

# Invesco Asia Trust plc

Investing in companies worth more than the market believes





# Investment Objective

The Company's objective is to provide long-term capital growth and income by investing in a diversified portfolio of Asian and Australasian companies. The Company aims to achieve growth in its net asset value (NAV) total return in excess of the Benchmark Index, the MSCI AC Asia ex Japan Index (total return, net of withholding tax, in sterling terms).

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# Financial Information and Performance Statistics

The benchmark index of the Company is the MSCI AC Asia ex Japan Index (total return, net of withholding tax, in sterling terms).

## Total Return Statistics<sup>(1)</sup> (dividends reinvested)

- Six Months to 31 October 2022 (%)
- Year Ended 30 April 2022 (%)

### Net asset value (NAV)<sup>(2)</sup>

-13.1   -6.7



### Share price<sup>(2)</sup>

-15.5   -10.0



### Benchmark index<sup>(3)</sup>

-15.3   -12.9



## Capital Statistics

	At 31 October 2022	At 30 April 2022	change %
Net assets (£'000)	219,021	252,176	-13.1
NAV per share <sup>(2)</sup>	327.62p	377.21p	-13.1
Share price <sup>(1)</sup>	281.00p	332.50p	-15.5
Benchmark index (capital)	851.09	1,023.11	-16.8
Discount <sup>(2)</sup> per ordinary share	(14.2)%	(11.9)%	
Average discount over the six months/year <sup>(1)(2)</sup>	(12.4)%	(9.5)%	
Gearing <sup>(2)</sup> :			
- gross	4.2%	2.2%	
- net	3.6%	1.6%	
- net cash	nil	nil	

(1) Source: Refinitiv.

(2) Alternative Performance Measures (APM), see pages 20 to 22 for the explanation and reconciliations of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the Company's 2022 Annual Financial Report.

(3) Index returns are shown on a total return basis, with dividends reinvested net of withholding taxes.



# Chairman's Statement

## Highlights:

- NAV total return of -13.1% outperformed the benchmark index total return of -15.3%;
- While the relative performance numbers for the last six months are good, the absolute falls are clearly not; and
- The fact that Asian stock market valuations are so cheap compared to their long-term averages is perhaps the most compelling factor.

Performance over the six months to 31 October 2022 was again ahead of our benchmark: NAV per share total return was -13.1% versus the MSCI AC Asia ex Japan Index at -15.3%. The share price total return was -15.5% with the discount widening from 11.9% to 14.2% over the period.

Performance numbers are shown as total return net of withholding tax in sterling terms.

The three-yearly continuation vote was held at the Company's Annual General Meeting (AGM) on 8 September 2022 and passed with votes in favour representing 99.45% of shareholders. It was pleasing to see so many shareholders attending the AGM in person once again. We enjoyed answering all of your questions.

A half-yearly dividend of 7.20p was paid on 24 November 2022 in accordance with our policy of paying two dividends per year each amounting to approximately 2% of NAV. With the discount at 14.2% at 31 October 2022, this policy puts the current annual dividend yield on the share price at 5.3%, based on the share price of 281.00p at 31 October 2022.

In August 2020 the Board undertook to effect a tender offer for up to 25% of the Company's issued share capital at a discount of 2% to the prevailing NAV per share (after deduction of tender costs) in the event that the Company's NAV cum-income total return performance over the five year period to 30 April 2025 fails to exceed the Company's comparator index, the MSCI AC Asia ex Japan Index (net of withholding tax, total return in sterling terms) by 0.5% per

annum over the five years on a cumulative basis. Shareholders already have the opportunity to vote on the continuation of the Company every three years, but the Board believes that also providing shareholders with the option to tender a proportion of their shares for a cash price close to NAV, if the Company underperforms, constitutes a pragmatic and attractive initiative, particularly if the shares were to be trading at a material discount at the time.

We are now halfway through this five-year period over which the performance of the Company will be assessed: the Company's NAV is up by 26.7% over the 2.5 years while the index is down by 0.6%. On an annualised basis, NAV is up by 9.9% p.a. while the index is down by 0.2% p.a.

The Board has now settled back to its normal number of four Directors. As planned, and reported in our previous report, Myriam Madden has taken over as Audit Chair and Vanessa Donegan as both Senior Independent Director and Chair of the Remuneration Committee. Sonya Rogerson joined us on 26 July 2022 as a Non-Executive Director. Fleur Meijs retired on 1 August 2022 and Owen Jonathan retired at the end of the AGM on 8 September 2022. Fleur and Owen leave with the Company in good shape and we thank them again for their contributions.

Our Co-Portfolio Managers undertake company meetings as a regular part of their job, sometimes at the companies' headquarters, sometimes elsewhere. Every two years or so, the Board accompanies them on one of their fact finding trips. The last trip was to South Korea and Taiwan in November 2019. In January 2023, we visited companies in Indonesia and Singapore and were all struck by the sharp contrast between the gloom and doom of the West and the positive outlook held by nearly everyone we met.

## Cumulative Total Return (dividends reinvested) to 31 October 2022<sup>(1)</sup>

	One Year	Three Years	Five Years	Ten Years
Net asset value (NAV)	-14.2%	18.1%	14.3%	147.8%
Share price	-20.0%	16.3%	14.6%	145.9%
Benchmark index <sup>(2)</sup>	-21.4%	-3.0%	-2.7%	70.9%

(1) Source: Refinitiv.

(2) The benchmark index of the Company was changed on 1 May 2015 to the MSCI AC Asia ex Japan Index from the MSCI AC Asia Pacific ex Japan Index (both indices total return, net of withholding tax, in sterling terms).

Shareholders will know that we believe that the discount is determined by a combination of demand for Asian equity investment vehicles, the Investment Case for Invesco Asia Trust and the Corporate Proposition that we offer. In order to stimulate more demand for the Company's shares, we aim to provide a strong investment case and a strong corporate proposition at the same time.

The Investment Case rests on accessing the attractions of Asian equity markets through the institutional expertise of Ian Hargreaves and Fiona Yang's team at Invesco. The Co-Portfolio Managers' investment process can be summarised as 'valuation not value' and has been very successful in attracting institutional investors such as pension funds and sovereign wealth investors. In times like these of great change, we would argue that this forward-looking active approach (as opposed to a backward-looking index or passive style) is exactly what is needed. Invesco Asia Trust is the only way for individual investors to access Ian and Fiona's expertise.

The Company's Corporate Proposition was first introduced in the Half-Yearly Financial Report to 31 October 2018. Since then the Board has continued to review and adopt measures intended to create additional demand for the Company's shares, both from existing and new shareholders, and to reduce the discount. We have been careful to ensure that the measures chosen are in the best interests of all shareholders. The intention is that these gains will combine to make the corporate proposition as compelling as the investment case.

The multiple elements to our Corporate Proposition are detailed in the 2022 Annual Financial Report's Chairman's Statement and include a three-yearly continuation vote (the next one being due in September 2025), an enhanced dividend policy, a performance conditional tender, a strong integrated ESG approach, engaging more individual shareholders, the ability for shareholders to meet both the Co-Portfolio Managers and the Directors, close management of ongoing charges and fees, the active use of gearing, the 'skin in the game' of Directors' and Managers' shareholdings and the authority to buy back shares.

## Update

From 31 October 2022 to 25 January 2023, the NAV total return has been 26.4%, outperforming the index return of 20.4%. The share price total return has been 33.5%, with the discount narrowing to 9.7%.

## Outlook

While the relative performance numbers for the last six months are good, the absolute falls are clearly not. Writing six months ago, I noted surprise that Asia had held up so well in the face of China tensions, the Russian invasion of Ukraine and global economic turmoil. With no respite from any of these and new concerns arising, some stock market weakness was perhaps inevitable. Ian and Fiona go into detail in their Managers' Report.

