



## **ESG Portfolio Report**

### **PORTFOLIO:**

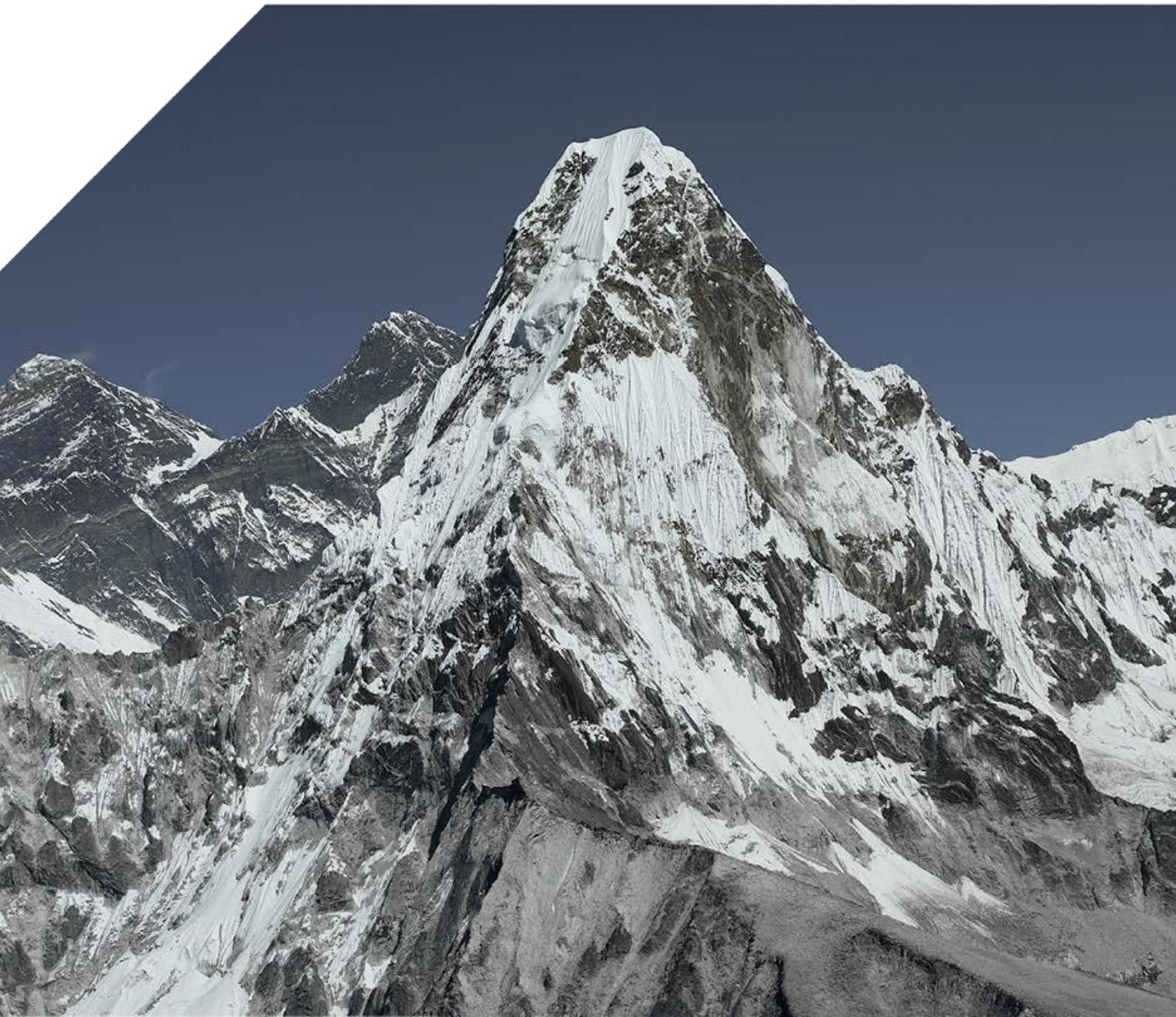
Invesco Quantitative Strategies ESG Global Equity Multi-Factor ETF

### **REFERENCE BENCHMARK:**

MSCI World

31 March 2020

**For professional investors, Qualified Investors, and Qualified Clients only**



# ESG Portfolio Report

## Invesco Quantitative Strategies ESG Global Equity Multi-Factor ETF



### Invesco Quantitative Strategies integrated ESG approach

Invesco Quantitative Strategies (IQS) offers an integrated ESG investment process which is built on long-standing experience in customized ESG solutions, active engagement with companies and the Invesco proxy voting approach. Having incorporated proprietary aspects of governance for many years (“Quality” factor), the team has enhanced risk management by introducing a dedicated ESG exposure control for all portfolios as well as an adverse ESG momentum measure to restrict certain companies.

