

This document comprises a prospectus relating to Pacific Horizon Investment Trust PLC (the "Company"). This prospectus has been approved by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129. The FCA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by EU Regulation 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares. This prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129. This document will be made available to the public in accordance with the Prospectus Regulation Rules by being made available at www.pacifichorizon.co.uk.

The Directors of the Company, whose names appear on page 18 of this document, and the Company each accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

PACIFIC HORIZON INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered no. 02342193)

(Registered as an investment company under section 833 of the Companies Act 2006)

Issue of New Shares pursuant to the Company's Share Issuance Programme

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 14 December 2020 to 10 December 2021.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the New Shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such Act.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the FCA, is the sponsor to the Company. Dickson Minto W.S. is not acting for any other person in connection with the Issues. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Dickson Minto W.S. will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. and is not advising any other person in relation to any transaction contemplated in or by this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser. **Potential investors should also consider the risk factors relating to the Company set out on pages 9 to 12 of this document.**

CONTENTS

SUMMARY	3
RISK FACTORS	9
IMPORTANT INFORMATION	13
DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS	18
ISSUE STATISTICS	19
PART 1 PACIFIC HORIZON INVESTMENT TRUST PLC	20
PART 2 DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY ..	26
PART 3 DETAILS OF THE SHARE ISSUANCE PROGRAMME	33
PART 4 FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)	36
PART 5 TAXATION	41
PART 6 GENERAL INFORMATION	44
DEFINITIONS	64

SUMMARY

INTRODUCTION AND WARNING

Introduction

This document relates to the issue of ordinary shares of ten pence each (the "**Ordinary Shares**") in the capital of Pacific Horizon Investment Trust PLC (the "**Company**") in accordance with the Company's Share Issuance Programme. The ISIN for the Ordinary Shares is GB0006667470. The LEI of the Company is VLGEI9B8R0REWKB0LN95 and its registered office is at c/o Computershare Investor Services PLC, Moor House, 120 London Wall, London EC2Y 5ET.

This prospectus was approved by the Financial Conduct Authority (the "**FCA**") in the United Kingdom on 11 December 2020. The head office of the FCA is at 12 Endeavour Square, London E20 1JN (Tel: 020 7066 1000).

Warning

The following summary should be read as an introduction to this document. Any decision to invest in the Ordinary Shares should be based on a consideration of this document as a whole by the investor. An investor could lose all or part of the invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or where it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.

It should be remembered that the price of the Ordinary Shares, and the income from such Ordinary Shares (if any), may go down as well as up. An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such investment and who understand the potential risk of capital loss (which may be equal to the whole amount invested).

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Pacific Horizon Investment Trust PLC was incorporated and registered in England and Wales on 1 February 1989 as a public company limited by shares under the Companies Act 1985 with registered number 02342193. The Ordinary Shares were first admitted to listing in September 1989. The Company's LEI is VLGEI9B8R0REWKB0LN95. The principal legislation under which the Company operates is the Companies Act.

The Company is a closed-ended investment company and operates as an investment trust, approved by HMRC, in accordance with the Tax Act. The investment objective of the Company is to achieve capital growth by investing in the Asia-Pacific region (excluding Japan) and in the Indian Sub-continent.

As at 8 December 2020 (being the latest practicable date prior to the publication of this document) the Company is aware of the following persons who are interested in three per cent. or more of the

Company's issued share capital.

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Sarasin and Partners LLP	7,757,676	10.5%
J.M. Finn & Co Limited	3,548,831	4.8%

The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company, or of any arrangement the operation of which may result in a change of control of the Company. There are no different voting rights for any Shareholder.

The Company's alternative investment fund manager is Baillie Gifford & Co Limited. The Directors of the Company are as follows:

- Mr Angus Macpherson (*Chairman*);
- Mr Robert Chote;
- Ms Wee-Li Hee;
- Ms Angela Lane (*Chair of the Audit Committee and Senior Independent Director*); and
- Mr Joe Studwell.

All of the Directors are non-executive directors and are independent of the Investment Manager.

The Company's auditors are BDO LLP.

What is the key financial information regarding the issuer?

Selected financial information relating to the Company which summarises the financial condition of the Company for the financial periods ended 31 July 2019 and 31 July 2020 is set out in the following table.

	<i>Annual report and audited accounts for the year ended 31 July 2019</i>	<i>Annual report and audited accounts for the year ended 31 July 2020</i>
Net asset value		
Number of Ordinary Shares in issue	59,027,282	63,165,282
Net assets (£'000)	203,350	304,403
Net asset value per Ordinary Share (p)	344.50	481.92
Ordinary Share price (p)	320.00	504.00
Income		
Total investment income before operating expenses (£'000)	2,473	3,128
Net revenue return attributable to equity shareholders (£'000)	8	564
Performance fee (accrued/paid) (£'000)	n/a	n/a
Investment Manager's fee charged to	1,297	1,533

revenue (accrued/paid) (£'000)		
Any other material fees (accrued/paid) to service providers (£'000)	542	479
Revenue return per Ordinary Share (p)	0.01	0.95
Dividend per Ordinary Share (p)	nil	0.25
Ongoing charges		
As a percentage of average Shareholders' funds	0.99%	0.92%
Portfolio summary		
Shareholders' funds (£'000)	203,350	304,403

What are the key risks that are specific to the issuer?

The following are brief descriptions of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Company.

- The price at which the Ordinary Shares will be traded and the price at which Shareholders may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. There can be no guarantee that the Ordinary Shares will trade at prices close to the price paid by a Shareholder to acquire their Ordinary Shares.
- The Company relies upon third party service providers, in particular the Investment Manager, to perform certain integral functions. Failure by any service provider to perform its obligations or to exercise due care and skill or loss of key personnel by any service provider could have a material adverse effect on the Company's performance.
- The Company operates in a regulatory environment and failure to comply with the regulations affecting the Company, including maintaining its investment trust status, could have a material adverse effect on the financial position of the Company.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Ordinary Shares have a nominal value of ten pence each and are denominated in sterling. The ISIN of the Ordinary Shares is GB0006667470 and the SEDOL number is 0666747. The ticker code for the Ordinary Shares is PHI.

As at 8 December 2020 (being the latest practicable date prior to the publication of this document) the issued share capital of the Company comprised 73,608,338 Ordinary Shares and no Ordinary Shares were held in treasury.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the relevant Issue). Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders have the right to receive notice of, attend and vote at general meetings of the Company. Subject to the provisions of the Companies Act, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares. Shareholders are entitled to participate in the net assets of the

Company attributable to their Ordinary Shares on a winding up of the Company or other return of capital.

Subject to the terms of the Articles, there are no restrictions on the transferability of the Ordinary Shares.

The Company does not have any formal policy to achieve any specified level of dividend as the Company's objective is to generate capital growth.

Where will the securities be traded?

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 14 December 2020 to 10 December 2021.

What are the key risks that are specific to the securities?

The following is a brief description of what the Directors believe, at the time of publication of this document, to be the key material risks specific to the Ordinary Shares.

- The market prices of shares in investment trusts fluctuate independently of their underlying net asset value per share and can be at a discount or premium to such net asset value per share at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of an Ordinary Share may not fully reflect its underlying NAV per Share.
- The Company seeks to achieve its investment objective by investing primarily in companies listed on the stock markets of the Asia-Pacific region (excluding Japan) and the Indian Sub-continent. The prices of equity investments may be volatile and are affected by a wide variety of factors many of which can be unforeseen and are outwith the control of the investee company or the Investment Manager. These price movements could result in significant losses for the Company which would impact the returns to Shareholders.
- The value of the equity securities in the Company's investment portfolio may fluctuate and there is no guarantee that the amounts invested by the Company will be returned in whole or in part. Such investments entail a certain degree of risk and stock markets may periodically experience short term volatility as a result of adverse macroeconomic conditions, political instability, political change and uncertainty, inflation, adverse weather events, war, terrorism, civil disturbances and other unpredictable factors (such as the COVID-19 global pandemic). The performance of the Company and the value of its investments could be significantly affected by such factors both globally and in the jurisdictions where the Company invests, including in China, India, South Korea, Singapore and Taiwan. Adverse macroeconomic conditions or the materialisation of one or more of the above factors could have a material adverse effect on the Company and the value of the Ordinary Shares.
- General economic trends and other external factors, including those resulting from trade wars, diplomatic trends, speculation (which may or may not be unfounded) in the press or investment community, regarding the Company or its investments or the Investment

Manager, may cause the price of the Shares to fluctuate. Securities markets have in the past and in general experienced volatility that has often been unrelated to the operating performance of particular businesses. Any broad market fluctuations may adversely affect the trading price of the Ordinary Shares.

- The Company's functional currency and that in which it reports its results is sterling. However, the majority of the Company's assets, liabilities and income are denominated in currencies other than sterling. Consequently, movements in exchange rates will affect the sterling value of those items. The country in which a portfolio company is listed is furthermore not necessarily where it earns its profits and movements in exchange rates on overseas earnings may have a more significant impact upon a portfolio company's valuation than a simple translation of that company's share price into sterling. The Company does not generally hedge its currency exposures and changes in exchange rates may lead to a reduction in the Company's Net Asset Value.
- The Company has made investments in unlisted investments and may continue to do so subject to any restrictions in the Company's investment policy. These assets may be more difficult to sell, so changes in their prices may be greater. As such, if the Company is unable to realise its unlisted investments it could result in significant losses for the Company which would impact the returns to Shareholders.
- The Company may use borrowings for investment purposes and it has entered into a multi-currency revolving credit facility with The Royal Bank of Scotland International Limited to enable it to do so. Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share. If the Company was to no longer have access to the facility or if a new facility was entered into on less favourable terms than the current facility, this may diminish the investment returns of the Company.

KEY INFORMATION ON THE OFFER

Under which conditions and timetable can I invest in this security?

No public offer of Ordinary Shares is being made by the Company. The Company may issue a maximum of 73,608,338 New Shares under this Prospectus pursuant to the Share Issuance Programme. Each Issue will be conditional upon having the requisite Shareholder authority to issue New Shares on a non pre-emptive basis and admission of the relevant New Shares to the premium segment of the Official List and to trading on the Main Market.

Applications will be made to the FCA for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 14 December 2020 to 10 December 2021.

The Board is responsible for the determination of the Issue Price. New Shares will be issued at a premium to the then prevailing NAV per Share (which is expected to cover the Documentation Costs) which will be determined at the time of Issue. It is expected that the Documentation Costs

will be recovered through the Issue Price on the Issues although the recovery of all or any part of the Documentation Costs cannot be guaranteed. No expenses or tax in connection with any Issue will be charged directly to the investor.

The Documentation Costs, which have been or will be borne by the Company, are approximately £93,500. Such costs are expected to be covered by the premium to NAV per Share of the Issues. The immediate dilution in the NAV per Share arising from the Documentation Costs (on the assumption that no New Shares are issued pursuant to the Share Issuance Programme and based on the NAV per Share as at 8 December 2020) is expected to be approximately 0.02 per cent.

Shareholders who do not participate in the Share Issuance Programme will suffer a dilution of approximately 50 per cent. to their existing holdings (assuming 73,608,338 New Shares are issued under this document).

Why is this prospectus being produced?

The Prospectus Regulation Rules provide that a company may only apply for the admission to trading on a regulated market of shares representing, over a period of 12 months, up to 20 per cent. of that company's existing issued share capital before it must publish a prospectus.

Due to market demand for the Ordinary Shares in the last 12 months and the anticipated continued demand for the Ordinary Shares, the Board expects that the Company may exceed the 20 per cent. prospectus exemption threshold. The Board believes that the Company's continuing ability to issue Ordinary Shares under the Share Issuance Programme at a premium to the prevailing NAV per Share enhances the NAV per Share attributable to Shareholders, improves liquidity and supply for ongoing investors and increases the base over which costs are spread. The publication of this Prospectus will allow the Company to continue to satisfy market demand.

By way of example, assuming that the maximum number of New Shares available for issue under this document are issued by way of a single Issue at an Issue Price of 642.30 pence per Share (being the NAV per Share calculated as at close of business on 8 December 2020), approximately £472,786,355 in aggregate would be raised under the Issues. On these assumptions the total costs and expenses of and incidental to the Issues (including the Documentation Costs) to be borne by the Company, would be approximately £821,032. This would represent 0.17 per cent. of the total proceeds of the Issues and the net proceeds available for investment by the Company would be approximately £471,965,323. These net proceeds would be invested in accordance with the Company's investment policy.

The Share Issuance Programme is not underwritten.

The Investment Manager and its officers, employees and consultants are involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager provides investment management services, investment advice and other services in relation to a number of funds that may have similar investment policies to that of the Company. The Investment Manager has regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

RISK FACTORS

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material, or which are not presently known to the Directors. Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under FSMA if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised independent financial adviser.

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. Prospective investors should consider carefully all of the information set out in this document, including the risks described below, as well as their own personal circumstances, before deciding to invest in the Company.

The Directors believe that the risks described below are the material risks relating to an investment in the Ordinary Shares at the date of this document. If any of the adverse events described below occur, the Company's financial condition, performance and prospects and the market price of the Ordinary Shares could be materially adversely affected and Shareholders may lose all or part of their investment. Additional risks which were not known to the Directors at the date of this document, or that the Directors considered to be immaterial at the date of this document, may also have an adverse affect on the Company's financial condition, performance and prospects and the market price of the Ordinary Shares.

