

# Invesco Asia Consumer Demand Fund

Look beyond China recovery - Tap the opportunities from pent-up consumer demands following the reopening of Asian economies

## Important Information

- The Fund invests in equity securities of Asian companies whose business is likely to benefit from, or is related to growth in domestic consumption in Asian economies, excluding Japan.
- Investors should note the emerging markets risk, liquidity risk, concentration risk of investing in Asian companies whose business is likely to benefit from, or is related to growth in domestic consumption in Asian economies, excluding Japan, risk of investing in REITs, currency exchange risk, equities risk, volatility risk, and general investment risk.
- Financial derivative instruments (FDI) may be used for efficient portfolio management purposes or to hedge or reduce the overall risk of investments.
- Risks associated with FDI include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by the Fund. Exposure to FDI may lead to a high risk of significant loss by the Fund.
- The value of the Fund can be volatile and could go down substantially.
- Investors should not base their investment decision on this material alone.



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- China's reopening provides a strong boost to Asia's growth in 2023.
- Asia is trading at attractive valuation. Additional catalyst could be potential earnings upgrade in 2023.
- Thematic Fund capturing opportunities from 5 mega consumer trends: reopening, premiumization, re-imagined technology, urbanization & wellness.

## Why Asia now?

1

Asia ex-Japan GDP growth is expected to reach 5.3% in 2023 vs global GDP growth is only at -2.9%<sup>1</sup>.

2

Inflation is milder in Asia compared to other Developed Markets.

3

China's reopening provides a strong boost to Asia's growth in 2023.

4

Asia is trading at attractive valuation (MSCI Asia ex Japan is trading 25% cheaper than MSCI US)\*. Additional catalyst could be potential earnings upgrade in 2023.

5

Bottom-up opportunities are abundant in Asia, including consumption and technology.

\*Source: Factset, Invesco, December 2022

## First 3 days of Chinese New Year Holiday Record



Movie Box office revenue:  
**RMB 6.7 Bn**  
(2<sup>nd</sup> highest record)



Hotel booking:  
**+56% YoY**



International flight bookings:  
**+218% YoY**



Tourist attractions bookings:  
**+79% YoY**

Source: China Travel Agency Tong Cheng, January 2023

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## Why Invesco Asia Consumer Demand Fund ?



The Fund captures growth opportunities from 5 key themes: reopening, premiumisation, re-imagined technology, urbanization & wellness.



Expect strong pent-up demand for consumption with reopening, supported by accumulated savings.



Positioned to benefit from domestic demand, overweight in sectors such as Consumer Discretionary and Communication Services which should see a rebound.



The Fund has exposure in consumer discretionary (reopening beneficiary sectors, including sportswear), auto, consumer staples and convenience food sectors.



Long track record of over 15 years, with local team and on the ground presence.



### Drivers for Asia consumption

- The reopening of Asian economies has led to a strong rebound in domestic spending and tourism industry.
- These developments, coupled with the young population and large middle-class, are driving the consumption story back on track in the region, e.g. ASEAN countries and India.
- Another key driver for consumption is the high saving rate as a result of the pandemic.

### Sectors that the Fund is currently overweight



**Consumer Discretionary**



**Consumer Staples**



**Communication Services**



**Financials**



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## Key themes in the portfolio

### China lifestyle – a long term growth story

- The theme covers consumer sectors such as sportswear, home furniture, footwear and knitwear.
- For example, large scale world-class sport events will take place in China this year which could bring sportswear to the focus of Chinese citizens.

