

# 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 by investing in a diversified portfolio of Asian and Australasian companies. The Company aims to achieve growth in its net asset value (NAV) in excess of the Benchmark Index, the MSCI AC Asia ex Japan Index (total return, in sterling terms).

## Contents

# 1

### Strategy

#### Overview:

Financial Information and Performance Statistics .....	4
Chairman's Statement .....	7

#### Strategic Report:

Portfolio Manager's Report .....	11
Business Review .....	17

#### Investments:

Investments in Order of Valuation .....	24
Classification of Investments by Country/Sector .....	26

# 2

### Governance

Directors .....	30
Directors' Report .....	31
The Company's Corporate Governance Framework .....	35
Corporate Governance Statement .....	36
Audit Committee Report .....	40
Directors' Remuneration Report .....	42
Directors' Responsibilities Statement .....	45

# 3

---

## Financial

Independent Auditor's Report .....	48
Income Statement .....	53
Statement of Changes in Equity .....	54
Balance Sheet .....	55
Notes to the Financial Statements .....	56

# 4

---

## Shareholder

Notice of Annual General Meeting .....	70
Shareholder Information .....	74
Advisers and Principal Service Providers .....	75
Glossary of Terms and Alternative Performance Measures.....	76
Alternative Investment Fund Managers Directive Disclosure ....	79

Total dividend for the year of 7.00p, an increase of 22.8% on the previous year's dividend.  
Shares yielding 2.8% at 30 April 2020 closing price.



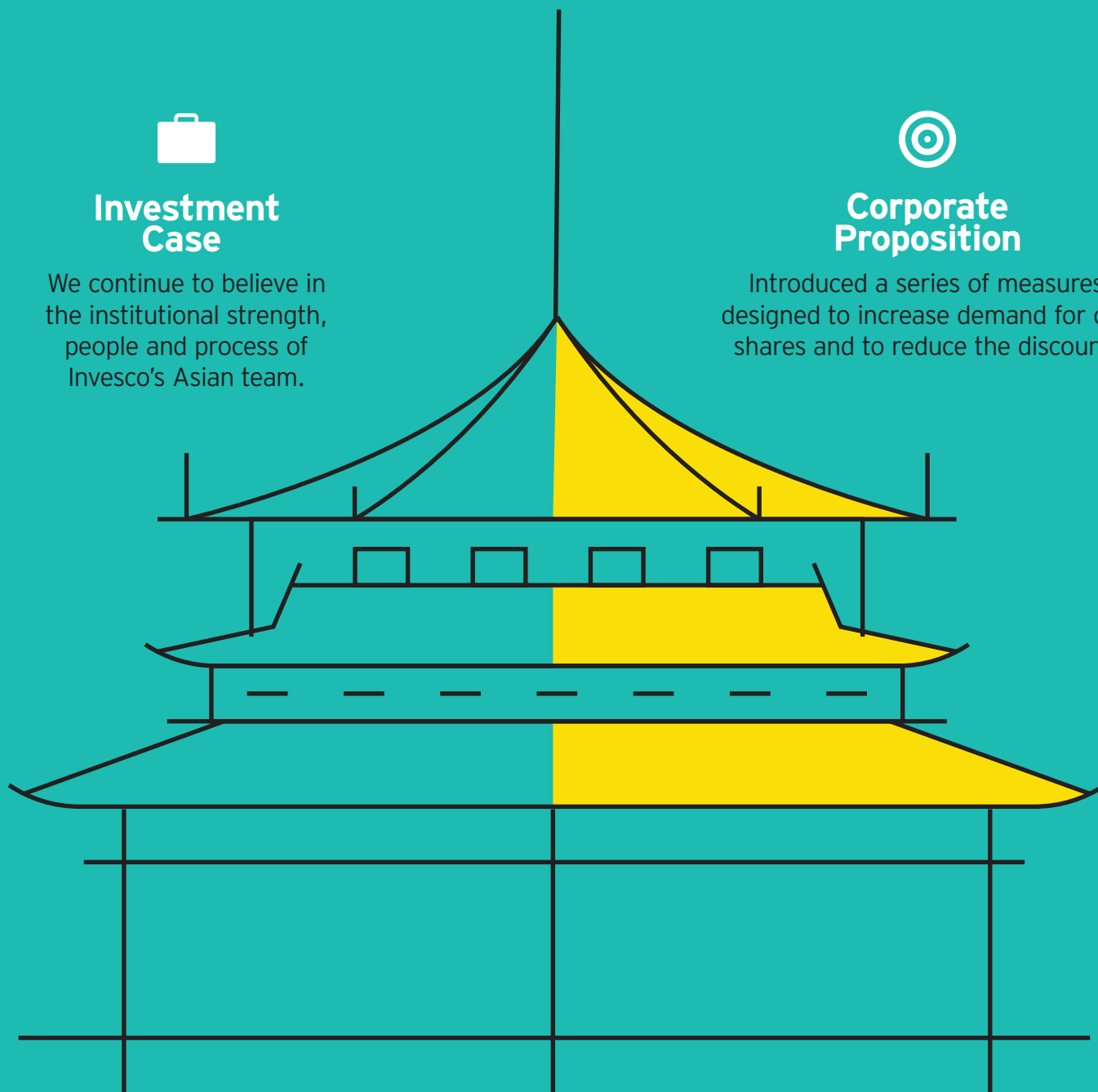
## Investment Case

We continue to believe in the institutional strength, people and process of Invesco's Asian team.



## Corporate Proposition

Introduced a series of measures designed to increase demand for our shares and to reduce the discount.



**-10.0%**

share price total return<sup>(1)</sup>



**-10.2%**

NAV total return<sup>(1)</sup>

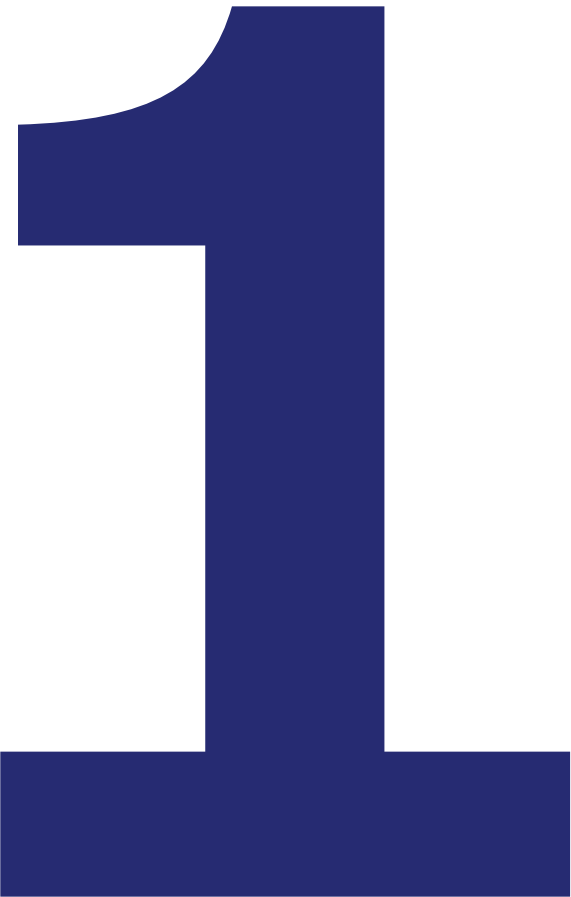


**-4.1%**

benchmark index<sup>(2)</sup>

<sup>(1)</sup> Alternative Performance Measure as detailed on page 78.

<sup>(2)</sup> MSCI AC Asia ex Japan Index (total return, in sterling terms).



---

## Strategy

<b>Overview:</b>	
Financial Information and Performance Statistics.....	4
Chairman's Statement .....	7
<b>Strategic Report:</b>	
Portfolio Manager's Report .....	11
Business Review .....	17
<b>Investments:</b>	
Investments in Order of Valuation .....	24
Classification of Investments by Country/Sector .....	26

# Financial Information and Performance Statistics

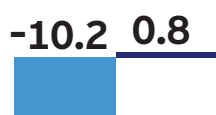
The benchmark index of the Company is the MSCI AC Asia ex Japan Index (total return, in sterling terms)

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

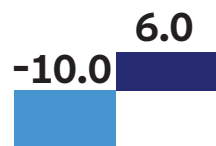
Change for the year (%)

● 2020  
● 2019

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



Share price



Benchmark index



Capital Statistics

At 30 April	2020	2019	change %
Net assets (£'000)	186,948	227,375	-17.8
NAV per share <sup>(2)</sup>	279.6p	322.7p	-13.4
Share price <sup>(1)</sup>	254.0p	294.0p	-13.6
Benchmark index <sup>(2)</sup>	904.96	969.82	-6.7
Discount <sup>(2)</sup> per ordinary share (cum income):	(9.2)%	(8.9)%	
Average discount over the year (cum income) <sup>(1)/(2)</sup>	(11.0)%	(11.6)%	
Gearing <sup>(2)</sup> :			
- gross	5.5%	nil	
- net	4.3%	nil	
- net cash	nil	(1.1)%	

Revenue Statistics

Year Ended 30 April	2020	2019	change %
Income (£'000)	7,120	5,440	+30.9
Net revenue available for ordinary shares (£'000)	5,354	3,927	+36.3
Revenue return per ordinary share	7.81p	5.55p	+40.7
Dividends per share <sup>(3)</sup> :			
- first interim/interim	3.40p	2.80p	
- second interim/final	3.60p	2.90p	
Total dividends	7.00p	5.70p	+22.8
Ongoing charges ratio <sup>(2)</sup>	1.02	0.98	

(1) Source: Refinitiv.

(2) Alternative Performance Measure (APM). See Glossary of terms and alternative performance measures on pages 76 to 78 of the financial report for details of the explanation and reconciliations of APMs.

(3) During the year, the Board resolved to pay two interim dividends (previously an interim and final dividend was paid).



## Ten Year Historical Record

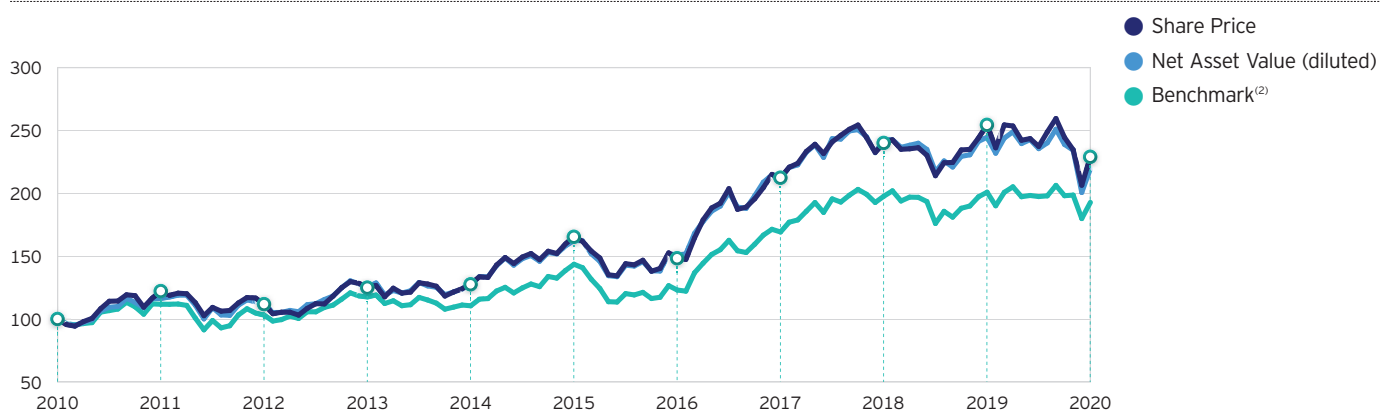
Year to 30 April	Income £'000	Net revenue available for ordinary shares £'000	Dividends on ordinary shares rate p	Dividends on ordinary shares cost £'000	Net assets £'000	Diluted net asset value per ordinary share <sup>(1)</sup> p	Share price p
2011	4,104	2,983	2.90	2,730	176,856	177.6	166.1
2012	4,738	3,593	3.20	2,981	164,741	168.6	149.4
2013	4,557	3,328	3.20	3,389	195,528	184.6	164.0
2014	4,547 <sup>(2)</sup>	3,332 <sup>(2)</sup>	3.45	3,066 <sup>(2)</sup>	162,969 <sup>(2)</sup>	183.4	164.0
2015	4,672	3,334	3.65	3,199	202,167	230.7	208.0
2016	4,256	2,978	3.65	3,093	180,108	210.7	183.0
2017	5,464	3,978	4.30	3,587	243,025	291.3	257.0
2018	6,055 <sup>(2)</sup>	4,447 <sup>(2)</sup>	5.50	3,900 <sup>(2)</sup>	233,252 <sup>(2)</sup>	328.9	286.0
2019	5,440	3,927	5.70	4,014	227,375	322.7	294.0
<b>2020</b>	<b>7,120</b>	<b>5,354</b>	<b>7.00</b>	<b>4,770</b>	<b>186,948</b>	<b>279.6</b>	<b>254.0</b>

(1) When dilution occurs, the diluted NAV per ordinary share is shown.

(2) The 15% tender offers in August 2013 and 2017 are reflected in the decrease in the net assets at the year end and consequently have an impact on income and net revenue available for ordinary shares.

## Ten Year Total Return Performance<sup>(1)</sup>

Rebased to 100 at 30 April 2010



## Total Return in Sterling Terms to 30 April<sup>(1)(2)</sup>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	3 years	5 years	10 years
Net Asset Value %	16.4	-3.5	11.7	1.2	28.0	-7.1	40.4	14.5	0.8	-10.2	3.6	35.1	119.5
Share Price %	22.2	-8.5	12.3	2.0	29.4	-10.3	42.9	13.0	6.0	-10.0	7.8	38.2	129.0
Benchmark <sup>(2)</sup> %	11.8	-7.7	18.3	-6.8	22.7	-14.3	37.5	16.8	1.6	-4.1	13.9	34.2	87.6

## Annualised Total Returns to 30 April 2020<sup>(1)(2)</sup>

	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
Net Asset Value %	-10.2	-4.9	1.2	9.8	6.2	9.5	8.3	8.7	7.3	8.2
Share Price %	-10.0	-2.3	2.5	11.4	6.7	10.2	9.0	9.4	7.2	8.6
Benchmark <sup>(2)</sup> %	-4.1	-1.3	4.4	11.9	6.1	8.7	6.3	7.7	5.9	6.5

(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, in sterling terms). The benchmark performance used throughout this report uses the former index for periods prior to 1 May 2015.







# Chairman's Statement

## Highlights

- Portfolio positioned for recovery when the Covid-19 crisis hit.
- Net Asset Value (NAV) per share down 10.2% over 1 year, benchmark index\* down 4.1%, both on a total return basis.
- Share price total return down 10.0% as discount (on a cum-income basis) moved from 8.9% to 9.2% over the year.
- Second interim dividend of 3.60p per share takes full year dividend to 7.00p, up 22.8% on previous year. Shares yielded 2.8% at 30 April 2020 closing price.
- Investment case: We continue to believe in the institutional strength, people and process of Invesco's Asian Investment team.
- Corporate proposition: We have introduced a series of measures designed to increase demand for our shares and to reduce the discount. However, we have been hurt by abnormal market conditions and a poor period of performance.

\* Benchmark index is the MSCI AC Asia ex Japan Index from 1 May 2015 and was the MSCI AC Asia Pacific ex Japan Index before then.

Sometimes you just have to admit that you got it wrong. I wrote in our interim statement that the Board was “reassured that there are many Asian companies with good fundamentals at attractive valuations that are very well positioned to prosper when conditions return to normal. When that might be depends upon political and market sentiment but our experience tells us that it is better to be positioned early.” That was written before Covid-19 took hold in China. We did not see what was coming and we now know it was wrong to be positioned early for a cyclical recovery when what actually happened was a sudden, very sharp recession. Could we have been positioned differently? Possibly, but it would not have been true to our Manager's investment style. What really matters now is how we position the Company for future performance. It is still true that there are many Asian companies with good fundamentals at attractive valuations that are very well positioned to prosper. But some of the old candidates have suffered severe financial stress as a result of the Covid-19 crisis while some exciting new candidates are available at attractive buying levels. Ian Hargreaves, supported by Fiona Yang, has worked hard to reassess all our current holdings and to research potential new ones. He discusses his investment strategy

in detail in his Portfolio Manager's report. The exposure to China and to the consumer discretionary and technology sectors has increased over the year. The exposure to financials has reduced (page 16).

## Annual General Meeting

As the Government begins to ease the Stay at Home measures introduced in response to Covid-19, it is uncertain as to whether we will be able to hold an Annual General Meeting (AGM) in the traditional format and it may not be possible for Shareholders to attend. The Company is still legally required to hold an AGM which will be held at Invesco's office, 43-45 Portman Square, London W1H 6LY on 3 September 2020 at 12 noon.

At present attendance of more than two people at an AGM (other than where this is essential for work purposes) is not permitted and shareholders should not attend the AGM and anyone who attempts to join the meeting in person will not be admitted. Given the restrictions on attendance, shareholders are encouraged to appoint the 'Chairman of the Meeting' as their proxy. Should the Government restrictions have changed in advance of the AGM and it is possible to attend in person, the Company will notify shareholders via the website [www.invesco.com/invescoasia](http://www.invesco.com/invescoasia) and make a regulatory announcement.

In light of the above, this year's AGM will be restricted to the formal business of the meeting as set out in the Notice of Meeting. There will be no presentation by the Portfolio Manager, a video presentation from Ian Hargreaves will be made available on the Company's website following the conclusion of the AGM. The Directors have carefully considered all resolutions proposed and believe them to be in the best interests of shareholders and the Company as a whole. Accordingly, the Directors recommend that shareholders vote in favour of each

resolution, as will the Directors in respect of their own shareholdings.

We encourage shareholders to exercise their votes online or by completing paper proxy forms. If you have questions, on the business of the meeting or otherwise, please address them to the Company Secretary at [IAT@invesco.com](mailto:IAT@invesco.com) or, in hard copy, to 43-45 Portman Square, London W1H 6LY no later than 21 August 2020. Questions will be relayed to the Board and responses provided in due course.

The Board would like to thank all shareholders for their understanding during these unprecedented times. We will return to full shareholder engagement as soon as possible.

## Discount

On a cum-income basis the discount to NAV at 30 April 2020 was 9.2%, compared to 8.9% at 30 April 2019. The average cum-income discount over the year was 11.0%. Last year the Board, in consultation with the Company's corporate broker, decided to change the discount target to a cum-income rather than ex-income basis, making it a tougher target to hit. Our buyback policy was having some impact but was overtaken by what were clearly far from normal market conditions.

We have considered carefully what action to take in the best interests of all shareholders. Buybacks are a part of that, along with performance and the other measures outlined below. Plainly the next continuation vote, due in 2022, provides shareholders with the ultimate means by which they can determine the Company's future.

## Investment Case

The investment case rests on people, process and performance: Our investment management is contracted to Invesco Fund Managers Limited (the Manager) with Ian Hargreaves as our Portfolio Manager, actively supported by Fiona Yang. Ian is Co-Head of Asian and Emerging Markets Equities at Invesco, has been our lead manager since 1 January 2015, our named co-manager from 2011 and was part of the investment team before that. Fiona Yang joined the team in 2017 from Goldman Sachs. The investment process, which the Manager has consistently applied over the long-term, is best described as a search for companies whose shares trade at a significant discount to fair value. The mandate is to invest predominantly in listed companies in Asia ex Japan. Long-term performance remains strong with the Company returning 119.5% over the ten years to 30 April 2020 on a NAV total

return basis versus the 87.6% from our benchmark index.\*

Your Board continues to consider the investment case for Invesco Asia Trust plc to be compelling and sustainable.

## Corporate Proposition

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 the gains from each will combine to make the corporate proposition as compelling as the investment case.

### Continuation Vote

The Board was pleased by the result of the continuation vote held at last year's Annual General Meeting, with a large majority of shareholders voting in favour of the Company continuing for another three years. As was explained at the time, the Directors' recommendation that the Company should continue was founded upon a firm belief in the strong investment case and the corporate proposition on offer – and that belief still holds true today. We are fully supportive of Ian, Fiona and their team and have confidence that they have the necessary skills and experience to deliver good portfolio performance for the benefit of shareholders on an ongoing basis. Nevertheless, we are not complacent, and recognise that outperformance of the benchmark on a sustained basis will be required if we are to count on shareholder support for continuation at the next vote in 2022 and for the Company to have the opportunity to flourish over the longer term.

### Engaging more individual shareholders

We see that an increasing proportion of our shareholders are individuals, with the proportion of investors who hold shares of Invesco Asia Trust plc via execution only platforms doubling in the last six years. Over the same period IFA holdings increased from near zero to 3.3%. The Board aims to engage more directly with individual investors. Working closely with the Manager, we continue to raise the profile of the Company through new direct investor information, commentary and events which will provide access to the thoughts and views of Ian and Fiona, their team and the Directors. These activities complement the ongoing engagement with a broad range

of professional investors. These are online and available to access at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

February this year saw the relaunch of our website offering an improved experience and much more content such as videos and articles by our Manager and his team. Please take a look at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia) where you can register to receive printed copies of the Half-Yearly and Annual Financial Reports. You can also see third party research (by Edison Investment Research and Kepler Partners) and register for monthly factsheet alerts.

You can also contact us by email at [IAT@invesco.com](mailto:IAT@invesco.com)

### Access to Invesco Expertise

Ian Hargreaves is Invesco's lead Portfolio Manager of Asian accounts for institutional investors and manages £3 billion of institutional assets. Invesco Asia Trust plc is the only vehicle available to UK retail investors who wish to access Ian's track record. Ian manages it with a high degree of commonality to his institutional portfolios although he will continue to include some of the best smaller company opportunities. Fiona works closely with Ian in the portfolio management, research process and marketing of the Company.

### Dividend Policy

The Company plans to increase the dividend per share each year, utilising the Company's revenue and capital reserves if necessary\*\*. This is a distinguishing feature of investment trusts. We can use first our revenue reserves then, if necessary, our capital reserves to smooth dividend payments in years when they are not covered by available revenue.

As announced in the Company's Half-Yearly Financial Report, the Board took the decision to bring forward the timing of dividend payments in order to align more closely with receipt of income into the Company's portfolio, thus paying two dividends in respect of each financial year in November and April, rather than in January and September. The first interim dividend of 3.40p was paid to shareholders on 26 November 2019 and a second interim dividend of 3.60p was paid to shareholders on 20 April 2020.

The total dividend for the year to 30 April 2020 of 7.00p per share represents an increase of 22.80% on 2019's 5.70p. This represents a dividend yield of 2.8% based on the 30 April 2020 closing share price.

The full-year revenue return per share was 7.81p (2019: 5.55p). Revenue reserves at 30 April 2020, after payment of the second

\* Benchmark index is the MSCI AC Asia ex Japan Index from 1 May 2015 and was the MSCI AC Asia Pacific ex Japan Index before then.

\*\* Please be aware that the Board provides no guarantees of future dividends and that all future dividend payments will be at the Directors' discretion.

interim, grew by 17% and now represent 84% of the full year's dividend. Although the balance sheet for 2020 shows a decrease in the revenue reserve from 2019, this is as a result of paying the second interim dividend (in lieu of a final) before the year end (2019: final dividend was paid after the year end).

A Resolution inviting shareholders to approve the Company's dividend payment policy will be put to shareholders at the forthcoming AGM. The Resolution is advisory.

## Environmental, Social and Governance Matters (ESG)

Investors and investment managers are paying greater attention to environmental, social and governance matters for reasons including regulatory change and the growing public discourse on climate change.

The Board recognises the importance of ESG considerations and on page 22 we explain our approach. We continue to monitor closely developments in this space. The Manager is well-placed with ample resource to assess the risks and opportunities which may result from accelerating ESG-driven change. The Manager's Global ESG function, based in Henley, inputs into the research process and provides a formal ESG oversight process including meetings with the Portfolio Managers and analysts to review the portfolio from an ESG perspective.