Looking forward, I have to start by being honest that the short term outlook remains highly uncertain. It will not be easy for anyone to perform well over the next twelve months. However, if you are free from worrying about monthly or quarterly performance and are able to take a long term view, then the decision-making seems to become a lot easier. The fact that Asian stock market valuations are cheap compared to their long-term averages is perhaps the most compelling factor. Yet by the end of 2023, many of the current headwinds should have calmed or could even become tailwinds: global inflation is likely to peak early in 2023. One way or the other, Covid should become less of a problem for China. The economic strength (and lack of inflation) in many Asian countries should allow them to grow their economies faster than those in the West. Remember, stock markets are usually lead indicators.

This is one of the main reasons why the Company has not undertaken any share buybacks in the last six months even though the discount of the Company's share price to its NAV is above the Board's target of 10%. We believe that the Investment Case for the Company is strong and so too is the combination of policies enshrined in our Corporate Proposition. The next period is quite likely to be a very attractive long-term opportunity for shareholders. We simply do not want to stand in their way.

**Neil Rogan**  
Chairman

26 January 2023



### Portfolio Manager

Ian Hargreaves is Co-Head of the Asian & Emerging Markets Equities team which manages pan-Asian portfolios and covers the entire Asian region. He has led this team as Co-Head since 2018. He started his investment career with Invesco Asia Pacific in Hong Kong in 1994 as an investment analyst where he was responsible for coverage of Indonesia, South Korea and the Indian sub-continent, as well as managing several regional institutional client accounts. Ian returned to the UK to join Invesco's Asian Equities team in 2005, working on the portfolio as part of the investment team. He was appointed as joint Portfolio Manager in 2011 and became the sole Portfolio Manager on 1 January 2015, up until the appointment of Fiona Yang as Co-Portfolio Manager in January 2022.



### Portfolio Manager

Fiona Yang is the fund manager on the Invesco Asian Equity Income Fund (UK) and provides stock and sector research covering the wider Asia ex-Japan region with a focus on China H and A share markets. Fiona was appointed Co-Portfolio Manager of Invesco Asia Trust plc in January 2022 and is a member of the Henley-based Asian & Emerging Markets Equities team. In February 2022, Fiona moved to Invesco's Singapore office and remains an integral part of the Henley-based team. Fiona started her career with Goldman Sachs in July 2012 and became a member of their Asian Equity sales team as a China product specialist. She joined Invesco in August 2017.

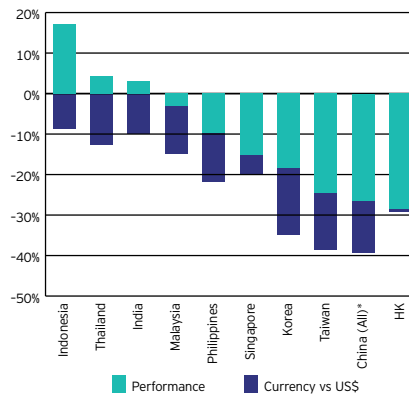
# Portfolio Managers' Report

**Q** How has the Company performed in the period under review?

**A** The Company's net asset value (NAV) decreased by 13.1% (total return, in sterling terms) over the six months to 31 October 2022, which compares to the benchmark MSCI AC Asia ex Japan Index return of -15.3%.

It has been a weak and volatile period for global markets. The Russia-Ukraine conflict and resurfacing US-China tensions have added geopolitical uncertainty to the backdrop as investors worry about the pace of US Federal Reserve tightening and the prospect of inflation and recession - or stagflation. Asian equity markets have generally weakened, as have currencies relative the US dollar, prompting central banks (China being the notable exception) to tighten policy in response. However, domestic macro conditions in Asia remained largely stable, notwithstanding a resurfacing of concerns related to China's property markets and Zero Covid Policy.

**Chart 1. Asian market and currency performance by country YTD**



Source: Refinitiv as at 31 October 2022. Market performance in local currency. \*MSCI China all shares (captures A-shares, H shares, and ADRs); Chinese Yuan vs US\$.

While it is chastening to report a double-digit percentage decline in the Company's NAV over the period, we have continued to outperform the benchmark index, benefitting from strong stock selection across different countries and sectors. Having a balanced portfolio has helped in terms of relative performance, avoiding expensive areas of the market such as profitless technology and electric vehicle (EV) companies.

Asian markets have been more volatile than usual in 2022, but we find grounds for cautious optimism.

**Q** What have been the biggest contributors?

**A** India's equity market has proved to be remarkably resilient so far this year, with the portfolio's holdings in financials and other cyclicals making a strong contribution to relative performance thanks to some positive earnings results and the improved macro backdrop.

ICICI Bank was the biggest single contributor: its near-term outlook remains strong with margins likely to inch up with rising rates, a pick-up in growth across business lines and, a benign credit cycle. Engineering and construction conglomerate Larsen & Toubro also benefitted from solid earnings results, with a healthy orderbook providing growth visibility and, although its valuation is less attractive after recent share price strength, there is scope for further positive earnings surprises given the supportive macro backdrop in India.

ASEAN banks contributed positively, as did stock selection in insurers as gains from QBE Insurance and Samsung Fire & Marine more than offset the drag from holding Ping An Insurance. The portfolio's overweight position in Indonesia also continued to add value.

Elsewhere, Samsonite International enjoyed a rebound in sales and raised its full year revenue guidance given a solid recovery in travel demand in North America and Europe. Chinese wind turbine manufacturer MingYang Smart Energy benefitted from expectations of a second half pick-up in installation projects, while easing commodity prices were seen helping margins recover. Finally, the portfolio's underweight in the technology sector, particularly semiconductor companies, benefitted relative performance, with a positive impact from stock selection in technology hardware, with holdings such as Chroma ATE, Largon Precision and Hon Hai Precision Industry contributing positively.

**Q** And detractors?

**A** China has been the portfolio's biggest source of weakness, with investor and consumer confidence badly dented by the authorities' adherence to a Zero Covid Policy. Specific concerns surrounding geopolitical and real estate risks have compounded macroeconomic uncertainty.

Against this backdrop, the biggest detractors to relative performance were Chinese internet companies JD.com, NetEase and Tencent, followed by property-related stocks Suofeiya Home Collection



and China Overseas Land & Investment. While it was disconcerting to see such significant share price falls, we remained mindful that stock markets are prone to overreaction in times of uncertainty.

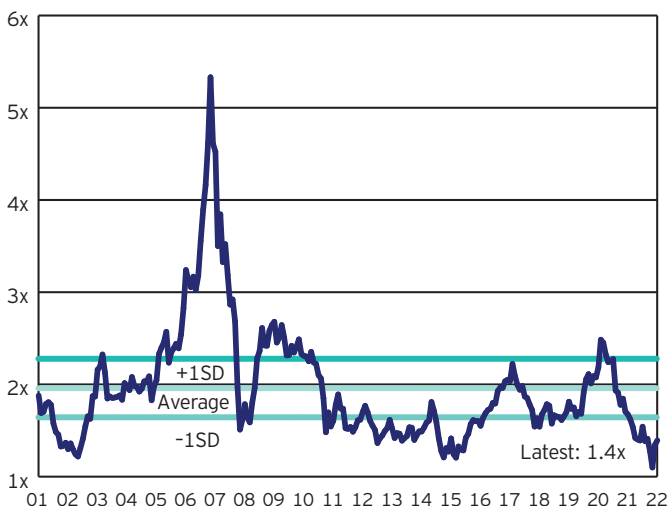
**Q How has the portfolio's positioning in China changed?**

**A** Recent market volatility gave us an opportunity to introduce three new holdings: restaurant operator Jiumaojiu International, China Communications Services and China Meidong, an auto dealership and maintenance group. We have also added to the recently introduced Hansoh Pharma and aluminium auto parts manufacturer Minth. In turn, we sold Pacific Basin Shipping and have taken some profits from recent outperformers such as Samsonite International, MingYang Smart Energy and Autohome.

