



Personal Assets Trust plc

Interim Report

For the six months ended
31 October 2024

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 2024 the Company's net asset value per share ('NAV') rose by 2.4% to 498.80 pence on a capital-only return basis. PAT's share price rose by 10.00 pence to 493.00 pence over the same period, being a discount of 1.2% 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 2024	% as at 30 April 2024
Equities	26.9	27.5
US TIPS	32.5	36.5
US Treasuries	14.5	11.6
UK Gilts	7.6	7.0
UK Index-linked Bonds	1.7	3.3
Gold Bullion	12.7	12.5
Property	0.1	0.1
UK cash	4.0	1.8
Overseas cash	0.0	0.0
Net current liabilities	(0.0)	(0.3)
Total	100.0	100.0

- 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 19.3 million Ordinary shares (at a cost of £94.9 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 31 July 2024⁽¹⁾ and the second interim dividend of 1.4 pence was paid on 4 October 2024. A third interim dividend of 1.4 pence per Ordinary share will be paid to shareholders on 24 January 2025 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 2025, making a total for the year of 5.6 pence per Ordinary share.

Key Features

	As at 31 October 2024	As at 30 April 2024
Market Capitalisation	£1,592.6m	£1,653.4m
Shareholders' Funds	£1,611.3m	£1,667.3m
Shares Outstanding	323,033,372	342,325,372
Share Price	493.00p	483.00p
NAV per Share	498.80p	487.05p
FTSE All-Share Index	4,431.83	4,430.25
Consumer Price Index ('CPI')	135.0	133.5
Discount to NAV	(1.2)%	(0.8)%
Earnings per Share	4.67p ⁽²⁾	8.77p ⁽³⁾
Dividend per Share	2.80p ⁽²⁾	5.60p ⁽¹⁾⁽³⁾

⁽¹⁾ A special dividend of 1.6 pence per Ordinary share was also paid in July 2024 in relation to the year ended 30 April 2024. Further details on the dividends paid for the year ended 30 April 2024 are set out in Note 3 on page 9.

⁽²⁾ For the six month period to 31 October 2024.

⁽³⁾ Full Year.

Investment Manager's Report

Over the half year to 31 October 2024, the net asset value per share ('NAV') of Personal Assets Trust (the 'Company') rose by +3.4% while the FTSE All-Share Index ('FTSE') rose by +1.8%. These returns include reinvested dividends. The capital-only returns were +2.4% and +0.0% respectively. Inflation over the period was subdued and CPI rose by 1.1%.

The largest contributors to returns were gold and US Treasury Inflation Protection Securities ('TIPS'), adding +2.0% and +1.5% respectively. The only negative contributor was currency, costing -0.7% as sterling strengthened against the US dollar, partially offset by the currency hedge.

The summer saw the first cut to UK interest rates since March 2020, with the Bank of England cutting from 5.25% to 5.0% in July. The Federal Reserve followed in September with a 0.5% cut to 5.0% interest rates. Some market participants are cheering the fall in rates as the start of the next bull market cycle; history suggests they may be disappointed. The first cuts in the US rate cutting cycle occurred in January 2001, August 2007 and July 2019. On each of these occasions, the US stock market was trading close to its highs and subsequently fell -44%, -53% and -25% respectively. Our view is that central banks are cutting interest rates as they see early indicators of the economy slowing. While it is possible that this is a rare 'soft-landing' situation, where interest rates are cut without the economy entering a recession, experience suggests an economic downturn is the more likely outcome. In this context, it is concerning that valuations remain stretched with the market capitalisation of the US equity market at 205% of GDP, close to a 20-year high. The elevated starting valuations today suggest equity markets are likely to deliver poor returns for investors if a recession materialises or if interest rates are not cut as expected. Your Company retains a cautious equity weight at 27%, reflecting the low prospective returns that we think are on offer.

In the UK, investors have spent much of the last six months considering the potential impact of Labour's first budget in 14 years. Markets were quick to digest the news once it arrived. UK gilts sold off aggressively (yields higher, with prices lower) with 10-year yields rising around +0.3% to 4.5%. Bond investors are likely questioning the impact on inflation in the UK, as two thirds of the additional spending announced is on current expenses as opposed to capital spending. Question marks also remain as to whether the gilt market can absorb an additional £32bn of debt issuance (bringing the total to ~£300bn this fiscal year, a record excluding Covid) as well as how much tax will actually be raised, since some of the increase in tax revenue relies on changes to capital gains where owners are generally not forced to sell assets. The yield differential between German and UK 10-year debt rose to above 2%, close to the highs seen after the Truss mini-budget two years ago. According to Louis XIV's finance minister, Jean-Baptiste Colbert, "the art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest amount of hissing". Judging by the response to the rise in Employer's National Insurance, the new government is reaching a point of resistance. The decision is likely to suppress the demand for labour in the UK, although the direct impact on the portfolio from the budget was limited, with the average company held deriving only ~3.5% of sales from the UK. We also do not own any UK bonds with a duration over three years. The volatility in domestic assets has strengthened our long-held preference for owning businesses with geographically diverse sales.

Within the portfolio we sold the small holding in Becton Dickinson and added Verisign and Chubb to the portfolio. Verisign interacts with every user of the internet every day, but few are aware of the essential role it plays. The company is the exclusive registry for .com and .net domains, meaning any company that buys a .com web address is ultimately purchasing it from them (via a reseller like GoDaddy). As well as keeping a record of 'who owns what', they operate the Domain Name System ('DNS'). The system points users who enter a web address to the correct server billions of times a day and Verisign has operated it with zero downtime for over 20 years. For this service they charge only ~\$10 per domain per year. This is a very low price to most customers and the switching costs for domains are high. The shares' valuation halved over the last three years, giving us the opportunity to own a business we have long admired.

Chubb is a better-known business, being the largest property and casualty ('P&C') insurer in the world, operating in 54 countries around the world but with the majority of revenues from the US. The primary appeal of owning Chubb is they have demonstrated that they are consistently excellent underwriters. The evidence can be seen in their market-leading profit margins that avoid many of the wild swings seen at other insurers. Chubb also receives payment of premiums before they pay out claims, meaning there is an opportunity for them to materially grow investment income as they invest the 'float' in higher bond yields. Chubb's current yield on their float is below 5% compared to a market yield that is closer to 6%. As bonds mature, they are reinvested at a better yield, driving higher investment income. We expect to add to the holdings in Chubb and Verisign over time, as opportunities arise.

Investment Manager's Report continued

Gold continued to contribute strongly to returns, rising +15% in sterling over the last six months. More remarkable is that this return was achieved through a period of relatively high real yields, an environment that has typically been a headwind to the gold price. Western investors also appear to have been selling gold in recent years, with ETF holdings falling 226 tons since the start of 2023. The key buyers have been central banks. Since the freezing of Russia's dollar assets in 2022, central banks around the world have acquired record amounts of gold. Large buyers include the central banks of India, Poland, China and Turkey. We expect central bank purchases to continue for several years, although in the short-term demand could be variable after gold's very strong price rise. In order to manage this risk, we have reduced the holding. As at the end of October, the Company maintained a ~13% gold weighting, held in physical bullion in an allocated account in London.

In our view, the equity market fails to reflect the rise in the cost of capital in recent years or the risks from the economy slowing. We are keen to increase the allocation to equities when we feel prospective returns are good. It is essential to avoid being sucked into a long-running bull market at what may prove to be close to the top. The environment can change quickly and the Company holds substantial 'dry powder' that we expect to add to existing and new equity holdings when the opportunity arises.

