



**Pacific Assets Trust plc**



## **Half Year Report**

for the six months ended 31 July 2022

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

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## 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 2022 the Company's share capital comprised 120,958,386 ordinary shares (31 January 2022: 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 photograph on the front cover depicts a solar power station in Hangzhou, China

# Financial Highlights

## Key Statistics

	As at 31 July 2022	As at 31 January 2022	% change
Share price	325.0p	340.0p	(4.4)%
Net asset value per share	371.3p	372.6p	(0.3)%
Discount of share price to net asset value per share	12.5%	7.3%	
Market capitalisation	£393.1m	£411.3m	(4.4)%
Shareholders' funds	£449.1m	£450.7m	(0.0)%
	Six months to 31 July 2022	One year to 31 January 2022	
Share price (total return)*^	(3.8)%	2.9%	
Net asset value per share (total return)*^	0.2%	9.1%	
CPI + 6% <sup>1</sup>	9.0%	11.5%	
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	(9.0)%	(9.2)%	
Average discount of share price to net asset value per share^	10.5%	7.3%	
Ongoing charges^	1.1%	1.1%	

\*Source: Morningstar.

^Alternative Performance Measure (see Glossary beginning on page 18).

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

	Year ended 31 January 2022	Year ended 31 January 2021
<b>Dividends</b>		
Dividend per share	1.9p	2.4p

# 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.

The peer group comprises the other investment trusts in the AIC's Asia Pacific sector, which have similar investment mandates to the Company, and an exchange traded fund ('ETF') which provides a comparison with a passive investment fund.

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 5.

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

	1 Year £	Rank	3 years £	Rank	5 years £	Rank
<b>Pacific Assets Trust</b>	103.8	1	125.8	2	152.1	2
Aberdeen New Dawn	92.0	2	113.2	5	132.6	4
Schroder Asian Total Return	90.9	3	122.0	3	145.9	3
iShares MSCI Asia ex Jpn ETF	90.6	4	106.1	6	114.2	7
Schroder Asia Pacific	90.4	5	116.7	4	131.1	5
Asia Dragon	90.2	6	105.9	7	126.7	6
Pacific Horizon	85.5	7	192.9	1	214.9	1
<b>Peer Group Average</b>	<b>91.9</b>		<b>126.1</b>		<b>145.4</b>	
<b>CPI + 6%<sup>1</sup></b>	<b>116.1</b>		<b>135.0</b>		<b>158.9</b>	
<b>MSCI AC Asia ex Japan</b>	<b>91.5</b>		<b>107.7</b>		<b>118.3</b>	

Source: Morningstar. Figures show the value as at 31 July 2022 of £100 invested at the start of the period.

<sup>^</sup> Alternative Performance Measure (see Glossary on page 18).

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

# Chairman's Statement



## Return

The net asset value per share total return was just on the side of the positive for the six-month period with a return of 0.2%. The five other trusts in our monitored peer group all shed value, with a collective average decline of 7.3%. Over 12 months, there was a similar picture with Pacific Assets generating a positive return of 3.8% against a combined negative return from the same peer group of 8.1%.

Over longer periods we consider investment return against the UK CPI plus 6%, in that we believe that our largely UK-based investors are seeking to protect their capital in real terms while extracting a premium over their home markets from the faster growing Asian economies. Over the last five years, our annualised return of 8.7% has now fallen behind the annualised CPI plus 6% figure of 9.1%.

Notwithstanding the rise in inflation that now dominates the news, I would suggest that a five year return out of Asia of 8.7% per annum is rather disappointing, even allowing for the fact that the MSCI All Country ex Japan Index (which we no longer use as the principal performance comparator) is even worse, showing an annualised rise of only 3.4%. Other markets in developed countries have done much better than this, notably the US. Investors may be justified in asking whether the Asian premium.

## Our exposure to India

The Trust has long held companies listed on the Indian stock markets. Similarly, the Trust's caution towards Chinese listed companies, notably the one-time heavyweight internet stocks, is also a well-established fact. In comparative terms for the Trust, this long held positioning has brought its rewards over the last 18 months with the Indian and Chinese markets moving in opposite directions.

However, investors familiar with the Trust's approach will know that decisions on which companies to build into the portfolio are made on an entirely bottom-up basis. No attempt is made to discern the macro-economic or geo-political advantages of one country over another, apart from where it might affect a company's own business model. The universe of companies that can be bought both in India and China is huge. This reflects the size of both countries and the vibrant capital markets that have come into being to support the expansion of these economies.

