

## PAC

Share Price	123.37p
NAV	136.1p
NAV (undiluted)	136.1p
Discount (-) / Premium (+)	
Now	-9.4%
Average	-7.5%
Low	-3.1%
High	-11.4%
Z-Score	-1.0
Market Cap (m)	£ 144
Assets (m)	£ 159
No. Shares	116.8m
Net Yield	1.1%

Source: Thomson Reuters, Bloomberg

Top 10	(% of NAV)
Taiwan Semiconductor	5.7%
DBS Group Holding	5.1%
E.Sun Financial	4.3%
Manila Water Company	4.2%
Singapore Telecoms	4.1%
Daegu Bank	3.5%
Kasikornbank Pcl	3.4%
Singapore Post Limited	3.4%
Hong Kong & China Gas	3.4%
Samsung Fire & Marine Insurance	3.2%
	40.3%

Date: 31/05/2011

Source: Morningstar

Sector Allocation	(% of NAV)
Financials	26%
IT	18%
Industrials	14%
Telecoms	13%
Utilities	10%
Consumer Staples	7%
Consumer Discretionary	2%
Health Care	1%
Energy	0%
Materials	0%
Cash	10%
	101%

Date: 31/05/2011

Source: The Company

## Pacific Assets

30 June 2011

On 28 June Stuart Paul, co-manager of Pacific Assets hosted an analyst meeting. Key points are noted below.

### Background

- Since July 2010 Pacific Assets has been managed by Stuart Paul and David Gait of First State Investments, having taken over from F&C Investments. First State's Asia Pacific and Global Emerging Markets equities team currently manage funds of around £27.7 billion.

- Pacific Assets is managed on a bottom-up basis with an absolute return mindset. Little attention is paid to benchmark weightings. There is a very clear quality bias, and the managers are very focused on sustainable investment. As a result, there are many companies which they would never invest in regardless of the price. As an example, they have noted that they would never invest in tobacco companies, and are unlikely ever to hold brewing companies.

### Performance

- NAV performance has slightly lagged that of the MSCI Asia Free ex Japan over the last year, with the NAV up 14% compared with a rise of 16% for the index. This was partially a result of holding no exposure to commodities. Share price performance has been even more disappointing, with the discount drifting to around 10%, having averaged 7.5% over the last year.

- Performance over the previous three years was particularly disappointing, resulting in the Board transferring the mandate to First State.

- The First State team has a very strong long-term performance record with the First State Asia Pacific Fund having returned 333% over 10 years, compared with 229% for the MSCI Asia Pacific ex Japan index. In addition, First State's Asia Pacific Sustainability Fund has returned 126% since launch in 2005, compared with 93% for the MSCI Asia Pacific ex Japan index.

### Portfolio

- Following the change of management, the portfolio was significantly restructured. There are a number of themes in the portfolio which represent the sustainable investment approach. These include **Affordable Services** (mobile telcos, rural finance etc), **Affordable Products** (consumer products, eg Hindustan Unilever), **Clean Technology, Housing and Transport & Infrastructure**.

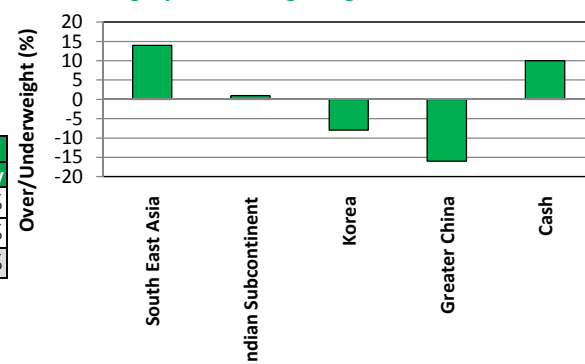
- While little attention is paid to benchmark weightings, geographically, the fund is overweight South East Asia, while being underweight Greater China and Korea. By sector the fund is underweight **Materials, Energy, Financials** and **Consumer Discretionary**, while being overweight **Industrials, Telcos, Utilities** and **Consumer Staples**.

### Outlook

- Over the long term, the managers are very positive on the Asian region, on the back of very positive macro drivers. These drivers include favourable demographics, competitive cost structures, sound fiscal policies, high savings rates and above average GDP growth rates.

- However they are generally cautious on Asian markets at present, believing they are fully valued, and this is reflected by the fund currently holding around 9% in cash. Key risks they are focusing on include currency wars, China's banking system, protectionism, politics and social discontent.

### Active Geographical Weightings



	Capital Only			Total Return		
	1m	3m	6m	1y	3y	5y
NAV	1.2%	1.3%	-4.1%	13.6%	23.0%	68.6%
Share Price	0.2%	2.0%	-6.5%	12.8%	23.0%	70.4%
MSCI AC Asia Free ex Japan	0.6%	-0.4%	-4.1%	16.1%	53.8%	98.5%

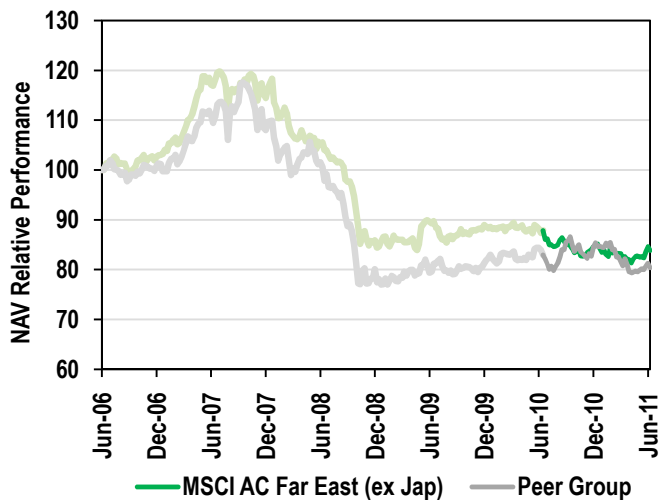
Source: Thomson Reuters, Bloomberg

Source: Company 31/5/2011

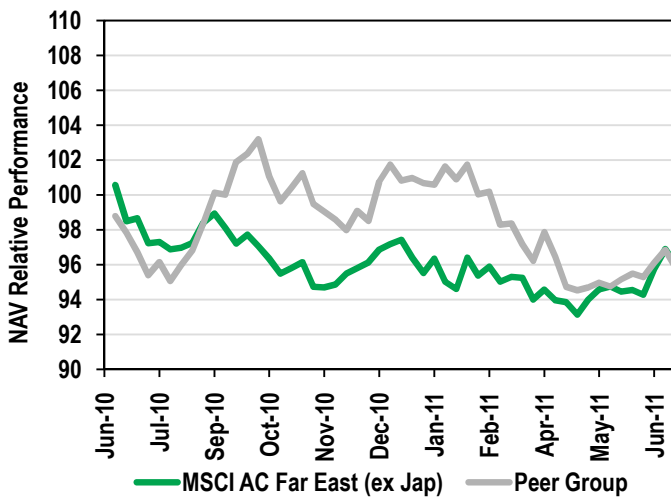
**PAC Pacific Assets**

30 June 2011

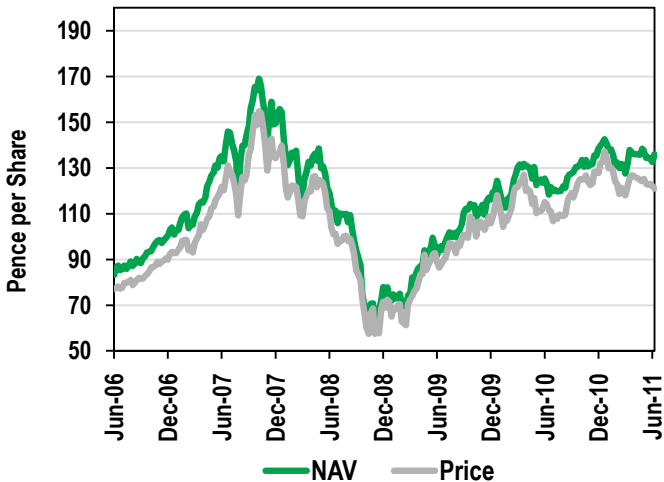
5 Year NAV Relative Performance



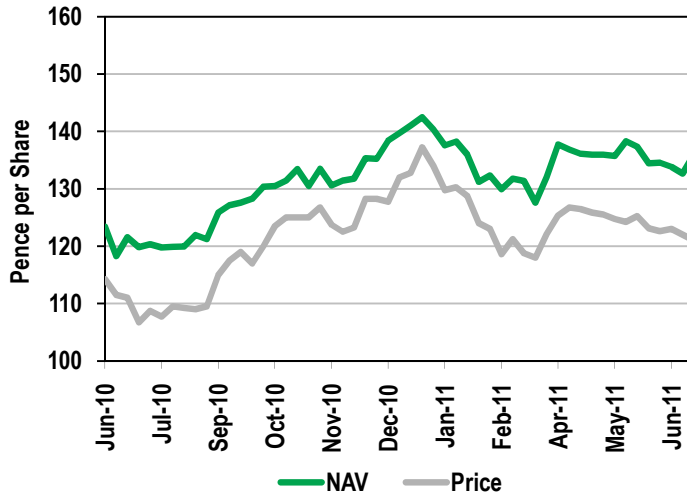
1 Year NAV Relative Performance



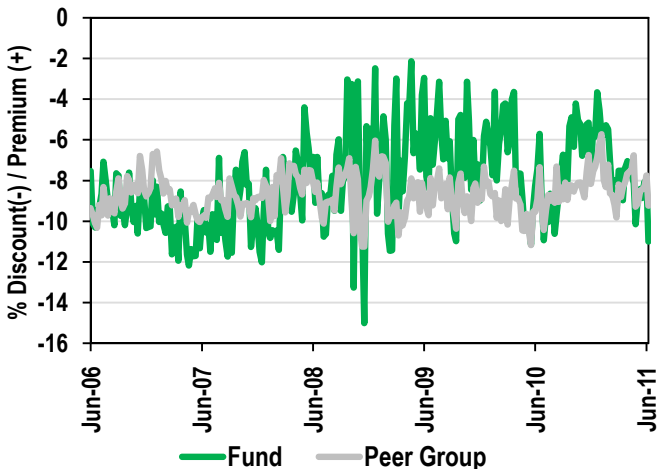
5 Year Absolute NAV & Price Performance



1 Year Absolute NAV & Price Performance



5 Year Discount History with Peer Group



1 Year Discount History with Peer Group

