

Personal Assets Trust plc

Interim Management Statement

For the Three Month Period from 1 May 2011 to 31 July 2011

Investment Objective

Personal Assets is an investment trust run expressly for private investors. Its capital structure is the simplest possible for an investment trust, consisting only of ordinary shares. Its investment objective is to protect and increase (*in that order*) the value of shareholders' funds over the long term and to earn as high a total return as is compatible with a risk equivalent to that of the FTSE All-Share Index. Since Personal Assets invests for the long term, the Board assesses performance not annually at the end of each accounting year but over rolling three-year periods.

We aim to pay as high, secure and sustainable a dividend as is compatible with maintaining our investment flexibility. Personal Assets pays dividends quarterly, in July, October, January and April of each year. We intend the present dividend rate to grow in real terms over the longer term and it is our policy never to cut the dividend rate, so shareholders know that each quarterly payment will at least equal the previous one.

The Board's policy is to ensure that the shares of Personal Assets always trade at close to NAV.

Performance Summary

	As at 31 July 2011	As at 30 April 2011	Movement
Market capitalisation	£343.7m	£313.2m	9.7%
Shareholders' funds	£339.1m	£310.0m	9.4%
Effective liquidity ⁽¹⁾	49.5%	45.4%	-
Share price	£327.50	£318.00	3.0%
Net asset value per share	£323.08	£314.78	2.6%
Premium to NAV	1.4%	1.0%	-
FTSE All-Share Index	3,026.02	3,155.03	-4.1%

⁽¹⁾ Includes holding in Gold Bullion of 13.5% at 31 July 2011 (30 April 2011: 13.8%).

Period Review and Material Events

A review of the year ended 30 April 2011 and of material events that took place during that period will be found in Personal Assets Trust plc's Annual Report. This also contains a review of the principal risks and uncertainties for our financial year to 30 April 2012.

During the period between 1 May and 31 July 2011 there was no significant change to the portfolio. To diversify our liquidity, which now accounts for nearly half our shareholders' funds, we invested 8% of shareholders' funds in Singapore Treasury Bills.

As regards the principal risks and uncertainties for our financial year to 30 April 2012, we believe we are living in an artificial financial world that cannot be sustained in its present form. At no time since the foundation of the Bank of England in 1694 have we had such low interest rates as we do now. Zero interest rates distort the prices of every asset class — share prices, bond prices, house prices. Such rates being unprecedented, we have no past experience to guide us through these distortions. The rise in the standard of living in the West over the past thirty years has been the result of many factors, but prominent among them has been that both governments and individuals have kept up their living standards by eating up their existing capital rather than creating new wealth, and have been borrowing recklessly from future generations to pay their bills today. None of this is sustainable.

Meanwhile, those in authority are at a loss. Central bankers are surprised by slow growth in the UK and US and even Federal Reserve Chairman Ben Bernanke has been driven to admit that he is confused by the lack of sustainable growth. In the UK, this is the slowest economic recovery we have seen since 1830 and none of the familiar historical comparisons work for what is an unprecedented situation. The UK is likely to reintroduce so-called 'Quantitative Easing' in late 2011 or 2012. In the US it is a case of

wait and see. At the moment the authorities are very reluctant to set the printing presses in motion yet again, but it is likely that they will give in to temptation in 2012. This currency debasement will be fatal for the US Dollar and for Sterling, which is why we are trying to diversify out of them as best we can.

One of our principal diversifications has been into the one currency that cannot be printed — gold. Gold is not in a bubble, as some wrongly claim. Rather, we believe it to be experiencing a secular bull market and predict it will continue to be so as long as currency debasement and zero interest rates continue.

UK equities remain in a secular bear market and since 1996 have been stuck in a sideways trading range during which the market has doubled, halved, doubled, halved and almost doubled again. The market peaked on 30 December 1999 at 6950, a level not since revisited during the 11½ years of the bear market. Bear markets tend to last for between 14 and 18 years (the last one was between 1967 and 1982) and so at least we are more than half way through the present one.

We continue to trust in equities for the long term and are *'frustrated bulls'*.

During the three months ended 31 July 2011 the Company issued 64,760 Ordinary Shares for a total consideration of £20.9 million, representing 6.6% of the Ordinary Shares in issue at the beginning of the period. Since 31 July 2011 the Company has issued a further 22,462 Ordinary Shares for a total consideration of £7.3 million.

On 2 June the Company announced a first interim dividend of £1.35 per share. This was paid to shareholders on 2 July 2011.

Top Ten Holdings as at 31 July 2011

Company	Percentage of shareholders' funds	Percentage of equity exposure
British American Tobacco	5.2	10.3
Nestlé	4.3	8.5
Coca-Cola	3.9	7.7
GlaxoSmithKline	3.1	6.1
Philip Morris International	3.0	5.9
Diageo	2.9	5.7
Tesco	2.6	5.2
Centrica	2.6	5.2
Microsoft	2.6	5.2
Johnson & Johnson	2.6	5.2
Other equities (9)	17.7	35.0
Total	50.5	100.0

Geographical Analysis as at 31 July 2011

Country	Percentage of shareholders' funds
UK equities	24.4
US equities	19.3
European equities	4.3
Australian equities	2.5
Liquidity	49.5
Total	100.0

Sector Distribution as at 31 July 2011

Sector	Percentage of total assets	Percentage of FTSE All-Share
Oil & Gas	-	17.5
Basic Materials	4.8	13.0
Industrials	-	7.5
Consumer Goods	23.7	12.1
Health Care	6.5	7.5
Consumer Services	4.0	9.3
Telecom	2.5	6.2
Utilities	2.6	3.7
Financials	1.9	21.5
Technology	4.5	1.7
Liquidity	49.5	-
Total	100.0	100.0

Additional Information

Further information regarding the Company, including Quarterly Reports and Investment Plan documents, can be obtained from:

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