Invesco Asia Trust plc

Half-Yearly Financial Report
For the Six Months to 31 October 2019

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 stockmarkets 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 14 of the 2019 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 2019		
Total Return Statistics:(1) **(dividends reinvested)**			
– Net asset value (NAV)(2)	–3.7%		
– Share price	–6.7%		
– Benchmark index(2)	–1.7%		
Capital Statistics	AT 31 OCT 2019	AT 30 APR 2019	% CHANGE
NAV per ordinary share(2)	308.0p	322.7p	–4.6
Share price(1)	268.0p	294.0p	–8.8
Benchmark index(1)(2)	933.36	969.82	–3.8
Discount(2) per ordinary share:			
– cum income(3)	(12.0)%	(8.9)%	
Average discount over six months/year(1)	(11.1)%	(11.6)%	
Gearing(2):			
– Gross gearing – excluding effect of cash	3.4%	nil	
– Net gearing – including effect of cash	3.4%	nil	
– Net cash	nil	(1.1)%	

(1) Source: Refinitiv.

(2) Alternative Performance Measure (APM), see page 5 for the explanation and reconciliations of APMs. Further details are provided in the Glossary of Terms and Alternative Performance Measures in the 2019 annual financial report.

(3) The discount to NAV as at 31 October 2019 above has been calculated based on the NAV per share after deducting the proposed first interim dividend of 3.4p and not the NAV per share as disclosed on the Company's balance sheet. This is due to accounting standards requiring that dividends be reflected in the accounts only when they become a legally binding liability, which in practice translates into being the date dividends are paid to shareholders. Accordingly, as the first interim dividend for 2019 was marked ex dividend ('ex div') on 24 October 2019 and is reflected in the Company's share price at 31 October 2019, any share rating based on this ex div price also needs to be calculated using a 304.6p ex div NAV.

CHAIRMAN'S STATEMENT

Two steps forward and two steps back would be a fair summary of the six months to 31 October 2019. The measures we announced in our "Corporate Proposition" published in the half-yearly report to 31 October 2018 and the subsequent move to a tougher cum-dividend rather than ex-dividend discount target seemed to help the discount (cum-dividend) narrow from 8.9% at end-April to 7.8% by late May. However an unusual flurry of political news (Hong Kong protests, US-Sino trade wars, South Korea-Japan dispute and the Indian election), combined with lacklustre current performance, pushed the discount out to 12.0% at the end of the period.

Net asset value performance was –3.7% over the six months which was behind our benchmark MSCI AC Asia ex Japan Index of –1.7% (both expressed on a total return basis). The main contributors to underperformance were stock specific: Ian Hargreaves discusses performance in more detail in his Portfolio Manager's Report. This short-term performance has impacted the three year numbers which are now behind the benchmark but our five and ten year numbers remain well ahead.

TOTAL RETURN (DIVIDENDS REINVESTED) TO 31 OCTOBER 2019(1)	ONE YEAR	THREE YEARS	FIVE YEARS	TEN YEARS
Net asset value (NAV)	8.5%	17.3%	59.1%	171.4%
Share price	10.9%	16.5%	58.9%	167.3%
Benchmark index(2)	12.1%	21.4%	53.0%	128.0%

(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 All Companies Asia Pacific ex Japan Index (both indices total return, sterling terms).

We are pleased to welcome Vanessa Donegan to the Board. Vanessa was appointed from a strong shortlist compiled by Sapphire Partners, an external search company. She recently retired as a fund manager and Head of Asia Pacific Equities at Colombia Threadneedle and brings 37 years' experience of managing Asian portfolios. Vanessa is the replacement for Tom Maier who will retire this year after eleven years on the Board.

Every three years shareholders are given the opportunity to vote on the future of the Company. I am pleased to report that at the 2019 AGM, the majority of shareholders voted in favour of the special resolution to release the Directors from the obligation to wind-up the Company. The same resolution will next be put to shareholders at the 2022 AGM.

In the period the Board announced its 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 Company increased the interim dividend by 21% from 2.8p to 3.4p. The scale of the increase might be surprising to some but in fact it all derives from earned revenue. Dividend growth from the portfolio companies in the period has been strong*.

Other developments include a new supporting role for Fiona Yang. Fiona joined Invesco's Asian & Emerging Markets Equities team in 2017 from Goldman Sachs. She will provide strong support to Ian in both the portfolio management and marketing of Invesco Asia Trust plc. Our new website is nearly ready to launch and we have started planning, writing and recording new content.

Outlook

The outlook for Asian markets is still mixed: politics remains to the fore in Hong Kong and India, while progress in the resolution of the disputes between the US and China, and also South Korea and Japan, has been slow. However, the liquidity backdrop to stock markets is favourable as central banks continue to support economic growth through monetary easing. Asian growth rates are higher than those in the developed world and corporate profits there are rising.

Ian Hargreaves' investment process is to invest in companies that are worth more than the market believes. He uses rigorous fundamental analysis combined with a focus on valuation and has a long-term investment horizon. We remain confident that the investment philosophy and process behind Ian, Fiona and their team will deliver good performance.

From its week of company visits in the region in early December, the Board is 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.

Update

From 31 October 2019 to 9 January 2020, the Company has outperformed its benchmark index with net asset value up by 10.1% and the MSCI AC Asia ex Japan Index up by 8.0%, both on a total return basis. The political clouds have started to lift with the US and China agreeing a "phase one trade deal". Asian stockmarkets seem to be starting to climb the wall of worry. Weak market sentiment has thrown up opportunities for Ian to buy some new attractive stocks cheaply, taking advantage of our borrowing facility. Net gearing for the Company has risen from 3.4% at 31 October to 6.8% at the time of writing.

The Company bought back 970,688 shares in the six months to 31 October 2019. At the time of writing we had bought back a further 2,645,500 shares since 31 October 2019. In total this represents 5.1% of total shares in issue since 30 April 2019. The discount has narrowed to 10.2% on a cum-income basis, still higher than our target.

Neil Rogan

Chairman 10 January 2020

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

PORTFOLIO MANAGER'S REPORT

Market Review

Asian equity markets have fallen back slightly over the past six months, twice recovering from sell-offs triggered by the see-saw nature of US-China trade negotiations which have rumbled on in the background. Civil unrest in Hong Kong and trade tensions between South Korea and Japan have added to geopolitical uncertainty in the region. Recent news flow has turned more positive, with a 'phase 1' US-China trade deal appearing within reach.

Meanwhile, the US Federal Reserve System (the Fed) has twice cut interest rates, assuming a more dovish policy stance given the lack of inflationary pressure and a weakening outlook for global growth. Asian central banks have also been cutting interest rates, which combined with policy stimulus measures such as India's corporate tax rate cut, should support growth. China's economy appears relatively robust, but has continued to slow, in part a result of the authorities' reluctance to resort to significant stimulus measures that might jeopardise progress made in deleveraging and reducing financial risk in the economy.

Portfolio Review

Over the six months to 31 October 2019, the Company's net asset value fell by 3.7% (total return, in sterling terms). This performance was below that of the reference index which fell by 1.7% (total return, in sterling terms).

Whilst the Company's two largest areas of exposure – technology and financials – added value over the period, this was more than offset by the performance of a small number of holdings that disappointed. Geographically, stock selection in Taiwan and an underweight position in Hong Kong relative to the benchmark index added the most relative value, although this was offset by weakness in specific Indian and Malaysian holdings.

While US-China trade tensions have been a source of uncertainty for Asian manufacturers, Taiwanese technology companies were amongst the best performing stocks in Asia over the period, buoyed by an improvement in the growth outlook for electronic components. Our holding in chip-design company MediaTek was the biggest single contributor to relative performance, benefiting from Chinese telecom equipment makers swift momentum in shifting development of their telecommunications infrastructure towards 5G. Expected adoption of 5G by mid to low-end smartphones has also lifted earnings growth expectations, with MediaTek already having chips in its pipeline specifically designed for this market with competitive pricing. Taiwan Semiconductor Manufacturing (TSMC) has also benefited from the shift to 5G and a recovery in data centre-related demand. Samsung Electronics in Korea outperformed given signs of restocking as we appear 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.

The challenging global macroeconomic backdrop and the Fed's decision to shift back to a more accommodative monetary policy allowed Asian central banks to cut interest rates without compromising their currencies. Concerns over the banking sector's net interest margins negatively impacted our holdings in Thailand's Kasikornbank and PT Bank Negara Indonesia Persero, although this was more than offset by the positive impact of Indian private banks ICICI and HDFC Bank. State-owned banks in India continue to be constrained by asset quality problems and weak balance sheets, while the expansion of non-banking financial companies has been hampered by higher wholesale funding costs due to funding pressures. This has allowed ICICI Bank and HDFC Bank to continue taking market share profitably, which the market has rewarded. ICICI is also close to completing the process of provisioning for the bulk of its previous asset quality issues, which is gradually leading to an improvement in its core profitability.

The portfolio continues to have exposure to a consumer-related theme, which includes highly cash generative Chinese internet companies. Overall stock selection in this area was positive, with online game developer NetEase and e-commerce player JD.com adding value. Both reported better than expected earnings results and have been demonstrating their ability to grow profitably and not overspend on new initiatives. However, the positive impact of these holdings was partly offset by weakness from Baidu, which has seen a weakening revenue growth outlook for its core search business given its sensitivity to advertising spend in China. Profit margins are also lower due to spending on growth initiatives such as online video, voice search and autonomous driving, none of which have yet to turn a profit, with Baidu's share price implying that they never will. Our analysis suggests that even accounting for this, the market is significantly undervaluing its core search business given stakes in iQiyi and Ctrip (both separately listed) and a strong balance sheet with around 25% of its market capitalisation in cash.

Other significant detractors to performance included British American Tobacco (BAT) Malaysia and Aurobindo Pharma. Aurobindo is a generic drug manufacturer that fell in response to a US Food and Drug Administration (FDA) report tied to an inspection at one of its seventeen plants. This pointed out several deficiencies in quality control procedures, with it being clear that the FDA has further raised the standards that it expects from Indian manufacturers given their importance to US drug supply. It is possible that Aurobindo will not receive approval for new drugs from this plant until it meets the FDA's requirements, but in our view the market has overreacted to this situation, either implying large near-term earnings risk or a lack of medium-term growth potential. Neither seem likely to us.

Finally, BAT Malaysia has had to contend with competition from illicit cigarettes and the growth of vaping in Malaysia. Government initiatives to tackle illegal cigarettes have not yet yielded results leading to earnings downgrades. However, the government has started to order new scanners for the country's ports which may help clamp down on illegal cigarettes. The stock's investment case is supported by strong dividends given the cash generative nature of the business, with the potential for market share gains over time.

Outlook & Strategy

Global growth has decelerated over the past eighteen months, with particular weakness in the manufacturing sector. It is now undershooting relatively solid final demand growth in the developed world. There are several reasons for this: the lagged effect of China's earlier policy tightening; a weak auto cycle in many countries; and an inventory correction associated with the trade war. Companies are not willing to hold high inventory when there is so much uncertainty about tariffs, and at the same time, they remain cautious about making investment decisions in their businesses.

The geopolitical outlook remains clouded, but with the potential for some improvement in trade and many parts of the world now pursuing more supportive policy measures, we would expect to see economic fundamentals start to bottom out and the divergence between manufacturing output and final demand begin to reverse. This is important for Asia as earnings revisions tend to be correlated to the global manufacturing cycle. As the outlook for earnings improves, this should support Asian equity returns and the value/cyclical elements of the market where we have exposure.

Some stocks have been excessively penalised for the weaker growth environment, and we have been adding to those where there is scope for earnings to improve, medium-term growth potential, and a significant discount to our estimate of fair value. This has encouraged us to introduce a higher level gearing into the Company, using the borrowing facility, to take advantage of these opportunities.

In China we sold Qingling Motors preferring to add to Dongfeng Motor, which has seen its stock de-rate alongside the weak auto cycle in China. However, the shares trade at a price to earnings ratio (P/E) of just 4x 2019 expected earnings, or a price to book ratio (P/B) of 0.4x with a double-digit return on equity and a dividend yield of around 5%. Another way of looking at it is that the sum value of Dongfeng's stake in PSA Peugeot Citroen and the cash it holds on the balance sheet and at joint-venture (JV) level, is worth in excess of its current market capitalisation – implying that the market is attributing a negative value for the profitable JVs it has with Japanese partners. We also increased our position in Pacific Basin Shipping and introduced Korean conglomerate LG Corp which trades at a 50% discount to its sum of parts, has no net debt, and has room to raise dividends substantially. Elsewhere, any improvement in growth momentum would help the valuations of banks where concerns about asset quality has led to a de-rating, particularly in countries such as Korea, Thailand and Indonesia.

Although a recovery is likely, it may be more gradual than in previous cycles as China is not easing as aggressively as it has done during past slowdowns. The authorities have shown more discipline in attempting to strike a balance between maintaining an acceptable level of economic growth whilst managing financial risk. As such, we believe it is important to retain a well-balanced portfolio by having exposure to companies that are less sensitive to the global manufacturing cycle.

Fortunately, opportunities have emerged in India due to the current economic slowdown. India offers one of the best structural growth stories in Asia supported by a government that is bringing about tangible structural change. Historically, it has been a challenge to find undervalued investment opportunities in high quality well-run businesses. However, recent market weakness in the mid-cap space has led to several new opportunities.

Shriram Transport Finance is the largest second-hand commercial vehicle financing company in India. It's a company we have known for several years but generally too highly valued for consideration. However, the noticeable share price decline caused by stress within India's wholesale financing sector triggered our interest. We believe the company to be well-managed while the long-term outlook for commercial vehicle growth in India is positive. We also introduced Mahindra & Mahindra, an Indian conglomerate with an auto business, which has seen its valuation fall due to a downturn in the tractor cycle. We believe the concerns are overdone as the cycle should reverse and we take comfort in the company's significant cost restructuring, the diversified nature of its business model and its healthy balance sheet.

Companies that have a competitive edge in what we would consider the next technological wave after smartphones, including 5G, Artificial Intelligence, and the Internet of Things, are an important theme in the portfolio. Asia is home to companies that can benefit from semiconductor proliferation as the trend is towards more processing and storage of data from an increasing number of connected smart devices with 5G at its core. Recent outperformers MediaTek and TSMC have benefited from trends related to this theme and we have taken profits here, but maintain significant positions given their undemanding valuations and strong competitive positions in these growth industries. Meanwhile, Samsung Electronics still only trades slightly above its book value despite its being a global leader in memory semiconductors.

Chinese internet companies have generally been very good long-term investments. However, in the past few years management have shown a propensity for 'land grabbing', spending on new initiatives to improve their footprint in non-core areas including ecommerce, social media, gaming and other online services. This has had the effect of diluting their overall profitability. There are signs that this is improving, and we favour companies that are showing more discipline than the market is giving them credit for. For example, in addition to its successful gaming business, NetEase is realising value by selling its ecommerce business to Alibaba and listing its music business. JD.com is opting to kerb spending in its loss-making logistics business to demonstrate its ability to convert sales growth into profits.

Finally, 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, which we seek to capitalise on. This is an important feature of the portfolio, maintaining high exposure to heavily cash-backed businesses with strong free cashflow generation and offering the potential for dividend growth. This is prevalent within the technology sector in Taiwan and Korea as well as the consumer sector in China. Selected financials across Asia are very well capitalised which should leave them relatively protected in a period of softer global interest rates.

Ian Hargreaves

Portfolio Manager 10 January 2020

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 18 and 19 of the 2019 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.

