



Stewart Investors
Sustainable Funds Group

Pacific Assets Trust plc

Annual General Meeting – 27 June 2018

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RISK FACTORS

This presentation is a financial promotion for Pacific Assets Trust plc (the “Trust”) only for those people resident in the UK for tax and investment purposes.

Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging market risk:** emerging markets may not provide the same level of investor protection as a developed market; they may involve a higher risk than investing in developed markets.
- **Currency risk:** the Trust invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Trust.
- The Trust’s share price may not fully reflect net asset value

Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company is merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For an overview of the terms of investment, risks, returns, costs and charges please refer to the Key Information Document.

All information included in this presentation has been sourced by Stewart Investors and is displayed as at 31 May 2018 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

If you are in any doubt as to the suitability of the Trust for your investment needs, please seek investment advice.

Agenda

- Recap on philosophy
- Investment style perspective
- Where are your investments?
- Recent transactions
- Top ten holdings
- Performance review
- Recent engagement

Investment philosophy

Since 1988 we have had an approach founded on:

- Stewardship
- Absolute return mindset
- Bottom-up
- Long-term
- Quality companies
- Sustainable and predictable growth
- Strong valuation disciplines

What do we mean by quality?

Quality of franchise

- Necessary, sustainable and responsible
- Reasonable profitability
- Evolution & long term growth

Quality of management

- Competence
- Integrity
- Humility

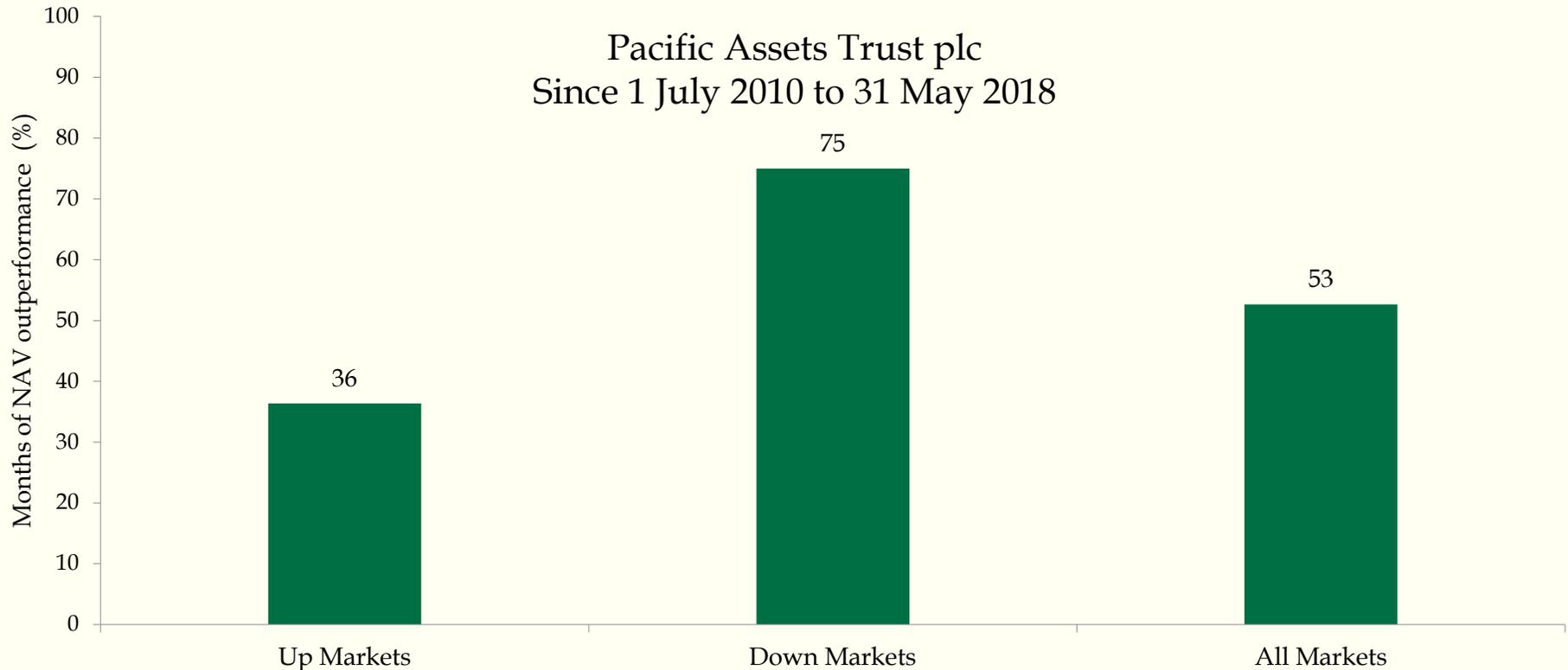
Quality of financials

- Safe balance sheets
- Predictable cash flows
- Conservative accounting choices
- Transparency

What do we struggle to own?