Sebastian Lyon, Investment Manager

4 December 2024

Portfolio

as at 31 October 2024

Security	Country	Equity Sector	Shareholders' Funds %	Valuation 31 October 2024 £'000
Equities				
Unilever	UK	Food Producer	4.6	73,870
Visa	USA	Financial Services	3.3	53,503
Nestlé	Switzerland	Food Producer	2.5	40,003
Microsoft	USA	Technology	2.3	37,699
Alphabet	USA	Technology	2.3	37,188
Diageo	UK	Beverages	2.2	36,026
Verisign	USA	Technology	1.5	24,113
Heineken	Netherlands	Beverages	1.3	20,890
Chubb	USA	Financial Services	1.1	17,675
American Express	USA	Financial Services	1.0	16,358
Agilent Technologies	USA	Healthcare	0.9	15,280
Experian	UK	Industrial	0.9	14,538
Procter & Gamble	USA	Household Products	0.9	14,376
Moody's	USA	Financial Services	0.7	11,256
Heineken holding	Netherlands	Beverages	0.7	10,676
Pernod-Ricard	France	Beverages	0.7	10,416
Total Equities			26.9	433,867
Other Investments				
US TIPS	USA		32.5	524,290
US Treasuries	USA		14.5	233,757
UK Gilts/T-Bills	UK		7.6	123,144
UK Index-linked Bonds	UK		1.7	27,010
Gold Bullion			12.7	203,810
Total Other Investments			69.0	1,112,011
Total Investments			95.9	1,545,878
Property			0.1	1,730
UK cash			4.0	63,672
Overseas cash			0.0	20
Net current liabilities			(0.0)	(13)
Total Portfolio			100.0	1,611,287

Geographic Analysis of Investments and Currency Exposure

as at 31 October 2024

	UK %	USA %	France %	Switzerland %	Netherlands %	Total %
Equities	7.7	14.0	0.7	2.5	2.0	26.9
Index-linked Bonds	1.7	32.5	–	–	–	34.2
Gilts/T-Bills	7.6	–	–	–	–	7.6
Treasuries	–	14.5	–	–	–	14.5
Gold Bullion	–	12.7	–	–	–	12.7
Property	0.1	–	–	–	–	0.1
Cash	4.0	0.0	–	–	–	4.0
Net current liabilities	0.0	–	–	–	–	0.0
Total	21.1	73.7	0.7	2.5	2.0	100.0
Net currency exposure	57.4	37.4	0.7	2.5	2.0	100.0

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Ten Year Performance

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



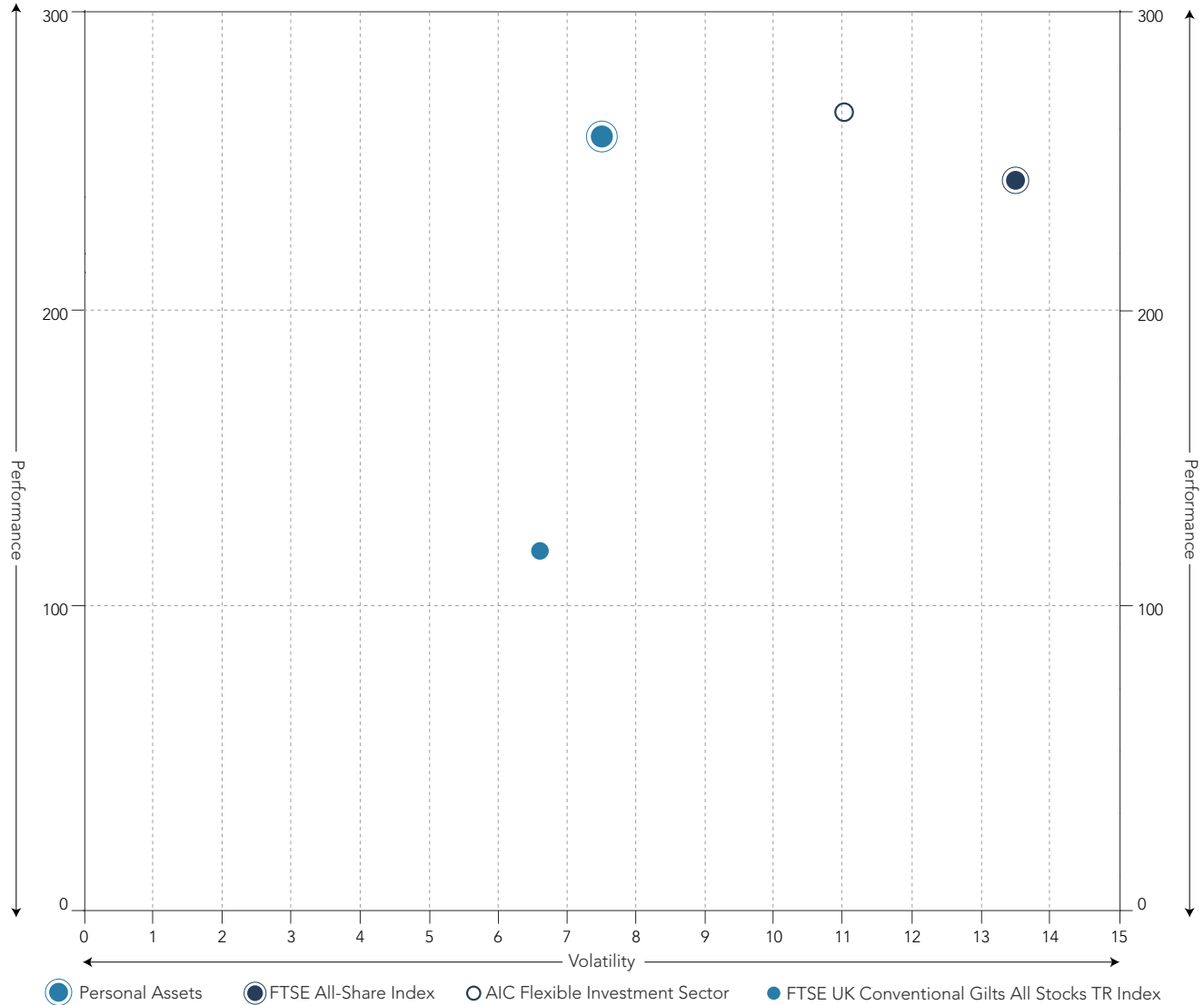
Share Price Total Return versus FTSE All-Share Index Total Return (based to 100)