Potential investors should carefully consider all the information in this document, including the following material risk factors in relation to the Company and the Ordinary Shares, before deciding to invest in the Company.

Risks relating to an investment in an investment trust

Discount and premium

The market prices of shares in investment trusts fluctuate independently of their underlying net asset value per share and can be at a discount or premium to such net asset value per share at different times, depending on supply and demand, market conditions, general investor sentiment, dividend yields, prevailing interest rates and other factors. Accordingly, the market price of an Ordinary Share may not fully reflect its underlying NAV per Share.

The price at which the Ordinary Shares will be traded and the price at which Shareholders may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. There can be no guarantee that the Ordinary Shares will trade at prices close to the price paid by a Shareholder to acquire their Ordinary Shares.

Third party service providers

The Company has no employees and all of the Directors have been appointed on a non-executive basis. The Company relies upon third party service providers to perform certain functions. In

particular, the Investment Manager, the Depositary, the Registrar and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance. The Company is also dependent on those service providers to protect against breaches of the Company's legal and regulatory obligations, including in relation to data protection. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, fraud, breaches of cybersecurity, failures in business continuity plans or other causes, could have a material adverse effect on the Company's operations and performance and on returns to Shareholders. The termination of the Company's relationship with any third party service provider, or any delay in appointing a replacement for any such service provider, could materially disrupt the business of the Company and could have a material adverse effect on the Company's performance and returns to Shareholders.

Cessation of investment trust status

The Company aims to conduct its business so as to continue to satisfy the conditions to retain approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011 and it expects to continue to have investment trust status in each accounting period going forward, save where the Company commits a serious breach of one or more of the conditions for qualification as an investment trust, and to be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to retain approval as an investment trust company could lead to the Company being subject to tax on capital gains which could have a material adverse effect on the financial position of the Company and on returns to Shareholders.

Regulatory risk

The Company is subject to laws and regulations enacted in the UK and elsewhere. In particular, the Company is subject to and is required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. Any change in the laws and regulations affecting the Company, the Investment Manager or the Company's investments may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment objective and policy and on the value of the Company and the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

Risks relating to an investment in the Company

Asia-Pacific equity portfolio

Market risk

The Company seeks to achieve its investment objective by investing primarily in companies listed on the stock markets of the Asia-Pacific region (excluding Japan) and the Indian Sub-continent. The prices of equity investments may be volatile and are affected by a wide variety of factors many of which can be unforeseen and are outwith the control of the investee company or the Investment Manager. These price movements could result in significant losses for the Company which would impact the returns to Shareholders and may affect the ability of Shareholders to realise their

investments at close to the NAV per Share.

Investment in the Company entails a certain degree of risk and stock markets may periodically experience short term volatility as a result of adverse macroeconomic conditions, political instability, political change and uncertainty, regulatory change, fiscal intervention, inflation, adverse weather events, war, terrorism, civil disturbances and other unpredictable factors (such as the COVID-19 global pandemic). The performance of the Company and the value of its investments could be significantly affected by such factors both globally and in the jurisdictions where the Company invests, including in China, India, South Korea, Singapore and Taiwan. Adverse macroeconomic conditions or the materialisation of one or more of the above factors could have a material adverse effect on the Company and the value of the Ordinary Shares.

Specifically, changes to, the introduction of new or the loss of, international trade agreements, international trade cooperation, double tax treaties or other international customs, taxation (in particular withholding and corporate tax), trade tariffs, capital controls and regulations could have a material adverse effect on the Company's operations and performance and on returns to Shareholders.

Economic trends

General economic trends and other external factors, including those resulting from trade wars, diplomatic trends, speculation (which may or may not be unfounded) in the press or investment community, regarding the Company or its investments or the Investment Manager, may cause the price of the Ordinary Shares to fluctuate. Securities markets have in the past and in general experienced volatility that has often been unrelated to the operating performance of particular businesses. Any broad market fluctuations may adversely affect the trading price of the Ordinary Shares.

Foreign currency risks

The Company's functional currency and that in which it reports its results is sterling. However, the majority of the Company's assets, liabilities and income are denominated in currencies other than sterling. Consequently, movements in exchange rates will affect the sterling value of those items. The country in which a portfolio company is listed is furthermore not necessarily where it earns its profits and movements in exchange rates on overseas earnings may have a more significant impact upon a portfolio company's valuation than a simple translation of that company's share price into sterling. The Company does not generally hedge its currency exposures and changes in exchange rates may lead to a reduction in the Company's Net Asset Value.

Unlisted investments

The Company has made investments in unlisted investments and may continue to do so subject to any restrictions in the Company's investment policy. These assets may be more difficult to sell, so changes in their prices may be greater. As such, if the Company is unable to realise its unlisted investments it could result in significant losses for the Company which would impact the returns to Shareholders.

Borrowing

The Company may use borrowings for investment purposes and it has entered into a multi-currency revolving credit facility with The Royal Bank of Scotland International Limited to enable it to do so. Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share. If the Company was no longer to have access to the facility or if a new facility were to be entered into on less favourable terms than the current facility, this may diminish the investment returns of the Company.

Comparator index

The comparator index against which performance is measured is the MSCI All Country Asia ex Japan Index (in sterling terms). However, the Company's portfolio is actively managed and does not seek to track the constituents of the comparator index and, although sector concentration and thematic characteristics of the portfolio are carefully monitored, there are no maximum limits to deviation from the comparator index stock or sector weights. The Ordinary Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

COVID-19 pandemic

The COVID-19 pandemic and the measures taken to control the outbreak have led to volatility and a substantial decline in stock markets and other financial markets around the world and a downturn in the global economy. The future development and the long-term impacts of the outbreak are unknown and it remains to be seen how and when the global economy and financial markets will recover from the impact of the pandemic and what effect any secondary outbreaks may have on the global economy and financial markets. There can be no guarantee that the pandemic will not have a material adverse impact on the future investment returns of the Company, the price of the Ordinary Shares and returns to Shareholders.

Duration of the Company

Under the Articles, the Board is obliged at not later than each seventh annual general meeting of the Company to convene a general meeting at which an ordinary resolution will be proposed pursuant to section 84 of the Insolvency Act 1986 to wind up the Company voluntarily unless such obligation has been postponed by an ordinary resolution of the Company for a period recommended by the Board not exceeding seven years. The next continuation vote in relation to the Company is scheduled to take place at the annual general meeting of the Company to be held in 2021.

If any resolution to delay such a general meeting is not passed, the Directors shall be obliged to convene a general meeting and propose an ordinary resolution to approve the winding up of the Company. There is no guarantee that Shareholders will pass such resolution or that Shareholders will be able to realise their investment in the Company in full or at close to the NAV per Share.

IMPORTANT INFORMATION

General

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations about the Company or the Share Issuance Programme must not be relied on as having been authorised by the Company or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, neither the delivery of this document nor any investment made following the publication of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

The Ordinary Shares are designed to be held over the long-term and are not suitable as a short-term investment. The value of an investment in the Company and any income derived from it, if any, may go down as well as up. An investment in the Ordinary Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which might result from such an investment (which may be equal to the whole amount invested). There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be achieved or provide the returns sought by the Company. The past performance of the Company and the Investment Manager is not a guarantee of the future performance of the Company. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments. Although the Ordinary Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling them.

Shareholders must not treat the contents of this document or any subsequent communications from the Company or the Investment Manager or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Dickson Minto W.S. by FSMA or the regulatory regime established thereunder, Dickson Minto W.S. makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares or the Issues. Dickson Minto W.S. accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other professional or other financial

adviser.

Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this document concerning the taxation of investors are based upon tax law and practice as at the date of this document, which are, in principle, subject to change. Any change in accounting standards may adversely affect the value of the Company's assets and liabilities in its books of account or restrict the ability of the Company to pay dividends.

Investors should be aware that the Packaged Retail and Insurance-based Investment Products Regulation ("**PRIIPs Regulation**") requires the Investment Manager, as PRIIP manufacturer, to prepare a key information document ("**KID**") in respect of the Company. This KID must be made available by the Investment Manager to retail investors prior to them making any investment decision and is available on the Investment Manager's website and the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns referred to in the KID are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

Data protection

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("**personal data**") will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the "**Data Protection Legislation**"); and (b) the Company's privacy notice, a copy of which is available for consultation on the Company's website at www.pacifichorizon.co.uk ("**Privacy Notice**") (and if applicable any other third party delegate's privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Company's Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and

- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Company's Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Prospective investors must rely on their own representatives, including their own legal, financial and tax advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the risk of capital loss, for whom an investment in the Ordinary Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result

from such investment. It should be remembered that the price of the Ordinary Shares and the annual income from such Ordinary Shares (if any) can go down as well as up.

The Company is a closed-ended company and, as such, Shareholders will have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. Therefore Shareholders wishing to realise their investment in the Company may need to dispose of their Ordinary Shares in the market.

Forward looking statements

To the extent that this document includes "forward looking statements" concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 8 of Part 4 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Regulation Rules, Listing Rules, Disclosure Guidance and Transparency Rules and Market Abuse Regulation, as appropriate.

Websites

Without limitation, neither the contents of the Company's or the Investment Manager's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's or the Investment Manager's website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document alone.

Tax Reporting, FATCA and Common Reporting Standard ("CRS")

Shareholders should furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws. FATCA and CRS documentation and reporting obligations can also arise in respect of Shareholders where third parties hold shares or act on their behalf.

European Union legislation

In this document there are references to various pieces of European Union legislation, for instance

the AIFM Directive. While the UK is subject to a transitional and implementation period ("**TIP**") following the exit day when the UK left the EU, EU law continues to apply to the UK as if it were still a member of the EU and therefore references to EU legislation should be construed as references to that legislation as enacted by the EU. Should the TIP come to an end, references to EU legislation should be construed as references to that legislation as transposed into UK law by the European Union (Withdrawal) Act 2018 ("**EUWA**") and as further amended by secondary legislation made under EUWA. Prospective investors should note that Issues under the Share Issuance Programme may be undertaken at a time after the TIP has come to an end.

Latest practicable date

In this document, where the context requires, references to 8 December 2020 should be treated as being references to the latest practicable date prior to the publication of this document.

Documents incorporated by reference

The parts of the published annual report and accounts of the Company for the financial years ended 31 July 2019 and 31 July 2020 specified in the table below are incorporated by reference into this document. The non-incorporated parts of these financial reports of the Company are either not relevant to investors or are covered elsewhere in this document.

Nature of Information	<i>Annual report and audited accounts for the year ended 31 July 2019 Page No.</i>	<i>Annual report and audited accounts for the year ended 31 July 2020 Page No.</i>
Company Summary	1	1
Chairman's Statement	2	2
Managers' Review	10	11
List of Investments	15	18
Independent Auditor's Report	31	35
Income Statement	35	39
Balance Sheet	36	40
Statement of Changes in Equity	37	41
Cash Flow Statement	38	42
Notes to the Financial Statements	39-48	43-55

The documents incorporated by reference can be obtained from the Company's website, www.pacifichorizon.co.uk, and as set out in paragraph 12 of Part 6 of this document.

DIRECTORS, INVESTMENT MANAGER AND OTHER ADVISERS

Directors	Mr Angus Macpherson (Chairman) Mr Robert Chote Ms Wee-Li Hee Ms Angela Lane Mr Joe Studwell
Registered office	c/o Computershare Investor Services PLC Moor House 120 London Wall London EC2Y 5ET
Alternative investment fund manager, Investment Manager and Company secretary	Baillie Gifford & Co Limited Calton Square 1 Greenside Row Edinburgh EH1 3AN
Solicitor and sponsor in relation to the Issues	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
Corporate broker	JP Morgan Cazenove c/o Mazars LLP Tower Bridge House St Katherine's Way London E1W 1DD
Depository and Custodian	The Bank of New York Mellon (International) Limited 1 Canada Square London E14 5AL
Auditors	BDO LLP 55 Baker Street London W1U 7EU
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ

ISSUE STATISTICS

Maximum number of New Shares to be issued under the Share Issuance Programme 73,608,338

Issue Price New Shares will be issued at a premium to the then prevailing NAV per Share

DEALING CODES

ISIN GB0006667470

SEDOL 0666747

Ticker code PHI

Legal Entity Identifier (LEI) of the Company VLGEI9B8R0REWKB0LN95

PART 1

PACIFIC HORIZON INVESTMENT TRUST PLC

Introduction

Pacific Horizon Investment Trust PLC is an investment trust with a market capitalisation of approximately £549 million as at 8 December 2020 whose Ordinary Shares have been traded on the Main Market since September 1989. The Company's investment objective is to achieve capital growth by investing principally in quoted securities in the Asia-Pacific region (excluding Japan) and in the Indian Sub-continent. The Company's comparator index is the MSCI All Country Asia ex Japan Index (in sterling terms).

The Company operates the Share Issuance Programme to enable the Directors to make periodic issues of new shares to manage the supply and demand for the Ordinary Shares with the intention of enhancing the NAV per Share attributable to Shareholders, improving liquidity in the Ordinary Shares and increasing the base over which costs are spread.

The Prospectus Regulation Rules provide that a company may only apply for the admission to trading on a regulated market of new shares representing, over a period of 12 months, up to 20 per cent. of that company's existing issued share capital, before it must publish a prospectus.

