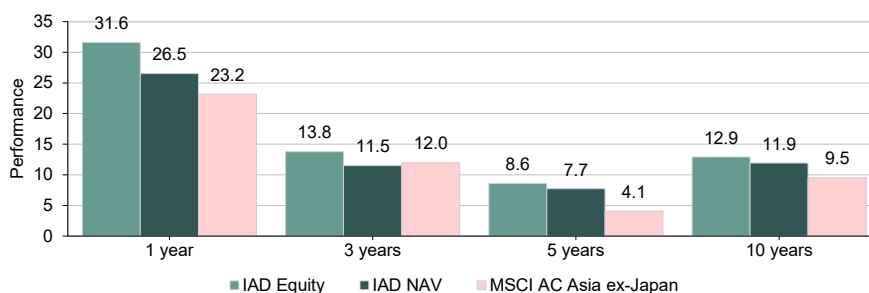


Invesco Asia Dragon Trust

A proven 'all-weather' trust with greater scale

Invesco Asia Dragon Trust (IAD) is approaching its first anniversary of the merger between Invesco Asia Trust and Asia Dragon Trust with a strong 12-month NAV total return (TR) of 26.5% to end-December 2025, aided by a robust Chinese equity market and the rally in Asian tech stocks, among others. A notable theme across IAD's portfolio recently has been attractive shareholder returns (dividends and buybacks) of companies in China, South Korea and ASEAN countries. In South Korea, shareholder returns were assisted by the government's Corporate Value-Up programme. IAD's managers highlight the combination of still-reasonable average valuations across the region (below the average valuations of US peers), a solid double-digit corporate earnings outlook for 2026, as well as the weaker US dollar, which historically has supported emerging market (EM) equities.

Exhibit 1: IAD's well-tested strategy has driven strong returns



Source: Company data, LSEG Data & Analytics, Edison Investment Research. Note: Performance to end-December 2025. Three-, five- and 10-year performance figures annualised.

IAD helps investors navigate Asian complexities

Asia remains a key driver of global economic growth, with an increasing share of foreign trade between Asian countries. Emerging equity markets (including Asia, which makes up c 80% of major EM indices) are less efficient than in developed countries, strengthening the case for gaining exposure via a proven active fund such as IAD rather than a passive ETF. There are multiple factors at play that may affect local economic prospects and in turn may lead to a disparity in equity valuations. These include the AI boom, corporate governance improvements, trade tensions with the US, as well as political complexities. Therefore, expertise in the Asia region and stock-picking ability may prove critical to generating attractive returns.

Greater size, same strategy

Following the merger, IAD continues to pursue Invesco's well-tested bottom-up valuation-aware strategy blending growth and income styles. The greater size of the trust has given it a higher market profile and allowed for a more attractive fee structure. Shareholders in IAD benefit from an enhanced dividend policy of paying out 4% of opening NAV in quarterly payments (the board targets a slightly higher yield of 4.4% for FY26 to facilitate a higher distribution than for FY25). Moreover, IAD offers potential NAV accretion and discount control from on-the-market share buybacks (the board believes that IAD's shares should trade at a discount to NAV below 10%) and a triennial unconditional tender offer for up to 100% of the capital.

Not intended for persons in the EEA.

Investment companies
Asia ex-Japan equities

3 February 2026

Price	438.00p
Market cap	£888m
Shares in issue	202.8m
Code/ISIN	IAD/GB0004535307
Primary exchange	LSE
AIC sector	Asia Pacific ex-Japan
Financial year end	30 April
52-week high/low	447.0p 278.6p

Fund objective

Invesco Asia Dragon Trust's objective is to provide long-term capital growth and income by investing in a diversified portfolio of Asian and Australasian companies. It aims to achieve an NAV total return in excess of the benchmark index, MSCI AC Asia ex-Japan. It follows a valuation-aware, bottom-up strategy.

Bull points

- IAD's valuation-aware approach may prove well-suited for exploiting the current valuation discrepancies across Asian markets.
- Strong track record of managers Ian Hargreaves and Fiona Yang, coupled with the expertise of Asia and emerging markets investment specialists.
- The combination with Asia Dragon Trust translates into economies of scale, an attractive fee and discount control mechanisms.

Bear points

- IAD's returns may be negatively affected if growth in China stalls amid continued weak consumer sentiment and property markets.
- IAD's contrarian approach at the point of purchase means that its stock picks may take time to prove either right or wrong.
- Emerging Asia's long-term growth may be dampened by weaker capital investments and exports.

Analyst

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[Edison profile page](#)

Invesco Asia Dragon Trust is a research client of Edison Investment Research Limited

A strong case for a ‘go-to’ Asian trust

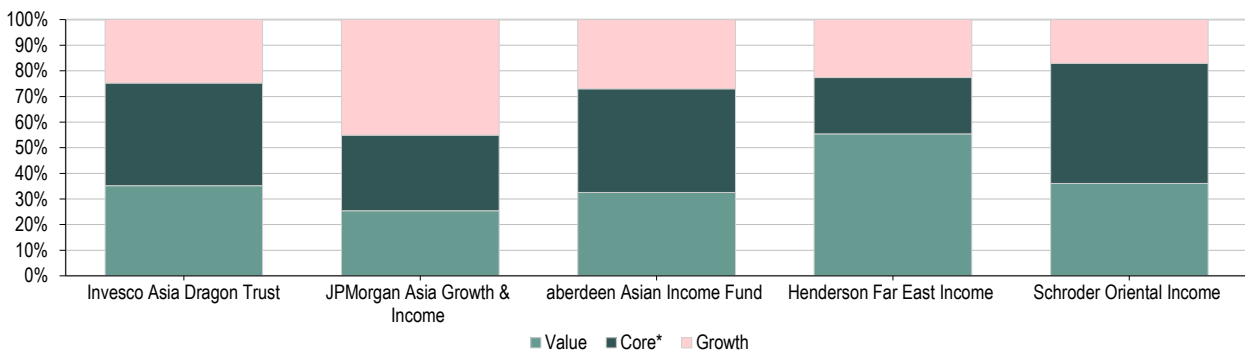
We reiterate our view that IAD is an attractive route to gain exposure to the emerging and developing Asian markets, with greater relevance following the merger of Invesco Asia Trust with Asia Dragon Trust (DGN) last year. The trust’s investment strategy has been well tested over many years since Invesco Asia Trust (IAT) was launched in 1995 to provide long-term capital growth through investing in a well-diversified portfolio of companies listed in Asia. Invesco has managed IAT since its first day of trading on 11 July 1995, as IAT became one of two successor companies to Drayton Far Eastern investment trust. IAD’s benchmark is the MSCI AC Asia ex-Japan Index (the MSCI Asia Pacific ex-Japan Index prior to 2015), reflecting the trust’s primary focus on Asia and persistently low exposure to Australasia (ie Australia, New Zealand and some neighbouring islands).

