

Identification & Treatment of Investment Companies for Certain MSCI Indices

4 November 2022

Investment Trust Exclusion

Commencing with the November 2022 Semi-Annual Index Rebalance (“SAIR”), any security that is identified by the EMEA ETF Product and Sales Strategy team at Invesco as being an investment trust will be ineligible for inclusion in the Indexes constructed based on the MSCI ESG Universal Select Business Screens Indexes Methodology and the MSCI ESG Climate Paris Aligned Select Indexes Methodology. The list of indices is provided below.

The rationale for removing such securities from these indices is that investment trusts may provide material indirect exposure to companies that would otherwise not be allowed into the indices on the basis of the ESG exclusion criteria defined in the index methodology. For the purposes of this analysis, investment trusts (also referred to as investment companies) are defined as companies whose primary business activity is the management of a company-owned portfolio of investments for its own direct gain. This specifically does not include asset management companies, whose holdings in other companies are made via pooled vehicles or segregated accounts on behalf of their clients, and corporate holding companies.

The exclusion of an investment trust from the below indices does not imply any judgement by either Invesco or MSCI that the underlying holdings of that investment trust are not compliant with the ESG exclusion criteria of the index. The identified investment trusts are excluded only because, without a look-through analysis to the underlying holdings, it cannot be guaranteed that those underlying holdings will be compliant with the index’s ESG exclusion criteria.

Identification of securities investment trust by Invesco:

The EMEA ETF Product and Sales Strategy team at Invesco will perform the semi-annual analysis. The universe of securities that is reviewed consists of all securities in the MSCI ACWI IMI Index as of the month-end immediately prior to the rebalancing effective date, which is the ultimate parent index from which all the below indices are derived. Invesco may also extend the analysis to securities that are not part of the MSCI ACWI IMI Index if necessary .

Investment trusts are identified through the following process:

1. For all securities in the universe, Invesco will consult at least two third-party sources of industry classification and company description data to filter the universe of companies.
2. Based on this analysis, a company will be preliminarily classified as an investment trust if its primary business activity is classified or described as managing a company-owned portfolio of investments for its own direct gain, or holding securities of other companies for investment purposes, or any other substantially similar description.
3. This preliminary classification of investment trusts will then be verified with a security-by-security review of the public website and financial disclosures of the company. A company will be classified as an investment trust if either (a) the company’s public disclosures specifically describe its business activities in a manner consistent with the above characterization, or (b) more than 50% of its balance sheet assets and/or revenues are derived from minority interests in companies that are not consolidated onto the company’s balance sheet. Where neither of these is the case, the security will be removed from the potential exclusion list.

For each security identified, Invesco will document the basis for exclusion. These details are available by contacting legaletf@invesco.com.

Governance:

Prior to its submission to MSCI for implementation, the list of companies identified for exclusion in each semi-annual submission, along with the details of the basis for their exclusion, must be reviewed and approved by the Board of Invesco Investment Management Ltd (“IIML”). IIML is the regulated Irish management company (Directive 2009/65/EC of the European Parliament) that has supervisory responsibility for the Invesco Markets II plc fund umbrella under which Invesco offers exchange-traded funds tracking some or all of the below indices. The Board’s approval of the potential exclusions will be based on a review of the potential exclusions list and the associated supporting details for each to ensure that the analysis is robust and that the above-described methodology has been appropriately implemented. This semiannual review will be included as part of a duly constituted and minuted meeting of the IIML Board.

Frequency of investment trust security list review:

The list of investment trusts for exclusion will be reviewed semiannually as of the month-end prior to the Index Review effective date, in accordance with the above-described methodology and the results notified to MSCI for incorporation into the May and November Semi Annual Index Reviews (“SAIR”).

The current list of indices impacted is as follows and may be subject to change in the future if further indices are launched or existing indices closed by MSCI:

- MSCI World ESG Universal Select Business Screens Index
- MSCI USA ESG Universal Select Business Screens Index
- MSCI Europe ESG Universal Select Business Screens Index
- MSCI EM ESG Universal Select Business Screens Index
- MSCI Pacific ex Japan ESG Universal Select Business Screens Index
- MSCI Europe ex UK ESG Universal Select Business Screens Index
- MSCI EMU ESG Universal Select Business Screens Index
- MSCI Japan ESG Universal Select Business Screens Index

- MSCI World ESG Climate Paris Aligned Select Index
- MSCI USA ESG Climate Paris Aligned Select Index
- MSCI Europe ESG Climate Paris Aligned Select Index
- MSCI Japan ESG Climate Paris Aligned Select Index
- MSCI Emerging Markets ESG Climate Paris Aligned Select Index

As of 4 November 2022, the list of securities identified as investment trusts and hence to be ineligible for inclusion in the above-mentioned indices is as follows. This list of securities will remain in effect until such time as an updated list is provided by Invesco to MSCI in accordance with the process detailed above.

| Name | ISIN |
|--------------------------|--------------|
| COMPASS DIVERSIFIED HLDG | US20451Q1040 |
| ITALMOBILIARE | IT0005253205 |
| ORESUND INVESTMENT | SE0008321608 |
| PEUGEOT INVEST | FR0000064784 |
| REMGRO | ZAE000026480 |
| SVOLDER A | SE0017161441 |
| SVOLDER B | SE0017161458 |
| WAHA CAPITAL | AEA000701010 |
| AKER A | NO0010234552 |
| ALBA (CORP FINANCIERA) | ES0117160111 |
| BRADESPAR ON | BRBRAPACNOR5 |
| BRADESPAR PN | BRBRAPACNPR2 |
| CANNAE | US13765N1072 |
| EXOR | NL0012059018 |
| EXOR (MX) | NL0012059018 |
| EXOR (DE) | NL0012059018 |
| GP INV SURAMERI ADR (US) | US40052Q1058 |
| GP INV SURAMERICANA | COT13PA00086 |
| GP INV SURAMERICANA (CL) | COT13PA00086 |
| GP INV SURAMERICANA PEF | COT13PA00060 |
| GROUPE BRUXELLES LAMBERT | BE0003797140 |
| INDUSTRIVARDEN A | SE0000190126 |
| INDUSTRIVARDEN C | SE0000107203 |
| INVESTOR A | SE0015811955 |
| INVESTOR B | SE0015811963 |
| ITAUSA ON | BRITSAACNOR0 |
| ITAUSA PN | BRITSAACNPR7 |
| KINNEVIK A | SE0015810239 |
| KINNEVIK B | SE0015810247 |
| LUNDBERGFÖRETAGEN B | SE0000108847 |
| MELROSE INDUSTRIES | GB00BNR5MZ78 |

| | |
|-------------------------|--------------|
| PATTINSON (WASHINGTON) | AU000000SOL3 |
| PSG GROUP | ZAE000013017 |
| RAND MERCHANT INV HLDGS | ZAE000210688 |
| REINET INVESTMENTS | LU0383812293 |
| SK SQUARE CO | KR7402340004 |
| SOFINA | BE0003717312 |
| WENDEL | FR0000121204 |

Important Information

This document has been prepared solely for informational purposes based upon information and from sources believed to be reliable. Invesco does not guarantee the accuracy, completeness, timeliness or availability of the content of this document, the indices referenced, or any data included therein (the "Content"). Invesco is not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. The Content is provided on an "as is" basis. Invesco disclaims any and all express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. In no event shall Invesco be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

All Information is impersonal and not tailored to the needs of any person, entity or group of persons. None of the information contained herein constitutes an offer to sell (or a solicitation of an offer to buy), any security, financial product or other investment vehicle or any trading strategy, nor is this information considered to be investment advice.

This document has been communicated by Invesco Investment Management Limited, Ground Floor, 2 Cumberland Place, Fenian Street, Dublin 2, Ireland.