The Manager is a Tier 1 signatory of the Financial Reporting Council's Stewardship Code and maintains an active seat on the Board of the UK Sustainable Investment and Finance Association. In addition, the Manager achieved a global 'A+' rating for the third consecutive year from United Nations sponsored Principles of Responsible Investment (PRI) for Strategy and Governance. In 2019 the MSCI upgraded the Manager's ESG rating from BBB to A and under its membership of the Carbon Disclosure Project it reports annually on its carbon footprint.

## Gearing

The Company intends to use gearing (or borrowings) actively to take advantage of its closed-end structure. At the year end the Company had net gearing of 4.3%.

## Buyback Authority

During the year the Company repurchased into treasury 3,616,188 shares (representing 5.4% of total ordinary shares outstanding at year-end) at an average price of 279.80p per share. The Company's shares traded during the year at an average discount to NAV including income, marginally in excess of the target, at 11.0% (2019: 10.4%).

The Board has a stated average discount target of less than 10% of NAV calculated on a cum-income basis over the Company's financial year, although the Directors are cognisant of the fact that the Company's share rating at any particular time will reflect a combination of various factors, a number of which are beyond the Board's control. Share buybacks will only occur where and when we consider (in conjunction with our broker) that such buybacks will be effective, taking into account market factors and the discounts of comparable funds.

The key driver behind an improving share rating will almost invariably be good portfolio performance over a prolonged period; this therefore remains the primary means by which the Board expects the Company's discount to narrow over time. The Board is however seeking buyback authority from shareholders at the forthcoming AGM, so that it retains the ability to undertake share repurchases if and when it believes that to do so would have a meaningful positive effect upon the discount at which the Company's shares trade. Special Resolution 13 seeks shareholders' approval to renew the Company's authority to purchase up to 14.99% of its share capital; this is explained in more detail on page 34 in the annual financial report.

## Board Composition

As reported in the Half-Yearly Financial Report, Vanessa Donegan was appointed as a Non-Executive Director of the Company with effect from 17 October 2019. Vanessa brings to the Board 37 years of fund management experience investing institutional and retail portfolios in Asian stock markets. Tom Maier, having served on the Board since 2009, will retire from the Board at the conclusion of the forthcoming AGM and will not stand for re-election. On behalf of the Board I would like to thank Tom for his service to the Company and wish him well for the future. In compliance with the AIC Corporate Governance Code all other Directors shall stand for re-election or election at the forthcoming AGM. We require all our Directors to be independent.

## Ongoing Charges and Fees

As a Board we are responsible for managing the level of charges to shareholders. Our intention is to seek to reduce gradually the level of ongoing charges over time. The main component of the 1.02% p.a. ongoing charges is the investment management fee of 0.75% p.a. paid to Invesco, with a marginal rate 0.65% on assets over £250m.

## Directors' Shareholdings

Institutional investors often follow and ask for information on Directors' holdings of shares in the Company. These are shown on page 43 and we are required to notify any

changes to the stock market by regulatory announcement. Additionally, our Portfolio Manager, Ian Hargreaves and Fiona Yang are both shareholders in the Company and can confirm that their remuneration by the Manager is partly determined by the performance of Invesco Asia Trust plc.

## Outlook

The Covid-19 induced recession really is unprecedented in its combination of speed and depth of economic impact. Our benchmark index fell 43% from its mid-January peak within a two-month period. Perhaps the most startling economic data point was that China's economy shrank by 6.8% in Q1, the first fall since 1976. The severity and length of lockdowns has varied from country to country. For example, Hong Kong, South Korea and Taiwan appear to have had a relatively less severe crisis which some attribute to their prior experience of SARS or the high propensity of their populations to wear face masks. Even now as factories across Asia start to resume production, the demand for their exports in Europe and America has not yet recovered.

Stock markets are still struggling to adjust to the new normal. There is not yet a vaccine nor agreement on which drugs are most effective in treating the virus. Will there be a second wave? Will it mutate? Will it fade away? News channels praise New Zealand's lockdown and criticise Sweden's more relaxed approach. But what if there isn't a vaccine or a cure? It will be at least a year before we can look back and say who was right and who had the best policies. Meanwhile, survival is key at the corporate level too: our investments need to have the balance sheet strength to reach the other side. Valuation is important as there is a greater margin of safety in cheaper valuations. Those companies with stable or growing revenues are in much better positions and good company management is vital too, the G or Governance part of ESG investing is too often overlooked. Whatever the outcome, things are going to be different and it is at times like these an active management style should prosper.

## Update

From 30 April 2020 to 3 July 2020, the NAV has increased by 14.9% and the index by 11.8%. The share price has increased by 9.1%, meaning that the discount to NAV on a cum-income basis has moved from 9.2% to 13.8%. So far we have outperformed the recovery from the March lows.

**Neil Rogan**  
Chairman

6 July 2020









# Portfolio Manager's Report

## Q&A

### Portfolio Manager

Ian Hargreaves was promoted to Co-Head of the Asian & Emerging Markets Equities team in September 2018. Ian manages pan-Asian portfolios and covers the entire Asian region in his remit. 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.

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

**A** The Company's net asset value fell by 10.2% (total return, in sterling terms) over the twelve months to 30 April 2020, which compares to a fall of 4.1% for the benchmark MSCI AC Asia ex Japan Index (total return, in sterling terms). The investment environment has been challenging due to the Covid-19 outbreak, a 'black swan' event that the portfolio was not positioned for. The NAV performance, in both absolute and relative terms, has been disappointing.

benefit from a recovery, has cost us in terms of relative performance as these areas sold off, in some cases indiscriminately. Exposure to technology, health care and internet stocks has offered some reprieve, but not enough. However, we have been running Asian portfolios for decades and although every market crisis is different, Asia has historically been able to bounce back and deliver good positive returns from current valuations levels (see chart below as of 30 April 2020). From a bottom-up perspective, we believe that the Company currently holds a good balance of significantly undervalued businesses.

At the end of 2019, after two years of slowing global growth, there was mounting evidence that conditions were beginning to reverse, supported by the lagged effect of global policy easing. Trade tensions between the US and China had also been improving. We believed that this would lead to a recovery in earnings momentum and a broadening out of market performance, with the portfolio positioned to benefit from this turn in the cycle. The Covid-19 pandemic has turned this prospect on its head, or at the very least delayed it.

The portfolio's tilt towards more economically sensitive sectors - particularly financials - which could

**Q What have been the biggest contributors and detractors to performance?**

**A** The performance differential between economically sensitive (or cyclical) stocks and internet/technology has been significantly in favour of the latter. Stock selection in financials was a key detractor from relative performance, particularly our exposure to ASEAN banks where there are legitimate concerns over the near-term outlook for loan growth and asset quality, with margins under pressure due to interest rate cuts. Markets appear to be pricing in a worst case scenario for the banking sector at

**5-year annualised returns for the Asia ex Japan Index at different starting price-to-book valuations**



Source: Bloomberg, Invesco. Weekly returns and valuation levels of MSCI AC Asia ex Japan Index from February 1995 to 20 October 2017. The chart divides into deciles the historic price-to-book valuation of the index and the subsequent average 5-year CAGR returns. Using these observations we can infer that investing in the MSCI AC Asia ex-Japan Index at an average valuation level of 1.6x book value (4th decile) has historically led to a 5-year CAGR return of 8.6% on average.

large, overlooking the strong capital positions in many cases. The Indian market has underperformed as concerns have grown over the potential impact of Covid-19 just as the economy was emerging from years of balance sheet repair within the banking system. Real estate developer Sobha and agrochemical company UPL were amongst the biggest detractors. Oil price weakness has negatively impacted Chinese oil & gas major CNOOC, while China BlueChemical faced a weaker price environment for its two main products methanol and urea. Meanwhile, Samsonite International, the luggage manufacturer, faced concerns over debt covenants and the impact of tariff increases in the US before the coronavirus crisis struck, although we have been impressed by actions taken to strengthen liquidity, control costs and manage cash flow.

On the other hand, internet and technology stocks have been significant contributors. Working from home has accelerated the demand for online services and hardware. Unsurprisingly, online gaming companies have outperformed in the current environment, with NetEase and Tencent seeing little disruption to their core businesses. Chinese e-commerce company JD.com has also made strong gains, with recent investment in warehousing and logistics meaning it was perfectly positioned to continue delivering more orders to its growing number of customers. MediaTek saw its share price pull back slightly in early 2020 after a strong period of performance for the semiconductor design company, but the shares have been strong again recently with the company reiterating its earnings guidance for FY 2020 supported by strength of demand for its higher margin 5G chips, while there is also some excitement over its new high-end AI ASIC chip, a next generation microprocessor that helps process AI (artificial intelligence) tasks faster, using less power. Finally, an overweight position in Samsung Electronics has contributed positively given signs of restocking as we appeared to be nearing the bottom of the downturn in the memory chip cycle, with improvements in their mobile phone business also supporting the share price.

Key Contributors	Total impact %	Year End Portfolio %
NetEase	1.6	4.3
MediaTek	1.6	4.2
JD.com	1.2	3.4
Samsung Electronics	0.5	7.4
Tencent	0.5	7.8

Key Detractors	Total impact %	Year End Portfolio %
Sobha	-1.1	0.2
Samsonite International	-0.9	0.5
China BlueChemical	-0.9	1.0
Bangkok Bank	-0.9	1.2
PT Bank Negara Indonesia Persero	-0.8	0.8

**Q** How has gearing impacted performance and what is your strategy going forward?

**A** The use of gearing is a function of our valuation-led investment process. Towards the end of 2019 we felt that the outlook for Asian equity markets was as good as it had been for several years, with the valuation of the overall market meaningfully below its long-term historic average in terms of price-to-book (P/B) see chart below. Regrettably, the portfolio's gearing amplified our underperformance in the downturn, just as it had started to contribute positively. Looking forward, we remain comfortable with the current level of gearing, reflecting Asia's low valuation levels relative to history as well as the stock specific undervalued opportunities we have been identifying. In other words, we do not wish to sacrifice our ability to outperform when the market recovers. There's not a great deal we can be certain about at the current time, but Covid-19 will eventually

pass and the economic cycle will return. In the meantime, our holdings have the balance sheet to withstand further weakness with the vast majority having net cash positions. Our strategy is to hold the best mix of upside potential and downside protection.

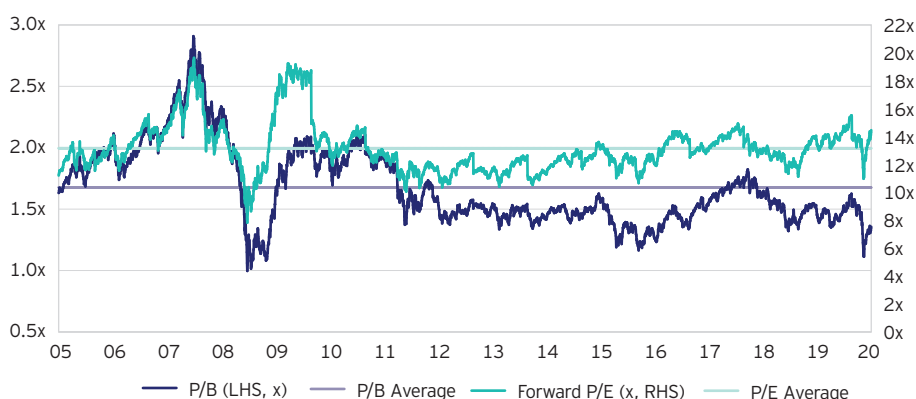
**Q** Has the crisis changed your approach at all?

**A** No, there has not been any change in the way we manage money or how we analyse companies. We believe the best approach is to invest in companies that are worth more than the market believes. The value of a company remains the present value of its future cash flows and we believe that buying these at a discount is the most sustainable way to make money for investors over the long term.

We have had to take into account the significant disruption caused by the crisis by re-examining our investment case for every single holding in the portfolio. Some businesses will take time to get profits back to the level they achieved in 2019. I'm thinking here about those in more economically sensitive areas, such as the autos or energy sector. In cases such as these, the market appears to be pricing in very limited expectations of recovery for high quality businesses. We see this as a source of opportunity.

The key questions for us during this period of uncertainty are as follows. Is the business robust enough to withstand the current economic downturn? Is the business worth much more than what is currently reflected in the share price, while making sure we are being conservative in our assumptions about the next three years? And finally, what is the best way to position the portfolio in order to limit further downside risk, without compromising the upside potential longer term? Balance sheet strength also remains an important consideration, and over 75% of the portfolio (excluding financials) is currently held in companies with net cash positions.

MSCI AC Asia ex Japan: Price-to book valuation (P/B) and forward Price-to-earnings ratio (P/E)



Source: Bloomberg as at 11 May 2020.

**Q What have been the major changes to the portfolio over the period?**

**A** The most significant change since the Covid-19 outbreak has been a reduction in our exposure to financials. Interest rates are likely to remain lower for longer and there is clearly potential for some asset quality deterioration. Accordingly we sold Shinhan Financial in Korea and reduced other holdings such as China Life Insurance (Taiwan). Having re-appraised the outlook we continue to have exposure to those companies in the sector that we believe offer value. Our focus is on very well capitalized banks that have the potential to absorb losses, particularly in under-banked parts of Asia like India. The market may be struggling to ascertain what the asset quality risk may be, but private sector banks such as ICICI Bank have proven that they are able to handle what may come thanks to the strong profitability of their core business, while they also continue to have attractive medium-term growth potential taking market share from undercapitalized state banks. ICICI Bank's position is further strengthened by its stakes in listed insurance companies that it is prepared to sell should it ever need to raise capital.

Prior to Covid-19, we had been adding exposure to companies that could benefit from an improvement in growth momentum. However, we felt that the recovery would be more gradual than in previous cycles, as China was not easing as aggressively as it had done in the past. As such, we were keen to retain a well balanced portfolio with exposure to companies that are less sensitive to the global manufacturing cycle. We found several opportunities that filled that criteria in India, where a soft patch in growth had seen the valuation of some high-quality well-run businesses fall to levels we felt were compelling. We introduced: Mahindra & Mahindra, a conglomerate with a highly profitable tractor business; and Larsen & Toubro, another conglomerate, whose core construction and engineering business we felt was primed to gain market share as construction activity improves after several years of underinvestment in India. Recent market weakness has provided us with further opportunity to add to some of these.

The portfolio continues to have exposure to a consumer-related theme, and we have a new holding in Tencent Music Entertainment, a livestreaming and music subscription company. It has more than twice Spotify's monthly active users but only a quarter of its market value and we believe the market is underestimating its ability to convert its users into paying subscribers. We have also introduced Suofeiya Home Collection, which manufactures and sells

customised wardrobes and cabinets. New homes in China are mostly sold as a shell, without these items fitted as standard. The industry is very fragmented, but Suofeiya is a leading player with the automation and scale to benefit from consolidation. Furthermore, while industry growth has slowed in recent years due to a weak real estate market and more intense competition, the construction completion cycle is now more favourable, meaning there is potential for a strong recovery.

Meanwhile, we have taken advantage of recent market volatility, identifying several companies which we believe have been hit indiscriminately and have scope to do well in a rebound. For example, Genting Singapore, an integrated resorts operator with a strong balance sheet and material upside potential over a three-year horizon, in our view. We think that its growth prospects are being significantly undervalued, even if earnings are negatively impacted by Covid-19 shutdowns, we still expect positive cashflow in 2020. It also has over 30% of its market cap in net cash and a dividend yield of almost 6% which is unlikely to be cut.

**Q How does your approach account for ESG factors and its impact on valuation? Can you provide an example of how it has changed your decisions on stocks/size of holdings?**

**A** In our search for new investment ideas, we tend to be drawn to companies that have fallen out of favour and de-rated due to a temporary glitch that we believe can be overcome. Of course, not all contrarian ideas are worthy of investment but the likelihood of identifying undervalued businesses in unloved areas of the market is greater. ESG factors are increasingly important as they have an ability to materially change the market's perception of fair value, which is why we factor that into our analysis. In some cases, a company's valuation can be explained by its poor ESG credentials. By ensuring that any written initiation on a prospective investment features a thorough analysis of environmental, social and governance factors, our assessment of fair value is enhanced as this helps us identify areas of potential risk, but also opportunities to create value by engaging with companies as active managers.

Our recent investment in Mahindra & Mahindra is a good example of this. Our initial investment thesis was based on a belief that concerns over a downturn in the tractor cycle were overdone, and that the cycle would reverse, taking comfort in the company's significant cost restructuring, the diversified nature of its business model and its healthy balance sheet. An area of lingering uncertainty however was losses

stemming from its shareholding in Korean car manufacturer SsangYong, an issue we had raised at an early stage in our engagement with the company and that limited the size of position initiated. When it emerged that they had been asked to plough another \$400m into a subsidiary clearly in irretrievable decline, I directly emailed senior management to reiterate our concerns. Their subsequent decision not to invest was a positive development which increased our conviction in the investment case prompting us to take advantage of recent share price weakness and add to our position.

**Q Where else do you see opportunity?**

**A** We invest in a broad mix of Asian companies and new opportunities are constantly emerging. The portfolio's biggest positions are in technology and internet companies. These have performed very well in recent years and although not immune from general macroeconomic uncertainty, we see companies in this area emerging stronger, particularly those that continue to invest and innovate. There are clear cycles in technology, with the rollout of 5G, growth of AI and the 'internet of things' likely to have only been interrupted, with demand likely to recover. Working from home has also led to increased demand for PC-related equipment and cloud capacity. Chinese internet companies have benefited from an acceleration in the trend towards online shopping and gaming, and in recent years have demonstrated a willingness to focus on core-profitability, with some significant restructuring having taken place. These are enduring themes that are well represented in the portfolio and will remain so for as long as valuation levels permit.

The portfolio continues to have a cyclical bias. Valuations in more cyclical sectors are low by historical standards and in many cases appear to be pricing in a more pessimistic outlook than we think likely. We have used the market downturn to narrow the focus of the cyclical exposure on sectors that we expect to experience a small impact on medium term earnings as a result of the economic downturn. We are also prioritising strong balance sheets as this offers an element of downside protection. These include companies in the consumer discretionary sector such as Mahindra & Mahindra, MINTH, Hyundai Motor and Suofeiya Home Collection and also those in the industrial sector like Larsen & Toubro and Pacific Basin Shipping. These increases have been funded primarily from reductions in the financials exposure where we expect to see a more sustained effect on earnings power.

## Q What is your outlook beyond the next twelve months?

**A** As governments start to lift restrictions, the global economy can start to get back to normal, supported by a demand recovery. This is likely to be a gradual process, with the risk of a second wave of infections a concern, particularly given that renewed lockdowns would likely lead to a protracted global recession. We also need to remain mindful of second-order financial effects of the lockdowns, which could lead to broader solvency issues. However, history has repeatedly shown that investing in good quality companies at low valuations leads to very good subsequent returns. The policy response in developed markets has also been unprecedented in size and speed of implementation and will eventually provide enough impetus for an economic and earnings recovery.

Finally, there is potential for a re-escalation in US-China tensions, with the relationship between these two likely to remain tense for the foreseeable future. While we need to consider the potential impact of trends such as de-globalisation, as companies seek to ensure that their supply-chains are less reliant on China, we are also cognisant of the fact that the contest between these two super-powers may have positive effects on growth, innovation and productivity. For example, with both sides determined not to give up an opportunity to take a lead in science and technology research and development there is likely to be even greater levels of government investment in these areas. Innovative Asian companies stand to benefit, and we remain alert to new opportunities that may emerge.

## Q Why invest in Asia now?

**A** The current valuation of Asian equity markets is attractive not just in absolute terms, but relative to history and to developed markets, particularly given the region's better growth prospects. This is especially true since Asia's underlying economic and corporate fundamentals are generally sound. Most countries enjoy a healthy fiscal position, while governments across the region continue to actively pursue reform. At the corporate level, there has been a marked improvement since the Asian Financial Crisis as companies have by and large kept capital expenditure plans and costs under control. In part, this reflects lower structural growth, but it also demonstrates that Asian companies are more cautious, focused and better managed than they were historically, and suggests that better returns on capital are sustainable. In a less certain growth environment, it is also positive that there are few industries with significant excess capacity risk. Less capital-intensive companies have also been generating stronger free cash flow. The challenge has been how to better allocate that capital. With management facing growing pressure from minority shareholders to pay better dividends, there is an increasingly strong dividend growth story in Asia.

As can be seen in the table below, while Asia compares favourably to world markets in terms of valuation, dividend yield and free cash flow yield, our portfolio compares favourably with Asia on all these metrics.

Finally, although the current investment environment is challenging, it is likely that the Asian economies can continue to

outperform over the medium term. The region remains the biggest driver of global growth, with strong structural trends such as rising disposable incomes, increased urbanisation and the growth of the middle class. These will continue to be key drivers in unlocking the vast potential of Asia's consumer demand, reducing its reliance on manufactured exports as being the primary driver of earnings growth.

**Ian Hargreaves**  
Portfolio Manager

6 July 2020

## Underlying characteristics

	Current P/B, x	Forward P/E, x	Forward Dividend Yield, %	Free Cash Flow, %
30 April 2020				
Invesco Asia Trust plc	1.1	12.3	2.9	12.0
MSCI Asia ex Japan Index	1.5	13.7	2.8	7.8
MSCI World Index	2.1	17.2	2.8	6.9
S&P 500 Index	3.2	19.9	2.2	5.7

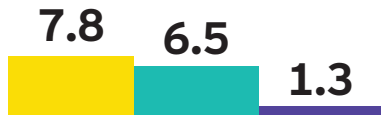
Source: Style Research as at 30 April 2020.



## Top 10 holdings (%)

- Company
- Index
- Active

Tencent 腾讯



Tencent is the largest internet media company in China, with the most popular social network and the largest market share of internet gaming revenue.

MEDIATEK



MediaTek is a leading Taiwanese semiconductor design company with proven ability in delivering high quality chips at a lower cost than most of its competitors.

SAMSUNG  
ELECTRONICS



Samsung Electronics is a leading manufacturer of consumer and industrial electronic equipment.

AIA



AIA is a pan-Asian insurance company which looks to be well positioned to benefit from the robust growth evident in the life insurance market.

tsmc



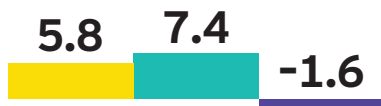
Taiwan Semiconductor Manufacturing is the largest semiconductor foundry in the world and has consistently been the preferred choice for semiconductor companies looking to outsource manufacturing.

JD.COM



JD.com is an online retailer in China with a strong competitive position in an industry with high barriers to entry.

Alibaba Group



Alibaba is the leading Chinese e-commerce operator and has a dominant position in potential growth areas including cloud computing, online finance and new retail.

ICICI Bank



ICICI Bank is a leading private sector bank in India, well placed to gain additional growth by taking market share from undercapitalized state banks.

NetEase



NetEase is the biggest online game developer in China, with many of its higher margin in-house developed games becoming blockbuster titles.

中国移动  
China Mobile



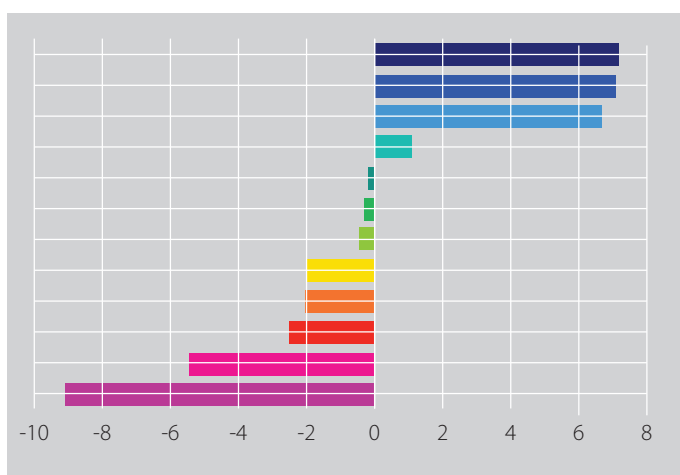
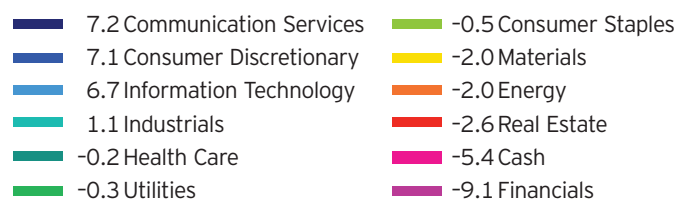
China Mobile controls the vast majority of its domestic mobile services market and should do well in the initial phase of 5G adoption.

