



# Invesco Global Emerging Markets Fund - Fund Manager Review – February 2026

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This document provides a comprehensive review of the Invesco Global Emerging Markets Fund, drawing on fund factsheets, and due-diligence responses to assess the strategy, philosophy, performance and role within a diversified portfolio.

## Strategy and Objective

The Invesco Global Emerging Markets Fund (UK) was launched on 29 June 1987 and aims to deliver long-term capital growth (5 years plus) by investing primarily in equities across global emerging markets.

The fund invests at least 80% of assets in emerging market equities, with flexibility to access exposure indirectly where appropriate. It is actively managed, benchmark-aware but not benchmark-constrained, using the MSCI Emerging Markets Index as a comparator only.

This is clearly positioned as an accumulation strategy, not a decumulation vehicle. Income is reinvested, and the recommended holding period is at least five years.

## Investment Philosophy and Edge

The team's philosophy is grounded in a straightforward but demanding principle:  
*Buy companies for less than they are worth.*

The Asian & Emerging Market Equities team explicitly seeks to exploit mispricing driven by human behaviour greed and fear in emerging markets.

Key philosophical pillars:

- Contrarian, valuation-driven approach
- 3–5-year investment horizon
- Preference for strong balance sheets
- Focus on earnings recovery and re-rating potential
- Clear return framework: earnings growth + valuation change + dividends

The team seeks stocks capable of generating double-digit annualised total returns over three years, based on their internal fair value estimates.

Importantly, this is not a style-pure value strategy. While valuation discipline often leads to a slight value bias, the team remains flexible and will own growth companies where valuations are deemed reasonable.

## Investment Process

The process is structured, repeatable, and debate driven.

### 1. Idea Generation

The team screens for:

- Underperforming stocks
- Areas of the market that are out of favour
- Earnings trough situations
- Mispriced cyclicals

They operate from an investable universe of approximately 1,000 stocks, filtered by liquidity, size and ESG considerations.

## 2. Three-Stage Research Framework

Each idea progresses through:

- **Phase 1:** Initial valuation and quality assessment
- **Phase 2:** Deep fundamental modelling and management engagement
- **Phase 3:** Peer review and structured team debate

Only after this rigorous internal challenge does a stock move onto the proprietary Company Shortlist, which typically includes 100 names.

## 3. Portfolio Construction

The portfolio typically holds around 50 stocks.

Position sizing is driven by:

- Relative valuation attractiveness
- Margin of safety
- Conviction level
- Balance sheet strength

The maximum active stock weight is typically around 4%.

Sector and country exposures are allowed to deviate meaningfully but typically remain within 0.5x–1.5x of index weights for large benchmark exposures.

## Portfolio Characteristics (as at 31 December 2025)

- **Number of holdings:** 55
- **Total net assets:** £1.05bn
- **Weighted average market cap:** £163.9bn
- **Historic yield:** 2.09% (income reinvested in Acc share class)

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### Top issuers

(% of total market value)

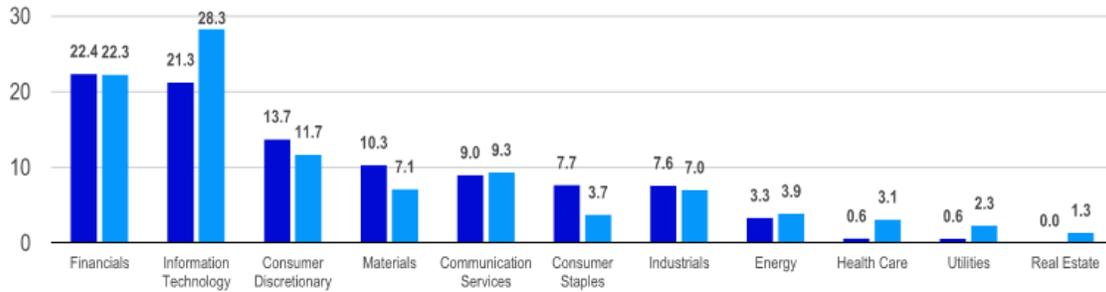
	Fund	Index
Taiwan Semiconductor Manufacturing Co Ltd	8.93	11.88
Samsung Electronics Co Ltd	7.88	4.35
Tencent Holdings Ltd	4.74	4.82
Kasikornbank PCL	4.29	0.04
HDFC Bank Ltd	3.82	1.23
AIA Group Ltd	2.68	0.00
Alibaba Group Holding Ltd	2.68	3.08
Vale SA	2.65	0.47
Astra International Tbk PT	2.35	0.08
Petroleo Brasileiro SA - Petrobras	2.32	0.47