The biggest change over the last two years has been the reduction in the portfolio's underweight position in China, where valuations had fallen to deeply discounted levels (see chart below). At times during the recent reporting period that felt increasingly uncomfortable, as concerns mounted to such an extent that one sell-side analyst declared China 'uninvestable'. However, we felt comfortable leaning into weakness for several reasons.

**Chart 2. China valuations: Price to Book**

MSCI China Index trailing price-to-book ratio



Source: Refinitiv as at 31 December 2022

Firstly, we felt that we had passed the peak in regulatory tightening, be that on 'new economy' sectors or property developers. Geopolitical risk is hard to analyse. Tensions in China's relationship with Taiwan remain in focus, but there has been no change in our view that the probability of military conflict is very low on a medium-term view. The US government's new rules barring China from accessing technology essential for producing advanced chips are more tangible, making stock picking ever important. The biggest source of uncertainty was China's Zero Covid Policy, which was being tightly adhered to. However, while we could see China learning to live with the virus on a medium-term view, there was no visibility on how/when restrictions might be lifted in the near-term.

Events in October 2022 tested our conviction: Xi Jinping's reappointment as leader of the Communist Party, supported by the Politburo Standing Committee of his appointed loyalists, was interpreted by the market as offering less likelihood of any change in direction on government policy. To foreign investors the prevailing picture has been that President Xi was focused on political control and stability rather than economic reform and development. However, we had not been expecting a big change in the direction of economic policy, rather that the focus was likely to remain on improving the quality, rather than quantity, of growth and reducing financial risk in the system.

**Q Can you update us on recent developments?**

**A** The news flow since the Party Congress concluded has been remarkable, with markets caught off guard by the speed of change in direction of policy. There have been three key changes:

- a. **End of Zero Covid:** initially a loosening or 'optimisation' of restrictions, to help local governments and health authorities tackle the spread of Omicron. Quarantine requirements have been reduced, with the

resumption of international flights. State media have also started to openly discuss the milder symptoms associated with Omicron, with greater encouragement for the elderly to get fully vaccinated.

- b. **Property sector support:** a comprehensive 16-point plan was announced in November 2022, with measures including an easing of funding constraints for cash-strapped private developers, a cut in mortgage rates and a loosening of purchase restrictions to help stimulate demand.
- c. **Shift to 'pro-growth':** the annual Central Economic Work Conference, which convened in mid-December 2022 shortly after Covid restrictions were abandoned, set the target of "promoting overall economic improvement," with an emphasis on boosting consumer confidence and supporting the private sector. There was support for China's digital economy, with platform enterprises called on to 'fully display their capabilities', and a move to 'normalise' the regulatory regime.

**Q Is the risk-reward in China still attractive?**

**A** The abrupt abandonment of Zero Covid has led to western media headlines about a pending humanitarian crisis. The hard truth is that China's peak in hospitalisations and deaths, so far avoided, is happening in a short and sharp spike, which could be cleared by spring. With fatality rates for Omicron having collapsed elsewhere, a manageable outcome can be hoped for.

The domestic economy can expect to see a post-pandemic recovery like that seen in the rest of the world, buoyed by returning consumer confidence. However, this is coinciding with a slowdown in global growth as developed market demand rolls over, which will negatively impact China's manufacturing sector. Much also depends on confidence returning to the residential property market, which is not a bubble as some would have us believe. Reassuringly, the household savings ratio in China is estimated to be around 30% of disposable income, compared to the typical 10-15%, its highest level in a decade.

However, once China's economy reopens fully, it is likely to revert to a slower growth glide path. While policy is currently being eased, we expect it to remain orthodox, with the authorities likely to tighten again to avoid any overheating in the economy. Policy uncertainty risk also lingers longer-term with regulators remaining active, if more supportive at present. That said, quality companies that are trading cheaply relative to their own history are still available in China. Our focus remains on companies facing temporary challenges that we believe have strong market positions, conservative balance sheets and under-appreciated earnings growth potential. We are taking care not to assume reversion to pre-pandemic levels of growth or rating, but even after the recent rebound, the market continues to trade at deeply discounted levels. Prospective returns still have the potential to be very strong from here.

**Q How has the rest of Asia been dealing with inflation and higher interest rates?**

**A** Inflation remains a developed market problem. Although food and energy prices have picked up a bit in Asia, they remain at levels central banks are comfortable with. Interest rates have been raised in most countries (China the main exception) to try to counter rising prices and to support currencies although there has been little success with the latter. While we continue to monitor the situation, it is not a great concern. Asian countries are generally much earlier in their economic cycles, with warning signs such as high credit growth and deteriorating external accounts still absent, in fact there is slack in most economies. As inflation shows signs of peaking, expectations are that tightening will be paused in most of Asia, with room to ease next year should global growth slow more sharply than expected.

The portfolio has also demonstrated a positive sensitivity to rising interest rates, with banks such as United Overseas Bank and KB Financial being beneficiaries. However, there comes a point when rising interest rates begin to create concern about growth and thus asset quality for banks, which is why we took the decision to sell KB Financial. Korea has seen a relatively large expansion in credit over the last two years, making it more vulnerable. In Singapore, however, the cycle indicators that we track are still pointing to relatively low risk when it comes to banks. Total credit from banks has barely increased as a percentage of GDP in the last seven years and retail credit has declined. Property prices have been declining relative to incomes, another indicator that the Singapore economy is not overheating.

# Portfolio Managers' Report (continued)

**Q** Where else are you seeing opportunities in Asia?

**A** We believe there is a definite opportunity in South Korea, one of the worst performing equity, bond and FX markets in Asia in 2022. This is not overly surprising given concerns about a global cyclical slowdown, a weakening tech cycle, and elevated oil prices which hit Korea's external balance. However, while the near-term outlook remains uncertain, we are very comfortable with the stocks we hold on a three-to-five-year view.

Detractors are generally quick to point out that Korea has always been cheap, with a 'Korea discount' due to factors such as geopolitical risk, the cyclical nature of its economy, as well as governance concerns given low dividend payouts and the dominance of opaque conglomerates known as chaebols. We believe there are reasons for the discount to narrow, while also noting that we can still make attractive absolute returns in Korea without it doing so as companies grow their earnings.

Over the period we introduced LG Household & Healthcare, a major Korean consumer goods company that manufacture cosmetics, household products and beverages. Whilst Covid lockdowns in China and travel disruption have had a negative impact on sales and earnings, these are temporary issues which we believe have disproportionately affected the share price. Indeed, around half of the company's revenue is from the more stable beverage and household goods segment, which has been resilient in the current environment, while a recovery in travel demand is likely to bolster demand for China onshore cosmetics.

We also added to existing holdings, including another LG company. LG Chemical is the largest maker of EV batteries outside China, leaving it well positioned to benefit from geopolitical concerns as US car companies look to source EV batteries from outside China. LG Chemical also has a very promising business providing some of the chemicals and materials which go into EV batteries - a separately listed subsidiary trading at double the company's market capitalisation.

**Q** Do you still favour Indonesia?

**A** Very much so. The market has performed well so far this year, with the economy appearing to have scope for better growth after a weak period, supported by the commodity cycle and current account surplus. Near-term uncertainty is starting to lift and valuations still appear attractive. We have sold Telkom Indonesia, which had outperformed and was appearing fully valued, and trimmed exposure to PT Bank Negara Indonesia Persero and Astra International, taking advantage of share price strength.

In turn, we have added Semen Indonesia, the country's largest cement company with about 50% market share. There is no new capacity coming in Indonesia and with no new disruptors entering the market we believe we can see an improvement in the company's utilisation rates, margins and profitability. Free cash flow generation looks strong, the balance sheet is relatively healthy with low debt levels and the valuation multiples are low - price to book ratio is 0.9x. (See ESG section for more perspective on our evaluation of investment risk here).

**Q** Finally, you remain underweight tech, is there an opportunity to add exposure?

**A** Weakness in the tech sector is bringing valuation levels down to more reasonable levels. It is an area we are monitoring closely but have yet to take any action, with the exception of adding to Samsung Electronics, which is trading at close to trough valuations in terms of price/book. The memory semiconductor market is going through a sharp downturn at present, as is normal for the industry, but these downcycles tend to be relatively short in duration, and we know that an upcycle is inevitable at some stage in our investment horizon. The first signs of an end to the downcycle are capex cuts from weaker players in the market, and the very recent news is encouraging on this front. Expectations are for flat capex growth in 2022 after 25% growth in 2021, and 2023 will almost certainly be down on 2022.

Buying Samsung at or close to book value has always been a strategy that has made attractive returns in the past. The company is also well positioned to win more customers in the current geopolitical climate where Western companies are wary of depending too much on Chinese or Taiwanese suppliers.

Recent news-flow also suggests that Samsung plans to set up a task force to enhance shareholder returns. The recent growth in retail ownership has coincided with a falling share price, with analysts estimating that 5.9 million of the new entrants on its shareholder register are in loss making territory, which is equivalent to 12% of the population of Korea. The company has plenty of options with US\$100 billion of cash on the balance sheet, so a dividend hike seems a natural solution.

**Q** Final thoughts?

**A** Asian equity markets are not immune to global macro headwinds, but conditions in Asia should continue to remain largely stable in 2023. Many countries in the region are at an earlier stage in their economic cycle than those in the developed world, with rising incomes and consumer penetration a tailwind to structural demand.

The improved visibility on China's reopening is a significant positive and combined with the property market support and signs that regulatory headwinds are abating, provides us grounds to believe that the outlook for corporate earnings and broader economic growth should be supportive after downgrades in 2022.

Although equity market valuations for Asia, as measured by traditional metrics such as price to book ratios, have recovered in recent months from deeply discounted to more reasonable levels, they continue to trade at a significant discount to US and world equity market averages. Asia's under performance has lasted more than a decade. Although this was justifiably driven by lower earnings growth compared to US equities when denominated in US-dollars, this may change. US dollar strength is being challenged by an imminent recession in the US to root out inflation. While inflation in the US may be stickier than expected, it is declining which may lead to an easing of financial conditions at a time when Asia is recovering. Inflation is less of an issue in Asia which provides some policy flexibility. We believe there is great potential for a narrowing of Asia's valuation discount.

**Ian Hargreaves & Fiona Yang**  
Portfolio Managers

26 January 2023



# ESG Monitoring & Engagement

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Seventy five percent of our company meetings over the last 12 months included engagement on ESG issues, and it continues to be an integral part of our investment process.

## A recap of our approach to ESG

We feel that ESG considerations matter because they affect a company's business prospects and risk profile, its fair value and its expected future returns. As such, they form an integral part of our investment process, helping us better evaluate new opportunities and manage portfolio risk. To make better investment decisions and act with greater conviction we focus on establishing the materiality of ESG issues, to ascertain whether a company's share price is overly discounted, or not.

We believe we have a unique ability to influence change and promote best practices by engaging with companies with an eye to enhancing the value of our investments over time. Improved ESG credentials can help drive a business's growth prospects, to which we need to be alert. We strongly believe that actively integrating ESG considerations in this way and engaging directly with companies, lead to better client outcomes.

We illustrate two examples of our recent ESG engagement with companies during the period which have informed our view of their investment outlook as well as our intention to influence change. We continue to incorporate a range of ESG factors in our overall investment methodology.

## Engagement example 1 - Semen Indonesia

Cement production is a major source of global CO2 emissions, but the material remains an essential element of our everyday lives. As active managers, we have a unique ability to influence change and promote best practices by engaging with companies, with an eye to enhancing the value of our investments over time. ESG targets were a point of focus in a recent meeting of ours with Semen Indonesia management, with the company making a firm commitment towards decarbonisation.

The company has targeted: a 27% reduction in Scope 1 emission from 2010-2030; and 23.9% relative reduction in Scope 2 emission from 2019 to 2030. Solar is to make up 25% of energy usage, which could potentially reduce its electricity tariff by up to 15%. Furthermore, some of the funds raised from its impending rights issue will be used to support its ESG program. We believe that owning and engaging with the company on such matters is more likely to lead to better financial and ESG outcomes than divesting.

However, true to our focus on valuing companies appropriately, the company is a significant carbon emitter and this needs to be reflected with a low exit multiple, while we also include a slight SOE discount. However, the company has scope to benefit from a higher rating should it execute on its ESG targets and continue to demonstrate a commitment towards improving its credentials.

## Engagement example 2 - Hyundai Motor

We met with Hyundai Motor (HMC) to discuss their 2022 Sustainability Report and to evaluate the company's ESG commitments and plans for the transition from ICEs to EVs. As part of the company's longer-term commitment to the planet, people, and the community, management have 3 key ESG priorities for the year: Net Zero target (2045), Supply Chain Management and Workforce.

On achieving carbon neutrality, they are focused on 5 key areas: vehicle electrification, reducing carbon emissions at work, support for net zero in the supply chain, social activities for reducing carbon emissions, and hydrogen business synergy effects.

The company is building a new EV plant in Georgia, USA which will use 100% renewable electricity in line with HMC's ambition to increase renewable electricity adoption level to 100% overseas by 2030 (and 90% in Korea by 2040 reflecting the weaker infrastructure buildout). Having only introduced lifecycle assessments (LCA) of vehicle models in 2020, as of this year they will be conducted for all new vehicle launches. They have also begun piloting biodiversity impact assessments on their Brazilian plants, in partnership with the International Union for Conservation of Nature (ICUN).

HMC also explained their intention to certify their Net Zero target by the end of 2022, hoping to follow guidelines set by the Science Based Targets initiative (SBTi), although they acknowledged that SBTi require ambitious targets which would need to be applied to suppliers in terms of emissions standards. Offsets would be considered as a last resort.

Overall, it is pleasing to get better transparency from HMC, who are making gradual improvement on ESG matters. Management were more open to discussing existing ESG shortcomings and are taking action to rectify them, albeit at a gradual pace. While execution is key, recent sustainability targets suggest that the company is being more proactive in managing negative externalities and is thoughtful about growth opportunities, perhaps warranting less conservative estimates in time.

## Update on portfolio's climate credentials

Climate change continues to be a strategic priority for Invesco, with a commitment to the Net Zero Asset Managers initiative. Companies' climate transition plans were the most common topic of our targeted ESG engagements over the last 12 months and, as can be seen from the chart below, the portfolio's carbon intensity remains below that of the benchmark index. Encouragingly, we have seen more net zero commitments from Asian companies, suggesting this portfolio's carbon intensity can continue to trend lower.

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<sup>1</sup> This is based on an article in the Wall Street Journal and research by Citizen Lab (2019-20) and Freedom on the Net 2020 and 2021 reports.

# ESG Monitoring & Engagement (continued)

**Invesco Asia Trust - Carbon time series**



Portfolio Holdings as of Date: Invesco Asia Trust December 2019 through November 2022.  
Benchmark Holdings as of Date: MSCI All Country Asia Ex-Japan December 2019 through November 2022.

As at 31 October 2022, the portfolio had investments in 57 different companies, of which 26 have already made a commitment to Net Zero Alignment (NZA) (representing c.52% of the portfolio). Twelve months ago, the equivalent numbers were: 24/54 companies, or c.37% of portfolio.