## Sector over/underweights (%)

As at 30 April 2020

	Company	Index	Active
Information Technology	25.58	18.76	6.82
Communication Services	18.62	13.16	5.46
Financials	23.70	21.02	2.68
Consumer Discretionary	17.71	15.30	2.41
Industrials	7.60	6.24	1.36
Materials	3.08	4.12	-1.04
Energy	2.12	3.50	-1.38
Health Care	2.44	3.82	-1.38
Utilities	0.54	3.08	-2.54
Consumer Staples	1.87	5.52	-3.65
Cash	-4.11	0.00	-4.11
Real Estate	0.85	5.48	-4.63

12 month change

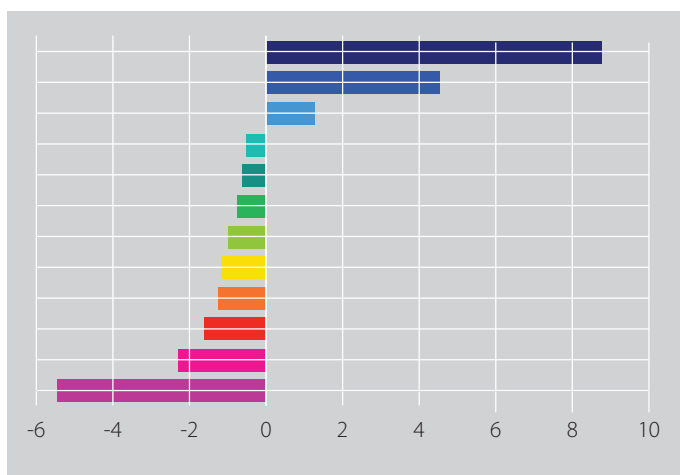
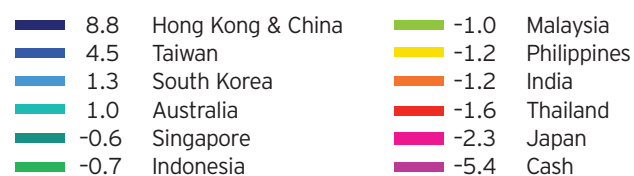


## Country over/underweights (%)

As at 30 April 2020

	Company	Index	Active
India	14.15	9.21	4.94
South Korea	16.67	12.94	3.73
Taiwan	16.96	14.17	2.79
Australia	1.03	0.00	1.03
Japan	0.00	0.00	0.00
Pakistan	0.00	0.03	-0.03
Singapore	2.70	3.14	-0.44
Thailand	2.03	2.56	-0.53
Indonesia	0.79	1.69	-0.90
Philippines	0.00	0.91	-0.91
Malaysia	0.25	2.01	-1.76
Hong Kong & China	49.53	53.34	-3.81
Cash	-4.11	0.00	-4.11

12 month change



# Business Review

## Purpose, Business Model and Strategy

Invesco Asia Trust plc is an investment company and its investment objective is set out below. The strategy the Board follows to achieve that objective is to set investment policy and risk guidelines, together with investment limits, and to monitor how they are applied. These are also set out below and have been approved by shareholders.

The Company's purpose is to provide shareholders with long-term capital growth by investing in a diversified portfolio of Asian and Australasian companies. The business model the Company has adopted to achieve its investment objective has been to contract out investment management and administration to appropriate external service providers, which are overseen by the Board. The principal service provider is Invesco Fund Managers Limited, which throughout this report is referred to as 'the Manager'. Invesco Asset Management Limited, an associate company of the Manager, manages the Company's investments and acts as Company Secretary under delegated authority from the Manager.

The Manager provides company secretarial, marketing and general administration services including accounting and manages the portfolio in accordance with the Board's strategy. Ian Hargreaves is the Portfolio Manager responsible for the day-to-day management of the portfolio.

The Company also has contractual arrangements with Link Asset Services to act as registrar and the Bank of New York Mellon (International) Limited (BNYMIL) as depositary and custodian.

### Investment Objective

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

### Investment Policy

Invesco Asia Trust plc invests primarily in the equity securities of companies listed on the stock markets of Asia (ex Japan) including Australasia. It may also invest in unquoted securities up to 10% of the value of the Company's gross assets, and in warrants and options when it is considered the most economical means of achieving exposure to an asset.

The Company is actively managed and the Manager has broad discretion to invest the Company's assets to achieve its investment objective. The Manager seeks to ensure that the portfolio is appropriately diversified having regard to individual stock weightings and the geographic and sector composition of the portfolio.

### Investment Limits

The Board has prescribed limits on the investment policy, including:

- exposure to any one company may not exceed 10% of total assets;
- exposure to group-related companies may not exceed 15% of total assets;
- the Company may not invest more than 10% of total assets in collective investment funds;
- the Company may not invest more than 10% in aggregate in unquoted investments;
- the Company may invest in warrants and options up to a maximum of 10% of total assets. Apart from these and currency hedges, other derivative instruments are not permitted; and
- the Company may use borrowings up to 25% of net assets.

With the exception of borrowings in foreign currency, the Company does not normally hedge its currency positions but may do so if considered appropriate.

All the above limits are applied at the time of acquisition, except gearing which is monitored on a daily basis.

## Borrowing and Debt

The Company's borrowing policy is determined by the Board. The level of borrowing may be varied in accordance with the Portfolio Manager's assessment of risk and reward, subject to the overall limit of 25% of net assets and the availability of suitable finance.

## Performance and Key Performance Indicators

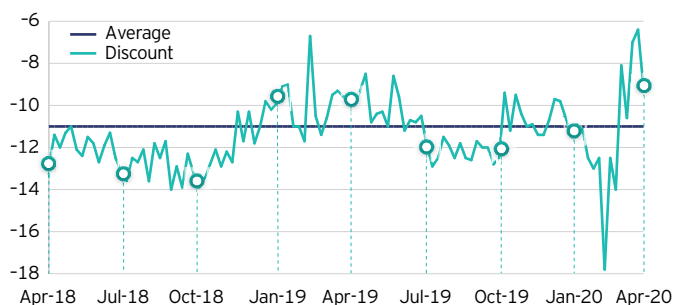
The Board reviews performance by reference to a number of Key Performance Indicators which include the following:

- the net asset value (NAV) and share price;
- peer group performance;
- discount;
- dividend; and
- ongoing charges ratio.

A chart showing the total return **NAV** and **share price** performance compared to the Company's benchmark index can be found on page 5.

**Peer group performance** is monitored in relation to eight other investment trust companies that in the opinion of the Board form the peer group of the Company, being trusts that invest for growth in the Asia excluding Japan sector, as these most closely match the Company's investment objective and capital structure. As at 30 April 2020, in total return NAV terms the Company was ranked 7<sup>th</sup> over one and three years and 4<sup>th</sup> over five years.

The **discount** of the shares is monitored on a daily basis. During the year the shares traded at a discount to NAV (cum income) in a range of 6.4% to 17.8% with an average discount of 11.0%. This is shown in the below graph which plots the discount over the two years to 30 April 2020. At the year end the discount to the NAV (cum income) stood at 9.2%.



The Board considers it desirable that the Company's shares do not trade at a significant discount to NAV and believes that, in normal market conditions, the shares should trade at a price which on average represents a discount of less than 10% to NAV on a cum . To enable the Board to take action to deal with any material overhang of shares in the market it seeks authority from shareholders annually to buy back shares. Shares may be repurchased when, in the opinion of the Board, the discount is wider than desired and shares are available in the market. The Board considers that the repurchase of shares at a discount will enhance net asset value for remaining shareholders and may also assist in addressing the imbalance between the supply of and demand for the Company's shares and thereby reduce the scale and volatility of the discount at which the shares trade in relation to the underlying net asset value.

The ten year record for **dividends** can be found on page 5, and the **ongoing charges ratio** for the last two years on page 4. This year, the Board introduced the payment of two interim dividends, payable in November and April.

## Results and Dividend

For the year ended 30 April 2020 the net asset value total return was -10.2% compared to the return on the benchmark index of -4.1%. The Portfolio Manager's Report on pages 11 to 14 reviews the results.

As set out in the Company's Half-Yearly Financial Report for the six months to 31 October 2019, the Board plans to increase the dividend per share each year, utilising the Company's revenue and capital reserves if necessary.\*\*

The Board announced in October 2019 its decision to change the timing of dividend payments in order to align closely with the receipt of income in the Company's portfolio. Thus, the Company has paid two interim dividends in respect of the financial year; a first interim dividend of 3.40p per ordinary share was paid on 26 November 2019 to shareholders on the register on 25 October 2019. The second interim dividend of 3.60p per ordinary share was paid on 24 April 2020 to shareholders on the register on 20 March 2020. The Board expects each interim dividend to represent approximately half of the years' total dividend.

The Board's dividend payment policy is for the Directors to declare two interim dividends in respect of each accounting year, with payments made in November and April. Whilst the two interim dividends are not subject to a resolution at the forthcoming AGM, a Resolution for shareholders to approve the Company's dividend payment policy, will be put to shareholders at the AGM on 3 September 2020.

## Financial Position and Borrowing

The Company's balance sheet on page 55 shows the assets and liabilities at the year end. Details of the Company's borrowing facility are shown in note 11 to the financial statements, with interest paid (finance costs) shown in note 5.

## Outlook, including the Future of the Company

The main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Portfolio Manager's Report of this Strategic Report. Further details of the principal risks affecting the Company are set out in the section: 'Principal Risks and Uncertainties' on pages 20 and 21.

## Investment Process

At the core of the Manager's philosophy is a belief in active investment management. Fundamental principles drive an active investment approach, which aims to deliver attractive total returns over the long term. The investment process emphasises pragmatism and flexibility, active management, a focus on valuation and the combination of top-down and bottom-up fundamental analysis. Bottom-up analysis forms the basis of the investment process. It is the key driver of stock selection and is expected to be the main contributor to alpha generation within the portfolio. Portfolio construction at sector level is largely determined by this bottom-up process but is also influenced by top-down macro economic views.

Research provides a detailed understanding of a company's key historical and future business drivers, such as demand for its products, pricing power, market share trends, cash flow and management strategy. This allows the Manager to form an opinion on a company's competitive position, its strategic advantages/disadvantages and the quality of its management. Each member of the portfolio management team travels to the region between three and four times per year and therefore the team has contact with several hundred companies during each year. The Manager will also use valuation models selectively in order to understand the assumptions that brokers/analysts have incorporated into their valuation conclusions and as a structure into which the Manager can input its own scenarios.

Risk management is an integral part of the investment management process. Core to the process is that risks taken are not incidental but are understood and taken with conviction. The Manager controls stock-specific risk effectively by ensuring that the portfolio is appropriately diversified.

Also, in-depth and constant fundamental analysis of the portfolio's holdings provide the Manager with a thorough understanding of the individual stock risk taken. The Manager's internal Performance & Risk Team, an independent team, ensures that the Manager adheres to the portfolio's investment objectives, guidelines and parameters. There is also a culture of challenge and debate within the portfolio management team regarding portfolio construction and risk.

\*\*Please be aware that the Board provides no guarantees of future dividends and that all future dividend payments will be at the Directors discretion.



# Internal Control and Risk Management

The Directors have overall responsibility for the Company's system of internal controls and are responsible for reviewing the effectiveness of these controls. This includes safeguarding of the Company's assets. The following sets out how the Directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Audit Committee (the 'Committee'), on behalf of the Board, has established an ongoing process for identifying and undertaking a robust assessment of the risks and emerging risks to which the Company is exposed by reference to a risk control summary, which maps the risks, mitigating controls in place, and monitoring and reporting of relevant information to it.

As part of the process, the Committee has identified four risk categories: strategic; investment management; third party service providers; and regulation and corporate governance. An explanation of these categories follows.

## Strategic Risk

The Board sets the strategy including objectives of the Company and how these should be achieved. The Board assesses the performance of the Company in the context of the market and macro issues, and gives direction, and monitors, the Manager and other third parties for the actions they take on behalf of the Company.

## Investment Management Risk

Investment management covers management of the portfolio together with cash management, gearing and hedging i.e. the items which the Portfolio Manager has control of, and which generate the Company's performance.

## Third Party Service Providers Risk

The Company has no employees and its Directors are appointed on a non-executive basis. The Company is reliant on third party service providers (TPP) for its executive functions. The Company's most significant TPP is the Manager - to which portfolio management, company secretarial and administrative services are delegated. Other significant TPPs are the broker, depositary, custodian, registrar and auditor.

## Regulation and Corporate Governance Risk

The Company is required to comply with many regulations including the provisions of the Companies Act 2006, the UK Listing Rules, the Alternative Investment Fund Managers

Directive, the Market Abuse Regulation, the FCA's Disclosure Guidance and Transparency Rules, tax regulation as an investment trust, the UK Corporate Governance Code and Accounting Standards.

The resultant ratings of the mitigated risks, in the form of a risk control matrix, enable the Directors to concentrate on those risks that are most significant and also forms the basis of the list of principal risks and uncertainties.

The Company's oversight and its control environment is based on the Company's relationship with its third party service providers, all of which have clearly defined lines of responsibility, delegated authority, and control procedures and systems. The Company uses the three lines of defence model, which is also embedded into the Manager's risk management systems.

The effectiveness of the Company's internal control and risk management system is reviewed at least annually by the Committee. The Committee has received satisfactory reports on the operations and systems of internal control of the Manager, custodian and registrar from the Manager's Compliance and Internal Audit representatives. Reports on the Manager encompassed all the areas the Manager is responsible for: investment management, company secretarial and general administration. The Committee also received a comprehensive, and satisfactory, report from the depositary at the year end Committee meeting.

Due diligence is undertaken before any contracts are entered into with any third party service provider. The Manager regularly reviews, against agreed service standards, the performance of all third party providers through formal and informal meetings, and by reference to third party independently audited service organisation control reports. The results of the Manager's reviews are reported to and reviewed by the Committee. These various reports did not identify any significant failings or weaknesses during the year and up to the date of this annual financial report. If any had been identified, the required remedial action would have been taken. In particular the Board formally reviews the performance of the Manager annually and informally at every Board meeting. No significant failings or weaknesses occurred throughout the year ended 30 April 2020 and up to the date of this annual financial report.

Reporting to the Board at each board meeting comprises, but is not limited to: financial reports, including any hedging and gearing; performance against the benchmark and the Company's peer group; the Portfolio Manager's review, including of the market, the portfolio, transactions and prospects; revenue forecasts; and investment monitoring against investment guidelines. The Portfolio Manager is permitted discretion within these guidelines, which are set by the Board. Compliance with the guidelines is monitored daily. Any proposed variation to these guidelines is referred to the Board.

# Principal Risks and Uncertainties

The Board has carried out a robust assessment of the risks facing the Company, including emerging risks. These include those that would threaten its business model, future performance, solvency and liquidity. The principal risks that follow are those identified by the Board after consideration of mitigating factors.

Category and Principal Risk Description	Mitigating Procedures and Controls
<b>Strategic Risk</b>	
<b>Market Risk</b> The Company's investments are 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. The extreme volatility experienced in March 2020 from the market reaction to the Covid-19 virus exemplifies this risk, which has had a marked effect on both the valuation of the Company's portfolio of investments and the discount to net asset value at which the Company's shares trade.	The Company has a diversified investment portfolio. However, there are few ways to mitigate market risk because it is influenced 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, political and diplomatic events, changes to legislation, and changing investor demand. Such factors may give rise to high levels of volatility in the prices of investments held by the Company.
<b>Investment Objectives</b> The Company's investment objectives and structure are no longer meeting investors' demands.	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.
<b>Wide Discount</b> Lack of liquidity and lack of marketability of the Company's shares leading to stagnant share price and wide discount.  Persistently high discount may lead to buybacks of the Company's shares and resulting in the shrinkage of Company.	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. 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 (outlined in Resolution 13 on page 34). 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.
<b>Investment Management Risk</b>	
<b>Performance</b> Portfolio Manager consistently underperforms the benchmark and/or peer group over 3-5 years.	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. The Board also receives reports on and reviews: the portfolio, transactions in the period, active positions, gearing position and, if applicable, hedging.
<b>Key Person Dependency</b> The Portfolio Manager (Ian Hargreaves) ceases to be Portfolio Manager or is incapacitated or otherwise unavailable.	The Portfolio Manager works within, and is Co-Head of Invesco's Asian & Emerging Markets Equities team with William Lam. Ian is supported by Fiona Yang and the wider team.
<b>Currency Fluctuation Risk</b> 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.	With the exception of borrowings in foreign currency, the Company does not normally hedge its currency positions but may do so should the Portfolio Manager or the Board feel this was 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.

Category and Principal Risk Description	Mitigating Procedures and Controls
<b>Third Party Service Providers Risk</b>	
<p><b>Unsatisfactory Performance of Third Party Service Providers</b></p> <p>Failure by any 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 on page 19.</p>
<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>As well as regular review of TPPs' audited service organisation control reports by the Audit Committee, the Board receives regular updates on the Manager's information and cyber security. The Board monitors TPPs' business continuity plans and testing - including the TPPs and Manager's regular 'live' testing of workplace recovery arrangements.</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>As the impact of Covid-19 continues, the Manager has mandated work from home arrangements and implemented split team working for those whose work is deemed necessary to be carried out on business premises. Any meetings are held virtually or via conference calls. Other 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>

## Other Risks Facing the Company

As a result of Brexit, the UK Government's ongoing trade deal negotiations with the European Union are due to be concluded by 31 December 2020. The Company's investments are limited in their direct exposure to the UK market and the lack of a comprehensive trade agreement is not expected to pose a material risk. However, as the Company is priced in sterling, movements between Asian currencies and sterling exchange rate, which may arise from any consequence of no comprehensive trade agreement, could affect the Company's net asset value. The exposure to foreign currency and sensitivity of foreign currency movements are shown on pages 64 to 66 of the financial statements. Separately, investor sentiment might lead to increased or reduced demand for the Company's shares, in light of trade agreement uncertainty, which would be reflected in a narrowing or widening of the discount at which the Company's shares trade relative to their net asset value.

## Viability Statement

The Company is a collective investment vehicle rather than a commercial business venture and is designed and managed for long term investment. The Company's investment objective clearly sets out the long-term nature of the returns from the portfolio and this is the view taken by both the Directors and the Portfolio Manager in the running of the portfolio. The Company is required by its Articles to have a vote on its future every three years, the next vote being at the Annual General Meeting in 2022. The Directors remain confident in the Company's Corporate Proposition and Investment Case, as detailed on pages 8 and 9, to deliver against the Company's investment objectives. On this basis and notwithstanding the continuation vote in 2022, the Directors consider that 'long term' for the purpose of this viability statement is three years, albeit that the life of the Company is not intended to be limited to this period.

In their assessment of the Company's viability, the Directors have performed a robust assessment of the emerging and principal risks. The Directors considered the risks to which it is exposed, as

set out on pages 20 and 21, together with mitigating factors. Their assessment considered these risks, as well as the Company's investment objective, investment policy and strategy, the investment capabilities of the Manager and the business model of the Company, which has withstood several major market downcycles since the Company's inception in 1995. Their assessment also covered the current outlook for the Asian economies and equity markets, especially so during the Covid-19 disruption this year, demand for and buybacks of the Company's shares, the Company's borrowing structure, the liquidity of the portfolio and the Company's future income and annual operating costs. The current outlook for Asian markets is challenging and the recovery of the global economy is likely to be gradual, however the Directors as well as the Manager, are confident that Asia remains the biggest driver of growth for the global economy. Lastly, whilst past performance may not be indicative of performance in the future, the sustainability of the Company can be demonstrated to date by there having been no material change in the Company's investment objective since its launch in 1995.

The Directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for the three year period from the signing of the balance sheet.

## Duty to Promote the Success of the Company (s.172)

In accordance with the Companies (Miscellaneous Reporting) Regulations 2018, the below details how the Directors have discharged their duties under section 172 of the Companies Act 2006 during the year under review. The Directors have a statutory duty to promote the success of the Company, whilst also having regard to certain broader matters, including the need to engage with employees, suppliers, customers and others, and to have regard to their interests. However, the Company has no employees and no customers in the traditional sense. In accordance with the Company's nature as an investment trust the Board's principal concern has been, and continues to be, the interests of the Company's shareholders taken as a whole. In doing so, it has due regard to the impact of its actions on shareholders and the wider community. The Board has a responsible governance culture and has due regard for broader matters so far as they apply. A formal schedule of matters reserved for decision by the Board details the responsibilities of the Board. The main responsibilities include: setting the Company's objectives, policies and standards; ensuring that the Company's obligations to shareholders and others are understood and complied with; approving accounting policies and dividend policy; managing the capital structure; setting long-term objectives and strategy; assessing risk; reviewing investment performance; approving loans and borrowing; and controlling risks. The Schedule of Matters Reserved for the Board and the Terms of Reference for its Committees are reviewed at least annually and are published on the Company's web page.

The Board engages with the Manager at every Board meeting and receives updates from the Portfolio Managers on a regular basis outside of these meetings. The Management Engagement Committee reviews its relationships with the Manager and other third party service providers at least annually. The Manager holds regular service review meetings with the Company's Registrar, Depositary, Broker, Fund Accountant and Custodian; and reviews their performance against various service level agreements. Summaries of these reviews are presented to the Board on a regular basis and the Manager acts on feedback as appropriate. At every Board meeting the Directors receive an investor relations update from the Manager, which details any significant changes in the Company's shareholder register, shareholder feedback, as well as notifications of any publications or press articles.

Some of the key discussions and decisions the Board made during the year were:

- To appoint an additional director to enable long term succession planning and ensure that the Board had a balance of skills;
- To introduce interim dividend payments to closely align with the receipt of income in the Company's portfolio.
- To manage the discount as far as possible in the best interests of all shareholders.

The Company communicates with shareholders at least twice a year providing information about shareholder meetings, dividend payments and financial results. The Company's page on the Manager's website provides all shareholder information and regularly hosts video presentations (vlogs) and articles by the Portfolio Manager and the wider Asian Equities team. The Company holds its Annual General Meeting in London; this provides shareholders with the opportunity to listen to a presentation by the Portfolio Manager and meet with Directors and representatives of the Manager. In normal circumstances, shareholders are invited to attend the AGM but this year shareholders will not be permitted to attend the AGM and should lodge their questions to the Company Secretary at [IAT@invesco.com](mailto:IAT@invesco.com) or, in hard copy, to 43-45 Portman Square, London W1H 6LY. Any questions received related to the business of the AGM or the Company in general will be passed onto the Chairman and will be replied to by the Company Secretary on behalf of the Board after the AGM. Furthermore, the Manager provides a schedule of regional meetings with institutional investors and analysts to gather the views and thoughts of institutional investors.

## Environment, Social and Governance (ESG) Matters

As an investment company with no employees, property or activities outside investment, environmental policy has limited direct application. In relation to the portfolio, the Company has delegated the management of the Company's investments to the Manager, who has an ESG Guiding Framework which sets out a number of principles that are intended to be considered in the context of its responsibility to manage investments in the financial interests of shareholders.

