Pacific Assets Trust plc

Half year Report

for the six months ended 31 July 2020

www.pacific-assets.co.uk

Contents

Management

Pacific Assets Trust plc (the "Company") employs Stewart Investors as Investment 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 Pacific Assets Trust plc has appointed as Investment Manager.

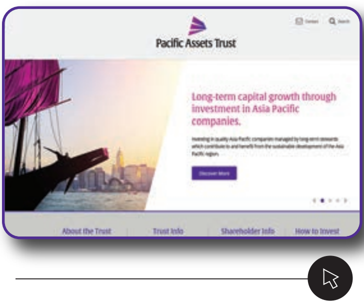
Pacific Assets Trust plc has employed Frostrow Capital LLP to provide company management, company secretarial and administrative services.

Capital Structure

The Company's capital structure is composed solely of ordinary shares. At 31 July 2020 there were 120,958,386 ordinary shares in issue (31 January 2020: 120,958,386).

Gearing

The Company has been entered by the FCA on the register of small registered UK Alternative Investment Fund Managers. For so long as the Company remains on the register it is precluded from incurring borrowings.



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

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 mind-set and define risk as that of losing client money, rather than deviation from any benchmark index. They focus as much on the potential downside of investment decisions as on the anticipated upside. They believe that the identification of long-term sustainable development risks is an extremely important way of managing risk.

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

Financial Highlights

Key Statistics

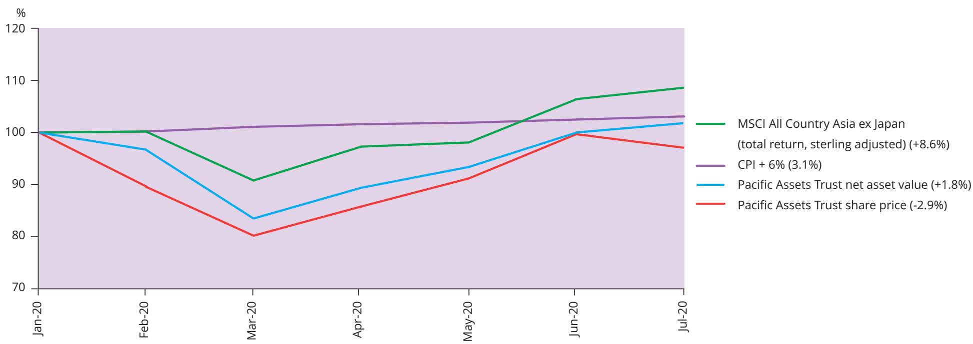
	As at 31 July 2020	As at 31 January 2020	% change
Share price	257.0p	268.0p	(4.1)%
Net asset value per share	286.0p	285.8p	0.1%
Discount of share price to net asset value per share	(10.1)%	(0.5)%	
Market capitalisation	£310.9m	£324.2m	(4.1)%
Shareholders' funds	£346.0m	£345.7m	0.1%

	Six months to 31 July 2020	One year to 31 January 2020
Share price (total return)*^	(2.9)%	(0.8)%
Net asset value per share (total return)*^	1.8%	4.2%
CPI +6%[1]	3.1%	7.5%
MSCI All Country Asia ex Japan Index (total return, sterling adjusted)*	8.6%	5.0%
Average discount of share price to net asset value per share^	9.2%	0.5%
Ongoing charges^	1.1%	1.2%

*Source: Morningstar.
^Alternative Performance Measure (see Glossary on pages 18 and 19).
[1]UK Consumer Price Index + 6% – the Company's Performance Objective (see Glossary on pages 18 and 19).

Dividends	Year ended 31 January 2020	Year ended 31 January 2019	
Dividend per share	3.0p	3.0p	–

Total Return and Benchmark Performance for the Six Months to 31 July 2020



Source: Morningstar.
Rebased to 100 as at 31 January 2020.

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 Investment Manager's Review beginning on page 5.