- Complex ownership structures
- Political links
- Opaque and obscure accounts
- Too good to be true
- Limited social utility
- Fashions and fads

Investment style perspective



These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations.

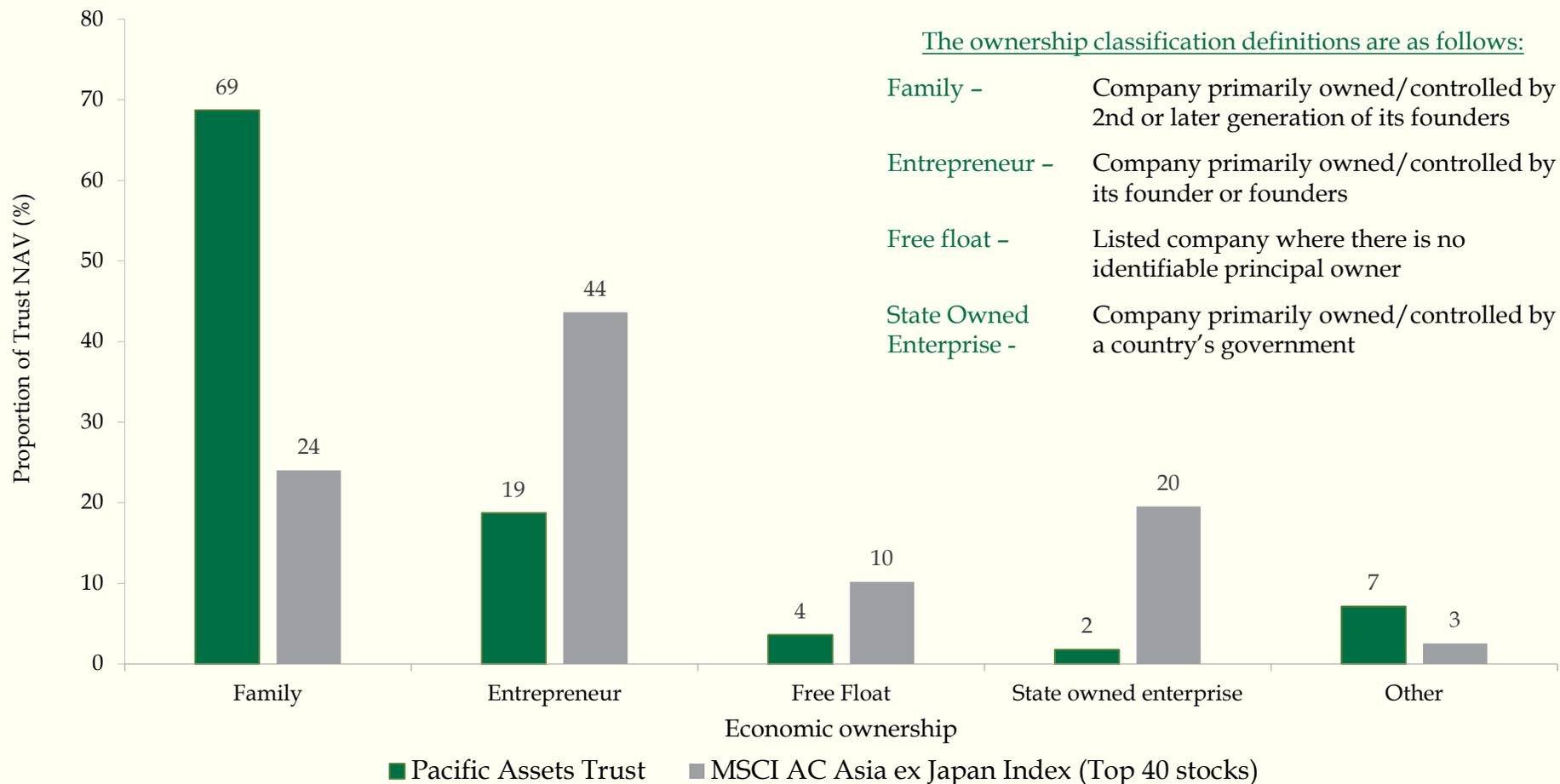
Source: Lipper IM/Stewart Investors/Trust Administrator. NAV performance data is calculated on a net basis after deducting all fees (e.g. investment management fee) and costs (e.g. transaction and custody costs) incurred by the Trust. The NAV includes dividends reinvested on a net of tax basis. Outperformance is measured versus the MSCI AC Asia ex-Japan index, calculated on an income reinvested net of tax basis. Outperformance calculated from 1 July 2010 to reflect the period that Stewart Investors became Investment Manager of the Trust. NAV performance is the theoretical total return over the periods shown and 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. For full fund performance tables please refer to the performance review slide.