The Manager is committed to being a responsible investor and applies, and is a signatory to, the United Nations Principles for Responsible Investment, which demonstrates its extensive efforts in terms of ESG integration, active ownership, investor collaboration and transparency. The Manager is also a signatory to the FRC Stewardship Code 2012, which seeks to improve the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The Henley based Invesco Asian equities team, of which the Portfolio Manager is a part, incorporates ESG considerations in its investment process as part of the evaluation of new primary and secondary market opportunities, with identified ESG concerns feeding into the final investment decision and assessment of relative value. The investment team is fully integrated into the Manager's proprietary approach to ESG, whereby ESG considerations form part of the evaluation of ideas, company dialogue and portfolio monitoring. ESG flags may arise from the team's proprietary research or from an external ESG rating provider. These flags highlight issues for further analysis and engagement with company management by members of the team independently, or in partnership with the ESG team. Additionally, the Manager's ESG team provides formalised ESG portfolio monitoring. This is a rigorous semi-annual process where the portfolio is reviewed from an ESG perspective. This ensures a circular process for identifying flags and monitoring of improvements over time.



During the year to 30 April 2020, the Manager engaged with a number of companies in the portfolio to discuss their own sustainable practices. The Manager believes that proxy voting is the hallmark of active ownership and serves as a powerful mechanism to drive responsible investment, engagement and investment stewardship. Reports on proxy voting for the Company's portfolio, the Manager's Stewardship Code and the Manager's Global ESG Stewardship Report can be obtained via the Manager's website at [www.invesco.co.uk](http://www.invesco.co.uk).

## Modern Slavery

As an investment vehicle the Company does not provide goods or services in the normal course of business, and does not have customers or employees. Accordingly, the Directors consider that the Company is not within the scope of the UK Modern Slavery Act 2015.

## Board Diversity

The Board takes into account many factors, including the balance of skills, knowledge, diversity (including gender) and experience, amongst other factors when reviewing its composition and appointing new directors. The Board has considered the recommendations of the Davies and Hampton-Alexander review as well as the Parker review, but does not consider it appropriate to establish targets or quotas in this regard. The Board comprises five non-executive directors, three of whom are male and two of which are female, thereby constituting 40% female representation. There are no set targets in respect of diversity, including gender. However, diversity forms part of both the Nominations Committee and main Board's deliberations when considering new appointments. The Company's success depends on suitably qualified candidates who are willing, and have the time, to be a director of the Company. Summary biographical details of the Directors are set out on page 30. The Company has no employees.

The Strategic Report was approved by the Board of Directors on 6 July 2020.

**Invesco Asset Management Limited**  
Company Secretary

# Investments in Order of Valuation

AT 30 APRIL 2020

Ordinary shares unless stated otherwise

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

Company	Industry group <sup>†</sup>	Country	At Market Value £'000	% of Portfolio
Tencent <sup>R</sup>	Media & Entertainment	China	15,400	7.8
Samsung Electronics - ordinary shares - preference shares	Technology Hardware & Equipment	South Korea	8,487 5,948	7.4
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	11,407	5.8
Alibaba - ADS	Retailing	China	11,356	5.8
NetEase - ADR	Media & Entertainment	China	8,360	4.3
MediaTek	Semiconductors & Semiconductor Equipment	Taiwan	8,205	4.2
AIA	Insurance	Hong Kong	6,774	3.4
JD.com - ADR	Retailing	China	6,635	3.4
ICICI - ADR	Banks	India	6,201	3.2
China Mobile <sup>R</sup>	Telecommunication Services	China	6,061	3.1
<b>Top Ten Holdings</b>			<b>94,834</b>	<b>48.4</b>
China Pacific Insurance <sup>H</sup>	Insurance	China	5,782	3.0
Aurobindo Pharma	Pharmaceuticals, Biotechnology & Life Sciences	India	4,581	2.4
CK Hutchison	Capital Goods	Hong Kong	3,986	2.1
United Overseas Bank	Banks	Singapore	3,974	2.0
Hyundai Motor - preference shares	Automobiles & Components	South Korea	3,968	2.0
CNOOC <sup>R</sup>	Energy	China	3,967	2.0
Delta Electronics	Technology Hardware & Equipment	Taiwan	3,743	1.9
HDFC Bank	Banks	India	3,555	1.7
Mahindra & Mahindra	Automobiles & Components	India	3,249	1.7
Hon Hai Precision Industry	Technology Hardware & Equipment	Taiwan	3,166	1.6
<b>Top Twenty Holdings</b>			<b>134,805</b>	<b>68.8</b>
LG	Capital Goods	South Korea	3,127	1.6
ASUSTeK Computer	Technology Hardware & Equipment	Taiwan	3,121	1.6
KB Financial	Banks	South Korea	3,067	1.6
Jiangsu Yanghe Brewery <sup>A</sup>	Food, Beverage & Tobacco	China	3,027	1.5
Korean Reinsurance	Insurance	South Korea	2,932	1.5
Dongfeng Motor <sup>H</sup>	Automobiles & Components	China	2,838	1.5
Larsen & Toubro	Capital Goods	India	2,613	1.3
POSCO	Materials	South Korea	2,592	1.3
Shriram Transport Finance	Diversified Financials	India	2,476	1.3
Bangkok Bank	Banks	Thailand	2,363	1.2
<b>Top Thirty Holdings</b>			<b>162,961</b>	<b>83.2</b>

Company	Industry group <sup>†</sup>	Country	At market value £'000	% of portfolio
Suofeiya Home Collection <sup>A</sup>	Consumer Durables & Apparel	China	2,348	1.2
Infosys - ADR	Software & Services	India	2,262	1.1
Tencent Music Entertainment <sup>A</sup>	Media & Entertainment	China	2,112	1.1
China BlueChemical <sup>H</sup>	Materials	China	2,004	1.0
Pacific Basin Shipping	Transportation	Hong Kong	1,964	1.0
QBE Insurance	Insurance	Australia	1,935	1.0
Industrial & Commercial Bank Of China <sup>H</sup>	Banks	China	1,933	1.0
Baidu - ADR	Media & Entertainment	China	1,910	1.0
Chroma ATE	Technology Hardware & Equipment	Taiwan	1,639	0.8
PT Bank Negara Indonesia Persero	Banks	Indonesia	1,485	0.8
<b>Top Forty Holdings</b>			<b>182,553</b>	<b>93.2</b>
Beijing Capital International Airport <sup>H</sup>	Transportation	China	1,452	0.7
Kasikornbank	Banks	Thailand	1,433	0.7
HKR International	Real Estate	Hong Kong	1,188	0.6
UPL	Materials	India	1,182	0.6
Genting Singapore	Consumer Services	Singapore	1,083	0.6
BitAuto - ADR	Media & Entertainment	China	1,054	0.5
Korea Electric Power	Utilities	South Korea	1,012	0.5
EVA Precision Industrial	Capital Goods	Hong Kong	978	0.5
Samsonite International	Consumer Durables & Apparel	Hong Kong	937	0.5
MINTH	Automobiles & Components	Hong Kong	778	0.4
<b>Top Fifty Holdings</b>			<b>193,650</b>	<b>98.8</b>
Invesco Liquidity Fund - US Dollar	Money Market Fund	Ireland	738	0.4
China Life Insurance (Taiwan)	Insurance	Taiwan	519	0.3
British American Tobacco (Malaysia)	Food, Beverage & Tobacco	Malaysia	476	0.2
Sobha	Real Estate	India	409	0.2
Lime Co. (formerly Finetex EnE) <sup>UQ</sup>	Capital Goods	South Korea	123	0.1
<b>Total Holdings 55 (2019: 54)</b>			<b>195,915</b>	<b>100.0</b>

UQ Unquoted investment.

ADR/ADS: American Depositary Receipts/Shares - 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.

# Classification of Investments by Country/Sector

AT 30 APRIL 2020

	2020		2019	
	At Market Value £'000	% of Portfolio	At Market Value £'000	% of Portfolio
<b>Australia</b>				
Insurance	1,935	1.0	3,499	1.6
	<b>1,935</b>	<b>1.0</b>	<b>3,499</b>	<b>1.6</b>
<b>China</b>				
Automobiles & Components	2,838	1.5	3,030	1.4
Banks	1,933	1.0	7,459	3.3
Consumer Durables & Apparel	2,348	1.2	-	-
Energy	3,967	2.0	5,628	2.5
Food, Beverage & Tobacco	3,027	1.5	2,532	1.1
Insurance	5,782	3.0	5,470	2.4
Materials	2,004	1.0	3,968	1.8
Media & Entertainment	28,836	14.7	20,916	9.4
Retailing	17,991	9.2	11,463	5.1
Telecommunication Services	6,061	3.1	3,811	1.6
Transportation	1,452	0.7	5,587	2.5
	<b>76,239</b>	<b>38.9</b>	<b>69,864</b>	<b>31.1</b>
<b>Hong Kong</b>				
Automobiles & Components	778	0.4	625	0.3
Capital Goods	4,964	2.6	7,045	3.1
Consumer Durables & Apparel	937	0.5	3,069	1.4
Insurance	6,774	3.4	8,045	3.6
Real Estate	1,188	0.6	1,457	0.6
Technology Hardware & Equipment	-	-	702	0.3
Transportation	1,964	1.0	2,101	0.9
	<b>16,605</b>	<b>8.5</b>	<b>23,044</b>	<b>10.2</b>
<b>India</b>				
Automobiles & Components	3,249	1.7	-	-
Banks	9,756	4.9	16,852	7.5
Capital Goods	2,613	1.3	-	-
Diversified Financials	2,476	1.3	-	-
Materials	1,182	0.6	4,338	1.9
Pharmaceuticals, Biotechnology & Life Sciences	4,581	2.4	5,982	2.7
Real Estate	409	0.2	3,576	1.6
Software & Services	2,262	1.1	4,333	1.9
	<b>26,528</b>	<b>13.5</b>	<b>35,081</b>	<b>15.6</b>
<b>Indonesia</b>				
Banks	1,485	0.8	3,501	1.6
	<b>1,485</b>	<b>0.8</b>	<b>3,501</b>	<b>1.6</b>
<b>Ireland</b>				
Money Market Fund	738	0.4	-	-
	<b>738</b>	<b>0.4</b>	<b>-</b>	<b>-</b>



	2020		2019	
	At Market Value £'000	% of Portfolio	At Market Value £'000	% of Portfolio
<b>Japan</b>				
Energy	-	-	3,828	1.7
Media & Entertainment	-	-	1,364	0.6
	<b>-</b>	<b>-</b>	<b>5,192</b>	<b>2.3</b>
<b>Malaysia</b>				
Food, Beverage & Tobacco	476	0.2	2,808	1.2
	<b>476</b>	<b>0.2</b>	<b>2,808</b>	<b>1.2</b>
<b>Philippines</b>				
Real Estate	-	-	2,645	1.2
	<b>-</b>	<b>-</b>	<b>2,645</b>	<b>1.2</b>
<b>Singapore</b>				
Banks	3,974	2.0	7,536	3.4
Consumer Services	1,083	0.6	-	-
	<b>5,057</b>	<b>2.6</b>	<b>7,536</b>	<b>3.4</b>
<b>South Korea</b>				
Automobiles & Components	3,968	2.0	5,978	2.7
Banks	3,067	1.6	7,472	3.3
Capital Goods	3,250	1.7	122	-
Insurance	2,932	1.5	3,416	1.5
Materials	2,592	1.3	3,266	1.5
Technology Hardware & Equipment	14,435	7.4	12,933	5.7
Utilities	1,012	0.5	1,947	0.9
	<b>31,256</b>	<b>16.0</b>	<b>35,134</b>	<b>15.6</b>
<b>Taiwan</b>				
Insurance	519	0.3	3,191	1.4
Semiconductors & Semiconductor Equipment	19,612	10.0	16,300	7.2
Technology Hardware & Equipment	11,669	5.9	8,855	3.9
	<b>31,800</b>	<b>16.2</b>	<b>28,346</b>	<b>12.5</b>
<b>Thailand</b>				
Banks	3,796	1.9	8,284	3.7
	<b>3,796</b>	<b>1.9</b>	<b>8,284</b>	<b>3.7</b>
<b>Total</b>	<b>195,915</b>	<b>100.0</b>	<b>224,934</b>	<b>100.0</b>





---

**Governance**

Directors .....30

Directors’ Report .....31

The Company’s Corporate Governance Framework .....35

Corporate Governance Statement .....36

Audit Committee Report .....40

Directors’ Remuneration Report .....42

Directors’ Responsibilities Statement .....45

# Directors



## **Neil Rogan**

Appointed 1 September 2017 and Chairman on 31 July 2018

Neil is chairman of Murray Income Trust plc and a non-executive Director of The Scottish Investment Trust plc. His 30 year career as an investment manager ranged from managing Asian portfolios for Flemings and Jardine Fleming to becoming Head of Global Equities at Gartmore.

He is Chairman of the Nomination Committee and Management Engagement Committee.



## **Tom Maier<sup>†</sup>**

Appointed 10 March 2009

Tom was the chief investment officer of Carlton Capital Partners until January 2011. A graduate from the Imperial College of Science and Technology, he joined Baring Asset Management (formerly Henderson Baring Management) in 1982. Over his 24-year career with the company, he managed a broad range of investment mandates from Hong Kong, Tokyo and London, specialising in global asset allocation. In 2001, he also became head of alternative investments, reporting to the chief investment officer, until his departure in 2006.



## **Vanessa Donegan<sup>†</sup>**

Appointed 17 October 2019

Vanessa is a non-executive director of Herald Investment Management Ltd., the JP Morgan Indian Investment Trust plc and State Street Global Advisors Luxembourg SICAV. She has 37 years of fund management experience investing institutional and retail portfolios in Asian stock markets, including single country China and India funds. She was Head of the Asia Pacific desk at Threadneedle Investments and then Head of Asia Pacific Equities, EMEA region at Columbia Threadneedle for a combined total of twenty-one years. She has extensive experience of marketing funds to retail and institutional clients across the globe.



## **Owen Jonathan<sup>†</sup>**

Appointed 1 March 2013

Owen is currently senior advisor to the Global Executive Committee of Norton Rose Fulbright where he advises on global strategy and risk. Between 1983 and 1994 he was a Partner at its predecessor firm, Norton Rose. From 1994 to 2000 he held the positions of Deputy Chief Executive and subsequently Chief Executive of the Hong Kong publicly listed South China Morning Post. From 1994 to 1997 he was also General Counsel to the Kuok Group, one of Asia's largest family-owned conglomerates. In 2000 he joined PricewaterhouseCoopers LLP as General Counsel where he was a member of the firm's Executive Board for over ten years, retiring in December 2012.

He is Senior Independent Director.



## **Fleur Meijs<sup>†</sup>**

Appointed 7 December 2016

Fleur is a non-executive director of Fidelity European Values PLC and Ruffer LLP, and a director of UWC (United World College) Mostar and its endowment fund Bridge to the Future.

An ACA qualified chartered accountant and graduate from Erasmus University Rotterdam. She was financial services partner at PricewaterhouseCoopers LLP until May 2016. She has specialised in significant and complex audit and high profile projects with top-tier financial institutions in the City. She has also been a member of the Dutch Parliamentary committee in respect of the structure of banks in the Netherlands.

She is Chairman of the Audit Committee and Remuneration Committee.

---

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

<sup>†</sup> Member of the Audit Committee.



# Directors' Report

## Introduction

The Directors present their report for the year ended 30 April 2020.

## Results and Dividends

Details of the Company's results and dividend are shown on page 18.

## Business and Status

The Company was incorporated and registered in England and Wales on 19 January 1995 as a public limited company, registered number 03011768. It is an investment company as defined by section 833 of the Companies Act 2006 and operates as an investment trust within the meaning of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. HM Revenue & Customs have approved the Company's status as an investment trust and, in the opinion of the Directors, the Company has conducted its affairs so as to enable it to maintain such approval.

## Life of the Company

The Company's Articles of Association require that every three years the Directors propose an ordinary resolution to release them from the obligation to wind up the Company, or they must put forward proposals to wind up the Company. Shareholders voted to release the Directors from the obligation to wind up the Company at the 2019 AGM, and therefore the next resolution in respect of this will be at the AGM in 2022.

## Financial Instruments

The Company's financial instruments comprise its investment portfolio; cash and loan balances; debtors and creditors which arise directly from its operations such as sales and purchases awaiting settlement; and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 15 to the financial statements, beginning on page 64.

## Going Concern

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

The Directors took into consideration the uncertain economic outlook in the wake of the Covid-19 pandemic and the operational implications 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 12 months after signing the balance sheet, for the same reasons as set out in the Viability Statement. In considering this, the Directors took into account the

diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments; the ability of the Company to meet all of its liabilities and ongoing expenses from its assets; and revenue forecasts for the forthcoming year.

As discussed in Principal Risks and Uncertainties, the Company's operations and those of its core service providers have been adapted to deal with the restrictions imposed in the UK as a result of the Covid-19 pandemic.

## The Manager

### Investment Management Agreement (IMA)

Invesco Fund Managers Limited (IFML) acts as Manager and provides administration services to the Company under the IMA dated 22 July 2014. The agreement is terminable by either party giving not less than six months' written notice. Under the agreement 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% p.a. for any net assets over £250 million. The assets for this purpose exclude the value of any investments in other funds managed by the Manager. Details of fees payable for the year are included in note 3.

The Manager also receives a separate fee for company secretarial and administrative services, details of which are shown in note 4(iii).

### The Manager's Responsibilities

The Directors have delegated to the Manager the responsibility for the day-to-day investment management activities of the Company, for seeking and evaluating investment opportunities and for analysing the accounts of the investee companies. The Manager has full discretion to manage the assets of the Company in accordance with the Company's stated objectives and policies as determined from time to time by the Board. Within the guidelines specified by the Board, the Manager has discretion to make purchases and sales, make and withdraw cash deposits, enter into underwriting commitments and exercise all rights over the investment portfolio. The Manager also advises on currency exposures and borrowings.

In addition, the Manager provides full administration and company secretarial services to the Company, ensuring that the Company complies with all legal and regulatory requirements and officiating at Board meetings and shareholders' meetings. The Manager additionally maintains complete and accurate records of the Company's investment transactions, portfolio and all monetary transactions from which the Manager prepares half-yearly and annual financial reports on behalf of the Company.

## Assessment of the Manager

The Management Engagement Committee considers the ongoing investment management, company secretarial and administrative requirements of the Company. These are assessed with reference to key performance indicators, with emphasis on performance relative to that of the benchmark index and the Company's peer group. The quality and timeliness of reports to the Board is also taken into account and the overall conduct of the Company's affairs by the Manager is considered. Details of the investment management fee can be found above.

Based on its recent review, and taking into account the performance of the portfolio, the other services provided by the Manager, and the risk and governance environment in which the Company operates, the Board believes that the continuing appointment of IFML remains in the best interests of the Company and its shareholders.

## Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Invesco Asset Management Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that all applicable regulations are observed. The Company Secretary is also responsible for ensuring the timely delivery of information and reports and that the statutory obligations of the Company are met.

## Social and Environmental Policies

As an investment trust company with no employees, property or activities outside investment, environmental and social policies as well as community issues have limited application.

The Manager considers various factors when evaluating potential investments. Some are financial ratios and measures, such as free cash flow, earnings per share and price-to-book value. Others are more subjective indicators which rely on first-hand research; for example, quality of management, innovation and product strength. The Company's policy is that, subject to an overriding requirement to pursue the best financial interests of the Company, the Manager should take account of social, environmental and ethical factors in making and holding investments and in the use of voting powers conferred by such investments.

The Company is able to supply documents or information to shareholders in electronic form (e.g. by e-mail) or by means of a website. This delivers environmental benefits through the reduced use of paper and of the energy required for its production and distribution.

## Directors

### Disclosable Interests

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report on page 43.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. The Company has entered into a Deed of Indemnity with each Director, as expanded upon below.

### Directors' Indemnification and Insurance

The Company maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against its Directors. In addition, deeds of indemnity have been executed on behalf of the Company for each of the Directors under the Company's Articles of Association.

Subject to the provisions of UK legislation, these deeds provide that the Directors may be indemnified out of the assets of the Company in respect of liabilities they may sustain or incur in connection with their appointment.

## Conflicts of Interest

A Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests.

The Articles of Association of the Company give the Directors authority to approve such situations and include other provisions to allow conflicts of interest to be resolved.

The Directors have declared any potential conflicts of interest to the Company. The Register of Potential Conflicts of Interests is kept in the registered office of the Company. It is reviewed regularly by the Board and Directors are obliged to advise the Company Secretary as soon as they become aware of any potential conflicts of interest. Directors who have potential conflicts of interest will not take part in any discussions which relate to any of their potential conflicts.

## Capital Structure

### Capital Structure, including Share Buybacks

As at 30 April 2020, the Company's issued share capital consisted of 66,853,287 ordinary shares of 10p each, with a further 8,146,594 shares held in treasury. Movements in the share capital over the year are set out in note 12. The Company has the authority to issue new shares and to buy back shares into treasury or for cancellation. The annual resolutions to renew this authority are set out on page 34 and include the Boards' reasons for requesting shareholder permission. During the year the Company bought back into treasury 3,616,188 ordinary shares. There have been no other changes to the issued share capital during the year. Since the financial year end nil shares have been bought back into treasury.

### Rights Attaching to the Ordinary Shares

Under the Company's Articles of Association, shares in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination, as the Directors may determine).

At a general meeting of the Company every member has one vote on a show of hands and on a poll one vote for each ordinary share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting.

### Restrictions on Transfers

The Directors may refuse to register any transfer of any ordinary share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in the ordinary class from taking place on an open or proper basis. The Directors may likewise refuse to register any transfer of an ordinary share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example insider trading laws). The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

## Substantial Holdings in the Company

The Company had been notified of the following holdings of 3% and over of the Company's issued ordinary share capital carrying unrestricted voting rights:

Fund Manager/ Registered Holder	26 June 2020		30 April 2020		30 April 2019
	Shares	%	Shares	%	%
City of London Investment Management	14,432,946	21.6	7,932,463	11.9	10.9
Lazard Asset Management	8,859,536	13.3	8,825,665	13.2	11.0
Wells Capital Management	5,553,117	8.3	5,350,361	8.0	10.2
Smith & Williamson Wealth Management	2,629,250	3.9	2,605,403	3.9	2.5
Hargreaves Lansdown, stockbrokers (EO)	2,471,735	3.7	2,539,378	3.8	3.8
Saunderson House	2,192,526	3.3	2,083,813	3.1	1.4
Interactive Investor (EO)	1,989,997	3.0	2,041,598	3.1	1.5
Alliance Trust Savings	1,740,813	2.6	1,726,311	2.6	4.0
Derbyshire County Council Pension Fund	0	0.0	6,358,000	9.5	9.0

## Disclosure Required by Listing Rule 9.8.4

The above rule requires listed companies to report certain information in a single identifiable section of their annual financial reports. The Company confirms that there were no other relevant events for the year to 30 April 2020.

## Corporate Governance

The Corporate Governance Statement on pages 36 to 39 forms part of this Directors' Report.

## Audit Information

The Directors confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

## Greenhouse Gas Emissions

The Company has no employees or premises and does not purchase electricity, heat, steam or cooling for its own use. Accordingly, the quantifiable amount of carbon dioxide equivalent produced by the Company annually is zero tonnes.

## Annual General Meeting (AGM)

Shareholders will find on page 70 to 73 the notice of the forthcoming AGM of the Company to be held on 3 September 2020. The following resolutions are proposed as ordinary business and are summarised below.

## Ordinary Business:

**Ordinary Resolution 1** is for members to receive this Annual Financial Report for the year ended 30 April 2020, including the financial statements and Auditor's Report.

**Ordinary Resolution 2** is for members to approve the Company's Dividend Payment Policy which is set out on page 18. This is an advisory vote.

**Ordinary Resolution 3** is to approve the Directors' Remuneration Policy as set out on page 42.

**Ordinary Resolution 4** is to approve the Annual Statement and Report on Remuneration for the year ended 30 April 2020.

**Ordinary Resolution 5** is to re-elect Owen Jonathan a Director of the Company. Mr Jonathan's executive professional services and legal background, derived from his senior advisory role at Norton Rose Fulbright and as a partner in its predecessor firm and as partner of and general counsel to PricewaterhouseCoopers LLP, enables him to contribute detailed knowledge of strategic risk and legal issues in relation to the Company. He joined the Board in 2013 and is the Senior Independent Director.