Peer Group Net Asset Value per Share Total Return^

	1 Year £	Rank	3 years £	Rank	5 years £	Rank
Pacific Horizon	139.6	1	155.4	1	244.4	1
Schroder Asian Total Return	106.9	2	127.6	2	202.7	2
Schroder Asia Pacific	104.9	3	117.2	5	188.2	4
JP Morgan Asian	103.2	6	119.4	3	194.3	3
Asia Dragon	99.6	7	118.6	4	165.9	6
iShares MSCI Asia ex Jpn ETF	104.0	4	112.9	7	165.8	7
Invesco Asia	103.3	5	109.0	8	173.5	5
Pacific Assets Trust	**96.2**	**8**	**116.1**	**6**	**154.6**	**8**
Fidelity Asian Values	84.2	9	92.8	9	144.6	9
Peer Group Average	**104.7**	**-**	**118.8**	**-**	**181.5**	**-**
CPI + 6%[1]	**106.8**	**-**	**125.8**	**-**	**146.2**	**-**
MSCI AC Asia ex Japan	**104.8**	**-**	**115.1**	**-**	**170.9**	**-**

Source: Morningstar. Figures show the value of £100 invested at the start of the period as at 31 July 2020.
^ Alternative Performance Measure (see Glossary on pages 18 and 19).
1 The Company's Performance Objective (see Glossary on pages 18 and 19).

Chairman's Statement

"In the six months to 31 July 2020, the Company's net asset value per share total return was 1.8%. The annualised return over the last three years has been 5.1%, over five years it has been 9.1% per annum, and for the period since Stewart Investors started to manage the Company's portfolio, the annualised return has been 10.2%."

Investment Return

In the six months to 31 July 2020, the Company's net asset value per share total return was 1.8%. The annualised return over the last three years has been 5.1%, over five years it has been 9.1% per annum, and for the period since Stewart Investors started to manage the Company's portfolio, the annualised return has been 10.2%. Over the longer periods we look at the return in relation to UK CPI plus 6%. Over three years and also five years the annualised return of this measure has been 7.9%.

As we have noted to shareholders in the most recent annual report we use CPI plus 6% as a comparator when taking account of the domicile of our shareholders and adding in a reasonable premium for the expected higher return in the faster growing markets of Asia. We also take note of a peer group of Asian investment trusts. The details of these figures are in the tables shown on page 2.

We also note the MSCI All Country Asia ex Japan Index, but we do not use it as the principal comparator due to the limited overlap with the companies selected for the portfolio.

The Last Six Months

In the middle of March, it would have been hard to entertain the idea of the return to stock market stability that has happened since then. The economic and the commercial damage from the global pandemic is by no means fully understood, with no obvious sign of the incidence of the epidemic easing as I write. The counterpoint has been worldwide monetary and fiscal stimulus that has readily broken the 'golden rules' of prudence and restraint that underpinned bond markets for years. Volatility had been hitting all-time highs, but this for now has returned to subdued levels. One could read a mismatch between the extreme consequences of economic shutdown on employment, investment, and profits on the one hand, and on the other, the major market indices, some of which are at an all-time high.

East Asian countries seem to have fared better than elsewhere during the pandemic so far, but no-one would suggest that they are in the clear. The political backdrop also remains turbulent. The nascent trade war between the United States and China has intensified, particularly in relation to technology. Chinese military activity in the South China Sea, the Himalayan border with India, and the imposition of the new Security Law on Hong Kong are all factors that long-term investors could do without. There are question marks over future supply chains, and the continuation of open free trading practices between nations.

However, standing back from such matters, extreme as they appear to be, there is confidence among the companies in which we invest that these crises are manageable. The leaders of these companies recognise that political and economic uncertainty have been and will continue to be a feature in their lives. Consumer products, healthcare, and financial services are all areas in which the Company has significant exposure, much of it in countries where growth rates of demand for these remain high, with lower saturation levels than in the West. The theme of an emerging middle class in countries as populous as India, China, Bangladesh and Indonesia is a trend that is established for the very long term, and we believe that our carefully sought out investments will continue to exploit such opportunities.

Chairman's Statement (continued)

Corporate Governance

Your Board completed its programme of in depth scrutiny of the major providers of services to the Company. This has involved a thorough examination of risk controls, and an assessment that they had the substance and structure to withstand unexpected circumstances. This review was completed before the pandemic, and we have been satisfied with the outcomes from the service providers over the last few months, while working remotely.

As a Board we have continued to hold our regular meetings remotely and have maintained active contact with each other and with our Investment Manager during the most difficult phases of the Covid-19 driven crisis.

Taking the measurement point at the end of the last financial year on 31 January 2020, it was noted that the Company had underperformed the comparators that are used over periods of three years and five years, these being the time frame that we normally would use to evaluate the Investment Manager. The Board initiated a dialogue with the Investment Manager in which we looked in detail at their decision making, company selection, and portfolio construction. We discussed with them the investment approach that they use, and the philosophy that lies behind it. In these matters we are satisfied that the Investment Manager continues to maintain high standards of research and selection and remains consistent in approach to investing sustainably in its target markets. The Investment Manager's statement in this report will emphasise their approach to evaluating, buying, and selling companies in the portfolio, and the rationale behind the holdings. I refer you to this for more information.

