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INTERNATIONAL

Pacific Horizon

Investment companies | Annual overview | 24 November 2026

Don't stop believing

The strength of returns provided by Pacific Horizon (PHI) during its last financial year could provide shareholders with a reason to support the trust's continuation at its forthcoming AGM. The managers increased exposure to semiconductor and AI infrastructure businesses, which have benefitted from rising demand and earnings growth. While recent market volatility has taken some of the shine off these gains, PHI's provided an NAV total return of 335.4% over the 10 years to 31 October 2026, compared with 123.6% from its benchmark and 193.7% from the MSCI AC World Index. With Asia seemingly playing an increasingly important role in global technology supply chains, the managers believe the opportunity set remains attractive. Shareholders also have the comfort of a conditional tender offer in 2030.

Focused on Asia ex-Japan growth stocks

PHI invests in the Asia-Pacific region (excluding Japan) and in the Indian subcontinent with the objective of achieving capital growth. The company may shift investments between markets in the region based on its assessment of growth opportunities. The portfolio normally consists mostly of quoted securities, although it may hold up to 15% of total assets in unlisted investments, measured at the time of initial investment.

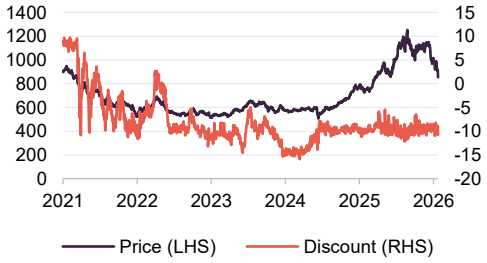
Year ended	Share price total return (%)	NAV total return (%)	MSCI AC Asia ex-Japan total return (%)	MSCI AC World total return (%)
31/10/2022	(41.4)	(29.5)	(21.0)	(4.6)
31/10/2023	(1.5)	0.8	7.5	4.3
31/10/2024	12.4	16.4	21.4	25.4
31/10/2025	36.9	30.2	26.4	20.1
31/10/2026	24.3	23.2	13.3	10.2

Source: Bloomberg, Marten & Co

Sector	Asia Pacific
Ticker	PHI LN
Base currency	GBP
Price	854.00p
NAV	955.92p
Premium/(discount)	(10.7%)
Yield	Nil

Share price and discount

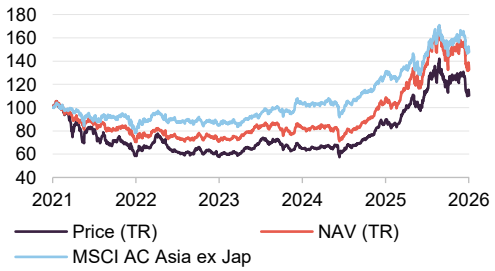
Time period 31/10/2021 to 20/11/2026



Source: Bloomberg, Marten & Co

Performance over five years

Time period 31/10/2021 to 31/10/2026



Source: Bloomberg, Marten & Co

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Domicile	England and Wales
Inception date	September 1989
Manager	Roderick Snell Ben Durrant
Market cap	647.4m
Shares outstanding (exc. treasury shares)	75.8m
Daily vol. (1-yr. avg.)	172.0k shares
Net gearing	3.5%

Click for our most recent update note

Click for updated PHI factsheet

Click for PHI's peer group analysis

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Click to provide feedback to the company

Click if you are interested in meeting PHI's managers

Click for news, research and events

Fund profile

Additional information is available at the manager's website: www.bailliegifford.com

Pacific Horizon (PHI) is an investment trust that specialises in investing in growth companies in Asia ex-Japan. Baillie Gifford & Co (Baillie Gifford) has been appointed to manage PHI's portfolio on behalf of Baillie Gifford & Co Limited, the trust's alternative investment fund manager. Baillie Gifford has managed PHI since 1992. Baillie Gifford is a long-term growth investor and believes that this approach could outperform markets over the long term. PHI was promoted to the FTSE 250 index in January 2023.

About the manager

137 investors and analysts across 18 teams

Baillie Gifford has 137 investors and analysts across 18 teams, mostly based in Edinburgh. Baillie Gifford considers its partnership structure supports collaboration among investment teams, although portfolio managers retain final responsibility for their portfolios. It managed or advised on about £190bn at the end of September 2026. PHI and the Baillie Gifford Pacific Fund (its open-ended equivalent) had combined total assets of roughly £4.9bn as at 31 October 2026. PHI is managed by Roderick Snell, Baillie Gifford's senior fund manager for Asia ex-Japan strategies, with Ben Durrant as deputy manager (see page 17 for further details). PHI selects individual stocks, and its portfolio can differ from its comparative index, the MSCI All Country Asia ex-Japan Index. PHI's active share was 64% at 31 October 2026.

Manager's view

Asia's growing importance in a changing world

AI has highlighted Asia's increasingly critical role in global technology and industrial supply chains

When we last published in November 2025, PHI's managers were optimistic that a weakening US dollar, improving conditions in China and attractive valuations could signal a turning point for Asian equities following prolonged underperformance relative to developed markets. Although the subsequent recovery has been uneven across markets, they believe the investment case for Asia has strengthened considerably. In particular, they say that accelerating investment in artificial intelligence (AI) has highlighted Asia's increasingly critical role in global technology and industrial supply chains. In addition to low-cost manufacturing and exposure to faster-growing economies, the region is home to businesses the managers regard as among the world's most advanced technology companies, many of which they consider strategically positioned in industries with capacity constraints and high barriers to entry. The managers also describe Asian economies as resilient in the face of prolonged US dollar strength, higher interest rates and geopolitical uncertainty. Despite gains in some markets over the past year, they believe valuations remain attractive relative to developed markets, particularly given their expectation that Asia will grow faster over the long term.

AI – Asia's position in the global supply chain

AI investment has accelerated over the past year, with PHI's managers believing Asia is well positioned to benefit. While attention appears to have focused largely on US companies developing AI models and applications, the infrastructure

underpinning them appears to rely heavily on Asian suppliers. Taiwan holds a leading position in advanced semiconductor manufacturing, while South Korea leads in memory chips, particularly high-bandwidth memory (HBM), a component of AI accelerators. Barriers to entry, including the technological expertise, capital requirements and manufacturing complexity involved, may limit competition. These barriers, together with increased investment in AI infrastructure, may have benefitted Asian suppliers, with demand outstripping supply and potentially supporting pricing power, margins and earnings upgrades.

However, the managers acknowledge that share price gains may have increased semiconductor companies' sensitivity to changes in AI spending expectations. They also note that the investment cycle may prove unsustainable if returns from AI applications do not justify the associated capital expenditure. Nevertheless, they remain confident in the underlying growth in demand for computing power and the long-term prospects of companies they consider key to the supply chain.

China – technological self-sufficiency creates opportunities

Poor sentiment appears to be overshadowing China's progress in EVs, batteries, automation and renewables

China's economic and industrial trends appear to be mixed. Its property downturn, weak consumer confidence and subdued domestic demand appear to be weighing on growth, while geopolitical tensions and restrictions on Western technology may pose further challenges. However, PHI's managers believe these concerns overshadow China's progress in developing globally competitive industries, including electric vehicles, batteries, industrial automation and renewable energy equipment.