Country breakdown

	Trust (%)	Index* (%)		Trust (%)	Index* (%)
Greater China	21.3	60.3	Indian sub-continent	40.7	9.6
China	0.5	35.6	India	33.5	9.5
Hong Kong	7.6	11.6	Pakistan	-	0.1
Taiwan	13.3	13.1	Sri Lanka	2.8	-
			Bangladesh	4.5	-
South Korea	0.8	17.3			
South East Asia	20.8	12.8	Multinational	6.4	-
Indonesia	5.8	2.2	Japan	5.2	-
Malaysia	3.5	2.7	USA	1.2	-
Philippines	7.1	1.1			
Singapore	1.2	4.2			
Thailand	3.2	2.7	Cash	10.0	-
Total				100.0	100.0

Source: Stewart Investors. Data shown is for the Pacific Assets Trust plc. *MSCI AC Asia ex-Japan Index. Numbers may not add to totals due to rounding. Any stocks held/listed in non-index or regional countries have at least 25% of their economic activities (at the time of investment) within the Asia Pacific region.

Stewardship – economic ownership



Source: Stewart Investors. Data shown is for the Pacific Assets Trust plc. and MSCI AC Asia ex-Japan Index. Slide shows economic stewardship classified by shareholder group as defined by Stewart Investors based on the most influential investor in any given company. MSCI AC Asia ex-Japan Index Top 40 used for comparison purposes only and does not necessarily reflect the profile of holdings in the Trust. All data as at 31 March 2018 and updated annually. Numbers may not add to 100 due to rounding. Trust data excludes cash and has been recalculated to add to 100.

Where are your investments?

Delta Electronics (Taiwan)

- China 55% of sales – evolving from consumer electronics to industrial automation

OCBC Bank (Singapore)

- 20% owner of Bank of Ningbo

President Chain Store (Taiwan)

- Increasing investment in currently unprofitable regions

China: Unicharm

Description: Listed in Japan. Asia's largest supplier of diapers and sanitary products

Geographic exposure: China 24% of sales, Asia ex Japan 56%

Quality of management

- Takahara family holds 30%. Proven stewards over the last sixty years
- Early mover outside of Japan with outward looking culture
- Long-term time horizon with appreciation for sustainability headwinds

Quality of franchise

- Strong brand and established distribution network
- High margins and returns on capital
- Structural growth driven by demographics, penetration and a want for a hygienic lifestyle

Quality of financials

- Net cash balance sheet
- Resilient cash flows with low capital requirement

China: Nippon Paint

Description: Listed in Japan. Asia and China's largest paint company

Geographic exposure: China 40% of sales, Asia ex Japan 58%

Quality of management

- Wuthelam Group holds 40% – conservative and competent group with 50 year track record
- Learned lessons in the Asian financial crisis
- Pushing to improve corporate governance and capital allocation

Quality of franchise

- Leading decorative market share in China (c.30%), strong brand and established distribution network
- Leads local players in environmental compliance
- Structural growth in home ownership and DIY

Quality of financials

- Net cash balance sheet
- Resilient cash flows with low capital requirement

Hong Kong: Vitasoy

Description: Listed in Hong Kong. Manufacturer of plant based beverages

Geographic exposure: China 50% sales, Hong Kong 40%, Australia 8%, Singapore 2%

Quality of management

- Lo family holds c.30% with professional management
- 80 year track record of integrity and competence
- Long-term time horizon with appreciation for sustainability headwinds

Quality of franchise

- Leading market share, strong brand and product portfolio
- High, resilient margins and returns on capital
- Structural growth driven by consumption trends toward healthier diets

Quality of financials

- Net cash balance sheet
- Resilient cash flows with low capital requirement

Transactions: significant investments

- | | |
|---------------------------|--|
| Nippon Paint | - Asia's largest paint manufacturer |
| President Chain Store | - Taiwanese convenience store operator |
| Tata Consultancy Services | - Global IT and business consultancy franchise |
| Uni-President Enterprises | - Food and beverage manufacturer in Taiwan/China |
| United Plantations | - Malaysian palm oil plantation company |

Transactions: significant disposals

China Mengniu Dairy	- Chinese dairy company
DGB Financial Group	- Korean banking group
Giant Manufacturing	- Taiwanese bicycle manufacturer
Idea Cellular	- Indian mobile services operator
Sheng Siong	- Singaporean supermarket franchise