Due to market demand for the Ordinary Shares in the last 12 months and the anticipated continued demand for the Ordinary Shares, the Board expects that the Company may exceed the 20 per cent. prospectus exemption threshold shortly. The Board believes that the ability of the Company to continue to issue Ordinary Shares at a premium to the prevailing NAV per Share is beneficial to Shareholders. The publication of this Prospectus will allow the Company to continue to issue new Ordinary Shares under the Share Issuance Programme in order to seek to satisfy market demand. The proceeds of the Share Issuance Programme will be available for investment in line with the Company's investment policy.

Background to the publication of this Prospectus

Shares in investment trusts can experience pricing volatility relative to their net asset value per share and sometimes the shares of individual investment trusts trade at a significant premium or discount to the net asset value per share. This can put those investing regularly at a disadvantage because they may find themselves buying shares at a sizeable premium that may not be sustained, which will have an adverse effect on the return from their investment. Similarly, if shares trade at a significant discount to the net asset value per share this can disadvantage shareholders who may wish to sell all or part of their holdings.

The Company has authority to issue new Ordinary Shares when demand exceeds supply in the market in order to seek to manage any premium to the NAV per Share at which the Ordinary Shares trade and to satisfy demand for the Ordinary Shares. The Company also has authority to buy back Ordinary Shares when supply exceeds demand in order to seek to manage any discount to the NAV per Share at which the Ordinary Shares trade. The Company will only issue or buy back Ordinary Shares where the Board believes that it is appropriate to do so and is in the best interests of the Company and Shareholders.

As a result of investor reaction to the COVID-19 pandemic, the Company's Share price fell by approximately 10.6 per cent. between 1 January 2020 and 31 March 2020 and the NAV per Share

fell by approximately 12.2 per cent. during the same period. Despite continued market volatility, the Company's Share price and NAV have performed well and in the period from 4 June 2020 to 8 December 2020 the Company issued 14,618,056 Ordinary Shares on a non pre-emptive basis for cash at a premium to the then prevailing NAV per Share.

In the 12 months to 8 December 2020 the Company has issued 14,618,056 Ordinary Shares, representing 19.86 per cent. of the Company's issued share capital as at the latest practicable date prior to the publication of this document. During this period the Ordinary Shares traded at a discount to NAV on 123 days and at premium to NAV on 139 days. The widest discount at which the Ordinary Shares traded was 17.72 per cent. to the NAV per Share whilst the largest premium was 17.73 per cent. to the NAV per Share. As at 8 December 2020 the Ordinary Shares were trading at a 16.15 per cent. premium to the NAV per Share.

The Board believes that the continued operation of the Share Issuance Programme will:

- increase liquidity in the Ordinary Shares;
- spread the fixed costs of the Company over a larger asset base; and
- reduce volatility in the market price of the Ordinary Shares by preventing the build up of excessive demand for the Ordinary Shares.

Ordinary Shares will only be issued under the Share Issuance Programme for cash on a non pre-emptive basis at a premium to the then prevailing NAV per Share, to meet demand from investors and when the Directors believe that it is in the best interests of the Company and Shareholders to do so. The proceeds of the Share Issuance Programme will be available for investment in line with the Company's investment policy.

Investment outlook

Following the outbreak of the COVID-19 pandemic Asia-Pacific equity markets fell sharply in late February and early March 2020. However, they have recovered steadily in the period since March 2020 helped, in part, by the region's experience of managing epidemics and pandemics. The majority of such markets have now returned to or, in a number of cases, have exceeded their pre-pandemic level.

It is nevertheless likely that markets will remain volatile given the uncertainty surrounding the long term impact of the COVID-19 pandemic on the global economy. It remains to be seen how markets will react as governments around the globe commence the staged withdrawal of their fiscal and monetary stimulus. Volatility may increase further in the event of further waves of the COVID-19 virus, particularly if nationwide lockdown measures continue and/or are reintroduced. Equity markets also face uncertainty from current geopolitical events such as the escalating trade tensions between the USA and China.

However, the Investment Manager does not believe that these circumstances should inhibit investment in companies with the potential for growth within the Asia-Pacific region as these markets are well placed to benefit from recent market uncertainty when compared with Western economies due to their previous experience of managing the responses to epidemics and pandemics within the region. The COVID-19 pandemic has caused wide scale trend and behavioural changes which may provide further opportunities to invest in companies focused on

innovation and technology as the demand for new products and services emerges. The Investment Manager believes that investing in such companies during this period may allow the Investment Manager to take advantage of attractive valuations and provide long-term capital growth.

Investment performance

Over the five years to 31 July 2020, the NAV per Share and share price appreciated by 143.7 per cent. and 177.5 per cent. respectively whilst the comparative index gained 52.0 per cent. over the same period.

Since the date of the Company's financial year end being 31 July 2020 to 30 November 2020, the Company's NAV per Share increased by 31.99 per cent., which compares favourably against the MSCI All Country Asia ex Japan Index (in sterling terms) which rose by 10.90 per cent. over the same period. The Share price over the four months rose by 40.87 per cent. to 710.00 pence and ended the period trading at a premium of 11.62 per cent. to the NAV per Share as at 30 November 2020.

Investment strategy

The Company aims to achieve capital growth principally by investing in a portfolio of companies listed on the stock markets of the Asia-Pacific region (excluding Japan) and the Indian Sub-continent, which are believed to offer long-term growth potential. The Investment Manager seeks out companies that, in its opinion, have the most substantial long term growth prospects regardless of their size, domicile, or weight in any given index. Typically these would be businesses that have sustainable competitive advantages and which the Investment Manager believes will grow their earnings significantly faster than the market average. As economic and industrial cycles in the Asia-Pacific region are often shorter than in developed markets, and with information frequently incomplete, the Investment Manager focuses on future change as opposed to present reality.

This approach may lead to significant investment concentration depending on the immediate outlook for companies in different countries and sectors. However, the Investment Manager would not look to sell such holdings based on portfolio concentration alone. In the pursuit of maximum returns and performance over the long term, the Investment Manager will accept volatility against the index in the short term. By taking a genuine long term perspective and accepting a degree of uncertainty, the Investment Manager believes it is well positioned to identify companies most likely to grow and mature in the future.

Investment process

The investment process is designed to identify those companies that can at least double their profits, in US dollar terms, on a five year view. The Investment Manager is particularly interested in three specific and persistent inefficiencies.

1. Under appreciated growth duration: one of the greatest inefficiencies in the Asia-Pacific region (excluding Japan) is to be found in companies with excellent long term earnings growth but where profits may be volatile from one quarter to the next, often as a result of investment or product cycles that are years in the planning. The volatility of short term earnings often masks a significant rise in the company's earning power over the long term. The Investment Manager focuses its resources on trying to understand the drivers of the

latter, which requires the discipline to ignore the former.

2. Under appreciated growth pace: the market consistently underestimates the likelihood of a company's rapid growth and often misprices such companies accordingly. One of the biggest risks in investment is not holding the fastest growing companies hence why the investment process focuses exclusively on investing in companies with the potential to at least double their profits, in US dollar terms, over five years.
3. Under appreciated growth surprise: while it may pay to invest in those companies that display consistently high levels of profitability (as defined by those in the highest quintile of return on equity), the strongest returns are to be found in those companies that transition from poor levels of profitability to high – a 'growth surprise' (being those that transition from the bottom two quintiles to the top quintile). Timing the inflection points perfectly is largely impossible, but as the Investment Manager has a long term investment horizon, successfully anticipating the future direction of travel is hugely valuable.

All investment ideas, whether existing holdings or new ideas, are discussed at weekly stock meetings, which provides the opportunity to challenge and explore the research. Stock weightings are determined by a combination of the conviction in the investment case, the scale and probability of the relative expected return and the context of the holding in relation to the rest of the portfolio. The sell discipline is triggered if a company no longer meets the growth hurdle, if the investment case no longer stands up to scrutiny, if the valuation no longer leaves sufficient upside or if there is significantly better potential elsewhere.

Investment objective and policy

Investment objective

The Company'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 will move freely between the markets of the region as opportunities for growth vary. The portfolio will normally consist principally of quoted securities.

Investment policy

The Company aims to achieve capital growth principally through investment in companies listed on the stock markets of the Asia-Pacific region (excluding Japan) and the Indian Sub-continent. The Company may also invest in companies based in the region, and in investment funds specialising in the region or particular companies or sectors within it, even if they are listed elsewhere. The maximum permitted investment in one company is 15 per cent. of total assets at the time of investment.

The Company's portfolio contains companies which the Investment Manager has identified as offering the potential for long term capital appreciation, irrespective of whether they comprise part of any index. The portfolio is actively managed and will normally consist principally of quoted equity securities although unlisted companies, fixed interest holdings or other non equity investments may be held. The maximum exposure to unlisted investments is 10 per cent. of total assets at the time of initial investment. The Company is also permitted to invest in other pooled vehicles (general, country and sector specific) that invest in the markets of the region.

In constructing the equity portfolio, a spread of risk is created through diversification and the portfolio will typically consist of between 40 and 120 holdings. Although sector concentration and the thematic characteristics of the portfolio are carefully monitored, no maximum limits to stock or sector weights have been set by the Board except as imposed from time to time by banking covenants on borrowings.

The Company may use derivatives which will be principally, but not exclusively, for the purpose of reducing, transferring or eliminating investment risk in its investments. These typically take the form of index futures, index options and currency forward transactions.

The Company has a maximum approved equity gearing level of 50 per cent. of shareholders' funds but, in the absence of exceptional market conditions, equity gearing is typically less than 25 per cent. of shareholders' funds. Borrowings are invested in securities when it is considered that investment opportunities merit the Company taking a geared position. The Company is also permitted to be less than fully invested. Cash and equity gearing levels, and the extent of gearing, are discussed by the Board and Managers at every Board meeting.

Any material change in the Company's investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

Gearing and leverage

The Company entered into a one year £30 million multi-currency revolving credit facility, which had an expiry date of 13 March 2021, with The Royal Bank of Scotland International Limited. On 9 December 2020 this facility was replaced in its entirety by a £40 million multi-currency revolving credit facility between the Company and The Royal Bank of Scotland International Limited. The facility expires on 15 March 2021 but it can be extended for a period of 12 months from that date with the agreement of the bank. In addition, the initial commitment of £40 million may be increased to up to £60 million at the request of the company and with the agreement of the bank. The Board intends to continue to utilise gearing beyond the expiry of the existing facility.

As at 8 December 2020 the Company had drawn £29,531,639 under the revolving credit facility.

The Company's gearing as at 8 December 2020 was 6.25 per cent. (being the Company's total gross debt as a proportion of its shareholders' funds (being the sum of the issued share capital of the Company, its retained profits and any other reserves)).

Share capital

The Company's share capital comprises only Ordinary Shares, all of which are listed on the premium segment of the Official List and admitted to trading on the Main Market. Shareholders are entitled to such dividends (if any) as are declared by the Company and are entitled, on a return of capital on a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities.

At the annual general meeting of the Company held on 10 November 2020, Shareholders granted the Board authority to: (i) allot Ordinary Shares representing approximately 10 per cent. of the Company's issued share capital; (ii) issue Ordinary Shares representing approximately 10 per cent.

of the Company's issued share capital on a non pre-emptive basis; and (iii) buy back up to 14.99 per cent. of the issued share capital of the Company.

As at 8 December 2020 the Directors have authority to issue, on a non pre-emptive basis for cash, 4,312,228 New Shares.

The Directors may consider utilising their authority to make share buy backs:

- to enhance Net Asset Value for continuing Shareholders by purchasing Ordinary Shares at a discount to the prevailing Net Asset Value;
- to address any imbalance between the supply of and the demand for the Ordinary Shares that results in a discount of the quoted market price to the published NAV per Share; and
- when the Directors believe that it is in the best interests of the Company and Shareholders to do so.

Dividend policy

The Company does not have any formal policy to achieve any specified level of dividend. The Company conducts its business so as to satisfy the conditions to retain approval as an investment trust under section 1158 of the Tax Act. In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company does not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period and seeks to distribute the minimum permissible to maintain investment trust status by way of a final dividend. The Board may resolve to pay dividends on the Ordinary Shares from time to time in order to comply with these requirements.

Duration of the Company

The Company does not have a fixed life. Under the Articles, the Board is obliged at not later than each seventh annual general meeting of the Company to convene a general meeting at which an ordinary resolution will be proposed pursuant to section 84 of the Insolvency Act 1986 to wind up the Company voluntarily unless such obligation has been postponed by an ordinary resolution of the Company for a period recommended by the Board not exceeding seven years.

At the annual general meeting of the Company held on 9 November 2016, Shareholders approved the ordinary resolution postponing the obligation of the Board to convene a general meeting at which a winding up resolution would be put to Shareholders until the earlier of: (i) the date of the annual general meeting of the Company to be in 2021; or (ii) 30 November 2021.

PART 2

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION OF THE COMPANY

Directors

The Directors, each of whom is non-executive and independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and the overall supervision of the Company. The Company operates with an experienced non-executive Board of Directors, providing investment and corporate skills and experience of closed-ended funds to their oversight roles. The Directors are as follows.

Mr Angus Macpherson (*Chairman*): Angus Macpherson was appointed as a Director in 2017 and Chairman on 12 November 2019. He is chief executive of Noble and Company (UK) Limited, an independent Scottish corporate finance business. He is currently chairman of Henderson Diversified Income Trust plc and a non-executive director of Schroder Japan Growth Fund plc, and is the former chairman of JP Morgan Elect PLC. He was based in Asia between 1995 and 2004 in Singapore and Hong Kong, latterly as Head of Capital Markets and Financing for Merrill Lynch for Asia.