China has made advances in semiconductors and AI

China has also made advances in semiconductors and AI, with US technology restrictions likely contributing to increased investment in domestic alternatives. The managers see investment opportunities in the shift towards technological self-sufficiency, particularly among suppliers of components, equipment and infrastructure that could help reduce reliance on foreign technology. The managers believe that many of these businesses could benefit from shifts in industrial policy and investment priorities without depending on a broader economic recovery.

There are also tentative signs of improvement in the domestic economy, including indications of stabilisation in the property market, while government policies and household savings may support a recovery in consumption. Nevertheless, the managers remain selective, noting that, in their view, competition in many Chinese industries can erode profitability even where demand is growing.

Energy security, electrification and critical materials

PHI's managers believe Asia could from its manufacturing capabilities, role in battery technology and exposure to commodity supply chains.

Another theme is rising energy demand and the infrastructure needed to support it. Growth in AI data centres appears to be adding to electricity demand at a time when governments are already investing in electrification, grid infrastructure and energy security. PHI's managers see investment opportunities beyond the technology sector, as the expansion of data centres, electricity networks and renewable energy infrastructure may increase demand for copper and other industrial metals. The managers believe Asia could benefit, citing its manufacturing capabilities, role in battery technology and exposure to commodity supply chains. The managers have also identified investment opportunities in precious metals, particularly gold, which they believe may benefit from geopolitical uncertainty and demand for alternative stores of value. In the managers' view, these investments may provide some

diversification from AI-related holdings, although industrial metals remain sensitive to global growth and gold prices can be volatile. Nevertheless, the managers regard investment in electrification and energy security as a long-term structural opportunity.

Valuations and outlook

PHI's managers remain optimistic about Asian equities

Following the recent rally, PHI's managers remain optimistic about Asian equities. Following more than a decade of relative underperformance and subdued international investment flows, they believe valuations and investor positioning remain attractive, citing their assessment of the quality of the region's leading businesses. In the managers' view, corporate and sovereign balance sheets, together with the prospect of a stable or weaker US dollar, could support liquidity and investment flows. Nevertheless, the managers caution that the recovery may be uneven. They consider Indian valuations demanding and competition in China intense, and see semiconductor companies as increasingly exposed to the global AI investment cycle. They also identify geopolitical tensions, trade restrictions and volatile energy prices as further risks.

The managers believe that Asia's investment prospects depend more on the characteristics and growth potential of its companies than on the macroeconomic outlook. They see a growing range of investment opportunities among Asian businesses in semiconductors, AI infrastructure, advanced manufacturing, electrification and critical materials. They believe that earnings growth, valuations they consider relatively low and low allocations by international investors could support long-term returns.

Investment philosophy and process

Baillie Gifford believes that markets do not fully reflect long-term growth prospects in stock prices, particularly over a time horizon of at least five years, and that this may create an opportunity to generate alpha. This view informs the firm's stated aim of encouraging long-term thinking. Baillie Gifford believes that effective management, the strengths of a company's business model and positive share price performance can persist. The firm describes its approach as "sticking with the winners".

The company uses proprietary research. The team undertakes much of this research but often commissions research from local research teams, academics, and industry experts. Baillie Gifford also uses the services of investigative journalists and forensic accountants to conduct forensic analysis of some companies. In discussions with company management teams, Baillie Gifford focuses on the long-term prospects of each business.

The managers can draw on the resources of the whole investment team when analysing companies and can sit in on meetings with companies outside their geographic remit. The managers believe this can help them assess how the companies they cover compare with competitors domiciled in other markets.

Each member of the team is assigned a geographical focus for research, and these responsibilities are rotated every few years. Investment ideas are presented to the

group, but the lead portfolio manager makes the final decision. Roderick and Ben usually spend four to five weeks visiting Asia each year.

The open-ended investment company (OEIC) and PHI are run in parallel, with some exceptions that may reflect the need for the OEIC to maintain sufficient portfolio liquidity to accommodate inflows and fund redemptions. There is an internal limit of 10% of the portfolio in illiquid holdings, but within this limit, PHI has more scope than the OEIC to hold illiquid investments. The OEIC has a greater weighting in large-cap stocks, which may reflect its liquidity requirements, while PHI has more exposure to small-cap stocks. The portfolios hold many of the same stocks, although individual weightings may differ. PHI, unlike the OEIC, also has the option of using gearing and invests in unlisted companies.

Shareholders are being asked to approve a change to the maximum permitted investment in one listed company from 15% of total assets to the greater of 15% of total assets or the company's comparative index weight plus 250 basis points, both measured at the time of investment and subject at all times to a maximum of 20% of total assets. The proposed change appears to reflect increased concentration in PHI's comparative index.

Building the portfolio

Baillie Gifford is an active investor and does not hold stocks solely because they are large constituents of a benchmark. The firm imposes few limits on managers' country, sector or stock weightings. The initial size of a position may reflect the managers' assessment of the investment's potential risks and rewards. One of the guiding principles of investing at Baillie Gifford is to "run the winners" (reflecting the firm's belief that business models it considers effective can remain so over time). The managers review the overall portfolio to assess whether exposure to similar themes is concentrated across holdings.

The mandate allows PHI's managers to use derivatives to manage risk and to alter the portfolio's exposure to markets. In practice, the managers are not undertaking such activity. The managers have no plans to use hedging to alter the portfolio's currency exposure. The managers say they sell a holding immediately if they lose confidence in the company's management. Roderick and Ben may also sell if they believe the business model is not working or if they believe the market valuation already reflects their expectations.

Portfolio allocation

Portfolio turnover was elevated during the last financial year

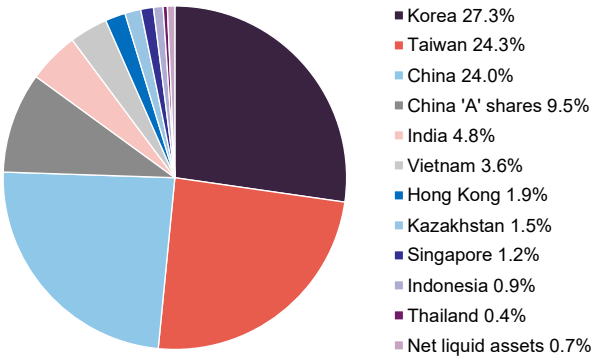
As at 31 October 2026, PHI held 70 companies in the portfolio – 65 listed and 5 unlisted – up from 64 as at 30 September 2025. PHI believes that holding 40-120 companies can provide an appropriate level of diversification for its strategy. In normal market conditions, the managers consider that a position below half a percent should remain in the portfolio only if they have a strong investment view on it. As at 31 October 2026, 29 positions were below this threshold.

