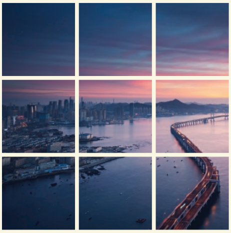
PACIFIC HORIZON INVESTMENT TRUST PLC

Growth^2: Embracing growth, disruption and innovation

Interim Financial Report
31 January 2022

BAILLIE GIFFORD



Investment Objective

Pacific Horizon's objective is to invest in the Asia-Pacific region (excluding Japan) and in the Indian Sub-continent in order to achieve capital growth. The Company is prepared to move freely between the markets of the region as opportunities for growth vary. The portfolio will normally consist principally of quoted securities.

Summary of Unaudited Results*

	31 January 2022	31 July 2021 (audited)	% change
Total assets	£747.1m	£748.0m	
Borrowings	£59.4m	£60.8m	
Shareholders' funds	£687.8m	£687.2m	
Net asset value per ordinary share	748.38p	777.15p	(3.7)
Share price	742.00p	802.00p	(7.5)
MSCI All Country Asia ex Japan Index (in sterling terms)†#	569.9	590.2	(3.4)
(Discount)/premium‡	(0.9%)	3.2%	
Active share‡	93%	93%	

	Six months to 31 January 2022	Six months to 31 January 2021
Revenue earnings per ordinary share	(0.44p)	(0.11p)

	Six months to 31 January 2022	Year to 31 July 2021
Total return#‡		
Net asset value per ordinary share	(3.7%)	61.3%
Share price	(7.5%)	59.2%
MSCI All Country Asia ex Japan Index (in sterling terms)†#	(2.7%)	12.7%

	Six months to 31 January 2022		Year to 31 July 2021	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	871.11p	731.97p	804.34p	481.92p
Share price	948.00p	670.00p	906.00p	504.00p
Premium/(discount)‡	11.4%	(10.9%)	19.9%	(4.7%)

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 22.
† The MSCI All Country Asia ex Japan Index (in sterling terms) is the principal index against which performance is measured.
# Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.
‡ Alternative performance measure. See Glossary of Terms and Alternative Performance Measures on page 22.

Past performance is not a guide to future performance.

Interim Management Report

Overview

What defines us is growth. We believe Asia ex Japan will be one of the fastest growing regions over the coming decades and we strive to be invested in its fastest growing companies. It is growth multiplied by growth or, as we like to call it, 'Growth^2'. Such an investment style has been richly rewarded for a significant period, with the Company's NAV outperforming the comparative index, the MSCI All Country Asia ex Japan Index (in sterling terms), by 158 percentage points over the past five years.

Although we would caution on focusing too much on shorter time horizons, this reporting period (31 July 2021 to 31 January 2022) was noticeable for the dramatic shift in investor sentiment, catalysed in part by renewed inflation fears and the Federal Reserve indicating a more aggressive rate tightening cycle.

Such actions led to a sharp global correction in so-called growth assets, as investors rotated dramatically into 'value'. The result was previously unloved sectors, such as Energy, being the best performing over the period (+24.3% in absolute terms), followed by Utilities (+12.5%) and Financials (+8.9%). Conversely 'growth' sectors faced substantial headwinds with Healthcare, Communication Services, and Information Technology the worst performers (falling -28.7%, -23.1% and -12.8% in absolute terms respectively). During this period, our invested gearing reduced from 4% of shareholders' funds to 0.9%.

Given our growth bias, the result was a partial reversal of the portfolio's strong performance led by weakness in our holdings in Information Technology and Communication Services. The Company's NAV and share price decreased by 3.7% and 7.5% respectively, compared to the comparative index, which declined 2.7% in sterling terms, all figures total return. The Company's shares ended the period at a 0.9% discount to the NAV per share, having been at a 3.2% premium six months earlier. Over the six months to 31 January 2022, the Company issued in aggregate 3,645,257 shares and also bought back into treasury 175,000 shares.

We remain optimistic. Operationally the performance of many of our higher growth technology holdings is extremely strong, and recent share price weakness in many companies is likely an investment opportunity for long term investors. The portfolio also remains well diversified, having moved significantly into more cyclical growth areas over the past couple of years; mining, for instance, is the Company's largest overweight position (predominantly focused on copper and nickel which are crucial materials for the green revolution).

Finally, our enthusiasm for the region remains strong. The rise of the Asian middle class, accelerated by technology and innovation, continues to be one of the most powerful investment opportunities of the coming decade. As active managers, with long-term time horizons, we are enthused by the number of exciting growth companies we can buy that should benefit from these economic, social and technological changes across the region.

Review

The period was challenging as markets grappled with the implications of soaring inflation, interest rate rises and tapering in the West, armed conflict in Eastern Europe and a housing collapse in China to name a few. The consequence was a flight to safety in the US dollar and, as mentioned, an aggressive rotation from growth to value.

This resulted in a dramatic sell-off in many highly rated growth companies, especially in the technology sector. This impacted a number of the Company's holdings including what had been our largest position, Sea Limited (a South East Asian gaming

For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 22.
Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.