Mr Robert Chote: Robert Chote was appointed as a Director in November 2020. Mr Chote was chairman of the Office for Budget Responsibility from 2010 to 2020. He served as Director of the Institute for Fiscal Studies from 2002 to 2010, as an advisor to senior management at the International Monetary Fund from 1999 to 2002 and as economics editor of the Financial Times from 1995 to 1999. He is chair of the Royal Statistical Society's advisory group on public data literacy. He is also a member of the Policy Committee of the Centre for Economic Performance at the London School of Economics and the Council of Westcott House Theological College in Cambridge. He is a visiting professor at the Department of Political Economy, Kings College London.

Ms Wee-Li Hee: Wee-Li Hee was appointed as a Director in June 2020. She is an experienced Asian analyst and fund manager. Brought up in Singapore, she speaks fluent Mandarin and studied in the UK at the University of Leeds and the London School of Economics and Political Science. After graduation, in 2002 she joined First State Investments in Singapore as an analyst, subsequently moving to the firm's Edinburgh office in 2005. Having co-managed Scottish Oriental Smaller Companies Trust plc she became lead manager in 2014, stepping back as a result of family commitments to return to a co-manager role in 2017 and retiring at the end of 2019. She is a CFA Charterholder.

Ms Angela Lane: Angela Lane was appointed as a Director in 2018. She is a qualified accountant and has held several non-executive and advisory roles for small and medium capitalised companies across a range of industries. Previously she spent 18 years working as a private equity investor for 3i plc. She is a non-executive director of BlackRock Throgmorton Trust plc, Sherborne School and its trading subsidiaries and Dunedin Enterprise Investment Trust PLC, where she is also chairman of its audit committee, and former non-executive chairman of Huntswood CTC.

Mr Joe Studwell: Richard Studwell ('Joe') was appointed as a Director in 2018. He has spent over 25 years working in East Asia as a journalist, independent researcher at Dragonomics and author under the name of Joe Studwell. His published works include *Asian Godfathers: Money and Power in Hong Kong and South East Asia* and *How Asia Works: Success and Failure in the World's Most*

Dynamic Region.

Investment Manager

The Company has appointed Baillie Gifford & Co Limited, a company that is wholly owned by Baillie Gifford & Co, as its alternative investment fund manager and company secretary. The Investment Manager has delegated responsibility for portfolio management services to Baillie Gifford & Co. Both entities are authorised and regulated by the FCA. In addition, dealing activity and transaction reporting have been further delegated to Baillie Gifford Overseas Limited and Baillie Gifford Asia (Hong Kong) Limited.

The Investment Manager was formed in 1927 out of the legal firm Baillie & Gifford W.S. which was involved in investment management since 1908. It is the largest investment trust manager by assets under management in the UK and currently manages eleven investment trusts. The Investment Manager also manages a listed investment company and open ended investment companies together with investment portfolios on behalf of pension funds, charities and other institutional clients both in the UK and overseas. As at 30 November 2020 Baillie Gifford and Co. had approximately £310 billion, in aggregate, of assets under management.

Key personnel

The key personnel who have responsibility for the day-to-day management of the Company's portfolio are as follows:

Mr Ewan Markson-Brown: Ewan is a manager in the Emerging Markets equity team. He has co-managed the Investment Manager's Pacific Fund since May 2014 and has managed the Company since March 2014. Ewan is a CFA Charterholder. Prior to joining Baillie Gifford in 2013, Ewan was a Senior Vice President in Emerging Markets at PIMCO. He previously worked for Newton Investment Management for five years, most recently as Lead Portfolio Manager on an Asia Pacific equity strategy, as well as segregated Asian income and Japanese equities strategies. Ewan also previously worked for Merrill Lynch Investment Managers as a Portfolio Manager in the Asia-Pacific region for six years. He graduated MA in Politics, Philosophy and Economics from the University of Oxford in 2000.

Mr Roderick Snell: Roddy joined Baillie Gifford in 2006 and is a manager in the Emerging Markets equity team. Since March 2020, he has also been a manager on the Investment Manager's China OEIC fund and co-manager of Baillie Gifford China Growth Trust plc since September 2020. He has managed the Baillie Gifford Pacific Fund since 2019 and has been deputy manager of the Company since 2013. He spent time in the UK and European equity teams prior to joining the Emerging Markets equity team in 2008. Roddy graduated BSc (Hons) in Medical Biology from the University of Edinburgh in 2006.

Managerial, administration and custodian arrangements

Delegation of authority

Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board. The Company has delegated the management of the Company's investments to the Investment Manager. Representatives of the Investment Manager attend each Board meeting enabling the Directors to discuss their activities in managing and

administering the Company.

Managerial arrangements

The Investment Manager is registered under the AIFM Directive as a full scope authorised UK AIFM and has acted as the Company's alternative investment fund manager since the AIFM Directive came into force in 2014 under the terms of the Investment Management Agreement. The Investment Manager has delegated portfolio management services to Baillie Gifford & Co. In the light of COVID-19 and the related Government guidance, the Investment Manager has adapted its practices to ensure the continued delivery of its services to the Company.

The Investment Management Agreement may be terminated by the Investment Manager on six months' notice, by the Company on three months' notice or by either party on shorter notice in certain circumstances. The annual management fee which is payable to the Investment Manager in accordance with the Investment Management Agreement is based on the net assets of the Company attributable to Shareholders. The annual fee payable to the Investment Manager is: (i) 0.75 per cent. on the first £50 million of NAV; plus (ii) 0.65 per cent on the NAV between £50 million and £250 million; plus (iii) 0.55 per cent. on the NAV in excess of £250 million. Management fees are calculated and payable quarterly.

Further details of the terms of the Investment Management Agreement are set out in paragraph 8.1 of Part 6 of this document.

Secretarial and administration arrangements

Secretarial and administration services are provided by the Investment Manager. The costs of these services are included in the fee payable by the Company under the terms of the Investment Management Agreement.

Depositary arrangements

The Bank of New York Mellon (International) Limited has been appointed as the Company's Depositary. The Depositary's responsibilities include cash monitoring, safe keeping of the Company's financial instruments, verifying ownership and maintaining a record of other assets and monitoring the Company's compliance with investment limits and leverage requirements. The Bank of New York Mellon (International) Limited and its delegates also undertake the function of custodian in respect of the Company. The annual fee payable to the Depositary is equal to 0.015 per cent. of the Net Asset Value (plus applicable VAT).

Further details of the terms of the Depositary Agreement are set out in paragraph 8.2 of Part 6 of this document.

Annual expenses

The Company incurs, and will continue to incur, administrative expenses, including, *inter alia*, the Investment Manager's fees, audit fees, Directors' fees, the Depositary and Custodian fees, stock exchange fees, directors' and officers' liability insurance premiums and printing costs.

It is estimated that the total expenses of the Company for the financial year ending 31 July 2021 will be approximately £3.68 million, being 0.78 per cent. of Shareholders' funds as at 8 December 2020.

Corporate governance

The Chairman and each of the Directors are independent of the Investment Manager and each of the Directors is non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the Investment Manager. There is, therefore, no chief executive officer. Ms Lane took up the role as Senior Independent Director with effect from the Company's annual general meeting in November 2020.

The Board is committed to achieving and demonstrating high standards of corporate governance. The Board places considerable emphasis on running the Company in a way it believes is best suited to the successful management of an investment trust on behalf of its Shareholders. In doing so, the Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Company complies with the recommendations of the AIC Code and the relevant applicable provisions of the UK Code, except in relation to the following provisions:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Board

Directors do not serve on the Board for a specified period of time. Each Director will be subject to the election/re-election provisions as set out in the Articles, which provide that a Director appointed during the year is required to retire and seek election by shareholders at the first annual general meeting following their appointment. Thereafter, Directors submit themselves for re-election annually in accordance with the provisions of the AIC Code. Provided that the Nomination Committee and the Board remain satisfied that the relevant Director's continuing appointment and independence is not impaired by length of service, the Board does not consider that there should be a set limit on their length of service. The Board does not consider that the length of time served by a Director is as important as their contribution to the running of the Company, or that it necessarily impairs their independence. Each situation will be rigorously reviewed on a case-by-case basis to ensure that a Director's independence is maintained and that their continuing appointment is in the best interests of the Company.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Board conducts an annual review of its performance and that of its committees, the Chairman and individual Directors.

Directors' fees are considered by the Board as a whole within the limits as set out in the Articles and in accordance with the Company's remuneration policy which has been approved by Shareholders. The cap on remuneration to paid to the Directors set out in the Articles was reviewed and increased to £200,000 per annum at the Company's annual general meeting held in November 2020.

Audit Committee

The Audit Committee consists of all of the Directors and it meets at least twice per year. The committee is chaired by Ms Lane.

The main responsibilities of the committee include reviewing the Company's financial statements, accounting policies and significant financial reporting judgments, monitoring the integrity of the Company's financial statements and reviewing the internal control systems and the risks to which the Company is exposed including the Company's risk management systems which allow the Company to identify, measure, manage and monitor all risks on a continuous basis. It is also responsible for making recommendations to the Board regarding the appointment and independence of the external auditors, the objectivity and effectiveness of the audit process, monitoring the non-audit services provided to the Company by its Auditors and approving the financial statements and confirming to the Board that they are fair, balanced and understandable. The committee also provides a forum through which the Auditors report to the Board. Representatives from the Investment Manager may be invited to attend the meetings of the audit committee to report on issues as required.

The committee also reviews the terms of appointment and performance of the Auditor and makes recommendations to the Board in respect of such review.

Nomination Committee

The Nomination Committee, chaired by the Chairman of the Board and comprising the whole Board, meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The committee undertakes an annual performance evaluation of the Board, led by the Chairman. On those occasions when the committee is reviewing the Chairman, or considering his successor, the committee will normally be chaired by the Senior Independent Director.

Management Engagement Committee

The Management Engagement Committee, chaired by the Chairman of the Board and comprising the whole Board, meets at least annually. The committee reviews the terms of appointment and performance of the Investment Manager and makes recommendations to the Board in respect of such review.

Conflicts of interest

The Investment Manager and its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager provides investment management, investment advice and other services in relation to a number of other funds that have similar investment policies to that of the Company.

The Investment Manager has regard to its obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise.

The Investment Manager has established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their respective clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company.

Reports to Shareholders, accounting policies and net asset values

The annual financial report of the Company is made up to 31 July in each year. The Company's annual financial report is prepared under UK GAAP in accordance with FRS 102. Copies of the annual report and accounts are normally sent to Shareholders in October of each year and annual general meetings of the Company are held in November of each year. Shareholders also receive an unaudited interim report covering the first six months of each financial year of the Company.

The NAV per Share is calculated by the Investment Manager on behalf of the Company in accordance with the Company's accounting policies and is normally published daily through a Regulatory Information Service. The calculation of the NAV per Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

The Company's website (www.pacifichorizon.co.uk) provides Share price, regulatory announcements and documents relating to the Company. Information on the website does not form part of this document unless that information is incorporated by reference into this document.

Taxation

The Company has been approved by HMRC as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the Tax Act and the Company will be exempt from UK taxation on its capital gains in its portfolio. The Company will be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates but double taxation relief may be available.

A guide to the general UK taxation position as at the date of this document is set out in Part 5 of this document.

If you are in any doubt as to your taxation position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

Market Abuse Regulation and the Disclosure Guidance and Transparency Rules

As a company whose shares are admitted to trading on the Main Market, the Company complies with all of the provisions of the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules which are applicable to it. The Directors have adopted a share dealing code that is compliant with the Market Abuse Regulation. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and other persons discharging managerial responsibilities ("PDMRs").

The Disclosure Guidance and Transparency Rules provide that certain persons (including Shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of three per cent., four per cent., five per cent., six per cent., seven per cent., eight per cent., nine per cent. and ten per cent. and each one per cent thereafter up to 100 per cent.

PART 3

DETAILS OF THE SHARE ISSUANCE PROGRAMME

General

New Shares will be issued under this Prospectus from time to time pursuant to the Share Issuance Programme for the purpose of seeking to meet market demand for the Ordinary Shares. New Shares to be issued pursuant to this document will be issued only:

- at a premium to the prevailing NAV per Share;
- to meet demand from investors; and
- when the Directors believe that it is in the best interests of the Company and Shareholders to do so.

The Share Issuance Programme is intended to allow the Company to issue New Shares to satisfy demand from investors at times when the Ordinary Shares are trading at a premium to the NAV per Share. The Directors intend to apply the net proceeds of any Issue in accordance with the Company's investment policy.

New Shares may be issued pursuant to the Issues only during the period commencing at 8.00 a.m. on 14 December 2020 and ending at 5.00 p.m. on 10 December 2021. The Board intends to continue to monitor the market demand for the Ordinary Shares and the premium at which they trade. Accordingly, the Company may, following the expiry of this period, publish further prospectuses as and when required under the Prospectus Regulation Rules and seek to refresh the relevant Shareholder authorities to allow it to continue to issue Ordinary Shares.

The Company will be permitted to issue up to 73,608,338 New Shares in aggregate pursuant to the Issues. Each Issue will be conditional upon the requisite Shareholder authority to issue New Shares on a non pre-emptive basis being in place and Admission of the relevant New Shares to the premium segment of the Official List and to trading on the Main Market becoming effective. The Issues will not be underwritten.