Portfolio activity

During the last financial year, portfolio turnover was higher as the managers repositioned towards companies they believe may benefit from AI infrastructure, Chinese technology self-sufficiency, energy security and precious metals. Exposure

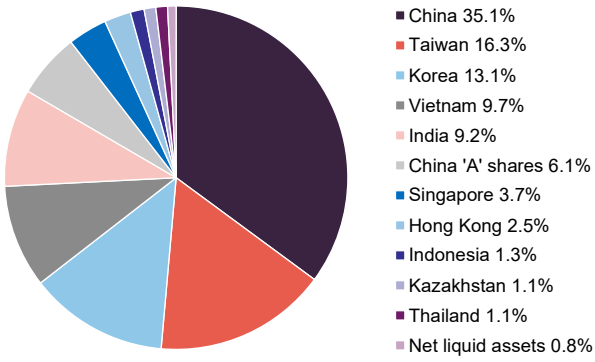
to India was reduced, reflecting the managers' assessment that valuations were high and earnings growth fell short of their expectations, while the Chinese portfolio was reshaped, with capital reallocated from consumer-facing, property-related and financial services businesses towards AI, semiconductors and electrical infrastructure. In total, 20 new positions were initiated and 14 were sold completely, including the unlisted holding Chime Biologics. PHI's geographical exposures have changed since we last published (see Figures 1 and 2). The largest increases were in South Korea (up 14.2 percentage points to 27.3%) and Taiwan (up 8.0 percentage points to 24.3%); semiconductor performance and further investment in AI infrastructure may have contributed to these increases. Combined exposure to China and Chinese A-shares fell by 7.7 percentage points to 33.5%, although the managers continued to broaden their exposure to domestic technology companies, particularly semiconductor manufacturers that may benefit from China's efforts to increase self-sufficiency. China remains the largest overweight position by country relative to the index.

Figure 1: Geographic allocation as at 31 October 2026[1]



Source: Pacific Horizon Investment Trust. Note: 1) As a proportion of gross assets.

Figure 2: Geographic allocation as at 30 September 2025[1]



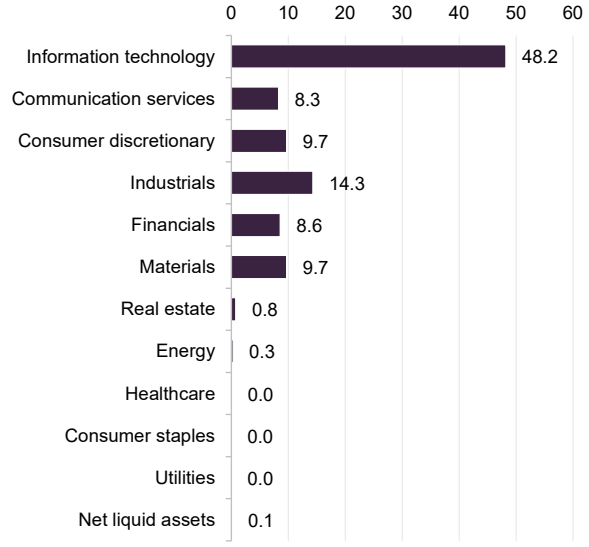
Source: Pacific Horizon Investment Trust. Note: 1) As a proportion of gross assets.

India's weighting fell by 4.4 percentage points to 4.8%, with the managers citing valuations they considered high and earnings that fell short of their expectations as reasons for favouring opportunities elsewhere. Vietnam's allocation also declined, from 9.7% to 3.6%. While the managers remain positive on Vietnam's long-term prospects and reforms aimed at supporting growth, they cite high leverage, tight banking liquidity and exposure to capital outflows and higher energy prices as reasons for a more cautious view. Within technology, the managers took profits on holdings including SK Square and reinvested the proceeds in semiconductor companies including SK Hynix, Montage Technology and Cambricon Technologies. They also increased exposure to energy security through Samsung E&A, CATL and Sungrow Power, while adding to copper and gold holdings based on their assessment of long-term supply and demand.

These shifts appear to be reflected in PHI's sector allocations. Information technology saw the largest increase, rising 19.2 percentage points to 48.2%, while materials gained 3.2 percentage points to 9.7%. The largest reductions were in communication services (-7.5 percentage points), real estate (-4.8), consumer

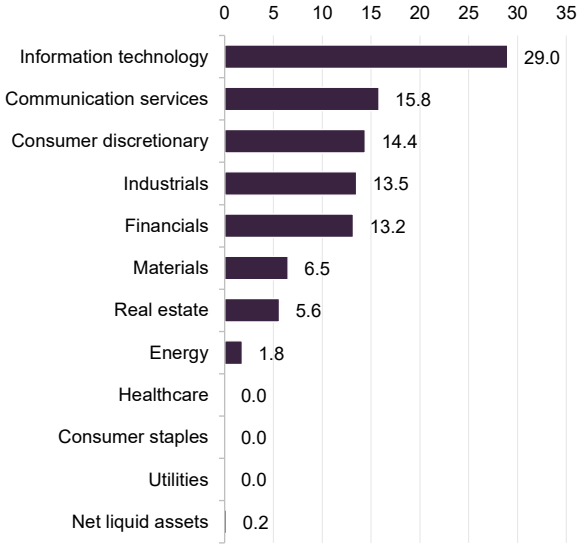
discretionary (-4.7) and financials (-4.6). Industrials rose 0.8 percentage points to 14.3%, with all other changes below two percentage points.

Figure 3: Industry sector allocation at 31 July 2026[1]



Source: Pacific Horizon Investment Trust. Note: 1) As a proportion of gross assets.

Figure 4: Industry sector allocation at 31 July 2025[1]



Source: Pacific Horizon Investment Trust. Note: 1) As a proportion of gross assets.

Top 10 holdings

Figure 5 shows PHI's top 10 holdings as at 31 October 2026 and how these have changed since 30 September 2025 – the date of the most recent data available when we last published. Holdings that have moved into the top 10 are MediaTek, SK Hynix and Chifeng Jilong Gold Mining Industry Co. Names that have moved out of the top 10 are Zijin Mining, Sea Limited and Alibaba. Portfolio concentration has increased again since we last published. We discuss some of these changes below. Many of PHI's other holdings have been discussed in detail in our previous notes – see page 19 of this note.

TSMC (15.1%) is the world's largest dedicated semiconductor manufacturer, producing advanced chips for companies including Nvidia and Apple. It was the third-largest positive contributor to PHI's performance during the last financial year - its shares returned 92.2%, which may partly reflect accelerating demand for advanced processors used in AI infrastructure. The managers regard TSMC's technological capabilities, manufacturing scale and customer relationships as competitive advantages and believe these factors may make its long-term growth prospects easier to assess.

Samsung Electronics (12.8%) is one of the world's largest manufacturers of memory chips, smartphones and electronic components. It was the largest positive contributor to PHI's performance during FY26, returning 254.6%, which may partly reflect rising demand for memory chips, particularly those used in AI data centres, and tightening industry supply. The managers believe Samsung's scale,

technological expertise and investment in next-generation memory could position it to benefit from long-term growth in AI infrastructure.

