

Pacific Assets Trust

June 2011

- International operation of Colonial First State Global Asset Management, the asset management business of Commonwealth Bank of Australia
- Funds under management of £32.8 billion*
- Offices in Edinburgh, Hong Kong, Jakarta, London, New York, Singapore and Tokyo
- Clients throughout Asia, Australasia, Europe, Middle East & North America
- 202 employees in the UK, 127 in Asia**
- Investment team of 79*
- Focused on managing specialist products

*As at 31 Mar 11

**As at 31 Dec 10

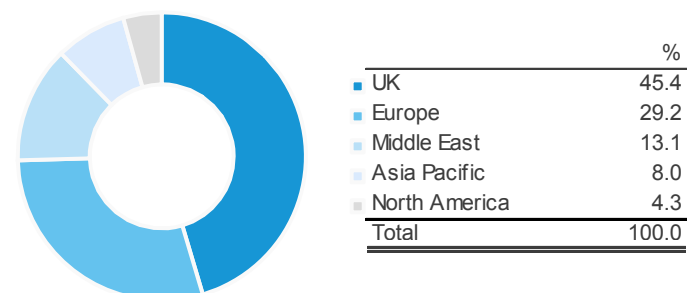
Asia Pacific / Global Emerging Market Equities

- Autonomous team within First State Investments
- Funds under management of £27.7 billion*
- Offices in Edinburgh, Hong Kong and Singapore
- Clients throughout Asia, Australasia, Europe, Middle East & North America
- 21 employees in the UK, 13 in Asia*
- Investment team of 27*

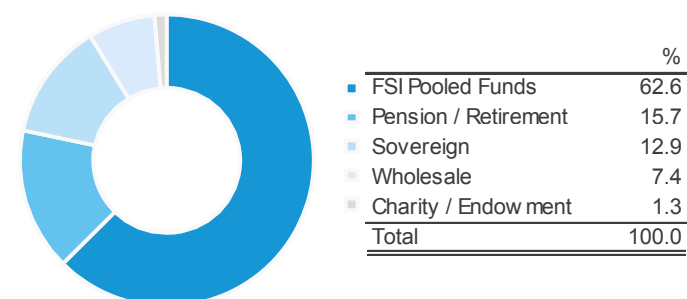
Funds under management

Colonial First State Global Asset Management	£97.8bn			
First State Investments (UK & Asia)	£32.8bn			
Asia Pacific & Global Emerging Markets	£27.7bn			
	All Cap (£)	Leaders (£)	Select (£)	Total (£)
Asia Pacific ex Japan	2,933	7,747	4,478	15.2
Global Emerging Markets	1,786	4,341	509	6.6
Greater China	4,505	717	-	5.2
Other / Specialist	541	189	-	0.7
Total (£)	9,766m	12,995m	4,987m	27.7bn
Total	35.2%	46.8%	18.0%	100%

First State Investments (UK & Asia) Client Geographical Split (%)

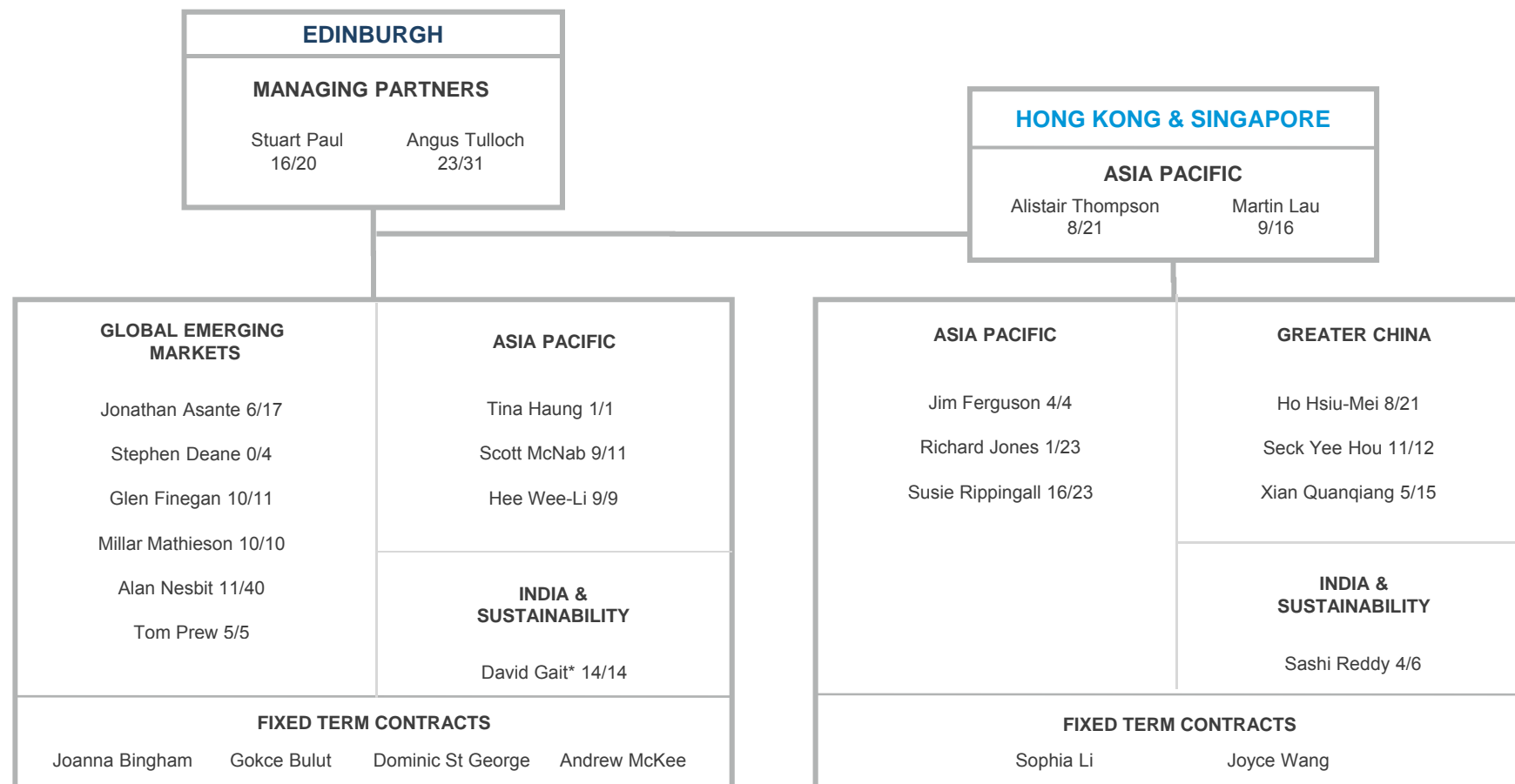


First State Investment (UK & Asia) Client Category (%)



Source: First State Investments. Data is at at 31 Mar 11 in GBP. Assets have been converted from the base currency of each account using the WM Reuters 4pm exchange rate.

