Pacific Assets Trust plc

F&C Investments

January 2010

Peter Dalgliesh
Fund Manager

Trust aims

To achieve long term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan and Australasia.

Trust highlights

- Offers investors a concentrated portfolio of Asia's leading growth companies.
- Asian export growth remains dependent on the global economic cycle, but of greater interest is the recent improvement in access to credit which is supporting the emergence of the Asian consumer.
- Underleveraged corporate balance sheets in Asia reduces sensitivity to changes in interest rates, increases free cash flow generation and is increasingly attracting merger and acquisition activity.
- Employs gearing selectively to enhance performance, predominantly in the top 10 core holdings.

Peergroup

Pacific Assets Trust is managed against a peergroup of similar investment companies investing in the Asia-Pacific region comprising of Henderson TR Pacific Investment Trust, INVESCO Asia Trust, Schroder Asia Pacific Fund, Fidelity Asian Values, Edinburgh Dragon Trust, Pacific Horizon Investment Trust and JPMorgan Asian Investment Trust.

Average annual return

Average annual return figure over 5 years 14.60%

Key details

Fund Type	Investment Trust
Launch Date	1985
Total assets	£143.1 million
Share price	112.75p
NAV	120.88p
Discount/Premium(-/+)	-6.7%
Dividend Payment Dates	Jun
Net dividend yield	1.1%
Actual gearing**	99.8
Management fee rate***	1.00%
Total expenses***	1.50%
Year End	31 January
Sector	Asia Pacific (Excluding Japan)
Currency	Sterling
Website	www.pacific-assets.co.uk

Standardised performance

	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Fund	62.3%	-47.9%	49.0%	19.4%	31.4%

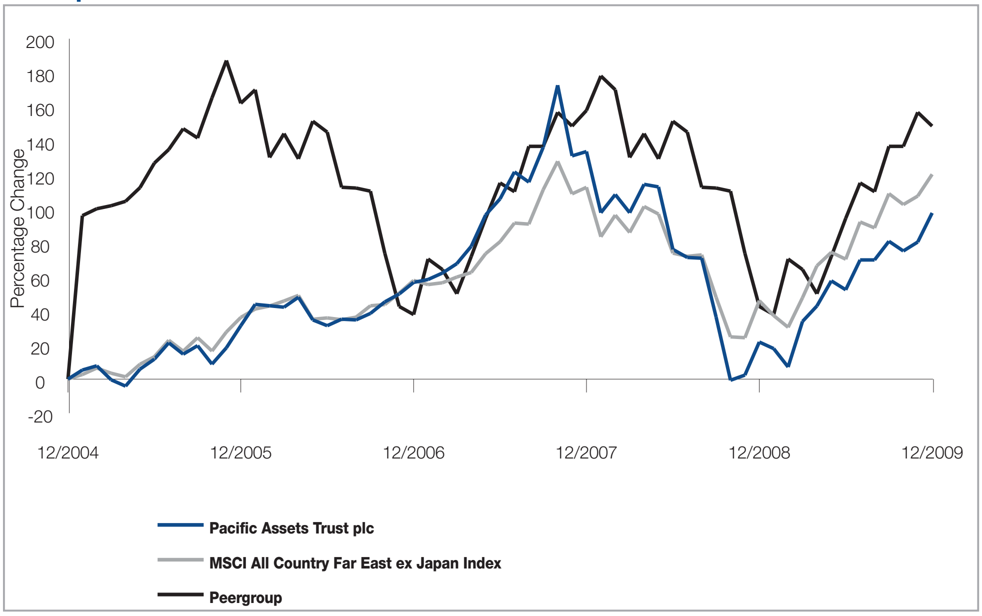
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Fund	9.5%	62.3%	62.3%	26.0%	97.6%
MSCI All Country Far East ex Japan Index	6.2%	50.8%	50.8%	39.5%	120.3%
Peergroup	7.9%	62.3%	62.3%	42.7%	134.7%

This Trust is managed against a Peergroup, and this Index was only chosen for comparison purposes as it represents a comparable broad equity market index.

Source: Datastream & Lipper. Basis: share price, percentage growth, bid to bid, net income reinvested expressed in Sterling. Basis in accordance to the regulations of the FSA.
Past performance is not a guide to future performance. The standardised performance table refers to 12 month periods ending 31 December. The cumulative performance table refers to cumulative periods ending 31.12.2009.

Fund performance



Top ten holdings

Holdings	Sector/Country	%
Perusahaan Gas Negra	Indonesia	4.1%
Hon Hai Precision	Taiwan	4.0%
NHN Corporation	South Korea	3.3%
Shinhan Financial	South Korea	3.2%
DBS Group	Singapore	3.2%
China Water Affairs	China	3.2%
Advanced Semiconductor	Taiwan	3.2%
Kasikornbank	Thailand	2.9%
China Mobile	China	2.7%
Sun Hung Kai Properties	Hong Kong	2.6%
TOTAL		**32.2%**

Pacific Assets Trust plc

Continued

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Trust geographical breakdown

- 20.1% - Hong Kong
- 19.4% - South Korea
- 17.1% - China
- 16.3% - Taiwan
- 9.4% - Indonesia
- 6.0% - India
- 11.5% - Other
- 0.2% - Liquidity

Manager's commentary

With better than expected sales out of the US over the Thanksgiving Holiday period and tighter than normal global inventories among western retailers, prospects for Asian exporters improved into the final month of 2009. When combined with the positive wealth effects generated over the year of rising domestic stock and property markets the Asian region enjoyed a robust finish to the end of the year with the MSCI AC Asia ex Japan Index appreciating 6% for December (in sterling terms), with the Trust outperforming by rising 6.9%.

The Trust's overweight exposure to Korea, Thailand and Indonesia helped performance as these markets rallied 10.1%, 9.1% and 7.5% respectively. However, the best performing market was Taiwan rising 10.3% in sterling terms. With the exception of Indonesia, all enjoy a high GDP sensitivity to export growth, and with the global recovery continuing to unfold and investor positioning generally light they experienced cumulative buying. With the Trust already overweight technology, to raise the Taiwanese exposure a position was accumulated in Taiwan Fertilizer whose earnings prospects are being buoyed by rising international fertilizer prices as well as progressive steps to monetise their extensive land bank.

The worst performing markets were China and Malaysia rising 1.9% and 2.3% respectively. Fears of forced capital raising in the banking sector and heightened regulations in real estate weighed on the Chinese market. Although the State Council reiterated the need for appropriately loose monetary policy and flexible fiscal policies in order to ensure stable economic growth, rising inflation and asset prices are creating material challenges for the authorities. With regulatory risks on the rise in China profits were taken in vertically integrated gas supplier Beijing Enterprises having outperformed the market.

Despite Malaysia's relative underperformance to the region over the year the market still trades at a premium. As a result international investors remain uninspired and underweight. If the global recovery falters however, and risk appetite wanes, it is expected that due to lack of selling pressure, Malaysia will outperform. Yet for the moment the Trust retains an underweight stance.

Whilst rising final sales, falling inventories, increased capacity utilisation, and stabilisation in labour markets are feeding a revival in near term confidence and consumption, with the re-emergence of inflation across the world expectations of policy withdrawal and monetary policy normalisation are increasing. Given the fragility of the global recovery, this carries substantial risk of a more volatile economic recovery than what the market appears to be expecting. Furthermore, with input costs rising margin pressures are intensifying leading to concerns that consensus earnings forecasts overly optimistic. With the Asian region trading on 2x PB and 14x PE, valuations are not compellingly cheap in a historical context, and having enjoyed such an impressive recovery in 2009 the risk of profit taking has increased.

Nonetheless, any globally induced sell off due to rising risk aversion would be viewed in a medium term perspective as a buying opportunity for the Trust, to tap into Asia's relatively solid financial system, rising domestic consumption and improving international competitiveness.

Trust codes

Sedol	
F&C PAT - GBP	0667438

All data as at 31.12.09. unless otherwise stated.
The yield is calculated on an historic basis using the actual dividends paid during the company's last financial year and the closing share price as at the end of the relevant month.