

**Fund Manager**



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Associate Director, Asian investment team

**Fund ratings**



**STANDARD & POOR'S** †

**S&P FUND RATING**



**Performance analysis (periods to 31 December 2011)**

**Net performance**

Periods	Fund %
1 month	0.71
3 months	-4.17
6 months	-19.79
1 year	-19.52
2 years p.a.	-8.89
3 years p.a.	-3.31
5 years p.a.	-8.92
10 years p.a.	-1.55
Calendar year to date	-19.52
Financial year to date	-19.79
Since inception p.a. (May 1994)	0.28

*The Fund returns are shown after ongoing fees and assumes reinvestment of income. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences.*

**Asian Consumer Demand strategy (periods to 31 December 2011)**

The table below shows the illustrative performance of the Invesco Asian Consumer Demand strategy. Performance from 1 October 2011 is the performance of the Invesco Wholesale Asian Consumer Demand Fund. Performance from March 2008 to September 2011 is the gross composite returns of the underlying Asian Consumer Demand strategy, adjusted for fees and currency differences.

Periods	Fund %
1 month	0.71
3 months	-4.17
6 months	-16.07
1 year	-18.90
2 years p.a.	-6.82
3 years p.a.	5.49
Calendar year to date	-18.90
Financial year to date	-16.07
Since Inception (March 2008)	0.28

*The Fund returns are shown after ongoing fees and assumes reinvestment of income. Past returns are not a reliable indicator of future returns. Future returns may be affected by a range of factors including economic and market influences.*

## Fund analysis (as at 31 December 2011)

### Fund facts at a glance

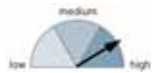
**Asset class** Asia ex Japan equities

**Management style** Active, incorporating (GARP) and value plus catalyst.

**Objective** To provide long term capital growth and some distributions by investing predominantly in listed securities of Asian (ex Japan) companies whose business is likely to benefit from or is related to growth in domestic consumption in Asian (ex Japan) economies.<sup>1</sup>

**Benchmark** From inception to 31/03/09 = MSCI All Countries Far East Free Index (net dividends reinvested) unhedged in A\$.  
From 1/04/09 = MSCI All Countries Far East Free ex Japan Index (net dividends reinvested) unhedged in A\$.  
From 1/10/11 = MSCI Asia ex Japan Index (net dividends reinvested) unhedged in A\$.

### Risk profile



**Time horizon** 7+ years

**Distribution frequency** Half-yearly

**Inception date<sup>2</sup>** 23/05/94

**Minimum investment** \$20,000

**MER/ICR** 1.23%

**APIR code** GTU0009AU

<sup>1</sup> Invesco does not guarantee that the Fund will achieve its objective.

<sup>2</sup> The Asian Consumer Demand strategy commenced 1 October 2011.

### Country allocation

Country	Fund %
China	31.92
Hong Kong	7.48
India	8.40
Indonesia	8.24
Korea	15.34
Malaysia	4.31
Philippines	2.05
Singapore	6.87
Taiwan	11.05
Thailand	2.75
Total	100.00
[Cash]	1.59

### Sector allocation

Sector	Fund %
Consumer Discretionary	34.26
Consumer Staples	22.95
Energy	0.00
Financials	19.11
Future	0.00
Health Care	5.89
Industrials	1.89
Information Technology	11.69
Materials	0.00
Telecommunication Services	1.12
Utilities	0.00
Other	1.49
[Cash]	1.59

#### Five largest overweight positions

Security	Fund %
ITC Ltd.	3.20
Hyundai Mobis Co. Ltd.	3.28
President Chain Store Corp.	2.41
Hengan International Group Co. Ltd.	2.46
Hyundai Motor Co. Ltd.	3.33

#### Five largest underweight positions

Security	Fund %
Taiwan Semiconductor Manufacturing Co. Ltd.	0.00
China Mobile Ltd.	0.00
China Construction Bank Corp.	0.00
CNOOC Ltd.	0.00
AIA Group Ltd.	0.00

#### 10 largest holdings

Security	Fund %
Samsung Electronics Co. Ltd.	4.67
Hyundai Motor Co. Ltd.	3.33
Hyundai Mobis Co. Ltd.	3.28
ITC Ltd.	3.20
Hengan International Group Co. Ltd.	2.46
Astra International	2.46
President Chain Store Corp.	2.41
Tencent Holdings Ltd.	2.27
Dr. Reddy's Laboratories Ltd. ADS	2.01
Uni-President China Holdings Ltd.	1.93

*Note: Security selection will change. You should not rely on this statement in making an investment decision about any security, but should make your own independent enquiries.*

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## Monthly commentary

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### Market review

Asia ex-Japan equity markets finished a challenging year in positive territory, with the reference MSCI All Countries Asia ex Japan index (unhedged in \$A) returning 0.79%.

2011 proved a difficult year for equity investors, with extreme volatility commencing in the second half, resulting in violent market swings and sharp sector rotation. Investors paid little attention to fundamentals during a period in which surrounding macro events were the common focus. Risky and cyclical asset classes were sold down sharply in anticipation of slower global growth and weaker commodity demand in 2012, while domestic and defensive sectors proved more resilient given the consensus view that these sectors would be less vulnerable to global downturn. Consumer Discretionary, Consumer Staples and Utilities ended the year with mild losses, while Telecommunication was the only sector to post a positive return. In an uncertain growth environment, investors proved willing to pay a premium in exchange for industries that offered earnings visibility.

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### Contributors to performance

In December the Fund returned 0.71% (after fees) while the reference index (MSCI AC Asia ex Japan ND) returned 0.79%.

Over the past month, stock selection in Consumer Staples and Information Technology supported performance. Our nil exposure in Energy, a sector not related to consumer demand, also helped. By contrast, our significant overweighting in Consumer Discretionary detracted value. Stock selection in Financials also hurt performance.

At the country level, stock selection in Korea and Taiwan contributed positively to performance, while stock selection in China, Hong Kong and Indonesia detracted value.

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### Market outlook and portfolio strategy

Looking ahead in 2012, we continue to remain positive on the consumer demand theme in Asia ex Japan, and the Fund is biased to the Consumer Discretionary sector. That said, affected by the global economic situation, while we will inevitably see relatively weaker retail sales trend in Asia ex Japan, the retail sales values continue to remain steadily and are holding up well.

With inflationary pressure confirmed to be on a decelerating trend, the potential relaxation/ easing in policy from various Asia ex Japan governments may spur domestic consumption. We will monitor closely on the subsidy programs and initiatives boosting domestic consumption, particularly in China, as this is regarded as the key to rebalancing China's economy. We can see the rebalancing is already taking place in China, heralding a wave of consumption upgrading over the coming decade.

In terms of portfolio strategy, we continue to favour consumer demand-related companies that are trading at compelling valuations. As such, with more attractive valuations, we will look into increasing our exposure in the Consumer Discretionary space over the longer term. On the other hand, we continue to remain positive in the Consumer Staples sector. We continue to be selective in our bottom-up stock selection process as we believe relatively higher valuations would imply less upside potential looking ahead.

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