Team location and research specialisations



Above chart reflects team, not product, responsibilities. Number of years with Firm/Years of Investment career experience indicated after names. As at 31 Mar 2011.

* David Gait has temporarily relocated to Sydney, Australia.

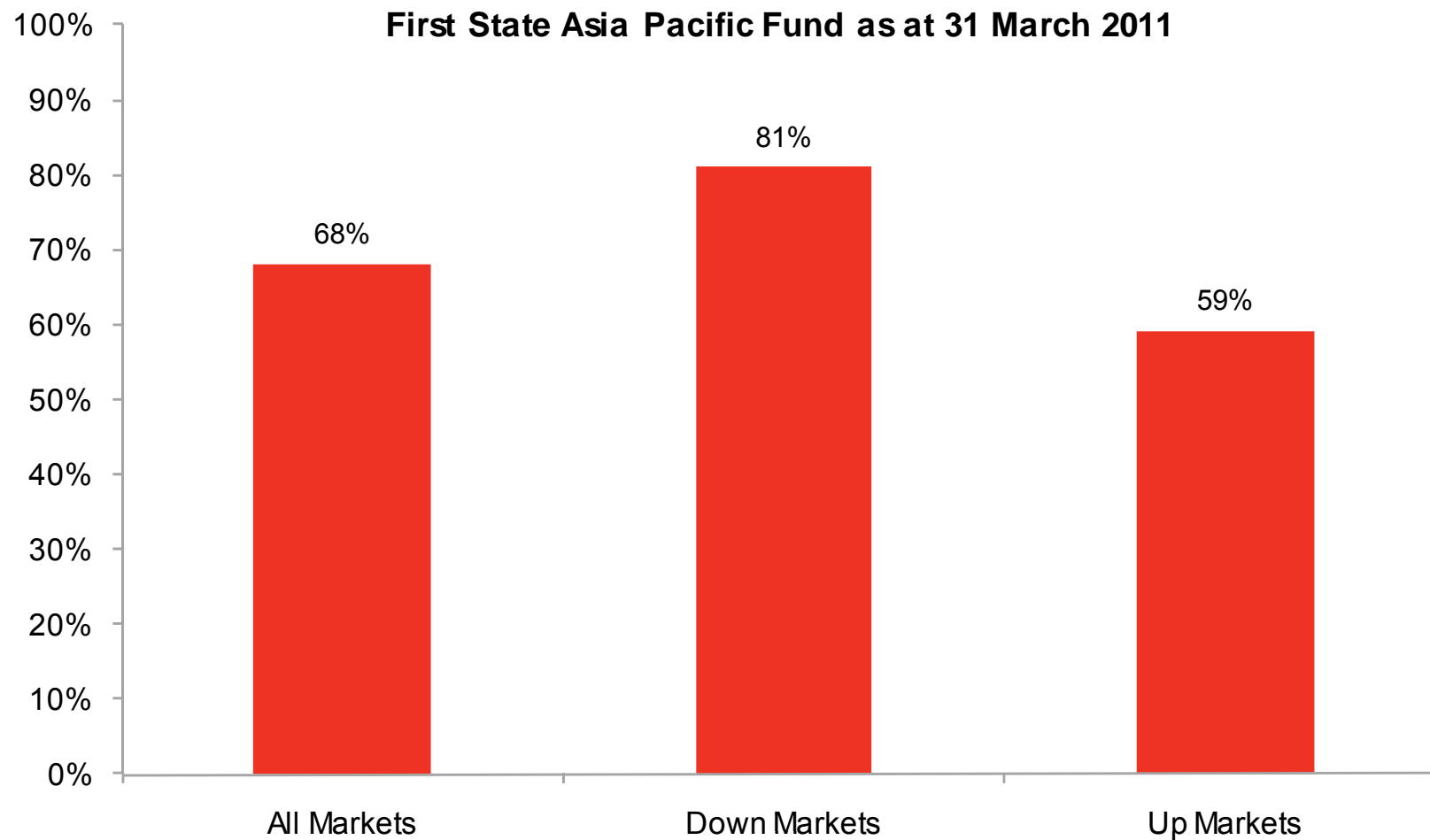
The team also includes the following additional members:

- (1) Portfolio support: Karen Lumsden, Tina Stackhouse (Edinburgh)
- (2) Administrative support: Christina Choo (Singapore), Linda Currie, Fiona Lunn, Eileen Gammack (Edinburgh), Olivia Lau (Hong Kong)

