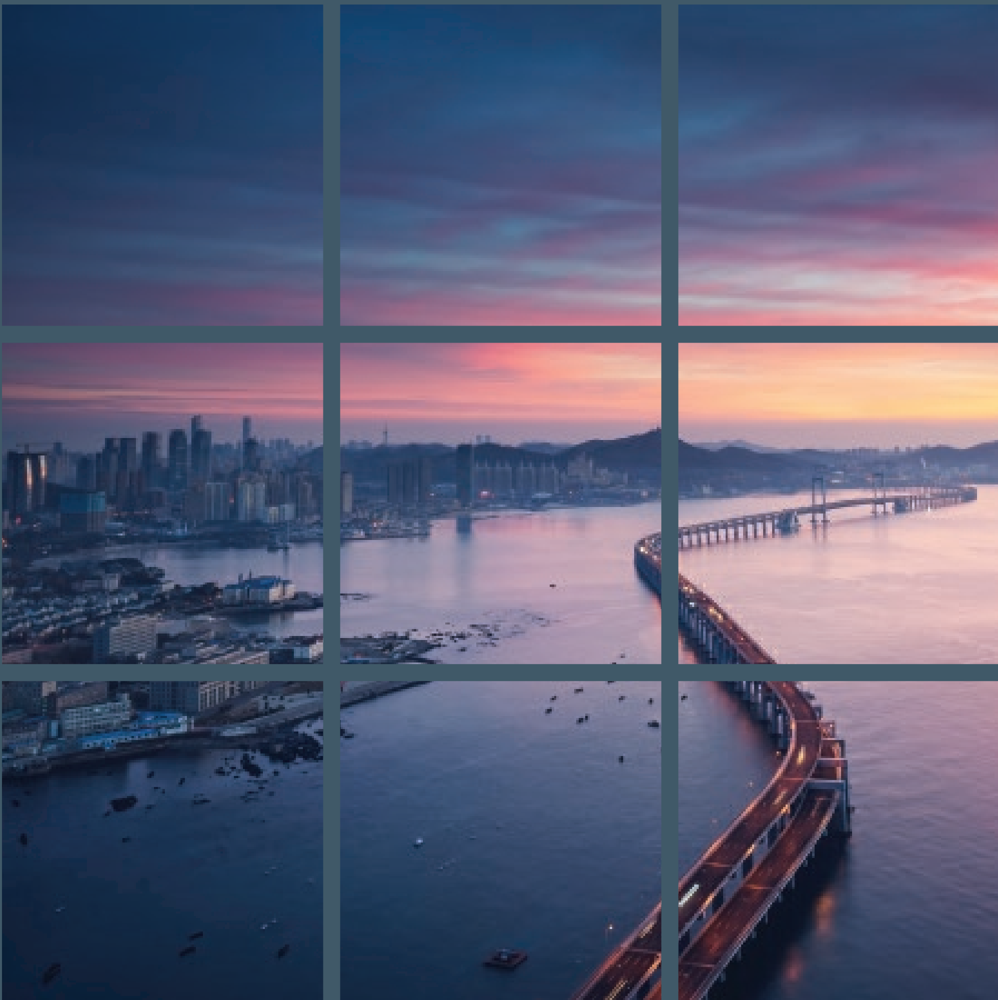
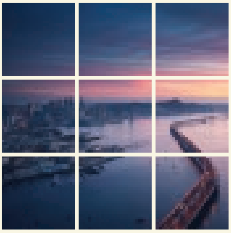
PACIFIC HORIZON INVESTMENT TRUST PLC

Growth^2: Embracing growth, disruption and innovation



Interim Financial Report
31 January 2021

BAILLIE GIFFORD



Investment Objective

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

Summary of Unaudited Results*

	31 January 2021	31 July 2020 (audited)	% change
Total assets	£621.0m	£329.0m	
Borrowings	£59.3m	£24.6m	
Shareholders' funds	£561.7m	£304.4m	
Net asset value per ordinary share	699.01p	481.92p	45.0
Share price	770.00p	504.00p	52.8
MSCI All Country Asia ex Japan Index (in sterling terms)†#	638.3	534.0	19.5
Premium‡	10.2%	4.6%	
Active share‡	90%	85%	

	Six months to 31 January 2021	Six months to 31 January 2020
Revenue earnings per ordinary share	(0.11p)	0.75p