### India - Auto sector benefitting from booming demand

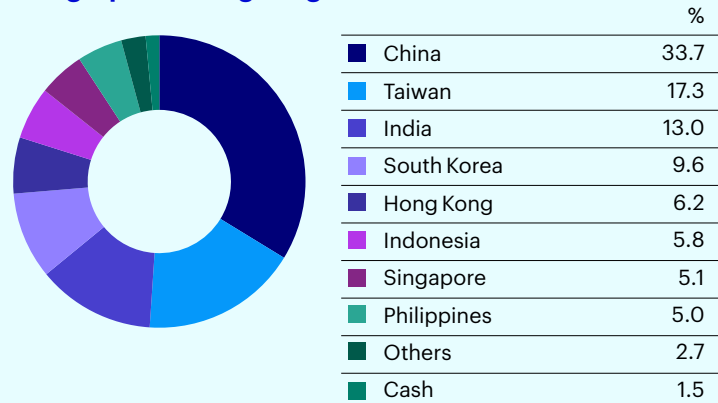
- Nearly half of India's population is aged below 25. The share of middle-income class in India is expected to grow to 63% in 2047.<sup>2</sup>
- The Indian passenger car market is expected to grow from US\$32.7 billion in 2021 to US\$54.8 billion by 2027.<sup>3</sup>

### ASEAN - household spending becoming a driver for GDP growth

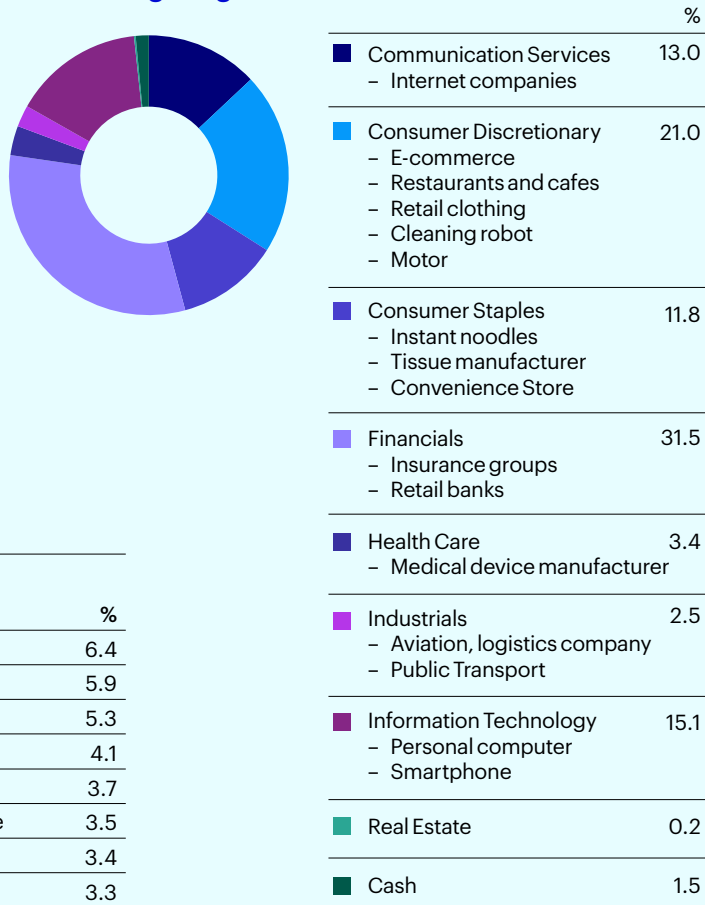
- In ASEAN, overall consumer expenditure may grow by around 5% in 2023.<sup>4</sup>
- We anticipate higher demand in consumer staples and convenience food product, such as instant noodles.

## Geographical and Sector allocations

### Geographical weightings



### Sector weightings



### Top 10 holdings

Holding	Sector	Market	%
Tencent	Communication Services	China	6.4
Taiwan Semiconductor	Information Technology	Taiwan	5.9
Alibaba	Consumer Discretionary	China	5.3
ICICI Bank	Financials	India	4.1
Invesco US Dollar Liquidity	-	-	3.7
DBS	Financials	Singapore	3.5
Meituan 'B'	Consumer Discretionary	China	3.4
Gourmet Master	Consumer Discretionary	Taiwan	3.3
AIA	Financials	Hong Kong	3.1
China Merchants Bank 'H'	Financials	China	2.9
<b>Total holdings:</b>			<b>63</b>

Source: Invesco, as of February 28, 2023. For illustrative purposes only. Portfolio weightings are subject to change without notice.

#### Reference:

1. Source: IMF, as of Jan 2023
2. Source: Times of India, 2 November 2022
3. Source: IBEF, November 2022
4. Source: McKinsey, December 2022

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