

**WITAN PACIFIC INVESTMENT TRUST PLC**  
(the "Company")

**HALF YEAR REPORT AND FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 31 JULY 2020**

Witan Pacific Investment Trust plc announces that its 2020 Half Year Report has been published. The report can be accessed via the Company's website at [www.witanpacific.com](http://www.witanpacific.com).

The Directors have declared an interim dividend of 2.55p per Ordinary share, which will be payable on 30 October 2020 to shareholders whose names appear on the register at the close of business on 9 October 2020 (ex-dividend 8 October 2020).

## FINANCIAL SUMMARY

### Key data

|  | 31 July 2020   | 31 January 2020 | % change |
|--|----------------|-----------------|----------|
| Net asset value ("NAV") per share <sup>1,2</sup> | <b>367.38p</b> | 363.49p         | 1.1%     |
| Share price <sup>3</sup>                         | <b>350.00p</b> | 333.00p         | 5.1%     |
| Discount <sup>1</sup>                            | <b>4.7%</b>    | 8.4%            |          |

### Total return (%)

|                              | 6 months | 1 year | 3 years | 5 years |
|------------------------------|----------|--------|---------|---------|
| NAV per share <sup>1,2</sup> | 2.4      | -1.7   | 5.7     | 44.5    |
| Share price <sup>1,3</sup>   | 6.6      | 5.2    | 16.2    | 57.4    |
| Benchmark <sup>4</sup>       | 1.3      | -0.4   | 12.0    | 58.1    |

### Income

|                            | 31 July 2020 | 31 July 2019 | % change |
|----------------------------|--------------|--------------|----------|
| Revenue per share          | <b>3.67p</b> | 4.21p        | -12.8%   |
| Interim dividend per share | <b>2.55p</b> | 2.55p        | -        |

### Ongoing charges<sup>1</sup> (6 months)

|                            | 31 July 2020 | 31 July 2019 |
|----------------------------|--------------|--------------|
| Excluding performance fees | <b>0.50%</b> | 0.54%        |
| Including performance fees | <b>0.53%</b> | 0.57%        |

<sup>1</sup> The financial statements (below) set out the required statutory reporting measures of the Company's financial performance. In addition to these, the Board assesses the Company's performance against a range of non-statutory reporting criteria which are viewed as particularly relevant for investment trusts ("Alternative Performance Measures"), which are summarised above/below. Definitions of the terms used are set out below.

<sup>2</sup> Source: Morningstar/Witan Investment Services.

<sup>3</sup> Source: Morningstar.

<sup>4</sup> Source: Morningstar. The benchmark for Witan Pacific Investment Trust plc is the MSCI AC Asia Pacific Free Index (Sterling).

## LONG-TERM PERFORMANCE ANALYSIS

### Total returns since inception of multi-manager structure (31 May 2005)

|                            | Cumulative return | Annualised return |
|----------------------------|-------------------|-------------------|
| NAV per share <sup>1</sup> | 244.7             | 8.5               |
| Share price <sup>2</sup>   | 279.0             | 9.2               |
| Benchmark <sup>3</sup>     | 247.6             | 8.6               |

<sup>1</sup> Source: Morningstar. Alternative Performance Measure

<sup>2</sup> Source: Morningstar. Alternative Performance Measure

<sup>3</sup> Source: Morningstar.

### 10- year dividend record

| Year | Interim Dividend pence per share | Final Dividend pence per share |
|------|----------------------------------|--------------------------------|
| 2011 | -                                | 2.80                           |
| 2012 | -                                | 4.00                           |
| 2013 | 2.00                             | 2.30                           |
| 2014 | 2.05                             | 2.40                           |
| 2015 | 2.10                             | 2.45                           |
| 2016 | 2.15                             | 2.50                           |
| 2017 | 2.20                             | 2.55                           |
| 2018 | 2.25                             | 3.25                           |
| 2019 | 2.50                             | 4.50                           |
| 2020 | 2.55                             | 4.60                           |
| 2021 | 2.55                             |                                |

<sup>1</sup> Morningstar/Witan Investment Services. Alternative Performance Measure (see below).

<sup>2</sup> Source: Morningstar. Alternative Performance Measure (see below).

<sup>3</sup> Source: Morningstar.

## CHAIR'S STATEMENT

### Summary

- NAV total return of 2.4%, compared with benchmark 1.3%
- Share price total return of 6.6%
- Revenue per share 3.7p compared with 4.2p over the same period last year
- Interim dividend maintained at 2.55p

The period under review was dominated by the global pandemic caused by Covid-19. This is a challenging time for all and I sincerely hope our shareholders are staying safe and well.

## Performance

Despite initial falls, Witan Pacific's NAV total return per share rose by 2.3% over the period, compared with the benchmark total return of 1.3%. The share price performed strongly over the period, increasing by 6.6% reflecting a narrowing of the discount to 4.7%. This was influenced largely by the corporate announcement made in July 2020 (see Corporate developments below). Although the NAV outperformed the benchmark over the period under review, it did not do so sufficiently to outweigh the accumulated underperformance against the benchmark over the performance measurement period from 1 February 2019 which was set out in the corporate announcement made in February 2019.

## Corporate Developments

On 11 February 2019 the Board announced that, if the Company were not to deliver NAV total return outperformance of its benchmark over the period from 31 January 2019 to 31 January 2021, the Board would put forward proposals to include a full cash exit at close to NAV for all Shareholders.

The Board is cognisant that the current market backdrop for its strategy is challenging and coupled with the Company's underperformance of its benchmark to date, outperformance of its benchmark for the remaining period to 31 January 2021 will be difficult. The board is also aware that the current pan-Asian strategy is unpopular with a number of key investor groups. The Board therefore decided to bring forward a set of proposals ("Proposals") that it believes will be attractive to shareholders.

On 22 July 2020 the Board announced that, after an extensive review of the Company's management arrangements, it has entered into an investment management agreement to appoint Baillie Gifford as the Company's investment manager, Company Secretary and Administrator subject to shareholder approval. Further to this announcement a shareholder circular was issued on 24 August 2020 setting out recommended proposals for the appointment of Baillie Gifford as the new investment manager, adoption of a new investment policy and a tender offer for up to 40% of the issued share capital of the Company.

Whilst acknowledging that the proposed new investment remit is significantly different, the Board and Baillie Gifford believe that China is central to the future of the Asia Pacific region and there is an exciting opportunity to re-position the Company, focusing it solely on what they believe to be one of the most important markets of the coming decades. There are currently only two investment trusts focused on China whilst there are eight that focus on the Asia Pacific region. The Board and Baillie Gifford believe the opportunity is compelling: China's economic success of the past 40 years is unsurpassed; its middle class already the largest in the world, and its economy and domestic stock market the world's second largest.

The Board and Baillie Gifford believe that the desire to invest directly into China will continue to grow. As at June 2019, China accounted for 18 per cent. of global market cap in MSCI investable indices, 19 per cent. of global purchasing power by GDP and 31 per cent. of all global listed stocks in MSCI investable indices, yet only accounted for a 2.5 per cent. allocation in global portfolios.

In order to capitalise on this opportunity, the Board is proposing that the investment objective and policy be revised so that the Company will aim to produce long term capital growth by investing predominantly in shares of, or depositary receipts representing the shares of, Chinese companies. The portfolio will consist of a diversified portfolio of 40 to 80 securities and up to 20 per cent. of the total assets of the Company may be invested in unlisted securities. The Company will also be able to employ gearing, which typically would not exceed 20 per cent. of gross asset value at the time of drawdown.

Further details, including how to vote, were set out in the Circular which was posted to shareholders on 24 August. The shareholder general meeting is being held on 16 September 2020. Unfortunately, due to ongoing Covid-19 restrictions, shareholders will not be able to attend the meeting in person.

## Market Background

This was an extremely volatile period. The optimism of the US/China trade deal at the end of last year was immediately replaced by Covid-19 concerns as the virus spread across the world causing a global pandemic and several hundred thousand fatalities. However the sharp sell-off (the Company's benchmark fell 21% from the peak

in late January) was less than most western markets suffered – helped by the resilience shown by major markets such as Japan, China, Hong Kong and Taiwan which reacted with swift policy responses, and containment measures once the severity of the virus was recognised. There was a large divergence in the performance of the various countries in the region with China and Taiwan returning 20% and Indonesia down 18%.

Cyclically exposed markets, and those seen at higher Covid-19 risk suffered large drawdowns (India -30%, Indonesia -40%, Australia -35%) at the lows. The markets rallied strongly from the low point but are still down -7%, -18% and -7% respectively over the period. Japan has lagged the bounce but is flat over the period having fared relatively well at the start.

As measures were taken to contain Covid-19 the difference between ‘shutdown winners’ and ‘shutdown losers’ was stark and exacerbated the relative performance differential between new economy growth stocks and cyclical value stocks. The crisis has caused a shift in behaviour with Technology stocks being a resultant winner.

## **Portfolio Managers**

Aberdeen and Matthews performed strongly over the period returning 6.1% and 7.4% respectively. Their significant positions in quality growth companies served them well. Robeco who managed 24.8% of the Company’s portfolio at the start of the period has endured a torrid six months as their value style has moved further out of favour and their segment of the portfolio fell by 5.7%. Dalton who managed 9.2% of the Company’s portfolio on 1 February returned 0.3%.

## **Portfolio Review**

Details of the portfolio’s key country and sector allocations follow this statement. The Company’s portfolio will change markedly should shareholders approve the appointment of Baillie Gifford as the new investment manager and adoption of a new investment policy on 16 September. The following details should therefore be taken as a matter of record rather than an indication of the portfolio’s current positioning.

As always, the Company’s portfolio is the result of independent, bottom-up stock selection by the four portfolio managers. At the period end, the combined portfolio had 33% in Japan and 30% in China and Hong Kong. This is largely in line with the fund’s benchmark weights. Five other countries (Korea, Australia, Taiwan, India and Singapore) accounted for the majority of the balance. No country weighting was more than 2% away from its benchmark weight, so the country allocations had little impact on relative performance. The portfolio ended the period overweight for Information Technology (+3%), Real Estate (+2%) and Industrials (+1%) and underweight for Financials (-5%), Communication Services (-2%) and Utilities (-2%). This positioning also proved to be largely neutral to overall returns meaning that stock selection was the key contributor to relative returns over the period.

The top twenty investments by size also follow this statement. Key contributors among the largest holdings include China Tourism Group Duty Free Corp which benefitted from strong demand at domestic airports, especially in the resort province of Hainan, as Chinese nationals stayed at home rather than travelling overseas. LG Chemical also performed well due largely to optimism surrounding its Electric Vehicle Battery division. The key detractor on a relative basis was Tencent which, despite being the portfolio’s third largest holding, is an underweight position. Tencent was up 45% over the six-month period. Alibaba, which is a small position for the Company, was up 22% and also a notable detractor from relative performance.

## **Discount and Share Repurchases**

The discount narrowed gradually over the course the period and this contraction accelerated significantly following the corporate announcement to end the period at 4.7%. There was also a significant pick-up in market liquidity following the announcement, with investors appearing to respond positively to the Board’s proposals. Share buybacks were halted in advance of the announcement but, notwithstanding this, 237,535 shares (amounting to circa £762k) were repurchased over the period at an average discount of 6.8% .

## **Dividend**

Earnings per share fell to 3.67p (2019: 4.21p), mainly as a result of reduced dividend income. The Board proposes to pay an interim dividend of 2.55p per share (2019: 2.55p). The dividend will be paid on 30 October 2020 to

shareholders on the register at the close of business on 9 October 2020 (the ex-dividend date will be 8 October 2020).

The Proposals, if approved by shareholders, will result in the majority of returns from the portfolio being generated from capital growth as opposed to income. The current level of dividend will therefore not be covered by the future investment income. However, in view of the Company's sizeable revenue reserves, the Board intends to continue to pay out dividends at the prevailing level of 7.15 pence per Share per annum in respect of the current financial year and the next financial year to 31 January 2022, should shareholders approve the Proposals. This is intended to mitigate the impact on shareholder income as a result of the Proposals in the short term.

## **Outlook**

The threat from the virus is ongoing as a second wave of outbreaks appears likely while many populous countries, including USA, Brazil, India, Russia and South Africa, have still not contained the first wave. Hope lies with greater preparedness, improved understanding and treatment and the accelerated pace of vaccine trials – which will be pivotal in delivering a lasting improvement in sentiment. According to the World Bank forecasts, the global economy will shrink this year as a result of Covid-19 and we may experience the deepest recession since the second world war. China may be one of the few countries to grow its economy this year. However, we can expect some pre-election sabre rattling in the US, and that Donald Trump's adversarial stance towards China may resurface alongside the pandemic concerns. Over the longer term, the Board is confident in the future prospects for China, and therefore for this Company, should the Proposals be approved.

### **Susan Platts-Martin**

Chair

14 September 2020

Company Secretary contact details:

Link Company Matters Limited  
Beaufort House, 51 New North Road  
Exeter EX4 4EP

email: [WitanPacificInvestmentTrustPlc@linkgroup.co.uk](mailto:WitanPacificInvestmentTrustPlc@linkgroup.co.uk)

## PORTFOLIO INFORMATION

Portfolio manager performance for the half year ended 31 July 2020 and from appointment to 31 July 2020

|          | Appointment date | Managed assets <sup>1</sup> |      | Performance |             | Annualised performance <sup>2</sup> |             |
|----------|------------------|-----------------------------|------|-------------|-------------|-------------------------------------|-------------|
|          |                  | £m                          | %    | Manager %   | Benchmark % | Manager %                           | Benchmark % |
| Matthews | 30 April 2012    | 91.9                        | 41.3 | +7.4        | +1.3        | +10.4                               | +9.0        |
| Aberdeen | 31 May 2005      | 60.6                        | 27.2 | +6.1        | +1.3        | +10.7                               | +8.6        |
| Robeco   | 28 Sept 2017     | 50.4                        | 22.6 | -5.7        | +1.3        | -0.1                                | +4.5        |
| Dalton   | 28 Sept 2017     | 19.9                        | 8.9  | +0.3        | +1.3        | -2.0                                | +4.5        |

Source: BNP Paribas. All performance figures are disclosed on a pre-fee basis.

<sup>1</sup> Excluding cash balances held centrally by the Company.

<sup>2</sup> Since appointment.

### The Company's portfolio by sector analysis as at 31 July 2020

| Sector                 | Portfolio % <sup>1</sup> | Benchmark % <sup>2</sup> |
|------------------------|--------------------------|--------------------------|
| Consumer Discretionary | 18                       | 17                       |
| Consumer Staples       | 7                        | 7                        |
| Energy                 | 2                        | 3                        |
| Financials             | 11                       | 16                       |
| Healthcare             | 7                        | 8                        |
| Industrials            | 11                       | 10                       |
| Information Technology | 19                       | 16                       |
| Materials              | 6                        | 6                        |
| Real Estate            | 6                        | 4                        |
| Communication Services | 9                        | 11                       |
| Utilities              | -                        | 2                        |
| Other                  | 4                        | -                        |
|                        | <b>100</b>               | <b>100</b>               |

<sup>1</sup> Source: BNP Paribas.

<sup>2</sup> Source: MSCI.

## Geographical allocation

| Country     | Portfolio at              | Benchmark at              |
|-------------|---------------------------|---------------------------|
|             | 31 July 2020 <sup>1</sup> | 31 July 2020 <sup>2</sup> |
|             | %                         | %                         |
| Australia   | 8                         | 9                         |
| China       | 24                        | 27                        |
| Hong Kong   | 6                         | 4                         |
| India       | 5                         | 5                         |
| Indonesia   | 1                         | 1                         |
| Japan       | 33                        | 33                        |
| Malaysia    | -                         | 1                         |
| New Zealand | 1                         | 1                         |
| Philippines | 1                         | 1                         |
| Singapore   | 4                         | 2                         |
| South Korea | 8                         | 7                         |
| Taiwan      | 8                         | 8                         |
| Thailand    | 1                         | 1                         |
|             | <b>100%</b>               | <b>100%</b>               |

<sup>1</sup> Source: BNP Paribas - Portfolio represents investments excluding cash.

<sup>2</sup> Source: MSCI.

## Top Twenty Investments as at 31 July 2020

| Rank         | Company                            | Country     | % of total investments | Value £'000   |
|--------------|------------------------------------|-------------|------------------------|---------------|
| 1            | Samsung Electronics                | South Korea | 4.2                    | 9,029         |
| 2            | Taiwan Semiconductor               | Taiwan      | 4.2                    | 8,979         |
| 3            | Tencent Holdings                   | China       | 3.5                    | 7,402         |
| 4            | Aberdeen Global China A Share Fund | China       | 2.1                    | 4,579         |
| 5            | Aberdeen Global Indian Equity Fund | India       | 1.7                    | 3,698         |
| 6            | China Tourism Group Duty Free      | China       | 1.5                    | 3,269         |
| 7            | LG Chemical                        | South Korea | 1.5                    | 3,227         |
| 8            | Mint Group                         | China       | 1.5                    | 3,157         |
| 9            | Hoya Corporation                   | Japan       | 1.4                    | 3,029         |
| 10           | Anritsu Corporation                | Japan       | 1.4                    | 2,918         |
| 11           | Pharmaron Beijing                  | China       | 1.2                    | 2,544         |
| 12           | China Resources Land               | Hong Kong   | 1.2                    | 2,530         |
| 13           | Macquarie Group                    | Australia   | 1.2                    | 2,508         |
| 14           | Wuliangye Yibin                    | China       | 1.1                    | 2,417         |
| 15           | Breville Group                     | Australia   | 1.1                    | 2,374         |
| 16           | Shin-Etsu Chemical                 | Japan       | 1.0                    | 2,166         |
| 17           | Ping An Insurance Company          | China       | 1.0                    | 2,131         |
| 18           | Misumi                             | Japan       | 1.0                    | 2,108         |
| 19           | BHP Group                          | Australia   | 1.0                    | 2,086         |
| 20           | Zhongsheng                         | China       | 0.9                    | 2,021         |
| <b>Total</b> |                                    |             | <b>33.7</b>            | <b>72,172</b> |

The value of the twenty largest holdings represents 33.7% (31 January 2020: 30.6%) of the Company's total investments. The full portfolio listing is published monthly (with a three-month lag) on the Company's website. The country shown is the country of incorporation or, in the case of funds, the country of risk.

## **REGULATORY DISCLOSURES**

### **Related party transactions disclosures**

Details of Directors' shareholdings and remuneration may be found in the Directors' Remuneration Report on pages 47 and 49 of the Company's Annual Report for the year ended 31 January 2020. There have been no material changes to the Directors' shareholdings or remuneration since that date. The report is available on the Company's website at <https://www.witanpacific.com/more/literature-library>

Except as disclosed here and in note 3 there have been no other related party transactions.

### **Principal risks and uncertainties**

The Directors have considered the principal risks and uncertainties affecting the Company's position. The principal risks faced by the Company, and the way in which they are managed, are described in more detail in the Annual Report for the year ended 31 January 2020 in the corporate review on page 23 and in the notes to the financial statements on pages 73 - 76. Those risks included consideration of the spread of Covid-19.

For the remaining six months of the financial year the principal risks are expected to continue to include those relating to business strategy, market conditions, investment performance, reduction in income, operational failure and regulatory changes or breaches.

If the Proposals set out in the Circular dated 24<sup>th</sup> August 2020 are approved, the nature of certain of the principal risks will vary. In particular, the new investment policy, as set out in the Circular, will increase the geographic risk exposure. There are certain risks inherent to investing in any emerging market, including greater market volatility, legal and regulatory risks and the risk of political and economic instability (such as the ongoing geo-political tensions between China and the US). The new investment policy permits investment in unlisted companies. These assets may be more difficult to value and to buy or sell. The Company also anticipates that it will employ gearing. Borrowings can exacerbate the impact of a fall in the value of a company's portfolio.

The risks faced by the Company have not changed significantly over the six months to 31 July 2020 and are not expected to change materially in the next six months, other than in respect of those risks described above. The Annual Report is available on the Company's website at <https://www.witanpacific.com/more/literature-library>

### **Going concern**

The financial statements continue to be prepared on a going concern basis. The approach used for the Annual Report, which included detailed consideration of the risks arising from Covid-19 and the consequences of the Company's corporate statement made in February 2019, is applied, including proper consideration of financial and cash flow forecasts, and it is believed that the Company has adequate financial resources to continue to operate for the foreseeable future.



**CONDENSED INCOME STATEMENT**  
for the half year ended 31 July 2020

|  |      | <b>(Unaudited)</b><br><b>Half year ended</b><br><b>31 July 2020</b> |                  |                | <b>(Unaudited)</b><br><b>Half year ended</b><br><b>31 July 2019</b> |                  |                | <b>(Audited)</b><br><b>Year ended</b><br><b>31 January 2020</b> |                  |                |
|--|------|---|------------------|----------------|---|------------------|----------------|---|------------------|----------------|
|  | Note | Revenue<br>£'000  | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000  | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000  | Capital<br>£'000 | Total<br>£'000 |
| Gains on investments held at fair value through profit or loss |      | -   | 3,855            | 3,855          | -   | 18,330           | 18,330         | -   | 7,997            | 7,997          |
| Exchange losses  |      | -   | (97)             | (97)           | -   | (66)             | (66)           | -   | (189)            | (189)          |
| Investment income  | 2    | 3,100   | -                | 3,100          | 3,544   | -                | 3,544          | 6,073   | -                | 6,073          |
| Management fees  | 3    | (180)   | (541)            | (721)          | (197)   | (593)            | (790)          | (370)   | (1,110)          | (1,480)        |
| Performance fees   | 3    | -   | (64)             | (64)           | -   | (72)             | (72)           | -   | (164)            | (164)          |
| Other expenses   |      | (479)   | (324)            | (803)          | (473)   | (32)             | (505)          | (809)   | (54)             | (863)          |
| <b>Net return before taxation</b>                              |      | <b>2,441</b>  | <b>2,829</b>     | <b>5,270</b>   | <b>2,874</b>  | <b>17,567</b>    | <b>20,441</b>  | <b>4,894</b>  | <b>6,480</b>     | <b>11,374</b>  |
| Taxation   |      | (203)   | -                | (203)          | (267)   | (107)            | (374)          | (482)   | (107)            | (589)          |
| <b>Net return after taxation</b>                               |      | <b>2,238</b>  | <b>2,829</b>     | <b>5,067</b>   | <b>2,607</b>  | <b>17,460</b>    | <b>20,067</b>  | <b>4,412</b>  | <b>6,373</b>     | <b>10,785</b>  |
| <b>Return per Ordinary share – pence</b>                       | 5    | <b>3.67</b>   | <b>4.64</b>      | <b>8.31</b>    | 4.21  | 28.19            | 32.40          | 7.15  | 10.33            | 17.48          |

All revenue and capital items in the above statement derive from continuing operations. The total columns of this statement represent the Income Statement of the Company. The revenue return and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company had no other comprehensive income, recognised gains or losses other than those disclosed in this statement.

**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
for the half year ended 31 July 2020

|   | Called up<br>share<br>capital<br>£'000 | Share<br>premium<br>account<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Capital<br>reserves<br>£'000 | Revenue<br>reserve<br>£'000 | Total<br>£'000 |
|---|--|--------------------------------------|---|------------------------------|-----------------------------|----------------|
| <b>Half year ended 31 July 2020</b>                         |  |                                      |   |                              |                             |                |
| <b>(unaudited)</b>  |  |                                      |   |                              |                             |                |
| At 31 January 2020  | 16,486                                 | 5                                    | 41,085                                    | 151,441                      | 13,191                      | 222,208        |
| Net return after taxation and<br>total comprehensive income | -                                      | -                                    | -   | 2,829                        | 2,238                       | 5,067          |
| Purchase of own shares                                      | -                                      | -                                    | -   | (762)                        | -                           | (762)          |
| Dividends paid  | -                                      | -                                    | -   | -                            | (2,801)                     | (2,801)        |
| <b>At 31 July 2020</b>                                      | <b>16,486</b>                          | <b>5</b>                             | <b>41,085</b>                             | <b>153,508</b>               | <b>12,628</b>               | <b>223,712</b> |
| <b>Half year ended 31 July 2019</b>                         |  |                                      |   |                              |                             |                |
| <b>(unaudited)</b>  |  |                                      |   |                              |                             |                |
| At 31 January 2019  | 16,486                                 | 5                                    | 41,085                                    | 149,221                      | 13,132                      | 219,929        |
| Net return after taxation and<br>total comprehensive income | -                                      | -                                    | -   | 17,460                       | 2,607                       | 20,067         |
| Purchase of own shares                                      | -                                      | -                                    | -   | (2,220)                      | -                           | (2,220)        |
| Dividends paid  | -                                      | -                                    | -   | -                            | (2,784)                     | (2,784)        |
| <b>At 31 July 2019</b>                                      | <b>16,486</b>                          | <b>5</b>                             | <b>41,085</b>                             | <b>164,461</b>               | <b>12,955</b>               | <b>234,992</b> |
| <b>Year ended 31 January 2020</b>                           |  |                                      |   |                              |                             |                |
| <b>(audited)</b>  |  |                                      |   |                              |                             |                |
| At 31 January 2019  | 16,486                                 | 5                                    | 41,085                                    | 149,221                      | 13,132                      | 219,929        |
| Net return after taxation and<br>total comprehensive income | -                                      | -                                    | -   | 6,373                        | 4,412                       | 10,785         |
| Purchase of own shares                                      | -                                      | -                                    | -   | (4,153)                      | -                           | (4,153)        |
| Dividends paid  | -                                      | -                                    | -   | -                            | (4,353)                     | (4,353)        |
| <b>At 31 January 2020</b>                                   | <b>16,486</b>                          | <b>5</b>                             | <b>41,085</b>                             | <b>151,441</b>               | <b>13,191</b>               | <b>222,208</b> |

**CONDENSED BALANCE SHEET**  
as at 31 July 2020

|   |      | (Unaudited)<br>31 July<br>2020<br>£'000 | (Unaudited)<br>31 July<br>2019<br>£'000 | (Audited)<br>31 January<br>2020<br>£'000 |
|---|------|---|---|--|
|   | Note |   |   |  |
| <b>Fixed assets</b>                                   |      |   |   |  |
| Investments held at fair value through profit or loss |      | 213,237                                 | 224,949                                 | 215,358                                  |
| <b>Current assets</b>                                 |      |   |   |  |
| Debtors   |      | 1,858                                   | 1,223                                   | 756                                      |
| Cash at bank and in hand                              |      | 10,008                                  | 10,059                                  | 7,386                                    |
|   |      | <b>11,866</b>                           | <b>11,282</b>                           | <b>8,142</b>                             |
| <b>Creditors</b>                                      |      |   |   |  |
| Performance fee                                       |      | (217)                                   | (15)                                    | (66)                                     |
| Amounts falling due within one year                   |      | (1,174)                                 | (1,167)                                 | (1,128)                                  |
|   |      | <b>(1,391)</b>                          | <b>(1,182)</b>                          | <b>(1,194)</b>                           |
| <b>Net current assets</b>                             |      | <b>10,475</b>                           | <b>10,100</b>                           | <b>6,948</b>                             |
| <b>Total assets less current liabilities</b>          |      | <b>223,712</b>                          | <b>235,049</b>                          | <b>222,306</b>                           |
| Provision for liabilities and charges                 | 6    | -                                       | (57)                                    | (98)                                     |
| <b>Net assets</b>                                     |      | <b>223,712</b>                          | <b>234,992</b>                          | <b>222,208</b>                           |
| <b>Capital and reserves</b>                           |      |   |   |  |
| Called up share capital                               | 7    | 16,486                                  | 16,486                                  | 16,486                                   |
| Share premium account                                 |      | 5                                       | 5                                       | 5  |
| Capital redemption reserve                            |      | 41,085                                  | 41,085                                  | 41,085                                   |
| Capital reserves                                      |      | 153,508                                 | 164,461                                 | 151,441                                  |
| Revenue reserve                                       |      | 12,628                                  | 12,955                                  | 13,191                                   |
| <b>Total shareholders' funds</b>                      |      | <b>223,712</b>                          | <b>234,992</b>                          | <b>222,208</b>                           |
| <b>Net asset value per Ordinary share – pence</b>     | 8    | <b>367.38</b>                           | <b>380.86</b>                           | <b>363.49</b>                            |

# NOTES TO THE FINANCIAL STATEMENTS

## for the half year ended 31 July 2020

### 1 Accounting policies

#### a) Basis of preparation

The condensed financial statements have been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The interim financial statements have been prepared using the same accounting policies as the preceding annual financial statements.

As an investment fund, the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets all the following conditions: substantially all of the entity's investments are highly liquid and are carried at market value; and where a Statement of Changes in Equity is provided.

#### (b) Valuation of investments

All investments have been designated upon initial recognition as fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis.

Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss.

Listed investments have been designated by the Board as held at fair value through profit or loss and accordingly are valued at fair value, deemed to be bid market prices for quoted investments. Investments included in Level 2 in the Fair Value Hierarchy disclosures in note 9 consist of unlisted reportable funds within the portfolio, Aberdeen Standard Indian Equity Fund and Aberdeen Standard China A Share Equity Fund. These are priced daily using their net asset value, which is the fair value.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as "Gains or losses on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase. All purchases and sales are accounted for on a trade date basis.

### 2 Investment income

|  | <b>(Unaudited)</b><br><b>Half year</b><br><b>ended</b><br><b>31 July</b><br><b>2020</b><br><b>£'000</b> | (Unaudited)<br>Half year<br>ended<br>31 July<br>2019<br>£'000 | (Audited)<br>Year<br>ended<br>31 January<br>2020<br>£'000 |
|--|---|---|---|
| Income from investments held at fair value through profit or loss: |   |   |   |
| Overseas dividends   | <b>3,043</b>  | 3,434   | 5,867   |
| UK dividends   | <b>46</b>   | 83  | 150   |
| Scrip dividends  | <b>11</b>   | 26  | 26  |
| Other income   | <b>-</b>  | 1   | 30  |
| <b>Total income</b>  | <b>3,100</b>  | 3,544   | 6,073   |

### 3 Transactions with the managers

On 27 May 2005, the Company appointed Witan Investment Services Limited as Executive Manager. Aberdeen Asset Managers Limited was appointed as portfolio manager on 31 May 2005. In April 2012, the Company appointed Matthews International Capital Management LLC. In September 2017, the Company appointed Robeco Institutional Asset Management B.V. and Dalton Investments LLC.

Each Management Agreement can be terminated at one month's notice in writing and requisite notice has been served on them. Each portfolio manager is entitled to a base management fee, at rates between 0.20% and 0.85% per annum, calculated according to the value of the assets under their management.

Aberdeen is also entitled to a performance fee based on relative outperformance against the MSCI AC Asia Pacific Free Index (Sterling adjusted total return). The performance fee is calculated according to investment performance over a three-year rolling period and is payable at a rate of 15% of the calculated outperformance relative to the benchmark (subject to a cap).

Any provisions included in the Income Statement for the half year ended 31 July 2020 are calculated on the actual performance of the portfolio manager relative to the benchmark index. The provision assumes that both the benchmark index remains unchanged and that the portfolio managers' assets under management perform in line with the benchmark index to 31 August 2020, being the date the next performance period ends.

The Board has announced that the Company has entered into an investment management agreement with Baillie Gifford & Co Limited subject to shareholder approval. No additional performance fee provisions have been accrued from the end of the next performance fee period on 31 August 2020.

|   | <b>(Unaudited)<br/>Half year<br/>ended<br/>31 July<br/>2020<br/>£'000</b> | (Unaudited)<br>Half year<br>ended<br>31 July<br>2019<br>£'000 | (Audited)<br>Year<br>ended<br>31 January<br>2020<br>£'000 |
|---|---|---|---|
| Charged to revenue return:<br>Management fee <sup>1</sup> | <b>180</b>  | 197   | 370   |
| Charged to capital return:<br>Management fee <sup>1</sup> | <b>541</b>  | 593   | 1,110   |
| <b>Total management fees</b>                              | <b>721</b>  | 790   | 1,480   |
| Performance fees charged to capital return                | <b>64</b>   | 72  | 164   |

<sup>1</sup> The management fees stated above include fees paid to Witan Investment Services Limited of £125,000 (six months to 31 July 2019: £130,000 and full year to 31 January 2020: £258,000).

Management fees are charged 75% to capital return and 25% to revenue return.

The allocation percentages approximate to the split of historic returns between capital and income and reflect the Board's expectation of the long-term split of returns in compliance with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts'. Performance fees, when payable, will be charged wholly to the capital account.

### 4 Dividends

An interim dividend of 2.55 per Ordinary share (2019: 2.55p) will be paid on 30 October 2020 to shareholders on the register on 9 October 2020.

## 5 Return per Ordinary share

The total return per Ordinary share is based on the net return attributable to the Ordinary shares of £5,067,000 (half year ended 31 July 2019: return of £20,067,000; year ended 31 January 2020: return of £10,785,000) and on 61,013,080 Ordinary shares (half year ended 31 July 2019: 61,928,245; year ended 31 January 2020: 61,677,613), being the weighted average number of shares in issue during the period.

The total return can be analysed as follows:

|   | <b>(Unaudited)</b><br><b>Half year</b><br><b>ended</b><br><b>31 July</b><br><b>2020</b><br><b>£'000</b> | (Unaudited)<br>Half year<br>ended<br>31 July<br>2019<br>£'000 | (Audited)<br>Year<br>ended<br>31 January<br>2020<br>£'000 |
|---|---|---|---|
| Revenue return  | <b>2,238</b>  | <b>2,607</b>  | 4,412   |
| Capital return  | <b>2,829</b>  | <b>17,460</b>   | 6,373   |
| <b>Total return</b>   | <b>5,067</b>  | <b>20,067</b>   | 10,785  |
| Weighted average number of Ordinary shares in issue during the period | <b>61,013,080</b>   | <b>61,928,245</b>   | 61,677,613  |
| Revenue return per Ordinary share – pence                             | <b>3.67</b>   | <b>4.21</b>   | 7.15  |
| Capital return per Ordinary share – pence                             | <b>4.64</b>   | <b>28.19</b>  | 10.33   |
| <b>Total return per Ordinary share – pence</b>                        | <b>8.31</b>   | <b>32.40</b>  | 17.48   |

The Company does not have any dilutive securities.

## 6 Provisions for liabilities and charges

In previous periods this provision represents the estimated performance fee payable for future periods.

## 7 Share capital

During the half year ended 31 July 2020, 237,535 Ordinary shares were repurchased and held in treasury, at a total cost of £762,000 (half year ended 31 July 2019: 683,481 Ordinary shares were repurchased and held in treasury at a total cost of £2,220,000; year ended 31 January 2020: 1,251,965 Ordinary shares were purchased to be held in treasury at a total cost of £4,153,000).

As at 31 July 2020, there were 65,944,000 Ordinary shares of 25p in issue, of which 5,050,096 were held in treasury. Subsequent to 31 July 2020, no further Ordinary shares were repurchased

## 8 Net asset value per Ordinary share

Net asset values are based on net assets of £223,712,000 (31 July 2019: £234,992,000 and 31 January 2020: £222,208,000) and on 60,893,904 Ordinary shares in issue as at 31 July 2020 excluding shares held in treasury (31 July 2019: 61,699,923 and 31 January 2020: 61,131,439).

## 9 Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs in making the measurements. The fair value hierarchy shall have the following classifications:

- Level 1: The unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

- Level 3: Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at the reporting date as follows:

|  | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|--|------------------|------------------|------------------|----------------|
| <b>Financial assets and financial liabilities at fair value through profit or loss</b> |                  |                  |                  |                |
| <b>As at 31 July 2020</b>  |                  |                  |                  |                |
| Equity investments   | 204,960          | 8,277            | -                | 213,237        |
| <b>Total</b>   | <b>204,960</b>   | <b>8,277</b>     | <b>-</b>         | <b>213,237</b> |

|   | Level 1<br>£'000 | Level 2<br>£'000 | Level 3<br>£'000 | Total<br>£'000 |
|---|------------------|------------------|------------------|----------------|
| Financial assets and financial liabilities at fair value through profit or loss |                  |                  |                  |                |
| As at 31 January 2020   |                  |                  |                  |                |
| Equity investments  | 206,834          | 8,524            | -                | 215,358        |
| <b>Total</b>  | <b>206,834</b>   | <b>8,524</b>     | <b>-</b>         | <b>215,358</b> |

The valuation techniques used by the Company are explained in the accounting policies in note 1(b).

There were no transfers during the year between Level 1 and Level 2.

#### **(a) Quoted equities and preference shares**

The fair value of the Company's investments in quoted equities and preference shares has been determined by reference to their quoted bid prices at the reporting date. Quoted equities and preference shares included in Level 1 are actively traded on recognised stock exchanges.

Investments classified as Level 2 are Aberdeen Standard Indian Equity Fund and Aberdeen Standard China A Share Equity Fund (31 January 2020: same).

## **10 Results**

The results for the half years ended 31 July 2020 and 31 July 2019, which are unaudited and were not reviewed by the Auditors, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The latest published accounts which have been delivered to the Registrar of Companies are for the year ended 31 January 2020; the report of the Auditors thereon was unqualified and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The comparative figures for the year ended 31 January 2020 have been extracted from those accounts.

## **11 Post-balance sheet events**

The Board has announced that the Company has entered into an investment management agreement with Baillie Gifford & Co Limited as the Company's new Alternative Investment Fund Manager ("AIFM"), company secretary and administrator, conditional on shareholder approval.

It is proposed that the Company's investment objective is changed to produce long term capital growth by investing predominantly in shares of, or depositary receipts representing the shares of, Chinese companies.

The Board has also proposed that those Shareholders wishing to realise part or potentially all of their investment in the Company will have a chance to do so through a tender offer for up to 40 percent of the shares in issue at a one percent discount to the prevailing Net Asset Value per share.

The above proposals are subject to shareholder approval at a General Meeting convened for 16<sup>th</sup> September 2020.

## **RESPONSIBILITY STATEMENT OF THE DIRECTORS in respect of the Half Year Report for the six months ended 31 July 2020**

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements has been prepared in accordance with Financial Reporting Standard 104 (Interim Financial Reporting) and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report (which comprises the financial summary, the long-term performance analysis, the Chair's statement, portfolio information and regulatory disclosures) and includes a fair review of the information required by Rules 4.2.7 R and 4.2.8 R of the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority.

The names and functions of the Directors of Witan Pacific Investment Trust plc are as listed below.

This Half Year Report was approved by the Board on 14 September 2020 and the above responsibility statement was signed on its behalf by:

**Susan Platts-Martin**

Chair

14 September 2020



## **DIRECTORS**

Susan Platts-Martin - *Chair*

Dermot McMeekin - *Senior Independent Director and Chair of the Nomination and Remuneration Committee*

Christopher Ralph - *Independent Director*

Andrew Robson - *Independent Director and Chair of the Audit Committee*

All the Directors are members of both the Audit Committee and of the Nomination and Remuneration Committee.

## GLOSSARY

### Definitions of Alternative Performance Measures

#### Net asset value per share

This is the value of total assets less all liabilities of the Company. The net asset value, or NAV, per Ordinary share is calculated by dividing this amount by the total number of Ordinary shares in issue (excluding those shares held in treasury).

#### Net asset value total return

Total return on NAV, on a cum-income value to cum-income value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

|  | Half year<br>ended<br>31 July 2020 | Half year<br>ended<br>31 July 2019 | Year ended<br>31 January<br>2020 |            |
|--|------------------------------------|------------------------------------|----------------------------------|------------|
| <b>Total return calculation</b>                                  |                                    |                                    |                                  |            |
| Opening cum-income NAV per share (pence)                         | 363.49                             | 352.54                             | 352.54                           | (a)        |
| Closing cum-income NAV per share (pence)                         | 367.38                             | 380.86                             | 363.49                           | (b)        |
| Total dividend adjustment factor <sup>1</sup>                    | 1.012676                           | 1.012710                           | 1.019705                         | (c)        |
| Adjusted closing cum-income NAV per share<br>(d = b x c) (pence) | 372.04                             | 385.70                             | 370.65                           | (d)        |
| <b>Net asset value total return (e = d/a - 1)</b>                | <b>2.4%</b>                        | <b>9.4%</b>                        | <b>5.2%</b>                      | <b>(e)</b> |

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the cum-income NAV at the ex-dividend date.

#### Ongoing charge

The ongoing charge reflects those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue as a collective fund, excluding the costs of acquisition and disposal and gains or losses arising on investments. The calculation is performed in accordance with the guidelines issued by the Association of Investment Companies.

#### Premium/discount

The amount by which the market price per share is either higher (premium) or lower (discount) than the NAV per share expressed as a percentage of the NAV per share.

#### Share price total return

Share price total return, on a last traded price to last traded price basis, assuming that all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

|  | Half year<br>ended<br>31 July 2020 | Half year<br>ended<br>31 July 2019 | Year ended<br>31 January<br>2020 |            |
|--|------------------------------------|------------------------------------|----------------------------------|------------|
| <b>Total return calculation</b>                  |                                    |                                    |                                  |            |
| Opening share price (pence)                      | 333.00                             | 303.00                             | 303.00                           | (a)        |
| Closing share price (pence)                      | 350.00                             | 340.00                             | 333.00                           | (b)        |
| Total dividend adjustment factor <sup>1</sup>    | 1.013982                           | 1.014107                           | 1.021753                         | (c)        |
| Adjusted closing share price (d = b x c) (pence) | 354.89                             | 344.80                             | 340.24                           | (d)        |
| <b>Share price total return (e = d/a - 1)</b>    | <b>6.6%</b>                        | <b>13.8%</b>                       | <b>12.3%</b>                     | <b>(e)</b> |

<sup>1</sup> The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the last traded price quoted at the ex-dividend date.

#### Footnote

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