	Six months to 31 January 2021	Year to 31 July 2020
Total return (%)#‡		
Net asset value per ordinary share	45.1%	39.9%
Share price	52.8%	57.5%
MSCI All Country Asia ex Japan Index (in sterling terms)†	20.5%	5.1%

	Six months to 31 January 2021		Year to 31 July 2020	
Period's high and low	**High**	**Low**	**High**	**Low**
Net asset value per ordinary share	756.22p	481.92p	500.24p	284.09p
Share price	830.00p	504.00p	530.00p	235.00p
Premium/(discount)‡	19.85%	0.89%	9.3%	(17.7%)

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 21.
† The MSCI All Country Asia ex Japan Index (in sterling terms) is the principal index against which performance is measured.
# Source: Baillie Gifford/Refinitiv and relevant underlying index providers. See disclaimer on page 20.
‡ Alternative performance measure. See Glossary of Terms and Alternative Performance Measures on page 21.

Past performance is not a guide to future performance.

Interim Management Report

Results

In the six months to 31 January 2021, Pacific Horizon's net asset value (NAV) per share total return was 45.1%. The share price total return was 52.8% as the premium increased from 4.6% to 10.2%. Over the same period the MSCI All Country Asia ex Japan Index's total return was 20.5% in sterling terms. The Company issued 17.2 million shares over the six months, raising £116 million. Although recent absolute and relative performance has been exceptionally strong, shareholders should expect there to be periods when the Company's NAV per share and share price underperform notably relative to the comparative index and also in total return terms. We intentionally do not replicate the comparative index and we are not a proxy for it. Markets have been very strong and large corrections should be expected.

The notable outperformance in the six months to 31 January 2021 was driven by a number of factors: firstly our overweight in North Asian markets which outperformed markets in South Asia, mainly due to their superior handling of the Covid-19 situation; secondly, our holdings in internet, online and biotech businesses and enablers, whose sales were given a significant boost as a consequence of Covid-19; thirdly, we added to risk across the portfolio from the March lows onwards; fourthly, we were able to participate in a number of IPOs which generated significant returns; and lastly, we meaningfully increased our exposure to cyclicals throughout the second half of the year, which performed strongly on expectations of a rapid post-Covid-19 recovery.

The largest contributors to both absolute and relative portfolio returns were the holdings in Hong Kong/ China, India and Singapore, respectively the portfolio's first, third and fourth largest market exposures. These markets rose 17.0%, 17.9%, and 13.4% respectively. Our highest absolute gains came from our holdings in Indonesia, up 9.4%. South Korea was the only market that detracted from relative performance. With the exception of Vietnam and Indonesia, the portfolio has had little exposure to ASEAN markets, and these were amongst the worst performing markets in the period, with Malaysia falling by 4.4%, the Philippines rising by 7.9% and Thailand by 6.3%.

Our holdings outperformed in most regions. At the index level, Materials was the best performing sector, up 70.0%, followed by Consumer Discretionary up 49.5% and Communications Services up 48.7%. The worst were Information Technology, up 34.6%, Industrials up 22.6% and Energy up 5.7%.

During the six months, some of the portfolio's smaller and nontechnology holdings had significant share price moves, for example:

Holding	Price move
Ramkrishna Holdings	+243%
PT Aneka Tambang	+202%
Tata Motors	+150%
Nexteer	+145%
Enzymes	-30%
Genius Electric	-29%
Shennan Circuits	-28%
TCI	-28%

Of the larger positions, Sea Limited (+69%), Li Ning (+86%) and Accton Technologies (+17%) all performed strongly. Sea Limited was the largest contributor to relative returns followed by Tata Motors and Nickel Mines. Our underweights in Samsung Electronics and TSMC were our biggest detractors to relative returns.

For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 21.
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.

Interim Management Report

Outlook

In many ways, the world is becoming a better place. On average, people are richer and healthier, with more choice than ever in how they live their lives. This trend is particularly pronounced within the emerging world and in Asia ex Japan, home to 50% of the world's population. Incomes in many Asian countries are reaching a tipping point at which large segments of the population are elevated from a subsistence to a middle-class lifestyle. As their savings and their appetite for consumption soar, they demand new goods and services. Despite all the media and political noise to the contrary and the disruptive effect of the Covid-19 pandemic, these trends will probably continue for decades to come.