Until now, the Trust has not had any defined limits within its investment policy nor a formal control mechanism in place to ensure that the portfolio's overall investment exposure to any single country is maintained at a prudent level. Such defined limits and control mechanisms would also provide greater comfort that the wide spread of opportunity throughout Asia can be represented in what is, after all, a pan Asian portfolio. The Board has therefore agreed with the Portfolio Manager that, for the time being, an upper limit of exposure to any single country be placed at 45% of total assets at the time of investment. It has also been agreed that, should the portfolio's exposure to any single country rise to 49% or more of total assets at any time, the manager will seek to re-balance the portfolio below this threshold.

Today the high position is India (at 47.1%), but it is quite possible in time to come there may be another country where a high level of exposure might require this mechanism to be exercised or a defined limit within the investment policy to be adhered to. Given the far cooler state of global international relations, and the shocks of the pandemic (as just two factors), the Board believes that formalising this additional control into a permanent, defined limit in the Company's investment policy will mitigate potential country risks within the Trust. As well as India and China, we are blessed with an extraordinary variety of vibrant countries within the region, so the scope is considerable.

The Board is therefore proposing to ask shareholders to formally approve the introduction of these investment limits into the Company's investment policy at the 2023 Annual General Meeting.

# Chairman's Statement (continued)

## New Director

Andrew Impey has joined our Board with effect from 1 August 2022. Andrew brings wide experience of the investment industry having worked at all levels both as a portfolio manager and as a leader of investment process. He is chairman of the JP Morgan UK Smaller Companies Investment Trust which reflects his own background as a successful investor in smaller companies. He will be well positioned to interact with the Trust's Portfolio Manager, given the importance of small and mid-cap companies in the portfolio.

For the time being we will have a six person Board, but this is ahead of retirements scheduled over the next few years, ensuring that there is continuity and overlap.

## Looking Ahead

It does not seem likely that in the shorter term we will achieve our objective of exceeding UK CPI plus 6%. Financial markets have taken time to absorb the impact of steeply rising inflation, rising interest rates, and the tightening of liquidity conditions. However, the scope for unpleasant surprises may well be less than it was at the beginning of the year. If it turns out that this is a passing phase rather than a 1970s type multi-year event, I believe that the Trust has done well in being able to preserve capital, at least in nominal terms, through this difficult period in all financial markets. We should not be looking too far over the horizon, but we hold companies in the Trust with strong managements and good franchises, which will enable growth to be achieved over the longer term.

**James Williams**  
Chairman  
28 September 2022

# Portfolio Manager's Review

News headlines tend to provide low value, short shelf-life information. The current headlines are worrisome and must not be trivialised but they are not, as is often claimed, detailing unprecedented events. In the short history of the Trust alone, Asian companies have overcome: war, natural disasters, epidemics, economic crisis and inflation. One of the many attractions of investing in Asia is a large number of high-quality stewards operating excellent franchises with experience of overcoming adverse events. Inflation, or as the UK media calls it, 'the cost of living crisis', is a good example.

Prices in Asia are rising at half the pace of prices in developed markets, broadly speaking<sup>1</sup>. These headline figures alone are comforting. But more importantly, from our perspective, is the observation that all our stewards in India, and beyond, can easily recall prices rising at double the rate they are today. Only a decade ago, Indian companies experienced inflation at 12%<sup>2</sup>. In contrast, many western peers are facing the challenge of inflation for the first time in the last 25 years. It is for this reason that we spend more time studying people, franchises and financials rather than speculating on the range of possible outcomes from 'short-term events'. Quality tends to be enduring and provides some insight into how a company will survive and prosper through unknowable short-term economic environments.

Over the period we made four significant transactions. All were driven by our fundamental belief in the quality of these businesses rather than a symptom of macroeconomic noise.

## Transactions in the First Half of the Year

### NEW ADDITIONS

Public Bank (Malaysia, Bank)

OCBC Bank (Singapore, Bank)

PT Kalbe Farma (Indonesia, Healthcare)

### COMPLETE SALES

Hualan Biological (China, Healthcare)

Public Bank and OCBC Bank are two of the strongest banks in Asia with balance sheets holding materially more capital than that stipulated by their respective regulators<sup>3</sup>. Both banks have excellent, long-tenured stewards who have inculcated conservative and cost-conscious cultures rivalling the best financial institutions globally. Their track records, over many economic cycles, are amongst the best in the region<sup>3</sup>. Both banks have survived and thrived through political upheaval, civil unrest and economic crisis. Like all the companies in the Trust they have been tested by adversity and demonstrated resilience as well as the ability to adapt to new circumstances. Valuations for these high-quality banks look to discount little in the way of longer-term growth and the opportunity for enhanced profitability should interest rates continue to increase.

