



## **Invesco USD IG Corporate Bond ESG UCITS ETF**

### **Supplement to the Prospectus**

This Supplement contains information in relation to Invesco USD IG Corporate Bond ESG UCITS ETF (the "**Fund**"), a sub-fund of Invesco Markets II plc (the "**Company**") an umbrella type open ended investment company with variable capital, governed by the laws of Ireland and authorised by the Central Bank of Ireland (the "**Central Bank**") of New Wapping Street, North Wall Quay, Dublin 1, Ireland.

**This Supplement forms part of, may not be distributed unless accompanied by (other than to prior recipients of the Prospectus of the Company dated 30 November 2022, as may be amended, supplemented or modified from time to time, (the "Prospectus")), and must be read in conjunction with, the Prospectus.**

**THIS DOCUMENT IS IMPORTANT. YOU SHOULD NOT PURCHASE SHARES IN THE FUND DESCRIBED IN THIS SUPPLEMENT UNLESS YOU HAVE ENSURED THAT YOU FULLY UNDERSTAND THE NATURE OF SUCH AN INVESTMENT AND THE RISKS INVOLVED AND ARE SATISFIED THAT THE INVESTMENT IS SUITED TO YOUR CIRCUMSTANCES AND OBJECTIVES, THE RISKS INVOLVED AND YOUR OWN PERSONAL CIRCUMSTANCES. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS SUPPLEMENT YOU SHOULD TAKE ADVICE FROM AN APPROPRIATELY QUALIFIED ADVISOR.**

**Capitalised terms used in this Supplement will have the meanings given to them in the Definitions section below or in the Prospectus.**

#### **Invesco Markets II plc**

An umbrella fund with segregated liability between the sub-funds

**Dated 31 March 2023**

**This Supplement replaces the Supplement dated 30 November 2022.**

---

## **IMPORTANT INFORMATION**

---

### **Suitability of Investment**

You should inform yourself as to (a) the possible tax consequences, (b) the legal and regulatory requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which you might encounter under the laws of the country of your citizenship, residence or domicile and which might be relevant to your purchase, holding or disposal of the Shares.

The Shares are not principal protected. The value of the Shares may go up or down and you may not get back the amount you have invested. See the section headed "Risk Factors" of the Prospectus and the section headed "Other Information – Risk Factors" of this Supplement for a discussion of certain risks that should be considered by you.

In addition to investing in transferable securities, the Company may invest on behalf of the Fund in financial derivative instruments ("FDIs"), where applicable.

The Fund's Shares purchased on the secondary market cannot usually be sold directly back to the Fund. Investors must buy and sell Shares on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when buying Shares and may receive less than the current net asset value when selling them.

Certain risks attached to investments in FDIs are set out in the Prospectus under "Risk Factors".

Prospective investors should refer to the annex to this Supplement regarding the Fund's environmental and / or social characteristics.

An investment in the Shares is only suitable for you if you (either alone or with the help of an appropriate financial or other advisor) are able to assess the merits and risks of such an investment and have sufficient resources to be able to bear any losses that may result from such an investment. The contents of this document are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters.

### **Profile of a typical investor**

A typical investor would be one who is a private or institutional investor and is seeking capital appreciation over the long term. Such an investor is also one that is able to assess the merits and risks of an investment in the Shares.

### **Responsibility**

The Directors accept responsibility for the information contained in the Prospectus and this Supplement. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Supplement when read together with the Prospectus (as complemented, modified or supplemented by this Supplement) is in accordance with the facts as at the date of this Supplement and does not omit anything likely to affect the importance of such information.

### **General**

This Supplement sets out information in relation to the Shares and the Fund. You must also refer to the Prospectus which is separate to this document and describes the Company and provides general information about offers of shares in the Company. You should not take any action in respect of the Shares unless you have received a copy of the Prospectus. Should there be any inconsistency between the contents of the Prospectus and this Supplement, the contents of this Supplement will, to the extent of any such inconsistency, prevail. This Supplement and the Prospectus should both be carefully read in their entirety before any investment decision with respect to Shares is made.

As at the date of this document, the Fund has no loan capital (including term loans) outstanding or created but unissued, nor any outstanding mortgages, charges or other borrowings or indebtedness in

the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, or guarantees or other contingent liabilities.

## **Distribution of this Supplement and Selling Restrictions**

Distribution of this Supplement is not authorised unless accompanied by a copy of the Prospectus and the latest annual report and audited accounts of the Company and the Fund (other than to prior recipients of the Prospectus) and if published after such report, a copy of the then latest semi-annual report and unaudited accounts. The distribution of this Supplement and the offering or purchase of the Shares may be restricted in certain jurisdictions. If you receive a copy of this Supplement and/or the Prospectus you may not treat such document(s) as constituting an offer, invitation or solicitation to you to subscribe for any Shares unless, in the relevant jurisdiction, such an offer, invitation or solicitation could lawfully be made to you without compliance with any registration or other legal requirement other than those with which the Company has already complied. If you wish to apply for the opportunity to purchase any Shares, it is your duty to inform yourself of, and to observe, all applicable laws and regulations of any relevant jurisdiction. In particular, you should inform yourself as to the legal requirements of so applying, and any applicable exchange control regulations and taxes in the countries of your respective citizenship, residence or domicile.

## **Definitions**

Words and expressions defined in the Prospectus will, unless otherwise defined in this Supplement, have the same meaning when used in this Supplement.

---

## ***TERMS OF THE SHARES REPRESENTING INTERESTS IN THE FUND***

---

### **Investment Objective of the Fund**

The investment objective of the Fund is to achieve the total return performance of the Bloomberg MSCI USD Liquid Corporate ESG Weighted SRI Bond Index (the "**Reference Index**") less fees, expenses and transaction costs.

### **Investment Policy of the Fund**

In order to achieve the investment objective, the Company will employ a sampling strategy ("**Sampling Strategy**"), which includes the use of quantitative analysis, to select securities from the Reference Index using factors such as the index weighted average duration and credit quality.

Where consistent with its investment objective, and in conjunction with the use of a Sampling Strategy the Fund may also hold some securities which are not component securities of the Reference Index, but are of a similar nature to them and whose risk, return and environmental, social and governance ("**ESG**") characteristics either (a) closely resemble the risk, return and ESG characteristics of constituents of the Reference Index or of the Reference Index as a whole, (b) whose addition improves the quality of the replication of the Reference Index, or (c) whose future inclusion into the Reference Index is anticipated. The level of sampling will vary over the life of the Fund depending on asset levels of the Fund, as certain asset levels may make replication uneconomical or impractical, and the nature of the components of the Reference Index. It is generally expected that the Fund will hold less than the total number of securities in the Reference Index however, the Investment Manager reserves the right to hold as many securities as it believes necessary to achieve the Fund's investment objective.

Further information in relation to how the Fund will seek to track the Reference Index is set out in section 4 "**Investment Objective and Policies**" of the Prospectus.

The Fund may hold ancillary liquid assets and use efficient portfolio management techniques in accordance with the requirements of the Central Bank.

The Fund may also engage in transactions in FDIs for hedging and/or efficient portfolio management purposes. The Fund may use the following FDIs listed on a Market or traded OTC, as applicable: options and futures transactions, forward contracts, non-deliverable forwards, spot foreign exchange

transactions and contracts for difference. Further details on FDIs and how they may be used are contained in the main part of the Prospectus under "**Appendix III - Use Of Financial Derivative Instruments And Efficient Portfolio Management**".

The Fund shall not invest more than 10% of its net assets in other UCITS or other open or closed ended CIS.

With the exception of permitted investment in unlisted securities or in units of open-ended CIS, investment will be limited to the stock exchanges and regulated markets set out in Appendix I of the Prospectus.

Further information relevant to the Fund's investment policy is contained in the main part of the Prospectus under "**Investment Objectives & Policies**" and under "**Investment Restrictions**".

### **Transparency of the Promotion of Environmental or Social Characteristics**

The Fund is an Article 8 Fund (as defined in the Prospectus).

The environmental and social characteristics promoted by the Fund are to gain exposure to issuers demonstrating a robust ESG (environmental, social and governance) profile, i.e. issuers with limited/no involvement in certain business activities, with a more favourable ESG rating compared to similar issuers and with no involvement in severe ESG controversies, each as detailed below. The Fund achieves this by tracking the Reference Index, which has a methodology that is consistent with attaining the environmental and social characteristic promoted by the Fund.

The environmental and social characteristics are achieved by applying the Index Provider's exclusion criteria to the eligible securities and by using an ESG rating to tilt the weightings of the eligible securities in the Reference Index away from a traditional market cap weighting by increasing the weights of securities with more favourable ESG ratings. Further information on how the environmental and social characteristics promoted by the Fund are achieved is set out under the heading "**General Description of the Reference Index**" below.

The Fund generally expects to invest a proportion of its assets in sustainable investments. The investments underlying the Fund, however, do not currently take into account the EU criteria for environmentally sustainable economic activities as defined in Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**") and so the "do no significant harm" principle under the Taxonomy Regulation does not currently apply to the investments underlying the Fund. The Fund does not currently intend to be aligned with the Taxonomy Regulation and, at the date of this Supplement, 0% of the Fund's investments will be aligned with the environmental objectives under the Taxonomy Regulation. The Manager will keep the Fund's position vis-à-vis the Taxonomy Regulation under consideration and, to the extent required, the Supplement will be amended accordingly.

Further details on the transparency of the promotion of ESG characteristics are contained in the Prospectus under "**Appendix IV - Sustainable Finance**".

### **Index Tracking Strategy**

The Manager aims to keep the "Tracking Error" of the Fund (being the standard deviation of the difference in returns between the Fund and the Reference Index) between 0.10% and 1% under normal market conditions. However, exceptional circumstances may arise which cause the Fund's Tracking Error to exceed 1%.

### **Investment Restrictions of the Fund**

Investors in particular must note that the general investment restrictions set out under "**Investment Restrictions**" in the Prospectus apply to the Fund.

### **Efficient Portfolio Management**

Further information on efficient portfolio management is contained in the main body of the Prospectus under the heading "**Use of Financial Derivative Instruments and Efficient Portfolio Management**".

## Securities Financing Transactions and Swaps

The Fund may use certain '*securities financing transactions*', as defined in Regulation 2015/2365 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 ("**SFTR**"), ("**Securities Financing Transactions**"), namely securities lending. The Fund's use of Securities Financing Transactions will be subject to the requirements of SFTR and in accordance with normal market practice, the Central Bank Regulations and any other statutory instrument, regulations, rules, conditions, notices, requirements or guidance of the Central Bank issued from time to time applicable to the Company pursuant to the Regulations ("**Central Bank Rules**"). Such Securities Financing Transactions may be entered into for any purpose that is consistent with the investment objective of the Fund, including to generate income or profits in order to increase portfolio returns or to reduce portfolio expenses or risks. Securities lending will be for efficient portfolio management purposes only.

The type of assets that may be held by the Fund in accordance with its investment objective and policies and may be subject to such Securities Financing Transactions are bonds. The maximum proportion of the Fund's assets that may be subject to securities lending is 100%, and the expected proportion of the Fund's assets that may be subject to securities lending is between 0% and 30%.

Securities lending means transactions by which one party transfers securities to the other party subject to a commitment that the other party will return equivalent securities on a future date or when requested to do so by the party transferring the securities, that transaction being considered as securities lending for the party transferring the securities.

All the revenues arising from Securities Financing Transactions and any other efficient portfolio management techniques shall be returned to the Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees (which are all fully transparent), which shall not include hidden revenue, shall include fees and expenses payable to securities lending agents engaged by the Company from time to time. Such fees and expenses of any securities lending agents engaged by the Company, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the Company or the Fund in respect of which the relevant party has been engaged. Details of Fund revenues arising and attendant direct and indirect operational costs and fees as well as the identity of any securities lending agents engaged by the Company from time to time shall be included in the Company's semi-annual and annual reports.

The types of acceptable counterparty and the diversification requirements are explained in Appendix III of the Prospectus. A Fund may only enter into Securities Financing Transactions with counterparties that have been selected and assessed in accordance with the Central Bank Rules. The acceptable counterparties will be entities with legal personality and located in OECD jurisdictions. They will be subject to ongoing supervision by a public authority, be financially sound and have the necessary organisational structure and resources for the relevant type of transaction.

From time to time, the Fund may engage securities lending agents that are related parties to the Depositary or other service providers of the Company. Such engagement may on occasion cause a conflict of interest with the role of the Depositary or other service provider in respect of the Company. Please refer to Prospectus section "**Potential Conflicts of Interest**" for further details on the conditions applicable to any such related party transactions. The identity of any such related parties will be specifically identified in the Company's semi-annual and annual reports.

Please refer to the "**Risk Factors**" sections in respect of the risks related to Securities Financing Transactions. The risks arising from the use of Securities Financing Transactions shall be adequately captured in the Company's risk management process.

The assets of a Fund that are subject to SFTs and any collateral received are held by the Depositary or its agent.

The Fund will not enter into repurchase and/or reverse repurchase agreements or Swaps.

## Currency Hedging Policy

The Fund may enter into transactions for the purposes of hedging the foreign exchange exposure in any hedged Share Classes (identified by "Hdg" in their names). The purpose of the hedging in the

hedged Share Classes is to limit, at a Share Class level, the profit or loss generated from foreign exchange exposure when holding an asset in a currency other than the Base Currency of the Fund. This is achieved by the hedged Share Classes employing 30 day rolling forward FX contracts.

All costs and losses arising in relation to such currency hedging transactions will be borne by the hedged Share Class and all gains arising in connection with such hedging transactions will be attributable to the relevant Share Class. Although the Fund may utilise currency hedging transactions in respect of Share Classes, it shall not be obliged to do so and to the extent that it does employ strategies aimed at hedging certain Share Classes, there can be no assurance that such strategies will be effective. The costs and related liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular Share Class of the Fund (where the currency of a particular Share Class is different to the Base Currency of the Fund) shall be attributable exclusively to the Share Class. Under exceptional circumstances, such as, but not limited to, where it is reasonably expected that the cost of performing the hedge will be in excess of the benefit derived and therefore detrimental to Shareholders, the Company may decide not to hedge the currency exposure of such Share Classes.

Where the Investment Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. However, over-hedged positions will not exceed 105% of the Net Asset Value of the relevant Share Class and hedged positions will be kept under review to ensure that over-hedged positions do not exceed the permitted level and that under-hedged positions do not fall short of 95% of the portion of the Net Asset Value of the relevant Share Class. This review will also incorporate a procedure to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month.

Further information on currency hedging at Share Class level is contained in the main body of the Prospectus under the heading "**Hedged Classes**".

### **Collateral Policy**

- (a) Non-Cash Collateral: In addition to the requirements for valuation of non-cash collateral in the Prospectus, subject to any agreement on valuation made with the counterparty, collateral posted to a recipient counterparty for the benefit of the Fund will be valued daily at mark-to-market value.
- (b) Issuer Credit Quality: In addition to the requirement for Issuer Credit Quality set out in the Prospectus, assets provided by the Fund on a title transfer basis shall no longer belong to the Fund and shall pass outside the custodial network. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Depositary or a duly appointed sub-depositary.

Further information on the criteria which collateral received by the Fund must meet is contained in the main body of the Prospectus under the heading "**Non-Cash Collateral**".

- (c) Collateral - Posted by the Fund: In addition to the requirements in respect of collateral posted to a counterparty in the Prospectus, collateral posted to a counterparty by or on behalf of the Fund will consist of such collateral as is agreed with the counterparty from time to time and may include any types of assets held by the Fund.
- (d) Valuation: Information in respect of the collateral valuation methodology used by the Company can be found in the Prospectus under the heading "**Appendix III - Use Of Financial Derivative Instruments And Efficient Portfolio Management**". The rationale for the use of this collateral valuation methodology is primarily to guard against the price volatility of assets being received by the Fund as collateral.

The risk exposure of the Fund to counterparties will remain within the limits prescribed in the Prospectus under "**Appendix II - Investment Restrictions Applicable to the Funds under the Regulations**".

Further information on the collateral policy is contained in the main body of the Prospectus under the heading "**Collateral Policy**".

### **Borrowing and Leverage**

The Company on behalf of the Fund may borrow up to 10% of the Net Asset Value of the Fund on a temporary basis. Such borrowings may only be used for short term liquidity purposes to cover the redemption of Shares. Further information on Borrowing and Leverage is contained in the main body of the Prospectus under the heading "**Borrowing and Lending Powers**" and "**Leverage**" respectively.

The Company will use the commitment approach for the purposes of calculating global exposure for the Fund. The Fund's total exposure to the Reference Index will be limited to 100% of Net Asset Value.

While it is not the Investment Manager's intention to leverage the Fund, any leverage resulting from the use of FDIs will be done in accordance with the Regulations.

### **Dividend Policy**

Dividends will be declared on a quarterly basis for the Dist Shares, the EUR Hdg Dist Shares, the GBP Hdg Dist Shares, the CHF Hdg Dist Shares, the MXN Hdg Dist Shares and the SEK Hdg Dist Shares in accordance with the general provisions set out in the Prospectus under the heading "**Dividend Policy**" and Shareholders will be notified in advance of the date on which dividends will be paid. Distributions will not be made in respect of the Acc Shares, the EUR Hdg Acc Shares, the GBP Hdg Acc Shares the CHF Hdg Acc Shares, the MXN Hdg Acc Shares and the SEK Hdg Acc Shares and income and other profits will be accumulated and reinvested.

### **Trading**

Application will be made to the Irish Stock Exchange, the London Stock Exchange and/or such other exchanges as the Directors may determine from time to time (the "**Relevant Stock Exchanges**") for listing and/or admission to trading of the Shares issued and available to be issued on the main market of each of the Relevant Stock Exchanges on or about the Launch Date. This Supplement and the Prospectus together comprise listing particulars for the purposes of trading on the main market of each of the Relevant Stock Exchanges.

### **Exchange Traded Fund**

The Fund is an Exchange Traded Fund ("**ETF**"). The Shares of this Fund are fully transferable among investors and will be listed and/or traded on the Relevant Stock Exchanges. It is envisaged that Shares will be bought and sold by private and institutional investors in the secondary market in the same way as the ordinary shares of a listed trading company.

### **General Information Relating to the Fund**

<b>Type</b>	Open-ended.
<b>Base Currency</b>	USD
<b>Business Day</b>	A day (other than a Saturday or Sunday) on which the United States Federal Reserve System is open or such other day or days that the Directors may determine and notify to Shareholders in advance.

<b>Dealing Day</b>	<p>Any Business Day. However, some Business Days will not be Dealing Days where, for example, markets on which the Fund's Assets are listed or traded or markets relevant to the Reference Index are closed provided there is at least one Dealing Day per fortnight, subject always to the Directors' discretion to temporarily suspend the determination of the Net Asset Value and the sale, conversion and/or redemption of Shares in the Company or any Fund in accordance with the provisions of the Prospectus and the Articles.</p> <p>The Investment Manager produces dealing calendars which detail in advance the Dealing Days for each Fund. The dealing calendar may be amended from time to time by the Investment Manager where, for example, the relevant market operator, regulator or exchange (as applicable) declares a relevant market closed for trading and/or settlement (such closure may be made with little or no notice to the Investment Manager).</p> <p>The dealing calendar for the Fund is available from the Manager.</p>
<b>Dealing Deadline</b>	4:30pm (Dublin time) on the relevant Dealing Day or such other time as the Investment Manager may, in consultation with the Directors, determine and is notified to Shareholders by the Company provided always that the Dealing Deadline will be before the Valuation Point. No subscription, exchange or redemption applications may be accepted after the Dealing Deadline.
<b>Subscriptions, Exchanges and Repurchases</b>	All subscriptions, exchanges and repurchases can only take place through an Authorised Participant or other representative appointed by the Company in the relevant jurisdiction.
<b>Launch Date</b>	The Dist Shares were launched on 15 November 2017.
<b>Minimum Fund Size</b>	USD 30,000,000
<b>Initial Offer Period</b>	<p>The Initial Offer Period in respect of the Dist Shares has closed.</p> <p>The Initial Offer Period in respect of the other Share Classes will start at 9.00 a.m. (Dublin time) on 13 October 2020 until 13 April 2021 or such earlier or later date as the Directors may determine.</p>
<b>Valuation Point</b>	<p>4:00pm (New York time) on the relevant Dealing Day by reference to which the Net Asset Value per Share of the Fund is determined. At all times the Valuation Point will be after the Dealing Deadline.</p> <p>The value of any investments which are listed or dealt in on a Market shall be the closing bid price on the relevant Market at the Valuation Point.</p>
<b>Settlement Date</b>	2 Business Days after the relevant Dealing Day.
<b>Website</b>	<a href="http://etf.invesco.com">etf.invesco.com</a> Information on portfolio composition and details on the indicative net asset value are set out on the Website.

#### Description of the Shares

<b>Share Class</b>	<b>"Acc"</b>
<b>Share Class Currency</b>	USD
<b>Initial Issue Price</b>	40 USD per Share.



<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"Dist"</b>
<b>Share Class Currency</b>	USD
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	50,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"GBP Hdg Acc"</b>
<b>Share Class Currency</b>	GBP
<b>Initial Issue Price</b>	40 GBP per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"GBP Hdg Dist"</b>
<b>Share Class Currency</b>	GBP
<b>Initial Issue Price</b>	40 GBP per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"EUR Hdg Acc"</b>
<b>Share Class Currency</b>	EUR
<b>Initial Issue Price</b>	40 EUR per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"EUR Hdg Dist"</b>
<b>Share Class Currency</b>	EUR

<b>Initial Issue Price</b>	40 EUR per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"CHF Hdg Acc"</b>
<b>Share Class Currency</b>	CHF
<b>Initial Issue Price</b>	40 CHF per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"CHF Hdg Dist"</b>
<b>Share Class Currency</b>	CHF
<b>Initial Issue Price</b>	40 CHF per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"MXN Hdg Acc"</b>
<b>Share Class Currency</b>	MXN
<b>Initial Issue Price</b>	2,000 MXN per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

<b>Share Class</b>	<b>"MXN Hdg Dist"</b>
<b>Share Class Currency</b>	MXN
<b>Initial Issue Price</b>	2,000 MXN per Share.
<b>Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount</b>	25,000 Shares unless the Directors determine otherwise.
<b>Minimum Holding</b>	N/A.

Share Class	"SEK Hdg Acc"
Share Class Currency	SEK
Initial Issue Price	40 SEK per Share.
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	62,500 Shares unless the Directors determine otherwise.
Minimum Holding	N/A.

Share Class	"SEK Hdg Dist"
Share Class Currency	SEK
Initial Issue Price	40 SEK per Share.
Minimum Initial Subscription, Minimum Subscription and Minimum Redemption Amount	62,500 Shares unless the Directors determine otherwise.
Minimum Holding	N/A.

Additional share classes including hedged share classes may be added to the Fund, subject to prior notification and the approval of the Central Bank, and will be set out in a revised supplement.

#### **Intra-Day Portfolio Value ("iNAV")**

Further information on intra-day portfolio value is contained in the main body of the Prospectus under the heading **"Intra-Day Portfolio Value"**.

#### **Fees and Expenses**

The following fees will be incurred on each Share by Shareholders (which accordingly will not be incurred by the Company on behalf the Fund and will not affect the Net Asset Value of the Fund):

Share Class	All Share Classes
Subscription Charge	Up to 5%
Redemption Charge	Up to 3%

The Subscription Charge is deducted from the investment amount received from an investor for subscription for Shares. Such Subscription Charge is payable to the Manager.

The following fees and expenses will be incurred by the Company on behalf of the Fund and will affect the Net Asset Value of the relevant Share Class of the Fund.

Share Class	"Acc"
Management Fee	Up to 0.10% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"Dist"
Management Fee	Up to 0.10% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"GBP Hdg Acc"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"GBP Hdg Dist"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"EUR Hdg Acc"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"EUR Hdg Dist"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"CHF Hdg Acc"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"CHF Hdg Dist"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"MXN Hdg Acc"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"MXN Hdg Dist"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"SEK Hdg Acc"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

Share Class	"SEK Hdg Dist"
Management Fee	Up to 0.12% per annum or such lower amount as may be advised to Shareholders from time to time.

The Management Fee, a percentage of the Net Asset Value of the relevant Class of Shares (plus VAT, if any), is payable by the Company out of the Fund Assets to the Manager. The Management Fee will accrue on each day and will be calculated on each Dealing Day and paid monthly in arrears. The Manager will pay out of its fees (and not out of the assets of the Fund) the fees and expenses (where appropriate) of the Investment Manager, the Administrator, the Depositary, the Directors and the ordinary fees, expenses and costs incurred by the Fund that include Setting Up Costs and Other Administrative Expenses as described in the Prospectus.

Where a distribution fee, commission or other monetary benefit is received by the Fund, the Manager or any person acting on behalf of the Fund or the Manager of the Fund, the fee, commission or other monetary benefit shall be paid into the assets of the Fund.

Dilution Levy: The Fund will not apply a dilution levy.

This section headed "**Fees and Expenses**" should be read in conjunction with the section headed "**Fees and Expenses**" in the Prospectus.

---

## **GENERAL DESCRIPTION OF THE REFERENCE INDEX**

---

The Reference Index is designed to reflect the performance of USD-denominated investment grade, fixed-rate, taxable debt securities issued by US and non-US corporate issuers adjusted based upon certain environmental, social and governance ("**ESG**") metrics, which seek to increase overall exposure to those issuers demonstrating a robust ESG profile. The Reference Index includes publicly issued securities by industrial, utility and financial institution issuers in global and regional markets.

The Reference Index is further described below but only represents an extract of information available from public sources and neither the Directors, the Manager, Bloomberg or its affiliates or such other successor sponsor to the Reference Index (the "**Index Provider**") nor the Investment Manager take any responsibility for the accuracy or completeness of such information.

To be eligible for inclusion in the Reference Index, eligible securities' principal and interest must be denominated in USD. The securities which comprise the Reference Index must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch. When a rating from only two agencies is available, the lower is used. When only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality.

To be eligible for inclusion in the Reference Index, bonds must have \$1,000million minimum par amount outstanding except in the case of securities issued by utility issuers which must have a minimum par amount outstanding of \$500 million. Bonds must have fixed-rate coupon issues and at least one year to final maturity regardless of optionality. Callable bonds are eligible for inclusion; callable bonds that convert fixed to floating rate, including fixed-to-float perpetual, are included during their fixed-rate term only and will exit the index one year prior to conversion to floating-rate. Fixed-rate perpetual bonds are not included.

Only fully taxable issues are eligible for inclusion. Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are not eligible for inclusion. Senior and subordinated issues are eligible for inclusion. SEC-registered securities, bonds exempt from registration at the time of issuance and SEC Rule 144A securities with registration rights are eligible for inclusion. A security with both SEC Regulation-S (Reg-S) and SEC Rule 144A tranches is treated as one security for index purposes. The 144A tranche is used to prevent double-counting and represents the combined amount outstanding of the 144A and Reg-S tranches. Bonds that were previously SEC-registered or 144A with registration rights but later deregistered by the issuer remain index eligible.

Securities are excluded that, according to the Index Provider's exclusionary criteria: 1) have an MSCI ESG rating below BB; 2) are issued by an issuer that does not have an MSCI ESG rating; 3) have faced very severe controversies pertaining to ESG issues (including UN Global Compact violations) over the last three years; 4) are issued by an issuer that does not have an MSCI ESG Controversy Score; 5) are involved, as per the standard Bloomberg MSCI SRI methodology, in any of the following business activities: alcohol, adult entertainment, controversial weapons, conventional weapons, gambling, fossil fuels, GMOs, firearms, nuclear weapons, nuclear power, oil sands, thermal coal, tobacco,

unconventional oil and gas; or 6) are issued by emerging market issuers.

Each of the eligible component securities is then assigned an ESG rating using MSCI ESG metrics. The Index Provider's ESG scoring methodology assesses each eligible issuer based on the Index Provider's proprietary rating framework and assigns an ESG rating to each eligible issuer on a scale from AAA (the highest rated) to CCC (the lowest rated) or NR (not rated). This ESG rating is then applied to re-weight the eligible securities from their natural weights as a result of the notional size of the bond, to construct the weighting of the Reference Index (i.e. the weight of each security is adjusted by a fixed multiplier which is determined by the issuer's ESG rating). Details of the fixed multiplier for each ESG rating is set out in the methodology for the Reference Index on the Index Provider's website.

MSCI ESG metrics is a tool designed to produce a broad set of standardised ESG data and simple flagged metrics that are comparable across a broad universe of companies and used to assess the ESG profile of a company. ESG metrics cover risk exposure, controversies, performances and practices and take the following areas into account: climate change, natural capital, pollution and waste, environmental opportunities, human capital, product liability, stakeholder opposition and corporate behaviour.

Security types excluded from the Reference Index include: taxable and tax exempt municipal securities, covered bonds, contingent capital securities (including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers), bonds with equity type features (e.g. warrants, convertibles, preferreds), inflation-linked bonds, floating-rate issues, private placements, retail bonds and structured notes.

#### *Index Rebalancing*

The Reference Index rebalances monthly.

The Fund may choose, but is not obliged to, to rebalance in line with the Reference Index and will bear the costs of any rebalancing trades (i.e. the costs of buying and selling securities of the Reference Index and associated taxes and transaction costs).

#### **Index Provider and Website**

The Reference Index is sponsored by Bloomberg and more details on the Reference Index can be found at <https://www.bloomberg.com/professional/product/indices/bloomberg-msci-esg-indices/>.

#### **Publication**

The level of the Reference Index will be published on <https://www.bloombergindices.com/>.

---

### **OTHER INFORMATION**

---

#### **Taxation**

The tax treatment of the Company is set out in the Prospectus of the Company and the tax information provided therein is based on tax law and practice as at the date of the Prospectus.

Shareholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

#### **Consequences of Disruption Events**

Upon the occurrence of a Disruption Event (and without limitation to the Directors personal powers as further described in the Prospectus) an Approved Counterparty may make adjustments to determine the

valuation of FDIs. Further information on the consequences of Disruption Events is contained in the main body of the Prospectus under the heading "**Disruption Events**".

### **Limited Recourse**

A Shareholder will solely be entitled to look to the assets of the Fund in respect of all payments in respect of its Shares. If the realised net assets of the Fund are insufficient to pay any amounts payable in respect of the Shares, the Shareholder will have no further right of payment in respect of such Shares nor any claim against or recourse to any of the assets of any other Fund or any other asset of the Company.

### **Risk Factors**

Certain risks relating to the Shares are set out under the heading "**Risk Factors**" in the Prospectus, including 'Concentration Risk'. In addition, Shareholders must also note that:

- (a) **Sampling Risk:** The Fund's use of a representative sampling approach will result in it holding a smaller number of securities than are in the underlying index. As a result, an adverse development to an issuer of securities that the Fund holds could result in a greater decline in NAV than would be the case if the Fund held all of the securities in the underlying index. To the extent the assets in the Fund are smaller, these risks will be greater.
- (b) **Risks associated with investment in debt securities:** Investment in debt securities is subject to interest rate, liquidity and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. Credit risk is the risk of loss on an investment due to the deterioration of an issuer's financial standing. Such a deterioration may result in a reduction of the credit rating of the issuer's securities and may lead to the issuer's inability to honour its contractual obligations, including making timely payment of interest and principal. Credit ratings are a measure of credit quality. Although a downgrade or upgrade of an Investment's credit ratings may or may not affect its price, a decline in credit quality may make the Investment less attractive, thereby driving its yield up and its price down. Declines in credit quality can result in bankruptcy for the issuer and permanent loss of investment. In the event of a bankruptcy or other default, the Fund could experience both delays in liquidating the underlying securities and losses including a possible decline in value of the underlying securities during the period when a Fund seeks to enforce its rights thereto. This will have the effect of reducing levels of capital and income in the Fund and lack of access to income during this period together with the expense of enforcing the Fund's rights. Investment in debt securities will be subject to interest rate risk. Interest rate risk refers to the risk that the prices of debt securities generally fall as interest rates rise; conversely, debt securities prices generally rise as interest rates fall. Specific debt securities differ in their sensitivity to changes in interest rates depending on specific characteristics of each debt security. Longer term debt securities are usually more sensitive to interest rate changes.
- (c) **Liquidity Risk:** The Fund's investments may be subject to liquidity constraints, which means they may trade less frequently and in small volumes. Securities of certain types, such as bonds, may also be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable. In certain cases, it may not be possible to sell the security at the price at which it has been valued for the purposes of calculating the Net Asset Value of the Fund or at a value considered to be fairest. In addition, there is a risk that bonds which are nearing maturity may become illiquid. In such cases, it may become more difficult to achieve fair value on the purchase and sale thereof.
- (d) **Environmental, Social and Governance Risk:** The Fund intends to invest in securities of issuers that manage their ESG exposures better relative to their peers. This may affect the Fund's exposure to certain issuers and cause the Fund to forego certain investment opportunities. The Fund may perform differently to other funds, including underperforming other funds that do not seek to invest in securities of issuers based on their ESG ratings.

Investors should also refer to the Prospectus for additional disclosure of risks and conflicts of interest.

## Disclaimers

**THE DIRECTORS OF THE COMPANY, THE MANAGER, THE INVESTMENT MANAGER AND THE INDEX PROVIDER TOGETHER THE "RESPONSIBLE PARTIES" DO NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY DESCRIPTION RELATING TO THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN AND THE RESPONSIBLE PARTIES SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN. THE RESPONSIBLE PARTIES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUND, TO ANY SHAREHOLDER IN THE FUND, OR TO ANY OTHER PERSON OR ENTITY IN RESPECT OF THE REFERENCE INDEX DESCRIBED HEREIN.**

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. MSCI® is a trademark and service mark of MSCI Inc. (collectively with its affiliates, "**MSCI**"), used under license.

Bloomberg Finance L.P. and its affiliates (collectively, "**Bloomberg**"), including Bloomberg Index Services Limited, the index administrator ("**BISL**"), or Bloomberg's licensors, including MSCI, own all proprietary rights in the Reference Index.

Neither Bloomberg nor MSCI is the issuer or producer of the Fund and neither Bloomberg nor MSCI has any responsibilities, obligations or duties to investors in the Fund. The Reference Index is licensed for use by Invesco UK Services Limited as the Issuer of the Fund. The only relationship of Bloomberg and MSCI with the Issuer is the licensing of the Reference Index, which is determined, composed and calculated by BISL, or any successor thereto, without regard to the Issuer or the Fund or the owners of the Fund.

Investors acquire the Fund and investors neither acquire any interest in the Reference Index nor enter into any relationship of any kind whatsoever with Bloomberg or MSCI upon making an investment in the Fund. The Fund are not sponsored, endorsed, sold or promoted by Bloomberg or MSCI. Neither Bloomberg nor MSCI makes any representation or warranty, express or implied, regarding the advisability of investing in the Fund or the advisability of investing in securities generally or the ability of the Reference Index to track corresponding or relative market performance. Neither Bloomberg nor MSCI has passed on the legality or suitability of the Fund with respect to any person or entity. Neither Bloomberg nor MSCI is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Fund to be issued. Neither Bloomberg nor MSCI has any obligation to take the needs of the Issuer or the owners of the Fund or any other third party into consideration in determining, composing or calculating the Reference Index. Neither Bloomberg nor MSCI has any obligation or liability in connection with administration, marketing or trading of the Fund.

Any licensing agreement(s) between Bloomberg and MSCI are solely for the benefit of Bloomberg and MSCI and not for the benefit of the owners of the Fund, investors or other third parties. In addition, the licensing agreement between Invesco UK Services Limited and Bloomberg is solely for the benefit of Invesco UK Services Limited and Bloomberg and not for the benefit of the owners of the Fund, investors or other third parties.

NEITHER BLOOMBERG NOR MSCI SHALL HAVE ANY LIABILITY TO THE ISSUER, INVESTORS OR OTHER THIRD PARTIES FOR THE QUALITY, ACCURACY AND/OR COMPLETENESS OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN OR FOR INTERRUPTIONS IN THE DELIVERY OF THE REFERENCE INDEX. NEITHER BLOOMBERG NOR MSCI MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER, THE INVESTORS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. NEITHER BLOOMBERG NOR MSCI MAKES ANY EXPRESS OR IMPLIED WARRANTIES, AND EACH HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. BLOOMBERG RESERVES THE RIGHT TO CHANGE THE METHODS OF CALCULATION OR PUBLICATION, OR TO CEASE THE CALCULATION OR PUBLICATION OF THE REFERENCE INDEX, AND NEITHER BLOOMBERG NOR MSCI SHALL BE LIABLE FOR ANY MISCALCULATION OF OR ANY INCORRECT, DELAYED OR INTERRUPTED PUBLICATION WITH RESPECT TO ANY OF THE REFERENCE INDEX.



NEITHER BLOOMBERG NOR MSCI SHALL BE LIABLE FOR ANY DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, OR ANY LOST PROFITS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH, RESULTING FROM THE USE OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN OR WITH RESPECT TO THE FUND.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## Environmental and/or social characteristics

### Does this financial product have a sustainable investment objective?

☒ ☐ ☐ Yes

☐ It will make a minimum of sustainable investments with an environmental objective: \_\_\_\_%

☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It will make a minimum of sustainable investments with a social objective: \_\_\_\_%

☒ ☐ ☐ No

☒ It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 10 % of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promotes E/S characteristics, but will not make any sustainable investments



### What environmental and/or social characteristics are promoted by this financial product?

The environmental and social characteristics promoted by the Fund are to increase overall exposure to issuers demonstrating a robust ESG profile i.e. issuers with a more favourable ESG rating compared to similar issuers. The fund also reduces exposure to companies involved in certain business activities and those with involvement in very severe ESG controversies.

The Fund achieves the environmental and social characteristics by tracking the Bloomberg MSCI USD Liquid Corporate ESG Weighted SRI Bond Index ("**Reference Index**"), which has a methodology that is consistent with attaining the environmental and social characteristics promoted by the Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

#### What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Fund uses a variety of indicators to measure the attainment of the environmental and social characteristics. This includes:

- MSCI ESG Score (as defined in the methodology of the Reference Index) improvement relative to the Parent Index
- CO2 emissions reduction relative to the Parent Index
- Percentage of the Fund portfolio invested in excluded companies involved in controversial business activities and controversies (as defined in the methodology of the Reference Index)

#### What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The sustainable investments made by the fund contribute to environmental objectives such as climate change, water management, pollution prevention, and to social objectives such as good health, well-being and gender equality. The Fund seeks to achieve those objectives by investing in constituents of the Reference Index. According to Invesco's sustainable investment framework, a certain percentage of constituents of the Reference Index contributes positively to selected Sustainable Development Goals (SDGs) that relate to the above objectives.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The index methodology of the Reference Index that the Fund tracks takes into account principal adverse impacts (PAI) indicators defined in Table 1 of Annex I of the regulatory technical standards for Regulation 2019/2088 (RTS). Securities that don't meet certain PAI thresholds are excluded from the Reference Index or have their weightings reduced. The Fund also relies on the qualitative research and/or engagement of Invesco's ESG team to take into account the RTS PAI indicators and to assess whether the sustainable investments of the Fund cause significant harm to the relevant environmental or social investment objective. Where a company is determined to cause such significant harm, it can still be held within the Fund's portfolio but will not be considered a "sustainable investment" within the Fund.

● ***How have the indicators for adverse impacts on sustainability factors been taken into account?***

Please see above on how the indicators for adverse impacts on sustainability factors have been taken into account.

The index methodology directly excludes a number of companies involved in certain business activities. Through removal of companies involved in thermal coal and oil sands the index reduces its exposure to greenhouse gas emissions. The methodology also excludes companies involved in controversial weapons and those facing very severe ESG controversies, as assessed via MSCI Controversy Scores. Through its exclusions based on MSCI ESG Score, and adjustment of the weighting for those that are above the threshold based on these same scores, the index also addresses a number of other adverse indicators. The index also excludes any companies where data isn't available to make such assessments.

MSCI ESG Scores consider a number of key issues in their construction, including, but not limited to carbon emissions, product carbon footprint, biodiversity & land use, toxic emissions & waste, opportunities in renewable energy. The scores also take into account areas such as human capital as well as corporate governance, considering ownership & control, pay and the board.

MSCI Controversy Scores consider controversies in a number of different areas, including, but not limited to biodiversity & land use, energy & climate change, toxic emissions & waste, operational waste, discrimination & workforce diversity, and governance structures. Any company that violates the UN Global Compact receives a very severe MSCI Controversy Score.

● ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:***

Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is captured in the index methodology of the Fund, with the result that securities will be excluded from the investible universe if they are deemed not to be in alignment.

The index methodology excludes companies that aren't compliant with the UN Global Compact, this set of ten principles show significant overlap with both the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. With regards to OECD, these guidelines and the UNGC both aim to promote corporate responsibility and sustainable business practices, in terms of specific topics, they both cover the areas of human rights, employment relations, environment and anti-corruption. As for the two UN frameworks, whilst they do vary in nature, scope and depth, the two come together in their overriding objective (to achieve a more responsible and accountable business community) as well as some of the key areas they address, namely in the human rights space.

The index methodology excludes companies facing very severe ESG controversies, as assessed via MSCI Controversy Scores. These scores assess controversies that may constitute a breach of selected global norms and conventions, including the United Nations Global Compact, the International Labour Organisation's conventions, and the United Nations Guiding Principles on Business and Human Rights.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



#### Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes ☐ No

Yes, as noted above, the index methodology considers principal adverse impacts on sustainability factors, primarily through a set of exclusion criteria corresponding to the indicators that are defined in Table 1, Annex I of the RTS. Additionally, the Fund identifies priority investee entities using thresholds on each principal adverse impacts indicator and engages through methods such as letters, meetings and proxy voting as appropriate. Information on principal adverse impacts on sustainability factors is available in the annual report of the Fund.

The next annual report of the Fund will describe the extent to which environmental or social characteristics are met. The annual report will be available on the Fund's website at [etf.invesco.com](http://etf.invesco.com).



#### What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

The Fund's objective is to achieve the total return performance of Reference Index, less fees, expenses and transaction costs. In order to achieve the investment objective, the Fund will employ a sampling strategy (“**Sampling Strategy**”) which includes the use of quantitative analysis, to select securities from the Reference Index using factors such as the index weighted average duration and credit quality.

Where consistent with its investment objective, and in conjunction with the use of a Sampling Strategy, the Fund may also hold some securities which are not component securities of the Reference Index, but are of a similar nature to them and whose risk, return and ESG characteristics (a) closely resemble the risk, return and ESG characteristics of constituents of the Reference Index or of the Reference Index as a whole, (b) whose addition improves the quality of the replication of the Reference Index, or (c) whose future inclusion into the Reference Index is anticipated. The level of sampling will vary over the life of the Fund depending on asset levels of the Fund, as certain asset levels may make replication uneconomical or impractical, and the nature of the components of the Reference Index. It is generally expected that the Fund will hold less than the total number of securities in the Reference Index however, the Investment Manager reserves the right to hold as many securities as it believes necessary to achieve the Fund's investment objective.

Please note that this Annex forms part of, and should be read in conjunction with the Supplement. Please refer to the Supplement for further information.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The environmental and social characteristics are achieved by tracking the Reference Index within an acceptable tracking error and in accordance with the investment policy as outlined in the Supplement.

The Index methodology of the Reference Index excludes securities that according to the Index Provider's exclusionary criteria: 1) have an MSCI ESG rating below BB; 2) are issued by an issuer that does not have an MSCI ESG rating; 3) have faced very severe controversies pertaining to ESG issues (including UN Global Compact violations) over the last three years; 4) are issued by an issuer that does not have an MSCI ESG Controversy Score; 5) are involved, as per the standard Bloomberg MSCI SRI methodology, in any of the following business activities: alcohol, adult entertainment, controversial weapons, conventional weapons, gambling, fossil fuels, GMOs, firearms, nuclear weapons, nuclear power, oil sands, thermal coal, tobacco, unconventional oil and gas; or 6) are issued by emerging market issuers.

Each of the eligible component securities is then assigned an ESG score using MSCI ESG metrics. This ESG Score is then applied to re-weight the eligible securities from their natural weights as a result of the notional size of the bond, to construct the weighting of the Reference Index.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

NA

- **What is the policy to assess good governance practices of the investee companies?**

The index methodology of the Reference Index includes good governance criteria whereby companies are assessed against indicators such as sound management structures, employee relations, remuneration of staff and tax compliance. Companies that are deemed not to meet good governance practices according to the methodology of the Reference Index will be excluded.



**Asset allocation**  
describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure**(CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure**(OpEx) reflecting green operational activities of investee companies.

## **What is the asset allocation planned for this financial product?**

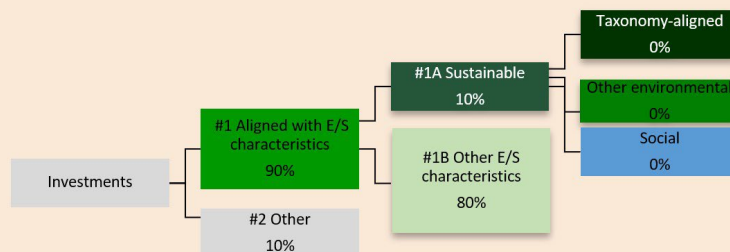
90% of the Fund's NAV will be selected according to the binding elements of the investment strategy, on the basis that they align with the environmental and social characteristics of the Fund.

10% of the Fund's NAV will be invested in financial derivative instruments for hedging and/or efficient portfolio management purposes and cash for ancillary liquidity purposes.

10% minimum of the Fund's NAV will be invested in sustainable investments.

- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

The fund does not use derivatives to attain the environmental or social characteristics promoted by the Fund. The Fund will use derivatives for hedging and efficient portfolio management purposes only.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

0%

☐ Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

☐ Yes

☐ In fossil gas

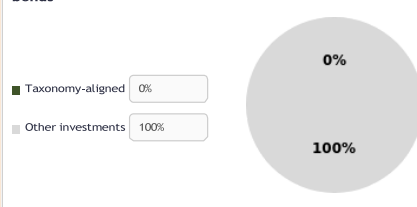
☐ In nuclear energy

☒ No

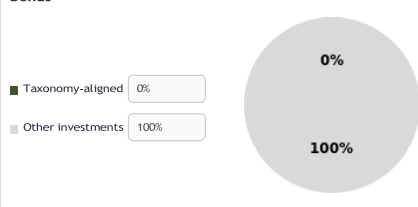
Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments including sovereign bonds\*



1. Taxonomy-alignment of investments excluding sovereign bonds\*



\*For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

#### What is the minimum share of investments in transitional and enabling activities?

NA

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Fund has a minimum investment of 10% of its NAV in sustainable investments. These sustainable investments will have a social objective and/or an environmental objective. There is no minimum share of sustainable investments with an environmental objective in economic activities that are not Taxonomy-aligned.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an

environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

**What is the minimum share of socially sustainable investments?**

The Fund has a minimum investment of 10% of its NAV in sustainable investments, which may or may not be aligned with the EU Taxonomy. These sustainable investments will have a social objective and/or an environmental objective. There is no minimum share of socially sustainable investments.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

Investments included under this category are financial derivative instruments for hedging and/or efficient portfolio management purposes and cash for ancillary liquidity. No minimum environmental or social safeguards are applied in relation to these instruments.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Yes

● ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

The Reference Index has been selected on the basis that it aligns with the environmental and social characteristics promoted by the Fund, which is to increase overall exposure to issuers demonstrating a robust ESG profile i.e. issuers with a more favourable ESG rating compared to similar issuers. The Reference Index also reduces exposure to companies involved in certain business activities and those with involvement in very severe ESG controversies.

● ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

The Fund aims to track the performance of the Reference Index as closely as possible. As such, the Fund replicates the composition of the Reference index as closely as practical.

● ***How does the designated index differ from a relevant broad market index?***

The Reference Index differs from a broad market index because it seeks to increase overall exposure to issuers demonstrating both a robust ESG profile, and issuers that are assigned more favourable ESG scores using MSCI ESG metrics.

● ***Where can the methodology used for the calculation of the designated index be found?***

Please refer to the index methodology which can be found in the 'Documents' tab of the Fund's website at [etf.invesco.com](http://etf.invesco.com).



**Where can I find more product specific information online? More product-specific information can be found on the website:**

More product-specific information can be found on the Fund's webpage at [etf.invesco.com](http://etf.invesco.com).