The successful completion of IAT’s merger with DGN on 14 February 2025 created the enlarged IAD, which represents a strategically compelling combination that addresses key structural challenges facing the investment trust sector. The enlarged trust now commands over £900m in total assets (versus IAT’s c £250m at end-October 2024), providing enhanced liquidity and operational leverage. Importantly, IAD’s replacement of DGN in the UK flagship 250 index from 18 February 2025 should broaden the investor base and provide structural support for discount management. We believe this is a clear advantage for the shareholders of both trusts, most notably investors in IAD, which was a well-performing, but somewhat subscale investment trust and therefore may have experienced less interest from some investor groups. The merger was paired with enhancements to the trust’s value proposition, including distributions, ongoing charges and tender offers (see below for further details).

A balanced approach to growth and income

IAD may be described as an ‘all-weather’ trust with a balanced approach to growth and income (as illustrated by Morningstar data, see Exhibit 2) pursuing an enhanced dividend policy (see details below). Since our [January 2025 note](#), IAD’s portfolio has tilted more to value stocks (36% vs 28% last year), with its growth versus value exposure now broadly in line with the five-year average (according to Morningstar data). Its growth exposure is still higher than that of Schroder Oriental Income (SOI), while now being slightly below that of aberdeen Asian Income Fund (AAIF) and visibly below JPMorgan Asia Growth & Income (JAGI), both of which provide a regular dividend to investors that can be paid partially out of capital. IAD’s ‘all-weather’ value proposition is well illustrated by the fact that it was able to outperform the benchmark in most years over the last decade irrespective of which style (growth or value) prevailed in the broader market.

Exhibit 2: IAD’s portfolio offers a blend of value and growth stocks



Source: Morningstar. Note: *Core represents companies with value and growth scores that are not substantially different; see Morningstar’s Style Box for details.

Unconstrained, high-conviction portfolio outperforming the broader market

IAD runs a concentrated, high-conviction strategy with around 60 investments (61 as at end-December 2025), selected from an investable universe of around 1,000 stocks with a market cap above \$3bn and daily liquidity of more than US \$10m. Its top 10 holdings make up around half of the portfolio value, see Exhibit 3. IAD looks for ‘unloved’ investments with strong fundamentals trading at undemanding valuations. Its managers are also open to exploring emerging trends and turnaround stories. As a result, the trust pursues an unconstrained, valuation-led, bottom-up approach to stock-picking, allowing it to potentially benefit from attractively priced equities across the region. We consider this an important

Distributed by London South East

advantage over a plain vanilla exchange-traded fund (ETF) with exposure to Asia ex-Japan.

Exhibit 3: IAD's top 10 holdings as at end-December 2025

Company	Share in portfolio (%)
Taiwan Semiconductor Manufacturing	12.0
Samsung Electronics	8.4
Tencent	7.3
HDFC Bank	4.5
AIA	3.5
Alibaba	3.3
Kasikornbank	3.1
NetEase	2.6
H World	2.5
Full Truck Alliance	2.4
Top10 holdings	49.6

Source: Company data

Invesco's Asian and EM Equities team is UK-based (headquartered in Henley), but it has contact with several hundred companies during each year, and its portfolio management team travels to the region three to four times a year. Moreover, Fiona Yang, IAD's lead portfolio manager, is temporarily based in Singapore. She took over the lead from industry veteran Ian Hargreaves, who will remain closely involved in co-managing IAD for years to come, according to Invesco. Fiona joined Invesco in 2017 as an Asia and EM equity analyst and in January 2020 became the assistant fund manager within the team and then fund manager in September 2021. For details on Ian Hargreaves, see our [earlier review note](#).

Exhibit 4: Invesco's Henley-based Asian and Emerging Market Equities team

Fund Managers/Analysts

Ian Hargreaves
Co-Head of Asia & EM Equities
31 years¹ / 31 years²



William Lam
Co-Head of Asia & EM Equities
24 years¹ / 19 years²



Fiona Yang[^]
Fund Manager
13 years¹ / 8 years²



Charles Bond
Fund Manager
15 years¹ / 3 years²



James McDermottroe
Fund Manager
12 years¹ / 12 years²



Matthew Pigott
Fund Manager
11 years¹ / 13 years²



Marc Ye
Deputy Fund Manager
8 years¹ / 4 years²



Tony Roberts
Fund Manager
30 years¹ / 25 years²



Ligia Tomas de Melo
Analyst
3 years¹ / 3 years²



Anna Cresswell
Analyst
4 years¹ / 4 years²



Product Directors

John Pellegry
Product Director
30 years¹ / 23 years²



Patrick Garvin
Product Director
23 years¹ / 15 years²



Zoe Dunkley
Product Director
6 years¹ / 6 years²



Fund Manager Assistant

Karen Holroyd
Personal Assistant
10 years¹ / 9 years²



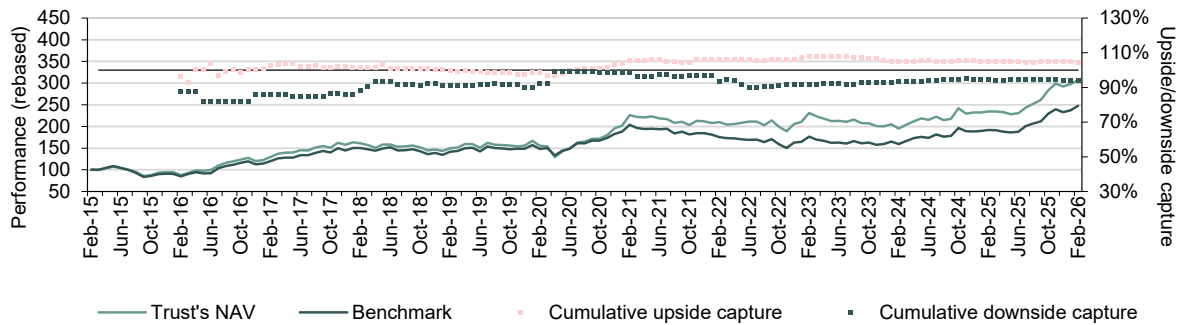
Source: Invesco as of 30 September 2025, unless otherwise stated. Note: 1 – years of industry experience. 2 – years at Invesco.
[^]Fiona is temporarily based in Singapore.