PT Kalbe Farma was founded by Boenjamin Setiawan in 1966 in Jakarta, Indonesia. In this year political dislocation and civil unrest plagued the archipelago:

*"The chronic inflation which had troubled the economy since the 1950s had, as a result of a rapid acceleration in monetary expansion since the early 1960s, turned into crippling hyperinflation which reached almost 600% in 1965."*<sup>4</sup>

Hardly a good environment for starting a new business. Nonetheless, Mr Setiawan set up operations in his garage with the desire to help people. Today, PT Kalbe Farma is one of the largest and most respected healthcare companies in Indonesia.

<sup>1</sup> Source: Global inflation monitor: June 2022: Commodities still fueling the fire, J.P. Morgan Markets

<sup>2</sup> Source: Bloomberg

<sup>3</sup> Source: Stewart Investors

<sup>4</sup> Thee Kian Wie: "Indonesia's economy since independence", p106, 2012.

## Portfolio Manager's Review (continued)

The Trust sold its investment in Hualan Biological (China) after re-assessing the company's competitive position. As a result of this sale the Trust now owns nine companies in China amounting to c.8% of the NAV, based on place of listing. The two China-listed companies that we added to the most during the period were Shenzhen Inovance (China) and Glodon (China).

On the other side of the ledger, a number of positions in India were trimmed over the period as strong absolute performance, as well as relative strength, brought the Trust's exposure to India close to 49%.

### Performance

#### What Helped

The Trust's investments in India contributed strongly to performance with eight of the top ten contributors to performance being listed in India. Mahindra & Mahindra, one of the Trust's largest investments, rose strongly over the period on the back of mounting evidence that a successful re-focus of the franchise is underway. Members of the Murugappa group of companies also materially contributed to performance with Shanthi Gears and CG Power & Industrial Solutions rising 60% and 30% respectively.

#### What Hurt

Detractors from performance were companies involved in the semiconductor manufacturing process: Taiwan Semiconductor Manufacturing (Taiwan) and Silergy (Taiwan), and healthcare company, Hoya (Japan). Other detractors were Koh Young Technology (South Korea) and Techtronic Industries (Hong Kong). We remain convinced about the quality of these companies and note that they had performed strongly in earlier periods. We look forward to meeting Koh Young on our upcoming trip to South Korea in November.

It should be noted from a comparative point of view that extractive industries, particularly oil and gas companies, have been strong performers globally. The absence of sustainability and quality precludes us from partnering with extractive companies in the region. Not owning these companies has been a headwind against comparative returns.

### Engagement

Engagement is an integral part of our investment process. While we have great admiration for all the companies we invest in, we believe that no company is perfect. We constructively engage with our companies to encourage improvement or reduce imperfection. The steward's response to engagement provides an insight into qualities such as time-horizon and humility. During the period we engaged with a number of companies in the Trust on topics as diverse as 'modified sugar' content in a honey product to board composition.

Our process for engagement varies by topic and company and is always investment led. It is incumbent on each and every analyst to engage with invested companies and we do so orally in company meetings or in letters. For large, seemingly intractable topics we sometimes enlist the power of investor collaboration to enhance our influence. Some examples include our engagements regarding plastic pellets, micro-insurance, or deforestation. Our most recent collaboration is on the problem of conflict minerals within semiconductors where we have launched an initiative on the Principles for Responsible Investment (PRI) platform.

We have been overwhelmed with the support this initiative has received with 160 investors with collective assets under management of US\$6.59 trillion choosing to collaborate. It is a sad reality that many of the latest and greenest technologies intended to address climate change require an ever-greater number of semiconductors. The average electric vehicle, for example, requires around twice as many semiconductors than an average internal combustion engine. This places ever greater demand on the minerals used to manufacture semiconductors: Tin, Tungsten, Tantalum, Gold (collectively known as conflict minerals) and Cobalt. Over the last decade the mining of these minerals has shifted from Australia and Canada to central Africa where mining practices are frequently



## Portfolio Manager's Review (continued)

atrocious. In certain mines women and children are being forced to labour by armed gangs where revenue from mineral extraction is used to finance warfare<sup>5</sup>. There is abundant evidence that points to such minerals illegally contaminating supply chains that are claimed to be free of conflict minerals. A problem that is now so acute that we fear that no electronic product can confidently claim to be entirely 'conflict mineral free'.

