

PERSONAL ASSETS TRUST PLC

**INTERIM REPORT
FOR THE SIX MONTHS ENDED
31 OCTOBER 2015**



CORPORATE INFORMATION

BOARD OF DIRECTORS

Hamish Buchan (Chairman)
Robin Angus
Gordon Neilly
Stuart Paul
Frank Rushbrook

REGISTERED OFFICE

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Edinburgh EH3 6AA

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www.patplc.co.uk

COMPANY SECRETARY

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ALTERNATIVE INVESTMENT FUND MANAGER

Personal Assets Trust Administration
Company Limited
10 St Colme Street
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INVESTMENT ADVISER

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33 Davies Street
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www.taml.co.uk

CUSTODIAN

J.P. Morgan Chase Bank N.A.
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London E14 5JP

DEPOSITARY

J.P. Morgan Europe Limited
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SOLICITOR

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Edinburgh EH2 4DF

SHAREHOLDER INFORMATION

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INVESTMENT PLAN ADMINISTRATION

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REGISTRAR

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STOCKBROKER

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AUDITOR

Ernst & Young LLP
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Edinburgh EH2 2DZ

IDENTIFICATION CODES

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ISIN: GB0006827546
Bloomberg: PNL LN
EPIC: PNL

* Calls cost no more than those to geographic numbers (01 or 02) and may be included in your inclusive minutes with your 'phone provider.

† Lines open 8:30am to 5:30pm, Monday to Friday. The overseas helpline number is +44 (0)121 415 7047.

FINANCIAL SUMMARY

- Personal Assets Trust (“PAT”) is an independent 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 2015 PAT’s net asset value per share (“NAV”) fell by 0.3% to £348.89 compared to a fall of 7.3% in our comparator, the FTSE All-Share Index. PAT’s share price rose by £1.90 to £352.60 over the same period, being a premium of 1.1% to the Company’s NAV at that date.

● During the period, PAT continued to maintain a high level of liquidity.	% as at 31 October 2015	% as at 30 April 2015
US TIPS	16.8	17.0
UK Index-Linked Gilts	4.6	4.6
Gold Bullion	9.8	10.1
UK cash and cash equivalent	24.8	22.1
Overseas cash and cash equivalent	1.0	6.1
Total	57.0	59.9

- Over the six months PAT’s shares continued to trade close to NAV. We re-issued 4,628 Ordinary shares from Treasury and issued 287 new Ordinary shares (adding £1.7 million of new capital) at a small premium and bought back 17,071 Ordinary shares (costing £5.8 million) at a small discount.
- Dividends are paid in July, October, January and April of each year. The first interim dividend of £1.40 per Ordinary share was paid to shareholders on 16 July 2015 and the second interim dividend of £1.40 was paid on 15 October 2015. A third interim dividend of £1.40 per Ordinary share and a fourth interim dividend of £1.40 per Ordinary share will be paid in January and April 2016 respectively, making a total for the year of £5.60 per Ordinary share.

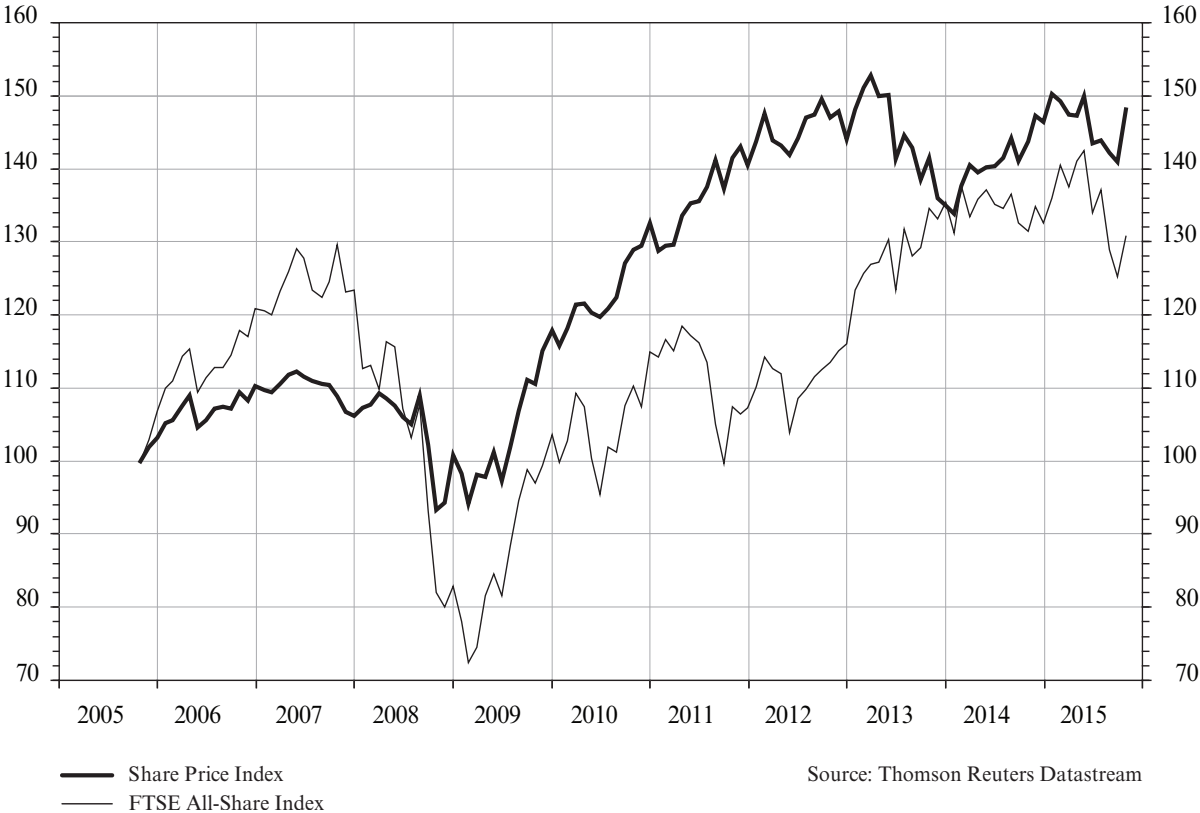
KEY FEATURES

	As at 31 October 2015	As at 30 April 2015
Market Capitalisation	£610.3m	£611.3m
Shareholders’ Funds	£603.9m	£609.7m
Shares Outstanding	1,730,800	1,742,956
Liquidity (see fourth bullet point above)	57.0%	59.9%
Share Price	£352.60	£350.70
NAV per Share	£348.89	£349.83
FTSE All-Share Index	3,484.60	3,760.06
Premium to NAV	1.1%	0.2%
Earnings per Share	£2.58	£3.65 ⁽¹⁾
Dividend per Share	£2.80	£5.60 ⁽¹⁾

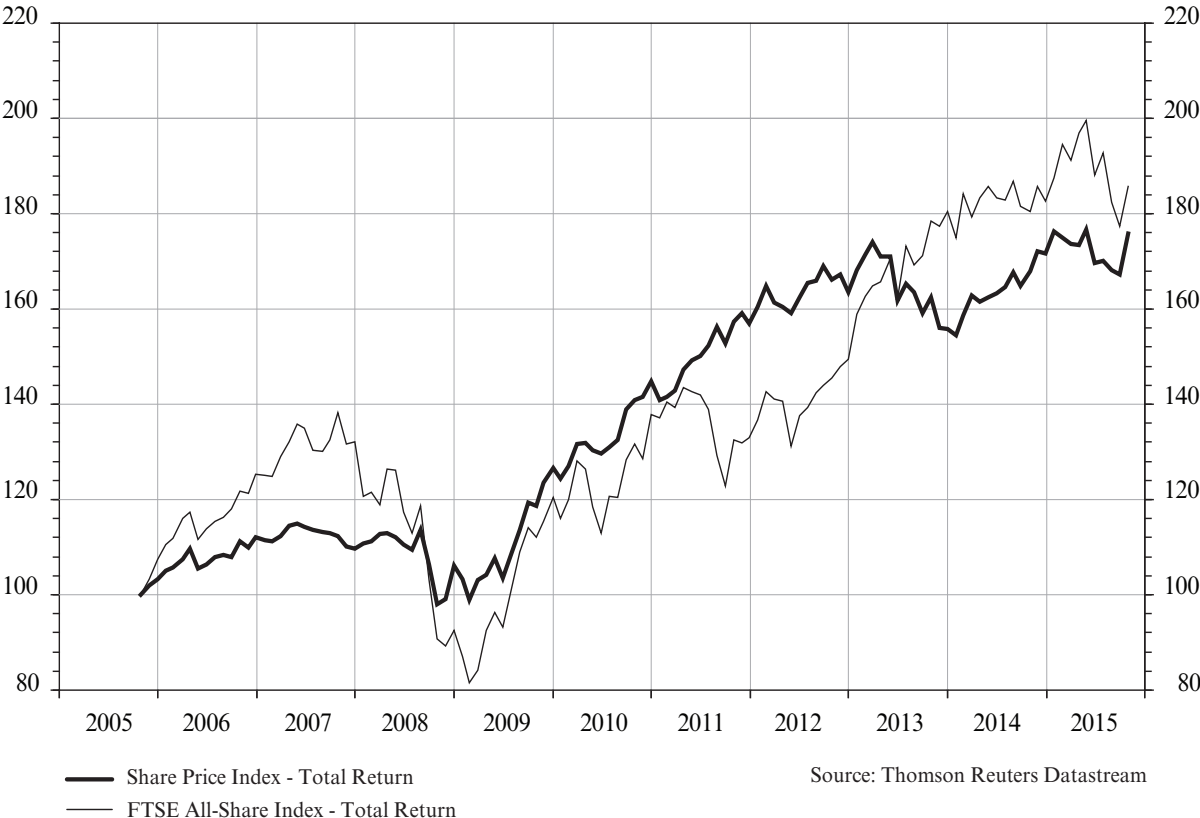
⁽¹⁾ Full Year.

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)



PORTFOLIO AS AT 31 OCTOBER 2015

Security	Country	Equity Sector	Shareholders' funds %	Valuation 31 October 2015 £'000	Bought/ (sold) since 30 April 2015 £'000	Gain/ (loss) since 30 April 2015 £'000
Equities						
BAT	UK	Tobacco	5.0	30,158	–	2,082
Philip Morris	USA	Tobacco	4.3	25,787	–	1,315
Nestlé	Switzerland	Food Producer	3.9	23,456	–	(624)
Coca-Cola	USA	Beverages	3.7	22,235	–	831
Microsoft	USA	Software	3.0	18,322	–	1,298
Sage Group	UK	Technology	2.9	17,384	–	1,874
Altria	USA	Tobacco	2.5	15,218	(1,758)	1,129
Dr Pepper Snapple	USA	Beverages	2.4	14,771	(1,465)	1,170
Colgate Palmolive	USA	Personal Products	2.0	12,171	–	(230)
Imperial Oil	Canada	Oil & Gas	1.9	11,614	–	(3,817)
Unilever	UK	Food Producer	1.9	11,254	–	105
Becton Dickinson	USA	Pharmaceuticals	1.8	10,900	(2,660)	118
GlaxoSmithKline	UK	Pharmaceuticals	1.5	8,847	–	(686)
American Express	USA	Financial Services	1.3	7,929	843	362
Diageo	UK	Beverages	1.3	7,681	–	272
Procter & Gamble	USA	Household Products	1.1	6,437	5,797	640
Berkshire Hathaway	USA	Insurance	0.9	5,549	–	(290)
Agnico Eagle Mines	Canada	Mining	0.6	3,476	–	(266)
PZ Cussons	UK	Personal Products	0.5	3,315	3,230	85
Barr (AG)	UK	Beverages	0.5	2,885	2,996	(111)
Total Equities			43.0	259,389	6,983	5,257
US TIPS	USA		16.8	101,643	–	(2,220)
UK Index-Linked Gilts	UK		4.6	27,965	–	(254)
Gold Bullion	–		9.8	59,317	–	(2,283)
UK cash and cash equivalents			24.8	149,577	n/a	n/a
Overseas cash and cash equivalents			1.0	5,968	n/a	n/a
TOTAL PORTFOLIO			100.0	603,859	n/a	n/a

GEOGRAPHIC ANALYSIS OF INVESTMENTS AND CURRENCY EXPOSURE AS AT 31 OCTOBER 2015

	UK %	USA %	Canada %	Switzerland %	Total %
Equities	14	23	2	4	43
Index-Linked Securities	4	17	–	–	21
Gold Bullion	–	10	–	–	10
Cash and cash equivalents	25	1	–	–	26
Total	43	51	2	4	100
Net currency exposure %	72	22	2	4	100

INVESTMENT ADVISER'S REPORT

Over the half year to 31 October 2015, the net asset value per share (“NAV”) of Personal Assets Trust (“PAT”) fell by 0.3%, while our comparator, the FTSE All-Share Index (“FTSE”), was down by 7.3%. In spring 2015, stock markets were full of optimism as the FTSE 100 Index at last broke through the 6,950 record set on 30 December 1999. But after 15 years of hurt, especially for those holding index trackers that have made no capital gain, investors’ hopes were yet again raised too high by overoptimistic predictions. Market conditions deteriorated over the summer as a result of poor economic growth from emerging markets, a further fall in commodity prices and concern over the direction of US interest rates. The devaluation of the Chinese currency in August was a reminder that the world’s second largest economy has material challenges ahead. This final piece of news tipped stock markets into losses for the year to date.

Stocks have rallied to some extent from their recent lows, thanks to the Federal Reserve’s decision to delay normalising interest rates (again) and some short covering (the buying in of securities that have been sold short, to avoid loss when prices move upwards). This may prove temporary. Monetary policy, whether in the form of record low (or even negative) interest rates combined with quantitative easing, has come up against the law of diminishing returns. Central bankers keep dosing up the economic patient but failing to recognise that each high is less potent than the last.

UK and US corporate earnings are coming under pressure not only from the ill effects of currency translation but also as falling levels of demand and excess supply crimp what had been record high profit margins. Low investment hurdle rates have led to ever-decreasing returns as zero interest rates have encouraged overcapacity. Now it seems that the economic cycle is reasserting itself. Deteriorating profits are resulting in dividend cuts and a reappraisal by investors of what they are prepared to pay for more uncertain future earnings. Judging by the dividend cuts from twelve of the UK’s largest publicly-listed companies since 2014, including three food retailers, Glencore and Standard Chartered, we may be entering the third downturn for dividends since 2000.

The FTSE 100 dividend cover ratio has fallen from a comfortable 2.0x in 2010 to a nail-biting 1.2x today, according to Bloomberg, and dividends are now arguably more vulnerable and less permanent than they have been for many years. High yields, in the commodities and energy sectors in particular, indicate further cuts may be coming over the next 18 months. And such dividend cuts are often followed by capital raisings in the form of rights issues. If history is any guide, recent dilutive cash calls from Standard Chartered, Lonmin and Glencore are likely to be followed by others – a reminder of why we prefer to own companies that pay *us* to own *them*, and not vice versa.

PAT’s portfolio held up well in these difficult conditions. During the period, we reduced our holdings in Becton Dickinson, Dr Pepper Snapple and Altria. These partial sales were based predominantly on valuation grounds. After very strong periods of performance, valuations are beginning to look stretched by historical standards. We acquired a new holding in Procter & Gamble near the August lows, which was trading on a dividend yield of 3.8%, the highest since the late 1980s. Procter & Gamble has underperformed its peers in recent years but is undergoing a major reorganisation, divesting non-core brands and cutting excess costs. The company owns an enviable portfolio of household brands including Pampers, Pantene, Gillette and Fairy. Its 59 years of consecutive dividend increases and an annual \$10 billion of reliable free cash flow measure up highly satisfactorily to our investment criteria.

Valuations across all asset classes still look uncomfortably high and investing wholesale at today’s levels would risk locking in very low future returns. In recent years we have remained defensively positioned and have concerned ourselves more with capital preservation than with maximising upside. Recent stock market falls give us confidence that increasingly attractive investment opportunities will present themselves in the future. As we head into more volatile conditions, we are preparing to be far more fully invested than we have been over the past decade or so. If you see us becoming more bullish, don’t be surprised.

Sebastian Lyon, Investment Adviser
On behalf of the Board, Robin J Angus, Executive Director

CONDENSED GROUP INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	(Unaudited)		
	Six months ended		
	31 October 2015		
	Revenue	Capital	
	Return	Return	Total
	£'000	£'000	£'000
Investment income	5,911	–	5,911
Other operating income	280	–	280
(Losses)/gains on investments held at fair value through profit or loss	–	(1,012)	(1,012)
Foreign exchange gains/(losses)	–	887	887
Total income	6,191	(125)	6,066
Expenses	(1,465)	(1,318)	(2,783)
Profit/(loss) before taxation	4,726	(1,443)	3,283
Taxation	(227)	–	(227)
Profit/(loss) for the period	4,499	(1,443)	3,056
Earnings per share	£2.58	(£0.83)	£1.75

The “Profit/(loss) 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 Group’s Income Statement, prepared in accordance with International Financial Reporting Standards (“IFRSs”).

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

All items in the above statement derive from continuing operations.

	(Unaudited)			(Audited)		
	Six months ended			Year ended		
	31 October 2014			30 April 2015		
Revenue	Capital		Revenue	Capital		
Return	Return	Total	Return	Return	Total	
£'000	£'000	£'000	£'000	£'000	£'000	
5,300	–	5,300	9,278	–	9,278	
276	–	276	530	–	530	
–	18,361	18,361	–	45,838	45,838	
–	(7,350)	(7,350)	–	(12,313)	(12,313)	
5,576	11,011	16,587	9,808	33,525	43,333	
(1,375)	(1,275)	(2,650)	(2,892)	(2,626)	(5,518)	
4,201	9,736	13,937	6,916	30,899	37,815	
(223)	–	(223)	(575)	–	(575)	
3,978	9,736	13,714	6,341	30,899	37,240	
£2.30	£5.63	£7.93	£3.65	£17.79	£21.44	

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2015

	(Unaudited) 31 October 2015 £'000	(Unaudited) 31 October 2014 £'000	(Audited) 30 April 2015 £'000
Non-current assets			
Investments held at fair value through profit or loss	551,431	554,910	593,945
Net current assets	52,428	30,820	15,800
Net assets	603,859	585,730	609,745
Total equity	603,859	585,730	609,745
Net asset value per Ordinary share	£348.89	£338.99	£349.83

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	(Unaudited) Six months ended 31 October 2015 £'000	(Unaudited) Six months ended 31 October 2014 £'000	(Audited) Year ended 30 April 2015 £'000
Opening equity shareholders' funds	609,745	573,237	573,237
Profit for the period	3,056	13,714	37,240
Ordinary dividends paid	(4,886)	(4,805)	(9,664)
Issue and re-issue of Ordinary shares	1,737	6,958	12,306
Buy-back of Ordinary shares	(5,793)	(3,374)	(3,374)
Closing equity shareholders' funds	603,859	585,730	609,745

CONDENSED GROUP CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

	(Unaudited)	(Unaudited)	(Audited)
	Six months	Six months	Year
	ended	ended	ended
	31 October	31 October	30 April
	2015	2014	2015
	£'000	£'000	£'000
Net cash inflow from operating activities	1,555	1,891	3,091
Net cash inflow/(outflow) from investing activities	30,575	5,732	(14,800)
Net cash inflow/(outflow) before financing activities	32,130	7,623	(11,709)
Net cash outflow from financing activities	(8,940)	(1,337)	(732)
Net increase/(decrease) in cash and cash equivalents	23,190	6,286	(12,441)
Cash and cash equivalents at the start of the period	15,844	45,068	45,068
Effect of foreign exchange rate changes	7,635	(3,185)	(16,783)
Cash and cash equivalents at the end of the period	46,669	48,169	15,844

NOTES

1. The condensed consolidated 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 Group for the year ended 30 April 2015. The condensed consolidated 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 consolidated financial statements of the Group for the year ended 30 April 2015, which were prepared under full IFRS requirements.
2. The return per Ordinary share figure is based on the net profit for the six months of £3,056,000 (six months ended 31 October 2014: net profit of £13,714,000; year ended 30 April 2015: net profit of £37,240,000) and on 1,742,485 (six months ended 31 October 2014: 1,728,358; year ended 30 April 2015: 1,736,658) 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 2016 the Board has declared a first interim dividend of £1.40 per Ordinary share, which was paid on 16 July 2015, a second interim dividend of £1.40 per Ordinary share, which was paid on 15 October 2015 and a third interim dividend of £1.40, which will be paid on 14 January 2016. In respect of the year ended 30 April 2015 the Board declared four interim dividends of £1.40 per Ordinary share. This gave a total dividend for the year ended 30 April 2015 of £5.60 per Ordinary share.
4. At 31 October 2015 there were 1,730,800 Ordinary shares in issue (31 October 2014: 1,727,856; 30 April 2015: 1,742,956). During the six months ended 31 October 2015 the Company re-issued 4,628 Ordinary shares from Treasury and issued 287 new Ordinary Shares. The Company also bought back 17,071 Ordinary shares to be held in Treasury for future re-issue.
5. The Board has considered the requirements of IFRS 8 'Operating Segments'. The Board is of the view that the Group 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 Group has only a single operating segment.
6. The Group held the following categories of financial instruments as at 31 October 2015:

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Investments	551,431	–	388	551,819
Current assets	–	14	–	14
Total	551,431	14	388	551,833

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.

Level 2 reflects financial instruments the fair value of which is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique the variables of which include only data from observable markets. The Company's forward currency contract has been included in this level as fair value is achieved using the foreign exchange spot rate and forward points which vary depending on the duration of the contract.

Level 3 reflects financial instruments the fair value of which is determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data. The Company's subsidiary has been included in this level as its valuation is based on its net assets which rose from £381,000 at 30 April 2015 to £388,000 at 31 October 2015.

There were no transfers of investments between levels in the period ended 31 October 2015.

The following table summarises the Group's Level 1 investments that were accounted for at fair value in the period to 31 October 2015.

	Group (Level 1) £'000
Opening book cost	503,926
Opening fair value adjustment	90,019
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Opening valuation	593,945
Movement in the year:	
Purchases at cost	253,138
Effective yield adjustment	2,024
Sales – proceeds	(296,664)
– gains on sales	1,284
Decrease in fair value adjustment	(2,296)
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Closing valuation at 31 October 2015	551,431
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Closing book cost	463,708
Closing fair value adjustment	87,723
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Closing valuation at 31 October 2015	551,431
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Other aspects of the Group'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 2015.

The fair value of the group's financial assets and liabilities as at 31 October 2015 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 2015, 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 2015 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, including, for instance, inflation or deflation, economic recessions and movements in interest rates and currencies.

Other risks 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 2015.

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 on the previous page and bearing in mind the nature of the Group's business and assets, which are considered readily realisable if required, that the Group 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 2015. There have been no material changes in the nature and type of the related party transactions as stated within the Annual Report other than the investment advisory fee which is now deemed a related party transaction under IAS 24. The investment advisory fee for the six months ended 31 October 2015 was £2,028,000 (31 October 2014: £1,962,000). An amount of £1,028,000 was outstanding to the Investment Adviser at 31 October 2015 (30 April 2015: £1,031,000).

INVESTMENT ADVISORY FEE

The Board has negotiated a change to the investment advisory fee arrangement with Troy Asset Management Limited ("Troy"). The current fee, which is based on the Company's shareholders' funds, is: 0.5 per cent. on the first £100 million; 0.625 per cent. on the next £50 million; 0.75 per cent. between £150 million and £500 million; and 0.625 per cent. thereafter. The existing arrangements will remain in place. However, for amounts above £750 million a new rate of 0.55 per cent. between £750 million and £1 billion will apply, falling to 0.5 per cent. thereafter. The new arrangements became effective from 31 October 2015. At 31 October 2015 the Company's shareholders' funds were £586 million and so the new arrangements will currently not have any impact on the investment advisory fee payable to Troy.

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' as adopted by the EU;
- the Investment Adviser's Report includes a fair review of the information required by the Disclosure 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,

Hamish N Buchan, Chairman

19 November 2015



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