

Invesco China A-Share Quant Equity Fund

A sub-fund of Invesco Funds (SICAV)

FOR THE ATTENTION OF HONG KONG INVESTORS

Issuer: Invesco Hong Kong Limited

7 October 2022

This statement provides you with key information about this product.

This statement is a part of the Hong Kong Offering Document.

You should not invest in this product based on this statement alone.

Quick Facts

Fund Manager/ Management Company:	Invesco Management S.A.	
Investment Manager(s):	Invesco Asset Management Deutschland GmbH, located in Germany. (Internal delegation)	
Investment Sub-Manager:	Invesco Hong Kong Limited, located in Hong Kong. (Internal delegation)	
Base Currency:	RMB	
Custodian (Depositary):	The Bank of New York Mellon SA/NV, Luxembourg Branch	
Dealing Frequency:	Daily	
Financial Year End:	The last day of February	
Ongoing charges over a year:	Class A (HKD hedged) accumulation - HKD	2.00%*
	Class A accumulation - RMB	2.00% ⁻
	Class A (USD hedged) accumulation - USD	2.00% ⁻
	Class C (USD hedged) accumulation - USD	1.40% ⁻

* The ongoing charges figure is estimated based on the expected annualized total of charges (excluding portfolio transaction costs) expressed as a percentage of the average net asset value over the same period taking into account any discretionary cap on ongoing charges or on operational expenses that has been imposed, the details of which are set out in the Supplement – Additional Information for Hong Kong Investors. The Management Company may from time to time apply a discretionary cap on ongoing charges or on operational expenses. Such discretionary cap may be applied or removed at the absolute discretion of the Management Company in the best interest of investors, with a view to keeping the ongoing charges competitive. The cap may vary from year to year and any actual fees incurred which are above the capped level will be borne by the Management Company. This figure may vary from year to year.

⁻ The ongoing charges figure is calculated based on annualised expenses for the period ending 31 August 2021 divided by the average net assets over the same period. This figure may vary from year to year. It excludes portfolio transaction costs.

Dividend Policy: Accumulation (Dividends, if any, will be re-invested into the Fund)

Minimum Investment/ Minimum Subscription Amount:

Share class	A	C
Initial (in any of the dealing currencies listed in the Application Form)	USD1,500	USD1,000,000
	EUR1,000	EUR800,000
	GBP1,000	GBP600,000
	HKD10,000	HKD8,000,000
	JPY120,000	JPY80,000,000
	AUD1,500	AUD1,000,000
	CAD1,500	CAD1,000,000
	NZD2,000	NZD1,200,000
	RMB10,000	RMB7,000,000
Additional	-	-

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What is this product?

Invesco China A-Share Quant Equity Fund (the “Fund”) is a fund constituted in the form of a mutual fund. It is domiciled in Luxembourg and its home regulator is the CSSF, Luxembourg supervisory authority.

Objectives and Investment Strategy

The Fund aims to achieve long term capital growth.

The Fund seeks to achieve its objective by investing primarily (at least 70% of the net asset value of the Fund) in A-shares of China companies listed on the Shanghai or Shenzhen Stock Exchanges (including companies listed on the ChiNext market or the Science and Technology Innovation (STAR) Board), via Stock Connect and QFI.

Up to 30% of the net asset value of the Fund may be exposed to China-A shares via QFI.

Quantitative equity or quantitative investing is a form of factor investing that invests in securities based on quantifiable characteristics (factors) that can explain differences in stock returns.

The Fund is managed using a quantitative investment process characterized by the following steps:

1. The investment universe is first screened according to basic criteria for market capitalisation, liquidity, industry concentration and environmental, social and governance (ESG) characteristics.
2. Expected return forecasts of these stocks are then computed by taking into account fundamental factors (e.g. price-to-book ratio, earnings growth rate), technical factors (e.g. stock price momentum), ESG factors (e.g. company pollutant emission, board independence) and other factors (e.g. macroeconomic indicators) that may have significant relationship with share price movement based on theoretical and empirical research.
3. The portfolio is constructed by a quantitative bottom-up approach that targets stock weights with an aim to maximize the portfolio's expected return relative to its risk and minimize the associated transaction costs. This is subject to sufficient industry and stock diversification, and other general portfolio or trading constraints.

The underlying data in the Fund's factor calculations is predominantly found in the public domain or is readily available to the public, such as company financial reports, regulatory filings, market data and information on stock exchanges. Data may be collected directly from the original sources or indirectly via third party data vendors.

Up to 30% of the net asset value of the Fund may be invested in money market instruments, equity and equity-related securities of companies or other entities not meeting the above requirements.

The Fund may enter into financial derivatives instruments for efficient portfolio management and hedging purposes only.

This Fund will engage in securities lending, however, the proportion lent out at any time will be dependent on dynamics including, but not limited to, ensuring a reasonable rate of return for the lending Fund and borrowing demand in the market. As a result of such requirements, it is possible that no securities are lent out at certain times. The expected proportion of the net asset value of the Fund subject to securities lending is 20%. Under normal circumstances, the maximum proportion of the net asset value of the Fund subject to securities lending is 50%.

Use of derivatives / investment in derivatives

The Fund's net derivative exposure¹ may be up to 50% of the Fund's net asset value.

¹ Please refer to the offering document for details regarding the calculation methodology of net derivative exposure.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risks factors.

- **General investment risk** - There can be no assurance that the Fund will achieve its investment objective. The instruments invested by the Fund may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal.
- **RMB currency and conversion risks**
 - RMB is currently not freely convertible and is subject to exchange controls and restrictions.
 - Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
 - The exchange rate used for both RMB denominated and non-RMB denominated share classes is offshore RMB (CNH). Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.
 - Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.
- **Currency exchange risk**
 - The Fund's assets may be invested in securities denominated in currencies other than the base currency of the Fund (i.e. RMB). Also, a class of shares may be designated in a currency other than the base currency of the Fund. The net asset value of the Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
 - For the hedged share class, there is no guarantee that the exposure of the currency in which the shares are denominated can be fully hedged at all times against the base currency of the Fund or the currency or currencies in which the assets of the Fund are denominated. Investors should also note that the successful implementation of the strategy may substantially reduce the benefit to shareholders in the relevant class of shares as a result of decreases in the value of the share class currency against the base currency of the Fund. In the event that investors request payment of redemption proceeds in a currency other than the currency in which the shares are denominated, the exposure of that currency to the currency in which the shares are denominated will not be hedged.
- **Volatility risk** - Investors should note that volatility in the Fund's investment portfolio may result in large fluctuations in the net asset value of the Fund which may adversely affect the net asset value per share of the Fund and investors may as a result suffer losses.
- **Equities risk** - The value of, and income derived from, equity securities held may fall as well as rise and the Fund may not recoup the original amount invested in such securities. The prices of and the income generated by equity securities may decline in response to certain events, including the activities and results of the issuer, general political, economic and market conditions, regional or global economic instability and currency and interest rate fluctuations. Thus, this may adversely impact the Fund and/or the interests of investors.
- **Concentration risk**
 - As the Fund will invest primarily in the Chinese market, such concentration may exhibit a higher than usual degree of risk and the Fund may be subject to above average volatility. The diversification benefits that would ordinarily accrue from investment in a fund having a more diverse portfolio of investments, may not apply to this Fund.
 - The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event and natural disaster affecting the Chinese market.
- **Emerging markets risk** - The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets such as, liquidity risk, currency risks/ control, political and economic uncertainties, policy, legal or regulatory

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event affecting the relevant markets and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

■ Risk associated with investment in China

- The Fund invests in securities or instruments which have exposure to the Chinese market. Investors should note the differences in accounting and disclosure practices in China.
- The value of the Fund's assets may be affected by uncertainties such as changes in government policies, taxation, currency repatriation restrictions, permitted foreign ownership levels, and other developments in the law or regulations of China.

■ **Stock Connect Risk** - The relevant rules and regulations on the Stock Connect are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China-A shares or access the Chinese market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

■ **Risk associated with the ChiNext market and/or the STAR Board** – The Fund may invest in the ChiNext market and/or the STAR Board. Such investment may result in significant losses for the Fund and its investors. The following additional risks apply:

- Higher fluctuation in stock prices and liquidity risk: Listed companies on the ChiNext market and/or STAR Board are usually of an emerging nature with smaller operating scale. In particular, listed companies on ChiNext market and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity. They also have higher risks and turnover ratios than companies listed on the main board.
- Over-valuation risk: Stocks listed on the ChiNext and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.
- Differences in regulations: The rules and regulations regarding companies listed on the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those on the main board.
- Delisting risk: Listed companies on the ChiNext market and/or STAR Board may be more susceptible to being delisted and such delisting may happen at a faster rate than companies listed on the main board. In particular, ChiNext market and STAR Board have stricter criteria for delisting compared to other boards. This may have an adverse impact on the Fund if the companies that it invests in are delisted.
- Concentration risk: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the fund to higher concentration risk.