SK Square (6.1%) is an investment holding company whose principal asset is a stake in SK Hynix, a manufacturer of high-bandwidth memory (HBM) chips used in AI applications. It was the second-largest positive contributor to PHI's performance during the last financial year, returning 551%, and demand for SK Hynix's products for AI-related applications may have contributed to the rise in SK Square's share price. PHI's managers believe SK Hynix's technological leadership and strong demand for BM could support further earnings growth, while SK Square's discount to the value of its underlying assets may offer further upside. However, the managers have realised profits on the position following a rise in its share price.

Figure 5: Top 10 holdings as at 31 October 2026

Holding	Sector	Business focus	Country	Allocation 31 October 2026 (%)	Allocation 30 September 2025 (%)	Percentage point change
TSMC	Technology	Semiconductor manufacturer	Taiwan	15.1	11.3	3.8
Samsung Electronics	Technology	Memory, phones and electronic components manufacturer	South Korea	12.8	5.7	7.1
SK Square	Industrials	Investment holding co, principally SK Hynix	South Korea	6.1	4.2	1.9
MediaTek	Technology	Fabless semiconductor designer	Taiwan	4.5	1.3	3.2
Tencent	Communications	Online gaming/social networking	China	4.4	8.2	(3.8)
ByteDance	Communications	Owner of TikTok	China	4.1	3.3	0.8
SK Hynix	Technology	Semiconductor memory manufacturer	South Korea	4.0	-	4.0
EO Technics	Technology	Semiconductor laser markers	South Korea	2.7	2.2	0.5
MMG	Materials	Chinese copper miner	HK/China	2.2	3.0	(0.8)
Chifeng Jilong Gold Mining Industry Co	Materials	Gold mining	China	2.2	1.3	0.9
Total of top 5				42.9	32.9	10.0
Total of top 10				58.1	48.0	10.1

Source: Pacific Horizon Investment Trust, Marten & Co *Note: as a proportion of gross assets

MediaTek (4.5%) is a Taiwanese semiconductor designer specialising in chips for smartphones, wireless communications and, increasingly, AI infrastructure. Its shares rose during PHI's financial year, which may have contributed to MediaTek's move into PHI's top 10 holdings (the managers also increased the size of the position, reflecting what they describe as growing confidence in the company's outlook). Growing demand for AI-related semiconductors may have supported the share price. MediaTek's traditional smartphone business has been facing weaker demand, but PHI's managers believe the company's expansion into custom-

designed AI chips (ASICs) for large data centres could provide a new source of growth. This expansion may have contributed to revenue growth, with third-quarter 2026 revenues increasing 18.3% year-on-year.

Tencent (4.4%) is one of China's largest internet companies, operating the WeChat messaging and payments platform alongside its gaming, advertising and cloud computing businesses. Its performance appears to have been subdued, while Chinese equities generally lagged gains in South Korea and Taiwan, PHI's managers continue to cite what they see as Tencent's leading position in China's digital economy, its ability to monetise WeChat's user base and its expanding AI capabilities. They also cite what they consider Tencent's strong capital allocation record, noting that they view capital allocation as important in this sector, as well as potential opportunities in overseas gaming.

ByteDance (4.1%) is an unlisted Chinese technology company that operates the short-form video platforms TikTok and Douyin. It uses recommendation algorithms intended to support user engagement and advertising revenues and is expanding its AI capabilities. PHI's holding increased in value from £25.3m to £36.9m over the financial year and was the trust's largest private investment at year-end. The managers believe ByteDance's machine-learning capabilities, global reach and track record of developing new products could support long-term growth, particularly as it expands into new markets and applications.

EO Technics (2.7%) is a South Korean manufacturer of laser processing equipment used in semiconductor manufacturing, including laser marking, cutting, drilling and wafer processing. The managers believe EO Technics' technology could play a greater role as semiconductor designs become more complex, particularly in advanced chip packaging and high-bandwidth memory (HBM) production. The managers see scope for earnings growth if demand for more sophisticated manufacturing equipment increases, which could contribute to higher profitability and a re-rating of the shares.

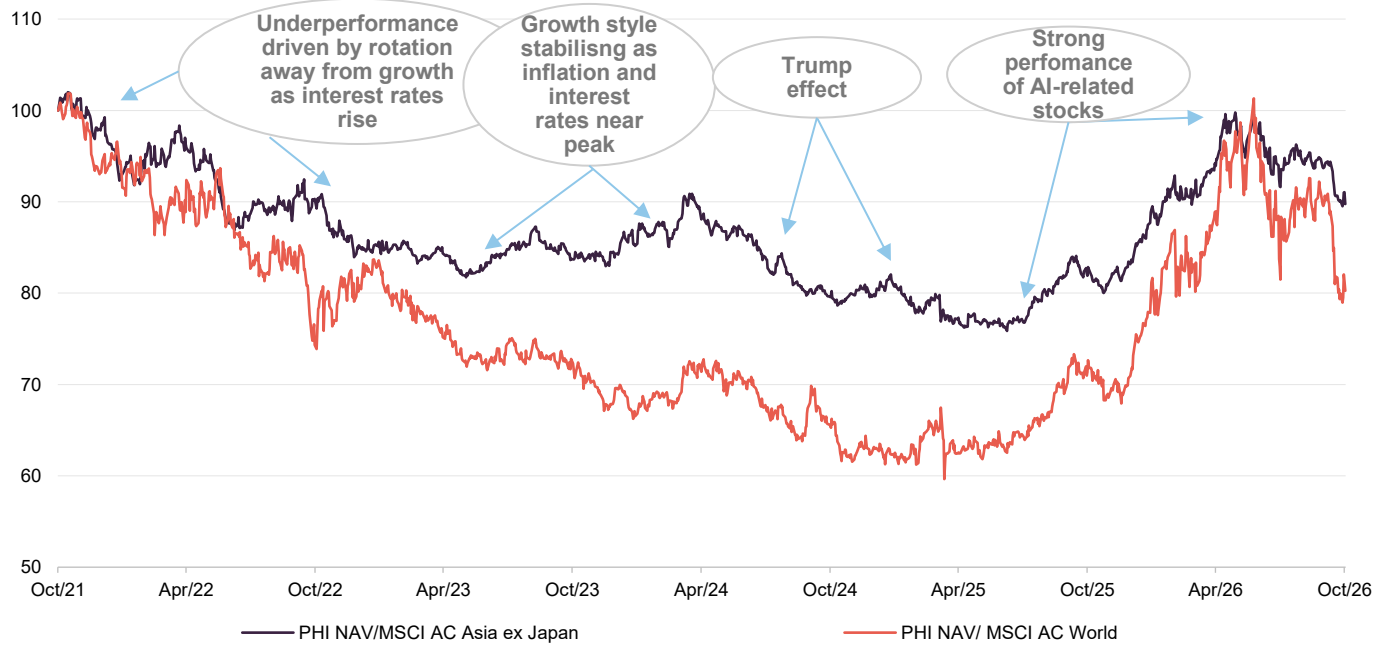
MMG (2.2%) is a Hong Kong-listed mining company with operations in Peru, Africa and Australia, producing copper, zinc and other base metals. Its shares returned 112.3% over PHI's financial year, which may partly reflect higher copper prices and the company's operational performance. The managers cite MMG's copper exposure as a reason for holding the shares and believe that rising demand from electrification, power infrastructure and AI data centres, combined with constrained supply and lengthy mine development times, could support copper prices and MMG's production and cash generation over the long term.

Chifeng Jilong Gold Mining Industry Co (2.2%) is a Chinese gold mining company with operations in China, Southeast Asia and Africa. Higher realised gold prices and cost controls may have contributed to a 33.1% rise in revenues and a 56.5% increase in net profits in the first half of 2026. PHI's managers have been increasing the trust's exposure, noting that gold miners' operating profits can rise proportionately more than bullion prices and that, in their view, gold may help diversify the portfolio amid what they describe as heightened geopolitical and fiscal uncertainty.

Performance

PHI has outperformed both its MSCI AC Asia ex Japan benchmark and the MSCI AC World Index over the long term, as illustrated in Figure 6 (our previous notes provide further discussion of PHI's longer-term performance record – see page 19). Following a recovery from the market disruption that followed President Trump's tariff announcements in April 2025, PHI's relative performance has improved both against its benchmark and within its peer group. This recovery appears to have reversed much of the relative underperformance experienced during the preceding period, when higher interest rates, concerns over China's economy and a preference for value over growth may have weighed on returns.

Figure 6: PHI's total return NAV performance relative to its comparative benchmark (MSCI AC Asia ex Japan) and the MSCI AC World, over five years to 31 October 2026



Source: Bloomberg, Marten & Co

PHI's managers say performance has benefitted from a series of well-timed asset allocation decisions

PHI's managers say that performance has benefitted from a series of asset allocation decisions, including the reduction in Chinese exposure in favour of India in 2021, followed by a reversal of this positioning in 2024. The managers saw the reversal as reflecting their view that Indian equity prices increasingly left little room for disappointment, while Chinese valuations reflected overly pessimistic expectations. PHI also increased exposure to semiconductors and the wider AI infrastructure supply chain with demand for advanced chips and memory appearing to support earnings growth and valuations across several of PHI's largest holdings.

The recovery in Asian markets gathered momentum during 2025 and continued into 2026, potentially supported by investor interest in AI-related investment, improving sentiment towards Chinese technology companies and a reassessment of South Korea's corporate prospects. However, performance has become more volatile recently, which may reflect concerns about valuations in parts of the technology

sector, the sustainability of AI-related capital expenditure and continuing geopolitical and trade uncertainties.

Figure 7: Cumulative total return performance over periods ending 31 October 2026

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	10 years (%)	Manager tenure[1] (%)
PHI NAV	(12.9)	(8.7)	(3.2)	23.2	86.7	32.7	335.4	519.4
PHI share price	(13.7)	(7.9)	(4.4)	24.3	91.3	10.4	313.2	529.1
MSCI AC Asia ex Japan	(9.0)	(4.8)	2.1	13.3	74.0	47.8	123.6	217.1
MSCI AC World	(2.5)	0.5	5.7	10.2	66.0	65.3	193.7	336.6
Peer group NAV[2]	(10.8)	(7.5)	2.2	18.0	76.3	42.4	225.0	388.2
Peer group share price[2]	(12.2)	(6.9)	(0.9)	17.3	80.3	33.3	220.0	388.0

Source: Bloomberg, Marten & Co. Note: 1) Manager tenure is measured from the 11 September 2013, the date that Roderick Snell became co-manager of PHI's portfolio. Roderick subsequently became the lead manager on 30 June 2021. 2) The peer group is AIC's Asia Pacific sector – see below for more details of the constituents and sector definition.

PHI's managers acknowledge the potential for further volatility but remain focused on identifying companies they believe could sustain earnings growth over the long term. While the portfolio has been repositioned and concentrated around what the managers regard as the most attractive opportunities, the underlying investment philosophy remains unchanged. The managers continue to believe that companies benefitting from structural growth trends could, over time, deliver higher returns than businesses they consider to face more fundamental challenges or to have limited growth prospects.

Annual results for the year ended 31 July 2026

Stock selection in China and South Korea drove returns

PHI generated an NAV total return of 65.1% during the year to 31 July 2026, compared with the MSCI AC Asia ex Japan Index's 35.8% return. The share price total return was lower at 63.3%, which reflects a widening of the discount from 9.5% to 10.5%. Performance during the year appears to have been attributable primarily to stock selection in China and South Korea, particularly to holdings in companies that may have benefitted from accelerating investment in AI. That investment appears to have contributed to increased demand for semiconductors and higher memory chip prices.

South Korean semiconductor-related holdings contributed to performance. SK Square was the largest individual contributor, with its shares rising 551%, a gain that may reflect its exposure to memory chip manufacturer SK Hynix, while Samsung Electronics gained 255% as tightening supply and rising AI-related demand appeared to lift earnings expectations. TSMC also contributed to performance, and its position in advanced semiconductor manufacturing may have supported its contribution. Chinese technology holdings also contributed positively, including generative AI developers Z.AI, whose shares rose almost eightfold from their issue price, and MiniMax, alongside semiconductor specialist Montage Technology. Materials holdings also contributed positively.

Detractors included SEA Limited, PDD Holdings and Meituan, whose performance may have been affected by concerns that AI could disrupt their business models.

Singapore was the largest country-level detractor, with SEA Limited contributing to the decline, while PHI's Vietnamese holdings detracted from performance amid rising global risk aversion and higher energy prices. Overall, gains from PHI's AI-related investments more than offset losses elsewhere.

Peer group comparison

Please click here for an up-to-date peer group comparison of PHI versus its Asia Pacific peers.

PHI is a member of the AIC's Asia Pacific sector, which now comprises three members following Pacific Assets' absorption into Schroder Asia Total Return. Members of the Asia Pacific sector typically have: over 80% invested in quoted Asia Pacific shares; less than 80% in any single geographic area; an investment objective/policy to invest in Asia Pacific shares; a majority of investments in medium to giant cap companies; and an Asia Pacific benchmark.

Peer group performance

As noted in previous reports (see page 19), PHI's growth bias appears to have supported its long-term performance, although it may have weighed on its five-year performance when interest rates rose in 2022 in response to inflationary pressures (Figure 8). More recently, a rotation towards value stocks, which may partly reflect growing concerns over AI-related valuations, appears to have weighed on returns. Longer timeframes may be more appropriate for assessing a long-term strategy such as PHI's and, as Figure 8 illustrates, PHI ranks first in its peer group for NAV total returns over the other periods shown.

Figure 8: Peer group cumulative NAV total return performance to 31 October 2026

	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	10 years (%)
PHI	(12.9)	(8.7)	(3.2)	23.2	86.7	32.7	335.4
Schroder Asia Total Return	(9.5)	(6.1)	7.0	18.2	74.0	51.9	196.2
Schroder AsiaPacific	(9.9)	(7.6)	2.7	12.6	68.2	42.7	143.4
PHI rank	3/3	1/3	1/3	1/3	1/3	3/3	1/3
Sector arithmetic avg.	(10.8)	(7.5)	2.2	18.0	76.3	42.4	225.0

Source: Bloomberg, Marten & Co

The peer group's average market capitalisation has risen 23% since our last report, from £620.3m to £764.6m, which may in part reflect the performance of PHI and its peers. PHI has moved from second to third-largest following the combination of Pacific Assets with Schroder Asia Total Return. As discussed on page 16, PHI's ongoing charges ratio has remained steady at 0.75%, the lowest in the sector, and PHI is the smallest of the three remaining trusts. Charges may fall further following asset growth over the past financial year and the introduction of its new fee structure. The peer group average has fallen from 0.91% to 0.80%, which may partly reflect the departure of Pacific Assets, which previously had the sector's highest ongoing charges ratio.

All three trusts continue to trade at discounts, although the sector average has narrowed from 9.6% to 9.4% (as at 20 November 2026). PHI has historically traded at a narrower discount than the sector average, which we attribute to its long-term

outperformance relative to the sector and the board's share buybacks. However, its current discount is 1.3 percentage points wider than the sector average. PHI continues to offer the sector's lowest dividend yield (see page 14).

Figure 9: Peer group comparison – size, fees, discount, yield and gearing as at 20 November 2026

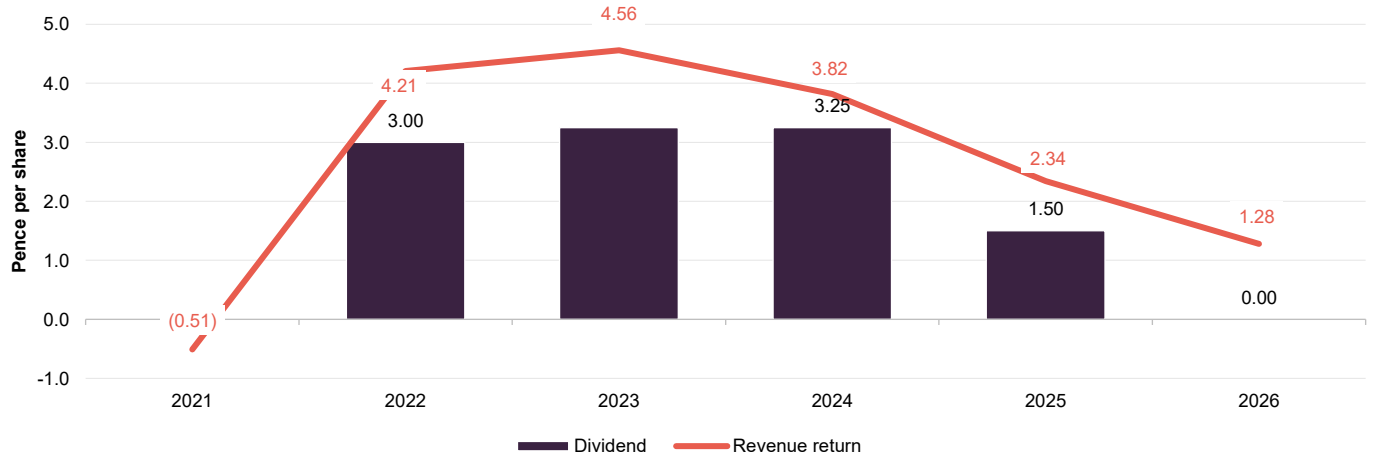
	Market cap (£m)	St. dev. of NAV over 5 years	Ongoing charges (%)	Perf. fee	Premium/ (discount) (%)	Dividend yield (%)	Gross gearing (%)[2]	Net gearing (%)[2]
PHI	647.4	21.80	0.75	No	(10.7)	-	4.5	3.5
Schroder Asia Total Return	815.6	17.35	0.80/0.80[1]	Yes	(6.4)	2.01	3.8	2.9
Schroder AsiaPacific	830.7	18.54	0.84	No	(11.0)	1.92	4.3	3.3
PHI rank[3]	3/3	3/3	1/3		2/3	3/3	3/3	3/3
Sector arithmetic avg.	764.6	19.23	0.80/0.80[1]		(9.4)	1.31	4.2	3.2

Source: Bloomberg, The AIC, Marten & Co 1) Schroder Asia Total Return's ongoing charges ratio is 0.80% including and excluding performance. The average ongoing charges ratio for the sector is 0.80% including and excluding performance fees. 2) Gross and net gearing figures as at 31 October 2026. 3) Market cap and dividend yield are ranked in increasing size order (the larger the market cap or dividend yield, the higher the ranking). All other rankings are in decreasing size order (the lower the standard deviation of returns, the lower the ongoing charges ratio, the lower the value of the premium/(discount), the lower the gross and net gearing, all correspond to a higher ranking).

PHI has the highest net gearing in the sector, although gearing levels are broadly comparable across the peer group. All three trusts have reduced gearing over the past year, which may reflect stronger markets. PHI's NAV returns remain the most volatile in the sector, but its higher long-term returns appears to compensate for that.

Dividend

Figure 10: PHI ordinary dividends over the last five financial years (ended 31 July)



Source: Pacific Horizon Investment Trust, Marten & Co

PHI's primary objective is to generate capital growth. Any dividend paid is by way of one final payment per year, following approval at the AGM. PHI's board has

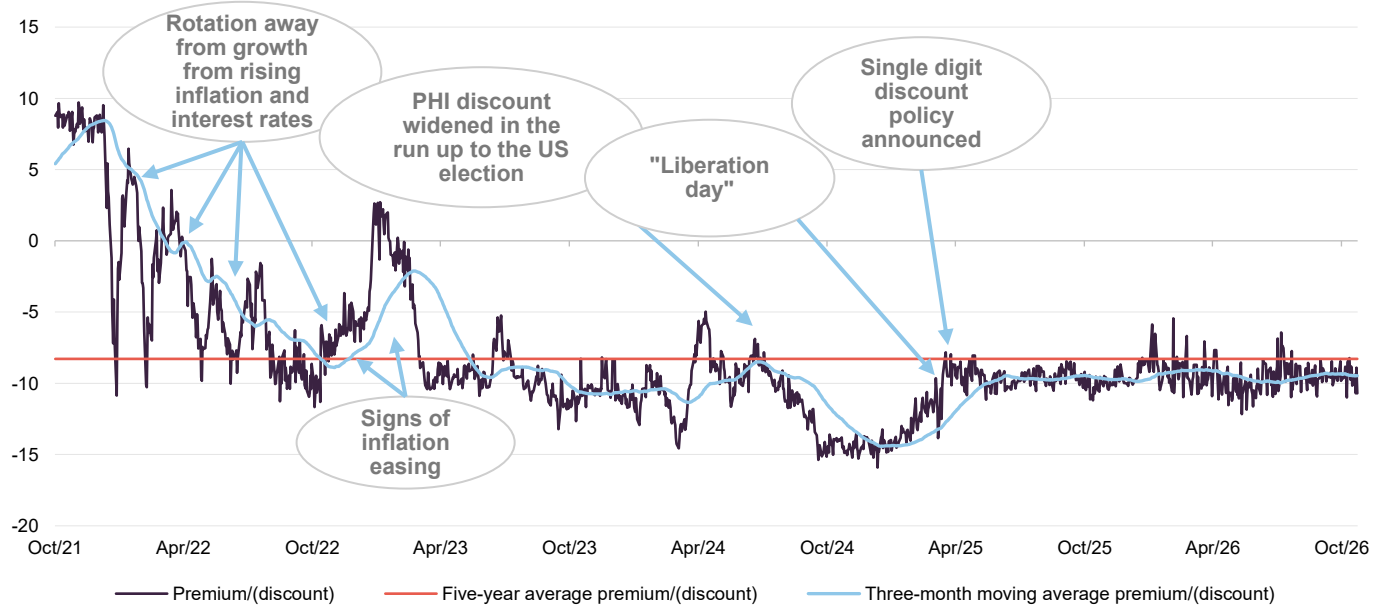
stated that investors should not consider investing in the company if they require income from their investment and, for five of the last 10 financial years, PHI has not paid a dividend. In years of a revenue deficit, PHI is not required to pay a dividend and the board has also said that it does not intend to draw on PHI's revenue reserve to pay or maintain dividends. For the year ended 31 July 2026, PHI generated a revenue surplus of £1.1m, equivalent to 1.28p per share (2025: a revenue surplus of £2.1m, equivalent to 2.34p per share), which is a 45.3% decrease from the prior year. No dividend is being proposed for the year ended 31 July 2026; given the level of the revenue surplus, a dividend does not appear to be required to maintain PHI's investment trust status.

Premium/(discount)

PHI aiming to maintaining discount in single digits

When PHI announced its five-year performance-related tender offer in April 2025, the board also committed to continued share buybacks, aiming to maintain a single-digit discount to NAV in normal market conditions. As Figure 11 shows, the discount has averaged 9.6% since the announcement and reached a maximum of 12.1%. As at 20 November 2026, PHI traded at a 10.7% discount, wider than its one-year average of 9.5%, its five-year average of 8.3% and its three-year average of 10.4%. Over the past year, the discount has ranged from 5.1% to 12.1%.

Figure 11: PHI premium/(discount) over five years



Source: Bloomberg, Marten & Co

As discussed in previous notes (see page 19), macroeconomic factors appear to have had a greater influence on PHI's rating than stock-specific developments. The discount has tended to widen when expectations of higher inflation and interest rates appear to weigh on growth stocks, or when concerns over Asia's outlook coincide with broader risk aversion. Conversely, it has tended to narrow as

sentiment improves. The board's single-digit discount target, supported by buybacks, now appears to be helping limit the extent of any widening during periods of weaker sentiment.

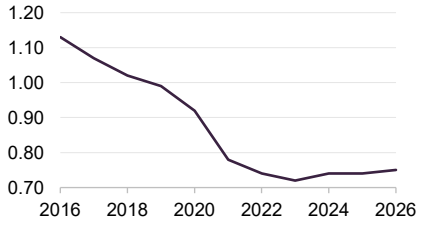
Performance-related conditional tender offer in 2030

On 16 April 2025, PHI announced that it would provide shareholders with a 25% tender offer in 2030, if the trust underperforms its reference index – the MSCI All Country Asia ex Japan Index (total return in sterling) – over the five-year period from 31 March 2025 to 31 March 2030. The conditional tender may give the managers an additional incentive to outperform and could offer shareholders a partial exit at close to NAV if the trust underperforms its reference index over that period.

Structure

Fees and costs

Figure 12: Ongoing charges ratio (%)[1]



Source: Pacific Horizon Investment Trust Note: 1) For financial years ended 31 July.

Baillie Gifford & Co Limited acts as PHI's alternative investment fund manager and has delegated portfolio management services to Baillie Gifford & Co. With effect from 1 August 2026, PHI has a management fee structure with fewer tiers as follows: 0.65% on the first £500m of net assets and 0.50% on the remaining net assets. Previously, the fee rate was 0.75% of net assets on the first £50m, 0.65% on the next £200m and 0.55% on the remaining.

Management fees are calculated and paid quarterly in arrears and there is no performance fee. The managers may terminate the management agreement on six months' notice and the company may terminate it on three months' notice. Baillie Gifford & Co Limited also provides company secretarial services to PHI under the management agreement.

PHI's tiered fee structure, a reduction in the management fee and share issuance up until the end of 2021 may have contributed to the decline in its ongoing charges ratio, but as shown in Figure 12, the ratio has risen by 3bp over the last three years. PHI's net assets recovered during the last financial year, and this recovery, together with the new fee structure, could put downward pressure on its ongoing charges ratio again. PHI continues to have the lowest ongoing charges ratio in its peer group (see Figure 9 in the peer group comparison on page 14), at 5bp below the sector average.

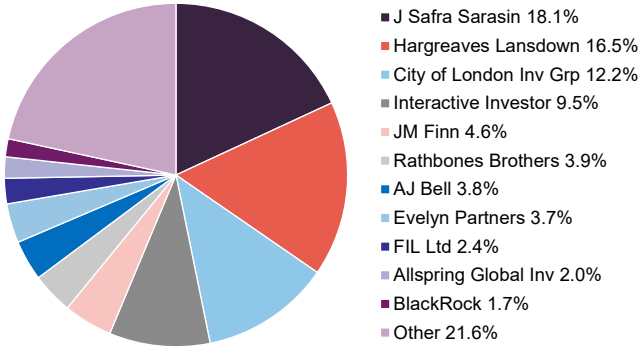
Capital structure

PHI has a simple capital structure with one class of ordinary share in issue.

PHI has one class of ordinary share in issue. Its ordinary shares have a premium main market listing on the London Stock Exchange and, as at 20 November 2026, there were 92,074,961 of these in issue, of which 16,265,717 were held in treasury. The number of shares in issue with voting rights was 75,809,244. Each year, the company takes powers to buy back up to 14.99% of its shares at a discount to NAV. It also asks for permission to issue up to 10% of its issued share capital at a premium to NAV. As discussed on page 14, the board may use these authorities to manage PHI's premium/discount. PHI has a £90m multi-currency revolving credit facility (RCF) with The Bank of New York Mellon that expires in March 2028. The facility is

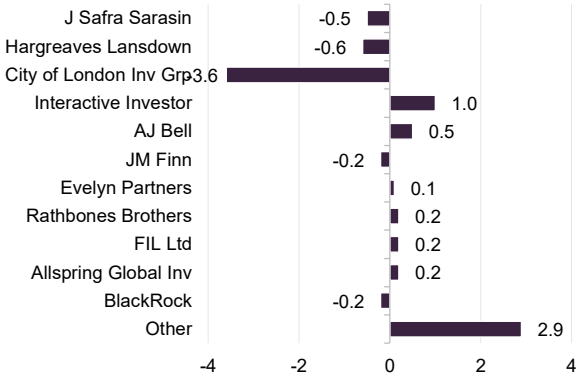
uncommitted, meaning that BNY retains discretion over its availability and borrowings are repayable on demand. Gearing parameters are set by the board and the managers operate within these, currently the range is set at -15% (i.e. a net cash position) to +15%.

Figure 13: Major shareholders as at 17 November 2026



Source: Bloomberg, Marten & Co

Figure 14: Percentage point changes since 17 November 2025[1]



Source: Bloomberg, Marten & Co. Note: 1) The date of the shareholder data used when we last published on PHI.

At the end of October 2026, PHI had gross gearing of 4.5% and net gearing of 3.5%, both lower than the figures at the time of our previous publication (7.4% and 7.4% as at the end of September 2025). The main covenants relating to the RCF are that PHI's borrowings should not exceed 30% of its adjusted net asset value, and its net asset value should be at least £300m. The facility has a non-utilisation fee of 0.1%.

Figure 13 suggests that PHI has retail representation on its share register, with the major platforms accounting for c 35%. Wealth managers account for c 30%. Since the previous publication, City of London Investment Group's position has decreased.

The next continuation vote is due at the 2026 AGM.

Shareholders vote on PHI's continuation every five years, with the next vote due at this year's AGM. PHI's financial year ends on 31 July, with annual results typically published in September, interims in March and the AGM held in November. Any annual dividend is usually paid shortly after the AGM.

Management team

Roderick Snell joined Baillie Gifford in 2006 and became a partner in 2023. He has managed the Baillie Gifford Pacific Fund OEIC since 2010 and has been lead manager of PHI's portfolio since June 2021, having been its deputy manager since September 2013. Prior to joining Baillie Gifford's emerging markets team, Roderick spent time in its UK and European equity teams. He is a co-manager of the emerging markets leading companies strategy. Roderick graduated from the University of Edinburgh in 2006 with a BSc (Hons.) in Medical Biology.

Ben Durrant joined Baillie Gifford in 2017 and, prior to joining the emerging markets team, spent time in Baillie Gifford's UK, global discovery and private markets teams. Prior to joining Baillie Gifford, he worked for RBS in their group strategy and

corporate finance team. Ben is a chartered accountant and a CFA charterholder. He graduated from the University of Edinburgh in 2012 with a BSc (Hons.) in Mathematics, and has co-managed the Baillie Gifford Pacific Fund since 2021.

Board

All directors submit themselves for re-election annually.

PHI's board comprises five directors, all of whom are non-executive, are considered independent of the investment manager and do not sit together on other boards. The directors put themselves forward for re-election at the first AGM following their appointment. Thereafter, directors submit themselves annually for re-election. Angela Lane is the longest-serving director, with 8.2 years of service, while the average length of director service is 6.3 years.

There is a limit of £200,000 on the aggregate fees paid to directors, as set out in the company's articles of association. Shareholders are being asked to approve an increase in the limit to £250,000, which the company says is intended to provide additional flexibility for succession planning. For the current financial year, aggregate directors' fees have been increased by 3.6% over the prior year to £185,000 from £178,540.

Directors' shareholdings have remained unchanged since our last note in November 2025. All directors hold shares in PHI, with an average investment equivalent to 1.7 years' fees, which may indicate commitment to the trust and could help align directors' interests with those of shareholders.

Figure 15: Board member – length of service and shareholdings

Director	Position	Date of appointment	Length of service (years)	Annual fee (£)[1]	Share-holding [2]	Years of fee invested[3]
Roger Yates	Chairman	13 March 2024	2.7	48,000	15,000	2.7
Angela Lane	Audit committee chairman and senior independent director	1 October 2018	8.2	41,000	8,934	1.9
Sir Robert Chote	Director	25 November 2020	6.0	32,000	500	0.1
Wee-Li Hee	Director	1 June 2020	6.5	32,000	10,000	2.7
Joe Studwell	Director	9 November 2018	8.0	32,000	5,000	1.3
Average (service length, annual fee, shareholding, years of fee invested)			6.3	37,000	7,887	1.7

Source: Pacific Horizon Investment Trust, Marten & Co Notes: 1) For PHI's financial year ended 31 July 2027. 2) Shareholdings as per most recent company announcements as at 20 November 2026. 3) Years of fee invested based on PHI's ordinary share price of 854.00p as at 20 November 2026.

Roger Yates (chairman) was chief executive of Henderson Global Investors from 1999 to 2008, having previously held fund management roles at Invesco/LGT and Morgan Grenfell Asset Management. He is currently senior independent director of Mitie Group, chair of British Biotech Trust and a non-executive director of Jupiter Fund Management. His previous roles include senior independent director of St James's Place and IG Group, chair of Electra Private Equity and non-executive director of JPMorgan Elect.

Angela Lane (audit committee chair and senior independent director) became PHI's audit committee chair and senior independent director on 10 November 2020.

A qualified accountant, she previously spent 18 years as a private equity investor at 3i and has held various non-executive and advisory roles across a range of industries. She currently chairs the audit committee of Seraphim Space Investment Trust and is a non-executive director of BlackRock Smaller Companies. Her previous roles include chair of Huntswood CTC and non-executive director and audit committee chair of Dunedin Enterprise Investment Trust.

Sir Robert Chote (director) is an economist, journalist and academic. He has chaired the Northern Ireland Fiscal Council since 2021 and became President of Trinity College, Oxford, in November 2025. He previously chaired the UK Statistics Authority (2022–2025) and the Office for Budget Responsibility (2010–2020), and served as director of the Institute for Fiscal Studies (2002–2010), adviser to the International Monetary Fund (1999–2002) and economics editor of the Financial Times (1995–1999). He is also a visiting professor at King's College London and serves on advisory boards at Warwick Manufacturing Group and the London School of Economics' Centre for Economic Performance.

Wee-Li Hee (director) is an experienced Asian equity analyst, fund manager and CFA charterholder. Raised in Singapore, she is fluent in Mandarin and studied at the University of Leeds and the London School of Economics. She joined First State Investments in Singapore as an analyst in 2002, moving to its Edinburgh office in 2005. Having co-managed Scottish Oriental Smaller Companies Trust, she became lead manager in 2014 before returning to a co-manager role in 2017 due to family commitments. She retired in 2019 and is a director of Melville Paisley Investments.

Richard Frank ("Joe") Studwell (director) has spent more than 25 years working in East Asia as a journalist, independent researcher at Dragonomics and author. Writing as Joe Studwell, his books 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*.

Previous publications

Figure 16: QuotedData's previously published notes on PHI

Title	Note type	Publication date
Invest in Asian growth	Initiation	21 March 2016
Brave new world	Update	10 October 2016
Top of the pops!	Annual overview	30 October 2017
Pause for breath?	Annual overview	8 November 2018
2018 re-calibration paying off	Annual overview	8 November 2019
Powered by technology	Annual overview	20 January 2021
Blistering performance	Annual overview	25 November 2021
Convergence opportunity	Annual overview	8 December 2022
Consistent growth and quality bias	Annual overview	6 December 2023
Inflection point approaching?	Annual overview	19 March 2025
Top performer as Asia regains momentum	Annual overview	20 November 2025

Source: Marten & Co

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