

# Pacific Assets Trust plc



Investment Manager



Portfolio Manager: David Gait

Information as at 30 September 2011

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

## Investment Objective and Benchmark Index

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 benchmark index is the MSCI All Country Asia ex Japan Index (total return; Sterling adjusted).

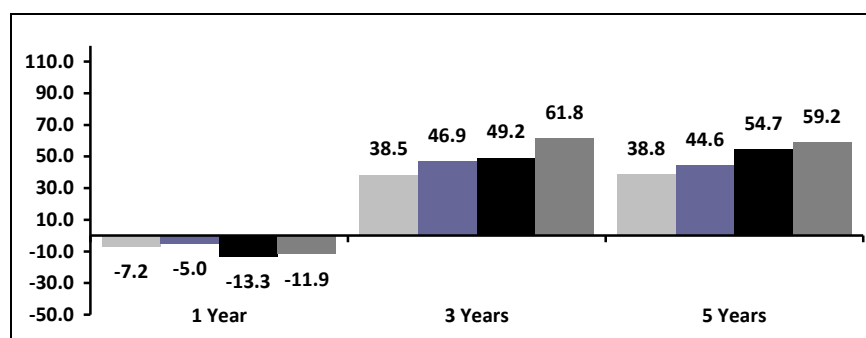
## Cumulative Performance (%)

Trust: Pacific Assets Trust plc – NAV (total return)

Trust: Pacific Assets Trust plc – Share Price (total return)

Index: MSCI All Country Asia ex Japan (total return; £ adjusted)

Peergroup: Share Price (total return)



## Discrete Performance – Calendar Years (%)

| Percentage Growth | 2006 | 2007 | 2008  | 2009 | 2010 | YTD   | First State* |
|-------------------|------|------|-------|------|------|-------|--------------|
| NAV               | 20.3 | 52.5 | -50.1 | 57.2 | 19.1 | -14.4 | -0.2         |
| Share Price       | 19.4 | 49.0 | -47.9 | 62.3 | 19.1 | -14.9 | 2.3          |
| Index             | 17.1 | 38.2 | -33.9 | 53.6 | 23.7 | -19.3 | -4.1         |
| Peergroup         | 20.3 | 36.5 | -35.6 | 63.2 | 24.4 | -19.2 | -1.0         |

Source: Morningstar. Past performance is not a guide to future performance. Peergroup performance basis: share price, percentage growth, bid to bid, net income reinvested in Sterling.

\*Performance since First State was appointed as Investment Manager with effect from the 1st July 2010

## Commentary

During September, the NAV was down 6.6%, the share price was down 6.8%, the index was down 9.2% and the Peergroup was down 10.4%.

Asia ex-Japan markets fell steeply in September, underperforming world markets. Geographically, Thailand, China and Hong Kong were the weakest while India, Malaysia and the Philippines held up the most. In sector terms, Materials, Industrials and Financials underperformed while Telecom Services, Information Technology and Utilities performed the best. SP Setia (Malaysia: Financials) contributed positively to performance following a takeover offer.

Hong Kong & China Gas (Hong Kong: Utilities) also outperformed as investors were drawn to this well run and defensive franchise. On the negative side, DBS Group (Singapore: Financials) was influenced by poor performance of the banking sector globally on worries about the Eurozone sovereign debt crisis. Samsung Fire & Marine (South Korea: Financials) was weighed on by the fall in the Korean won.

There were no major purchases over the month. We sold Jusung Engineering (South Korea: Industrials) on an uncertain earnings outlook. The Fund remains defensively positioned and we see the best value in companies with pricing power, strong sustainable cash flows and growing dividend yields.

## Investment Manager Profile

First State was appointed as Investment Manager with effect from the 1<sup>st</sup> July 2010. First State is 100 per cent owned by the Commonwealth Bank of Australia and is headquartered in Edinburgh. Its Asia Pacific ex Japan/Global Emerging Markets team is responsible for the portfolio and has 21 investment professionals, a number of whom are located in the firm's offices in Hong Kong and Singapore. The First State team has specialised in Asian investment for 22 years and has built a highly creditable long term performance record managing a range of client portfolios including Scottish Oriental Smaller Companies Trust plc, an investment company which invests in smaller companies in the Asian Pacific region. First State has a disciplined research procedure which seeks to identify high quality companies.

## Investment Policy

To invest in companies with the aim of generating long term growth for shareholders. The Company invests principally in listed equities but may invest in other securities, including preference shares, debt instruments, convertible securities and warrants. In addition, the Company may invest in open and closed-ended investment funds and companies, up to a limit of 10 per cent of total assets, or in some cases 15 per cent. The Company is able to invest in unlisted securities but these will be limited to those which are expected to be listed on a stock exchange or which cease to be listed and which may be appropriate to continue to hold. Risk is diversified by investing in different countries, sectors and stocks within the Asia Pacific region and the Indian sub-continent, excluding Japan, Australia and New Zealand. The Board has set a current limit for single investments of 7.5 per cent of total assets at the time of investment. The Board has set a current limit on gearing, net of cash, of 20 per cent of shareholders' funds at the time of borrowing.

## Pacific Assets Trust plc

### Ten Largest Equity Holdings as at 30 September 2011 (% of total investments)

| Name                               | Country     | Total       |
|------------------------------------|-------------|-------------|
| Taiwan Semiconductor Manufacturing | Taiwan      | 5.5         |
| Manila Water                       | Philippines | 4.9         |
| Hong Kong & China Gas              | Hong Kong   | 4.7         |
| DBS Group                          | Singapore   | 4.5         |
| Singapore Telecommunications       | Singapore   | 4.4         |
| DGB Financial Group                | South Korea | 3.5         |
| Samsung Fire & Marine Insurance    | South Korea | 3.5         |
| Kasikornbank                       | Thailand    | 3.4         |
| Singapore Post                     | Singapore   | 3.3         |
| Towngas China                      | Hong Kong   | 3.1         |
| <b>Total</b>                       |             | <b>40.8</b> |

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### Fast Facts as at 30 September 2011

|                              |                                                                                                                                                                                                                                   |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Launch Date</b>           | 1985                                                                                                                                                                                                                              |
| <b>Annual Management Fee</b> | 0.75% of net assets <u>plus</u> 0.20% of market cap (payable by the Trust)                                                                                                                                                        |
| <b>Performance Fee</b>       | The performance fee is 12.5% of that portion of the NAV outperformance over the MSCI All Country Asia ex Japan Index, which exceeds a 1.75% hurdle, measured over a rolling three year period. See Annual Report for more details |
| <b>Year / interim end</b>    | 31 January / 31 July                                                                                                                                                                                                              |
| <b>Capital Structure</b>     | 116,848,386 Ordinary Shares                                                                                                                                                                                                       |

### Portfolio Allocation as at 30 September 2011

|               |               |
|---------------|---------------|
| Taiwan        | 16.8%         |
| Singapore     | 16.7%         |
| Hong Kong     | 16.0%         |
| India         | 12.9%         |
| South Korea   | 11.9%         |
| Philippines   | 8.1%          |
| Thailand      | 6.7%          |
| Liquidity     | 6.3%          |
| Malaysia      | 2.4%          |
| China         | 1.1%          |
| Indonesia     | 0.6%          |
| Sri Lanka     | 0.5%          |
| <b>Total:</b> | <b>100.0%</b> |

Source: All portfolio information sourced from Frostrow Capital LLP.

### Trust Characteristics

|                             |        |
|-----------------------------|--------|
| <b>Number of Holdings</b>   | 56     |
| <b>Total Assets (£m)</b>    | 143.0  |
| <b>Dividend</b>             | June   |
| <b>Current Net Yield</b>    | 1.2%   |
| <b>Gearing (AIC basis)</b>  | 100    |
| <b>Share Price (p)</b>      | 111.88 |
| <b>NAV (p) (ex income)</b>  | 119.53 |
| <b>(Discount) / Premium</b> | (6.4%) |

### Standardised Discrete Performance (%)

| Percentage Growth<br>12 Month Return | Sep 06-<br>Sep 07 | Sep 07-<br>Sep 08 | Sep 08-<br>Sep 09 | Sep 09-<br>Sep 10 | Sep 10-<br>Sep 11 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| NAV                                  | 73.8              | -42.3             | 27.4              | 17.2              | -7.2              |
| Share Price                          | 70.5              | -42.2             | 32.6              | 16.6              | -5.0              |
| Index                                | 47.8              | -29.9             | 41.6              | 21.6              | -13.3             |
| Peergroup                            | 49.2              | -33.2             | 48.8              | 23.3              | -11.9             |

Source: Morningstar. Peergroup performance basis: share price, percentage growth, bid to bid, net income reinvested in Sterling.

### Important Information

Pacific Assets Trust plc (the "Company") is a UK investment trust listed on the London Stock Exchange and is a member of the Association of Investment Companies. As this Company may implement a gearing policy investors should be aware that the share price movement may be more volatile than movements in the price of underlying investments. Past performance is not a guide to future performance. The value of investments and the income from them may fall as well as rise and is not guaranteed. An investor may not get back the original amount invested. Changes in the rates of exchange between currencies may cause the value of investments to fluctuate. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Shares in companies in the Asia Pacific region can prove volatile and above average price movements can be expected. There can be no assurance that the Company's investment objective will be achieved and investment results may vary substantially over time. This document is for information purposes only and does not constitute an offer or invitation to purchase shares in the Company and has not been prepared in connection with any such offer or invitation. Investment Trust share prices may not fully reflect underlying net asset values. There may be a difference between the prices at which you may purchase ("the offer price") or sell ("the bid price") a share on the stock market which is known as "bid-offer" or "dealing" spread. This is set by the market makers and varies from share to share. This spread typically averages 1-2% each way on the mid-market price (the price halfway between the bid and offer prices), and can fluctuate and at times be higher than average. Net Asset Value per share is calculated in accordance with the guidelines of the Association of Investment Companies in that income received by the company in the period since the last annual accounts is excluded. Total net assets are stated inclusive of income received. Any opinions on individual stocks are those of the Company's Investment Manager and no reliance should be given on any such views. Any research in this document has been procured and may have been acted upon by First State Investment Management (UK) Limited ("First State") for its own purposes. The results are being made available to you only incidentally. The views expressed herein do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of Frostrow Capital LLP and no assurances are made as to their accuracy.

### Codes

|                           |              |
|---------------------------|--------------|
| <b>Sedol – Shares</b>     | 0667438      |
| <b>ISIN – Shares</b>      | GB0006674385 |
| <b>Bloomberg – Shares</b> | PAC LN       |
| <b>Epic – Shares</b>      | PAC          |

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