**Ordinary Resolution 6** is to re-elect Fleur Meijs as a Director of the Company. Ms Meijs contributes to the Company's long-term sustainable success by drawing on her qualification as a chartered accountant together with her extensive prior experience as a financial services partner at PricewaterhouseCoopers LLP and her other non-executive directorship positions in the investment management sector. Her significant experience of complex audits and high profile projects with financial institutions allows her to successfully Chair the Company's Audit Committee and Remuneration Committees.

**Ordinary Resolution 7** is to re-elect Neil Rogan as a Director of the Company. Mr. Rogan has been closely involved with investment trusts since 1982. He managed Fleming Far Eastern Investment Trust from 1987-1995, lived in Hong Kong from 1992-1997 and went on to managing global equity funds at Gartmore. He is Chairman of the Board and Chairman of Murray Income Trust. He brings investment trust, Asian, investment management and Chair experience to the Board. Having served on the Board for only two years, Mr Rogan remains a fully independent non-executive director.

**Ordinary Resolution 8** is to elect Vanessa Donegan as a Director of the Company. Ms Donegan brings to the Company significant fund management experience of investing institutional and retail portfolios in Asian stock markets. In addition, her position as non-executive director of Herald Investment Management Ltd, JP Morgan Indian Investment Trust plc and State Street Global Advisors Luxembourg SICAV brings further investment board experience.

**Ordinary Resolution 9** is to re-appoint KPMG LLP as auditor of the Company.

**Ordinary Resolution 10** is to authorise the Audit Committee to determine the remuneration of the auditor.

# Special Business

The following resolutions are proposed as special business:

**Ordinary Resolution 11** is to renew the Directors' authority to allot shares. Your Directors are seeking authority to allot new ordinary shares up to an aggregate nominal value of £668,532 (10% of the Company's issued share capital at 3 July 2020). This will allow Directors to issue shares within the prescribed limits should opportunities to do so arise that they consider would be in shareholders' interests. This authority will expire at the AGM in 2021.

**Special Resolution 12** is to renew the authority to disapply pre-emption rights. Your Directors are asking for authority to issue new ordinary shares for cash up to an aggregate nominal value of £334,266 (5% of the Company's issued share capital as at 3 July 2020), disapplying pre-emption rights. This will allow shares to be issued to new shareholders without them first having to be offered to existing shareholders, thus broadening the shareholder base of the Company. This authority will not be exercised at a price below NAV so the interests of existing shareholders are not diluted and will expire at the AGM in 2021.

**Special Resolution 13** is to renew the authority for the Company to purchase its own ordinary shares. Your Directors are seeking authority to purchase up to 10,021,307 ordinary shares (14.99% of the Company's issued ordinary share capital as at 3 July 2020), subject to the restrictions referred to in the notice of the AGM. This authority will expire at the AGM in 2021. Your Directors are

proposing that ordinary shares bought back by the Company either be cancelled or, alternatively, be held as treasury shares with a view to their resale, if appropriate, or later cancellation. Any resale of treasury shares will only take place on terms that are in the best interest of shareholders.

**Special Resolution 14** is to permit the Company to hold general meetings (other than annual general meetings) on 14 days notice, which is the minimum notice period permitted by the Companies Act 2006. The EU Shareholder Rights Directive increases the minimum notice period to 21 days unless two conditions are met. The first condition is that the company offers facilities for shareholders to vote by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days, hence this resolution being proposed. It is intended that this flexibility will be used only where the Board believes it is in the interests of shareholders as a whole.

*By order of the Board*

**Invesco Asset Management Limited**  
Company Secretary

6 July 2020

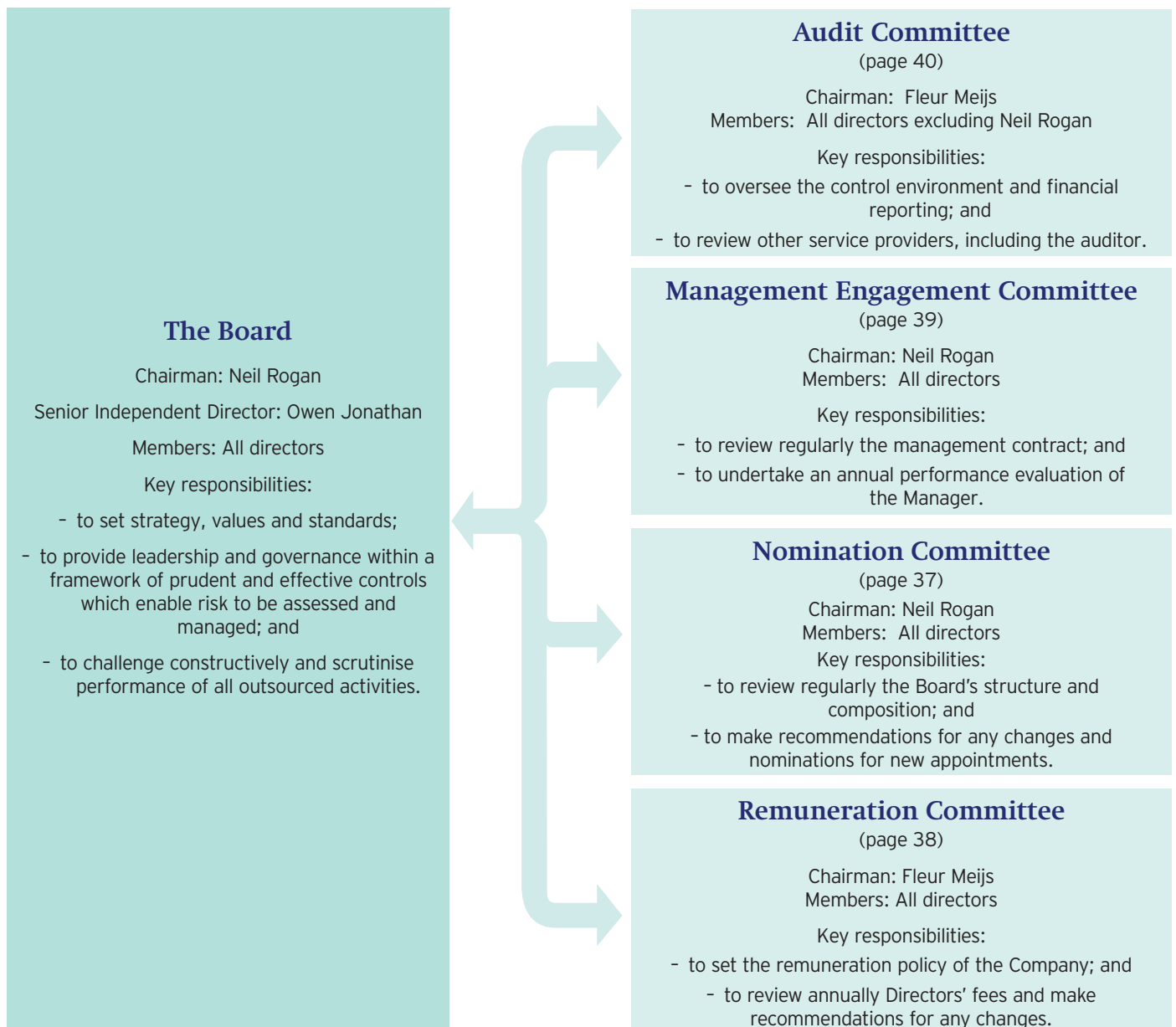


# The Company's Corporate Governance Framework

AT 30 APRIL 2020

## The Board and Committees

Responsibility for good governance lies with the Board. The governance framework of the Company reflects the fact that as an Investment Company it has no employees and outsources investment management to the Manager and administration to the Manager and other external service providers.



# Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report.

## Corporate Governance Principles

The Board is committed to maintaining the highest standards of Corporate Governance and is accountable to shareholders for the governance of the Company's affairs.

The Board of Invesco Asia Trust plc has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code). The AIC Code addresses all the principles set out in the UK Corporate Governance Code (UK Code), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

The AIC Code is available from the Association of Investment Companies website ([www.theaic.co.uk](http://www.theaic.co.uk)). The UK Code is available from the Financial Reporting Council website ([www.frc.org.uk](http://www.frc.org.uk)).

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of Invesco Asia Trust plc, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties, whilst the Manager has its own internal audit function. The Company has therefore not reported further in respect of these provisions.

Information on how the Company has applied the principles of the AIC Code and the UK Code is provided in the Directors' Report as follows:

The composition and operation of the Board and its committees are detailed on pages 36 to 39, and pages 40 and 41 in respect of the Audit Committee.

The Company's approach to internal control and risk management is detailed on pages 38 and 39.

The contractual arrangements with, and assessment of, the Manager are summarised on pages 31 and 32.

The Company's capital structure and voting rights are summarised on page 32.

The most substantial shareholders in the Company are listed on page 33.

The rules concerning the appointment and replacement of directors are contained in the Company's Articles of Association and are discussed on page 37. There are no agreements between the Company and its directors concerning compensation for loss of office.

Powers to issue or buy back the Company's shares, which are sought annually, and any amendments to the Company's Articles of Association require a resolution to be passed by shareholders.

## The Board

The Board usually consists of four or five non-executive Directors. At the current time the Board has five Directors, all of whom the Board regards as independent with no conflicting relationships. The Directors have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company. Brief biographical details of members of the Board are shown on page 30.

### Chairman

The Chairman of the Board is Neil Rogan. Mr Rogan was appointed to the Board on 1 September 2017 and became Chairman on 31 July 2018 following the retirement of the previous Chairman, Carol Ferguson.

### Senior Independent Director

Owen Jonathan was appointed as Senior Independent Director on 14 December 2018. He is available to shareholders if they have concerns which contact through the normal channels of Chairman, Manager or Company Secretary have failed to resolve or for which such contact is inappropriate.

### Board Function

The Board meets on a regular basis five times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Manager, the Chairman and the other Directors between formal meetings. Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Manager on the current investment position and

outlook, strategic direction, performance against stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory and industry changes and other issues. To enable the Directors to fulfil their roles, Directors have timely access to all relevant management, financial and regulatory information.

## Committees

The membership and key responsibilities of the individual nomination, remuneration, management engagement and audit committees are set out in the Company's Corporate Governance Framework on page 35. All the committees have written terms of reference which are reviewed regularly and clearly define their responsibilities and duties. They will be available for inspection at the AGM and can be inspected at the registered office of the Company as well as on the Company's page of the Manager's website.

## Nomination Committee

The Nomination Committee is responsible for identifying and nominating to the Board suitable candidates taking into consideration any identified requirements and the following: the ability of any new director to devote sufficient time to the Company to carry out his or her own duties effectively; and the benefits of diversity (including gender). The Board has not set any measurable objectives in this respect.

The Committee met twice during the year to review succession planning and Board evaluation. During the year the Committee reviewed the performance of the Chairman, Board and Committees of the Board. Succession planning was also reviewed taking into consideration the skills and tenure of the Directors. The Committee used an external independent recruitment consultancy, Sapphire Partners, to search for an additional director to join the Board. The Committee prepared a detailed description of the role and skills required. As a result, Vanessa Donegan was appointed to the Board with effect from 17 October 2019. Tom Maier having served on the Board for over nine years shall retire at the conclusion of the forthcoming AGM.

No Director has a contract of employment with the Company. Directors' terms and conditions of appointment are set out in letters of appointment which are available for inspection at the registered office of the Company, via the Company's section of the Manager's website and will also be available at the AGM.

## Appointment, Re-election and Tenure of Directors

New Directors are appointed by the Board, following recommendation by the Nomination Committee. The Articles of Association require that a Director shall be subject to election at the first AGM after appointment, and re-election at least every three years thereafter. However, the Board has resolved that all Directors shall stand for annual re-election at the AGM. Ms Donegan shall stand for election following her appointment to the Board on 17 October 2019. An outline of the reasons why each Director's contribution and skills continue to be important to the Company's long-term sustainable success are included on page 33.

On being appointed to the board, Directors are fully briefed as to their responsibilities and are regularly provided throughout their terms in office with all necessary information on industry and regulatory matters. The Manager and the Board have formulated a programme of induction training for newly appointed Directors. They have also put arrangements in place to address ongoing training requirements of Directors, including briefings from key members of the Manager's staff which ensure that Directors can keep up to date with new regulation, best practice and the changing risk environment.

A Director's tenure of office will normally be for up to nine years, except that the Board may determine otherwise if it is considered that the continued service on the Board of an individual Director is in the best interests of the Company and its shareholders. The Chairman's tenure of office will also normally be for up to nine years, except that the Board may determine otherwise if it is considered that the continued service on the Board of a Chairman, who has in addition served a period of time as a Director, is in the best interests of the Company and its shareholders. As such, it is intended that Neil Rogan will retire from the Board no later than the 2026 AGM after having served the Company for nine years. The Board considers that this approach encourages its regular refreshment and is conducive to fostering diversity of its constituents.

## Board, Committees and Directors' Performance Appraisal

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board as a whole, of the respective Committees and of individual Directors. Performance of the Board, Committees and Directors has been assessed during the year in terms of:

- attendance at Board and Committee meetings;
- the independence of individual Directors;
- the ability of Directors to make effective contributions to the Board and Committees through the range and diversity of skills, experience and knowledge each Director brings to their roles; and
- the Board's ability to challenge the Manager's recommendations, suggest areas of debate and set the future strategy of the Company.

The Board has conducted its performance evaluation through formal questionnaires and discussion between the Directors and the Chairman/Senior Independent Director respectively. The performance of the Chairman is evaluated annually, with discussion of his performance led by the Senior Independent Director, who in turn provides the Chairman with feedback. The employment of an external consultant, Lintstock, for the purposes of performance evaluation was last carried out in 2019 and shall be considered by the Board at a future date. The results of the most recent evaluation concluded that the Board and Committees of the Board are effective, as are individual Directors. The Directors continue to provide a good range of experience and backgrounds and continue to make valuable contributions and demonstrate commitment to their respective roles and in the Board's considered view, all Directors were independent.

## Attendance at Board and Committee Meetings

All Directors attended all Board and Committee meetings during the year, as demonstrated by the table below.

MEETING:	BOARD	AUDIT COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
<b>Number of Meetings Held:</b>	5	3	1	1	2
<b>Meetings Attended:</b>					
Neil Rogan <sup>1</sup>	5	3	1	1	2
Fleur Meijs	5	3	1	1	2
Owen Jonathan	5	3	1	1	2
Tom Maier	5	3	1	1	2
Vanessa Donegan <sup>2</sup>	3	2	1	1	-

<sup>1</sup> Neil Rogan is not a member of the Audit Committee but may attend by invitation.

<sup>2</sup> Appointed to the Board on 17 October 2019.

Apart from the meetings detailed above, there were a number of meetings held by a Committee of the Board to deal with other items, as and when required.

## Remuneration Committee

The Directors' Remuneration Policy was reviewed by the Committee during the year and is set out in full in the Directors' Remuneration Report. The Committee also reviewed the Directors' annual fee rates during the year, taking into account the work undertaken by Directors as well as peer group and industry comparatives. As part of its review, the Committee considered the appointment of an external consultant but was satisfied that this was not required due to the quality of the information provided to the Committee by the Manager.

A formal schedule of matters reserved for decision by the Board and responsibilities of the Board is available at the Company's registered office and on the Company's section of the Manager's website at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia). The main responsibilities include: setting the Company's objectives, policies and standards; ensuring that the Company's obligations to shareholders and others are understood and complied with; approving accounting policies and dividend policy; managing the capital structure; setting long-term objectives and strategy; assessing risk and overseeing its mitigation, reviewing investment performance; approving loans and borrowing. The Board also seeks to ensure that shareholders are provided with sufficient information, in order to understand the balance between risk and reward to which they are exposed by holding the Company's shares, through the portfolio details given in the annual and half-yearly financial reports, factsheets and daily net asset value disclosures.

## Board Responsibilities

The Board has overall responsibility for the Company's affairs. Directors have a duty to promote the success of the Company taking into consideration the likely consequences of any decision in the long-term; the need to foster the Company's business relationships with its Manager and advisers; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between shareholders of the Company. This is reported in the Strategic Report on page 22. The Directors are equally responsible for promoting the success of the Company by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all of the Company's shareholders and that the interests of creditors and suppliers to the Company are properly considered.

The Board meets on a regular basis, at least five times each year. Additional meetings are arranged as necessary. Board meetings follow a formal agenda which includes a review of the Company's discount, investment portfolio (with a report from the Manager on the current investment position and outlook), strategic direction, performance versus stock market indices and the Company's peer group, asset allocation, gearing policy, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance, regulatory changes, industry best practice and other issues.

To enable the Directors of the Board to fulfil their roles, Directors have timely access to all relevant management, financial and regulatory information.

The Board is committed to the prevention of corruption in the conduct of the Company's affairs and, taking account of the nature of the Company's business and operations, has put in place procedures that the Board considers adequate to prevent persons associated with it from engaging in bribery for and on behalf of the Company and has a zero tolerance approach towards the criminal facilitation of tax evasion. In addition, the Board is responsible for ensuring that the Company's policies and activities are in the interests of the Company's shareholders and that the interests of creditors and suppliers to the Company are properly considered. The long-term success of the Company is promoted by directing and supervising its affairs within a framework of effective controls which enable risk to be assessed and managed.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense up to an initial cost of £10,000, having first consulted the Chairman.

## Internal Control and Risk Management

The Directors acknowledge that they are responsible for the Company's systems of internal financial and non-financial controls which have been in place throughout the year and up to the date of this report. The control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.



Details of the Company's internal control and risk management are set out on pages 19 to 21. The Directors consider that the Company's internal control and risk management systems enable the Company to comply with the FRC's guidance on such.

## Accountability and Audit

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 45. The Independent Auditor's Report appears on pages 48 to 52.

## Audit Committee

The composition and activities of the Audit Committee are set out in the Audit Committee Chairman's Report on pages 40 and 41, and are included in this report by reference.

## Management Engagement Committee

The Board is considered small for the purposes of the AIC Code and all the Directors are members. The Committee meets annually to review the investment management agreement with the Company's Manager and to review the services provided by the Manager.

During the year the Committee reviewed the performance of the Portfolio Manager against the Company's benchmark and peer group as well as the administration services provided by the Manager. In addition, investment management fees were reviewed against those in the peer group and other comparative products. The Committee recommended the continuing appointment of the Manager on the same terms and on the basis of the Committee's assessment is set out in detail on pages 31 and 32.

## Stewardship

The Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of Corporate Governance are maintained in the companies in which it invests. The Company's stewardship functions have been delegated to the Manager, who exercises the Company's voting rights and the Manager has adopted a clear and considered policy towards its responsibility as a shareholder on behalf of the Company. As part of this policy, the Manager takes steps to satisfy itself about the extent to which the companies in which it invests look after shareholder value and comply with local recommendations and practices, such as the UK Corporate Governance Code. The Manager's approach to corporate governance and the UK Stewardship Code can be found on the Manager's website at [www.invesco.co.uk](http://www.invesco.co.uk) together with a copy of the Manager's Stewardship Policy and Global Proxy Voting Policy.

## Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports which aim to provide shareholders with

a full understanding of the Company's activities and results. This information is supplemented by the daily calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange and in the daily and monthly factsheets. In normal circumstances, shareholders are invited to attend the AGM and hear a presentation by the Manager and have the opportunity to address questions to the Chairman and the Chairmen of the Committees of the Board following the formal business of the AGM. This year shareholders should lodge their questions to the Company Secretary at [IAT@invesco.com](mailto:IAT@invesco.com) or, in hard copy, to 43-45 Portman Square, London W1H 6LY. Any questions received will be relayed to the Board and replied to by the Company Secretary on behalf of the Board after the AGM. A video presentation from the Portfolio Manager will be made available on the Company's website following the conclusion of the AGM.

There is regular dialogue between the Manager and major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholder views in order to help to develop a balanced understanding of their issues and concerns. In addition, the Company retains the services of Kepler Partners LLP and Edison Investment Research, marketing and research specialists that broaden the awareness of the Company's activities across a spectrum of regionally-based discretionary wealth managers. General presentations to both institutional shareholders and analysts follow the publication of the annual financial results. All meetings between the Portfolio Managers and institutional and other shareholders are reported to the Board. It is the intention of the Board that the annual financial report be issued to shareholders so as to provide 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM should do so by the means detailed above.

The Company Secretary (Invesco Asset Management Ltd) ensures that all correspondence addressed to the Company, other than junk mail, is reported to the Board and dealt with in a timely manner.

Shareholders can also visit the Company's page of the Manager's website in order to access copies of annual and half-yearly financial reports, pre-investment information, Key Information Documents (KIDs), shareholder circulars, factsheets and Stock Exchange Announcements. Shareholders can also access various Company reviews and information such as an overview of Asian equities and the Company's share price. Finally, shareholders are able to access copies of the schedule of matters reserved for the Board, terms of reference of the Board committees and, following any shareholders' general meetings, proxy voting results.

*By order of the Board*

**Invesco Asset Management Limited**  
Company Secretary

6 July 2020

# Audit Committee Report

## FOR THE YEAR ENDED 30 APRIL 2020

The Audit Committee comprises of Owen Jonathan, Vanessa Donegan and Tom Maier under the Chairmanship of Fleur Meijs. The Chairman of the Board is not a member of the Audit Committee, but may attend by invitation. The Committee members consider that, collectively, they are appropriately experienced to fulfil the role required.

## Audit Committee Responsibilities and Activities

The Committee met three times during the year and the main duties undertaken included:

- a review of the Company's risk control summary matrix and consideration of the completeness of the identified risks, the categories of risk faced by the Company, the probability of their occurrence and the residual effect on the Company after taking account of controls. These controls included those established by the Board as well as those exercised by the Manager and the Company's other external service providers. An exercise to identify significant emerging risks relevant to the Company was also undertaken during the year;
- consideration of the Manager's internal control systems and risk management systems and their effectiveness;
- consideration of the scope of work undertaken by the Manager's internal audit and compliance departments, together with reviews of the Company's procedure for detecting fraud and the Manager's whistleblowing arrangements;
- the review of the Company's depositary, independent control reports from the TPPs and specific reports on information and cyber security risks.
- consideration of the annual and half-yearly financial reports ensuring compliance with relevant statutory and listing requirements; appropriateness of accounting policies applied; any financial judgements and key assumptions; and disclosures made therein in relation to internal controls and risk management, going concern and the long term viability of the Company;
- to consider and advise the Board on whether the annual report as a whole is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position and performance, business model and strategy; and
- management of the relationship with the external auditor. This included: the scope, nature and planning of the audit; discussion of matters for audit focus; evaluation of the results identified in the auditor's reports; consideration of the effectiveness, independence and objectivity of their audit; recommendation to the Board in respect of the auditor's reappointment and for the terms of their audit engagement.

Representatives of the auditor attended the Committee meeting at which the draft annual financial report was reviewed and were given the opportunity to speak to Committee members without the presence of representatives of the Manager. The Committee met with representatives of the Manager and received reports on the quality and effectiveness of the accounting records and management information maintained on behalf of the Company and the systems of internal controls in place. Representatives of the Manager's Compliance and Internal Audit Departments provided reports and attended Committee meetings, one meeting being prior to approval and signature of the annual financial report. The Committee has direct access to the depositary which provided its report to the Committee at the meeting to discuss the annual financial report.

# Accounting Matters and Significant Issues

The table below describes the significant issues considered by the Audit Committee in relation to the financial statements for the year ended 30 April 2020, and how these were addressed.

Significant Issue	How Addressed
Proof of the existence of the Company's investments and cash	During the year holdings are reconciled by the Manager to the custodian records on a daily basis. The Committee reviewed the Manager's and custodian's independently audited service organisation control reports. The depositary also undertakes their own independent monthly reconciliations.
Accuracy of the portfolio valuation	Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors. On a monthly basis the depositary independently checks the valuation of the portfolio and would notify the Committee of any significant issues. No such issues arose in the year.
Income recognition	Revenue projections are monitored during the year to ensure income is complete and correctly accounted for, with emphasis on any special dividends and their classification as either revenue or capital.