Top ten holdings

Company	Trust (%)	Index* (%)	Country	Sector
Vitasoy	7.6	-	Hong Kong	Consumer Staples
Tech Mahindra	6.4	0.1	India	Information Technology
Marico	3.1	0.0	India	Consumer Staples
Unicharm	3.1	-	Japan	Consumer Staples
Mahindra & Mahindra	2.7	0.2	India	Consumer Discretionary
Manila Water	2.7	-	Philippines	Utilities
Kotak Mahindra Bank	2.7	-	India	Financials
HDFC	2.6	0.9	India	Financials
Standard Foods	2.6	0.0	Taiwan	Consumer Staples
Chroma ATE	2.5	-	Taiwan	Information Technology
	35.8	1.3		

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Performance review

Performance basis – Net Asset Value (NAV) total return % GBP

Discrete annual performance	12 months to 31-May-14	12 months to 31-May-15	12 months to 31-May-16	12 months to 31-May-17	12 months to 31-May-18
Pacific Assets Trust plc	1.5	23.5	-3.5	27.7	11.2
MSCI AC Asia ex-Japan Index	-3.1	21.3	-13.5	44.4	13.8

Cumulative performance as at 31 May 2018	Since 1 Jul 10	5 years	3 years	1 year	6 months	3 months
Pacific Assets Trust plc	151.4	71.9	37.2	11.2	5.6	4.6
MSCI AC Asia ex-Japan Index	107.3	67.1	42.2	13.8	4.5	1.3

Annualised performance as at 31 May 2018	Since 1 Jul 10	5 years	3 years
Pacific Assets Trust plc	12.3	11.4	11.1
MSCI AC Asia ex-Japan Index	9.6	10.8	12.4

These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations.

Source for Trust: Lipper IM/Bloomberg/Trust Administrator. The NAV performance data is calculated on a net basis after deducting all fees (e.g. investment management fee) and costs (e.g. transaction and custody costs) incurred by the Trust. The NAV includes dividends reinvested on a net of tax basis. The benchmark shown is calculated on an income reinvested net of tax basis. 1 July 2010 reflects the period that Stewart Investors became Investment Manager of the Trust. NAV performance is the theoretical total return over the periods shown and 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.

Stock contributions – what helped

Over five years to 31 May 2018

Company	Country	Sector	Absolute contribution (basis points)
Vitasoy	Hong Kong	Consumer Staples	932
Tech Mahindra	India	Information Technology	846
Marico	India	Consumer Staples	809
Chroma ATE	Taiwan	Information Technology	535
Taiwan Semiconductor	Taiwan	Information Technology	515
Kotak Mahindra Bank	India	Financials	485
Delta Electronics	Thailand	Information Technology	423
TI Financial **	India	Financials	324
Dabur	India	Consumer Staples	284
E.SUN Financial Holdings	Taiwan	Financials	275

* Company not held at end of period.

** TI Financial Holdings reflects the contribution following the demerger of Tube Investments.

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For investors based in countries with currencies other than GBP, the contribution may increase or decrease as a result of currency fluctuations.

Source: Stewart Investors. Data calculated in GBP for the Pacific Assets Trust plc. Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management and administration fee) but after the deduction of transactional costs. Contribution data is calculated from the full portfolio and includes cash.

Stock contribution – what hurt

Over five years to 31 May 2018

Company	Country	Sector	Absolute contribution (basis points)
Idea Cellular *	India	Telecommunication Services	-159
Manila Water	Philippines	Utilities	-135
Towngas China *	China	Utilities	-103
Axiata *	Malaysia	Telecommunication Services	-81
XL Axiata*	Indonesia	Telecommunication Services	-81
Sembcorp Industries *	Singapore	Industrials	-77
DBS Bank *	Singapore	Financials	-48
PChome Online *	Taiwan	Information Technology	-46
Uni-President China *	China	Consumer Staples	-43
Shinhan Financial *	South Korea	Financials	-39

* Company not held at end of period.

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Questions
and thank you

Hippocratic oath for asset managers

We swear to fulfil, to the best of our ability and judgement, this covenant:

- We will treat our clients at all times as we would wish to be treated
- We will not allow the pursuit of personal gain to cloud our fiduciary role
- We will strive to achieve, through hard work, sober analysis and sound judgement, the best risk-adjusted returns possible for our clients
- We will not, however, pursue these returns to the extent that our actions will knowingly harm others
- We will remember that a share in a business brings with it responsibilities as well as rights
- We will not forget in our search for returns that the primary risk faced by our clients is losing their capital
- We will not succumb to irrational exuberance in good times, nor to unjustified gloom in bad times
- We will present a balanced viewpoint, highlighting risks as well as potential returns
- We will recognise that our role within society is to allocate capital where it can be used most productively for the future benefit of all
- We will not be ashamed to admit our mistakes and will strive to learn from them, as well as those of others
- We will share our experiences – both good and bad – with our peers, and work together with them to earn the respect of those outside the investment profession
- We will play our part in promoting financial education as it benefits wider society
- Finally, we will recall at all times the stricture that “those, who stand for nothing, fall for anything”

Important information

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