Pacific Assets Trust plc

F&C Investments

June 2010

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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 13.00%

Key details

Fund Type	Investment Trust
Launch Date	1985
Total assets	£148.6 million
Share price	111.25p
NAV	125.54p
Discount/Premium(-/+)	-11.4%
Dividend Payment Dates	Jun
Net dividend yield	1.2%
Actual gearing*	99.3
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

	2009/2010	2008/2009	2007/2008	2006/2007	2005/2006
Fund	23.6%	-25.9%	8.4%	45.8%	27.3%

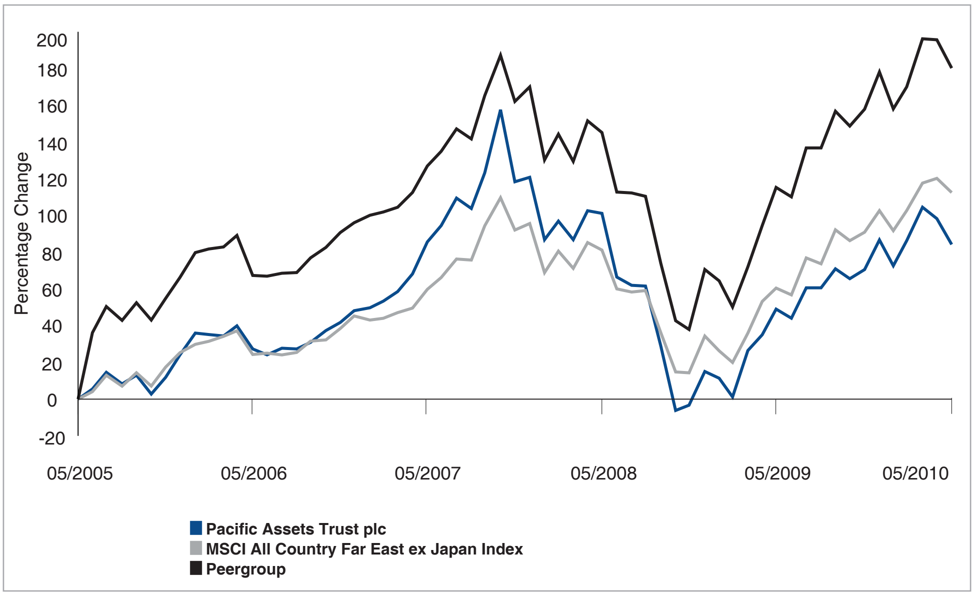
Cumulative performance

	1 Month	Year to date	1 Year	3 Years	5 Years
Fund	-7.1%	-1.3%	23.6%	-0.8%	84.2%
MSCI All Country Far East ex Japan Index	-3.5%	4.9%	32.4%	33.0%	112.5%
Peergroup	-5.2%	-0.4%	29.5%	28.2%	115.7%

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 May. The cumulative performance table refers to cumulative periods ending 31.05.2010

Fund performance



Top ten holdings

Holdings	Sector/Country	%
Perusahaan Gas	Indonesia	4.2%
Shinhan Financial	South Korea	3.4%
Kasikornbank	Thailand	3.2%
Hon Hai Precision	Taiwan	3.2%
DBS Group	Singapore	3.1%
NHN Corp	South Korea	3.1%
China Shineway	Hong Kong	2.9%
Wistron	Taiwan	2.8%
China Water Affairs	Hong Kong	2.7%
Advanced Semiconductor	Taiwan	2.6%
Total		31.2%

Pacific Assets Trust plc

Continued

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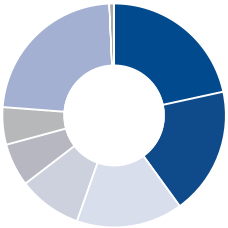
Trust geographical breakdown



- 21.6 % - Hong Kong
- 18.4 % - South Korea
- 15.4 % - China
- 9.2 % - Indonesia
- 6.2 % - India
- 5.4 % - Singapore
- 23.1 % - Other
- 0.7 % - Liquidity

Manager's commentary

Looming fiscal austerity measures in Europe, volatile US macroeconomic data and further tightening policies in China all combined to raise investor fears of a potential economic double dip. As a result, a ‘flight to safety’ emerged driving fixed income markets higher and leading to a wave of redemption pressure in the higher beta asset class of Asia ex Japan. The MSCI AC Asia ex Japan Index fell 3.6% with the Trust underperforming falling 4.4% (in sterling terms).

Despite having a relatively defensive portfolio structure the Trust’s performance was hampered by technology holdings in Taiwan and Chinese medical equipment manufacturers. Having performed well over the last twelve months both sectors experienced aggressive profit taking despite recent monthly sales coming mostly in line with normal seasonality. Nonetheless, the consensus overweight position in technology does leave it vulnerable to further potential underperformance, especially should fears of a slowdown in European demand manifest itself into reality.

The worst performing market over the month was Korea, falling 8.7% (in sterling terms). The cyclical nature of the market left it vulnerable to profit taking exacerbated by rising friction between North and South Korea as the South accused the North of torpedoing one of their warships. This was made worse by a reversal in the recent strength in the Korean Won. Although the growth outlook for the economy looks well underpinned driven by both the domestic as well as the external sectors, with worries over softening global growth, the probability of the Bank of Korea raising interest rates has receded. As a result the upward bias to the Won has eased, which if sustained, ought to be supportive to Korean exporters.

The best performing markets were Thailand and the Philippines rising 2.5% and 0.7% respectively (in sterling terms). The removal of the anti government protestors in Bangkok without widespread bloodshed came as a source of relief to the equity market. However the lack of a true political resolution suggests that the risk of further disturbances remains high. For the Philippines, a successful untarnished Presidential election saw Benigno Aquino III win on the back of his pledge to fight corruption and ease poverty. The strength of his victory indicates a strong people’s mandate, but the risk lies in his ability to execute and deliver.

Following the success of the Chinese authorities to slow their economy, prospects for a marginal easing in policy tightening has increased. With commodity prices coming off risks are rising that the peak in inflation may come sooner than expected indicating that the market has excessively discounted China’s economic prospects. With the market valuation having compressed to beneath its’ historical average and with institutional investors universally underweight, China is looking increasingly interesting especially given its’ relative underperformance year to date.

As hoped for, the regional indices have pulled back from the peaks seen earlier in the year, and as is so often the case, consensus earnings forecasts are now correcting too. Given the magnitude of the sell off, valuations and expectations have become more realistic, making us feel increasingly comfortable with the outlook for the region. However, the volatility in macroeconomic data coming out of the developed world currently overrides conventional regional fundamental investment criteria. Consequently, cautious optimism is held towards Asia ex Japan at the moment focussing on companies with solid balance sheets, stable market positioning and an ability to improve their marginal profitability. As and when the developed world macroeconomic outlook improves and/or China refocuses back on its growth trajectory, then we would expect risk appetite to recover acting as a trigger to turn more aggressive towards the region.

Trust codes

Sedol	
F&C PAT - GBP	0667438

All data as at 31.05.10 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.