Our investment approach

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

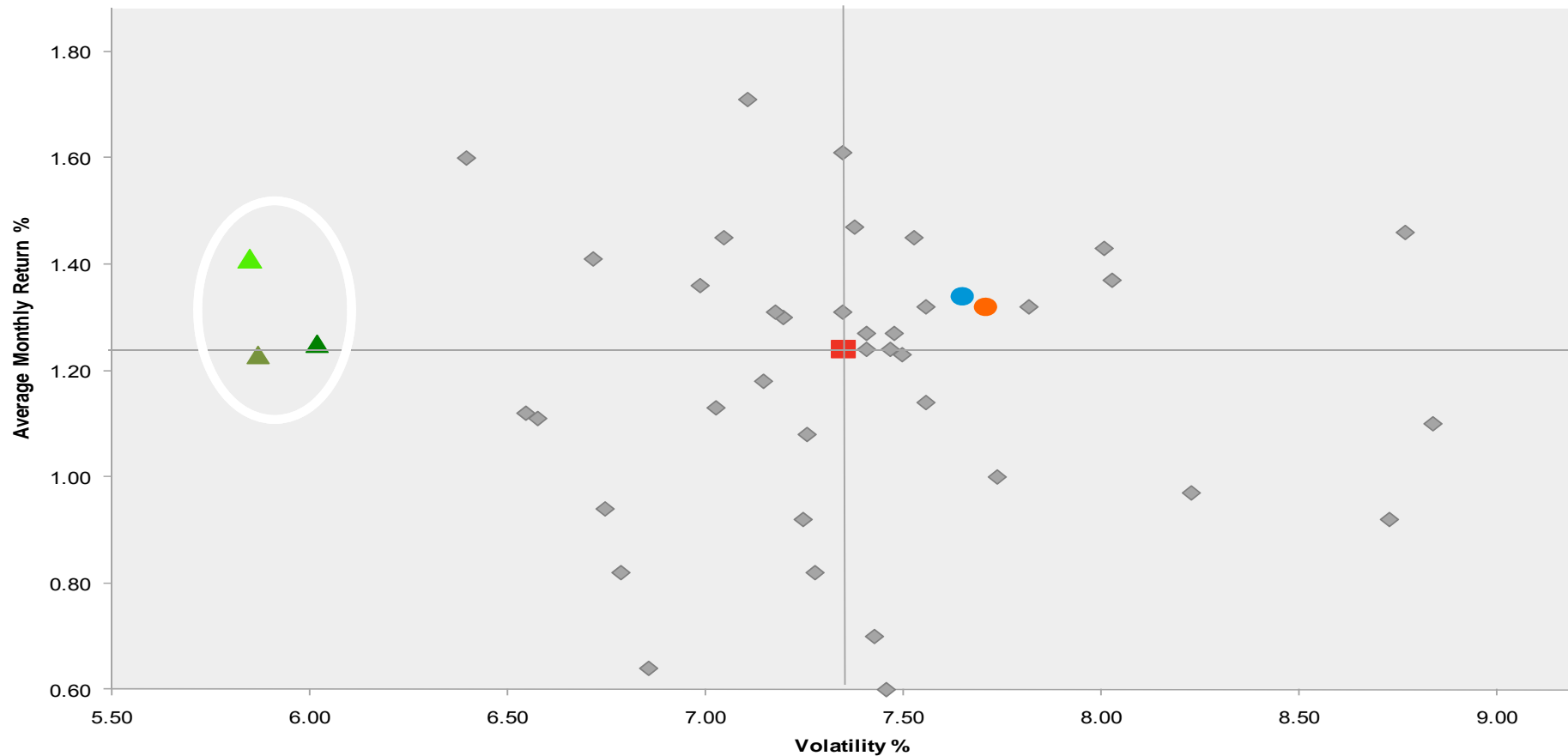
Investment style perspective



Source: Barra Enterprise Performance. First State Asia Pacific Fund

Quarters of outperformance are calculated since launch (30 Jun 88) to 31 Mar 11 in GBP, on a gross of fees and tax basis.

Volatility over three years to 31 Mar 11



Key:

- ▲ FS Asia Pacific Fund
- ◆ IMA sector peer group
- MSCI AC Asia ex Japan
- ▲ FS Asia Pacific Leaders Fund
- IMA sector median
- MSCI AC Asia Pacific ex Japan
- ▲ FS Asia Sustainability Fund

Source: Reuters Hindsight, bid to bid, net income reinvested, in GBP as at 31 Mar 11

What do we mean by Sustainable Investment?

Sustainable Investment In Asia Pacific and Emerging Markets



Source: http://commons.wikimedia.org/wiki/File:Rich_and_poor_in_S%C3%A3o_Paulo.jpg

What do we mean by Sustainable Investment?

Theme	% Fund*	Company examples (not all currently held)
Affordable services	23.5	Bharti Airtel India: mobile phones Commercial Bank of Ceylon (Sri Lanka: banking) Mindray Medical (China: medical diagnostics) Mahindra & Mahindra Finance (India: rural finance) Standard Chartered (Asia: sustainable finance)
Affordable products	15.9	Dabur (India: consumer products) Hengan (China: consumer products) Hindustan Unilever (India: consumer products)
Cleaner technologies	9.0	Chugoku Marine Paints (Asia: environmentally friendly marine paints) Greens Holdings (Hong Kong: heat convertors) ITEQ (Taiwan: non-toxic PCB laminates)
Energy	16.2	Towngas China (China: cleaner gas) Oil Search (Papua New Guinea: gas) PNOC Energy (Philippines: geothermal)
Energy Efficiency	9.4	ASM Pacific (Hong Kong: electronic equipment) Chroma Electronics (Taiwan: solar/LED) Delta Electronics (Taiwan: electric power management)
Housing	1.4	Ayala Land (Philippines) Gruh Finance (India)
Transport and Infrastructure	18.9	MTR (Hong Kong: transport) Transport International (Hong Kong: bus) Comfort Delgro (Hong Kong)
Water	3.8	Manila Water (Philippines: water utility) Tata Chemicals (India: water filtration)