Quality bias and attractive shareholder returns of portfolio holdings

IAD has a quality bias and often holds a portfolio where most holdings have net cash on the balance sheet and an above-average free cash flow yield and dividend yield. For instance, its portfolio currently offers a dividend yield of 3.01% versus 2.12% for the index, according to Morningstar data. IAD's managers recently noted attractive shareholder returns (dividends and buybacks) across the region, especially in China, Korea and Association of South-East Asian Nations (ASEAN) countries, as an important theme in IAD's portfolio.

Together with the managers' valuation-aware approach, the above assists IAD in limiting capital losses during market weaknesses and in outperforming the benchmark on the upside. This is well documented by our analysis of IAD's cumulative upside and downside capture ratios over the last 10 years of 104% and 94%, respectively (see Exhibit 5). Even if this may partly be the result of the underweight to China during part of the period, we believe that good stock-picking has been an important contributor to IAD's long-term performance. IAD's solid risk-adjusted returns are also illustrated by its superior 10-year annualised Sharpe ratio of 0.53 versus 0.40 for an ETF tracking IAD's benchmark and average ratio for the AIC Asia Pacific Equity Income peer group of 0.44, according to Morningstar.

Exhibit 5: IAD's cumulative upside/downside capture ratio over 10 years



Source: LSEG Data & Analytics, Edison Investment Research

Note: Cumulative upside (or downside) capture is calculated as the geometric average NAV total return (TR) of the fund during months with positive (negative) benchmark TR, divided by the geometric average benchmark TR during these months. A 100% upside (downside) indicates that the fund's TR was in line with the benchmark's during months with positive (negative) returns. Data points for the initial 12 months are omitted in the exhibit due to the limited number of observations used to calculate the cumulative upside/downside capture ratio.

Performance: NAV compounding at c 12% over 10 years

The success of IAD's strategy is well illustrated by the outperformance of its benchmark over five and 10 years to end-December 2025, when IAD delivered NAV TRs of 7.7% and 11.9% per year, respectively, compared to the benchmark's returns of 4.1% and 9.5% per year, respectively (see Exhibit 1). IAD's 10- and five-year returns are also ahead of the average returns of the AIC Asia Pacific Equity Income sector of 6.6% and 9.9% per year, respectively (see Exhibit 6), and we note that IAD was the top performer over 10 years within this group. IAD also outperformed the Asia Pacific peer group over the last five years, and its 10-year performance was only moderately below this peer group average, despite two constituents (Pacific Assets and Pacific Horizon) having a much higher allocation to the well-performing Indian market than IAD, a higher growth exposure and a greater proportion of small- and mid-cap companies in their portfolios.

While its five-year NAV TR is also ahead of the AIC Asia Pacific Equity Income peer average, this is mostly due to the weak performance of Henderson Far East Income. IAD ranked third over that period behind SOI and AAIF (though only by a slim margin versus AAIF). This was likely due to, at least partly, IAD's higher overall weighting to China compared to these two historically income-oriented funds (which were underweight China as they often found better income opportunities elsewhere), and possibly also a negative stock allocation effect in China in late 2023. Chinese equities underperformed the broader region in late 2023 and early 2024 before rebounding in autumn 2024 on the back of stimulus measures announced by the government and central bank.

Exhibit 6: IAD's peer comparison to end-December 2025

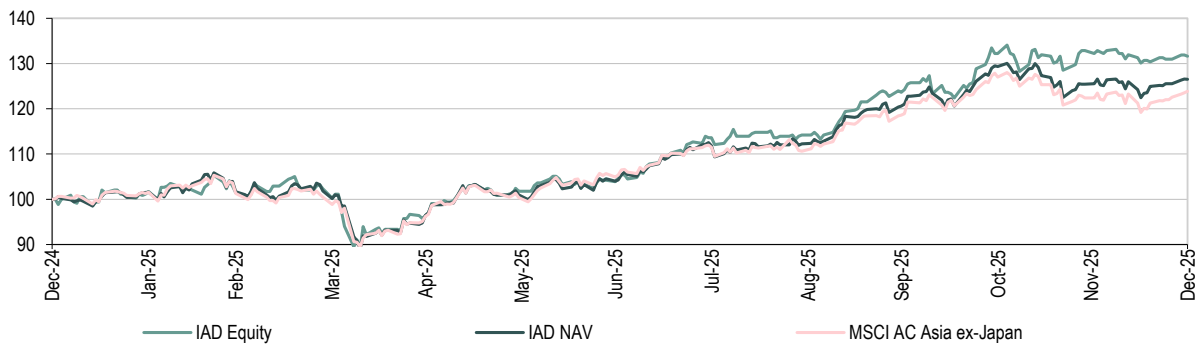
% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
Invesco Asia	888	26.5	38.6	45.0	208.2	(5.0)	0.7	No	102	3.6
Asia-Pacific equity income group										
JPMorgan Asia Growth & Income	329	23.9	40.9	26.2	192.4	(3.9)	0.8	No	105	4.8
abrdn Asian Income	393	24.3	39.3	48.4	166.3	(5.5)	0.9	No	104	5.9
Henderson Far East Income	480	15.7	20.3	17.2	77.9	5.5	1.1	No	102	10.2
Schroder Oriental Income	825	27.3	49.7	59.3	189.8	(2.1)	0.9	Yes	104	3.3
Sector average (four funds)	507	22.8	37.6	37.8	156.6	(1.5)	0.9	-	104	6.1
IAT's rank in sector	1	2	4	3	1	4	1	-	4	4
Asia-Pacific group										
Pacific Assets	426	(2.5)	9.8	24.7	129.3	(8.9)	0.8	No	98	1.1
Pacific Horizon	738	30.2	40.6	32.5	347.6	(6.0)	0.9	No	106	0.2
Schroder Asian Total Return	554	15.0	41.8	31.5	225.3	(0.9)	1.1	No	106	1.9
Schroder Asia Pacific	912	21.9	39.0	25.4	192.0	(7.9)	0.9	Yes	104	1.9
Sector average (four funds)	658	16.2	32.8	28.5	223.6	(5.9)	0.9	-	103	1.3
IAT's rank in sector	2	2	4	1	3	2	5	-	4	1