The pace of technological innovation is increasing rapidly. As more people, economies and businesses connect, ideas spread and multiply, new businesses are created and old ones are lost at an accelerating rate. The adoption of the new is as rapid, and sometimes faster, in Asia ex Japan than in the West. Huge fortunes are, and will continue to be, made and lost as new technologies cause the existing order to become outdated and irrelevant.

We live in the age of information. Alongside matter and energy, information is now seen as a fundamental economic building block. Unlike matter and energy, it cannot exist on its own and takes huge resources to create and maintain. Companies wishing to succeed over the next decade need to either create and manipulate information in ever more complex ways or to make the devices that gather the data that enables these transformations.

In the technology and information revolution, it is our belief that we are closer to the beginning than to the end. The world in 2030 will be dramatically different from today's world, in ways we cannot yet fathom. For example, we have only just entered the era of machine learning. The future growth trajectory of electric and autonomous vehicle demand, as another example, is only now becoming visible.

So how will the millennials (under-40s) and Generation Z (20-somethings) transform the world? How will their tastes, social habits and consumption patterns differ from those of their parents? The current millennial generation, much of it based in Asia, could become the world's first truly globalised citizenry, connected 24/7. In this new world, fashions and trends will be set in the East as much as in the West.

This growth in the Asian middle class will make new calls on the world's resources. Despite technological change, demand for commodities is likely to keep rising. We believe that a shift towards the real economy is under way. Certain sectors will benefit from converging trends, as when increasing availability of electric vehicles meets a growing Asian middle class.

We believe it is a great time to be a business owner (if you've survived). Covid-19 and governments' responses to it have caused business costs – for example labour and rent – to be reduced. Competition has been clipped or bankrupted, and customers are desperately waiting to spend again. In the light of this, we expect that many businesses will have greater revenue and margins post-Covid than pre-Covid, industries will consolidate with the winners taking more, and profits will be higher. This is true for technology-related investment, but we think it is especially true for some of the old economy companies, where this crisis ended a multi-year bear market. Calling the tops and bottoms of long-bear markets is difficult. Bull markets tend to end in mass euphoria and bear markets with a whimper. Low interest rates have kept many zombie companies alive and allowed difficult decisions to be postponed for many years. Covid-19 has been the final nail resulting in many companies ceasing to exist, or using the situation for significant cost-cutting and structural shifts in their business models. The automotive space is the best example of this. Within five years every auto original equipment manufacturer ('OEM') will also be an EV OEM, as the industry recognises the societal change. For example, Tata Motors used the crisis to cut billions from its cost base and has just announced that it is turning Jaguar into a 100% EV luxury brand by 2025. We expect it to be much more profitable at lower levels of sales than in the past. We have been tilting the portfolio to more cyclical sectors of the economy throughout this period.

We remain optimistic. Change is happening rapidly, though not evenly. There will be periods of rapid growth, followed by periods of stress and retrenchment where the painful effects of change come to the fore. The best way to invest in this rapidly altering growth market is to find the best long-term growth companies. Investing in the fastest growing companies in the fastest growing region is something we call 'growth squared'.

We continue to look for evidence of change and its impact on society. We seek asymmetric opportunities where the prospect of superior long-term returns vastly outweighs the risks of failure. In so doing, we take risks and intentionally look for investment opportunities in smaller companies and those with new business models. The resulting portfolio can be volatile and look very different from the index, but we believe this strategy provides us with the opportunity to deliver significant long-term outperformance against the comparative index.

Stock Highlights

The majority of the portfolio's outperformance in the period under review came from its holdings in China, India, Singapore and Indonesia. However, there was a very broad level of outperformance across our holdings with the exception of South Korea (which had performed very well in the prior six months). Sea Limited, up 69% and Li Ning, up 86% continued to perform well and were our first and fourth highest contributors to relative returns.

Tata Motors

Tata Motors (up 150%) is the owner of the Jaguar Land Rover franchise and is also a leading commercial vehicle player in India. This is a company whose sales, earnings and share price have fallen significantly since 2014 and the Covid-19 crisis forced management's hand. A significant cost-cutting exercise across the business was announced. At the same time, the firm launched new products in the passenger vehicle business which should improve sales. Our exposure was increased incrementally over 2020 and it is now a top 10 holding. We expect that the company will be significantly more profitable in the next few years at much lower volumes of sales compared to its last peak in 2014.

Nickel Mines

We bought Nickel Mines in 2018 when it was purchasing a stake in Tsingshan's nickel pig iron plant in Indonesia, one of the largest integrated steel and nickel sites in the world. This was an attractive opportunity to buy into a Cyclic Electrowinning/Precipitation ('CEP') source of nickel at the point that management was attempting to grow the business through buying new nickel pig iron kilns for the site. Revenues have grown from A$14m in 2018 to A$520m in 2020 and the business has a strong pathway for future growth. We are very positive on the long-term outlook for nickel and other base metals given limited supply and rising demand caused by the electric vehicle revolution.

Alibaba Technology

Unusually, Alibaba was a big contributor to our positive relative return due to our increasing underweight holding in the stock. It fell 3% (in sterling terms) during the period and added 100bps to our attribution. We reduced our holding significantly for a few reasons: First, competition is increasing. Second, regulatory risk is increasing. Third, slower growth is inevitable given the scale of the business and there are more exciting stories elsewhere. On competition, the rise of Pinduoduo, the success of JD.com and most importantly the rise of social buying, live-streaming and key influencer-led ecommerce, especially among GenZ consumers, are all reducing the potential market size for ecommerce. In terms of regulatory action, we have seen Ant Group's IPO blocked and the imposition of anti-monopoly rules. We are also unsure whether Alipay and TenPay will have a place in China once the country launches its digital currency. Although a lot has played out in the period and we would expect positive returns from the stock from here, we are not minded to increase the position size.

Interim Management Report

Positioning

The portfolio continues to be positioned to benefit from the growth of the Asian middle class and its adoption of new technologies. Over the period there has been a significant shift in the portfolio by both country, sector and stock weights, partly due to market movements but also deliberately shifting the portfolio towards more cyclical and 'growthier' stocks, sectors and countries.

India has moved from 6.8% of the portfolio, an underweight, to 14.0% and our largest country overweight position as our view is that the government and the people have accepted Covid-19 as part of their lives and the economy is moving back to normal, supporting the growth outlook for many firms. This, coupled with a renewed growth push by the Modi government, is likely to lead to many years of high and sustained growth. Our holding in Tata Motors has, following additions and good performance, become our largest Indian holding. We expect that, given a slew of new IPOs, our aggregate Indian exposure will increase. South Korea has moved back to a neutral weight and our Taiwan underweight has increased.

Healthcare moved from 10.8% of the portfolio to 6.0% and has been replaced by the Materials sector as our largest sector overweight, at 14.6% of the portfolio and a 13-percentage point overweight. We expect that this long-forgotten sector will enjoy a new lease of life as economic growth returns to the region and to the world.

In terms of concentration, the top 10 holdings account for 30.9% of the portfolio and the top 30 account for 55.9%. The portfolio has a bias towards mid-sized and smaller companies when measured against the comparative index, and our most immediate peers. At present, the Company has potential to borrow for investment purposes up to 10.6% of assets (gearing). We ended the period 2.3% geared.

We have 3.0% in unlisted equities, in three stocks: ByteDance, Zomato and Chime/Eden Biologics. We expect to invest in a couple more private companies in the coming period.

Although sentiment and market noise will continue to be driven by geopolitical volatility, we remain steadfastly focused on finding the best growth companies with the best potential for long-term returns for the portfolio. Accelerating technological change and the increasing wealth of a growing Asian middle class are just two of the factors underpinning our enthusiasm for the region, one which continues to produce many truly great growth businesses. We believe these firms will generate superior returns for investors over the coming years.

We would like to thank investors for their tremendous support over this period.

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

Baillie Gifford & Co Limited
Managers and Secretaries

Baillie Gifford Statement on Stewardship

Reclaiming Activism for Long-Term Investors

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

Our Stewardship Principles

Prioritisation of long-term value creation

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

A constructive and purposeful board

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

Long-term focused remuneration with stretching targets

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

Fair treatment of stakeholders

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

Sustainable business practices

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

Thirty Largest Holdings at 31 January 2021 (unaudited)

Name	Geography	Business	Value £'000	% of total assets *
Sea Limited ADR	Singapore	Internet gaming and ecommerce	44,756	7.2
Tata Motors Ltd ADR	India	Indian automobile manufacturer	22,062	3.6
Samsung SDI	Korea	Electrical equipment manufacturer	20,045	3.2
JD.com ADR	HK/China	Online mobile commerce	18,855	3.0
Nickel Mines	Indonesia	Base metals miner	16,941	2.7
Dada Nexus Ltd ADR	HK/China	Chinese ecommerce distributor of online consumer products	15,016	2.4
Kingsoft Cloud Holdings Ltd ADR	HK/China	Chinese cloud computing provider	14,335	2.3
Kingdee International Software	HK/China	Enterprise management software distributor	13,790	2.2
Li Ning	HK/China	Sportswear apparel supplier	13,449	2.2
MMG	HK/China	Chinese copper miner	12,929	2.1
Zai Lab ADR	HK/China	Biopharmaceutical company	11,583	1.9
Merdeka Copper Gold	Indonesia	Indonesian miner	10,425	1.7
Zomato Media ⓤ	India	Online restaurant search, ordering and discovery platform	9,506	1.5
Lufax Holdings	HK/China	Online Internet finance marketplace	9,324	1.5
ByteDance ⓤ	HK/China	Social media	8,739	1.4
Koh Young Technology	Korea	3D inspection machine manufacturer	8,569	1.4
MediaTek	Taiwan	Taiwanese electronic component manufacturer	8,146	1.3
Tencent Holdings	HK/China	Online gaming and social networking	7,732	1.2
PT Aneka Tambang	Indonesia	Nickel miner	7,465	1.2
Dragon Capital Vietnam Enterprise Investments	Vietnam	Vietnam investment fund	7,220	1.2
iClick Interactive Asia Group	HK/China	Online marketing technology platform	7,100	1.1
Zijin Mining Group Co Ltd H Shares	HK/China	Gold and copper miner	6,923	1.1
Jadestone	Singapore	Oil and gas explorer and producer	6,916	1.1
Meituan Dianping	HK/China	Chinese online services platform	6,777	1.1
Quess Corp	India	Human resources company	6,732	1.1
PT Vale Indonesia	Indonesia	Nickel miner	6,618	1.1
HDBank	Vietnam	Consumer bank	6,577	1.1
EO Technics	Korea	Manufacturer and distributor of semiconductor laser markers	6,338	1.0
Accton Technology	Taiwan	Server network equipment manufacturer	6,317	1.0
Geely Automobile	HK/China	Automobile manufacturer	6,252	1.0
			347,437	**55.9**

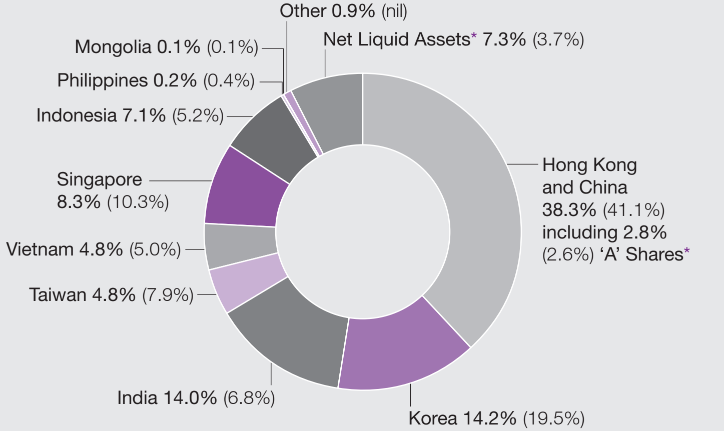
HK/China denotes Hong Kong and China (China 'A' denotes 'A' shares*).

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 21.

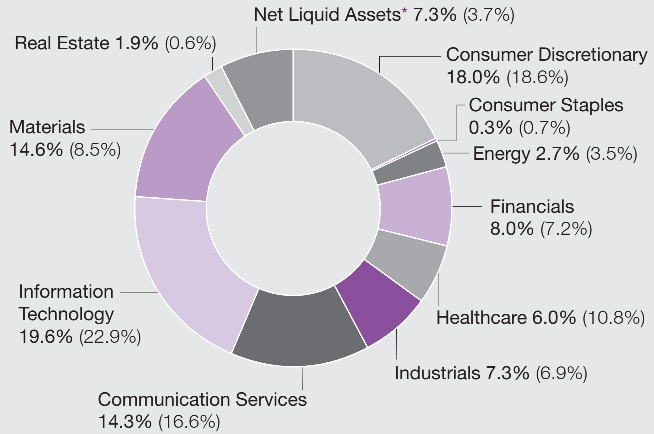
ⓤ Denotes unlisted investment.

Distribution of Total Assets* (unaudited)

Geographical Analysis at 31 January 2021
(31 July 2020)



Sectoral Analysis at 31 January 2021
(31 July 2020)



* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 21.

Income Statement (unaudited)

	For the six months ended 31 January 2021			For the six months ended 31 January 2020			For the year ended 31 July 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	–	143,558	**143,558**	–	1,665	**1,665**	–	79,433	**79,433**
Currency gains	–	46	**46**	–	632	**632**	–	731	**731**
Income from investments and interest receivable	977	–	**977**	1,645	–	**1,645**	3,128	–	**3,128**
Investment management fee (note 3)	(1,478)	–	**(1,478)**	(687)	–	**(687)**	(1,533)	–	**(1,533)**
Other administrative expenses	(320)	–	**(320)**	(222)	–	**(222)**	(479)	–	**(479)**
Net return before finance costs and taxation	(821)	143,604	**142,783**	736	2,297	**3,033**	1,116	80,164	**81,280**
Finance costs of borrowings	(151)	–	**(151)**	(197)	–	**(197)**	(337)	–	**(337)**
Net return on ordinary activities before taxation	(972)	143,604	**142,632**	539	2,297	**2,836**	779	80,164	**80,943**
Tax on ordinary activities (note 4)	896	(2,105)	**(1,209)**	(95)	(142)	**(237)**	(215)	(74)	**(289)**
Net return on ordinary activities after taxation	**(76)**	**141,499**	**141,423**	**444**	**2,155**	**2,599**	**564**	**80,090**	**80,654**
Net return per ordinary share (note 5)	**(0.11p)**	**200.60p**	**200.49p**	**0.75p**	**3.65p**	**4.40p**	**0.95p**	**134.99p**	**135.94p**

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

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

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

Balance Sheet (unaudited)

	At 31 January 2021 £'000	At 31 July 2020 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss (note 7)	575,546	316,952
Current assets		
Debtors	2,501	885
Cash and cash equivalents	46,320	12,146
	48,821	13,031
Creditors		
Amounts falling due within one year:		
Bank loan (note 8)	(59,338)	(24,641)
Other creditors	(1,186)	(863)
	(60,524)	(25,504)
Net current liabilities	(11,703)	(12,473)
Total assets less current liabilities	563,843	304,479
Creditors		
Amounts falling due after more than one year:		
Provision for deferred tax liability (note 9)	(2,181)	(76)
Net assets	**561,662**	**304,403**
Capital and reserves		
Share capital (note 10)	8,035	6,317
Share premium account	154,337	40,048
Capital redemption reserve	20,367	20,367
Capital reserve	374,971	233,472
Revenue reserve	3,952	4,199
Shareholders' funds	**561,662**	**304,403**
Net asset value per ordinary share*	**699.01p**	**481.92p**

* For a definition of terms see Glossary of Terms and Alternative Performance Measures on page 21.

Statement of Changes in Equity (unaudited)

For the six months ended 31 January 2021

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

For the six months ended 31 January 2020

	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 2019	5,903	20,063	20,367	153,382	3,635	**203,350**
Net return on ordinary activities after taxation	–	–	–	2,155	444	**2,599**
Shares bought back into Treasury (note 10)	–	–	–	(114)	–	**(114)**
Shareholders' funds at 31 January 2020	**5,903**	**20,063**	**20,367**	**155,423**	**4,079**	**205,835**

* The Capital Reserve balance at 31 January 2021 includes investment holding gains on investments of £243,107,000 (31 January 2020 – gains of £65,938,000).

Condensed Cash Flow Statement (unaudited)

	Six months to 31 January 2021 £'000	Six months to 31 January 2020 £'000
Cash flows from operating activities		
Net return on ordinary activities before taxation	142,632	2,836
Net gains on investments	(143,558)	(1,665)
Currency gains	(46)	(632)
Finance costs of borrowings	151	197
Overseas tax incurred	(86)	(97)
Corporation tax refunded	992	–
Changes in debtors and creditors	641	161
Cash from operations*	726	800
Interest paid	(128)	(203)
Net cash inflow from operating activities	598	597
Net cash outflow from investing activities	(114,899)	(1,274)
Equity dividends paid (note 6)	(171)	–
Shares issued	113,903	–
Shares bought back into Treasury	–	(114)
Net cash inflow from bank loans	35,484	249
Net cash inflow from financing activities	149,216	135
Increase/(decrease) in cash and cash equivalents	34,915	(542)
Exchange movements	(741)	(53)
Cash and cash equivalents at start of period	12,146	3,627
Cash and cash equivalents at end of period	**46,320**	**3,032**

* Cash from operations includes dividends received of £1,225,000 (31 January 2020 – £1,626,000) and interest received of £66,000 (31 January 2020 – £201,000).

Notes to the Condensed Financial Statements (unaudited)

1 The condensed Financial Statements for the six months to 31 January 2021 comprise the statements set out on pages 8 to 12 together with the related notes on pages 13 to 16. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in October 2019. 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 2021 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 2020.

Going Concern

The Directors have considered the Company's principal risks and uncertainties, as set out on page 17, together with the Company's current position, investment objective and policy, the level of demand for the Company's shares, the nature of its assets, its liabilities and projected income and expenditure. The Board has, in particular, considered the impact of heightened market volatility since the coronavirus (Covid-19) outbreak. It is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. The Board approves borrowing and gearing limits and reviews regularly the amounts of any borrowing and the level of gearing as well as compliance with borrowing covenants. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) regulations 2011. In accordance with the Company's Articles of Association, the shareholders have the right to vote on the continuation of the Company every five years, the next vote being at the Annual General Meeting to be held in November 2021. The Directors have no reason to believe that the continuation resolution will not be passed at that Annual General Meeting. 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 2020 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report, and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

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

Notes to the Condensed Financial Statements (unaudited)

4 Tax on ordinary activities

The revenue tax charge for the period to 31 January 2021 includes £992,000 UK corporation tax repaid in respect of the Company's financial years to 2008 and 2009, following successful legal action regarding the tax treatment of overseas dividend income. This amount had not previously been provided for, as recovery was not considered sufficiently probable. It has therefore been recognised on receipt. As it exceeds the overseas withholding tax suffered in the period, this has resulted in a positive revenue tax charge.

Interest on the corporation tax repayment is included within interest income.

The capital tax charge results from the Provision for Deferred Tax Liability in respect of Indian capital gains tax as detailed in note 9.

	Six months to 31 January 2021 £'000	Six months to 31 January 2020 £'000	Year to 31 July 2020 (audited) £'000
5 Net return per ordinary share			
Revenue return on ordinary activities after taxation	(76)	444	564
Capital return on ordinary activities after taxation	141,499	2,155	80,090
Total net return	**141,423**	**2,599**	**80,654**
Weighted average number of ordinary shares in issue	**70,537,252**	**59,008,380**	**59,331,304**

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

There are no dilutive or potentially dilutive shares in issue.

	Six months to 31 January 2021 £'000	Six months to 31 January 2020 £'000	Year to 31 July 2020 (audited) £'000
6 Dividends			
Amounts recognised as distributions in the period:			
Previous year's final dividend of 0.25p (2019 – nil), paid 13 November 2020	171	–	–
Amounts paid and payable in respect of the period:			
Final dividend (2020 – 0.25p)	–	–	171

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 2021	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	557,006	–	–	**557,006**
Unlisted equities	–	–	18,540	**18,540**
Total financial asset investments	**557,006**	**–**	**18,540**	**575,546**

As at 31 July 2020 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Listed equities	312,835	–	–	**312,835**
Unlisted equities	–	–	4,117	**4,117**
Total financial asset investments	**312,835**	**–**	**4,117**	**316,952**

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

Notes to the Condensed Financial Statements (unaudited)

8 The Company has a one year multi-currency revolving credit facility of up to £60 million with The Royal Bank of Scotland International Limited. At 31 January 2021 there were outstanding drawings of £20 million and US$54 million (31 July 2020 – £12.5 million and US$15.9 million).

9 Provision for Deferred Tax Liability

The deferred tax liability provision at 31 January 2021 of £2,181,000 (31 July 2020 – £76,000) relates to a potential liability for Indian capital gains tax that may arise on the Company's Indian investments should they be sold in the future, based on the net unrealised taxable capital gain at the period end and on enacted Indian tax rates. The amount of any future tax amounts payable may differ from this provision, depending on the value and timing of any future sales of such investments and future Indian tax rates.

