">www.smartinvestor.barclays.co.uk/</a>
Bestinvest	<a href="http://www.bestinvest.co.uk/">www.bestinvest.co.uk/</a>
Charles Stanley Direct	<a href="http://www.charles-stanley-direct.co.uk/">www.charles-stanley-direct.co.uk/</a>
WealthClub	<a href="http://www.wealthclub.co.uk">www.wealthclub.co.uk</a>
Ascentric	<a href="http://www.ascentric.co.uk">www.ascentric.co.uk</a>
Halifax Share Dealing	<a href="http://www.halifaxsharedealing-online.co.uk">www.halifaxsharedealing-online.co.uk</a>
Hargreaves Lansdown	<a href="http://www.hl.co.uk/">www.hl.co.uk/</a>
HSBC	<a href="http://www.hsbc.co.uk/investments/products-and-services/invest-direct/">www.hsbc.co.uk/investments/products-and-services/invest-direct/</a>
iDealing	<a href="http://www.idealing.com/">www.idealing.com/</a>
Interactive Investor	<a href="http://www.ii.co.uk/">www.ii.co.uk/</a>
IWEB	<a href="http://www.iweb-sharedealing.co.uk/">www.iweb-sharedealing.co.uk/</a>
EQi	<a href="http://www.eqi.co.uk">www.eqi.co.uk</a>
Saxo Markets	<a href="http://www.home.saxo">www.home.saxo</a>

## Equiniti – Share Dealing Service

An internet and telephone dealing service is available through the Company’s registrar, Equiniti. This provides a 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/](http://www.shareview.co.uk/) 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.

## 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.*

# Information about the Company

## Directors

J P Williams (Chairman)\*  
 M C Ginman, FCA\*\*  
 S E Hansen\*\*\*  
 E T A Troughton  
 R E Talbut

\*Chairman of the Nomination Committee

\*\*Chair of the Audit Committee and Senior Independent Director

\*\*\*Chair of the Engagement and Remuneration Committee

## Registered Office

16 Charlotte Square  
 Edinburgh EH2 4DF

## Company Registration Number

SC091052 (Registered in Scotland)

The Company is an investment company as defined under Section 833 of the Companies Act 2006

## Website

[www.pacific-assets.co.uk](http://www.pacific-assets.co.uk)

## Portfolio Manager

Stewart Investors\*  
 Level 1, 23 St. Andrew Square  
 Edinburgh EH2 1BB  
 Telephone: 0131 473 2200  
 Website: [www.stewartinvestors.com](http://www.stewartinvestors.com)

\*Trading name of First Sentier Investors Limited. First Sentier Investors are authorised and regulated by the Financial Conduct Authority

## AIFM and Company Secretary

Frostrow Capital LLP  
 25 Southampton Buildings  
 London WC2A 1AL  
 Telephone: 0203 008 4910  
 Email: [info@frostrow.com](mailto:info@frostrow.com)  
 Website: [www.frostrow.com](http://www.frostrow.com)

Authorised and regulated by the Financial Conduct Authority

If you have an enquiry about the Company, please contact Frostrow Capital using the above email address.

## Depository

J.P. Morgan Europe Limited  
 25 Bank Street  
 London E14 5JP

## Broker

Investec Bank plc  
 30 Gresham Street  
 London EC2V 7QP

## Registrar

Equiniti Limited  
 Aspect House  
 Spencer Road  
 Lancing  
 West Sussex  
 BN99 6DA  
 Shareholder Helpline: 0371 384 2466\*  
 Broker Helpline: 0371 384 2779\*  
 Website: [www.equiniti.com](http://www.equiniti.com)

\*Lines are 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](http://www.shareview.co.uk)

## Auditor

BDO LLP  
 55 Baker Street  
 London  
 W1U 7EU  
 United Kingdom

## Solicitors

Dickson Minto WS  
 16 Charlotte Square  
 Edinburgh EH2 4DF

## Identification Codes

SEDOL:	0667438
ISIN:	GB0006674385
Bloomberg:	PAC LN
EPIC/TIDM:	PAC

## Global Intermediary Identification Number (GIIN):

MAEPFZ.99999.SL.826

## Legal Entity Identifier (LEI)

2138008U8QPGAESFYA48



## Financial Calendar

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

### MSCI Disclaimer

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation lost profits) or any other damages. ([www.msci.com](http://www.msci.com))



A member of the Association of Investment Companies

Pacific Assets Trust plc

Address for correspondence – 25 Southampton Buildings, London WC2A 1AL

[www.pacific-assets.co.uk](http://www.pacific-assets.co.uk)