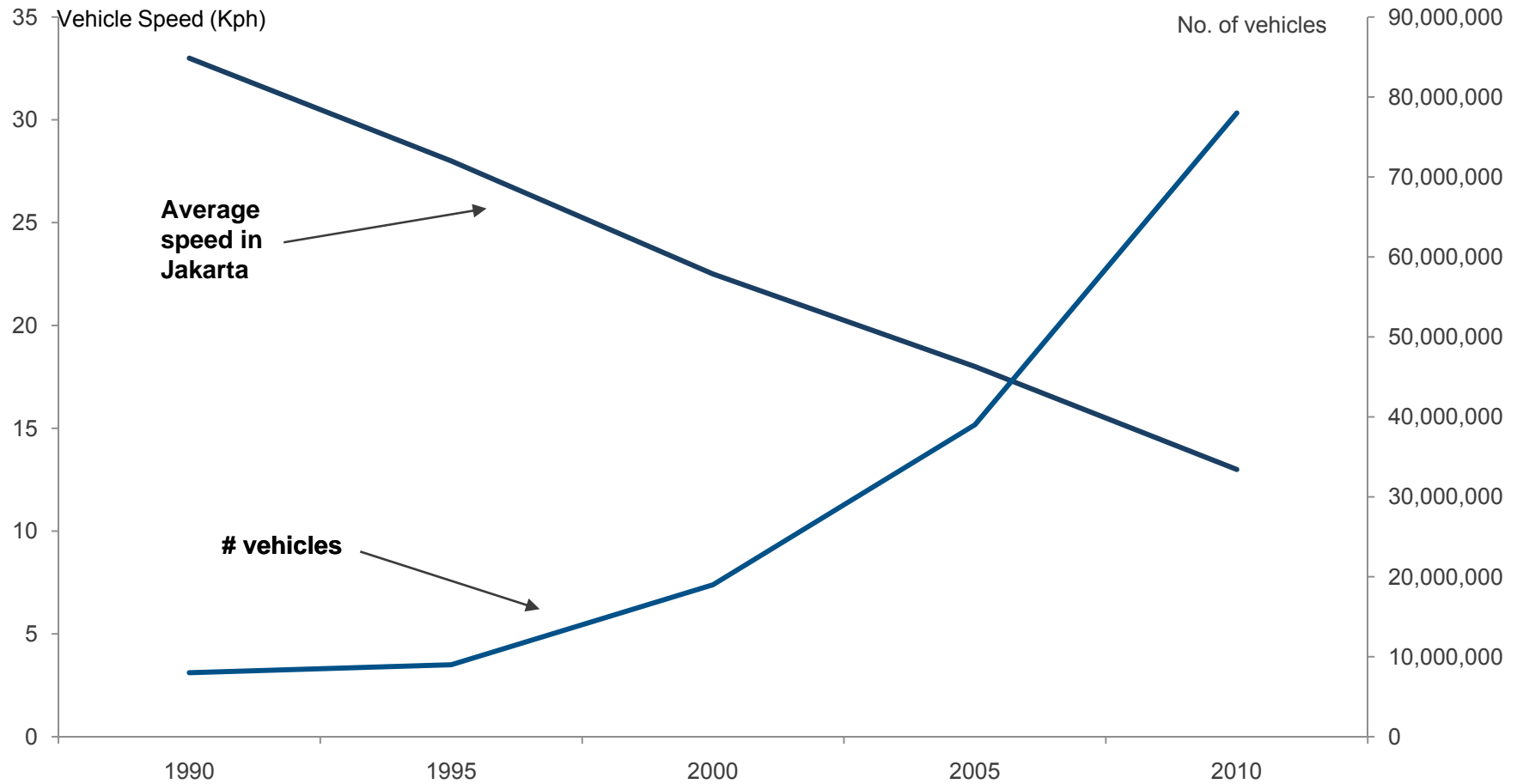
Source: First State Investments. * % First State Investments Asia Pacific Sustainability Fund OEIC 4th June 2010

What do we mean by Sustainable Investment?

- July 2009: An Asian company releases a 450 page IPO offer document, which reveals:
 - Promoters previously banned from accessing securities market for two years for stock price manipulation
 - 172 outstanding litigation cases covering 31 pages – ranging from alleged fraudulent import and export of CD ROMS, aircraft and polished diamonds to harassing local fishermen and failing to get environmental permits
 - Significant conflicts of interest
 - Three different audit firms in the past three years
 - Several major environmental issues outstanding including threat to endangered species
 - No operating history
- The result: IPO was oversubscribed 39x by institutional investors and listed with a market capitalisation of over US\$5bn

Limits to growth

Indonesian Traffic Conditions



Source: Indonesia Police Office (Traffic) & Indonesian Transport Society (Speed), sourced December 2010

Those who stand for nothing fall for anything

1. Short-term bonuses
2. Monthly performance figures
3. Quarterly reporting
4. Delay voting rights
5. Delay dividends
6. Short term capital gains taxes
7. Independent director panels
8. IPO auctions
9. Stock lending
10. Financial Hippocratic Oath

Portfolio review

Highlights for First Twelve Months

- Restructured portfolio at low cost
 - Introduced focus on sustainability
 - Economic exposure rather than listing or domicile
 - Disposed of unlisted holding
 - Loan facility cancelled
- Efficient transfer of savings scheme assets
 - Almost 1/3 of assets in transit over a 3 week period
 - Discount to NAV narrowed during the process
 - Minimal use of buy backs
- Marketing efforts have resulted in several new names on the shareholder register

Pacific Assets Trust performance

as at 31 May 2011

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Annual (%)	2006	2007	2008	2009	2010	YTD
Pacific Assets Trust	20.3	52.5	-50.1	57.2	19.1	-3.9
MSCI AC Asia ex Japan Index	17.1	38.2	-33.9	53.6	23.7	-1.4
Peergroup*	20.3	36.5	-35.6	63.2	24.4	-2.5

Cumulative (%)	1 Year	3 Years	5 Years
Pacific Assets Trust	10.7	6.6	62.0
MSCI AC Asia ex Japan Index	15.8	37.4	102.6
Peergroup*	20.7	39.4	104.0

Source: Morningstar. The information on this slide has been obtained from Morningstar. FSI have not calculated this performance data.

*The peergroup includes the following: Edinburgh Dragon, Fidelity Asian Values, Henderson TR Pacific, Invesco Asia, JPMorgan Asian, Pacific Horizon and Schroder Asia Pacific.

Pacific Assets Trust performance

as at 31 May 2011 (% GBP net of fees)

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Cumulative Returns (%)	3 mths	6 mths	YTD	Since Inception
Pacific Assets Trust	5.7	2.4	-3.9	14.9
MSCI AC Asia ex Japan Index*	7.6	3.5	-1.4	19.5

Sources: Portfolio - First State Investments. Index - MSCI. Pacific Assets Trust launched 01 Jul 10. *Index returns are gross of tax.