Source: Morningstar, Edison Investment Research. Note: Performance data to 31 December 2025 based on cum-fair NAV. TR, total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

IAD posted a strong 12-month NAV TR to end-December 2025 of 26.5%, ahead of both the benchmark (23.2%) and peer average (22.8%), and close to the 27.3% posted by the top performer over one year (SOI). IAD's outperformance

of the benchmark over this period is the result of stronger returns in H225, with a particularly strong contribution from the technology sector. Most notably, Samsung Electronics delivered a share price TR of 116% in sterling terms in 2025 (with a further c 15% so far in 2026), which IAD’s managers attribute to rising prices and increased demand, particularly for high-capacity server DRAM memory chips. We also note Samsung’s \$16.5bn semiconductor supply contract for Tesla’s next-gen AI6 chip, signed in 2025. We believe that IAD’s consistent overweight position to Samsung Electronics, despite earlier share price weakness over concerns about the company’s ability to capitalise on the AI boom, is a good illustration of how IAD’s patient, contrarian approach can pay off. Another positive tech contributor was the passive components manufacturer Yageo (Taiwan). IAD’s stock selection in the financial sector also had a positive impact in Q425, including IAD’s holdings in Shriram Finance (India) and Kasikornbank (Thailand). Despite the strong contribution from Samsung, IAD’s stock selection in South Korea detracted, partly due to an underweight position in SK hynix. IAD’s 12-month share price TR to end-2025 was even stronger at 31.6%, aided by a narrowing discount to NAV.

Exhibit 7: Price, NAV and benchmark TR performance, one-year rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 8: Five-year discrete performance data

12 months ending	IAD share price (%)	IAD NAV (%)	MSCI AC Asia ex-Japan (%)	MSCI World (%)	MSCI China All Shares US\$ (%)
31/12/21	3.6	3.1	(3.8)	23.5	(6.8)
31/12/22	(1.1)	1.5	(9.6)	(7.4)	(13.9)
31/12/23	(3.4)	(2.6)	0.0	17.4	(15.1)
31/12/24	15.8	12.4	14.0	21.3	14.2
31/12/25	31.6	26.5	23.2	13.2	22.0

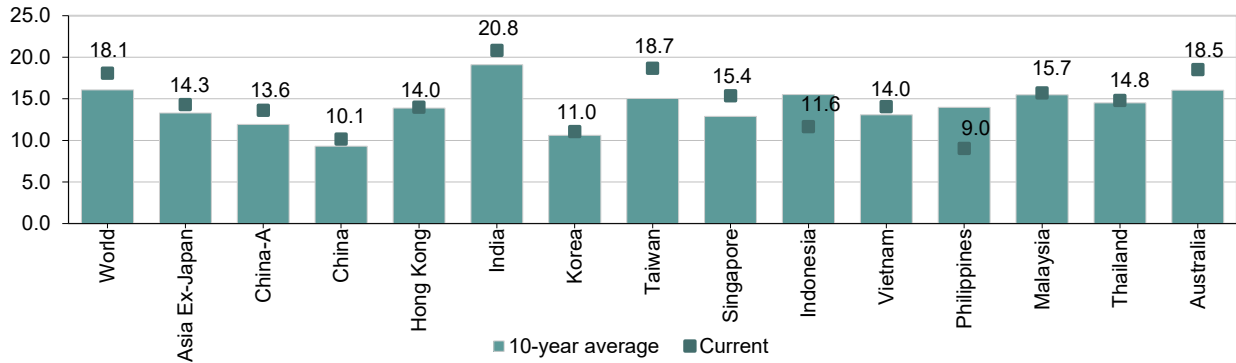
Source: LSEG Data & Analytics. Note: All percentages on a TR basis in pounds sterling unless otherwise stated.

Portfolio positioning and regional insights

Valuations across Asia back to historical average but disparities persist

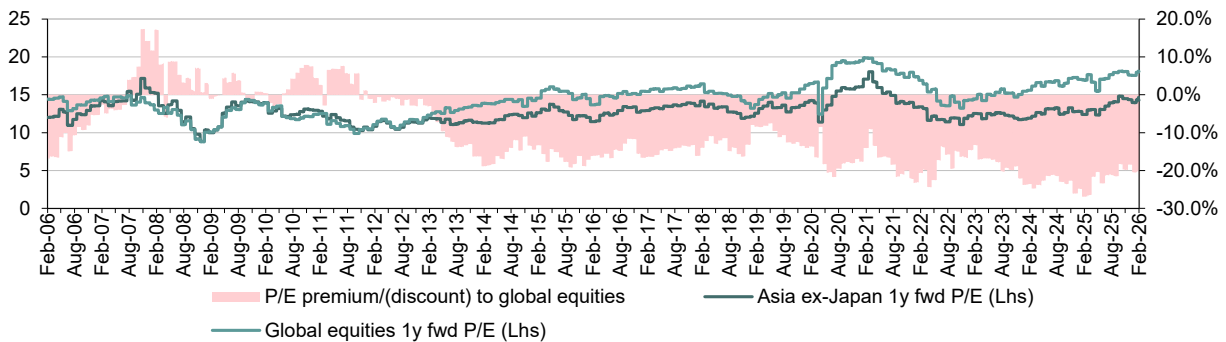
Average valuations across Asia ex-Japan are now somewhat above their long-term averages, with an average forward P/E of 14.3x compared to a 10-year average of 13.1x. That said, there are still significant disparities between Asian countries, creating opportunities for active, valuation-aware investors such as IAD (see Exhibit 9). We also note that the discount at which the region trades versus global equities remains high by historical standards at c 21% (see Exhibit 10), as valuations in the US are above their historical average.

Exhibit 9: One-year forward P/E multiples by country at 2 February 2026



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 10: One-year forward P/E ratio, Asia ex-Japan versus global equities



Source: LSEG Data & Analytics, Edison Investment Research

China: Growth aided by exports while consumer sentiment remains muted

China's GDP growth (according to official statistics, which we acknowledge are not fully reliable) reached the government target of 5% in 2025, driven by a record-high trade surplus of close to \$1.2tn, despite the tariff war last year. The Chinese government's emphasis on investment in the industrial sector in recent years stimulated an expansion in production capacity and in turn a drive towards foreign markets outside the US. However, some trading partners started pushing back on the growing imports from China (eg Mexico introduced tariffs on a significant number of goods from outside its trade agreements, including China), and we note the potential headwinds to exports from the recent moderate strengthening of the Chinese yuan against the US dollar. Manufacturing investments grew only marginally by 0.6% y-o-y in 2025, and total fixed-asset investments declined by 3.8%, primarily due to a 17.2% y-o-y decline in real estate development investment, with infrastructure investment down 2.2%. That said, we acknowledge that China's future economic growth may be supported by the government's continued focus on industrial upgrades and advanced technologies (so-called 'new productive forces') to broaden the drivers of growth beyond domestic consumption, building on its strong position in areas such as electric vehicles, battery technology and solar panels.

Meanwhile, weak private consumption (retail sales were up by a mere 0.9% y-o-y in December 2025) continues to act as a restraint to growth, contributing to the slowdown in GDP growth to 4.8% in Q325 and 4.5% in Q425, and has resulted in deflationary pressure. Chinese consumer confidence has not recovered after the COVID re-opening in early 2023 (despite measures introduced by the government to boost consumption), dampened by the downturn in property markets. The silver lining to this is the high savings rate of Chinese households (32.0% in 2025 and 31.7% in 2024) coupled with rising disposal income (by 5% in 2025), resulting in a substantial stock of bank deposits, which may support a rebound in consumer spending at some stage.

IAD's managers positioned the portfolio to a recovery in consumer spending when China re-opened post COVID as part of their broader pursuit of returns from the long-term potential of China, India and South-East Asia in terms of consumption growth on the back of rising income and an expanding middle class. IAD subsequently reduced its overweight position to Hong Kong and China, but its exposure remains partly positioned to the consumer, with a mix of large internet companies and consumer-related stocks (including online businesses); major holdings include Tencent,

Alibaba, NetEase, AIA Group and JD.com.

IAD’s managers believe that agile Chinese companies can adapt to changing consumer habits, while overall sentiment in Hong Kong has been recovering amid clear policy support from China to sustain Hong Kong’s position as an important global financial hub. Accordingly, they added exposure to what they consider better quality consumer stocks, such as hotel operator H World and China Resources Beer, while taking some profits from previous outperformers such as MINTH and NetEase. IAD’s sector weightings to consumer discretionary and consumer staples across its entire portfolio at end-2025 were 13.3% and 6.9%, respectively, compared to 12.8% and 2.9% for its benchmark.

Based on the latest available portfolio breakdown (as of end-November 2025), IAD’s major exposures to the property sector in China and Hong Kong were limited to CK Asset Holdings (1.66% of the portfolio), Sands China (1.63%) and Link Real Estate (0.94%).

South Korea: Progress in ‘Corporate Value-Up’ but rally driven mostly by AI

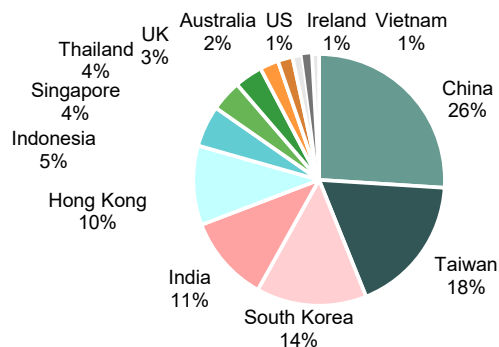
IAD’s managers believe that the corporate governance reforms and improvements in dividend payouts in South Korea have not been fully reflected in local valuations. The government aims to improve the appeal of local equities through reforms to corporate governance and enhanced distributions to shareholders via the ‘Corporate Value-Up’ programme (announced in early 2024), inspired by the recent success in Japan. As part of this programme, the Korean Stock Exchange launched the Korea Value-Up Index consisting of companies that satisfy several quantitative criteria related to profitability, shareholder return (dividend payout/treasury stock cancellation) and high P/BV and return on equity relative to industry, among others. As of end-November 2025, KRW1.1trn (c \$750m) of assets across 13 ETFs was tracking the index.

There has been tangible progress on the ‘Corporate Value-Up’ programme in the last 12 months, restoring market confidence after the turbulent 2024 marked by the previous president’s declaration of martial law (which was quickly withdrawn) and subsequent impeachment. The programme was reinforced by Commercial Act reforms aimed at strengthening minority shareholder protections, including expanding duties of directors, and tightening the election mechanics for the board and audit committee. Moreover, the Korean Stock Exchange released proposed selection criteria for Corporate Value-Up Best Practice Companies in February 2025 to encourage listed companies to participate.

One important obstacle to corporate governance reforms remains the high inheritance tax, which encourages families owning South Korea’s large conglomerates to suppress their valuation upon generational change in ownership. Still, the number of companies that disclosed Value-Up plans reached 170 as of end-November 2025, and buyback and cancellations reached record-high levels of KRW20.1tn and KRW21.4tn in 2025, up 6.9% and 54% y-o-y respectively (and both figures more than doubled vs 2023). Dividend payments were also up, by c 11% y-o-y. We note that a number of IAD’s current South Korean holdings are constituents of the Value-Up Index: Samsung Electronics, Samsung Fire & Marine, KB Financial Group and Hyundai Motor.

While South Korea was the top-performing equity market in the region in 2025 (up c 80% in sterling terms), this was only partly driven by the corporate governance reforms, and tech companies exposed to AI were the major contributor, with some further positive impact from industrial companies related to defence, nuclear energy and infrastructure. Despite the strong rally, the so-called ‘South Korean discount’ has not disappeared yet, as seen in Exhibit 9 above, with the majority of stocks traded below book value, according to IAD’s managers.

Exhibit 11: IAD’s regional portfolio split as at end-December 2025



Source: Company data

Overweight financials, underweight tech

IAD's managers maintain their positive stance towards financials stocks as a route to gain exposure to the rising income and consumption theme through credit growth and demand for insurance products, and general economic growth. This particularly applies to countries with low household and non-financial corporate debt to GDP, such as India and Indonesia. IAD currently has an overweight position to financials (21.8% vs 20.5% for the benchmark at end-2025, see Exhibit 12) across multiple holdings, including overweight positions in HDFC Bank, Kasikornbank, Shriram Finance and AIA Group, among others.

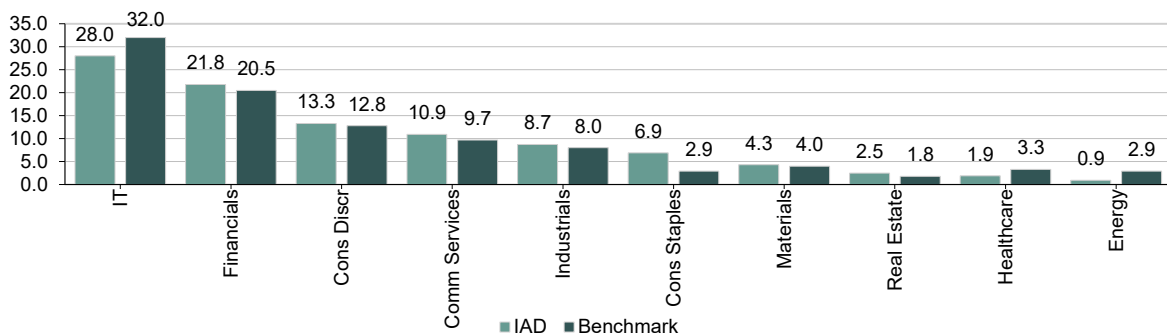
Conversely, consistent with its valuation discipline, IAD keeps an underweight position to Taiwan (including TSMC), which is accompanied by a broader underweight position in tech, though this sector remains its largest exposure at 28.0% of portfolio, versus 32.0% for the benchmark as of end-December 2025. The trust recently decided to take profits and exit SK Hynix on valuation grounds and concerns related to potential price declines and slowing demand for high-bandwidth memory (HBM) chips. It has been trimming its positions in TSMC and Samsung Electronics lately. Moreover, it sold two strong performers: Naver, South Korea's dominant internet platform, which benefited from its involvement in government AI projects, and Sea Ltd, a Singapore-based e-commerce, digital entertainment and digital financial services company, following what IAD's managers consider a successful turnaround that is already priced in.

That said, IAD still holds substantial positions in major tech names, and its managers remain confident in the long-term earnings potential of semiconductor companies in Taiwan and South Korea in IAD's portfolio. In Q425, they invested in Hon Hai Precision Industry, the world's largest electronics manufacturer, which is pivoting from smartphone assembly towards higher-growth areas such as AI server manufacturing. They also added Infosys to the portfolio; it is India's second-largest IT services company, with a strong position in the global outsourcing market. IAD's managers viewed Infosys's valuation contraction, on concerns around a slowdown in client spending and the AI threat, as a buy opportunity.

Remaining selective in India

Despite finding selected opportunities in India, which is experiencing strong GDP growth, IAD maintains its overall underweight position to the country. While earnings downgrades moderated in late 2025 following a spike starting in late 2024, valuations remain relatively high, with an average forward P/E of 20.8x according to LSEG Datastream & Analytics. IAD's lower weighting to India aided its returns recently.

Exhibit 12: IAD's sector weights versus benchmark as at end-December 2025 (%)



Source: Company data

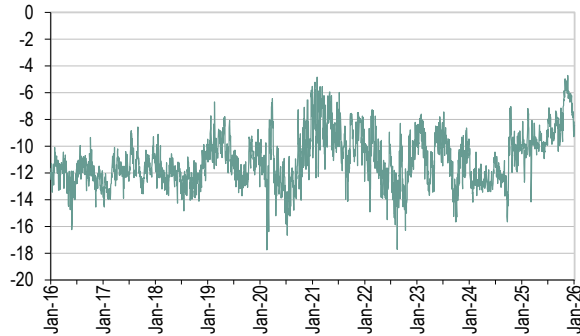
Discount to NAV has narrowed since merger announcement

IAD's discount narrowed to a 7–10% range upon the initial merger announcement in October 2024 and has broadly remained in that range ever since, standing currently at 5.0% (see [REFERENCE NOT FOUND]). We note that a majority (69%) of DGN shareholders opted for a cash exit upon the merger, rather than IAD shares, and as the cash option was capped at 25%, a significant portion of them received shares. However, we believe that this has not created any meaningful share overhang, as evidenced by the lack of discount widening following the merger. The board believes that under normal market conditions the shares should trade 'below 10% discount' and has the authority to buy back shares when it deems the discount to be wider than desired, providing additional NAV accretion.

IAT's continuation vote was replaced by IAD's triennial unconditional tender offers (with the first to be held in early 2028),

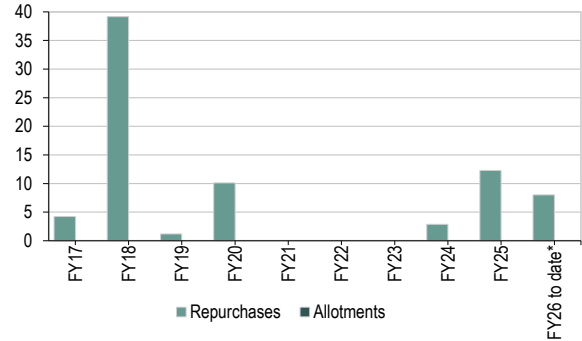
where investors can cash out all their holdings at a 4% discount to the prevailing NAV. We view this change as attractive to investors, introducing more flexibility to exit than provided by continuation votes or IAT's previous performance-related conditional tender offer. It also represents a strong commitment to narrowing the discount to NAV.

Exhibit 13: Discount to NAV over 10 years (%)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 14: IAD's buybacks and issuance (£m)



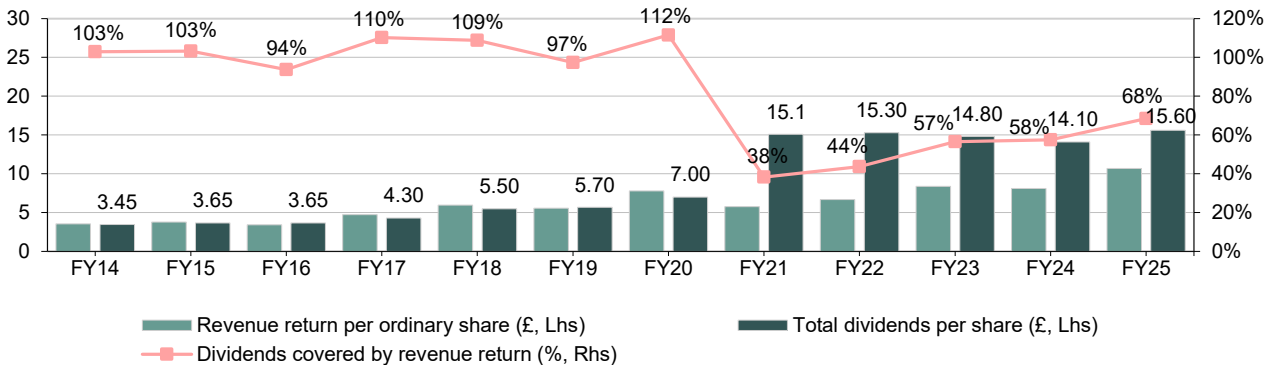
Source: Company data, Morningstar, Edison Investment Research. Note: *As of 2 February 2026. Figures for IAT prior to the merger.

Dividend policy

Following the merger, the frequency of dividend payments was increased to quarterly payments (from semi-annual) while maintaining the total distribution (1% of NAV each quarter, from 2% of NAV twice a year). IAD pays dividends from a combination of the company's revenues, revenue reserves and capital reserves if required. As a result, IAD is not restricted to stocks that are pure income plays. That said, we note the increasing proportion of dividend payments covered by revenue return between FY21 and FY25 (following the previous revision of IAD's dividend policy), see Exhibit 15.

Conscious of investors' preference for a progressive dividend policy, IAD's board announced its intention to make four quarterly dividend payments in respect of FY26 (ending April 2026) of 3.95p per share, adding up to an annual distribution of 15.80p per share. This would represent a slight 1.3% increase from the FY25 payment and a 4.4% yield on IAD's end-FY25 NAV (ie above the 4% implied by its dividend policy). Three of these quarterly payments have already been made.

Exhibit 15: IAD's historical dividend payments and cover



Source: IAD data, Edison Investment Research

Approach to ESG

Invesco has been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2013 and IAD's manager has been recently rated four stars for its Investment & Stewardship Policy by PRI. This followed five consecutive years of achieving an A+ rating for Strategy & Governance under PRI's previous methodology.

Climate change remains high on Invesco's agenda given its commitment to the Net Zero Asset Managers initiative.

Factors taken into account when evaluating portfolio companies include: (1) historical capital allocation decisions and corporate governance; (2) approach to addressing ESG-related negative externalities; (3) track record of meeting guidance and internal targets; and (4) feedback from competitors, suppliers and clients.

IAD’s managers prefer integrating ESG considerations within fundamental research and engagement rather than relying on blanket exclusions. The portfolio is not constrained by fixed ESG screens and may invest across the ESG spectrum, with the ESG profile of each investment assessed through a valuation lens. In practice, the managers seek to reflect material ESG risks and opportunities in their estimate of fair value by considering impacts on earnings growth, potential multiple re-rating or de-rating and dividend sustainability, which in turn informs position sizing and return expectations.

The above ESG analysis is facilitated by a dedicated ESG team and a proprietary ESG ratings tool (ESGintel) at Invesco, which provides data and insights across more than 18,000 companies. On top of regular, day-to-day monitoring, IAD’s portfolio undergoes a formal ESG review twice a year.

The approach of IAD’s manager to ESG also involves considered voting at general meetings, with 41% of their votes in the 567 ballots in 2024 being contrary to management recommendations and 27.5% being against the Institutional Shareholder Services recommendations, according to IAD.

Gearing

According to its investment policy, IAD is permitted to apply gearing up to the lower of 25% of net assets and £80m. Under normal circumstances, IAD does not expect gearing to exceed 15% of net assets. The trust has an uncommitted, unsecured, multi-currency revolving credit facility of up to £80m, renewable on 19 February 2027. IAD also has available an uncommitted bank overdraft arrangement with the custodian for settlement purposes, with an end-FY25 balance of nil. Over the 10 years to end-December 2025, IAD’s net gearing (defined as total debt less cash and equivalents over NAV) remained (except for a few instances) in the range of negative 5% to 5% and at end-December 2025 stood at just 1.1%.

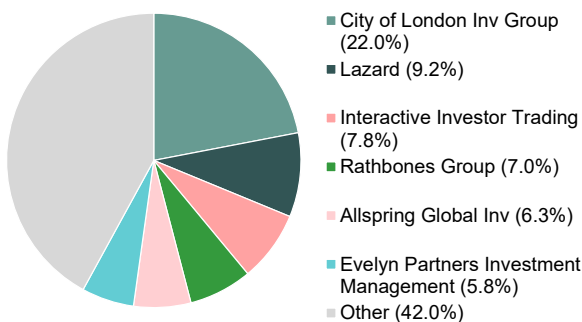
Fees and charges

IAD’s revised post-merger fee structure is based on a management fee of 0.75% on the first £125m of NAV, 0.60% above £125m and up to £450m of NAV, and 0.50% on NAV in excess of £450m. At the end-December 2025 NAV, this implies a blended rate of 0.57%. IAD is not being charged a performance fee by its manager. The company expects IAD’s annual ongoing charges ratio to be 0.72% following the expiry of the Invesco fee waiver (which was part of the merger) in November 2025.

Capital structure

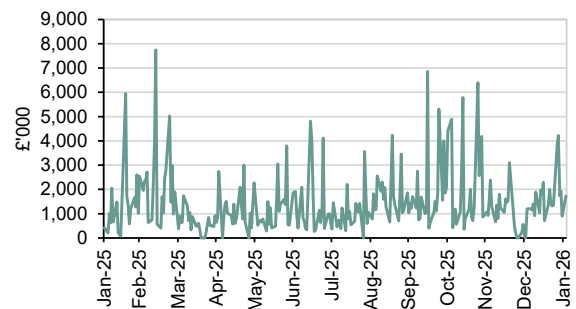
IAD’s issued capital consists of 202.8m shares outstanding, with a further 14.9m shares held in treasury. IAD’s two largest shareholders are City of London Investment Group (22.0%) and Lazard (9.2%).

Exhibit 16: Major shareholders



Source: Bloomberg as at 2 February 2026

Exhibit 17: Average daily traded value



Source: LSEG Data & Analytics as at 2 February 2026

Board

To ensure continuity following the merger, IAD's board was expanded to eight members from the former four, by appointing four board members from DGN, all of whom are independent. The enlargement is planned to be temporary, and the board will consist of six members following the September 2026 AGM, when James Will and Neil Rogan plan to step down from their roles. Given the increase in the number of board members, an increase to the aggregate cap on director's remuneration to £400k from the previous £200k was introduced.

Neil Rogan (chairman) has more than 30 years of experience as investment manager, ranging from managing Asian portfolios for Flemings and Jardine Fleming to becoming head of global equities at Gartmore. Currently, he is also the chairman of Baillie Gifford UK Growth Trust, as well as non-executive director of JPMorgan Global Growth & Income.

Vanessa Donegan has 37 years of fund management experience in investing in both institutional and retail portfolios in Asian equities, including single country China and India funds. She was head of the Asia-Pacific desk at Threadneedle Investments and then head of Asia-Pacific equities, EMEA region, at Columbia Threadneedle for 21 years in total. At present, she also serves as senior independent director of Fidelity China Special Situations and JPMorgan Indian Investment Trust, as well as a non-executive director of Herald Investment Management and State Street Global Advisors Luxembourg SICAV.

Myriam Madden has board member experience across several regulated sectors, following an international, multi-sector career as a finance executive leading transformation programmes. She is a qualified chartered accountant and was a board member of the International Ethics Standards Board for Accountants, the International Federation of Accountants and the American Institute of Certified Public Accountants. Moreover, she was global president and chairman of The Chartered Institute of Management Accountants. She is currently non-executive director of Golden Charter Trust and has held board roles at the Office of Gas and Electricity Markets.

Sonya Rogerson has more than 20 years of experience in legal, governance and compliance across a range of industries (including financial services) and countries in Asia-Pacific, Australasia and emerging markets. She led the legal and compliance department at the Bank of China in London and held other senior positions including general counsel Asia Pacific for the British Standards Institution. She is currently head of legal transformation and REFS at Novartis Operations. Sonya is a fellow of the Corporate Governance Institute UK & Ireland and a qualified solicitor in New South Wales, Australia, and England and Wales.

Below we summarise the bios of the four board members who joined from Asia Dragon Trust on 14 February 2025:

Matthew Dobbs was previously a director of Asia Dragon Trust from February 2022. He has 40 years' fund management experience with Schroders and, before retiring from full-time management in 2021, specialised in Asian equities and smaller companies, including serving as Schroders' head of global small companies. He also helped build Schroder Asia Pacific Fund and Schroder Oriental Income into UK 250 companies and remains associated with the Schroders Asian Alpha Plus Fund. He is non-executive chairman of the European Opportunities Trust.

Susan Sternglass Noble was a director of Asia Dragon Trust since August 2020. She has over 30 years' experience in investment management and analysis, specialising in financial sector equities across global, European and Asian mandates, and is a Mandarin Chinese speaker. She held senior roles at Goldman Sachs, JPMorgan, CQS and AXA Investment Managers, and has since taken on a number of board/advisory roles, including non-executive director of Unity Trust Bank, consultant to The Investor Forum and director of the US-UK Fulbright Commission.

James Will previously served on Asia Dragon Trust's board (including as chair) from October 2018. He is the former chairman of law firm Shepherd and Wedderburn LLP, where he was a senior corporate partner leading its financial sector practice, with experience spanning financial services, technology, energy and life sciences. He is currently Chair of BlackRock Throgmorton Trust and a non-executive director of JPMorgan European Discovery Trust; he previously chaired The Scottish Investment Trust, and was also previously a non-executive director of JPMorgan Global Growth & Income.

Nicole Yuen previously served on the abrdn New Dawn and Asia Dragon Trust boards. She has spent over 30 years in Asian investment banking and is widely credited for helping internationalise China's capital markets. She was formerly managing director, head of equities (North Asia) and vice chairman, Greater China at Credit Suisse (2012–18), after 18 years at UBS in senior leadership roles across investment banking and securities in Asia. She has also served on the Listing Committee of the China Securities Regulatory Commission, was previously a partner at Clifford Chance (Hong Kong) and is an independent non-executive director of Interactive Brokers Group.

Exhibit 18: IAD's board of directors

Board member	Date of appointment	Remuneration in FY25	Shareholdings at end-FY25
Neil Rogan (chairman)	01-Sep-17*	£43,702	109,454
Vanessa Donegan	17-Oct-19	£31,000	8,285
Myriam Madden	04-Nov-21	£41,276	4,500
Sonya Rogerson	26-Jul-22	£31,455	9,142
Matthew Dobbs	14-Feb-25	£6,441	45,000
Susan Sternglass Noble	14-Feb-25	£6,441	30,000
James Will	14-Feb-25	£7,091	13,000
Nicole Yuen	14-Feb-25	£14,851	-

Source: Company data. Note: *Appointed chairman on 31 July 2018.

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