As at 8 December 2020, the Company has the authority to issue up to 4,312,228 New Shares for cash without offering such shares to existing Shareholders on a pre-emptive basis. In addition, at a general meeting to be held on 19 January 2021 the Board is seeking further Shareholder authority to issue up to 14,721,668 New Shares for cash without offering such shares to existing Shareholders on a pre-emptive basis.

If demand for the New Shares continues such that the Directors consider the Company could exhaust its share issuance authorities prior to the date of the Company's next annual general meeting in 2021 or thereafter, the Directors will convene a general meeting of the Company, if thought appropriate, to seek additional authority to issue New Shares without offering them to existing Shareholders on a pre-emptive basis.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the relevant Issue).

The Directors believe that the typical investors for whom an investment in the Company is appropriate are investors seeking a fund that aims to deliver capital growth over a long term investment horizon and who are prepared to tolerate a degree of risk or potential for loss. The Company is not suitable for those who are concerned with short term volatility and performance, who are seeking a regular source of income or who may be investing for less than five years.

In the event that the maximum number of New Shares (being 73,608,338 New Shares) is issued under the Share Issuance Programme, the existing Ordinary Shares as at 8 December 2020 would represent approximately 50 per cent. of the enlarged issued share capital. The New Shares will normally be issued to or through brokers on behalf of the Company to meet demand from investors in the secondary market.

Issue Price

The Board is responsible for the determination of the Issue Price. The Board has set guidelines within which the Investment Manager and the Company's Broker may set the price at which New Shares are issued to ensure the Company can meet the demand for such New Shares in a timely manner. New Shares will be issued at a premium to the then prevailing NAV per Share (which is expected to cover the Documentation Costs) and such that, disregarding the Documentation Costs, no Issue is expected to be dilutive to the NAV per Share. No expenses or tax in connection with any Issue will be charged directly to the investor.

For the purposes of determining the Issue Price for each Issue, the NAV per Share will be calculated in accordance with the Company's normal accounting policies. The Issue Price of each Issue will be announced through a Regulatory Information Service as soon as practicable following each Issue.

Listing and dealing

Issues will be made only in the circumstances described in the paragraph headed "General" above. Where Issues are made it is expected that the relevant New Shares will be admitted to the premium segment of the Official List and to trading on the Main Market not later than two business days following the Board's resolution to allot those New Shares. No dealings in the relevant New Shares will commence before the relevant date of Admission.

New Shares issued pursuant to the Issues will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of New Shares will, where requested, be despatched by post within two days following the issue of the relevant New Shares. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the register. Dealings in New Shares are expected to commence at the earliest at 8.00 a.m. on 14 December 2020. An Issue cannot be revoked after dealings in the relevant New Shares have commenced. The ISIN for the Ordinary Shares is GB0006667470.

Costs of the Issues

The Documentation Costs, which have been or will be borne by the Company, are approximately £93,500. Such costs are expected to be covered by the premium to NAV per Share of the Issues. The immediate dilution in the NAV per Share arising from the Documentation Costs (on the assumption that no New Shares are issued pursuant to the Share Issuance Programme and based

on the NAV per Share as at 8 December 2020) would be approximately 0.02 per cent.

It is intended that a proportion of the Documentation Costs will be recovered through the Issue Price on the Issues although the recovery of all or any part of the Documentation Costs cannot be guaranteed.

By way of example, assuming that the maximum number of New Shares available for issue under this document are issued by way of a single Issue at an Issue Price of 642.30 pence per Share (being the NAV per Share calculated as at close of business on 8 December 2020), approximately £472,786,355 in aggregate would be raised under the Issues. On these assumptions the total costs and expenses of and incidental to the Issues (including the Documentation Costs) to be borne by the Company, would be approximately £821,032. This would represent 0.17 per cent. of the total proceeds of the Issues and the net proceeds available for investment by the Company would be approximately £471,965,323. These net proceeds would be invested in accordance with the Company's investment policy.

Shareholders who do not participate in the Share Issuance Programme will suffer a dilution of approximately 50 per cent. to their existing holdings (assuming 73,608,338 New Shares are issued under this document).

PART 4

FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

1. Introduction

The statutory accounts of the Company for the financial years ended 31 July 2019 and 31 July 2020 were audited by BDO LLP whose report was unqualified and did not contain any statement under section 498(2) or (3) of the Companies Act.

The statutory accounts for the years ended 31 July 2019 and 31 July 2020 were prepared under UK GAAP in accordance with FRS 102.

Copies of the statutory accounts for the years ended 31 July 2019 and 31 July 2020 are available for inspection on the Company's website at www.pacifichorizon.co.uk.

2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published audited annual report and accounts of the Company for the financial years ended 31 July 2019 and 31 July 2020 as set out in the table below and is expressly incorporated by reference into this document. The non-incorporated parts of these reports of the Company are either not relevant to investors or covered elsewhere in this document.

Nature of Information	<i>Annual report and audited accounts for the year ended 31 July 2019</i>	<i>Annual report and audited accounts for the year ended 31 July 2020</i>
	<i>Page No.</i>	<i>Page No.</i>
Company Summary	1	1
Chairman's Statement	2	2
Managers' Review	10	11
List of Investments	15	18
Independent Auditor's Report	31	35
Income Statement	35	39
Balance Sheet	36	40
Statement of Changes in Equity	37	41
Cash Flow Statement	38	42
Notes to the Financial Statements	39-48	43-55

3. Selected financial information

The information regarding the Company in this paragraph 3 has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 4. Selected historical financial information relating to the Company which summarises the financial condition of the Company for the two financial periods ended 31 July 2019 and 31 July 2020 is set out in the following table.

	<i>Annual report and audited accounts for the year ended 31 July 2019</i>	<i>Annual report and audited accounts for the year ended 31 July 2020</i>
Net asset value		
Number of Ordinary Shares in issue	59,027,282	63,165,282
Net assets (£'000)	203,350	304,403
Net asset value per Ordinary Share (p)	344.50	481.92
Ordinary Share price (p)	320.00	504.00
Income		
Total investment income before operating expenses (£'000)	2,473	3,128
Net revenue return attributable to equity shareholders (£'000)	8	564
Performance fee (accrued/paid) (£'000)	n/a	n/a
Investment Manager's fee charged to revenue (accrued/paid) (£'000)	1,297	1,533
Any other material fees (accrued/paid) to service providers (£'000)	542	479
Revenue return per Ordinary Share (p)	0.01	0.95
Dividend per Ordinary Share (p)	nil	0.25
Ongoing charges		
As a percentage of average total Shareholders' funds	0.99%	0.92%
Portfolio summary		
Shareholders' funds (£'000)	203,350	304,403

4. Operating and financial review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Managers' Review" and "List of Investments" in the published annual report and accounts and the interim report of the Company as follows:

	<i>Annual report and audited accounts for the year ended 31 July 2019</i>	<i>Annual report and audited accounts for the year ended 31 July 2020</i>
Nature of Information	<i>Page No.</i>	<i>Page No.</i>
Chairman's Statement	2	2
Managers' Review	10	11
List of Investments	15	18

5. Significant change

Since 31 July 2020 (being the end of the last financial period of the Company for which financial information has been published), other than the increase in the Company's net assets from approximately £304.4 million as at 31 July 2020 to approximately £472.8 million as at 8 December

2020 there has been no significant change in the financial position of the Company.

6. Net proceeds and expenses of the Issues

Assuming that the maximum number of New Shares available for issue under this document are issued by way of a single Issue at an Issue Price of 642.30 pence per Share (being the NAV per Share calculated as at close of business on 8 December 2020), approximately £472,786,355 in aggregate would be raised under the Issues. On these assumptions the total costs and expenses of and incidental to the Issues (including the Documentation Costs) to be borne by the Company, would be approximately £821,032. This would represent 0.17 per cent. of the total proceeds of the Issues and the net proceeds available for investment by the Company would be approximately £471,965,323. These net proceeds would be invested in accordance with the Company's investment policy.

7. Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 30 November 2020.

	(£'000)
Total current debt	
– Guaranteed	-
– Secured	-
– Unguaranteed/unsecured	29,544
Total non-current debt	
– Guaranteed	-
– Secured	-
– Unguaranteed/unsecured	-
Total indebtedness	<u>29,544</u>
Shareholders' equity	
– Share capital	7,318
– Legal reserves (excl. revenue reserves)	453,629
– Other reserves	4,555
Total capitalisation	<u>465,502</u>

The information in the table above is unaudited financial information extracted from internal management accounting records as at 30 November 2020.

The following table shows the Company's net indebtedness as at 30 November 2020. The information in the following table is unaudited financial information extracted from internal management accounting records as at 30 November 2020.

	£'000
A. Cash	19,092
B. Cash equivalent	(666)
C. Trading securities	-
D. Liquidity (A+B+C)	18,426
E. Current financial receivable	51
F. Current bank debt	29,544

G.	Current portion of non-current debt	-
H.	Other current financial debt	-
I.	Current financial debt (F+G+H)	29,544
J.	Net current financial indebtedness (I-E-D)	11,067
K.	Non-current bank loans	-
L.	Bonds issued	-
M.	Other non-current loans	-
N.	Non-current financial indebtedness (K+L+M)	-
O.	Net financial indebtedness (J+N)	11,067

8. Working capital

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).

9. Net Asset Value

The unaudited NAV per Share as at 8 December 2020 was 642.30 pence including current income.

10. Capital resources

The Company has 73,608,338 Ordinary Shares in issue as at 8 December 2020. The Company does not hold any Ordinary Shares in treasury.

The Company's source of funds is its income from its investment portfolio which was approximately £2,473,000 for the 12 months to 31 July 2019 and approximately £3,128,000 for the 12 months to 31 July 2020. The Company's principal expenditure comprises fees payable to the Investment Manager, the Depositary, the Company's other advisers and the Directors and its borrowing costs. Its total expenditure for: (i) the 12 month period to 31 July 2019 was £2,279,000; and (ii) the 12 month period to 31 July 2020 was £2,349,000.

The Company entered into a one year £30 million multi-currency revolving credit facility, which had an expiry date of 13 March 2021, with The Royal Bank of Scotland International Limited. On 9 December 2020 this facility was replaced in its entirety by a £40 million multi-currency revolving credit facility between the Company and The Royal Bank of Scotland International Limited. The facility expires on 15 March 2021 but it can be extended for a period of 12 months from that date with the agreement of the bank. In addition, the initial commitment of £40 million may be increased to up to £60 million at the request of the company and with the agreement of the bank. As at 8 December 2020 the drawings were £29,531,639 under the revolving credit facility.

As at 8 December 2020, the Company has cash and cash equivalent reserves of approximately £15,297,515.

11. Analysis of investment portfolio

As at close of business on 8 December 2020, the Company's portfolio comprised investments with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of approximately £488,188,330.

The Company's portfolio was 98.36 per cent. invested in listed equities as at 8 December 2020.

The following table shows the distribution of the portfolio by asset class as at 8 December 2020.

<i>By asset class</i>	<i>Percentage of portfolio (%)</i>
Listed equities	98.36
Unlisted equities	1.64
	100.00

The following table shows the distribution of the portfolio by geographic region as at 8 December 2020.

<i>By geographic region</i>	<i>Percentage of portfolio (%)</i>
Hong Kong and China	41.29
Korea	17.17
India	12.41
Singapore	9.63
Indonesia	7.21
Taiwan	5.87
Vietnam	5.42
Kazakhstan	0.56
Philippines	0.34
Mongolia	0.10
	100.00

The Company's top ten investments within the portfolio, as at 8 December 2020, were as follows.

<i>Investment</i>	<i>Valuation ('000s)</i>	<i>Percentage of portfolio (%)</i>
SEA Limited ADR	£43,753	8.96
JD.com ADR	£17,908	3.67
Samsung SDI	£15,995	3.28
Dada Nexus Ltd ADR	£13,513	2.77
Alibaba Group ADR	£12,547	2.57
Li Ning	£12,374	2.53
Kingsoft Cloud Holdings Ltd ADR	£12,229	2.50
Kingdee International Software	£11,890	2.44
Nickel Mines	£11,513	2.36
MMG	£11,054	2.26
TOTAL	£162,776	33.34

The information in this paragraph 11 is unaudited information on the Company, which has been extracted from internal management accounting records held by the Company and has not been reported on by an accountant.

PART 5

TAXATION

The information contained in this document relating to taxation is a summary of the UK taxation matters which the Directors consider should be brought to the attention of prospective investors. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder or investor. The information below is based on current UK taxation law and HMRC published practice in force as at the date of this document which may be subject to change (potentially with retrospective effect) and relates only to the position of Shareholders who are beneficial owners of their Ordinary Shares, are resident in the UK for taxation purposes and hold their Ordinary Shares as an investment. The information may not relate to certain categories of Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Ordinary Shares in connection with their employment who may be taxed differently and are not considered in this summary. Prospective investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the Company.

1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011, which came into force on 1 January 2012, and have applied to the Company from its accounting period beginning 1 August 2012. The Company will therefore continue to have investment trust status in each accounting period going forward and will be exempt from UK taxation on its capital gains, other than to the extent that the Company commits a serious breach of one or more of the conditions for qualification as an investment trust. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company as defined in section 439 of the Tax Act at any time in that accounting period. The Directors do not anticipate that the Company will be a close company as defined in section 439 of the Tax Act.

The Company will be liable to UK corporation tax on its income profits in the normal way, with dividend income generally being exempt from UK corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, and potentially foreign taxes, at varying rates, but double taxation relief may be available on income that is also subject to UK tax. Capital gains derived by the Company may be subject to capital gains taxes in the overseas investee jurisdictions, at varying rates, but double taxation relief may be available.

2. Shareholders

2.1 *Taxation of capital gains*

Individual Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax, on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. For the fiscal year 2020/21, a disposal by an individual Shareholder, resident in the UK for taxation purposes, of their Ordinary Shares will be subject to UK capital gains tax at a rate

of tax of 20 per cent. where (i) the individual pays UK income tax at the higher or additional rates of tax; or (ii) the individual Shareholder pays UK income tax at the basic rate of UK income tax and the gain exceeds the unused portion of the individual Shareholder's basic rate band; otherwise a UK capital gains tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the Annual Exempt Amount of £12,300 for the fiscal year 2020/21) subject to their personal circumstances. Shareholders which are corporations resident in the UK will no longer benefit from an indexation allowance which, in general terms, was used to increase the tax base cost of an asset in accordance with changes in the UK Retail Price Index. Under measures enacted in the Finance Act 2018, indexation allowance (which applied solely to corporate bodies and not individuals from 6 April 2008) was frozen as at 31 December 2017 such that for disposals on or after 1 January 2018 the indexation allowance will only be calculated up to 31 December 2017, irrespective of the date of disposal. Therefore, for chargeable assets acquired after 31 December 2017, indexation allowance will no longer be available. Indexation allowance may not create or increase an allowable loss.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxation arising from the sale or other disposal of their Ordinary Shares unless (in the case of a corporate shareholder) those Ordinary Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

2.2 *Taxation of dividends*

The Company has to date not elected into the streaming regime in relation to dividends paid by the Company and therefore no part of any dividend received is expected to be treated as interest.

Individual Shareholders resident in the UK for taxation purposes are entitled to an annual tax-free dividend allowance (£2,000 for the fiscal year 2020/21). Dividends received in excess of this allowance will be taxed, for the fiscal year 2020/21 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers). Dividends received by pension funds with tax exempt status and ISAs are not taxable.

In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to UK corporation tax in respect of dividends, except in certain circumstances.

Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside of the UK. Under current legislation, no withholding tax will be deducted from any dividends paid by the Company.

3. **Stamp duty and stamp duty reserve tax ("SDRT")**

3.1 *Allocation*

The allocation, allotment and issue of the New Shares will not give rise to a liability to stamp duty or SDRT.

3.2 *Conveyance*

Any subsequent conveyance or transfer on sale of Ordinary Shares in certificated form will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (the amount payable being rounded up, if necessary, to the nearest multiple of £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

3.3 *CREST*

A transfer of Ordinary Shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally be subject to SDRT (rather than stamp duty) at the rate of 0.5 per cent. (the amount payable being rounded up to the nearest penny) of the value of the consideration given.

3.4 *Depository receipts*

Special rules apply where shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depository receipts within section 67 or section 93 of the Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at the higher rate of 1.5 per cent. of the value of the consideration given or, in some cases, the value of the shares. Following litigation, however, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on the issue of shares into a clearance service or depository receipt arrangement on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will, however, continue to apply to transfers of shares into a clearance service or depository receipt arrangement unless they are an integral part of an issue of share capital. This view is currently being challenged in further litigation.

4. **ISAs**

New Shares will qualify for the purposes of an ISA, provided that they are acquired by an ISA manager in the market. Ordinary Shares subscribed for directly pursuant to an Issue will not qualify for an ISA. Direct transfers to an ISA will render New Shares ineligible for ISAs.

For the 2020/21 tax year, ISAs have an overall subscription limit of £20,000, all of which can be invested in stocks and shares, for which New Shares will qualify.

5. **SIPPs and SSASs**

Ordinary Shares will be permitted investments for SIPPs and SSASs.

PART 6

GENERAL INFORMATION

1. Incorporation and general

- 1.1 The Company was incorporated and registered in England and Wales on 1 February 1989 as a public company limited by shares under the Companies Act 1985 with registered number 02342193. The Ordinary Shares in the Company were first admitted to listing in 1989. The Company operates under the Companies Act and regulations made under the Companies Act. Its registered office is at c/o Computershare Investor Services PLC, Moor House, 120 London Wall, London EC2Y 5ET. The Company's website is at www.pacifichorizon.co.uk. Information on the website does not form part of this document unless that information is incorporated by reference into this document. Save for its compliance with the Companies Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Regulation Rules, the Company is not a regulated entity.
- 1.2 In accordance with the Companies Act, the objects of the Company are unrestricted.
- 1.3 The Investment Manager was incorporated in Scotland under the Companies Act 1948 on 8 October 1979 with registered number SC069524. The Investment Manager's LEI is N22C6FNZ44MX4YZS4L75 and its registered office is at Calton Square, 1 Greenside Row, Edinburgh EH1 3AN (telephone number: 0131 275 2000). The Investment Manager is authorised and regulated by the FCA with firm reference number 119179 and has significant experience of providing investment management services.
- 1.4 The Bank of New York Mellon (International) Limited acts as depositary to the Company. The Depositary was incorporated in England and Wales on 9 August 1996 with registered number 03236121. The Depositary's LEI is 549300KP56LL8NKKFL47 and its registered office is at 1 Canada Square, London E14 5AL. The Depositary is authorised and regulated by the FCA with firm reference number 183100. The Depositary also provides custodian services to the Company.

2. Share capital

- 2.1 The issued share capital of the Company (all of which issued Ordinary Shares are fully paid-up) as at the latest practicable date prior to the publication of this document and immediately following Admission (assuming the maximum number of New Shares are issued) will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal value per Ordinary Share</i>
As at 8 December 2020	73,608,338	£0.10
Immediately following Admission of all New Shares	147,216,676	£0.10

As at 8 December 2020 no Ordinary Shares are held by the Company in treasury. The Company has no authorised share capital.

2.2 The following changes have occurred in the share capital of the Company between 1 August 2018 and 31 July 2020:

2.2.1 in the financial year from 1 August 2018 to 31 July 2019 the Company issued 700,000 Ordinary Shares pursuant to the Share Issuance Programme for an aggregate consideration of £2,359,000; and

2.2.2 in the financial year from 1 August 2019 to 31 July 2020 the Company issued 4,138,000 Ordinary Shares pursuant to the Share Issuance Programme for an aggregate consideration of £20,399,000.

As at 1 August 2018, the Company had 58,327,282 Ordinary Shares in issue and, as at 31 July 2020, the Company had 63,165,282 Ordinary Shares in issue. Since 1 August 2020 to 8 December 2020 the Company has issued a further 10,443,056 Ordinary Shares.

2.3 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

2.4 At the annual general meeting of the Company held on 10 November 2020, the Directors were authorised as follows:

2.4.1 generally and unconditionally, pursuant to section 551 of the Companies Act, to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £672,852.80 (such authority to expire on 10 February 2022 or, if earlier, upon the conclusion of the annual general meeting of the Company to be held in 2021); and

2.4.2 pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares, for cash either (i) pursuant to the authority noted in paragraph 2.4.1 above; or (ii) by way of sale of those Ordinary Shares held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that such authority will expire on 10 February 2022 or, if earlier, upon the conclusion of the annual general meeting of the Company to be held in 2021 and is limited to the allotment of equity securities up to an aggregate nominal amount of £672,852.80.

2.5 At a general meeting of the Company to be held on 19 January 2021, the Directors are seeking to be authorised as follows:

2.5.1 generally and unconditionally, pursuant to section 551 of the Companies Act, to allot Ordinary Shares and to grant rights to subscribe for or to convert any securities into Ordinary Shares up to an aggregate nominal amount of £1,472,166.80 (such authority to expire on 24 November 2021);

2.5.2 pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares, for cash either (i)

pursuant to the authority noted in paragraph 2.5.1 above; or (ii) by way of sale of those Ordinary Shares held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that such authority will expire on 24 November 2021 and is limited to the allotment of equity securities up to an aggregate nominal amount of £736,083.40; and

- 2.5.3 pursuant to sections 570 and 573 of the Companies Act, to allot equity securities (as defined in section 560 of the Companies Act), including the grant of rights to subscribe for, or to convert any securities into, Ordinary Shares, for cash either (i) pursuant to the authority noted in paragraph 2.4.1 above; or (ii) by way of sale of those Ordinary Shares held by the Company in treasury, as if sub-section 561(1) of the Companies Act did not apply to any such allotment of equity securities, provided that such authority will expire on 24 November 2021 and is limited to the allotment of equity securities up to an aggregate nominal amount of £736,083.40.
- 2.6 The disapplication of statutory pre-emption rights in the terms provided under the special resolutions noted at paragraphs 2.4.2, 2.5.2 and 2.5.3 above gives the Company the flexibility to allot and issue Ordinary Shares or resell any Ordinary Shares which it holds in treasury for cash without first being required to offer such Ordinary Shares to existing Shareholders in proportion to their existing holdings.
- 2.7 The provisions of section 561 of the Companies Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply to the unissued capital of the Company except as referred to in paragraphs 2.4.2, 2.5.2 and 2.5.3 above.
- 2.8 The Company has authority to buy back up to 10,086,063 Ordinary Shares in the market. As at 8 December 2020 the Company had not purchased any Ordinary Shares pursuant to this authority.

3. Articles

The Ordinary Shares (which at the date of this document are the Company's only class of share in issue) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 3. The Articles contain provisions, *inter alia*, to the following effect:

3.1 Dividends

Subject to the provisions of the Companies Act, the Company may, by ordinary resolution, declare dividends in accordance with the respective rights of the members, but no such dividend shall exceed the amount recommended by the Directors. If in the opinion of the Directors the financial position of the Company justifies such payments, the Directors may declare and pay any dividend payable at a fixed rate at intervals settled by the Directors and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Any dividend unclaimed for a period of 12 years from the date of declaration of such

dividend shall be forfeited and shall revert to the Company.

In the event that a restriction notice (as detailed in paragraph 3.2.2 below) has been served, and the person holding the restricted Ordinary Shares holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) payable in respect of those Ordinary Shares.

3.2 *Voting*

3.2.1 *General voting rights*

The holder of an Ordinary Share shall be entitled to receive notice of, and to attend, speak and vote at, all general meetings of the Company in person (or, if a corporation, by a duly authorised representative) or by proxy. At any general meeting, on a vote on a resolution by a show of hands, every holder of Ordinary Shares who is present in person, by duly authorised corporate representative or by proxy and entitled to vote shall have one vote and upon a poll every such holder of Ordinary Shares present in person, by duly authorised corporate representative or by proxy shall have one vote in respect of each Ordinary Share held by him. However, no member shall, unless the Board otherwise decides, be entitled to exercise a vote (either personally or by proxy) or any other right conferred by membership at any general meeting (or class meeting): (i) in relation to an Ordinary Share if any call or other sum immediately payable by him in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Ordinary Share if a member has been served with a statutory notice by the Directors in the manner described in paragraph 3.2.2 below and has failed to supply to the Company the information required thereby within 14 days.

3.2.2 *Restrictions on voting*

If a holder of Ordinary Shares or any person appearing to be interested in those Ordinary Shares fails to comply within the relevant period with any statutory notice by the Company under section 793 of the Companies Act (which notice demands the disclosure of certain information regarding the relevant receiver's interest in the Ordinary Shares), the Company may give the holder of those Ordinary Shares a further notice (a "restriction notice") to the effect that from the service of the restriction notice the holder will be, amongst other restrictions, prevented from voting at any general meeting or class meeting of the Company in respect of those Ordinary Shares.

3.3 *Redeemable shares*

Subject to the provisions of the Companies Act, and to any rights previously conferred on the holders of any other shares, any share may be issued which is, or which is liable to be, redeemed at the option of the Company or the holder and the Board is authorised to determine the terms, conditions and manner of redemption of any such shares.

3.4 *Transfer of Ordinary Shares*

The Articles provide that Ordinary Shares may be transferred on the following bases:

- 3.4.1 any member may transfer all or any of his uncertificated Ordinary Shares by means of a relevant system in such manner provided for in, and subject to, the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated Ordinary Share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Ordinary Share to be transferred; and
- 3.4.2 any member may transfer all or any of his certificated Ordinary Shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.

However, the Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any Ordinary Share which is not fully paid provided that where such Ordinary Share is admitted to the premium segment of the Official List such discretion may not be exercised in such a way as to prevent dealings in Ordinary Shares of that class from taking place on an open and proper basis.

The Board may also decline to register a transfer of an uncertificated Ordinary Share in the circumstances set out in the Uncertificated Securities Regulations 2001 and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

In relation to certificated Ordinary Shares, the Board may also decline to register any transfer unless:

- (i) the instrument of transfer is delivered for registration to the Company's registered office or such other place as the Board may from time to time determine, accompanied by (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) the certificate(s) for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
- (ii) (if stamp duty is generally chargeable on transfers of certificated Ordinary Shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty;
- (iii) the instrument of transfer is in respect of only one class of share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the

Ordinary Share is to be transferred does not exceed four.

The Board may in addition decline, subject to the requirements of the Uncertificated Securities Regulations 2001, to register the transfer of an Ordinary Share subject to a restriction notice (as detailed in paragraph 3.2.2 above) where the person holding the restricted Ordinary Shares holds at least 0.25 per cent. in number or nominal value of the Ordinary Shares in the Company. This restriction cannot be applied where the transfer is pursuant to an "arm's length sale".

