Personal Assets Trust plc

10 St Colme Street, Edinburgh EH3 6AA

www.patplc.co.uk

23 March 2020

Dear Shareholder,

Investment Update

In the light of the developing situation surrounding COVID-19 the February Quarterly, which was due to be sent to shareholders at the end of this month, has been delayed. In the meantime, please find enclosed an investment update from our Investment Adviser, Troy Asset Management Limited, in relation to the current situation.

We will continue to update shareholders by providing further details on the Company's website (www.patplc.co.uk) including continuing to provide updated monthly portfolio valuations. As you would expect with the recent market volatility there has been changes within the portfolio and we expect the valuation to the end of March 2020 will be available on the website in the first couple of days of April.

If you would like to discuss the contents of this letter further then you can contact our Company Secretaries at mail@patplc.co.uk or on 0131 538 1400.

Yours sincerely,

Hamish N Buchan

Hamish Buchan
Chairman

An Investment Company within the meaning of Section 833 of the Companies Act 2006
Registered Office: 10 St. Colme Street, Edinburgh EH3 6AA
Registered in Scotland No. 74582

Troy Asset Management Limited
Investment Update

The current coronavirus pandemic marks an extraordinary moment in history. Individuals, governments and corporations seeking to navigate these immensely difficult circumstances do so without any clear path because there is no modern precedent. Few will go unaffected. Whilst the primary concern is for the physical wellbeing of individuals, the virus will inevitably have a negative impact on the global economy. The extent of the shock is as yet unknown but comes at a time when global stock markets were already highly valued relative to their histories and the global business cycle increasingly protracted. The precipitous fall in the oil price on 9th March, driven by the political decisions of Russia and Saudi Arabia, has introduced a further significant threat to growth and stability. The likelihood of an acute economic slowdown at this time has led to dramatic moves in global capital markets. Investors should expect current uncertainties to persist for now.

Central banks' policies since the Financial Crisis of 2008 have led to an enormous expansion in the global monetary base, pushing asset prices higher and grossly distorting the cost of capital for businesses and sovereigns around the world. Historically low borrowing costs have enabled levels of indebtedness which many companies and governments would ordinarily be unable to sustain. This was permitted to continue for as long as the economic backdrop remained relatively benign. Now that we are experiencing a more serious threat to economic growth, the limits of monetary policy are being exposed with central bank interventions to-date proving ineffective in averting the crisis.

At Troy, we define risk as the permanent loss of capital and invest to achieve absolute returns over a whole market cycle. We are highly selective about the companies in which we invest, choosing stocks without reference to any benchmark and focusing first on the risks to the downside for each investment that we make. This approach has helped us to mitigate the worst effects of the recent turbulence in markets. Our multi-asset mandates reflect our caution over valuations through asset allocation and entered the current turmoil with equity allocations near multi-year lows. With valuations correcting, these portfolios have begun to increase, at the margin, their allocation to equities from a historically low level. In our equity mandates we have started the process of using the falls in markets to increase or establish investments in a select few favoured companies. We expect these actions to increase the underlying quality of the portfolios, enhancing expected returns and, where relevant, their capacity for income.

One can never predict the future, nor should one try, but we can endeavour to protect and grow our clients' capital by taking measured risk, calibrated by an assessment of corporate quality and valuation. This is a worrying time for everyone. We do however encourage investors to think and plan for the long term and to recognise that this, like all crises, will pass. We are investing accordingly.

Troy Asset Management Limited **18th March 2020**