### Sector Allocation

Largest exposures:

- Financials (22%)
- Information Technology (21%)
- Consumer Discretionary (13%)

## Sector breakdown (% of total market value)

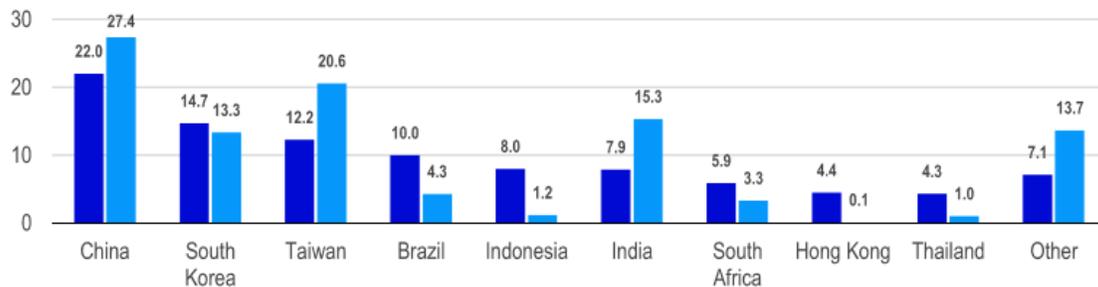


## Country Exposure

Largest exposures:

- China (22%)
- South Korea (15%)
- Taiwan (12%)
- Brazil (10%)

## Top countries (% of total market value)



The allocation of stock is based on Country of Risk

■ Fund ■ Index

The portfolio demonstrates a blend of:

- Structural compounders (e.g. Taiwan Semiconductor)
- Cyclical recovery names
- Balance sheet-led financials
- Select commodity and industrial exposure

## Performance Overview

The fund has delivered strong relative performance over recent years.

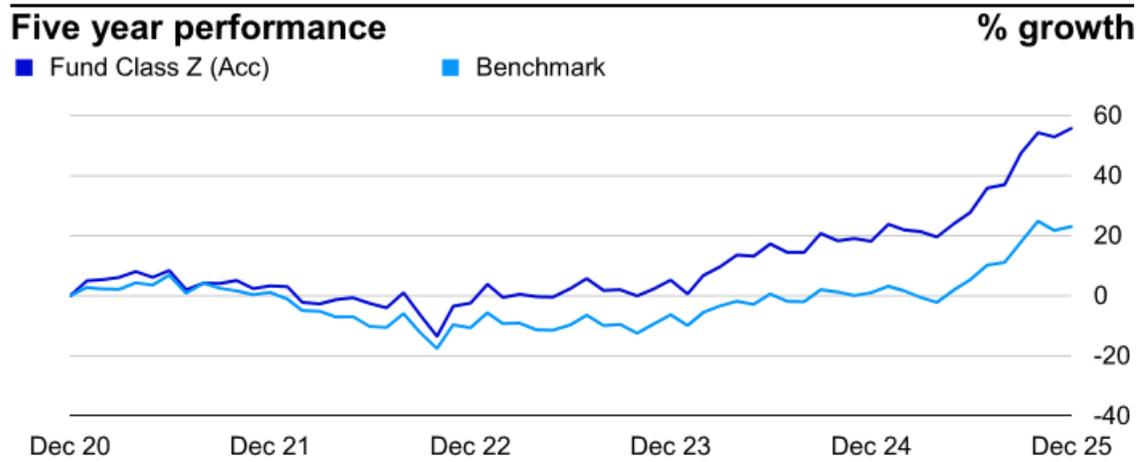
### Z Accumulation Share Class (GBP):

- 1 year: 31.82%
- 3 years: 59.78%
- 5 years: 55.82%
- 5-year annual compound return: 9.28%

Compared to benchmark:

- 5-year annual compound return: 4.25%

Standardised rolling 12-month returns show consistent outperformance in recent years, particularly through 2024–2025.



### Performance (%)

	1 year	3 years	5 years	5 years ACR*
Fund	31.82	59.78	55.82	9.28
Benchmark	21.91	37.75	23.12	4.25

\*ACR - Annual Compound Return

### Standardised rolling 12-month performance (%)

	31.12.2020	31.12.2021	31.12.2022	31.12.2023	31.12.2024
Fund	3.31	-5.60	8.00	12.23	31.82
Benchmark	1.20	-11.68	4.83	7.78	21.91

Past performance is not a guide to future returns

However, the fund experienced a maximum drawdown of -20.98% (July 2021–April 2024) during a challenging EM period driven by inflation, rising rates, geopolitical tensions and China’s property crisis.

This underscores the cyclical nature of emerging markets.

## Team and Governance

Lead decision maker:

- Charles Bond

Co-managers:

- William Lam (since 2018)
- Ian Hargreaves (since 2018)
- Matthew Pigott (since 2024)

Average team experience exceeds 15 years.

The Henley-based Asian & Emerging Market Equities team operates a collaborative structure with individual accountability. Succession planning is embedded through shared portfolio responsibility.

## Risk Management

Risk management operates at two levels:

### 1. Investment Team

- Fundamental risk analysis at stock level
- Portfolio-level diversification
- Continuous monitoring of expected total return potential

### 2. Independent Investment Risk Team

- Four-stage oversight framework
- VaR monitoring (99% confidence, 20-day holding period)
- Stress testing (historical and hypothetical scenarios)
- Factor exposure analysis

The fund is categorised as Risk Level 5 under KIID methodology.

Currency is not actively hedged but considered within stock-level analysis.

## Costs

For the Accumulation share class:

- Ongoing charge: 1.50%
- No performance fee

Z-class shares carry lower ongoing charges (0.75%).

## Strengths

- Long-established strategy (since 1987)
- Clear valuation-led, contrarian philosophy
- Structured and debate-driven process
- Strong recent relative performance
- Deep EM team resources and governance
- Disciplined risk oversight framework

## Key Risks and Considerations

- Emerging markets volatility and political risk
- Currency risk
- Liquidity and settlement risk in developing markets
- Potential underperformance in strong momentum-driven growth markets
- Drawdowns can be extended and uncomfortable

This is not suitable for short-term capital needs.

## Role in a Portfolio (Accumulation Context)

The Invesco Global Emerging Markets Fund is best suited as:

- A core emerging markets allocation
- A diversifier within a global equity portfolio
- A long-term growth component in accumulation-stage portfolios

It complements:

- Developed market equity exposure
- Quality-growth strategies
- Income-focused holdings

It should not be used as a defensive or income-generating solution.

## When This Fund Works — And When It Won't

Emerging markets investing is as much a behavioural challenge as it is a valuation exercise. Understanding when this fund is likely to perform, and when it may struggle, is crucial for setting realistic expectations.

### This Fund Tends to Work Best When:

- **Valuation matters again**  
When markets rotate away from momentum-driven growth into fundamentally priced businesses, this contrarian, valuation-led approach can outperform.
- **Earnings recover in cyclical areas**  
The team often invests in companies experiencing temporary headwinds. As earnings normalise, both profits and valuation multiples can re-rate.
- **Sentiment improves in unloved regions or sectors**  
The strategy explicitly looks for ideas in areas that are out of favour. When pessimism proves excessive, returns can be meaningful.
- **Risk appetite broadens beyond mega-cap dominance**  
In periods where capital flows are not concentrated in a handful of large technology stocks, stock selection opportunities increase.

### This Fund May Struggle When:

- **Momentum and expensive growth dominate markets**  
In environments where investors are willing to pay any price for growth, valuation discipline can lead to relative underperformance.
- **Macro shocks overwhelm fundamentals**  
Emerging markets are sensitive to currency swings, geopolitical tensions and global liquidity conditions. Even well-researched businesses can fall in these environments.
- **China or large EM regions face structural stress**  
Given benchmark weights and economic interconnectivity, significant stress in China or other major EM economies can weigh on performance.
- **Short-term horizons drive decision-making**  
This strategy requires patience. Periods of underperformance can last quarters — sometimes longer — before valuation gaps close.

## The Behavioural Reality

This fund is designed for investors who:

- Can tolerate volatility
- Understand that mispricing takes time to correct
- Are willing to look wrong before being proven right
- Commit to a minimum five-year horizon

It is unlikely to suit investors who monitor performance monthly or expect smooth returns.

In emerging markets, discomfort is often the entry price for long-term returns. This fund leans into that reality rather than trying to smooth it away.

## Money Wise UK – Summary View

This is a disciplined, valuation-driven emerging markets strategy with a long history and a repeatable process.

Its edge lies not in macro forecasting, but in:

- Identifying mispriced businesses,
- Applying structured peer review,
- And maintaining valuation discipline through market cycles.

For accumulation investors willing to tolerate emerging market volatility in pursuit of long-term growth, this fund represents a credible and robust option within the asset class.

## Disclaimer

Past performance is not a reliable guide to future results. The value of investments can fall as well as rise, and investors may not get back the amount originally invested.

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This review has been prepared for informational purposes only, based on publicly available fund documentation, performance materials, and meetings with the fund manager. Money Wise UK has not received any fee for preparing this review.

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Review Completed: February 2026