#### Quality-Governance-linkage

The Quality factor assesses the profitability and the balance sheet quality of companies. The team prefers companies with less aggressive accounting. Arguably strong governance would put breaks on management empire building and CEO vanity projects. Good quality as well as good governance helps to mitigate the agency problem of delegated management.

#### Adverse ESG momentum

At the intersection of return and risk is the case of stocks that experience severe downgrades to their ESG scores. IQS has integrated sharp downgrades of ESG scores into its risk management and treat such stocks as exceptional.

#### ESG exposure control

Furthermore, IQS manages the ESG exposure of all multi-factor portfolios. IQS considers it reasonable to ensure that portfolios are not heavily exposed to the risk of scoring much worse from an ESG perspective relative to their respective universes.

#### ESG policy of the ETF

The fund applies a combination of exclusion criteria together with a best-in-class approach focusing on the 50% best ESG companies per sector. The ETF is certified by the Austrian Eco Label (Österreichisches Umweltzeichen). Detailed overview on ESG criteria are available on request.



### Overall ESG Scores



### ESG theme scores

	Portfolio	Benchmark
Environment	6.7	6.3
Social	5.3	4.9
Governance	5.7	5.5
Weighted coverage <sup>1</sup>	100%	100%

Source: Invesco, MSCI ESG Research. For more information on the Austrian Eco Label see here:

[https://www.umweltzeichen.at/en/products/sustainable-finance?cert\\_number=UW+1254](https://www.umweltzeichen.at/en/products/sustainable-finance?cert_number=UW+1254)<sup>1</sup> As of 31 March 2020.

Benchmark: MSCI World Index. Weighted Coverage is the percentage of the portfolio and benchmark that the ESG research is available. Overall ESG Score: MSCI ESG industry adjusted company ratings. Scores range from 0-10, 10 are the best ESG scores, while 0 is the lowest ESG score.

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ETF



## Carbon Footprint Analysis – Key Data<sup>1</sup>

	Portfolio	Benchmark	Delta
CO2 Intensity (Scope 1)	49.5	146.1	-96.5
CO2 Intensity (Scope 2)	28.7	36.0	-7.3
<b>CO2 Intensity (Scope 1 + 2)</b>	<b>78.2</b>	<b>182.1</b>	<b>-103.9</b>
CO2 Intensity Total	305.8	614.5	-308.7
Coverage	97.6%	97.9%	

### Glossary:

**Intensity:** Carbon intensity is calculated using data from ISS Climate solutions. Carbon intensity is calculated as weighted average of the respective scope emissions(CO2 equivalents) per USD million of revenue.

**Scope 1 emission:** Issuers Scope 1 Direct emissions (tCO<sub>2</sub>e). The Direct emissions data represents the final, ISS-Ethix reviewed and approved value based on the ISS-Ethix Climate Solution methodology, which selects the accurate value from available sources.

**Scope 2 emission:** Issuers Scope 2 Energy Indirect emissions (tCO<sub>2</sub>e). The Energy Indirect emissions data represents the final, ISS-Ethix reviewed and approved value based on the ISS-Ethix Climate Solution methodology, which selects the accurate value from available sources.

**Scope 3 emission:** Issuer's Scope 3 "Other Indirect" emissions (tCO<sub>2</sub>e). For Scope 3 emissions, all provided data has been estimated. Reported Scope 3 emissions are generally unreliable and thus reported Scope 3 emissions are included in this datapoint.

**CO2 Total** aggregate of Scope 1, Scope 2 and Scope 3.

Source: Invesco, MSCI ESG Research, ISS Climate Solution. Portfolio level carbon intensity figures are an indicative measure of exposure to carbon risk that should be considered alongside sector and company specific metrics. Latest climate dataset available is as of 2018.

# Important information



The value of investments, and any income from them, will fluctuate. This may partly be the result of changes in exchange rates. Investors may not get back the full amount invested.

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Data as at 31 March 2020, unless otherwise stated.

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UCITS ETF's units / shares purchased on the secondary market cannot usually be sold directly back to UCITS ETF. Investors must buy and sell units / 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 units / shares and may receive less than the current net asset value when selling them.

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