These matters were discussed with the Manager and the auditor and were satisfactorily addressed through consideration of reports provided by, and discussed with, the Manager and the auditor at the conclusion of the audit process. There were no significant matters arising from the audit that needed to be brought to the Board's attention.

Consequently, and following a thorough review process of the 2020 annual financial report, the Audit Committee advised the Board that the report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Chairman of the Audit Committee will be present at the AGM to answer any questions relating to the annual financial report.

## External Auditor

KPMG LLP was appointed as the Company's external auditor on 4 August 2016 following a tender exercise. Philip Merchant has been the Company's audit partner since the 2018 year end audit and can continue to be the audit partner until the 2022 year end audit. Under auditor rotation regulations, an audit tender needs to take place by 2026 and if successful during this tender process, and re-appointed, KPMG LLP could continue as external auditor until 2036.

The Committee evaluated the independence, performance and effectiveness of the external auditor and the competitiveness of its fee during the year to 30 April 2020. This included discussions with the Manager and review of the audit planning, execution and reporting, the quality of the audit work and the auditor's independence. All results were satisfactory. Accordingly a resolution to re-appoint KPMG LLP and for the Audit Committee to determine their remuneration will be put to shareholders at the forthcoming AGM.

In accordance with the FRC's Ethical Standards, it is the Company's policy not to seek substantial non-audit services from its auditor. No non-audit services relating to the Company were provided during the year. All non-audit services require the approval in advance of the Audit Committee. Prior to any engagement, the Audit Committee would consider whether the skills and experience of the auditor make them a suitable supplier of such services and ensure that there is no threat to objectivity and independence in the conduct of the audit as a result.

## Internal Controls and Risk Management

Details of the Company's internal control and risk management, and the work undertaken by the Audit Committee with respect to them, are set out on pages 19 to 21.

## Internal Audit

Due to the nature of the Company, being an externally managed investment company with no executive employees, and in view of the Manager having an internal audit function, the Company does not have its own internal audit function. The Committee receives and reviews reports from the Manager's internal audit department.

## Committee Evaluation

The Committee's activities formed part of the review of Board effectiveness performed in the year. Details of this process can be found under 'Board, Committees and Directors' Performance Appraisal' on page 37.

### Fleur Meijs

Chairman of the Audit Committee

6 July 2020

# Directors' Remuneration Report

## FOR THE YEAR ENDED 30 APRIL 2020

This report has been prepared under the requirements of the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendments) Regulations 2013 and in accordance with the Listing Rules of the Financial Conduct Authority. A resolution for the approval of the Annual Statement on Directors' Remuneration (advisory) will be put to shareholders at the forthcoming Annual General Meeting.

The Company's auditor is required to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such in this report. The independent auditor's opinion is included on pages 48 to 52.

## Remuneration Committee

All Directors are members of the Remuneration Committee under the Chairmanship of Fleur Meijs. Details of the Remuneration Committee, including responsibilities and terms of reference, are contained within the Corporate Governance Statement on page 38.

## Directors' Remuneration Policy

The Directors' Remuneration Policy (the Policy) was last approved by shareholders at the AGM on 10 August 2017 and became effective on that date. The Policy follows and it is intended that a Resolution for its continuing adoption will be put to shareholders at the forthcoming AGM.

The Policy states that the remuneration of Directors should be fair and reasonable in relation to the duties, responsibilities and time commitment of Directors; be sufficient to retain and motivate appointees, as well as ensure that candidates of a high calibre are recruited to the Board but not be more than necessary for the purpose; and be comparable to that of other similar investment trusts. Furthermore the remuneration of Directors will also take into consideration any committee memberships and chairmanship duties, as well as taking into account the views, where raised and appropriate, of shareholders.

Fees for directors are determined by the Board within the limits stated in the Company's Articles of Association (Articles). The Articles limit the aggregate fees payable to £150,000 per annum. Any change to this limit would require shareholder approval by special resolution.

In addition to fees, Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in the performance of their duties. Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors are not entitled to exit payments or any compensation for loss of office. Directors do not have contracts of employment. Directors' terms and conditions of appointment are set out in letters of appointment, copies of which are available for inspection at the registered office of the Company.

Notwithstanding the above, the Company's Articles also provide that additional discretionary payments can be made for services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director.

The level of Directors' remuneration is reviewed annually, although such review will not automatically result in any changes.

This Policy will apply to any new directors, who will be paid the appropriate fee based on the directors' fee levels in place at the date of appointment.

The Board may amend the level of remuneration paid to Directors within the parameters of the Directors' Remuneration Policy.

The Company has no employees and consequently has no policy on the remuneration of employees.

## Annual Statement on Directors' Remuneration

For the year to 30 April 2020, Directors were paid fees at the following rates: Chairman £34,100; Audit Committee Chairman £28,900, and other Directors £25,200.

Directors' fees were increased with effect from 1 May 2018. A review of Directors' fees is conducted annually by the Remuneration Committee taking into consideration the increasing demands and accountability of the corporate governance and regulatory environment and the fees of the comparable investment companies. No external remuneration consultant was used. As a result of the review, it was agreed that the Directors' fees remain unchanged for another year.

Fees paid to Directors for the year are shown below. No additional discretionary payments were made in the year, or in the previous year.

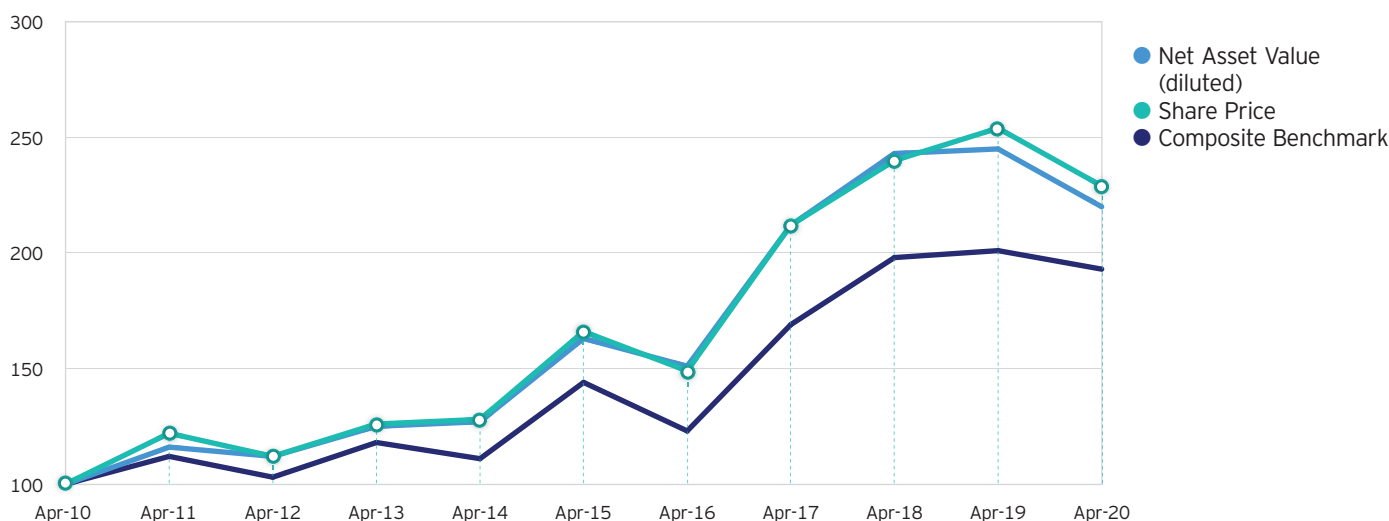


# Report on Remuneration for the Year Ended 30 April 2020

## The Company's Performance

The graph below plots, in annual increments, the net asset value total return and share price total return to ordinary shareholders compared to the total return of the composite benchmark (see definition of benchmark in the Glossary of Terms and Alternative Performance Measures on page 78), which was adopted by the Company for comparison purposes.

Figures have been rebased to 100 at 30 April 2010.



## Single Total Figure of Remuneration for the Year (Audited)

The single total figure of remuneration for each Director who served during the year is detailed below, together with the prior year comparative.

	2020 Taxable			2019 Taxable		
	Fees £	benefits <sup>(1)</sup> £	Total £	Fees £	benefits <sup>(1)</sup> £	Total £
Neil Rogan (Chairman of the Board, Nomination Committee and Management Engagement Committee)	34,100	-	34,100	32,019	-	32,019
Fleur Meijs (Chairman of the Audit Committee and Remuneration Committee)	28,900	-	28,900	28,900	-	28,900
Tom Maier	25,200	341	25,541	25,200	1,653	26,853
Owen Jonathan	25,200	1,005	26,205	25,200	718	25,918
Vanessa Donegan (appointed 17 October 2019)	13,564	30	13,594	-	-	-
Carol Ferguson (retired 31 July 2018)	-	-	-	8,689	-	8,689
	<b>126,964</b>	<b>1,376</b>	<b>128,340</b>	<b>120,008</b>	<b>2,371</b>	<b>122,379</b>

<sup>(1)</sup> Taxable benefits relate to the grossed up costs of travel.

## Directors' Shareholdings and Share Interests (Audited)

The beneficial interests of the Directors in the ordinary share capital of the Company are set out below:

	30 April 2020	30 April 2019
Owen Jonathan	38,344	38,344
Tom Maier	12,280	12,280
Fleur Meijs	28,862	22,906
Neil Rogan	74,000	56,000
Vanessa Donegan	5,069	-

Save as aforesaid, no Director had any interests, beneficial or otherwise, in the ordinary shares of the Company during the year. No changes to these holdings have been notified since the year end. No connected person interests have been notified.

Directors hold shares in the Company at their discretion. Share ownership is encouraged, but no guidelines have been set.

## Relative Importance of Spend on Pay

The Company has no employees. The following table compares the remuneration paid to the non-executive Directors with aggregate distributions to shareholders in respect of the year to 30 April 2020 and the prior year:

	2020 £'000	2019 £'000	Change £'000
Total Directors' remuneration	128	122	+6
Total shareholder distributions in respect of the accounting year	4,770	4,014	+756
Total costs of shares bought back	10,188	1,188	+9,000

## Voting at Last Annual General Meeting

At the Annual General Meeting of the Company held on 5 September 2019, resolutions approving the Annual Statement and Report on Remuneration were passed. The votes cast (including votes cast at the Chairman's discretion) were as follows:

Resolution	Votes for	%	Votes against	%	Withheld
Annual Statement and Report on Remuneration	40,464,850	99.9	42,516	0.1	55,358

## Approval

This Directors' Remuneration Report was approved by the Board of Directors on 6 July 2020.

**Neil Rogan**  
Chairman

*Signed on behalf of the Board of Directors*

# Directors' Responsibilities Statement

## IN RESPECT OF THE PREPARATION OF THE ANNUAL FINANCIAL REPORT

The Directors are responsible for preparing the annual financial report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are

free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, which is maintained by the Company's Manager. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Responsibility Statement of the Directors in Respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Signed on behalf of the Board of Directors

**Neil Rogan**  
Chairman

6 July 2020







---

**Financial**

Independent Auditor's Report .....	48
Income Statement .....	53
Statement of Changes in Equity .....	54
Balance Sheet .....	55
Notes to the Financial Statements .....	56

# Independent Auditor's Report

To the Members of Invesco Asia Trust plc

## 1. Our Opinion is Unmodified

We have audited the financial statements of Invesco Asia Trust plc ("the Company") for the year ended 30 April 2020 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet and the related notes, including the accounting policies in note 1.

### In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2020 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Overview

Materiality: financial statements as a whole	£1.98m (2019: £2.28m) 1% (2019: 1%) of Total Assets
--	---

### Key audit matters

	vs 2019
Recurring risks	Carrying amount of quoted investments

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 4 August 2016. The period of total uninterrupted engagement is for the four financial years ended 30 April 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

## 2. Key Audit Matters: Our Assessment of Risks of Material Misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2019) in arriving at our audit opinion above, together with our key audit procedures to address that matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

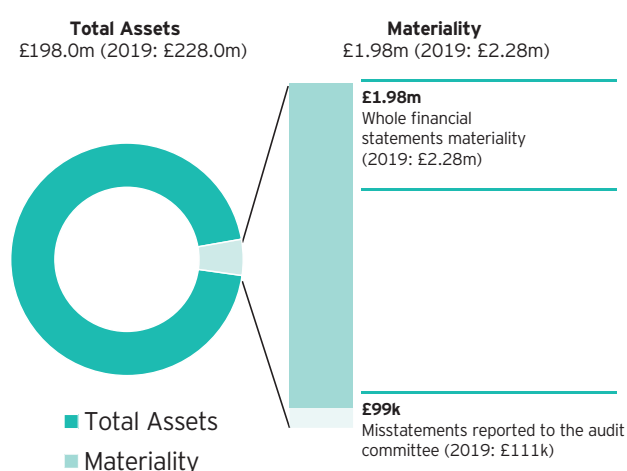
	The risk	Our response
<b>Carrying amount of quoted investments</b> (£195.8 million; 2019: £224.8 million) Refer to pages 40 and 41 (Audit Committee Report), pages 56 and 57 (accounting policy) and page 61 (financial disclosures).	<b>Low risk, high value:</b> The Company's portfolio of investments make up 98.9% (2019: 98.6%) of the total assets (by value) and are considered to be the key driver of operations and performance results. We do not consider investments to be a high risk of significant misstatement, or to be subject to a significant level of judgement, because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: <ul style="list-style-type: none"> <li>■ <b>Tests of detail:</b> Agreeing the valuation of 100 per cent of quoted investments in the portfolio to externally quoted prices; and</li> <li>■ <b>Enquiry of custodians:</b> Agreeing 100 per cent of the investment holdings in the portfolio to independently received third party confirmations from investment custodians.</li> </ul> <b>Our results</b> <ul style="list-style-type: none"> <li>■ We found the carrying amount of quoted investments to be acceptable (2019: acceptable).</li> </ul>

### 3 Our Application of Materiality and an Overview of the Scope of our Audit

Materiality for the financial statements as a whole was set at £1.98m (2019: £2.28m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £99k (2019: £111k); in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.



### 4. We have nothing to report on Going Concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional audit procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 31 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

## 5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Directors' Remuneration Report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Disclosures of Emerging and Principal Risks and Longer-Term Viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the viability statement on pages 21 and 22 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

### Corporate Governance Disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.



## 6. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## 7. Respective Responsibilities

### Directors' Responsibilities

As explained more fully in their statement set out on page 45, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### Irregularities – ability to Detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the Manager and the administrator (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and its qualification as an Investment Trust under UK taxation legislation, any breach of which could lead to the company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. These limitations did not identify actual or expected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

## 8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Philip Merchant** (*Senior Statutory Auditor*)  
for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London E14 5GL

6 July 2020

# Income Statement

## FOR THE YEAR ENDED 30 APRIL

	Notes	Revenue return £'000	2020 Capital return £'000	Total return £'000	Revenue return £'000	2019 Capital return £'000	Total return £'000
Losses on investments held at fair value	9	-	(27,538)	(27,538)	-	(1,944)	(1,944)
Losses/(gains) on foreign exchange		-	(22)	(22)	-	480	480
Income	2	7,120	86	7,206	5,440	-	5,440
Investment management fee	3	(393)	(1,180)	(1,573)	(408)	(1,224)	(1,632)
Other expenses	4	(595)	(2)	(597)	(528)	(4)	(532)
Net return before finance costs and taxation		6,132	(28,656)	(22,524)	4,504	(2,692)	1,812
Finance costs	5	(47)	(139)	(186)	(15)	(47)	(62)
Return on ordinary activities before taxation		6,085	(28,795)	(22,710)	4,489	(2,739)	1,750
Tax on ordinary activities	6	(731)	-	(731)	(562)	-	(562)
Return on ordinary activities after taxation for the financial year		5,354	(28,795)	(23,441)	3,927	(2,739)	1,188
Return per ordinary share	7	7.81p	(41.99)p	(34.18)p	5.55p	(3.87)p	1.68p

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 year.

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Equity

## FOR THE YEAR ENDED 30 APRIL

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Special Reserve £'000	Capital Reserve £'000	Revenue reserve £'000	Total £'000
At 30 April 2018		7,500	5,624	46,203	166,502	7,423	233,252
Return on ordinary activities		-	-	-	(2,739)	3,927	1,188
Dividends paid	8	-	-	-	-	(5,877)	(5,877)
Shares bought back and held in treasury	12	-	-	(1,188)	-	-	(1,188)
At 30 April 2019		7,500	5,624	45,015	163,763	5,473	227,375
Return on ordinary activities		-	-	-	(28,795)	5,354	(23,441)
Dividends paid	8	-	-	-	-	(6,798)	(6,798)
Shares bought back and held in treasury	12	-	-	(10,188)	-	-	(10,188)
At 30 April 2020		7,500	5,624	34,827	134,968	4,029	186,948

The accompanying notes are an integral part of these financial statements.



# Balance Sheet

## AT 30 APRIL

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	9	195,915	224,934
Current assets			
Debtors	10	441	477
Cash and cash equivalents		1,623	2,582
Creditors: amounts falling due within one year	11	2,064 (11,031)	3,059 (618)
Net current (liabilities)/assets		(8,967)	2,441
Net assets		186,948	227,375
Capital and reserves			
Share capital	12	7,500	7,500
Other reserves:			
Capital redemption reserve	13	5,624	5,624
Special reserve	13	34,827	45,015
Capital reserve	13	134,968	163,763
Revenue reserve	13	4,029	5,473
Shareholders' funds		186,948	227,375
Net asset value per ordinary share	14	279.6p	322.7p

The financial statements were approved and authorised for issue by the Board of Directors on 6 July 2020.

Signed on behalf of the Board of Directors

**Neil Rogan**  
Chairman

The accompanying notes are an integral part of these financial statements.

# Notes to the Financial Statements

## 1. Accounting Policies

**Accounting policies describe the Company's approach to recognising and measuring transactions during the year and the position of the Company at the year end.**

A summary of the principal accounting policies, all of which have been consistently applied throughout this and the preceding year is set out below:

### (a) Basis of Preparation

#### (i) Accounting Standards applied

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice ('UK GAAP')), including FRS 102, and with the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in October 2019 ('SORP'). The financial statements are issued on a going concern basis.

The revised SORP issued in October 2019 is applicable for accounting periods beginning on or after 1 January 2019. As a result, the presentation of gains and losses arising from disposals of investments and gains and losses on revaluation of investments have now been combined, as shown in note 9 with no impact to the net asset value or profit/(loss) reported for both the current or prior year. No other accounting policies or disclosures have changed as a result of the revised SORP.

As an investment fund the Company has the option, which it has taken, not to present a cash flow statement. A cash flow statement is not required when an investment fund meets the following conditions:

- substantially all investments are highly liquid;
- substantially all investments are carried at market value, and
- a statement of changes in equity is provided.

#### (ii) Going concern

The financial statements have been prepared on a going concern basis. The Company's Articles of Association require that every three years the Directors propose an ordinary resolution to release them from the obligation to wind up the Company, or they must put forward proposals to wind up the Company. Shareholders voted to release the Directors from the obligation to wind up the Company at the 2019 AGM, and therefore the next resolution in respect of this will be at the AGM in 2022.

The Directors performed an assessment of the Company's ability to meet its liabilities as they fall due. In performing this assessment, the Directors took into consideration the uncertain economic outlook in the wake of the Covid-19 pandemic including:

- the level of borrowings, cash balances and the diversified portfolio of readily realisable securities which can be used to meet short-term funding commitments;
- the net current liability position of the Company, driven by the drawn-down borrowings;
- the ability of the Company to meet all of its liabilities and ongoing expenses from its assets;
- revenue and operating cost forecasts for the forthcoming year;
- the ability of third-party service providers to continue to provide services; and
- potential downside scenarios including a fall in the valuation of the investment portfolio or levels of investment income.

Based on this assessment, the Directors are satisfied that the Company has adequate resources to continue in operational existence for at least twelve months after signing the balance sheet and the financial statements have therefore been prepared on a going concern basis.

(iii) **Significant Accounting Estimates and Judgements**

The preparation of the financial statements may require the Directors to make estimations where uncertainty exists. It also requires the Directors to make judgements, estimates and assumptions, in the process of applying the accounting policies. Except for the functional and presentation currency as noted below, there have been no other significant judgements, estimates or assumptions for the current or preceding year.

**(b) Foreign Currency**

(i) **Functional and presentation currency**

The Company's investments are made in several currencies, however, the financial statements are presented in sterling, which is the Company's functional and presentational currency. In arriving at this conclusion, the Directors considered that the Company's shares are listed and traded on the London Stock Exchange, the shareholder base is predominantly in the United Kingdom and the Company pays dividends and expenses in sterling.

(ii) **Transactions and balances**

Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. Any gains or losses, whether realised or unrealised, are taken to the capital reserve or to the revenue account, depending on whether the gain or loss is of a capital or revenue nature. All gains and losses are recognised in the income statement.

**(c) Financial Instruments**

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 in full in respect of the financial instruments, which is explained below.

(i) **Recognition of financial assets and financial liabilities**

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and financial liabilities in the financial statements if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(ii) **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

(iii) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when its obligations are discharged, cancelled or expired.

(iv) **Trade date accounting**

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.

(v) **Classification and measurement of financial assets and financial liabilities**

**Financial assets**

The Company's investments are held at fair value through profit or loss as the investments are managed and their performance evaluated on a fair value basis in accordance with documented investment strategy and this is also the basis on which information about the investments is provided internally to the Board. Financial assets held at fair value through profit or loss are initially recognised at fair value, which is taken to be their cost, with transaction costs expensed in the income statement, and are subsequently valued at fair value.

Fair value for investments that are actively traded in organised financial markets, is determined by reference to stock exchange quoted bid prices at the balance sheet date. For investments that are not actively traded and where active stock exchange quoted bid prices are not available, fair value is determined by reference to a variety of valuation techniques including last traded price, broker quotes and price modelling.

**Financial liabilities**

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents may comprise short term deposits which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Investments are regarded as cash equivalents if they meet all of the following criteria: highly liquid investments held in the Company's base currency that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and have a maturity of no more than three months.

## (e) Income

All dividends are taken into account on the date investments are marked ex-dividend, and UK dividends are shown net of any associated tax credit. Where the Company elects to receive dividends in the form of additional shares rather than cash, the equivalent of the cash dividend is recognised as income in the revenue account and any excess in value of the shares received over the amount of the cash dividend is recognised in capital. Interest income and expenses are accounted for on an accruals basis. Other income from investments is accounted for on an accruals basis. Deposit interest receivable is accounted for on an accruals basis.

## (f) Expenses and Finance Costs

Expenses are recognised on an accruals basis and finance costs are recognised using the effective interest method in the income statement.

The investment management fee and finance costs are allocated 75% to capital and 25% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the portfolio.

Investment transaction costs are recognised in capital in the income statement. All other expenses are allocated to revenue in the income statement.

## (g) Dividends

Dividends are not recognised in the accounts unless there is an obligation to pay at the balance sheet date. Proposed final dividends are recognised in the period in which they are either approved by or paid to shareholders.

## (h) Taxation

The liability to corporation tax is based on net revenue for the period. The tax charge is allocated between the revenue and capital accounts on the marginal basis whereby revenue expenses are matched first against taxable income in the revenue account.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred taxation assets are recognised where, in the opinion of the Directors, it is more likely than not that these amounts will be realised in future periods.

A deferred tax asset has not been recognised in respect of surplus management expenses as the Company is unlikely to have sufficient future taxable revenue to offset against these.

# 2. Income

**This note shows the income generated from the portfolio (investment assets) of the Company and income received from any other source.**

	2020 £'000	2019 £'000
Income from investments:		
UK dividends	-	144
Overseas dividends	6,946	4,939
Overseas special dividends	163	266
Scrip dividends	-	69
Total dividend income	7,109	5,418
Other income:		
Deposit interest	11	22
Total income	7,120	5,440

Special dividends of £86,000 were recognised in capital during the year (2019: nil).



### 3. Investment Management Fee

This note shows the investment management fee due to the Manager which is calculated and paid quarterly.

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Investment management fee	393	1,180	1,573	408	1,224	1,632

Details of the investment management and secretarial agreement are given on page 31 in the Directors' Report.

At 30 April 2020, £352,000 (2019: £416,000) was accrued in respect of the investment management fee.

### 4. Other Expenses

The other expenses, including those paid to Directors and the auditor, of the Company are presented below; those paid to the Directors and the auditor are separately identified.

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Directors' remuneration (i)	128	-	128	122	-	122
Auditor's fees (ii):						
- for audit of the financial statements	26	-	26	24	-	24
Other expenses (iii)	441	2	443	382	4	386
	595	2	597	528	4	532

(i) Directors' fees authorised by the Articles of Association are £150,000 per annum. The Director's Remuneration Report provides further information on Directors' fees.

(ii) Auditor's fees exclude VAT. The VAT is included in other expenses.

(iii) Other expenses include:

- £12,000 (2019: £11,000) of employer's National Insurance payable on Directors' remuneration. As at 30 April 2020, the amounts outstanding on Directors' remuneration and employer's National Insurance was £13,000 (2019: £10,000); and
- custodian transaction charges of £2,000 (2019: £4,000) which are charged to capital.
- other expenses also include a separate fee paid to the Manager for secretarial and administrative services which is subject to annual adjustment in line with the UK Retail Price Index. During the year the Company paid £97,000 (2019: £93,000) for these services.

### 5. Finance Costs

Finance costs arise on any borrowing the Company has utilised in the year. The Company has a committed £20 million revolving credit facility (see note 11 for further details).

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Commitment fees due on loan facility	7	21	28	9	28	37
Interest on loan facility	38	113	151	6	19	25
Overdraft interest	2	5	7	-	-	-
	47	139	186	15	47	62

## 6. Tax on Ordinary Activities

As an investment trust the Company pays no tax on capital gains. The Company suffers no tax on income arising on UK and certain overseas dividends. The Company's tax charge arises solely from irrecoverable tax on overseas (generally non-EU) dividends. This note also clarifies the basis for the Company having no deferred tax liability.

### (a) Current tax charge

	Revenue £'000	2020 Capital £'000	Total £'000	Revenue £'000	2019 Capital £'000	Total £'000
Overseas tax	731	-	731	562	-	562

The overseas tax charge consists of irrecoverable withholding tax.

### (b) Reconciliation of current tax charge

	2020 £'000	2019 £'000
Return on ordinary activities before taxation	(22,710)	1,750
Theoretical tax at UK Corporation tax rate of 19% (2019: 19%)	(4,315)	332
Effects of:		
- Non-taxable UK dividends	-	(27)
- Non-taxable scrip dividends	-	(13)
- Non-taxable overseas dividends	(1,364)	(978)
- Non-taxable losses on investments	5,232	369
- Non-taxable losses/(gains) on foreign exchange	4	(91)
- Excess of allowable expenses over taxable income	442	407
- Disallowable expenses	1	1
- Overseas taxation	731	562
Tax charge for the year	731	562

Given the Company's status as an investment trust, and the intention to continue meeting the conditions required to obtain the necessary approval in the foreseeable future, the Company has not provided any UK corporation tax on any realised or unrealised capital gains or losses arising on investments.

### (c) Factors that may affect future tax changes

The Company has cumulative excess management expenses of £21,169,000 (2019: £18,845,000) that are available to offset future taxable revenue.

A deferred tax asset of £4,022,000 (2019: £3,204,000) at 19% (2019: 17%) has not been recognised in respect of these expenses since tax is recoverable only to the extent that the Company has sufficient future taxable revenue. On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

## 7. Return per Ordinary Share

Return per share is the amount of gain or loss generated for the financial year divided by the weighted average number of ordinary shares in issue.

	2020 £'000	2019 £'000
Return per ordinary share is based on the following:		
Revenue return after taxation	5,354	3,927
Capital return after taxation	(28,795)	(2,739)
Total return after taxation	(23,441)	1,188
Weighted average number of ordinary shares in issue during the year:	2020	2019
- basic	68,583,306	70,798,406

## 8. Dividends on Ordinary Shares

**Dividends represent a return of income to shareholders for investing in the Company's shares. These are determined by the Directors and paid twice a year.**

Dividends paid in the year:

	2020		2019	
	Pence	£'000	Pence	£'000
Dividends paid and recognised in the year:				
Final dividend in respect of previous year	2.90	2,028	5.50	3,900
First interim dividend paid	3.40	2,363	2.80	1,986
Second interim dividend paid	3.60	2,407	-	-
	9.90	6,798	8.30	5,886
Return of unclaimed dividends from previous years	-	-	-	(9)
	9.90	6,798	8.30	5,877

Dividends payable in respect of the year:

	2020		2019	
	Pence	£'000	Pence	£'000
First interim dividend paid	3.40	2,363	2.80	1,986
Second interim/final* dividend paid	3.60	2,407	2.90	2,028
	7.00	4,770	5.70	4,014

\* During the year, the Directors resolved to pay two interim dividends (2019: interim and final dividend paid).

## 9. Investments at Fair Value

**The portfolio comprises investments which are predominantly listed and traded on regulated stock exchanges. The investments of the Company are registered in the name of the Company or in the name of nominees and held to the order of the Company.**

**Gains and losses are either:**

- realised, usually arising when investments are sold; or
- unrealised, being the difference from cost on those investments still held at the year end.

	2020 £'000	2019 £'000
Opening valuation	224,934	226,623
Movements in the year:		
Purchases at cost	73,329	51,929
Sales - proceeds	(74,810)	(51,674)
Losses on investments in the year	(27,538)	(1,944)
Closing valuation	195,915	224,934
Closing book cost	182,469	175,322
Closing investment holding gains	13,446	49,612
Closing valuation	195,915	224,934

The Company received £74,810,000 (2019: £51,674,000) from investments sold in the year. The book cost of these investments when they were purchased was £66,182,000 (2019: £42,415,000) realising a gain of £8,628,000 (2019: gain £9,259,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

The transaction costs included in gains on investments amount to £62,000 (2019: £50,000) on purchases and £130,000 (2019: £106,000) for sales.

## 10. Debtors

Debtors are amounts which are due to the Company, such as monies due from brokers for investments sold, income which has been earned (accrued) but not yet received and any taxes that are recoverable.

	2020 £'000	2019 £'000
Overseas withholding tax recoverable	145	91
VAT recoverable	24	21
Prepayments and accrued income	272	365
	441	477

## 11. Creditors: amounts falling due within one year

Creditors are amounts which must be paid by the Company and they are all due within 12 months of the balance sheet date.

The bank loan facility provides a specific amount of capital, up to £20 million, over a specified period of time (364 days). Unlike a term loan, the revolving nature of the facility allows the Company to drawdown, repay and re-draw loans.

	2020 £'000	2019 £'000
Bank facility	10,354	-
Amounts due to brokers	112	-
Accruals	565	618
	11,031	618

The committed unsecured 364 day multi-currency revolving credit facility with The Bank of New York Mellon, has an interest rate based on LIBOR plus a margin of 0.80% (2019: 0.85%). Any undrawn amounts under the facility attract a commitment fee of 0.2%. The facility covenants are based on the lower of 25% of net asset value and £20 million, renewable on 1 August 2020, and require total assets to not fall below £80 million. At the year end, a loan position of £10,354,000 was drawn down (2019: nil).

## 12. Share Capital

Share capital represents the total number of shares in issue. Any dividends declared will be paid on the shares in issue on the record date.

The Directors' Report on page 32 sets out the share capital structure, restrictions and voting rights.

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

### (a) Allotted, called-up and fully paid

	2020 £'000	2019 £'000
Share capital:		
Ordinary shares of 10p each	6,685	7,047
Treasury shares of 10p each	815	453
	7,500	7,500

## (b) Share movements

	2020		2019	
	Ordinary number	Treasury number	Ordinary number	Treasury number
Number at start of year	70,469,475	4,530,406	70,914,475	4,085,406
Shares bought back and held in treasury	(3,616,188)	3,616,188	(445,000)	445,000
	66,853,287	8,146,594	70,469,475	4,530,406

During the year the Company bought back, into treasury, 3,616,188 ordinary shares at an average price of 279.80p, excluding costs.

Since the year end and to the date of this annual financial report, no shares have been bought back or issued.

## (c) Winding-up provisions

The Directors are obliged to convene an Extraordinary General Meeting ('EGM') to consider a special resolution to wind up the Company every third year from the date of the AGM at which the Directors were released from such obligation. At the AGM in 2019 the Directors were released from their obligation to convene an EGM and a resolution to release the Directors from their obligation to convene an EGM will be put to shareholders at the AGM in 2022.

## 13. Reserves

**This note explains the different reserves attributable to shareholders. The aggregate of the reserves and share capital (see previous note) make up total shareholders' funds.**

The capital redemption reserve maintains the equity share capital arising from the buy-back and cancellation of shares and is non-distributable. The special reserve arose from the cancellation of the share premium account and is available as a distributable reserve to fund any future tender offers and share buybacks.

The capital reserve includes investment gains and losses, expenses allocated to capital and special dividends received that are classified as capital in nature, the revenue reserve shows the net revenue retained after payment of any dividends. The capital and revenue reserves are distributable by way of dividend.

## 14. Net Asset Value

**The Company's total net assets (total assets less total liabilities) are often termed shareholders' funds and are converted into net asset value per ordinary share by dividing by the number of shares in issue.**

The net asset values attributable to each share in accordance with the Company's Articles are set out below.

	2020	2019
Ordinary shareholders' funds	£186,948,000	£227,375,000
Number of ordinary shares in issue, excluding treasury shares	66,853,287	70,469,475
Net asset value per ordinary share	279.6p	322.7p

There is no dilution in this or the prior year and therefore no diluted net asset value per ordinary share has been disclosed.



## 15. Financial Instruments

**Financial instruments comprise the Company's investment portfolio, derivative financial instruments (if the Company had any), as well as any cash, borrowings, debtors and creditors. This note sets out the risks arising from the Company's financial instruments in terms of the Company's exposure and sensitivity, and any mitigation that the Manager or Board can take.**

### Risk Management Policies and Procedures

The Company's portfolio is managed in accordance with its investment objective, which is set out in the Strategic Report on page 17. The Strategic Report then proceeds to set out the Manager's investment process and the Company's internal control and risk management systems as well as the Company's principal risks and uncertainties. Risk management is an integral part of the investment management process and this note expands on certain of those risks in relation to the Company's financial instruments, including market risk.

The accounting policies in note 1 include criteria for the recognition and the basis of measurement applied for financial instruments. Note 1 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured. The Directors have delegated to the Manager the responsibility for the day-to-day investment activities of the Company as more fully described in the Strategic Report.

As an investment trust the Company invests in equities and other investments for the long-term so as to meet its investment objective and policies. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends. The risks applicable to the Company and the policies the Company used to manage these are summarised below and have remained substantially unchanged for the two years under review.

#### 15.1 Market Risk

Market risk arises from changes in the fair value or future cash flows of a financial instrument because of movements in market prices. Market risk comprises three types of risk: currency risk (15.1.1), interest rate risk (15.1.2) and other price risk (15.1.3).

The Company's Manager assesses the Company's exposure when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis. The Board meets at least quarterly to assess risk and review investment performance, as disclosed in the Board Responsibilities on page 38. Borrowing is used to enhance returns, however, this will also increase the Company's exposure to market risk and volatility.

##### 15.1.1 Currency Risk

As nearly all of the Company's assets, liabilities and income are denominated in currencies other than sterling, movements in exchange rates will affect the sterling value of those items.

##### Management of the Currency Risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board on a regular basis. With the exception of borrowings in foreign currency, the Company does not normally hedge its currency positions but may do so should the Portfolio Manager or the Board feel this was appropriate. Contracts are limited to currencies and amounts commensurate with the asset exposure.

Income denominated in foreign currencies is converted to sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that income is accrued and received.

##### Foreign Currency Exposure

The fair values of the Company's monetary items that have currency exposure at 30 April are shown below. Where the Company's investments (which are not monetary items) are priced in a foreign currency they have been included separately in the analysis so as to show the overall level of exposure.

### Year ended 30 April 2020

	Debtors (due from brokers and dividends) £'000	Cash and cash equivalents £'000	Overdrafts and loans £'000	Creditors (due to brokers and accruals) £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss £'000	Total net foreign currency exposure £'000
<b>Currency</b>							
Australian dollar	-	-	-	-	-	1,935	1,935
Chinese yuan	-	-	-	-	-	5,375	5,375
Hong Kong dollar	43	-	-	(112)	(69)	56,042	55,973
Indian rupee	-	-	-	-	-	18,064	18,064
Indonesian rupiah	-	-	-	-	-	1,485	1,485
Malaysian ringgit	-	-	-	-	-	476	476
Singapore dollar	-	-	-	-	-	5,058	5,058
South Korean won	108	-	-	-	108	31,256	31,364
Taiwan dollar	145	238	-	-	383	31,800	32,183
Thai baht	102	-	-	-	102	3,797	3,899
US dollar	-	1,278	(10,354)	-	(9,076)	40,627	31,551
	398	1,516	(10,354)	(112)	(8,552)	195,915	187,363

### Year ended 30 April 2019

	Debtors (due from brokers and dividends) £'000	Cash and cash equivalents £'000	Creditors (due to brokers and accruals) £'000	Foreign currency exposure on net monetary items £'000	Investments at fair value through profit or loss £'000	Total net foreign currency exposure £'000
<b>Currency</b>						
Australian dollar	-	-	-	-	3,499	3,499
Chinese yuan	-	-	-	-	2,532	2,532
Hong Kong dollar	48	-	-	48	68,133	68,181
Indian rupee	-	475	-	475	30,748	31,223
Indonesian rupiah	4	-	-	4	3,501	3,505
Japanese yen	48	-	-	48	5,192	5,240
Malaysian ringgit	-	-	-	-	2,808	2,808
Philippine peso	-	-	-	-	2,645	2,645
Singapore dollar	-	-	-	-	7,536	7,536
South Korean won	100	-	-	100	35,134	35,234
Taiwan dollar	87	137	-	224	28,346	28,570
Thai baht	155	-	-	155	8,284	8,439
US dollar	-	1,726	-	1,726	26,576	28,302
	442	2,338	-	2,780	224,934	227,714

The amounts shown are not representative of the exposure to risk during the year, because the levels of foreign currency exposure change significantly throughout the year.

### Foreign Currency Sensitivity

The following table illustrates the sensitivity of the returns after taxation for the year with respect to the Company's financial assets and liabilities.

If sterling had strengthened by the amounts shown in the second table below, the effect on the assets and liabilities held in non-sterling currency would have been as follows:

## 15. Financial Instruments (continued)

### Risk Management Policies and Procedures (continued)

#### 15.1 Market Risk (continued)

##### 15.1.1 Currency Risk (continued)

##### Foreign Currency Sensitivity (continued)

	2020			2019		
	Revenue return £'000	Capital return £'000	Total loss after tax £'000	Revenue return £'000	Capital return £'000	Total loss after tax £'000
Australian dollar	(5)	(72)	(77)	(2)	(66)	(68)
Chinese yuan	(30)	(134)	(164)	1	(41)	(40)
Hong Kong dollar	(37)	(1,566)	(1,603)	(35)	(1,226)	(1,261)
Indian rupee	(8)	(614)	(622)	(5)	(718)	(723)
Indonesian rupiah	(4)	(55)	(59)	-	(88)	(88)
Japanese yen	-	-	-	(1)	(93)	(94)
Malaysian ringgit	(2)	(11)	(13)	(1)	(31)	(32)
Philippine peso	-	-	-	(2)	(56)	(58)
Singapore dollar	(8)	(111)	(119)	(2)	(98)	(100)
South Korean won	(23)	(625)	(648)	(17)	(562)	(579)
Taiwan dollar	(26)	(801)	(827)	(9)	(342)	(351)
Thai baht	(10)	(114)	(124)	(4)	(182)	(186)
US dollar	(10)	(883)	(893)	(4)	(481)	(485)
	(163)	(4,986)	(5,149)	(81)	(3,984)	(4,065)

If sterling had weakened by the same amounts, the effect would have been the converse.

The following movements in the assumed exchange rates are used in the above sensitivity analysis:

	2020 %	2019 %
£/Australian dollar	+/-3.7	+/-1.9
£/Chinese yuan	+/-2.5	+/-1.6
£/Hong Kong dollar	+/-2.8	+/-1.8
£/Indian rupee	+/-3.4	+/-2.3
£/Indonesian rupiah	+/-3.7	+/-2.5
£/Japanese yen	-	+/-1.8
£/Malaysian ringgit	+/-2.3	+/-1.1
£/Philippine peso	-	+/-2.1
£/Singapore dollar	+/-2.2	+/-1.3
£/South Korean won	+/-2.0	+/-1.6
£/Taiwan dollar	+/-2.5	+/-1.2
£/Thai baht	+/-3.0	+/-2.2
£/US dollar	+/-2.8	+/-1.7

These percentages have been determined based on the market volatility in exchange rates during the year. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each balance sheet date and takes account of forward foreign exchange contracts that offset the effects of changes in currency exchange rates. The effect of the strengthening or weakening of sterling against foreign currencies is calculated by reference to the volatility of exchange rates during the year using one standard deviation of currency fluctuations from the average exchange rate.

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole since the level of foreign currency exposure varies.

##### 15.1.2 Interest Rate Risk

The Company is exposed to interest rate risk through income receivable on cash deposits and interest payable on variable rate borrowings. When the Company has cash balances, they are held in variable rate bank accounts yielding rates of interest dependent on the base rate of the custodian, Bank of New York Mellon (International) Limited.

The Company has a credit facility (the 'facility') for which details and year end drawn down amounts are shown in note 11. The Company uses the facility when required at levels approved and monitored by the Board. At the maximum possible gearing of £20 million, the effect of a 1% increase/decrease in the interest rate would result in a decrease/increase to the Company's total income of £200,000. At the year end, £10,354,000 of the loan facility was drawn down (2019: £nil).

The Company also has available a bank overdraft arrangement with the custodian for settlement purposes. At the year end there was no overdrawn amount (2019: £nil). Interest on the bank overdraft is payable at the custodian's variable rate.

The Company's portfolio is not directly exposed to interest rate risk.

### 15.1.3 Other Price Risk

Other price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the equity investments, but it is the business of the Manager to manage the portfolio to achieve the best possible return.

The Directors manage the market price risks inherent in the investment portfolio by meeting regularly to monitor on a formal basis the Manager's compliance with the Company's stated objectives and policies and to review investment performance.

The Company's portfolio is the result of the Manager's investment process and as a result is not wholly correlated with the Company's benchmark or the markets in which the Company invests. The value of the portfolio will not move in line with the markets but will move as a result of the performance of the shares within the portfolio.

If the value of the portfolio rose or fell by 10% at the balance sheet date, the profit after tax for the year would increase or decrease by £19.6 million (2019: £22.5 million) respectively.

## 15.2 Liquidity Risk

This is the risk that the Company may encounter difficulty in meeting its obligations associated with financial liabilities i.e. when realising assets or raising finance to meet financial commitments.

A lack of liquidity in the portfolio may make it difficult for the Company to realise assets at or near their purported value in the event of a forced sale. This is minimised as the majority of the Company's investments comprise a diversified portfolio of readily realisable securities which can be sold to meet funding commitments as necessary, cash held and the loan facility provides for additional funding flexibility. The financial liabilities of the Company at the balance sheet date are shown in note 11.

## 15.3 Credit Risk

Credit risk comprises the potential failure by counterparties to deliver securities which the Company has paid for, or to pay for securities which the Company has delivered; it includes, but is not limited to: lost principal and interest, disruption to cash flows or the failure to pay interest.

Credit risk is minimised by using:

- (a) only approved counterparties, covering both brokers and deposit takers;
- (b) a custodian that operates under BASEL III guidelines. The Board reviews the custodian's annual, externally audited, service organisation controls report and the Manager's management of the relationship with the custodian. Following the appointment of a depositary, assets and cash held at the custodian are covered by the depositary's restitution obligation, accordingly the risk of loss is remote; and
- (c) the Invesco Liquidity Funds plc - US Dollar (formerly Short Term Investment Companies (Global Series) plc), a money market fund, which is rated AAAM by Standard & Poor's and AAAMmf by Fitch.

In addition, cash balances are limited to a maximum of 2.5% of net assets with any one deposit taker and a maximum of 6% of net assets in the Invesco Liquidity Funds plc. These limits are at the discretion of the Board and are reviewed on a regular basis. As at the year end, the sterling equivalent of £1,623,000 (2019: £2,582,000) was held at the custodian and £738,000 (2019: £nil) was held in Invesco Liquidity Funds plc (formerly Short Term Investment Companies (Global Series) plc "STIC").

## 16. Fair Value of Financial Assets and Financial Liabilities

**'Fair value' in accounting terms is the amount at which an asset can be bought or sold in a transaction between willing parties, i.e. a market-based, independent measure of value. Under accounting standards there are three levels of fair value based on whether there is an active market (Level 1) or, if not, Levels 2 and 3 where other methods have been employed to establish a fair value. This note sets out the aggregate amount of the portfolio in each level, and why.**

Financial assets and financial liabilities are either carried at their fair value (investments), or at a reasonable approximation of their fair value. The valuation techniques used by the Company are explained in the accounting policy note. FRS102 as amended for fair value hierarchy disclosures (March 2016) sets out three fair value levels. Categorisation into a level is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The investments held by the Company at the year end are shown on pages 24 and 25. Except for one Level 2 and one Level 3 investments described below, all of the Company's investments at the year end were deemed to be Level 1 with fair values for all based on unadjusted quoted prices in active markets for identical assets.

Level 2 investments are investments for which inputs are other than quoted prices included within Level 1 that are observable (i.e. developed using market data). Invesco Liquidity Funds - US Dollar, a money market fund comprised of short dated bonds, was the only Level 2 investment in the portfolio at the year end and was valued at £738,000 (2019: £nil).

Level 3 investments are investments for which inputs are unobservable (i.e. for which market data is unavailable). Lime Co. (formerly Finetex EnE) was the only Level 3 investment in the portfolio at the year end and was valued at £123,000 (2019: one investment: Lime Co. (formerly Finetex EnE) valued at £122,000).

## 17. Capital Management

**This note is designed to set out the Company's objectives, policies and processes for managing its capital. This capital being funded by monies invested in the Company by shareholders (both initial investment and retained amount) and any borrowings by the Company.**

The Company's total capital employed at 30 April 2020 was £197,302,000 (2019: £227,375,000) comprising borrowings of £10,354,000 (2019: £nil) and equity share capital and other reserves of £186,948,000 (2019: £227,375,000).

The Company's total capital employed is managed to achieve the Company's investment objective and investment policy as set out on page 17. Borrowings may be used to provide gearing up to the lower of £20 million or 25% of net asset value. The Company's policies and processes for managing capital were unchanged throughout the year and the preceding year.

The main risks to the Company's investments are shown in the Directors' Report under the 'Principal Risks and Uncertainties' section on pages 20 and 21. These also explain that the Company is able to gear and that gearing will amplify the effect on equity of changes in the value of the portfolio.

The Board can also manage the capital structure directly since it has taken the powers, which it is seeking to renew, to issue and buy-back shares and it also determines dividend payments.

The Company is subject to externally imposed capital requirements with respect to the obligation and ability to pay dividends by section 1158 Corporation Tax Act 2010 and by the Companies Act 2006, respectively, and with respect to the availability of the credit facility, by the terms imposed by the lender, details of which are given in note 11. The Board regularly monitors, and the Company has complied with, these externally imposed capital requirements.

## 18. Contingencies, Guarantees and Financial Commitments

**Any liabilities the Company is committed to honour, and which are dependent on future circumstances or events occurring, would be disclosed in this note if any existed.**

There were no contingencies, guarantees or other financial commitments of the Company as at 30 April 2020 (2019: nil).

## 19. Related Party Transactions and Transactions with the Manager

**A related party is a company or individual who has direct or indirect control or who has significant influence over the Company. Under accounting standards, the Manager is not a related party.**

Under UK GAAP, the Company has identified the Directors and their dependents as related parties. The Directors' remuneration and interests have been disclosed on pages 42 to 44 with additional disclosure in note 4. No other related parties have been identified.

Details of the Manager's services and fees are disclosed in the Director's Report on page 31, note 3 and note 4(iii) to the financial statements.

## 20. Post Balance Sheet Events

**Any significant events that occurred after the balance sheet date but before the signing of the balance sheet will be shown here.**

The economic outlook following from Covid-19 and its impact on the Company's investment portfolio continues to be uncertain. As at close of business on 3 July 2020, the Company's NAV, share price and discount were 321.3p, 277.0p and 13.8% respectively. There are no other significant post balance sheet events requiring disclosure.





---

**Shareholder**

Notice of Annual General Meeting .....70

Shareholder Information .....74

Advisers and Principal Service Providers .....75

Glossary of Terms and Alternative Performance Measures.....76

Alternative Investment Fund Managers Directive Disclosure ....79

# Notice of Annual General Meeting

THIS NOTICE OF ANNUAL GENERAL MEETING IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Invesco Asia Trust plc, please forward this document and the accompanying Form of Proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

**PLEASE NOTE THAT IN LINE WITH COVID-19 RESTRICTIONS SHAREHOLDERS ARE NOT PERMITTED TO ATTEND THE AGM IN PERSON. SHAREHOLDERS ARE ENCOURAGED TO RETURN THEIR FORMS OF PROXY AS DIRECTED BELOW.**

**SHAREHOLDERS ARE REQUESTED TO ADDRESS QUESTIONS ON THE BUSINESS OF THE ANNUAL GENERAL MEETING OR OTHERWISE, TO THE COMPANY SECRETARY AT [IAT@INVESCO.COM](mailto:IAT@INVESCO.COM) OR, IN HARD COPY, TO 43-45 PORTMAN SQUARE, LONDON W1H 6LY NO LATER THAN 21 AUGUST 2020.**

**A VIDEO PRESENTATION FROM THE PORTFOLIO MANAGER WILL BE MADE AVAILABLE ON THE COMPANY'S WEBSITE FOLLOWING THE CONCLUSION OF THE AGM.**

Notice is given that the Annual General Meeting of Invesco Asia Trust plc will be held at 43-45 Portman Square, London W1H 6LY, on 3 September 2020 at 12 noon for the following purposes:

## Special Business

To consider and, if thought fit, pass the following resolutions which will be proposed as an ordinary resolution:

## Ordinary Business

To consider and, if thought fit, to pass the following resolutions all of which will be proposed as ordinary resolutions:

1. To receive and consider the Annual Financial Report for the year ended 30 April 2020.
2. To approve the Company's Dividend Payment Policy. This is an advisory vote.
3. To approve the Directors Remuneration Policy.
4. To approve the Annual Statement and Report on Remuneration for the year ended 30 April 2020.
5. To re-elect Owen Jonathan as a Director of the Company.
6. To re-elect Fleur Meijs as a Director of the Company.
7. To re-elect Neil Rogan as a Director of the Company.
8. To elect Vanessa Donegan as a Director of the Company.
9. To re-appoint KPMG LLP as auditor of the Company.
10. To authorise the Audit Committee to determine the remuneration of the auditor.

## Authority to Allot Shares

11. That:

in substitution for any existing authority under section 551 of the Companies Act 2006 (the 'Act') but without prejudice to the exercise of any such authority prior to the date of this resolution the Directors of the Company be generally and unconditionally authorised in accordance with section 551 of the Act as amended from time to time prior to the date of the passing of this resolution, to exercise all powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, shares up to an aggregate nominal amount (within the meaning of sections 551(3) and (6) of the Act) of £668,532, this being 10% of the Company's issued ordinary share capital as at 3 July 2020, such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date fifteen months after the passing of this resolution, whichever is the earlier unless the authority is renewed or revoked at any other general meeting prior to such time, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require shares to be allotted, or rights to be granted, after such expiry as if the authority conferred by this resolution had not expired.

To consider and, if thought fit, pass the following resolutions which will be proposed as special resolutions:

## Disapplication of Pre-emption Rights

12. That:

subject to the passing of resolution number 11 set out in the notice of this meeting (the 'Section 551 Resolution') and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the 'Act') but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors be and are hereby empowered, in accordance with sections 570 and 573 of the Act as amended from time to time prior to the date of the passing of this resolution to allot equity securities (within the meaning of section 560(1), (2) and (3) of the Act) for cash, either pursuant to the authority given by the Section 551 Resolution or (if such allotment constitutes the sale of relevant shares which, immediately before the sale, were held by the Company as treasury shares) otherwise, as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited:

- (a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal, regulatory or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and
- (b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £334,266, this being 5% of the Company's issued share capital as at 3 July 2020

and this power shall expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier unless the authority is renewed or revoked at any other general meeting prior to such time, but so that this power shall allow the Company to make offers or agreements before the expiry of this power which would or might require equity securities to be allotted after such expiry as if the power conferred by this Resolution had not expired; and so that words and expressions defined in or for the purposes of Part 17 of the Act shall bear the same meanings in this resolution.

## Authority to Make Market Purchases of Shares

13. That:

the Company be generally and subject as hereinafter appears unconditionally authorised in accordance with Section 701 of the Companies Act 2006 as amended from time to time prior

to the date of the passing of this resolution (the 'Act') to make market purchases (within the meaning of Section 693(4) of the Act) of its issued ordinary shares of 10p each in the capital of the Company ('Shares').

PROVIDED ALWAYS THAT:

- (i) the maximum number of Shares hereby authorised to be purchased shall be 10,021,307 or 14.99% of shares in issue as at 3 July 2020;
- (ii) the minimum price which may be paid for a Share shall be 10p;
- (iii) the maximum price which may be paid for a Share must not be more than the higher of: (i) 5% above the average of the mid-market values of the Shares for the five business days before the purchase is made; and (ii) the higher of the price of the last independent trade in the Shares and the highest then current independent bid for the Shares on the London Stock Exchange;
- (iv) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per Share (as determined by the Directors);
- (v) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company, or the date 15 months after the passing of this resolution, whichever is the earlier, unless the authority is renewed or revoked at any other general meeting prior to such time;
- (vi) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract; and
- (vii) any shares so purchased shall be cancelled or, if the Directors so determine and subject to the provisions of Sections 724 to 731 of the Act and any applicable regulations of the United Kingdom Listing Authority, be held (or otherwise dealt with in accordance with Section 727 or 729 of the Act ) as treasury shares.

## Period of Notice Required for General Meetings

14. THAT the period of notice required for general meetings of the Company (other than AGMs) shall be not less than 14 days.

Dated this 6 July 2020

By order of the Board

**Invesco Asset Management Limited**  
Company Secretary

## Notes:

1. A member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. Where more than one proxy is appointed, each proxy must be appointed to exercise the rights attached to a different share or shares. A proxy need not be a member of the Company. In order to be valid an appointment of proxy must be returned by one of the following methods:

- via Link Registrar's website [www.signalshares.com](http://www.signalshares.com); or
- In hard copy form by post, by courier or by hand to the Company's registrars, Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or
- In the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below

and in each case to be received by the Company not less than 48 hours before the time of the meeting. As a result of the Stay Alert and Stay Safe (social distancing) measures, no shareholder (other than two shareholders designated in advance to attend for the purposes of forming a quorum), corporate representative or proxy (other than the Chairman) will be admitted to the AGM in person. Shareholders wishing to appoint a proxy should therefore appoint the Chairman of the AGM.

2. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this document. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST member is a CREST Personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers

are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

3. A form of appointment of proxy is enclosed. Appointment of a proxy (whether by completion of a form of appointment of proxy, or other instrument appointing a proxy or any CREST proxy instruction) does not prevent a member from attending and voting at this meeting. However, as noted above, as a result of the Stay Alert and Stay Safe (social distancing) measures, shareholders, corporate representatives or proxies other than the Chairman of the AGM will be turned away from the AGM if they attempt to attend in person.

To be effective, the form of appointment of proxy, duly completed and executed, together with any power of attorney or other authority under which it is signed (or notarially certified copy thereof) must be lodged at the office of the Company's registrars, Link Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, by not later than 12 noon on 1 September 2020.

4. A person entered on the Register of Members at the close of business on 1 September 2020 ('a member') is entitled to attend and vote at the Meeting pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001. Any changes to the Register of Members after such time and date shall be disregarded in determining the rights of any person to attend and/or vote at the Meeting. If the Meeting is adjourned, entitlement to attend and vote at the adjourned meeting, and the number of votes which may be cast thereat, will be determined by reference to the Company's register of member 48 hours before the time fixed for the adjourned meeting.
5. The Register of Directors' interests, Schedule of Matters Reserved for the Board, and the terms of reference of the Audit Committee, the Management Engagement Committee, the Nomination Committee and the Remuneration Committee will be available for inspection by request to the Company Secretary.
6. A copy of the Articles of Association are available for inspection by request to the Company Secretary.
7. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may have a right, under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by shareholders of the Company.

8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
9. Any member attending the AGM has the right to ask questions under section 319A of the Companies Act 2006. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no

such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered. In view of the Stay Alert and Stay Safe (social distancing) measures, if you have a question or comment you wish to be considered, please contact the Company Secretary, who will forward your question or comment to the Board for consideration.

10. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in this Notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
11. As at 3 July 2020 (being the last practicable day prior to the publication of this Notice) the Company's issued share capital consisted of 66,853,287 ordinary 10p shares each carrying one vote and a further 8,146,594 ordinary 10p shares held in treasury which do not carry votes.
12. A copy of this notice (which is at the back of the annual financial report), and other information required by Section 311A of the Companies Act 2006, can be found at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia).
13. Shareholders should note that it is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006 (the 'Act'), the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial reports were laid in accordance with Section 437 of the Act (in each case) that the members propose to raise at the relevant AGM. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

## 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.

#### 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)**

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





# Shareholder Information

## Company History

Invesco Asia Trust plc (the 'Company') began trading on 11 July 1995, and is a successor company to the Drayton Far East Investment Trust plc.

The shares of the Company are quoted on the London Stock Exchange.

## Share Price Listings

The price of your shares can be found in the Financial Times, The Times and the Daily Telegraph. In addition, share price information can be found using the IAT ticker code and on the Company's page of the Manager's website of [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia).

## Net Asset Value (NAV) Publication

The NAV of the Company's ordinary shares is calculated by the Manager on a daily basis and is notified to the Stock Exchange on the next business day. It is published daily in the newspapers detailed above. It can also be found on the Company's page of the Manager's website, [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia).

## Manager's Website

Information relating to the Company can be found on the Company's page of the Manager's website which is located 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 financial report.

## General Data Protection Regulation (GDPR)

The Company has a privacy notice which sets out what personal data is collected, and how and why it is used. The latest privacy notice can be found at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia) under the 'Literature' section, or a copy can be obtained from the Company Secretary whose correspondence address is shown on the next page.

## Financial Calendar

In addition, the Company publishes information according to the following calendar:

### Announcements

Half-yearly unaudited results	December
Annual financial results	July

### Ordinary Share Dividend Payment

First Interim	November
Second Interim	April

### Annual General Meeting

September

### Year end

30 April

## Annual General Meeting

The Annual General Meeting (AGM) will be held at 12 noon on Thursday, 3 September 2020 at 43-45 Portman Square, London W1H 6LY.

In line with Government guidance, shareholders will not be able to attend the Company's AGM. There will be no presentation at the AGM by the Portfolio Manager.

Shareholders are requested to address questions, on the business of the AGM or otherwise, to the Company Secretary at [IAT@invesco.com](mailto:IAT@invesco.com) or, in hard copy, to 43-45 Portman Square, London W1H 6LY no later than 21 August 2020. Questions will be relayed to the Board and responses provided in due course.

A video presentation from the Portfolio Manager will be made available on the Company's website following the conclusion of the AGM.

# Advisers and Principal Service Providers

---

## Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited

## Company Secretary

Invesco Asset Management Limited  
Company secretarial contact: Nira Mistry

## Correspondence Address:

43-45 Portman Square  
London W1H 6LY  
☎ 020 3753 1000  
Email: IAT@invesco.com

## Registered Office

Perpetual Park  
Perpetual Park Drive  
Henley-on-Thames  
Oxfordshire RG9 1HH

## Company Number

Registered in England and Wales  
Number 3011768

## Invesco Client Services

Invesco has a Client Services Team, available from 8.30am to 6pm, Monday to Friday (excluding 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 Asset Services Limited  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU  
☎ 0371 664 0300

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 Asset Services 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)

## Independent Auditor

KPMG LLP  
15 Canada Square  
Canary Wharf  
London E14 5GL

## Depository and Custodian

The Bank of New York Mellon (International) Limited  
1 Canada Square  
London E14 5AL

## Corporate Broker

Investec Bank plc  
30 Gresham Street  
London EC2V 7QP

## 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: [enquires@theaic.co.uk](mailto:enquires@theaic.co.uk)

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

# 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 years ended 30 April 2020 and 2019. The APMs listed here are widely used in reporting within the investment company sector and consequently aid comparability.

## Benchmark (or Benchmark Index)

A standard against which performance can be measured, usually an index that averages the performance of companies in a stock market or a segment of the market. The benchmark used in these accounts is the MSCI AC Asia ex Japan Index. This benchmark index does not include Australia and New Zealand.

## 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. 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 annual 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		2020	2019
Share price	4	a	254.0p	294.0p
Net asset value per share - cum income	55	b	279.6p	322.7p
<b>Discount - cum income</b>		c = (a-b)/b	(9.2)%	(8.9)%

The average discount for the year is the arithmetic average, over a 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, would 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 30 April 2020 the Company had £10,354,000 gross borrowings (2019: £nil).

	Page		2020	2019
Bank Facility (note 11)	62		£'000 10,354	£'000 -
Gross borrowings		a	10,354	-
Net asset value	55	b	186,948	227,375
<b>Gross gearing</b>		c = a/b	5.5%	nil

## Net Gearing or Net Cash (APM)

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash, cash equivalents and 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, cash equivalents and investments in money market funds, as a percentage of net assets, after any offset against total borrowings.

	Page		2020 £'000	2019 £'000
Bank Facility (note 11)	62		10,354	-
Less: cash and cash equivalents	55		(1,623)	(2,582)
Invesco Liquidity Fund - US Dollar (money market fund)	25		(738)	-
Borrowings/(Net cash)		a	7,993	(2,582)
Net asset value	55	b	186,948	227,375
<b>Net gearing/(Net cash)</b>		c = a/b	4.3%	(1.1)%

## 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.

## Market Capitalisation

Market Capitalisation is calculated by multiplying the stockmarket price of an ordinary share by the number of ordinary shares in issue.

## 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.

The cum income NAV includes net income earned, after dividends paid, in respect of the year as shown in the balance sheet.

## Ongoing Charges Ratio (APM)

The ongoing administrative costs of operating the Company are encapsulated in the ongoing charges ratio, which is calculated in accordance with guidance issued by the AIC. The calculation incorporates charges allocated to capital in the financial statements as well as those allocated to revenue, but excludes non-recurring costs, transaction costs of investments, finance costs, taxation, and the costs of buying back or issuing shares. The ongoing charges ratio is the aggregate of these costs expressed as a percentage of the daily average net asset value reported in the year.

	Page		2020 £'000	2019 £'000
Investment management fee	53		1,573	1,632
Other expenses	53		597	532
Less: costs in relation to custody dealing charges and one off legal costs			(2)	(10)
Total recurring expenses		a	2,168	2,154
Average daily net asset value		b	212,410	219,803
<b>Ongoing charges %</b>		c = a/b	1.02%	0.98%

## 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 has performed 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.

# 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. In this annual financial report these return figures have been sourced from Refinitiv who calculate returns on an industry comparative basis.

## Net Asset Value (NAV) Total Return (APM)

Total return on net asset value per share, with debt at market value, 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.

## 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>2020</b>	<b>Page</b>			
As at 30 April 2020	4		279.6p	254.0p
As at 30 April 2019	4		322.7p	294.0p
Change in year		a	-13.4%	-13.6%
Impact of dividend reinvestments	see (1) below	b	3.2%	3.6%
<b>Total return for the year</b>		c = a+b	-10.2%	-10.0%
<b>2019</b>	<b>Page</b>		Net Asset Value	Share Price
As at 30 April 2019	4		322.7p	294.0p
As at 30 April 2018			328.9p	286.0p
Change in year		a	-1.9%	2.8%
Impact of dividend reinvestments	see (1) below	b	2.7%	3.2%
<b>Total return for the year</b>		c = a+b	0.8%	6.0%

(1) Total dividends paid during the year of 9.90p (2019: 8.30p) reinvested at the NAV or share price on the ex-dividend date. NAV or share price falls subsequent to the reinvestment date consequently further reduce the returns, vice versa if the NAV or share price rises.

## Benchmark

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.



# Alternative Investment Fund Managers Directive Disclosure

## Alternative Investment Fund Manager (AIFM) and the Alternative Investment Fund Managers Directive (the 'AIFMD', the Directive)

The Company falls within the definition of an Alternative Investment Fund (AIF) under the Directive and, as such, is required to have (or be) an authorised AIFM. Invesco Fund Managers Limited (IFML) was authorised as an AIFM, and appointed by the Company as such, with effect from 22 July 2014.

Amongst other things, regulations implementing AIFMD require certain information to be provided to prospective investors. This information can be found in the Company's page of the Manager's website ([www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)) in a downloadable document entitled 'AIFMD Investor Information'. Any information requiring immediate disclosure pursuant to the Directive will be disclosed through a primary information provider.

In addition, the Directive requires information in relation to the remuneration of the Company's AIFM, IFML, and the Company's leverage (both 'gross' and 'commitment' - see Glossary of Terms and Alternative Performance Measures on page 77) to be made available to investors.

Accordingly:

- the leverage calculated for the Company at its year end was 105% for both gross and commitment (2019: 99%). The limits the AIFM has set for the Company remain unchanged at 250% and 200%, respectively;
- the AIFM summary remuneration policy is available from the corporate policies page of the Manager's website ([www.invesco.co.uk](http://www.invesco.co.uk)) and from the Company's Company Secretary, on request (see contact details on page 75); and
- the AIFM remuneration paid for the year to 31 December 2019 is set out below.

### AIFM Remuneration

The AIFM remuneration paid is based on the financial year of the AIFM, which is 31 December 2019.

The aggregate total remuneration of Invesco staff involved in AIF related activities of the Manager in respect of performance year (1 January 2019 to 31 December 2019) is £7.73 million (2018: £6.54 million) of which £4.57 million (2018: £3.84 million) is fixed remuneration and £3.16 million (2018: £2.70 million) is variable remuneration. The number of beneficiaries is 36 (2018: 33).

The Manager has identified individuals considered to have a material impact on the risk profile of the Manager or the AIF it manages ('Identified Staff'), who include board members of the Manager, senior management, heads of control functions, other risk takers and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers. Identified Staff of the Manager are employed by Invesco.

The aggregate total remuneration paid to the Identified Staff of the Manager for AIF related activities for the performance year (1 January 2019 to 31 December 2019) is £0.97 million (2018: £1.34 million) of which £0.22 million (2018: £0.31 million) is paid to Senior Management and £0.75 million (2018: £1.03 million) is paid to other Identified Staff. Please note that remuneration for AIFMD Identified Staff includes remuneration for staff employed by delegates (all delegates are employed by various entities of the Invesco Ltd. Group).

Invesco's summary remuneration policy is available from the corporate policies section of its website ([www.invesco.co.uk](http://www.invesco.co.uk)). Paper copies of the full remuneration policy can be obtained for free from the registered office of the Manager, Invesco Fund Managers Limited, Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, UK upon request.



The Manager of Invesco Asia Trust plc is Invesco Fund Managers Limited.

Invesco Fund Managers Limited is a wholly owned subsidiary of Invesco Limited and is authorised and regulated by the Financial Conduct Authority.

Invesco is one of the largest independent global investment management firms, with funds under management in excess of \$1,142.5 billion.\*

Invesco aims to provide the highest returns available from markets, through active management, but in a controlled manner, conscious of the risks involved and within our clients' objectives.

As at 31 May 2020

# Investment Companies Managed by Invesco

## Investing for Income, Income Growth and Capital Growth (from equities and fixed interest securities)

### City Merchants High Yield Trust Limited

A Jersey incorporated closed-ended Company that aims to generate a high level of income from a variety of fixed income instruments. The Company may use repo financing to enhance returns.

### Invesco Income Growth Trust plc

Aims to produce income and capital growth superior to that of the UK stock market and dividends paid quarterly that, over time, grow at above the rate of inflation. The Company may use bank borrowings.

### Invesco Enhanced Income Limited

A Jersey-incorporated closed-ended Company that aims to provide a high level of income, paid gross to UK investors, whilst seeking to maximise total return through investing, primarily in a diversified portfolio of high-yielding corporate and government bonds. The Company seeks to balance the attraction of high-yield securities with the need for protection of capital and to manage volatility. The Company uses repo financing to enhance returns.

### Invesco Select Trust plc – Managed Liquidity Portfolio

Aims to produce an appropriate level of income return combined with a high degree of security. The portfolio invests in a range of sterling based or related high quality debt securities and similar assets either directly or indirectly through authorised funds.

### Invesco Perpetual Select Trust plc – UK Equity Portfolio

Aims to provide shareholders with an attractive real long term total return by investing primarily in UK quoted equities. The portfolio may use bank borrowings.

### Keystone Investment Trust plc

Aims to provide shareholders with long-term growth of capital mainly from UK investments. The Company has two debenture stocks in issue and in addition, may use bank borrowings.

---

## Investing in Smaller Companies

### Invesco Perpetual UK Smaller Companies Investment Trust plc

Aims to achieve long-term total returns for the Company's shareholders primarily by investment in a broad cross-section

of small to medium size UK-quoted companies. The Company may use bank borrowings.

# Investment Companies Managed by Invesco

## Investing Internationally

### **Invesco Asia Trust plc**

Aims to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian securities. The Company aims to achieve growth in its net asset value in excess of the MSCI AC Asia ex Japan Index, total return, in sterling terms. The Company may use bank borrowings.

### **Invesco Perpetual Select Trust plc – Global Equity Income Portfolio**

Aims to provide an attractive and growing level of income return and capital appreciation over the long term, predominantly through investment in a diversified portfolio of equities worldwide. The portfolio may use bank borrowings.

---

## Investing for Total Returns

### **Invesco Perpetual Select Trust plc – Balanced Risk Allocation Portfolio**

Aims to provide shareholders with an attractive total return in differing economic and inflationary environments and with low correlation to equity and bond market indices by gaining exposure to three asset classes: debt securities, equities and commodities.

The portfolio is constructed so as to balance risk, is long-only, using transparently-priced exchange-traded futures contracts and other derivative instruments to gain such exposure and to provide leverage.

---

## Investing in Multiple Asset Classes

### **Invesco Perpetual Select Trust plc**

- UK Equity Portfolio
- Global Equity Income Portfolio
- Managed Liquidity Portfolio
- Balanced Risk Allocation Portfolio

A choice of four investment policies and objectives, each intended to generate attractive risk-adjusted returns from segregated portfolios, with the ability to switch between them, four times a year, free from capital gains tax liability. Dividends are paid quarterly, apart from Balanced Risk Allocation which will not normally pay dividends.

---

Please contact Invesco's Client Services Team on 0800 085 8677 if you would like more information about the investment trusts or other specialist funds listed above. Further details are also available on the following website: [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts).