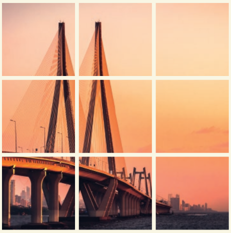
PACIFIC HORIZON INVESTMENT TRUST PLC

Growth²: Embracing growth, disruption and innovation

Interim Financial Report
31 January 2023



Growth²: Embracing growth, disruption and innovation

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.

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, climate and governance risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk, political and associated economic risk, cyber security risk and emerging risks. An explanation of these risks and how they are managed is set out on pages 8 and 9 of the Company's Annual Report and Financial Statements for the year to 31 July 2022 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
2 March 2023

Summary of Unaudited Results*

	31 January 2023	31 July 2022 (audited)	% change
Total assets	£604.7m	£610.6m	
Borrowings	Nil	Nil	
Shareholders' funds	£604.7m	£610.6m	
Net asset value per ordinary share	663.08p	664.65p	(0.2)
Share price	670.00p	647.00p	3.6
MSCI All Country Asia ex Japan Index (in sterling terms)†#	544.2	527.8	3.1
Premium/(discount)‡¶	1.0%	(2.7%)	
Active share‡	82%	83%	

	Six months to 31 January 2023	Six months to 31 January 2022
Revenue earnings per ordinary share	0.25p	(0.44p)

	Six months to 31 January 2023	Year to 31 July 2022
Total return#‡		
Net asset value per ordinary share¶	0.3%	(14.5%)
Share price¶	4.1%	(19.3%)
MSCI All Country Asia ex Japan Index (in sterling terms)†#	4.0%	(8.2%)

	Six months to 31 January 2023		Year to 31 July 2022	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	699.18p	579.02p	871.11p	656.64p
Share price	684.00p	523.00p	948.00p	602.00p
Premium/(discount)‡¶	2.7%	(11.7%)	11.4%	(10.9%)

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 to 24.
† 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 pages 22 to 24.
¶ Key Performance Indicator.

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 rewarded over the longer term, with the Company's NAV outperforming the comparative index, the MSCI All Country Asia ex Japan Index (in sterling terms) by 76 percentage points over the past five years, and the share price returning 99%. Over the reporting period (31 July 2022 to 31 January 2023) the Company's NAV increased by 0.3%, while the share price increased by 4.1%, compared to the comparative index which rose 4.0% in sterling terms, all figures total return.

The period was noticeable for its volatility, with markets in the region falling in aggregate nearly 20%, reaching their nadir as President Xi cemented his grip on power during the 20th Chinese Communist Party Congress in October, before rallying as China abandoned its zero Covid policy, to end the period in positive territory.

Markets will likely remain volatile. However, we are hopeful that Asian markets have bottomed and we are very optimistic about the future. In the near term, China's re-opening will spur significant growth across the region. Longer term, the region's structural advantages including demographics and a rising middle class, combined with the superior financial position of most Asian economies compared to the West, are likely to result in Asian growth significantly outperforming over the coming years. In such an environment we believe our focus on growth companies will generate substantial returns for investors.

By sector, in absolute terms, our largest exposure remains focused on the rising middle class, technology and innovation. However, we continue to have significant exposure to growth companies in more cyclical industries including materials, industrials and energy.

The most notable change to the portfolio over the period was significant additions to China, predominantly in the internet sector, which we had also been adding to in the prior period. Funding was from further reductions in India, and selling a number of smaller positions in South Korea.

Review

For some time, Asia has faced a series of challenges as markets have grappled with the implications of soaring inflation, interest rate rises and tapering in the West, armed conflict in Eastern Europe, a housing collapse in China and a soaring US Dollar to name a few. Despite all these issues, there has been no Asian crisis, quite the opposite, Asian economies have remained remarkably resilient and are generally growing far faster than the majority of Western economies.

This is extremely encouraging and suggests Asian economies are far better positioned than in the past, especially when compared to developed markets. There are three key reasons. Firstly, Asian balance sheets are in superior shape having lacked the profligate monetary and fiscal stimulus of the west. For example, China's Covid stimulus has equated to c.10% of GDP compared to c.70% for many major European countries.

Secondly, while Western markets have, for years, operated with ultra-low or even negative interest rates, most of Asia has maintained positive rates for many years. Arguably, it is Asian countries that have behaved like orthodox developed countries while

For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 to 24.
Total return information is sourced from Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.

Past performance is not a guide to future performance.

much of the developed world has behaved like the emerging markets of old, (perhaps we are seeing the beginning of the 'converging markets').

Thirdly, capital flows into Asia have been negative for a decade and the region therefore far less vulnerable to money outflows than in the past.