Asia Pacific Sustainability Fund Performance

as at 31 May 2011 (% GBP net of fees & net of tax)



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Calendar Year Returns (%)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
First State Asia Pacific Fund	29.2	39.5	-19.4	36.3	16.7	40.5	10.9	32.5	-8.7	20.7	-9.9	59.2	-6.5	-25.6	10.4	6.7	-14.5	78.3
First State Asia Pacific Sustainability Fund	34.8	41.9	-20.9	34.0	14.9	-	-	-	-	-	-	-	-	-	-	-	-	-
MSCI AC Asia Pacific ex Japan Index	21.8	54.2	-33.4	34.2	16.1	34.4	13.9	32.8	-14.6	-0.2	-24.6	54.4	-5.7	-31.7	1.1	6.7	-17.2	88.9
Sector Average of IMA Peer Group**	23.9	52.6	-33.3	37.3	17.1	35.1	8.8	33.6	-16.9	-1.6	-19.1	67.7	-7.5	-32.9	3.2	6.2	-19.6	100.6

Cumulative Returns (%)	3 mths	6 mths	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since Launch	
								ASPU*	AP*
First State Asia Pacific Fund	7.3	4.1	-2.4	19.3	48.3	131.5	333.0	-	2457.5
Asia Pacific Sustainability Fund	5.8	3.8	-3.2	19.3	54.5	129.8	-	125.6	-
MSCI AC Asia Pacific ex Japan Index	5.9	5.1	-1.1	17.5	34.0	94.3	229.1	92.7	643.7
Sector Average of IMA Peer Group**	6.1	3.1	-2.6	17.8	32.6	95.5	209.7	96.7	1039.2

Annualised Returns (%)	3 yrs	5 yrs	10 yrs	Since Launch	
				ASPU*	AP*
First State Asia Pacific Fund	14.0	18.3	15.8	-	15.2
Asia Pacific Sustainability Fund	15.6	18.1	-	16.2	-
MSCI AC Asia Pacific ex Japan Index	10.2	14.2	12.7	12.9	9.2
Sector Average of IMA Peer Group**	9.8	14.2	11.8	13.2	10.6

*Asia Pacific Fund launched 30 Jun 88, Asia Pacific Sustainability Fund launched 19 Dec 05. Performance is for A shares (retail class). Index returns are net of tax. **IMA Peer Group: Asia Pacific ex Japan

Stock contribution: Since inception returns

What helped – absolute returns (top ten)

Company	Country	Sector	Fund Returns (bps)
E.Sun Financial Holdings	Taiwan	Financials	240
LG Corp	Korea	Industrials	155
Kasikornbank	Thailand	Financials	139
Taiwan Semiconductor	Taiwan	Information Technology	129
Oil Search # *	Papua New Guinea	Energy	113
Chroma Ate #	Taiwan	Information Technology	105
Swire Pacific	Hong Kong	Financials	89
SP Setia *	Malaysia	Financials	76
Ping An Insurance *	China	Financials	63
Sembcorp Industries	Singapore	Industrials	55

* Stock not held at end of period # Non Index stock at end of period

Source: Barra Enterprise Performance. Stock Contribution for Pacific Assets Trust in GBP since inception (01 Jul 10) to 31 May 11

Stock contribution: Since inception returns

What hurt – absolute returns (bottom ten)

Company	Country	Sector	Fund Returns (bps)
China Shineway Pharmaceuticals *	China	Health Care	-43
SMRT Corporation #	Singapore	Industrials	-39
KT Corp ADR #	Korea	Telecom Services	-32
Henderson Land Development	Hong Kong	Financials	-31
Hong Kong & China Gas	Hong Kong	Utilities	-21
Mindray Medical #	China	Health Care	-15
CNOOC *	China	Energy	-14
Jusung Engineering #	Korea	Information Technology	-13
Taiflex Scientific #	Taiwan	Industrials	-10
Dae Lim Industries Kswn *	Korea	Industrials	-9

* Stock not held at end of period # Non Index stock at end of period

Source: Barra Enterprise Performance. Stock Contribution for Pacific Assets Trust in GBP since inception (01 Jul 10) to 31 May 11

Engagement Review

Company	Country	Engagement Issue
● Adaro Energy	Indonesia	Environmental performance
● Ambit Research	India	Corruption
● Ayala Corp*	Philippines	Corporate governance
● BW Plantations	Indonesia	Sustainable palm oil
● DBS*	Singapore	Corporate governance
● Indocement	Indonesia	Environmental performance
● IOI	Malaysia	Palm Oil sustainability practices
● Kotak Bank	India	Corporate governance
● Li & Fung	Hong Kong	Supply chain management
● London Sumatra	Indonesia	Sustainable palm oil
● Oil Search	PNG	Community relations
● MTR*	Hong Kong	Health and safety
● Samsung Electronics	South Korea	Corporate governance
● Sung Hung Kai	Hong Kong	Environmental performance
● Tata Power*	India	Water usage, community relations

Portfolio outlook and strategy

Portfolio strategy - highlights

- Cautiously positioned: global de-leveraging has some way to go
- Low exposure to Banks (except Singapore and Thailand) and Resources
- Significant exposure to Consumer Staples
- Key focus on management integrity and sustainable cash generation

Asia Pacific Markets outlook – long term

Positive in absolute, and even more so in relative, terms.

Macro drivers include:

- Favourable demographics
- Relatively stable political background
- Sound fiscal/monetary policies
- High savings rates
- Competitive cost structures
- Outsourcing
- Growing middle classes
- Expanding domestic consumption

Above average GDP growth rates supported at the micro-level by:

- Low corporate/consumer debt
- Better corporate governance
- Entrepreneurial 'First Generation' management
- Improved dividend culture



Justifies higher corporate valuations

Areas of concern:

- Climate Change
- Changes in global power balance
- Rising inequality
- Afghanistan/Pakistan
- Unpredictable transitions to democracy
- Pandemics



Markets to remain volatile

Asia Pacific Markets outlook – short term

While stock markets have rebounded strongly, the outlook remains murky. We retain a cautious stance in view of the full valuations now prevailing but, in light of rising inflation, selected equities (cash generating companies with strong barriers to entry, pricing power and sound balance sheets) would seem to offer better risk-adjusted real returns than fixed interest securities or cash.

