

# Manager insights: Pacific Horizon Investment Trust

November 2025

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Investment manager Roderick Snell discusses recent themes, portfolio changes, and the outlook for Pacific Horizon Trust.

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**Your capital is at risk. Past performance is not a guide to future returns.**

**Roderick Snell:** Hello, and welcome to this annual update on the Baillie Gifford Pacific Horizon Trust. I am Roddy Snell, lead manager of the Trust.

Our aim for the Trust remains simple: to achieve long-term capital growth by investing in the best growth companies in the Asia ex-Japan region.

When looking at the market performance over the year to July 2025, a few trends stood out: China, after a few extremely weak years, has outperformed India; and the capital expenditure boom in Artificial Intelligence (AI) continued to support the semiconductor sector in Korea and Taiwan.

Despite cutting back our India exposure and reinvesting much of it into China, the portfolio's relative performance lagged during this period. Stock selection in China was the main detractor, especially the underweight in the state-dominated financial sector and not owning some top-performing technology companies like Xiaomi and Alibaba.

On the positive side, stock selection in Taiwan, especially the semiconductor-related holdings, added to performance. Our holding in Sea Limited, a Singapore-based ecommerce and gaming company, has also outperformed with strong operational progress.

## **Portfolio**

Asia ex-Japan equities have outperformed major global indices so far in 2025.

A weak US dollar and renewed domestic policy support in China mean that two major headwinds for the asset class have eased. While geopolitics still creates uncertainties, most Asian markets have shown remarkable resilience to tariff headlines.

While our long-term turnover remains low, we have taken advantage of recent market moves to profit from some existing holdings and reinvest in places where we believe growth remains underappreciated.

There were two noticeable changes in the portfolio.

First, we added significantly to China and broadened our company selection across various sectors. More specifically, we increased our exposure to internet platforms such as Meituan and Tencent. We added industrial companies, including CATL, the world's leading EV battery maker. We also found attractive opportunities in consumer discretionary companies such as Haidilao, one of China's largest restaurant chains. And other new purchases include Kanzhun, a leading digital recruiting platform in China. We also initiated a small holding in Pony AI, an autonomous driving operator. As a result, China is now our second-largest overweight position by country.

To fund this, we trimmed our Indian exposure, especially in the real estate and industrial sectors, which have performed well over our holding period.

We have also added modestly to Vietnam, which remains our largest active position by country.

## **Prospects**

We remain optimistic about the outlook for Asia. Macroeconomic fundamentals are strong, valuations remain low, and sentiment in China is clearly improving. A weaker US dollar could act as a further tailwind for the region. The portfolio has also outperformed the index strongly in the most recent months after the annual reporting period led by our holdings in the mining sector.

Overall, the portfolio holds a broad mix of growth businesses in the region, from technology innovators to commodity producers and domestic consumer champions. These underlying companies are performing well and remain attractive; on average, our holdings are forecast to grow earnings by more than double the comparative index, while still trading at a lower valuation than the market average. Combined with the supportive backdrop for the region, we believe the portfolio is well-positioned to benefit from what should be a strong period for Asian markets.

Thanks for your support for the Pacific Horizon Trust. For more detail, we invite you to read the Trust's latest annual report on our website and we look forward to seeing many of you at our next AGM

**Annual past performance to 30 September each year (net %)**

	2021	2022	2023	2024	2025
Pacific Horizon Investment Trust (Share price)	51.3	-32.8	-6.8	10.1	25.3
Pacific Horizon Investment Trust (NAV)	48.1	-19.9	-4.7	11.5	20.4
MSCI All Country Asia Ex Japan Index	10.0	-13.6	1.8	17.7	17.6

Source: Morningstar, MSCI. Total return in sterling.

**Past performance is not a guide to future returns.**

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**Important information**

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The specific risks associated with the Baillie Gifford Pacific Horizon Investment Trust include:

- The Trust invests in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- The Trust invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- The Trust invests in China, often through contractual structures that are complex and could be open to challenge, where potential issues with market volatility, political and economic instability including the risk of market shutdown, trading, liquidity, settlement, corporate

governance, regulation, legislation and taxation could arise, resulting in a negative impact on the value of your investment.

- Unlisted investments such as private companies can increase risk. These assets may be more difficult to sell, so changes in their prices may be greater.
- The Trust can borrow money to make further investments (sometimes known as "gearing" or "leverage"). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss.
- Market values for securities which have become difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Trust might receive upon their sale.
- The Trust can make use of derivatives which may impact on its performance.
- Share prices may either be below (at a discount) or above (at a premium) the net asset value (NAV). The Company may issue new shares when the price is at a premium which may reduce the share price. Shares bought at a premium may have a greater risk of loss than those bought at a discount.
- The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back its own shares.
- The aim of the Trust is to achieve capital growth. You should not expect a significant, or steady, annual income from the Trust.

Further details of the risks associated with investing in the Trust, including a Key Information Document and how charges are applied, can be found on the Trust-specific pages at **[www.bailliegifford.com](http://www.bailliegifford.com)**, or by calling Baillie Gifford on **0800 917 2112**.