Resignation of Auditor

As explained in the Company's announcement on 1 October 2020, KPMG resigned in September 2020 as the Company's auditor after identifying that its re-appointment as auditor in 2017 represented a technical breach of the requirements of the Companies Act 2006 relating to the rotation of auditors.

It is the view of KPMG that the breach did not affect KPMG's independence or objectivity in carrying out its duties as auditor for the financial years ended 31 January 2018, 2019 or 2020 and the Board of directors agrees with this view. I also confirm that the Company's annual financial statements (including KPMG's audit reports) for such years have not been invalidated as a result of this breach. Nonetheless, there was a breach of the Companies Act and KPMG has therefore concluded that it had to resign as auditor immediately.

The Board will therefore proceed to carry out a tender process in order to select and appoint a new auditor for the current financial year and beyond. The identity of that new auditor will be announced in due course.

Discount to Net Asset Value Per Share

More than a year ago, we were issuing small amounts of stock at a premium to net asset value per share. Since then there has opened a discount to the cum income net asset value per share that averaged 9.2% during the six month period, and which stood at 10.1% at 31 July 2020. This is disappointing but we note that this is broadly in line with several Asian trusts in our peer group. The Board maintains close attention to the level of the share price discount to the net asset value per share and has the powers to buy back stock should circumstances dictate such an action.

Looking Forward

The loosening of monetary policy around the world may eventually have negative consequences that could increase the risks of a rise in inflation and in interest rates, but this may be still some time ahead of us. The ongoing incidence of the pandemic will almost certainly have economic and political consequences that will be hard for anyone to evaluate in the shorter term. A year ago, I cautioned that we were entering a period of lower investment returns, and this seems to remain the case while such uncertainties remain unresolved.

James Williams
Chairman
6 October 2020

Investment Manager's Review

"The Company's net asset value per share total return was 1.8% during the half year."

Performance Overview

The Company's net asset value per share total return was 1.8% during the half year. This compares to an increase in the Performance Objective* of 3.1% and an increase in the MSCI AC Asia ex Japan index (measured on a total return sterling adjusted basis) of 8.6%. These numbers paint a benign picture of a period which has seen markets fall and recover dramatically. The historical performance outcome of our investment philosophy has shown that three out of four times we preserve capital better than alternatives when markets fall[1]. Inversely, we fail to preserve capital one in four times when markets fall. Disappointingly, this happened during this period. Given the extraordinary circumstances of the 'Great Lockdown'[2] and this unusual performance outcome, it is fitting to examine the short term in more detail than we would normally.

What Hurt Performance

There are four broad reasons why the Company's portfolio fell more than the market. The first is the large fall in India, where the Company has significant exposure. The second is that, unusually, the market fall did not differentiate in terms of overall quality of companies. The third was having too high an exposure to banks. The fourth is the comparative resilience of China where the Company had little direct exposure. It is beneficial to explore each of these points in more detail in the following paragraphs.

India accounted for 35% of the portfolio at the start of the period. For a short instance, in the initial spread of Covid-19, markets focused more on the strengths of governments than company fundamentals. The Indian government's ability to arrest the virus and mitigate the financial fallout of lockdown was considered wanting. Even with the potential economic boost from a collapsing oil price, the MSCI India index fell 42% from peak to trough, in USD terms[3]. Accordingly, seven of the worst contributors were companies listed in the Indian subcontinent. Interestingly, regardless of economic characteristics, each of these seven companies fell by broadly similar amounts.

We consider the source of a company's revenues to be more important than place of listing and on this measure only 15% of the portfolio was exposed to the domestic Indian economy. This important fact as well as the composition of company balance sheets was seemingly unimportant to many investors as money rushed out of Indian equities generally. That financially leveraged banks fell as much as basic consumer companies, which are financed by net cash balance sheets, highlights the level of indiscriminate selling. Weakness of the regional banking sector, regardless of stewardship quality or geographic exposure was another indication of a low regard for fundamentals.

Seven of the top detractors for the Company were well capitalised financial institutions in the Indian subcontinent, Singapore, Thailand and Indonesia. Four reasons might explain this: the prospect of rising non-performing loans, lower quality loan growth, government pressure to share the economic pain of paying for the virus and rising competition from Fintech. Three of these reasons are cyclical in nature but the fourth is structural and a more immediate concern in developed economies like Singapore and Greater China, where we have reduced our exposure to banks more significantly.

Chinese equites were amongst the best performing in the world, despite a draconian economic lockdown imposed by the government. At the start of the period, the Company did not own any companies listed in China. Although we consider attribution to be significantly less meaningful than contribution, not owning many Chinese companies and internet companies, in particular, hurt performance. Over the years we have explained that the absence of quality stewards of sustainable franchises with robust financials and valuations dissuaded us from investing your capital in the large majority of companies listed in China but we also explained that we had a short list of companies that we would like to own, should valuations permit. We are pleased that, in the spring of 2020, we were able to add four companies from that list to the portfolio.

* CPI+6% (see Glossary).
[1] Using monthly data over the last ten years.
[2] Term coined by the IMF.
[3] Source: Bloomberg.

Investment Manager's Review (continued)

What Helped Performance

The Company now owns four companies listed on the mainland exchanges: Shenzhen Inovance Technology (China: Industrial Automation)[4], Hualan Biological Engineering (China: Healthcare), Guangzhou Kingmed Diagnostics Group (China: Healthcare) and Centre Testing International (China: Industrial Verification). This takes the economic interest in China to around 17%. Each of these companies has contributed well with Hualan Biological Engineering and Shenzhen Inovance both top contributors since purchase.

We also acquired Tokyo Electron (Japan: Semiconductor Equipment Manufacturer), Techtronic Industries (Hong Kong: Power Tool Manufacturer), Aavas Financiers (India: Financial), MediaTek (Taiwan: Semiconductor Design), Info Edge (India) (India: Internet) and Silergy Corp (Taiwan: Semiconductor Design, mostly operating in China). Fortunately, each of these companies have also contributed pleasingly.

In addition to these new acquisitions, the Company also benefitted from longer term holdings in Unicharm (Japan: Consumer), Nippon Paint Holdings (Japan: Industrial), Taiwan Semiconductor Manufacturing (Taiwan: Industrial), Voltronic Power Technology (Taiwan: Industrial) and Dr Reddy's Laboratories (India: Healthcare). Each of these companies preserved capital better than alternatives during the initial market volatility and have rebounded strongly. More generally, following global government and central bank stimulus, markets rallied strongly. That Tata Consultancy Services is up 38% in local terms and higher than pre-Covid highs suggests there has been a renewed focus on the quality of stewardship, franchise and financials.

Philosophy and Process: a Case Study

We want to buy the highest quality companies we can. It is important for understanding our process that the recent acquisitions should not be considered as a reaction to eye-catching falls on a share price chart or dramatic news headlines. Nor was there a top down prescription or 'asset allocation shift' to a different geography. Instead, these purchases were made after years of due diligence and debate on the quality of the people, franchise and financials of the companies. To emphasise these important points further Centre Testing International (CTI), an industrial verification business in China, serves as a good case study of our philosophy and process.

We first met and discussed CTI in 2014. Although, we had concerns on culture we were attracted by the large potential from improving product authenticity. From a sustainability perspective, reliable certification is an essential cog in raising the quality standards across supply chains. Trust in the quality of goods and services is key and the Chinese verification industry has been growing by 20% per annum. The industry remains immature relative to more developed markets with many small, poor quality players controlling significant market share. We believe CTI to be very well placed to benefit from both industry growth as well as market share gains.

CTI was founded in 2003 by Wan Lipeng and his son Wan Feng. Impressively, the Wans are already transitioning to professional managers. The combination of family ownership and professional management points to a long-term mind-set and it is encouraging that CTI was able to hire Mr Shentu from international competitor SGS S.A. This factor, combined with improving market share, pointed to a strengthening franchise. The financial profile ratified this improvement with a greater focus on profitability over growth.

CTI, like all the new companies in China, has a net cash balance sheet. In a world of rapidly expanding credit, assets unencumbered by debt are increasingly rare. Of course, our assessment of financial quality goes significantly beyond leverage and in this instance we commissioned research on accounting policies, amongst industry peers, to identify where CTI excels or falls short. As always, we identified imperfections. These will be topics for engagement with management in the future. Overall, however, the financials were thought satisfactory with the cash-flow and net cash balance considered to be genuine and sustainable. Cash does not just provide

[4] The data in parenthesis is more descriptive than meaningful given the broad remit of the company.

Investment Manager’s Review (continued)

CTI with solace in times of stress it also provides opportunity for acquisition. Consolidating, the industry is likely to be aligned with the Chinese Communist Party’s desire for higher industry standards across the economy.

Each of the four companies purchased in China are also aligned but distant from the commanding heights of authority. There is absolutely no point investing against the headwinds of policy in China. However, we are also deeply suspicious of companies that benefit from government patronage. History teaches us that patronage cannot be counted upon and is often removed speedily, without warning and with dramatic consequences. CTI, like all our companies, is stewarded by quality individuals. They are intent on ploughing their own furrow with neither government assistance nor impediment. This contrasts markedly with many of the stewards operating at larger companies in the banking or internet sectors. The last point the team debated was valuation.

In terms of our valuation approach, three broad principles are worth highlighting. The first is that for those companies which do not meet our strict quality criteria, there is no price we are prepared to allocate shareholder funds, as the downside risk is always 100%. The second is that, in times of extremes, we would rather compromise on valuation than quality. This is particularly relevant currently, where global monetary policy has pushed interest rates and thus valuations to extreme levels. The third is that the intricacies of present value arithmetic stifles valuable debate and leads to a false sense of certainty.

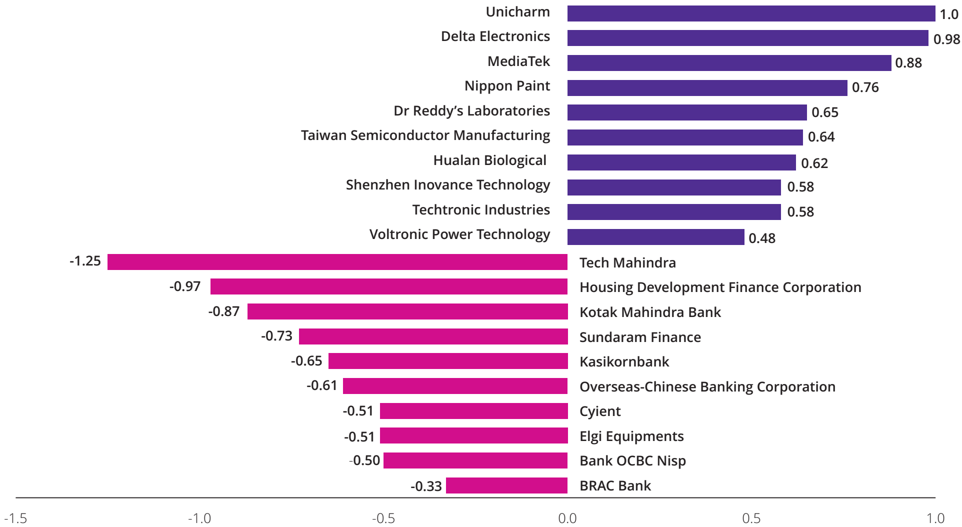
In the instance of CTI, we were fortunate that our concluding deliberations on quality coincided with market weakness. Sadly, the market retracement in China was peculiarly shallow and short lived but we were able to purchase initial positions and build holdings at lower levels from where the shares trade today. Valuation discipline meant this was not the case for all the companies on our short list. As we see globally, quality companies capable of compounding earnings at attractive rates are seeing their valuations inflated to ever more extreme levels. This is certainly the case in China where it is now worryingly common for such companies to see their earnings valued on a multiple of over one hundred times.

The concluding point is that Covid-19 and the fleeting disruption the virus caused to markets did not alter our philosophy or process. We endeavour not to be distracted by dramatic news headlines or share price oscillations. Instead we continue to invest in quality companies at reasonable valuations to preserve and grow your capital for future generations.

Stewart Investors
6 October 2020

Contribution by Investment

Contribution by investment for the six months ended 31 July 2020
Top 10 contributors to and detractors from absolute performance (%)



Source: Stewart Investors.

Portfolio

as at 31 July 2020

Company	MSCI sector	Country	Market valuation £'000	% of net assets
Vitasoy International	Consumer Staples	Hong Kong	15,249	4.4%
Unicharm	Consumer Staples	Japan*	13,690	4.0%
Hoya	Health Care	Japan*	13,669	4.0%
Tech Mahindra	Information Technology	India	11,984	3.5%
Mahindra & Mahindra	Consumer Discretionary	India	11,665	3.4%
Marico	Consumer Staples	India	10,690	3.1%
Dr Lal Pathlabs	Health Care	India	9,750	2.8%
Delta Electronics	Information Technology	Taiwan	9,596	2.8%
Philippine Seven	Consumer Staples	Philippines	8,459	2.4%
Voltronic Power Technology	Industrials	Taiwan	8,411	2.4%
Ten largest Investments			**113,163**	**32.8%**
Taiwan Semiconductor Manufacturing	Information Technology	Taiwan	8,090	2.3%
Tube Investments of India	Consumer Discretionary	India	8,019	2.3%
Koh Young Technology	Information Technology	South Korea	7,967	2.3%
Chroma ATE	Information Technology	Taiwan	7,758	2.2%
Housing Development Finance Corporation	Financials	India	7,739	2.2%
Kotak Mahindra Bank	Financials	India	7,690	2.2%
Advantech	Information Technology	Taiwan	7,248	2.1%
Tata Consultancy Services	Information Technology	India	6,993	2.0%
Dr. Reddy's Laboratories	Health Care	India	6,867	2.0%
Dabur India	Consumer Staples	India	6,420	1.9%
Twenty largest investments			**187,954**	**54.3%**
Techtronic Industries	Industrials	Hong Kong	6,287	1.8%
PT Bank Central Asia	Financials	Indonesia	6,108	1.8%
MediaTek	Information Technology	Taiwan	5,798	1.7%
President Chain Store	Consumer Staples	Taiwan	5,738	1.7%
Uni-President Enterprises	Consumer Staples	Taiwan	5,642	1.6%
Bank OCBC Nisp	Financials	Indonesia	5,449	1.6%
Pigeon Corporation	Consumer Staples	Japan*	5,428	1.6%
Nippon Paint	Materials	Japan*	5,415	1.6%
Delta Brac Housing Finance Corporation	Financials	Bangladesh	5,126	1.5%
Unicharm Indonesia	Consumer Staples	Indonesia	5,118	1.5%
Thirty largest investments			**244,063**	**70.7%**
Tokyo Electron	Information Technology	Japan*	5,055	1.5%
Hualan Biological	Health Care	China	5,011	1.5%
Selamat Sempurna	Consumer Discretionary	Indonesia	4,919	1.4%
Sundaram Finance	Financials	India	4,533	1.3%
Shenzhen Inovance Technology	Industrials	China	4,522	1.3%
Godrej Consumer Products	Consumer Staples	India	4,510	1.3%
Vitrox	Information Technology	Malaysia	4,369	1.3%
Centre Testing International	Industrials	China	4,253	1.2%
Info Edge	Communication Services	India	3,836	1.1%
Square Pharmaceuticals	Health Care	Bangladesh	3,622	1.0%
Forty largest investments			**288,693**	**83.6%**

* At least 25% of the company's economic activities are derived from the Asia Pacific Region (in accordance with the Company's investment objective).

Portfolio (continued)

as at 31 July 2020

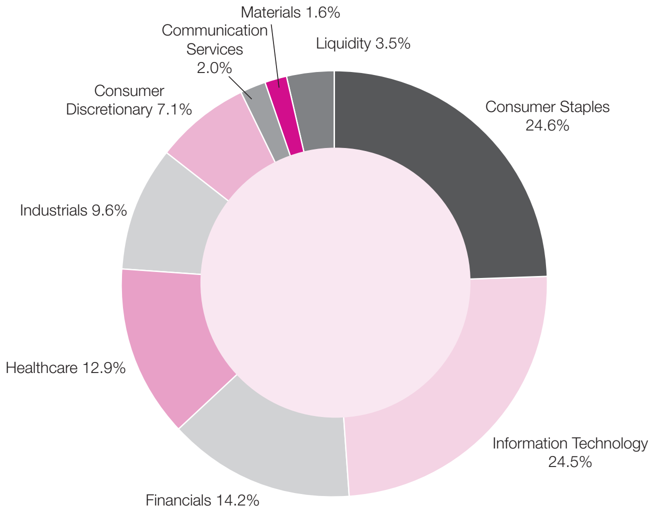
Company	MSCI sector	Country	Market valuation £'000	% of net assets
Marico Bangladesh	Consumer Staples	Bangladesh	3,590	1.0%
Aavas Financiers	Financials	India	3,531	1.0%
Kasikornbank	Financials	Thailand	3,181	0.9%
NAVER Corp	Communication Services	South Korea	3,149	0.9%
Overseas-Chinese Banking Corporation	Financials	Singapore	3,109	0.9%
Cyient	Information Technology	India	2,938	0.8%
Elgi Equipments	Industrials	India	2,702	0.8%
Brac Bank	Financials	Bangladesh	2,681	0.8%
Silergy	Information Technology	China	2,647	0.8%
Humanica	Information Technology	Thailand	2,526	0.7%
Fifty largest investments			**318,747**	**92.2%**
Syngene International	Health Care	India	2,455	0.7%
Astral Polytechnik	Industrials	India	2,015	0.6%
Mahindra Logistics	Industrials	India	1,874	0.5%
Pentamaster International	Information Technology	Malaysia	1,867	0.5%
Guangzhou Kingmed Diagnostics	Health Care	China	1,713	0.5%
Hemas Holdings	Industrials	Sri Lanka	1,709	0.5%
Metropolis Healthcare	Health Care	India	1,648	0.5%
Shanthi Gear	Industrials	India	905	0.3%
Concepcion Industrial	Industrials	Philippines	443	0.1%
Robinsons Retail Holdings	Consumer Staples	Philippines	382	0.1%
Total portfolio			**333,758**	**96.5%**
Net other assets			**12,217**	**3.5%**
Net assets			**345,975**	**100.0%**

* At least 25% of the company's economic activities are derived from the Asia Pacific Region (in accordance with the Company's investment objective).

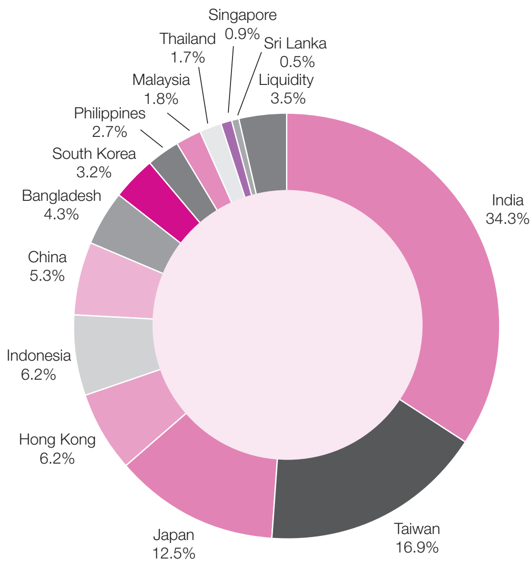
Portfolio Distribution

as at 31 July 2020

Sector Analysis



Geographical Analysis



Income Statement

for the six months ended 31 July 2020

	(Unaudited) Six months ended 31 July 2020 Revenue £'000	Capital £'000	Total £'000	(Unaudited) Six months ended 31 July 2019 Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	1,966	1,966	–	29,985	29,985
Exchange differences on currency balances	–	(87)	(87)	–	1,443	1,443
Investment Income	3,035	-	3,035	4,011	–	4,011
Investment management and management fees (note 2)	(389)	(1,166)	(1,555)	(444)	(1,331)	(1,775)
Other expenses	(288)	-	(288)	(302)	–	(302)
Return before taxation	2,358	713	3,071	3,265	30,097	33,362
Taxation	(301)	1,117	816	(318)	93	(225)
Return after taxation	2,057	1,830	3,887	2,947	30,190	33,137
Return per ordinary share (note 3)	1.7p	1.5p	3.2p	2.4p	25.1p	27.5p

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 2020

	(Unaudited) Six months ended 31 July 2020 £'000	(Unaudited) Six months ended 31 July 2019 £'000
Opening shareholders' funds	345,717	332,674
Shares issued in period	–	3,210
Return for the period	3,887	33,137
Dividends paid	(3,629)	(3,613)
Closing shareholders' funds	345,975	365,408

Statement of Financial Position

as at 31 July 2020

	(Unaudited) As at 31 July 2020 £'000	(Audited) As at 31 January 2020 £'000
Fixed assets		
Investments	333,758	309,517
Current assets		
Debtors	1,697	806
Cash at bank	12,687	40,418
	14,384	41,224
Creditors (amounts falling due within one year)	(1,490)	(3,257)
Net current assets	12,894	37,967
Non Current liabilities		
Provisions	(677)	(1,767)
Net assets	345,975	335,717
Capital and reserves		
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	300,129	298,299
Revenue reserve	5,695	7,267
Equity shareholders' funds	345,975	345,717
Net asset value per ordinary share (note 4)	286.0p	285.8p

Notes to the Accounts

1. Basis of preparation

The condensed Financial Statements for the six months to 31 July 2020 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', the principles of the AIC's Statement of Recommended Practice issued in October 2019 and using the same accounting policies as set out in the Company's Annual Report and Financial Statements as at 31 January 2020.

Fair value

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

Level 1 – Quoted market prices in active markets

Level 2 – Prices of a recent transaction for identical instruments

Level 3 – Valuation techniques that use:

(i) observable market data; or

(ii) non-observable data

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

2. Investment Management and Management fees*

	(Unaudited) Six months ended 31 July 2020			(Unaudited) Six months ended 31 July 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – Stewart Investors	344	1,032	1,376	396	1,188	1,584
Management fee – Frostrow	45	134	179	48	143	191
	389	1,166	1,555	444	1,331	1,775

* 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 £3,887,000 (six months ended 31 July 2019: return of £33,137,000) and on 120,958,386 shares (six months ended 31 July 2019: 120,323,303), being the weighted average number of shares in issue.

The revenue return per ordinary share is calculated by dividing the net revenue return attributable to shareholders of £2,057,000 (six months ended 31 July 2019: £2,947,000) by the weighted average number of shares in issue as above.

The capital return per ordinary share is calculated by dividing the net capital return attributable to shareholders of £1,830,000 (six months ended 31 July 2019: return of £30,190,000) by the weighted average number of shares in issue as above.

Notes to the Accounts (continued)

4. Net asset value per ordinary share

The net asset value per ordinary share is based on the net assets attributable to shareholders of £345,975,000 (31 January 2020: £345,717,000) and on 120,958,386 shares in issue (31 January 2020: 120,958,386).

5. 2020 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 2020, 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 2020 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 2020. 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 notes that equity markets experienced substantial volatility during the period due to uncertainties linked to the Covid-19 pandemic. The Directors have considered the impact of the continued uncertainty on the Company's financial position and, based on the information available to them at the date of this report, have concluded that no adjustments are required to the accounts as at 31 July 2020. The Board is also aware that the UK's exit from the European Union has introduced elements of political and economic uncertainty which may have practical consequences for the Company and its Investment Manager. Developments continue to be closely monitored by the Board. Geopolitical risk to the Company is considered regularly by the Board.

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 there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts. 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 of Directors confirms that, to the best of its 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)

The Half Year Report has not been reviewed or audited by an auditor as has been the practice in previous years.

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
6 October 2020

Glossary of Terms

Alternative Performance Measures ("APMs")

The measures the Board of Directors uses to assess the Company's performance, which are not specifically defined under the International Financial Reporting Standards but which are viewed as particularly relevant for investment trusts. 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 minus 1.

	31 July 2020 pence	31 January 2020 pence
Average share price for the period	244.0	290.5
Average net asset value for the period	268.7	292.1
Average Discount	9.2%	0.5%

Net Asset Value Per Share

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities divided by the number of shares in issue at the end of the period. The net asset value is also described as 'shareholders' funds', with the net asset value often expressed in pence 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 and supply of the shares.

Net Asset Value Per Share Total Return^

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.

	31 July 2020 pence	31 January 2020 pence
Opening net asset value	285.8	277.5
Increase in net asset value	3.2	11.3
Dividend paid	(3.0)	(3.0)
Closing Net Asset Value	**286.0**	**285.8**
% increase in net asset value	0.1%	3.0%
Impact of reinvested dividends	1.7%	1.2%
Net Asset Value Per Share Total Return	**1.8%**	**4.2%**

Ongoing Charges^

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.

Glossary of Terms (continued)

Ongoing Charges (continued)

	31 July 2020 £'000	31 January 2020 £'000
Total Operating Expenses	1,843	4,190
Average Net Assets during the period	324,112	350,745
Ongoing Charges	**1.1%***	**1.2%**

* 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 2020	(3.8)	6.8
Three years to 31 July 2020	5.1	7.9
Five years to 31 July 2020	9.1	7.9

Share Price Discount (or Premium) to the Net Asset Value Per Share^

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^

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.

	31 July 2020 pence	31 January 2020 pence
Opening share price	268.0	273.0
Decrease in share price	(8.0)	(2.0)
Dividend Paid	(3.0)	(3.0)
Closing share price	**257.0**	**268.0**
% decrease in share price	(4.1)%	(1.8)%
Impact of reinvested dividends	1.2%	1.0%
Share Price Total Return	**(2.9)%**	**(0.8)%**

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

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 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

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

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

Manager, Company Secretary and Administrator
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25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
Email: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority

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

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**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

Custodian Banker
JPMorgan Chase Bank
125 London Wall
London EC2Y 5AJ

Auditor*
KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

*Following the resignation of KPMG LLP on 23 September 2020, there is a casual vacancy in the office of auditor. Please refer to the Chairman's Statement on pages 3 and 4 for more information.

Solicitors
Dickson Minto WS
16 Charlotte Square
Edinburgh EH2 4DF

Identification Codes

SEDOL:	0667438
ISIN:	GB0006674385
Bloomberg:	PAC LN
EPIC:	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	March/April
Half Year End	31 July
Half Year Results Announced	September/October
Dividend Payable	June
Annual General Meeting	June

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