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and e-commerce business), which fell more than 60% from its peak. Such price moves appear extreme. The fundamentals appear solid and operationally the company continues to go from strength to strength; core e-commerce sales grew 131% year on year, take rates are rising, and ventures into new markets outside of Asia are well ahead of expectations (Sea Limited has become the most downloaded shopping app in Brazil in just over two years).

More broadly, we pay limited attention to debates of growth versus value, however, we do believe we have a diversified growth portfolio that is likely well suited to a range of market conditions. A few years ago, the Company was extremely concentrated in technology and consumer stocks. This had been changing gradually as we found more opportunities in more cyclical, old economy companies. This accelerated dramatically over the course of the Covid-19 pandemic as the extreme dislocation in Asian markets provided us with extremely attractive opportunities in these more cyclical sectors.

The result is a portfolio today that looks different to many of our growth focused peers. In absolute terms, our largest exposures remain focused on the key themes of the rising middle class, technology and innovation. However, we now have significant exposures to more cyclical industries including materials, industrials and energy that respectively make up three of the largest relative positions within the portfolio. There remains, however, one commonality among the companies held: growth.

By country India remains both the largest absolute (31.7%) and relative (+17.2 percentage points) position. Our holdings here can be divided into two parts. The first is 'old' India where we have significant holdings in traditional sectors such as property and steel, where we believe India is on the cusp of a multi-year infrastructure spending revival led by a resurgence in the country's property sector.

The second part is the new economy. Catalysed by the rollout of the world's second largest 4G mobile network, allowing many Indians to access the internet for the first time, we are seeing a new breed of innovative technology businesses emerging across the country for the first time.

Many of these prized businesses, however, remain private, and Pacific Horizon's ability to invest into unlisted companies has been extremely beneficial. Our unlisted holdings include Delhivery (leading delivery and e-commerce logistics) and Dailyhunt (online short form video), while we continue to own Zomato (food delivery) and Star Health (India's largest private health insurance provider) which the Company owned as private businesses before their recent listings. We also purchased Policybazaar at its IPO, which is the country's largest price comparison website and is transforming how insurance and other financial products are sold in the country.

We continue to be enthused by the long-term structural growth story in Vietnam, the Company's second largest overweight position after India. We would note the unfortunate truth that most emerging economies fail to emerge. Those that do, Korea, Taiwan, and China for instance, often have one key characteristic: a successful export manufacturing base. With its advantageous geographic location, a young and cheap workforce, and a government able to get things done, Vietnam has built the region's most impressive new export manufacturing-based economy. As China moves up the manufacturing value chain and several trillion dollars' worth of low-end manufacturing comes up for grabs over the next few decades, the majority is likely to find its way to Vietnam. Consequently, Vietnam is arguably the best structural growth story of any Asian economy over the next twenty years.

China remains one of the Company's largest underweight positions (-14.8 percentage points). After a difficult year, driven by a severe regulatory clampdown on technology businesses, the feared bankruptcy of the country's second largest property developer, Evergrande, and continued geopolitical tensions, we believe the country is looking relatively well placed for a recovery. Fears of a property crisis appear misplaced, technology regulations look relatively sensible, and after a period of financial orthodoxy and tightening, China is likely to be going in the opposite direction to many major economies as it loosens monetary and fiscal policies over the year. Given China's importance to the region, this is a notably positive situation.

Over the period we purchased a new Chinese holding, Zhejiang Supor, one of the country's leading cookware manufacturers (and majority owned by the French company Groupe SEB, the world's largest cookware manufacturer). We also purchased Midea, one of the country's leading white goods manufacturers with an exciting high end robotics business (which it obtained by acquiring the German company Kuka in 2016). This increased exposure to China was however partially offset by our sales of CNOOC (oil and gas) due to US sanctions and Huya (videogame streaming) on increasing regulatory issues.

We continue to look for new ideas in China. In the online space, however, our research suggests that we may only be at the beginning of regulatory tightening, with further anti-competitive measures coming and a significant tightening on data rules in the pipeline. Although these are likely to be a long term positive as China plans its digital economy for the next 30 years, we fear this could be a painful headwind for a number of companies for the foreseeable future.

We have also been searching for companies more aligned with the state's intentions over the coming decade, such as the environmental, semiconductor and advanced manufacturing industries. We have some exposure to these areas through companies such as Longi Green Energy (the world's largest solar panel maker) and Hans Laser (industrial lasers), however we have struggled to find many new ideas, especially in the local A-share market due to valuations. It is not uncommon for price to earnings multiples to be nearing or in excess of 100x which appears high, especially given the extreme competitive intensity in these industries and as yet there are no clear winners.

Elsewhere, the only other new purchase was the Korean company LG Energy (at its IPO), the world's second largest electric vehicle battery maker. The company is the world's leading manufacturer of high-end nickel cobalt manganese ('NCM') batteries which we believe are likely to dominate western markets. There were several reductions, most notably Sea Limited which was reduced by around 200bps in September. The number of holdings in the portfolio reduced further to 107, as a number of small (<0.3%) holdings, such as Venustech and Guangzhou Kingmed Diagnostics were exited.

Performance

Over the six months to 31 January 2022, the high growth sectors, notably Information Technology and Communication Services, were the biggest detractors to the portfolio's performance. A number of holdings in these sectors experienced dramatic share price weakness, notably Sea Limited (previously the largest holding in the portfolio), which despite reporting strong results, fell more than 60% from its peak. Similar falls were seen in a number of our technology holdings in China including Kingsoft Cloud and Dada Nexus.

Interim Management Report

More positively, the portfolio's significant exposure to more cyclical sectors, which has been increasing significantly over the past couple of years, helped offset much of the weakness. Tata Motors, the Indian automotive company which also owns the Jaguar Land Rover brand, was the biggest contributor as its domestic operations turned around and its move into electric vehicles started to gain traction. Other top contributors included commodity and energy companies Nickel Mines (Indonesian nickel producer), RUSAL (global aluminium producer), Vedanta (Indian commodities) and Jadestone (Asian exploration and production).

A number of the unlisted holdings were also among the top contributors including Delhivery (India's leading delivery and e-commerce logistics company), Dailyhunt (online short form video), and Star Health (India's largest private health insurance provider), which listed during the period. Finally, the portfolio's underweight position in a number of the large internet platforms in China was also beneficial, the underweight position in Alibaba (online and mobile commerce) for example being the second largest positive contributor.

By country the two largest overweight positions, India and Vietnam, were the biggest positive contributors, while Taiwan and China were the biggest detractors. Weakness in Taiwan was largely as a consequence of the portfolio's underweight position in TSMC, arguably the world's most important semiconductor manufacturer. TSMC continues to increase its technological lead over rivals, and we will be carefully considering the portfolio's exposure to the company, and its main Korean rival, Samsung Electronics.

Chinese weakness was led by a handful of our technology holdings, and MMG, which operates the Las Bambas copper mine in Peru, experienced a number of operational issues which impacted production. Copper remains a large exposure for the portfolio and we remain extremely positive on the long-term outlook for our companies exposed to the commodity which is central to the green revolution.

Outlook

In the short-term markets may be volatile as investors grapple with the prospects of inflation, rising interest rates, tapering and the end of eye-popping monetary stimulus, to name a few. However, we remain extremely positive on the long-term outlook for the region and the portfolio and will likely utilise available borrowings as opportunities arise.

We believe our philosophy of embracing growth in all its forms means we are well diversified and should benefit from the wide range of opportunities that are likely to arise as the global economy re-opens. More importantly, the risks and opportunities from increased disruption are here to stay. In our view, the market's focus on geopolitics, capital flows and interest rates misses the bigger picture, that of a global rise in digital penetration, technological change and the rise of the Asian middle class. These fundamentals will underpin growth in the region for decades to come. We believe that the best way to invest in this rapidly changing growth market is to find the best growth companies.

The principal risks and uncertainties facing the Company are set out on page 17.

Since the period end, the holding in RUSAL has been sold.

Baillie Gifford & Co Limited
Managers and Secretaries

Baillie Gifford Statement on Stewardship

Reclaiming Activism for Long-Term Investors

Baillie Gifford's over-arching ethos is that we are 'actual' investors. We have a responsibility to behave as supportive and constructively engaged long-term investors. We invest in companies at different stages in their evolution, across vastly different industries and geographies and we celebrate their uniqueness. Consequently, we are wary of prescriptive policies and rules, believing that these often run counter to thoughtful and beneficial corporate stewardship. Our approach favours a small number of simple principles which help shape our interactions with companies.

Our Stewardship Principles

Prioritisation of Long-term Value Creation

We encourage company management and their boards to be ambitious and focus their investments on long-term value creation. We understand that it is easy for businesses to be influenced by short-sighted demands for profit maximisation but believe these often lead to sub-optimal long-term outcomes. We regard it as our responsibility to steer businesses away from destructive financial engineering towards activities that create genuine economic value over the long run. We are happy that our value will often be in supporting management when others don't.

A Constructive and Purposeful Board

We believe that boards play a key role in supporting corporate success and representing the interests of minority shareholders. There is no fixed formula, but it is our expectation that boards have the resources, cognitive diversity and information they need to fulfil these responsibilities. We believe that a board works best when there is strong independent representation able to assist, advise and constructively test the thinking of management.

Long-term Focused Remuneration with Stretching Targets

We look for remuneration policies that are simple, transparent and reward superior strategic and operational endeavour. We believe incentive schemes can be important in driving behaviour, and we encourage policies which create alignment with genuine long-term shareholders. We are accepting of significant pay-outs to executives if these are commensurate with outstanding long-run value creation, but plans should not reward mediocre outcomes. We think that performance hurdles should be skewed towards long-term results and that remuneration plans should be subject to shareholder approval.

Fair Treatment of Stakeholders

We believe it is in the long-term interests of companies to maintain strong relationships with all stakeholders, treating employees, customers, suppliers, governments and regulators in a fair and transparent manner. We do not believe in one-size-fits-all governance and we recognise that different shareholder structures are appropriate for different businesses. However, regardless of structure, companies must always respect the rights of all equity owners.

Sustainable Business Practices

We look for companies to act as responsible corporate citizens, working within the spirit and not just the letter of the laws and regulations that govern them. We believe that corporate success will only be sustained if a business's long-run impact on society and the environment is taken into account. Management and boards should therefore understand and regularly review this aspect of their activities, disclosing such information publicly alongside plans for ongoing improvement.

Thirty Largest Holdings at 31 January 2022 (unaudited)

Name	Geography	Business	Value £'000	% of total assets *
Tata Motors ADR	India	Automobile manufacturer	42,778	5.7
Sea Limited ADR	Singapore	Internet gaming and e-commerce	24,775	3.3
Delhivery Limited Ⓤ	India	Logistics and courier services provider	22,618	3.0
Jadestone	Singapore	Oil and gas explorer and producer	20,216	2.7
Vedanta ADR	India	Miner	18,532	2.5
Nickel Mines	Indonesia	Base metals miner	18,080	2.4
Li Ning	HK/China	Sportswear apparel supplier	17,696	2.4
Dailyhunt Ⓤ	India	News aggregator application	16,515	2.2
JD.com ADR	HK/China	Online mobile commerce	16,294	2.2
Merdeka Copper Gold	Indonesia	Miner	15,961	2.1
Zomato Ⓟ	India	Online restaurant search, ordering and discovery platform	14,773	2.0
RUSAL†	Russia (HK)	Aluminium producer	14,230	1.9
ByteDance Ⓤ	HK/China	Social media	14,024	1.9
MMG	HK/China	Copper miner	13,120	1.8
Reliance Industries	India	Petrochemical company	12,268	1.6
Indiabulls Real Estate	India	Domestic and commercial real estate provider	12,111	1.6
Samsung SDI	Korea	Electrical equipment manufacturer	11,970	1.6
HDBank	Vietnam	Consumer bank	11,846	1.6
Happiest Minds Technologies	India	Data analytics and cloud computing	11,079	1.5
MediaTek	Taiwan	Electronic component manufacturer	10,313	1.4
Ramkrishna Forgings	India	Auto parts manufacturer	10,088	1.4
Samsung Engineering	Korea	Construction	9,628	1.3
Hoa Phat Group	Vietnam	Steel and related products manufacturer	9,426	1.3
Dragon Capital Vietnam Enterprise Investments	Vietnam	Vietnam investment fund	9,370	1.3
DLF	India	Commercial real estate developer	9,084	1.2
Midea	HK/China	Household appliance manufacturer	8,864	1.2
Zijin Mining Group Co H Shares	HK/China	Gold and copper miner	8,776	1.2
Star Health & Allied Insurance Co Ⓟ	India	Health insurance company	8,684	1.2
Jiangxi Copper Co	HK/China	Copper miner	8,445	1.1
Quess Corp	India	Human resources company	8,415	1.1
			429,979	**57.7**

HK/China denotes Hong Kong and China (China 'A' denotes 'A' shares*).

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 22.

Ⓤ Denotes unlisted investment (private company).

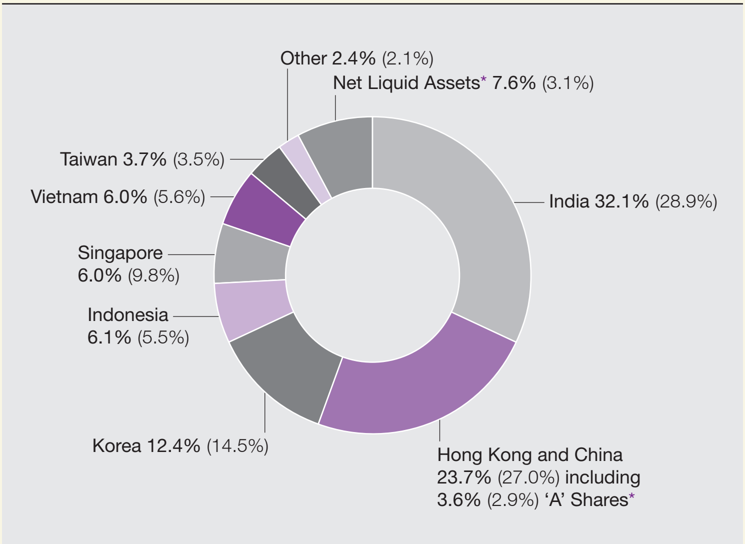
Ⓟ Denotes listed security previously held in the portfolio as an unlisted (private company) security.

† Since the period end, the holding in RUSAL has been sold.

Distribution of Total Assets* (unaudited)

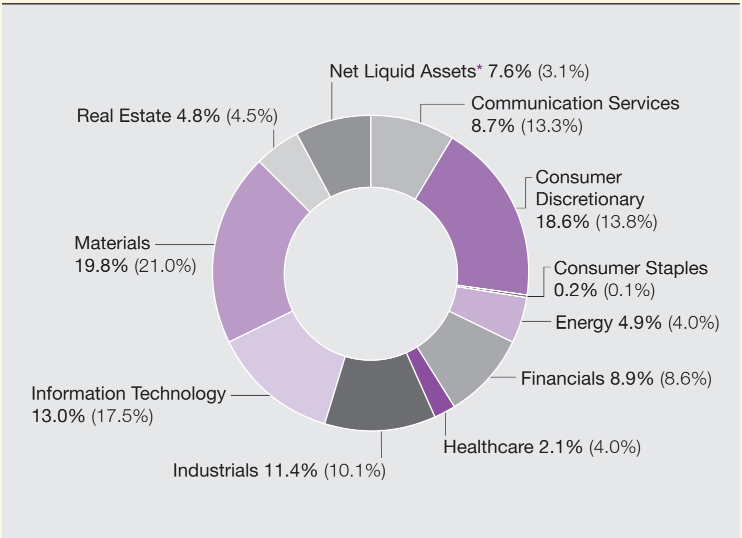
Geographical Analysis at 31 January 2022

(31 July 2021)



Sectoral Analysis at 31 January 2022

(31 July 2021)



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Income Statement (unaudited)

	For the six months ended 31 January 2022			For the six months ended 31 January 2021			For the year ended 31 July 2021 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	–	(32,632)	**(32,632)**	–	143,558	**143,558**	–	208,671	**208,671**
Currency gains	–	652	**652**	–	46	**46**	–	35	**35**
Income from investments and interest receivable	2,720	–	**2,720**	977	–	**977**	3,561	–	**3,561**
Investment management fee (note 3)	(2,121)	–	**(2,121)**	(1,478)	–	**(1,478)**	(3,475)	–	**(3,475)**
Other administrative expenses	(589)	–	**(589)**	(320)	–	**(320)**	(729)	–	**(729)**
Net return before finance costs and taxation	10	(31,980)	**(31,970)**	(821)	143,604	**142,783**	(643)	208,706	**208,063**
Finance costs of borrowings	(281)	–	**(281)**	(151)	–	**(151)**	(465)	–	**(465)**
Net return on ordinary activities before taxation	(271)	(31,980)	**(32,251)**	(972)	143,604	**142,632**	(1,108)	208,706	**207,598**
Tax on ordinary activities (note 4)	(123)	1,153	**1,030**	896	(2,105)	**(1,209)**	706	(9,137)	**(8,431)**
Net return on ordinary activities after taxation	**(394)**	**(30,827)**	**(31,221)**	**(76)**	**141,499**	**141,423**	**(402)**	**199,569**	**199,167**
Net return per ordinary share (note 5)	**(0.44p)**	**(34.15p)**	**(34.59p)**	**(0.11p)**	**200.60p**	**200.49p**	**(0.51p)**	**253.70p**	**253.19p**

The total column of this statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as the Company does not have any other comprehensive income and the net return on ordinary activities after taxation is both the profit and total comprehensive income for the period.

Balance Sheet (unaudited)

	At 31 January 2022 £'000	At 31 July 2021 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 7)	690,577	725,122
Current assets		
Debtors	2,873	1,387
Cash and cash equivalents	62,936	31,766
	65,809	33,153
Creditors		
Amounts falling due within one year:		
Bank loan (note 8)	(59,366)	(60,783)
Other creditors	(1,332)	(1,183)
	(60,698)	(61,966)
Net current assets/(liabilities)	5,111	(28,813)
Total assets less current liabilities	695,688	696,309
Creditors		
Amounts falling due after more than one year:		
Provision for deferred tax liability (note 9)	(7,924)	(9,078)
Net assets	**687,764**	**687,231**
Capital and reserves		
Share capital (note 10)	9,208	8,843
Share premium account	253,946	221,354
Capital redemption reserve	20,367	20,367
Capital reserve	401,011	433,041
Revenue reserve	3,232	3,636
Shareholders' funds	**687,764**	**687,231**
Net asset value per ordinary share*	**748.38p**	**777.15p**

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 22.

Statement of Changes in Equity (unaudited)

For the six months ended 31 January 2022

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 August 2021	8,843	221,354	20,367	433,041	3,626	**687,231**
Net return on ordinary activities after taxation	–	–	–	(30,827)	(394)	**(31,221)**
Ordinary shares issued (note 10)	365	32,592	–	–	–	**32,957**
Ordinary shares bought back into treasury	–	–	–	(1,203)	–	**(1,203)**
Dividends paid during the period (note 6)	–	–	–	–	–	**–**
Shareholders' funds at 31 January 2022	**9,208**	**253,946**	**20,367**	**401,011**	**3,232**	**687,764**

For the six months ended 31 January 2021

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve * £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 August 2020	6,317	40,048	20,367	233,472	4,199	**304,403**
Net return on ordinary activities after taxation	–	–	–	141,499	(76)	**141,423**
Ordinary shares issued (note 10)	1,718	114,289	–	–	–	**116,007**
Dividends paid during the period (note 6)	–	–	–	–	(171)	**(171)**
Shareholders' funds at 31 January 2021	**8,035**	**154,337**	**20,367**	**374,971**	**3,952**	**561,662**

* The Capital Reserve balance at 31 January 2022 includes investment holding gains on investments of £239,779,000 (31 January 2021 – gains of £243,107,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 31 January 2022 £'000	Six months to 31 January 2021 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	(32,251)	142,632
Net losses/(gains) on investments	32,632	(143,558)
Currency gains	(652)	(46)
Finance costs of borrowings	281	151
Overseas tax incurred	(101)	(86)
Corporation tax refunded	–	992
Changes in debtors and creditors	12	641
Cash from operations*	(79)	726
Interest paid	(229)	(128)
Net cash (outflow)/inflow from operating activities	(308)	598
Net cash inflow/(outflow) from investing activities	565	(114,899)
Equity dividends paid (note 6)	–	(171)
Shares issued	32,880	113,903
Shares bought back into Treasury	(1,203)	–
Net cash (outflow)/inflow from bank loans	(3,226)	35,484
Net cash inflow from financing activities	28,451	149,216
Increase in cash and cash equivalents	28,708	34,915
Exchange movements	2,462	(741)
Cash and cash equivalents at start of period	31,766	12,146
Cash and cash equivalents at end of period	**62,936**	**46,320**

* Cash from operations includes dividends received of £2,682,000 (31 January 2021 – £1,225,000) and interest received of nil (31 January 2021 – £66,000).

Notes to the Condensed Financial Statements (unaudited)

1 The condensed Financial Statements for the six months to 31 January 2022 comprise the statements set out on pages 8 to 12 together with the related notes on pages 13 to 16. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in issued in November 2014 and updated in October 2019 and April 2021 with consequential amendments. They have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 31 January 2022 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 July 2021.

Going Concern

The Directors have considered the Company's principal risks and uncertainties, as set out on page 17, together with the Company's current position, investment objective and policy, the level of demand for the Company's shares, the nature of its assets, its liabilities and projected income and expenditure. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 pandemic but does not believe the Company's going concern status is affected. It is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowing and the level of gearing as well as compliance with borrowing covenants. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) regulations 2011. In accordance with the Company's Articles of Association, the shareholders have the right to vote on the continuation of the Company every five years, the last vote being at the Annual General Meeting held in November 2021. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

2 The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 July 2021 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

3 Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager and Company Secretary. Baillie Gifford & Co Limited has delegated the investment management services to Baillie Gifford & Co. The Managers may terminate the Management Agreement on six months' notice and the Company may terminate on three months' notice. With effect from 1 January 2019 the annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets. Management fees are calculated and payable on a quarterly basis.

Notes to the Condensed Financial Statements (unaudited)

4 Tax on ordinary activities

The revenue tax charge for the year to 31 July 2021 includes £992,000 UK corporation tax repaid in respect of the Company's financial years to 2008 and 2009, following successful legal action regarding the tax treatment of overseas dividend income. This amount had not previously been provided for, as recovery was not considered sufficiently probable. It has therefore been recognised on receipt. As it exceeded the overseas withholding tax suffered in the period, this resulted in a positive revenue tax charge. Interest on the corporation tax repayment is included within interest income. The capital tax charge results from the Provision for Deferred Tax Liability in respect of Indian capital gains tax as detailed in note 9.

	Six months to 31 January 2022 £'000	Six months to 31 January 2021 £'000	Year to 31 July 2021 (audited) £'000
5 Net return per ordinary share			
Revenue return on ordinary activities after taxation	(394)	(76)	(402)
Capital return on ordinary activities after taxation	(30,827)	141,499	199,569
Total net return	**(31,221)**	**141,423**	**199,167**
Weighted average number of ordinary shares in issue	**90,271,035**	**70,537,252**	**78,661,987**

The net return per ordinary share figures are based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue (excluding Treasury Shares) during each period.

There are no dilutive or potentially dilutive shares in issue.

	Six months to 31 January 2022 £'000	Six months to 31 January 2021 £'000	Year to 31 July 2021 (audited) £'000
6 Dividends			
Amounts recognised as distributions in the period:			
Previous year's final dividend of nil (2020 – 0.25p)	–	171	171
Amounts paid and payable in respect of the period:			
Final dividend (2021 – nil)	–	–	–

No interim dividend has been declared in respect of the current period.

7 Fair Value Hierarchy

The Company's investments are financial assets held at fair value through profit or loss. The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit and loss account are measured is described below. The levels are determined by the lowest (that is the least reliable or least independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety.

Level 1 – using unadjusted quoted prices for identical instruments in an active market;

Level 2 – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

Level 3 – using inputs that are unobservable (for which market data is unavailable).

An analysis of the Company's financial asset investments based on the fair value hierarchy described above is shown below.

Investments held at fair value through profit or loss

As at 31 January 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	636,263	905	–	**637,168**
Unlisted equities	–	–	53,409	**53,409**
Total financial asset investments	**636,263**	**905**	**53,409**	**690,577**

As at 31 July 2021 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	670,144	877	–	**671,021**
Unlisted equities	–	–	54,101	**54,101**
Total financial asset investments	**670,144**	**877**	**54,101**	**725,122**

The fair value of listed security investments is bid price or, in the case of FTSE 100 constituents and holdings on certain recognised overseas exchanges, last traded price. Listed Investments are categorised as Level 1 if they are valued using unadjusted quoted prices for identical instruments in an active market and as Level 2 if they do not meet all these criteria but are, nonetheless, valued using market data. Unlisted investments are valued at fair value by the Directors following a detailed review and appropriate challenge of the valuations proposed by the Managers. The Managers' unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ('IPEV'). These methodologies can be categorised as follows: (a) market approach (multiples, industry valuation benchmarks and available market prices); (b) income approach (discounted cash flows); and (c) replacement cost approach (net assets). The Company's holdings in unlisted investments are categorised as Level 3 as unobservable data is a significant input to their fair value measurements.

Notes to the Condensed Financial Statements (unaudited)

8 The Company has a one year multi-currency revolving credit facility of up to £60 million with The Royal Bank of Scotland International Limited. At 31 January 2022 there were outstanding drawings of £20 million and US$52.8 million (sterling value in total £59,366,000) (31 July 2021 – £20 million and US$56.7 million (sterling value in total £60,783,000)).

9 Provision for Deferred Tax Liability

The deferred tax liability provision at 31 January 2022 of £7,924,000 (31 July 2021 – £9,078,000) relates to a potential liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable capital gain at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

	At 31 January 2022		At 31 July 2021 (audited)	
	Number	£'000	Number	£'000
10 Share Capital: allotted, called up and fully paid				
Ordinary shares of 10p each in issue	91,899,961	9,208	88,429,704	8,843

In the six months to 31 January 2022, the Company issued 3,645,257 ordinary shares (nominal value £365,000, representing 3.7% of the issued share capital as at 31 July 2021) at a premium to net asset value, raising net proceeds of £32,957,000 (six months to 31 January 2021 – £116,007,000). 175,000 shares were bought back into treasury at a cost of £1,203,000 (six months to 31 January 2021 – nil).

At 31 January 2022 the Company had authority to buy back 13,080,612 ordinary shares on an ad hoc basis as well as a general authority to issue shares and an authority to issue shares or sell shares from Treasury on a non pre-emptive basis up to an aggregate nominal amount of £884,297. In accordance with authorities granted at the last Annual General Meeting in November 2021, buy-backs will only be made at a discount to net asset value and the Board has authorised use of the issuance authorities to issue new shares or sell shares from Treasury at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares.

11 During the period, transaction costs on purchases amounted to £67,000 (31 January 2021 – £133,000; 31 July 2021 – £344,000) and transaction costs on sales amounted to £55,000 (31 January 2021 – £39,000; 31 July 2021 – £164,000).

12 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

Comparative Index

The principal index against which performance is measured is the MSCI All Country Asia ex Japan Index (in sterling terms).

Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk and political and associated economic risk. An explanation of these risks and how they are managed is set out on pages 9 to 11 of the Company's Annual Report and Financial Statements for the year to 31 July 2021 which is available on the Company's website: **pacifichorizon.co.uk**. The principal risks and uncertainties have not changed since the date of that report.

Responsibility Statement

We confirm that to the best of our knowledge:

a) the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';

b) the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months, their impact on the Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and

c) the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board
Angus Macpherson
Chairman
3 March 2022

Further Shareholder Information

How to Invest

The Company's shares are traded on the London Stock Exchange. They can be bought by placing an order with a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in Pacific Horizon you can do so online. There are a number of companies offering real time online dealing services – find out more by visiting **pacifichorizon.co.uk**.

Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the 'Further Information' box on the back cover.

Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 707 1229.

Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, Pacific Horizon Investment Trust PLC is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, Pacific Horizon Investment Trust PLC will have to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

All new shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders **gov.uk/government/publications/exchange-of-information-account-holders**.

Risk Warnings

Past performance is not a guide to future performance.

Pacific Horizon is a listed UK Company. The value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested.

Pacific Horizon invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.

Pacific Horizon invests in emerging markets (including Chinese 'A' shares) where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

Pacific Horizon can borrow money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any invested borrowings will increase the amount of this loss.

Pacific Horizon can buy back its own shares. The risks from borrowing, referred to above, are increased when the Company buys back its own shares.

Market values of securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.

Pacific Horizon can make use of derivatives which may impact on its performance.

Pacific Horizon's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

Charges are deducted from income. Where income is low the expenses may be greater than the total income received, meaning Pacific Horizon may not pay a dividend and the capital value would be reduced.

Risk Warnings (continued)

The aim of Pacific Horizon is to achieve capital growth. You should not expect a significant, or steady, annual income from the Company.

Shareholders in Pacific Horizon have the right to vote every five years on whether to continue Pacific Horizon or wind it up. If the shareholders decide to wind the Company up, the assets will be sold and shareholders will receive a cash sum in relation to their shareholding. The next vote will be held at the Annual General Meeting in 2026.

You should note that tax rates and reliefs may change at any time and their value depends on your circumstances.

Pacific Horizon is a UK public listed company and as such complies with the requirements of the UK Listing Authority and is not authorised or regulated by the Financial Conduct Authority.

The information and opinions expressed within this Interim Financial Report are subject to change without notice.

This information has been issued and approved by Baillie Gifford & Co Limited, the Managers and Secretaries, and does not in any way constitute investment advice.

Further details of the risks associated with investing in the Company, including how charges are applied, can be found at **pacifichorizon.co.uk**, or by calling Baillie Gifford on 0800 917 2112.

The staff of Baillie Gifford & Co and Pacific Horizon's Directors may hold shares in Pacific Horizon and may buy or sell such shares from time to time.

Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

MSCI Index Data

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI Parties') expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (**msci.com**).

Sustainable Finance Disclosure Regulation ('SFDR')

The AIFM has adopted Baillie Gifford & Co's Governance and Sustainable Principles and Guidelines as its policy on integration of sustainability risks in investment decisions.

Baillie Gifford & Co believes that a company cannot be financially sustainable in the long run if its approach to business is fundamentally out of line with changing societal expectations. It defines 'sustainability' as a deliberately broad concept which encapsulates a company's purpose, values, business model, culture, and operating practices.

Baillie Gifford & Co's approach to investment is based on identifying and holding high quality growth businesses that enjoy sustainable competitive advantages in their marketplace. To do this it looks beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on its long-term prospects. This includes the consideration of sustainability factors (environmental, social and/or governance matters) which it believes will positively or negatively influence the financial returns of an investment. The likely impact on the return of the portfolio from a potential or actual material decline in the value of investment due to the occurrence of an environmental, social or governance event or condition will vary and will depend on several factors including but not limited to the type, extent, complexity and duration of an event or condition, prevailing market conditions and existence of any mitigating factors.

Whilst consideration is given to sustainability matters, there are no restrictions on the investment universe of the Company, unless otherwise stated within in its Objective & Policy. Baillie Gifford & Co can invest in any companies it believes could create beneficial long-term returns for investors. However, this might result in investments being made in companies that ultimately cause a negative outcome for the environment or society.

More detail on the Investment Manager's approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website (**bailliegifford.com/en/uk/about-us/literature-library/corporate-governance/governance-sustainability-principles-and-guidelines/**).

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under the EU Sustainable Finance Disclosure Regulation ('SFDR') by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective. These AIFs are required to disclose (a) information on the environmental objective to which the investments underlying the AIF contribute (b) a description of how and to what extent the underlying investments of the AIF are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation (c) the proportion, as a percentage of the AIF's portfolio, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation (including the proportion, as a percentage of the AIF's portfolio, of enabling and transitional activities, as described in the Taxonomy Regulation). These disclosure obligations are being phased-in – from 1 January 2022 in respect to the first two environmental objectives (climate change mitigation and climate change adaptation) and from 1 January 2023 in respect of the remaining four environmental objectives.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Shareholders' Funds and Net Asset Value

Also described as shareholders' funds, Net Asset Value (NAV) is the value of all assets held less all liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue (excluding shares held in Treasury). See note 10 on page 16 and calculation below.

Net Asset Value Per Share (NAV) (APM)

Net Asset Value (NAV) is the value of all assets held less all liabilities. Per share amounts are calculated by dividing the relevant figure by the number of ordinary shares in issue as described below.

		At 31 January 2022	At 31 July 2021 (audited)
Shareholders' funds (Net Asset Value)	a	£687,764,000	£687,231,000
Ordinary shares in issue (excluding treasury shares)	b	91,899,961	88,429,704
Net asset value per share	(a ÷ b x 100)	**748.38p**	**777.15p**

Net Liquid Assets

Net liquid assets comprise current assets less current liabilities (excluding borrowings) and provisions for deferred liabilities.

Discount/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

		At 31 January 2022	At 31 July 2021 (audited)
Net asset value per ordinary share	a	748.38p	777.15p
Share price	b	742.00p	802.00p
(Discount)/premium	(b - a) ÷ a	**(0.9%)**	**3.2%**

Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend. In periods where no dividend is paid, the total return equates to the capital return.

Ongoing Charges (APM)

The total recurring expenses (excluding the Company's cost of dealing in investments and borrowing costs) incurred by the Company as a percentage of the average net asset value (with borrowings at fair value).

Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Potential gearing is the Company's borrowings expressed as a percentage of shareholders' funds.

Invested gearing/net cash represents borrowings at par less cash and cash equivalents (as adjusted for investment and share buy-back/issuance transactions awaiting settlement) expressed as a percentage of shareholders' funds.

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

China 'A' Shares

'A' Shares are shares of mainland China-based companies that trade on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Since 2003, select foreign institutions have been able to purchase them through the Qualified Foreign Institutional Investor system.

Treasury Shares

The Company has the authority to make market purchases of its ordinary shares for retention as Treasury Shares for future reissue, resale, transfer, or for cancellation. Treasury Shares do not receive distributions and the Company is not entitled to exercise the voting rights attaching to them.

Unlisted (Private) Company

An unlisted or private company means a company whose shares are not available to the general public for trading and are not listed on a stock exchange.

Directors

Chairman:

RA Macpherson

R Chote

W Hee

AC Lane

RF Studwell

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Computershare
Investor Services PLC

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ISIN GB0006667470

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Ticker PHI

Legal Entity Identifier:
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