Invesco Asia Trust plc

Half-Yearly Financial Report
For the Six Months to 31 October 2018

KEY FACTS

Invesco Asia Trust plc (the 'Company') is an investment trust listed on the London Stock Exchange.

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.

Full details of the Company's investment limits are on page 6 of the 2018 annual financial report.

Performance Statistics

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

	SIX MONTHS ENDED 31 OCT 2018
Total Return Statistics(1) **(dividends reinvested):**	
– Net asset value (NAV)(2)	–10.5%
– Share price	–10.8%
– Benchmark index(2)	–11.0%

Capital Statistics	AT 31 OCT 2018	AT 30 APR 2018	% CHANGE
NAV(2)	289.3p	328.9p	–12.0
Share price(1)	250.0p	286.0p	–12.6
Benchmark index(2)	—	—	–12.7
Discount(2) per ordinary share:			
– cum income	13.6%	13.0%	
– ex income	12.2%	11.4%	
Average discount over the six months/year (ex income)(1)	10.9%	10.2%	
Gearing(2):			
– net cash	2.3%	1.6%	

(1) Source: Refinitiv (Thomson Reuters).

(2) Terms are defined in the Glossary of Terms and Alternative Performance Measures on pages 69 and 70 of the 2018 annual financial report.

CHAIRMAN'S STATEMENT

PERFORMANCE

Over the six months to 31 October 2018, the net asset value total return per share (combining capital and income) was –10.5%. Our benchmark, the MSCI AC Asia ex Japan Index, returned –11.0% (again in total return terms, all figures expressed in sterling). The share price total return over the same period was –10.8%.

Over 10 years, the net asset value total return is +319% and the share price total return is +320%, both well ahead of our benchmark index's +232% return*.

The discount of the share price to net asset value is widened slightly to 12.2% on an ex-income basis and 13.6% on 31 October 2018 on a cum-income basis.

* Benchmark Index changed on 1 May 2015 from MSCI AC Asia Pacific ex Japan Index to MSCI AC Asia ex Japan Index. The main difference is the absence of Australia and New Zealand in our benchmark.

THE INVESTMENT CASE

When buying a unit trust or open-ended fund, sophisticated investors will typically analyse a range of funds by people, process and performance and then make a selection.

Ian Hargreaves' contributions to Invesco Asia Trust plc now span over ten years: he has been our lead portfolio manager since 1 January 2015, our named co-manager from 1 January 2012 and was part of the investment team managing the Company before that. The investment process, which Invesco has consistently applied over the long term, has a mandate to look anywhere in Asia and is best described as a search for companies that trade at a significant discount to estimated fair value. Long-term performance, as shown above, is strong.

Your Board considers the investment case for Invesco Asia Trust to be as compelling and sustainable as it has been for the past ten years.

THE CORPORATE PROPOSITION

Investment trusts offer an extra dimension not available with open-ended equivalents. Being the Company's new Chairman has offered the opportunity for me to lead the Board to assess a series of measures intended to create additional demand for our shares, from existing and new shareholders, and to reduce the discount. In so doing we have been mindful that unless there was a good reason not to adopt a measure, we would adopt it. We have also been careful to ensure that the measures chosen are in the best interests of all shareholders.

We have agreed to adopt the following measures with immediate effect. The intention is that the gains from each will combine so as to make the corporate proposition as compelling as the investment case.

Access to Invesco Expertise

Ian Hargreaves, our investment manager, was promoted in September 2018 to be Co-Head of Asian & Emerging Markets at Invesco. Ian is Invesco's lead manager of Asian accounts for institutional investors and manages £7 billion of institutional assets. Clearly Invesco think highly of Ian. Moreover 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 though he will continue to include some of the best smaller company opportunities.

Dividends

We have increased the dividend per share in seven of the past 10 years, with unchanged dividends in the other three. Revenue reserves have grown to an equivalent of 5.0p per share. On last year's total dividend of 5.5p, the shares were yielding 2.2% at the 31 October 2018 closing share price.

Henceforth, the Board 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.

We are also pleased to announce the introduction of an interim dividend of 2.8p per share for the six months to 31 October 2018. We expect this interim dividend to represent approximately half of this year's total dividend. In future years, the Board intends to pay a similar proportion at the interim stage**.

The interim dividend will be paid to shareholders on the register at 28 December 2018 with an ex-dividend date of 27 December 2018 and a payment date of 25 January 2019.

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

Buy Back Policy

The Board considers it desirable that the Company's shares should trade at a price which, on average, represents a discount of less than 10% to Net Asset Value excluding income in normal market conditions. In order to meet this, the Company has sought the authority from shareholders annually at the Annual General Meeting to buy back shares at its discretion having regard, amongst other matters, to factors such as market conditions and the discounts of comparable investment companies.

The discount of the share price to net asset value at the period end was 12.2%, with an average over the half-year of 10.9%. Although this is in excess of the target, we have not actively sought to buy back shares as the six months under review have included periods of market volatility and adverse sentiment towards Asia which has similarly affected the discounts of a number of the Company's comparable peers. The Board is, however, cognisant of the widening discount we have seen in the latter part of the year and, accordingly, will seek to utilise buy back powers on a judicious basis to address this. However, share buy backs will only occur where and when we consider (in conjunction with our broker) that such buy backs will be effective, taking into account market factors and the discounts of comparable funds.

Gearing

The Company intends to use gearing more actively to take advantage of its closed-end structure. Gearing (or borrowing) is another advantage of investment trusts over open-ended equivalents and is used in order to seek to enhance capital and income returns to shareholders. The Board sets a range of permitted gearing and the Manager is responsible for the day-to-day level within this range. The range and actual amount of gearing will be assessed on a beta-adjusted basis, that is considering both the amount of borrowing and the volatility of the underlying investment portfolio.

Ongoing Charges and Fees

As a Board we are responsible for managing the level of charges to shareholders. Our intention is to reduce gradually the level of ongoing charges over time. The investment management fee paid to Invesco of 0.75% p.a. of total assets less current liabilities is the main component of our 0.99% p.a. ongoing charges. With our primary focus being on the long-term growth of the Company, the Board has agreed with Invesco to introduce a new marginal fee rate of 0.65% p.a. for any assets over £250 million. This will not have any immediate impact but will mean that the blended average fee rate will fall once assets grow over £250 million.

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 platforms more than doubling in six years.

The Board aims to engage more directly with individual investors. Working closely with Invesco, we have begun to raise the profile of the Company through new direct investor events which will provide access to Ian, his team and the Directors. These activities complement the ongoing engagement with a broad range of professional investors.

The Association of Investment Companies reports that more than 80% of private investors use a trust's website in their research, so we are working with Invesco to improve ours. At the Invesco Asia Trust home page www.invesco.co.uk/invescoasia, you can already view the latest portfolio manager's video, third party research (by Edison Investment Research and Kepler Partners) and register for monthly factsheet alerts. More content will be made available in 2019. An increasing amount of information is available at the London Stock Exchange and the Financial Times websites; search for 'Invesco Asia' or the ticker: IAT.LN.

Following shareholder feedback, we are moving next year's Annual General Meeting out of the school holiday period to 5 September 2019. One of the great attractions of investment trusts over their open-ended counterparts is that shareholders every year have the opportunity to meet and question the Directors and the Manager at the Company's Annual General Meeting.

Board Composition and Corporate Governance

Carol Ferguson retired from the Board after the last Annual General Meeting on 31 July 2018 having served nine years on the Board, the last five as Chairman. She leaves with our thanks and best wishes after her successful stewardship of the Company.

A new FRC UK Corporate Governance Code has been announced that will take effect for us from 1 May 2019. However, with immediate effect the Board has resolved that Owen Jonathan will become our first Senior Independent Director, that Fleur Meijs will become Chair of the Remuneration Committee and that I will step down from the Audit Committee. The Code recommends that the Chairman of the Board should not be a member of the Audit Committee nor be the Chair of the Remuneration Committee. It also recommends that Chairmen do not serve more than nine years on the Board in total, so my term on the Board will come to an end no later than the Annual General Meeting in 2026.

Directors' Shareholdings

Institutional investors often follow and ask for information on Directors' holdings of shares in the Company. We already publish these in our annual report and are obliged to announce any changes to the stock market by public announcement. We hereby update the table of Directors' Shareholdings to 31 October 2018. For the first time we voluntarily disclose the fact that our portfolio manager Ian Hargreaves is also a shareholder in the Company and can confirm that his remuneration by Invesco is partly determined by the performance of Invesco Asia Trust plc.

Director	Shareholding as at 31 Oct 18	Shareholding as at 30 Apr 18
Neil Rogan	30,000	10,000
Owen Jonathan	38,344	25,844
Tom Maier	12,280*	8,080
Fleur Meijs	13,406	13,406

*An additional 1,965 shares were disclosed as a non-beneficial interest.

OUTLOOK

Our intention is that the corporate proposition outlined above will combine with the strong investment case we already have in place so as to create additional demand for the Company's shares, narrow the discount of the Company's share price to its net asset value per share and enable future growth of the Company.

Your Directors remain convinced of the long-term attractions of investing in Asia. Although current newsflow and sentiment are negative, market valuations are now at levels which historically have been very attractive entry points. In the next section Ian Hargreaves reviews the past six months and the market outlook in detail.

Neil Rogan

Chairman 14 December 2018

PORTFOLIO MANAGER'S REPORT

Market & Economic Review

Asian equity markets have faced a number of headwinds over the past six months, including a stronger dollar, the prospect of higher US interest rates and escalating trade tensions between the US and China. Taiwan was the only market in the region to deliver a positive return, benefiting from its strong dividend support and large current-account surplus, which has helped support its currency. While ASEAN equity markets stabilised after a period of weakness, this was more than offset by the poor performance of China and South Korea.

In China, the authorities' ongoing deleveraging efforts have resulted in some weaker than expected economic data which, combined with escalating trade tensions, saw its equity market and currency weaken. In response, policymakers announced a number of measures aimed at easing conditions, including: a cut in banks' reserve requirements, increased export tax rebates, tax deductions on household income and additional support measures for smaller private enterprises. South Korea's equity market underperformed with mixed domestic economic data, currency weakness and disappointing earnings in the autos and consumer sectors, more than offsetting any positive impact there may have been from an easing of geopolitical tensions on the Korean peninsula. Elsewhere, central banks in India and the Philippines raised interest rates as inflationary pressures continued to build and their currencies weakened.

Performance Review

In the six months to the end of October 2018, the Company's net asset value returned –10.5% (NAV, total return, in sterling terms), compared with the benchmark MSCI AC Asia ex Japan Index, which returned –11.0% (total return, in sterling terms).

In India, both stock selection and the portfolio's overweight position made a positive contribution to relative performance. Aurobindo Pharma made strong gains, with the manufacturer of generic pharmaceuticals seeing good growth in its US business, where injectables have endured a recovery and its overall portfolio gained market share. An impressive number of its new products have won US FDA approval, while recent acquisitions in Europe and the US have also helped improve the visibility and sustainability of its earnings.

The portfolio's holdings in Indian financials also contributed positively, although sentiment towards the sector was tested by liquidity concerns after the default of an infrastructure lender. ICICI was the standout performer, thanks to an improvement in its earnings visibility, with a rebound in core profitability as it gets closer to recognising the bulk of its bad loans. Infosys benefitted from the weaker rupee, as well as a return to stability in management and a renewed focus on execution that could help it start to win larger deals in digital and automation solutions.

Stock selection in China was a further positive. China BlueChemical was the biggest single contributor over the period, with its share price rallying after it stated that higher urea and methanol prices would lift profits. CNOOC also made good gains, buoyed by the strength of the oil price. Meanwhile, exposure to telecoms companies added value: China Communications Services was seen as a key beneficiary of state owned enterprise reform and the introduction of 5G, while earnings results were better than expected by the market; China Mobile also outperformed after a solid set of earnings. Elsewhere, there was a notable contribution from financials, particularly: Bangkok Bank, thanks to supportive macro conditions and its undemanding valuation; and QBE Insurance, where recent results suggest a turnaround may be underway.

On the other hand, the portfolio's overweight position in South Korea detracted. While earnings for the overall market have been robust, expectations have started to be revised downwards as the domestic economy slows, with concerns that a trade war could lead to decelerating exports. Furthermore, corporate reform initiatives, such as those proposed (and then withdrawn) by Hyundai Motor Group, have not been as meaningful (or as speedy to resolve) as markets had hoped for. A number of domestic-facing companies have also faced the risk of greater intervention by a socialist government which is trying to promote investment.

There have also been some stock-specific issues affecting stock performance, for example POSCO saw concerns over its recently announced investment plan overshadow improvements in its core business. Meanwhile, Finetex announced that its shares had been suspended from trading on the Korean stock exchange for not meeting audit requirements. While the company's technology, clients and sales appear to have been real, the founder and CFO appeared to have been understating costs, thereby exaggerating the profitability of the business. The Company sustained a 97% decline in the value of its holding in Finetex ENE. The shares were suspended in March 2018 after the company's auditor qualified its accounts. At the time the holding represented 1.1% of NAV. The auditor flagged that it hadn't been able to access sufficient information related to Finetex's overseas subsidiaries. Post a short period of trading between 28 September and 5 October 2018, the shares have been suspended again to allow the new board of directors time to clarify Finetex's financial position.

Chinese internet companies were impacted generally by concerns surrounding a slowdown in consumer spending and increased competition in e-commerce. Within the online gaming sector, a re-organisation at the media regulator has also created a log-jam in the approval process for new games, increasing uncertainty in the revenue outlook for gaming companies such as Tencent and NetEase, although the portfolio's underweight position in Tencent contributed positively. JD.com detracted on renewed concerns that its investment in logistics will remain a near-term drag on margin improvements, despite the likelihood that it should help accelerate growth in the medium to long-term.

Elsewhere in China, Shenzhen Kstar was amongst the biggest detractors, with the manufacturer of uninterruptable power supplies (UPS) reporting weaker-than–expected earnings, in part due to the government's decision to remove solar farm subsidies. In Taiwan, concerns over weakening demand for smartphones in China impacted MediaTek, although 2Q earnings were largely in line with expectations, with the outlook for 2019 remaining positive thanks to its diversifying product mix and growth potential in areas such as smart devices.

Outlook

Recent volatility in Asian equity markets has been largely attributable to uncertainty surrounding trade tensions, the path of US interest rates, dollar strength and geopolitical tensions. This has led to a marked increase in the risk premium for emerging markets and greater concerns about the outlook for China, where growth has already been slowing due to the government's deleveraging campaign. US monetary policy tightening has also led to a deteriorating US dollar liquidity environment with negative implications for emerging market equities and currencies.

Trade negotiations between the US and China have not yet yielded any results, with President Trump happy to ratchet up the pressure by announcing further rounds of potential tariffs. The outcome is unpredictable and there is a danger that concerns escalate further. However, as the negative implications of tariff increases for the US economy become clearer, there is a possibility that striking a deal becomes expedient. In the near term there will not only be a direct impact on trade activity but also on corporate and consumer behaviour, with implications for investment and consumption. This will impact companies in different ways and we are seeing more opportunities for investment where the market's reaction has been indiscriminate.

Corporate earnings have so far been fairly resilient. However, leading economic indicators of global growth have declined suggesting export growth is likely to slow from current double-digit levels. This is a key driver of earnings growth in emerging markets. Secondly, China's economy has been slowing as a result of tighter policy settings. Initiatives to tackle excessive credit growth, reduce financial risk and improve environmental protection are all long-term positives in our view, as they address some of our biggest concerns, but in the near-term we would expect a further weakening of economic growth in China. Given the backdrop of slower global growth, it is likely that consensus earnings forecasts for 2019 are still too optimistic. So far earnings have been revised down 5% from the peak and we would expect further downward revisions to the current 10% earnings growth expectations for 2019.

China is in a balancing act between reforming its economy and maintaining a reasonable level of growth. The authorities are likely to be more tolerant of slower growth than they have been in the past, but they are keen to protect the downside risk to the economy. As expected, we have started to see some moderate easing measures, with speculation that these will be followed by a modest stimulus package. The authorities will not want to see another significant leveraging up of the economy given recent efforts to control debt, but the balance between avoiding a sharp slowdown in growth and avoiding excessive stimulus is becoming more delicate.

Elsewhere in the region, economies do not look particularly vulnerable. Current accounts are generally healthy and credit cycles are not extended. Where current account deficits do exist – Indonesia, Philippines and India – they are manageable and growth forecasts have already been lowered. Those economies more sensitive to global demand, such as South Korea and Taiwan, are likely to be impacted by ongoing trade and Chinese growth concerns, but their innovative companies have strong competitive advantages that should sustain them better than many fear.

In conclusion, some of the biggest issues facing markets in 2018 now appear to be near a turning point. In China, where the slowdown in the economy has been partly managed by tighter policy settings, the authorities now appear to be ready to ease policy in support of growth. In the US, growth is widely expected to slow, reducing the need for faster policy normalisation. The issue of trade remains though, with the recent truce between the US and China only extending uncertainty in the outlook. However, valuations appear to be pricing in a fair amount of risk and are at the lower end of their historical range. Asia remains the biggest driver of global growth, with solid economic and corporate fundamentals. In particular, we believe there is an impressive trend of greater capital discipline being displayed by companies across the region, with strong balance sheets and improving free cash flow generation.

Portfolio Strategy

The Company seeks to invest in undervalued companies from across the region. The portfolio continues to have a significant exposure to dominant, highly cash generative Korean and Taiwanese technology companies. Over the period, we have introduced a holding in Delta Electronics, which had fallen from favour due to some weaker-than-expected results and near-term concerns over pricing and costs pressures, which had dampened the outlook for its operating margin. However, Delta's components business has a number of long-term growth drivers, with products aimed at electric vehicles, industrial automation and cloud computing, which we believe will support attractive top line revenue expansion and margin improvement. In turn, we reduced exposure to Hon Hai Precision Industry and Chroma ATE.

Towards the end of last year, we reduced the portfolio's exposure to Chinese internet companies, taking profits from very strong outperformers. Since then, we have seen valuations come back to more attractive levels, better reflecting concerns over a slowdown in consumer spending, increased competition in e-commerce and regulatory tightening. This has given us the opportunity to slightly reposition the portfolio in this area, because in some cases we believe that the market is too sceptical on the sustainability of strong earnings growth. As such, we sold game developer Nexon, and added to holdings in Tencent and Bitauto. We also shifted our positioning in e-commerce companies, reducing exposure to JD.com and introducing Alibaba, which we believe is well positioned to extract increasing value from its core, maturing e-commerce platform. Alibaba's recent investment in new retail initiatives has seen margins come under some pressure, but we expect these to significantly expand its addressable market in the long-term.

Given recent oil price strength, we have taken some profits from holdings in the energy sector, where we no longer have an overweight position. While we sold Woodside Petroleum entirely, we have retained exposure to CNOOC and Inpex, reflecting our conviction in the operational strength of both these businesses.

We have continued to add to financials, particularly banks where we believe fundamentals have been improving. For example, we added to Bangkok Bank, which was trading at an undemanding valuation and is well positioned to benefit from an improving Thai economy and Bank Negara Indonesia, where we took advantage of excessive share price weakness as the rupiah weakened relative to the US dollar and Indonesian bond yields moved higher.

Although the portfolio remains underweight Hong Kong and China, relative to the benchmark index, this area remains a valuable source of opportunities. We have taken some profits from recent outperformers such as China Communications Services and China BlueChemical, and reduced exposure to auto-parts manufacturer Minth, where we have had to revise down our earnings expectations. In turn, we added to Shenzhen Kstar and CK Hutchison.

In terms of country exposure, the portfolio's overweight position in India reflects our belief that it has the best reform momentum in the region and is at the trough of its credit cycle, which suggests there are fewer constraints to structural growth as compared to other economies. We added to existing holdings where we feel there is greater scope for an improvement in earnings such as ICICI, Aurobindo Pharma and UPL, the agrochemical manufacturer.

Finally, given the headwinds facing selected domestic-demand driven holdings in South Korea, we trimmed exposure to Hyundai Home Shopping Network and Korean Reinsurance. However, the portfolio continues to have an overweight position in South Korea, where we believe the market is discounting for more than the cyclical nature of its economy and what is generally perceived to be poor corporate governance. We view this as a source of opportunity to own operationally solid companies, with good balance sheets, as well as an ability and desire to improve shareholder returns over time.

Ian Hargreaves

Portfolio Manager 14 December 2018

RELATED PARTY TRANSACTIONS

Under United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), the Company has identified the Directors as related parties. No other related parties have been identified. No transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board carries out a regular review of the risk environment in which the Company operates. The principal risk factors relating to the Company can be summarised as follows:

Strategic Risk

Market Risk

A significant fall and/or a prolonged period of decline in the markets in which this Company invests could negatively affect the performance of the portfolio, as could other macro events including Brexit.

Investment Objectives

The Company's investment objectives and structure may no longer meet investors' demands.

Wide Discount

Lack of liquidity and lack of marketability of the Company's shares may lead to a stagnant share price and wide discount, with a persistently high discount leading to continual buy backs of the Company's shares and shrinkage of Company.

Investment Management Risk

Performance

The risk that as a result of the portfolio manager's decisions, the Company could consistently underperform the benchmark and/or peer group over 3-5 years.

Key Person Dependency

The risk that the portfolio manager (Ian Hargreaves) ceased to be portfolio manager or is incapacitated or otherwise unavailable.

Currency Fluctuation Risk

The movement of exchange rates may have an unfavourable impact on returns as nearly all of the Company's assets are non-sterling denominated.

Third Party Service Providers Risk

Unsatisfactory Performance of Third Party Service Providers

Failure by any service provider to carry out its obligations to the Company could have a materially detrimental impact on operations; could affect the ability of the Company to successfully pursue its investment policy; and expose the Company to reputational risk.

Information Technology Resilience and Security

The Company's operational structure means that all cyber risk (information and physical security) emanates from its third party service providers (TPPs). This cyber risk could include fraud, sabotage or crime perpetrated against the Company or any of its TPPs.

Regulation and Corporate Governance Risk

Failure to Comply With Relevant Law and Regulations

The failure to ensure regulatory compliance, or adverse regulatory or fiscal changes, could damage the Company and its ability to continue in business.

A detailed explanation of these principal risks and uncertainties can be found on pages 10 and 11 of the 2018 annual financial report, which is available on the Company's section of the Manager's website at www.invesco.co.uk/invescoasia. In the view of the Board, these principal risks and uncertainties are as much applicable to the remaining six months of the financial year as they were to the six months under review.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Directors consider this is the appropriate basis as they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months after the approval of this half-yearly financial report. 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.

The Company is required by its Articles to have a vote on its future every three years, the next vote being in 2019. The Directors have no reason to believe that shareholders will not vote to release the Directors from their obligation to propose a wind up resolution at that time.

DIRECTORS' RESPONSIBILITY STATEMENT

in respect of the preparation of the half-yearly financial report

The Directors are responsible for preparing the half-yearly financial report using accounting policies consistent with applicable law and UK Accounting Standards.

The Directors confirm that to the best of their knowledge:

– the condensed set of financial statements contained within the half-yearly financial report have been prepared in accordance with the FRC's FRS 104 *Interim Financial Reporting*;

– the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules; and

– the interim management report includes a fair review of the information required on related party transactions.

The half-yearly financial report has not been audited or reviewed by the Company's auditor.

Signed on behalf of the Board of Directors.

Neil Rogan

Chairman 14 December 2018

TWENTY-FIVE LARGEST HOLDINGS AT 31 OCTOBER 2018

Ordinary shares unless otherwise stated

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

COMPANY	INDUSTRY GROUP	COUNTRY	MARKET VALUE £'000	% OF PORTFOLIO
Samsung Electronics – *ordinary shares*	Technology Hardware & Equipment	South Korea	7,183	6.0
– *preference shares*			4,886	
AIA	Insurance	Hong Kong	8,398	4.2
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	8,205	4.1
HDFC Bank	Banks	India	7,395	3.7
Tencent	Software & Services	Hong Kong	6,902	3.4
Industrial & Commercial Bank Of China[H]	Banks	China	6,667	3.3
Baidu – *ADR*	Software & Services	China	6,495	3.2
CNOOC[R]	Energy	China	5,714	2.8
Aurobindo Pharma	Pharmaceuticals, Biotechnology & Life Sciences	India	5,605	2.8
ICICI	Banks	India	5,551	2.8
MediaTek	Semiconductors & Semiconductor Equipment	Taiwan	5,543	2.8
China Mobile[R]	Telecommunication Services	China	5,475	2.7
CK Hutchison	Capital Goods	Hong Kong	5,271	2.6
Bangkok Bank	Banks	Thailand	5,196	2.6
JD.com – *ADR*	Retailing	China	5,082	2.5
Hyundai Motor – *preference shares*	Automobiles & Components	South Korea	4,914	2.5
United Overseas Bank	Banks	Singapore	4,712	2.4
UPL	Materials	India	4,332	2.2
HSBC	Banks	Hong Kong	4,030	2.0
Infosys – *ADR*	Software & Services	India	4,009	2.0
Inpex	Energy	Japan	4,000	2.0
China BlueChemical[H]	Materials	China	3,965	2.0
QBE Insurance	Insurance	Australia	3,944	2.0
Qingdao Port International[H]	Transportation	China	3,810	1.9
NetEase – *ADR*	Software & Services	China	3,674	1.8
			140,958	70.3
Other investments			59,652	29.7
Total investments			200,610	100.0

ADR: American Depositary Receipts – 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.