■ **QFI risks**

- The current QFI laws, rules and regulations are subject to change, which may take retrospective effect. In addition, there can be no assurance that the QFI laws, rules and regulations will not be abolished. The Fund, which invests in the Mainland China markets through a QFI, may be adversely affected as a result of such changes. In extreme cases, the Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFI investment restrictions, illiquidity of the Mainland China securities market, and/or delay or disruption in execution of trades or in settlement of trades.
- Investors should note that QFI status could be suspended or revoked, which may have an adverse effect on the Fund's performance as the Fund may be required to dispose of its securities holdings. In addition, certain restrictions imposed by the Mainland China government on QFI may have an adverse effect on the Fund's liquidity and performance.
- Repatriations by QFI in respect of the Fund are currently not subject to repatriation restrictions or prior approval. There is no assurance, however, that Mainland China rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on

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repatriation of the invested capital and net profits may impact on the Fund's ability to meet redemption requests from the investors.

- The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers ("Mainland China Brokers") appointed by the QFI. There is a risk that the Fund may suffer losses from the default, bankruptcy or disqualification of the Mainland China Brokers. In such event, the Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

■ PRC tax risk

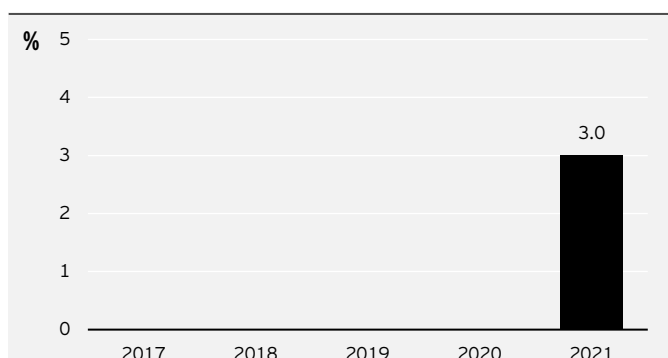
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Stock Connect or QFI status on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.
- Based on professional and independent tax advice, the Fund currently does not make tax provisions on capital gains on the Fund's investments via Stock Connect or QFI status.

- **Liquidity risk** - The Fund may be adversely affected by a decrease in market liquidity for the securities in which it invests where some of the Fund's securities may become illiquid and the Fund may experience difficulties in selling securities at a fair price within a timely manner. This could impact the Fund's ability to meet redemption requests on demand.

- **Risks relating to securities lending transactions** - Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

- **Risk of investing in financial derivative instruments ("FDI") for efficient portfolio management and hedging purposes** - Investments of the Fund may be composed of FDI used for efficient portfolio management or to attempt to hedge or reduce the overall risk of its 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.

How has the Fund performed?



- The Fund Manager views Class A accumulation - RMB (the "Share Class"), being the focus share class of the Fund available to the public of Hong Kong, as the most appropriate representative share class.
- Fund launch date: 18 February 2020.
- Share Class launch date: 18 February 2020.
- The base currency of the Fund is RMB.
- Past performance of the Share Class is calculated in RMB.
- Performance is calculated after deduction of ongoing charges and is inclusive of gross income reinvested. Any entry/exit charges shown are excluded from the calculation.
- Past performance is not a guide to future performance.
- Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the Share Class increased or decreased in value during the calendar year being shown.
- Where no past performance is shown, there was insufficient data available in that year to provide performance.

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Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Fund.

Fee	What you pay
Subscription fee/ Initial charge	Class A: Not exceeding 5.00% of the gross investment amount. Class C: Not exceeding 5.00% of the gross investment amount.
Switching fee	Up to 1.00% of the value of the shares being switched – only applicable for switching between share classes within the Fund. Switching into or from the Fund is not allowed.
Redemption fee	N/A

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the Fund's value)
Management fee*	Class A: 1.50% Class C: 1.00%
Custodian fee/ Depositary charge	Up to 0.0075%
Performance fee	N/A
Administration fee	N/A
Distribution fee	Class A: N/A Class C: N/A
Service agents fee	Class A: Up to 0.40% Class C: Up to 0.30%

* The fees can be increased subject to the prior approval of the Securities and Futures Commission ("SFC") and by giving not less than three months' prior notice to the investors.

Other fees

You may have to pay other fees when dealing in the shares of the Fund.

Additional Information

- You generally buy and redeem shares at the Fund's next-determined net asset value after the Hong Kong Sub-Distributor and Representative receives your request in good order on or before 5:00pm, Hong Kong time, being the Fund's dealing cut-off time. Before placing your subscription or redemption orders, please check with your distributor for the distributor's internal cut-off time (which may be earlier than the Fund's dealing cut-off time).
- The net asset value of the Fund is calculated each "Business Day" as defined in the Prospectus and the price of shares is published each Hong Kong business day (i.e. a day on which banks in Hong Kong are open for normal banking business) at www.invesco.com/hk. This website has not been reviewed by the SFC.

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- Investors may obtain the past performance information of other share classes offered to Hong Kong investors at www.invesco.com/hk. This website has not been reviewed by the SFC.
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Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.