TWENTY-FIVE LARGEST HOLDINGS AT 31 OCTOBER 2019

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	9,499	6.9
– *preference shares*			5,885	
Taiwan Semiconductor Manufacturing	Semiconductors & Semiconductor Equipment	Taiwan	11,668	5.3
Tencent[R]	Media & Entertainment	China	10,335	4.7
Alibaba – *ADS*	Retailing	China	9,060	4.1
ICICI – *ADR*	Banks	India	8,588	3.9
MediaTek	Semiconductors & Semiconductor Equipment	Taiwan	8,241	3.7
AIA	Insurance	Hong Kong	7,932	3.6
United Overseas Bank	Banks	Singapore	7,321	3.3
Industrial & Commercial Bank Of China[H]	Banks	China	7,195	3.2
NetEase – *ADR*	Media & Entertainment	China	7,183	3.2
HDFC Bank	Banks	India	6,414	2.9
Hyundai Motor – *preference shares*	Automobiles & Components	South Korea	5,468	2.5
CNOOC[R]	Energy	China	5,116	2.3
China Pacific Insurance[H]	Insurance	China	5,092	2.3
CK Hutchison	Capital Goods	Hong Kong	4,849	2.2
UPL	Materials	India	4,198	1.9
Bangkok Bank	Banks	Thailand	4,124	1.9
QBE Insurance	Insurance	Australia	4,062	1.8
JD.com – *ADR*	Retailing	China	4,055	1.8
Dongfeng Motor[H]	Automobiles & Components	China	3,887	1.8
KB Financial	Banks	South Korea	3,780	1.7
Aurobindo Pharma	Pharmaceuticals, Biotechnology & Life Sciences	India	3,730	1.7
China Mobile[R]	Telecommunication Services	China	3,694	1.7
China Life Insurance *(Taiwan)*	Insurance	Taiwan	3,470	1.6
China BlueChemical[H]	Materials	China	3,160	1.4
			158,006	71.4
Other Investments (30)			63,436	28.6
Total Holdings (55)			221,442	100.0

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.

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 2019						
At 30 April 2019	7,500	5,624	45,015	163,763	5,473	227,375
Return on ordinary activities	—	—	—	(12,633)	4,081	(8,552)
Dividends paid – note 5	—	—	—	—	(2,028)	(2,028)
Shares bought back and held in treasury	—	—	(2,752)	—	—	(2,752)
At 31 October 2019	7,500	5,624	42,263	151,130	7,526	214,043
For the six months ended 31 October 2018						
At 30 April 2018	7,500	5,624	46,203	166,502	7,423	233,252
Return on ordinary activities	—	—	—	(27,414)	3,223	(24,191)
Dividends paid – note 5	—	—	—	—	(3,900)	(3,900)
Return of unclaimed dividends from previous years	—	—	—	—	9	9
At 31 October 2018	7,500	5,624	46,203	139,088	6,755	205,170

CONDENSED INCOME STATEMENT

	SIX MONTHS TO 31 OCTOBER 2019 REVENUE £'000	SIX MONTHS TO 31 OCTOBER 2019 CAPITAL £'000	SIX MONTHS TO 31 OCTOBER 2019 TOTAL £'000	SIX MONTHS TO 31 OCTOBER 2018 REVENUE £'000	SIX MONTHS TO 31 OCTOBER 2018 CAPITAL £'000	SIX MONTHS TO 31 OCTOBER 2018 TOTAL £'000
Losses on investments held at fair value	—	(12,353)	(12,353)	—	(27,177)	(27,177)
Gains on foreign exchange	—	373	373	—	388	388
Income – note 2	5,045	—	5,045	4,046	—	4,046
Gross return	5,045	(11,980)	(6,935)	4,046	(26,789)	(22,743)
Investment management fee – note 3	(208)	(624)	(832)	(203)	(610)	(813)
Other expenses	(305)	(1)	(306)	(271)	—	(271)
Net return before finance costs and taxation	4,532	(12,605)	(8,073)	3,572	(27,399)	(23,827)
Finance costs – note 3	(9)	(28)	(37)	(5)	(15)	(20)
Return on ordinary activities before taxation	4,523	(12,633)	(8,110)	3,567	(27,414)	(23,847)
Tax on ordinary activities – note 4	(442)	—	(442)	(344)	—	(344)
Return on ordinary activities after taxation for the financial period	4,081	(12,633)	(8,552)	3,223	(27,414)	(24,191)
Return per ordinary share						
Basic	5.83p	(18.05)p	(12.22)p	4.54p	(38.65)p	(34.11)p
Weighted average number of ordinary shares in issue during the period			69,980,943			70,914,475

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 period.

CONDENSED BALANCE SHEET

Registered Number 3011768

	AT 31 OCTOBER 2019 £'000	AT 30 APRIL 2019 £'000
Fixed assets		
Investments held at fair value through profit or loss – note 7	221,442	224,934
Current assets		
Tax recoverable	192	91
VAT recoverable	26	21
Prepayments and accrued income	223	365
Cash and cash equivalents	—	2,582
	441	3,059
Creditors: amounts falling due within one year		
Bank facility	(6,218)	—
Bank overdraft	(990)	—
Accruals	(632)	(618)
	(7,840)	(618)
Net current (liabilities)/assets	(7,399)	2,441
Net assets	214,043	227,375
Capital and reserves		
Share capital	7,500	7,500
Capital redemption reserve	5,624	5,624
Special reserve	42,263	45,015
Capital reserve	151,130	163,763
Revenue reserve	7,526	5,473
Total shareholders' funds	214,043	227,375
Net asset value per ordinary share		
Basic	308.0p	322.7p
Number of 10p ordinary shares in issue at the period end – note 6	69,498,787	70,469,475

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 October 2019. 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 2019.

2. Income

	SIX MONTHS TO 31 OCTOBER 2019 £'000	SIX MONTHS TO 31 OCTOBER 2018 £'000
Income from investments		
UK dividends	—	145
Overseas dividends – ordinary	4,931	3,603
– special	107	219
Scrip dividends	—	69
Deposit interest	7	10
Total income	5,045	4,046

No special dividends have been recognised in capital (31 October 2018: £nil).

3. Investment Management Fee and Finance costs

Investment management fee 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 and 0.65% per annum for any net assets over £250 million.

4. Taxation and Investment Trust Status

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. Dividends paid on Ordinary Shares

The Company paid a final dividend of 2.9p per ordinary share for the year ended 30 April 2019 on 9 September 2019 to shareholders on the register on 9 August 2019.

As noted in the Chairman's Statement, an interim dividend of 3.4p per share was paid on 26 November 2019 to shareholders on the register on 25 October 2019. Shares were marked ex-dividend on 24 October 2019.

In accordance with accounting standards, dividends payable after the period end have not been recognised as a liability.

6. Share Capital, including Movements

(a) Ordinary Shares of 10p each

	SIX MONTHS TO 31 OCTOBER 2019	YEAR TO 30 APRIL 2019
Number of ordinary shares:		
Brought forward	70,469,475	70,914,475
Shares bought back into treasury	(970,688)	(445,000)
Carried forward	69,498,787	70,469,475

(b) Treasury Shares

	SIX MONTHS TO 31 OCTOBER 2019	YEAR TO 30 APRIL 2019
Number of treasury shares:		
Brought forward	4,530,406	4,085,406
Shares bought back into treasury	970,688	445,000
Carried forward	5,501,094	4,530,406
Ordinary shares in issue (including treasury)	74,999,881	74,999,881

Subsequent to the period end 2,645,500 ordinary shares were bought back at an average price of 279.17p.

7. Classification Under Fair Value Hierarchy

FRS 102 sets out three fair value levels. These are:

Level 1 – The unadjusted quoted price in an active market for identical assets that the entity can access at the measurement date.

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.

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

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	AT 31 OCTOBER 2019 £'000	AT 30 APRIL 2019 £'000
Level 1	221,317	224,812
Level 3	125	122
Total for financial assets	221,442	224,934

The Level 3 investment consists of one holding in Finetex EnE (30 April 2019: Finetex EnE).

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 2019 and 31 October 2018 has not been audited. The figures and financial information for the year ended 30 April 2019 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
10 January 2020

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 net current liabilities as at 31 October 2019 can be covered from the sale of securities.

The Company is required by its Articles to have a vote on its future every three years, the next vote being in 2022. 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
10 January 2020

ALTERNATIVE PERFORMANCE MEASURES (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. APMs used by the Company are fully disclosed in the annual financial report, and those that are used in this half year financial report are shown below.

Discount or 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 of that share. Conversely, 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 half year 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		AT 31 OCTOBER 2019	AT 30 APRIL 2019
Share price	1	a	268.0p	294.0p
Net asset value per share – cum income	4	b	304.6p*	322.7p
Discount – cum income		c = (a–b)/b	(12.0)%	(8.9)%

* See note (3) under Performance Statistics – the NAV per ordinary share of 308.0p, per the Company's balance sheet, has been adjusted for the first interim dividend of 3.4p to reflect an ex-dividend NAV as the Company's share price of 268.0p is also ex-dividend.

Gearing (APM)

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 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.

Gross Gearing

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.

	PAGE		AT 31 OCTOBER 2019 £'000	AT 30 APRIL 2019 £'000
Borrowings	4	a	7,208	–
Net assets	4	b	214,043	227,375
Gross gearing %		c = a/b	3.4%	nil

Net Gearing or Net Cash

Net gearing reflects the amount of net borrowings invested, i.e. borrowings less cash and cash equivalents (incl. 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 and cash equivalents, as a percentage of net assets, after any offset against total borrowings.

	PAGE		AT 31 OCTOBER 2019 £'000	AT 30 APRIL 2019 £'000
Borrowings	4		7,208	–
Less: cash and cash equivalents	4		–	(2,582)
Borrowings / (net cash)		a	7,208	(2,582)
Net assets	4	b	214,043	227,375
Net gearing / (net cash) %		c = a/b	3.4%	(1.1)%

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

Net Asset Value Total Return (APM)

Total return on net asset value per share, 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 re-invested, without transaction costs, into the shares of the Company at the time the shares were quoted ex-dividend.

SIX MONTHS TO 31 OCTOBER 2019	PAGE		NET ASSET VALUE	SHARE PRICE
As at 31 October 2019	1		308.0p	268.0p
As at 30 April 2019	1		322.7p	294.0p
Change in period		a	–4.6%	–8.8%
Impact of dividend reinvestments(1)		b	0.9%	2.1%
Total return for the period		c = a+b	–3.7%	–6.7%

(1) Total dividends paid during the period of 2.9p 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 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.

DIRECTORS, INVESTMENT MANAGER AND ADMINISTRATION

Directors

Neil Rogan (Chairman of the Board, Management Engagement and Nomination Committees)*
Owen Jonathan (Senior Independent Director)*†
Tom Maier*†
Fleur Meijs (Chairman of the Audit and Remuneration Committees)*†
Vanessa Donegan (appointed 17 October 2019)*†

** 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. 3011768

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: investmenttrusts@invesco.com

Depositary 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

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 2019 was 107,317 shares. Investec's share of this averaged approximately 26.6% (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 directly and have queries relating to your shareholding, you should contact the registrars on ☎ 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider.

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 UK 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 are charged at the standard geographic rate and will vary by provider. From outside UK: +44 371 664 0445; 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 UK 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

Investor Warning

The Company, Invesco and the Registrar would never contact members of the public to offer services or require any type of upfront payment. If you suspect you have been approached by fraudsters, please contact the FCA consumer helpline on 0800 111 6768 and Action Fraud on 0300 123 2040. Further details for reporting frauds, or attempted frauds, can be found on page 70 of the 2019 Annual Financial Report.

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: enquiries@theaic.co.uk
Website: www.theaic.co.uk

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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