



# Alternative Investment Fund Managers Directive (AIFMD) investor information

Invesco Asia Trust plc

**This document has been prepared by Invesco Fund Managers Limited and provides you with key information about this investment trust as required by the AIFMD. It is not marketing material. You are advised to read it so you can make an informed decision about whether to invest.**

## 1. Investment objective and policy

### 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 the nature and type of securities (such as performance and liquidity) 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;
- individual and combined exposure to group-related companies may not exceed 10% and 15% respectively 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;
- 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 borrowings which are monitored on a daily basis.

The Manager is required under the Directive to set limits on leverage. This is calculated on a different basis to commonly used gearing ratios and includes market and credit exposure gained by any method, not just borrowings. Limits are set intentionally above the levels that the Company would normally expect to employ. For these purposes the limits are that aggregate exposure as a percentage of NAV may not exceed 200% measured by the commitment method and 250% measured by the gross method. See paragraph 1 of the key information on page 3 for an explanation of these terms.

## 2. Alternative Investment Fund Manager (AIFM) and fees

The Company has appointed Invesco Fund Managers Limited ('the Manager') as its Alternative Investment Fund Manager. The Manager is an associated company of Invesco Asset Management Limited ('IAML'), the Company's previous investment manager, which will continue to act as portfolio manager under delegated authority from the Manager and as company secretary and administrator. No changes are proposed to the way the Company's assets are invested as a result of the implementation of AIFMD.

The Manager is entitled to a management fee at a rate of 0.75% per annum on the first £250 million and 0.65% thereafter of the Company's net asset value.

## 3. Service providers

The Company has appointed service providers to assist the Board and the Manager in meeting regulatory requirements and the needs of investors:

- The Company's statutory auditor is KPMG LLP, which audits the financial statements in the Company's Annual Financial Report and report to shareholders thereon;
- The Company's depositary is The Bank of New York Mellon (International) Limited, which is responsible for safe-keeping of the Company's financial assets and for monitoring its cash flows; and
- The Company's registrar is Link Asset Services, which is responsible for maintaining and updating the register of members.

## 4. Specific risk factors applying to Invesco Asia Trust plc

As this is an emerging markets investment trust, investors should be prepared to accept a higher degree of risk than for an investment trust with a broader investment mandate as difficulties in dealing, settlement and custody problems could arise.

The investment trust may invest in derivatives. This means that the net asset value of the investment trust may, at times, be highly volatile. The use of derivative instruments involves certain risks (including market or communication breakdown, counterparty failure and credit risk) and there is no assurance that the objectives for the use of such instruments will be achieved.

The investment trust expects to pay dividends from the Company's revenues and by making use of its ability to distribute revenue and capital reserves as required. To the extent the investment trust uses this ability it will reduce capital growth.

75% of the annual management charge and finance costs will be deducted from the investment trust's capital, which may boost income but constrain or erode long-term capital growth.

The investment trust may use borrowings to invest in the market. The use of borrowings by an investment trust may enhance the total return on its shares when the value of the company's assets is rising and exceeds the cost of borrowings, but it will have the opposite effect when the value is falling and when the underlying return is less than the cost of borrowing, thus reducing the total return on the shares. The use of borrowings may increase the volatility of the returns to shareholders and the net asset value per share. In certain circumstances, a fall in the underlying asset value of the investment company could result in it having to repay borrowings in whole or in part together with associated costs. This could adversely affect income and capital returns to shareholders. Repayment on any borrowings will rank ahead of capital payments to shareholders on a winding-up.

As a result of COVID-19, markets have seen a noticeable increase in volatility as well as, in some cases, lower liquidity levels; this may continue and may increase these risks in the future. In addition, some companies are suspending, lowering or postponing their dividend payments, which may affect the income received by the investment trust during this period and in the future.

## **5. General risk factors applying to investment trusts**

When making an investment in an investment trust you are buying shares in a company that is listed on a stock exchange. The price of the shares will be determined by supply and demand. Consequently, the share price of an investment trust may be higher or lower than the underlying net asset value of the investments in its portfolio and there can be no certainty that there will be liquidity in the shares.

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Potential investors should consider the following general risk factors before investing.

### **Market risk**

An investment in an investment trust will involve exposure to those risks normally associated with investment in stocks and shares such as general economic conditions, market events and the performance of the underlying investments. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the full amount invested. There is no assurance that the investment objectives of any investment trust will actually be achieved.

### **Currency exchange risk**

An investment trust may be invested in securities denominated in currencies other than Sterling. Changes in exchange rates may adversely affect the value of any investment, which will have a related effect on the price of shares.

### **Investing in private and unquoted securities**

An investment trust may have the ability to invest a proportion of its portfolios in private and unquoted securities. In addition to typical investment risks there may also be some additional specific risks, including: lack of liquidity which could impact the investment trust's ability to sell such investments at their true value; lack of pricing transparency; and less readily available information on the company. Ownership may be highly concentrated and certain company action may be driven by these majority owners.

### **Use of financial derivative instruments**

An investment trust may use derivatives for the purposes of efficient portfolio management or for specific investment purposes. There may not be a precise correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments, which are the subject of the hedge, on the other. In addition, an active market may not exist for a particular derivative instrument at any particular time. Should the manager's expectations in employing such techniques and instruments be incorrect, an investment trust may suffer a substantial loss, having an adverse effect on the Net Asset Value of the shares. Such instruments may cause greater fluctuations of the net asset value of the investment trust concerned. An investment trust's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations.

### **Counterparty risk**

An investment trust may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the investment trust to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the investment trust could experience delays in liquidating positions and significant losses, including declines in the value of investments during the period in which an investment trust seeks to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights.

### **Use of warrants**

An investment trust may invest in warrants. Warrants are instruments where the price, performance and liquidity are linked to that of an underlying security. However, the warrants market is generally more volatile and there may be more fluctuations in the price of the warrant than in the underlying security.

### **Custody risk**

Each investment trust has appointed a Depositary which is responsible for the safe-keeping of the assets owned by the investment trust. The Financial Conduct Authority requires that there is legal separation of non-cash assets held under custody and that records are maintained which clearly identify the nature and amount of all assets under custody, the ownership of each asset and where the documents of title to that asset are located. The Depositary may, subject to certain conditions, delegate safe-keeping to a third party custodian but is liable to the investment trust for the loss by it or any delegate of financial instruments held in custody. In case of a potential bankruptcy of the Depositary or delegated custodian, cash positions of the investment trust are not protected and there may be a delay in regaining full control of the non-cash assets.

### **Market suspension risk**

An investment trust may invest in securities dealt on a market or exchange. Trading on a market or exchange may be halted or suspended due to market conditions, technical problems or other events and during such circumstances, the investment trust will not be able to sell the securities traded on that market until trading resumes. Further, trading of the securities of a specific issuer may be suspended by a market due to circumstances relating to the issuer. If trading of a particular security is halted or suspended, the relevant investment trust will not be able to sell that security until trading resumes.

### **Market liquidity risk**

An investment trust may be affected by a decrease in market liquidity for the securities in which it invests which may mean that the Manager may not be able to sell shares in those securities at their true value.

## Key information

### 1. Investment strategy

The Company's Investment policy and strategy are set out in section 1 on page 1.

Leverage, for the purposes of the Alternative Investment Fund Managers Directive (AIFMD), is not synonymous with gearing as the term is commonly used. In addition to borrowings it encompasses anything that increases the Company's exposure, including foreign currency and exposure through derivatives. Two methods of calculating such exposure are provided in the AIFMD, gross and commitment, each of which is expressed as a ratio of the Company's net asset value. Under the gross method, exposure represents the sum of the Company's exposures, without any offsetting and excluding cash held in sterling. Under the commitment method, sterling cash balances, hedging and other netting arrangements designed to limit risk, are taken into account.

### 2. Changes to investment strategy

Material changes to investment policy may only be made with the prior approval of shareholders as required by the Listing Rules. Minor changes may be made by the Board from time to time. In each case changes will be disclosed to the market in accordance with applicable regulation.

### 3. Legal consequences of investment

Purchase in the market of shares in the Company by an investor does not give rise to any contractual relationship between the investor and the Company.

While investors acquire an interest in the Company on subscribing for Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.

Shareholders' rights in respect of their investment in the Company are governed by the Company's articles of association and applicable company law.

### 4. Service providers

A list of the Company's principal service providers and their respective duties is set out in section 3 on page 1.

### 5. Professional liability

The Manager is required by the AIFMD regulations to cover any professional liability risk. It does so by retaining a portion of its capital reserves in accordance with the levels and standards required by the regulations, and by maintaining an appropriate level of professional indemnity insurance.

### 6. Delegation

- The Manager delegates the Company's portfolio management to Invesco Asset Management Limited as set out in section 2 on page 1.
- The Depositary delegates safe-keeping of investments to sub-custodians.
- The Manager has delegated fund accounting and pricing/valuation functions to The Bank of New York Mellon.

### 7. Valuation

The majority of the Company's investments are quoted on one or more exchanges and are valued using prices sourced from third party vendors of market data.

Where there is no active market, unlisted/illiquid investments are valued by the Directors at fair value based on recommendations from the Manager's Pricing Committee, which in turn is guided by the International Private Equity and Venture Capital Valuation Guidelines, using valuation techniques such as earnings multiples, recent arm's length transactions and net assets.

### 8. Liquidity risk

The Company's Ordinary Shares are not ordinarily redeemable at the option of shareholders. The Company's liquidity risk is measured and monitored daily.

### 9. Fees and expenses

The Manager is entitled to a management fee as set out in section 2 on page 1. In addition the Company will incur annual fees and expenses including fees payable to the Company's Directors, secretarial and administration services, the depositary, the registrar and the auditors and other operating expenses. Such expenses are all paid by the Company and thus indirectly borne by its shareholders.

The aggregate fees and expenses incurred each year are set out in the Company's annual financial report as Ongoing Charges.

The expenses of managing the Company are not subject to any maximum but are carefully monitored by the Board and the ongoing charges ratio provides a guide to the effect on performance of the annual operating costs. The Board reviews expenditure using an annual budgetary process.

### 10. Fair treatment

The Listing Rules set out Principles and Rules, to which the Company is subject, for the fair treatment of investors, notably Listing Principles 3 and 5. The Manager and the Company are required to ensure fair treatment of investors. This is achieved through application of relevant Financial Conduct Authority (FCA) rules and regulations that the Manager and its delegates employ in its day-to-day activities in managing the Company.

### 11. Preferential treatment

The Company does not give any investor preferential treatment.

### 12. Issue and sale of shares

The Company's shares are not generally available for subscription by investors, but are available for investment on the Main market of the London Stock Exchange. From time to time the Company is permitted to issue shares subject to applicable limits and regulation including the Listing Rules and Prospectus Rules. Shares can be bought and sold directly through a stockbroker or an execution-only dealing service, or you can invest via a provider of packaged products such as savings schemes, ISA/NISA accounts and pension schemes.

### 13. NAV

The Company's net asset value per share (NAV) is announced daily to the market. Its shares are quoted on the London Stock Exchange and prices are available through a wide range of market data sources. NAVs and prices are also available on the Manager's website at [www.invesco.co.uk/investmenttrusts](http://www.invesco.co.uk/investmenttrusts)

### 14. Annual report

The Company's most recent Annual Reports are available on the Manager's website at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

### 15. Performance

Factsheets, including data relating to the Company's performance, are available on the Manager's website at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

### 16. Prime broker

The Company does not have a prime brokerage firm.

### 17. Periodic reporting

Periodic reporting of information relating to liquidity and leverage will be made to the market through a Regulatory Information Service and will be available through a wide range of market data sources.

A link to regulatory news services can be found on the Manager's website at [www.invesco.co.uk/invescoasia](http://www.invesco.co.uk/invescoasia)

September 2020

---

**Further information**

---

**Client Services**

Telephone 0800 085 8677

Facsimile 01491 416000

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

---

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

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

---

**Important information**

---

The information contained in this document is accurate as at 28 August 2020.

---

Issued by Invesco Fund Managers Limited

---

Invesco Fund Managers Limited

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

Authorised and regulated by the Financial Conduct Authority

SP827/63980-V5/PDF/090920