

## 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 September 2024 (covering August)

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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), returned 2.43% this month, outperforming the reference benchmark which returned 0.68%. Our stock selections added value. In particular, our holdings within consumer discretionary generated positive alpha. Top contributor is a non-benchmark holding in a footwear manufacturer, the company benefited from the improving sports footwear growth as well as resilient luxury and fashion footwear demand. Our overweighted exposures in a restaurant group also added value, with 2Q2024 upside margin surprises despite macro headwinds, thanks to their expansion of sales and store network. Moreover, our selections in consumer staples also added strongly. This includes our non-benchmark exposure in a leading Chinese hypermarket, with improvements in both offline and online markets. Our holding in instant noodle & beverage manufacturer also generated positive alpha, thanks to the raw material cost tailwind. In addition, we also have strong IT holdings, where the stock selections generated strong positive alpha thanks to multiple non-benchmark stock holdings. Our quality holdings in a computer manufacturer added strongly, the company is seeing more engagements with larger potential customers along with the uptrend in PC momentum, we believe we will see more positive developments in the upcoming quarters.

## 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 financials, increasing exposures in a leading Chinese bank. We also added selectively to IT, including initiating new exposure in a computer manufacturer. Meanwhile, we trimmed exposures in consumer staples, and communication services.

## Outlook

In China, recent economic data indicates stabilization and signs of recovery across various sectors. We believe the economic recovery will be gradual and more visible as we head towards the end of the year, as easing policy measures filter down the economy with a lagged-effect. Recent central government meetings have confirmed the continuation of supportive policies, including interest rate cuts and consumption stimulus through EV subsidies and household replacement incentives. We believe China's equity market is broad and offers numerous opportunities for investors to tap into structural growth drivers. The domestic market is large and evolving, with the rise of middle-class consumers expected to continue, particularly in lower-tier cities. 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               | 238.25m 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) | 2.77  | -0.36 |
| Batting Average     | 52.78 | 50.00 |
| Gain/Loss Ratio     | 0.82  | 0.99  |
| Information Ratio   | 0.73  | -0.01 |
| Sharpe Ratio        | -0.48 | -0.22 |
| Tracking Error      | 6.15  | 7.32  |

## Awards & Gradings



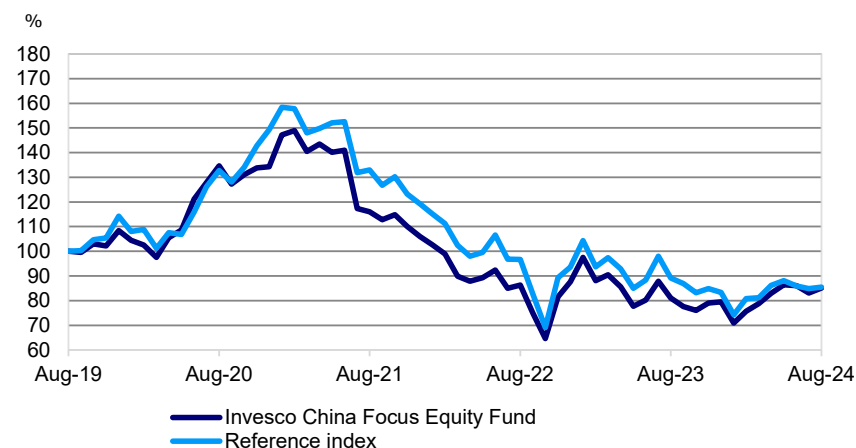
Morningstar Rating 31.08.24

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) <sup>1</sup>

### 5 Year Active Return



| Cumulative      | YTQ  | YTD  | 1M   | 1Y    | 3Y     | 5Y     |
|-----------------|------|------|------|-------|--------|--------|
| Fund (Z-shares) | 8.27 | 7.12 | 2.43 | 5.12  | -26.59 | -14.86 |
| Reference Index | 3.20 | 2.65 | 0.68 | -4.11 | -35.69 | -14.50 |
| Active return   | 5.07 | 4.47 | 1.75 | 9.23  | 9.10   | -0.36  |

| 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 | 31.08.14 | 31.08.15 | 31.08.16 | 31.08.17 | 31.08.18 |
|-------------------|----------|----------|----------|----------|----------|
|                   | 31.08.15 | 31.08.16 | 31.08.17 | 31.08.18 | 31.08.19 |
| Fund (Z-shares)   | -12.19   | 13.20    | 28.23    | 11.19    | -1.49    |
| Reference Index   | -9.28    | 7.12     | 32.26    | -0.20    | -5.49    |
| Peer Group        | -4.20    | 8.35     | 27.98    | -1.97    | -2.47    |

|                 | 31.08.19 | 31.08.20 | 31.08.21 | 31.08.22 | 31.08.23 |
|-----------------|----------|----------|----------|----------|----------|
|                 | 31.08.20 | 31.08.21 | 31.08.22 | 31.08.23 | 31.08.24 |
| Fund (Z-shares) | 34.68    | -13.89   | -25.63   | -6.10    | 5.12     |
| Reference Index | 32.76    | 0.15     | -27.25   | -7.82    | -4.11    |
| Peer Group      | 36.78    | 3.23     | -28.62   | -11.77   | -8.06    |

Source fund/sector: Morningstar as of 31 August 2024

Source index: RIMES as at 31 August 2024, on a total return basis in USD

Peer Group: Morningstar Category EAA Fund China Equity

<sup>1</sup>Fund 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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