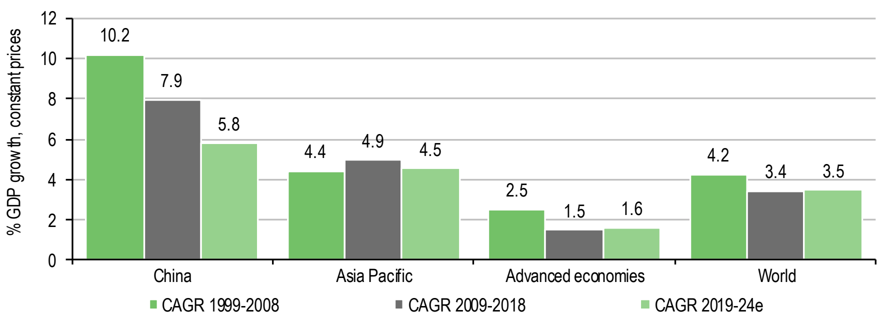
Witan Pacific Investment Trust

Better investment performance or return of cash

Investment trusts
Pan-Asian equities

Witan Pacific Investment Trust (WPC) offers broad exposure to the Asia Pacific region (including Japan), employing a multi-manager strategy. The board remains confident that the current line-up of four complementary managers is capable of good long-term outperformance; however, it has a contingency measure in place. If WPC does not outperform its benchmark in the two years ending 31 January 2021, investors will be given the opportunity to realise their holdings close to NAV, so either relative performance will improve or the trust's discount will narrow. WPC has a progressive dividend policy; its annual distribution has increased for the last 14 consecutive years and the trust currently offers a 2.1% yield.

Above-average growth prospects in the Asia Pacific region



Source: International Monetary Fund World Economic Outlook (October 2019), Edison Investment Research

The market opportunity

As shown in the chart above, Asia Pacific offers above-average growth prospects; even though growth of the Chinese economy is slowing, its sheer size makes it a very important contributor to activity in the region. Asian equities are also attractively valued; they are currently trading at an 11.6% discount to the world market on a forward P/E multiple basis.

Why consider investing in WPC?

- The only investment trust offering exposure to the whole Asia Pacific region.
- Improved performance by 31 January 2021, or a full return of shareholders' funds at close to NAV.
- Multi-manager approach offers the potential for smoother investment returns.
- On track for 15 years of consecutive dividend growth.

Discount in a narrowing trend

WPC's discount has continued to narrow following the board's February 2019 announcement to address the trust's investment performance. Its shares are currently trading at a 9.1% discount to cum-income NAV, which is significantly lower than the 11.3%, 13.0%, 13.1% and 14.1% average discounts over the last one, three, five and 10 years respectively. The board actively repurchases shares when they are trading at a substantial and anomalous discount to NAV.

16 December 2019

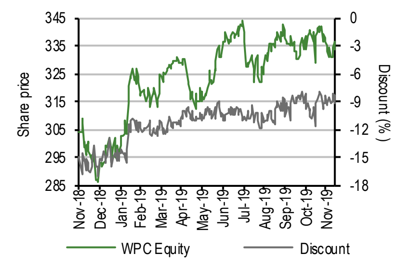
Price	**334.0p**
Market cap	**£205m**
AUM	**£223m**

NAV*	363.5p
Discount to NAV	8.1%
NAV**	367.5p
Discount to NAV	9.1%

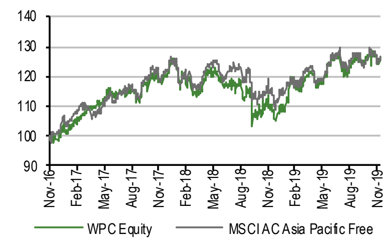
*Excluding income. **Including income. As at 12 December 2019.

Yield	2.1%
Ordinary shares in issue	61.3m
Code	WPC
Primary exchange	LSE
AIC sector	Asia Pacific
Benchmark	MSCI AC Asia Pacific Free

Share price/discount performance



Three-year performance vs index



52-week high/low	344.0p	286.0p
NAV** high/low	386.7p	341.7p

**Including income.

Gearing

Net cash*	2.9%

*As at 30 November 2019.

Analysts

Mel Jenner	+44 (0)20 3077 5720
Sarah Godfrey	+44 (0)20 3681 2519

investmenttrusts@edisongroup.com

Edison profile page

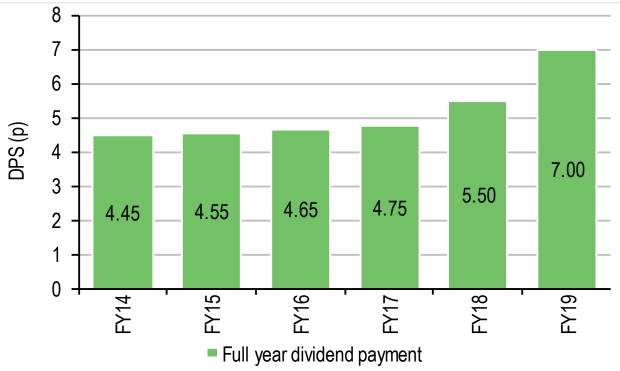
Witan Pacific Investment Trust is a research client of Edison Investment Research Limited

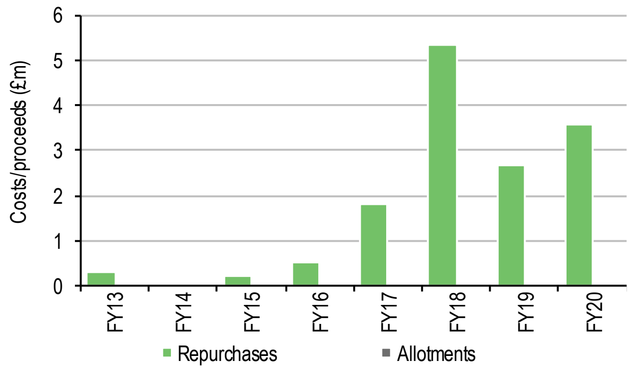
Exhibit 1: Trust at a glance

Investment objective and fund background	Recent developments
WPC's objective is to provide shareholders with equity exposure to the Asia Pacific region, including Japan, Australia and India. It aims to outperform the MSCI AC Asia Pacific Free index (£). It has a multi-manager approach, currently employing four complementary managers: Aberdeen Standard Investments, Dalton Investments, Matthews International Capital Management and Robeco Institutional Asset Management.	■ 3 October 2019: six-month results to 31 July 2019. NAV TR +9.4% versus benchmark TR +10.5%. Share price TR +13.8%. Announcement of 2.55p interim dividend (+2.0% year-on-year). ■ 26 April 2019: annual results to 31 January 2019. NAV TR -7.4% versus benchmark TR -5.4%. Share price TR -10.3%. Announcement of 4.50p final dividend (+38.5% year-on-year). ■ 11 February 2019: corporate update – if WPC does not outperform its benchmark between end-January 2019 and end-January 2021, the board will put forward proposals that include a full cash exit.

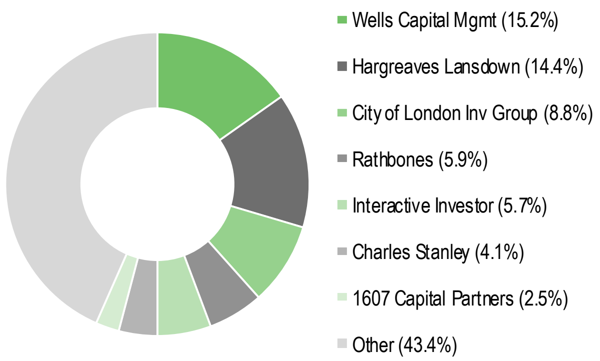
Forthcoming		Capital structure		Fund details	
AGM	June 2020	Ongoing charges	1.03% (FY19)	Group	Self-managed (Witan Inv. Services)
Final results	April 2020	Net cash	2.9%	Manager	Team
Year end	31 January	Annual mgmt fee	Only paid to external managers	Address	Beaufort House, 51 New North Road, Exeter, EX4 4EP
Dividend paid	October, June	Performance fee	Yes (see page 8)		
Launch date	December 1907	Trust life	Indefinite, subject to performance	Phone	01392 477666
Continuation vote	No	Loan facilities	None	Website	www.witanpacific.com

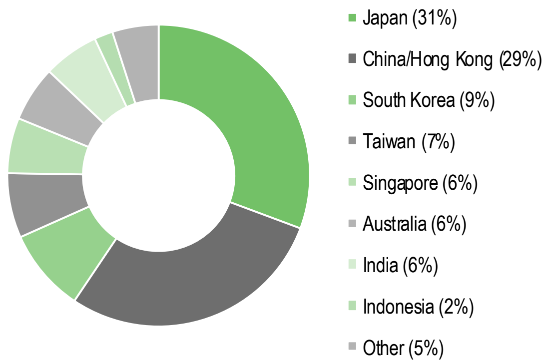
Dividend policy and history (financial years)	Share buyback policy and history (financial years)
The board aims to increase the dividend in real terms over the long term. Interim and final dividends are paid in October and June respectively.	WPC has authority to repurchase up to 14.99% and allot up to 5% of issued share capital. The board believes it is in shareholders' interests to buy back shares when they stand at a substantial and anomalous discount to NAV.





Shareholder base (as at 30 November 2019)	Portfolio exposure by geography (ex-cash as at 30 November 2019)





Top 10 holdings (as at 30 November 2019)

			Portfolio weight %	
Company	**Country**	**Sector**	**30 November 2019**	**30 November 2018***
Taiwan Semiconductor	Taiwan	Semiconductors	3.5	2.4
Samsung Electronics	South Korea	Consumer electronics	2.9	1.4
Ping An Insurance	China	Life insurance	1.7	N/A
AIA Group	Hong Kong	Life insurance	1.6	N/A
Minth	Hong Kong	Auto parts	1.5	1.4
Hyundai Mobis	South Korea	Auto parts	1.4	N/A
China Construction Bank	China	Banks	1.2	N/A
Pigeon Corp	Japan	Personal goods	1.1	N/A
Hoya	Japan	Medtech products	1.1	N/A
China Mobile	China	Telecommunications	1.1	1.3
Top 10 (% of holdings)			**17.1**	**15.7**

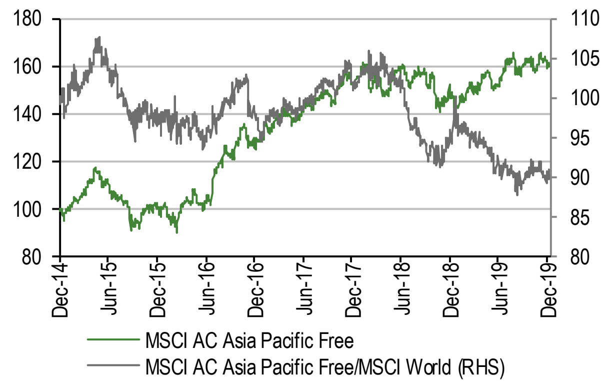
Source: WPC, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in end-November 2018 top 10.

Market outlook: Attractive growth and valuation

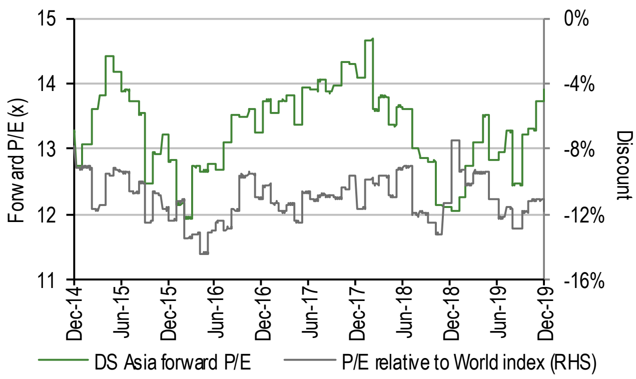
Asian equities have underperformed the global market since early 2018 (Exhibit 2, LHS), primarily due to the relative strength of US stocks, which make up more than 60% of the MSCI World index. However, the Asian region has above-average economic growth prospects, as highlighted on the front-page chart, helped by demand from increasingly affluent and better-educated populations. Valuations in the region are also relatively attractive (Exhibit 2, RHS). The Datastream Asia index is trading on a 13.9x forward P/E multiple, which is an 11.6% discount to the Datastream World index; this is broadly in line with the 11.0% average discount over the last five years. Investors seeking exposure to Asia may wish to consider a fund that has a broad geographic spread of high-quality companies across a variety of sectors.

Exhibit 2: Market performance and valuation

MSCI AC Asia Pacific Free index performance and relative over five years



DS Asia index forward P/E and relative to DS World index over five years



Source: Refinitiv, Edison Investment Research. Note: Valuation data as at 13 December 2019.

Fund profile: Only trust investing across Asia Pacific

WPC was launched in 1907 and is traded on the main market of the London Stock Exchange. In 2005, it adopted a multi-manager strategy – aiming to add value and diversify risk – and appointed Witan Investment Services (WIS) as executive manager with responsibility for operational matters. The trust aims to generate capital and income growth over the long term from a diversified portfolio of pan-Asian equities. It is the only investment trust with a focus across the entire Asia Pacific region (most peers exclude Japan), and can therefore be considered as a 'one-stop shop' for Asian equity exposure. WPC is benchmarked against the MSCI AC Asia Pacific Free index (in sterling terms). It aims to grow its annual dividend in real terms (above the level of UK inflation) over the long term, and to ensure ongoing charges (excluding the performance fee) are 1.0% pa or less. The multi-manager strategy provides exposure to a variety of unconstrained investment styles and offers a broad opportunity set. There are currently four external managers: Aberdeen Standard Investments (since May 2005 and currently c 26% of assets), Dalton Investments (September 2017 and c 9%), Matthews International (April 2012 and c 41%) and Robeco Institutional Asset Management (September 2017 and c 24%).

WPC's board is committed to future outperformance of the trust versus its benchmark; if this is not achieved in the period from 31 January 2019 to 31 January 2021, proposals will be put forward, including a full cash exit close to NAV. The beginning of February 2021 would mark more than three years since the last change in the manager line-up; the board considers this is an adequate period over which to evaluate the trust's performance.

Data from WPC show that from the inception of the multi-manager strategy on 31 May 2005 to 31 July 2019 (end-H120), WPC's annual NAV and share price total returns of 9.3% and 9.5% respectively are marginally ahead of the benchmark's total return of 9.2% pa.

Managers: Aberdeen, Dalton, Matthews and Robeco

The director's view: Trade dispute remains an important issue

Offering his perspective on the macro backdrop, WIS's investment director, James Hart, argues that investor sentiment is changeable. At the start of 2019, the central assumption was that global growth would remain positive but anaemic, and that Asia would grow faster than the rest of the world, albeit by a narrower margin than in recent years. As a result, Hart was positive on the outlook for global equity markets, particularly as valuations looked undemanding, including in Asia.

Over the course of this year, there have been important issues for investors to consider. There is the ongoing trade dispute between the US and China, with sentiment shifting to and fro on the outlook for a resolution. Hart says the situation is unchanged in recent months as President Trump is trying to engineer a situation that ensures the US economy is robust in H120, rather than peaking in 2019, which should help his chances of re-election next November. A strong economy should support the US stock market, which the director says is the leading indicator on Trump's personal approval rating. The president needs to strike a balance between keeping a lid on the Federal Reserve's willingness to tighten monetary policy, and encouraging an environment that is as positive as possible for his re-election prospects; Hart argues that US-China trade talks are a central element of this.

The director remains positive on the outlook for global markets in 2020, but he expects heightened risks as the year progresses. In the run-up to the US presidential election, Hart suggests there are risks of a miscalculation by Trump, or by the Federal Reserve in terms of its monetary policy. The director also believes there is a very slim but outside chance of a Democratic win in the election, which he suggests would heighten stock market risk. However, for now, considering the outlook for Asian markets, Hart argues it is 'steady as she goes', as valuations are 'okay', while corporate governance in the region continues to improve, which is supportive for equity performance. He highlights that environmental, social and governance (ESG) analysis is integrated into WPC's external managers' strategies; for example, Dalton requires engagement with company managements to ensure all shareholder interests are aligned. Hart also highlights Aberdeen and Robeco, as specialists in Asian corporate engagement; for example, Robeco offers Japanese companies advice on the important measures that can enhance shareholder returns, such as effective allocation of capital, an optimal balance sheet structure and fair treatment of minority shareholders. The director says that certain countries, such as Japan, South Korea and China, may be viewed by Western investors as lacking in terms of ESG standards, but improvements are certainly being made.

Hart notes the varied performance between Asian markets in 2019; technology-heavy Taiwan has been a standout, having previously suffered following concerns about slowing economic growth. Certain Taiwanese companies have benefited from increased semiconductor demand, such as Taiwan Semiconductor Manufacturing (TSMC) and Hon Hai Precision Industry. The director comments that China 'A' shares have also recovered strongly following a 'dreadful' period of performance in Q418. However, in general he says that developed markets, including Australia and Japan, have performed better than the emerging markets within the Asia Pacific region. Hart says that there have been modest changes in market leadership on a number of occasions over the last decade, where value investors were hoping for their 'time in the sun'; he notes that in the summer this year value stocks stopped underperforming, as an improvement in the global growth outlook favoured cyclicals. However, the director says there has not been consistent value leadership; he suggests that for this to happen, investors need more certainty on the US-China trade issue and a stabilisation or upturn in global growth. Hart says that WPC's portfolio is neutral on value versus growth, but should perform better when market leadership broadens, rather than being led by technology platforms and high-quality defensive growth companies. He suggests that a narrow market does not allow the individual characteristics of stocks to shine through, and that the market is currently factor- rather than fundamentals-driven.

Asset allocation

Investment process: Four external managers

Since 2005, WPC has employed a multi-manager strategy; there are currently four external managers, all of which invest across the Asia Pacific region (Exhibit 3). The trust aims to generate long-term growth in capital and income from a broad opportunity set. Individual managers run high-conviction portfolios, which ensures that WPC's combined portfolio is not overly diversified. The portfolios' active shares (this is a measure of how a fund differs from an index – 0% is full index replication, while 100% is no commonality) range between 78% and 99%, which combines to 71% for WPC (as some stocks are held by more than one manager). Shareholders in the trust are afforded access to strategies that may not be available to individual investors. Assets are held in segregated accounts and there is regular detailed monitoring of portfolio risks. Each manager may hold up to 10% of their portfolio in any one company, although in practice the trust is unlikely to have more than 5% in a single stock. At end-November 2019, the largest holding was a 3.5% position in TSMC; it is in the portfolios of three of the four external managers. In aggregate, they provide exposure across the market cap spectrum, including smaller or less well-known companies, and each manager has a dedicated ESG team. Research has shown that companies with high or improving ESG track records can generate above-average investment returns.

To access videos on each of WPC's external managers please click here.

Exhibit 3: Manager strategies and performance (before costs)

Investment manager	Inception date	Strategy	% of WPC FUM at end-July 2019	H120 perf. (%)	H120 perf. vs benchmark (pp)	Annualised perf. vs benchmark* (pp)
Matthews (based in San Francisco, US)	30 April 2012	Matthews follows a bottom-up approach, but there is an explicit dividend (although not high-yield) bias in the strategy and the manager invests across the market cap range with significant small- and mid-cap exposure.	40.7	9.0	(1.5)	1.4
Aberdeen Standard (based in Singapore)	31 May 2005	Follows a fundamental bottom-up strategy seeking companies with sustainable long-term growth potential and a sound balance sheet. A long-term view and relatively low portfolio turnover are key characteristics.	25.5	15.3	4.8	1.9
Robeco (based in Hong Kong)	28 Sept 2017	Long-term investment horizon with a focus on value. Awareness of price momentum, which aims to take advantage of the 'short-term focus' of many investors in Asian markets.	24.4	6.1	(4.4)	(3.2)
Dalton (based in Santa Monica, US)	28 Sep 2017	Combines a strict value-investing discipline with a focus on alignment of interest between management and shareholders. Portfolio tends to tilt towards smaller companies, where valuations are lower, access to management better and market research coverage is poor, offering mispricing opportunities.	9.4	11.1	0.6	(7.1)

Source: Witan Pacific Investment Trust, Edison Investment Research. Note: *Since inception date.

WPC's board is responsible for hiring and monitoring the external managers, and allocating capital between them. The directors travel to Asia every two years to meet existing and potential new managers (the most recent visit was in February 2019). Hart highlights the benefits of including Japanese exposure in the trust's portfolio in terms of lower volatility and potentially higher investment returns. Data from WPC show that the five-year annualised volatility (as at end-

September 2019) of its benchmark is 12.0% compared with 13.6% for the MSCI AC Asia Pacific ex-Japan index, while its annualised total return is higher at 10.6% versus 9.9%.

Current portfolio positioning

At end-November 2019, WPC's top 10 holdings made up 17.1% of the portfolio, which was modestly higher than 16.7% a year earlier; four names were common to both periods.

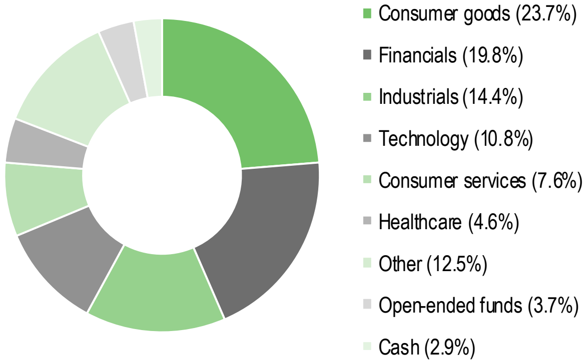
As shown in Exhibit 4, in terms of geographic exposure, the largest deviations versus the index are underweight positions in Japan (-6pp) and Australia (-4pp), and overweight exposures to Singapore (+4pp) and China/Hong Kong (+3pp). Hart considers that WPC's shareholders benefit from the trust's broad geographic exposure as selected Japanese companies are global and regional leaders in their fields, such as high-end electronics, baby goods, beauty products and robotics. Looking at WPC's sector exposures (Exhibit 5), nearly 60% of the fund is invested in three areas: consumer goods, financials and industrials.

Exhibit 4: Witan Pacific country weights

% unless stated	30 November 2019	30 November 2018	B'mark	Active weight (pp)
Japan	31	32	37	(6)
China/Hong Kong	29	29	26	3
South Korea	9	10	7	2
Taiwan	7	5	7	0
Singapore	6	5	2	4
Australia	6	5	10	(4)
India	6	5	6	0
Indonesia	2	N/S*	1	1
Other	5	9	4	1
	100	**100**	**100**	

Source: WPC, Edison Investment Research. Note: *Not stated. Excludes cash. Numbers subject to rounding.

Exhibit 5: Witan Pacific sector weights at 30 Nov 2019



Source: WPC, Edison Investment Research

Hart highlights that WPC's portfolio activity has tended to be modest, with annual turnover of less than 25%. At end-2018 and into early-2019 the managers started adding to their Chinese/Hong Kong exposure given the sharp market sell-off in Q418, including high-quality names that are beneficiaries of middle-class consumption growth, such as AIA Group and Ping An Insurance, which are two of the largest financial services providers in China.

Performance: Seeking better relative returns

Exhibit 6: Five-year discrete performance data

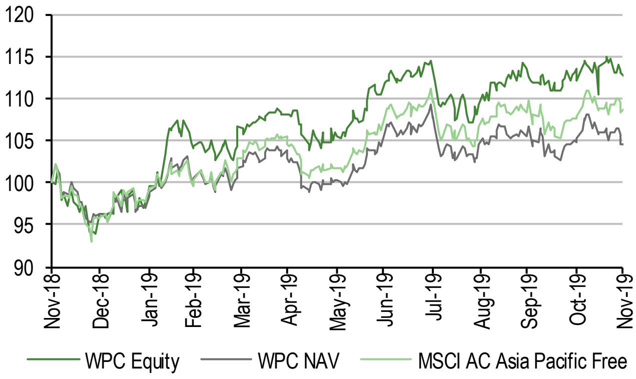
12 months ending	Share price (%)	NAV (%)	MSCI AC Asia Pacific Free (%)	FTSE All-Share (%)	MSCI World (%)
30/11/15	(4.2)	(1.3)	0.1	0.6	3.9
30/11/16	27.2	25.6	27.5	9.8	25.0
30/11/17	20.5	17.8	19.0	13.4	14.8
30/11/18	(7.2)	(3.4)	(1.8)	(1.5)	6.8
30/11/19	13.1	4.6	8.3	11.0	13.6

Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

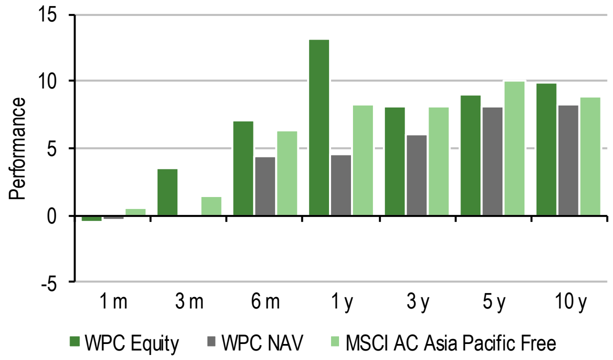
In H120 (ending 31 July), WPC's NAV and share price total returns of 9.4% and 13.8% respectively compared with the benchmark's 10.5% total return. Hart explains that stock selection was generally positive, but the trust's performance suffered from an underweight exposure to Australia, which performed strongly, and an overweight position in South Korea, which performed relatively poorly. As shown in Exhibit 3, looking at the individual managers, Aberdeen Standard was the standout performer (+4.8pp versus the index). Dalton was also modestly ahead (+0.6pp), while Robeco and Matthews lagged by 4.4pp and 1.5pp respectively.

Exhibit 7: Investment trust performance to 30 November 2019

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

WPC's relative performance is shown in Exhibit 8. Its NAV has lagged the MSCI AC Asia Pacific Free index benchmark over the periods shown. However, its share price has outperformed over three and six months and one and 10 years, while it is in line over three years. The trust has fared better versus the FTSE All-Share index, particularly over the last five and 10 years, but has lagged the performance of the MSCI World index over the majority of periods shown. This index is dominated by the US (c 63%), which has performed relatively well in recent years.

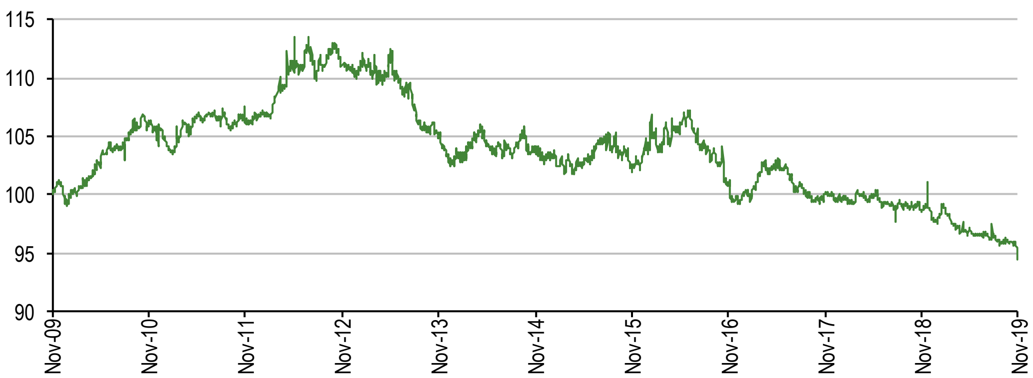
Hart is confident that when stock market leadership broadens out, WPC's relative performance will improve. He highlights some of the trust's positive contributors to performance this year – Breville (small home appliances), Kao (chemicals and cosmetics), MediaTek (semiconductors), Pigeon (baby products), Shin-Etsu Chemical, Shin Zu Shing (metal stamping) and TSMC (semiconductors). Holdings that have fared less well this year have tended to be in the energy, financials (particularly banks), materials and utilities sectors.

Exhibit 8: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI AC Asia Pacific Free	(1.0)	2.1	0.7	4.4	0.0	(4.5)	10.7
NAV relative to MSCI AC Asia Pacific Free	(0.8)	(1.2)	(1.9)	(3.4)	(5.9)	(8.6)	(4.8)
Price relative to FTSE All-Share	(2.6)	(0.2)	1.2	1.9	2.0	12.6	16.5
NAV relative to FTSE All-Share	(2.5)	(3.5)	(1.4)	(5.8)	(4.0)	7.8	0.1
Price relative to MSCI World	(3.2)	2.0	(2.9)	(0.5)	(9.2)	(14.8)	(21.6)
NAV relative to MSCI World	(3.1)	(1.3)	(5.4)	(7.9)	(14.5)	(18.4)	(32.6)

Source: Refinitiv, Edison Investment Research. Note: Data to end-November 2019. Geometric calculation.

Exhibit 9: NAV total return performance relative to benchmark over 10 years

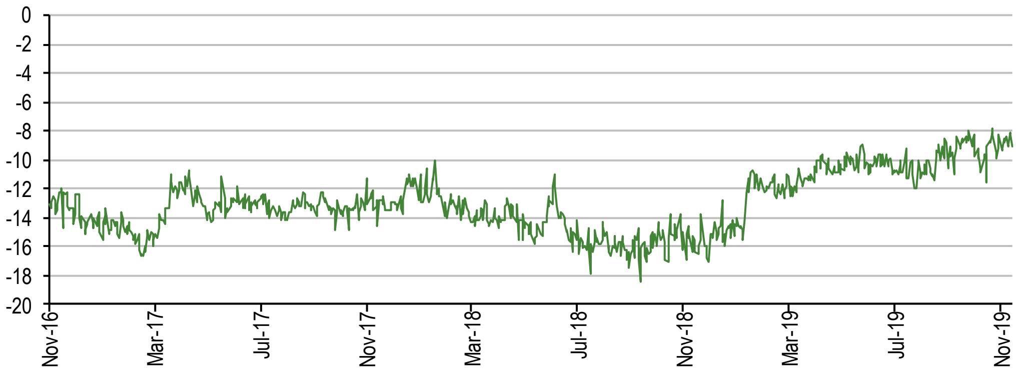


Source: Refinitiv, Edison Investment Research

Discount: Continuing to narrow

WPC's shares are currently trading at a 9.1% discount to cum-income NAV, which is at the narrower end of the 7.9% to 17.0% range of discounts over the last 12 months. The discount has continued to narrow following the February 2019 announcement that either relative NAV performance improves by the end of January 2021, or cash will be returned to shareholders. Over the last one, three, five and 10 years, WPC's discount has averaged 11.3%, 13.0%, 13.1% and 14.1% respectively. The board repurchases shares when they are trading at a substantial and anomalous discount to NAV. During H120, c 0.7m shares were bought back at an average discount of 10.9%, which added c £0.3m (0.44p per share) for shareholders. So far in H220, an additional 0.4m shares have been repurchased at a cost of £1.3m.

Exhibit 10: Share price discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

Capital structure and fees

WPC is a conventional investment trust with one class of share. There are 61.3m ordinary shares in issue. Since 1 April 2014, WPC has been registered as a Small Registered UK Alternative Investment Fund Manager under the Alternative Investment Fund Managers Directive and is therefore unable to employ gearing. At end-November 2019, the trust had a net cash position of 2.9%. WPC's board regularly reviews the trust's status in terms of costs versus the potential benefits of gearing. The external managers are not permitted to borrow within their portfolios but may hold cash if deemed appropriate.

External managers are paid a fee between 0.20% and 0.85% of assets under management. Aberdeen Standard charges a lower base fee, but is eligible for a performance fee for outperformance of the benchmark. Management fees are charged 75% to the capital account and 25% to the revenue account, reflecting the board's expectation for the long-term split of returns between capital and income. In FY19, ongoing charges were 1.03% (FY18: 0.99%), while management fees paid to the external managers and WIS were 0.69% (FY18: 0.63%). For H120, WPC's six-month (not annualised) ongoing charges were 0.54%, in line with H119, while including performance fees they were 0.57% (in H119, no performance fees were payable).

Dividend policy and record

WPC pays regular dividends twice a year, in October and June. They are funded from revenue and revenue reserves if necessary. Payments may be made from capital if required, but this is not envisaged by the board. The external managers do not have specific income targets, although

Matthews' investment approach does have a dividend bias. In H120, WPC's revenue return per share of 4.21p was 10.6% lower year-on-year, while the declared interim dividend of 2.55p was 2.0% higher. Lower dividend receipts were due to the sale of a small number of higher-yielding stocks. At the end of the period, the trust's revenue reserve was 21p per share (3x the FY19 annual dividend).

WPC's annual dividends have increased for the last 14 consecutive financial years, compounding at an annual rate of more than 14.5%. Over the last five years, the trust's dividend has compounded at a more modest, but nevertheless competitive, rate of 9.5% pa. WPC currently offers a 2.1% dividend yield.

Peer group comparison

WPC is now included in the AIC Asia Pacific sector, but is the only peer with a significant weighting in Japan (31% at end-November 2019). It is one of the smaller funds in the group. The trust's NAV total returns are below the Asia Pacific sector averages over the periods shown. To enable a broader comparison, we also highlight the seven open-ended vehicles in the IA Asia Pacific including Japan sector. WPC's NAV total returns are also behind the averages of these funds; its relative performance may have been hampered by its modest exposure to high-growth internet stocks. While the trust's discount has narrowed in recent months, it remains wider than average, ranking fifth; it has an ongoing charge in line with the mean, and is one of three funds that are ungeared. WPC offers a competitive dividend yield, ranking equal third out of the nine closed-ended funds (0.5pp above average) and 0.9pp above the mean of the seven open-ended funds.

Exhibit 11: Selected peer groups as at 11 December 2018*

% unless stated	Market cap/ fund size £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield
Witan Pacific	205.0	5.1	17.3	48.6	113.3	(8.6)	1.0	Yes	100	2.1
Aberdeen New Dawn	272.0	10.6	31.7	51.5	132.1	(12.0)	0.9	No	109	1.8
Asia Dragon	503.3	10.4	29.8	52.7	140.0	(11.8)	0.8	No	105	1.2
Fidelity Asian Values	300.4	(1.3)	8.9	56.2	136.2	3.2	1.1	No	111	2.2
Invesco Asia	184.2	7.0	25.7	63.8	164.5	(11.6)	1.0	No	104	2.5
Pacific Assets	338.7	1.6	22.2	52.4	170.4	(0.7)	1.2	No	100	1.1
Pacific Horizon	188.2	13.1	43.5	67.4	131.7	(6.8)	1.0	No	107	0.0
Schroder Asian Total Return Inv Co	354.4	9.7	39.1	85.4	132.8	0.2	0.9	Yes	104	1.7
Schroder AsiaPacific	743.6	7.9	31.3	68.8	187.4	(10.9)	0.9	No	100	2.1
Asia Pacific sector average (9 funds)	**343.3**	**7.1**	**27.7**	**60.8**	**145.4**	**(6.6)**	**1.0**		**105**	**1.6**
WPC rank in peer group	**7**	**7**	**8**	**9**	**9**	**5**	**3=**		**7=**	**3=**
Open-ended peers										
ASI Asia Pacific and Japan	126.4	12.5	25.0	45.9	114.0		1.6	No		0.5
Baillie Gifford Developed Asia Pacific	167.3	13.6	29.0	83.0			0.6	No		1.0
GAM Star Asia-Pacific Equity	14.2	12.1	20.9	60.7	90.0		1.9	No		1.1
Invesco Perpetual Pacific Income	300.3	6.2	22.4	62.2	140.7		1.7	No		0.6
JPM Pacific Equity	755.8	15.9	41.2	93.7	158.2		1.8	No		0.0
Matthews Asia Funds Asia Dividend	226.9	1.3	14.2	53.4			1.8	No		3.0
Smith & Williamson FE Inc & Growth	37.5	10.8	27.0	73.0	132.8		1.6	No		2.3
Open-ended average (7 funds)	**232.6**	**10.4**	**25.7**	**67.4**	**127.1**		**1.6**			**1.2**

Source: Morningstar, Edison Investment Research. Note: *Performance data to 10 December 2018 based on ex-par NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

Following the retirement of Diane Seymour-Williams at the June 2019 AGM, WPC's board has four directors, all of whom are non-executive and independent of the manager. The board members are: Susan Platts-Martin (appointed in July 2014, chairman since June 2017); senior independent director Dermot McMeekin (appointed in May 2012); Andrew Robson (appointed in July 2014); and Chris Ralph (appointed in July 2017).

General disclaimer and copyright

This report has been commissioned by Witan Pacific Investment Trust and prepared and issued by Edison, in consideration of a fee payable by Witan Pacific Investment Trust. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.