

Fund manager(s)



Mike Shiao
Fund Manager

Investment Risks

For complete information on risks, refer to the legal documents. The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested. As a large portion of the fund is invested in less developed countries, you should be prepared to accept significantly large fluctuations in the value of the fund. As this fund is invested in a particular country, you should be prepared to accept greater fluctuations in the value of the fund than for a fund with a broader investment mandate. The fund may invest in certain securities listed in China which can involve significant regulatory constraints that may affect the liquidity and/or the investment performance of the fund. The fund invests in a limited number of holdings and is less diversified. This may result in large fluctuations in the value of the fund.

Monthly Report October 2024 (covering September)

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Summary of fund objective

The Fund is actively managed. The objective of this Fund is to achieve long-term capital growth by investing in equity or equity-related securities of companies with exposure to China. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Fund Performance

The Invesco China Focus Equity Fund Z-Acc (USD) underperformed the reference benchmark for the month, subsequent to the announcement of the stimulus led to over 20% uptick in MSCI China within a few days, which was the primary cause of this underperformance. The Fund delivered a positive return of 13.66%*, trailing behind the reference benchmark, which achieved 24.58%. Historically, the strongest rebounds are often seen in areas that were under-owned in previous months and may not be fundamentally supported. In the six days following the stimulus announcement, real estate (+60.56%) and selected stocks within consumer staples (such as healthtech companies) benefited strongly, rallied over 60%. The stimulus had led to a very strong rebound in the real estate sector within a very short period. We are optimistic that the stimulus will benefit both the economy and the companies in our portfolio. However, this optimism has led to short-term deviations in sector and stock performance. On a positive note, our top contributors include select consumer discretionary companies in China that benefit from the rally, particularly in the e-commerce and restaurant sectors. Moreover, our non-benchmark holding in a leading hypermarket within consumer staples also added value, benefiting from the improved consumer sentiment following the policy announcements. On other note, our sector allocation was rewarded. Our overweighted exposures within information technology, underweighted exposures in utilities as well as non-exposure to energy wain consumer discretionary were rewarded.

Fund Positioning

The team adopts a selective approach to invest in companies across all China share classes representing the complete set of opportunities in Chinese equities. Regarding investment strategy, we focus on companies with sustainable leadership and competitive advantages that we believe are trading at a discount to their fair values. The portfolio reflects where we see underlying opportunities in China. We have decent exposure in consumer discretionary, where we have positioned a wide range of opportunities, including e-commerce, and selected retail. We also have quality exposure in communication services, healthcare and selected financials. This month, we increased exposures within healthcare, increasing exposure to a medical polymer company. We also added to communication services, increasing exposure to a social network company. We also added selectively to IT, initiating new exposure in a charging technology company. Meanwhile, we trimmed exposure in consumer discretionary, exiting an exposure in an electrical appliance manufacturer.

Outlook

In China, recent policy easing announcements have revived optimism. The easing measures are positive to underlying consumer-related sectors. We are pleased to see the upbeat consumer sentiment during the Golden Week, while in the mid-long run, we believe that the supportive monetary and fiscal measures will continue to boost the sustainable growth of the Chinese economy. In the near term, we will remain cloely to the areas targeted by policy easing measures, with a particular emphasis on consumption. The October Golden Week is set to amplify this positive momentum. Traditionally a period of elevated consumer activity, we continue to see this year's Golden Week to have surge in spending, especially after the recent policy announcements. Chinese equities have rerated back to long-term average after the recent rally. China's current market valuations are trading at a relatively low level both in historical terms and compared to developed markets. In fact, the MSCI China index is currently trading at a significant discount of almost half relative to the MSCI US index. We believe this presents an attractive opportunity for investors to potentially capitalize on.

Fund Facts	
Z-share ISIN	LU1701634195
Bloomberg	INVCZUA LX
Domicile	Luxembourg
AuM	272.18m USD
Launch Date	15 Dec 2011
Reference Index**	MSCI China 10/40 Index (Net Total Return)

Fund Managers*** Mike Shiao

** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** Mike Shiao since December 2011

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	-0.63	-1.70
Batting Average	50.00	50.00
Gain/Loss Ratio	0.96	1.08
Information Ratio	0.08	-0.20
Sharpe Ratio	-0.30	-0.12
Tracking Error	8.87	8.79

Awards & Gradings



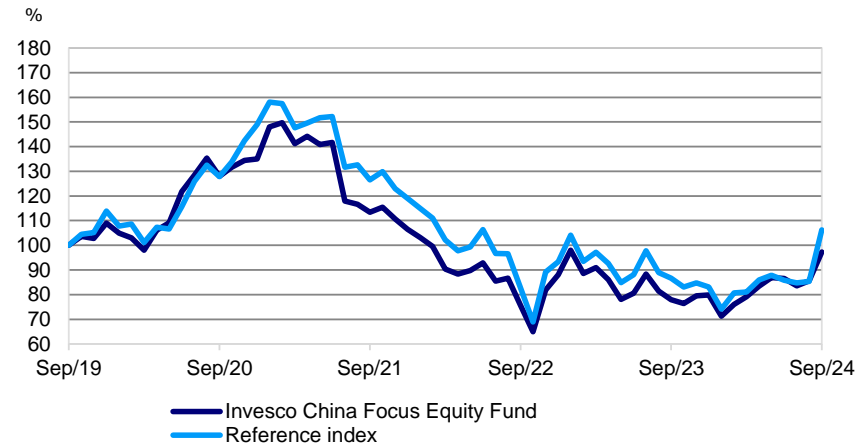
Morningstar Rating 30.09.24

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Past performance does not predict future returns.

Performance (USD) ¹

5 Year Active Return



Cumulative	YTQ	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	21.76	21.76	13.66	24.77	-14.25	-2.74
Reference Index	27.88	27.88	24.58	22.58	-15.99	6.28
Active return	-6.12	-6.12	-10.92	2.19	1.74	-9.02

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	22.79	23.88	-21.08	-17.27	-9.34
Reference Index	22.18	30.75	-20.14	-21.53	-10.97

Rolling 12 Months	30.09.14	30.09.15	30.09.16	30.09.17	30.09.18
	30.09.15	30.09.16	30.09.17	30.09.18	30.09.19
Fund (Z-shares)	-8.65	17.97	29.69	8.15	-2.38
Reference Index	-4.96	11.60	30.59	-1.99	-4.45
Peer Group	-2.02	12.17	26.53	-3.51	-1.69

	30.09.19	30.09.20	30.09.21	30.09.22	30.09.23
	30.09.20	30.09.21	30.09.22	30.09.23	30.09.24
Fund (Z-shares)	27.95	-11.36	-33.42	3.23	24.77
Reference Index	27.82	-1.03	-34.69	4.94	22.58
Peer Group	31.71	2.79	-35.11	-2.52	15.76

Source fund/sector: Morningstar as of 30 September 2024

Source index: RIMES as at 30 September 2024, on a total return basis in USD

Peer Group: Morningstar Category EAA Fund China Equity

¹Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

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