

Fund manager(s)



Mike Shiao
Fund Manager

Monthly Report June 2024 (covering May)

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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.

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.

Fund Performance

The Invesco China Focus Equity Fund Z-Acc (USD) delivered strongly at +4.14% this month, outperforming the reference benchmark by 2.21%. The reference benchmark returned +2.21%, for the month of May 2024. The Fund comfortably sits in the first decile of Morningstar peer group. We have seen a strong month, with almost all sectors delivering positively in our portfolio. Stock selection added strong positive alpha, particularly in IT. Within IT, our holdings in PC manufacturers were also rewarded. Moreover, our non-reference benchmark holding in a semiconductor company also generated strong alpha, riding on the continual AI-driven re-rating. In addition, we were also rewarded from our strong selection within consumer staples. Our non-reference benchmark holding in food and beverage company was rewarded, we see gradual pickup in margins with the more stable raw material price. Moreover, our holding in a leading Chinese hypermarket also generated positive alpha. Furthermore, our holding in an online entertainment group within communication services. We believe the company's margins should continue to expand on strong top-line growth.

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, where we initiated new exposure in a pharmaceutical company. We also added to IT sector, seeing the continual re-rating in the sector and also further AI application in consumer electronics. Meanwhile, we trimmed exposures in financials, exiting an exposure in an insurance group.

Outlook

The Chinese equity market has demonstrated remarkable resilience in Year-to-date, rebounded decently since reaching its trough in January. Looking ahead, we hold an optimistic view on China's economic prospects, underpinned by both domestic demand recovery and supportive government policy. From a consumption standpoint, several key indicators are moving in a positive direction. Retail sales, travel data, and automotive sector performance are all showing improvement. In addition, consumer confidence in China appears to be on the rise. Moreover, Chinese government are also taking incremental steps to help stabilize domestic demand, emphasizing policy continuity and implementing measures such as increased government bond issuance and housing policy relaxation. We believe these measures should help stabilize the economy and restore investor confidence. 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	250.02m 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)	0.62	-0.18
Batting Average	50.00	50.00
Gain/Loss Ratio	0.72	1.03
Information Ratio	0.34	0.00
Sharpe Ratio	-0.62	-0.17
Tracking Error	6.31	7.24

Awards & Gradings



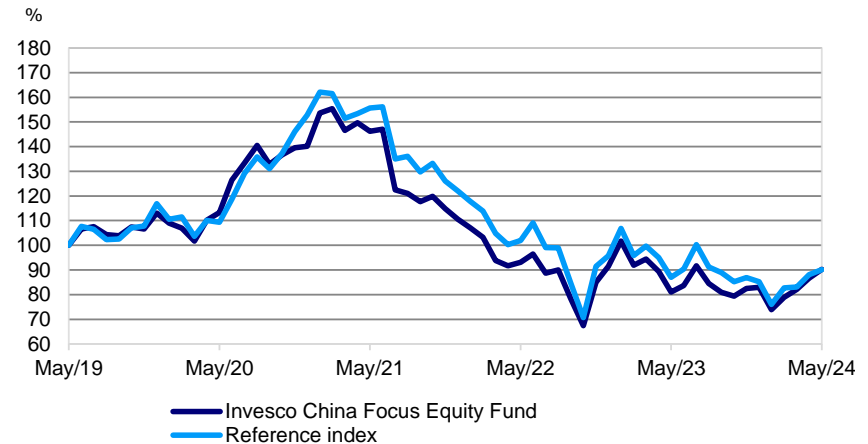
Morningstar Rating 31.05.24

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Past performance does not predict future returns.

Performance (USD) ¹

5 Year Active Return



Cumulative	YTD	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	8.78	-0.89	4.14	11.33	-38.31	-9.81
Reference Index	5.70	-2.54	2.21	3.54	-42.11	-9.91
Active return	3.08	1.65	1.93	7.79	3.80	0.10

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	31.05.14	31.05.15	31.05.16	31.05.17	31.05.18
	31.05.15	31.05.16	31.05.17	31.05.18	31.05.19
Fund (Z-shares)	20.91	-14.58	21.99	32.21	-11.07
Reference Index	36.46	-29.05	29.27	28.24	-17.54
Peer Group	42.47	-28.07	25.65	26.54	-17.17

	31.05.19	31.05.20	31.05.21	31.05.22	31.05.23
	31.05.20	31.05.21	31.05.22	31.05.23	31.05.24
Fund (Z-shares)	13.29	29.05	-36.29	-13.02	11.33
Reference Index	9.29	42.39	-34.52	-14.61	3.54
Peer Group	12.06	46.31	-33.88	-17.58	-1.20

Source fund/sector: Morningstar as of 31 May 2024

Source index: RIMES as at 31 May 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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