This process is still at a relatively early stage, and those committed to aligning but not yet actively doing so all have sustainability reports that cover carbon emissions reduction plans, so full alignment feels like the next logical step. For those companies yet to commit, we continue to enquire as to their plans, encouraging them to make a commitment to adopt a NZA target.

The level of engagement that Asian companies are having with investors such as ourselves suggests that we are likely to see a significant increase in the proportion of companies having made a net zero alignment commitment over the next 3-5 years.

However, different countries are at different stages in moving towards NZA, and we do not expect progress to be smooth. For the portfolio's more mature holdings, it is critically important to understand plans for transition to NZA and any associated costs that may be incurred pursuing them. The Korean steel manufacturer POSCO - one of the world's largest - makes for a good example in this regard. Currently, the company has a high level of carbon emissions, but as pledged by the Korean government it aims to be carbon neutral by 2050. Its pathway to achieving this is largely through hydrogen-based steelmaking, which may have fundamental implications on cash flow, profitability and valuations if capex rises materially. Although POSCO is one of the sector's most efficient producers, with seemingly good governance practices, it is clear that we need to closely monitor capex levels, progress on hydrogen-based steelmaking and overall climate policy, as well as focusing on other ESG issues in scope, such as gender diversity and corporate governance.

**Ian Hargreaves & Fiona Yang**  
Portfolio Managers

26 January 2023

# Principal Risks and Uncertainties

The Board has carried out a robust assessment of the principal and emerging risks facing the Company. These include those that would threaten its business model, future performance, solvency and liquidity. In carrying out this assessment, the Board together with the Manager have considered emerging risks such as geopolitical risks, evolving cyber threats and climate related risks. These risks also form part of the principal risks identified and the mitigating actions are detailed below. In the view of the Board, these principal risks and uncertainties are as much applicable to the remaining six months of the financial year as they were to the six months under review.

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the period
<b>Strategic Risk</b>		
<p><b>Market Risk</b></p> <p>The Company's investments are mainly traded on Asian and Australasian stock markets as well as the UK. The principal risk for investors in the Company is a significant fall and/or a prolonged period of decline in these markets. This could be triggered by unfavourable developments within the region or events outside it.</p>	<p>The Company has a diversified investment portfolio by country, sector and stock. Its investment trust structure means no forced sales need to take place and investments can be held over a longer term horizon. However, there are few ways to mitigate absolute market risk because it is engendered by factors which are outside the control of the Board and the Manager. These factors include the general health of the world economy, interest rates, inflation, government policies, industry conditions, and changing investor demand and sentiment. Such factors may give rise to high levels of volatility in the prices of investments held by the Company.</p>	<p>▲ Increased</p>
<p><b>Geopolitical Risk</b></p> <p>Political developments can create risks to the value of the Company's assets, such as political changes in the US and Asia regions, and the war in Ukraine. Political risk has always been a feature of investing in stock markets and it is particularly so in Asia. Asia encompasses a variety of political systems. There are many examples of diplomatic skirmishes and military tensions and sometimes these resort to military engagement. Moreover, the involvement in Asian politics of the US and European countries can reduce or raise tensions.</p>	<p>The Manager evaluates and assesses political risk as part of the stock selection and asset allocation policy which is monitored at every Board meeting. This includes political, military and diplomatic events and changes to legislation. Balancing political risk and reward is an essential part of the active management process.</p>	<p>▲ Increased</p>
<p><b>Investment Objectives and Strategy</b></p> <p>The Company's investment objectives and structure are no longer meeting investors' demands.</p>	<p>The Board receives regular reports reviewing the Company's investment performance against its stated objectives and peer group, and reports from discussions with its brokers and major shareholders. The Board also has a separate annual strategy meeting.</p>	<p>► Unchanged</p>
<p><b>Wide Discount</b></p> <p>Lack of liquidity and lack of marketability of the Company's shares leading to stagnant share price and wide discount.</p> <p>A persistently high discount may lead to buybacks of the Company's shares and result in the shrinkage of the Company.</p>	<p>The Board receives regular reports from both the Manager and the Company's broker on the Company's share price performance, level of share price discount to NAV and recent trading activity in the Company's shares. The Board has introduced initiatives to help address the Company's share rating including a performance conditional tender in 2025 and the enhanced dividend policy. It may seek to reduce the volatility and absolute level of the share price discount to NAV for shareholders through buying back shares within the stated limit. The Board also receives regular reports on marketing meetings with shareholders and prospective investors and works to ensure that the Company's investment proposition is actively marketed through relevant messaging across many distribution channels.</p>	<p>▲ Increased</p>



# Principal Risks and Uncertainties (continued)

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the period
<b>Investment Management Risk</b>		
<p><b>Performance</b></p> <p>That the Portfolio Managers consistently underperform the benchmark and/or peer group over 3-5 years.</p>	<p>The Board regularly compares the Company's NAV performance over both the short and long term to that of the benchmark and peer group as well as reviewing the portfolio's performance against benchmark (attribution) and risk adjusted performance (volatility, beta, tracking error, Sharpe ratio) of the Company and its peers.</p>	<p>► Unchanged</p>
<p><b>ESG including climate risk</b></p> <p>Risks associated with climate change and ESG considerations could affect the valuation of the Company's holdings.</p>	<p>ESG considerations are integrated as part of the investment decision-making in constructing the portfolio. Such investment decisions include the transactions undertaken in the period, the review of active portfolio positions and consideration of the gearing position and, if applicable, hedging. The process around ESG is described in the ESG Monitoring and Engagement section on pages 7 and 8.</p>	<p>► Unchanged</p>
<p><b>Key Person Dependency</b></p> <p>Either or both of the Portfolio Managers (Ian Hargreaves and Fiona Yang) ceases to be Portfolio Manager or are incapacitated or otherwise unavailable.</p>	<p>The appointment of Fiona Yang as Co-Portfolio Manager has mitigated the risk of key person dependency. Also, the Portfolio Managers work within and are supported by the wider Invesco Asian and Emerging Markets Equities team, with Ian Hargreaves and William Lam as Co-Heads of this team.</p>	<p>► Unchanged</p>
<p><b>Currency Fluctuation Risk</b></p> <p>Exposure to currency fluctuation risk negatively impacts the Company's NAV. The movement of exchange rates may have an unfavourable or favourable impact on returns as nearly all of the Company's assets are non-sterling denominated.</p>	<p>With the exception of borrowings in foreign currency, the Company does not normally hedge its currency positions but may do so should the Portfolio Managers or the Board feel this to be appropriate. Contracts are limited to currencies and amounts commensurate with the asset exposure. The foreign currency exposure of the Company is reviewed at Board meetings.</p>	<p>► Unchanged</p>
<b>Third-Party Service Providers Risk</b>		
<p><b>Unsatisfactory Performance of Third-Party Service Providers</b></p> <p>Failure by any third-party service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operations of the Company and could affect the ability of the Company to successfully pursue its investment policy and expose the Company to reputational risk. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position.</p>	<p>Details of how the Board monitors the services provided by the Manager and other third-party service providers, and the key elements designed to provide effective internal control, are included in the internal control and risk management section in the 2022 Annual Financial Report on page 23.</p>	<p>► Unchanged</p>

Category and Principal Risk Description	Mitigating Procedures and Controls	Risk trend during the period
<b>Third-Party Service Providers Risk continued</b>		
<p><b>Information Technology Resilience and Security</b></p> <p>The Company's operational structure means that all cyber risk (information and physical security) arises at its Third Party Service Providers ('TPPs'). This cyber risk includes fraud, sabotage or crime perpetrated against the Company or any of its TPPs.</p>	<p>The Board receives regular updates on the Manager's information and cyber security. This includes updates on the cyber security framework, staff resource and training, and the testing of its security systems designed to protect against a cyber security attack.</p> <p>As well as conducting a regular review of TPPs audited service organisation control reports by the Audit Committee, the Board monitors TPPs' business continuity plans and testing including the TPPs' and Manager's regular 'live' testing of workplace recovery arrangements should a cyber event occur.</p>	<p>► Unchanged</p>
<p><b>Operational Resilience</b></p> <p>The Company's operational capability relies upon the ability of its TPPs to continue working throughout the disruption caused by a major event such as the Covid-19 pandemic.</p>	<p>The Manager's business continuity plans are reviewed on an ongoing basis and the Directors are satisfied that the Manager has in place robust plans and infrastructure to minimise the impact on its operations so that the Company can continue to trade, meet regulatory obligations, report and meet shareholder requirements.</p> <p>The Manager has arrangements and prioritises between work deemed necessary to be carried out on business premises and work from home arrangements should it be necessary, for instance due to further restrictions. Any meetings are held in person, virtually or via conference calls. Similar working arrangements are in place for the Company's third-party service providers. The Board receives regular update reports from the Manager and TPPs on business continuity processes.</p>	<p>► Unchanged</p>

# Twenty-five Largest Holdings

AT 31 OCTOBER 2022

Ordinary shares unless stated otherwise

† The sector group is based on MSCI and Standard & Poor's Global Industry Classification Standard.

Company	Sector <sup>†</sup>	Country	At Market Value £'000	% of Portfolio
Samsung Electronics	Technology Hardware and Equipment	South Korea	15,469	6.8
Taiwan Semiconductor Manufacturing	Semiconductors and Semiconductor Equipment	Taiwan	13,332	5.9
Tencent <sup>R</sup>	Media and Entertainment	China	10,334	4.5
Housing Development Finance Corporation	Banks	India	9,912	4.4
Alibaba <sup>R</sup>	Retailing	China	7,947	3.5
AIA	Insurance	Hong Kong	7,178	3.2
ICICI Bank - ADR	Banks	India	6,718	2.9
Astra International	Automobiles and Components	Indonesia	6,703	2.9
JD.com <sup>R</sup>	Retailing	China	6,202	2.7
MingYang Smart Energy <sup>A</sup>	Capital Goods	China	5,634	2.5
United Overseas Bank	Banks	Singapore	5,597	2.4
QBE Insurance	Insurance	Australia	5,025	2.2
PT Bank Negara Indonesia Persero	Banks	Indonesia	4,984	2.2
POSCO	Materials	South Korea	4,758	2.1
Gree Electrical Appliances <sup>A</sup>	Consumer Durables and Apparel	China	4,737	2.1
Aurobindo Pharma	Pharmaceuticals, Biotechnology and Life Sciences	India	4,735	2.1
Shriram Transport Finance	Diversified Financials	India	4,515	2.0
CK Asset	Real Estate	Hong Kong	4,392	1.9
Kasikornbank <sup>F</sup>	Banks	Thailand	4,381	1.9
Larsen & Toubro	Capital Goods	India	4,300	1.9
NetEase <sup>R</sup>	Media and Entertainment	China	4,288	1.9
Uni-President	Food, Beverage and Tobacco	Taiwan	4,238	1.8
Ping An Insurance <sup>H</sup>	Insurance	China	3,857	1.7
LG Chemical	Materials	South Korea	3,823	1.7
Hyundai Motor - preference shares	Automobiles and Components	South Korea	3,687	1.6
			<b>156,746</b>	<b>68.8</b>
Other Investments (32)			70,950	31.2
<b>Total Holdings (57)</b>			<b>227,696</b>	<b>100.0</b>

ADR: American Depositary Receipts - are certificates that represent shares in the relevant stock and are issued by a US bank. They are denominated and pay dividends in US dollars.

H: H-Shares - shares issued by companies incorporated in the People's Republic of China ('PRC') and listed on the Hong Kong Stock Exchange.

R: Red Chip Holdings - holdings in companies incorporated outside the PRC, listed on the Hong Kong Stock Exchange, and controlled by PRC entities by way of direct or indirect shareholding and/or representation on the board.

A: A-shares are shares that denominated in Renminbi and traded on the Shanghai and Shenzhen stock exchanges.

F: F-Shares - shares issued by companies incorporated in Thailand that are available to foreign investors only. Thai laws have imposed restrictions on foreign ownership of Thai companies so there is a pre-determined limit of these shares. Voting rights are retained with these shares.



# Governance

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## Going Concern

The financial statements have been prepared on a going concern basis.

During the period, the Directors took into consideration the continuation vote for the Company; the uncertain economic outlook following the ongoing consequences of the Covid-19 pandemic and the conflict in Ukraine; and consider the preparation of the financial statements on a going concern basis to be the appropriate basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being taken as at least 12 months after signing the financial statements for the same reasons as set out in the Viability Statement in the Company's 2022 Annual Financial Report. The Directors took into account the diversified portfolio of readily realisable securities which can be used to meet the net current liability position of the Company as at the balance sheet date; and revenue forecasts for the forthcoming year. An ordinary resolution was proposed and approved at the 2022 AGM to release the Directors from their obligation to convene a meeting in 2023 at which a special resolution for the wind up of the Company would have been proposed.

## Related Party Transactions

Under United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors and their dependents as related parties. No other related parties have been identified. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

## Directors' Responsibility Statement

### In respect of the preparation of the half-yearly financial report

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the FRC's FRS 104 Interim Financial Reporting;
- the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules; and
- the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited nor reviewed by the Company's auditor.

Signed on behalf of the Board of Directors.

**Neil Rogan**

Chairman

26 January 2023

# Condensed Income Statement

## FOR THE SIX MONTHS ENDED 31 OCTOBER

	Revenue return £'000	2022 Capital return £'000	Total return £'000	Revenue return £'000	2021 Capital return £'000	Total return £'000
Losses on investments held at fair value	-	(36,228)	(36,228)	-	(17,938)	(17,938)
Losses on foreign exchange	-	(316)	(316)	-	(27)	(27)
Income - note 2	5,285	51	5,336	3,981	62	4,043
Investment management fee - note 3	(222)	(666)	(888)	(247)	(740)	(987)
Other expenses	(332)	(2)	(334)	(326)	(3)	(329)
<b>Net return before finance costs and taxation</b>	<b>4,731</b>	<b>(37,161)</b>	<b>(32,430)</b>	<b>3,408</b>	<b>(18,646)</b>	<b>(15,238)</b>
Finance costs - note 3	(24)	(72)	(96)	(5)	(15)	(20)
<b>Return on ordinary activities before taxation</b>	<b>4,707</b>	<b>(37,233)</b>	<b>(32,526)</b>	<b>3,403</b>	<b>(18,661)</b>	<b>(15,258)</b>
Tax on ordinary activities - note 4	(450)	(179)	(629)	(345)	-	(345)
<b>Return on ordinary activities after taxation for the financial period</b>	<b>4,257</b>	<b>(37,412)</b>	<b>(33,155)</b>	<b>3,058</b>	<b>(18,661)</b>	<b>(15,603)</b>
<b>Return per ordinary share</b>						
Basic	6.37p	(55.96)p	(49.59)p	4.57p	(27.91)p	(23.34)p
<b>Weighted average number of ordinary shares in issue during the period</b>			<b>66,853,287</b>			<b>66,853,287</b>

The total column of this statement represents the Company's profit and loss account, prepared in accordance with UK Accounting Standards. The return on ordinary activities after taxation is the total comprehensive income and therefore no additional statement of other comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

# Condensed Statement of Changes in Equity

## FOR THE SIX MONTHS ENDED 31 OCTOBER

	Share Capital £'000	Capital Redemption Reserve £'000	Special Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
For the six months ended 31 October 2022						
At 30 April 2022	7,500	5,624	34,827	202,814	1,411	252,176
Return on ordinary activities	-	-	-	(37,412)	4,257	(33,155)
At 31 October 2022	7,500	5,624	34,827	165,402	5,668	219,021
For the six months ended 31 October 2021						
At 30 April 2021	7,500	5,624	34,827	229,438	3,863	281,252
Return on ordinary activities	-	-	-	(18,661)	3,058	(15,603)
At 31 October 2021	7,500	5,624	34,827	210,777	6,921	265,649



# Condensed Balance Sheet

Registered Number 3011768

	At 31 October 2022 £'000	At 30 April 2022 £'000
<b>Fixed assets</b>		
Investments held at fair value through profit or loss - note 7	227,696	256,686
<b>Current assets</b>		
Amounts due from brokers	-	1,746
Overseas withholding tax recoverable	120	163
VAT recoverable	23	16
Prepayments and accrued income	163	567
Cash and cash equivalents	1,303	738
	1,609	3,230
<b>Creditors: amounts falling due within one year</b>		
Bank facility	(8,400)	(5,610)
Amounts due to brokers	-	(780)
Bank overdraft	(694)	-
Accruals	(578)	(657)
	(9,672)	(7,047)
<b>Net current liabilities</b>	(8,063)	(3,817)
<b>Total assets less current liabilities</b>	219,633	252,869
<b>Creditors: amounts falling due after more than one year</b>		
Provision for deferred Indian capital gains tax	(612)	(693)
<b>Net assets</b>	219,021	252,176
<b>Capital and reserves</b>		
Share capital	7,500	7,500
Other reserves:		
Capital redemption reserve	5,624	5,624
Special reserve	34,827	34,827
Capital reserve	165,402	202,814
Revenue reserve	5,668	1,411
<b>Total shareholders' funds</b>	219,021	252,176
<b>Net asset value per ordinary share</b>		
Basic	327.62p	377.21p
<b>Number of 10p ordinary shares in issue at the period end - note 6</b>	66,853,287	66,853,287

# Notes to the Condensed Financial Statements

## 1. Accounting Policies

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 104 Interim Financial Reporting and the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in April 2021. The financial statements are issued on a going concern basis.

The accounting policies applied to these condensed financial statements are consistent with those applied in the Company's 2022 Annual Financial Report.

## 2. Income

	Six months to 31 October 2022 £'000	Six months to 31 October 2021 £'000
Income from investments:		
Overseas dividends - ordinary	4,956	3,689
- special	327	292
Deposit interest	2	-
Total income	5,285	3,981

Special dividends of £51,000 were recognised in capital during the period (31 October 2021: £62,000).

## 3. Management Fee, Performance Fees and Finance Costs

Investment management fee and finance costs on any borrowings are charged 75% to capital and 25% to revenue. A management fee is payable quarterly in arrears and is equal to 0.75% per annum of the value of the Company's total assets less current liabilities (including any short term borrowings) under management at the end of the relevant quarter and 0.65% per annum for any net assets over £250 million.

## 4. Taxation and Investment Trust Status

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company. As such, the Company has not provided any UK corporation tax on any realised or unrealised capital gains or losses arising on investments. The Company's tax charge represents withholding tax suffered on overseas income and Indian capital gains tax paid and provided for due to the holding of Indian equity investments which are subject to Indian Capital Gains Tax Regulations. Further details can be found in Note 6(d) of the Company's 2022 Annual Financial Report on page 62.

## 5. Dividends paid on Ordinary Shares

As noted in the Chairman's Statement, an interim dividend of 7.20p per share was paid on 24 November 2022 to shareholders on the register on 4 November 2022. Shares were marked ex-dividend on 3 November 2022.

In accordance with accounting standards, dividends payable after the period end have not been recognised as a liability.

# Notes to the Condensed Financial Statements (continued)

## 6. Share Capital, including Movements

Share capital represents the total number of shares in issue, including treasury shares.

### (a) Ordinary Shares of 10p each

	Six months to 31 October 2022	Year to 30 April 2022
<b>Number of ordinary shares in issue:</b>		
Brought forward	66,853,287	66,853,287
Shares bought back into treasury	-	-
Carried forward	66,853,287	66,853,287

### (b) Treasury Shares

	Six months to 31 October 2022	Year to 30 April 2022
<b>Number of treasury shares held:</b>		
Brought forward	8,146,594	8,146,594
Shares bought back into treasury	-	-
Carried forward	8,146,594	8,146,594
Total ordinary shares	74,999,881	74,999,881

During the period the Company has not bought back or re-issued any shares into or from treasury (30 April 2022: nil).

Subsequent to the period end 31 October 2022 no ordinary shares were issued, bought back into treasury or cancelled.

## 7. Classification Under Fair Value Hierarchy

FRS 102 sets out three fair value levels. These are:

Level 1 - The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The fair value hierarchy analysis for investments and related forward currency contracts held at fair value at the period end is as follows:

	31 October 2022 £'000	30 April 2022 £'000
Financial assets designated at fair value through profit or loss:		
Level 1	223,218	250,748
Level 2	4,381	5,837
Level 3	97	101
Total for financial assets	227,696	256,686

The Level 2 investment consists of one holding in Kasikornbank (30 April 2022: Two holdings in the Invesco Liquidity Funds - US Dollar money market fund and Kasikornbank).

The Level 3 investment consists of one holding in Lime Co. (30 April 2022: Lime Co.).

## 8. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 October 2022 and 31 October 2021 has not been audited. The figures and financial information for the year ended 30 April 2022 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditor, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board  
**Invesco Asset Management Limited**  
Company Secretary

26 January 2023

# Glossary of Terms and Alternative Performance Measures

## Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The calculations shown in the corresponding tables are for the six months ended 31 October 2022 and the year ended 30 April 2022. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

### (Discount)/Premium (APM)

Discount is a measure of the amount by which the mid-market price of an investment company share is lower than the underlying net asset value (NAV) of that share. Conversely, Premium is a measure of the amount by which the mid-market price of an investment company share is higher than the underlying net asset value of that share. In this interim financial report the discount is expressed as a percentage of the net asset value per share and is calculated according to the formula set out below. If the shares are trading at a premium the result of the below calculation will be positive and if they are trading at a discount it will be negative.

	Page		At 31 October 2022	At 30 April 2022
Share price	1	a	281.00p	332.50p
Net asset value per share	16	b	327.62p	377.21p
<b>Discount</b>		$c = (a-b)/b$	(14.2)%	(11.9)%

The average discount for the period/year is the arithmetic average, over a period/year, of the daily discount calculated on the same basis as shown above.

## Gearing

The gearing percentage reflects the amount of borrowings that a company has invested. This figure indicates the extra amount by which net assets, or shareholders' funds, may move if the value of a company's investments were to rise or fall. A positive percentage indicates the extent to which net assets are geared; a nil gearing percentage, or 'nil', shows a company is ungeared. A negative percentage indicates that a company is not fully invested and is holding net cash as described below.

There are several methods of calculating gearing and the following has been used in this report:

### Gross Gearing (APM)

This reflects the amount of gross borrowings in use by a company and takes no account of any cash balances. It is based on gross borrowings as a percentage of net assets. As at 31 October 2022 the Company had £9,094,000 gross borrowings (30 April 2022: £5,610,000).