With the backing of 160 signatories we wrote to 29 companies in the semiconductor supply chain and so far, have received responses from 20 companies. We have also had 16 one on one meetings with senior representatives of these companies including the Chief Financial Officer of the largest semiconductor manufacturer in the world, Taiwan Semiconductor Manufacturing. These efforts reflect the earliest footsteps of a marathon that is likely to be carried out over multiple years.

### Outlook

We continue to look through the headlines and market volatility to ensure we own a portfolio of high-quality Asian franchises capable of thriving through periods of macroeconomic uncertainty. An outcome of such a focus is the Trust's track record of outperforming the vast majority of down markets. We believe the combination of protecting capital in times of stress as well as owning companies which can create value from the many attractive tailwinds enjoyed by the Asian region is critical to the generation of attractive long-term returns.

### Stewart Investors

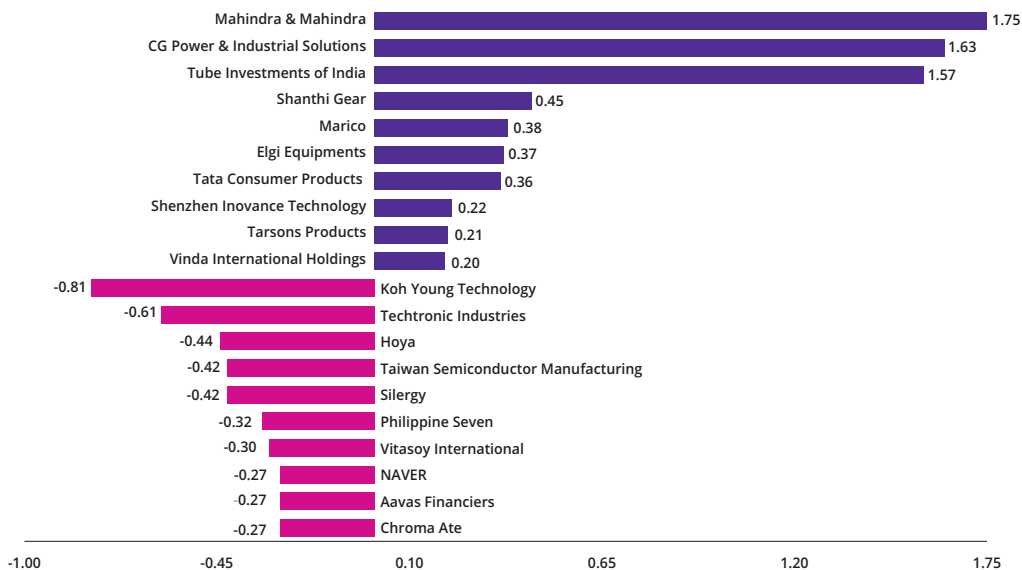
Portfolio Manager  
28 September 2022

<sup>5</sup> Source: The ITSCI Laundromat: How a due diligence scheme appears to launder conflict minerals, Global Witness

## Contribution by Investment

Contribution by investment for the six months ended 31 July 2022

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



# Portfolio Valuation

as at 31 July 2022

Company	Country	Sector	Val'n £'000	% Total Assets
Mahindra & Mahindra	India	Consumer Discretionary	27,649	6.2%
Tube Investments of India	India	Consumer Discretionary	25,912	5.8%
CG Power & Industrial Solutions	India	Industrials	25,744	5.7%
Marico	India	Consumer Staples	14,390	3.2%
Voltronic Power Technology	Taiwan	Industrials	12,370	2.8%
Unicharm Corporation	Japan	Consumer Staples	11,351	2.5%
Elgi Equipments	India	Industrials	11,238	2.5%
Tata Consumer Products	India	Consumer Staples	10,907	2.4%
Hoya	Japan	Health Care	10,717	2.4%
Housing Development Finance Corporation	India	Financials	9,931	2.2%
<b>Top 10 Investments</b>			<b>160,209</b>	<b>35.7%</b>
Vinda International	China	Consumer Staples	9,347	2.1%
Shenzhen Inovance Technology	China	Industrials	8,903	2.0%
Koh Young Technology	South Korea	Information Technology	8,811	2.0%
Taiwan Semiconductor Manufacturing	Taiwan	Information Technology	8,547	1.9%
Techtronic Industries	Hong Kong	Industrials	7,946	1.8%
Kotak Mahindra Bank	India	Financials	7,844	1.8%
Vitasoy International	Hong Kong	Consumer Staples	7,765	1.7%
Aavas Financiers	India	Financials	7,281	1.6%
NAVER	South Korea	Communication Services	7,069	1.6%
Cholamandalam Financial	India	Financials	6,855	1.5%
<b>Top 20 Investments</b>			<b>240,577</b>	<b>53.7%</b>
Chroma Ate	Taiwan	Information Technology	6,705	1.5%
Info Edge	India	Communication Services	6,489	1.4%
Tata Consultancy Services	India	Information Technology	6,386	1.4%
Advantech	Taiwan	Information Technology	6,365	1.4%
Delta Electronics	Taiwan	Information Technology	5,856	1.3%
Godrej Consumer Products	India	Consumer Staples	5,655	1.3%
Vitrox	Malaysia	Information Technology	5,653	1.3%
Unicharm Indonesia	Indonesia	Consumer Staples	5,624	1.3%
PT Industri Jamu dan Farmasi Sido Muncul	Indonesia	Consumer Staples	5,419	1.2%
Shanthy Gear	India	Industrials	5,412	1.2%
<b>Top 30 Investments</b>			<b>300,141</b>	<b>67.0%</b>
Bank OCBC NISP	Indonesia	Financials	5,286	1.2%
Selamat Sempurna	Indonesia	Consumer Discretionary	5,284	1.2%
Tarsons Products	India	Health Care	5,259	1.2%
Dr Lal Pathlabs	India	Health Care	4,986	1.1%
Marico Bangladesh	Bangladesh	Consumer Staples	4,955	1.1%
Tokyo Electron	Japan	Information Technology	4,851	1.1%
Dabur India	India	Consumer Staples	4,750	1.1%
Infosys	India	Information Technology	4,573	1.0%
Humanica Public	Thailand	Information Technology	4,563	1.0%
Public Bank	Malaysia	Financials	4,531	1.0%
<b>Top 40 Investments</b>			<b>349,179</b>	<b>78.0%</b>

# Portfolio Valuation (continued)

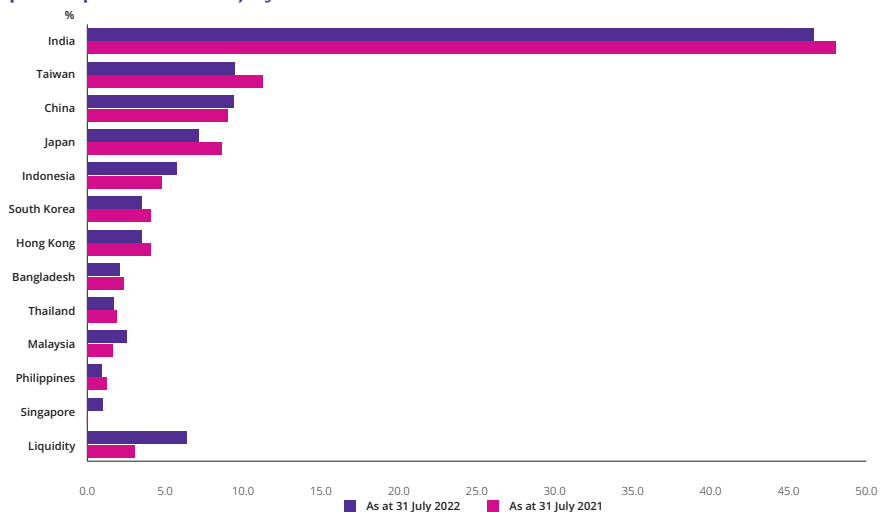
as at 31 July 2022

Company	Country	Sector	Val'n £'000	% Total Assets
OCBC Bank	Singapore	Financials	4,497	1.0%
Glodon	China	Information Technology	4,128	0.9%
Philippine Seven	Philippines	Consumer Staples	4,099	0.9%
Tata Communications	India	Communication Services	3,644	0.8%
Pigeon Corporation	Japan	Consumer Staples	3,634	0.8%
Tech Mahindra	India	Information Technology	3,540	0.8%
Guangzhou Kingmed Diagnostics	China	Health Care	3,498	0.8%
Centre Testing International	China	Industrials	3,380	0.8%
Dr. Reddy's Laboratories	India	Health Care	3,281	0.7%
Indiamart Intermesh	India	Industrials	3,250	0.7%
<b>Top 50 Investments</b>			<b>386,130</b>	<b>86.2%</b>
Kasikornbank	Thailand	Financials	3,168	0.7%
Silergy	China	Information Technology	3,113	0.6%
Syngene International	India	Health Care	2,795	0.6%
Airtac International	Taiwan	Industrials	2,755	0.6%
Estun Automation	China	Industrials	2,715	0.6%
Yifeng Pharmacy Chain	China	Consumer Staples	2,562	0.6%
Amoy Diagnostics	China	Health Care	2,553	0.5%
PT Kalbe Farma	Indonesia	Health Care	2,326	0.5%
Mahindra Logistics	India	Industrials	2,322	0.5%
Delta Brac Housing Finance Corporation	Bangladesh	Financials	2,281	0.5%
Brac Bank	Bangladesh	Financials	2,255	0.5%
Foshan Haitian Flavouring & Food	China	Consumer Staples	2,084	0.4%
PT Unilever Indonesia	Indonesia	Consumer Staples	1,864	0.4%
Nippon Paint	Japan	Materials	1,586	0.4%
Pentamaster International	Malaysia	Information Technology	1,252	0.3%
<b>Total Investments</b>			<b>421,761</b>	<b>93.9%</b>
<b>Net current assets</b>			<b>27,368</b>	<b>6.1%</b>
<b>Total shareholders' funds</b>			<b>449,129</b>	<b>100.0%</b>

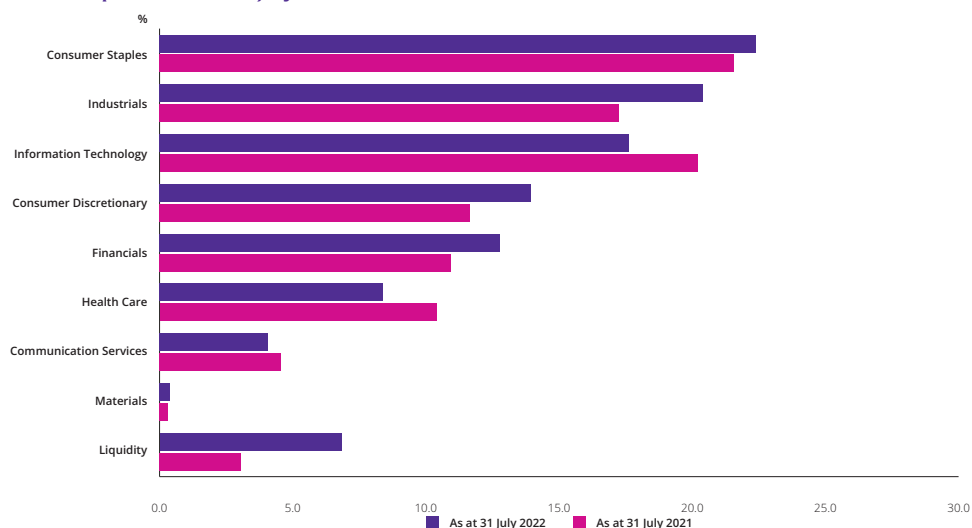
# Portfolio Distribution

as at 31 July 2022

## Geographic Exposure as at 31 July 2022



## Sector Exposure as at 31 July 2022



# Income Statement

for the six months ended 31 July 2022

	(Unaudited) Six months ended 31 July 2022			(Unaudited) Six months ended 31 July 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	-	988	988	-	24,349	24,349
Exchange differences on currency balances	-	1,175	1,175	-	(463)	(463)
Investment Income	3,384	-	3,384	3,094	-	3,094
Portfolio Management and AIFM fees (note 2)	(531)	(1,592)	(2,123)	(514)	(1,542)	(2,056)
Other expenses	(353)	-	(353)	(344)	-	(344)
<b>Return before taxation</b>	<b>2,500</b>	<b>571</b>	<b>3,071</b>	<b>2,236</b>	<b>22,344</b>	<b>24,580</b>
Taxation	(470)	(1,840)	(2,310)	(415)	(2,505)	(2,920)
<b>Return/(loss) after taxation</b>	<b>2,030</b>	<b>(1,269)</b>	<b>761</b>	<b>1,821</b>	<b>19,839</b>	<b>21,660</b>
<b>Return/(loss) per ordinary share (note 3)</b>	<b>1.7p</b>	<b>(1.0)p</b>	<b>0.7p</b>	<b>1.5p</b>	<b>16.4p</b>	<b>17.9p</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 shareholders of the Company.

# Statement of Changes in Equity

for the six months ended 31 July 2022

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 2021	15,120	8,811	1,648	14,572	369,275	6,790	416,216
Return after taxation	-	-	-	-	19,839	1,821	21,660
Ordinary dividends paid	4	-	-	-	-	(2,903)	(2,903)
At 31 July 2021	15,120	8,811	1,648	14,572	389,114	5,708	434,973
At 31 January 2022	15,120	8,811	1,648	14,572	404,220	6,295	450,666
(Loss)/return after taxation	-	-	-	-	(1,269)	2,030	761
Ordinary dividends paid	4	-	-	-	-	(2,298)	(2,298)
At 31 July 2022	15,120	8,811	1,648	14,572	402,951	6,027	449,129

# Statement of Financial Position

as at 31 July 2022

	(Unaudited) As at 31 July 2022 £'000	(Audited) As at 31 January 2022 £'000
<b>Fixed assets</b>		
Investments (note 5)	421,761	436,983
<b>Current assets</b>		
Debtors	7,386	242
Cash and cash equivalents	34,019	24,192
	41,405	24,434
<b>Creditors</b> (amounts falling due within one year)	(5,079)	(2,356)
<b>Net current assets</b>	<b>36,326</b>	<b>22,078</b>
<b>Non-current liabilities</b>		
Provisions (note 6)	(8,958)	(8,395)
<b>Net assets</b>	<b>449,129</b>	<b>450,666</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	402,951	404,220
Revenue reserve	6,027	6,295
<b>Equity shareholders' funds</b>	<b>449,129</b>	<b>450,666</b>
<b>Net asset value per ordinary share</b> (note 7)	<b>371.3p</b>	<b>372.6p</b>

# Notes to the Financial Statements

## 1. Basis of preparation

The condensed financial statements for the six months to 31 July 2022 comprise the statements set out on pages 12 and 13 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 2022.

### 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 2022			(Unaudited) Six months ended 31 July 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Portfolio management fee – Stewart Investors	468	1,404	1,872	456	1,369	1,825
AIFM fee – Frostrow	63	188	251	58	173	231
	531	1,592	2,123	514	1,542	2,056

\* 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 £761,000 (six months ended 31 July 2021: £21,660,000) and on 120,958,386 shares (six months ended 31 July 2021: 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 £2,030,000 (six months ended 31 July 2021: £1,821,000) by the weighted average number of shares in issue as above.

The capital return per ordinary share is calculated by dividing the capital loss attributable to shareholders of £1,269,000 (six months ended 31 July 2021: return of £19,839,000) by the weighted average number of shares in issue as above.

## 4. Dividends

	(Unaudited) Six months ended 31 July 2022	(Unaudited) Six months ended 31 July 2021
Amounts recognised as distributions in the period:		
Previous year's final dividend of 1.9p (2021: final dividend of 2.4p)	2,298	2,903



# Notes to the Financial Statements (continued)

## 5. Investments

	Six months to		Year to
	31 July 2022	31 July 2021	31 January 2022
<b>Investments</b>			
Cost at start of period	290,337	267,140	267,140
Investment holding gains at start of period	146,646	137,574	137,574
<b>Valuation at start of period</b>	<b>436,983</b>	<b>404,714</b>	<b>404,714</b>
Purchases at cost	24,096	37,762	82,266
Disposal proceeds	(40,306)	(44,322)	(93,611)
Gains on investments	988	24,349	43,614
<b>Valuation at end of period</b>	<b>421,761</b>	<b>422,503</b>	<b>436,983</b>
Cost at end of period	289,771	275,584	290,337
Investment holding gains at end of period	131,990	146,919	146,646
<b>Valuation at end of period</b>	<b>421,761</b>	<b>422,503</b>	<b>436,983</b>

The Company received £40,306,000 (period to 31 July 2021: £44,332,000; year to 31 January 2022: £93,611,000) from investments sold in the period. The book cost of these investments when they were purchased was £24,662,000 (period to 31 July 2021: £29,318,000; year to 31 January 2022: £59,069,000). 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 £30,000 (period to 31 July 2021: £63,000; year to 31 January 2022: £121,000) and transaction costs on sales of £80,000 (period to 31 July 2021: £116,000; year to 31 January 2022: £206,000).

## 6. Provisions

The provision at 31 July 2022 of £8,958,000 (31 January 2022: £8,395,000) 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 results primarily 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 £449,129,000 (31 January 2022; £450,666,000) and on 120,958,386 shares in issue (31 January 2022: 120,958,386).

## 8. 2022 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 2022, 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 2022 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, strategic (including geopolitical, climate change, black swan, key person and share price risks) and operational risks (including legal, regulatory, governance and cyber crime 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 2022. 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, although Russia's invasion of Ukraine and the ensuing war have brought geopolitical risk into greater focus.

The Board, the AIFM and the Portfolio Manager discuss and identify emerging risks as part of the risk identification process and have considered, amongst other things, the potential effects of global supply chain disruption on the Company's performance.

## 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 (including its liquidity) 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. In addition, there are no material uncertainties pertaining to the Company that would prevent its continued operational existence for at least twelve months from the date of the approval of this half-yearly report. For these reasons, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

## 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 Half Year 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  
28 September 2022

# 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<sup>^</sup>

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 2022 pence	Year to 31 January 2022 pence
Average share price for the period	322.8	342.3
Average net asset value for the period	360.5	369.3
<b>Average Discount</b>	<b>10.5%</b>	<b>7.3%</b>

## Net Asset Value ("NAV") 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.

## NAV 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 2022 pence	Year to 31 January 2022 pence
<b>NAV Total Return</b>		
Opening NAV per share	372.6	344.1
Increase in NAV	0.6	30.9
Dividend paid	(1.9)	(2.4)
<b>Closing NAV</b>	<b>371.3</b>	<b>372.6</b>
% Increase in NAV	0.2%	9.0%
Impact of reinvested dividends	0.0%	0.1%
<b>NAV Per Share Total Return</b>	<b>0.2%</b>	<b>9.1%</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 2022 £'000	Year to 31 January 2022 £'000
Total Operating Expenses	2,476	4,974
Average Net Assets	435,736	446,596
<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 2022	3.8	12.8
Three years to 31 July 2022	8.0	9.4
Five years to 31 July 2022	8.7	9.1
Ten years to 31 July 2022	11.3	8.4

### 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.

## Glossary of Terms (continued)

### 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.

	Six months to 31 July 2022 pence	Year to 31 January 2022 pence
<b>Share Price Total Return</b>		
Opening share price	340.0	333.0
(Decrease) / increase in share price	(13.1)	9.4
Dividend Paid	(1.9)	(2.4)
<b>Closing share price</b>	<b>325.0</b>	<b>340.0</b>
% (Decrease) / increase in share price	(3.9)%	2.8%
Impact of reinvested dividends	0.1%	0.1%
<b>Share Price Total Return</b>	<b>(3.8)%</b>	<b>2.9%</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 and does not constitute any form of recommendation, can be found below:

AJ Bell Youinvest	<a href="http://www.youinvest.co.uk/">www.youinvest.co.uk/</a>
Ascentric	<a href="http://www.ascentric.co.uk">www.ascentric.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>
EQi	<a href="http://www.eqi.co.uk">www.eqi.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>
Saxo Markets	<a href="http://www.home.saxo">www.home.saxo</a>
WealthClub	<a href="http://www.wealthclub.co.uk">www.wealthclub.co.uk</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/dealing](http://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.

## 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)<sup>1</sup>  
 M C Ginman, FCA<sup>2</sup>  
 S E Hansen<sup>3</sup>  
 A M Impey  
 E T A Troughton  
 R E Talbut<sup>4</sup>

<sup>1</sup> Chairman of the Nomination Committee

<sup>2</sup> Chair of the Audit Committee

<sup>3</sup> Chair of the Engagement and Remuneration Committee

<sup>4</sup> Senior Independent Director with effect from 28 June 2022

## 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

## AI FM 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 (excluding public holidays in England and Wales).

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

## 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	May
Annual General Meeting	June
Dividend Payable	June
Half Year End	31 July
Half Year Results Announced	September

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