	At 31 January 2021		At 31 July 2020 (audited)	
	Number	£'000	Number	£'000
10 Share Capital: allotted, called up and fully paid				
Ordinary shares of 10p each in issue	80,351,338	8,035	63,165,282	6,317

In the six months to 31 January 2021, the Company issued 17,186,056 ordinary shares (nominal value £1,718,000, representing 27.2% of the issued share capital as at 31 July 2020) at a premium to net asset value, raising net proceeds of £116,007,000 (six months to 31 January 2020 – nil). No shares were bought back into treasury (six months to 31 January 2020 – 37,000 at a total cost of £114,000).

At 31 January 2021 the Company had authority to buy back 10,086,063 ordinary shares on an ad hoc basis as well as a general authority to issue shares and an authority to issue shares or sell shares from Treasury on a non pre-emptive basis up to an aggregate nominal amount of £1,229,089.60. In accordance with authorities granted at the last Annual General Meeting in November 2020, buy-backs will only be made at a discount to net asset value and the Board has authorised use of the issuance authorities to issue new shares or sell shares from Treasury at a premium to net asset value in order to enhance the net asset value per share for existing shareholders and improve the liquidity of the Company's shares.

11 During the period, transaction costs on purchases amounted to £133,000 (31 January 2020 – £31,000; 31 July 2020 – £116,000) and transaction costs on sales amounted to £39,000 (31 January 2020 – £99,000; 31 July 2020 – £133,000).

12 Related Party Transactions

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

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

Comparative Index

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

Principal Risks and Uncertainties

The principal risks facing the Company are financial risk, investment strategy risk, discount risk, regulatory risk, custody and depositary risk, operational risk, leverage risk and political and associated economic risk. An explanation of these risks and how they are managed is set out on pages 8 and 9 of the Company's Annual Report and Financial Statements for the year to 31 July 2020 which is available on the Company's website: **www.pacifichorizon.co.uk**. The principal risks and uncertainties have not changed since the date of that report.

Responsibility Statement

We confirm that to the best of our knowledge:

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

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

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

On behalf of the Board
Angus Macpherson
Chairman
3 March 2021

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 **www.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 **https://www.gov.uk/government/publications/exchange-of-information-account-holders**.

Risk Warnings

Past performance is not a guide to future performance.

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

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

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

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

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

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

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

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

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

Risk Warnings (continued)

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

Shareholders in Pacific Horizon have the right to vote every five years on whether to continue Pacific Horizon or wind it up. If the shareholders decide to wind the Company up, the assets will be sold and shareholders will receive a cash sum in relation to their shareholding. The next vote will be held at the Annual General Meeting in 2021.

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

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

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

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

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

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

Third Party Data Provider Disclaimer

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

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

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

MSCI Index Data

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Glossary of Terms and Alternative Performance Measures (APM)

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

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

Net 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.

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.

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

Net Asset Value Per Share

		At 31 January 2021	At 31 July 2020 (audited)
Shareholders' funds (Net Asset Value)	a	£561,662,000	£304,403,000
Ordinary shares in issue (excluding treasury shares)	b	80,351,338	63,165,282
Net asset value per share	(a ÷ b x 100)	**699.01p**	**481.92p**

Glossary of Terms and Alternative Performance Measures (APM)

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.

Net Asset Value Total Return

		31 January 2021 NAV (par)	31 January 2021 Share price
Closing NAV/price per share	a	699.01p	770.00p
Dividend adjustment factor*	b	1.0004	1.0004
Adjusted closing NAV/price per share	c = a x b	699.29p	770.31p
Opening NAV/price per share	d	481.92p	504.00p
Total return	(c ÷ d) -1	**45.1%**	**52.8%**

* The dividend adjustment factor is calculated on the assumption that the dividend of 0.25p paid by the Company during the period was reinvested into shares of the Company at the cum income NAV/share price at the ex-dividend date.

Gearing (APM)

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

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

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

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.

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.

Directors
Chairman:
RA Macpherson

R Chote
W Hee
AC Lane
RF Studwell

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Investor Services PLC
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Company Registration
No. 02342193
ISIN GB0006667470
Sedol 0666747
Ticker PHI

Legal Entity Identifier:
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