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 31 OCTOBER 2018 REVENUE RETURN £'000	CAPITAL RETURN £'000	TOTAL RETURN £'000	SIX MONTHS TO 31 OCTOBER 2017 REVENUE RETURN £'000	CAPITAL RETURN £'000	TOTAL RETURN £'000
(Losses)/gains on investments at fair value	—	(27,177)	(27,177)	—	31,477	31,477
Gains/(losses) on foreign currency revaluation	—	388	388	—	(256)	(256)
Income – note 2	4,046	—	4,046	4,505	—	4,505
Gross return	4,046	(26,789)	(22,743)	4,505	31,221	35,726
Investment management fee – note 3	(203)	(610)	(813)	(236)	(709)	(945)
Other expenses	(271)	—	(271)	(286)	(4)	(290)
Net return before finance costs and taxation	3,572	(27,399)	(23,827)	3,983	30,508	34,491
Finance costs – note 3	(5)	(15)	(20)	(5)	(15)	(20)
Return on ordinary activities before taxation	3,567	(27,414)	(23,847)	3,978	30,493	34,471
Tax on ordinary activities – note 4	(344)	—	(344)	(359)	—	(359)
Return on ordinary activities after taxation for the financial period	3,223	(27,414)	(24,191)	3,619	30,493	34,112
Return per ordinary share						
Basic	4.54p	(38.65)p	(34.11)p	4.65p	39.17p	43.82p
Weighted average number of ordinary shares in issue			70,914,475			77,851,717

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 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 period.

CONDENSED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL £'000	CAPITAL REDEMPTION RESERVE £'000	SPECIAL RESERVE £'000	CAPITAL RESERVE £'000	REVENUE RESERVE £'000	TOTAL £'000
For the six months ended 31 October 2018						
At 30 April 2018	7,500	5,624	46,203	166,502	7,423	233,252
Final dividend for 2018 – note 7	—	—	—	—	(3,900)	(3,900)
Return of unclaimed dividends from previous years	—	—	—	—	9	9
Net return on ordinary activities	—	—	—	(27,414)	3,223	(24,191)
At 31 October 2018	7,500	5,624	46,203	139,088	6,755	205,170
For the six months ended 31 October 2017						
At 30 April 2017	8,751	4,373	85,722	137,616	6,563	243,025
Final dividend for 2017	—	—	—	—	(3,587)	(3,587)
Net return on ordinary activities	—	—	—	30,493	3,619	34,112
Tendered shares bought back and cancelled	(1,251)	1,251	(39,520)	—	—	(39,520)
At 31 October 2017	7,500	5,624	46,202	168,109	6,595	234,030

CONDENSED BALANCE SHEET

Registered Number 03011768

	AT 31 OCTOBER 2018 £'000	AT 30 APRIL 2018 £'000
Fixed assets		
Investments held at fair value through profit or loss – note 5	200,610	226,623
Current assets		
Amounts due from brokers	—	6,410
Tax recoverable	232	135
VAT recoverable	15	9
Prepayments and accrued income	227	330
Cash and cash equivalents	4,676	3,733
	5,150	10,617
Creditors: amounts falling due within one year		
Amounts due to brokers	—	(3,382)
Accruals	(590)	(606)
	(590)	(3,988)
Net current assets	4,560	6,629
Net assets	205,170	233,252
Capital and reserves		
Share capital	7,500	7,500
Capital redemption reserve	5,624	5,624
Special reserve	46,203	46,203
Capital reserve	139,088	166,502
Revenue reserve	6,755	7,423
	205,170	233,252
Net asset value per share – basic	289.3p	328.9p
Number of 10p ordinary shares in issue at the period end – note 6	70,914,475	70,914,475

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Accounting Policies

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland,* FRS 104 *Interim Financial Reporting* and the Statement of Recommended Practice *Financial Statements of Investment Trust Companies and Venture Capital Trusts*, issued by the Association of Investment Companies in November 2014, as updated in February 2018. The financial statements are issued on a going concern basis.

The accounting policies applied to these condensed financial statements are consistent with those applied in the financial statements for the year ended 30 April 2018.

2. Income

	SIX MONTHS TO 31 OCTOBER 2018 £'000	SIX MONTHS TO 31 OCTOBER 2017 £'000
Income from investments		
Overseas dividends	3,603	3,857
Special dividends – overseas	219	384
Scrip dividends	69	107
UK dividends	145	152
Deposit interest	10	5
Total income	4,046	4,505

No special dividends have been recognised in capital (31 October 2017: £nil).

3. Management Fee and Finance Costs

Investment management fees and finance costs on any borrowings are charged 75% to capital and 25% to revenue. 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.

4. Investment Trust Status and Tax

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust company. As such, no tax liability arises on capital gains. The tax charge represents withholding tax suffered on overseas income.

5. Fair Value Hierarchy Disclosures

The fair value hierarchy analysis for investments at fair value at the period end is as follows:

	AT 31 OCTOBER 2018 £'000	AT 30 APRIL 2018 £'000
Level 1 – The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.	200,565	225,262
Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	—	—
Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.	45	1,361
Total investments	200,610	226,623

The level 3 investment consists of one holding in Finetex EnE (30 April 2018: Finetex EnE).

6. Share Capital movements

(a) Ordinary Shares of 10p each

	SIX MONTHS TO 31 OCTOBER 2018	YEAR TO 30 APRIL 2018
Number of ordinary shares:		
Brought forward	70,914,475	83,428,716
Tendered shares bought back and cancelled	—	(12,514,241)
Carried forward	70,914,475	70,914,475

(b) Treasury Shares

	SIX MONTHS TO 31 OCTOBER 2018	YEAR TO 30 APRIL 2018
Number of treasury shares:		
Brought forward	4,085,406	4,085,406
Carried forward	4,085,406	4,085,406
Ordinary shares in issue (including treasury)	74,999,881	74,999,881

7. Dividend per Ordinary Share

The Company paid a final dividend of 5.5p per ordinary share for the year ended 30 April 2018 on 13 August 2018 to shareholders on the register on 13 July 2018.

As noted in the Chairman's Statement, an interim dividend of 2.8p per share will be paid on 25 January 2019 to Shareholders on the register on 28 December 2018. Shares will be ex-dividend on 27 December 2018.

8. Status of Half-Yearly Financial Report

The financial information contained in this half-yearly report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the half years ended 31 October 2018 and 31 October 2017 has not been audited. The figures and financial information for the year ended 30 April 2018 are extracted and abridged from the latest audited accounts and do not constitute the statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the Report of the Independent Auditor, which was unqualified and did not include a statement under section 498 of the Companies Act 2006.

By order of the Board
Invesco Asset Management Limited
Company Secretary

14 December 2018

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

Directors

Neil Rogan (Chairman of the Board and Nomination Committees)*
Owen Jonathan (Senior Independent Director)*†
Tom Maier*†
Fleur Meijs (Chairman of the Audit, Management Engagement and Remuneration Committees)*†

** Member of the Management Engagement, Remuneration and Nomination Committees*
† Member of the Audit Committee

Registered Office and Company Number

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

Registered in England and Wales: No. 03011768

Alternative Investment Fund Manager (Manager)

Invesco Fund Managers Limited.

Company Secretary

Invesco Asset Management Limited
Company Secretarial contact: Kelly Nice

Correspondence Address

43-45 Portman Square, London W1H 6LY

☎ 020 3753 1000
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Depositary, Custodian & Banker

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

Investec work closely with Invesco on the Company's engagement with institutional and private wealth manager investors and have an active role as market maker for the Company's shares. Average daily trading volume for our shares in the six months to 31 October 2018 was 57,000 shares. Investec's share of this averaged approximately 32.5% (source: Markit).

General Data Protection Regulation

The Company's privacy notice can be found at www.invesco.co.uk/invescoasia

Registrar

Link Asset Services Limited,
The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU

If you hold shares direct and have queries relating to your shareholding, you should contact the registrars on ☎ 0871 664 0300. Calls cost 12p per minute plus your phone company's access charges.

From outside the UK: +44 (0)371 664 0300. Calls from outside the UK will be charged at the applicable international rate. Lines are open from 9am to 5.30pm, Monday to Friday (excluding Bank Holidays).

Shareholders can also access their holding details via Link's website www.signalshares.com

Link Asset Services provides 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 or ☎ 0371 664 0445. Calls cost 12p per minute plus your phone company's access charge. From outside UK: +44 371 664 0445; Calls from outside the UK will be charged at the applicable international rate. Lines are open 8am to 4.30pm Monday to Friday (excluding Bank Holidays).

Link Asset Services is the business name of Link Market Services Limited.

Invesco Client Services

Invesco has a Client Services Team, available to assist you from 8.30am to 6pm Monday to Friday (excluding UK Bank Holidays). Please note no investment advice can be given. ☎ 0800 085 8677.

www.invesco.co.uk/investmenttrusts

Website

Information relating to the Company can be found on the Company's section of the Manager's website at 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 document.

The Company's ordinary shares qualify to be considered as a mainstream investment product suitable for promotion to retail investors.

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