



Stewart Investors

Pacific Assets Trust plc

Quarterly Shareholder Update

1 April - 30 June 2022

Q2



Risk factors

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

Investing involves certain risks including:

- > **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- > **Emerging market risk:** Emerging markets tend to be more sensitive to economic and political conditions than developed markets. Other factors include greater liquidity risk, restrictions on investment or transfer of assets, failed/delayed settlement and difficulties valuing securities.
- > **Specific region risk:** investing in a specific region may be riskier than investing in a number of different countries or regions. Investing in a larger number of countries or regions helps spread risk.
- > **Currency risk:** the Trust invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Trust and could create losses. Currency control decisions made by governments could affect the value of the Trust’s investments.
- > **The Trust’s share price may not fully reflect net asset value.**

Where featured, specific securities or companies are intended as an illustration of investment strategy only, and should not be construed as investment advice or a recommendation to buy or sell any security.

All information included in this document has been sourced by Stewart Investors and is displayed as at 30 June 2022 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

For an overview of the terms of investment, risks, returns, costs and charges please refer to the Key Information Document which can be found on the Trust’s website: pacific-assets.co.uk

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

Investment terms

View our list of [investment terms](#) to help you understand the terminology within this document.

Contents

- 02 Significant Trust changes
- 03 Proxy voting
- 04 Other news
- 05 Trust update

Investment objective

The investment objective of the Trust is to achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian Subcontinent, but excluding Japan, Australia and New Zealand (the 'Asia Pacific Region'). Up to a maximum of 20% of the Trust'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 and this proportion is expected to grow significantly over the longer term.

Portfolio Explorer

Our interactive [Portfolio Explorer](#) tool allows you to explore strategies, companies, countries and sustainability issues of interest in four views – map, Sustainable Development Goals, climate solutions and human development pillars.



It has been a volatile second quarter. Regional equities have been weak but preserved capital better than many global peers. Asian currencies, most notably the Japanese Yen, have weakened relative to the dollar. Fears of recession are rising and speculation on the future course of interest rates appears to be more divided. The war in Ukraine continues to add uncertainty and indirectly impact commodity prices and inflation. While we consider macro headwinds and tailwinds we do not attempt to second guess large world events. Rather, we look for high-quality companies with excellent stewards, franchises and financials at reasonable valuations. During this quarter, the Trust initiated holdings in two companies with these characteristics.

The first is a bank that traces its heritage back to the great depression of 1932, making it one of the oldest, capitalised financial services firms operating in Singapore, South East Asia and parts of China. It is recognised and trusted as one the safest deposit franchises in Asia and we purchased it a slightly under one times book value and with an attractive dividend yield.

We also purchased a listed subsidiary consumer goods company, which owns, manufactures and distributes high-quality brands around the largest archipelago in the world. We have admired this franchise for decades, but high valuations had always dissuaded us from ownership. During the period, we were able to take advantage of weakness to introduce this high-quality company to the Trust.

In addition to these new purchases, we increased the position size in **Shenzhen Inovance Tech** (China) and **Glodon** (China) which improve efficiency in the engineering and construction sector respectively.

During the period, the Trust sold **Hualan Biological Engineering** after a re-evaluation of franchise strength amidst a shifting competitive landscape. The Trust continued to trim **Dr. Reddy's Laboratories** (India) over uncertainty about their operations in Russia, and **CG Power** (India) after a strong period of outperformance to control the position size.

[View the latest Trust video update](#)

Proxy voting

Pacific Assets Trust plc

During the quarter, there were **347** resolutions from **42** companies to vote on. On behalf of the Trust, we voted against **ten** resolutions.

We voted against **Amoy Diagnostics'** request to transfer product rights and equity to a subsidiary, and to amend authorised share capital, as we did not have sufficient information at the time of voting. (two resolutions)

We voted against the approval of an Employee Stock Purchase Plan at **Glodon**, as we believe one-year vesting periods are too short term and not in shareholders' interests. (three resolutions)

We voted against the appointment of the auditor and the election of two directors at **Hualan Biological Engineering**. At the time of voting the company had not disclosed a breakdown of the fees paid to its auditor, and we do not believe the directors are truly independent. (three resolutions)

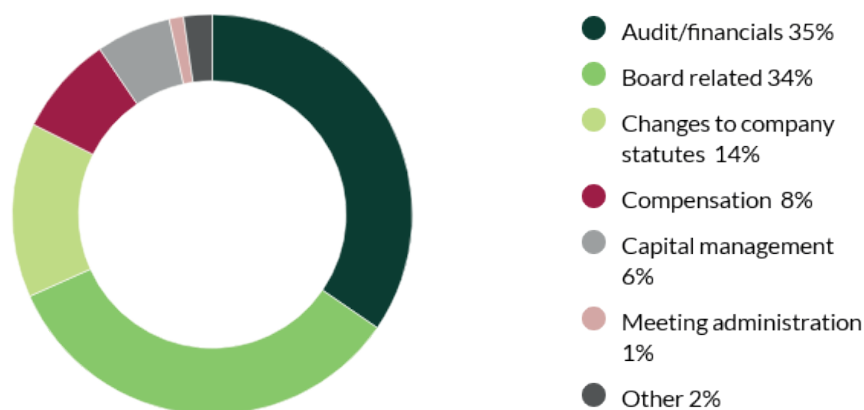
We voted against **Humanica Public's** request for management to approve all other business matters before the annual general meeting (AGM) of shareholders. We consider ourselves active shareholders and prefer to vote on such matters at the AGM. (one resolution)

We voted against **Pentamaster's** request to issue shares without pre-emptive rights, as the share discount rate had not been disclosed. (one resolution)

Proxy voting by country of origin



Proxy voting by proposal categories



Source for company information: Stewart Investors investment team and company data. Named new investments disclosed relate to holdings with a portfolio weight over 1%. Proxy voting chart numbers may not add to 100 due to rounding.



Other news

Our Climate Report: The race to zero

Climate change is a critical social, environmental and economic issue. During the quarter, we published our inaugural climate report which contains our climate targets, exposure to climate solutions, and approach to engagement and voting. [Read our report.](#)

For more information on the largest emitters and contributors to carbon emissions, information on company-level climate change targets, and contributions to climate solutions for the Trust, [see the Trust report.](#)

Investor Support for Deforestation-free legislation

We have supported a bill put forward by the Fostering Overseas Rule of Law and Environmentally Sound Trade (FOREST) Act, which would provide investors with important information on material financial and climate-related risks to companies potentially linked to deforestation. This bill would help investors mitigate material risks facing portfolios and the companies in which they invest.

We believe it will effectively contribute to curbing global deforestation, thereby helping reduce climate risk and protecting investments in vulnerable sectors. Moreover, the procurement piece of this bill would help investors identify companies that are adequately mitigating climate and forest risk by fulfilling their commitments to net-zero emissions and zero deforestation.

Team changes

Mohan Gundu is retiring from the financial services industry and will be leaving Stewart Investors on 24 July 2022.

Mohan has had a long, successful career that began in the late 80s with roles at various brokerage firms such as Jefferies and CLSA, following his Bachelor of Technology in Civil Engineering and MBA from the Indian Institute of Management. Mohan joined Stewart Investors, Sustainable Funds Group in December 2016 as a senior analyst, and now plans to spend his retirement with his family and pursuing his planned book on the history of capital markets within India.

On behalf of the business we are sure you would like to join us in thanking Mohan for his contribution over the years, and wish him the very best in his retirement.

Given Mohan's decision to retire, we have undertaken an internal search for some additional research capabilities. With the First Sentier Investors decision to terminate St Andrews Partners in March 2022, we had the opportunity to interview the outgoing investment team prior to their departure. We are pleased to communicate that we have offered existing St Andrews Partners' analyst, Tyler Thomas, a permanent role with Stewart Investors. Tyler commenced this role on the 27 June 2022.

Tyler was a graduate investment analyst with the St Andrews Partners team at Stewart Investors. He joined the team in September 2021. Tyler graduated with First Class Honours in Economics from the University of Durham in 2021. Prior to joining the team, Tyler gained internship experience with the St Andrews Partners team in Edinburgh.

Pacific Assets Trust GBP - 30 June 2022

Fund Size

£431m

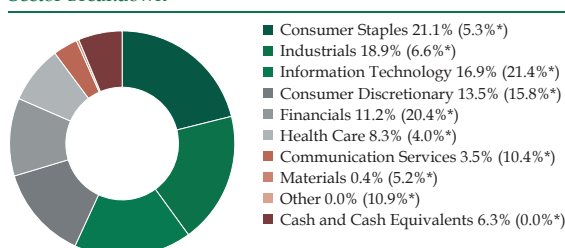
Number of Holdings

65

Ten Largest Holdings

Stock Name	Portfolio Weight (%)	**Comparator Index Weight (%)
Tube Investments of India Limited	6.3	0.0
Mahindra & Mahindra	5.9	0.2
CG Power & Industrial Solutions Ltd	5.3	0.0
Marico Limited	3.3	0.1
Voltronic Power Technology Corp	2.8	0.1
Elgi Equipments Ltd	2.6	0.0
Unicharm Corporation	2.4	0.0
Tata Consumer Products	2.2	0.1
Hoya Corp.	2.1	0.0
Vinda International Holdings	2.1	0.0
Total	35.0	0.5

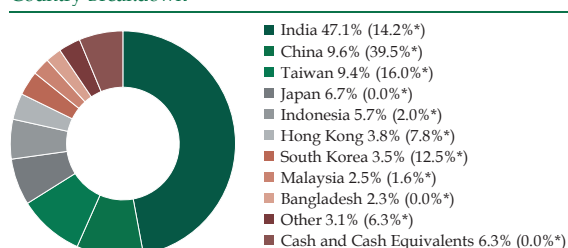
Sector Breakdown



**Comparator Index Weight

Cash Equivalents may include T-Bills.

Country Breakdown



**Comparator Index Weight

Market Capitalisation (% in GBP)

	0 to 500m	500m to 1bn	1bn to 2.5bn	2.5bn to 5bn	5bn to 10bn	10bn to 50bn	50bn to 100bn	100bn+
Portfolio Weight	7.4	5.7	16.0	20.8	15.0	23.7	1.5	3.6
Benchmark Weight	0.0	0.0	2.1	8.6	13.8	37.5	6.8	31.1

FactSet does not always have full stock coverage; weights may not total 100%

Contribution Analysis - 12 Months

Top Three Contributing Stocks

Stock Name	Portfolio Weight (%)	Value Added (bps)
CG Power & Industrial Solutions Ltd	5.3	291
Tube Investments of India Limited	6.3	263
Mahindra & Mahindra Ltd.	5.9	194

Bottom Three Contributing Stocks

Stock name	Portfolio Weight (%)	Value Added (bps)
Vitasoy International Holdings	2.1	-165
Koh Young Technology Inc	2.0	-116
NAVER Corp.	1.5	-106

Annual Performance (% in GBP)

	12 mths to 30/06/22	12 mths to 30/06/21	12 mths to 30/06/20	12 mths to 30/06/19	12 mths to 30/06/18
NAV	-1.8	30.7	-3.6	8.8	9.5
Share Price	-9.3	31.3	-11.8	16.8	6.3
Consumer Price Index (CPI) +6%	15.8	8.4	6.7	8.3	8.7
MSCI AC Asia ex Japan Index	-14.7	24.9	4.7	3.2	8.1

Cumulative Performance (% in GBP) to 30 June 2022

	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	6 mths	3 mths
NAV	236.6	191.0	47.6	23.8	-1.8	-9.2	-1.2
Share Price	224.3	184.0	30.4	5.0	-9.3	-14.8	-1.3
Consumer Price Index (CPI) +6%	175.0	128.9	57.6	33.9	15.8	8.7	5.9
MSCI AC Asia ex Japan Index	129.1	120.7	24.6	11.6	-14.7	-6.6	-1.3

Past performance is not a reliable indicator of future results.

Source for Trust: Lipper IM/Bloomberg/Trust Administrator. The NAV performance data is calculated on a net basis after deducting all fees (e.g. investment management fee) and costs (e.g. transaction and custody costs) incurred by the Trust. The NAV includes dividends reinvested on a net of tax basis.

**Source for comparator MSCI AC Asia ex Japan Index and CPI data: FactSet. Comparator index calculated on an income reinvested net of tax basis. It is shown to provide additional context for investors seeking exposure to the region.

CPI data is quoted on a one month lag. Performance calculated from when Stewart Investors became Investment Manager of the Trust on 1 July 2010.

Contributions are calculated at the investee company level before the deduction of any fees incurred at Trust level (e.g. the management and administration fee) but after the deduction of transactional costs. Contribution data is calculated from the full portfolio and includes cash.

Any stocks held/listed in non-index or regional countries have at least 25% of their economic activities (at the time of investment) within the Asia Pacific region

Important information

This material has been prepared for informational purposes only and is only intended to provide a summary of the subject matter covered and does not purport to be comprehensive. The views expressed are the views of the writer at the time of issue and may change over time. It does not constitute investment advice and/or a recommendation and should not be used as the basis of any investment decision.

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References to “we” or “us” are references to Stewart Investors. Stewart Investors is a trading name of First Sentier Investors (UK) IM Limited.

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Pacific Assets Trust plc (“The Trust”) is an investment trust, incorporated in Scotland with registered number SC091052, whose shares have been admitted to the Official List of the London Stock Exchange plc. The Trust has appointed Frostrow Capital LLP as its Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive. Frostrow and the Trust have delegated certain portfolio management responsibilities to First Sentier Investors (UK) IM Limited. Further information is available from Client Services, Stewart Investors, 23 St Andrew Square Edinburgh, EH2 1BB or by telephoning 0800 587 4141 between 9am and 5pm Monday to Friday or by visiting www.pacific-assets.co.uk. Telephone calls with Stewart Investors may be recorded.

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