3.5 *Variation of rights*

Subject to the Companies Act, all or any of the rights for the time being attached to any class of shares for the time being in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. All the provisions of the Articles as to general meetings of the Company (described at paragraph 3.11 below) shall, *mutatis mutandis*, apply to any such separate general meeting, but so that: (i) the necessary quorum shall be two persons present holding or representing by proxy not less than one-third in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares); (ii) at any adjourned meeting one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum; (iii) every holder of shares of the class present in person or by proxy (excluding any Ordinary Shares of that class held as treasury shares) shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares); and (iv) any holder of shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

3.6 *Reduction of Capital*

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner permitted by law.

3.7 *Untraced Shareholders*

Subject to various notice requirements, the Company may sell any certificated Ordinary Shares on behalf of the holder of, or person entitled by transmission to, the Ordinary Shares by instructing their sale on the London Stock Exchange, or on any other stock exchange outside the United Kingdom on which the Company's Ordinary Shares are normally traded, at the best price reasonably obtainable at the time of sale provided that (i) for a period of 12 years the Ordinary Shares have been in issue in certificated or uncertificated form; (ii) at least three cash dividends on those Ordinary Shares have become payable and no cash dividend in respect of those Ordinary Shares during that period has been claimed by presentation to the paying bank of the relevant cheque or warrant or has been satisfied by the transfer of funds to a bank account designated by the

holder of, or person entitled by transmission to, the Ordinary Shares or has otherwise been transferred through CREST (or another relevant system); (iii) so far as the Directors are aware the Company has not received any communication during the 12 year period from the holder of, or person entitled by transmission to, those Ordinary Shares; (iv) the Company has caused two advertisements to be published, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known address of the holder of, or person entitled by transmission to, the shares or the address at which service of notices may be effected under the Articles is located, giving notice of its intention to sell the shares and a period of three months has elapsed from the date of publication of the advertisements or of the last of the two advertisements to be published if they are published on different dates; and (v) the Company has given notice to a Regulatory Information Service of its intention to make the sale

3.8 *Capital reserve*

The Directors shall establish a reserve to be called the “capital reserve” and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any capital investment or other capital asset of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest, or any sum received in respect of accrued but unpaid interest, shall not be treated as capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision thereof) considered by the Board to be of a capital nature shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company. Any increase or diminution in the amount of any index-linked stock or other index-linked indebtedness of the Company shall be carried to the debit or credit of the capital reserve, except so far as the Directors in their discretion decide to make good the same out of or credit the same to other funds or reserves of the Company.

Subject to the Companies Act and without prejudice to the foregoing generality, the Directors may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including, without limitation, any costs incurred or sums expended in connection with the management of the assets of the Company or finance costs (including, without limitation, any interest payable by the Company in respect of any borrowings of the Company)) is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other, having regard, inter alia, to the investment objectives of the Company, and to the extent the Directors determine that any such cost, liability or expense should reasonably and fairly be apportioned to capital, the Board may debit or charge the same to the capital reserve.

3.9 *Borrowing powers*

The Directors shall restrict the moneys borrowed by the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount outstanding in

respect of all moneys borrowed by the Company or its subsidiary undertakings and for the time being owing to persons outside the Company or its subsidiary undertakings shall not at any time without the previous sanction of an ordinary resolution of the Company exceed at the time of borrowing an amount equal to the aggregate of: (i) the amount paid up or credited as paid up on the issued share capital account of the Company and (ii) the total amounts standing to the credit of the capital and revenue reserves of the Company and its subsidiary undertakings based on the Company's latest audited accounts after: (a) deducting any debit balance on the revenue account or on any other reserve; (b) making such adjustments as may be appropriate to reflect any variations in the share capital and/or reserves; (c) excluding any sums attributable to outside interests in subsidiary undertakings and making such adjustments as may be appropriate in respect of any variation in the interests of the Company and in its subsidiary undertakings since the date of the latest audited accounts; (d) deducting the amount of any distributions declared, recommended or made by the Company's subsidiary undertakings out of profits earned up to and including the date of the latest audited accounts to the extent that any such distributions are not provided for therein; and (e) excluding any sums set aside for future taxation less any sum properly added back in respect thereof.

For the purposes of the foregoing provisions "latest audited accounts" shall mean the latest published audited balance sheet of the Company.

No person dealing with the Company or any of its subsidiary undertakings in good faith shall be concerned to see or inquire whether the said limit is observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security was given, express notice that the said limit had been or would thereby be exceeded.

3.10 *Directors*

3.10.1 *Number of Directors*

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate directors) shall not be less than two nor more than 10.

3.10.2 *Appointment and removal of Directors*

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Directors may also appoint any person to the Board (either as an addition to the Board or to fill a vacancy) for the period from the date of appointment until the next annual general meeting.

Each Director shall retire from office at the third annual general meeting after the annual general meeting at which he was last elected until the ninth anniversary of his appointment and annually thereafter.

Subject to the provisions of the Companies Act, the Company may remove a Director at any time by special resolution before the expiration of his period in

office and may by ordinary resolution appoint another person who is willing to act to be a Director in his place.

The office of Director shall also be vacated if:

- (i) he resigns his office by notice in writing delivered to the Company's registered office or tendered at a meeting of the Board; or
- (ii) by notice in writing delivered to the Company's registered office or tendered at a meeting of the Board, he offers to resign and the Board resolves to accept such offer; or
- (iii) by notice in writing delivered to the Company's registered office or tendered at a meeting of the Board, his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or
- (iv) a registered medical practitioner who is treating that Director gives a written opinion to the Company stating that that Director has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- (v) by reason of a Director's mental health, a court makes an order which wholly or partly prevents that Director from personally exercising any powers or rights which that Director would otherwise have; or
- (vi) he is absent, without permission of the Directors, from meetings of the Board (whether or not an alternate director appointed by him attends) for six consecutive months and the Directors resolve that his office be vacated; or
- (vii) he becomes bankrupt or compounds with his creditors generally; or
- (viii) he is prohibited by law from being a director of a company; or
- (ix) he ceases to be a Director by virtue of the Companies Act or is removed from office pursuant to the Articles.

3.10.3 *Directors' fees, expenses and remuneration*

The Directors shall be paid, out of the funds of the Company by way of fees for their services as Directors, such sums (if any) as the Directors may from time to time determine (not exceeding in aggregate £200,000 per annum or such larger amount as the Company may by ordinary resolution determine) and such remuneration shall be divided between the Directors as the Directors shall agree, or failing agreement, equally. Such remuneration shall be deemed to accrue from day to day. Each Director may also be paid his travelling, hotel and incidental expenses of attending and returning from meetings of the Directors or any committees of the Directors or general meetings of the Company or any other meeting which, as a Director, he is entitled to attend and shall be paid all other

costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as Director. Any Director who is appointed to any executive office or who performs services which in the opinion of the Directors, or any committee authorised by the Directors, go beyond the ordinary duties of a Director, may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for, by or pursuant to the Articles, as the Directors or any committee of the Company authorised by the Directors may determine.

3.10.4 *Directors' interests*

No Director or proposed or intending director shall be disqualified from his office by contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period (subject to the provisions of the Companies Act) and upon such other terms as the Directors may decide, and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as the Directors or any committee authorised by the Directors may decide, and either in addition to or in lieu of any remuneration provided for by or pursuant to the Articles.

A Director may be or become a director or other officer of, or otherwise be interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company nor the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in the other company. The Directors may also cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as they think fit, including the exercise of the voting power or power of appointment in favour of the appointment of the Directors or any of them as directors or officers of the other company, or in favour of the payment of remuneration to the directors or officers of the other company.

A Director may act by himself or his firm in a professional capacity (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the

Company is interested.

A Director shall not vote on or be counted as part of the quorum in relation to any resolution of the Directors in respect of any actual or proposed transaction or arrangement in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted.

If a question arises at any meeting of the Directors as to whether a Director's interest gives rise to or could reasonably be regarded as likely to give rise to a conflict with the interests of the Company or as to his entitlement to vote or be counted in a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be decided by a resolution of the Board (for which purpose the Director in question shall not be counted in the quorum and provided that the resolution was agreed to without the Director in question voting or would have been agreed if their votes had not been counted) and the resolution shall be conclusive, except in a case where the nature or extent of the interest of such Director (so far as it is known to him) has not been fairly disclosed to the Board.

Subject to the Companies Act and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on Directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. A Director shall be deemed to have made a sufficient declaration of interest where he notifies the Board that either: (a) he is a member of a specified company or firm and is to be regarded as interested in any contract which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him. No such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

In respect of any situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Board may authorise the matter, on such terms as they may determine, provided that: (a) the Director has declared the full nature and extent of the situation to the Board; and (b) it is proposed (either by the director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the director in question and

the resolution was agreed to without such director voting or would have been agreed to if that conflicted director's vote had not been counted.

3.10.5 *Voting and quorum*

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

3.11 *General meetings*

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Companies Act, all other general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, date and time of the meeting and the general nature of the business to be transacted. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the Ordinary Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors or, if more than one, each of them.

To the fullest extent permitted by law, the accidental omission to give any notice of a meeting or the accidental omission to send any document, including a proxy form, relating to any meeting to, or the non-receipt of any such notice or document by, any person entitled to receive the notice or document shall not invalidate the proceedings at that meeting.

If the Board, in its absolute discretion, considers that it is impracticable or unreasonable for any reason to hold a general meeting on the date or at the time or place specified in the notice calling the general meeting, it may postpone the general meeting to another date, time and/or place. The Board shall take reasonable steps to ensure that notice of the date, time and place of the postponed meeting is given to any member trying to attend the meeting at the original time and place. Notice of the date, time and place of the postponed meeting shall, if practicable, also be placed in at least two national newspapers in the United Kingdom. Notice of the business to be transacted at such postponed meeting shall not be required. If a meeting is rearranged in this way, proxy forms will be valid if they are delivered in accordance with the provisions of these Articles as if the general meeting had been originally convened on the date for the holding of the postponed meeting.

The Directors may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Directors shall consider appropriate in the circumstances and shall be entitled in their absolute discretion to, or to authorise some one or more persons who shall include a Director or the Secretary or the chairman of the meeting to refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise comply with such security arrangements or restrictions.

3.12 *Continuation of the Company*

The Directors are obliged at not later than each seventh annual general meeting of the Company to convene a general meeting at which an ordinary resolution will be proposed pursuant to section 84 of the Insolvency Act 1986 to wind up the Company voluntarily unless such obligation has been postponed by an ordinary resolution of the Company for a period recommended by the Board not exceeding seven years.

If any resolution to delay such a general meeting is not passed, the Directors shall be obliged to convene a general meeting and propose an ordinary resolution to approve the winding up of the company.

4. Directors' and other interests

- 4.1 The aggregate of the remuneration paid to the Directors by the Company for the financial period to 31 July 2020 was £9,687 to Ms Matterson (who retired as a Director and Chairman on 12 November 2019), £26,000 to Mr Creasy (who retired as a Director and Chairman of the Audit Committee on 10 November 2020), £31,182 to Mr Macpherson (who was appointed as Chairman from 12 November 2019), £23,000 to Ms Lane and Mr Studwell and £3,833 to Ms Hee (who was appointed on 1 June 2020). In respect of the current financial year, that commenced on 1 August 2020, the annual remuneration paid to the Directors by the Company will be £34,500 to the Chairman, £26,000 to the Chairman of the Audit Committee and £23,000 to each of the other non-executive Directors. The fees are reviewed annually. In addition, the Directors will receive taxable benefits in kind to cover the travel costs associated with attending board and committee meetings. Such benefits in kind amounted to £4,615 in aggregate in respect of the financial year to 31 July 2020. The total remuneration and benefits in kind granted to the Directors will not be varied as a consequence of the Issues. No Director is eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company to provide pension, retirement or similar benefits.
- 4.2 Any new Director appointed during the year must stand for election at the first annual general meeting following their appointment. Thereafter and notwithstanding the terms of the Articles, each of the Directors stands for annual re-election in accordance with the AIC Code.
- 4.3 No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company since its date of incorporation.
- 4.4 No loan or guarantee has been granted or provided by the Company for the benefit of any Director.
- 4.5 The Directors do not have any options over Ordinary Shares. As at the latest practicable date prior to the publication of this document, the interests of the Directors in the issued share capital of the Company were as follows.

	<i>No. of Ordinary Shares</i>	<i>Percentage of issued shared capital</i>
Mr Angus Macpherson (Chairman)	42,000	0.06%
Mr Robert Chote	nil	n/a
Ms Wee-Li Hee	nil	n/a
Ms Angela Lane	6,536	0.01%
Mr Joe Studwell	4,000	0.01%

4.6 As at 8 December 2020 the Company is aware of the following persons who are interested in three per cent. or more of the Company's issued share capital.

	<i>No. of Ordinary Shares held</i>	<i>Percentage of issued share capital</i>
Sarasin and Partners LLP	7,757,676	10.5%
J.M. Finn & Co Limited	3,548,831	4.8%

The Directors are not aware of any person or persons who, following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no special voting rights for any Shareholder.