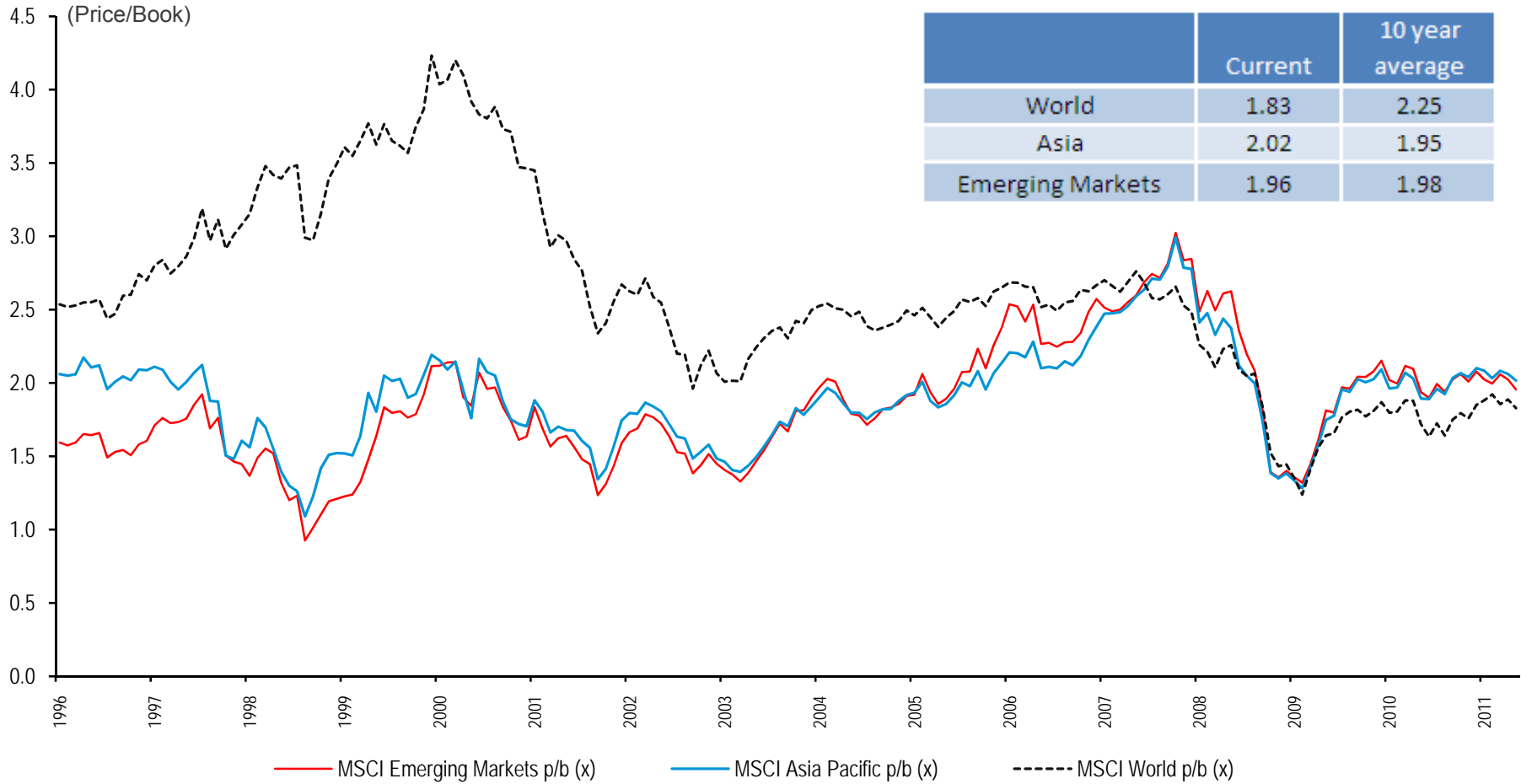
We are monitoring the following themes with particular care:

- Capital controls
- China's banking system
- China's retail sales
- Commodity prices
- Currency 'wars'
- Developed world consumption trends
- Eurozone debt
- Inflation (China, India and Vietnam)
- Interest rates
- Politics (Korea, Middle East, Pakistan)
- Protectionism
- Regional export trends
- Social discontent
- US\$: RMB 'peg'

At the micro level, we are focusing on:

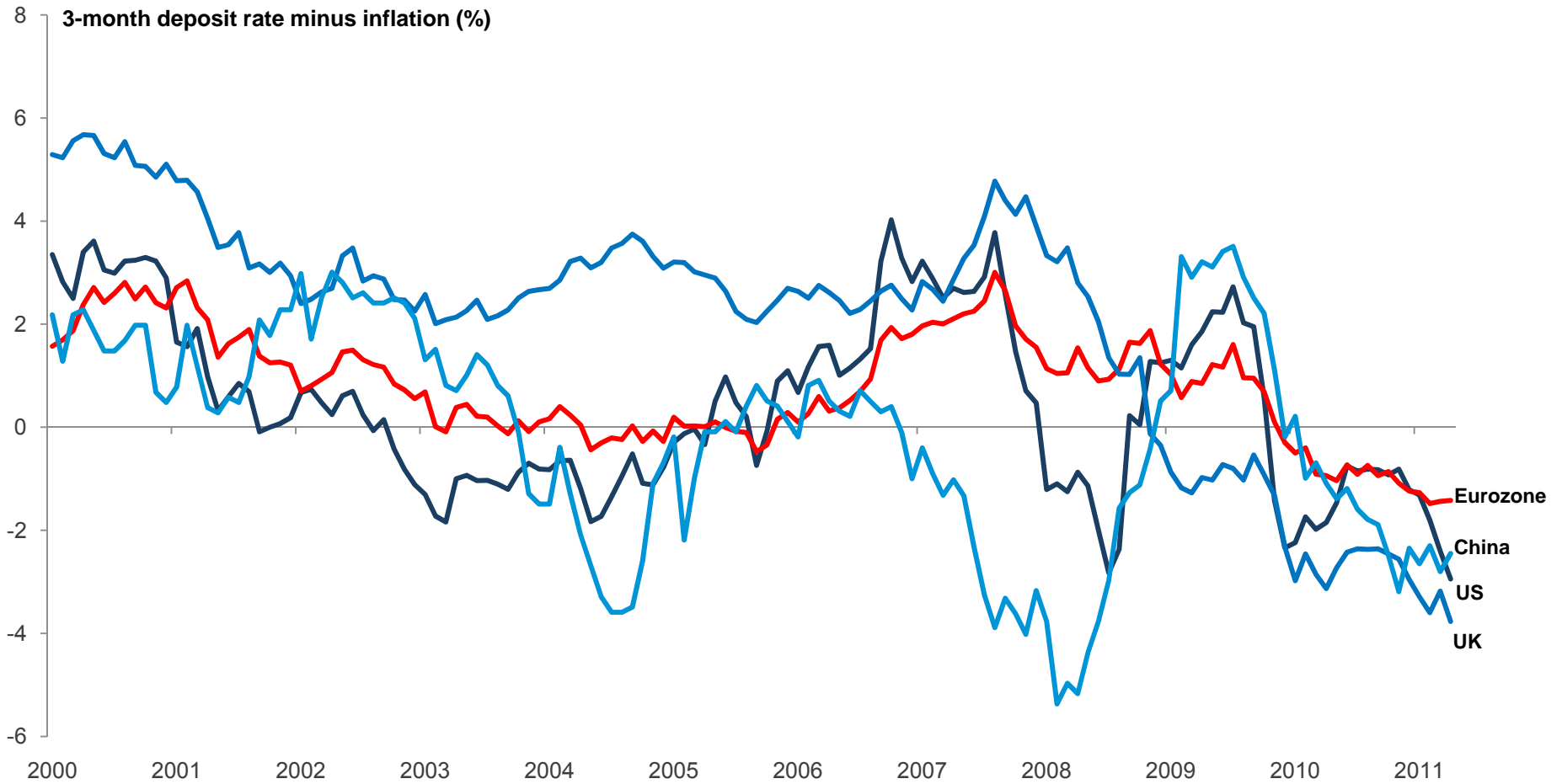
- Cash generation
- Domestic consumption stocks
- Financial sector valuations
- Lapses in corporate governance
- Predictable/sustainable growth
- Working capital

Asia Pacific, Emerging Markets and Global price / book



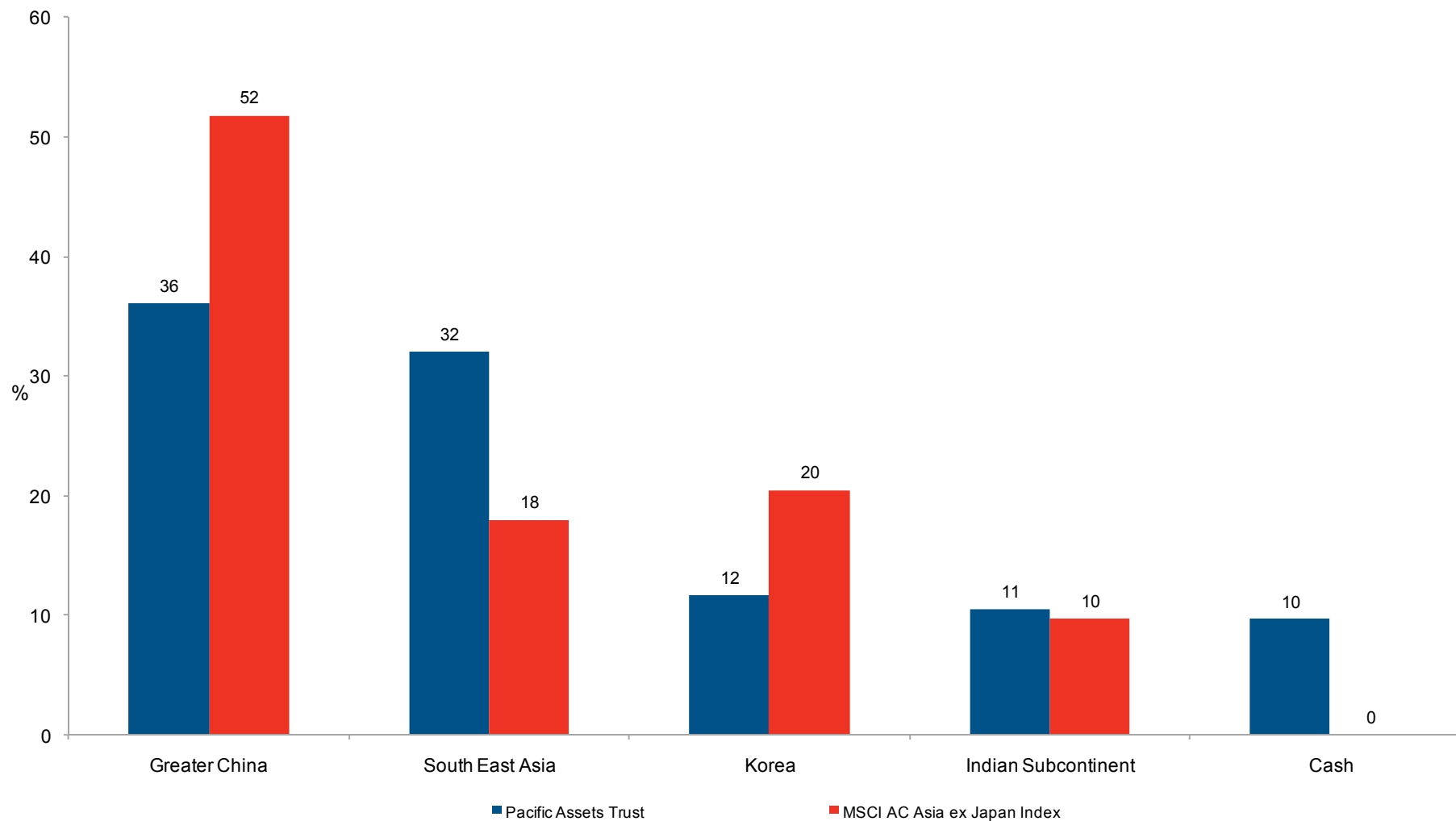
Source: UBS, as at 31 May 2011

Savers getting a poor deal



Source: Bloomberg, data to end April 2011.

Regional breakdown



Source: Pacific Assets Trust - First State Investments. Index - MSCI. As at 31 May 11.
All figures rounded to the nearest whole number.

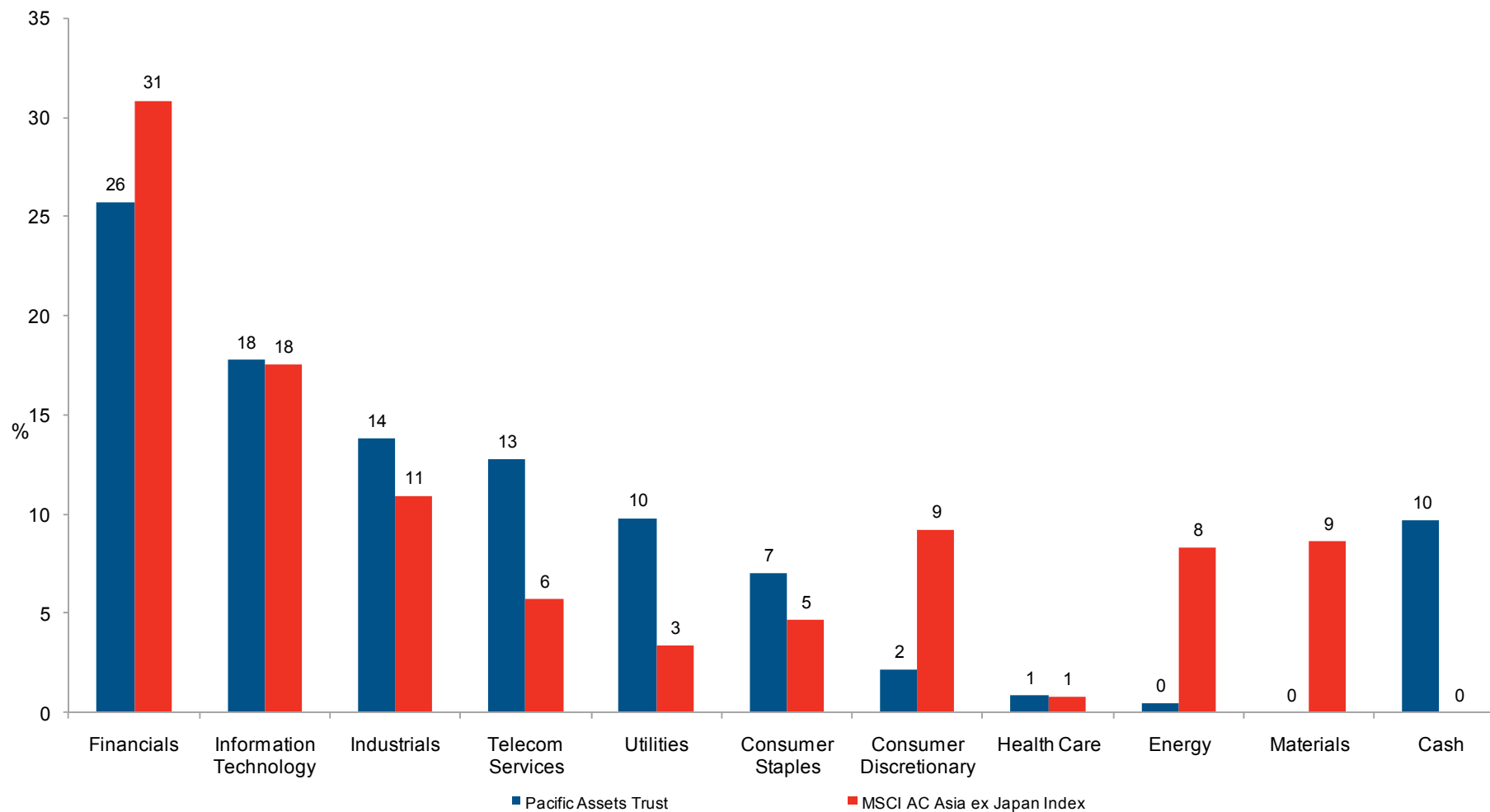
Country breakdown

	Fund (%)	Index (%)		Fund (%)	Index (%)
Greater China	36.1	51.8	South East Asia	32.0	18.0
China	4.6	24.6	Indonesia	0.5	3.6
Hong Kong	13.4	11.2	Malaysia	0.2	4.1
Taiwan	18.0	16.0	Philippines	6.9	0.8
			Singapore	17.0	7.1
Korea	11.7	20.5	Thailand	7.4	2.5
Indian sub-continent	10.5	9.7	Cash	9.7	0.0
India	10.0	9.7			
Sri Lanka	0.5	0.0			
			Total	100.0	100.0

Source: Pacific Assets Trust - First State Investments. Index - MSCI. As at 31 May 11.

All figures rounded to one decimal place.

Sector breakdown



Source: Pacific Assets Trust - First State Investments. Index - MSCI. As at 31 May 11.
All figures rounded to the nearest whole number.

Ten largest holdings

Company	% of Portfolio	% of Index	Country	Sector
Taiwan Semiconductor	5.1	2.3	Taiwan	Information Technology
DBS Group	4.6	0.7	Singapore	Financials
E.Sun Financial Holdings	3.9	0.1	Taiwan	Financials
Manila Water Company	3.8	0.0	Philippines	Utilities
Singapore Telecom	3.7	0.7	Singapore	Telecom Services
Daegu Bank	3.1	0.1	Korea	Financials
Kasikornbank	3.1	0.2	Thailand	Financials
Hong Kong & China Gas	3.1	0.4	Hong Kong	Utilities
Singapore Post	3.1	0.0	Singapore	Industrials
Samsung Fire & Marine	2.9	0.2	Korea	Financials
	36.2	4.7		

Source: Pacific Assets Trust - First State Investments. Index - MSCI. As at 31 May 11.

All figures rounded to one decimal place.

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