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.

Volatility Compared to Peer Group since 30 April 2000



Condensed Income Statement

For the six months ended 31 October 2024

	(Unaudited) Six months ended 31 October 2024			(Unaudited) Six months ended 31 October 2023			(Audited) Year ended 30 April 2024		
	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000	Revenue return £'000	Capital return £'000	Total £'000
Investment income	21,060	–	21,060	24,743	–	24,743	44,866	–	44,866
Other operating income	426	–	426	394	–	394	991	–	991
Gains/(losses) on investments held at fair value through profit or loss	–	21,026	21,026	–	(28,214)	(28,214)	–	20,816	20,816
Foreign exchange gains/(losses)	–	19,258	19,258	–	(20,040)	(20,040)	–	(4,132)	(4,132)
Total income/(loss)	21,486	40,284	61,770	25,137	(48,254)	(23,117)	45,857	16,684	62,541
Expenses	(2,654)	(2,973)	(5,627)	(2,788)	(3,172)	(5,960)	(5,047)	(6,242)	(11,289)
Return before taxation	18,832	37,311	56,143	22,349	(51,426)	(29,077)	40,810	10,442	51,252
Taxation	(3,278)	743	(2,535)	(4,324)	793	(3,531)	(8,552)	1,560	(6,992)
Return for the period	15,554	38,054	53,608	18,025	(50,633)	(32,608)	32,258	12,002	44,260
Return per share (pence)	4.67	11.42	16.09	4.74	(13.31)	(8.57)	8.77	3.26	12.03

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.

Condensed Statement of Financial Position

As at 31 October 2024

	(Unaudited) 31 October 2024 £'000	(Unaudited) 31 October 2023 £'000	(Audited) 30 April 2024 £'000
Non-current assets			
Investments held at fair value through profit or loss	1,545,878	1,674,461	1,640,632
Property	1,730	1,730	1,730
Total non-current assets	1,547,608	1,676,191	1,642,362
Net current assets	63,679	43,134	24,919
Net assets	1,611,287	1,719,325	1,667,281
Total equity	1,611,287	1,719,325	1,667,281
Net asset value per Ordinary share (pence)	498.80	468.10	487.05

Condensed Statement of Changes in Equity

For the six months ended 31 October 2024

	(Unaudited) Six months ended 31 October 2024 £'000	(Unaudited) Six months ended 31 October 2023 £'000	(Audited) Year ended 30 April 2024 £'000
Opening equity shareholders' funds	1,667,281	1,884,352	1,884,352
Return for the period	53,608	(32,608)	44,260
Ordinary dividends paid	(14,735)	(18,867)	(28,812)
Buy back of Ordinary shares	(94,874)	(113,552)	(232,467)
Cost of reduction and reclassification of share premium account	7	–	(52)
Closing equity shareholders' funds	1,611,287	1,719,325	1,667,281

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Condensed Cash Flow Statement

For the six months ended 31 October 2024

	(Unaudited) Six months ended 31 October 2024 £'000	(Unaudited) Six months ended 31 October 2023 £'000	(Audited) Year ended 30 April 2024 £'000
Net cash inflow from operating activities	4,750	5,839	8,065
Net cash inflow from investing activities	138,387	130,005	232,144
Net cash inflow before financing activities	143,137	135,844	240,209
Net cash outflow from financing activities	(108,870)	(131,028)	(260,848)
Net increase/(decrease) in cash and cash equivalents	34,267	4,816	(20,639)
Cash and cash equivalents at the start of the period	29,475	50,014	50,014
Effect of exchange rate changes	(50)	415	100
Cash and cash equivalents at the end of the period	63,692	55,245	29,475

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 2024. 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 2024, which were prepared under full IFRS requirements.
2. The return per Ordinary share figure is based on the net gain for the six months of £53,608,000 (six months ended 31 October 2023: net loss of £32,608,000; year ended 30 April 2024: net gain of £44,260,000) and on 333,282,921 (six months ended 31 October 2023: 380,501,888; year ended 30 April 2024: 367,849,279) 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 2025 the Board has declared a first interim dividend of 1.4 pence per Ordinary share, which was paid on 31 July 2024 and a second interim dividend of 1.4 pence per Ordinary share, which was paid on 4 October 2024. A third interim dividend of 1.4 pence per Ordinary share will be paid to shareholders on 24 January 2025 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 2025, making a total for the year of 5.6 pence per Ordinary share. In respect of the year ended 30 April 2024 the Board declared four interim dividends of 1.4 pence per Ordinary share and a special dividend of 1.6 pence per Ordinary share. This gave a total dividend for the year ended 30 April 2024 of 7.2 pence per Ordinary share.
4. At 31 October 2024 there were 323,033,372 Ordinary shares in issue (31 October 2023: 367,295,429; 30 April 2024: 342,325,372). During the six months ended 31 October 2024 the Company bought back 19,292,000 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 2024:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	1,545,878	–	–	1,545,878
Current liabilities	–	(3,463)	–	(3,463)
Total	1,545,878	(3,463)	–	1,542,415

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 contracts have 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 2024.

Notes continued

The following table summarises the Company's Level 1 investments that were accounted for at fair value in the period to 31 October 2024.

	Total £'000
Opening book cost	1,432,679
Opening fair value adjustment	207,953
Opening valuation	1,640,632
Movement in the period:	
Purchases at cost	245,541
Effective yield adjustment	8,579
Sales – proceeds	(369,900)
– gains on sales	38,268
Decrease in fair value adjustment	(17,242)
Closing valuation at 31 October 2024	1,545,878
Closing book cost	1,355,167
Closing fair value adjustment	190,711
Closing valuation at 31 October 2024	1,545,878

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 2024.

The fair value of the Company's financial assets and liabilities as at 31 October 2024 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 2024, 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 2024 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 2024.

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 2024. 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

4 December 2024

Corporate Information

Board of Directors

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

Registered Office

28 Walker Street
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Company Secretary

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Alternative Investment Fund Manager

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Investment Manager

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Custodian

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London E14 5JP

Depository

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25 Bank Street
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Solicitor

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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
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Registrar

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London E14 5JP

Independent Auditor

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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.