4.7 Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years preceding the date of this document are as follows:

	<i>Current directorships/ memberships</i>	<i>Previous directorships/ memberships</i>
(i) Mr Angus Macpherson	<ul style="list-style-type: none"> ▪ Henderson Diversified Income Trust plc ▪ Noble & Company (UK) Limited ▪ Schroder Japan Growth Fund plc 	<ul style="list-style-type: none"> ▪ Belhaven Hill School Trust Limited ▪ Glengabar Limited ▪ Haitong International (UK) Co. Limited ▪ JP Morgan Elect PLC ▪ Southern Pentland Shooting Club Limited
(ii) Mr Robert Chote	<ul style="list-style-type: none"> ▪ n/a 	<ul style="list-style-type: none"> ▪ Institute for Fiscal Studies
(iii) Ms Wee-Li Hee	<ul style="list-style-type: none"> ▪ Edinburgh Food Social CIC ▪ Melville Paisley Investments 	<ul style="list-style-type: none"> ▪ n/a
(iv) Ms Angela Lane	<ul style="list-style-type: none"> ▪ BlackRock Throgmorton Trust plc ▪ Dunedin Enterprise Investment Trust PLC ▪ Roserrow Management Company Limited ▪ Sherborne School 	<ul style="list-style-type: none"> ▪ Huntswood CTC Limited ▪ Huntswood Associates Limited ▪ Havisham Lane Limited ▪ BWH Enterprises

Limited
▪ Bournemouth Water
Investments Limited

(v) Mr Joe Studwell ▪ n/a ▪ n/a

4.8 As at the date of this document, none of the Directors:

4.8.1 has any convictions in relation to fraudulent offences for at least the previous five years;

4.8.2 has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.7 above; or

4.8.3 has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or have ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.9 The Company has a conflicts of interest register, which is maintained by the Company Secretary, to monitor any potential conflicts of interest between any duties of the Directors carried out on behalf of the Company and their private interests and/or other duties. Save for those companies and/or partnerships referred to in paragraph 4.7 above, there are no potential conflicts of interest. All of the Directors are independent of the Investment Manager and any other company in the same group of companies as the Investment Manager.

5. **Subsidiary undertakings**

The Company has no subsidiary undertakings.

6. **Related party transactions**

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the financial period ended 31 July 2020 in respect of which the Company has published statutory accounts, other than those disclosed in the notes to the financial statements of the Company for the financial period ended 31 July 2020.

During the period from 1 August 2020 to the date of this document, the Company has not been a party to, nor had any interest in, any related party transaction.

7. Mandatory bids, squeeze-out and sell-out rules

7.1 *Mandatory bids*

As a company incorporated in England and Wales with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires an interest in 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the relevant company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A Shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a Shareholder has acquired shares at a time when it had reason to believe that a purchase by the Company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

7.2 *Squeeze-out and sell-out rules*

Other than as provided by the Companies Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares. Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the Ordinary Shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding Ordinary Shares not assented to the offer. It would do so by sending a notice to the other holders of Ordinary Shares telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of those Ordinary Shares subject to the transfer. The consideration offered to the holders whose Ordinary Shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the Ordinary Shares (in value and by voting rights, pursuant to a takeover offer that relates to all the Ordinary Shares in the Company) to which the offer relates, any holder of Ordinary Shares to which the offer relates who has not accepted the offer may require the offeror to acquire his Ordinary Shares on the same terms as the takeover offer.

The offeror would be required to give any holder of Ordinary Shares notice of his right to be bought out within one month of that right arising. Such sell out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of Ordinary Shares notifying them of their sell out rights. If a holder of Ordinary Shares exercises their rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

8. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, to which the Company has been a party within the two years preceding the date of publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by the Company which contains any provisions under which the Company has any obligation or entitlement which is material to the Company as at the date of this document.

8.1 *Investment Management Agreement*

The Investment Management Agreement dated 7 May 2014, as amended by supplementary agreements dated 18 January 2017 and 15 January 2019, pursuant to which the Investment Manager has agreed, subject to the overall policy and supervision of the Directors and such directions as the Directors may give from time to time, to advise upon investments in accordance with the Company's investment policy and to act as the Company's alternative investment fund manager for the purposes of the AIFM Directive. The Investment Manager receives a management fee in accordance with the Investment Management Agreement, such management fee being calculated and payable quarterly in arrears. The management fee is based on the net assets of the Company attributable to Shareholders and is calculated quarterly at a rate per annum dependent on the Company's net assets. The quarterly fee payable to the Investment Manager is 0.1875 per cent. on the amount of net assets up to £50 million, 0.1625 per cent. on the amount of net assets that exceeds £50 million up to £250 million and 0.1375 per cent on the amount of net assets that exceeds £250 million.

The Investment Management Agreement will continue until in force unless terminated: (i) by the Investment Manager by giving not less than six months' written notice; or (ii) by the Company by giving not less than three months' written notice. The Company may also terminate the Investment Management Agreement with immediate effect by notice in writing if the Investment Manager has committed a breach of its obligations under the terms of the agreement that is material and is not remedied, if a resolution has been passed for the winding-up or liquidation of the Investment Manager or if the Investment Manager commits a breach of the service standards under the terms of the Investment Management Agreement. The Company may also terminate the Investment Management Agreement if the Investment Manager ceases to be authorised to carry out its obligations under the terms of the Investment Management Agreement or ceases to maintain its permissions with the FCA.

The Company has agreed to indemnify the Investment Manager in respect of all claims by third parties in relation to such acts and things as the Investment Manager shall lawfully do

or cause to be done in the proper performance of its duties except to the extent that such claim is due to the negligence, wilful default, fraud or bad faith of the Investment Manager or a breach of any applicable laws or the Investment Management Agreement.

The Investment Management Agreement is governed by Scots law.

8.2 *The Depositary Agreement*

The Depositary Agreement dated 30 May 2014 pursuant to which the Company appointed The Bank of New York Mellon (International) Limited as the Company's Depositary for the purposes of the AIFM Directive. Under the terms of the Depositary Agreement, the Depositary performs, *inter alia*, safekeeping, cashflow monitoring and oversight services in accordance with the AIFM Directive.

The annual fee payable to the Depositary is 0.015 per cent. per annum of net assets, subject to a minimum fee of £10,000.

The Depositary Agreement will continue until terminated at any time by any party giving the not less than 90 days' written notice. The Depositary Agreement may also be terminated by notice in writing if any other party commits any material breach of the Depositary Agreement that has not been remedied within two weeks of notice, or on the occurrence of certain insolvency events or if any party ceases to be authorised and such authorisation is required to allow it to fulfil its obligations under the terms of the agreement.

In accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safekeeping functions in relation to securities and other assets of the Company. The Depositary must exercise due care, skill and diligence in the selection of a delegate to perform the safekeeping functions in respect of securities and other assets of the Company. The employment of any such delegate shall not relieve the Depositary of its responsibilities or liabilities under the Depositary Agreement. Under the Depositary Agreement, the safekeeping function in respect of the Company's assets has been delegated to the Custodian, The Bank of New York Mellon SA/NV, London Branch.

The Company has agreed to indemnify the Depositary in respect of all assessments, claims or liabilities in connection with the Depositary's performance under the Depositary Agreement other than as a result of the Depositary's negligence, failure to exercise reasonable care in the performance of its duties under the Depositary Agreement, recklessness, bad faith, fraud or intentional failure to perform its obligations.

The Depositary Agreement is governed by English law.

8.3 *The debt facility*

The Company entered into a multicurrency revolving facility agreement with The Royal Bank of Scotland International Limited on 13 March 2020 whereby The Royal Bank of Scotland International Limited agreed to make available a multicurrency revolving credit facility of £30 million.

On 9 December 2020 this facility was replaced in its entirety by a £40 million multi-currency

revolving credit facility between the Company and The Royal Bank of Scotland International Limited. The facility expires on 15 March 2021 but it can be extended for a period of 12 months from that date with the agreement of the bank. In addition, the initial commitment of £40 million may be increased to up to £60 million at the request of the company and with the agreement of the bank.

Under the facility the Company may draw in Sterling, Euros, US Dollars or such other currency as the lender approves. Interest is payable by the Company on any amounts drawn under the facility and such interest rate will be dependent on the currency in which any advance is made.

9. Disclosures under the Market Abuse Regulation

The table below sets out a summary of the information disclosed by the Company under the Market Abuse Regulation over the 12 month period preceding the date of this document that is relevant as at the date of this document.

<i>Date</i>	<i>Title of Announcement</i>	<i>Disclosure</i>
5 November 2020	Update re equity issuance	The Company disclosed that it has exhausted its share issuance authority from Shareholders and it had initiated the preparation of a prospectus.

10. Investment restrictions

10.1 In accordance with the requirements of the FCA, the Company:

10.1.1 will not invest more than 10 per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the premium segment of the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);

10.1.2 will not conduct any trading activity which is significant in the context of the Company as a whole;

10.1.3 will, at all times, invest and manage its assets:

(i) in a way which is consistent with its object of spreading investment risk; and

(ii) in accordance with its published investment policy.

10.2 Subject to Board approval, the Company may use derivatives for efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments).

10.3 As an investment trust, the Company aims to comply with section 1158 of the Tax Act,

which imposes on the Company an obligation to spread investment risk.

10.4 In accordance with the requirements of the FCA, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

10.5 In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service approved by the FCA.

11. General

11.1 In the 12 months preceding the date of this Prospectus there have been no governmental, legal or arbitration proceedings (and, in so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had in the recent past significant effects on the Company's financial position or profitability.

11.2 Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with the inclusion therein of its name in the form and context in which they are included.

12. Documents available for inspection

Copies of the following documents are available for inspection at the Company's website, www.pacifichorizon.co.uk until 10 December 2021:

- (i) the Articles;
- (ii) the annual report and accounts of the Company for the financial years ended 31 July 2019 and 31 July 2020; and
- (iii) this document.

13. Availability of this document

This document is available for inspection at <https://data.fac.org.uk/#/nsm/nationalstoragemechanism> and at the Company's website www.pacifichorizon.co.uk until 10 December 2021.

11 December 2020

DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

Admission	the admission of any New Shares to the premium segment of the Official List and to trading on the Main Market
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance
AIFM Directive	Directive 2011/61/EU of the European Parliament and of the Council
Articles	the articles of association of the Company, as amended from time to time
Auditors	BDO LLP, a limited liability partnership incorporated in England (registered number OC305127), whose registered office is at 55 Baker Street, London W1U 7EU
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Canada	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
Companies Act	the Companies Act 2006, as amended from time to time
Company	Pacific Horizon Investment Trust PLC, a company incorporated in England and Wales (registered number 02342193), whose registered office is at c/o Computershare Investor Services PLC, Moor House, 120 London Wall, London EC2Y 5ET
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI2001/3755), as amended from time to time
Custodian	The Bank of New York Mellon SA/NV, London Branch, a company incorporated in England (registered number BR014361), whose registered office is at 160 Queen Victoria Street, London EC4V 4LA
Depository	The Bank of New York Mellon (International) Limited, a company incorporated in England (registered number 03236121), whose registered office is at 1 Canada Square, London E14 5AL
Depository Agreement	the depository agreement dated 30 May 2014 between the Company and the Depository, as amended from time to time, further details of which are in paragraph 8.2 of Part 6 of this document
Directors or Board	the directors of the Company
Disclosure Guidance and	the disclosure guidance and transparency rules made by the FCA

Transparency Rules	under Part VI of FSMA, as amended from time to time
Documentation Costs	the aggregate costs of, and incidental to, the publication of this document
Euroclear	Euroclear UK & Ireland Limited
FCA	the Financial Conduct Authority
FRS	Financial Reporting Standard
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
HMRC	HM Revenue & Customs
Investment Management Agreement	the investment management agreement dated 7 May 2014 between the Company and the Investment Manager, as amended from time to time, further details of which are set out in paragraph 8.1 of Part 6 of this document
Investment Manager or AIFM or Company Secretary	Baillie Gifford & Co Limited, a company incorporated in Scotland (registered number SC069524) whose registered office is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
ISA	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Issue	an issue of New Shares at the Issue Price, as described in this document and " Issues " shall be construed accordingly
Issue Price	the price at which New Shares are to be issued under any Issue, which will be determined, at the time of each Issue, as explained in Part 3 of this document
Japan	Japan, its cities, prefectures, territories and possessions
Listing Rules	the listing rules made by the FCA under Part VI of FSMA, as amended from time to time
London Stock Exchange	London Stock Exchange plc
Main Market	the London Stock Exchange's main market for listed securities
Market Abuse Regulation	Regulation (EU) 596/2014, all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such regulation
NAV or Net Asset Value	net asset value calculated in accordance with the Company's normal accounting policies
NAV per Share	the net asset value per Ordinary Share from time to time, calculated in accordance with the Company's normal accounting policies
New Shares	the new Ordinary Shares to be issued pursuant to any Issue
Official List	the official list of the FCA

Ordinary Shares or Shares	ordinary shares of ten pence each in the capital of the Company
Overseas Investor	a person who is not resident in, or who is outside, or who has a registered address outside, the United Kingdom
PRA	the Prudential Regulation Authority
Prospectus Regulation Rules	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended from time to time
Registrar	Computershare Investor Services PLC, a company incorporated in England and Wales (registered number 03498808), whose registered office is at The Pavilions, Bridgwater Road, Bristol BS13 8AE
Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the FCA
SDRT	stamp duty reserve tax
Shareholder	a holder of Ordinary Shares
Share Issuance Programme	the Board's programme of ongoing periodic issuances of New Shares that seeks to manage supply and demand for the Ordinary Shares
SIPP	a self-invested personal pension plan
SSAS	a small self-administered pension scheme
Takeover Code	the City Code on Takeovers and Mergers
Tax Act	Corporation Tax Act 2010, as amended from time to time
Total Return	the return to Shareholders after reinvesting the net dividend on the date that the Share price goes ex dividend
UK Code	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
United States or USA	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia