



Personal Assets Trust plc

Interim Report

For the six months ended
31 October 2023

Financial Summary

- Personal Assets Trust ('PAT' or the 'Company') is an investment trust run expressly for private investors.
- The Company's investment policy is to protect and increase (*in that order*) the value of shareholders' funds per share over the long term.
- Over the six months to 31 October 2023 the Company's net asset value per share ('NAV') fell by 2.7% to 468.10 pence on a capital-only return basis. PAT's share price fell by 18.00 pence to 463.00 pence over the same period, being a discount of 1.1% to the Company's NAV at that date.
- During the period, the Company continued to be positioned very defensively as follows:

	% as at 31 October 2023	% as at 30 April 2023
Equities	24.8	24.0
US TIPS*	36.4	33.9
US Treasuries (short dated)	11.7	14.8
UK Gilts (short dated)	10.4	13.6
UK Index-linked Bonds	3.2	–
Gold Bullion	10.8	9.5
Property	0.1	0.1
UK cash	3.2	2.6
Overseas cash	0.0	0.0
Net current (liabilities)/assets	(0.6)	1.5
Total	100.0	100.0

* Weighted average duration of approximately 5.3 years.

- Over the six months PAT's shares continued to trade close to NAV under the Company's discount and premium control policy. The Company bought back 24.3 million Ordinary shares (at a cost of £113.5 million) at a small discount. These Ordinary shares are held in treasury.
- Dividends are paid in July, October, January and April of each year. The first interim dividend of 1.4 pence per Ordinary share, was paid to shareholders on 28 July 2023⁽¹⁾ and the second interim dividend of 1.4 pence was paid on 6 October 2023. A third interim dividend of 1.4 pence per Ordinary share will be paid to shareholders on 24 January 2024 and it is the Board's intention, barring unforeseen circumstances, that a fourth interim dividend of 1.4 pence per Ordinary share will be paid in April 2024, making a total for the year of 5.6 pence per Ordinary share.

Key Features

	As at 31 October 2023	As at 30 April 2023
Market Capitalisation	£1,700.6m	£1,883.5m
Shareholders' Funds	£1,719.3m	£1,884.4m
Shares Outstanding	367,295,429	391,570,200
Share Price	463.00p	481.00p
NAV per Share	468.10p	481.23p
FTSE All-Share Index	3,954.35	4,283.83
Discount to NAV	(1.1)%	(0.0)%
Earnings per Share	4.74p ⁽²⁾	9.48p ⁽³⁾
Dividend per Share	2.80p ⁽²⁾	7.70p ⁽¹⁾⁽³⁾

⁽¹⁾ A special dividend of 2.1 pence per Ordinary share was also paid in July 2023 in relation to the year ended 30 April 2023. Further details on the dividends paid for the year ended 30 April 2023 are set out in Note 3 on page 10.

⁽²⁾ For the six month period to 31 October 2023.

⁽³⁾ Full Year.

Investment Manager's Report

Over the half year to 31 October 2023, the net asset value per share ('NAV') of the Company fell by -1.7% while the FTSE All-Share Index ('FTSE') fell by -5.9%. These returns include reinvested dividends. The capital-only returns were -2.7% and -7.7% respectively.

The largest contributors to positive returns were gold and a weakening sterling against the US dollar, adding +0.4% and +0.9% to returns respectively in the period. Equities were the largest detractor, with consumer staples costing -1.5%, on the back of higher yields and concerns around the potential impact from weight-loss drugs on future consumption.

A year ago, we noted that we expected the investment environment to remain challenging. After 15 years of record low interest rates, investors had started to experience the painful adjustment to a new regime of higher interest rates and more volatile inflation. Since then, the interest rate environment has become more restrictive with the Bank of England and the Federal Reserve raising rates to over 5% for the first time since 2008 and 2007 respectively. The implications of this transition have been widespread. The traditional safety and defensiveness provided by fixed income has been absent, as yields have followed interest rates up and prices have fallen. For equity investors, valuations rose across stock markets over the past decade as investors became anchored to ever-higher multiples, justified by low interest rates. Today a rising cost of capital has led to the trend reversing as valuations are reappraised. We are gradually shifting back to a world of more conventional valuations across all asset classes. Private equity and property valuations will inevitably take longer to adjust, as they are not marked to market on a daily basis. The reality remains that investors wishing to sell these illiquid assets today are likely to have to accept a price far lower than that which was on offer a couple of years ago. The return offered by cash is a novelty for many, providing a genuine "risk-free rate" for the first time since the global financial crisis.

Your Company remains very defensively positioned, with approximately 25% in equities, while the adjustment described above is ongoing. We suspect it has a year or two to run, although this could be impacted by external factors, including an increasingly fractious geopolitical backdrop denoted by growing tensions around Taiwan, the war in Ukraine, and the tragic situation in the Middle East.

Equity investors should also consider the risk that profits do not continue to grow as steadily as the market currently expects. In the past, central banks raised interest rates slowly and cut quickly. This time interest rates have increased at the fastest rate since Paul Volker's successful attempt to rein in inflation in the late 1970s. From an inflation-reducing perspective, his measures were effective, and he was subsequently hailed for his inflation-fighting credentials. However, his monetary medicine had the painful side-effects of contributing to a deep recession in the early 1980s. While there is much talk of an expected soft landing for the economy today, we suspect the risks of a recession are rising and they are not currently priced into stock markets. Corporate earnings are highly sensitive to tighter monetary conditions. Bank lending standards are already tightening – the National Federation of Independent Business reports US smaller companies have seen their cost of interest more than double from 4% to almost 10% over the past three years. Larger corporates have wisely termed out their debt but face a headwind of rising interest costs in the future as bonds mature. Corporate earnings often weaken 18-24 months after the peak in interest rates. This is only just beginning to play out and we must remain patient.

During the past six months we have in aggregate reduced our equity exposure, selling into the strength of the recent bear market rally. This is with one notable exception; we began a new holding in Heineken. Heineken is a company we have followed for many years. The business had a challenging pandemic as pubs and bars were closed, but re-opening was not much better, with inflation driving costs higher and affecting profit margins. Many of these issues are now behind the company but the shares have meaningfully de-rated as investors have become disillusioned. The less liquid Heineken Holding shares trade on 13x 12-month forward earnings, while their more liquid NV shares are valued at a hardly racy sub-16x multiple. The share price is at the same level as late 2015. We like to buy into good businesses when others are looking the other way, and the purchase of Heineken is a good example of this patient approach.

Back in 2019, we sold all of the Company's holdings in UK index-linked bonds with real yields lower than -2%, meaning that an investor holding to maturity receives a return 2% below inflation. Real yields troughed at below -3% in 2021. As fixed income yields have risen, real yields have followed them up to +1%. We believe that a government-guaranteed return of inflation plus 1% is attractive compared with returns available elsewhere and we have begun to buy some linkers for the portfolio. We have been careful not to take excessive duration risk, bearing in mind the new regime we have entered which has punished investors flirting with material duration.

Investment Manager's Report continued

Over the past 18 months the investment trust sector has seen discounts to NAV blow out. Shareholders in the Company have been protected from their shares trading at a material discount, thanks to the discount control mechanism ("DCM"). Having issued shares in 2020-2022, we began to buy back shares earlier in the year to ensure the share price did not trade at a meaningful discount to NAV. Over the six months to 31 October 2023 we acquired 24.3 million shares for a consideration of £113.5 million. The DCM ensures shareholders do not suffer from the double whammy of a falling NAV and a widening discount to NAV. The buybacks were enhancing to shareholders' NAV to the tune of £0.55 million.

The bear market, which began in stock markets at the beginning of 2022, has some way to go. We are positioned accordingly but are prepared to shift more positively as and when we see improved valuations. It is by buying good companies *well* that we will drive future returns for the Company.

Sebastian Lyon, Investment Manager

Portfolio

as at 31 October 2023

Security	Country	Equity Sector	Shareholders' Funds %	Valuation 31 October 2023 £'000
Equities				
Unilever	UK	Food Producer	3.5	60,736
Nestlé	Switzerland	Food Producer	2.8	48,414
Visa	USA	Financial Services	2.7	46,043
Diageo	UK	Beverages	2.3	39,359
Microsoft	USA	Technology	1.9	33,295
Becton Dickinson	USA	Pharmaceuticals	1.9	32,550
Alphabet	USA	Technology	1.7	28,625
Procter & Gamble	USA	Household Products	1.5	25,481
American Express	USA	Financial Services	1.3	23,233
Franco Nevada	Canada	Mining	1.0	17,336
Heineken	Netherlands	Beverages	1.0	17,017
Pernod-Ricard	France	Beverages	0.9	15,755
Agilent Technologies	USA	Healthcare	0.7	12,868
Experian	UK	Industrial	0.6	9,590
Heineken Holding	Netherlands	Beverages	0.5	8,729
Moody's	USA	Financial Services	0.5	8,102
Total Equities			24.8	427,133
Other Investments				
US TIPS	USA		36.4	626,235
US Treasuries	USA		11.7	201,740
UK Gilts	UK		10.4	179,168
UK Index-linked Bonds	UK		3.2	54,358
Gold Bullion			10.8	185,827
Total Other Investments			72.5	1,247,328
Total Investments			97.3	1,674,461
Property			0.1	1,730
UK cash			3.2	55,026
Overseas cash			0.0	219
Net current liabilities			(0.6)	(12,111)
Total Portfolio			100.0	1,719,325

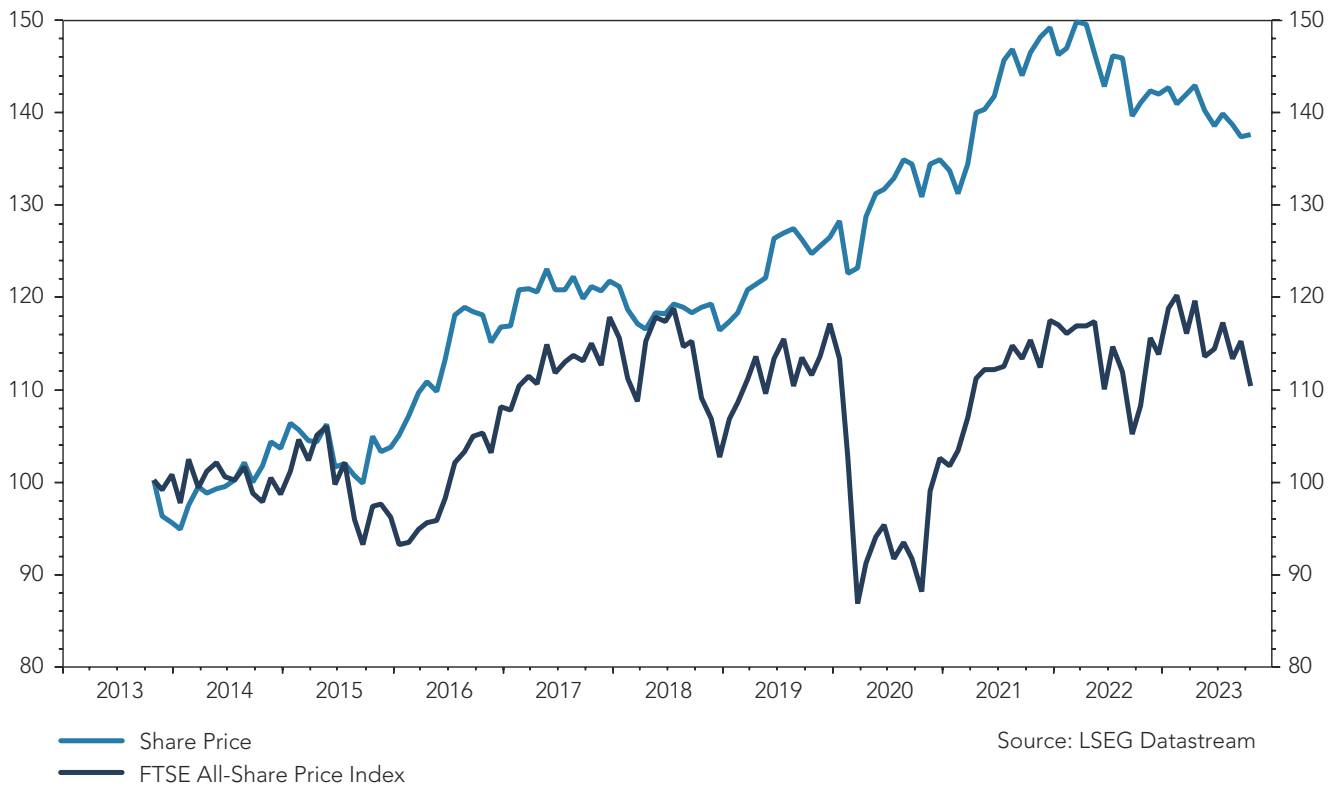
Geographic Analysis of Investments and Currency Exposure

as at 31 October 2023

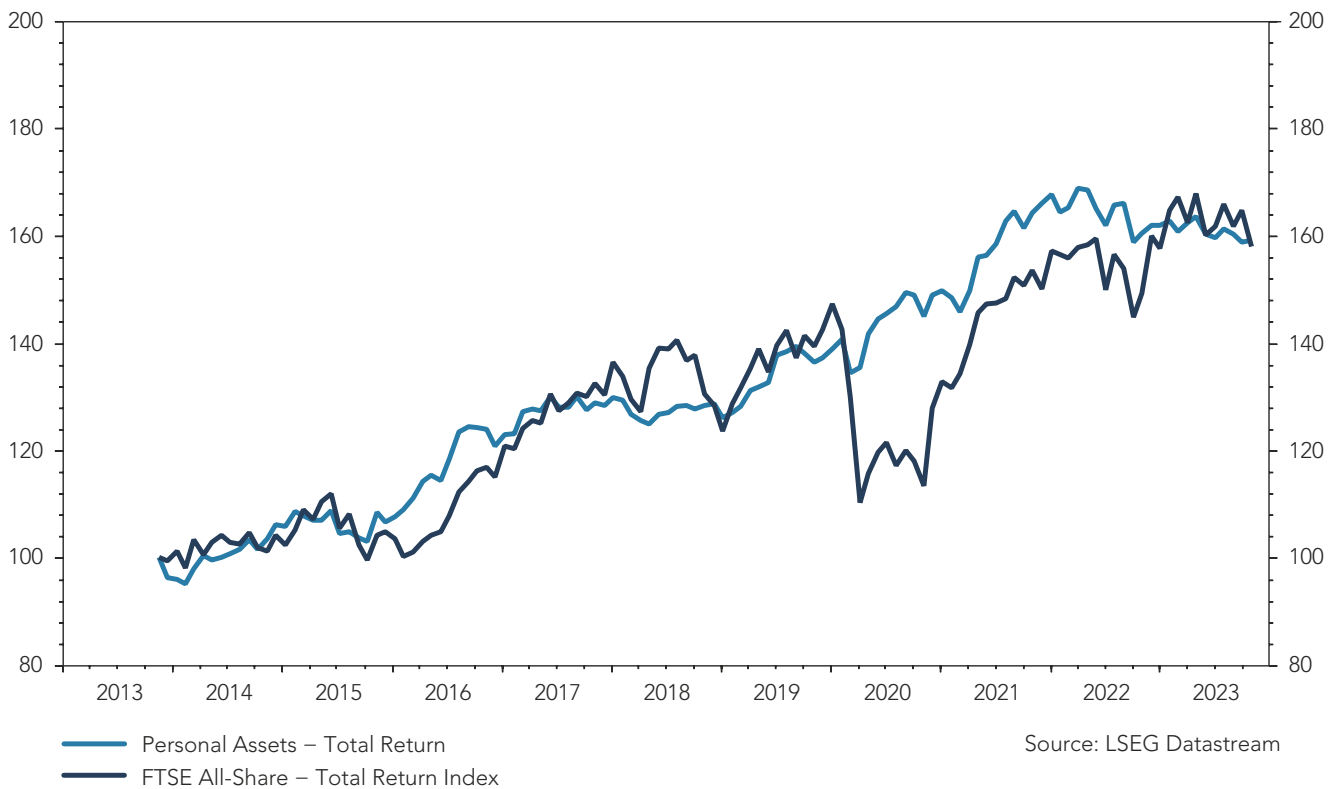
	UK %	USA %	Canada %	France %	Switzerland %	Netherlands %	Total %
Equities	6.4	12.2	1.0	0.9	2.8	1.5	24.8
Index-linked Bonds	3.2	36.4	–	–	–	–	39.6
Gilts	10.4	–	–	–	–	–	10.4
Treasuries	–	11.7	–	–	–	–	11.7
Gold Bullion	–	10.8	–	–	–	–	10.8
Property	0.1	–	–	–	–	–	0.1
Cash	3.2	0.0	–	–	–	–	3.2
Net current liabilities	(0.6)	–	–	–	–	–	(0.6)
Total	22.7	71.1	1.0	0.9	2.8	1.5	100.0
Net currency exposure	58.1	36.7	–	0.9	2.8	1.5	100.0

Ten Year Performance

Share Price versus FTSE All-Share Index (based to 100)



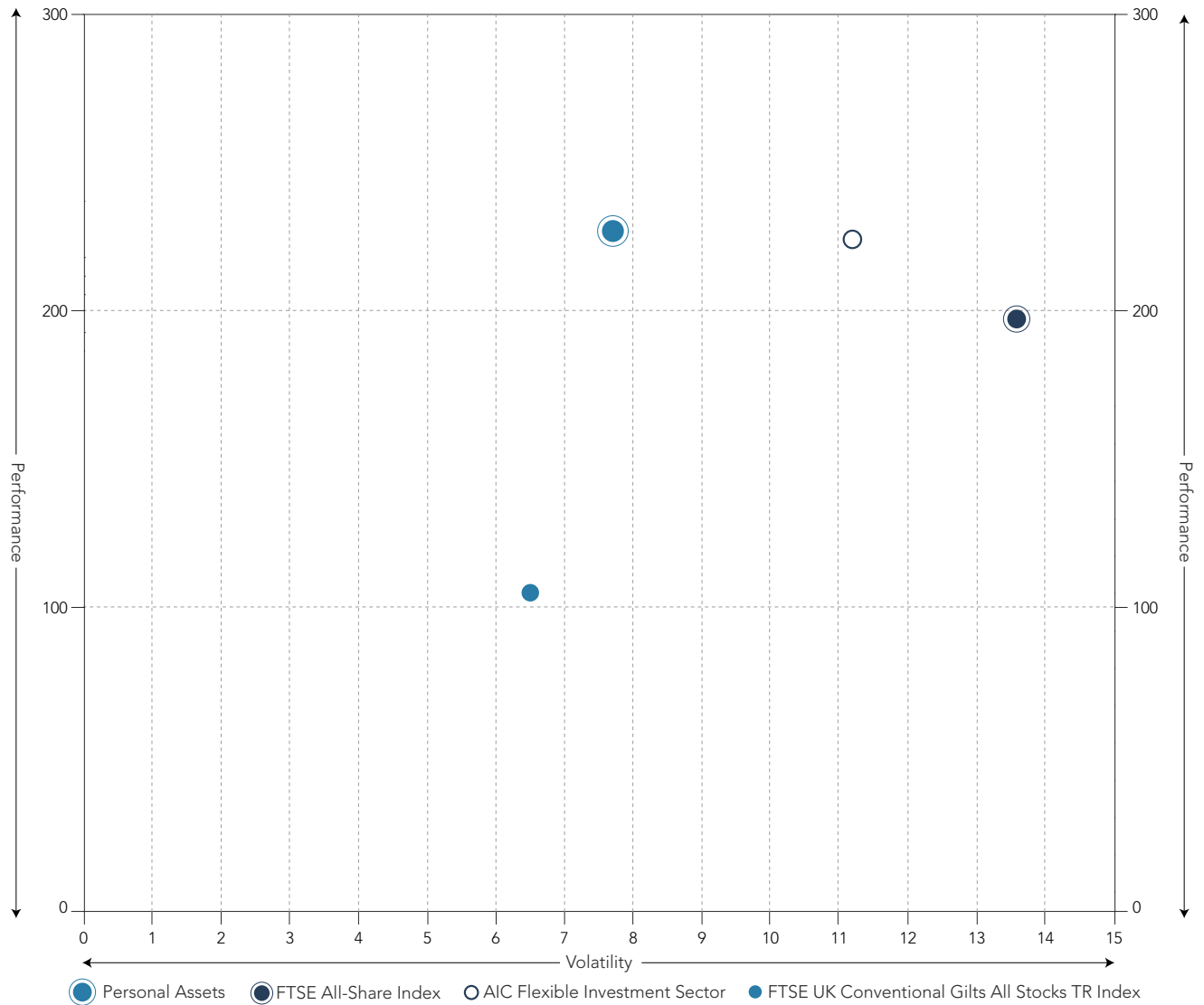
Share Price Total Return versus FTSE All-Share Index Total Return (based to 100)



Volatility and Share Price Total Return Performance since 30 April 2000

Note: The Scatter Graph shows the share price total return performance of the Company (very large blue dot) compared to the FTSE All-Share Index, the FTSE UK Conventional Gilts All Stocks TR Index and the AIC Flexible Investment Sector. These are shown in terms of share price return (vertical axis) and annualised price volatility (horizontal axis) since 30 April 2000. The Company, while performing better than the AIC Flexible Investment Sector, also shows up as less volatile.

Volatility Compared to Peer Group since 30 April 2000



Condensed Income Statement

For the six months ended 31 October 2023

	(Unaudited) Six months ended 31 October 2023		
	Revenue return £'000	Capital return £'000	Total £'000
Investment income	24,743	–	24,743
Other operating income	394	–	394
Losses on investments held at fair value through profit or loss	–	(28,214)	(28,214)
Foreign exchange (losses)/gains	–	(20,040)	(20,040)
Total income	25,137	(48,254)	(23,117)
Expenses	(2,788)	(3,172)	(5,960)
Return before taxation	22,349	(51,426)	(29,077)
Taxation	(4,324)	793	(3,531)
Return for the period	18,025	(50,633)	(32,608)
Return per share (pence)	4.74	(13.31)	(8.57)

The 'Return for the Period' is also the 'Total Comprehensive Income for the Period', as defined in IAS1 (revised), and no separate Statement of Comprehensive Income has been presented.

The 'Total' column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards.

The Revenue Return and Capital Return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

(Unaudited) Six months ended 31 October 2022			(Audited) Year ended 30 April 2023		
Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
23,283	–	23,283	48,274	–	48,274
218	–	218	1,107	–	1,107
–	(29,380)	(29,380)	–	(54,976)	(54,976)
–	(52,475)	(52,475)	–	9,419	9,419
23,501	(81,855)	(58,354)	49,381	(45,557)	3,824
(2,610)	(3,330)	(5,940)	(5,304)	(6,660)	(11,964)
20,891	(85,185)	(64,294)	44,077	(52,217)	(8,140)
(3,971)	633	(3,338)	(7,436)	1,290	(6,146)
16,920	(84,552)	(67,632)	36,641	(50,927)	(14,286)
4.44	(22.19)	(17.75)	9.48	(13.18)	(3.70)

Condensed Statement of Financial Position

As at 31 October 2023

	(Unaudited) 31 October 2023 £'000	(Unaudited) 31 October 2022 £'000	(Audited) 30 April 2023 £'000
Non-current assets			
Investments held at fair value through profit or loss	1,674,461	1,714,919	1,805,933
Property	1,730	2,144	1,730
Net current assets	43,134	104,803	76,689
Net assets	1,719,325	1,821,866	1,884,352
Total equity	1,719,325	1,821,866	1,884,352
Net asset value per Ordinary share (pence)	468.10	470.27	481.23

Condensed Statement of Changes in Equity

For the six months ended 31 October 2023

	(Unaudited) Six months ended 31 October 2023 £'000	(Unaudited) Six months ended 31 October 2022 £'000	(Audited) Year ended 30 April 2023 £'000
Opening equity shareholders' funds	1,884,352	1,814,360	1,814,360
Return for the period	(32,608)	(67,632)	(14,286)
Ordinary dividends paid	(18,867)	(15,970)	(26,919)
Issue of Ordinary shares	–	95,502	121,384
Buy back of Ordinary shares	(113,552)	(4,394)	(10,187)
Closing equity shareholders' funds	1,719,325	1,821,866	1,884,352

Condensed Cash Flow Statement

For the six months ended 31 October 2023

	(Unaudited) Six months ended 31 October 2023 £'000	(Unaudited) Six months ended 31 October 2022 £'000	(Audited) Year ended 30 April 2023 £'000
Net cash inflow/(outflow) from operating activities	5,839	(2,139)	(2,146)
Net cash inflow/(outflow) from investing activities	130,005	(11,841)	(81,532)
Net cash inflow/(outflow) before financing activities	135,844	(13,980)	(83,678)
Net cash (outflow)/inflow from financing activities	(131,028)	78,174	87,324
Net increase in cash and cash equivalents	4,816	64,194	3,646
Cash and cash equivalents at the start of the period	50,014	47,944	47,944
Effect of exchange rate changes	415	(2,090)	(1,576)
Cash and cash equivalents at the end of the period	55,245	110,048	50,014

Notes

1. The condensed financial statements have been prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting' and the accounting policies set out in the statutory accounts of the Company for the year ended 30 April 2023. The condensed financial statements do not include all of the information required for a complete set of IFRS financial statements and should be read in conjunction with the financial statements of the Company for the year ended 30 April 2023, which were prepared under full IFRS requirements.
2. The return per Ordinary share figure is based on the net loss for the six months of £32,608,000 (six months ended 31 October 2022: net loss of £67,632,000; year ended 30 April 2023: net loss of £14,286,000) and on 380,501,888 (six months ended 31 October 2022: 380,991,218; year ended 30 April 2023: 386,416,856) Ordinary shares, being the weighted average number of Ordinary shares in issue during the respective periods.
3. In respect of the year ending 30 April 2024 the Board has declared a first interim dividend of 1.4 pence per Ordinary share, which was paid on 28 July 2023 and a second interim dividend of 1.4 pence per Ordinary share, which was paid on 6 October 2023. A third interim dividend of 1.4 pence per Ordinary share will be paid to shareholders on 24 January 2024 and it is the Board's intention, barring unforeseen circumstances, that a fourth interim dividend of 1.4 pence per Ordinary share will be paid in April 2024, making a total for the year of 5.6 pence per Ordinary share. In respect of the year ended 30 April 2023 the Board declared four interim dividends equivalent to 1.4 pence per Ordinary share and a special dividend equivalent to 2.1 pence per Ordinary share. This gave a total dividend for the year ended 30 April 2023 of 7.7 pence per Ordinary share.
4. At 31 October 2023 there were 367,295,429 Ordinary shares in issue (31 October 2022: 387,409,400; 30 April 2023: 391,570,200). During the six months ended 31 October 2023 the Company bought back 24,274,771 Ordinary shares.
5. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Company is engaged in a single segment of business, being that of investing in equity shares, fixed interest securities and other investments, and that therefore the Company has only a single operating segment.
6. The Company held the following categories of financial instruments as at 31 October 2023:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	1,674,461	–	–	1,674,461
Current liabilities	–	(17,282)	–	(17,282)
Total	1,674,461	(17,282)	–	1,657,179

The above table provides an analysis of investments based on the fair value hierarchy described below and which reflects the reliability and significance of the information used to measure their fair value. The levels are determined by the lowest (that is, the least reliable or least independently observable) level of impact that is significant to the fair value measurement for the individual investment in its entirety as follows:

- Level 1 reflects financial instruments quoted in an active market. The Company's investment in Gold Bullion has been included in this level.
- Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique the variables of which include only data from observable markets. The Company's forward currency contract has been included in this level as fair value is achieved using the foreign exchange spot rate and forward points which vary depending on the duration of the contract.
- Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

There were no transfers of investments between levels in the period ended 31 October 2023.

The following table summarises the Company's Level 1 investments that were accounted for at fair value in the period to 31 October 2023.

	Total £'000
Opening book cost	1,626,845
Opening fair value adjustment	179,088
Opening valuation	1,805,933
Movement in the period:	
Purchases at cost	250,570
Effective yield adjustment	11,267
Sales – proceeds	(365,095)
– losses on sales	(527)
Decrease in fair value adjustment	(27,687)
Closing valuation at 31 October 2023	1,674,461
Closing book cost	1,523,060
Closing fair value adjustment	151,401
Closing valuation at 31 October 2023	1,674,461

Other aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 April 2023.

The fair value of the Company's financial assets and liabilities as at 31 October 2023 was not materially different from their carrying values in the financial statements.

7. These are not full statutory accounts in terms of Section 434 of the Companies Act 2006 and are unaudited. Statutory accounts for the year ended 30 April 2023, which received an unqualified audit report and which did not contain a statement under Section 498 of the Companies Act 2006, have been lodged with the Registrar of Companies. No full statutory accounts in respect of any period after 30 April 2023 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

Statement of Principal Risks and Uncertainties

The Board believes that the principal risks to shareholders, which it seeks to mitigate through continual review of its investments and through shareholder communication, are events or developments which can affect the general level of share prices and other financial assets, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies.

The Board acknowledges that the continuing uncertainties for global economies and financial markets, with higher levels of inflation and volatility in markets and heightened geopolitical tensions, create risks and uncertainties for the Company. The Board continues to work with the Investment Manager, the Company Secretary and its other advisers to manage these risks as far as possible.

The Board has established and maintains, with the assistance of the Company Secretary, a risk matrix which identifies the key risks to the Company. This register is formally reviewed on a regular basis. Emerging risks that could impact the Company are considered and discussed at each Board meeting, or on an ad hoc basis as required, along with any proposed mitigating actions.

The principal risks and uncertainties faced, and the way in which they are managed, are described in more detail under the heading Principal Risks and Risk Management within the Strategic Report in the Company's Annual Report for the year ended 30 April 2023.

The Company's principal risks and uncertainties have not changed since the date of the Annual Report and are not expected to change for the remaining six months of the Company's financial year.

Going Concern

The Directors believe, in the light of the controls and review processes noted above and bearing in mind the nature of the Company's business and assets, which are considered readily realisable if required, that the Company has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Related Party Transactions

Details of related party transactions are contained in the Annual Report for the year ended 30 April 2023. There have been no material changes in the nature and type of the related party transactions as stated within the Annual Report.

Directors' Responsibility Statement in Respect of the Interim Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';
- the Investment Manager's Report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules ('DTR') 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- the Statement of Principal Risks and Uncertainties shown above is a fair review of the information required by DTR 4.2.7R; and
- the condensed financial statements include a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during the period, and any changes in the related party transactions described in the last Annual Report that could do so.

On behalf of the Board,

Iain Ferguson, Chairman

5 December 2023

Corporate Information

Board of Directors

Iain Ferguson CBE (Chairman)
Mandy Clements
Gordon Neilly
Paul Read
Robbie Robertson
Jean Sharp

Registered Office

28 Walker Street
Edinburgh EH3 7HR
Telephone: 0131 378 0500

Company Secretary

Juniper Partners Limited
28 Walker Street
Edinburgh EH3 7HR
Telephone: 0131 378 0500

Alternative Investment Fund Manager

Juniper Partners Limited
28 Walker Street
Edinburgh EH3 7HR

Investment Manager

Troy Asset Management Limited
33 Davies Street
London W1K 4BP
www.taml.co.uk

Custodian

J.P. Morgan Chase Bank N.A.
25 Bank Street
Canary Wharf
London E14 5JP

Depository

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London E14 5JP

Solicitor

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

Data Protection

The Company is committed to ensuring the privacy of any personal data provided to it. Further details of the Company's privacy policy can be found on the Company's website www.patplc.co.uk

Shareholder Information

Website: www.patplc.co.uk
Telephone: 0131 378 0500
Shareholders are encouraged to visit the website for more information on the Company.

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: +44(0)371 384 2459*
Website: www.shareview.co.uk

Stockbroker

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Identification Codes

SEDOL: BM8B5H0
ISIN: GB00BM8B5H06
Bloomberg: PNL LN
EPIC: PNL

Global Intermediary Identification Number (GIIN)

2W8KH5.99999.SL.826

Legal Entity Identifier (LEI)

213800Z7ABM7RLQ41516

* Lines open 8:30am to 5:30pm, Monday to Friday.