	Page		At 31 October 2022 £'000	At 30 April 2022 £'000
Bank facility	16		8,400	5,610
Overdraft	16		694	-
Gross borrowings		a	9,094	5,610
Net assets	16	b	219,021	252,176
<b>Gross gearing</b>		$c = a/b$	4.2%	2.2%



## Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. investments in money market funds). It is based on net borrowings as a percentage of net assets. Net cash reflects the net exposure to cash and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

			At 31 October 2022 £'000	At 30 April 2022 £'000
	Page			
Bank facility	16		8,400	5,610
Overdraft	16		694	-
Less: cash and cash equivalents including margin	16		(1,303)	(738)
Invesco Liquidity Fund - US Dollar (money market fund)			-	(846)
Net borrowings		a	7,791	4,026
Net assets	16	b	219,021	252,176
<b>Net gearing</b>		c = a/b	3.6%	1.6%

## Leverage

Leverage, for the purposes of the Alternative Investment Fund Managers Directive ('AIFMD'), is not synonymous with gearing as defined above. In addition to borrowings, it encompasses anything that increases the Company's exposure, including foreign currency and exposure gained through derivatives. Leverage expresses the Company's exposure as a ratio of the Company's net asset value. Accordingly, if a Company's exposure was equal to its net assets it would have leverage of 100%. Two methods of calculating such exposure are set out in the AIFMD, gross and commitment. Under the gross method, exposure represents the aggregate of all the Company's exposures other than cash balances held in base currency and without any offsetting. The commitment method takes into account hedging and other netting arrangements designed to limit risk, offsetting them against the underlying exposure.

## Net Asset Value (NAV)

Also described as shareholders' funds, the NAV is the value of total assets less liabilities. The NAV per share is calculated by dividing the net asset value by the number of ordinary shares in issue. The number of ordinary shares for this purpose excludes those ordinary shares held in treasury.

## Portfolio Beta

The portfolio beta is a measure of the portfolio's sensitivity to market movements. The beta of the market is 1.00 by definition. A beta of 1.10 shows that the portfolio is predicted to perform 10% better than its benchmark index in rising markets and 10% worse in falling markets, assuming all other factors remain constant. Conversely, a beta of 0.90 indicates that the portfolio is expected to perform 10% worse than the benchmark index during rising markets and 10% better during falling markets. The beta of the Company's portfolio was 1.11 as at 31 October 2022.

## Return

The return generated in a period from the investments including the increase and decrease in the value of investments over time and the income received.

## Capital Return

Reflects the return on NAV, from the increase and decrease in the value of investments, but excluding any dividends reinvested.

## Total Return

Total return is the theoretical return to shareholders that measures the combined effect of any dividends paid, together with the rise or fall in the share price or net asset value per share. In this half-yearly financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

## Net Asset Value Total Return (APM)

Total return on net asset value per share, assuming dividends paid by the Company were reinvested into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

# Glossary of Terms and Alternative Performance Measures (continued)

## Share Price Total Return (APM)

Total return to shareholders, on a mid-market price basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

			Net Asset Value	Share Price
<b>Six Months Ended 31 October 2022</b>				
As at 31 October 2022	Page 1		327.62p	281.00p
As at 30 April 2022	1		377.21p	332.50p
Change in period		a	-13.1%	-15.5%
Impact of dividend reinvestments <sup>(1)</sup>		b	0.0%	0.0%
<b>Total return for the period</b>		c = a+b	-13.1%	-15.5%
<b>Year Ended at 30 April 2022</b>				
As at 30 April 2022	Page 1		377.21p	332.50p
As at 30 April 2021			420.70p	386.00p
Change in year		a	-10.3%	-13.9%
Impact of dividend reinvestments <sup>(1)</sup>		b	3.6%	3.9%
<b>Total return for the year</b>		c = a+b	-6.7%	-10.0%

(1) No dividends have been paid during six months to 31 October 2022 (year to 30 April 2022: 15.30p). NAV or share price movements subsequent to the reinvestment date further impact the returns, rising if the NAV or share price rises and falling if the NAV or share price falls.

## Benchmark

The benchmark of the Company is the MSCI AC Asia ex Japan Index (total return, net of withholding tax, in sterling terms). Total return on the benchmark is on a mid-market value basis, assuming all dividends received were reinvested, without transaction costs, into the shares of the underlying companies at the time the shares were quoted ex-dividend.

# Directors, Investment Manager and Administration

## Directors

Neil Rogan (*Chairman of the Board, Management Engagement and Nomination Committees*)

Vanessa Donegan (*Senior Independent Director and Chairman of the Remuneration Committee*)†

Myriam Madden (*Chairman of the Audit Committee*)†

Sonya Huen Rogerson (*appointed 26 July 2022*)†

All Directors are members of the Management Engagement, Remuneration and Nomination Committees

† Member of the Audit Committee

## Registered Office and Company Number

Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire RG9 1HH  
Registered in England and Wales: No. 3011768

## Alternative Investment Fund Manager ('Manager')

Invesco Fund Managers Limited

## Company Secretary

Invesco Asset Management Limited

Company Secretarial contact: Naomi Rogers/James Poole

## Correspondence Address

43-45 Portman Square, London W1H 6LY

☎ 020 3753 1000

Email: [investmenttrusts@invesco.com](mailto:investmenttrusts@invesco.com)

## Depository and Custodian

The Bank of New York Mellon (International) Limited  
160 Queen Victoria Street, London, EC4V 4LA

## Corporate Broker

Investec Bank plc

30 Gresham Street, London EC2V 7QP

## General Data Protection Regulation

The Company's privacy notice can be found at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

## Invesco Client Services

Invesco has a Client Services Team, available to assist you from 8.30am to 6.00pm Monday to Friday (excluding UK Bank Holidays). Please feel free to take advantage of their expertise by ringing: ☎ 0800 085 8677.

🌐 [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts)

## Registrar

Link Group

Central Square, 29 Wellington Street, Leeds, LS1 4DL

If you hold your shares directly and not through a savings scheme or ISA and have queries relating to your shareholding you should contact the Registrar on: ☎ 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider.

Link Group provides an on-line and telephone share dealing services to existing shareholders who are not seeking advice on buying or selling. This service is available at [www.linksharedeal.com](http://www.linksharedeal.com) or ☎ 0371 664 0445. Calls are charged at the standard geographic rate and will vary by provider.

Calls from outside the UK will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm Monday to Friday (excluding Bank Holidays in England and Wales).

Shareholders holding shares directly can also access their holding details via Link's website [www.signalshares.com](http://www.signalshares.com)

Link Group is the business name of Link Market Services Limited.

## Investor Warning

The Company, Invesco and the Registrar would never contact members of the public to offer services or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA consumer helpline on 0800 111 6768 and Action Fraud on 0300 123 2040. Further details for reporting frauds, or attempted frauds, can be found below.

## The Association of Investment Companies

The Company is a member of the Association of Investment Companies. Contact details are as follows:

☎ 020 7282 5555

Email: [enquiries@theaic.co.uk](mailto:enquiries@theaic.co.uk)

Website: [www.theaic.co.uk](http://www.theaic.co.uk)

## Manager's Website

Information relating to the Company can be found on the Company's section of the Manager's website at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

The contents of websites referred to in this document, or accessible from links within those websites, are not incorporated into, nor do they form part of, this document.

**The Company's ordinary shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors.**

## Be ScamSmart

### Investment scams are designed to look like genuine investments

#### Spot the warning signs

Have you been:

- contacted out of the blue
- promised tempting returns and told the investment is safe
- called repeatedly, or
- told the offer is only available for a limited time?

If so, you might have been contacted by fraudsters.

### Avoid investment fraud

#### 1 Reject cold calls

If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

#### 2 Check the FCA Warning List

The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

#### 3 Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

**Remember: if it sounds too good to be true, it probably is!**

### Report a Scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at [www.fca.org.uk/consumers/report-scam-unauthorised-firm](http://www.fca.org.uk/consumers/report-scam-unauthorised-firm). You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