The result is that today, Asia's financial position is superior to much of the developed world. Combine this with Asia's structurally faster growth rates and valuations at multi-year lows relative to developed markets, and the long-term outlook for Asian investors looks very encouraging.

Why has this positive position not been reflected in the performance of Asian equities more recently? China has been the key issue.

Regulatory clampdowns on the private sector, increasing geopolitical tensions, Covid induced lockdowns and problems in the property market have led to a collapse in investor sentiment about the country: the MSCI China Index is down nearly 50% since its 2021 peak, while many Chinese companies listed in the United States have fallen significantly more. Sentiment reached its nadir at the 20th Communist Party Congress this October, the results of which confirmed Xi's iron grip on the government with all the most senior positions in the country going to Xi loyalists, combined with the very public removal of the former Chinese leader, Hu Jintao, from the closing ceremony.

Sentiment, however, turned more positive towards the end of the year as China suddenly abandoned its zero Covid policies, effectively ending all forms of lockdowns which were seriously hurting the economy. With pent up consumer demand, a huge build up in personal savings (retail deposits at banks have increased by roughly 60% in the past 18 months) and a government clearly keen to see a stronger economy, growth in China is likely to accelerate rapidly and provide a strong backdrop for many domestic companies.

Over the past year, we have increasingly been finding compelling investment opportunities in China. This is especially true in the technology space, where valuations have been extreme. For example, during the period Dada Nexus' (Chinese ecommerce logistics) market capitalisation fell to almost the level of cash on its balance sheet, while Alibaba Group's core ecommerce business (stripping out cash and subsidiaries) was trading on a low single digit PE multiple. (We added to both of these holdings over the period).

At the same time, many of the regulatory headwinds that have affected the sector have subsided. This is in part due to the geopolitical tensions with the United States, whose recent actions to stymie China's innovation, including drastic measures to cut China off from certain semiconductor chips, means China needs its own technological giants to thrive and innovate and is thus becoming more supportive of the sector.

With the economy now open and set to grow strongly, we have further increased our exposure to China by adding c.600bp to Chinese companies. In addition to the aforementioned Dada Nexus and Alibaba Group, most of the additions were made to internet firms, including JD.com (ecommerce), KE Holdings (online property portal) and Baidu.com (online search engine). We also added to two financial companies, Ping An Insurance, China's leading private insurance company, and one of its subsidiaries, Ping An Bank. This takes the portfolio's exposure to China to 38% (+30bp relative to the comparative index) compared to 19% of the portfolio (-ve 1240bp relative) a year ago.

Outside China, additions were made to Nickel Mines, an Indonesian nickel processing company. Until now, Nickel Mines has focused solely on processing nickel for use in stainless steel production, however, the company is now taking a stake in one of Indonesia's new High Pressure Acid

Leach (HPAL) facilities that can convert Indonesia's low-grade nickel into high-grade nickel required for electric vehicle batteries.

Such a development is significant news for Indonesia. The country is already the world's largest nickel producer and, if it can successfully convert its lower-grade nickel into battery-grade material, it can greatly enhance the country's prospect of becoming a key link in the electric vehicle supply chain. Companies including CATL (the world's largest electric vehicle battery maker) and LG Energy (Korea's largest battery manufacturer) have already invested some $25bn in the country's commodity complex, with Tesla considering a $5bn investment. Versus the comparative index, Indonesia is the portfolio's largest country overweight position.

Finally, a new purchase was made in Silergy, a leading designer of analogue chips in China (listed in Taiwan). The company has the largest market share among domestic designers and is likely to be a key beneficiary of Chinese attempts to become self reliant in semiconductor chips.

Funding for the purchases came from two main sources. The most significant was a reduction to a number of smaller (<60bps) holdings in South Korea. These were across a range of sectors including green energy businesses (LG Energy Solutions, SK IE Technology and S-Fuelcell), cloud computing (Douzone Bizon) and speech recognition software (Flitto). Over the period our Korean weighting reduced from 17.4% of the portfolio to 14.6%.

We also continued to reduce our exposure to India, selling Zomato, the online food delivery businesses, as the company's unit economics are not as favourable as we would have hoped, and made a small reduction to Star Health & Allied Insurance Co (health insurance). Although India remains our second largest absolute (19.3%) and relative (+470bp) country position, it is noteworthy that this has come down significantly from 32.1% (absolute) and +1720bp (relative) since this time last year. Vietnam is now the second largest overweight country in the portfolio (+530bp).

By sector, there have been limited changes, with the portfolio continuing to look different to many of our growth focused peer funds. In absolute terms, our largest exposures remain focused on the key themes of the rising middle class, technology and innovation. However, we have significant exposures to more cyclical industries including materials, industrials and energy that, after consumer discretionary, make up the three largest relative positions within the portfolio.

Overall, the number of names in the portfolio reduced to 77 from 85. Private companies, of which there are 5 in the portfolio, currently make up 5.4% of the portfolio, and invested gearing is currently nil.

Performance

We are long-term investors, running a high conviction growth portfolio that is index agnostic. Performance will be volatile and there will be short term periods when we underperform. It is pleasing that over the past 5 years, the timescale on which we believe our performance should be judged, the portfolio has generated significant value for shareholders.

Over the six months to 31 January 2023 the Company's NAV increased by 0.3%, while the share price increased by 4.1%, compared to the comparative index which rose 4.0% in sterling terms, all figures total return.

The weakest performing companies over the period were internet related. The most significant was Delhivery in India (India's largest private logistics company, with a core focus on ecommerce logistics). Delhivery was previously held as a private company until listing in May 2022. Thanks to strong share price performance the company was a 5.5% holding at the start of the period.

Unfortunately, Delhivery's latest quarterly results were weak. M&A integration challenges and a slowdown in broader ecommerce growth in India led the share price down 52% and took 310bp off our performance. We are hopeful these issues are short term, and with key private players finding funding far more difficult, ecommerce a multi decade growth opportunity and Delhivery the clear number one player, we continue to have faith in the company.

Other detractors in the internet space came from the large internet platforms in China which appreciated in value. Our underweight positions in some of the largest platforms, including Tencent and Alibaba Group, detracted c.110bp.

More positively, the portfolio's significant exposure to more cyclical sectors, which has been increased significantly over the past few years, helped offset some of the weakness. Materials were the largest positive contributor, led by several of our copper companies including Zijin Mining Group and Merdeka Copper Gold, that performed strongly on China's reopening. The longer-term driver remains copper's role in the green transition.

Consumer discretionary was the second largest contributor, mainly due to the strong performance of our China holdings as the reopening theme took hold. Dada Nexus (ecommerce logistics) was the standout performer adding +110bp and was the single largest stock contributor.

Our increased exposure to China over the period resulted in China and Hong Kong being the most significant contributors to performance. This was followed by Indonesia, driven by our commodity holdings. India was the weakest market in the portfolio due to the performance of Delhivery and Dailyhunt (social media).

The Company's shares ended the period at a 1.0% premium to the NAV per share, having been at a 2.7% discount six months earlier. Over the six months to 31 January 2023, the Company issued 25,000 shares from treasury and bought back in total 686,593 shares for treasury. At the end of January 2023 the Company was promoted to the FTSE 250 Index and since period end the Company has issued a further 175,000 shares from treasury at a premium to NAV.

Conclusion

While short term markets may remain volatile, we remain extremely positive on the long-term outlook for the region. Asia has already taken up the baton of global demand growth, with China alone having contributed more to global growth in US dollar terms than the US over the past decade, while India is overtaking Japan. Asia is now better positioned financially than much of the developed world and, with a renewed investment cycle unfolding, Asian growth is likely to significantly outperform over the coming years.

We firmly believe the best way to invest in the Asia growth story is to invest in the region's fastest growing companies.

The principal risks and uncertainties facing the Company are set out on the inside cover of this report.

Baillie Gifford & Co Limited
Managers and Secretaries

Valuing Private Companies

We aim to hold our private company investments at 'fair value', i.e. the price that would be paid in an open-market transaction. Valuations are adjusted both during regular valuation cycles and on an ad hoc basis in response to 'trigger events'. Our valuation process ensures that private companies are valued in both a fair and timely manner.

The valuation process is overseen by a valuations committee at Baillie Gifford, which takes advice from an independent third party (S&P Global). The valuations committee is independent from the portfolio managers, as well as Baillie Gifford's Private Companies Specialist team, with all voting members being from different operational areas of the firm, and the portfolio managers only receive final valuation notifications once they have been applied.

We revalue the private holdings on a three-month rolling cycle, with one-third of the holdings reassessed each month. The prices are also reviewed twice per year by the Pacific Horizon Board and are subject to the scrutiny of external auditors in the annual audit process.

Recent market volatility has meant that recent pricing has moved much more frequently than would have been the case with the quarterly valuations cycle.

Beyond the regular cycle, the valuations committee also monitors the portfolio for certain 'trigger events'. These may include changes in fundamentals, a takeover approach, an intention to carry out an Initial Public Offering ('IPO'), company news which is identified by the valuation team or by the portfolio managers or changes to the valuation of comparable public companies.

The valuations committee also monitors relevant market indices on a weekly basis and update valuations in a manner consistent with our external valuer's (S&P Global) most recent valuation report where appropriate. When market volatility is particularly pronounced the team does these checks daily. Any ad hoc change to the fair valuation of any holding is implemented swiftly and reflected in the next published net asset value. There is no delay.

Pacific Horizon Investment Trust PLC*	
Instruments valued	6
Revaluations performed	14
Percentage of portfolio revalued 2 times	83%
Percentage of portfolio revalued 4 times	17%

* Data reflecting period 1 August 2022 to 31 January 2023 to align with the Company's reporting period end.

For the six months to 31 January 2023, most revaluations have been decreases. The average movement in both valuation and share price for those which have decreased in value is shown below.

	Average movement in investee company valuation	Average movement in investee share price
Instruments valued*	(6%)	(14%)

* Data reflecting period 1 August 2022 to 31 January 2023 to align with the Company's reporting period end.

Share prices have decreased more than headline valuations because Pacific Horizon typically holds preference stock, which provides downside protection.

The share price movement reflects a probability-weighted average of both the regular valuation, which would be realised in an IPO, and the downside protected valuation, which would normally be triggered in the event of a corporate sale or liquidation.

	Listed equities %	Private company (unlisted) securities† %	Net liquid assets %	Total assets %
31 January 2023	**93.6**	**5.4**	**1.0**	**100.0**
31 July 2022	93.6	6.1	0.3	100.0

Figures represent percentage of total assets.

†Includes holdings in ordinary shares and preference shares.

Baillie Gifford Statement on Stewardship

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 our holdings to be ambitious and focus their investments on long-term value creation. We understand that it is easy 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 holdings away from destructive financial engineering towards activities that create genuine economic and stakeholder 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 all capital providers. There is no fixed formula, but it is our expectation that boards have the resources, information, cognitive and experiential diversity they need to fulfil these responsibilities. We believe that good governance works best when there are diverse skillsets and perspectives, paired with an inclusive culture and strong independent representation able to assist, advise and constructively challenge 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 genuine long-term alignment with external capital providers. We are accepting of significant payouts 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 all enterprises to maintain strong relationships with all stakeholders – employees, customers, suppliers, regulators and the communities they exist within. We do not believe in one-size-fits-all policies and recognise that operating policies, governance and ownership structures may need to vary according to circumstance. Nonetheless, we believe the principles of fairness, transparency and respect should be prioritised at all times.

Sustainable Business Practices

We believe an entity's long-term success is dependent on maintaining its social licence to operate and look for holdings to work within the spirit and not just the letter of the laws and regulations that govern them. We expect all holdings to consider how their actions impact society, both directly and indirectly, and encourage the development of thoughtful environmental practices and 'net-zero' aligned climate strategies as a matter of priority. Climate change, environmental impact, social inclusion, tax and fair treatment of employees should be addressed at board level, with appropriately stretching policies and targets focused on the relevant material dimensions. Boards and senior management should understand, regularly review and disclose information relevant to such targets publicly, alongside plans for ongoing improvement.

Thirty Largest Holdings at 31 January 2023 (unaudited)

Name	Geography	Business	Value £'000	% of total assets *
Samsung Electronics	Korea	Memory, phones and electronic components manufacturer	34,910	5.8
Ping An Insurance H Shares	HK/China	Life insurance provider	24,034	4.0
JD.com	HK/China	Online mobile commerce	23,814	3.9
Li Ning	HK/China	Sportswear apparel supplier	19,668	3.3
Dailyhunt (VerSe Innovation) Series I Preferredⓤ	India	Indian news aggregator application	14,465	2.4
Dailyhunt (VerSe Innovation) Series Equityⓤ	India	Indian news aggregator application	2,755	0.4
Dailyhunt (VerSe Innovation) Series J Preferredⓤ	India	Indian news aggregator application	2,181	0.4
			19,401	3.2
Jadestone Energy	Singapore	Oil and gas explorer and producer	18,238	3.0
Alibaba Group	HK/China	Online and mobile commerce	17,343	2.9
Zijin Mining Group Co H Shares	HK/China	Gold and copper miner	16,694	2.8
Delhiveryⓟ	India	Logistics and courier services provider	15,329	2.5
Samsung SDI	Korea	Electrical equipment manufacturer	14,975	2.5
Dada Nexus ADR	HK/China	Chinese ecommerce distributor of online consumer products	14,868	2.5
Merdeka Copper Gold	Indonesia	Indonesian miner	14,390	2.4
MMG	HK/China	Chinese copper miner	13,135	2.2
ByteDance Series E-1 Preferredⓤ	HK/China	Social media	13,040	2.2
Tata Motors	India	Indian automobile manufacturer	12,630	2.1
Samsung Engineering	Korea	Korean construction	12,322	2.0
Reliance Industries	India	Indian petrochemical company	12,010	2.0
Bank Rakyat	Indonesia	Consumer bank	11,663	1.9
Sea Limited ADR	Singapore	Internet gaming and ecommerce	11,559	1.9
Meituan	HK/China	Local services aggregator	10,533	1.7
Ramkrishna Forgings	India	Auto parts manufacturer	10,275	1.7
HDBank	Vietnam	Consumer bank	9,398	1.6
Lemon Tree Hotels	India	Owner and operator of a chain of Indian hotels and resorts	9,334	1.5
Nickel Mines	Indonesia	Base metals miner	9,145	1.5
China Oilfield Services H Shares	HK/China	Oilfield services	8,970	1.5
LONGi Green Energy A Shares	HK/China	Chinese semiconductor manufacturer	8,658	1.4
KE Holdings	HK/China	Chinese real-estate platform	7,825	1.3
KE Holdings ADR	HK/China	Chinese real-estate platform	721	0.1
			8,546	1.4
Phoenix Mills	India	Commercial property manager	8,412	1.4
Midea A Shares	HK/China	Household appliance manufacturer	8,169	1.4
PT Astra International	Indonesia	Automobile distributor	8,054	1.3
			419,517	**69.5**

HK/China denotes Hong Kong and China.

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 to 24.

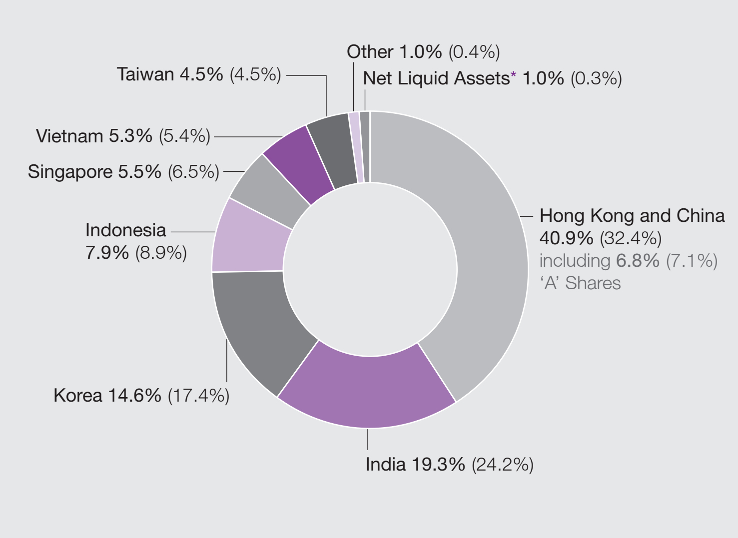
ⓤ Denotes private company (unlisted) security.

ⓟ Denotes listed security previously held in the portfolio as a private company (unlisted) security.

Distribution of Total Assets* (unaudited)

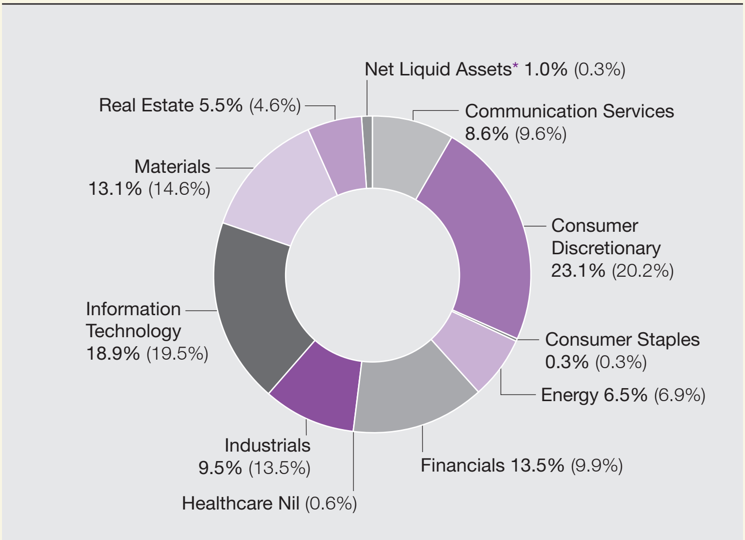
Geographical Analysis at 31 January 2023

(31 July 2022)



Sectoral Analysis at 31 January 2023

(31 July 2022)



* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 to 24.

Income Statement (unaudited)

	For the six months ended 31 January 2023			For the six months ended 31 January 2022			For the year ended 31 July 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	–	(545)	**(545)**	–	(32,632)	**(32,632)**	–	(118,594)	**(118,594)**
Currency (losses)/gains	–	(575)	**(575)**	–	652	**652**	–	1,292	**1,292**
Income from investments and interest receivable	2,821	–	**2,821**	2,720	–	**2,720**	11,067	–	**11,067**
Investment management fee (note 3)	(1,712)	–	**(1,712)**	(2,121)	–	**(2,121)**	(4,036)	–	**(4,036)**
Other administrative expenses	(405)	–	**(405)**	(589)	–	**(589)**	(1,093)	–	**(1,093)**
Net return before finance costs and taxation	704	(1,120)	**(416)**	10	(31,980)	**(31,970)**	5,938	(117,302)	**(111,364)**
Finance costs of borrowings	(201)	–	**(201)**	(281)	–	**(281)**	(756)	–	**(756)**
Net return before taxation	503	(1,120)	**(617)**	(271)	(31,980)	**(32,251)**	5,182	(117,302)	**(112,120)**
Tax (note 4)	(274)	1,578	**1,304**	(123)	1,153	**1,030**	(1,352)	5,288	**3,936**
Net return after taxation	**229**	**458**	**687**	**(394)**	**(30,827)**	**(31,221)**	**3,830**	**(112,014)**	**(108,184)**
Net return per ordinary share (note 5)	**0.25p**	**0.50p**	**0.75p**	**(0.44p)**	**(34.15p)**	**(34.59p)**	**4.21p**	**(123.01p)**	**(118.80p)**

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 after taxation is both the profit and total comprehensive income for the period.

Balance Sheet (unaudited)

	At 31 January 2023 £'000	At 31 July 2022 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 7)	598,943	608,539
Current assets		
Debtors	4,951	1,248
Cash and cash equivalents	3,383	5,399
	8,334	6,647
Creditors		
Amounts falling due within one year	(1,115)	(1,620)
Net current assets	7,219	5,027
Total assets less current liabilities	606,162	613,566
Creditors		
Amounts falling due after more than one year:		
Provision for tax liability (note 9)	(1,438)	(3,016)
Net assets	**604,724**	**610,550**
Capital and reserves		
Share capital (note 10)	9,208	9,208
Share premium account	253,967	253,946
Capital redemption reserve	20,367	20,367
Capital reserve	316,242	319,573
Revenue reserve	4,940	7,456
Shareholders' funds	**604,724**	**610,550**
Net asset value per ordinary share* (after deducting borrowings at book cost)	**663.08p**	**664.65p**
Ordinary shares in issue (note 10)	**91,199,368**	**91,860,961**

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on pages 22 to 24.

Statement of Changes in Equity (unaudited)

For the six months ended 31 January 2023

	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 2022	9,208	253,946	20,367	319,573	7,456	**610,550**
Net return after taxation	–	–	–	458	229	**687**
Ordinary shares issued (note 10)	–	–	–	–	–	**–**
Ordinary shares bought back into treasury (note 10)	–	–	–	(3,940)	–	**(3,940)**
Ordinary shares sold from treasury (note 10)	–	21	–	151	–	**172**
Dividends paid during the period (note 6)	–	–	–	–	(2,745)	**(2,745)**
Shareholders' funds at 31 January 2023	**9,208**	**253,967**	**20,367**	**316,242**	**4,940**	**604,724**

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 after taxation	–	–	–	(30,827)	(394)	**(31,221)**
Ordinary shares issued	365	32,592	–	–	–	**32,957**
Ordinary shares bought back into treasury	–	–	–	(1,203)	–	**(1,203)**
Ordinary shares sold from treasury	–	–	–	–	–	**–**
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**

* The Capital Reserve balance at 31 January 2023 includes investment holding gains on investments of £103,733,000 (31 January 2022– gains of £239,779,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 31 January 2023 £'000	Six months to 31 January 2022 £'000
Cash flows from operating activities		
Net return before taxation	(617)	(32,251)
Net losses on investments	545	32,632
Currency losses/(gains)	575	(652)
Finance costs of borrowings	201	281
Overseas withholding tax	(269)	(100)
Indian CGT paid on transactions	–	(1)
Changes in debtors and creditors	98	12
Cash from operations*	533	(79)
Interest paid	(201)	(229)
Net cash inflow/(outflow) from operating activities	332	(308)
Cash flows from investing activities		
Acquisitions of investments	(58,477)	(39,234)
Disposals of investments	63,217	39,799
Net cash inflow from investing activities	4,740	565
Cash flows from financing activities		
Ordinary shares bought back into treasury	(3,940)	(1,203)
Ordinary shares sold from treasury	172	–
Ordinary shares issued	–	32,880
Borrowings brought down	–	119,372
Borrowings repaid	–	(122,598)
Equity dividends paid	(2,745)	–
Net cash (outflow)/inflow from financing activities	(6,513)	28,451
(Decrease)/increase in cash and cash equivalents	(1,441)	28,708
Exchange movements	(575)	2,462
Cash and cash equivalents at start of period	5,399	31,766
Cash and cash equivalents at end of period	**3,383**	**62,936**

* Cash from operations includes dividends received of £2,862,000 (31 January 2022 – £2,682,000) and interest received of £118,000 (31 January 2022 – nil).

Notes to the Condensed Financial Statements (unaudited)

1 The condensed Financial Statements for the six months to 31 January 2023 comprise the statements set out on pages 10 to 14 together with the related notes on pages 15 to 18. 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, April 2021 and July 2022 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 2023 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 2022.

Going Concern

The Directors have considered the Company's principal risks and uncertainties, as set out on the inside cover of this report, 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 and over recent months due to macroeconomic and geopolitical concerns. It 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) (Tax) regulations 2011. In accordance with the Company's Articles of Association, shareholders have the right to vote on the continuation of the Company every five years, the next vote being in 2026. 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 2022 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. Dealing activity and transaction reporting have been further sub-delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited. The Managers may terminate the Management Agreement on six months' notice and the Company may terminate on three months' notice. 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

The revenue tax charge includes the overseas withholding tax suffered in the period. The capital tax charge results from the Provision for Tax Liability in respect of Indian capital gains tax as detailed in note 9.

5 Net return

	Six months to 31 January 2023 £'000	Six months to 31 January 2022 £'000	Year to 31 July 2022 (audited) £'000
Revenue return after taxation	229	(394)	3,830
Capital return after taxation	458	(30,827)	(112,014)
Total net return	**687**	**(31,221)**	**(108,184)**
Net return per ordinary share			
Revenue return after taxation	0.25p	(0.44p)	4.21p
Capital return after taxation	0.50p	(34.15p)	(123.01p)
Total net return per ordinary share	**0.75p**	**(34.59p)**	**(118.80p)**
Weighted average number of ordinary shares in issue	**91,439,600**	**90,271,035**	**91,063,205**

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.

6 Dividends

	Six months to 31 January 2023 £'000	Six months to 31 January 2022 £'000	Year to 31 July 2022 (audited) £'000
Amounts recognised as distributions in the period:			
Previous year's final dividend of 3.00p (31 July 2021 – nil), paid 29 November 2022	2,745	–	–
Amounts paid and payable in respect of the period:			
Final dividend (31 July 2022 – 3.00p)	–	–	2,745

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 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities†	566,347	–	–	**566,347**
Unlisted equities	–	–	2,910	**2,910**
Unlisted preference shares*	–	–	29,686	**29,686**
Total financial asset investments	**566,347**	**–**	**32,596**	**598,943**

As at 31 July 2022 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	570,801	495	–	**571,296**
Unlisted equities	–	–	4,051	**4,051**
Unlisted preference shares*	–	–	33,192	**33,192**
Total financial asset investments	**570,801**	**495**	**37,243**	**608,539**

† During the period, Brilliance China listed on the Hong Kong stock exchange having de-listed on 31 March 2021.

* The investments in preference shares are not classified as equity holdings as they include liquidation preference rights that determine the repayment (or multiple thereof) of the original investment in the event of a liquidation event such as a take-over.

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 three year multi-currency revolving credit facility of up to £100 million with Royal Bank of Scotland International Limited which expires on 14 March 2025. At 31 January 2023 there were no outstanding drawings (31 July 2022 – no outstanding drawings).

9 Provision for Tax Liability

The tax liability provision at 31 January 2023 of £1,438,000 (31 July 2022 – £3,016,000) 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 (long term capital gains are taxed at 10% and short term capital gains are taxed at 15%). 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.

10 Share Capital

	As at 31 January 2023		As at 31 July 2022 (audited)	
	Number	£'000	Number	£'000
Allotted, called up and fully paid ordinary shares of 10p each in issue	91,199,368	9,120	91,860,961	9,186
Treasury shares of 10p each	875,593	88	214,000	22
	92,074,961	**9,208**	**92,074,961**	**9,208**

The Company has authority to allot shares under section 551 of the Companies Act 2006. In the six months to 31 January 2023, the Company issued 25,000 ordinary shares, from treasury (nominal value £2,500, representing 0.03% of the issued share capital as at 31 July 2022) at a premium to net asset value, raising net proceeds of £172,000 (year to 31 July 2022 – 3,645,257 ordinary shares, at a premium to net asset value, with a nominal value £365,000, representing 4.1% of the issued share capital at 31 July 2021, raising net proceeds of £32,957,000).

In the six months to 31 January 2023, 686,593 shares, representing 0.7% of the issued share capital as at 31 July 2022, were bought back at a total cost of £3,940,000 and held in treasury (year to 31 July 2022 – 214,000 shares, representing 0.2% of the issued share capital at 31 July 2021, were bought back at a total cost of £1,454,000 and held in treasury).

At 31 January 2023 the Company had authority to allot or sell from treasury 9,139,320 ordinary shares without application of pre-emption rights and to buy back 13,667,037 ordinary shares on an ad hoc basis. In accordance with authorities granted at the last Annual General Meeting in November 2022, 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.

Over the period from 31 January 2023 to 1 March 2023 the Company has issued a further 175,000 shares from treasury. No further shares have been bought back.

11 During the period, transaction costs on purchases amounted to £84,000 (31 January 2022 – £67,000; 31 July 2022 – £225,000) and transaction costs on sales amounted to £143,480 (31 January 2022 – £55,000; 31 July 2022 – £308,000).

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.

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 listed on the London Stock Exchange. 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 invests in China, often through contractual structures that are complex and could be open to challenge, where potential issues with market volatility, political and economic instability including the risk of market shutdown, trading, liquidity, settlement, corporate governance, regulation, legislation and taxation 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.

Risk Warnings (continued)

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

Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). Pacific Horizon may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount

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.

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 Investment Trust PLC is a UK public listed company and as such complies with the requirements of the Financial Conduct Authority, but it 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.

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

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.

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Sustainable Finance Disclosure Regulation ('SFDR')

The EU Sustainable Finance Disclosure Regulation ('SFDR') does not have a direct impact in the UK due to Brexit, however, it applies to third-country products marketed in the EU. As Pacific Horizon Investment Trust PLC is marketed in the EU by the AIFM, Baillie Gifford & Co Limited, via the National Private Placement Regime, ('NPPR') the following disclosures have been provided to comply with the high-level requirements of 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'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 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. More detail on the Managers' approach to sustainability can be found in the Governance and Sustainability Principles and Guidelines document, available publicly on the Baillie Gifford website **bailliegifford.com**.

Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework of criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under SFDR by introducing additional disclosure obligations in respect of alternative investment funds that invest in an economic activity that contributes to an environmental objective. 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
This is the Company's definition of Adjusted Total Assets, being 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).

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.

		As at 31 January 2023 £'000	As at 31 July 2022 (audited) £'000
Net asset value per ordinary share	(a)	663.08p	664.65p
Share price	(b)	670.00p	647.00p
Premium/(discount)	**((b) - (a)) ÷ (a)**	**1.0%**	**(2.7%)**

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.

		As at 31 January 2023		As at 31 July 2022	
		NAV	Share price	NAV	Share price
Closing NAV per share/share price	(a)	663.08p	670.00p	664.65p	647.00p
Dividend adjustment factor*	(b)	1.0051	1.0057	1.0000	1.0000
Adjusted closing NAV per share/share price	(c) = (a) x (b)	666.46p	673.82p	664.65p	647.00p
Opening NAV per share/share price	(d)	664.65p	647.00p	777.15p	802.00p
Total return	**(c) ÷ (d) -1**	**0.3%**	**4.1%**	**(14.5%)**	**(19.3%)**

* The dividend adjustment factor is calculated on the assumption that the final dividend of 3.00p (31 July 2021 – nil) paid by the Company during the period was reinvested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Turnover (APM)

Annual turnover is calculated on a rolling 12 month basis. The lower of purchases and sales for the 12 months is divided by the average assets, with average assets being calculated on assets as at each month's end.

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 daily average net asset 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.

Invested gearing is borrowings at par less cash and brokers' balances expressed as a percentage of shareholders' funds.

		As at 31 January 2023 £'000	As at 31 July 2022 (audited) £'000
Borrowings (at book value)		–	–
Less: cash and cash equivalents		(3,383)	(5,399)
Less: sales for subsequent settlement		(4,267)	(402)
Add: purchases for subsequent settlement		–	446
Adjusted borrowings	(a)	(7,650)	(5,355)
Shareholders' funds	(b)	604,724	610,550
Gearing: (a) as a percentage of (b)		**(1.3%)**	**(0.9%)**

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

		As at 31 January 2023 £'000	As at 31 July 2022 (audited) £'000
Borrowings (at book value)	(a)	–	–
Shareholders' funds	(b)	604,724	610,550
Potential gearing (a) as a percentage of (b)		**–**	**–**

Glossary of Terms and Alternative Performance Measures ('APM') (continued)

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.

Compound Annual Return (APM)
The compound annual return converts the return over a period of longer than one year to a constant annual rate of return applied to the compound value at the start of each year.

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.

Private (Unlisted) 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

RW Chote
W Hee
AC Lane
RF Studwell

Registered Office

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Company Details

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Company Registration No. 02342193
ISIN GB0006667470
Sedol 0666747
Ticker PHI

Legal Entity Identifier:
VLGEI9B8R0REWKB0LN95

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